

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re: Chapter 11

ST. FRANCIS' HOSPITAL, Case No. 13-37725 (CGM)
POUGHKEEPSIE, NEW YORK, et al.,¹

Jointly Administered
Debtors. [RELATED TO DKT. NO. 18]

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**ORDER PURSUANT TO SECTIONS 105(A), 363 AND 365 OF THE
BANKRUPTCY CODE (A) APPROVING SALE OF THE DEBTORS'
ASSETS FREE AND CLEAR OF LIENS, CLAIMS, INTERESTS AND
ENCUMBRANCES, (B) APPROVING THE MANAGEMENT
SERVICES AGREEMENT, AND (C) GRANTING RELATED RELIEF**

Upon the motion, dated December 17, 2013² [ECF No.18] (the "Sale Motion") of St. Francis' Hospital, Poughkeepsie, New York, and the other above-captioned debtors (collectively, the "Debtors"), as debtors and debtors in possession in the above-captioned chapter 11 cases, pursuant to sections 105, 363 and 365 of title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the "Bankruptcy Code"), Rules 2002(a)(2), 6004, 6006 and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Rules 2002-1, 6004-1, 6006-1 and 9006-1(b) of the Local Rules for the United States Bankruptcy Court for the Southern District of New York (the "Local Rules") for an order (the "Sale Order") authorizing and approving, *inter alia*, the sale of substantially all of the Debtors' assets and other related relief, all as further set forth and defined in the Sale Motion; and the Court having entered an order approving the bidding procedures for the Purchased Assets and granting certain related relief on December 19, 2013

¹ The debtors in these chapter 11 cases, along with the last four digits of each debtor's federal tax identification number include: St. Francis' Hospital, Poughkeepsie, New York (8503), Saint Francis Home Care Services Corporation (3842), SFH Ventures, Inc. (0024), Saint Francis Health Care Foundation, Inc. (5066), and Saint Francis Hospital Preschool Program (1079).

² Capitalized terms used herein but not defined shall have the meaning ascribed to such terms in the Motion, the Bidding Procedures Order or the Purchase Agreement (each as defined below), as applicable.

[ECF No. 36] (the “Bidding Procedures Order”); and the Debtors having filed a supplemental sale procedures notice on December 31, 2013 [ECF No. 79] (the “Supplemental Sale Procedures Notice”); and the Court having entered a supplemental order authorizing and approving sale procedures and granting certain related relief on February 5, 2014 [ECF No. 234] (the “Supplemental Sale Procedures Order”); and a supplemental sale motion [ECF No. 271] (the “Supplemental Motion” and, together with the Sale Motion, the “Motion”) having been filed by the Debtors on February 10, 2014, seeking to modify the sale process and (i) effectuate a sale (the “Sale”) of substantially all of the Debtors’ assets (the “Purchased Assets”) to Westchester County Health Care Corporation or its designee (“Buyer”) and Buyer’s assumption of certain of the Debtors’ liabilities (the “Assumed Liabilities”), subject to and as provided in the Asset Purchase Agreement dated as of February 10, 2014, attached hereto as Exhibit A (collectively with all related agreements, documents or instruments and all exhibits, schedules and addenda to any of the foregoing, the “Purchase Agreement”), (ii) authorize entry into the management services agreement (the “Management Services Agreement”) by and among the Debtors and Buyer, as of the date of entry of this Sale Order and (iii) grant other related relief; and due notice of the Motion, the Bidding Procedures Order, the Supplemental Sale Procedures Notice, the Supplemental Sale Procedures Order and the Sale Hearing having been given to all parties entitled thereto; and the Court having conducted a hearing on the Motion on February 18, 2014 (the “Sale Hearing”), at which time all interested parties were offered an opportunity to be heard with respect to the Motion; and the Court having reviewed and considered (i) the Motion and the exhibits thereto; (ii) the Purchase Agreement; (iii) the Affidavit of Simon Gisby in support of the Motion [ECF 18]; (iv) all objections to, or other responses filed in respect of, the Motion; (v) the Stipulation Pertaining to Debtors’ (I) Notice of Cancellation of Auction and (II) Supplement to

Motion for Order (A) Authorizing the Sale of Substantially All of the Debtors' Assets Free and Clear of All Liens, Claims, Encumbrances, and Other Interests; (B) Authorizing the Assumption and Assignment of Certain Executory Contracts; and (C) Granting Other Related Relief [ECF 233]]; and (vi) the arguments and proffers of counsel made, and the evidence presented, at the Sale Hearing; and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their estates and creditors, and all other parties-in-interest in these bankruptcy cases; and upon the record of the Sale Hearing; and it further appearing that the legal and factual bases set forth in the Motion and at the Sale Hearing establish just cause for the relief granted herein; and after due deliberation thereon,

IT IS HEREBY FOUND AND DETERMINED THAT:

A. Jurisdiction and Venue. This Court has jurisdiction to consider the Motion and the Sale, including the transactions contemplated by the Purchase Agreement, pursuant to 28 U.S.C. §§ 157(b)(1) and 1334(a). This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (N) and (O). Venue of these cases and the Motion in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

B. Statutory Predicates. The statutory and other legal predicates for the relief sought in the Motion are Bankruptcy Code sections 105, 363, 365, 503, 507 and 541, Bankruptcy Rules 2002, 6004, 6006, 7052, 9007, 9008 and 9014, and Local Rules 2002-1, 6004-1, 6006-1 and 9006-1(b).

C. Final Order. This Sale Order constitutes a final and appealable order within the meaning of 28 U.S.C. § 158(a). Notwithstanding Bankruptcy Rules 6004(h) and 6006(d), the Court expressly finds that there is no just reason for delay in the implementation of this Sale Order, and expressly directs entry of judgment as set forth herein.

D. Notice. As evidenced by the affidavits and/or certificates of service previously filed with the Court, the evidence of publication of the sale notice and the representations of counsel at the Sale Hearing: (1) proper, timely, adequate and sufficient notice of the Motion, the Sale Hearing, the Auction, the Bidding Procedures and all related transactions collectively described in the Purchase Agreement (the Sale and all such transactions being collectively referred to as the "Sale Transaction"), has been provided by the Debtors to all parties entitled to notice in accordance with Bankