

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

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In re: : Chapter 11

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PROMISE HEALTHCARE GROUP, LLC, *et al.*,¹ : Case No. 18-12491 (CSS)

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Debtors. : (Joint Administration Requested)

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**DEBTORS’ MOTION FOR ENTRY OF ORDERS (I)(A) ESTABLISHING
BIDDING PROCEDURES RELATING TO THE SALE OF CERTAIN OF THE
DEBTORS’ ASSETS, INCLUDING APPROVING A BREAK-UP FEE AND EXPENSE
REIMBURSEMENT, (B) ESTABLISHING PROCEDURES RELATING TO THE
ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND
UNEXPIRED LEASES, INCLUDING NOTICE OF PROPOSED CURE AMOUNTS, (C)
APPROVING FORM AND MANNER OF NOTICE RELATING THERETO, AND (D)
SCHEDULING A HEARING TO CONSIDER THE PROPOSED SALE; (II)(A)
APPROVING THE SALE OF CERTAIN OF THE DEBTORS’ ASSETS FREE AND
CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND INTERESTS,
(B) AUTHORIZING THE ASSUMPTION AND ASSIGNMENT OF CERTAIN
EXECUTORY CONTRACTS AND UNEXPIRED LEASES, AND (C) AUTHORIZING
SUCCESS HEALTHCARE 1, LLC TO GRANT LIENS;
AND (III) GRANTING RELATED RELIEF**

¹ The Debtors in these Chapter 11 cases, together with the last four digits of each Debtor’s federal tax identification number, are as follows: HLP HealthCare, Inc. (8381), PH-ELA, Inc. (9180), Professional Rehabilitation Hospital, L.L.C. (5340), Promise Healthcare #2, Inc. (1913), Promise Healthcare Group, LLC (1895), Promise Healthcare Holdings, Inc. (2601), Bossier Land Acquisition Corp. (6644), HLP of Los Angeles, LLC (9102), HLP of Shreveport, Inc. (1708), HLP Properties at The Villages Holdings, LLC (0006), HLP Properties at the Villages, L.L.C. (1938), HLP Properties of Vidalia, LLC (4255), HLP Properties, Inc. (0068), Promise Healthcare of California, Inc. (9179), Promise Healthcare, Inc. (7953), Promise Hospital of Ascension, Inc. (9219), Promise Hospital of Baton Rouge, Inc. (8831), Promise Hospital of Dade, Inc. (7837), Promise Hospital of Dallas, Inc. (0240), Promise Hospital of East Los Angeles, L.P. (4671), Promise Hospital of Florida at The Villages, Inc. (2171), Promise Hospital of Louisiana, Inc. (4886), Promise Hospital of Lee, Inc. (8552), Promise Hospital of Overland Park, Inc. (5562), Promise Hospital of Phoenix, Inc. (1318), Promise Hospital of Salt Lake, Inc. (0659), Promise Hospital of Vicksburg, Inc. (2834), Promise Hospital of Wichita Falls, Inc. (4104), Promise Properties of Dade, Inc. (1592), Promise Properties of Lee, Inc. (9065), Promise Properties of Shreveport, LLC (9057), Promise Skilled Nursing Facility of Overland Park, Inc. (5752), Promise Skilled Nursing Facility of Wichita Falls, Inc. (1791), Quantum Health, Inc. (4298), Quantum Properties, L.P. (8203), St. Alexius Hospital Corporation #1 (2766), St. Alexius Properties, LLC (4610), Success Healthcare 1, LLC (6535), Success Healthcare 2, LLC (8861), Success Healthcare, LLC (1604), Vidalia Real Estate Partners, LLC (4947), LH Acquisition, LLC (2328), Promise Behavioral Health Hospital of Shreveport, Inc. (1823), Promise Rejuvenation Centers, Inc. (7301), Promise Rejuvenation Center at the Villages, Inc. (7529), and PHG Technology Development and Services Company, Inc. (7766). The mailing address for the Debtors, solely for purposes of notices and communications, is 999 Yamato Road, 3rd FL, Boca Raton, FL 33431.

The debtors and debtors-in-possession in the above-captioned cases (collectively, the “Debtors”), hereby move (the “Motion”), pursuant to sections 105(a), 363(b), (f), and (m), 364,² 365, 503, and 507 of title 11 of the United States Code (the “Bankruptcy Code”), Rules 2002, 4001, 6004, 6006, 9007, and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Local Rule 6004-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”) for entry of (a) an order substantially in the form annexed hereto as **Exhibit A** (the “Bidding Procedures Order”) (i) approving the proposed auction and bidding procedures attached hereto as **Exhibit B** (the “Bidding Procedures”) for the sale of substantially all of the Silver Lake Medical Center assets (the “Purchased Assets”)³ of Success Healthcare, LLC, Success Healthcare 1, LLC, and HLP of Los Angeles, LLC (collectively, the “Silver Lake Debtors”), (ii) establishing procedures for the assumption and assignment of executory contracts and unexpired leases, including notice of proposed cure amounts (the “Assumption and Assignment Procedures”), (iii) approving the form and manner of notice of all procedures, protections, schedules, and agreements, and (iv) scheduling a hearing (the “Sale Hearing”) to approve the sale transaction (the “Sale Transaction”); and (b) following the Sale Hearing, an order in the form annexed hereto as **Exhibit C** (the “Sale Order”): (i) approving the sale of the Purchased Assets free and clear of all liens, claims, interests, and encumbrances (“Interests”), (ii)

² As described herein and in the attached Exhibits, pursuant to the Stalking Horse APA, Success 1 is required to grant a lien to the Stalking Horse Bidder’s lender on certain Purchased Assets that are Deferred Assets proposed to be transferred to the Stalking Horse Bidder post-Closing. The Silver Lake Debtors will have received the Purchase Price for such Deferred Assets at Closing, and no portion of the Purchase Price, rights under the Stalking Horse APA, the Silver Lake Debtors’ cash or cash equivalents, or proceeds of any of the foregoing shall constitute Collateral for the Stalking Horse Bidder’s lender (all capitalized terms used but not defined in this footnote are defined elsewhere in this Motion).

³ For the avoidance of doubt, the assets of St. Alexius Hospital are not included in the “Purchased Assets” and are not the subject of this Motion.

authorizing the assumption and assignment of certain executory contracts and unexpired leases, and (iii) authorizing Success Healthcare 1, LLC (“Success 1”) to grant liens; and (c) granting related relief. In support of this Motion, the Debtors respectfully represent as follows:

PRELIMINARY STATEMENT⁴

1. The goal of the Silver Lake Debtors’ chapter 11 cases is to effectuate a transfer of their ongoing business in a manner that allows them to maximize value and resolve claims in an equitable and efficient manner. Approval of the Bidding Procedures is a critical and necessary step, which is designed to permit a fair and reasonable marketing process and obtain the highest and best offer for the Silver Lake Debtors’ business.

2. As detailed in the *Declaration of Jay A. Shiland* attached hereto as **Exhibit D** and incorporated herein by reference (the “Sale Declaration”), the Debtors, with the assistance of their advisors, considered all strategic options and concluded that a sale in accordance with the protections afforded by the Bankruptcy Code is the best way to maximize the value of the Silver Lake Debtors’ assets and yield the best possible recovery for creditors. Through the Bidding Procedures, the Debtors, with the assistance of the Silver Lake Debtors’ financial advisor and investment banker, MTS Health Partners L.P. (“MTS”), seek to conclude the marketing process for the Purchased Assets that began in March of 2017.

3. Following the Silver Lake Debtors’ and MTS’s extensive marketing efforts, which are detailed in the Sale Declaration, on October 24, 2018, the Silver Lake Debtors executed an agreement (the “Stalking Horse APA”) with L.A. Downtown Medical Center LLC (the “Stalking Horse Bidder”) for the sale, transfer, and assignment of the Purchased Assets. The

⁴ Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Stalking Horse APA, as defined herein.

Stalking Horse APA is attached hereto as **Exhibit E**. As described in greater detail below, the Stalking Horse APA contemplates aggregate cash consideration of up to \$84,150,000, subject to certain adjustments⁵ as set forth therein (the “Purchase Price”) for the Purchased Assets, as well as the assumption of certain specified liabilities, and reflects the Stalking Horse Bidder’s agreement to act as a stalking horse bidder in a Court-supervised bidding and auction process.

4. As required by the Stalking Horse APA, the Bidding Procedures contemplate a postpetition marketing process culminating in a closing of a transaction by no later than the ninetieth day after the Petition Date (defined below). The Closing Date may be extended under certain circumstances pursuant to the Stalking Horse APA, but in no event may the Closing Date be later than March 16, 2019. Speed is critical here because of the Silver Lake Debtors’ limited liquidity. Thus, an expeditious sale of the Silver Lake Debtors’ assets is a reasonable exercise of the Debtors’ business judgment and is in the best interests of all of the Silver Lake Debtors’ stakeholders.

5. Finally, as set forth in more detail in the Sale Declaration, an extended marketing process should not be necessary to maximize the value of the Silver Lake Debtors’ assets because potentially interested parties have been aware of the Silver Lake Debtors’ interest in selling their assets for over a year and a half. As a result, an extended marketing process would likely only deteriorate the value available to the Silver Lake Debtors’ stakeholders. Accordingly, the Debtors have filed this Motion seeking a prompt sale process that will maximize value for the Silver Lake Debtors’ stakeholders.

⁵ The Purchase Price adjustments are described in greater detail herein and in the Sale Declaration. After adjustments, the total consideration to be conveyed to the Silver Lake Debtors is expected to be approximately \$77.5 million, which includes an \$8.1 million Seller Note (defined below).

JURISDICTION AND VENUE

6. This Court has jurisdiction over this Motion under 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2)(A), (M), (N), and (O). Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

7. The statutory bases for the relief requested herein are sections 105(a), 363(b), (f), and (m), 364, 365, 503, and 507 of the Bankruptcy Code, Bankruptcy Rules 2002, 4001, 6004, 6006, 9007 and 9014, and Local Rule 6004-1.

BACKGROUND

8. On the date hereof (the "Petition Date"), the Debtors commenced their respective bankruptcy cases by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code (the "Chapter 11 Cases"). The Debtors continue to operate their businesses and manage their properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

9. No request has been made for the appointment of a trustee or examiner in these Chapter 11 Cases, and no committee has been appointed in these Chapter 11 Cases as of the date hereof.

10. The events leading up to the Petition Date are set forth in the Declaration of Andrew Hinkelman, Chief Restructuring Officer of the Debtors, filed substantially contemporaneously herewith.

RELIEF REQUESTED

11. By this Motion, the Debtors seek entry of the Bidding Procedures Order, substantially in the form attached hereto as **Exhibit A**: (a) approving the proposed Bidding Procedures attached hereto as **Exhibit B**, including approval of the Break-Up Fee and the Expense Reimbursement (as such terms are defined below) as allowed superpriority administrative expenses pursuant to sections 503(b) and 507 of the Bankruptcy Code; (b) establishing the Assumption and Assignment Procedures, including notice of proposed cure amounts; (c) approving the form and manner of notice of all procedures, protections, schedules, and agreements; and (d) scheduling the Sale Hearing to approve the Sale Transaction.

12. The Debtors also seek entry of the Sale Order, substantially in the form attached hereto as **Exhibit C**: (a) approving the sale of the Silver Lake Debtors' assets free and clear of all Interests; (b) authorizing the assumption and assignment of certain executory contracts and unexpired leases; and (c) authorizing Success 1 to grant liens.

THE PROPOSED SALE

A. The Marketing Process

13. As described in the Sale Declaration, the Silver Lake Debtors began exploring asset sales in March of 2017. As part of this marketing effort, the Silver Lake Debtors, through their financial advisor and investment banker MTS, conducted a broad marketing process targeting buyers based on a variety of factors, including a potential buyer's perceived interest in the Purchased Assets, its familiarity with the Silver Lake Debtors' business, and its financial ability to consummate a transaction.

14. The Debtors' advisors have contacted and/or sent initial marketing materials to approximately forty-one financial and strategic parties with potential interest in an acute care

hospital facility and related assets. Thirty-six of those entities signed confidentiality agreements, received offering memoranda, and received virtual data room access. The Silver Lake Debtors, with the assistance of MTS, their attorneys, and other representatives, assembled data and documents to facilitate the diligence process and prepared business presentations to provide for an organized and efficient transmission of a large amount of data related to the Purchased Assets.

15. The Silver Lake Debtors received thirteen first round bids for the Purchased Assets in May 2017. MTS worked with the parties who submitted bids to provide more detailed diligence information and advance their bids, including by participating in in-person management presentations with the Silver Lake Debtors' management, which resulted in the submission of seven second round bids for the Purchased Assets in July 2017. The final net enterprise value bid submitted by the Stalking Horse Bidder exceeded that of the next closest "well-diligenced" bidder by \$9.5 million. Following receipt of second round bids, MTS continued to work with both the Stalking Horse Bidder and other potential bidders to elicit improved proposed transaction valuations and increase the level of certainty associated with their respective bids.

B. Negotiations Surrounding the Stalking Horse APA

16. The Silver Lake Debtors, MTS, and the Silver Lake Debtors' other professional advisors engaged in extensive arm's-length negotiations regarding the terms of a purchase and sale agreement and other ancillary agreements, and the due diligence necessary to execute such agreements. Both the Silver Lake Debtors and the Stalking Horse Bidder were represented by counsel in connection with these negotiations. On February 7, 2018, the Debtors executed an agreement (the "Original Purchase Agreement") with the Stalking Horse Bidder for the sale,

transfer, and assignment of the Purchased Assets. The Original Purchase Agreement provided for a sale outside of bankruptcy.

17. In connection with the negotiation of the Original Purchase Agreement, the parties agreed that it could take up to one year from the date of filing change of ownership applications for the Stalking Horse Bidder to obtain California state licensing approvals. Because of the Silver Lake Debtors' need for a more expeditious closing, given their cash needs, the parties discussed putting into place an interim management structure pursuant to which the Silver Lake Debtors would sell certain of the Purchased Assets to the Stalking Horse Bidder, and such Purchased Assets would then be leased back to Success 1, which is the entity that currently holds the California licenses to operate the Silver Lake Medical Center facilities. Under this structure, the Stalking Horse Bidder would pay the full purchase price in an expedited initial closing, and thereafter provide management services to Success 1 until such time as the Stalking Horse Bidder could obtain its own licenses to operate the facilities.

18. However, it became apparent during the course of implementing this structure under the Original Purchase Agreement that the Stalking Horse Bidder's ability to obtain a loan to finance its purchase of the Purchased Assets required it to pledge to its lender, Ally Bank ("Ally"), Hospital Quality Assurance Fee payments ("QAF Payments") to be received from the Medi-Cal supplemental payments program (the "QAF Program") by Success 1 from the California Department of Health Care Services and other assets retained by Success 1 during the term of the management services agreement. The Stalking Horse Bidder and Ally had significant concerns about (i) the impact that a bankruptcy filing by or against Success 1 would have on (a) the Stalking Horse Bidder's ability to obtain its management fee, including such QAF Payments from Success 1, during the interim period in which the Stalking Horse Bidder

was providing management services and (b) the Stalking Horse Bidder's ability to manage the facilities during the licensing transition, and (ii) the value of various indemnities by the Silver Lake Debtors' parent entity due to the parent entity's increasing financial difficulties. The parties discussed potential alternatives to allay these concerns, all of which would result in material risk or ultimate reductions to proceeds ultimately delivered to the Silver Lake Debtors. Accordingly, the Silver Lake Debtors notified the Stalking Horse Bidder that the sale should, instead, best be implemented pursuant to section 363 of the Bankruptcy Code.

19. Because the Original Purchase Agreement did not contemplate a potential bankruptcy filing by the Silver Lake Debtors, the Silver Lake Debtors and the Stalking Horse Bidder negotiated a new agreement to incorporate the impact of a bankruptcy filing and ultimately entered into a new Asset Purchase Agreement dated as of October 24, 2018 (the "Stalking Horse APA"). The Stalking Horse APA provides for the Stalking Horse Bidder to act as the stalking horse bidder for the sale of the Purchased Assets for a gross aggregate cash purchase price of \$84,150,000, as offset by adjustments as set forth therein, including the following adjustments to reflect the impact of events subsequent to the Original Purchase Agreement: (i) approximately \$4.9 million in negative changes to the QAF Program (as offset by \$2.5 million of QAF Program-related cash received by the Silver Lake Debtors to date), (ii) approximately \$1.3 million in penalties associated with the Silver Lake Debtors' failure to achieve "meaningful use" health information technology compliance, and (iii) up to \$441,000 associated with the need for the Stalking Horse Bidder to procure representation and warranty insurance given the elimination of indemnities associated with the previous guarantee by the Silver Lake Debtors' parent in the Original Purchase Agreement. Accordingly, the consideration to be conveyed to the Silver Lake Debtors is expected to be approximately \$77.5 million, which

includes an \$8.1 million seller note (the “Seller Note”) to be provided by the Stalking Horse Bidder (the “Purchase Price”), and further including the assumption of certain specified liabilities (and before payment of transaction costs and expenses and liabilities retained by the Silver Lake Debtors). The gross purchase price of \$84,150,000 reflects, as compared to the Original Purchase Agreement, an increase in cash proceeds at closing of \$4,050,000 in exchange for a reduction of the initial principal balance of the Seller Note to \$8.1 million. Payments by the Stalking Horse Bidder under the Seller Note are anticipated to be allocated 75% to Success 1 and 25% to HLP of Los Angeles, LLC.

C. Granting of Liens By Success Healthcare 1, LLC to Successful Bidder’s Lender

20. In order to finance the Stalking Horse Bidder’s purchase of the Purchased Assets and fund working capital following the Sale, Ally is requiring that, at Closing, Success 1 as an accommodation party enter into new security agreements (the “Security Agreements”) with Ally Bank, in its capacity as administrative agent (“Agent”) for the Lenders (as defined in the Security Agreements), granting Ally post-closing liens in QAF Payments that are paid to Success 1 and certain assets maintained by Success 1 during the term of the management services agreement. The forms of Security Agreements are attached hereto as **Exhibit F**. Ally requires that language be incorporated into the Sale Order to the effect that the post-closing liens and security interests in the collateral granted to Ally pursuant to the Security Agreements shall be valid, perfected, and entitled to first priority.

21. In particular, following the entry of the Sale Order and substantially contemporaneously with the Closing of the Sale, the Stalking Horse Bidder, Agent, and Lenders intend to enter into (a) that certain Amended and Restated Credit Agreement (the “Non-HUD Credit Agreement”), (b) that certain Term Loan Agreement (the “Term Loan Agreement,”), and

(c) that certain Credit Agreement (the “HUD Credit Agreement” and together with the Non-HUD Credit Agreement, the Term Loan Agreement, and all related loan documents, the “Acquisition Financing Agreements”), pursuant to which the Lenders will make certain loans and other financial accommodations to the Stalking Horse Bidder and other affiliated entities (collectively, “Borrowers”) to enable the Stalking Horse Bidder to fund the Purchase Price. To induce Lenders and as a condition precedent to Agent and Lenders entering into the Acquisition Financing Agreements and making the loans to the Borrowers, Success 1 proposes to (i) grant first priority Liens on the Collateral⁶ (the “Seller Liens”) in favor of Agent, for the benefit of Lenders, to further secure Borrower’s obligations under the Acquisition Financing Agreements, with recourse against Success 1 limited to the Collateral, and (ii) enter into three Subordination Agreements (the “Subordination Agreements”) with Agent and Borrowers, pursuant to which Success 1 will, among other things, subordinate the indebtedness owed by the Successful Bidder to Success 1 in connection with the Seller Note to the indebtedness owed by the Successful Bidder to Agent and Lenders. The forms of Subordination Agreements are attached hereto as **Exhibit G**.

⁶ “Collateral” as defined in the Security Agreements includes, without limitation, the following property of Success 1: Accounts (including, without limitation, all Health-Care-Insurance Receivables and any Account or portion of an Account arising under the QAF Program), Chattel Paper, certain Commercial Tort Claims, Deposit Accounts, Documents, General Intangibles, including Payment Intangibles, Software and Intellectual Property, Inventory, Equipment, fixtures and other Goods, Instruments, Investment Property, all letters of credit, Letter-of-Credit Rights, Supporting Obligations and Government Authorizations, all monies, Medicare and Medicaid provider agreements and numbers owned or used by Success 1 in connection with the operation of the Hospitals, all of Success 1’s rights under the QAF Program, all books and records pertaining to the foregoing, and all other assets, personal property and rights of success 1, all Proceeds and products of each of the foregoing. The Collateral is in large part a subset of the Purchased Assets; however, there are certain pieces of the Collateral that are not included in the Purchased Assets because of the nature of those assets and the Silver Lake Debtors’ inability to transfer them outright to the Successful Bidder at Closing. It is intended that the remaining assets (the “Deferred Assets” as defined in the APA) will be transferred to the Successful Bidder on the Transition Date. Notwithstanding anything to the contrary, Collateral does not include the Purchase Price, Cash Consideration, the Seller Note, the Silver Lake Debtors’ rights under the Stalking Horse APA, or any proceeds of any of the foregoing.

D. The Primary Terms of the Stalking Horse APA

22. The Stalking Horse APA contemplates the sale of the Purchased Assets to the Stalking Horse Bidder, subject to higher or better bids, on the following material terms:⁷

Stalking Horse APA Provision	Summary Description
APA Parties	L.A. Downtown Medical Center LLC, as Buyer and Success Healthcare, LLC, Success Healthcare 1, LLC and HLP of Los Angeles, LLC, as Sellers
Consideration APA § 3.1	<p>The aggregate consideration to be paid for the Purchased Assets and in consideration of the Transactions (the “<u>Purchase Price</u>”) will consist of (a) an amount (the “<u>Cash Consideration</u>”) equal to (i) \$84,150,000 (the “<u>Base Cash Amount</u>”); plus (ii) the Final Working Capital Adjustment, if the Final Working Capital Adjustment is a positive amount; minus (iii) the absolute value of the Final Working Capital Adjustment, if the Final Working Capital Adjustment is a negative amount; plus (iv) the Final QAF4 Adjustment; minus (v) the Final QAF5 Adjustment; minus (vi) the Final Meaningful Use Adjustment; and (b) the assumption of the Assumed Liabilities.</p> <p>The Stalking Horse Bidder proposes to fund \$8,100,000 of the Purchase Price in the form of a Seller Note.</p>
Purchased Assets; Avoidance Actions APA § 2.1	<p>The Purchased Assets will include the following assets, properties and rights of Sellers (other than Excluded Assets):</p> <p>(a) all real property that any Seller owns in fee (together with all buildings and other structures, facilities or improvements located thereon, including construction in progress, all fixtures attached or appurtenant thereto, and all easements, licenses, rights and appurtenances relating to the foregoing, collectively, the “<u>Owned Real Property</u>”).</p> <p>(b) all leasehold interests in and to the real property and improvements leased by any Seller (collectively, the “<u>Leased Real Property</u>”), if the lease for such Leased Real Property becomes a Purchased Contract.</p> <p>(c) all rights, benefits and interests of the applicable Seller under the Purchased Contracts.</p> <p>(d) all Inventory and other tangible personal property owned by any Seller, including all equipment (including all medical equipment,</p>

⁷ The summary of the terms contained in this Motion is qualified in its entirety by reference to the provisions of the Stalking Horse APA. In the event of any inconsistencies between the provisions of the Stalking Horse APA and the summary set forth herein, the terms of the Stalking Horse APA shall govern. Unless otherwise defined in the summary set forth in the accompanying text, capitalized terms shall have the meanings ascribed to them in the Stalking Horse APA. The summary of terms highlights certain terms in accordance with Local Rule 6004-1.

Stalking Horse APA Provision	Summary Description
	<p>computers and other data processing equipment and related software), furniture, fixtures, machinery, vehicles and rolling stock, office furnishings, and leasehold improvements (the "<u>Personal Property</u>"), together with any express or implied warranty by the manufacturers or sellers of any item or component part thereof to the extent transferable and all maintenance records and other documents relating thereto.</p> <p>(e) except as otherwise set forth in the Stalking Horse APA, all rights relating to Prepaid Expenses.</p> <p>(f) all Accounts Receivable and payments from, or otherwise in connection with, the QAF Program.</p> <p>(g) any current assets of any Seller with respect to the operations of the Business not otherwise specifically described herein.</p> <p>(h) all depository accounts in which amounts received from payment of Accounts Receivable and from the QAF Program have customarily been deposited by any Seller with respect to the operations of the Business ("<u>Depository Accounts</u>").</p> <p>(i) all telephone numbers and facsimile numbers used exclusively in the operations of the Business.</p> <p>(j) except as excluded under the Stalking Horse APA, all documents, records, operating manuals, files, computers, hardware, data processing equipment, and computer software (including licenses thereto, to the extent assignable or transferable) relating or with respect to the operations of the Business, including all patient records, medical records, employee records, financial records relating or with respect to the operations of the Business, equipment records, construction plans and specifications, and medical and administrative libraries.</p> <p>(k) except as excluded under the Stalking Horse APA, all intangible rights and property, including all inventions (whether or not patentable), trade secrets, know-how, mask work rights, patents, trademarks, service marks, trade names, trade dress, domain names, websites (including contents thereof) and copyrights (collectively, "<u>Intellectual Property</u>") that are used primarily in connection with the operations of the Business (all such items of Intellectual Property together with the Purchased Assets described in Section 2.1(j) of the Stalking Horse APA are referred to collectively as the "<u>Transferred Intellectual Property</u>").</p> <p>(l) to the extent assignable or transferable, all Government Authorizations, and all pending applications for Government Authorizations.</p> <p>(m) all rights under or pursuant to all representations, warranties and guarantees made by suppliers and contractors to the extent relating to</p>

<p>Stalking Horse APA Provision</p>	<p>Summary Description</p>
	<p>services provided to any Seller.</p> <p>(n) all goodwill associated with the Business.</p> <p>(o) all rights of Sellers under non-disclosure or confidentiality, non-compete, non-solicitation or no-hire agreements relating to any Purchased Assets or Assumed Liabilities (or any portion of the foregoing).</p> <p>(p) all insurance proceeds relating to the physical condition of the Purchased Assets, to the extent not expended on the repair or restoration of the Purchased Assets and subject to the terms of any Business Contract.</p> <p>(q) any rights, claims or causes of action of any Seller against Third Parties relating to any Purchased Asset or Assumed Liability as of the Closing, and all rights of indemnity, warranty rights, rights of contribution, rights to refunds (other than Tax refunds), rights of reimbursement and other rights of recovery, including insurance proceeds, possessed by Sellers as of the Closing (regardless of whether such rights are currently exercisable) to the extent related to any Purchased Asset or Assumed Liability.</p> <p>(r) all Avoidance Actions (whether known or unknown, contingent or otherwise) accruing or arising prior to the Closing Date against (a) any counterparty to a Purchased Contract; (b) any vendor, supplier, or lessor; or (c) any Hired Employee (collectively, the “<u>Purchased Avoidance Actions</u>”).</p> <p>(s) personnel records of all Business Employees.</p>
<p>Excluded Assets APA § 2.2</p>	<p>The Excluded Assets are:</p> <p>(a) cash, cash equivalents and short-term investments, other than Prepaid Expenses.</p> <p>(b) all intercompany receivables due to any Seller from any of its Affiliates.</p> <p>(c) the computer software, programs, hardware, data processing equipment, and related documentation that is proprietary to Parent or its Affiliates.</p> <p>(d) except to the extent used primarily in the operations of the Business, all of Parent’s or its Affiliates’ proprietary manuals, marketing materials, policy and procedure manuals, standard operating procedures and marketing brochures, data and studies or analyses.</p> <p>(e) all funds and accounts of all employee retirement, deferred compensation, health, welfare or benefit plans and programs, including assets representing a surplus or overfunding of any Seller Plan.</p>

Stalking Horse APA Provision	Summary Description
	<p>(f) the Excluded Contracts.</p> <p>(g) all Intellectual Property of Parent or its Affiliates not used primarily at the Business, including the names “Success Healthcare,” “Promise Healthcare,” the world wide web addresses www.successhealthcare.com and www.promisehealthcare.com, the other names and web addresses set forth on Annex 2.2(g) to the Stalking Horse APA, and, with respect to any of the foregoing, all abbreviations and variations thereof, and trademarks, trade names, service marks, copyrights and any applications therefor, and symbols and logos related thereto, together with any promotional material, educational material, signage, stationery, supplies or other items of inventory bearing such names, marks, logos or symbols or abbreviations, variations or derivations thereof.</p> <p>(h) personnel records of all Business Employees, except for those portions of the personnel records of all Hired Employees solely pertaining to the administration of employee benefits to the Hired Employees.</p> <p>(i) the content of the Business’ websites.</p> <p>(j) all claims, rights, interests and proceeds with respect to state or local tax refunds (including property tax) resulting from periods prior to the Effective Time, and the right to pursue appeals of same.</p> <p>(k) all of Sellers’ organizational record books, minute books and tax records.</p> <p>(l) all unclaimed property of any third party as of the Effective Time, including property which is subject to applicable escheat laws.</p> <p>(m) all claims, rights, interests and proceeds (whether received in cash or by credit to amounts otherwise due to a third party) with respect to amounts overpaid by any Seller to any third party with respect to periods prior to the Effective Time (e.g., such overpaid amounts may be determined by billing audits undertaken by any Seller or its consultants), other than payments from, or otherwise in connection with, the QAF Program with respect to the operations of the Business.</p> <p>(n) all bank accounts of any Seller, except for the Depository Accounts.</p> <p>(o) claims, causes of action, choses in action, rights of recovery, rights of set off and rights of recoupment of Parent and its Affiliates with respect to periods prior to the Effective Time, and any payments, awards or other proceeds resulting therefrom, that are not described in Section 2.1(q) (rights against Third Parties relating to any purchased Asset or Assumed Liability as of the Closing) or 2.1(r) (Avoidance Actions) of the Stalking</p>

Stalking Horse APA Provision	Summary Description
	<p>Horse APA.</p> <p>(p) all writings and other items that are protected from discovery by the attorney-client privilege, the attorney work product doctrine or any other cognizable privilege or protection, it being understood that Buyer will have the right to assert such privileges with respect to discovery by Third Parties.</p> <p>(q) all documents, records, correspondence, work papers and other documents exclusively relating to the Seller Cost Reports or Agency Settlements; excluding, for example, records relating to the provision of patient care.</p> <p>(r) all tangible personal property located outside the State of California, and all intangible assets (including rights, privileges or interests associated therewith) owned by any Seller which are located outside the State of California.</p> <p>(s) any Owned Real Property not purchased by, or any Leased Real Property not assigned to, Buyer (collectively, the “<u>Retained Real Property</u>”).</p> <p>(t) all insurance proceeds arising in connection with property damage to any Retained Real Property.</p> <p>(u) the Pre-Closing Government Receivables.</p> <p>(v) all rights to (i) the HITECH Payments for federal fiscal years ending prior to the Closing Date, and (ii) a prorated portion of the HITECH Payments for the federal fiscal year during which the Closing occurs.</p> <p>(w) the rights of Sellers under the Stalking Horse APA and the Transaction Documents (including, for the avoidance of doubt, the Purchase Price, Cash Consideration, and Seller Note, and any proceeds of the foregoing).</p> <p>(x) all equity securities of Parent, SH1, HLP and their Affiliates.</p> <p>(y) all Government Authorizations that are not transferable to Buyer.</p> <p>(z) except for the Lessor Leases, all real property leases under which SH1 is the lessor or sublessor.</p> <p>(aa) any other assets, properties and rights that are not primarily related to or used or held for use in connection with the Business.</p> <p>(bb) all retainers or prepaid charges and expenses for Sellers’</p>

Stalking Horse APA Provision	Summary Description
	<p>professional advisors.</p> <p>(cc) all adequate assurance deposits authorized by the Bankruptcy Court in the Bankruptcy Cases and funded pursuant to Section 366 of the Bankruptcy Code that are held by or for the benefit of utilities in connection with the Business.</p> <p>(dd) Other Excluded Assets listed on Annex 2.2(dd) to the Stalking Horse APA.</p>
Assumed Liabilities APA § 2.3	<p>On the terms and subject to the conditions set forth in the Stalking Horse APA, at the Closing, the applicable Sellers will assign, and Buyer will, on and after the Effective Time, assume from such Seller, the following Liabilities of such Seller (collectively, the “<u>Assumed Liabilities</u>”) and no other Liabilities of any Seller:</p> <p>(a) the Purchased Contracts, but only to the extent of the Liabilities that arise thereunder with respect to events or periods on and after the Effective Time and that do not relate to any failure to perform or other breach, default or violation by any Seller prior to the Effective Time.</p> <p>(b) all Liabilities with respect to Buyer’s or any Affiliate of Buyer’s ownership or operation of the Real Property arising and attributable to the period on and after the Effective Time.</p> <p>(c) the WARN Obligations.</p> <p>(d) those obligations arising in the Ordinary Course to make payments to the QAF4 Program and the QAF5 Program.</p> <p>(e) all real and personal property taxes, if any, that are attributable to the Purchased Assets, subject to certain proration provisions in the Stalking Horse APA.</p> <p>(f) all utilities being furnished to the Purchased Assets, subject to certain proration provisions in the Stalking Horse APA.</p>
Excluded Liabilities APA § 2.4	<p>Buyer will not assume and will not be obligated to assume or be obliged to pay, perform or otherwise discharge, and Sellers (and their respective bankruptcy estates) will be solely and exclusively liable with respect to, any Liability of any Seller that is not an Assumed Liability (collectively, the “<u>Excluded Liabilities</u>”), including all Liabilities relating to:</p> <p>(a) all Liabilities of any Seller in connection with the Excluded Assets, including under the Excluded Contracts.</p> <p>(b) all Debt of any Seller.</p> <p>(c) all Claims against any Seller arising prior to the Closing</p>

Stalking Horse APA Provision	Summary Description
	<p>Date.</p> <p>(d) amounts required to be paid by Sellers under the Transaction Documents.</p> <p>(e) all Liabilities of Sellers relating to legal services, accounting services, financial advisory services, investment banking services or any other professional services or other Third-Party costs or expenses performed in connection with the Transaction Documents, Transactions or Bankruptcy Cases.</p> <p>(f) all Liabilities of any Seller arising out of, relating to or with respect to any Seller Plans, employment or performance of services, and (subject to WARN Obligations) termination of employment or services by any Seller of any individual, in each case prior to the Effective Time.</p> <p>(g) all Liabilities of any Seller related to or arising in connection with any pending or threatened Proceeding arising out of, relating to or otherwise in respect of the operations of the Business or the Purchased Assets related to periods prior to the Effective Time.</p> <p>(h) all Cure Costs.</p> <p>(i) all Liabilities of any Seller arising out of or relating to any act, omission, event or occurrence connected with the use, ownership or operation by any Seller of the Business or any of the Purchased Assets prior to the Effective Time, other than as specifically set forth in the Stalking Horse APA.</p> <p>(j) all Liabilities of any Seller in connection with claims of professional malpractice to the extent arising out of or relating to acts, omissions, events or occurrences prior to the Effective Time.</p> <p>(k) all Liabilities of any Seller relating to the Seller Cost Reports or Agency Settlements with respect to periods ending prior to the Effective Time.</p> <p>(l) all Liabilities of any Seller for violations of any Law to the extent arising from acts or omissions prior to the Effective Time, including those pertaining to Medicare and Medicaid fraud or abuse, and Environmental Laws.</p> <p>(m) all Liabilities under or in connection with the Seller Plans or any plans ever maintained by or contributed to by any Seller or an ERISA Affiliate or in which the employees or former employees of any Seller or an ERISA Affiliate participate or have ever participated, including (i) all benefits and administrative costs associated with any such plans, and (ii) any Liabilities imposed by Law or Contract, including withdrawal liability</p>

<p>Stalking Horse APA Provision</p>	<p>Summary Description</p>
	<p>arising under or with respect to such plans.</p> <p>(n) all Liabilities of any Seller for real and personal property Taxes, other than for real and personal property taxes attributable to the Purchased Assets, subject to proration, all liabilities of any Seller for any other Taxes, and any Taxes incurred as a result of the consummation of the Transactions.</p> <p>(o) except to the extent specifically included in the WARN Obligations, all Liabilities of any Seller arising, accruing or existing prior to the Effective Time with respect to the Business Employees including any matters arising under Laws governing wages and hours, employment discrimination, occupational safety and health, workers' compensation (to the extent of treatment received by a workers' compensation plaintiff or claimant prior to the Effective Time for injuries sustained prior to the Effective Time), the payment and withholding of employment taxes and any alleged violations of the Law.</p> <p>(p) any and all Liabilities of any Seller relating to any failure to perform or other breach, default or violation of any of the Purchased Contracts by any Seller prior to the Effective Time.</p> <p>(q) any and all Liabilities of any Seller with respect to the Real Property arising and attributable to the period prior to the Effective Time, other than for real and personal property taxes attributable to the Purchased Assets and utilities being furnished to the Purchased Assets, in each case subject to proration.</p> <p>(r) Those Excluded Liabilities of any Seller listed on Annex 2.4(r) to the Stalking Horse APA.</p>
<p>Deferred Assets and Liabilities APA § 2.8</p>	<p>On the Closing Date SH1 will not assign, transfer, convey and deliver the following Purchased Assets (the "<u>Deferred Assets</u>"): (i) the third party payor contracts, and any renewals or replacements thereof (the "<u>Deferred Contracts</u>"); (ii) all Government Authorizations; (iii) the drug inventory included in the Inventory; and (iv) the Depository Accounts. SH1 will retain all Deferred Assets until the Transition Date. Effective at the Transition Date, without any further action by SH1 or Buyer, SH1 will be deemed to have assigned, transferred, conveyed and delivered the Deferred Assets to Buyer, free and clear of Liens, as such Deferred Assets exist at such time. The Deferred Assets, upon their assignment, transfer, conveyance and delivery to Buyer in accordance with this Section of the Stalking Horse APA, will be treated as "<u>Purchased Assets</u>" for purposes of the Stalking Horse APA.</p> <p>Transition Date means the last to occur of the following dates: (a) the date when Buyer is issued a hospital license from the California Department of</p>

Stalking Horse APA Provision	Summary Description
	<p>Public Health for operation of the Hospitals or (b) the date when Buyer is issued the necessary hospital pharmacy permits from the State of California Board of Pharmacy for the operation of the pharmacies located at the Hospitals.</p> <p>On the Closing Date SH1 will not assign, and Buyer will not assume, any Liabilities with respect to the Deferred Contracts. The Interim Management Agreement describes which party bears responsibility for Liabilities of SH1 associated with the Deferred Assets for the period of time on and after the Effective Time until the Transition Date. Effective at the Transition Date, upon assignment of the Deferred Contracts, without any further action by SH1 or Buyer, SH1 will be deemed to have assigned, and Buyer will be deemed to have assumed, the Liabilities of SH1 with respect to the Deferred Contracts, but (i) only to the extent of the Liabilities arising thereunder with respect to events or periods on and after the date of such assumption and assignment and (ii) other than Excluded Liabilities. Those Liabilities of SH1 that are assumed by Buyer, upon such assumption, will be treated as “<u>Assumed Liabilities</u>” for purposes of the Stalking Horse APA.</p>
<p>Assumption of Transferred Contracts and Assignment APA § 2.6(a)</p>	<p>At the Closing and pursuant to Section 365 of the Bankruptcy Code and the Sale Order, Sellers will assume and assign to Buyer, and Buyer will assume from Sellers, the Business Contracts. Buyer may designate any Business Contract as a Purchased Contract by listing such Contract on Annex 2.6(a) to the Stalking Horse APA. Annex 2.6(a) may be supplemented or revised by Buyer as follows: (i) with respect to adding Business Contracts, (x) if the Business Contract has an effective date on or before the Agreement Date and was disclosed to Buyer prior to the Agreement Date, ten Business Days prior to the Bankruptcy Court’s hearing on the Sale Motion, (y) if the Business Contract has an effective date after the Agreement Date and is disclosed to Buyer at least twenty Business Days prior to the day of the Closing and otherwise in accordance with the terms of this Agreement, ten Business Days prior to the day of the Closing and (z) for any other Business Contract, two days prior to the day of the Closing; and (ii) with respect to the removal of a Business Contract, two days prior to the day of the Closing. Any Business Contracts that are not set forth on Annex 2.6(a) to the Stalking Horse APA will be deemed to be Excluded Contracts. Sellers will neither assume nor assign any Excluded Contracts to Buyer. With respect to any particular Purchased Contract, the effective date of the assignment to Buyer will be no sooner than the later to occur of (i) the Closing Date or (ii) the date the Bankruptcy Court authorizes and approves the assignment of such Purchased Contract to Buyer.</p>
<p>Payment of Cure Costs APA § 2.6(b)</p>	<p>Subject to the Assumption and Assignment Procedures, at or as soon as practicable after the Closing, Sellers will pay all Cure Costs in accordance with the Sale Order. Buyer will have no responsibility for any Cure Costs.</p>

Stalking Horse APA Provision	Summary Description
<p>Employment Provisions APA § 9.1(b)</p>	<p>Subject to exclusion of individuals on the No-Hire List, Buyer covenants and agrees to make offers of employment (with the same or better job title, responsibilities, salary and seniority) (i) as of the date that the individual reports back to work at the Business on an active basis within ninety (90) days after the Effective Time (or such longer time as is required by Law), to all individuals who are employees of any Seller with respect to the operations of the Business and are on short-term or long-term disability or on leave of absence pursuant to any Seller’s policies, the Family and Medical Leave Act of 1993 or other similar local Law as of the Effective Time (each, an “<u>Employee on Leave</u>”) and (ii) not later than the Closing Date and effective as of the Effective Time, to all individuals who are not an Employee on Leave and are “at will” employees in good standing of any Seller with respect to the operations of the Business as of the Closing Date (the employees in subsections (i) and (ii) above collectively, the “<u>Business Employees</u>”).</p>
<p>Agreements with Management APA §4.2(r)</p>	<p>At Closing, the Parties will execute an Interim Management Agreement in the form of Exhibit 4.2(r) to the Stalking Horse APA.</p>
<p>Good Faith Deposit APA § 3.2</p>	<p>A deposit of \$5,000,000 (together with all interest and earnings thereon, the “<u>Deposit Amount</u>”) was delivered to Title Company on behalf of Buyer in accordance with the Original Deposit Agreement.</p>
<p>Closing Deadlines APA § 4.1</p>	<p>The consummation of the Transactions (the “<u>Closing</u>”) will take place remotely via the exchange of documents, signature pages, and payments at 10:00 a.m. Eastern Time on the date that is no later than ten Business Days following the satisfaction (or waiver by the Party entitled to waive that condition) of the conditions to Closing (other than conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction (or waiver by the Party entitled to waive that condition) of such conditions), unless another time or date, or both, are agreed to in writing by the Parties. The Stalking Horse APA may be terminated by Sellers or Buyer if the Closing has not occurred on or prior to the 90th day after the Petition Date (the “<u>Outside Date</u>”), which date may be extended under certain circumstances pursuant to the Stalking Horse APA, but in any event not later than March 16, 2019.</p>
<p>Sale Milestones APA § 10.1(g)</p>	<p>The following events must occur by the date indicated, unless waived by written consent of Buyer in each instance in its sole discretion:</p> <p>(a) On or before November 16, 2018, each Seller will have commenced its Bankruptcy Cases.</p> <p>(b) On or before the date that is no later than one (1) day after</p>

<p>Stalking Horse APA Provision</p>	<p>Summary Description</p>
	<p>the Petition Date, Sellers will have filed the Sale Motion.</p> <p>(c) On or before the date that is twenty five (25) days after the Petition Date (subject to continuance or postponement in accordance with the Stalking Horse APA), the Bankruptcy Court will have entered the Bidding Procedures Order.</p> <p>(d) On or before the date that is seventy five (75) days after the Petition Date, Sellers will have conducted the Auction.</p> <p>(e) On or before the date that is ninety (90) days after the Petition Date, the Bankruptcy Court will have entered the Sale Order.</p>
<p>Conduct of Business Prior to Closing APA § 8.6</p>	<p>During the Interim Period, except as otherwise consented to or approved by an authorized officer of Buyer or as specifically required by the Stalking Horse APA, Sellers agree that each Seller will, with respect to the operations of the Business, do each of the following:</p> <p>(a) carry on its respective businesses in substantially the same manner as presently conducted and not make any material change in personnel, operations, real or personal property, finance or accounting policies (unless a Seller is required to adopt such changes (with respect to finance or accounting policies) under GAAP or Sellers' Affiliates adopt such changes (with respect to finance or accounting policies) on a company-wide basis).</p> <p>(b) use its commercially reasonable efforts to maintain the Business and all parts thereof and all other Purchased Assets in operating condition in a manner consistent with past practices, casualty, condemnation and ordinary wear and tear excepted, and inclusive of substitutions and retirements in the Ordinary Course.</p> <p>(c) perform all of its material obligations under agreements relating to or affecting the Business, its operations or the Purchased Assets.</p> <p>(d) keep in full force and effect present insurance policies or other comparable self-insurance.</p> <p>(e) use its commercially reasonable efforts to (i) maintain and preserve its respective business organizations intact, (ii) retain its respective present employees at the Business and (iii) maintain its respective relationships with physicians, suppliers, customers and others having business relationships with the Business.</p>

Stalking Horse APA Provision	Summary Description
Record Retention APA § 13.2	<p>From the Closing Date until (i) seven (7) years following discharge of the applicable patient or such longer period as required by Law with respect to medical records and patient records and (ii) seven (7) years after the Closing Date with respect to all medical staff records and other books and records which are among the Assets as of the Effective Time (each applicable period referred to herein as the “<u>Document Retention Period</u>”), Buyer will keep and preserve in the ordinary course of business all such records described above in this sentence (the “<u>Records</u>”), but excluding any records which are among the Excluded Assets.</p>
Bid Protections APA §§ 4.6(a) and 8.1	<p>Sellers agree, on a joint and several basis, to pay Buyer the Breakup Fee and the Expense Reimbursement in accordance with Section 4.6(a) of the Stalking Horse APA.</p> <p>The Breakup Fee is a cash amount equal to \$2,524,500 (which is equal to three percent (3.0%) of the Base Cash Amount).</p> <p>The Expense Reimbursement is a cash amount of \$2,000,000, which represents a portion of the out-of-pocket costs, fees and expenses of Buyer and its Affiliates incurred before or after the Agreement Date (including reasonable expenses of legal, financial advisory, accounting and other similar costs, fees and expenses and all filing fees under applicable Laws) related to the Transactions (including those incurred in connection with the diligence, negotiation, documentation, bidding and auction process).</p> <p>Sellers will, within three (3) Business Days after the closing of an Alternative Transaction, pay to Buyer by wire transfer of immediately available funds both the Breakup Fee and the Expense Reimbursement if the Stalking Horse APA is terminated by Sellers or Buyer:</p> <ol style="list-style-type: none"> 1) in the event that Buyer is not the winning bidder at the Auction and Buyer has not been selected by the Sellers as the Backup Bidder at the Auction. 2) if (x) any Seller enters into a definitive agreement with respect to an Alternative Transaction, (y) the Bankruptcy Court enters an order approving an Alternative Transaction and (z) the Alternative Transaction is consummated. <p>Sellers will, within three (3) Business Days after the closing of an Alternative Transaction, pay to Buyer by wire transfer of immediately available funds only the Expense Reimbursement (but not the Breakup Fee) if the Stalking Horse APA is terminated by Buyer, if there will be a breach by Sellers of any representation or warranty, or any covenant, agreement or obligation, in each case made by Sellers, which would result in a failure of a condition precedent to the obligation of Buyer to close and which breach cannot be cured or has not been cured (or waived by Buyer) by the earlier of</p>

<p>Stalking Horse APA Provision</p>	<p>Summary Description</p>
	<p>(i) ten Business Days after the giving of written notice by Buyer to Sellers of such breach or (ii) the Outside Date; <u>provided, however</u>, that Buyer may terminate the Stalking Horse APA pursuant to this provision only if Buyer is not in material breach.</p> <p>Sellers will, within three (3) Business Days after the closing of an Alternative Transaction, pay to Buyer by wire transfer of immediately available funds only the Expense Reimbursement (but not the Breakup Fee) if this Agreement is terminated by Sellers or Buyer, by giving written notice to the other Party, if the Bankruptcy Court enters an order that precludes the consummation of the Transactions on the terms and conditions set forth in the Stalking Horse APA and (A) the Bankruptcy Court enters an order approving an Alternative Transaction and (B) the Alternative Transaction is consummated within nine months after the Stalking Horse APA is terminated.</p> <p>If no Alternative Transaction closes, neither the Breakup Fee nor the Expense Reimbursement will be due or paid.</p> <p>In the event that payment of any amount of the Bid Protections becomes due and payable, and such amounts are actually paid to the Stalking Horse Bidder, such amounts will constitute liquidated damages.</p>
<p>Buyer's Termination Rights APA § 4.4</p>	<p>Sellers or Buyer may terminate the Stalking Horse APA if the Closing has not occurred on or prior to the 90th day after the Petition Date (the "<u>Outside Date</u>").</p> <p>The Stalking Horse APA may be terminated by mutual written consent of Sellers and Buyer.</p> <p>The Stalking Horse APA may be terminated by Buyer:</p> <p>if any event or condition has resulted in one or more of the conditions to the obligations of Buyer to close becoming impossible to be fulfilled and such event or condition has not been waived by Buyer by the Outside Date; <u>provided, however</u>, that Buyer may terminate the Stalking Horse APA only if Buyer is not in material breach of the Stalking Horse APA as of the date of such termination.</p> <p>if there will be a breach by Sellers of any representation or warranty, or any covenant, agreement or obligation, in each case made by Sellers in the Stalking Horse APA, which would result in a failure of a condition to the obligation of Buyer to close and which breach cannot be cured or has not been cured (or waived by Buyer) by the earlier of (i) ten Business Days after the giving of written notice by Buyer to Sellers of such breach or (ii) the Outside Date; <u>provided, however</u>, that Buyer may terminate the Stalking Horse APA only if Buyer is not in material breach of the Stalking Horse APA as of the date of such termination.</p>

<p>Stalking Horse APA Provision</p>	<p>Summary Description</p>
	<p>The Stalking Horse APA may be terminated by Sellers or Buyer:</p> <p>if there will be in effect a final nonappealable Order of a Governmental Body of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the Transactions.</p> <p>in the event that Buyer is not the winning bidder at the Auction and Buyer has not been selected by the Sellers as the Back-Up Bidder at the Auction, by giving written notice at any time to the other Party after the conclusion of the Auction.</p> <p>by giving written notice to the other Party, if (x) any Seller enters into a definitive agreement with respect to an Alternative Transaction, (y) the Bankruptcy Court enters an order approving an Alternative Transaction and (z) the Alternative Transaction is consummated.</p> <p>by giving written notice to the other Party, if the Bankruptcy Court enters an order that precludes the consummation of the Transactions on the terms and conditions set forth in this Agreement.</p>
<p>Requested Findings as to Good Faith, Successor Liability; Relief from Rule 6004(h) APA § 5.23, 7.2(d)</p>	<p>Neither Buyer nor Sellers will be required to accept a Sale Order that does not, and it will be deemed reasonable for Buyer or Sellers to find a Sale Order unsatisfactory if it does not, among other things, contain findings of fact and conclusions of law that the Transactions are undertaken by Buyer and Sellers at arm’s length, without collusion and that Buyer has acted in “good faith” within the meaning and entitled to the protections of Section 363(m) of the Bankruptcy Code and hold that Buyer is a not a successor to Sellers or their estates by reason of any theory of law or equity with respect to any Claims or Liens against Sellers or the Purchased Assets and to the maximum extent permitted by applicable law permanently enjoining each and every holder of any claim for such liabilities from commencing, continuing or otherwise pursuing or enforcing any remedy, claim, cause of action or Lien against Buyer or the Purchased Assets related thereto.</p> <p>Except as disclosed on Schedule 5.23 to the Stalking Horse APA, which lists matters affecting title or sufficiency of the Purchased Assets, at the Closing and subject to the Sale Order, Buyer will be vested with good and valid title to such Purchased Assets, free and clear of all Liens and Excluded Liabilities (including, for the avoidance of doubt, any claims for successor liability or similar theories under applicable state or federal law or otherwise, including any successorship obligations under any collective bargaining agreement or with respect to any Seller Plan), to the fullest extent permissible under Section 363(f) of the Bankruptcy Code and other applicable Law.</p> <p>The Debtors seek a waiver of the 14-day stay of an order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h).</p>

E. The Bidding Procedures

23. The Bidding Procedures, which are attached hereto as **Exhibit B**, are designed to maximize value for the Silver Lake Debtors' estates, while effectuating an expeditious sale of the Silver Lake Debtors' assets. Among other things, the Bidding Procedures set forth procedures for interested parties to access due diligence, the manner in which bidders and bids become "qualified," the receipt and negotiation of bids received, the conduct of any auction, the selection and approval of any ultimately successful bidders, and the deadlines with respect to the foregoing.

24. Certain of the salient terms of the proposed Bidding Procedures are highlighted below:⁸

- **Key Proposed Dates (subject to the Court's availability):**

Milestone	Proposed Date⁹
Deadline to Object to Approval of the Stalking Horse Bidder, Bidding Protections and the Bidding Procedures	4:00 p.m. (prevailing Eastern Time) on November 19, 2018
Entry of the Bidding Procedures Order	On or before November 30, 2018
Assumption and Assignment Service Date (as defined in the Bidding Procedures Order)	Within three (3) Business Days after entry of the Bidding Procedures Order
Contract Objection Deadline (as defined in the Bidding Procedures Order)	Fourteen (14) days following the Assumption and Assignment Service Date
Bid Deadline	4:00 p.m. (prevailing Eastern Time) on December 21, 2018
Auction (if necessary)	10:00 a.m. (prevailing Eastern Time) on January 4, 2019

⁸ The summary of the terms contained in this Motion is qualified in its entirety by reference to the provisions of the Bidding Procedures. In the event of any inconsistencies between the provisions of the Bidding Procedures and the summary set forth herein, the terms of the Bidding Procedures shall govern. Unless otherwise defined in the summary set forth in the accompanying text, capitalized terms shall have the meanings ascribed to them in the Bidding Procedures.

⁹ The proposed dates are consistent with the Sale deadlines set forth in the Stalking Horse APA.

Deadline to Object to Sale and Adequate Assurance Deadline	12:00 p.m. (prevailing Eastern Time) on January 14, 2019
Sale Hearing	January 21, 2019 at 10:00 a.m. (prevailing Eastern Time)
Sale Closing	On or before February 1, 2019 ¹⁰
Supplemental Contract Objection Deadline (as defined in the Bidding Procedures Order)	Fourteen (14) days following the date of service of Supplemental Notice of Assumption and Assignment (as defined in the Bidding Procedures Order)

- Bid Deadline:** The following parties must receive a Bid in writing, on or before December 21, 2018 at 4:00 p.m. (prevailing Eastern Time) or such other date as may be agreed to by the Debtors: (i) the Debtors, their counsel, and MTS, (ii) counsel to any administrative agent under the Debtors' debtor-in-possession financing facility (the "DIP Agent"), (iii) counsel to the Silver Lake Debtors' secured lender (the "Secured Lender"), and (iv) counsel to any committee of unsecured creditors appointed in the Silver Lake Debtors' Chapter 11 Cases (the "Committee").
- Auction Qualification Process:** As set forth in further detail in the Bidding Procedures, a Qualified Bidder must, among other requirements, (a) deliver financial statements demonstrating the financial capability of the bidder to consummate the sale; (b) propose a purchase price for all or substantially all of the Purchased Assets, including any assumption of liabilities, that has a value that equals or exceeds the sum of (i) the Purchase Price, (ii) the Bid Protections, and (iii) \$100,000, as determined one week prior to the Bid Deadline by the Debtors in consultation with the Secured Lender, the DIP Agent, and the Committee; (c) provide a good faith deposit in the amount of six percent (6%) of the Purchase Price; (d) provide an executed non-contingent sale agreement on the same or better terms as those contained in the Stalking Horse APA filed with the Court, marked to show changes from the Stalking Horse APA; (e) specify any regulatory or third-party approvals required to consummate the Sale Transaction and the time period that obtaining such approvals is expected to require; (f) fully disclose the identity of each entity that will be bidding for the Purchased Assets or otherwise sponsoring, financing (including through the issuance of debt in connection with such bid), participating in, or benefitting from (including through license or similar arrangement with respect to the assets to be acquired in connection with such bid) such bid, and the complete terms of any such sponsorship, participation, financing, or benefit; (g) identify with particularity the executory contracts and unexpired leases to be assumed and assigned; and (h) state that it constitutes a good faith, bona fide offer and that the Qualified Bidder intends to consummate the proposed transaction if selected as the Successful Bidder or the Backup Bidder. Bids must remain open offers

¹⁰ The Closing Date pursuant to the Stalking Horse APA shall occur on a date that is no later ten (10) Business Days following the satisfaction (or waiver by the Party entitled to waive that condition) of the conditions set forth in the Stalking Horse APA, unless another time or date, or both, are agreed to in writing by the Parties.

capable of being accepted until entry of the Sale Order or, in the case of a Backup Bid, until the Backup Bidder closes the Sale Transaction.

- **Auction and Sale Procedures:** If the Debtors receive more than one Qualified Bid by the Bid Deadline, the Debtors shall conduct an Auction on January 4, 2019 at 10:00 a.m. (prevailing Eastern Time) at the offices of DLA Piper LLP (US), 1201 North Market Street, Suite 2100, Wilmington, Delaware 19801, or such other place and time as the Debtors shall notify in writing all Qualified Bidders that have submitted Qualified Bids. If the Debtors do not receive any Qualified Bid (other than the Stalking Horse Bid) on or prior to the Bid Deadline, the Debtors shall promptly cancel the Auction and seek approval of the Sale Transaction of the Purchased Assets to the Stalking Horse Bidder pursuant to the Stalking Horse APA at the Sale Hearing.

F. The Notice Procedures

25. Within three (3) business days after entry of an order approving the Bidding Procedures, or as soon practicable thereafter (the “Mailing Date”), in accordance with Bankruptcy Rule 2002(a) and (c), the Debtors (or their agents) shall serve the auction and sale notice (the “Auction and Sale Notice”), substantially in the form attached hereto as **Exhibit H**, by first-class mail or, for those parties who have consented to receive notice by the Electronic Case Files (“ECF”) system, by ECF, upon: (a) all entities known to have expressed an interest in a transaction with respect to some or all of the Silver Lake Debtors’ assets during the past nine (9) months; (b) all entities known to have asserted any Interest in or upon any of the Silver Lake Debtors’ assets; (c) all federal, state, and local regulatory or taxing authorities or recording offices which have a reasonably known interest in the relief requested by this Motion; (d) known counterparties to any unexpired leases or executory contracts that could potentially be assumed and assigned to the Stalking Horse Bidder or Successful Bidder; (e) the Office of the United States Trustee for the District of Delaware; (f) counsel to the Committee; (g) counsel to the DIP Agent; (h) the Office of the United States Attorney General for the District of Delaware; (i) the Internal Revenue Service; (j) the U.S. Department of Justice; (k) the offices of the attorneys general for the states in which the Silver Lake Debtors operate; (l) counsel to the Stalking Horse

Bidder; (m) all of the Silver Lake Debtors' insurers; (n) counsel to the Secured Lender; (o) all parties entitled to notice pursuant to Local Rule 2002-1(B); (p) to the extent not already included above, all parties in interest listed on the Debtor's creditor matrix; and (q) other persons reasonably requested by the Stalking Horse Bidder (collectively, the "Notice Parties").

26. The Auction and Sale Notice shall indicate that copies of the Motion, the Stalking Horse APA, the Bidding Procedures Order, and all other documents filed with the Court can be obtained on the website of the Debtors' claims and noticing agent, Prime Clerk, <https://cases.primeclerk.com/promisehealthcare/>. The Auction and Sale Notice will also indicate the proposed deadline for objecting to the Sale Transaction to the Successful Bidder and the anticipated date and time of the Sale Hearing, subject to the Court's availability. In addition, the Auction and Sale Notice shall provide notice that the Silver Lake Debtors will seek to assume and assign certain executory contracts to be identified in accordance with the Assumption and Assignment Procedures (as described further below) at the Sale Hearing. The Debtors request that such notice be deemed to be sufficient and proper notice of the Sale Transaction with respect to known interested parties.

27. As soon as reasonably practicable after the conclusion of the Auction, if any, the Debtors shall file on the docket, but not serve, a notice identifying the Successful Bidder(s) and Backup Bidder, substantially in the form attached hereto as **Exhibit I** (the "Post-Auction Notice").

G. The Assumption and Assignment Procedures

28. At the closing of the Sale Transaction, the Silver Lake Debtors anticipate that they will assume certain executory contracts and unexpired leases designated by the Stalking Horse Bidder (or other Successful Bidder(s)) ("Purchased Contracts") pursuant to section 365(b) of the

Bankruptcy Code and assign such Purchased Contracts to the Stalking Horse Bidder (or other Successful Bidder(s)). The Debtors accordingly are seeking approval of proposed procedures to govern the assumption and assignment of all Purchased Contracts (the “Assumption and Assignment Procedures”). Because the Assumption and Assignment Procedures are set forth in detail in the attached Bidding Procedures Order, they are not restated herein. Generally speaking, however, the Assumption and Assignment Procedures: (a) outline the process by which the Debtors will serve notice, in substantially the form attached hereto as **Exhibit J** (the “Assumption and Assignment Notice”), to all counterparties to the Purchased Contracts regarding the proposed assumption and assignment and related cure amounts, if any; and (b) establish objection and other relevant deadlines and the manner for resolving disputes relating to assumption and assignment of Purchased Contracts.

BASIS FOR RELIEF

A. Approval of the Proposed Sale Transaction is Appropriate Under Section 363 of the Bankruptcy Code

29. The Sale Transaction should be approved as a sound exercise of the Debtors’ business judgment. Section 363 of the Bankruptcy Code provides that “[t]he trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate. . . .” 11 U.S.C. § 363(b)(1). A debtor must demonstrate a sound business justification for a sale or use of assets outside the ordinary course of business. *See, e.g., Myers v. Martin (In re Martin)*, 91 F.3d 389, 395 (3d Cir. 1996); *Dai-Ichi Kangyo Bank Ltd. v. Montgomery Ward Holding Corp. (In re Montgomery Ward Holding Corp.)*, 242 B.R. 147, 153 (D. Del. 1999); *In re Del. & Hudson Ry. Co.*, 124 B.R. 169, 175-76 (D. Del. 1991). Once a court determines that a valid business justification exists for a sale outside of the ordinary course of business, the court must determine whether (a) adequate and reasonable notice of the sale was given to interested

parties, (b) the sale will produce a fair and reasonable price for the property, and (c) the parties have acted in good faith. *See In re Elpida Memory, Inc.*, No. 12-10947 (CSS), 2012 WL 6090194, at *5 (Bankr. D. Del. Nov. 20, 2012); *In re Exaeris, Inc.*, 380 B.R. 741, 744 (Bankr. D. Del. 2008). As described below, the proposed Sale Transaction meets each of these requirements.

1. The Sale Transaction Represents a Sound Exercise of the Debtors' Business Judgment

30. Here, a strong business justification exists for the Sale Transaction. As described above and in the Sale Declaration, a sale of the Purchased Assets represents the best opportunity for the Silver Lake Debtors to preserve their going concern value for the benefit of their stakeholders. The Stalking Horse Bidder is an arms'-length third party purchaser. The Silver Lake Debtors lack liquidity to operate their business; thus, an expeditious sale is necessary. The Sale Transaction is a reasonable exercise of the Debtors' business judgment and is in the best interests of all of the Silver Lake Debtors' stakeholders.

2. The Bidding Procedures are Fair and Designed to Maximize the Value Received For the Silver Lake Debtors' Assets

31. The Debtors believe that the Bidding Procedures satisfy each of the remaining requirements for approval of a sale under section 363 of the Bankruptcy Code by (a) providing sufficient notice of each element of the proposed sale process, (b) facilitating a value-maximizing sale, and (c) ensuring an unbiased and good faith sale process. The detailed Bidding Procedures outlined above and set forth in **Exhibit B** provide notice designed to fully inform all parties with a stake in the sale process regarding the portions of the sale process most relevant to their interests. For example, the Bidding Procedures ensure that any entities asserting an Interest in the Silver Lake Debtors' assets and parties to the Purchased Contracts will receive notice of

the proposed Sale Transaction, the procedures for objecting to the Sale Transaction, and the proposed assumption and assignment of their respective contracts or leases. Similarly, the Bidding Procedures outline all material aspects of the potential purchaser notification, bid qualification, due diligence, bid submission, bid selection, and auction process, including the timing for each. Thus, the Bidding Procedures provide assurance to each entity potentially interested in purchasing the Silver Lake Debtors' assets that their respective rights will be protected and the Sale Transaction process will be fair and reasonable.

32. Further, the Bidding Procedures provide the Debtors with the opportunity to consider all competing offers and to select, in their reasonable business judgment, the highest and best offer for the Purchased Assets. Moreover, the Bidding Procedures provide the Debtors with the flexibility to modify the Bidding Procedures, if necessary, to maximize value for the Silver Lake Debtors' estates. Accordingly, the Debtors believe the Court should approve the Bidding Procedures.

3. The Break-Up Fee and Expense Reimbursement are Necessary to Preserve the Value of the Silver Lake Debtors' Estates

33. The Debtors believe that granting the Bid Protections to the Stalking Horse Bidder will ensure the Debtors' ability to maximize the realizable value of the Silver Lake Debtors' assets for the benefit of the Silver Lake Debtors' estates, their creditors, and other parties in interest. The Bidding Procedures and the Bid Protections were a material inducement to, and express condition of, the willingness of the Stalking Horse Bidder to submit its bid through execution of the Stalking Horse APA that will serve as a minimum or floor bid on which the Debtors, their creditors, suppliers, vendors, and other bidders may rely. The floor established by the Stalking Horse Bidder is substantially higher than other offers that the Silver Lake Debtors' have received to date; thus, the Silver Lake Debtors' estates have already received

value on account of the Stalking Horse Bidder's Bid. The Stalking Horse Bidder conditioned its willingness to serve as a stalking horse bidder on the inclusion of these provisions in the Stalking Horse APA. If approved by the Court, the Silver Lake Debtors would be required to pay from the consideration received from the consummation of an Alternative Transaction the Stalking Horse Bidder a Break-Up Fee totaling \$2,524,500 (which is equal to three percent (3.0%) of the Base Cash Amount of the Purchase Price) and \$2,000,000 in Expense Reimbursement¹¹ in the event that the Break-Up Fee and the Expense Reimbursement are payable under the terms of the Stalking Horse APA. The Expense Reimbursement itself is also payable under certain conditions enumerated in the Stalking Horse APA. In the event that payment of any amount of the Bid Protections becomes due and payable, and such amounts are actually paid to the Stalking Horse Bidder, such amounts will constitute liquidated damages.

34. The United States Court of Appeals for the Third Circuit has held that break-up fees and expense reimbursements must meet the standards applicable to the allowance of administrative expenses under section 503(b) of the Bankruptcy Code. *See In re Reliant Energy Channelview LP*, 594 F.3d 200, 206 (3d Cir. 2010) (citing *Calpine Corp. v. O'Brien Envtl. Energy, Inc. (In re O'Brien Envtl. Energy, Inc.)*, 181 F.3d 527 (3d Cir. 1999)). The Third Circuit has identified at least two instances in which bidding incentives may benefit the estate. First, a break-up fee or expense reimbursement may be necessary to preserve the value of the estate if the assurance of the fee "promote[s] more competitive bidding, such as by inducing a bid that otherwise would not have been made and without which bidding would have been limited." *O'Brien*, 181 F.3d at 537. Second, "if the availability of break-up fees and expense

¹¹ The Expense Reimbursement represents a portion of the out-of-pocket costs, fees and expenses already incurred by the Stalking Horse Bidder and its affiliates related to the Sale Transaction (including those incurred in connection with the diligence, negotiation, documentation, bidding and auction process).

[reimbursements] were to induce a bidder to research the value of the debtor and convert that value to a dollar figure on which other bidders can rely, the bidder may have provided a benefit to the estate by increasing the likelihood that the price at which the debtor is sold will reflect its true worth.” *Id.*

35. The Bid Protections should be approved and afforded superpriority administrative expense status under sections 503(b) and 507 of the Bankruptcy Code because they provide a clear benefit to the Silver Lake Debtors’ estates. By conducting due diligence, participating in negotiations for a potential transaction and entering into the Stalking Horse APA, the Stalking Horse Bidder has established a bid standard, including a price floor, and initiated a sales process that will serve as a catalyst for other bidders to submit higher and better bids. The Debtors submit that the amount of the Break-Up Fee and the Expense Reimbursement is reasonable and appropriate in light of the size and nature of the transaction and the efforts that have been and will be expended by the Stalking Horse Bidder, including conducting the legal and financial diligence necessary to negotiate and enter into the Stalking Horse APA and negotiating for financing to enable it to close the Sale Transaction, and will serve as the baseline for other bids for the Purchased Assets.

36. Moreover, the Debtors believe that the execution of the Stalking Horse APA by the Stalking Horse Bidder provides an incentive for others who expressed interest initially, but did not take efforts to negotiate definitive documents or submit competitive bids, to consider expending the time and effort to do so now. To the extent that the Stalking Horse APA entices other potentially interested purchasers to participate in the bidding and auction process, the Break-Up Fee will provide a material benefit to the Silver Lake Debtors’ estates in the form of an increased sale price. On the other hand, in the event that others are not encouraged by the

Stalking Horse Bid to undertake additional efforts and participate in the Auction, the Break-Up Fee will not be paid and, thus, should not affect the value received by the Silver Lake Debtors for the Purchased Assets. Accordingly, the Debtors submit that it is appropriate to enter into the Stalking Horse APA containing the Bid Protections pursuant to the Bidding Procedures.

37. Here, the Stalking Horse Bidder has conditioned its willingness to enter into the Stalking Horse APA on the Court's approval of, among other things, the Break-Up Fee and Expense Reimbursement. The proposed Break-Up Fee and Expense Reimbursement were the result of arm's-length negotiations between representatives of the Silver Lake Debtors and the Stalking Horse Bidder, which is not an insider of the Debtors. The Debtors submit that the Break-Up Fee and Expense Reimbursement are justified to induce the Stalking Horse Bidder to enter into the Stalking Horse APA and to adequately compensate them for the risks they are taking. The proposed transaction with the Stalking Horse Bidder ensures that the Debtors will have at least one substantial offer for the Purchased Assets.

38. As set forth in the Sale Declaration, the aggregate consideration for the Purchased Assets consists of the Purchase Price plus the assumption of assumed liabilities. Based on the Purchase Price, the proposed Breakup Fee is an amount totaling \$2,524,500 (which is equal to three percent (3.0%) of the Base Cash Amount of the Purchase Price). The proposed Expense Reimbursement is \$2,000,000, or approximately 2.4% of the Base Cash Amount being offered by the Stalking Horse Bidder. The Bid Protections accordingly fall well within the range of bid protections typically approved by bankruptcy courts in the Third Circuit. *See, e.g., In re Am. Apparel, LLC*, No. 16-12551 (BLS) (Bankr. D. Del. Dec. 5, 2016), ECF No. 216 (approving break-up fee of 3.0% in connection with a \$66 million sale of assets); *In re BPS US Holdings Inc., et al.*, No. 16-12373 (KJC) (Bankr. D. Del. Nov. 30, 2016), ECF No. 233 (approving break-

up fee of 3.5% in connection with a \$575 million sale of assets); *In re SynCardia Sys., Inc.*, No. 16-11599 (MFW) (Bankr. D. Del. Aug. 5, 2016), ECF No. 175 (approving break-up fee of 3.0% in connection with a \$19 million sale of assets); *In re Synagro Techs., Inc.*, No. 13-11041 (BLS) (Bankr. D. Del. May 13, 2013), ECF No. 137 (approving break-up fee of 3.0% in connection with a \$455 million sale of assets); *In re Vertis Holdings, Inc.*, No. 12-12821 (CSS) (Bankr. D. Del. Nov. 2, 2012), ECF No. 206 (approving break-up fee of 3.0% in connection with a \$258 million sale of assets). Therefore, the Debtors respectfully request that the Bid Protections be approved.

B. The Proposed Sale Satisfies the Requirements of Section 363(f) of the Bankruptcy Code for a Sale Free and Clear of Interests

39. The Sale Transaction also meets the requirements to be a sale free and clear of Interests. Section 363(f) of the Bankruptcy Code authorizes a debtor to sell assets free and clear of liens, claims, interests, and encumbrances if:

- (1) applicable nonbankruptcy law permits sale of such property free and clear of such interest;
- (2) such entity consents;
- (3) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;
- (4) such interest is in bona fide dispute; or
- (5) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. § 363(f).

40. A sale that meets the requirements for a sale free and clear of Interests pursuant to section 363(f) of the Bankruptcy Code also bars claimants from asserting successor liability against the successful purchaser. *See, e.g., In re Trans World Airlines, Inc.*, 322 F.3d 283, 288-

90 (3d Cir. 2003) (sale of assets pursuant to section 363(f) barred successor liability claims for employment discrimination and rights under travel voucher program); *In re NE Opco, Inc.*, 513 B.R. 871, 876 (Bankr. D. Del. 2014); *In re Ormet Corp.*, No. 13-10334 (MFW), 2014 WL 3542133, at *3 (Bankr. D. Del. July 17, 2014); *Amphenol Corp. v. Shandler (In re Insilco Techs., Inc.)*, 351 B.R. 313, 322 (Bankr. D. Del. 2006) (stating that a 363 sale permits a buyer to take ownership of property without concern that a creditor will file suit based on a successor liability theory).

41. The Debtors submit that the Sale Transaction will satisfy the requirements of section 363(f) of the Bankruptcy Code. The Debtors will provide all parties asserting claims against the Purchased Assets, including, but not limited to, all creditors and interest holders of the Silver Lake Debtors, with notice of, and an opportunity to object to, the Sale Transaction. Absent objection, each such party will be deemed to have consented to the Sale Transaction. *See, e.g., FutureSource LLC v. Reuters, Ltd.*, 312 F.3d 281 (7th Cir. 2002) (failure to object may constitute consent, if there was adequate notice); *In re Christ Hosp.*, No. CIV.A. 14-472 ES, 2014 WL 4613316, at *14 (D.N.J. Sept. 12, 2014) (“Silence by affected claim holders may constitute consent for purposes of section 363(f)(2)”). In addition, the Debtors believe that certain of the parties asserting claims against the Purchased Assets could be compelled to accept a monetary satisfaction of such interests. Accordingly, approval of the sale of the Purchased Assets free and clear of all Interests is warranted.

C. A Successful Bidder¹² Should Be Afforded the Protections of Sections 363(m) and 363(n) of the Bankruptcy Code

42. Pursuant to section 363(m) of the Bankruptcy Code, a good faith purchaser is one who purchases assets for value, in good faith, and without notice of adverse claims. *See In re Abbotts Dairies of Pa., Inc.*, 788 F.2d 143, 147 (3d Cir. 1986); *Mark Bell Furniture Warehouse, Inc. v. D.M. Reid Assocs., Ltd. (In re Mark Bell Furniture Warehouse, Inc.)*, 992 F.2d 7, 8 (1st Cir. 1993).

43. As required by section 363(m) of the Bankruptcy Code, the Bidding Procedures have been proposed in good faith and provide for both the Silver Lake Debtors and the potential purchaser to act in good faith in negotiating the terms of the Sale Transaction and the assignment of the Purchased Contracts related thereto. Moreover, in the Sale Declaration, the Debtors have presented evidence that the terms of the Sale Transaction were negotiated at arm's length, with both parties represented by their own counsel. Accordingly, the Debtors request that the Sale Order include a provision concluding that the Successful Bidder is a "good faith" purchaser within the meaning of section 363(m) of the Bankruptcy Code. The Debtors believe that providing the Successful Bidder with such protection will ensure that the maximum price will be received by the Silver Lake Debtors and the closing of the same will occur promptly.

44. Moreover, neither the Debtors nor the Stalking Horse Bidder have engaged in any conduct that would cause or permit the Stalking Horse APA to be avoided under section 363(n) of the Bankruptcy Code. If, following the Auction, the Stalking Horse is not the Successful Bidder, the Debtors will have negotiated an alternative asset purchase agreement with the

¹² The Debtors' references throughout this Motion to a "Successful Bidder" include the Stalking Horse Bidder, who is deemed to have submitted a Qualified Bid, or any other entity that is the Successful Bidder following the Auction, if any.

Successful Bidder in good faith and at arms'-length. The Bidding Procedures are designed to prevent the Debtors or the Successful Bidder from engaging in any conduct that would cause or permit the Stalking Horse APA or the Sale Transaction to be avoided under section 363(n) of the Bankruptcy Code.

45. Accordingly, the Debtors request that the Court make a finding at the Sale Hearing that the Stalking Horse Bidder or other Successful Bidder (or Successful Bidder(s)) (a) is purchasing the Purchased Assets in good faith, (b) is entitled to the full protections of section 363(m) of the Bankruptcy Code, and (c) has not entered into an agreement with other potential bidders or otherwise engaged in conduct that violates section 363(n) of the Bankruptcy Code.

D. Success 1 Should Be Authorized, Pursuant to Sections 105(a) and 364 of the Bankruptcy Code, to Execute and Deliver the Security Agreements and Subordination Agreements

46. Good cause exists for authorizing Success 1 to enter into the Security Agreements and Subordination Agreements as an accommodation party, as these agreements are necessary for the Stalking Horse Bidder to finance its purchase of the Purchased Assets under the Stalking Horse APA and to preserve and maintain the value of the Silver Lake Debtors' assets and maximize the return for all creditors. The Stalking Horse Bidder is unable to obtain credit to finance its acquisition of the Purchased Assets otherwise.

47. In addition, the interests of any holders of Interests on the Collateral are adequately protected because the Collateral is in large part a subset of the Purchased Assets, and such Interests will attach to the proceeds of the Sale. To the extent the Collateral constitutes Deferred Assets, such Deferred Assets will be assigned, transferred, conveyed and delivered to

the Successful Bidder on the Transition Date pursuant to the Stalking Horse APA. In each case, the Stalking Horse Bidder has consented to the Seller Liens.

48. For these reasons, Success 1 should be permitted to grant the Agent senior priority priming liens and security interests in the Collateral, pursuant to sections 105(a) and 364(d)(1) of the Bankruptcy Code.

E. Assumption and Assignment of the Purchased Contracts Should be Authorized

49. Section 365(a) of the Bankruptcy Code provides, in relevant part, that a debtor in possession “subject to the court’s approval, may assume or reject any executory contract or unexpired lease of the debtor.” 11 U.S.C. § 365(a). Further, section 365(f) of the Bankruptcy Code provides that the “trustee may assign an executory contract . . . only if the trustee assumes such contract . . . and adequate assurance of future performance . . . is provided” 11 U.S.C. § 365(f)(2). Assumption and assignment of the Purchased Contracts in connection with the Sale Transaction is appropriate.

1. Assumption of the Purchased Contracts is a Reasonable Exercise of the Debtors’ Business Judgment

50. Assumption or rejection of a contract is a matter of the debtor’s business judgment. *See Nat’l Labor Relations Bd. v. Bildisco and Bildisco (In re Bildisco)*, 682 F.2d 72, 79 (3d Cir. 1982), *aff’d sub nom., N.L.R.B. v. Bildisco & Bildisco*, 465 U.S. 513 (1984) (“The usual test for rejection of an executory contract is simply whether rejection would benefit the estate, the ‘business judgment’ test.”); *In re Physiotherapy Holdings, Inc.*, 506 B.R. 619, 622 (Bankr. D. Del. 2014) (citing *In re Federal Mogul Global, Inc.*, 293 B.R. 124, 126 (D. Del. 2003)). A debtor’s decision in this regard is “entitled to great deference from the Court.” *See In re Armstrong World Indus.*, 348 B.R. 136, 162 (Bankr. D. Del. 2006). In order to satisfy the business judgment test, a debtor must only show that assumption or rejection of an executory

contract will benefit the estate. *See Bildisco*, 682 F.2d at 79; *see also In re HQ Global Holdings, Inc.*, 290 B.R. 507, 511 (Bankr. D. Del. 2003) (“Under the business judgment standard, the sole issue is whether the rejection benefits the estate.”).

51. To facilitate the Sale Transaction and to maximize the value received for the Silver Lake Debtors’ assets, the Debtors request approval under section 365 of the Bankruptcy Code of the Silver Lake Debtors’ assumption and assignment of the Purchased Contracts to the Successful Bidder. Certain of the Silver Lake Debtors’ executory contracts and unexpired leases will be necessary for the Successful Bidder’s continued operation of the Silver Lake Debtors’ assets.

52. The Debtors further request that the Sale Order provide that the Purchased Contracts will be transferred to, and remain in full force and effect for the benefit of, the Successful Bidder, notwithstanding any provisions in the Purchased Contracts, including those described in sections 365(b)(2), 365(f)(1), and 365(f)(3) of the Bankruptcy Code that prohibit such assignment.

53. The Debtors also request that the Sale Order provide that to the extent any provision in any Purchased Contract assumed and assigned (a) prohibits, restricts or conditions, or purports to prohibit, restrict or condition, such assumption or assignment (including, without limitation, any “change of control” provision), or (b) is modified, breached, or terminated, or deemed modified, breached, or terminated by any of the following: (i) the commencement of the Chapter 11 Cases, (ii) the insolvency or financial condition of the Debtors at any time before the closing of the Chapter 11 Cases, (iii) the Silver Lake Debtors’ assumption and assignment of such Purchased Contract, or (iv) the consummation of the Sale Transaction, then such provisions shall be deemed modified so as to not entitle the non-Debtor party thereto to prohibit, restrict or

condition such assumption or assignment, to modify, terminate or declare a breach or default under such Purchased Contract, or to exercise any other default-related rights or remedies with respect thereto, including, without limitation, any such provision that purports to allow the non-Debtor party thereto to recapture such Purchased Contracts, impose any penalty thereunder, condition any renewal or extension thereof, impose any rent acceleration or assignment fee, or increase or otherwise impose any other fees or other charges in connection therewith. The Debtors request that all such provisions be deemed to constitute unenforceable anti-assignment provisions and are void and of no force and effect pursuant to sections 365(b), 365(e), and 365(f) of the Bankruptcy Code.

2. Any Defaults Under the Purchased Contracts Will be Cured and Evidence of Adequate Assurance of Future Performance by the Successful Bidder Will be Provided

54. Once an executory contract or unexpired lease is assumed, the trustee or debtor in possession may generally elect to assign such contract, so long as it cures any defaults and provides adequate assurance of future performance. *See* 11 U.S.C. § 365(f)(2)(B) (a debtor may assign an executory contract or unexpired lease of nonresidential property if “adequate assurance of future performance by the assignee of such contract or lease is provided . . .”). The requirements to show “adequate assurance of future performance” will depend on the facts and circumstances of each case, but should be given a “practical, pragmatic construction.” *In re DBSI, Inc.*, 405 B.R. 698, 708 (Bankr. D. Del. 2009); *see also Cinicola v. Scharffenberger*, 248 F.3d 110, 120 n.10 (3d Cir. 2001); *In re Decora Indus.*, No. 00-4459 (JJF), 2002 WL 32332749, at *8 (D. Del. May 20, 2002) (“[A]dequate assurance falls short of an absolute guaranty of payment.”). Adequate assurance may be provided by demonstrating the assignee’s financial health and experience in managing the type of enterprise or property assigned. *See, e.g., In re*

Bygaph, Inc., 56 B.R. 596, 605-06 (Bankr. S.D.N.Y. 1986) (finding adequate assurance of future performance present when the prospective assignee of a lease from the debtors has the financial resources and has expressed a willingness to devote sufficient funding to the business in order to give it a strong likelihood of succeeding).

55. The Debtors contemplate that the Successful Bidder will be able to provide adequate assurance of future performance in connection with any Purchased Contracts because such Successful Bidder must submit evidence sufficient to demonstrate its financial wherewithal and ability to consummate the Sale Transaction. The Debtors will present facts at the Sale Hearing to show the financial credibility, willingness, and ability of the Successful Bidder to perform under the Purchased Contracts. The Sale Hearing thus will afford the Court and other interested parties the opportunity to evaluate the ability of the Successful Bidder to provide adequate assurance of future performance under the Purchased Contracts, as required under section 365(f)(2)(B) of the Bankruptcy Code.

56. Moreover, as set forth above, the Debtors have proposed to file a Purchased Contract List containing a list of the Purchased Contracts and the Cure Amounts that the Debtors believes are due under each such Purchased Contract. The Debtors will serve a Cure Notice on all counterparties to Purchased Contracts and provide them with an opportunity to be heard. In the absence of an objection by a non-Debtor party to a Purchased Contract, the counterparty to the Purchased Contract will receive the specified Cure Amount, if any, at the closing of the Sale Transaction with funds paid by the Successful Bidder, which will be required under the terms of any asset purchase agreement entered into between the Silver Lake Debtors and the Successful Bidder. The Stalking Horse APA provides that the Silver Lake Debtors will pay all Cure Amounts in connection with the Purchased Contracts.

57. Accordingly, the Debtors submit that implementation of the Assumption and Assignment Procedures regarding assumption and assignment of the Purchased Contracts is appropriate in these cases. The Court, therefore, will have a sufficient basis to authorize the Silver Lake Debtors to assume and assign the Purchased Contracts under the Stalking Horse APA or any alternative asset purchase agreement with the Successful Bidder.

WAIVER OF BANKRUPTCY RULE 6004(H) AND 6006(D); AUTOMATIC STAY

58. To implement the foregoing immediately, the Debtors seek a waiver of the 14-day stay of an order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h) and the assumption and assignment of the Purchased Contracts under Bankruptcy Rule 6006(d). Here, a waiver of the stay is appropriate because the Sale Transaction was extensively marketed and notice of the Sale Transaction was and will be adequately provided to all parties-in-interest. Likewise, the non-Debtor parties to the Purchased Contracts will be provided with adequate notice of, and opportunity to object to, the assumption and assignment of the Purchased Contracts.

NOTICE

59. Notice of this Motion shall be provided to (a) all entities known to have expressed an interest in a transaction with respect to some or all of the Silver Lake Debtors' assets during the past nine (9) months; (b) all entities known to have asserted any Interest in or upon any of the Silver Lake Debtors' assets; (c) all federal, state, and local regulatory or taxing authorities or recording offices which have a reasonably known interest in the relief requested by this Motion; (d) known counterparties to any unexpired leases or executory contracts that could potentially be assumed and assigned to the Stalking Horse Bidder or Successful Bidder; (e) the Office of the United States Trustee for the District of Delaware; (f) counsel to the Committee; (g) counsel to

the DIP Agent; (h) the Office of the United States Attorney General for the District of Delaware; (i) the Internal Revenue Service; (j) the U.S. Department of Justice; (k) the offices of the attorneys general for the states in which the Silver Lake Debtors operate; (l) counsel to the Stalking Horse Bidder; (m) all of the Silver Lake Debtors' insurers; (n) all parties entitled to notice pursuant to Local Rule 2002-1(B); (o) counsel to the Secured Lender; (p) to the extent not already included above, all parties in interest listed on the Silver Lake Debtors' creditor matrix; and (q) other persons reasonably requested by the Stalking Horse Bidder. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

NO PRIOR REQUEST

60. No prior motion for the relief requested herein has been made to this or any other Court.

WHEREFORE, the Debtors respectfully request that this Court (i) grant this Motion and the relief requested herein; (ii) enter the proposed Bidding Procedures Order and the Sale Order; and (iii) grant such other and further relief as it deems just and proper.

Dated: November 6, 2018
Wilmington, Delaware

/s/ Stuart Brown
DLA Piper LLP (US)
Stuart Brown (DE Bar Number 4050)
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*Proposed Counsel to the Debtors and
Debtors in Possession, Promise Healthcare
Group, LLC, et al.*

-and-

MCDERMOTT WILL & EMERY LLP
William P. Smith (*pro hac vice* pending)
James W. Kapp (*pro hac vice* pending)
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*Proposed Special Counsel for the Silver Lake
Debtors in Connection with the Sale of the Silver
Lake Medical Center*

EXHIBIT B

Bidding Procedures

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

-----X
:

In re: : Chapter 11

:

PROMISE HEALTHCARE GROUP, LLC, *et al.*,¹ : Case No. 18-12491 (CSS)

:

Debtors. : (Joint Administration Requested)

-----X

**BIDDING PROCEDURES FOR
THE SALE OF THE SILVER LAKE DEBTORS’ ASSETS**

The above-captioned debtors and debtors-in-possession (collectively, the “Debtors”) have filed chapter 11 cases pending in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”), jointly administered under Case No. 18-12491 (CSS).

On [●], 2018, the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”) entered the *Order (A) Establishing Bidding Procedures Relating to the Sale of Certain of the Debtors’ Assets, Including Approving a Break-Up Fee and Expense Reimbursement, (B) Establishing Procedures Relating to the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, Including Notice of Proposed Cure Amounts, (C) Approving Form and Manner of Notice Relating Thereto, (D) Scheduling a Hearing to Consider the Proposed Sale, and (E) Granting Related Relief* [D.I. [●]] (the “Bidding Procedures Order”), by which the Bankruptcy Court approved the following procedures (the

¹ The Debtors in these Chapter 11 cases, together with the last four digits of each Debtor’s federal tax identification number, are as follows: HLP HealthCare, Inc. (8381), PH-ELA, Inc. (9180), Professional Rehabilitation Hospital, L.L.C. (5340), Promise Healthcare #2, Inc. (1913), Promise Healthcare Group, LLC (1895), Promise Healthcare Holdings, Inc. (2601), Bossier Land Acquisition Corp. (6644), HLP of Los Angeles, LLC (9102), HLP of Shreveport, Inc. (1708), HLP Properties at The Villages Holdings, LLC (0006), HLP Properties at the Villages, L.L.C. (1938), HLP Properties of Vidalia, LLC (4255), HLP Properties, Inc. (0068), Promise Healthcare of California, Inc. (9179), Promise Healthcare, Inc. (7953), Promise Hospital of Ascension, Inc. (9219), Promise Hospital of Baton Rouge, Inc. (8831), Promise Hospital of Dade, Inc. (7837), Promise Hospital of Dallas, Inc. (0240), Promise Hospital of East Los Angeles, L.P. (4671), Promise Hospital of Florida at The Villages, Inc. (2171), Promise Hospital of Louisiana, Inc. (4886), Promise Hospital of Lee, Inc. (8552), Promise Hospital of Overland Park, Inc. (5562), Promise Hospital of Phoenix, Inc. (1318), Promise Hospital of Salt Lake, Inc. (0659), Promise Hospital of Vicksburg, Inc. (2834), Promise Hospital of Wichita Falls, Inc. (4104), Promise Properties of Dade, Inc. (1592), Promise Properties of Lee, Inc. (9065), Promise Properties of Shreveport, LLC (9057), Promise Skilled Nursing Facility of Overland Park, Inc. (5752), Promise Skilled Nursing Facility of Wichita Falls, Inc. (1791), Quantum Health, Inc. (4298), Quantum Properties, L.P. (8203), St. Alexius Hospital Corporation #1 (2766), St. Alexius Properties, LLC (4610), Success Healthcare 1, LLC (6535), Success Healthcare 2, LLC (8861), Success Healthcare, LLC (1604), Vidalia Real Estate Partners, LLC (4947), LH Acquisition, LLC (2328), Promise Behavioral Health Hospital of Shreveport, Inc. (1823), Promise Rejuvenation Centers, Inc. (7301), Promise Rejuvenation Center at the Villages, Inc. (7529), and PHG Technology Development and Services Company, Inc. (7766). The mailing address for the Debtors, solely for purposes of notices and communications, is 999 Yamato Road, 3rd FL, Boca Raton, FL 33431.

“Bidding Procedures”) relating to the sale contemplated by that certain Asset Purchase Agreement dated as of October 24, 2018 (as may be amended from time to time, the “Stalking Horse APA”), by and between Success Healthcare, LLC, Success Healthcare 1, LLC, and HLP of Los Angeles, LLC (collectively, the “Silver Lake Debtors”) and L.A. Downtown Medical Center LLC (the “Stalking Horse Bidder”). Capitalized terms used but not defined in these Bidding Procedures have the meanings given to them in the Stalking Horse APA. These Bidding Procedures set forth the process by which the Silver Lake Debtors are authorized to conduct an auction (the “Auction”) for the sale (the “Sale”) of the Purchased Assets in accordance with and as described in the Stalking Horse APA.

1. Submissions to the Debtors.

All submissions to the Debtors required to be made under these Bidding Procedures must be directed to each of the following persons unless otherwise provided (collectively, the “Bid Notice Parties”):

- a. **Silver Lake Debtors.** Success Healthcare, LLC, 999 Yamato Road, Third Floor, Boca Raton, Florida 33431, Attn: Charles Posternack, M.D.
- b. **Debtors’ Counsel.** McDermott Will & Emery LLP, 444 West Lake Street, Chicago, Illinois 60606 (Attn: William P. Smith and James W. Kapp; wsmith@mwe.com, jkapp@mwe.com) and DLA Piper LLP (US), 1201 North Market Street, Suite 2100, Wilmington, Delaware 19801 (Attn: Stuart Brown; stuart.brown@dlapiper.com).
- c. **Debtors’ Financial Advisor and Investment Banker.** MTS Health Partners LP, 623 Fifth Avenue, 14th Floor, New York, New York 10022 (Attn: Jay Shiland, shiland@mtspartners.com).
- d. **Counsel to the DIP Agent.** [Counsel and Address].
- e. **Counsel to the Official Committee of Unsecured Creditors in the Silver Lake Debtors’ Chapter 11 Cases.** [Counsel and Address].
- f. **Counsel to the Secured Lender.** [McGuire Woods LLP (Attn: Brian I. Swett ; bswett@mcguirewoods.com).]

2. Potential Bidders.

The Silver Lake Debtors and their financial advisors have identified, and may in the future identify, parties they believe potentially may be interested in consummating (and potentially may have the financial resources necessary to consummate) a competing transaction. To participate in the bidding process or otherwise be considered for any purpose under these Bidding Procedures, a person or entity interested in consummating a Sale (each, a “Potential Bidder”) must deliver or have previously delivered:

- a. an executed confidentiality agreement on terms acceptable to the Debtors (a “Confidentiality Agreement”); and

- b. if requested by the Debtors after consultation with counsel to the Committee and counsel to the Silver Lake Debtors' secured lender, the most current audited and latest unaudited financial statements (collectively, the "Financials") of the Potential Bidder (or, if the Potential Bidder is an entity formed for the purpose of acquiring the Purchased Assets, (i) Financials of the equity holder(s) of the Potential Bidder or such other form of financial disclosure as is acceptable to the Debtors and their advisors, in consultation with the DIP Agent, Secured Lender, and the Committee, (ii) a written commitment acceptable to the Debtors and their advisors of the equity holder(s) of the Potential Bidder to be responsible for the Potential Bidder's obligations in connection with the applicable Sale, and (iii) copies of any documents evidencing any financing commitments necessary to consummate the transaction.

3. Qualified Bidders.

- a. A "Qualified Bidder" is a Potential Bidder: (i) whose Financials, or the Financials of its equity holder(s), as applicable, demonstrate the financial capability to consummate the Sale, as determined in the Debtors' reasonable business judgment (in consultation with the DIP Agent, the Secured Lender, and the Committee); and (ii) whose Bid (as defined below) is a Qualified Bid (as defined below). On or before the date that is three (3) business days after the Bid Deadline (defined below), the Debtors' advisors will notify each Potential Bidder in writing whether such Potential Bidder is a Qualified Bidder, and shall provide a copy of each Qualified Bid to counsel to the DIP Agent, counsel to the Secured Lender, counsel to the Committee, and counsel to the Stalking Horse Bidder. The Stalking Horse Bidder shall be deemed a Qualified Bidder that has submitted a Qualified Bid at all times.
- b. For the avoidance of doubt, two or more Potential Bidders may submit a Bid for any or all of the Purchased Assets, provided that such Bid(s), when taken as a whole (collectively, a "Joint Bid"), is determined by the Debtors, in accordance with Section 3(a) of these Bidding Procedures, to constitute a Qualified Bid; provided, however, that any Joint Bid must comply with section 363(n) of the Bankruptcy Code and Potential Bidders must first seek the Debtors' permission before they contact each other.
- c. If any Potential Bidder is determined by the Debtors not to be a Qualified Bidder, the Debtors will refund such Potential Bidder's Deposit (as defined below) and all accumulated interest thereon on or within three (3) business days after the Bid Deadline.
- d. Between the date that the Debtors notify a Potential Bidder that it is a Qualified Bidder and the Auction, the Debtors may discuss, negotiate, or seek clarification of any Qualified Bid from a Qualified Bidder. Except as otherwise set forth in the Stalking Horse APA, without the written consent of the Debtors (in consultation with the DIP Agent, the Secured Lender, and the Committee), a Qualified Bidder may not modify, amend, or withdraw its Qualified Bid, except for proposed

amendments to increase the consideration contemplated by, or otherwise improve the terms of, the Qualified Bid, during the period that such Qualified Bid remains binding as specified in these Bidding Procedures; *provided* that any Qualified Bid may be improved at the Auction as set forth herein. Any improved Qualified Bid must continue to comply with the requirements for Qualified Bids set forth in these Bidding Procedures. Bids must remain open offers capable of being accepted until entry of the Sale Order or, in the case of a Backup Bid, until the Backup Bidder closes the Sale Transaction.

- e. Any disputes related to these Bidding Procedures shall be resolved by the Bankruptcy Court.

4. Due Diligence.

a. Diligence Provided to Potential Bidders.

Only Potential Bidders that have entered into a Confidentiality Agreement shall be eligible to receive due diligence information and access to the Debtors' electronic data room and to additional non-public information regarding the Silver Lake Debtors. **No Potential Bidder will be permitted to conduct any due diligence without entering into a Confidentiality Agreement.** The Silver Lake Debtors will provide to each Potential Bidder that has entered into a Confidentiality Agreement reasonable due diligence information, as requested by such Potential Bidder in writing, as soon as reasonably practicable after such request, and the Silver Lake Debtors shall post all written due diligence provided to any Potential Bidder to the Silver Lake Debtors' electronic data room. For all Potential Bidders other than the Stalking Horse Bidder, the due diligence period will end on the Bid Deadline and subsequent to the Bid Deadline the Debtors shall have no obligation to furnish any due diligence information.

The Silver Lake Debtors shall not furnish any confidential information relating to the Purchased Assets, the Silver Lake Debtors' liabilities, or the Sale ("Confidential Sale Information") to any person, except to a Potential Bidder that has entered into a Confidentiality Agreement or to such Potential Bidder's duly-authorized representatives, in each case, to the extent provided in the applicable Confidentiality Agreement. The Debtors and their advisors shall coordinate all reasonable requests from Potential Bidders for additional information and due diligence access; *provided* that the Debtors may decline to provide such information to Potential Bidders who, at such time and in the Debtors' reasonable business judgment have not established, or who have raised doubt, that such Potential Bidder intends in good faith to, or has the capacity to, consummate the Sale.

The Debtors also reserve the right to withhold from Potential Bidders any diligence materials that the Debtors determine are sensitive or otherwise not appropriate for disclosure to a Potential Bidder who the Debtors determine is a competitor of the Debtors or is affiliated with any competitor of the Debtors. Neither the Debtors nor their representatives shall be obligated to furnish information of any kind whatsoever to any person that is not approved by the Debtors as a Potential Bidder.

All due diligence requests must be directed to:

MTS Health Partners LP, 623 Fifth Avenue, 14th Floor, New York, New York 10022
(Attn: Jay Shiland, shiland@mtspartners.com).

b. Diligence Provided by Potential Bidders.

Each Potential Bidder shall comply with all reasonable requests for additional information and due diligence access requested by the Debtors or their advisors regarding the ability of the Potential Bidder to consummate the Sale. Failure by a Potential Bidder to comply with such reasonable requests for additional information and due diligence access may be a basis for the Debtors to determine (in consultation with the DIP Agent, the Secured Lender, and the Committee) that such Potential Bidder is not a Qualified Bidder or that a bid made by such Potential Bidder is not a Qualified Bid.

The Debtors and each of their respective advisors and representatives shall be obligated to maintain in confidence any confidential information in accordance with any applicable confidentiality agreement, except as otherwise set forth in these Bidding Procedures. Each recipient of confidential information agrees to use, and to instruct their advisors and representatives to use, such confidential information only in connection with the evaluation of Bids during the bidding process or otherwise in connection with the chapter 11 cases or in accordance with the terms of any applicable confidentiality agreement.

Notwithstanding the foregoing and the provisions contained in any applicable Confidentiality Agreement, the Debtors and the Debtors' advisors may disclose confidential information: (a) with the prior written consent of such bidder and the Debtors; (b) to the counsel to the Committee, (c) to the counsel to the DIP Agent, (d) to the counsel to the Secured Lender, and (e) as otherwise required or allowed by any applicable confidentiality agreement with respect to a particular bidder or other agreement, law, court or other governmental order, or regulation, including, as appropriate, to regulatory agencies. The terms of this section 4(b) shall not apply to the Stalking Horse Bidder, and the treatment of the Stalking Horse Bidder's confidential information shall be governed by the confidentiality agreements previously entered between the Silver Lake Debtors and the Stalking Horse Bidder (the "Stalking Horse Confidentiality Agreement"); provided, that notwithstanding anything in the Stalking Horse Confidentiality Agreement to the contrary, the Debtors and Debtors' advisors may disclose confidential information with respect to the Stalking Horse Bidder's bid to the Committee, the DIP Agent, the Secured Lender, and their respective advisors subject to the agreement of such parties to treat such information as confidential pursuant to their respective confidentiality agreements with the Debtors.

5. Bid Requirements.

A proposal, solicitation, or offer (each, a "Bid") by a Qualified Bidder that is submitted in writing and satisfies each of the following requirements (collectively, the "Bid Requirements"), as determined by the Debtors in their reasonable business judgment (after consultation with the DIP Agent, the Secured Lender, and the Committee) shall constitute a "Qualified Bid." For the avoidance of doubt, notwithstanding the following, the Stalking Horse APA will be deemed a Qualified Bid for all purposes and at all times. The form of a Bid must include a proposed asset

purchase agreement (a “Bid APA”) duly executed by the Potential Bidder and must also include a redline comparing the Bid APA to the Stalking Horse APA.

- a. **Assets.** Each Bid must provide for the purchase of all or substantially all of the Purchased Assets, and must clearly state (i) which assets the Qualified Bidder is agreeing to purchase and (ii) whether the Potential Bidder intends to operate all or a portion of the Silver Lake Debtors’ business as a going concern, or to liquidate the business.
- b. **Assumption of Liabilities.** Each Bid must expressly identify the Assumed Liabilities it proposes to (i) assume or (subject to the terms hereof) or (ii) satisfy with cash consideration.
- c. **Purchase Price.** Each Bid must clearly set forth the purchase price to be paid (the “Purchase Price”). The Purchase Price must propose a purchase price for all or substantially all of the Purchased Assets, including any assumption of liabilities, that has a value that equals or exceeds the sum of the following (a “Minimum Bid”), as determined one week prior to the Bid Deadline in consultation with the DIP Agent, the Secured Lender, and the Committee: (i) the Cash Purchase Price, (ii) the Bid Protections, and (iii) \$1,000,000 (i.e., \$87,150,000), subject to the adjustments set forth in the Stalking Horse APA. Subject to the immediately preceding sentence, the Purchase Price contained in a Bid may be structured in whatever form the Potential Bidder desires (e.g., a Potential Bidder may propose an all cash Bid).
- d. **Deposit.** With its Bid, each Potential Bidder must submit by wire transfer of immediately available funds, a cash deposit in the amount equal to six percent (6%) of the aggregate Purchase Price set forth in the Bid, to be held in an interest-bearing escrow account to be identified and established by the Debtors (the “Deposit”).
- e. **Same or Better Terms.** Each Bid must be on terms that are not more burdensome to the Silver Lake Debtors than the terms of the Stalking Horse APA, as determined by the Debtors (in consultation with the DIP Agent, the Secured Lender, and the Committee). Each Bid must include duly executed, non-contingent transaction documents necessary to effectuate the Sale and shall include a schedule of executory contracts and unexpired leases proposed to be assumed by the Silver Lake Debtors and assigned to the Qualified Bidder (“Assumed Contracts”), and a copy of the Stalking Horse APA clearly marked to show all changes requested by the Qualified Bidder, including those related to the respective Purchase Price and assets to be acquired by such Qualified Bidder, as well as all other material documents integral to such bid and a written commitment demonstrating to the satisfaction of the Debtors (in consultation with the DIP Agent, Secured Lender, and the Committee) that the Qualified Bidder will be able to close the transaction proposed in its Bid on the terms and conditions set forth therein (the “Qualified Bid Documents”).

- f. **Contingencies; No Financing or Diligence Outs.** A Bid shall not be conditioned on (i) obtaining financing, (ii) shareholder, board of directors, or other internal approval, or (iii) the outcome or completion of a due diligence review by the Potential Bidder. Notwithstanding the foregoing, a Bid may be subject to (i) the accuracy at the closing of the Sale of specified representations and warranties or (ii) the satisfaction at the closing of the Sale of specified conditions, which shall not be more burdensome to the Debtors, as determined by the Debtors (in consultation with the DIP Agent, Secured Lender, and the Committee), than those set forth in the Stalking Horse APA.
- g. **Identity.** Each Bid must fully disclose the identity of each entity that will be bidding or otherwise participating in connection with such Bid (including each equity holder or other financial backer of the Potential Bidder if such Potential Bidder is an entity formed for the purpose of consummating the Sale), and the complete terms of any such participation. Under no circumstances shall any undisclosed principals, equity holders, or financial backers be associated with any Bid. Each Bid must also include contact information for the specific persons and counsel whom the Debtors and their advisors should contact regarding such Bid. Each Bid must also disclose any past or present connections or agreements with the Debtors, the Stalking Horse Bidder, any other Potential Bidder or Qualified Bidder and its affiliates, and/or any officer or director of the foregoing (including any current officer or director of the Debtors).
- h. **Demonstrated Financial Capacity.** A Qualified Bidder must have, in the Debtors' reasonable business judgment (in consultation with the DIP Agent, the Secured Lender, and the Committee), the necessary financial capacity to consummate the proposed transactions required by its Bid and provide adequate assurance of future performance under all contracts proposed to be assumed by such Bid. Each Bid must be accompanied by reasonable evidence of the Qualified Bidder's ability to operate the business related to the Purchased Assets and include a packet of information, including financial information that will be provided to the non-Debtor counterparties to Assumed Contracts sufficient to demonstrate adequate assurance of future performance.
- i. **Committed Financing.** To the extent that a Bid is not accompanied by evidence of the Potential Bidder's capacity to consummate the sale set forth in its Bid with cash on hand, each Bid must include executed unconditional committed financing from a qualified source documented to the satisfaction of the Debtors (in consultation with the DIP Agent, Secured Lender, and the Committee), which demonstrates that the Potential Bidder has received sufficient debt and/or equity funding commitments to satisfy the Potential Bidder's Purchase Price and other obligations under its Bid. Such funding commitments or other financing must be unconditional and must not be subject to any internal approvals, syndication requirements, diligence, or credit committee approvals, and shall have covenants and conditions acceptable to the Debtors (in consultation with the DIP Agent, Secured Lender and the Committee).

- j. **Binding and Irrevocable.** A Qualified Bid must include a signed writing stating that the Qualified Bid is irrevocable until the later of (i) two (2) business days after the closing of a Sale to another Qualified Bidder, and (ii) thirty (30) days after the conclusion of the Sale Hearing (as defined below).
- k. **Expenses; Disclaimer of Fees.** Each Bid (other than the Stalking Horse APA) must disclaim any right to receive a break-up fee, expense reimbursement, termination fee, or any other similar form of compensation. For the avoidance of doubt, no Potential Bidder (other than the Stalking Horse Bidder) will be permitted to request, nor be granted by the Debtors, at any time, whether as part of the Auction or otherwise, a break-up fee, expense reimbursement, termination fee, or any other similar form of compensation, and by submitting its Bid is agreeing to refrain from and waive any assertion or request for reimbursement on any basis, including under section 503(b) of the Bankruptcy Code.
- l. **Authorization.** Each Bid must contain evidence that the Potential Bidder has obtained authorization or approval from its board of directors (or a comparable governing body acceptable to the Debtors in consultation with the DIP Agent, the Secured Lender, and the Committee) with respect to the submission of its Bid and the consummation of the transactions contemplated in such Bid.
- m. **As-Is, Where-Is.** Each Bid must include a written acknowledgement and representation that the Potential Bidder: (i) has had an opportunity to conduct any and all due diligence regarding the Purchased Assets prior to submitting the Bid; (ii) has relied solely upon its own independent review, investigation, and/or inspection of any documents and/or the Purchased Assets in making its Bid; and (iii) did not rely upon any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express, implied by operation of law, or otherwise, regarding the Purchased Assets or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in the Bid.
- n. **Adherence to Bidding Procedures.** By submitting its Bid, each Potential Bidder is agreeing to abide by and honor the terms of these Bidding Procedures and agrees not to submit a Bid or seek to reopen the Auction after conclusion of the Auction. Each Bid must expressly state that the Potential Bidder agrees to serve as a Backup Bidder (as defined below) if such bidder's Qualified Bid is selected as the next highest or otherwise next best bid after the Successful Bid.
- o. **Regulatory Approvals and Covenants.** A Bid must set forth each regulatory and third-party approval needed to consummate the Sale and the time period within which the Potential Bidder expects to receive such regulatory and third-party approvals (and in the case that receipt of any such regulatory or third-party approval is expected to take more than thirty (30) days following execution and delivery of the asset purchase agreement, those actions the Qualified Bidder will take to ensure receipt of such approvals as promptly as possible). A Bid must also state that all necessary filings under applicable regulatory, antitrust, and other

laws will be made and that payment of the fees associated therewith shall be made by the Potential Bidder.

- p. **Consent to Jurisdiction.** Each Potential Bidder must submit to the jurisdiction of the Bankruptcy Court and waive any right to a jury trial in connection with any disputes relating to Debtors' qualification of Bids, the Auction, the construction and enforcement of these Bidding Procedures, the Sale documents, and the closing of the Sale, as applicable.
- q. **Bid Deadline.** Each Bid must be transmitted via email (in .pdf or similar format) so as to be **actually received** on or before 4:00 p.m. (prevailing Eastern Time) on December 21, 2018 (the "Bid Deadline") by the Bid Notice Parties.

The Debtors reserve the right to work with any Potential Bidder in advance of the Auction to cure any deficiencies in a Bid that is not initially deemed to be a Qualified Bid. The Debtors may accept a single Qualified Bid or multiple Bids for non-overlapping material portions of the Silver Lake Debtors' assets that, if taken together in the aggregate, would otherwise meet the standards for a single Qualified Bid. The Debtors may also permit otherwise Qualified Bidders who submitted Bids by the Bid Deadline for a material portion of the Silver Lake Debtors' assets but who are not identified as a component of a single Qualified Bid consisting of multiple Bids, to participate in the Auction and to submit higher and/or otherwise better Bids that in subsequent rounds of bidding may be considered, together with other Bids for non-overlapping portions of the Debtors' assets, as part of such a single Qualified Bid.

6. **Right to Credit Bid.**

At the Auction, subject to section 363(k) of the Bankruptcy Code, any Qualified Bidder who has a valid and perfected lien on any assets of the Silver Lake Debtors' estates (each, a "Secured Creditor"), shall have the right to credit bid all or a portion of the value of such Secured Creditor's allowed secured claims to the extent that such secured claims are valid and undisputed pursuant to, and in accordance with, Bankruptcy Code section 363(k) or other applicable law (each such bid, a "Credit Bid"). A Credit Bid may be applied only to reduce the cash consideration with respect to the assets in which the party submitting the Credit Bid holds a valid, properly perfected security interest with respect to which there are no other more senior security interests. Each person or entity holding a valid, properly perfected security interest in assets with respect to which there are no other more senior security interests for which it submits a bid shall be deemed a Qualified Bidder with respect to its right to acquire such assets by Credit Bid.

In the event of a competing Qualified Bid, the Stalking Horse Bidder will be entitled, but not obligated, to submit overbids and will be entitled in any and all such overbids to include the full amount of the Bid Protections in lieu of cash and for purposes of evaluating the overbid equal to cash in the same amount.

Credit Bids, if any, by Secured Creditors will not impair or otherwise affect the Stalking Horse Bidder's entitlement to the Bid Protections granted under the Bidding Procedures Order.

7. Auction.

If the Debtors receive a Qualified Bid, other than the Stalking Horse APA, the Debtors will conduct an Auction to determine (in consultation with the DIP Agent, the Secured Lender, and the Committee) the Successful Bidder(s). The Debtors shall notify the Stalking Horse Bidder if one or more Qualified Bids are received and the identity of the bidders making any such Qualified Bids. (To the extent that the Stalking Horse Bidder has not previously received a copy of any Bid, the Debtors shall promptly provide a copy thereof, or copies thereof, as the case may be, to the Stalking Horse Bidder, and prior to a determination by the Debtors as to whether a Bid is a Qualified Bid.) If the Debtors do not receive a Qualified Bid (other than the Stalking Horse APA), the Debtors will not conduct an Auction and shall designate the Stalking Horse Bidder's Bid as the Successful Bid.

On the date that is one (1) business day after the Bid Deadline or such other time as is reasonably practicable, but not later than noon Eastern Time on the day before the Auction, the Debtors will notify each Qualified Bidder of the highest or otherwise best Qualified Bid, as determined in the Debtors' sole business judgment (the "Baseline Bid"), after consultation with the DIP Agent, Secured Lender, and the Committee, and provide copies of the applicable Qualified Bid Documents supporting the Baseline Bid to each Qualified Bidder. The determination of which Qualified Bid constitutes the Baseline Bid and which Qualified Bid constitutes the Successful Bid shall take into account any factors the Debtors (in consultation with the DIP Agent, Secured Lender, and the Committee) reasonably deem relevant to the value of the Qualified Bid to the Silver Lake Debtors' estates, which may include, among other things: (a) the number, type, and nature of any changes to the applicable Stalking Horse APA, if any, requested by the Qualified Bidder, including the type and amount of Purchased Assets sought to be acquired and obligations sought to be assumed in the Qualified Bid; (b) the amount and nature of the total consideration; (c) the likelihood of the Qualified Bidder's ability to close the applicable Sale and the timing thereof; (d) the net economic effect of any changes to the value to be received by the Silver Lake Debtors' estates from the transaction contemplated by the Qualified Bid Documents; and (e) the tax consequences of such Qualified Bid (collectively, the "Bid Assessment Criteria"). Only the Stalking Horse Bidder and other Qualified Bidders will be entitled to make any subsequent bids at the Auction. At least one (1) business day prior to the Auction, each Qualified Bidder who has timely submitted a Qualified Bid must inform the Debtors whether it intends to attend the Auction and all Qualified Bidders wishing to attend the Auction must have at least one individual representative with authority to bind such Qualified Bidder in attendance at the Auction in person.

The Auction, if necessary, will be conducted at the offices of DLA Piper LLP (US), 1201 North Market Street, Suite 2100, Wilmington, Delaware 19801 on January 4, 2019 at 10:00 a.m. (prevailing Eastern Time), or at such other time and location as designated by the Debtors. The Auction, if necessary, shall be conducted in a timely fashion according to the following procedures:

a. The Debtors Shall Conduct the Auction.

The Debtors and their professionals shall direct and preside over the Auction. At the start of the Auction, the Debtors shall describe the terms of the Baseline Bid. All incremental Bids

made thereafter shall be Overbids (defined below) and shall be made and received on an open basis, and all material terms of each Overbid shall be fully disclosed to all other Qualified Bidders who submitted Bids. The Debtors shall maintain a written transcript of all Bids made and announced at the Auction, including the Baseline Bid, all applicable Overbids, and the Successful Bid.

The Auction will be conducted openly and all creditors will be permitted to attend. The Qualified Bidders and the Stalking Horse Bidder may appear at the Auction in person or through duly authorized representatives.

b. **Terms of Overbids.**

“Overbid” means any bid made at the Auction by a Qualified Bidder² subsequent to the Debtors’ announcement of the Baseline Bid. Each Overbid must comply with the following conditions:

- (i) **Minimum Overbid Increment.** The initial Overbid, if any, shall provide for total consideration to the Silver Lake Debtors with a value that exceeds the value of the consideration under the Baseline Bid by an incremental amount that is not less than the \$2,500,000 (a “Minimum Overbid Increment”).

Additional consideration in excess of the amount set forth in the respective Baseline Bid must include: (1) cash, or (2) in the case of a Bid by a Secured Creditor, a credit bid of up to the full amount of such secured creditors’ allowed secured claim, subject to section 363(k) of the Bankruptcy Code and any other restrictions set forth herein.

- (ii) **Conclusion of Each Overbid Round.** Upon the solicitation of each round of applicable Overbids, the Debtors may announce a deadline (as the Debtors may, in their reasonable business judgment, after consultation with the DIP Agent, the Secured Lender, and the Committee, extend from time to time, the “Overbid Round Deadline”) by which time any Overbids must be submitted to the Debtors.
- (iii) **Overbid Alterations.** An applicable Overbid may contain alterations, modifications, additions, or deletions of any terms of the Bid no less favorable to the Silver Lake Debtors’ estates than any prior Bid or Overbid, as determined in the Debtors’ reasonable business judgment (in consultation with the DIP Agent, the Secured Lender, and the Committee), but shall otherwise comply with the terms of these Bidding Procedures. Any Overbid must comply with the conditions for a Qualified Bid.
- (iv) **Announcing Highest Bid.** Subsequent to each Overbid Round Deadline, the Debtors shall announce whether the Debtors have identified (in

² Or Qualified Bidders, in the event of a Joint Bid.

consultation with the DIP Agent, the Secured Lender, and the Committee) in the initial applicable Overbid round, an Overbid as being higher or otherwise better than the Baseline Bid for the Purchased Assets, or in subsequent rounds, the Overbid previously designated by the Debtors (after consultation with the DIP Agent, the Secured Lender, and the Committee) as the prevailing highest or otherwise best Bid for the Purchased Assets (the “Prevailing Highest Bid”). The Debtors shall describe to all Qualified Bidders the material terms of any new Overbid designated by the Debtors as the Prevailing Highest Bid as well as the value attributable by the Debtors to such Prevailing Highest Bid.

c. Consideration of Overbids.

The Debtors reserve the right, in their discretion (in consultation with the DIP Agent, the Secured Lender, and the Committee) to adjourn the Auction one or more times to, among other things: (i) facilitate discussions among the Debtors, and any Qualified Bidders; (ii) allow Qualified Bidders to consider how they wish to proceed; (iii) provide Qualified Bidders the opportunity to provide the Debtors with such additional evidence as the Debtors, in their reasonable business judgment (in consultation with the DIP Agent, the Secured Lender and the Committee), may require, including that the Qualified Bidder has sufficient internal resources or has received sufficient non-contingent debt and/or equity funding commitments to consummate the proposed transaction at the prevailing Overbid amount; and (iv) to provide the Debtors with an opportunity to consider (in consultation with the DIP Agent, the Secured Lender, and the Committee) how to value each Overbid. The full amount of the Bid Protections shall be included as value of any bid made by the Stalking Horse Bidder in each round of bidding at the Auction, including for purposes of comparing the value of a Qualified Bidder’s Overbid to the bid of the Stalking Horse Bidder in any round of bidding.

d. Closing the Auction.

- (i) The Auction shall continue until there is only one Bid or Joint Bid, as applicable, that the Debtors determine, in their reasonable business judgment (in consultation with the DIP Agent, the Secured Lender, and the Committee), is the highest or otherwise best Bid. Such Bid or Joint Bid, as applicable, shall be declared the “Successful Bid,” and such Qualified Bidder (or Qualified Bidders, in the event of a Joint Bid) the “Successful Bidder(s),” at which point the Auction will be closed. The Debtors shall notify the Qualified Bidders of the Successful Bid within one business day following such selection. The Auction shall not close unless and until all Qualified Bidders have been given a reasonable opportunity to submit an Overbid at the Auction to the then Prevailing Highest Bid. Such acceptance by the Debtors of the Successful Bid is conditioned upon approval by the Bankruptcy Court of the Successful Bid.
- (ii) The Debtors shall not consider any Bids or Overbids submitted after the conclusion of the Auction, and any such Bids or Overbids shall be deemed untimely and shall under no circumstances constitute a Qualified Bid.

- (iii) As soon as reasonably practicable after closing the Auction, the Debtors shall file on the docket, but not serve, the Post-Auction Notice, substantially in the form attached to the Motion as **Exhibit I**, which shall identify the Successful Bidder(s) and Backup Bidder.

e. **No Collusion; Good-Faith Offer.**

Each Qualified Bidder participating at the Auction will be required to confirm on the record at the Auction that: (i) it has not engaged in any collusion with respect to the bidding; and (ii) its Bid is a good-faith offer and it intends to consummate the Sale if selected as the Successful Bidder(s). All Potential Bidders and all Qualified Bidders will immediately disclose to the Debtors, the United States Trustee, the DIP Agent, the Secured Lender, and the Committee any discussions regarding employment of or offers to retain or employ any officer or insider of the Debtors.

8. Backup Bidder.

- a. Notwithstanding anything in these Bidding Procedures to the contrary, if an Auction is conducted, the Qualified Bidder with the next-highest or otherwise second-best Bid at the Auction, as determined by the Debtors in their discretion and in consultation with the DIP Agent, the Secured Lender, and the Committee (the “Backup Bid”), shall be required to serve as a backup bidder (the “Backup Bidder”), and each Qualified Bidder shall agree and be deemed to agree to be the Backup Bidder if so designated by the Debtors.
- b. The identity of the Backup Bidder and the amount and material terms of the Backup Bid shall be announced by the Debtors at the conclusion of the Auction at the same time the Debtors announce the identity of the Successful Bidder(s). The Backup Bidder shall be required to keep its Bid (or if the Backup Bidder submits one or more Overbids at the Auction, its final Overbid) open and irrevocable, until the closing of the Sale with the Successful Bidder(s). The Backup Bidder’s Deposit shall be held in escrow until the closing of the transaction with the Successful Bidder(s) and shall thereafter be returned within five (5) business days.
- c. If a Successful Bidder(s) fails to consummate the approved transactions contemplated by its Successful Bid, the Debtors may select (in consultation with the DIP Agent, the Secured Lender, and the Committee) the applicable Backup Bidder as the Successful Bidder(s), and such Backup Bidder shall be deemed a Successful Bidder(s) for all purposes. The Silver Lake Debtors will be authorized, but not required, to consummate all transactions contemplated by the Backup Bid without further order of the Bankruptcy Court or notice to any party. In such case, the defaulting Successful Bidder(s)’s Deposit shall be forfeited to the Silver Lake Debtors. The Silver Lake Debtors specifically reserve the right to seek all available remedies against the defaulting Successful Bidder(s), including with respect to specific performance.

- d. Notwithstanding anything to the contrary in this section 8 or the Bidding Procedures Order, if the Stalking Horse Bidder is required to serve as Backup Bidder, the terms and conditions of such service shall be governed by the Stalking Horse APA.

9. Reservation of Rights.

Without prejudice to the rights of the Stalking Horse Bidder under the terms the Stalking Horse APA, or the rights of any DIP Agent in respect of any sale-related milestones set forth in the Debtors' debtor-in-possession credit agreement, the Debtors reserve their rights to modify these Bidding Procedures in their reasonable business judgment (in consultation with the DIP Agent, the Secured Lender, and the Committee) in any manner that will best promote the goals of the bidding process, or impose, at or prior to the Auction, additional customary terms and conditions on the sale of the Purchased Assets, including, without limitation: (a) extending the deadlines set forth in these Bidding Procedures; (b) adjourning the Auction at the Auction and/or adjourning the Sale Hearing in open court without further notice; (c) adding procedural rules that are reasonably necessary or advisable under the circumstances for conducting the Auction; (d) canceling the Auction; and (e) rejecting any and all bids or Bids.

10. Sale Hearing.

A hearing to consider approval of the Sale of the Purchased Assets to the Successful Bidder(s) (or to approve the Stalking Horse Agreement if no Auction is held) (the "Sale Hearing") is currently scheduled to take place at [10:00 a.m.] (prevailing Eastern Time) on [January 21, 2019], before the Honorable Christopher S. Sontchi, at the Bankruptcy Court, 824 Market Street, 5th Floor, Courtroom No. 6, Wilmington, Delaware 19801.

The Sale Hearing may be continued to a later date by the Debtors by sending notice prior to, or making an announcement at, the Sale Hearing. No further notice of any such continuance will be required to be provided to any party (including the Stalking Horse Bidder).

At the Sale Hearing, the Debtors shall present the Successful Bid to the Bankruptcy Court for approval.

11. Bid Protections.

To provide an incentive and to compensate the Stalking Horse Bidder for performing the substantial due diligence and incurring the expenses necessary and entering into a Stalking Horse APA with the knowledge and risk that arises from participating in the sale and subsequent bidding process, the Silver Lake Debtors have agreed to pay the Stalking Horse Bidder, under the conditions and in the amount set forth in the Bidding Procedures Order and the Stalking Horse APA:

- a. a break-up fee in the amount totaling \$2,524,500 (3% of the Base Cash Amount of the Purchase Price as set forth in the Stalking Horse APA) (the "Breakup Fee"); and

- b. costs and expenses incurred by the Stalking Horse Bidder related to its due diligence, and pursuing, negotiating, and documenting the transaction(s) contemplated by the Stalking Horse APA, in the amount of \$2,000,000 (the “Expense Reimbursement Fee” and, together with the Breakup Fee, the “Bid Protections”), payable pursuant to the terms of the Stalking Horse APA in the event that the Stalking Horse APA is terminated due to the Silver Lake Debtors’ consummation of an Alternative Transaction and/or under such other conditions specified in the Stalking Horse APA.

The Silver Lake Debtors have agreed that their obligations to pay the Bid Protections shall survive termination of the Stalking Horse APA, and to the extent owed by the Silver Lake Debtors, be allowed superpriority administrative expense claims under sections 503(b) and 507 of the Bankruptcy Code and shall be payable under the terms of the Stalking Horse APA and the Bidding Procedures Order.

The Stalking Horse Bidder shall have standing to appear and be heard on all issues related to the Auction, including the right to object to the conduct of the Auction and interpretation of these Bidding Procedures.

12. Return of Deposit.

The Deposit of the Successful Bidder(s) shall be applied to the Purchase Price of the transaction at closing. The Deposits for each Qualified Bidder shall be held in one or more interest-bearing escrow accounts on terms acceptable to the Debtors in their reasonable business judgment and shall be returned (other than with respect to the Successful Bidder(s) and the Backup Bidder) on or within five (5) business days after the Auction.

If the Successful Bidder(s) fails to consummate the Sale because of a breach by the Successful Bidder(s), the Debtors will not have any obligation to return the Deposit deposited by the Successful Bidder(s), which may be retained by the Silver Lake Debtors as liquidated damages, in addition to any and all rights, remedies, or causes of action that may be available to the Silver Lake Debtors (and subject to the Stalking Horse APA, as to the Stalking Horse Bidder), and the Silver Lake Debtors shall be free to consummate the Sale with the Backup Bidder without the need for an additional hearing or order of the Bankruptcy Court, in which case the Backup Bidder’s Deposit shall be applied to the Purchase Price.

13. Fiduciary Out.

Nothing in these Bidding Procedures shall require the Debtors’ boards of directors to take any action, or to refrain from taking any action, with respect to these Bidding Procedures, to the extent the Debtors’ boards of directors determine, or based on the advice of counsel, that taking such action, or refraining from taking such action, as applicable, is required to comply with applicable law or their fiduciary obligations under applicable law; *provided* that in the event of any such action, all rights and remedies of the Stalking Horse Bidder in these Bidding Procedures, the Stalking Horse APA, and/or applicable law shall be reserved and preserved.

Exhibit E

Stalking Horse APA

Execution Copy

ASSET PURCHASE AGREEMENT

BY AND BETWEEN

L.A. DOWNTOWN MEDICAL CENTER LLC

AND

SUCCESS HEALTHCARE, LLC

SUCCESS HEALTHCARE 1, LLC

HLP OF LOS ANGELES, LLC

Dated as of October 24, 2018

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ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this "Agreement"), dated as of October 24, 2018 (the "Agreement Date"), is made and entered into by and between L.A. Downtown Medical Center LLC, a California limited liability company ("Buyer"), on the one hand, and Success Healthcare, LLC, a California limited liability company ("Parent"), Success Healthcare 1, LLC, a California limited liability company ("SH1"), and HLP of Los Angeles, LLC, a California limited liability company ("HLP" and collectively with Parent and SH1, "Sellers"), on the other hand. Other defined terms are in Section 1.1.

RECITALS

A. Commencing in August, 2017, Buyer entered into negotiations with Sellers and began extensive due diligence in anticipation of acquiring the Purchased Assets. After extensive due diligence by Buyer and protracted negotiations among the parties, Buyer and Sellers entered into that certain Asset Sale Agreement dated as of February 7, 2018 (as previously amended, the "Original Purchase Agreement") for the sale of the Purchased Assets to Buyer. The Parties proceeded towards closing the sale described in the Original Purchase Agreement until May 2018, when Sellers advised Buyer that Sellers will file voluntary petitions for relief (the "Bankruptcy Cases") on or about November 16, 2018 under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. § 101 et seq. (the "Bankruptcy Code"), in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"), and sell the Purchased Assets in connection with the Bankruptcy Cases. The Original Purchase Agreement did not contemplate a potential bankruptcy of Sellers. At such time Sellers advised Buyer about their intention to commence the Bankruptcy Cases, Buyer alleges it had incurred over \$2,400,000 in due diligence and professional fees and expenses in connection with these transactions.

B. Sellers currently operate the Business. SH1 operates the Hospitals. HLP owns the real property used in connection with the operation of the LA Hospital and the MOB. SH1 and HLP are wholly owned subsidiaries of Parent.

C. Sellers desire to sell, transfer and assign to Buyer, and Buyer desires to purchase, acquire and assume from Sellers, all of the Purchased Assets and Assumed Liabilities, all as more specifically provided herein.

D. The Purchased Assets will be sold pursuant to the Sale Order approving the sale of the Purchased Assets under Section 363 of the Bankruptcy Code, which will include the concurrent assignment to Buyer of the Purchased Contracts under Section 365 of the Bankruptcy Code and the terms and conditions of this Agreement.

E. Sellers desire to sell the Purchased Assets and to assign the Purchased Contracts to further their restructuring efforts in the Bankruptcy Cases.

F. Reference is made to that certain Deposit Agreement dated as of February 7, 2018 (as previously amended, the "Original Deposit Agreement") among Buyer, Parent and Title Company; and that certain Guaranty Agreement dated as of February 7, 2018 (the "RN Guaranty") by RollinsNelson LTC Corp., a California corporation, in favor of Sellers. Contemporaneously with the execution of this Agreement and as a condition and material inducement to Buyer to enter into this Agreement, the parties are amending and restating the Original Deposit Agreement and Sellers are terminating the RN Guaranty, as further described in this Agreement.

G. As further inducement to enter into this Agreement and consummate the Transactions, the parties desire to make certain representations, warranties, covenants and other agreements in connection with the Transactions as set forth in this Agreement.

In consideration of the premises and the mutual covenants and agreements hereinafter contained, the sufficiency of which is hereby acknowledged, the Parties hereby agree to amend and restate the Original Purchase Agreement as follows:

Article 1

DEFINITIONS AND INTERPRETATION

1.1 Definitions. Initially capitalized terms used in this Agreement have the meanings specified in Annex 1.1.

1.2 Interpretation. The following rules of interpretation apply in this Agreement and its Annexes, Exhibits and Schedules:

(a) Calculation of Time Period. When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period will be excluded. If the last day of such period is a non-Business Day, the period in question will end on the next succeeding Business Day.

(b) Dollars. Any reference in this Agreement to "\$" means U.S. dollars.

(c) Annexes, Exhibits and Schedules. All Annexes, Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Annex, Exhibit or Schedule but not otherwise defined therein will be defined as set forth in this Agreement.

(d) Gender and Number. Any reference in this Agreement to gender will include all genders, and words imparting the singular number only will include the plural and vice versa.

(e) Headings. The provision of the Table of Contents of this Agreement, the division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenience of reference only and will not affect or be utilized in construing or interpreting this Agreement. All references in this Agreement to any "Article" or "Section" are to the corresponding Article or Section of this Agreement unless otherwise specified.

(f) Herein. The words such as "herein," "hereinafter," "hereof," and "hereunder" refer to this Agreement as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires.

(g) Including. The word "including" or any variation thereof means "including, without limitation" and will not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it.

(h) Or. The word "or" will not be construed as meaning exclusive.

(i) Lists and Copies. Reference to a list, or any like compilation, means that the list or compilation is complete, correct and accurate. Reference to a "copy" or "copies" of any document, instrument or agreement means a copy or copies that are complete, correct and accurate.

(j) The phrase "made available" means that, on or prior to the Agreement Date, the materials were delivered to Buyer by posting them to the Virtual Data Room established by Sellers and made fully accessible to Buyer and its representatives by such time and delivering an electronic copy (such as a thumb drive or CD) of all contents thereof to Buyer.

(k) The Parties have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement will be construed as jointly drafted by the Parties and no presumption or burden of proof will arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement.

Article 2

PURCHASE AND SALE OF ASSETS; ASSUMPTION OF LIABILITIES

2.1 Purchase and Sale of Assets. On the terms and subject to the conditions set forth in this Agreement, at the Closing, Sellers will sell, transfer, assign, convey and deliver to Buyer all of each Seller's right, title and interest in and to the Purchased Assets, free and clear of Liens (other than Permitted Exceptions) and Mandatory Payoff Liens, and Buyer will purchase, acquire and accept the Purchased Assets from Sellers. The Purchased Assets will include the following assets, properties and rights of Sellers (other than Excluded Assets):

(a) all real property that any Seller owns in fee (together with all buildings and other structures, facilities or improvements located thereon, including construction in progress, all fixtures attached or appurtenant thereto, and all easements, licenses, rights and appurtenances relating to the foregoing, collectively, the "Owned Real Property"), including the property listed in Annex 2.1(a).

(b) all leasehold interests in and to the real property and improvements leased by any Seller (collectively, the "Leased Real Property"), including the property listed in Annex 2.1(b), if the lease for such Leased Real Property becomes a Purchased Contract.

(c) subject to Sections 2.6 and 2.7 (and Section 2.8(a) with respect to Deferred Contracts), all rights, benefits and interests of the applicable Seller under the Purchased Contracts.

(d) all Inventory and other tangible personal property owned by any Seller, including all equipment (including all medical equipment, computers and other data processing equipment and related software), furniture, fixtures, machinery, vehicles and rolling stock, office furnishings, and leasehold improvements (the "Personal Property"), including the Personal Property described in Annex 2.1(d), together with any express or implied warranty by the manufacturers or sellers of any item or component part thereof to the extent transferable and all maintenance records and other documents relating thereto.

(e) except as otherwise set forth in Section 2.2(n), all rights relating to Prepaid Expenses, the current categories and amounts of which are set forth on Annex 2.1(e).

(f) all Accounts Receivable and payments from, or otherwise in connection with, the QAF Program.

(g) any current assets of any Seller with respect to the operations of the Business not otherwise specifically described above in this Section 2.1.

(h) all depository accounts in which amounts received from payment of Accounts Receivable and from the QAF Program have customarily been deposited by any Seller with respect to the operations of the Business ("Depository Accounts"), which Depository Accounts are set forth on Annex 2.1(h).

(i) all telephone numbers and facsimile numbers used exclusively in the operations of the Business.

(j) except as excluded by Section 2.2(c), 2.2(d) or 2.2(dd), all documents, records, operating manuals, files, computers, hardware, data processing equipment, and computer software (including licenses thereto, to the extent assignable or transferable) relating or with respect to the operations of the

Business, including all patient records, medical records, employee records, financial records relating or with respect to the operations of the Business, equipment records, construction plans and specifications, and medical and administrative libraries.

(k) except as excluded by Section 2.2(c), 2.2(d), 2.2(g), 2.2(k) or 2.2(dd), all intangible rights and property, including all inventions (whether or not patentable), trade secrets, know-how, mask work rights, patents, trademarks, service marks, trade names, trade dress, domain names, websites (including contents thereof) and copyrights (collectively, "Intellectual Property") that are used primarily in connection with the operations of the Business (all such items of Intellectual Property together with the Purchased Assets described above in Section 2.1(j) are referred to hereinafter collectively as the "Transferred Intellectual Property").

(l) to the extent assignable or transferable, all Government Authorizations, including those listed in Annex 2.1(l), and all pending applications for Government Authorizations.

(m) all rights under or pursuant to all representations, warranties and guarantees made by suppliers and contractors to the extent relating to services provided to any Seller.

(n) all goodwill associated with the Business.

(o) all rights of Sellers under non-disclosure or confidentiality, non-compete, non-solicitation or no-hire agreements relating to any Purchased Assets or Assumed Liabilities (or any portion of the foregoing).

(p) all insurance proceeds relating to the physical condition of the Purchased Assets, to the extent not expended on the repair or restoration of the Purchased Assets and subject to the terms of any Business Contract.

(q) any rights, claims or causes of action of any Seller against Third Parties relating to any Purchased Asset or Assumed Liability as of the Closing, and all rights of indemnity, warranty rights, rights of contribution, rights to refunds (other than Tax refunds), rights of reimbursement and other rights of recovery, including insurance proceeds, possessed by Sellers as of the Closing (regardless of whether such rights are currently exercisable) to the extent related to any Purchased Asset or Assumed Liability.

(r) all Avoidance Actions (whether known or unknown, contingent or otherwise) accruing or arising prior to the Closing Date against (i) any counterparty to a Purchased Contract; (ii) any vendor, supplier or lessor; or (iii) any Hired Employee.

(s) personnel records of all Business Employees.

2.2 Excluded Assets. Nothing in this Agreement will be deemed to sell, transfer, assign or convey to Buyer any of the assets listed in subsections (a)—(dd) of this Section 2.2 (collectively, the "Excluded Assets"), and each Seller will retain all of its respective right, title and interest to, in and under its respective Excluded Assets and all of its responsibilities for its respective Excluded Assets. The Excluded Assets are excluded from the Purchased Assets.

(a) cash, cash equivalents and short-term investments, other than Prepaid Expenses.

(b) all intercompany receivables due to any Seller from any of its Affiliates.

(c) the computer software, programs, hardware, data processing equipment, and related documentation that is proprietary to Parent or its Affiliates and that is described in Annex 2.2(c).

(d) except to the extent used primarily in the operations of the Business, all of Parent's or its

Affiliates' proprietary manuals, marketing materials, policy and procedure manuals, standard operating procedures and marketing brochures, data and studies or analyses.

(e) all funds and accounts of all employee retirement, deferred compensation, health, welfare or benefit plans and programs, including assets representing a surplus or overfunding of any Seller Plan.

(f) the Excluded Contracts.

(g) all Intellectual Property of Parent or its Affiliates not used primarily at the Business, including the names "Success Healthcare," "Promise Healthcare," the world wide web addresses www.successhealthcare.com and www.promisehealthcare.com, the other names and web addresses set forth on [Annex 2.2\(g\)](#), and, with respect to any of the foregoing, all abbreviations and variations thereof, and trademarks, trade names, service marks, copyrights and any applications therefor, and symbols and logos related thereto, together with any promotional material, educational material, signage, stationery, supplies or other items of inventory bearing such names, marks, logos or symbols or abbreviations, variations or derivations thereof.

(h) personnel records of all Business Employees, except for those portions of the personnel records of all Hired Employees solely pertaining to the administration of employee benefits to the Hired Employees in accordance with [Section 9.1](#).

(i) the content of the Business' websites described on [Annex 2.2\(i\)](#).

(j) all claims, rights, interests and proceeds with respect to state or local tax refunds (including property tax) resulting from periods prior to the Effective Time, and the right to pursue appeals of same.

(k) all of Sellers' organizational record books, minute books and tax records.

(l) all unclaimed property of any third party as of the Effective Time, including property which is subject to applicable escheat laws.

(m) all claims, rights, interests and proceeds (whether received in cash or by credit to amounts otherwise due to a third party) with respect to amounts overpaid by any Seller to any third party with respect to periods prior to the Effective Time (e.g., such overpaid amounts may be determined by billing audits undertaken by any Seller or its consultants), other than payments from, or otherwise in connection with, the QAF Program with respect to the operations of the Business.

(n) all bank accounts of any Seller, except for the Depository Accounts.

(o) claims, causes of action, choses in action, rights of recovery, rights of set off and rights of recoupment of Parent and its Affiliates with respect to periods prior to the Effective Time, and any payments, awards or other proceeds resulting therefrom, that are not described in [Section 2.1\(q\)](#) or [2.1\(r\)](#).

(p) all writings and other items that are protected from discovery by the attorney-client privilege, the attorney work product doctrine or any other cognizable privilege or protection, it being understood that Buyer will have the right to assert such privileges with respect to discovery by Third Parties.

(q) all documents, records, correspondence, work papers and other documents exclusively relating to the Seller Cost Reports or Agency Settlements; excluding, for example, records relating to the provision of patient care.

(r) all tangible personal property located outside the State of California, and all intangible

assets (including rights, privileges or interests associated therewith) owned by any Seller which are located outside the State of California; provided that such tangible personal property and intangible assets are not explicitly included in Annex 2.1(d).

(s) any Owned Real Property not purchased by, or any Leased Real Property not assigned to, Buyer pursuant to Section 8.20 (collectively, the "Retained Real Property").

(t) all insurance proceeds arising in connection with property damage to any Retained Real Property.

(u) the Pre-Closing Government Receivables.

(v) all rights to (i) the HITECH Payments for federal fiscal years ending prior to the Closing Date, and (ii) a prorated portion of the HITECH Payments for the federal fiscal year during which the Closing occurs in accordance with the terms of Section 12.3.

(w) the rights of Sellers under this Agreement and the Transaction Documents.

(x) all equity securities of Parent, SH1, HLP and their Affiliates.

(y) all Government Authorizations that are not transferable to Buyer.

(z) except for the Lessor Leases, all real property leases under which SH1 is the lessor or sublessor.

(aa) any other assets, properties and rights that are not primarily related to or used or held for use in connection with the Business.

(bb) all retainers or prepaid charges and expenses for Sellers' professional advisors.

(cc) all adequate assurance deposits authorized by the Bankruptcy Court in the Bankruptcy Cases and funded pursuant to Section 366 of the Bankruptcy Code that are held by or for the benefit of utilities in connection with the Business.

(dd) those assets listed on Annex 2.2(dd), as modified in accordance with this Agreement.

2.3 Assumed Liabilities. On the terms and subject to the conditions set forth in this Agreement, at the Closing, the applicable Sellers will assign, and Buyer will, on and after the Effective Time, assume from such Seller, the Liabilities of such Seller listed in subsections (a) through (f) of this Section 2.3 and only such Liabilities (collectively, the "Assumed Liabilities") and no other Liabilities of any Seller:

(a) the Purchased Contracts, but only to the extent of the Liabilities that arise thereunder with respect to events or periods on and after the Effective Time and that do not relate to any failure to perform or other breach, default or violation by any Seller prior to the Effective Time.

(b) all Liabilities with respect to Buyer's or any Affiliate of Buyer's ownership or operation of the Real Property arising and attributable to the period on and after the Effective Time.

(c) the WARN Obligations.

(d) those obligations arising in the Ordinary Course to make payments to the QAF4 Program and the QAF5 Program.

(e) all real and personal property taxes, if any, that are attributable to the Purchased Assets, subject to the proration provisions in Section 2.9.

(f) all utilities being furnished to the Purchased Assets, subject to the proration provisions in Section 2.9.

2.4 Excluded Liabilities. Notwithstanding any provision in this Agreement to the contrary, Buyer will not assume and will not be obligated to assume or be obliged to pay, perform or otherwise discharge, and Sellers (and their respective bankruptcy estates) will be solely and exclusively liable with respect to, any Liability of any Seller that is not an Assumed Liability (collectively, the "Excluded Liabilities"), including all Liabilities relating to:

(a) all Liabilities of any Seller in connection with the Excluded Assets, including under the Excluded Contracts.

(b) all Debt of any Seller.

(c) all Claims against any Seller arising prior to the Closing Date.

(d) amounts required to be paid by Sellers under the Transaction Documents.

(e) all Liabilities of Sellers relating to legal services, accounting services, financial advisory services, investment banking services or any other professional services or other Third-Party costs or expenses performed in connection with the Transaction Documents, Transactions or Bankruptcy Cases.

(f) all Liabilities of any Seller arising out of, relating to or with respect to any Seller Plans, employment or performance of services, and (subject to the WARN Obligations under Section 2.3(c)) termination of employment or services by any Seller of any individual, in each case prior to the Effective Time.

(g) all Liabilities of any Seller related to or arising in connection with any pending or threatened Proceeding arising out of, relating to or otherwise in respect of the operations of the Business or the Purchased Assets related to periods prior to the Effective Time, including any matter disclosed, or required to be disclosed, in Schedule 5.11.

(h) all Cure Costs.

(i) all Liabilities of any Seller arising out of or relating to any act, omission, event or occurrence connected with the use, ownership or operation by any Seller of the Business or any of the Purchased Assets prior to the Effective Time, other than as specifically set forth in Section 2.3(c), 2.3(d), 2.3(e) or 2.3(f).

(j) all Liabilities of any Seller in connection with claims of professional malpractice to the extent arising out of or relating to acts, omissions, events or occurrences prior to the Effective Time.

(k) all Liabilities of any Seller relating to the Seller Cost Reports or Agency Settlements with respect to periods ending prior to the Effective Time.

(l) all Liabilities of any Seller for violations of any Law to the extent arising from acts or omissions prior to the Effective Time, including those pertaining to Medicare and Medicaid fraud or abuse, and Environmental Laws.

(m) all Liabilities under or in connection with the Seller Plans or any plans ever maintained by or contributed to by any Seller or an ERISA Affiliate or in which the employees or former employees

of any Seller or an ERISA Affiliate participate or have ever participated, including (i) all benefits and administrative costs associated with any such plans, and (ii) any Liabilities imposed by Law or Contract, including withdrawal liability arising under or with respect to such plans.

(n) all Liabilities of any Seller for real and personal property Taxes, other than as specifically set forth in Section 2.3(e), all liabilities of any Seller for any other Taxes, and any Taxes incurred as a result of the consummation of the Transactions.

(o) except to the extent specifically included in the WARN Obligations, all Liabilities of any Seller arising, accruing or existing prior to the Effective Time with respect to the Business Employees including any matters arising under Laws governing wages and hours, employment discrimination, occupational safety and health, workers' compensation (to the extent of treatment received by a workers' compensation plaintiff or claimant prior to the Effective Time for injuries sustained prior to the Effective Time), the payment and withholding of employment taxes and any alleged violations of the Law.

(p) any and all Liabilities of any Seller relating to any failure to perform or other breach, default or violation of any of the Purchased Contracts by any Seller prior to the Effective Time.

(q) any and all Liabilities of any Seller with respect to the Real Property arising and attributable to the period prior to the Effective Time, other than as specifically set forth in Section 2.3(e) or 2.3(f).

(r) those Liabilities of any Seller listed on Annex 2.4(r).

2.5 Successor Liability. The Parties intend that, except for the Assumed Liabilities, upon the Closing Buyer will not, and will not be deemed to, (a) be the successor of, or successor to, any Seller; (b) be a successor employer (including as described under COBRA and applicable regulations thereunder) to any Seller, including with respect to any Seller Plan; (c) have, de facto or otherwise, merged with or into any Seller; (d) be a mere continuation or substantial continuation of any Seller or the enterprise(s) of any Seller; or (e) be liable for any acts or omissions of any Seller in the conduct of the Business or arising under or related to the Purchased Assets other than as set forth in this Agreement. The Parties agree that the provisions substantially in the form of this Section 2.5 will be reflected in the Sale Order along with other customary successor liability findings and decretals.

2.6 Assignment of Contracts; Cure Amounts and Deemed Consent.

(a) At the Closing and pursuant to Section 365 of the Bankruptcy Code and the Sale Order, Sellers will assume and assign to Buyer, and Buyer will (on the terms of Section 2.3(a)) assume from Sellers, the Business Contracts set forth on Annex 2.6(a), as supplemented or revised pursuant to this Agreement. Buyer may designate any Business Contract as a Purchased Contract by listing such Contract on Annex 2.6(a). Annex 2.6(a) may be supplemented or revised by Buyer as follows: (i) with respect to adding Business Contracts to Annex 2.6(a), (x) if the Business Contract has an effective date on or before the Agreement Date and was disclosed to Buyer prior to the Agreement Date, ten Business Days prior to the Bankruptcy Court's hearing on the Sale Motion, (y) if the Business Contract has an effective date after the Agreement Date and is disclosed to Buyer at least 20 Business Days prior to the day of the Closing and otherwise in accordance with the terms of this Agreement, ten Business Days prior to the day of the Closing and (z) for any other Business Contract, two days prior to the day of the Closing; and (ii) with respect to the removal of a Business Contract from Annex 2.6(a), two days prior to the day of the Closing. Any Business Contracts that are not set forth on Annex 2.6(a) will be deemed to be Excluded Contracts. Sellers will neither assume nor assign any Excluded Contracts to Buyer. With respect to any particular Purchased Contract, the effective date of the assignment to Buyer will be no sooner than the later to occur of (i) the Closing Date or (ii) the date the Bankruptcy Court authorizes and approves the assignment of

such Purchased Contract to Buyer.

(b) Subject to Section 7.2(c), at or as soon as practicable after the Closing, Sellers will pay all Cure Costs in accordance with the Sale Order. Buyer will have no responsibility for any Cure Costs.

(c) Buyer will use commercially reasonable efforts to cooperate with Sellers and provide Sellers with information reasonably sufficient to enable Sellers to demonstrate adequate assurance of future performance (as required by Section 365 of the Bankruptcy Code) as to Buyer with respect to any Purchased Contract.

(d) For all purposes of this Agreement (including all representations and warranties of Sellers contained herein), Sellers, by entry of the Sale Order and the Bankruptcy Court's findings that Sellers have complied with Section 365 of the Bankruptcy Code, will be deemed to have obtained all required consents in respect of the assignment of any Purchased Contract and to have cured all defaults thereunder if, and to the extent that, pursuant to the Sale Order or, following entry of the Sale Order, pursuant to a Disputed Contract Order, Sellers are authorized and directed to assume and assign the Purchased Contracts to Buyer pursuant to Section 365 of the Bankruptcy Code.

2.7 Further Conveyances; Nonassignable Assets.

(a) From time to time following the Closing and at the sole cost and expense of Buyer, Sellers and Buyer will execute, acknowledge and deliver all such further conveyances, notices, assumptions and such other instruments, and will take such further actions as may be reasonably necessary or appropriate to assure fully to Buyer and its successors or assigns, all of the properties, rights, titles, interests, estates, remedies, powers and privileges intended to be conveyed to Buyer under this Agreement and the Transaction Documents and to assure fully to Sellers and its Affiliates and their successors and assigns, the assumption of the Assumed Liabilities and to otherwise make effective the Transactions.

(b) Buyer will use commercially reasonable efforts to cooperate with Sellers and provide Sellers with information reasonably sufficient to enable Sellers to demonstrate adequate assurance of future performance (as required by Section 365 of the Bankruptcy Code) as to Buyer with respect to any Purchased Contract.

(c) Nothing in this Agreement or the other Transaction Documents, nor the consummation of the Transactions will be construed as an attempt or agreement to assign any Purchased Assets which by their terms or under applicable Law are nonassignable without the Consent of a Third Party or a Governmental Body or are cancellable by a Third Party in the event of an assignment without Consent (the "Nonassignable Assets") unless and until such consent will have been obtained or the Bankruptcy Court has authorized such assignment without such Consent (pursuant to the Sale Order or otherwise). The parties agree to use their commercially reasonable efforts to obtain on a timely basis the Consents required to assign the Nonassignable Assets. In the event Consents to the assignment of a Nonassignable Asset cannot be obtained or the Bankruptcy Court has not authorized such assignment without such Consent, to the extent permitted by applicable Law and the terms of the applicable Nonassignable Asset, such Nonassignable Asset will be held from and after the Closing Date by Sellers in trust for Buyer and the covenants and obligations thereunder will be performed by Buyer in the name of Sellers and all benefits, obligations and liabilities (including Tax liabilities) existing thereunder will be for Buyer's account and will be deemed an Assumed Liability under this Agreement. Without limiting the foregoing, with respect to Purchased Contracts, until such Consent or new Contract is obtained or the Bankruptcy Court has authorized such assignment without such Consent, Sellers will use commercially reasonable efforts to provide Buyer the benefits of any such Purchased Contract, cooperate in any reasonable and lawful arrangement designed to provide such benefits to Buyer and allow Buyer to enforce such

Purchased Contract directly against the counterparties thereto. Buyer will have no obligation to perform any obligations of Sellers under or in connection with any Purchased Contract if such action would result in a material default thereunder or in connection therewith. When and if any such Consents are obtained after Closing, to the extent permitted by applicable Law and the terms of the applicable Nonassignable Asset, the assignment of the Nonassignable Asset subject thereto will become effective automatically as of the date when such Consent is obtained, without further action on the part of any party.

2.8 Deferred Assets and Liabilities.

(a) Notwithstanding Section 2.1, on the Closing Date SH1 will not assign, transfer, convey and deliver the following Purchased Assets (the "Deferred Assets"): (i) the third party payor contracts included in Section 2.1(c), and any renewals or replacements thereof (the "Deferred Contracts"); (ii) all Government Authorizations; (iii) the drug inventory included in the Inventory; and (iv) the Depository Accounts. SH1 will retain all Deferred Assets until the Transition Date. Effective at the Transition Date, without any further action by SH1 or Buyer, subject to Section 2.6 with respect to the Deferred Contracts, SH1 will be deemed to have assigned, transferred, conveyed and delivered the Deferred Assets to Buyer, free and clear of Liens, as such Deferred Assets exist at such time. The Deferred Assets, upon their assignment, transfer, conveyance and delivery to Buyer in accordance with this Section 2.8(a), will be treated as "Purchased Assets" for purposes of this Agreement.

(b) Notwithstanding Section 2.3, on the Closing Date SH1 will not assign, and Buyer will not assume, any Liabilities with respect to the Deferred Contracts. The Interim Management Agreement describes which party bears responsibility for Liabilities of SH1 associated with the Deferred Assets for the period of time on and after the Effective Time until the Transition Date. Effective at the Transition Date, upon assignment of the Deferred Contracts in accordance with Sections 2.6 and 2.8(a), without any further action by SH1 or Buyer, SH1 will be deemed to have assigned, and Buyer will be deemed to have assumed, the Liabilities of SH1 with respect to the Deferred Contracts, but (i) only to the extent of the Liabilities arising thereunder with respect to events or periods on and after the date of such assignment and assumption and (ii) other than Excluded Liabilities. Those Liabilities of SH1 that are assumed by Buyer under this Section 2.8(b), upon such assumption, will be treated as "Assumed Liabilities" for purposes of this Agreement.

2.9 Prorations and Utilities. In addition to any other adjustment or prorations provided for herein, there will be adjustments and prorations as follows:

(a) Ad valorem taxes on or with respect to the Purchased Assets, including real and personal property taxes and assessments, which are due and payable in the tax year in which the Closing occurs will be prorated between Sellers and Buyer as of the Effective Time. For the avoidance of doubt, personal property taxes assessed in the year of the Closing but not due until the following year will be prorated as of the Effective Time. If the tax rate or assessed valuation for the current Tax year is not established by the Effective Time, the proration of taxes will be upon the basis of the most recent tax bill; and any adjustments required upon receipt of a current tax bill will be made by a transfer of cash between Buyer and Sellers within ten days after receipt of the current tax bill. The obligation to make such adjustment will survive the Closing. Sellers will pay such ad valorem taxes due and payable in or with respect to all pre-Effective Time tax periods, and Buyer will pay such ad valorem taxes due and payable in with respect to all post-Effective Time tax periods.

(b) Installments of special assessments relating to the Purchased Assets which are due and payable in the tax year in which the Closing occurs will be prorated between Buyer and Sellers as of the Effective Time (in the same manner as provided in Section 2.9(a)). If statements of such assessments for the tax year in which the Closing occurs are sent to a Seller by any tax authorities, such Seller will forward such statements to Buyer. Sellers will pay such installments of special assessments due and

payable in or with respect to all pre-Effective Time tax periods, and Buyer will pay such installments of special assessments due and payable in or with respect to all post-Effective Time tax periods.

(c) Buyer and Sellers will use commercially reasonable efforts so that all providers of power and other utility and other public services (such as garbage collection) to the Real Property will bill Sellers for all costs incurred before the Effective Time and will bill Buyer for all costs incurred on or after the Effective Time. To the extent necessary, such costs will be prorated between Buyer and Sellers with respect to their ownership before and after the Effective Time. Sellers will pay for such utility and other services prior to the Effective Time, and Buyer will pay for such utility and other services beginning on the Effective Time.

Article 3

CONSIDERATION

3.1 Purchase Price. The aggregate consideration to be paid for the Purchased Assets and in consideration of the Transactions (the "Purchase Price") will consist of (a) an amount (the "Cash Consideration") equal to (i) \$84,150,000 (the "Base Cash Amount"); plus (ii) the Final Working Capital Adjustment, if the Final Working Capital Adjustment is a positive amount; minus (iii) the absolute value of the Final Working Capital Adjustment, if the Final Working Capital Adjustment is a negative amount; plus (iv) the Final QAF4 Adjustment; minus (v) the Final QAF5 Adjustment; minus (vi) the Final Meaningful Use Adjustment; and (b) the assumption of the Assumed Liabilities.

3.2 Deposit. The parties confirm that a deposit of \$5,000,000 (together with all interest and earnings thereon, the "Deposit Amount") was delivered to Title Company on behalf of Buyer in accordance with the Original Deposit Agreement. On the Agreement Date, Buyer, Parent and Title Company will execute and deliver to each other an amendment and restatement to the Original Deposit Agreement in the form of Exhibit 3.2 (the "Amended and Restated Deposit Agreement"). The Deposit Amount is not now and will not be subject to any Lien, attachment, trustee process or any other judicial process of any creditor of Sellers or Buyer, except that (i) Sellers' right, title and interest in the Deposit Amount under this Agreement and applicable Law will be subject to a lien and security interest granted by any Seller to Title Company (to the extent required by the Amended and Restated Deposit Agreement) and (ii) Sellers hereby grant to Buyer a first priority lien and security interest in the Deposit Amount to secure Buyer's rights to a full refund of the Deposit Amount under this Agreement and the Amended and Restated Deposit Agreement. Buyer may perfect its lien and security interest in the Deposit Amount by sending notice to and having Title Company acknowledge such lien and security interest and execute additional documents in favor of Buyer regarding its lien and security interest in the Deposit Amount. The Deposit Amount will be held by Title Company and disbursed pursuant to the terms of the Amended and Restated Deposit Agreement, the Bidding Procedures Order and this Agreement, including:

(a) If the Closing occurs, then the Deposit Amount will be credited against the Purchase Price and delivered to the applicable Sellers described in Section 3.8; or

(b) If (i) this Agreement is terminated pursuant to and in accordance with any provision of Section 4.4 other than Section 4.4(f), then the Deposit Amount will be returned to Buyer promptly and in any event no later than three (3) Business Days after such termination; or (ii) any Seller agrees to enter into an Alternative Transaction, then the Deposit Amount will be returned to Buyer promptly and in any event no later than three (3) Business Days after the agreement to enter into an Alternative Transaction; or

(c) If this Agreement is terminated by Sellers pursuant to and in accordance with Section 4.4(f) and Sellers, within 90 days thereafter, enter into a definitive agreement with respect to an Alternative Transaction, then the Deposit Amount will be promptly returned to Buyer and, in any event, no later than three (3) Business Days after Sellers enter into such agreement; or

(d) If this Agreement is terminated by Sellers pursuant to and in accordance with Section 4.4(f) and no Seller, within 180 days thereafter, enters into a definitive agreement with respect to an Alternative Transaction, then the Deposit Amount will be promptly delivered to Sellers and, in any event, no later than three (3) Business Days after expiration of such 180-day period.

3.3 Closing Payments. At the Closing, Buyer will pay or deliver, or cause to be paid or delivered, the following amounts to the following payees to Title Company for delivery in accordance with instructions delivered to Title Company prior to the Closing:

(a) an amount equal to the Estimated Seller Closing Indebtedness, on behalf of Sellers, in accordance with the Payoff Documents.

(b) an amount equal to the aggregate Estimated Seller Transaction Expenses, on behalf of the applicable Sellers, to the Persons entitled thereto, in each case, in accordance with instructions to be delivered to Buyer by Sellers at least three (3) Business Days prior to the Closing Date.

(c) an amount equal to \$2,500,000 (together with all interest and earnings thereon, the "Escrow Amount") plus the initial Seller Retention Amount to the Escrow Agent, to be held by Escrow Agent pursuant to the terms of the Escrow Agreement.

(d) to the applicable Sellers described in Section 3.8, in accordance with instructions to be delivered to Buyer by Sellers at least three (3) Business Days prior to the Closing Date, an amount (the "Initial Cash Consideration") equal to the result of the following, after credit for (and without double-counting) the Deposit Amount: (i) \$76,050,000 of the Base Cash Amount (which includes the Deposit Amount); plus (ii) the Estimated Working Capital Adjustment, if the Estimated Working Capital Adjustment is a positive amount; minus (iii) the absolute value of the Estimated Working Capital Adjustment, if the Estimated Working Capital Adjustment is a negative amount; plus (iv) the Initial QAF4 Adjustment; minus (v) the Initial QAF5 Adjustment; minus (vi) the Initial Meaningful Use Adjustment; minus (vii) the amount of the Estimated Seller Closing Indebtedness under Section 3.3(a); minus (viii) the amount of the Estimated Seller Transaction Expenses under Section 3.3(b); minus (ix) the Escrow Amount; minus (x) the initial Seller Retention Amount.

3.4 Deferred Payments.

(a) Each payment under the Seller Note (each, a "Deferred Payment") will be subject to Sections 3.4(b), 3.4(c), and 3.4(d).

(b) Each Deferred Payment will be subject to offset under the terms of the Seller Note and the Transition Services Agreement.

(c) Each remaining Deferred Payment will be reduced to zero if (i) the Interim Management Agreement or any Interim Sublease is terminated by any Seller (other than termination for material breach by Buyer in accordance with the terms of such Contract), (ii) both (A) a chapter 11 trustee is appointed in the Bankruptcy Case of SH1 and (B) the trustee tries to change any terms of the Transactions, such as the Seller Note, the Interim Management Agreement, any Interim Sublease or the security agreements described in Sections 4.2(v) and 4.2(y); (iii) the Bankruptcy Case of SH1 is converted to chapter 7 of the Bankruptcy Code; or (iv) a chapter 11 plan is confirmed that interferes with or prevents SH1 from being able to operate the Hospitals until all of the obligations of SH1 are fulfilled under the Interim Management Agreement.

(d) **EACH DEFERRED PAYMENT WILL REMAIN SUBJECT TO THE OFFSET RIGHTS AND OTHER TERMS OF THIS SECTION 3.4 EVEN IF THIS AGREEMENT OR ANY RIGHT TO PAYMENT UNDER THIS AGREEMENT IS ASSIGNED IN WHOLE OR IN PART.**

Sellers will ensure that no assignee of this Agreement, in whole or in part, is treated as a holder in due course or otherwise receives any assignment of this Agreement or any right to payment under this Agreement that is, in whole or in part, not subject to the offset rights and other terms of this Section 3.4.

3.5 Adjustment—Inventory, Receivables, Debt and Seller Transaction Expenses.

(a) Sellers will prepare and deliver to Buyer, no later than five (5) Business Days prior to the Closing Date, a written statement (the "Estimated Closing Statement") containing the latest available consolidated balance sheet of Sellers with respect to the Business and setting forth Sellers' good faith estimate of (i) the Closing Working Capital (the "Estimated Closing Working Capital"), (ii) the Seller Closing Indebtedness ("Estimated Seller Closing Indebtedness") and (iii) the Seller Transaction Expenses ("Estimated Seller Transaction Expenses"), together with any information that Buyer reasonably requests to verify the amounts reflected in the Estimated Closing Statement. The Estimated Closing Working Capital, Estimated Seller Closing Indebtedness and Estimated Seller Transaction Expenses will be prepared consistently with GAAP and in accordance with the definitions in this Agreement. Sellers and Buyer will work in good faith prior to the Closing to resolve any objections raised by Buyer in connection with the Estimated Closing Statement. The estimate of Closing Working Capital, Seller Closing Indebtedness and Seller Transaction Expenses that is acceptable to Sellers and Buyer after review of the Estimated Closing Statement will constitute the Estimated Closing Working Capital, Estimated Seller Closing Indebtedness and Estimated Seller Transaction Expenses for purposes of the Closing. Sellers will consider in good faith any comments to the Estimated Closing Statement and the estimated amounts set forth therein from Buyer, and Buyer's consent to such amounts will not be unreasonably withheld, conditioned or delayed. If Sellers and Buyer do not agree upon such estimates by the date that is two (2) Business Days before the date that is scheduled for the Closing, then (i) the Estimated Closing Working Capital that will be used for purposes of the Closing will an amount equal to the average between the estimate of the Closing Working Capital proposed by Sellers as set forth in the Estimated Closing Statement and the estimate of the Closing Working Capital proposed by Buyer, (ii) the Estimated Seller Closing Indebtedness that will be used for purposes of the Closing will an amount equal to the average between the estimate of the Seller Closing Indebtedness proposed by Sellers as set forth in the Estimated Closing Statement and the estimate of the Seller Closing Indebtedness proposed by Buyer and (iii) the Estimated Seller Transaction Expenses that will be used for purposes of the Closing will an amount equal to the average between the estimate of the Seller Transaction Expenses proposed by Sellers as set forth in the Estimated Closing Statement and the estimate of the Seller Transaction Expenses proposed by Buyer. Nothing in this Section 3.5(a) will limit any rights of any party with respect to the final determinations of the Closing Working Capital, Seller Closing Indebtedness and Seller Transaction Expenses under this Agreement.

(b) Buyer will prepare and deliver to Parent, no later than one hundred twenty (120) calendar days after the Closing Date, a written statement (the "Adjustment Statement") setting forth Buyer's good faith calculation of (i) the Closing Working Capital, (ii) the Seller Closing Indebtedness and (iii) the Seller Transaction Expenses, prepared in each case consistently with GAAP and in accordance with the definitions in this Agreement. The Adjustment Statement will contain a consolidated balance sheet of Sellers with respect to the Business immediately prior to the Effective Time (without giving effect to the Transactions), prepared in accordance with GAAP.

(c) If Parent, acting on behalf of Sellers, objects to all or part of the calculation of the Adjustment Statement delivered by Buyer, Parent must deliver to Buyer written notice of such objections (the "Sellers' Objection Notice") not more than thirty (30) days after the date Parent receives the Adjustment Statement from Buyer. The Sellers' Objection Notice, if any, must specify in reasonable detail the nature and amount of any and all items in dispute, the amounts of any proposed adjustments and the basis for Parent's proposed adjustments. If Parent does not deliver the Sellers' Objection Notice to Buyer within such thirty (30) day period, or if a notice is provided by Parent that does not specify which items

and amounts set forth in the Adjustment Statement are in dispute, then the Adjustment Statement, or such undisputed items or amounts reflected in the Adjustment Statement, will be deemed to be accepted by Parent, acting on behalf of Sellers, and will be final, conclusive and binding on the Parties. If Parent delivers the Sellers' Objection Notice to Buyer, on behalf of itself or of any one or more of Sellers, within such thirty (30) day period, Buyer and Parent will use commercially reasonable efforts to resolve all objections relating to the Adjustment Statement and any determination resulting from such good faith negotiations and agreed to by Parent and Buyer will be final, conclusive and binding on the Parties.

(d) If Buyer and Parent do not reach a final resolution of all such objections within thirty (30) days of Buyer's receipt of the Sellers' Objection Notice, then Buyer and Parent will submit the issues remaining in dispute to the Independent Accountant for resolution. Parent, acting on behalf of all Sellers, and Buyer each agree to sign a customary engagement letter, if requested to do so by the Independent Accountant. Sellers, Buyer and their respective Representatives will cooperate fully with the Independent Accountant. The Independent Accountant, acting as an expert and not as an arbitrator, will resolve such disputed items and determine the values to be ascribed thereto, and using those values (together with other items not in dispute) will determine the Final Closing Working Capital, Final Seller Closing Indebtedness and Final Seller Transaction Expenses. Any documents submitted by either Buyer or Parent to the Independent Accountant, either unilaterally or at the Independent Accountant's request, will be simultaneously submitted to the other Party (in the case of Buyer, to Parent, and in the case of Sellers, to Buyer). The Parties hereby agree that the Independent Accountant will only decide the specific disputed items, the values ascribed thereto and that using those values (together with the other undisputed items in the calculation of the amounts set forth in the Adjustment Statement), will determine the Final Closing Working Capital, Final Seller Closing Indebtedness and Final Seller Transaction Expenses in accordance with GAAP and the terms of this Agreement, and the Independent Accountant's decision with respect to such disputed items and values must be within the range of values assigned to each such item in the Adjustment Statement and the Sellers' Objection Notice, respectively. The Independent Accountant will be directed to resolve the disputed items and amounts and deliver to Buyer and Parent a written determination (such determination to be made consistent with this Section 3.5(d), to include a worksheet setting forth all material calculations used in arriving at such determination and to be based solely on information provided to the Independent Accountant by Buyer or Parent) within thirty (30) days after being retained (or such other time as Buyer and Parent agree in writing), which determination will be final, binding and conclusive on the Parties and their respective Affiliates, and their respective Representatives, successors and assigns. Each of Buyer, on the one hand, and Sellers, on the other hand, will bear all fees and expenses incurred by such Party in connection with any dispute resolved under this Section 3.5(d), except that all fees and expenses charged by the Independent Accountant relating to the work performed by the Independent Accountant in connection with this Section 3.5(d) will be borne by Buyer, on the one hand, and Sellers, on the other hand, in inverse proportion as such Parties may prevail on the disputed items resolved by the Independent Accountant under this Section 3.5(d) (i.e., so that the prevailing party bears a lesser amount of such fees and expenses), which proportionate allocation is to be determined by the Independent Accountant and be included in the Independent Accountant's written determination. Notwithstanding anything herein to the contrary, the dispute resolution mechanism contained in this Section 3.5(d) will be the exclusive mechanism for resolving disputes, if any, regarding the Final Closing Working Capital, Final Seller Closing Indebtedness and Final Seller Transaction Expenses contemplated by this Section 3.5(d).

(e) Within five (5) Business Days from the date of the final determination (pursuant to Section 3.5(c) and Section 3.5(d)) of the Closing Working Capital ("Final Closing Working Capital"), the Seller Closing Indebtedness ("Final Seller Closing Indebtedness") and the Seller Transaction Expenses ("Final Seller Transaction Expenses"), Buyer and Parent will provide a joint written instruction to the Escrow Agent to release (i) to Buyer an amount (up to a maximum amount equal to the then-remaining Escrow Amount, after payment to the Escrow Agent of all amounts due from any Seller to the Escrow

Agent under the Escrow Agreement) equal to the following: (A) the absolute value of the Reconciliation Amount, if the Reconciliation Amount is a negative amount; plus (B) the amount, if any, by which the Final Seller Closing Indebtedness exceeds the Estimated Seller Closing Indebtedness to the extent that Buyer paid or is obligated to pay any such amounts; plus (C) the amount, if any, by which the Final Seller Transaction Expenses exceeds the Estimated Seller Transaction Expenses to the extent that Buyer paid or is obligated to pay any such amounts; and (ii) to SH1 the amount (if any) of the Escrow Amount that remains after (A) the payments to Buyer under Section 3.5(e)(i) and (B) payment to the Escrow Agent of all amounts due from any Seller to the Escrow Agent under the Escrow Agreement. If amounts due to Buyer under this Section 3.5(e) exceed the Escrow Amount (after payment to the Escrow Agent of all amounts due from any Seller to the Escrow Agent under the Escrow Agreement), then the amount of such excess will be deducted from each of the next Deferred Payments until fully credited to Buyer. If the Reconciliation Amount is a positive amount, such amount will be added to the principal balance of the Seller Note in accordance with the terms thereof. For the sake of clarity, Buyer has no responsibility to pay any of the amounts described in Section 3.5(e)(i)(B) or 3.5(e)(i)(C); Sellers are solely responsible for all such amounts.

3.6 Adjustment—Meaningful Use.

(a) Buyer will prepare and deliver to Parent, promptly after December 31, 2019, a written statement (for purposes of this Section 3.6 and, if necessary, Section 3.5(d), the "MU Adjustment Statement") setting forth (i) the amount of the Hospitals' receipts from the Medicare program (directly or indirectly under the terms of the Interim Management Agreement) on account of services provided for the period October 1, 2018, through September 30, 2019, and (ii) the amount of the Final Meaningful Use Adjustment, along with documentation thereof.

(b) If Parent, acting on behalf of Sellers, objects to all or part of the calculations in the MU Adjustment Statement delivered by Buyer, Parent must deliver to Buyer written notice of such objections (for purposes of this Section 3.6 and, if necessary, Section 3.5(d), the "MU Sellers' Objection Notice") not more than thirty (30) days after the date Parent receives the MU Adjustment Statement from Buyer. The MU Sellers' Objection Notice, if any, must specify in reasonable detail the nature and amount of any and all items in dispute, the amounts of any proposed adjustments and the basis for Parent's proposed adjustments. If Parent does not deliver the MU Sellers' Objection Notice to Buyer within such thirty (30) day period, or if a notice is provided by Parent that does not specify which items and amounts set forth in the MU Adjustment Statement are in dispute, then the MU Adjustment Statement, or such undisputed items or amounts reflected in the MU Adjustment Statement, will be deemed to be accepted by Parent, acting on behalf of Sellers, and will be final, conclusive and binding on the Parties. If Parent delivers the MU Sellers' Objection Notice to Buyer, on behalf of itself or of any one or more of Sellers, within such thirty (30) day period, Buyer and Parent will use commercially reasonable efforts to resolve all objections relating to the MU Adjustment Statement and any determination resulting from such good faith negotiations and agreed to by Parent and Buyer will be final, conclusive and binding on the Parties.

(c) If Buyer and Parent do not reach a final resolution of all such objections within thirty (30) days of Buyer's receipt of the MU Sellers' Objection Notice, then Buyer and Parent will submit the issues remaining in dispute to the Independent Accountant for resolution using the process described in Section 3.5(d) applied to the resolution of the Final Meaningful Use Adjustment.

(d) The amount, if any, by which the Final Meaningful Use Adjustment (as determined pursuant to Section 3.6(b) and Section 3.6(c)) exceeds the Initial Meaningful Use Adjustment will be deducted from each of the next Deferred Payments until fully credited to Buyer. The amount, if any, by which the Initial Meaningful Use Adjustment exceeds the Final Meaningful Use Adjustment will be added to the principal balance of the Seller Note in accordance with the terms thereof.

3.7 Adjustment—QAF.

(a) Buyer will prepare and deliver to Parent, promptly after the Closing Date (but in no event later than one hundred twenty (120) days after the Closing Date), a report of the amount of the Final QAF4 Adjustment and the Final QAF5 Adjustment. If Parent, acting on behalf of Sellers, objects to all or part of such report, Parent must deliver to Buyer written notice of such objections in accordance with the process described in Section 3.6(b) (applied to the resolution of the Final QAF4 Adjustment or Final QAF5 Adjustment, as applicable) and Buyer and Parent will follow the process described in Section 3.6(b) and Section 3.6(c) (applied to the resolution of the Final QAF4 Adjustment or Final QAF5 Adjustment, as applicable) for resolving such matter.

(b) The amount, if any, by which the Final QAF4 Adjustment exceeds the Initial QAF4 Adjustment will be added to the principal balance of the Seller Note in accordance with the terms thereof. The amount, if any, by which the Initial QAF4 Adjustment exceeds the Final QAF4 Adjustment will be deducted from each of the next Deferred Payments until fully credited to Buyer.

(c) The amount, if any, by which the Final QAF5 Adjustment exceeds the Initial QAF5 Adjustment will be deducted from each of the next Deferred Payments until fully credited to Buyer. The amount, if any, by which the Initial QAF5 Adjustment exceeds the Final QAF5 Adjustment will be added to the principal balance of the Seller Note in accordance with the terms thereof.

3.8 Apportionment. Sellers agree that all amounts of the Cash Consideration or Initial Cash Consideration that are payable to Sellers will be paid to the following Sellers;

(a) To HLP:

(i) at the Closing, an amount of the Initial Cash Consideration equal to \$36,000,000 minus (x) the portions of the Estimated Seller Closing Indebtedness and Estimated Seller Transaction Expenses that are related to the purchase of the Owned Real Property, as specified by Buyer, and (y) one-half of the Deposit Amount.

(ii) after the Closing, the portions of the reconciliations of the Final Seller Closing Indebtedness and Final Seller Transaction Expenses that are related to the purchase of the Owned Real Property, as specified by Buyer, and that are due to Sellers in accordance with this Agreement.

(b) To SH1:

(i) at the Closing, (x) the amount of the Initial Cash Consideration that is not paid or payable to HLP at the Closing under Section 3.8(a)(i)(x) minus (y) the Deposit Amount that is not paid or payable to HLP at the Closing under Section 3.8(a)(i)(y).

(ii) after the Closing, all amounts that are due to Sellers in accordance with this Agreement and that are not paid or payable to HLP under Section 3.8(a)(ii).

3.9 Adjustments. Any adjustment under Section 3.5, 3.6 or 3.7, and any payment or amount credited to Buyer under Section 3.4, 13.4(c) or 13.7(b) or any other provision of this Agreement, will be deemed to be an adjustment to the Purchase Price.

Article 4

CLOSING AND TERMINATION

4.1 Closing Date. The consummation of the Transactions (the "Closing") will take place remotely via the exchange of documents, signature pages, and payments at 10:00 a.m. Eastern Time on

the date that is no later than ten Business Days following the satisfaction (or waiver by the Party entitled to waive that condition) of the conditions set forth in Sections 10.1, 10.2 and 10.3 (other than conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction (or waiver by the Party entitled to waive that condition) of such conditions), unless another time or date, or both, are agreed to in writing by the Parties. The actual date on which the Closing will be held is referred to in this Agreement as the "Closing Date." All documents to be executed and actions to be taken pursuant to this Agreement as of the Closing Date will be deemed to have been executed and taken concurrently, and no action under this Agreement will be deemed to be complete until all actions under this Agreement are completed and all documents called for in this Agreement have been executed and delivered. In furtherance thereof, the parties will deliver, in escrow to their respective counsel and other appropriate parties as set forth herein, executed versions of all instructions, documents, certificates, wire transfer instructions, escrow instructions and other matters and things necessary to effect the Closing in such manner. The Closing will be deemed effective as of 12:01 a.m. Pacific time on the day after the Closing Date (the "Effective Time").

4.2 Deliveries by Sellers. At the Closing, Sellers will deliver, or cause to be delivered, to Buyer each of the following, duly executed by Sellers, as applicable:

(a) one or more grant deeds in the form of Exhibit 4.2(a) with respect to the Owned Real Property (each a "Deed"), together with such documents, executed by the Seller that is the owner of the applicable Owned Real Property, as may be required by Law in order to record each Deed.

(b) a bill of sale in the form of Exhibit 4.2(b) (the "Bill of Sale").

(c) an assignment of Purchased Contracts in the form of Exhibit 4.2(c) (the "Contract Assignment").

(d) an assignment of other Assumed Liabilities in the form of Exhibit 4.2(d) (the "General Assignment").

(e) an assignment of the Rosemead Lease in the form of Exhibit 4.2(e) (the "Facility Lease Assignment"); provided that the Facility Lease Assignment will not be required to be delivered hereunder in the event the Rosemead Landlord and Buyer (or its designee) decide to enter into a new lease for the Rosemead Hospital effective as of the Effective Time.

(f) an assignment and assumption of the Lessor Leases in the form of Exhibit 4.2(f) (the "Lessor Lease Assignment").

(g) copies of the docketed Sale Order.

(h) one or more certificates signed by authorized signatories of Sellers, dated the Closing Date, to the effect of Sections 10.1(a) and 10.1(b).

(i) all Required Consents and copies of all other third party consents, if any, obtained by Sellers in connection with the assignment of the Purchased Contracts to Buyer.

(j) favorable original certificates of good standing of each Seller, issued by the California Secretary of State, dated no earlier than a date which is seven (7) calendar days prior to the Closing Date.

(k) a certificate of the Secretary of each Seller certifying to Buyer (a) the incumbency of the officers of each Seller on the Agreement Date and the Closing Date and bearing the authentic signatures of all such officers who will execute this Agreement and any Transaction Documents and (b) the due adoption and text of the resolutions of the sole manager and member of each Seller authorizing (i) the

Transactions and (ii) the execution, delivery and performance of this Agreement and all Transaction Documents by such Seller and that such resolutions have not been amended or rescinded and remain in full force and effect on the Closing Date.

(l) a transition services agreement in the form of Exhibit 4.2(l) (the "Transition Services Agreement").

(m) commercially reasonable evidence of the satisfaction and, if applicable, release of all Mandatory Payoff Liens, including UCC termination statements for any and all financing statements (which do not correspond to any Personal Property Lease) filed with respect to the Purchased Assets.

(n) a Limited Power of Attorney for use of DEA and Other Registration Numbers, and DEA Order Forms, in the form of Exhibit 4.2(n) (the "Power of Attorney").

(o) titles to all motor vehicles included in the Purchased Assets, duly endorsed for transfer to Buyer.

(p) non-foreign affidavits of each Seller, dated as of the Closing Date, in the form of Exhibit 4.2(p).

(q) California Form 593-C or applicable equivalent from each Seller to the extent it is a party to a Deed.

(r) the interim management agreement in the form of Exhibit 4.2(r) (the "Interim Management Agreement").

(s) the interim subleases in the forms of Exhibit 4.2(s)-1 and 4.2(s)-2 (the "Interim Subleases").

(t) an agreement from SH1 to Buyer in the form of Exhibit 4.2(t) (the "Compliance POA").

(u) the escrow agreement ("Escrow Agreement") among Citibank, N.A., Buyer and SH1 in the form of Exhibit 4.2(u).

(v) the security agreement between SH1 and Buyer's lenders in substantially the form of Exhibit 4.2(v).

(w) a UCC-1 financing statement covering the collateral described in the security agreement described in Section 4.2(v) and otherwise in form and substance as required by Buyer's lenders.

(x) the legal opinion of McDermott Will & Emery LLP in substantially the form of Exhibit 4.2(x).

(y) a security agreement between SH1 and Buyer in substantially the form of Exhibit 4.2(y).

(z) a UCC-1 financing statement covering the collateral described in the security agreement described in Section 4.2(y) and otherwise in form and substance as required by Buyer and its lenders.

(aa) instructions from Parent to Title Company to deliver half of the Deposit Amount to HLP and half of the Deposit Amount to SH1 on the Closing Date.

(bb) an account instruction services agreement among SH1, City National Bank of Florida, Buyer and Buyer's lenders, with regards to account numbers 1954517222 and 1954517235 maintained by SH1 at such bank, in form and substance as required by Buyer's lenders.

(cc) copies of all Payoff Documents in accordance with Section 8.12.

(dd) the promissory note in the form of Exhibit 4.2(dd) (the "Seller Note") between Buyer as maker and SH1 as payee.

(ee) the subordination agreement in substantially the form of Exhibit 4.2(ee) between SH1 and Buyer's lender (the "Subordination Agreement").

(ff) such other instruments, certificates, consents or other documents reasonably requested by Buyer or which are reasonably necessary to carry out the Transactions and comply with the terms hereof.

4.3 Deliveries by Buyer. At the Closing, Buyer will deliver, or cause to be delivered, to Sellers:

(a) the Contract Assignment.

(b) the General Assignment.

(c) the Facility Lease Assignment or the new lease for the Rosemead Hospital.

(d) the Lessor Lease Assignment.

(e) a certificate signed by an authorized signatory of Buyer, dated the Closing Date, to the effect of Sections 10.2(a) and 10.2(b).

(f) a favorable original certificate of good standing of Buyer, issued by the California Secretary of State, dated no earlier than a date which is seven (7) calendar days prior to the Closing Date.

(g) a certificate of the Secretary of Buyer certifying to Sellers (a) the incumbency of the officers of Buyer on the Agreement Date and the Closing Date and bearing the authentic signatures of all such officers who will execute this Agreement and any Transaction Documents and (b) the due adoption and text of the resolutions of the managers of Buyer authorizing (i) the Transactions and (ii) the execution, delivery and performance of this Agreement and all Transaction Documents by Buyer and that such resolutions have not been amended or rescinded and remain in full force and effect on the Closing Date.

(h) the Transition Services Agreement.

(i) the Power of Attorney.

(j) the Interim Management Agreement.

(k) the Interim Subleases.

(l) the Escrow Agreement.

(m) the security agreement described in Section 4.2(y).

(n) the Seller Note.

(o) such other instruments, certificates, consents or other documents reasonably requested by Sellers or which are reasonably necessary to carry out the Transactions and comply with the terms hereof.

4.4 Termination. This Agreement may be terminated prior to the Closing as follows, subject, as applicable, to Buyer's right to receive payment of the Bid Protections under Sections 4.6(a) and 8.1:

(a) by Sellers or Buyer, if the Closing has not occurred on or prior to the 90th day after the Petition Date (the "Outside Date"); provided, however, that (i) if the Closing has not occurred on or prior to the Outside Date due to a material breach of any representations, warranties, covenants or agreements contained in this Agreement by Buyer or Sellers, then the breaching Party may not terminate this Agreement pursuant to this Section 4.4(a) and (ii) if entry of the Bidding Procedures Order is delayed beyond the maximum allowed time set forth in the Sale Milestones because a party in interest other than Sellers or Buyer successfully obtains a continuance or postponement of the hearing to approve the Bidding Procedures Order ("Bid Procedures Approval Hearing") and as a result the Closing cannot reasonably occur within 90 days after the Petition Date, then the Outside Date will be extended by the number of days (not to exceed 30 days) that the Bid Procedures Approval Hearing is delayed beyond the initially scheduled hearing date, provided, further, that the Outside Date will not be extended beyond March 16, 2019. The Parties agree to oppose any request to continue or postpone the Bid Procedures Approval Hearing, unless the Parties agree in writing that a continuance or postponement should be granted.

(b) by mutual written consent of Sellers and Buyer.

(c) by Buyer, if any event or condition has resulted in one or more of the conditions to the obligations of Buyer set forth in Section 10.1 becoming impossible to be fulfilled and such event or condition has not been waived by Buyer by the Outside Date; provided, however, that Buyer may terminate this Agreement pursuant to this Section 4.4(c) only if Buyer is not in material breach of this Agreement as of the date of such termination.

(d) by Sellers, if any event or condition has resulted in one or more of the conditions to the obligations of Sellers set forth in Section 10.2 becoming impossible to be fulfilled and such event or condition has not been waived by Sellers by the Outside Date; provided, however, that Sellers may terminate this Agreement pursuant to this Section 4.4(d) only if no Seller is in material breach of this Agreement as of the date of such termination.

(e) by Buyer, if there will be a breach by Sellers of any representation or warranty, or any covenant, agreement or obligation, in each case made by Sellers in this Agreement, which would result in a failure of a condition set forth in Section 10.1 and which breach cannot be cured or has not been cured (or waived by Buyer) by the earlier of (i) ten Business Days after the giving of written notice by Buyer to Sellers of such breach or (ii) the Outside Date; provided, however, that Buyer may terminate this Agreement pursuant to this Section 4.4(e) only if Buyer is not in material breach of this Agreement as of the date of such termination.

(f) by Sellers, if there will be a breach by Buyer of any representation or warranty, or any covenant, agreement or obligation, in each case made by Buyer in this Agreement, which would result in a failure of a condition set forth in Section 10.2(a) through (c) and which breach cannot be cured or has not been cured by the earlier of (i) ten Business Days after the giving of written notice by Sellers to Buyer of such breach or (ii) the Outside Date; provided, however, that Sellers may terminate this Agreement pursuant to this Section 4.4(f) only if no Seller is in material breach of this Agreement as of the date of such termination.

(g) by Sellers or Buyer, if there will be in effect a final nonappealable Order of a Governmental Body of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the Transactions.

(h) by Sellers or Buyer, in the event that Buyer is not the winning bidder at the Auction and Buyer has not been selected by the Sellers as the Back-Up Bidder at the Auction, by giving written notice at any time to the other Party after the conclusion of the Auction.

(i) by Sellers or Buyer, by giving written notice to the other Party, if (x) any Seller enters into a definitive agreement with respect to an Alternative Transaction, (y) the Bankruptcy Court enters an order approving an Alternative Transaction and (z) the Alternative Transaction is consummated.

(j) by Sellers or Buyer, by giving written notice to the other Party, if the Bankruptcy Court enters an order that precludes the consummation of the Transactions on the terms and conditions set forth in this Agreement.

4.5 Procedure upon Termination. In the event of termination by Buyer or Sellers, or both, pursuant to Section 4.4, written notice thereof will forthwith be given to the other Parties, and this Agreement will terminate, and the purchase of the Purchased Assets hereunder will be abandoned, without further action by Buyer or Sellers.

4.6 Effect of Termination.

(a) (i) Notwithstanding anything to the contrary in this Agreement, in addition to Sellers' obligations to cause the release of the Deposit Amount to Buyer in accordance with Section 3.2(b)(ii), Sellers will, within three (3) Business Days after the closing of an Alternative Transaction, pay to Buyer by wire transfer of immediately available funds both the Breakup Fee and the Expense Reimbursement if this Agreement is terminated as provided in Section 4.4(h) or 4.4(i).

(ii) Notwithstanding anything to the contrary in this Agreement, in addition to Sellers' obligations to cause the release of the Deposit Amount to Buyer in accordance with Section 3.2(b)(ii), Sellers will, within three (3) Business Days after the closing of an Alternative Transaction, pay to Buyer by wire transfer of immediately available funds only the Expense Reimbursement (but not the Breakup Fee) if this Agreement is terminated as provided in Section 4.4(e).

(iii) Notwithstanding anything to the contrary in this Agreement, in addition to Sellers' obligations to cause the release of the Deposit Amount to Buyer in accordance with Section 3.2(b)(ii), Sellers will, within three (3) Business Days after the closing of an Alternative Transaction, pay to Buyer by wire transfer of immediately available funds only the Expense Reimbursement (but not the Breakup Fee) if this Agreement is terminated as provided in Section 4.4(j) and (A) the Bankruptcy Court enters an order approving an Alternative Transaction and (B) the Alternative Transaction is consummated within nine months after this Agreement is terminated.

(iv) In the event that both Section 4.4(h) or 4.4(i) and Section 4.4(e) or 4.4(j) applies to the termination of this Agreement (or the conditions to termination under Section 4.4(h) or 4.4(i) are satisfied after termination of this Agreement under Section 4.4(e) or 4.4(j)), then this Agreement will be deemed to have been terminated as provided in Section 4.4(h) or 4.4(i), as applicable.

(v) If no Alternative Transaction closes, neither the Breakup Fee nor the Expense Reimbursement will be due or paid.

(vi) In addition, if Sellers fail to pay any amounts due to Buyer pursuant to this Section (a) within the time period specified herein, Sellers will also pay the costs and expenses (including reasonable legal fees and expenses) incurred by Buyer in connection with any action or proceeding taken to collect payment of such amounts; provided, however, that, to the extent any portion of the Expense Reimbursement is being contested in good faith, Sellers will (A) promptly pay the undisputed portion of the expense claimed by Buyer and (B) set aside the disputed portion of such expense in a separate interest bearing account for the sole benefit of Buyer pending the resolution of such dispute. The Parties acknowledge and agree that, in the event that the payment of any amount of Bid Protections (including any costs of collection) described in this Section (a) becomes due and payable, and all such amounts are actually paid to Buyer, such amounts will constitute liquidated damages (and not a penalty).

(vii) The Parties acknowledge and agree that (A) the agreements contained in this Section (a) are an integral part of this Agreement and the Transactions and are a material and necessary inducement to Buyer to enter into this Agreement and to consummate the Transactions and (B) in light of the difficulty of accurately determining actual damages with respect to the foregoing, the right to any such payment of the Bid Protections (and any related collection costs) and the return of the Deposit to Buyer constitute a reasonable estimate of the damages that will compensate Buyer in the circumstances in which such fees are payable for the efforts and resources expended and the opportunities foregone while negotiating this Agreement and in reliance on this Agreement and on the expectation of the consummation of the Transactions. Sellers acknowledge and agree that the entry into this Agreement provides value to Sellers' chapter 11 estates by, among other things, inducing other Persons to submit higher or better offers for the Purchased Assets. For the avoidance of doubt, notwithstanding anything to the contrary in this Agreement, nothing in this Section (a) will in any way limit the Parties' obligations pursuant to Section 3.2(b).

(b) Notwithstanding anything to the contrary in this Agreement, in the event that this Agreement is validly terminated by Sellers pursuant to and in accordance with Section 4.4(f), and the Deposit Amount is delivered to Sellers pursuant to Section 3.2(d), then the delivery of the Deposit Amount to Sellers pursuant to Section 3.2(d) will be deemed to be the sole and exclusive remedy of Sellers and any other Person against Buyer and any other Person for any and all Liabilities, obligations, losses or damages of any kind, character or description suffered or incurred by Buyer in connection with this Agreement and the Transactions. The Parties acknowledge and agree that (i) the agreements contained in this Section 4.6(b) are an integral part of this Agreement and the Transactions and are a material and necessary inducement to Sellers to enter into this Agreement and to consummate the Transactions and (ii) in light of the difficulty of accurately determining actual damages with respect to the foregoing, the right to receive the Deposit Amount pursuant to Section 3.2(b) constitutes a reasonable estimate of the damages that will compensate Sellers in the circumstances in which the Deposit Amount is delivered to Sellers for the efforts and resources expended and the opportunities foregone while negotiating this Agreement and in reliance on this Agreement and on the expectation of the consummation of the Transactions.

(c) In the event that this Agreement is validly terminated as provided in Section 4.4(i), this Agreement will forthwith become void and each of the Parties will be relieved of its duties, covenants, agreements and obligations arising under this Agreement after the date of such termination and such termination will be without liability to Buyer or Sellers; provided, however, that the covenants, agreements and obligations of the Parties set forth in Section 3.2, Section 4.5, this Section 4.6, Section 8.1 and Article 14 will survive any such termination of this Agreement and will be enforceable hereunder.

(d) SUBJECT TO SECTION 4.6(A), 4.6(B) AND 4.6(C), NOTHING IN THIS SECTION 4.6 WILL RELIEVE BUYER OR SELLERS OF ANY LIABILITY FOR A BREACH OF THIS AGREEMENT PRIOR TO THE VALID TERMINATION OF THIS AGREEMENT; PROVIDED, HOWEVER, THAT NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, FROM AND AFTER THE VALID TERMINATION OF THIS AGREEMENT, (I) SELLERS' LIABILITY UNDER THIS AGREEMENT FOR ANY AND ALL SUCH BREACHES WILL NOT EXCEED THE SUM OF THE DEPOSIT AMOUNT AND (TO THE EXTENT PAYABLE TO BUYER BY SELLERS UNDER THIS AGREEMENT) THE BREAKUP FEE AND THE EXPENSE REIMBURSEMENT, AND (II) BUYER'S LIABILITY UNDER THIS AGREEMENT FOR ANY AND ALL SUCH BREACHES WILL NOT EXCEED THE DEPOSIT AMOUNT. FOR THE AVOIDANCE OF DOUBT, THE DISBURSEMENT OF THE DEPOSIT AMOUNT TO BUYER OR SELLERS, AND ANY PAYMENT OF THE BREAKUP FEE OR EXPENSE REIMBURSEMENT PURSUANT TO ANY OTHER PROVISION OF THIS AGREEMENT WILL BE TAKEN INTO ACCOUNT WHEN DETERMINING THE MAXIMUM LIABILITY OF SELLERS OR BUYER, AS APPLICABLE,

PURSUANT TO THE PRIOR SENTENCE.

(e) The Confidentiality Agreement will survive any termination of this Agreement in the absence of the Closing occurring, and nothing in this Section 4.6 will relieve Buyer or Sellers of their respective obligations under the Confidentiality Agreement.

Article 5

REPRESENTATIONS AND WARRANTIES OF SELLERS

As an inducement to Buyer to enter into this Agreement and to consummate the Transactions, each Seller hereby jointly and severally represents, warrants and covenants to Buyer as to the following matters, except as disclosed in the Schedules. Each Seller will be deemed to remake all of the following representations, warranties and covenants as of the Closing Date (or the date otherwise specified herein).

5.1 Authorization. Each Seller has full power and authority to enter into this Agreement and the Transaction Documents to which it is a party, to perform its obligations hereunder and thereunder, and upon the entry of the Sale Order, to carry out the Transactions.

5.2 Binding Agreement. All actions required to be taken by Sellers to authorize the execution, delivery and performance of this Agreement, the Transaction Documents and the Transactions have been duly and properly authorized, taken or obtained by Sellers. No other action on the part of any Seller is necessary to authorize the execution, delivery and performance of this Agreement, the Transaction Documents and the Transactions. This Agreement has been, and each of the Transaction Documents will be at or prior to the Closing, duly and validly executed and delivered by each Seller party thereto and (assuming, and conditioned upon, the due authorization, execution and delivery by the other parties hereto and thereto, the entry of the Sale Order and the entry of the Bidding Procedures Order) this Agreement constitutes, and the Transaction Documents when so executed and delivered will constitute, legal, valid and binding obligations of such Seller, enforceable against such Seller in accordance with their respective terms.

5.3 Organization and Good Standing; No Violation.

(a) Except as set forth on Schedule 5.3(a), each Seller is a limited liability company duly organized, validly existing and in good standing under the laws of the State of California. Each Seller has full power and authority to own, operate and lease its respective properties and to carry on its respective businesses as now conducted.

(b) Except as set forth on Schedule 5.3(b), neither the execution and delivery of this Agreement or any Transaction Document nor the consummation of the Transactions by any Seller, nor compliance with any of the provisions hereof or thereof by any Seller, will (i) violate, conflict with or result in a breach of any material provision of any Seller's articles of organization, operating agreement or other organizational documents, respectively, (ii) violate any order, writ, injunction, ruling or material Law applicable to any Seller, or cause the suspension or revocation of any governmental license or authorization applicable to or binding upon or affecting any Seller, any of the Assets or the operations of the Business, (iii) require any material consent, approval or authorization of, or notice to, or declaration, filing or registration with, any governmental or regulatory authority or other person, (iv) result in the creation or imposition of any Lien (other than a Permitted Exception) on any of the Assets or (v) conflict with, result in any breach or contravention of, or permit the acceleration of the maturity of any portion of, any Liability of any Seller.

5.4 Contracts and Leases.

(a) Schedule 5.4(a)(i) includes a list of all documents pursuant to which any Seller leases

space as a tenant or subtenant used in connection with the operations of the Business. Schedule 5.4(a)(ii) includes a list of all Personal Property Leases. Schedule 5.4(a)(iii) includes a list of all real property leases with respect to the operation of the Business under which any Seller is the lessor or sublessor.

(b) With the exception of the Excluded Multi-Facility Contracts, Schedule 5.4(b) contains a list of all written Material Contracts and a description of all material terms of all Material Contracts that are not in writing.

(c) With the exception of the Excluded Multi-Facility Contracts, Sellers have made available to Buyer copies of each written Material Contract.

(d) Each Purchased Contract is the valid and legally binding obligation of the applicable Seller and, to Sellers' knowledge, of each other party thereto. Except as set forth on Schedule 5.4(d), the applicable Seller has performed, in all material respects, its obligations under and is entitled to all material benefits under all Purchased Contracts. There are no renegotiations pending of, or attempts since May 31, 2017 to renegotiate, amounts paid or payable to the applicable Seller under any Purchased Contract by the applicable Seller or, to Sellers' knowledge, by any third party to any Purchased Contract.

(e) Except as set forth on Schedule 5.4(e), no Seller or, to Sellers' knowledge, any other party thereto is in material breach or material default under any Purchased Contract. No Seller has received written notice that any Person intends to cancel, extend, expand the scope of, or terminate any Purchased Contract. Subject to obtaining the Consents to the assignment of the Purchased Contracts from the third parties to the Purchased Contracts in which consent is required to assign the Purchased Contracts to Buyer (the "Purchased Contract Consents"), the consummation of the Transactions will not constitute and, to Sellers' knowledge, no event has occurred, with or without the passage of time or the giving of notice, which would constitute a material breach or material default by any party to any Purchased Contract or would cause the acceleration of any material obligation of any party thereto or the creation of any Lien upon any of the material Purchased Assets (other than Permitted Exceptions). No Seller has waived in writing any material right exercisable or accruing after the Agreement Date under any Purchased Contract.

5.5 Consents.

(a) Except as set forth on Schedule 5.5(a), no Seller is a party to or bound by, nor are any of the Purchased Assets subject to, any material Lien, Material Contract, order, judgment or decree which (i) requires the consent of another Person to the execution, delivery or performance of this Agreement or (ii) requires the consent of another Person to consummate the Transactions.

(b) Except as set forth on Schedule 5.5(b), no Seller needs to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any Governmental Body in order for the parties to consummate the Transactions.

5.6 Compliance With Laws.

(a) Except as set forth in Schedule 5.6(a), if any, Sellers are, and have been during the three years prior to the Agreement Date, in compliance in all material respects with all applicable Laws that are or were applicable to it or the conduct of the Business or the ownership or use of any of the Purchased Assets. Except as set forth in Schedule 5.6(a), if any, no Seller has been charged with or given notice of, and to Sellers' knowledge, no Seller, is under investigation with respect to, any material violation of any (i) Law applicable to the Business, (ii) material license or material certificate issued to any Seller relating to the Business, or (iii) order, judgment or decree entered, by any federal, state, local or foreign court or governmental authority against any Seller relating to the Business. Notwithstanding the foregoing, no provision of this Section 5.6(a) will be deemed a representation or warranty by any Seller as to

compliance with any Environmental Laws, provision for which is made in Section 5.6(b) or as to compliance with any Healthcare Laws, provision for which is made in Section 5.8(a).

(b) Except as set forth in Schedule 5.6(b), Sellers' ownership and operations of the Business and the Purchased Assets are, and have been during the three (3) years prior to the Agreement Date, in compliance in all material respects with all Environmental Laws. Except as set forth in Schedule 5.6(b), Sellers have obtained all Government Authorizations required under all applicable Environmental Laws (the "Environmental Permits") for the ownership and operations of the Business and the Purchased Assets as they exist on the date of this Agreement. Except as set forth in Schedule 5.6(b), all such Environmental Permits are in effect and, to Sellers' knowledge, no action to revoke or modify any of such Environmental Permits is pending and, to Sellers' knowledge, no facts or conditions exist which could form the basis of any action to revoke or modify any of such Environmental Permits. Except as set forth in Schedule 5.6(b), during the three (3) years prior to the Agreement Date, there has not been and there is not now pending or, to Sellers' knowledge, threatened, any claim, investigation or enforcement action concerning any Seller's potential liability under Environmental Laws in connection with the ownership or operations of the Business or the Purchased Assets. Except as set forth in Schedule 5.6(b), to Sellers' knowledge, there has not been a release or threatened release of any Hazardous Substance at, upon, in, under or from the Business or the Purchased Assets at any time, except in compliance with applicable Environmental Laws. Except as set forth on Schedule 5.6(b), to Sellers' knowledge, (i) there are presently no, and there have never been any above ground or underground storage tanks for the storage of Hazardous Substances on any Owned Real Property, and (ii) there are presently no, above ground tanks for the storage of Hazardous Substances on the Rosemead Hospital or any underground tanks for such storage installed by any Seller on the Rosemead Hospital. Except as set forth on Schedule 5.6(b), no Seller has ever been alleged to be, a "potentially responsible party" under the Comprehensive Environmental Response, Compensation and Liability Act, as amended (42 U.S.C. §9610, et. seq.) ("CERCLA"), or any other corresponding state statutes.

(c) Schedule 5.6(c) sets forth the current status of the Business' compliance with the Alfred E. Alquist Hospital Facilities Seismic Safety Act. During the three (3) years prior to the Agreement Date, no Seller has received any written notice or other communication from any Governmental Body or other Person regarding any actual or potential violation of, or failure to comply with, such act by any Seller. A copy of the Hospitals' compliance plan, as submitted to OSHPD in accordance with such act, has been made available to Buyer.

5.7 Title; Sufficiency; Real Property Matters.

(a) Sellers have good and marketable fee simple title to, or a leasehold interest in, as the case may be, their respective Real Property. Schedule 5.7(a) sets forth a list of the Owned Real Property, including the legal description and, to the extent available, tax parcel number and street address of each parcel of Owned Real Property. Annex 2.1(b) and Annex 2.2(z) sets forth a list of the Leased Real Property, including the street address and applicable Tenant Lease for each portion of the Leased Real Property. Sellers have made available to Buyer (x) copies of each Tenant Lease together with all amendments and modifications thereto and (y) all title insurance reports and policies with respect to the Owned Real Property and the Leased Real Property in possession or control of any Seller. Sellers have good and marketable title to their respective Personal Property.

(b) The Owned Real Property, the Personal Property, and the leasehold interests in the Leased Real Property are held by Sellers free and clear of all Liens, except for (i) the following (collectively, the "Permitted Exceptions"): (A) mechanics', carriers', workmen's, repairmen's and other statutory liens not yet due or payable or being contested in accordance with Law, and (B) with respect to the Real Property, (1) matters in the Title Commitment that are deemed to be or are otherwise to be treated as Permitted Exceptions under Section 8.17(b), (2) the Lessor Leases, including the rights of

tenants under the Lessor Leases, and subject to Section 8.15(a), the Tenant Leases, (3) zoning regulations and other Laws affecting the Real Property, (4) building or use restrictions and the terms and conditions of variances, conditional use permits and similar permits, consents and approvals, (5) matters that would be revealed by a survey or physical inspection of the Real Property, (6) matters arising as a result of the acts or omissions of Buyer or any of Buyer's Affiliates, agents, employees, contractors or representatives, (7) standard printed exceptions customarily set forth in title reports, title commitments or title policies, and (8) liens for real property taxes and assessments not yet due or payable; and (ii) any other matters disclosed by the Title Commitment or the Surveys; provided, however, that as of the Closing Date, Mandatory Payoff Liens and Policy Removal Liens are not Permitted Exceptions.

(c) Each Tenant Lease and Lessor Lease is in full force and effect and no Seller has given or received any written notice of default under any Tenant Lease or Lessor Lease which have not been cured.

(d) Except for the Real Property, no other real property or interest in real property is used or held for use with respect to the Business or required to be used or held for use in order to operate the Business as currently operated.

(e) There are no eminent domain proceedings or zoning or other public land use proceedings (i) pending, or to Sellers' knowledge, threatened against the Owned Real Property or (ii) to Sellers' knowledge, pending or threatened against the Leased Real Property.

(f) With respect to the Real Property:

(i) Except for the rights of landlords under the Tenant Leases and parties in possession under the Tenant Leases and the Lessor Leases (including permitted subtenants and licensees thereunder), there is no Person in possession of any portion thereof other than Sellers and there are no Contracts entered into by any Seller granting any party the right to lease, use, occupy or acquire the Owned Real Property, the leasehold interests in the Leased Real Property or any portion thereof;

(ii) Sellers have not received written notice of any assessment which affects the Real Property or any portion thereof, a copy of which has not been made available to Buyer, is not set forth in the Title Commitment or is not otherwise publicly available in the records of the Governmental Body imposing such assessment;

(iii) Sellers have not received any written notice that the current use and occupancy of the Real Property violates any easement, covenant, condition, restriction or similar provision in any instrument of record or unrecorded agreement encumbering or otherwise applicable to the Real Property or the use and occupancy thereof; and

(iv) Sellers have not received any written notice from any utility company or municipality of any fact or condition which could reasonably be expected to result in the material impairment or discontinuation of currently available and necessary sewer, water, electric, gas, telephone or other utilities or services for such Real Property.

(g) Other than with respect to the Real Property (as set forth in Section 2.7(a)), the Purchased Assets and the Excluded Assets comprise substantially all of the property and assets used in the conduct of the businesses and operations of the Business as currently conducted.

(h) Sellers have not received any written notice that the improvements and fixtures located on any of the Real Property are in violation of occupancy, land use, environmental and zoning Laws or recorded restrictions applicable to such Real Property.

5.8 Healthcare Representations.

(a) Except as set forth in Schedule 5.8(a), all activities of Sellers with respect to the Business have been during the six (6) years prior to the Agreement Date, and are currently being conducted in compliance with all Healthcare Laws in all material respects. Except as set forth in Schedule 5.8(a), during the six (6) years prior to the Agreement Date, there have been no, and currently there are no legal proceedings, audits or recoupments by or before any Governmental Body alleging a material violation of Healthcare Laws by any Seller with respect to the Business, or their respective employees, officers, directors and managers (each in their respective capacity as an employee, officer, director or manager of any Seller with respect to the Business), other than billing audits in the ordinary course of business. Except as set forth in Schedule 5.8(a), during the six (6) years prior to the Agreement Date, no Seller, nor any of its respective employees, officers, directors and managers (each in their respective capacity as an employee, officer, director or manager of any Seller with respect to the Business), has received any written notice of any pending or threatened investigation from any Governmental Body or the Joint Commission with respect to an alleged material violation of any Healthcare Law in the conduct of the Business.

(b) Sellers have all material Government Authorizations which are necessary to own the Purchased Assets and operate the business of the Business by each Seller. All such material Government Authorizations are (i) listed on Schedule 5.8(b) and (ii) valid and in full force and effect.

(c) The LA Hospital is licensed for 87 general acute care beds and 29 acute psychiatric beds; and the Rosemead Hospital is licensed for 118 acute psychiatric beds. The Hospitals are duly accredited by The Joint Commission ("Joint Commission") for the period set forth in Schedule 5.8(c). With respect to the Hospitals, Sellers have previously delivered to Buyer a copy of the most recent Joint Commission accreditation survey report and deficiency list, if any; the most recent Statement of Deficiencies and Plans of Correction on Form CMS-2567; the most recent state licensing report and list of deficiencies, if any; and the most recent fire marshal's survey and deficiency list, if any, and the corresponding plan of correction or other responses.

(d) The Hospitals are certified for participation in the Medicare, Medi-Cal and TRICARE programs, and has current and valid provider contracts with each of such programs, and is in compliance in all material respects with the conditions of participation of such programs.

(e) Notices of Program Reimbursement have been issued with respect to the cost reports of the Business for Medicare and Medi-Cal (if required) through the periods set forth in Schedule 5.8(e). Each of such reports was timely filed. To Sellers' knowledge, no Seller has received notice of any material dispute between the Business and the applicable governmental agency or private entity, or their administrative contractors or representatives, regarding such cost reports for periods subsequent to the periods specified in Schedule 5.8(e).

(f) No current employee at the Business has been excluded from participating in any federal health care program (as defined in 42 U.S.C. §1320a-7b(f)) or has been included on the Medi-Cal Suspended and Ineligible Provider List pursuant to California Welfare and Institutions Code section 14043.61(a). None of any Seller's or the Business' current officers, directors or managing employees (as such term is defined in 42 U.S.C. §1320a-5(b)), has been excluded from Medicare, any federal health care program (as defined in 42 U.S.C. §1320a-7b(f)) or Medi-Cal or been subject to sanction pursuant to 42 U.S.C. §1320a-7a or 1320a-8 or been convicted of a crime described at 42 U.S.C. §1320a-7b.

(g) Prior to the Agreement Date, Sellers have made available to Buyer, with respect to the Business, a copy of the blank forms generally used with respect to medical staff privileges and

membership application or delineation of privileges; and all current medical staff bylaws, rules and regulations and amendments thereto.

(h) Except as set forth in Schedule 5.8(h), if any, there are no material pending or, to Sellers' knowledge, threatened disciplinary or corrective actions or appeals with respect to the medical or other staff members of the Hospitals. Schedule 5.8(h) sets forth a complete and accurate list of (i) the name of each member of the medical staff of the Hospitals as of the Agreement Date, and (ii) the specialty, if any, of each medical staff member.

(i) Except as set forth in Schedule 5.8(i), if any, and solely with respect to the Business:

(i) Sellers' receipt, collection, monitoring, maintenance, transmission, use, disclosure, storage, disposal and security of any individually identifiable health information, including Protected Health Information (as defined in 45 C.F.R. §160.103), "Personal Information" (or similar terms such as "Personally Identifiable Information" or "Sensitive Personal Information") as defined by applicable state medical information breach notification laws, medical records, or other records generated in the course of providing or payment for health care services (collectively, "Personal Information") complies in all material respects with HIPAA and applicable state and federal laws concerning the privacy, security, or breach of Personal Information, and state Social Security number protection laws (the "Information Privacy and Security Laws"). Each Seller has all necessary authority, consents, authorizations and other legal permissions to receive, access, use and disclose the Personal Information in each Seller's possession or under its control in connection with the operations of the Business.

(ii) Each Seller has executed current and valid "Business Associate Agreements" (as described in 45 C.F.R. § 164.504(e)) with each (A) "Business Associate" (as defined by 45 C.F.R. § 160.103) or "Subcontractor" (as defined at 45 C.F.R. § 160.103) that performs functions or activities that render the Person a Business Associate or Subcontractor of any Seller and (B) "Covered Entity" (as defined at 45 C.F.R. § 160.103) for which a Seller provides functions or activities that render a Seller a Business Associate, in each case as required by, and in conformity with, HIPAA. To Sellers' knowledge, no Seller has materially breached any "Business Associate Agreement" and, to Sellers' knowledge, no Business Associate or Subcontractor has materially breached any such Business Associate Agreement with a Seller during the six (6) year period prior to the Agreement Date.

(iii) Sellers' employees who have access to Personal Information have received documented training, as necessary and appropriate for such employees to carry out their respective functions in accordance with applicable Information Privacy and Security Laws.

(iv) To Sellers' knowledge, there has been no unauthorized access, use or disclosure of Personal Information that would constitute a "Breach" (as defined 45 C.F.R. § 164.402) for which notification by any Seller to any Person or Governmental Bodies is required under any applicable Information Privacy and Security Laws during the twelve (12) month period prior to the Agreement Date. All required notifications to affected individuals, the media, and any relevant state or federal agency have been made with respect to any and all Breaches that occurred during the twelve (12) month period prior to the Agreement Date.

(v) Each Seller has identified, documented, investigated, responded, reported and mitigated (to the extent practicable) each successful Security Incident (as defined in 45 C.F.R. § 164.304) related to Personal Information of each Seller.

(vi) No Seller: (A) is, to Sellers' knowledge, under investigation by any Governmental Body for a material violation of any Information Privacy and Security Laws, or (B) has received any written correspondence, notices, or audit requests from the United States Department of

Health and Human Services Office for Civil Rights, Federal Trade Commission, the Attorney General of any state or other Governmental Body relating to any such violations.

(vii) Each Seller has performed a security risk assessment that meets the standards set forth at 45 C.F.R. § 164.308(a)(1)(ii)(A), taking into account factors set forth in 45 C.F.R. § 164.306(a)-(c) (the "Security Risk Assessment"), to the extent required by HIPAA. Each Seller has implemented reasonable and appropriate security measures to address reasonably anticipated threats, deficiencies and vulnerabilities identified in each such Security Risk Assessment in accordance with HIPAA.

(j) No Seller is a party to, or otherwise bound by, (i) a corporate integrity agreement with the Office of the Inspector General of the U.S. Department of Health and Human Services, or any similar agreement with any Governmental Body; or (ii) has any reporting obligations pursuant to any settlement agreement entered into with any Governmental Body. No Seller has been requested to enter into, and no Seller is in the process of negotiating, any such agreement.

(k) No Seller, with respect to the Business, is in possession of any overpayments from any Healthcare Program or any other third party payor, other than amounts that are received and repaid in the Ordinary Course. No Seller's billing practices, with respect to the Business, violate applicable Healthcare Laws or third-party payor policies or rules governing reimbursement and claims. There is no pending or, to Sellers' knowledge, threatened appeal, adjustment, challenge, audit (including notice of an intent to audit), inquiry or other proceeding related to any such claims.

5.9 Brokers and Finders. Except for MTS Health Partners, no Seller, any Affiliate of any Seller, or any officer or director thereof, has engaged any finder or broker in connection with the Transactions.

5.10 Financial Statements.

(a) Sellers have delivered to Buyer copies of the following (collectively, the "Financial Statements"): (a) the unaudited financial statements of Sellers with respect to the operations of the Business as of December 31, 2017, December 31, 2016, and December 31, 2015 and for the years then ended and (b) the unaudited financial statements of Sellers with respect to the operations of the Business as of August 31, 2018 and for the eight months then ended (the "Interim Financials"). The Financial Statements fairly present, or will fairly present when prepared, the financial position and results of operations, as applicable, of Sellers with respect to the operations of the Business as of and for the periods then ended, in each case in conformity with GAAP. The books of account and other financial records of each Seller are complete and correct in conformity with GAAP and represent actual, bona fide transactions.

(b) There are no material Liabilities of Sellers of any nature, whether or not accrued, contingent or otherwise, with respect to the Business, that would be required to be reflected on a consolidated balance sheet or the notes thereto of such Seller, other than those that (i) are reflected or reserved against on the balance sheet of Sellers dated December 31, 2017; (ii) have been incurred in the Ordinary Course (excluding, for the avoidance of doubt, any Liability arising from tort, breach of Contract or malfeasance) since December 31, 2017; or (iii) are contractual obligations arising under this Agreement.

(c) All accounts payable and notes payable reflected on the Financial Statements or arising after December 31, 2017 with respect to the Business, are calculated in accordance with GAAP, arose in bona fide arm's length transactions in the Ordinary Course and no such account payable or note payable is delinquent in its payment in any material respect, except for accounts payable that are recorded on the Financial Statements that are subject to a good faith dispute or that are set forth on Schedule 5.10(c)(i).

Except as set forth on Schedule 5.10(c)(ii), since December 31, 2017, each Seller, with respect to the Business, has paid its accounts payable in the Ordinary Course and in a manner which is consistent with its past practices. Except as set forth on Schedule 5.10(c)(iii), no Seller, with respect to the Business, has any accounts payable to any Person with which the Seller is affiliated or with any of the respective directors, officers, employees, stockholders or Affiliates of Sellers.

(d) Sellers maintain a system of internal accounting controls and procedures that are sufficient to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP and to maintain accountability for assets. No Seller, nor, to Sellers' knowledge, any employee of any Seller, has received notice of any complaint, allegation or claim, whether written or oral, regarding the accounting and auditing practices, procedures or methodologies of any Seller or its internal accounting controls.

5.11 Legal Proceedings. Except as set forth on Schedule 5.11, there are no material claims, proceedings or investigations pending or, to Sellers' knowledge, threatened relating to or affecting any Seller with respect to the operations of the Business or any of the Purchased Assets before any Governmental Body. No Seller is subject to any judgment, order, decree or other governmental restriction specifically (as distinct from generically) applicable to it or its assets, including the Purchased Assets. There is no action or suit before any Governmental Body pending (and, to Sellers' knowledge, there is no action, suit, proceeding, inquiry or investigation threatened) against any Seller or the Business which: (a) adversely affects or seeks to prohibit, restrain or enjoin the execution and delivery of this Agreement; (b) adversely affects or questions the validity or enforceability of this Agreement; (c) questions the power or authority of any Seller to carry out the Transactions or to perform their obligations under this Agreement; or (d) would result in any change which would adversely affect the ability of any Seller to perform any of its obligations hereunder.

5.12 Employee Benefits.

(a) Schedule 5.12(a) contains a list of (i) each pension, profit sharing, bonus, deferred compensation, or other retirement plan or arrangement of Sellers with respect to the operations of the Business, whether oral or written, which constitutes an "employee pension benefit plan" as defined in Section 3(2) of ERISA, (ii) each medical, health, disability, insurance or other plan or arrangement of Sellers with respect to the operations of the Business, whether oral or written, which constitutes an "employee welfare benefit plan" as defined in Section 3(1) of ERISA, and (iii) each other employee benefit or perquisite (including incentive, bonus, equity or equity-based compensation, change in control, severance, vacation, paid time off, welfare and fringe-benefit agreement, plan policy and program, whether oral or written, whether or not tax-qualified and whether or not subject to ERISA) provided by Sellers with respect to the operations of the Business, in which any employee of any Seller participates in his capacity as such, which is or has been maintained, sponsored, contributed to, or required to be contributed to by any Seller or under which any Seller or any of its ERISA Affiliates has or may have any liability, contingent or otherwise (collectively, the "Seller Plans").

(b) With respect to each Seller Plan, to Sellers' knowledge, no Seller has any direct or indirect liability, other than to make payments for contributions, premiums or benefits when due in the ordinary course, all of which payments that are due having been made. No Seller Plan is a multiemployer plan (as defined in Section 3(37) or 4001(a)(3) of ERISA) or an employee benefit plan that is subject to Section 302, 303, 304, or 305 of ERISA, Title IV of ERISA or Section 412, 430, 431, 432, or 436 of the Code, and neither any Seller nor any ERISA Affiliate has ever sponsored, maintained or contributed to (or has ever been obligated to contribute to or has any current or contingent liability with respect to) any such plan. Neither the Business nor any of the Purchased Assets are subject to any lien under ERISA, the Code or otherwise.

(c) Other than as required under Section 4980B of the Code or other applicable Law, no Seller Plan provides benefits or coverage in the nature of health, life or disability insurance following retirement or other termination of employment (other than death benefits when termination occurs upon death).

(d) Except as set forth in Schedule 5.12(d), neither the execution of this Agreement, the Transaction Documents nor any of the Transactions will (either alone or upon the occurrence of any additional or subsequent events): (i) result in the payment to any employee, director or consultant of the Business of any money or other property; (ii) accelerate the vesting of or provide any additional rights or benefits (including funding of compensation or benefits through a trust or otherwise) to any employee, director or consultant of the Business; (iii) result in "excess parachute payments" within the meaning of Section 280G(b) of the Code; or (iv) require a "gross-up" or other payment to any "disqualified individual" within the meaning of Section 280G(c) of the Code.

5.13 Personnel.

(a) Schedule 5.13(a) sets forth a complete list (as of the date set forth therein) of names, positions, rates of pay, bonus or commission compensation, and classification as exempt or non-exempt from federal and state overtime laws of all full-time and part-time Business Employees and indicating whether such employee is a part-time or full-time employee, whether the employee is a temporary or regular status employee, and whether such employee is actively employed or on a leave of absence and if so, the type of leave.

(b) Except as set forth on Schedule 5.13(b), there are no labor union or collective bargaining agreements in effect with respect to the Business Employees. To Sellers' knowledge, there is no unfair labor practice complaint against any Seller pending or threatened before the National Labor Relations Board. There is no labor strike, arbitration, dispute, slowdown, stoppage or union organizing campaign pending, or to Sellers' knowledge, threatened, that would materially affect the operations of the Business.

(c) Payment in full or accrual on the books and records of Sellers has been made with respect to all full-time and part-time employees of Sellers who are dedicated to performing services with respect to the operations of the Business of all wages, salaries, commissions, bonuses, benefits and other compensation currently due to such Business Employees.

(d) There have not been implementations of any early retirement, group reduction in force, or separation programs during the three years prior to the Agreement Date with respect to any Seller in connection with the operations of the Business, nor are there any current plans or announcements to implement any such program in the future.

(e) There are no material liabilities of any Seller relating to workers' compensation benefits that are not fully insured against by a bona fide third-party insurance carrier, subject to normal deductibles. All premiums for workers' compensation insurance required to have been paid to date have been paid.

(f) Schedule 5.13(f) sets forth a complete list of names and corresponding amounts paid to recipients of an Internal Revenue Service Form 1099 from any Seller with respect to the operations of the Business for calendar year 2017 (and the nine-month period ended September 30, 2018 for those payees which would reasonably be expected to receive such a Form 1099 for such period).

5.14 Insurance. Sellers maintain, and have maintained, without interruption, at all times during Sellers' ownership of the Business and the Purchased Assets, self-insurance or policies or binders of insurance covering such risks and events, including personal injury, property damage, malpractice and general liability, to provide adequate and sufficient insurance coverage for all the operations of the

Business. Schedule 5.14 contains a list of all such insurance maintained by Sellers with respect to the operations of the Business as of the Agreement Date.

5.15 Accounts Receivable; Inventory.

(a) The Financial Statements, with respect to Sellers' accounts receivable that constitute a part of the Purchased Assets, accurately reflect the amount due to each Seller as of the date indicated on such applicable Financial Statements with reasonable reserves and allowances. All of Sellers' outstanding accounts receivable arose in the Ordinary Course. All Accounts Receivable reflected in the Interim Financials, and all Accounts Receivable arising since the date of the Interim Financials, to the extent still outstanding, represent arm's length sales in the ordinary course of business, constitute valid claims of the applicable Seller, free and clear of all Liens. Since the date of the Interim Financials, Sellers have not taken any write-offs as uncollectible of any such Accounts Receivable, except for write-offs in the ordinary course of business. Except as set forth on Schedule 5.15(a), since December 31, 2017, each Seller has collected its Accounts Receivable in the Ordinary Course and in a manner which is consistent with past practices and has not accelerated any such collections. Except as set forth on Schedule 5.15(a), no Seller has any Accounts Receivable from any Person with whom the Seller is affiliated or any of the directors, officers, employees, stockholders or Affiliates of Sellers.

(b) The Inventory is, and at the Closing Date will be, maintained in the quality and such quantities useable and, with respect to finished goods, saleable as is consistent with the Business' respective historical practices. All Inventory is owned by the applicable Seller, free and clear of Liens other than Permitted Exceptions, and no Inventory is held on a consignment basis. The Inventory (other than goods in transit) is located on the premises of a Seller.

5.16 Taxes. Except as set forth in Schedule 5.16, each Seller has filed on a timely basis all Tax Returns required to be filed by or in respect of the Business; all such Tax Returns are true, complete and correct in all material respects; all Taxes due and owing by each Seller with respect to the Business have been, or will be timely paid; each Seller has withheld and paid each tax required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, customer, or other party and has complied with all information reporting and backup withholding provisions of applicable Law; no extensions or waivers of statutes of limitations have been given or requested with respect to any Taxes of any Seller; all deficiencies asserted, or assessments made, against any Seller as a result of any examinations by any taxing authority have been paid; no Seller has received any notice of any proposed assessments of Taxes against or in respect of the Business, or of any proposed adjustments to any Tax returns filed by or in respect of the Business; there are no liens for Taxes upon any assets of the Business; and none of the assets of the Business is tax-exempt use property within the meaning of Section 168(h) of the Code or tax exempt bond financed property within the meaning of Section 168(g)(5) of the Code.

5.17 HITECH Meaningful Use. Except as set forth on Schedule 5.17, each Seller eligible to participate in the Medicare and Medicaid Electronic Health Record ("EHR") Incentive Programs (described in HITECH Act §§4101, 4102 and 4201) has in place a certified EHR technology (as defined in HITECH Act §3000). Except as set forth on Schedule 5.17, since such Business became eligible to qualify for "meaningful use" payments (as defined in the HITECH Act), each has been and continues to be in compliance in all material respects with the applicable requirements necessary for eligible professionals and hospitals to successfully demonstrate meaningful use of certified EHR technology and receive the associated Medicare and Medicaid incentive payments or avoid related Medicare payment adjustments.

5.18 Intellectual Property.

(a) Schedule 5.18(a) contains a list of all Transferred Intellectual Property registrations and pending applications owned by any Seller (collectively, "Registered Transferred Intellectual Property") and a list of all other Transferred Intellectual Property, including software (other than off-the-shelf, or generally-available third-party software), that is material to the operations of the Business. All required filings and fees related to Registered Transferred Intellectual Property have been filed with and paid to the relevant Governmental Bodies and authorized registrars, and all Registered Transferred Intellectual Property is otherwise in good standing.

(b) Schedule 5.18(b) lists all material Contracts to which any Seller is a party relating to Transferred Intellectual Property listed on Schedule 5.18(a). Sellers have made available to Buyer copies of all such Contracts.

(c) The applicable Seller's rights in the Transferred Intellectual Property are valid, subsisting and enforceable. The applicable Seller has taken commercially reasonable steps to maintain the Transferred Intellectual Property and to protect and preserve the confidentiality of all trade secrets included in the Transferred Intellectual Property. Sellers own all right, title and interest in and to the Transferred Intellectual Property free and clear of Liens other than Permitted Exceptions. No employee or contractor of any Seller has any ownership interest, rights to royalties or any other rights that would conflict with the ownership rights of any Seller with respect to any of the Transferred Intellectual Property.

(d) Sellers have and will have prior to Closing all rights necessary to assign, transfer and convey all rights of Sellers in and to the Transferred Intellectual Property to Buyer pursuant to this Agreement.

(e) Except as disclosed on Schedule 5.18(e), the consummation of the Transactions will not result in the loss or impairment of or payment of any additional amounts with respect to, nor require the consent of any other Person in respect of, the applicable Seller's right to own, use or hold for use any Transferred Intellectual Property as owned, used or held for use in the conduct of the Business.

(f) The trademarks included in the Transferred Intellectual Property have not infringed, misappropriated, diluted or otherwise violated, and do not infringe, dilute, misappropriate or otherwise violate, in any material way, the Intellectual Property or other rights of any Person; and the conduct of the Business and use of Intellectual Property therein have not infringed, misappropriated, diluted or otherwise violated, and do not infringe, dilute, misappropriate or otherwise violate, in any material way, the Intellectual Property or other rights of any Person. To Sellers' knowledge, no employee or former employee of any Sellers have infringed, misappropriated, diluted or otherwise violated, or is currently infringing, misappropriating, diluting or otherwise violating, any Transferred Intellectual Property and, to Sellers' knowledge, no other Person has infringed, misappropriated, diluted or otherwise violated, or is currently infringing, misappropriating, diluting or otherwise violating, any Transferred Intellectual Property. Except as set forth on Schedule 5.18(f), there are no royalties, fees or other payments payable by any Seller to any Person by reason of ownership, use, sale or disposition of the Transferred Intellectual Property.

(g) Except as set forth on Schedule 5.18(g), the Transferred Intellectual Property does not include any patents, registered trademarks, registered service marks or registered copyrights, and none of the Transferred Intellectual Property has been the subject of any action or proceeding brought against any Seller for infringement of any Intellectual Property right of any third party. No Seller has brought any action or proceeding for infringement of any Transferred Intellectual Property or breach of any license, Contract or agreement involving any Transferred Intellectual Property against any third party. There are

no claims or Proceedings (including any oppositions, interferences or re-examinations) pending or, to Sellers' knowledge, threatened (including in the form of offers to obtain a license) alleging any infringement, misappropriation, dilution or violation of the Intellectual Property of any other Person by any Seller; challenging the validity, enforceability, registrability or ownership of any Transferred Intellectual Property or the rights of the applicable Seller with respect to any Transferred Intellectual Property; or by any Seller alleging any infringement, misappropriation, dilution or violation by any other Person of the Transferred Intellectual Property. No Seller is subject to any outstanding or, to Sellers' knowledge, prospective order (including any motion or petition therefor) that does or would restrict or impair the use of any Transferred Intellectual Property by any Seller.

5.19 Suppliers. Schedule 5.19 sets forth (i) the top 25 suppliers of goods or services to Sellers in connection with the operations of the Business by amount paid or payable to such suppliers during the fiscal year ended December 31, 2017, and during the 9-month period ended September 30, 2018 (collectively, the "Material Suppliers"); and (ii) the amount paid or payable to each Material Supplier during such periods. None of the Material Suppliers has ceased, or to Sellers' knowledge intends to cease, to supply goods or services to, or to terminate or materially reduce its relationship, with any Seller or after the Closing, Buyer.

5.20 Absence of Changes. Since May 31, 2017, each Seller has conducted its business only in the Ordinary Course, and since May 31, 2017, except as set forth in Schedule 5.20, there has not been any:

(a) act or omission described in Section 8.7(a), *provided, however*, that any act or omission described in Section 8.7(a) that occurs after the Agreement Date and for which Buyer's consent has been obtained in accordance with Section 8.7 will not be considered a breach of this Section 5.20(a).

(b) entry into or amendment of any employment, severance, bonus, retirement, loan, or other Contract with any director, manager, officer, employee, or consultant of any Seller.

(c) adoption of or amendment to any Seller Plans that would result in a material increase in aggregate payments or benefits under the Seller Plans.

(d) release or waiver of any claim or right of any Seller with a value in excess of \$50,000.

(e) capital investment in, loan to, or acquisition of the securities or assets of, any Person (other than to SH1 or HLP) or acquisition (by merger, exchange, consolidation, acquisition of equity securities or assets, or otherwise) of any Person by any Seller.

(f) entry into any Contract to do any of the foregoing or any action or omission that would result in any of the foregoing.

5.21 Books and Records. The books of account of Sellers, all of which have been made available to Buyer, are complete and accurate in all material respects.

5.22 Patient Census. Schedule 5.22 sets forth the aggregate patient census of the LA Hospital for calendar year 2016 (including by calendar month) and the aggregate patient census of the Rosemead Hospital for calendar year 2016 (including by calendar month). For the period between January 1, 2017 and November 30, 2017, (a) the average monthly patient census of the LA Hospital has not been less than 73% of its average monthly patient census during calendar year 2016 and (b) the average monthly patient census of the Rosemead Hospital has not been less than 84% of its average monthly patient census during calendar year 2016.

5.23 Title, Sufficiency of Assets.

(a) Except as disclosed on Schedule 5.23, (i) Sellers own or have a valid, enforceable leasehold or other interest in or license to use the Purchased Assets and (ii) at the Closing and subject to the Sale Order, Buyer will be vested with good and valid title to such Purchased Assets, free and clear of all Liens and Excluded Liabilities (including, for the avoidance of doubt, any claims for successor liability or similar theories under applicable state or federal law or otherwise, including any successorship obligations under any collective bargaining agreement or with respect to any Seller Plan), to the fullest extent permissible under Section 363(f) of the Bankruptcy Code and other applicable Law. The Parties agree that the provisions substantially in the form of this Section 5.23(a) will be included in the Sale Order.

(b) Except as disclosed on Schedule 5.23, the furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property currently owned or leased by Sellers, together with all other Purchased Assets, are sufficient in all material respects for the continued conduct of the Business after the Closing in substantially the same manner as conducted prior to the Closing and constitute all of the material rights, property and assets necessary to conduct the Business as conducted since May 31, 2017.

5.24 Debt. Schedule 5.24 contains a list of all Debt outstanding as of the Agreement Date (including Debt to any Person with which any Seller is affiliated or any of the respective directors, officers, employees, stockholders or Affiliates of Sellers) and specifies the applicable Contract under which such Debt was issued.

5.25 Affiliate Assets and Transactions. Except as disclosed in Schedule 5.25, no Affiliate of any Sellers has any interest in any asset used in or pertaining to the Business. Schedule 5.25 includes a list of all Contracts between any Seller and any Affiliate of any Seller with respect to the operations of the Business.

5.26 No Material Adverse Change. Except set forth on Schedule 5.26, since May 31, 2017, there has not been a Material Adverse Change.

5.27 QAF. SH1 is not disqualified from participation in the QAF4 Program or the QAF5 Program. To Sellers' knowledge, no event has occurred which, with or without the passage of time or the giving of notice, could reasonably be expected to result in SH1 being disqualified from participation in the QAF4 Program or the QAF5 Program.

5.28 Disclosure. No representation or warranty or other statement made by any Seller in connection with the Transactions contains or will contain any untrue statement or omits or will omit to state a material fact necessary to make any of them, in light of the circumstances in which it was made, not misleading. To Sellers' knowledge, there are no facts, changes, developments, events, occurrences, actions, effects, conditions or circumstances that have not been disclosed to Buyer in the Disclosure Schedules that would reasonably be expected to have or result in a Material Adverse Change.

5.29 Seller Knowledge. References in this Agreement to "Sellers' knowledge" mean the knowledge of Mark Apodaca, Nikki Cunningham, Chris Moore, Michael Phillips, George Watkins or Jamie Yoo, which, for all purposes of this Agreement, means the knowledge that any of them would have by (a) review of materials in the Virtual Data Room, (b) review of materials in their respective files or (c) inquiry of any of their respective direct reports, in each case as of the Agreement Date and the Closing Date.

Article 6

REPRESENTATIONS AND WARRANTIES OF BUYER

As an inducement to Sellers to enter into this Agreement and to consummate the Transactions, Buyer hereby represents, warrants and covenants to Sellers as to the following matters as of the Agreement Date and, except as otherwise provided herein, will be deemed to remake all of the following representations, warranties and covenants as of the Closing Date:

6.1 Authorization. Buyer has full limited liability company power and authority to enter into this Agreement and the Transaction Documents to which it is a party and has full limited liability company power and authority to carry out the Transactions.

6.2 Binding Agreement. All limited liability company actions required to be taken by Buyer to authorize the execution, delivery and performance of this Agreement, the Transaction Documents and the Transactions have been duly and properly authorized, taken or obtained by Buyer. No other limited liability company action on the part of Buyer is necessary to authorize the execution, delivery and performance of this Agreement, the Transaction Documents and the Transactions. This Agreement has been duly and validly executed and delivered by Buyer and, assuming due and valid execution by Sellers, this Agreement constitutes a valid and binding obligation of Buyer enforceable in accordance with its terms.

6.3 Organization and Good Standing. Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, to the extent it is not organized in the State of California, it is currently qualified to do business in the State of California and has it has full limited liability company power and authority to own, operate and lease its properties and to carry on its business as now conducted.

6.4 No Violation. Neither the execution and delivery by Buyer of this Agreement or any Transaction Document nor the consummation of the Transactions nor compliance with any of the provisions hereof or thereof by Buyer will (a) violate, conflict with or result in a breach of any material provision of the organizational documents of Buyer or (b) violate any order, writ, injunction, ruling or material Law, applicable to Buyer, or cause the suspension or revocation of any governmental license or authorization applicable to or binding upon or affecting Buyer.

6.5 Brokers and Finders. Neither Buyer nor any Affiliate thereof nor any officer or director thereof has engaged any finder or broker in connection with the transactions contemplated hereunder.

6.6 Representations of Sellers. Buyer acknowledges that:

(a) Buyer is not relying on any representation or warranty (expressed or implied, oral or otherwise) made on behalf of any Seller other than (i) as expressly set forth in this Agreement or any of the Transaction Documents or any certificate delivered in connection with the Transactions or (ii) in the case of fraud.

(b) Except as expressly set forth in this Agreement or any of the Transaction Documents or any certificate delivered in connection with the Transactions or with respect to any claim of fraud:

(i) The tangible Purchased Assets will be sold by Sellers and purchased by Buyer in their physical condition at the Effective Time, "AS IS, WHERE IS AND WITH ALL FAULTS AND NONCOMPLIANCE WITH LAWS" WITH NO WARRANTY OF HABITABILITY OR FITNESS FOR HABITATION, with respect to the Real Property, and WITH NO WARRANTIES, INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, with respect to the physical condition of the Personal Property and Inventory,

any and all of which warranties (both express and implied) Sellers hereby disclaim.

(ii) All of the Real Property, Personal Property and Inventory will be further subject to normal wear and tear and normal and customary use in the ordinary course of business up to the Effective Time.

(iii) Buyer acknowledges that Buyer has examined, reviewed and inspected the tangible Purchased Assets and their value and suitability for Buyer's purposes.

(iv) Except to the extent of any representation or warranty made by any Seller herein, Buyer acknowledges that Sellers do not make any express or implied representation or warranty as to the accuracy or completeness of any materials provided to Buyer during Buyer's due diligence investigation of the Business and the Purchased Assets, including those materials provided in the Virtual Data Room.

6.7 Legal Proceedings. There are no material claims, proceedings or investigations pending or, to Buyer's knowledge, threatened relating to or affecting Buyer or any Affiliate of Buyer before any Governmental Body in which an adverse determination would materially adversely affect the properties, business condition (financial or otherwise) of Buyer or any Affiliate of Buyer or Buyer's ability to consummate the Transactions. Neither Buyer nor any Affiliate of Buyer is subject to any judgment, order, decree or other governmental restriction specifically (as distinct from generically) applicable to Buyer or any Affiliate of Buyer which materially adversely affects the condition (financial or otherwise), operations or business of Buyer or any Affiliate of Buyer or Buyer's ability to consummate the Transactions. There is no action or suit before any Governmental Body pending (and, to Buyer's knowledge, there is no action, suit, proceeding, inquiry or investigation threatened) against Buyer or any Affiliate of Buyer which: (a) adversely affects or seeks to prohibit, restrain or enjoin the execution and delivery of this Agreement; (b) adversely affects or questions the validity or enforceability of this Agreement; (c) questions the power or authority of Buyer or any Affiliate of Buyer to carry out the transactions contemplated by, or to perform their respective obligations under, this Agreement; or (d) would result in any change which would adversely affect the ability of Buyer to perform its obligations hereunder.

6.8 Ability to Perform. Buyer has the ability to obtain funds in cash in amounts equal to the amounts to be paid at Closing by Buyer pursuant to Section 3.3 by means of credit facilities or otherwise and will at the Closing have immediately available funds in cash, which are sufficient to pay all amounts to be paid at Closing by Buyer pursuant to Section 3.3 and to pay any other amounts payable pursuant to this Agreement, the Transaction Documents and the Transactions.

6.9 Buyer Knowledge. References in this Agreement to "Buyer's knowledge" mean the actual knowledge of Vicki Rollins and William Nelson, which, for all purposes of this Agreement, means the knowledge that any of them would have by (a) review of materials in their respective files or (b) inquiry of any of their respective direct reports, in each case as of the Agreement Date and the Closing Date.

6.10 No Other Representations or Warranties. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR ANY OF THE TRANSACTION DOCUMENTS OR ANY CERTIFICATE DELIVERED IN CONNECTION WITH THE TRANSACTIONS OR WITH RESPECT TO ANY CLAIM OF FRAUD, BUYER DOES NOT MAKE ANY OTHER EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY WITH RESPECT TO BUYER OR THE TRANSACTIONS, AND BUYER DISCLAIMS ANY OTHER REPRESENTATIONS OR WARRANTIES.

Article 7

BANKRUPTCY COURT MATTERS

7.1 Competing Transaction.

(a) This Agreement is subject to approval by the Bankruptcy Court and the consideration by Sellers of higher or better competing bids (each a "Competing Bid").

(b) From the Agreement Date until the earlier of (i) twenty-five (25) days from the Petition Date, or (ii) the entry of the Bidding Procedures Order by the Bankruptcy Court, Sellers will not, and will cause their respective Affiliates and Representatives to not, directly or indirectly, (i) solicit, initiate or induce the making, submission or announcement of, or knowingly encourage, an Acquisition Proposal; or (ii) enter into any Contract relating to an Acquisition Proposal.

(c) Following entry of the Bidding Procedures Order, Sellers, their Representatives and Affiliates may take the actions prohibited by Section 7.1(b).

(d) Following completion of the Auction, if Buyer is declared the Successful Bidder by Sellers, then Sellers, their Representatives and Affiliates will not, directly or indirectly (i) solicit, initiate or induce the making, submission or announcement of, or knowingly encourage, facilitate or assist, an Alternative Transaction, or (ii) (A) furnish to any Person (other than Buyer or any of its Representatives or Buyer's respective designees) any nonpublic information relating to the Business or Purchased Assets, or afford to any Person (other than Buyer or any of its Representatives or Buyer's respective designees) access to the business, properties, assets, books, records or other non-public information, or to any personnel, relating to the Business or Purchased Assets, in any such case with the intent to induce the making, submission or announcement of, or the intent to encourage, facilitate or assist, an Alternative Transaction or any inquiries that would reasonably be expected to lead to an Alternative Transaction, (B) participate or engage in discussions or negotiations with any Person with respect to an Alternative Transaction, or (C) enter into any Contract relating to an Alternative Transaction.

(e) Subject to the terms and conditions of the Bid Procedures Order, Buyer will have the right to bid against any bids for an Alternative Transaction at the Auction.

7.2 Bankruptcy Court Filings.

(a) The Sale Motion. Subject in all respects to the Sale Milestones, within one (1) Business Day following commencement of the Bankruptcy Cases, Sellers will file with the Bankruptcy Court the Sale Motion seeking entry of the Sale Order and the Bidding Procedures Order.

(b) Bidding Procedures Order. Neither Sellers nor any of their Affiliates will change or modify, or request that the Bankruptcy Court change or modify, any of the dates or procedures set forth in this Agreement (including the Sale Milestones) or the Bidding Procedures Order, including the dates of the hearing on the Sale Motion and Closing Date, without the prior written consent of Buyer. The purchase and sale of the Purchased Assets will be in accordance with (and only in accordance with) the Bidding Procedures Order. Sellers will obtain, and deliver to Buyer by the Agreement Date, the written agreement of Promise Healthcare Group, LLC and Promise Healthcare, Inc., and each other Affiliate of any Seller that is owed Debt by any Seller, to comply with this Section 7.2(b). The Bidding Procedures Order will also approve payment of the Breakup Fee and the Expense Reimbursement in consideration for Buyer having expended considerable time and expense in connection with this Agreement and the negotiation thereof and the identification and quantification of assets of Sellers.

(c) Assignment and Assumption Procedures. The Sale Motion will include procedures for the assumption of and assignment to Buyer of the Purchased Contracts (the "Assignment and Assumption

Procedures"). The Assumption and Assignment Procedures will require Sellers to serve on each non-debtor Contract counterparty a notice specifically stating that (i) Sellers are or may be seeking to assume and assign the Contract; (ii) the Cure Costs for each Contract and (iii) the deadline for objecting to the Cure Costs, which will be no later than five (5) days prior to the hearing to consider approval of the Sale Order. The Assumption and Assignment Procedures will provide that upon objection by the non-debtor Contract counterparty to the Cure Costs asserted by Sellers with regard to any Contract (such contract, a "Disputed Contract"), Sellers will either settle the objection of such party or will litigate such objection under procedures as the Bankruptcy Court will approve and proscribe. In no event will any Seller settle a Cure Costs objection with regard to any Purchased Contract without the express written consent of Buyer (with an email consent being sufficient) unless the settlement solely involves the amount of the Cure Costs or the obligation of Sellers to pay the Cure Costs. In the event that a dispute regarding the Cure Costs with respect to a Contract has not been resolved as of the Closing Date, the Parties will nonetheless remain obligated to consummate the Transactions. Upon entry of an Order determining any Cure Costs regarding any Disputed Contract after the Closing (the "Disputed Contract Order"), Buyer will have the option, no later than five (5) Business Days after the Disputed Contract Order, to designate the Disputed Contract as an Excluded Contract (regardless of whether such Disputed Contract was set forth on Annex 2.6(a)), in which case, for the avoidance of doubt, Buyer will not assume the Disputed Contract and will not be responsible for the associated Cure Costs (if any) with such Disputed Contract. In the event the Bankruptcy Court rules that Sellers have no obligation to replenish or replace the security deposit which the Rosemead Landlord alleges is due under the Rosemead Lease in order to cure all existing defaults under the Rosemead Lease and for Buyer to assume the Rosemead Lease, the Sale Order shall provide that Buyer may assume the Rosemead Lease without having any obligation to replenish or replace such security deposit.

(d) Sale Order. Subject to Buyer being designated as the Successful Bidder, Sellers will promptly use commercially reasonable efforts to obtain entry of the Sale Order approving this Agreement and authorizing the Transactions in accordance with the Sale Milestones, including furnishing affidavits or other documents or information for filing with the Bankruptcy Court for the purposes, among others, of providing necessary assurances of performance by Buyer under this Agreement and demonstrating that Buyer is a "good faith" purchaser under Section 363(m) of the Bankruptcy Code and that the Purchase Price was not controlled by an agreement in violation of Section 363(n) of the Bankruptcy Code.

(e) Other Filings in the Bankruptcy Cases. Sellers will promptly provide Buyer with the proposed final drafts of any and all motions, applications, pleadings, schedules, statements, reports and other papers (including exhibits and supporting documentation) filed by or on behalf of Sellers in the Bankruptcy Court related to or that might have an effect upon the Purchased Assets, the Purchased Contracts, this Agreement or the consummation of the Transactions or any provision thereof or herein, so as to provide Buyer and its counsel with a reasonable opportunity to review and comment on such motions, applications, pleadings, schedules, statements, reports and other papers prior to filing with the Bankruptcy Court, and inasmuch as is consistent with Sellers' fiduciary duties, consider such comments in good faith. Buyer may file a notice of appearance in the Bankruptcy Cases and Sellers acknowledge and agree that Buyer will have standing to appear in connection with all proceedings regarding the sale of the Purchased Assets in the Bankruptcy Cases.

7.3 Back-up Bidder. Sellers and Buyer agree that, in the event that Buyer is not the Successful Bidder at the Auction, and the Alternative Transaction with the Successful Bidder does not close, if and only if Buyer is the Back-up Bidder, Buyer will promptly consummate the Transactions upon the terms and conditions as set forth herein, including the Purchase Price as the same may be modified by Buyer at the Auction. Buyer acknowledges that time is of the essence in achieving Closing and will undertake all commercially reasonable efforts to reach Closing in a timely manner. Buyer agrees to be the Back-up Bidder, if so selected by Sellers in accordance with the Bid Procedures Order, solely for the

Purchase Price and on the terms and conditions contained in this Agreement. Notwithstanding anything to the contrary herein or in the Bid Procedures Order, in the event Sellers elect to proceed with an Alternative Transaction, Buyer will not be obligated to serve as the Back-up Bidder at a higher Purchase Price, or on terms and conditions less favorable to Buyer, than set forth in this Agreement.

7.4 Credit Bidding. Buyer will have the right to credit bid all of the Bid Protections at any Auction or otherwise. In no event will Sellers provide bid protections (in the form of a break-up fee, expense reimbursement or otherwise) to any bidder other than Buyer. The Parties agree that the provisions substantially in the form of this Section 7.4 will be reflected in the Bidding Procedures Order.

7.5 Bankruptcy Process. Unless Buyer is in material breach of this Agreement or this Agreement has been terminated, Sellers covenant and agree that if the Sale Order is entered, the terms of any plan submitted by Sellers to the Bankruptcy Court for confirmation or otherwise supported by Sellers will not conflict with, supersede, abrogate, nullify, modify or restrict the terms of this Agreement or the rights of Buyer hereunder, or in any way prevent or interfere with the consummation or performance of the Transactions, including any transaction that is contemplated by or approved pursuant to the Sale Order.

7.6 Parties To Receive Notice of Sale. Notice of the hearing on the Sale Motion, and request for entry of the Sale Order and the objection deadline will be served by Sellers in accordance with the Bankruptcy Code and Bankruptcy Rules, including Bankruptcy Rules 2002, 6004, 6006 and 9014, any applicable local rules of the Bankruptcy Court and any orders of the Bankruptcy Court on all persons required to receive notice, including (i) the Office of the United States Trustee for the District of Delaware; (ii) counsel to the Creditor's Committee; (iii) all entities known to have expressed an interest in a transaction with respect to the Purchased Assets during the past nine (9) months; (iv) all counterparties to any contracts or leases; (v) all parties with Liens on or against any asset of any Seller; (vi) all affected federal, state and local governmental regulatory and taxing authorities, including the Internal Revenue Service; (v) all known holders of claims against and equity interests in any Seller, (vi) all of Sellers' insurers; (vii) all parties that have filed and not withdrawn requests for notices pursuant to Bankruptcy Rule 2002 (the "2002 List"); (viii) to the extent not already included above, all parties in interest listed on Sellers' creditor matrix; and (ix) other Persons reasonably requested by Buyer (collectively, the "Notice Parties"). Sellers will provide notice to the Notice Parties that all responses or objections to the Sale Motion will be served on, among others, counsel to Buyer.

Article 8

PRE-CLOSING COVENANTS

8.1 Expense Reimbursement and Breakup Fee. Notwithstanding anything in this Agreement to the contrary, Sellers agree, on a joint and several basis, to pay Buyer the Breakup Fee and the Expense Reimbursement in accordance with Section 4.6(a). The Expense Reimbursement and the Breakup Fee will constitute a super-priority administrative expense of Sellers with priority over any and all administrative expenses of any kind, including those specified in Sections 503(b) or 507(b) of the Bankruptcy Code. The Parties acknowledge and agree that the terms and conditions set forth in Section 4.6 with respect to the payment of the Expense Reimbursement and Breakup Fee will become operative upon entry by the Bankruptcy Court of the Bidding Procedures Order.

8.2 Sale Free and Clear. Sellers acknowledge and agree that on the Closing Date, to the fullest extent permitted under applicable law, the Purchased Assets will be transferred to Buyer free and clear of all Liens and Liabilities (including, for the avoidance of doubt, all forms of successor liability), other than the Permitted Exceptions and the Assumed Liabilities, as provided for in the Sale Order, which will be in form and substance satisfactory to Buyer and Sellers. The Parties agree that the provisions substantially in the form of this Section 8.2 will be reflected in the Sale Order.

8.3 Regulatory and Other Approvals. During the Interim Period:

(a) The Parties will, in order to consummate the Transactions, proceed diligently and in good faith and use commercially reasonable efforts, as promptly as practicable, (i) to make all required filings with, to give all required notices to, and obtain all authorization from, any Governmental Bodies that are necessary or advisable for the lawful completion of the Transactions and (ii) cooperate in good faith with the applicable Governmental Bodies and provide promptly such other information and communications to such Governmental Bodies as such Governmental Bodies may reasonably request in connection therewith.

(b) Each Party will promptly notify the other when any such approval referred to in Section 8.3(a) is obtained, taken, made, given or denied, as applicable, and will advise each other of any communications with any Governmental Bodies regarding any of the Transactions.

(c) In furtherance of the foregoing covenants:

(i) Subject to applicable confidentiality restrictions or restrictions required by Law, each Party will notify the other promptly upon the receipt of (A) any comments, questions or communications from any officials of any Governmental Body in connection with any filings made pursuant to this Section 8.3 or the Transactions and (B) any request by any officials of any Governmental Body for amendments or supplements to any filings made pursuant to any Laws of any Governmental Body or answers to any questions or the production of any documents relating to an investigation of the Transactions by any Governmental Body. Whenever any event occurs that is required to be set forth in an amendment or supplement to any filing made pursuant to this Section 8.3, each Party will promptly inform the other of such occurrence and cooperate in filing promptly with the applicable Governmental Body such amendment or supplement. Without limiting the generality of the foregoing, each Party will promptly provide to the other (or the other's respective advisors) copies of all correspondence between such Party and any Governmental Body and any productions made by such Party or its Affiliates to any Governmental Body relating to the Transactions. The Parties may, as they deem advisable and necessary, designate any competitively sensitive materials provided to the other under this Section 8.3 as "outside counsel only." Such materials and the information contained therein will be given only to outside counsel of the recipient and will not be disclosed by such outside counsel to employees, officers or directors of the recipient without the advance written consent of the Party providing such materials. Subject to applicable Law, the Parties will consult and reasonably cooperate with each other in connection with any analyses, appearances, presentations, memoranda, briefs, arguments and proposals made or submitted to any Governmental Body regarding the Transactions by or on behalf of any Party.

(ii) Sellers will use commercially reasonable efforts to take, in order to consummate the Transactions, all actions reasonably necessary to (A) keep Buyer apprised, during the pendency of the Bankruptcy Cases, of all material developments and filings made with respect to the Bidding Procedures Order or the Sale Order in the Bankruptcy Cases, (B) comply in all material respects with, during the pendency of the Bankruptcy Cases, the Bidding Procedures Order, the Sale Order and any other Orders of the Bankruptcy Court to the extent applicable to the Transactions and (C) respond to and seek to resolve as promptly as reasonably practicable any objections asserted by any Person with respect to the Bidding Procedures Order or the Sale Order during the pendency of the Bankruptcy Cases. Without the prior written consent of Buyer, Sellers will not seek (or assist any other Person in seeking) to alter or enjoin the terms of, during the pendency of the Bankruptcy Cases, the Bidding Procedures Order or the Sale Order in a manner that would reasonably be expected to prevent Sellers from performing their obligations hereunder.

(iii) Notwithstanding the foregoing, nothing in this Section 8.3 will require, or be construed to require, the parties or any of their respective Affiliates to agree to (A) sell, hold, divest,

discontinue or limit, before or after the Closing Date, any assets, businesses or interests of any of them; (B) any conditions or any changes or waivers to current conditions relating to, or changes or restrictions in, the operations of any such assets, businesses or interests which, in either case, could reasonably be expected to materially and adversely impact the economic or business benefits to Buyer of the Transactions; or (C) subject to Orders of the Bankruptcy Court, make any material modification or waiver of the terms and conditions of this Agreement.

8.4 Access and Information; Inspections. Sellers agree that, during the Interim Period, Sellers will afford to the officers and agents of Buyer (which will include accountants, attorneys, bankers and other consultants and agents of Buyer and its lenders) full and complete access during normal business hours to and the right to inspect the plants, properties, books, accounts, records and all other relevant documents and information with respect to the assets, liabilities and business of the Business. Through the Effective Time, Sellers will furnish Buyer with such additional financial and operating data and other information in the possession of Sellers or their Affiliates as to businesses and properties of the Business as Buyer or its representatives may from time to time reasonably request, without regard to where such information may be located; provided, however, that Sellers are not obligated to disclose information which is proprietary to Sellers. Buyer's right of access and inspection will be exercised in such a manner as not to interfere unreasonably with the operations of the Business. Such access may include consultations with the personnel of Sellers. Further, Buyer may, at its sole cost and expense, undertake non-invasive environmental, mechanical and structural surveys of the Business. Notwithstanding the foregoing, all access and inspection activities contemplated by this Section 8.4 will be subject to (a) the prior approval of Sellers, as determined in Sellers' reasonable discretion (which approval may only be granted by Andrew Hinkelman or his designee), and (b) with respect to access to and inspections of the Real Property, will be subject to (i) Law, (ii) all applicable Business Contracts and Government Authorizations and (iii) any confidentiality or nondisclosure agreements or provisions to which any Seller is subject. Sellers will have the right to have a representative present during all inspections and surveys. Notwithstanding the foregoing, all disclosures of information will be consistent with the confidentiality, wall agreements and any other nondisclosure agreements entered into (or to be entered into) among Buyer, its representatives and Sellers (including any Affiliates of Sellers). In connection with any such pre-Effective Time access afforded to Buyer, its Affiliates and their respective representatives, Buyer will not take any action in violation of Law or take any action to cause any Seller to be in violation of Law.

8.5 Financing Assistance. Prior to the Closing, Sellers will, and will cause their Affiliates to, use their commercially reasonable efforts to cause each of their respective Representatives to, provide to Buyer such customary cooperation and assistance that is reasonably requested by Buyer in connection with Buyer obtaining financing for the Transactions, including: (i) facilitating (A) the granting by SH1 of a security interest (and perfection thereof) in collateral and (B) the execution and delivery by SH1 of customary closing certificates and documents and (ii) furnishing Buyer and its lenders as promptly as practicable with financial and other information regarding Sellers and the Business as may be reasonably requested by Buyer; provided, that nothing herein will require such cooperation to the extent it would interfere unreasonably with the business or operations of Sellers.

8.6 Conduct of Business. During the Interim Period, except as otherwise consented to or approved by an authorized officer of Buyer or as specifically required by this Agreement, Sellers agree that each Seller will, with respect to the operations of the Business, do each of the following:

(a) carry on its respective businesses in substantially the same manner as presently conducted and not make any material change in personnel, operations, real or personal property, finance or accounting policies (unless a Seller is required to adopt such changes (with respect to finance or accounting policies) under GAAP or Sellers' Affiliates adopt such changes (with respect to finance or accounting policies) on a company-wide basis).

(b) use its commercially reasonable efforts to maintain the Business and all parts thereof and all other Purchased Assets in operating condition in a manner consistent with past practices, casualty, condemnation and ordinary wear and tear excepted, and inclusive of substitutions and retirements in the Ordinary Course.

(c) perform all of its material obligations under agreements relating to or affecting the Business, its operations or the Purchased Assets.

(d) keep in full force and effect present insurance policies or other comparable self-insurance.

(e) use its commercially reasonable efforts to (i) maintain and preserve its respective business organizations intact, (ii) retain its respective present employees at the Business and (iii) maintain its respective relationships with physicians, suppliers, customers and others having business relationships with the Business.

8.7 Negative Covenants.

(a) During the Interim Period, with respect to the operations of the Business, Sellers will not, without the prior written consent of Buyer (which will not be unreasonably withheld) or except as may be required by Law, do any of the following:

(i) amend or terminate any of the Business Contracts that are among the Purchased Assets, except as required by Section 8.15(a); enter into any new Business Contract that would be among the Purchased Assets; or, except in the Ordinary Course (which ordinary course will include renewals or extensions of the term of any Business Contract), incur or agree to incur any liability.

(ii) increase compensation payable or to become payable or make any bonus payment to or otherwise enter into one or more bonus agreements with any employee, except in the Ordinary Course in accordance with any Seller's customary personnel policies, or as required by Law or Contract; provided, however, this Section 8.7(a)(ii) will not apply to any non-recurring payments or proposed non-recurring payments by any Seller to any of the Business Employees to provide an incentive to such Business Employees to remain employed at the Business through the Effective Time (and such non-recurring payments and any obligations related thereto, including the employer portion of any withholding taxes, will be among the Excluded Liabilities) if and only if (A) the payments are approved by the Bankruptcy Court, (B) Sellers pay all of such payments and any Taxes related thereto and (C) Buyer has no responsibility for any part of such payments or any Taxes related thereto. Under no circumstance will Buyer have any responsibility for any part of such payments or any Taxes related thereto, all of which are Excluded Liabilities.

(iii) create, assume or permit to exist any new Debt, mortgage, deed of trust, pledge or other Lien upon any of the Purchased Assets (other than Permitted Exceptions), provided that (A) with respect to the Leased Real Property, this covenant will apply only to a Seller's leasehold interest therein and (B) this covenant will not apply to (i) Liens granted to Wells Fargo Bank in exchange for its forbearance agreement with Sellers or (ii) debtor-in-possession financing approved by the Bankruptcy Court, and further provided that all such Liens and financing constitute Mandatory Payoff Liens, which must be paid off and removed at the Closing in accordance with the terms of this Agreement, and Debt, which must be paid off at the Closing in accordance with the terms of this Agreement.

(iv) acquire (whether by purchase or lease) or sell, assign, lease, or otherwise transfer or dispose of any property, plant or equipment, except in the Ordinary Course with comparable replacement thereof.

(v) except with respect to previously budgeted (or in the Ordinary Course) expenditures, purchase capital assets or incur costs in respect of construction in progress.

(vi) cancel, forgive, release, discharge or waive any Accounts Receivable, except in the Ordinary Course.

(vii) sell or factor any Accounts Receivable.

(viii) reduce Inventory except in the Ordinary Course.

(ix) implement any mass layoff implicating WARN Laws.

(x) waive or release any material right of any Seller except in the Ordinary Course.

(xi) materially shorten or lengthen the customary payment cycles for any of its payables or receivables or otherwise engage in unusual efforts to accelerate the collection of accounts receivable or unusually delay the payment of accounts payable.

(xii) reject any Business Contract listed on Annex 2.6(a).

(xiii) with respect to any Business Contract listed on Annex 2.6(a) whose renewal option notice period expires during the Interim Period, fail to renew or otherwise extend such Business Contract to the extent permitted pursuant to such Business Contract.

(xiv) file any plan of reorganization or liquidation which would have the effect of making any Seller unable to fulfill its obligations under this Agreement, the Interim Management Agreement or any Interim Sublease.

(xv) file, join or fail to actively contest any motion seeking (i) to convert any Seller's Bankruptcy Case to chapter 7 of the Bankruptcy Code or (ii) the appointment of a chapter 11 trustee under the Bankruptcy Code.

(xvi) agree or commit to take any of the actions set forth in this Section 8.7(a).

(b) During the Interim Period, except with the prior written consent of Buyer, Sellers will not file any motions inconsistent with, or that seek to change, their obligations under Section 8.6 or this Section 8.7.

(c) For purposes of this Section 8.7, Sellers will be deemed to have obtained Buyer's prior written consent to undertake the actions otherwise prohibited by this Section 8.7 if Sellers give Buyer written notice of a proposed action and Sellers do not receive from Buyer a written notice of objection to such action within seven (7) Business Days after Buyer receives Sellers' written notice. Notwithstanding any provision to the contrary contained in this Agreement, neither Section 8.6 nor this Section 8.7 will be construed to prohibit any Seller from engaging in any act which such Seller reasonably believes is necessary (i) to preserve and protect the condition or continued operations of the Business, (ii) for patient safety needs or (iii) to comply with the requirements of any Governmental Body. Sellers will give Buyer prompt written notice subsequent to taking any act described in the immediately preceding sentence.

8.8 Required Approvals. During the Interim Period, Sellers will: (a) reasonably cooperate with Buyer in Buyer's obtaining, as soon as practicable, all material Government Authorizations required of Buyer to consummate the Transactions and (b) provide such information and communications to Governmental Bodies as such Governmental Bodies may reasonably request in connection therewith.

8.9 Additional Financial Information. Within thirty (30) calendar days following the end of each calendar month prior to Closing, Sellers will deliver to Buyer copies of the unaudited balance sheet and related unaudited statements of income relating to Sellers with respect to the operations of the Business for the month then ended, together with corresponding year-to-date amounts, which presentation will be consistent with the provisions of Section 5.10 which are applicable to the Financial Statements.

8.10 Further Assurances. During the Interim Period, each Party will use its commercially reasonable efforts to (a) take all actions necessary or appropriate to consummate the Transactions and (b) cause the fulfillment at the earliest practicable date of all of the conditions to its obligations to consummate the Transactions.

8.11 Consents. Promptly after the Agreement Date, Sellers will use their commercially reasonable efforts to obtain, prior to the Closing Date, the Purchased Contract Consents. For purposes of this Section 8.11, such commercially reasonable efforts to obtain the Purchased Contract Consents will specifically exclude those actions or matters described on Annex 8.11. To the extent any of the Purchased Contract Consents are not obtained as of the Closing, Sellers and Buyer will use their commercially reasonable efforts to mitigate any costs, losses or damages associated with the failure to obtain such Purchased Contract Consents prior to Closing.

8.12 Payoff Documents. Prior to the Closing Date, Sellers will obtain from each creditor that is owed Debt documentation reasonably satisfactory to Buyer (the "Payoff Documents") setting forth the principal amount then outstanding and the interest rate thereon, which may include per diem amounts necessary to calculate the amount necessary to pay off all such principal and interest as of the Closing Date (together with all prepayment premiums and penalties, and any other fees, expenses, indemnities and other amounts payable as a result of the prepayment or discharge of any of the foregoing, collectively, the "Payoff Amounts") and committing the creditor, effective automatically upon its receipt of its applicable Payoff Amount, to release all of its Liens on the applicable Purchased Assets and terminate all Contracts relating to such Debt effective at Closing. For the sake of clarity, this Section 8.12 applies to Debt owed by any Seller to any of its Affiliates, and the Payoff Documents from Affiliates of Sellers will include the release of Sellers from all Debt that is not fully paid at Closing. Notwithstanding anything in this Section 8.12 to the contrary, in no event shall Sellers be required to obtain Payoff Documents from Wells Fargo with respect to any Debt owed by Sellers to Wells Fargo, so long as Wells Fargo provides its written consent to the consummation of the Transactions.

8.13 Notice of Certain Events.

(a) During the Interim Period, Sellers will promptly notify Buyer in writing of:

(i) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the Transactions;

(ii) any material notice or other communication from any Governmental Body in connection with the Transactions; and

(iii) any material Proceedings commenced or, to Seller's knowledge, threatened against, relating to or involving or otherwise affecting Sellers that, if pending on the Agreement Date, would have been required to have been disclosed pursuant to Section 5.11 or that relates to the consummation of the Transactions.

(b) Buyer's receipt of information pursuant to this Section 8.13 will not operate as a waiver or otherwise affect any representation, warranty or agreement given or made by any of Sellers in this Agreement and will not be deemed to amend or supplement the Schedules.

8.14 Tail Policy. Prior to the Closing, Sellers will obtain and fully pay for "tail" insurance policies with a claims period of at least two years from the Effective Time with respect to (i) Sellers' claims made insurance policies (except for the Promise Healthcare, Inc. excess liability policies from (A) Steadfast Insurance Company and (B) Ironshore Specialty Insurance Company) with at least the same coverage and amount and containing terms and conditions that are not less advantageous to Sellers as their existing claims made policies of insurance and (ii) an excess umbrella insurance policy in the amount of Five Million Dollars (\$5,000,000), in each case with respect to claims arising out of or relating to events which occurred before or at the Effective Time (including in connection with the Transactions) (the "Tail Policy"). Sellers will bear the cost of the Tail Policy. Sellers will cause such policy to be maintained in full force and effect for such two-year period following the Closing Date.

8.15 Leases.

(a) Sellers confirm that (i) they have amended the HLP Lease such that the MOB is excluded from the Premises under and as defined in the HLP Lease; (ii) SH1 has assigned all of its rights, benefits, obligations and interests in and to the Lessor Leases to HLP, such that, upon completion of such amendment and assignment, SH1 will have no interest in the MOB or any Lessor Lease from and after the effective date of such assignment and amendment; and (iii) Sellers have delivered to Buyer copies of such amendment and assignment. Sellers will cause such amendment and assignment to remain in effect through the Effective Time.

(b) If the Rosemead Landlord and Buyer agree to a new lease, to become effective at the Closing, then Sellers will cooperate with the Rosemead Landlord to cause the Rosemead Lease to be terminated and the Rosemead Lease will be treated as an Excluded Contract for all purposes of this Agreement. Notwithstanding the foregoing, Buyer's obtaining any such new lease agreement described in this subsection (b) will not be a condition precedent to any Party's obligation to close the Transactions.

8.16 Medical Staff. To ensure continuity of care in the community, Buyer agrees that the Hospitals' medical staff members in good standing as of the Effective Time will maintain medical staff privileges at the Hospitals as of the Effective Time. As of the Effective Time, the medical staff will be subject to the Hospitals' Medical Staff Bylaws then in effect.

8.17 Title Matters.

(a) Prior to the Agreement Date, (i) Chicago Title Insurance Company (and in particular the group headed by Scott Green in Chicago Title Insurance Company's Los Angeles office) ("Title Company") made available to Buyer and Sellers (A) preliminary title reports dated August 31, 2018 (as amended September 18, 2018) with respect to the LA Hospital and dated August 31, 2018 (as amended September 17, 2018) with respect to the Rosemead Hospital (collectively, the "Title Commitment") with respect to the issuance in favor of Buyer by Title Company of (x) an ALTA Owner's Extended Coverage Title Insurance Policy covering the Owned Real Property (the "Owner's Title Policy") and (y) an ALTA Leasehold Extended Coverage Title Insurance Policy covering the Rosemead Hospital (the "Leasehold Title Policy") (the Owner's Title Policy and the Leasehold Title Policy are referred to collectively as the "Title Policy"), and (B) true, correct and legible copies, to the extent available, of all instruments referred to in the Title Commitment as conditions or exceptions to title (the "Title Instruments"), which instruments may have been made available through hyperlinks in the Title Commitment, and (ii) Sellers caused to be delivered to Buyer and Title Company ALTA surveys of the Owned Real Property and the Rosemead Hospital complying with the Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys (the "Surveys") that are certified to Buyer, Sellers and Title Company pursuant to the certification provisions of the Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys. Prior to the Closing, Buyer may cause the Surveys and Title Instruments to be updated, or may obtain new surveys, and obtain from Title Company endorsements to the Title Policy, at Buyer's sole cost.

Section 14.1 will govern which party or parties hereto will bear the costs and expenses of the Title Commitment, the Title Policy and any existing or new Surveys.

(b) As of the Agreement Date, all exceptions in the Title Commitment, other than Policy Removal Liens, are deemed to be Permitted Exceptions. Notwithstanding any provision to the contrary contained in this Section 8.17(b), if at any time after the Agreement Date, but prior to Closing, the Title Company discloses a new title exception not in the Title Commitment, or materially amends an exception previously deemed a Permitted Exception, then Buyer shall have the right to disapprove the same by delivery of a notice (a "Title Objection Notice") to Sellers within three (3) business days after Buyer's receipt of written notice of such disclosure or amendment (a "Title Objection"). Within three (3) Business Days after Sellers receive a Title Objection Notice, Sellers shall deliver a written notice (a "Removal Notice") to Buyer of the Title Objections, if any, that Sellers, in Sellers' sole and absolute discretion, elect to cause to be removed or insured over (each a "Removal Matter"). Sellers' failure to timely deliver a Removal Notice shall be deemed to mean that Sellers have elected not to remove or insure over any Title Objection. Prior to the Closing Date, Sellers, at their sole cost, shall remove, or cause to be removed, all Removal Matters and Policy Removal Liens, or obtain title insurance in a form reasonably satisfactory to Buyer insuring against the effect of all such matters. All exceptions in the Title Commitment, other than Removal Matters and Policy Removal Liens, shall be deemed Permitted Exceptions. If Sellers deliver or are deemed to deliver a Removal Notice under which not all Title Objections are Removal Matters, then within three (3) Business Days after Buyer's delivery or deemed delivery of such Removal Notice Buyer shall elect by delivery of written notice to Sellers and the Title Company (the "Termination or Waiver Notice") either (i) to terminate this Agreement, or (ii) to waive its disapproval of the Title Objections that are not Removal Matters, and such waived Title Objections shall be deemed to be Permitted Exceptions. Buyer's failure to timely deliver the Termination or Waiver Notice shall be deemed to mean that Buyer has elected to waive its disapproval of the Title Objections that are not Removal Matters or Policy Removal Liens. Such waived Title Objections, other than Removal Matters and Policy Removal Liens, shall be deemed to be Permitted Exceptions.

(c) Notices to be delivered to Title Company under this Agreement will be addressed as follows: Chicago Title National Accounts / Special Projects, 725 S. Figueroa St., Suite 200, Los Angeles, CA 90017, Attention: Scott Green and Kenneth Chio, email: Kenneth.Chio@ctt.com. Notwithstanding anything to the contrary in this Agreement, (i) Title Objection Notices, Removal Notices and Termination or Waiver Notices (each a "Title Notice") will be delivered by (A) nationally recognized overnight courier, signature required, delivery charges prepaid, or (B) email sent prior to 5:00 p.m. Pacific time on a Business Day, together with a complete copy of the email transmission on such date being sent by nationally recognized overnight courier on the same date, signature required, delivery charges prepaid; and (ii) Title Notices will be deemed duly given (A) if delivered by courier, one Business Day after tender to the courier for delivery, or (B) if delivered by email, on the date of mailing shown on the courier's proof of mailing with respect to the required confirmation (together with a complete copy of the email transmission on such date). Refusal to accept delivery of any Title Notice will be deemed to be delivery thereof. Email addresses for Sellers and Buyer for this particular purpose are as follows: (x) Sellers: Suzanne.Sterling@promisehealthcare.com, with copies to lashapiro@mwe.com and colson@mwe.com and (y) Buyer: centvick@aol.com, wan636@aol.com and jeff@agracapital.com, with a copy to gft@vrmlaw.com.

8.18 Confidentiality.

(a) Notwithstanding anything to the contrary in this Agreement or in the Confidentiality Agreement, during the Interim Period, (i) Buyer is permitted to report and disclose the status of this Agreement and the Transactions to its Representatives and its, and their Affiliates', potential lenders and co-investors, (ii) Buyer and its Representatives and Affiliates may communicate with those certain employees, contractors and physicians of Sellers and their Affiliates set forth on Annex 8.18, and (iii)

with the prior written consent of Andrew Hinkelman (which may be in the form of an email), such consent not to be unreasonably withheld, delayed or conditioned (but which, for the avoidance of doubt, may take into account an agreed upon general approach with respect to the applicable communication), Buyer and its Representatives and Affiliates may communicate with (x) employees and physicians of Sellers in addition to those described in clause (ii) of this Section 8.18(a) and (y) any counterparty to any Contract that may be a Purchased Contract as well as any other vendors, customer or distributors of, and manufacturers for, any Seller.

(b) Each Party agrees to comply with its respective Affiliate's obligations under the Confidentiality Agreement.

(c) The Parties agree that, effective as of the Closing, the Confidentiality Agreement will automatically be terminated without the requirement of any action by any Person.

8.19 Vehicle Titles. As soon as possible after the Agreement Date, Sellers will cause the title of the motor vehicles listed on Annex 8.19 to be registered in the name of the applicable Seller.

8.20 Risk of Loss. The risk of loss or damage to any of the Purchased Assets, the Business and all other property, transfer of which is contemplated by this Agreement, will remain with the applicable Seller until the Effective Time and Sellers will maintain such insurance policies of Sellers as are in effect on the Agreement Date, or comparable policies of insurance or self-insurance covering the Purchased Assets, the Business and all other property, transfer of which is contemplated by this Agreement, through the Effective Time.

(a) With respect to the Real Property, if prior to the Closing, all or any part of the Real Property is destroyed or damaged by fire or other casualty event not resulting from any act or omission of Buyer or any Affiliate of Buyer (a "Casualty Event") where such damage or destruction is in the aggregate (the "Aggregate Damage") less than ten percent (10%) of the Base Cash Amount and which would not, in Buyer's commercially reasonable judgment, materially adversely impair the operations of the Business (the "Casualty Threshold"), the parties' duties and obligations under this Agreement will not be affected and the Closing will proceed as scheduled; provided that subject to the terms of the applicable Tenant Lease with respect to any impacted Leased Real Property, (x) so long as Buyer pays the deductible applicable to Sellers' insurance coverage for the Casualty Event, Buyer will receive a credit against the Purchase Price equal to the amount of such deductible, (y) Sellers will assign, transfer and set over to Buyer, all of Sellers' right, title and interest in and to any insurance proceeds on account of such damage or destruction and deliver to Buyer any such insurance proceeds any Seller otherwise receives with respect to such Casualty Event and (z) if such insurance policy proceeds are, subject to the terms of the applicable Tenant Lease with respect to any impacted Leased Real Property, insufficient to repair, restore or replace the Real Property, the difference between the cost to repair, restore or replace and the amount of such proceeds will be deducted from the Initial Cash Consideration. If prior to the Closing, all or any part of the Real Property is destroyed or damaged by a Casualty Event where the Aggregate Damage exceeds the Casualty Threshold, Buyer may elect to (i) purchase such Owned Real Property, or, subject to the terms of the applicable Tenant Lease with respect to any impacted Leased Real Property, take assignment of such Leased Real Property, and the Closing will proceed as scheduled (provided, however, so long as Buyer pays the deductible applicable to Sellers' insurance coverage for the Casualty Event, at the Closing, Buyer will receive a credit against the Purchase Price equal to the amount of such deductible, and Sellers will assign, transfer and set over to Buyer, subject to the terms of the applicable Tenant Lease with respect to any impacted Leased Real Property, all of Sellers' right, title and interest in and to any insurance proceeds on account of such damage or destruction loss plus the amount of any deductibles under such insurance policies and deliver to Buyer any insurance proceeds any Seller otherwise receives with respect to such Casualty Event) or (ii) not purchase such Owned Real Property, or not take assignment of such Leased Real Property, and, in such event, an appropriate adjustment to the Initial Cash

Consideration will be made by Buyer and Sellers. If prior to the Closing, all or any part of the Real Property is destroyed or damaged by a Casualty Event where the Aggregate Damage exceeds the Casualty Threshold, Buyer may elect to terminate this Agreement by providing written notice to Sellers (the "Casualty Termination Notice") within thirty (30) days after Sellers provide written notice to Buyer of the occurrence of such damage or destruction (the "Casualty Termination Notice Period"); provided, however, that in no event will the Casualty Termination Notice be provided (A) after the Closing or (B) if Sellers and Buyer are unable to agree prior to the inception of the Casualty Termination Notice Period that the amount of the Aggregate Damage exceeds the Casualty Threshold; provided, that if such damage or destruction occurs within thirty (30) days of the anticipated Closing Date, such anticipated Closing Date (and the Outside Date) will be moved (but not by more than seventy five (75) days) to give Buyer adequate time to inspect such damage or destruction to determine if Buyer wants to provide Sellers with a Casualty Termination Notice. If Buyer and Sellers are unable to agree upon the amount of the Aggregate Damage by the earlier to occur of (I) the originally scheduled Closing Date (the "Original Closing Date") or (II) the inception of the Casualty Termination Notice Period, the amount of the Aggregate Damage will be determined by an independent consultant mutually selected by the parties (or if the parties cannot mutually agree upon such an independent consultant, such independent consultant will be selected by the Independent Auditor as determined in its sole discretion) (the "Independent Consultant") pursuant to Section 8.20(d). If prior to the Closing, all or any part of the Real Property is destroyed or damaged by a fire or other casualty event resulting from any act or omission of Buyer or any Affiliate of Buyer, Buyer will purchase such Owned Real Property and take assignment of such Leased Real Property, the Closing will proceed as scheduled, at the Closing Sellers will assign, transfer and set over to Buyer, subject to the terms of the applicable Tenant Lease with respect to any impacted Leased Real Property, all of Sellers' right, title and interest in and to any insurance proceeds on account of such damage or destruction loss, and Buyer will pay the amount of any deductibles under such insurance policies.

(b) With respect to any Purchased Assets other than Real Property which are destroyed or damaged by fire or the elements or by any other cause prior to the Closing, so long as Buyer pays the deductible applicable to Sellers' insurance coverage for the Casualty Event, Buyer will receive a credit against the Purchase Price equal to the amount of such deductible and Sellers will assign, transfer and set over to Buyer all of Sellers' right, title and interest to any insurance proceeds on account of such damage or destruction.

(c) If prior to the Closing, all or any part of the Real Property is made subject to an eminent domain proceeding which would in Buyer's commercially reasonable judgment materially adversely impair the operations of the Business, Buyer may elect to (i) purchase such affected Owned Real Property, or, subject to the terms of the applicable Tenant Lease with respect to any impacted Leased Real Property, take assignment of such Leased Real Property, and the Closing will proceed as scheduled (provided, however, at the Closing Sellers will assign, transfer and set over to Buyer all of Sellers' right, title and interest in and to any award in such eminent domain proceeding) or (ii) not purchase the affected Owned Real Property, or not take assignment of such Leased Real Property, and, in such event, an appropriate adjustment to the Initial Cash Consideration will be made by Buyer and Sellers or (iii) terminate this Agreement by providing written notice to Sellers within thirty (30) days after Sellers provide written notice to Buyer of such eminent domain proceeding. If Buyer and Sellers are unable to agree upon the amount of the adjustment described in subsection (ii) of the preceding sentence by the Original Closing Date, the adjustment will be resolved by the Independent Consultant pursuant to Section 8.20(d).

(d) If pursuant to either Section 8.20(a) or 8.20(c), the amount of the Aggregate Damage or any applicable Initial Cash Consideration adjustment is to be determined by the Independent Consultant, within five (5) calendar days after the earlier to occur of the Original Closing Date or the inception of the Casualty Termination Notice Period (the "Submittal Date"), each party will submit to the other party and

to the Independent Consultant its proposed Aggregate Damage (and any applicable Initial Cash Consideration adjustment) as a result of the event(s) contemplated by either Section 8.20(a) or 8.20(c), along with a detailed description of the basis for such amount and any applicable adjustment. Within ten (10) calendar days after the Submittal Date (the "Decision Date"), the Independent Consultant, acting as an expert and not as an arbitrator, will select either the Aggregate Damage or any applicable Initial Cash Consideration adjustment proposal of Sellers or the Aggregate Damage or any applicable Initial Cash Consideration adjustment proposal of Buyer as the definitive amount of the Aggregate Damage or any applicable adjustment to the Initial Cash Consideration and Buyer will thereafter have the right to provide a Casualty Termination Notice provided that the Aggregate Damage exceeds the Casualty Threshold. If either Buyer or Sellers fails to timely provide its proposed Aggregate Damage or any applicable Initial Cash Consideration adjustment to the Independent Consultant, the Aggregate Damage or any applicable Initial Cash Consideration adjustment will be the amount proposed by the submitting party and Buyer will thereafter have the right to provide a Casualty Termination Notice provided that the Aggregate Damage exceeds the Casualty Threshold. If neither Sellers nor Buyer submits its proposed Aggregate Damage or any applicable Initial Cash Consideration adjustment to the Independent Consultant, no adjustment to the Initial Cash Consideration will be made and Buyer will not have the right to provide a Casualty Termination Notice. The decision of the Independent Consultant will be conclusive and binding as between Buyer and Sellers, and the costs of such review will be borne by the party (i.e. Sellers, on the one hand, or Buyer, on the other hand) whose proposed Aggregate Damage or any applicable Initial Cash Consideration adjustment is not selected by the Independent Consultant. Upon any such determination of the adjustment to the Initial Cash Consideration in accordance with this Section 8.20, the parties will, subject to the terms and conditions of this Agreement, consummate the Transactions at a mutually agreeable time and place, in accordance with the provisions of this Agreement. If pursuant to either Section 8.20(a) or 8.20(c), the amount of the Aggregate Damage or any applicable Initial Cash Consideration adjustment is to be determined by the Independent Consultant and either the Submittal Date or the Decision Date falls on a day which is on or after the Outside Date, then the Outside Date will be extended to the date which is ten (10) calendar days after the Decision Date.

8.21 Additional Conveyance. In the event that it is discovered that any asset used primarily in the Business and located in the State of California is owned by an Affiliate of Parent (other than any Seller) (the "Seller Group"), whether before or after the Closing, Sellers will, and will cause any other applicable member of the Seller Group to, at the sole cost and expense of the Seller Group, execute, acknowledge and deliver all such further conveyances, notices, assumptions and such other instruments, and will take such further actions as may be reasonably necessary or appropriate to transfer for no additional consideration such assets to Buyer or any other Persons designated by Buyer in its sole discretion.

8.22 R&W Insurance. During the Interim Period, each Seller will use its commercially reasonable efforts to assist Buyer in connection with Buyer and the R&W Insurer entering into the R&W Policy at the Closing and to assist each of the foregoing with the underwriting and issuance of the R&W Policy; provided, however, the issuance of the R&W Policy will not be a condition precedent to any Party's obligation to close the Transactions. Buyer will select a R&W Policy that does not provide the R&W Insurer with subrogation rights against Sellers, other than in the event of fraud.

Article 9

EMPLOYEES AND EMPLOYEE BENEFITS

9.1 Employment.

(a) Sellers confirm receipt of a written notice (the "No-Hire List") from Buyer setting forth the names of Business Employees who will not receive job offers from Buyer in connection with the Closing. Sellers have set forth in Annex 9.1(a) the names of the personnel of Sellers or their Affiliates

who have been provided a copy of the No-Hire List, Sellers will restrict disclosure of the No-Hire List to such personnel and Sellers will cause such personnel to hold the contents and existence of the No-Hire List in strict confidence. Without limiting the foregoing, Sellers will not disclose the contents of the No-Hire List to anyone whose name appears on the No-Hire List.

(b) Subject to exclusion of individuals on the No-Hire List, Buyer covenants and agrees to make offers of employment (with the same or better job title, responsibilities, salary and seniority) (i) as of the date that the individual reports back to work at the Business on an active basis within ninety (90) days after the Effective Time (or such longer time as is required by Law), to all individuals who are employees of any Seller with respect to the operations of the Business and are on short-term or long-term disability or on leave of absence pursuant to any Seller's policies, the Family and Medical Leave Act of 1993 or other similar local Law as of the Effective Time (each, an "Employee on Leave") and (ii) not later than the Closing Date and effective as of the Effective Time, to all individuals who are not an Employee on Leave and are "at will" employees in good standing of any Seller with respect to the operations of the Business as of the Closing Date (the employees in subsections (i) and (ii) above collectively, the "Business Employees"). The Business Employees who accept an offer of employment from Buyer as of the Effective Time and each Employee on Leave who accepts an offer of employment from Buyer after the Effective Time in accordance with Section 9.1(b)(i) are referred to in this Agreement as the "Hired Employees."

(c) Buyer covenants and agrees that it will continue to employ the Hired Employees in comparable positions (including the same or better job title, responsibilities and salary and substantially comparable benefits in the aggregate) for a period commencing on the date of hire and ending no less than ninety (90) days following the Closing Date, unless Buyer sooner terminates the employment of any Hired Employee for cause or in the event any Hired Employee voluntarily resigns or retires.

(d) Subject to Section 9.1(c), on and after the Effective Time, Buyer will ensure that the Hired Employees are provided a comprehensive employee benefits package that is substantially comparable in the aggregate to the employee benefits package provided to similarly situated employees of Buyer immediately after the Effective Time.

(e) All Hired Employees will be "at will" employees and will be subject to Buyer's standard personnel policies and procedures.

(f) Subject to the terms of this Section 9.1, Buyer retains the right to change or terminate any benefits and any policies and procedures at any time and from time to time as Buyer deems appropriate in its sole discretion.

(g) Hired Employees will be given credit for periods of employment with Sellers prior to the Effective Time for purposes of determining eligibility to participate in, vesting and payment of benefits under (but not the amount of benefits payable under) Buyer's benefit plans, provided, that no such prior service will be taken into account to the extent it would result in the duplication of benefits to any Hired Employee. Preexisting condition limitations will be waived with respect to Hired Employees and their covered dependents unless such preexisting condition limitations were applicable under the Seller Plans prior to the Effective Time. In addition, if prior to the Effective Time a Hired Employee or his covered dependents paid any amounts towards a deductible or out-of-pocket maximum in Sellers' medical and health plan's current fiscal year, such amounts will be applied toward satisfaction of the deductible or out-of-pocket maximum in the current fiscal year of Buyer's medical and health plan that covers Hired Employees on and after the Effective Time; provided, that such Hired Employee provides Buyer reasonable evidence of the amount so paid.

(h) Buyer will be responsible to provide continuation coverage pursuant to the requirements

of section 4980B of the Code, and Part 6 of Title I of ERISA ("COBRA coverage") with respect to each of the Hired Employees (and their dependents) whose qualifying event occurs on or after the date on which such Business Employees become Hired Employees. Notwithstanding any contrary provision in this Agreement, Sellers will be responsible and liable for providing, or continuing to provide, COBRA coverage with respect to any individual who experienced a COBRA "qualifying event" on or prior to the Closing Date under any Seller Plan, and Sellers will remain responsible for the satisfaction of all claims for medical, dental, life insurance, health accident or disability benefits brought by or in respect of current or former employees or officers of any Seller or the spouses or dependents thereof, which claims relate to events occurring on or prior to the Closing Date.

(i) After the Closing Date, Buyer's human resources department will provide reasonable assistance to Sellers' and their Affiliates' human resources department with respect to Sellers' and their Affiliates' post-Closing administration of Sellers' and their Affiliates' pre-Closing employee pension benefit plans and employee health or welfare benefit plans for the Business Employees. Within five (5) days after the Closing Date, Buyer will provide to Sellers a list of all the Business Employees who were offered employment by Buyer but refused such employment.

(j) This Section 9.1 will be binding upon and inure solely to the benefit of each of the parties to this Agreement. Notwithstanding any provision in this Agreement to the contrary, nothing in this Article 9, express or implied, will confer upon any Business Employee, any other employee of any Seller, or any legal representative or beneficiary thereof, any rights or remedies of any nature or kind whatsoever under or by reason of this Section 9.1. Nothing in this Section 9.1, express or implied, will be deemed an amendment of any plan, program or arrangement providing benefits to any Business Employee or any other employee of any Seller. The Parties acknowledge and agree that the terms set forth in this Section 9.1 will not create any right in any current or former employee, director, other service provider or any other Person (or any beneficiaries or dependents thereof), to continued employment with Buyer or any of its Affiliates or compensation or benefits of any nature or kind whatsoever.

9.2 Seller Employee Obligations.

. Effective immediately prior to the Effective Time (and with respect to any Employee on Leave, upon the date such Employee on Leave becomes a Hired Employee), the Business Employees will cease to be employees of the applicable Seller, and will be removed from the applicable Seller's payroll. In connection therewith, the applicable Seller will pay the final payroll and paid time off at or prior to the Closing. Notwithstanding any provision to the contrary contained in this Agreement, Sellers will be entitled to provide a notice, at least sixty (60) days prior to the Closing, to all of the Business Employees (as contemplated by WARN Laws) which gives such employees notice of termination of their employment concurrent with the closing of the Transactions. Sellers will remain solely responsible for the satisfaction of any obligations of any Seller in connection with claims for medical, dental, life insurance, health accident or disability benefits by or in respect of current or former employees of any Seller, officers of any Seller or the spouses or dependents thereof, which claims relate to events occurring prior to the Effective Time. Sellers also will remain solely responsible for all workers' compensation claims of any current or former employees or officers of any Seller which relate to events occurring prior to the Effective Time.

Article 10

CONDITIONS TO CLOSING

10.1 Conditions Precedent to Obligations of Buyer. Notwithstanding any other provision of this Agreement, the obligation of Buyer to consummate the Transactions is subject to the fulfillment, on or prior to the Closing Date, of each of the following conditions (any or all of which may be waived by Buyer in whole or in part in its discretion):

(a) Representations and Warranties. The Fundamental Representations of Sellers will be true and correct in all respects at and as of the Closing Date as if made on and as of the Closing Date (or, to the extent given as of a specific date, as of such date). All other representations and warranties of Sellers set forth in this Agreement will be true and correct in all respects at and as of the Closing Date as if made on and as of the Closing Date (or, to the extent given as of a specific date, as of such date), except where the failure of such representations and warranties to be true and correct would not have or reasonably be expected to have a material adverse effect on the business (but not the prospects), assets, financial condition or operation of the Business taken as a whole, when made and on and as of the Closing Date (or the date otherwise specified herein) as though such representations and warranties had been made on and as of such date.

(b) Fulfillment of Obligations, Covenants and Agreements. Sellers will have performed and complied in all material respects with all obligations and agreements required in this Agreement to be performed or complied with by Sellers on or prior to the Closing Date (including timely performance of Sellers' obligations and agreements contained in Article 7).

(c) Material Adverse Change. Since May 31, 2017, there will not have been any Material Adverse Change.

(d) Closing Deliverables. Sellers will have delivered, or caused to be delivered, to Buyer all of the items set forth in Section 4.2.

(e) Assumption and Assignment. The Bankruptcy Court will have approved and authorized the assumption and assignment of each Purchased Contract, except to the extent that failure to assume and assign any Contract or Contracts would not, in the reasonable judgement of Buyer, impair Buyer's ability to operate the Business following the Closing or have a negative effect on the value of the Purchased Assets taken as a whole.

(f) Sale Order. The Sale Order will be a Final Order.

(g) Sale Milestones. The satisfaction or occurrence of the Sale Milestones will have occurred in accordance with the dates set forth in the definition of Sale Milestones.

(h) Lessor Leases. Buyer will have received evidence reasonably acceptable to Buyer to the effect that Sellers have completed the amendment and assignment, and that such amendment and assignment remain in effect as of the Effective Time, each in accordance with Section 8.16(a).

(i) Title Insurance Policy.

(i) Title Company will be irrevocably committed, subject only to payment of premiums, to issue to Buyer on and effective as of the Closing Date the Owner's Title Policy in the amount of the full insurable value of the Owned Real Property (which amount will be set forth in Annex 10.1(i)).

(ii) Subject only to the Permitted Exceptions, the Owner's Title Policy will show fee simple title to the Owned Real Property vested in Buyer.

(j) Required Consents. The applicable Seller will have received the consents to assignment to Buyer of each of the Contracts set forth on Annex 10.1(j)(i) (the "Required Consents").

(k) Payoff Documents. Sellers will have delivered to Buyer copies of all Payoff Documents in accordance with Section 8.12.

10.2 Conditions Precedent to Obligations of Sellers. Notwithstanding any other provision of this Agreement, the obligation of Sellers to consummate the Transactions is subject to the fulfillment, on or prior to the Closing Date, of each of the following conditions (any or all of which may be waived by Sellers in whole or in part in their discretion):

(a) Representations and Warranties. The Fundamental Representations of Buyer will be true and correct in all respects at and as of the Closing Date as if made on and as of the Closing Date (or, to the extent given as of a specific date, as of such date). All other representations and warranties of Buyer set forth in this Agreement will be true and correct in all respects at and as of the Closing Date as if made on and as of the Closing Date (or, to the extent given as of a specific date, as of such date), except where the failure of such representations and warranties to be true and correct would not have or reasonably be expected to have a material adverse effect on Buyer's ability to consummate the Transactions.

(b) Fulfillment of Obligations, Covenants and Agreements. Buyer will have performed and complied in all material respects with all obligations and agreements required by this Agreement to be performed or complied with by Buyer on or prior to the Closing Date.

(c) Closing Deliverables. Buyer will have delivered, or caused to be delivered, to Sellers all of the items set forth in Section 4.3.

(d) Sale Order. The Sale Order will have been entered.

10.3 Conditions Precedent to Obligations of Buyer and Sellers. Notwithstanding any other provision of this Agreement, the respective obligations of Buyer and Sellers to consummate the Transactions are subject to the fulfillment on or prior to the Closing Date, of each of the following conditions (any or all of which may be waived by Buyer and Sellers, on their own behalf, in whole or in part in their respective discretion):

(a) No Order. There will not be in effect any Order by a Governmental Body of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the Transactions.

(b) All terminations or expirations of waiting periods imposed by any Governmental Body will have occurred.

(c) The Bankruptcy Court will have entered the Bidding Procedures Order.

(d) Buyer's lender will have executed and delivered the Subordination Agreement.

10.4 Frustration of Closing Conditions. Neither Buyer nor Sellers may rely on the failure of any condition set forth in Sections 10.1, 10.2 or 10.3, as the case may be, if such failure was caused by such Party's failure to comply with such Party's obligations under any provision of this Agreement.

Article 11

SURVIVAL; REMEDIES; LIMITATION ON LIABILITY

11.1 No Survival of Representations and Warranties or Pre-Closing Covenants. All representations and warranties in this Agreement, and the covenants, agreements and obligations in this Agreement that are to be performed at or before the Closing, will not survive the Closing and the consummation of the Transactions and, other than in the case of fraud, none of the Parties will have any Liability to each other after the Closing for any breach thereof. Notwithstanding the foregoing, the Parties agree that the covenants, agreements and obligations contained in this Agreement to be performed after the Closing will survive the Closing in accordance with the terms hereunder, and, subject to the terms of

this Agreement (including Section 11.3), each Party will be liable to the other after the Closing for any breach thereof.

11.2 Injunctive Relief. Each Party agrees that any breach of this Agreement may constitute irreparable harm and damages at law are an inadequate remedy for the breach of any of the covenants, promises and agreements contained in this Agreement, and, accordingly, either Party is entitled to seek injunctive relief with respect to any such breach, including specific performance of such covenants or obligations or an order enjoining a Party from any threatened, or from the continuation of any actual, breach of the covenants or obligations contained in this Agreement. Each Party hereby waives any requirement for the securing or posting of any bond in connection with any such injunctive relief. Subject to Section 4.6, the rights set forth in this Section 11.2 will be in addition to any other rights that a Party may have at law or in equity pursuant to this Agreement.

11.3 Limitations on Liability.

(a) Waiver of Claims.

(i) IF THE CLOSING OCCURS, EXCEPT IN THE CASE OF FRAUD, BUYER WILL BE DEEMED TO HAVE WAIVED, AND HEREBY WAIVES, IN FULL ANY BREACH OF, AND CLAIMS ARISING THEREFROM, ANY SELLERS' REPRESENTATIONS OR WARRANTIES, COVENANTS, AGREEMENTS OR OBLIGATIONS THAT ARE TO BE PERFORMED AT OR BEFORE THE CLOSING, WHETHER OR NOT BUYER IS AWARE OF, OR BECOMES AWARE OF, SUCH BREACH BEFORE, AT OR AFTER THE CLOSING.

(ii) IF THE CLOSING OCCURS, EXCEPT IN CASE OF FRAUD, SELLERS WILL BE DEEMED TO HAVE WAIVED, AND HEREBY WAIVE, IN FULL ANY BREACH OF, AND CLAIMS ARISING THEREFROM, ANY OF BUYER'S REPRESENTATIONS OR WARRANTIES, COVENANTS, AGREEMENTS OR OBLIGATIONS (OTHER THAN THE COVENANT AND OBLIGATION TO PAY THE PURCHASE PRICE) THAT ARE TO BE PERFORMED AT OR BEFORE THE CLOSING, WHETHER OR NOT SELLERS ARE AWARE OF, OR BECOME AWARE OF, SUCH BREACH BEFORE, AT OR AFTER THE CLOSING.

(b) Limitation on Damages. NOTWITHSTANDING ANY OTHER PROVISION IN THIS AGREEMENT, NO PARTY WILL BE LIABLE FOR SPECIAL, PUNITIVE, EXEMPLARY, INCIDENTAL OR INDIRECT DAMAGES (INCLUDING FOR LOSS OF BUSINESS REPUTATION OF ANY OTHER PARTY OR ANY OF SUCH PARTY'S AFFILIATES), WHETHER BASED ON CONTRACT, TORT, STRICT LIABILITY, OTHER LAW OR OTHERWISE; PROVIDED HOWEVER, THAT SUCH LIMITATIONS WILL NOT LIMIT ANY PARTY'S RIGHT TO RECOVER CONTRACT DAMAGES IN CONNECTION WITH THE OTHER PARTY'S FAILURE TO CLOSE IN VIOLATION OF THIS AGREEMENT.

(c) Remedies Cumulative. Subject to Section 4.6 and Section 11.3(a), all remedies hereunder are cumulative and are not exclusive of any other remedies provided by law.

11.4 R&W Insurance. Notwithstanding the foregoing, nothing in this Article 11 will modify the terms of the R&W Policy and if the terms of the R&W Policy and this Article 11 conflict in any manner, the terms of the R&W Policy will govern Buyer's rights under the R&W Policy with respect to coverage and the payment of losses or damages thereunder. Without limiting the foregoing, the representations and warranties of Sellers, and Buyer's rights and remedies with respect thereto, will not be affected or deemed waived by reason of any investigation made by or on behalf of Buyer (including by any of its Representatives) or by reason of the fact that Buyer or any of its Representatives knew or should have known that any such representation or warranty is, was or might be inaccurate or by reason

of Buyer's waiver of any of the conditions to the Closing; and for purposes of determining (a) whether a breach or inaccuracy of any representation or warranty in this Agreement or in any other Transaction Document (including any certificate or instrument delivered by or on behalf of any Seller pursuant to this Agreement) (other than the representation and warranty contained in Section 5.26) has occurred and (b) the amount of Losses arising out of, relating to or resulting from any such breach or inaccuracy of a representation or warranty, any materiality, material adverse effect, substantial compliance or a similar qualification contained in a representation or warranty of any Seller will be disregarded.

Article 12

TAXES, COST REPORTS AND HITECH PAYMENTS

12.1 Tax Matters; Allocation of Purchase Price.

(a) After the Closing Date, the Parties will cooperate fully with each other and will make available to each other, as reasonably requested, all information, records or documents relating to Tax liabilities or potential Tax liabilities attributable to Sellers with respect to the operations of the Business for all periods prior to the Effective Time and will preserve all such information, records and documents at least until the expiration of any applicable statute of limitations or extensions thereof. The Parties will also make available to each other as reasonably required, and at the reasonable cost of the requesting party (for out-of-pocket costs and expenses only), personnel responsible for preparing or maintaining information, records and documents in connection with tax matters.

(b) The Purchase Price and other relevant items will be allocated among each category of the Assets in accordance with the allocation schedule prepared pursuant to this Section 12.1(b) (the "Allocation Schedule"). Sellers and Buyer will use their good faith efforts to mutually agree (as determined in its respective reasonable discretion) upon the Allocation Schedule as of the Closing Date, an initial draft of which will be prepared by Buyer. If the parties are unable to agree on the Allocation Schedule as of the Closing Date, a supplemental draft of the Allocation Schedule (the "Supplemental Draft") will be prepared by Buyer and delivered to Sellers within ninety (90) days following the Closing Date. If Sellers notify Buyer in writing within thirty (30) days after receipt of the Supplemental Draft that Sellers object to one or more items reflected in the Supplemental Draft (the "Allocation Objection"), Sellers and Buyer will negotiate in good faith to resolve such dispute; provided, however, that if Sellers and Buyer are unable to resolve any dispute with respect to the Supplemental Draft within thirty (30) days following Buyer's receipt of the Allocation Objection, each of Buyer and Sellers will make their own independent allocation of the Purchase Price and other relevant items among each category of the Assets. To the extent Sellers and Buyer reach agreement upon the Allocation Schedule or Supplemental Draft (whether by mutual agreement or by Sellers not timely providing the Allocation Objection), the parties hereby agree to allocate the Purchase Price in accordance with the Allocation Schedule, to be bound by such allocation, to account for and report the purchase and sale of the Purchased Assets contemplated hereby for federal and state tax purposes in accordance with such allocation, and not to take any position (whether in tax returns, tax audits, or other tax proceedings), which is inconsistent with such allocation unless required by applicable Law or with the prior written consent of the other party.

(c) Each Party will timely file or cause to be filed all necessary documentation and Tax Returns with respect to any transfer taxes as required in connection with the consummation of the Transactions and will notify the other Party to the extent such other Party has any liability pursuant to this Section 12.1 and Section 14.1.

12.2 Cost Reports.

(a) Sellers will file all Medicare, Medi-Cal, TRICARE and any other termination cost reports required to be filed as a result of the consummation of the transfer of the Purchased Assets to Buyer and

the Transactions. All such termination cost reports will be filed by Sellers in accordance with Law. Sellers will be solely responsible, financially and otherwise, for the contents of all such termination cost reports related to periods prior to the Effective Time. Without limiting the generality of the foregoing, Sellers will be solely obligated for all cost report deficiencies related to periods prior to the Effective Time.

(b) Sellers will prepare and timely file all cost reports relating to the periods ending prior to the Effective Time or required as a result of the consummation of the transactions described in this Agreement, including those relating to Medicare, Medi-Cal and other third party payors which settle on a cost report basis (the "Seller Cost Reports"). Buyer will forward to Sellers any and all correspondence relating to the Seller Cost Reports or rights to settlements and retroactive adjustments on the Seller Cost Reports ("Agency Settlements") within five (5) Business Days of receipt by Buyer. Buyer will not reply to any such correspondence without Sellers' written approval. Buyer will forward any demand for payments with respect to the Agency Settlements or the Seller Cost Reports within five (5) Business Days of receipt by Buyer. Sellers will retain the right to control the appeal of any Medicare or Medi-Cal determinations relating to any of the Seller Cost Reports including appeals pertaining to disproportionate share hospital program payments. Sellers will retain, for the applicable statute of limitations period, the originals of the Seller Cost Reports, correspondence, work papers and other documents relating to the Seller Cost Reports. Sellers will furnish copies of the Seller Cost Reports, correspondence, work papers and other documents to Buyer upon reasonable request, at the sole cost and expense of Buyer. After the Closing Date, Sellers will reasonably cooperate with Buyer, at the sole cost and expense of Buyer, to the extent that Buyer has questions about, or otherwise needs pertinent information relating to, the Seller Cost Reports.

(c) Upon reasonable notice and during normal business office hours, Buyer will cooperate with Sellers in regard to Sellers' preparation and filing of the Seller Cost Reports. Upon reasonable notice and during normal business office hours, Buyer will cooperate with Sellers in connection with any cost report disputes or other claim adjudication matters relative to governmental program reimbursement. Such cooperation will include, at no cost to Sellers, obtaining files at the Business and Buyer's provision to Sellers of data and statistics, and the coordination with Sellers pursuant to reasonable notice of Medicare and Medi-Cal exit conferences or meetings.

12.3 HITECH Meaningful Use.

(a) After the Closing Date, Buyer will cooperate with Sellers in all reasonable respects in providing documents or data that Sellers reasonably believe are necessary or appropriate to file with respect to receiving payments (and rights to receive such payments) ("HITECH Payments") or avoiding penalty adjustments under the Medicare EHR Incentive Program and the applicable Medicaid EHR Incentive Program, with respect to demonstrating "meaningful use" of certified EHR technology (as these terms are defined under the Health Information Technology for Economic and Clinical Health Act ("HITECH Act")), for federal fiscal years ending prior to the Closing Date or with respect to any audit related to the foregoing.

(b) With respect to HITECH Payments for the federal fiscal year during which the Closing occurs, the parties agree that (i) such HITECH Payments (including all rights to pursue such payments or appeal any decisions regarding such payments) are included in the Assets and will become the property of Buyer at the Closing; provided, however, that Buyer agrees to share any HITECH Payments it receives for the federal fiscal year during which the Closing occurs with Sellers on a pro rata basis (based upon the number of days during the federal fiscal year during which the Closing occurs that Sellers own the Business and the number of days during such federal fiscal year that Buyer owns the Business); and (ii) Buyer will remit the applicable Seller's pro rata share of funds relating to such federal fiscal year HITECH Payments within ten (10) Business Days after receipt by Buyer.

(c) If Buyer or any of its Affiliates receives any HITECH Payments relating solely to federal fiscal years ending prior to the Closing, Buyer will pay Sellers an amount equal to such HITECH Payments received by Buyer or its Affiliates. If Sellers or any of their Affiliates receive any HITECH Payments relating to the federal fiscal year during which the Closing occurs (or thereafter), Sellers will pay Buyer an amount equal to such HITECH Payments received by Sellers or their Affiliates. The applicable party will make all payments that it is required to make under this Section 12.3(c) promptly, and in any event within ten (10) Business Days of receipt of the applicable payments.

(d) If after the Closing, the Business is subject to any penalty adjustment under the Medicare EHR Incentive Program and the applicable Medicaid EHR Incentive Program for any federal fiscal year prior to or during which the Closing occurs (without double-counting amounts that have already been included in the calculation of the Final Meaningful Use Adjustment in Section 3.1 and Section 3.6), Sellers will remit the amount of the adjustment (for fiscal years prior to the year in which Closing occurs), or its pro rata share of the adjustment (for the fiscal year in which Closing occurs), to Buyer within ten (10) days of Sellers becoming aware of such penalty adjustment.

12.4 Collection of Government Accounts Receivable. Sellers hereby appoint Buyer, and Buyer agrees to act, after the Closing, as collection agent for Sellers with respect to all Government Accounts Receivable. In connection therewith, and subject to governmental payor requirements and authorizations, and the requirements of the financial institutions selected, on or before the Closing Date, Buyer will establish a "lock box," where use of such a lock box arrangement is required or desirable, at a financial institution selected by Sellers and reasonably acceptable to Buyer, and, after the Effective Time, Buyer will deposit in such lock box cash, checks, drafts, electronic funds transfers or other similar items of payment allocable to Government Accounts Receivable. Sellers hereby assign, to the extent such amounts are assignable by Law, and permitted under the applicable governmental payment program all such amounts deposited by Buyer, as collection agent, into the lock box to Buyer to satisfy Sellers' obligation pursuant to this Agreement to transfer or assign all Accounts Receivable, of which Government Accounts Receivable are a part, to Buyer. It is understood and agreed that in cases where assignment is permitted or automatic, such as the automatic assignment of the Hospitals' Medicare provider agreement upon a change of ownership, a lockbox arrangement will not be needed. It is the intention of the Parties that the collection procedure for Government Accounts Receivable will be made in compliance with the requirements of the applicable governmental payment program. In the event that CMS, the Medi-Cal program, or the Hospitals' Medicare administrative contractor requires a methodology that differs from that provided in this Section 12.4, Government Accounts Receivable will be collected in accordance with the procedures and methodology specified by the government payment program or programs (e.g., Medicare and Medi-Cal cross-over claims), to which the Government Accounts Receivable relates and the Parties will take all lawful actions, with respect to such Government Accounts Receivable, to satisfy Sellers' obligation pursuant to this Agreement to transfer or assign all Accounts Receivable to Buyer. Sellers confirm that the applicable Sellers, in connection with the operations of the Business, have not received notification from the State of California that Sellers are disqualified from participation in the QAF Program for the QAF4 Program or the QAF5 Program.

12.5 No Effect on Excluded Liabilities. Notwithstanding anything to the contrary in this Agreement, nothing in this Article 12 will make Buyer responsible, or relieve any Sellers from any of their responsibilities, for any Excluded Liabilities.

Article 13

ADDITIONAL COVENANTS

13.1 Post-Closing Receipt of Assets.

(a) In addition to any misdirected HITECH Payments referenced in Section 12.3(c) to which

Sellers are entitled, if any asset or any liability, all other remittances and all mail and other communications that is an Excluded Asset or an Excluded Liability comes into the possession, custody or control of Buyer, Buyer will, within ten (10) Business Days following Buyer's realization of such receipt, transfer, assign or convey such asset or liability to Sellers at Sellers' cost. Until such transfer, assignment and conveyance, Buyer will not have any right, title or interest in or obligation or responsibility with respect to such asset or liability except as provided in the first sentence of this Section 13.1(a). Buyer will have neither the right to offset amounts payable to any Seller under this Section 13.1(a) against, nor the right to contest its obligation to transfer, assign and convey to any Seller because of, outstanding claims, liabilities or obligations asserted by Buyer against any Seller.

(b) In addition to any misdirected HITECH Payments referenced in Section 12.3(c) to which Buyer is entitled, if any asset (including Accounts Receivable) or any liability, all other remittances and all mail and other communications that is a Purchased Asset or an Assumed Liability comes into the possession, custody or control of any Seller, Sellers will, within ten (10) Business Days following Sellers' realization of such receipt, transfer, assign or convey such asset or liability to Buyer at Buyer's cost. Until such transfer, assignment and conveyance, no Seller will have any right, title or interest in or obligation or responsibility with respect to such asset or liability except as provided in the first sentence of this Section 13.1(b). No Seller will have the right to offset amounts payable to Buyer under this Section 13.1(b) against, nor the right to contest its obligation to transfer, assign and convey to Buyer because of, outstanding claims, liabilities or obligations asserted by any Seller against Buyer.

13.2 Preservation and Access to Records.

(a) From the Closing Date until (i) seven (7) years following discharge of the applicable patient or such longer period as required by Law with respect to medical records and patient records and (ii) seven (7) years after the Closing Date with respect to all medical staff records and other books and records which are among the Assets as of the Effective Time (each applicable period referred to herein as the "Document Retention Period"), Buyer will keep and preserve in the ordinary course of business all such records described above in this sentence (the "Records"), but excluding any records which are among the Excluded Assets.

(b) Buyer will provide reasonable cooperation to Sellers, their Affiliates and their insurance carriers in respect of the defense of claims by third parties against Sellers or any Affiliate of Sellers, in respect of events occurring prior to the Effective Time with respect to the operations of the Business. Such cooperation will include (at Sellers' sole expense for material time expended by the Hired Employees or other employees of Buyer), (i) making the Hired Employees reasonably available for interviews, depositions, hearings and trials and (ii) making its employees available to assist in the securing and giving of evidence and in obtaining the presence and cooperation of witnesses. In addition, Sellers and their Affiliates will be entitled to remove from the Business originals of any such records, but (x) only for purposes of pending litigation involving the persons to whom such records refer, as certified in writing prior to removal by counsel retained by Sellers or any of their Affiliates in connection with such litigation and (y) only if Sellers and their Affiliates leave a copy thereof with Buyer. Any records so removed from the Business will be promptly returned to Buyer following any Seller's or its applicable Affiliate's use of such records.

(c) In connection with (i) the transition of the Business pursuant to the Transactions, (ii) Sellers' rights to the Excluded Assets, (iii) Sellers' obligations under the Excluded Liabilities and (iv) Sellers' review of each of the Adjustment Statement pursuant to Section 3.5 and the MU Adjustment Statement pursuant to Section 3.6, Buyer will after the Effective Time give Sellers, their Affiliates and their respective representatives reasonable access during normal business hours to Buyer's books, accounts and records and all other relevant documents and information with respect to the assets, liabilities and business of the Business as representatives of Sellers and their Affiliates may from time to

time reasonably request, all in such manner as not to unreasonably interfere with the operations of the Business. Sellers acknowledge that they will coordinate their activities contemplated by this Section 13.2(c) through the chief executive officer of the Hospitals or his designee.

(d) Buyer and its representatives will be given access by Sellers during normal business hours to the extent reasonably needed by Buyer for business purposes to all documents, records, correspondence, work papers and other documents retained by Sellers pertaining to any of the Purchased Assets or with respect to the operations of the Business prior to the Effective Time, all in such manner as to not interfere unreasonably with Sellers' business. Such documents and other materials will be, at Sellers' option, either (i) copied by Sellers for Buyer at Buyer's expense, or (ii) removed by Buyer from the premises, copied by Buyer and promptly returned to Sellers.

(e) Buyer will comply with, and be solely responsible for, all obligations under the Information Privacy and Security Laws with respect to the operations of the Business on and after the Effective Time. Sellers will comply with, and be solely responsible for, all obligations under the Information Privacy and Security Laws with respect to the operations of the Business prior to the Effective Time.

(f) Buyer (at Sellers' sole expense for material time expended by the Hired Employees or other employees of Buyer) will cooperate with Sellers, on a timely basis and as reasonably requested by Sellers, in connection with the provision of all data of the Business and other information required by any Seller for reporting to the Joint Commission for the remainder of the quarterly period in which the Closing has occurred.

(g) To the maximum extent permitted by Law, if during the Document Retention Period any Person requests or demands, by subpoena or otherwise, any documents relating to the Excluded Liabilities, including documents relating to the operations of the Business or any of the Business' committees prior to the Effective Time, prior to any disclosure of such documents, Buyer will, to the extent allowable by Law, notify Sellers and will provide Sellers with the opportunity to object to, and otherwise coordinate with respect to, such request or demand.

13.3 Closing of Financials Cooperation. Buyer, at Sellers' sole expense, will provide information to Sellers and make George Watkins and Josefa Atangan available as reasonably necessary for Sellers to complete the standardized closing of Sellers' financial records for the Business through the Closing Date, including the closing of general ledger account reconciliations (collectively, the "Closing of Financials") such that Sellers may complete the Closing of Financials by no later than the date which is thirty (30) days after the Closing Date. Sellers will reimburse Buyer for all payroll charges and other out-of-pocket expenses of Buyer associated with the time which any employees of Buyer devotes to the Closing of Financials. Such reimbursement will occur no later than the date which is thirty (30) days after Buyer provides a written statement to Sellers which details such charges and expenses. In no event will Buyer have any responsibility for the content of Sellers' financial records.

13.4 QAF Amounts.

(a) From and after the Effective Time, Buyer will be entitled to all payments from the State of California on account of the QAF Program with respect to the Hospitals and to the benefit of all withholdings of such payments as may reduce amounts owed to the State of California on account of the QAF Program. No Seller will have any right or claim with respect to any such payments or withholdings. For the sake of clarity (and for purposes of the Initial QAF4 Adjustment, Final QAF4 Adjustment, Initial QAF5 Adjustment and Final QAF5 Adjustment), a payment from the State of California on account of the QAF Program with respect to the Hospitals (directly or indirectly under the terms of the Interim Management Agreement) includes any such payment that would have become an asset of Buyer, or would

have reduced a liability of Buyer, if the Closing had occurred on or prior to September 28, 2018.

(b) If Buyer receives written notice from the QAF Program that, after the Effective Time, (i) amounts have become due to Buyer or the Hospitals (directly or indirectly under the terms of the Interim Management Agreement) from the State of California on account of the QAF4 Program and (ii) the State of California has applied such amounts to reduce liabilities to the QAF5 Program, then such amounts will be added to the next Deferred Payment under the Seller Note that is at least 30 days after receipt of such notice.

(c) If, after the Effective Time, (i) amounts are received by Buyer or the Hospitals (directly or indirectly under the terms of the Interim Management Agreement) from the State of California on account of the QAF4 Program and (ii) the State of California has *not* applied such amounts to reduce liabilities to the QAF Program, then (x) such amounts will be paid to the State of California to the extent of outstanding amounts owed the State of California on account of the QAF4 Program and (y) subject to Sections 13.4(d) and 13.4(e), any remainder of such amounts will be paid to SH1 in cash.

(d) If, after the Effective Time, Buyer or the Hospitals (directly or indirectly under the terms of the Interim Management Agreement) receive a bill or invoice from the State of California on account of the QAF4 Program, then the amount shown as due to the State of California on account of the QAF4 Program will be deducted (i) first, from amounts described in Section 13.4(c)(ii)(x) and (ii) next, from each of the next Deferred Payments (including amounts added to Deferred Payments under this Section 13.4) until fully credited to Buyer.

(e) If Buyer receives written notice from Medi-Cal or the QAF Program that, after the Effective Time, (i) amounts have become due to Buyer or the Hospitals (directly or indirectly under the terms of the Interim Management Agreement) from the State of California under Medi-Cal or on account of the QAF5 Program and (ii) the State of California has applied such amounts to reduce liabilities to the QAF4 Program, then such amounts will be deducted (i) first, from amounts described in Section 13.4(c)(ii)(x) and (ii) next, from each of the next Deferred Payments (including amounts added to Deferred Payments under this Section 13.4) until fully credited to Buyer.

(f) Buyer will notify Sellers of Buyer's receipt (directly or by any of its QAF consultants) of notices, bills, invoices and amounts described in Section 13.4(b), (c), (d) or (e). Sellers will notify Buyer of any Seller's receipt (directly or by any of its QAF consultants) of notices, bills, invoices and amounts described in Section 13.4(b), (c), (d) or (e).

13.5 Office of the Los Angeles City Attorney. Buyer acknowledges that SH1 and the Hospitals have certain obligations in favor of the State of California (by and through the Los Angeles City Attorney's Office and the Los Angeles County District Attorney's Office) under that certain Final Judgment entered on September 28, 2018. Notwithstanding any provision in this Agreement to the contrary:

(a) Prior to the Closing, Sellers shall cause the Hospitals to comply with SH1 and the Hospitals' obligations under such Final Judgment for all periods prior to the Effective Time.

(b) After the Closing, Buyer shall cause the Hospitals to comply with SH1 and the Hospitals' obligations under such Final Judgment for all periods on and after the Effective Time.

(c) All financial commitments related to such Final Judgment that are due prior to the Closing will be paid by Sellers, and all such financial commitments that are due at or after the Closing will be deducted from the Purchase Price, as follows: (i) the requirement to pay \$250,000 as a fund for homeless patient assistance will be paid by Sellers prior to the Closing or, if due at or after the Closing, deducted from the Purchase Price at the Closing; and (ii) all costs associated with maintaining a Director

of Homeless Patient Assistance will be deducted from each Deferred Payment until fully credited to Buyer, unless Sellers deliver to Buyer written evidence satisfactory to Buyer that the Los Angeles City Attorney's Office will permit such position to be staffed by a hospital employee (who was already employed by SH1 prior to the date of such Final Judgment) with no added personnel costs on a going-forward basis.

13.6 Buyer Confidential Information. Each Seller will, and will cause its Affiliates and representatives to, treat in confidence and not use, disseminate or disclose, other than in connection with the Transactions, (i) any documents, materials and other information regarding Buyer which any Seller or any of its Affiliates or representatives obtains during the course of the negotiations leading to the consummation of the Transactions (whether obtained on, prior to or following the Agreement Date) or the preparation of any of the Transaction Documents or (ii) except as necessary to comply with the terms of this Agreement, any confidential information relating to the Business, Purchased Assets or Assumed Liabilities. The obligation of each Seller to treat, and to cause its Affiliates and representatives to treat, such documents, materials and other information in confidence and not to use, disseminate or disclose such materials will not apply to any information (a) ascertainable or obtained from public or published information, (b) received from a third party not known by any Seller to be under an obligation to Buyer or any Affiliate of Buyer to keep such information confidential, (c) which is or becomes known to the public (other than through a breach of this Agreement by any Seller), or (d) which was in any Seller's possession prior to disclosure thereof to any such Seller in connection herewith.

13.7 Compliance. Reference is made to that certain Common Interest and Confidentiality Agreement last dated as of November 9, 2017, among legal counsel to the Parties. Notwithstanding anything in this Agreement or Interim Management Agreement to the contrary:

(a) Sellers will, and will cause their respective Affiliates to, cooperate fully with Buyer in its evaluation of compliance with Healthcare Laws with regard to the Business during periods prior to the Effective Time, including providing, as requested by Buyer or its representatives from time to time, prompt and continuing access to complete and accurate information in any medium reasonably requested by Buyer (including any information that may be subject to attorney-client privilege or the work product doctrine) and to people and other resources directly or indirectly related to its evaluation of compliance with Healthcare Laws.

(b) From and after the Effective Time, in the event that Buyer determines in its sole discretion that a self-disclosure or voluntary refund to CMS or the applicable Governmental Body is required or is a prudent course of action with regard to the Business during periods prior to the Effective Time, SH1 will, and Parent will cause SH1 to, cooperate with Buyer in making such self-disclosure or voluntary refund within the time required by Buyer in such notice. Any self-disclosures or voluntary refunds will be in form and substance reasonably satisfactory to Buyer and will be filed and controlled by Buyer to the maximum extent permitted by Law. If, after any such self-disclosure or voluntary refund is filed, any Seller or any of its Affiliates receives any communication from any Governmental Body with respect to a self-disclosure or voluntary refund, Sellers will, and will cause their applicable Affiliates to, immediately furnish to Buyer complete and accurate copies of all written or electronic communications and complete and accurate narrative descriptions of all verbal communications. To the extent permitted by Law, Buyer will have sole and exclusive authority to respond to or otherwise communicate with the applicable Governmental Body. Amounts paid to any Governmental Body (or recouped by any Government Body from amounts otherwise due to Buyer, SH1 or the Hospitals) with regard to the Business during periods prior to the Effective Time will be deducted from each of the next Deferred Payments until fully credited to Buyer.

(c) Sellers will comply with the terms of the Compliance POA.

(d) Subject in all respects to Section 13.7(b) and (c) and compliance with applicable Law, Buyer will deliver to SH1 a copy of any self-disclosure that Buyer plans to make and permit SH1 an opportunity to present SH1's views as to whether the self-disclosure is necessary and to comment upon the proposed self-disclosure. Buyer will have absolute discretion to accept or reject any input from SH1 or any of its Affiliates and to proceed with any self-disclosure or refund. All communications under this Section 13.7(d) will be between Buyer and SH1's legal counsel in accordance with the Common Interest and Confidentiality Agreement described above.

(e) Solely for purposes of determining whether Buyer is entitled to deduction of amounts from Deferred Payments pursuant to the last sentence of Section 13.7(b), Buyer will be deemed have met any applicable standard entitling Buyer to such remedy if Buyer made a self-disclosure or voluntary refund with advice of healthcare regulatory counsel selected by Buyer. Nothing in this Section 13.7(e) will affect Buyer's right to make a self-disclosure or voluntary refund.

(f) The provisions in this Section 13.7 are in addition to, and not in limitation of, all other rights and remedies of Buyer under this Agreement and Interim Management Agreement.

13.8 No Effect on Excluded Liabilities. Notwithstanding anything to the contrary in this Agreement, nothing in this Article 13 will make Buyer responsible, or relieve any Sellers from any of their responsibilities, for any Excluded Liabilities.

Article 14

MISCELLANEOUS

14.1 Transaction Expenses. Except as otherwise provided in this Agreement, each Party will bear and pay its own expenses incurred in connection with the negotiation and execution of, and the performance of its obligations and covenants under, this Agreement and the other Transaction Documents and the consummation of the Transactions, including fees and expenses of their respective attorneys, accountants, advisors, agents and other representatives and any fees and expenses owed to any Person who has acted, directly or indirectly, as a broker, finder or financial advisor for such Party in connection with the Transactions, whether or not the Transactions are consummated. The Parties expressly agree that:

(a) Sellers will bear (i) all documentary transfer Taxes and recording charges in connection with the conveyance of the Assets to Buyer; (ii) all costs of the Surveys delivered to Buyer by Sellers on or before the Agreement Date; (iii) all costs of the environmental assessment reports obtained by Sellers; and (iv) all premiums and costs for the Title Policy attributable to a standard coverage Title Policy.

(b) Buyer will bear (i) all costs of any other Surveys obtained by or for Buyer and any updates to the Surveys delivered to Buyer by Sellers on or before the Agreement Date; (ii) all costs of the Title Policy that Sellers are not obligated to pay hereunder, including premiums and costs attributable to an extended coverage Title Policy and any endorsements desired by Buyer; and (iii) all costs of any additional environmental assessment reports.

(c) escrow fees and expenses will be borne one-half by Buyer, on the one hand, and one-half by Sellers, on the other hand.

(d) if any action is brought by any party to enforce any provision of this Agreement, the prevailing party will be entitled to recover its costs and reasonable attorneys' fees, in addition to any relief to which such party will be entitled.

14.2 Governing Law. This Agreement, and all claims or causes of action (whether in contract or tort) that may be based upon, arise out of or relate to this Agreement (including the Annexes, Exhibits and Schedules) or any other Transaction Document, or the negotiation, execution, termination, validity,

performance or nonperformance of this Agreement or any other Transaction Document, or the Transactions will be governed by and construed in accordance with the laws of the State of Delaware applicable to contracts made and to be performed in such State, without regard to any conflict of laws principles thereof.

14.3 Submission to Jurisdiction; Consent to Service of Process. Without limiting any Party's right to appeal any order of the Bankruptcy Court, (a) the Bankruptcy Court will retain exclusive jurisdiction to enforce the terms of this Agreement or any other Transaction Document and to decide any claims or disputes which may arise or result from, or be connected with, this Agreement or any other Transaction Document, any breach or default hereunder or thereunder, or the Transactions, and (b) subject to any objections regarding the subject matter jurisdiction of the Bankruptcy Court and any objections to the constitutional authority of the Bankruptcy Court to enter a final order in a particular proceeding, any and all proceedings related to the foregoing will be filed and maintained only in the Bankruptcy Court, and the Parties hereby consent to and submit to the jurisdiction and venue of the Bankruptcy Court and will receive notices at such locations as indicated in Section 14.6; provided, however, that if the Bankruptcy Cases have closed or are not commenced, each of the Parties (i) irrevocably agrees that all Proceedings (whether in contract or tort, at law or in equity or otherwise) that may be based upon, arise out of or relate to this Agreement, or the negotiation, execution or performance of this Agreement (including any claim or cause of action based upon, arising out of or related to any representation or warranty made in or in connection with this Agreement or as an inducement to enter into this Agreement) will be exclusively resolved in the United States District Court for the District of Delaware sitting in New Castle County or the courts of the State of Delaware sitting in New Castle County and any appellate court from any thereof, (ii) irrevocably agrees that, to the fullest extent permitted by applicable law, service of process, summons, notice or document by registered mail addressed to them at their respective addresses provided in Section 14.6 will be effective service of process against it for any such Proceeding brought in any such court, and (iii) waives, to the fullest extent permitted by applicable Law, any objection which it may now or hereafter have to the laying of venue of, and the defense of an inconvenient forum to the maintenance of, any such Proceeding in any such court. Each of the Parties agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law.

14.4 WAIVER OF RIGHT TO TRIAL BY JURY. EACH PARTY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, MATTER OR PROCEEDING BASED UPON, ARISING OUT OF, OR RELATED TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT, ANY PROVISION HEREOF OR THEREOF OR ANY OF THE TRANSACTIONS.

14.5 Entire Agreement; Amendments and Waivers.

(a) This Agreement and the other Transaction Documents constitute the entire agreement between the Parties with respect to the subject matter of this Agreement, which includes the Business and Transactions, and supersedes all of the Parties' prior and contemporaneous agreements, understandings, negotiations, inducements, representations, warranties, covenants or conditions, whether oral, written or electronic, whether express or implied, with respect to that subject matter, including the RN Guaranty (which is deemed terminated) and the Original Purchase Agreement.

(b) This Agreement can be amended, supplemented or changed, and any provision hereof can be waived, only by written instrument making specific reference to this Agreement signed by the Party against whom enforcement of any such amendment, supplement, modification or waiver is sought. No action taken pursuant to this Agreement, including any investigation by or on behalf of any Party, will be deemed to constitute a waiver by the Party taking such action of compliance with any representation, warranty, covenant or agreement contained herein. The waiver by any Party of a breach of any provision of this Agreement will not operate or be construed as a further or continuing waiver of such breach or as a

waiver of any other or subsequent breach. No failure on the part of any Party to exercise, and no delay in exercising, any right, power or remedy hereunder will operate as a waiver thereof, nor will any single or partial exercise of such right, power or remedy by such Party preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

14.6 Notices. All notices and other communications under this Agreement will be in writing and will be deemed given (a) when delivered personally by hand (with written confirmation of receipt), (b) five (5) days after being deposited with the United States Post Office, by registered or certified mail, postage prepaid, (c) one (1) Business Day following the day sent by overnight courier (with written confirmation of receipt), or (d) when received by facsimile, in each case at the following addresses and (or to such other address as a Party may have specified by notice given to the other Party pursuant to this provision):

If to Sellers:	Success Healthcare, LLC 999 Yamato Road, Third Floor Boca Raton, Florida 33431 Attention: Charles Posternack, M.D. Facsimile No.: (561) 995-9845
With a copy (which will not constitute notice) to:	Success Healthcare, LLC 999 Yamato Road, Third Floor Boca Raton, Florida 33431 Attention: General Counsel Facsimile No.: (561) 612-0888
With a copy (which will not constitute notice) to:	McDermott Will & Emery LLP 2049 Century Park East, Suite 3800 Los Angeles, California 90067 Attention: Ira J. Rappeport, Esq. Facsimile No.: (310) 277-4730
If to Buyer:	L.A. Downtown Medical Center LLC c/o RollinsNelson LTC Corp. 2615 Grand Avenue Long Beach, CA 90815 Attention: Vicki Rollins and Bill Nelson Facsimile No.: (562) 426-5269
	AGRA Capital Advisors, LLC 5850 W. 3rd Street #309 Los Angeles, CA 90036 Attention: Jeffrey Ahlholm Facsimile No.: (323) 297-1554
With a copy (which will not constitute notice) to:	Valensi Rose, PLC 1888 Century Park East, Suite 1100 Los Angeles, CA 90067 Attention: Gary F. Torrell, Esq. Facsimile No.: (310) 601-7035
	Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200

Seattle, WA 98101
Attention: Jason A. Farber, Esq.
Facsimile No.: (206) 757-7041

14.7 Severability. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any law or public policy, all other terms or provisions of this Agreement will nevertheless remain in full force and effect so long as the economic or legal substance of the Transactions is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties will negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that the Transactions are consummated as originally contemplated to the greatest extent possible.

14.8 Binding Effect; Assignment. All of the terms and provisions of this Agreement will be binding upon and will inure to the benefit of and be enforceable by the Parties and their respective successors and assigns; provided, however, that no Party may assign any of its rights or delegate any of its duties under this Agreement without the prior written consent of the other Parties. Notwithstanding the foregoing to the contrary, Buyer may assign (and its permitted assignees may assign) any or all of their rights, interests and obligations under this Agreement, without consent, to (a) upon providing written notice thereof to Sellers, one or more of their Affiliates; (b) any subsequent purchaser of Buyer, any of its Affiliates or all or any part of the Purchased Assets, whether structured as a sale of equity interests, a sale of assets, a merger or otherwise, provided however, any such assignment described in this Section 14.8(b) which (i) relates in whole or in part to rights, interests and obligations under this Agreement relating to the assets or operations of the Hospitals including services to be provided by Buyer pursuant to the Interim Management Agreement and (ii) occurs after the Agreement Date and prior to the termination of the Interim Management Agreement will require the prior written consent of Sellers, which consent will not be unreasonably withheld, conditioned or delayed; (c) any lender that is providing any financing to Buyer for collateral security purposes, whether at Closing or in connection with any refinancings, extensions, refundings or renewals; (d) Positive Investments, Inc. and its Affiliates with respect to the rights, interests and obligations under this Agreement relating to the acquisition of any portion of the Real Property and (e) J&L Management LLC with respect to those rights, interests and obligations under this Agreement relating to the assignment of the Lessor Leases (it being understood that (i) the assignment described in each of Section 14.8(d) and 14.8(e) will in fact occur on or prior to the Closing Date and (ii) Buyer will provide written notice of the occurrence thereof to Sellers). Buyer represents to Sellers that Positive Investments, Inc. is not an Affiliate of Buyer. No assignment of any obligations hereunder will relieve the assignor of any of its respective obligations to the other Parties under this Agreement. Upon any permitted assignment by Buyer, as assignor, the references in this Agreement to Buyer will also apply to the assignee of Buyer's rights or obligations unless the context otherwise requires.

14.9 Non-Recourse. No past, present or future director, officer, employee, agent, advisor, incorporator, member, manager, partner, creditor, stockholder, interest holder or other non-Party Affiliate of any Party will have any liability for any obligations or liabilities under this Agreement or the Transaction Documents of or for any claim based on, in respect of, or by reason of, the Transactions.

14.10 Schedules. Any matter disclosed in this Agreement or in the Schedules with reference to any Section of this Agreement will be deemed a disclosure in respect of all sections to which such disclosure may apply, so long as application to such Section is reasonably discernible from such disclosure. Between the Agreement Date and the date which is five (5) Business Days prior to the Closing, Sellers may supplement the Schedules (it being understood that for this purpose, this is limited to the schedules corresponding to the representations and warranties contained in Article 5) (each a "Schedule Supplement"), only with respect to events that occur after the Agreement Date, if the disclosure is required to make an applicable representation or warranty true as of the Closing Date and the

Schedule Supplement specifies the section of the representations and warranties that the Schedule Supplement is intended to supplement. All Schedule Supplements will be deemed to be "Disapproved Disclosures" except for updating lists of information (i.e., not disclosures of exceptions) occurring in the routine, ordinary course of business to the following schedules: Schedule 5.8(b), Schedule 5.8(c), Schedule 5.8(h), Schedule 5.11, Schedule 5.13(a) and Schedule 5.14. Disapproved Disclosures have no effect except as specifically set forth in the following sentence of this Section 14.10. Notwithstanding any provision to the contrary contained in this Agreement, with respect to any Schedule Supplement, Buyer may not refuse to close for breach or inaccuracy of a representation or warranty except (a) pursuant to Section 8.20, (b) if the matter involves material noncompliance with a Healthcare Law or a crime punishable as a felony or (c) if an event or matter disclosed in such Schedule Supplement has had, or would reasonably be expected to have, individually or in the aggregate with all other disclosures and breaches of this Agreement, a material adverse effect on the operations of the Business.

14.11 Third-Party Beneficiaries. The Parties hereby designate Ally Bank, each other lender under the Contracts that provide financing needed for Buyer to effectuate the Closing, and their respective successors and assigns as third-party beneficiaries of Section 14.15 having the right to enforce such Section. Except as set forth in the preceding sentence, none of the provisions contained in this Agreement are intended by the Parties, nor will they be deemed, to confer any benefit on any Person that is not a party to this Agreement.

14.12 Time is of the Essence. Time is of the essence for all dates and time periods set forth in this Agreement and each performance called for in this Agreement.

14.13 Cross-Default. Any breach of the Interim Management Agreement or any Interim Sublease by any Seller (taking into account any applicable grace period) will be deemed to be a breach of this Agreement by Sellers. Any breach of this Agreement by any Seller (taking into account any applicable grace period) will be deemed to be a breach of the Interim Management Agreement and each Interim Sublease by Sellers.

14.14 Construction. The Parties acknowledge and agree that this Agreement, the Interim Management Agreement and the Interim Subleases are to be taken together pursuant to California Civil Code Section 1642, provided that such interpretation will not affect the specific terms contained in any particular agreement.

14.15 No Third-Party Beneficiaries to Financing Documents. Each Seller acknowledges and agrees that neither such Seller nor any Affiliate of such Seller is (or at any time will be) a third-party beneficiary under any agreement that provides the financing needed for Buyer to effectuate the Closing.

14.16 Counterparts; Electronic Signature and Delivery.

(a) This Agreement and any other Transaction Documents may be executed in one or more counterparts, each of which will be deemed to be an original copy and all of which, when taken together, will be deemed to constitute one and the same agreement or document, and will be effective when counterparts have been signed by each of the parties and delivered to the other parties.


(b) This Agreement and any other Transaction Documents may be signed electronically and any signature on this Agreement or any other Transaction Documents may be transmitted electronically and any such electronic signature or electronic transmission of a signature will constitute an original signature for all purposes. The delivery of copies of this Agreement or other Transaction Documents, including executed signature pages where required, by electronic transmission will constitute effective delivery of this Agreement or such other document for all purposes.

[Signature Page Follows]

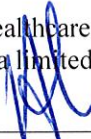
The undersigned, intending to be legally bound, have duly executed this Asset Purchase Agreement as of the Agreement Date.

SELLERS:

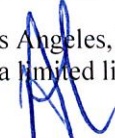
Success Healthcare, LLC,
a California limited liability company

By: 
Name: Andrew Hinkelman
Its: Interim Chief Financial Officer

Success Healthcare 1, LLC,
a California limited liability company

By: 
Name: Andrew Hinkelman
Its: Interim Chief Financial Officer

HLP of Los Angeles, LLC,
a California limited liability company

By: 
Name: Andrew Hinkelman
Its: Interim Chief Financial Officer

BUYER:

L.A. Downtown Medical Center LLC,
a California limited liability company

By: _____
Name: Vicki P. Rollins
Its: Vice President

The undersigned, intending to be legally bound, have duly executed this Asset Purchase Agreement as of the Agreement Date.

SELLERS:

Success Healthcare, LLC,
a California limited liability company

By: _____
Name: _____
Its: _____

Success Healthcare 1, LLC,
a California limited liability company

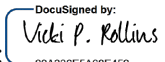
By: _____
Name: _____
Its: _____

HLP of Los Angeles, LLC,
a California limited liability company

By: _____
Name: _____
Its: _____

BUYER:

L.A. Downtown Medical Center LLC,
a California limited liability company

By:  _____
Name: Vicki P. Rollins
Its: Vice President

ANNEX 1.1

DEFINITIONS

2002 List—as defined in Section 7.6.

Accounts Receivable—(a) all trade accounts receivable and other rights to payment to any Seller and the full benefit of all security for such accounts or rights to payment, including all trade accounts receivable representing amounts receivable in respect of goods sold or services rendered to patients of any Seller in connection with the Business, billed and unbilled, recorded and unrecorded (including any accounts previously written off or charged off as bad debts), whether payable by private pay patients, private insurance, third party payors, Medicare, Medi-Cal, TRICARE, Blue Cross, or by any other source, (b) all other accounts or notes receivable of any Seller in connection with the Business and the full benefit of all security for such accounts or notes and (c) any claim, remedy or other right related to any of the foregoing. Accounts Receivable do not include Pre-Closing Government Receivables.

Acquisition Proposal—any inquiry, proposal or offer from any Person (other than Buyer or any of its Affiliates) concerning an Alternative Transaction, in each case, other than pursuant to the Bidding Procedures following entry of the Bidding Procedures Order.

Adjustment Statement—as defined in Section 3.5(b).

Affiliate—with respect to any Person, any other Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, such Person, and the term "control" (including, with correlative meanings, "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of equity interests, by contract or otherwise.

Agency Settlements—as defined in Section 12.2.

Aggregate Damage—as defined in Section 8.21(a).

Agreement—as defined in the preamble.

Agreement Date—as defined in the preamble of this Agreement.

Allocation Objection—as defined in Section 12.1.

Allocation Schedule—as defined in Section 12.1.

Alternative Transaction—a transaction or series of related transactions (which could include a Chapter 11 Plan) pursuant to which Sellers accept a bid to acquire all or substantially all of the Purchased Assets or all or substantially all of the limited liability company interests of Sellers or any of their successors from a Person other than Buyer or any Affiliate of Buyer (or a group or joint venture that includes Buyer or any Affiliate of Buyer), in accordance with the Bidding Procedures Order or otherwise, but does not mean the sale of goods or services of the Business conducted in the Ordinary Course.

Amended and Restated Deposit Agreement—as defined in Section 3.2.

Ancillary Proceeding—as defined in the preamble.

Annexes—the annexes attached to this Agreement.

Article—as defined in Section 1.2(e).

Assignment and Assumption Procedures—as defined in Section 7.2(c).

Assumed Liabilities—as defined in Section 2.3.

Auction—that certain auction, if any, conducted pursuant to the terms of the Bidding Procedures Order.

Avoidance Actions—any and all claims and causes of action arising under Chapter 5 the Bankruptcy Code, including Sections 544 through 553 thereof, or any similar laws of the United States or any state, territory or possession thereof, or the District of Columbia (including any preference or fraudulent conveyance action under such laws).

Bankruptcy Cases—as defined in the recitals to this Agreement.

Bankruptcy Code—as defined in the recitals to this Agreement.

Bankruptcy Court—as defined in the recitals to this Agreement.

Bankruptcy Rules—the Federal Rules of Bankruptcy Procedure.

Base Cash Amount—as defined in Section 3.1(a).

Bid Deadline—the deadline set in the Bidding Procedures Order for "Qualified Bidders" to submit "Qualified Bids" to purchase the Purchased Assets, as those terms are defined in the Bidding Procedures Order.

Bidding Procedures Order—an order of the Bankruptcy Court in substantially the form of Exhibit 7.1(b) or otherwise in form and substance satisfactory to each of Buyer and Sellers in its reasonable judgment that, among other things, approves the Bid Protections, establishes a date by which qualified bids meeting the requirements approved in the Bidding Procedures Order must be submitted by bidders and establishes procedures for the Auction process, and which requires Sellers to provide copies of any bids or proposed Alternative Transactions to Buyer promptly upon the determination by Sellers that such Bid as Alternative Transaction is qualified to participate at the Auction, but in no event no later than twenty-four (24) hours prior to the date scheduled for the Auction.

Bid Protections—the Breakup Fee and the Expense Reimbursement.

Bill of Sale—as defined in Section 4.2(b).

Breakup Fee—a cash amount equal to \$2,524,500 (which is equal to three percent (3.0%) of the Base Cash Amount).

Business—the ownership of the Purchased Assets and the operation of the business as currently conducted by Sellers, which includes delivering healthcare services to the public through (a) the ownership and operation of the LA Hospital, (b) the operation of the Rosemead Hospital and (c) the operation of the MOB.

Business Contract—any Contract with respect to the Business (a) to which a Seller is a party, (b) under which a Seller has or could acquire any rights, (c) under which a Seller has or could become subject to any obligation or liability or (d) by which a Seller or any Purchased Asset is or could become bound. Business Contracts include the Rosemead Lease, Lessor Leases and Personal Property Leases.

Business Day—any day of the year on which national banking institutions in Delaware are open to the public for conducting business (other than Saturday or Sunday) and are not required or authorized to close.

Business Employees—as defined in Section 9.1(b).

Buyer—as defined in the preamble of this Agreement.

Buyer's knowledge—as defined in Section 6.9.

Cash Consideration—as defined in Section 3.1(a).

Casualty Event—as defined in Section 8.21

Casualty Termination Notice—as defined in Section 8.21.

Casualty Termination Notice Period—as defined in Section 8.21.

Casualty Threshold—as defined in Section 8.21.

CERCLA—as defined in Section 5.6(b).

Claim—as defined in Section 101(5) of the Bankruptcy Code.

Closing—as defined in Section 4.1.

Closing Date—as defined in Section 4.1.

Closing of Financials—as defined in Section 13.3.

Closing Working Capital—as of immediately prior to the Effective Time, an amount equal to (a) the Accounts Receivable that are included in the Purchased Assets, as determined in accordance with GAAP, the categories of which are set forth on Annex 3.4; plus (b) the Inventory that is included in the Purchased Assets or Deferred Assets, without duplication, as determined in accordance with GAAP. Notwithstanding anything to the contrary in this Agreement, Closing Working Capital will exclude any amounts from the QAF Program, the line item for "other accrued receivables" in the balance sheets of Sellers and Pre-Closing Government Receivables.

COBRA—the Consolidated Omnibus Budget Reconciliation Act of 1985.

Code—the Internal Revenue Code of 1986, as amended.

Competing Bid—as defined in Section 7.1(a).

Compliance POA—as defined in Section 4.2(t).

Confidentiality Agreement— that certain Confidentiality and Non-Disclosure Agreement dated March 23, 2017, between Parent and RollinsNelson LTC Corp.

Consent—all consents, waivers, approvals, allowances, authorizations, declarations, filings, recordings, registrations, validations or exemptions and notifications.

Contract—any written, oral or other executory agreement, contract, subcontract, settlement agreement, indenture, note, bond, loan instrument, lease (including real property lease), option, warranty, purchase order, license, sublicense, or other agreement, any binding understanding, commitment,

arrangement or undertaking of any nature (whether written or oral and whether express or implied), and any amendments, modifications or supplements thereto.

Contract Assignment—as defined in Section 4.2(c).

Cure Costs—cure costs, as determined by the Bankruptcy Court, if any, to cure all defaults, if any, and to pay all actual or pecuniary losses that have resulted from such defaults, if any, of any Seller under the Purchased Contracts, in accordance with Section 365(b)(1) of the Bankruptcy Code.

Debt—(a) all indebtedness for borrowed money of any Seller (including any principal, premium, accrued and unpaid interest, related expenses, prepayment penalties, commitment and other fees, sale or liquidity participation amounts, reimbursements, indemnities, and all other amounts payable in connection therewith) and all Liabilities of any Seller evidenced by notes, promissory notes, debentures, bonds or similar instruments; (b) all Liabilities of any Seller in respect of deferred purchase price for property or services, including capital equipment leases, earn-out payments (excluding those with respect to Excluded Contracts) and seller notes; (c) all Liabilities of any Seller under conditional sale or other title retention agreements; (d) all Liabilities of any Seller in respect of letters of credit, acceptances or similar Liabilities and any reimbursement agreements with respect thereto; (e) all Liabilities of any Seller under interest rate cap agreements, interest rate swap agreements, foreign currency exchange contracts, or other hedging contracts (including breakage costs with respect thereto); (f) all Liabilities of any Seller arising from cash or book overdrafts; (g) any off-balance sheet financing of any Seller (but excluding operating leases); (h) any Liabilities of any Seller with respect to overpayments or recoupments to a Healthcare Program which are due, owing and unpaid, other than liabilities to the QAF Program; (i) all amounts due and owing by any Seller as of the Closing as a result of any Seller not meeting minimum purchase requirements in supplier agreements prior to the Effective Time (and not any purchase requirements after the Effective Time); (j) any amount owing by any Seller to directors, officers or employees of any Seller as a result of change-in-control or transaction bonuses awarded by any Seller prior to the Closing Date and becoming due and payable in connection with the Transactions; (k) any Liabilities of any Seller for Taxes which are due, owing and unpaid, including delinquent real property taxes for years 2015, 2016 and 2017; (l) any guaranty by any Seller of the Liabilities of any Person with respect to any Liabilities of the type described in clauses (a) through (k); and (m) all Liabilities of any Seller arising from any breach of any of the foregoing. For purposes of calculating Debt, all interest, prepayment penalties, premiums, breakage costs, fees and expenses (if any) and other amounts that would be payable if Debt were paid in full at the Closing will be treated as Debt.

Decision Date—as defined in Section 8.21(d).

Deed—as defined in Section 4.2(a).

Deferred Assets—as defined in Section 2.8(a).

Deferred Contracts—as defined in Section 2.8(a).

Deferred Payment—as defined in Section 3.4.

Deposit Amount—as defined in Section 3.2.

Depository Accounts—as defined in Section 2.1(h).

Disapproved Disclosures—as defined in Section 14.10.

Document Retention Period—as defined in Section 13.2.

Disputed Contract—as defined in Section 7.2(c).

Disputed Contract Order—as defined in Section 7.2(c).

Effective Time—as defined in Section 4.1.

Employee on Leave—as defined in Section 9.1.

Environmental Law—any Law concerning pollution or the protection of the environment, human health, or worker health and safety, including any Law relating to emissions, discharges, Releases or threatened Releases of Hazardous Substances into the air (including indoor air), surface water, ground water, lands or surface or subsurface strata or otherwise relating to the generation, manufacture, processing, distribution, use, treatment, holding, storage, disposal, transport or handling of, or exposure to, Hazardous Substances, including Laws relating to the storage, treatment and disposal of medical and biological waste.

Environmental Permits—as defined in Section 5.6(b).

ERISA—the Employee Retirement Income Security Act of 1974, as amended.

ERISA Affiliate—any entity, trade or business that is a member of a group described in Section 414(b), (c), (m) or (o) of the Code or Section 4001(b)(1) of ERISA that includes Sellers, or that is a member of the same "controlled group" as Sellers pursuant to Section 4001(a)(14) of ERISA; provided, however, that Sellers will not be considered to be ERISA Affiliates from and after the Closing Date.

Escrow Agent—the escrow agent as described in the Escrow Agreement.

Escrow Agreement—as defined in Section 4.2(u). "Escrow Agreement" may include separate escrow agreements for the Escrow Amount, the Seller Retention Amount and the escrow contemplated by the Seller Note.

Escrow Amount—as defined in Section 3.3(c).

Estimated Closing Statement—as defined in Section 3.5(a).

Estimated Closing Working Capital—as defined in Section 3.5(a).

Estimated Seller Closing Indebtedness—as defined in Section 3.5(a).

Estimated Seller Transaction Expenses—as defined in Section 3.5(a).

Estimated Working Capital Adjustment—the dollar amount (which may be a positive or negative number) determined by subtracting \$11,000,000 from the Estimated Closing Working Capital; but only to the extent that such dollar amount is greater than positive \$2,000,000 or less than negative \$2,000,000.

Excluded Assets—as defined in Section 2.2.

Excluded Contracts— all Business Contracts that are not designated by Buyer to be assumed by Sellers and assigned to Buyer in accordance with Section 2.6. The Excluded Contracts include the following Business Contracts:

- (a) all Contracts related to any benefit plans or insurance policies.
- (b) all Contracts relating to Debt of any Sellers.

- (c) the HLP Lease.
- (d) all Contracts between any Seller and any Affiliate of Parent.
- (e) all Contracts providing for change-in-control or transaction bonuses or severance of any kind; employment Contracts; and Contracts with any labor union.
- (f) all Excluded Multi-Facility Contracts.

Excluded Liabilities—as defined in Section 2.4.

Excluded Multi-Facility Contracts—all Contracts that (a) are (i) multi-hospital contracts as to which the Business and one or more of Parent or its Affiliates' other hospitals (which is not among the Business) participate or (ii) national or regional contracts of Parent or its Affiliates which are made available to the Business by virtue of the Business being an Affiliate of Parent and (b) are listed in Annex 2.2(dd).

Exhibits—the exhibits attached to this Agreement.

Expense Reimbursement—a cash amount of \$2,000,000, which represents a portion of the out-of-pocket costs, fees and expenses of Buyer and its Affiliates incurred before or after the Agreement Date (including reasonable expenses of legal, financial advisory, accounting and other similar costs, fees and expenses and all filing fees under applicable Laws) related to the Transactions (including those incurred in connection with the diligence, negotiation, documentation, bidding and auction process).

Facility Lease Assignment—as defined in Section 4.2(e).

Final Meaningful Use Adjustment—the amount that CMS or the Medicare program withholds or recoups from payments otherwise due, or otherwise does not pay, to Buyer (directly or indirectly under the terms of the Interim Management Agreement) on account of services provided at the Hospitals for the period October 1, 2018, through September 30, 2019, relating to failure of any Seller to meet meaningful use attestation requirements prior to the Effective Time with respect to the Hospitals.

Final Order—an order or judgment, the operation or effect of which has not been reversed, stayed, modified, or amended, is in full force and effect, and as to which order or judgment (or any reversal, stay, modification, or amendment thereof) (a) the time to appeal, seek certiorari, or request reargument or further review or rehearing has expired and no appeal, petition for certiorari, or request for reargument or further review or rehearing has been timely filed, or (b) any appeal that has been or may be taken or any petition for certiorari or request for reargument or further review or rehearing that has been or may be filed has been resolved by the highest court to which the order or judgment was appealed, from which certiorari was sought, or to which the request was made, and no further appeal or petition for certiorari or request for reargument or further review or rehearing has been or can be taken or granted; provided, however, that the possibility that a motion under Rule 60 of the Federal Rules of Civil Procedures, or any analogous rule under the Bankruptcy Rules, may be filed relating to such order will not prevent such order from being a Final Order; provided, further, that Buyer and Parent reserve the right to waive any appeal period for an order or judgment to become a Final Order.

Final QAF4 Adjustment—the amount of cash that (a) after September 28, 2018, and prior to the Effective Time, is received by or on account of SH1 or the Hospitals from the State of California under Medi-Cal or on account of the QAF4 Program and (b) the State of California applies to reduce liabilities to the QAF5 Program, as finally determined pursuant to Section 3.7.

Final QAF5 Adjustment— the sum of (a) \$4,899,734 and (b) the amount of cash that (i) after

September 28, 2018, and prior to the Effective Time, is received by or on account of SH1 or the Hospitals from the State of California on account of the QAF5 Program and (ii) the State of California does *not* apply to reduce liabilities to the QAF5 Program, as finally determined pursuant to Section 3.7.

Final Seller Closing Indebtedness—as defined in Section 3.5(e).

Final Seller Transaction Expenses—as defined in Section 3.5(e).

Final Working Capital Adjustment—the dollar amount (which may be a positive or negative number) determined by subtracting \$11,000,000 from the Closing Working Capital (as finally determined pursuant to Section 3.5); but only to the extent that such dollar amount is greater than positive \$2,000,000 or less than negative \$2,000,000.

Financial Statements—as defined in Section 5.10(a).

Fundamental Representations—when used in reference to Sellers, Section 5.1 (Authorization), Section 5.2 (Binding Agreement), Section 5.3 (Organization and Good Standing; No Violation), Sections 5.7(a), 5.7(b) and 5.23(a) (Title), Section 5.9 (Brokers and Finders) and any certificate with respect thereto; or when used in reference to Buyer, Section 6.1 (Authorization), Section 6.2 (Binding Agreement) and Section 6.3 (Organization and Good Standing) and any certificate with respect thereto.

GAAP—generally accepted accounting principles in the United States as of the date hereof.

General Assignment—as defined in Section 4.2(d).

Governmental Body—any (a) nation, state, county, city, or similar jurisdiction; (b) federal, state, local, foreign or other government; (c) governmental or quasi-governmental authority of any nature (including any agency, branch, department, board, commission, court, tribunal or other entity exercising governmental or quasi-governmental powers); or (d) body entitled by applicable law to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power, including the California Department of Public Health, the Medicare and Medi-Cal programs (including their respective carriers, administrative contractors and recovery audit contractors) and TRICARE.

Government Authorization—any licenses, permits, consents, approvals, certificates of exemption, franchises, registration, accreditations and other authorizations issued, granted, given or otherwise made available to any Seller and all pending applications therefor or renewals thereof, in each case with respect to the operation, development or expansion of the Business, including (i) that the Business is fully authorized to operate in the manner in which the Business was operating immediately prior to the Closing, offering the services offered by the Business immediately prior to the Closing and (ii) that Medicare and Medi-Cal certification of the Business will be effective upon the Effective Time and that the Business may participate in and receive reimbursement from such programs effective upon the Effective Time.

Hazardous Substances—(i) any hazardous or toxic waste, substance, or material defined as such in (or for the purposes of) CERCLA or the Resource Conservation and Recovery Act, as amended (42 U.S.C. §6901, et. seq.), or the Hazardous Materials Transportation Act, as amended (49 U.S.C. §1801, et. seq.), or the Toxic Substances Control Act, as amended (15 U.S.C. §2601, et. seq.), or the Clean Air Act, as amended (42 U.S.C. §7401, et. seq.), or the Clean Water Act, as amended (33 U.S.C. §1251, et. seq.), or any corresponding state law, (ii) asbestos-containing material, (iii) medical and biological waste, (iv) polychlorinated biphenyls, (v) petroleum products, including gasoline, fuel oil, crude oil and other various constituents of such products, and (vi) any other chemicals, materials or substances, exposure to which is prohibited, limited or regulated by any Environmental Laws.

Healthcare Laws—all Laws relating to the licensure, certification, qualification or authority to transact business relating to the provision of, or payment for, or both the provision of and payment for, health benefits, health care or insurance coverage, including ERISA, COBRA, the State Children's Health Insurance Program, Medicare, Medi-Cal, TRICARE, and Laws relating to the regulation of fraud and abuse, false claims and patient referrals; Laws governing Healthcare Programs and the delivery and payment of health care services; Laws governing billing and submission of a claim to a Healthcare Program or other payor, including reimbursement, payments, and cost reporting and other Healthcare Program or health care services reimbursement requirements; the federal Anti-kickback Statute (42 U.S.C. § 1320a-7b(b)) and the regulations promulgated thereunder, and its state law counterparts; the Federal Civil Monetary Penalty Provisions (collectively, 42 U.S.C. § 1320a-7a and 31 U.S.C. § 3801 et seq.); the Federal False Claims Act, and its state law counterparts; the Stark Law, and its state law counterparts; survey, certification and standards as each relates to the eligibility of a Seller for obtaining Government Authorizations required in any state where they conduct business or required for a Seller to participate in any Healthcare Program; medical records and patient medical information privacy and security Laws, including the requirements of HIPAA; Laws governing treatment and reporting by any Seller relating to infectious diseases; corporate practice of medicine doctrines and similar restrictions on ownership of any Person and the performance of professional medical services by any Person; and to the extent applicable, Laws governing disclosure to patients of physician ownership in health care facilities.

Healthcare Program—the federal Medicare (including Medicare Part D and Medicare Advantage), Medicaid, Medicaid-waiver, and CHAMPUS/TRICARE programs, any federal health care program as defined in 42 U.S.C. § 1320a-7b(f), and any state health care program as defined in 42 U.S.C. § 1320a-7(h).

HIPAA—(i) the Administrative Simplification provisions of the U.S. Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. Section 1320d et seq.), as amended by the Health Information Technology for Economic and Clinical Health Act (42 U.S.C. Section 17921 et seq.), the regulations promulgated thereunder, (ii) the privacy provisions (Subtitle D) of the Health Information Technology for Economic and Clinical Health Act, Division A, Title XIII of Pub. L. 111-5, as codified at 42 U.S.C. Sections 1320d through d-9, and the regulations promulgated thereunder, and (iii) any similar state law, including the California Medical Information Act (Civil Code Section 56 et. seq.) and the security and notification provisions of California Health and Safety Code Section 1280.15.

Hired Employees—as defined in Section 9.1.

HITECH Act—as defined in Section 12.3.

HITECH Payments—as defined in Section 12.3.

HLP—as defined in the introductory paragraph.

HLP Lease— the Hospital Lease dated as of January 1, 2005, as amended, between HLP of Los Angeles, LLC, as successor in-interest to Ross-Loos Medical Center, as landlord, and SH1, as successor in-interest to InterCare Health Systems, Inc., as tenant. The documents evidencing such leasehold interest are listed on Annex 2.2(z).

Hospitals—the LA Hospital and the Rosemead Hospital.

Independent Accountant— BDO USA, LLP or, if it is unable to serve, the dispute resolution group of an impartial nationally recognized firm of independent certified public accountants (other than Sellers' accountants or Buyer's accountants) or financial consulting firm, mutually agreed to by Buyer and Sellers.

Independent Consultant—as defined in Section 8.21(a).

Information Privacy and Security Laws—as defined in Section 5.8(i).

Initial Cash Consideration—as defined in Section 3.3(d).

Initial Meaningful Use Adjustment—\$1,306,515.

Initial QAF4 Adjustment—Buyer's good faith pre-Closing estimate of the amount of cash that (a) after September 28, 2018, and prior to the Effective Time, is received by or on account of SH1 or the Hospitals from the State of California under Medi-Cal or on account of the QAF4 Program and (b) the State of California applies to reduce liabilities to the QAF5 Program.

Initial QAF5 Adjustment—the sum of (a) \$4,899,734 and (b) Buyer's good faith pre-Closing estimate of the amount of cash that (i) after September 28, 2018, and prior to the Effective Time, is received by or on account of SH1 or the Hospitals from the State of California on account of the QAF5 Program and (ii) the State of California does *not* apply to reduce liabilities to the QAF5 Program.

Intellectual Property—as defined in Section 2.1(k).

Interim Financials—as defined in Section 5.10(a).

Interim Management Agreement—as defined in Section 4.2(r).

Interim Subleases—as defined in Section 4.2(s).

Interim Period—the period of time from the Agreement Date until either (a) the Closing Date or (b) the date any valid termination of this Agreement becomes effective.

Inventory—all inventory, merchandise, finished goods, raw materials, packaging, labels, supplies and other personal property maintained, held or stored by or for the Business or any Seller, including drugs, food, janitorial and office supplies, and any prepaid deposits for any of the same.

IRS—the Internal Revenue Service.

Joint Commission—as defined in Section 5.8(c).

LA Hospital—the Los Angeles, California location of the acute care hospital known as Silver Lake Medical Center.

Laws—all applicable laws, statutes, codes, treaties, rules, regulations, ordinances and other pronouncements having the effect of law of any Governmental Body. Laws includes the Bankruptcy Code and all other liquidation, bankruptcy, assignment for the benefit of creditors, conservatorship, moratorium, receivership, insolvency, rearrangement, reorganization or similar debtor relief laws of the United States or other applicable jurisdictions in effect from time to time.

Leased Real Property—as defined in Section 2.1(b).

Leasehold Title Policy—as defined in Section 8.17(a).

Lessor Lease—each Contract for the use of space in the MOB under which any Seller is the lessor or sublessor, other than the HLP Lease. The Lessor Leases include those as described in the "Lessor Leases" portion of Annex 2.6(a).

Lessor Lease Assignment—as defined in Section 4.2(f).

Liability—any debts, adverse claims, commitments, responsibilities, liability or obligation of any kind or nature whatsoever including exemplary, special and punitive damages (whether direct or indirect, known or unknown, absolute or contingent, vested or unvested, accrued or unaccrued, liquidated or unliquidated, or due or to become due and whether or not reflected, or required to be reflected, in such Person's balance sheet or other books and records), and including all costs and expenses relating thereto; provided, however, that for purposes of all Assumed Liabilities, "Liability" will specifically exclude all exemplary, special and punitive damages as well as all fines and penalties.

Lien—any charge, claim, community or other marital property interest, equitable interest, lien, encumbrance, option, pledge, security interest, mortgage, right of way, easement, encroachment, servitude, right of first option, right of first refusal or similar restriction, including all real property taxes and assessments due and payable for the Real Property, whether disputed or undisputed; and any restriction on use, voting (in the case of any security or equity interest), transfer, receipt of income or exercise of any other attribute of ownership.

Loss—any actual losses, Liabilities, claims, damages or expenses of a Party arising from or in connection with a breach or alleged breach by the other Party of this Agreement or the Transaction Documents, or other claim arising out of or in connection with this Agreement or the Transaction Documents.

Mandatory Payoff Liens—(i) Liens on the Purchased Assets that secure the payment of money, including mechanics', carriers', workmen's, repairmen's and other statutory liens, (ii) Liens for real property taxes, assessments and penalties including the 28 exceptions identified as exceptions A through BB, inclusive, in the Title Commitment with respect to the LA Hospital, which real property taxes will be subject to proration under Section 2.9; (iii) exceptions 10, 13, 14, 17 and 18 in the Title Commitment with respect to the LA Hospital; and (iv) exceptions 9 through 13, inclusive, in the Title Commitment with respect to the Rosemead Hospital. Mandatory Payoff Liens specifically exclude exception 7 in the Title Commitment with respect to the Rosemead Hospital and any new Liens recorded or arising after the date of the Title Commitment which affect the fee interest of the Rosemead Landlord in the Rosemead Hospital. Mandatory Payoff Liens specifically include amounts that are being disputed or contested.

Material Adverse Change—any facts, changes, developments, events, occurrences, actions, effects, conditions or circumstances that, individually or in the aggregate, have had or would reasonably be expected to have a material adverse effect upon (a) the condition (financial or otherwise), business, assets, Liabilities, operations or results of operations of the Business as a whole or any Seller with respect to the Business as a whole, but excluding the effect of (i) the following changes: (A) the public announcement of the Transactions, (B) seasonal fluctuations in the Business consistent with prior fiscal years, (C) any changes in GAAP, (D) changes in the economy of the United States in general or the State of California, including events or circumstances pertaining to the health care industry, (E) changes or proposed changes to any applicable Law, reimbursement rates or policies of any Governmental Body that are generally applicable to hospitals or healthcare facilities, (F) requirements, reimbursement rates, policies or procedures of third party payors or accreditation commissions or organizations that are generally applicable to hospitals or healthcare facilities, and (G) local, regional, national or international political or social conditions, including the engagement by the United States in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack; which, in the case of any clause of this subsection (i), does not have a disproportionate effect on any Seller or the Business; (ii) matters pertaining to the Business that are described in Schedule 5.26 (the contents thereof construed in a manner consistent with the second and third sentences of Section 14.10); and (iii) the pendency of the Bankruptcy Cases, compliance with the Bankruptcy Code and the developments and circumstances concerning the financial condition of Sellers for periods leading up to the filing of the Bankruptcy Cases; or (b) the ability of Sellers to complete the Transactions or to perform their respective obligations under this Agreement or any of the Transaction Documents.

Material Contract—a Business Contract that is any of the following:

- (a) A Contract with a Governmental Body.
- (b) A Contract with a physician, physician group or other referral source (as determined by applicable Healthcare Laws).
- (c) A Contract with a hospital or other health facility.
- (d) A Contract for a joint venture, strategic alliance, partnership or similar arrangement.
- (e) A Contract to provide or receive management services.
- (f) Each of the Tenant Leases and the Lessor Leases.
- (g) A Contract involving the borrowing of money, guarantee of an obligation of any other Person or creation of a Lien on any of the Assets.
- (h) A Contract for the sale of any material assets of a Seller other than in the ordinary course of business or for the grant to any Person of any preferential rights to purchase any such assets.
- (i) A Contract restricting a Seller from competing in any line of business or with any Person in any geographical area or soliciting or hiring any Person with respect to employment.
- (j) A Contract containing a "most favored nations" or other clause that purports to adjust pricing or services provided by a Seller based on terms made available to other customers or any exclusivity or similar provisions.
- (k) A Contract that requires a Seller to purchase its requirements of a product or service or that contains "take or pay" provisions.
 - (l) A settlement Contract or consent decree.
 - (m) A Contract with a labor union representing of any of the Business Employees.
 - (n) A Contract with a manager, director or officer of any Seller.
 - (o) An employment Contract.
 - (p) A Contract providing for severance, separation benefits, retention, change in control or other similar payments.
 - (q) An independent contractor Contract providing for payments to any individual in excess of Seventy Five Thousand Dollars (\$75,000) per year.
 - (r) Each Personal Property Lease providing for payments by a Seller in excess of Seventy Five Thousand Dollars (\$75,000) per year.
 - (s) A license of intellectual property (other than licenses granted in connection with the purchase of equipment or other assets) providing for payments by a Seller in excess of Seventy Five Thousand Dollars (\$75,000).
 - (t) A Contract that relates to the acquisition or disposition of any business, a material amount of equity or assets of any other Person or any real property (whether by merger, sale of equity, sale of assets or otherwise).

(u) A Contract that provides for the assumption of any Tax or environmental liability of any Person.

(v) A Contract providing for payments to any Person in excess of Seventy Five Thousand Dollars (\$75,000) per year and that cannot be terminated upon notice of 60 days or less without material penalty, to the extent not included in another subsection of the definition of Material Contract.

Material Suppliers—as defined in Section 5.19.

Measurement Time—11:59 p.m. (Pacific Time) on the date prior to the Closing Date.

Medi-Cal—California's Medicaid Program, as set forth in California Welfare and Institutions Code, Division 9, Part 3, Chapter 7 and California Code of Regulations, Title 22, Division 3 and any statutes succeeding thereto, and all Laws, rules, regulations, manuals, orders, guidelines or requirements (whether or not having the force of law) pertaining to such program, in each case as the same may be amended, supplemented or otherwise modified from time to time.

MOB—the medical office building incident to the operation of the LA Hospital.

MU Adjustment Statement—as defined in Section 3.6(a).

MU Sellers' Objection Notice—as defined in Section 3.6(b).

No-Hire List—as defined in Section 9.1.

Nonassignable Assets—as defined in Section 2.7(c).

Notice Parties—as defined in Section 7.6.

Order—any order, injunction, judgment, decree, ruling, writ, assessment or arbitration award of a Governmental Body.

Ordinary Course—an action taken by a Person will be deemed to have been taken in the Ordinary Course only if (a) such action is consistent with the past practices of such Person and is taken in the ordinary and usual course of the normal day-to-day operations of such Person; (b) such action is not required to be authorized by the board of directors of such Person (or by any Person or group of Persons exercising similar authority) and is not required to be specifically authorized by the parent company (if any) of such Person; and (c) such action is similar in nature and magnitude to actions customarily taken, without any authorization by the board of directors (or by any Person or group of Persons exercising similar authority), in the ordinary course of the normal day-to-day operations of other Persons that are in the same line of business as such Person. Ordinary Course of the Business will take into account the business exigencies arising from Sellers' financial condition and status as potential or actual filers under Chapter 11 of the Bankruptcy Code.

Original Closing Date—as defined in Section 8.21(a).

Original Purchase Agreement—as defined in the recitals to this Agreement.

Original Deposit Agreement—as defined in the recitals to this Agreement.

Outside Date—as defined in Section 4.4(a).

Owned Real Property—as defined in Section 2.1(a).

Owner's Title Policy—as defined in Section 8.17.

Parent—as defined in the preamble of this Agreement.

Parties—Sellers and Buyer. Party refers to Buyer, on the one hand, or Sellers, on the other.

Payoff Amounts—as defined in Section 8.12.

Payoff Documents—as defined in Section 8.12.

Permits—any approvals, authorizations, consents, licenses, permits or certificates of a Governmental Body.

Permitted Exceptions—as defined in Section 5.7(b); provided, however, that for purposes of Section 8.2 and the definition of "Sale Order," Permitted Exceptions will only include items that relate solely to Real Property.

Person—any individual, corporation, limited liability company, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Body or other entity.

Personal Information—as defined in Section 5.8(i).

Personal Property—as defined in Section 2.1(d).

Personal Property Lease—a Business Contract that is a personal property lease with respect to the operations of the Business.

Petition Date—the actual date the Bankruptcy Cases are commenced.

Policy Removal Liens—(i) Liens on the Assets that secure the payment of money, including (a) mechanics', carriers', workmen's, repairmen's and other statutory liens, and (b) liens for real property taxes and assessments; in each case as to (a) and (b) if and to the extent (A) released by a Final Order of the Bankruptcy Court, and (B) the Title Company agrees to omit the applicable item from the Title Policy solely on the basis of such Final Order(s); (ii) currently delinquent property taxes, assessments and penalties that are the subject of the 28 exceptions identified as exceptions A through BB, inclusive, in the Title Commitment with respect to the LA Hospital, which real property taxes will be subject to proration under Section 2.9; (iii) exceptions 10, 13, 17, 18 and 23 through 30, inclusive, in the Title Commitment with respect to the LA Hospital; and (iv) exceptions 9 and 23 in the Title Commitment with respect to the Rosemead Hospital, provided that exception 7 and any other exceptions in such Title Commitment that do not apply only to a Seller's leasehold interest are specifically excluded from the definition of Policy Removal Liens.

Power of Attorney—as defined in Section 4.2(n).

Pre-Closing Government Receivables—(a) receipts relating to the Seller Cost Reports or Agency Settlements (whether resulting from an appeal by any Seller or otherwise) and (b) receipts resulting from a Seller's pursuit of one or more appeals pertaining to Medicare, Medi-Cal (including disproportionate share hospital program payments) or TRICARE; in each case, with respect to time periods prior to the Effective Time. Pre-Closing Government Receivables do not include payments from, or otherwise in connection with, the QAF Program.

Prepaid Expenses—all deposits (including security deposits for rent, utilities, telephone or otherwise), prepaid or deferred charges and expenses, advance payments, prepayments and the like, together with all claims for refunds and rights to offset in respect thereof.

Proceeding—any action, mediation, arbitration, audit, hearing, investigation, charge, claim, litigation or suit (whether civil, criminal, administrative, judicial or investigative, whether formal or informal, whether public or private) commenced, brought, conducted or heard by or before, or otherwise involving, any Governmental Body, arbitrator, mediator or similar dispute resolution party.

Purchase Price—as defined in Section 3.1(a).

Purchased Assets—all assets, properties and rights of Sellers or any of them, other than the Excluded Assets. The Purchased Assets include all assets, properties and rights of every kind and nature (whether real, personal or mixed, tangible or intangible (including goodwill), wherever located and whether now existing or hereafter acquired) which relate to, or are used or held for use in connection with, the Business, other than the Excluded Assets.

Purchased Contract Consents— as defined in Section 5.4(e).

Purchased Contracts—the Business Contracts set forth on Annex 2.6(a), including those added to Annex 2.6(a) pursuant to Section 2.6(a), and excluding Disputed Contracts designated as Excluded Contracts pursuant to Section 7.2(c).

QAF Program—the Medi-Cal supplemental payments program that imposes a quality assurance fee to be paid by hospitals that is used to obtain increased federal Medicaid matching funds as implemented: (a) with respect to the January 1, 2014 – December 31, 2016, program period, and the January 1, 2017 – June 30, 2019 program period, pursuant to the Medi-Cal Hospital Reimbursement Improvement Act of 2013 (Article 5.230 (commencing with Section 14169.50) of Chapter 7 of Part 3 of Division 9 of the California Welfare and Institutions Code, enacted by California Senate Bill 239 (Stats. 2013, Ch. 637)); (b) with respect to the July 1, 2011 – December 31, 2013, program period pursuant to the Medi-Cal Hospital Provider Rate Improvement Act of 2011 and Private Hospital Quality Assurance Fee Act of 2011 (Article 5.228 (commencing with Section 14169.1) and Article 5.229 (commencing with Section 14169.31) of Chapter 7 of Part 3 of Division 9 of the California Welfare and Institutions Code, enacted by California Senate Bill 335 (Stats. 2011, Ch. 286)); (c) with respect to prior program periods pursuant to the Medi-Cal Hospital Provider Rate Stabilization Act and the Quality Assurance Fee Act enacted by California Assembly Bill 1383 (Stats. 2009, Ch. 627) and its amendments, and the Medi-Cal Hospital Rate Stabilization Act of 2011 and Hospital Quality Assurance Fee Act of 2011 enacted by California Senate Bill 90 (Stats. 2011, Ch. 19); and (d) with respect to any subsequent program period for which Medi-Cal supplemental payments are provided pursuant to the current quality assurance fee program, or legislation modifying or extending the quality assurance fee program or enacting a successor quality assurance fee program or similar statewide hospital fee program.

QAF4 Program—the QAF Program with respect to the Hospitals for the Program Period January 1, 2014 to December 31, 2016.

QAF5 Program—the QAF Program with respect to the Hospitals for the Program Period January 1, 2017 to June 30, 2019.

R&W Insurer—any insurer under the R&W Policy.

R&W Policy—the Representation and Warranty Insurance Policy, dated on or prior to the Closing Date, by and between Buyer and the R&W Insurers and in a form acceptable to Buyer.

Real Property—the Owned Real Property and Leased Real Property.

Reconciliation Amount—the amount equal to the Final Working Capital Adjustment minus the Estimated Working Capital Adjustment. If the result of such equation is less than zero, then the

Reconciliation Amount is expressed as a negative number. Otherwise, the Reconciliation Amount is expressed as a positive number.

Records—as defined in Section 13.2.

Registered Transferred Intellectual Property—as defined in Section 5.18(a).

Release—any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment.

Representatives—as to any Person, its officers, directors, managers, members, employees, agents, counsel, accountants, financial advisers, restructuring advisers, bankers, insurers, financing sources and consultants.

Required Consents—as defined in Section 10.1(j).

Retained Real Property—as defined in Section 2.2(s).

RN Guaranty—as defined in the recitals to this Agreement.

Rosemead Hospital—the Rosemead, California, location of the acute care hospital known as Silver Lake Medical Center.

Rosemead Landlord—AFG Investment Fund 5, LLC.

Rosemead Lease—that certain Amended and Restated Lease Agreement dated as of November 14, 2008, by and between Rosemead Landlord and SH1.

Sale Milestones—the following dates by which the following events must occur, unless waived by written consent of Buyer in each instance in its sole discretion:

(a) On or before November 16, 2018, each Seller will have commenced its Bankruptcy Cases.

(b) On or before the date that is no later than one (1) day after the Petition Date, Sellers will have filed the Sale Motion.

(c) On or before the date that is twenty five (25) days after the Petition Date (subject to continuance or postponement in accordance with the terms in Section 4.4(a)(ii)), the Bankruptcy Court will have entered the Bidding Procedures Order.

(d) On or before the date that is seventy five (75) days after the Petition Date, Sellers will have conducted the Auction.

(e) On or before the date that is ninety (90) days after the Petition Date, the Bankruptcy Court will have entered the Sale Order.

Sale Motion—the motion or motions of Sellers seeking approval and entry of the Bidding Procedures Order and Sale Order.

Sale Order—an Order of the Bankruptcy Court in substantially the form of Exhibit 7.2(d) (together with such changes required by Ally Bank as lender to the Buyer in form and substance reasonably acceptable to Buyer and Sellers), or otherwise in form and substance satisfactory to each of Buyer and Sellers in its reasonable judgment, pursuant to, *inter alia*, Sections 105, 363 and 365 of the

Bankruptcy Code authorizing and approving the Transactions; provided, that neither Buyer nor Sellers will be required to accept a Sale Order that does not, and it will be deemed reasonable for Buyer or Sellers to find a Sale Order unsatisfactory if it does not: (i) provide for the sale, transfer and assignment of all of Sellers' rights, title and interest in the Purchased Assets to Buyer on the terms and conditions set forth herein, free and clear of all Claims, Excluded Liabilities, and Liens (including any successor liability) to the maximum extent permitted by law, other than Permitted Exceptions and the Assumed Liabilities; (ii) provide for the assumption and assignment of the Purchased Contracts and the Assumed Liabilities by and to Buyer; (iii) contain findings of fact and conclusions of law that the Transactions are undertaken by Buyer and Sellers at arm's length, without collusion and that Buyer has acted in "good faith" within the meaning and entitled to the protections of Section 363(m) of the Bankruptcy Code; (iv) finds that notice of the Transactions was good and sufficient; (v) provide that, other than the Assumed Liabilities and Permitted Exceptions, Buyer will not be responsible for any liability of Sellers; (vi) find the transfers of the Purchased Assets by Sellers to Buyer constitutes transfers for reasonably equivalent value and fair consideration under the Bankruptcy Code and the laws of the State of Delaware; (vii) hold that Buyer is not a successor to Sellers or their estates by reason of any theory of law or equity with respect to any Claims or Liens against Sellers or the Purchased Assets and to the maximum extent permitted by applicable law permanently enjoining each and every holder of any claim for such liabilities from commencing, continuing or otherwise pursuing or enforcing any remedy, claim, cause of action or Lien against Buyer or the Purchased Assets related thereto; (viii) hold that, after the entry of the Sale Order, the terms of any reorganization or liquidation plan submitted to the Bankruptcy Court or any other court for confirmation or sanction, will not conflict with, supersede, abrogate, nullify or restrict the terms of this Agreement, or in any way prevent or interfere with the consummation or performance of the Transactions; and (ix) provide for the waiver of the automatic stay provisions of Bankruptcy Rules 6004 and 6006.

Schedule Supplement—as defined in Section 14.10.

Schedules—the schedules attached to, and delivered concurrently with the execution and delivery of, this Agreement.

Section—as defined in Section 1.2(e).

Seller Closing Indebtedness—the aggregate amount of Debt of Sellers as of the Closing Date. Any such Debt incurred on the Closing Date (e.g., repayment penalties, breakage costs and interest) will be deemed to be outstanding and unpaid as of the Closing Date. Seller Closing Indebtedness excludes unsecured Debt owed by any Seller to any of its Affiliates.

Seller Cost Reports—as defined in Section 12.2(b).

Seller Group—as defined in Section 8.22.

Seller Note—as defined in Section 4.2(dd).

Seller Plans—as defined in Section 5.12(a).

Seller Retention Amount—an initial amount equal to half of the retention or deductible of the R&W Policy, together with all interest and earnings thereon. The initial Seller Retention Amount shall not exceed \$441,000. After the Closing, the Seller Retention Amount will equal the amount that remains after use of the initial amount to pay retention or deductible amounts under the R&W Policy, together with all interest and earnings thereon.

Seller Transaction Expenses—the aggregate amount of all fees, costs and other expenses incurred or payable by one or more Seller in connection with the negotiation, execution and delivery of this

Agreement, the other Transaction Documents and the Transactions, in each case that are unpaid as of the Measurement Time, including all fees, costs and expenses that are the responsibility of any Seller under Section 14.1; the premiums and costs of the Tail Policy; the premium and costs of the R&W Policy (which total premium and costs of the R&W Policy shall not exceed \$400,000); any fees or expenses associated with obtaining necessary or appropriate waivers, consents, or approvals of any Persons on behalf of any Seller in connection with the Transactions; any fees or expenses associated with obtaining the release and termination of any applicable Liens on the Purchased Assets in connection with the Transactions; all brokers' or finders' fees of Sellers in connection with the Transactions; all other fees, costs and other expenses payable to all accountants, consultants, financial, legal and other advisors; and all prorated amounts that are the responsibility of any Seller under this Agreement; all sale, change of control, retention or similar bonuses payable by any Seller in connection with the consummation of the Transactions, and (c) the employer portion of any employment or payroll Taxes payable in connection with the Transactions; each to the extent not paid by Sellers prior to the Closing; provided, however, that any Seller Transaction Expenses that are not incurred until after the Measurement Time (e.g., success based fees, etc.) will be deemed to be outstanding as of the Measurement Time.

Sellers—as defined in the preamble of this Agreement.

Sellers' knowledge—as defined in Section 5.29.

Sellers' Objection Notice—as defined in Section 3.5(c).

SH1—as defined in the preamble of this Agreement.

Submittal Date—as defined in Section 8.21.

Subordination Agreement—as defined in Section 4.2(ee).

Successful Bidder—any party or parties identified by Sellers who acquire(s) all or substantially all of the Purchased Assets (in a single transaction or a series of transactions) or all or substantially all of the limited liability company interests (in a single transaction or a series of transactions) of Sellers or any of their successors by reason of having submitted the successful bid at the Auction in a manner consistent with and authorized by the Bidding Procedures Order.

Supplemental Draft—as defined in Section 12.1.

Surveys—as defined in Section 8.17.

Tail Policy—as defined in Section 8.15.

Tax Return—any return, declaration, report, disclosure, statement, information statement, worksheet, schedule and any other document filed, required to be filed or required to be prepared (including any documentation required to be prepared in connection with any applicable transfer pricing law) with respect to Taxes, including any claims for refunds of Taxes and any amendments or supplements to any of the foregoing.

Taxes—all federal, state, provincial, local or foreign taxes, charges, fees, imposts, levies or other assessments, including all net income, gross receipts, capital, escheat, sales, use, ad valorem, value added, transfer, franchise, profits, inventory, capital stock, license, withholding, payroll, employment, social security, unemployment, excise, severance, stamp, occupation, property and estimated taxes, customs duties, fees and assessments of any kind whatsoever, and any interest, penalty or, addition to tax or additional amount with respect thereto, that are imposed, assessed or collected by any Governmental Body, and any liability for payment of the foregoing amounts as a transferee or successor.

Tenant Leases—the HLP Lease and the Rosemead Lease.

Third Party—a Person that is not (a) a party to this Agreement or (b) an Affiliate of any party to this Agreement.

Title Commitment—as defined in Section 8.17.

Title Company—as defined in Section 8.17.

Title Instruments—as defined in Section 8.17.

Title Notice—as defined in Section 8.17.

Title Objection—as defined in Section 8.17.

Title Objection Notice—as defined in Section 8.17.

Title Policy—as defined in Section 8.17.

Transaction Documents—this Agreement, the Interim Management Agreement, and all the other agreements, certificates, instruments and other documents to be executed or delivered at the Closing by one or more of the Parties in connection with the Transactions.

Transactions—the transactions contemplated by this Agreement and the other Transaction Documents.

Transferred Intellectual Property—as defined in Section 2.1(k).

Transition Date—the last to occur of the following dates: (a) the date when Buyer is issued a hospital license from the California Department of Public Health for operation of the Hospitals or (b) the date when Buyer is issued the necessary hospital pharmacy permits from the State of California Board of Pharmacy for the operation of the pharmacies located at the Hospitals.

Transition Services Agreement—as defined in Section 4.2(l).

Virtual Data Room—the virtual data room located at <https://smart122917.smartroom.com> to the extent that Buyer was granted access by Sellers.

WARN Laws—Worker Adjustment and Retraining Notification Act, 29 U.S.C. § 21.01 et seq., and any other similar provision of any Law governing plant closings or mass layoffs.

WARN Obligations—those Liabilities of Sellers under the WARN Laws with respect to the operations of the Business that result from (a) the consummation of the Transactions (provided that Sellers have, with respect to the operations of the Business, complied with all WARN Laws prior to the Effective Time) and (b) Buyer's breach of its covenant with respect to the Hired Employees as set forth in Section 9.1; provided, however, in no event will the WARN Obligations include any Liability of any Seller relating to any of the following (all of which will constitute Excluded Liabilities): (i) failure to comply by any Seller with WARN Laws prior to the Effective Time (without regard to any actions which Buyer or its Affiliates may take on or after the Effective Time which adversely affects any Seller's pre-Effective Time compliance with WARN Laws) or (ii) termination of the employment of more than five (5) Business Employees by any Seller without cause prior to the Closing Date.

EXHIBIT H

Auction and Sale Notice

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

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In re: : Chapter 11

:

PROMISE HEALTHCARE GROUP, LLC, *et al.*,¹ : Case No. 18-12491 (CSS)

:

Debtors. : (Joint Administration Requested)

-----X

NOTICE OF AUCTION AND SALE HEARING

PLEASE TAKE NOTICE that on November 5, 2018, the above-captioned debtors and debtors in possession (the “Debtors”) filed the *Debtors’ Motion for Entry of Orders (I)(A) Establishing Bidding Procedures Relating to the Sale of Certain of the Debtors’ Assets, Including Approving a Break-Up Fee and Expense Reimbursement, (B) Establishing Procedures Relating to the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, Including Notice of Proposed Cure Amounts, (C) Approving Form and Manner of Notice Relating Thereto, and (D) Scheduling a Hearing to Consider the Proposed Sale; (II)(A) Approving the Sale of Certain of the Debtors’ Assets Free and Clear of All Liens, Claims, Encumbrances, and Interests, (B) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (C) Authorizing Success Healthcare 1, LLC to Grant Liens, and (III) Granting Certain Related Relief* (the “Sale Motion”).² In the Sale Motion, Success Healthcare, LLC, Success Healthcare 1, LLC, and HLP of Los Angeles, LLC (collectively, the “Silver Lake Debtors”) seek authority to, among other things, sell substantially

¹ The Debtors in these Chapter 11 cases, together with the last four digits of each Debtor’s federal tax identification number, are as follows: HLP HealthCare, Inc. (8381), PH-ELA, Inc. (9180), Professional Rehabilitation Hospital, L.L.C. (5340), Promise Healthcare #2, Inc. (1913), Promise Healthcare Group, LLC (1895), Promise Healthcare Holdings, Inc. (2601), Bossier Land Acquisition Corp. (6644), HLP of Los Angeles, LLC (9102), HLP of Shreveport, Inc. (1708), HLP Properties at The Villages Holdings, LLC (0006), HLP Properties at the Villages, L.L.C. (1938), HLP Properties of Vidalia, LLC (4255), HLP Properties, Inc. (0068), Promise Healthcare of California, Inc. (9179), Promise Healthcare, Inc. (7953), Promise Hospital of Ascension, Inc. (9219), Promise Hospital of Baton Rouge, Inc. (8831), Promise Hospital of Dade, Inc. (7837), Promise Hospital of Dallas, Inc. (0240), Promise Hospital of East Los Angeles, L.P. (4671), Promise Hospital of Florida at The Villages, Inc. (2171), Promise Hospital of Louisiana, Inc. (4886), Promise Hospital of Lee, Inc. (8552), Promise Hospital of Overland Park, Inc. (5562), Promise Hospital of Phoenix, Inc. (1318), Promise Hospital of Salt Lake, Inc. (0659), Promise Hospital of Vicksburg, Inc. (2834), Promise Hospital of Wichita Falls, Inc. (4104), Promise Properties of Dade, Inc. (1592), Promise Properties of Lee, Inc. (9065), Promise Properties of Shreveport, LLC (9057), Promise Skilled Nursing Facility of Overland Park, Inc. (5752), Promise Skilled Nursing Facility of Wichita Falls, Inc. (1791), Quantum Health, Inc. (4298), Quantum Properties, L.P. (8203), St. Alexius Hospital Corporation #1 (2766), St. Alexius Properties, LLC (4610), Success Healthcare 1, LLC (6535), Success Healthcare 2, LLC (8861), Success Healthcare, LLC (1604), Vidalia Real Estate Partners, LLC (4947), LH Acquisition, LLC (2328), Promise Behavioral Health Hospital of Shreveport, Inc. (1823), Promise Rejuvenation Centers, Inc. (7301), Promise Rejuvenation Center at the Villages, Inc. (7529), and PHG Technology Development and Services Company, Inc. (7766). The mailing address for the Debtors, solely for purposes of notices and communications, is 999 Yamato Road, 3rd FL, Boca Raton, FL 33431.

² Capitalized terms, unless otherwise defined herein, shall have the meanings ascribed to them in the Sale Motion or the Bidding Procedures, as applicable.

all of their Silver Lake Medical Center assets (collectively, the “Assets”) free and clear of all liens, claims, encumbrances and other interests pursuant to sections 363 and 365 of the Bankruptcy Code, following an auction.

PLEASE TAKE FURTHER NOTICE that, on [November 30], 2018, the Bankruptcy Court entered an order (the “Bidding Procedures Order”) approving the bidding procedures (the “Bidding Procedures”) attached as Exhibit 1 to the Bidding Procedures Order. The Bidding Procedures set the key dates and times related to the sale of the Assets. All interested parties should carefully read the Bidding Procedures Order and the Bidding Procedures. To the extent that there are any inconsistencies between the Bidding Procedures Order (including the Bidding Procedures) and the summary description of its terms and conditions contained in this Notice of Potential Assumption and Assignment of Business Contracts, the terms of the Bidding Procedures Order shall control.

PLEASE TAKE FURTHER NOTICE that, pursuant to the terms of the Bidding Procedures, an auction (the “Auction”) to sell the Assets will be conducted on **January 4, 2019, starting at 10:00 a.m. (prevailing Eastern Time)** at the offices of DLA Piper LLP (US), 1201 North Market Street, Suite 2100, Wilmington, Delaware 19801, or such other location as shall be timely communicated to all persons entitled to attend the Auction. The Debtors may cancel the Auction pursuant to the Bidding Procedures.

PLEASE TAKE FURTHER NOTICE that a hearing will be held to approve the sale(s) of the Assets to the Successful Bidder(s) (the “Sale Hearing”) before the Honorable Christopher S. Sontchi, United States Bankruptcy Court for the District of Delaware, 824 Market Street, Wilmington, Delaware 19801 on **[January 21], 2019 at [10:00 a.m.] (prevailing Eastern Time)**, or at such time thereafter as counsel may be heard or at such other time as the Bankruptcy Court may determine. The Sale Hearing may be adjourned from time to time without further notice to creditors or parties in interest other than by filing a notice on the Court’s docket for these Chapter 11 Cases or the making of an announcement at the Sale Hearing.

PLEASE TAKE FURTHER NOTICE that objections to the Sale shall be filed and served so as to be received no later than **January 14, 2019 at 12:00 p.m. (prevailing Eastern Time)** by (i) counsel for the Debtors, McDermott Will & Emery LLP, 444 West Lake Street, Chicago, Illinois 60606 (Attn: William P. Smith and James Kapp; wsmith@mwe.com, jkapp@mwe.com) and DLA Piper LLP (US), 1201 North Market Street, Suite 2100, Wilmington, Delaware 19801 (Attn: Stuart Brown; stuart.brown@dlapiper.com); (ii) the Debtors, Success Healthcare, LLC, 999 Yamato Road, Third Floor, Boca Raton, Florida 33431, Attn: Charles Posternack, M.D., (iii) counsel to the Stalking Horse Bidder, Valensi Rose PLC, 1888 Century Park East, Suite 1100, Los Angeles, California 90067 (Attn: Gary F. Torrell, Esq.; gft@vrmlaw.com) and Potter Anderson & Corroon LLP, 1313 North Market Street, Sixth Floor, P.O. Box 951, Wilmington, DE 19801 (Attn: Jeremy W. Ryan, Esq.; jryan@potteranderson.com); (iv) counsel to the DIP Agent, _____; (v) counsel for the Committee appointed in the Silver Lake Debtors’ Chapter 11 Cases, _____; (vi) counsel for the Secured Lender, _____ and (vii) the Office of the United States Trustee for the District of Delaware, 844 King Street, Suite

2207, Lockbox 35, Wilmington, Delaware, 19801 (Attn: _____) (collectively, the “Objection Recipients”).

PLEASE TAKE FURTHER NOTICE that this Notice of Auction and Sale Hearing is subject to the full terms and conditions of the Sale Motion, Bidding Procedures Order and Bidding Procedures, which shall control in the event of any conflict. The Debtors encourage parties in interest to review such documents in their entirety. Copies of the Sale Motion, Bidding Procedures and/or Bidding Procedures Order may be obtained by calling the Debtors’ claims and notice agent, Prime Clerk, at 844-822-9230 (domestic, toll free) or 347-338-6503 (international) or by visiting <https://cases.primeclerk.com/promisehealthcare/>.

EXHIBIT I

Post-Auction Notice

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

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In re: : Chapter 11

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PROMISE HEALTHCARE GROUP, LLC, *et al.*,¹ : Case No. 18-12491 (CSS)

:

Debtors. : (Joint Administration Requested)

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NOTICE OF SUCCESSFUL BIDDER AND BACKUP BIDDER

PLEASE TAKE NOTICE that on [November 30], 2018, the Court entered an *Order (A) Establishing Bidding Procedures Relating to the Sale of Certain of the Debtors’ Assets, Including Approving A Break-Up Fee and Expense Reimbursement, (B) Establishing Procedures Relating to the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, Including Notice of Proposed Cure Amounts, (C) Approving Form and Manner of Notice Relating Thereto, (D) Scheduling A Hearing To Consider the Proposed Sale, and (E) Granting Related Relief* [Docket No. ___] (the “Bidding Procedures Order”).

PLEASE TAKE FURTHER NOTICE that the Bidding Procedures Order approved, among other things, the implementation of the Bidding Procedures in connection with the disposition of the Purchased Assets.

¹ The Debtors in these Chapter 11 cases, together with the last four digits of each Debtor’s federal tax identification number, are as follows: HLP HealthCare, Inc. (8381), PH-ELA, Inc. (9180), Professional Rehabilitation Hospital, L.L.C. (5340), Promise Healthcare #2, Inc. (1913), Promise Healthcare Group, LLC (1895), Promise Healthcare Holdings, Inc. (2601), Bossier Land Acquisition Corp. (6644), HLP of Los Angeles, LLC (9102), HLP of Shreveport, Inc. (1708), HLP Properties at The Villages Holdings, LLC (0006), HLP Properties at the Villages, L.L.C. (1938), HLP Properties of Vidalia, LLC (4255), HLP Properties, Inc. (0068), Promise Healthcare of California, Inc. (9179), Promise Healthcare, Inc. (7953), Promise Hospital of Ascension, Inc. (9219), Promise Hospital of Baton Rouge, Inc. (8831), Promise Hospital of Dade, Inc. (7837), Promise Hospital of Dallas, Inc. (0240), Promise Hospital of East Los Angeles, L.P. (4671), Promise Hospital of Florida at The Villages, Inc. (2171), Promise Hospital of Louisiana, Inc. (4886), Promise Hospital of Lee, Inc. (8552), Promise Hospital of Overland Park, Inc. (5562), Promise Hospital of Phoenix, Inc. (1318), Promise Hospital of Salt Lake, Inc. (0659), Promise Hospital of Vicksburg, Inc. (2834), Promise Hospital of Wichita Falls, Inc. (4104), Promise Properties of Dade, Inc. (1592), Promise Properties of Lee, Inc. (9065), Promise Properties of Shreveport, LLC (9057), Promise Skilled Nursing Facility of Overland Park, Inc. (5752), Promise Skilled Nursing Facility of Wichita Falls, Inc. (1791), Quantum Health, Inc. (4298), Quantum Properties, L.P. (8203), St. Alexius Hospital Corporation #1 (2766), St. Alexius Properties, LLC (4610), Success Healthcare 1, LLC (6535), Success Healthcare 2, LLC (8861), Success Healthcare, LLC (1604), Vidalia Real Estate Partners, LLC (4947), LH Acquisition, LLC (2328), Promise Behavioral Health Hospital of Shreveport, Inc. (1823), Promise Rejuvenation Centers, Inc. (7301), Promise Rejuvenation Center at the Villages, Inc. (7529), and PHG Technology Development and Services Company, Inc. (7766). The mailing address for the Debtors, solely for purposes of notices and communications, is 999 Yamato Road, 3rd FL, Boca Raton, FL 33431.

PLEASE TAKE FURTHER NOTICE that the deadline to bid on the Purchased Assets was established as 4:00 p.m. (prevailing Eastern Time) on December 21, 2018, and the Auction was scheduled for 10:00 a.m. (prevailing Eastern Time) on January 4, 2019.

PLEASE TAKE FURTHER NOTICE that the Debtors conducted the Auction for the Purchased Assets on January 4, 2019. At the conclusion thereof, the Debtors, in consultation with the Official Committee of Unsecured Creditors, the agent under the Debtors' debtor-in-possession financing facility, and the Silver Lake Debtors' secured lender, designated the following Qualified Bids as the Successful Bid and Backup Bid for the Purchased Assets:

	Successful Bidder	Back-Up Bidder
Name		
Proposed Purchase Price		
Assumed Contracts	<i>See Exhibit 1</i>	<i>See Exhibit 2</i>
Contact Information for Adequate Assurance Purposes		

PLEASE TAKE FURTHER NOTICE that Designated Contract Counterparties to the Designated Contracts² may submit objections on or prior to 12:00 p.m. (prevailing Eastern Time) on January 14, 2019 solely on the basis of adequate assurance of future performance by the Successful Bidder or Backup Bidder for the Purchased Assets.

PLEASE TAKE FURTHER NOTICE that parties who wish to object with respect to conduct of the Auction, the designation of any Successful Bidder or Bid or Backup Bidder or Bid, the terms (including price) of such Bids, and the Debtors' inability to satisfy the conditions of section 363(f) of the Bankruptcy Code with respect to a Successful Bid or Backup Bid must file such objection on or prior to 12:00 p.m. (prevailing Eastern Time) on January 4, 2019.

PLEASE TAKE FURTHER NOTICE that the Debtors intend to file the final purchase agreement and submit a proposed form of order approving the sale of the Purchased Assets prior to the Sale Hearing.

² The Debtors reserve the right to challenge whether any agreement listed on Exhibits 1-2 of this Notice is an executory contract or unexpired lease and by listing such agreement on the Exhibits hereto, the Debtors do not concede that any contract or lease remains executory or unexpired.

EXHIBIT J

Assumption and Assignment Notice

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

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In re: : Chapter 11

:

PROMISE HEALTHCARE GROUP, LLC, *et al.*,¹ : Case No. 18-12491 (CSS)

:

Debtors. : (Joint Administration Requested)

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**NOTICE OF POTENTIAL ASSUMPTION AND ASSIGNMENT
OF BUSINESS CONTRACTS AND RELATED CURE AMOUNTS**

PLEASE TAKE NOTICE that on November 5, 2018, the above-captioned debtors and debtors in possession (the “Debtors”) filed the *Debtors’ Motion for Entry of Orders (I)(A) Establishing Bidding Procedures Relating to the Sale of Certain of the Debtors’ Assets, Including Approving a Break-Up Fee and Expense Reimbursement, (B) Establishing Procedures Relating to the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, Including Notice of Proposed Cure Amounts, (C) Approving Form and Manner of Notice Relating Thereto, and (D) Scheduling a Hearing to Consider the Proposed Sale; (II)(A) Approving the Sale of Certain of the Debtors’ Assets Free and Clear of All Liens, Claims, Encumbrances, and Interests, (B) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (C) Authorizing Success Healthcare 1, LLC to Grant Liens, and (III) Granting Certain Related Relief* (the “Sale Motion”).² In the Sale Motion, Success Healthcare, LLC, Success Healthcare 1, LLC, and HLP of Los Angeles, LLC

¹ The Debtors in these Chapter 11 cases, together with the last four digits of each Debtor’s federal tax identification number, are as follows: HLP HealthCare, Inc. (8381), PH-ELA, Inc. (9180), Professional Rehabilitation Hospital, L.L.C. (5340), Promise Healthcare #2, Inc. (1913), Promise Healthcare Group, LLC (1895), Promise Healthcare Holdings, Inc. (2601), Bossier Land Acquisition Corp. (6644), HLP of Los Angeles, LLC (9102), HLP of Shreveport, Inc. (1708), HLP Properties at The Villages Holdings, LLC (0006), HLP Properties at the Villages, L.L.C. (1938), HLP Properties of Vidalia, LLC (4255), HLP Properties, Inc. (0068), Promise Healthcare of California, Inc. (9179), Promise Healthcare, Inc. (7953), Promise Hospital of Ascension, Inc. (9219), Promise Hospital of Baton Rouge, Inc. (8831), Promise Hospital of Dade, Inc. (7837), Promise Hospital of Dallas, Inc. (0240), Promise Hospital of East Los Angeles, L.P. (4671), Promise Hospital of Florida at The Villages, Inc. (2171), Promise Hospital of Louisiana, Inc. (4886), Promise Hospital of Lee, Inc. (8552), Promise Hospital of Overland Park, Inc. (5562), Promise Hospital of Phoenix, Inc. (1318), Promise Hospital of Salt Lake, Inc. (0659), Promise Hospital of Vicksburg, Inc. (2834), Promise Hospital of Wichita Falls, Inc. (4104), Promise Properties of Dade, Inc. (1592), Promise Properties of Lee, Inc. (9065), Promise Properties of Shreveport, LLC (9057), Promise Skilled Nursing Facility of Overland Park, Inc. (5752), Promise Skilled Nursing Facility of Wichita Falls, Inc. (1791), Quantum Health, Inc. (4298), Quantum Properties, L.P. (8203), St. Alexius Hospital Corporation #1 (2766), St. Alexius Properties, LLC (4610), Success Healthcare 1, LLC (6535), Success Healthcare 2, LLC (8861), Success Healthcare, LLC (1604), Vidalia Real Estate Partners, LLC (4947), LH Acquisition, LLC (2328), Promise Behavioral Health Hospital of Shreveport, Inc. (1823), Promise Rejuvenation Centers, Inc. (7301), Promise Rejuvenation Center at the Villages, Inc. (7529), and PHG Technology Development and Services Company, Inc. (7766). The mailing address for the Debtors, solely for purposes of notices and communications, is 999 Yamato Road, 3rd FL, Boca Raton, FL 33431.

² Capitalized terms, unless otherwise defined herein, shall have the meanings ascribed to them in the Sale Motion or the Bidding Procedures, as applicable.

(collectively, the “Silver Lake Debtors”) seek authority to, among other things, sell substantially all of their Silver Lake Medical Center assets (collectively, the “Assets”) free and clear of all liens, claims, encumbrances and other interests pursuant to sections 363 and 365 of the Bankruptcy Code, following an auction.

PLEASE TAKE FURTHER NOTICE that, on [November 30], 2018, the Bankruptcy Court entered an order (the “Bidding Procedures Order”) approving the bidding procedures (the “Bidding Procedures”) attached as Exhibit 1 to the Bidding Procedures Order. The Bidding Procedures set the key dates and times related to the sale of the Assets. All interested parties should carefully read the Bidding Procedures Order and the Bidding Procedures. To the extent that there are any inconsistencies between the Bidding Procedures Order (including the Bidding Procedures) and the summary description of its terms and conditions contained in this Notice of Potential Assumption and Assignment of Business Contracts, the terms of the Bidding Procedures Order shall control.

PLEASE TAKE FURTHER NOTICE that, pursuant to the terms of the Bidding Procedures, an auction (the “Auction”) to sell the Assets will be conducted on **January 4, 2019, starting at 10:00 a.m. (prevailing Eastern Time)** at the offices of DLA Piper LLP (US), 1201 North Market Street, Suite 2100, Wilmington, Delaware 19801, or such other location as shall be timely communicated to all persons entitled to attend the Auction. The Debtors may cancel the Auction pursuant to the Bidding Procedures.

PLEASE TAKE FURTHER NOTICE that a hearing will be held to approve the sale(s) of the Assets to the Successful Bidder(s) (the “Sale Hearing”) before the Honorable Christopher S. Sontchi, United States Bankruptcy Court for the District of Delaware, 824 Market Street, Wilmington, Delaware 19801 on **[January 21], 2019 at [10:00 a.m.] (prevailing Eastern Time)**, or at such time thereafter as counsel may be heard or at such other time as the Bankruptcy Court may determine. The Sale Hearing may be adjourned from time to time without further notice to creditors or parties in interest other than by filing a notice on the Court’s docket for these Chapter 11 Cases or the making of an announcement at the Sale Hearing.

PLEASE TAKE FURTHER NOTICE that the Silver Lake Debtors have indicated on Schedule 1 attached hereto a list of the Silver Lake Debtors’ executory contracts and unexpired leases (collectively, the “Purchased Contracts”), that the Silver Lake Debtors may assume and assign to the Successful Bidder along with the cure amounts that the Silver Lake Debtors believe must be paid to cure all prepetition defaults (in each instance, the “Cure Cost”). If you agree with the Cure Cost and do not otherwise object to the assumption and assignment of your Purchased Contract listed on Schedule 1, you do not need to take any further action.

PLEASE TAKE FURTHER NOTICE that any party seeking to object to the validity of the Cure Cost (a “Cure Objection”) provided by the Silver Lake Debtors on Schedule 1, or otherwise assert that any other amounts, defaults, conditions or pecuniary losses must be cured or satisfied under any of the Purchased Contracts in order to be assigned to the Successful Bidder(s) must file an objection, which must: (a) be in writing; (b) state with specificity the basis for the objection as well as any Cure Costs that the objector asserts to be due, including each and every asserted default in the applicable contract or lease (in all cases with appropriate documentation in

support thereof); (c) comply with the Federal Rules of Bankruptcy Procedure and the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware; and (d) be filed and served on the following parties by no later than 4:00 p.m. (prevailing Eastern Time) on the date that is fourteen (14) days after the date of service of this Notice of Potential Assumption and Assignment of Business Contracts (the “Contract Objection Deadline”): (i) counsel for the Debtors, McDermott Will & Emery LLP, 444 West Lake Street, Chicago, Illinois 60606 (Attn: William P. Smith and James Kapp; wsmith@mwe.com, jkapp@mwe.com) and DLA Piper LLP (US), 1201 North Market Street, Suite 2100, Wilmington, Delaware 19801 (Attn: Stuart Brown; stuart.brown@dlapiper.com); (ii) the Debtors, Success Healthcare 1, LLC, 999 Yamato Road, Third Floor, Boca Raton, Florida 33431, Attn: Charles Posternack, M.D.; (iii) counsel to the Stalking Horse Bidder, Valensi Rose PLC, 1888 Century Park East, Suite 1100, Los Angeles, California 90067 (Attn: Gary F. Torrell, Esq.; gft@vrmlaw.com) and Potter Anderson & Corroon LLP, 1313 North Market Street, Sixth Floor, P.O. Box 951, Wilmington, DE 19801 (Attn: Jeremy W. Ryan, Esq.; jryan@potteranderson.com); (iv) counsel to the DIP Agent, (v) counsel to the Secured Lender, (vi) counsel for the Committee, _____; and (vii) the Office of the United States Trustee for the District of Delaware, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware, 19801 (collectively, the “Objection Recipients”).

PLEASE TAKE FURTHER NOTICE that any non-Debtor counterparty to any Purchased Contract who does not file a Cure Objection by the Cure Objection Deadline, shall be forever barred from objecting to the Cure Cost set forth on Schedule 1 or asserting or claiming any cure amount (other than the Cure Cost) against the Silver Lake Debtors or any Successful Bidder(s).

PLEASE TAKE FURTHER NOTICE that the deadline for filing an objection to the assumption and assignment of a Purchased Contract on the basis of a lack of adequate assurance of future performance (an “Adequate Assurance Objection”) shall be **January 14, 2019 at 12:00 p.m.** (prevailing Eastern Time) (the “Adequate Assurance Objection Deadline”). Adequate Assurance Objections, if any, shall be in writing, filed with the Court and served upon the Objection Notice Parties.

PLEASE TAKE FURTHER NOTICE that any non-Debtor party to an assumed Purchased Contract who does not file a timely Cure Objection or Adequate Assurance Objection shall be deemed to have consented to the potential assumption and assignment of its Purchased Contract to the Successful Bidder(s) and will be forever barred from objecting to such assumption and assignment on account of the Cure Cost, lack of adequate assurance or any other grounds.

PLEASE TAKE FURTHER NOTICE that the hearing with respect to any Cure Objections and/or Adequate Assurance Objections may be held (i) at the Sale Hearing or (ii) on such other date as the Court may designate. To the extent the Silver Lake Debtors and non-Debtor counterparty to a Purchased Contract are able to consensually resolve the Cure Objection or the Adequate Assurance Objection prior to the Sale Hearing, the Debtors shall promptly provide notice to the Committee, the Office of the United States Trustee for the District of Delaware and the Successful Bidder(s) of such resolution.

PLEASE TAKE FURTHER NOTICE that this Notice of Potential Assumption and Assignment of Business Contracts is subject to the full terms and conditions of the Sale Motion, Bidding Procedures Order and Bidding Procedures, which shall control in the event of any conflict. The Debtors encourage parties in interest to review such documents in their entirety. Copies of the Sale Motion, Bidding Procedures and/or Bidding Procedures Order may be obtained by calling the Debtors' claims and notice agent, Prime Clerk, at 844-822-9230 (domestic, toll free) or 347-338-6503 (international), or by visiting <https://cases.primeclerk.com/promisehealthcare/>.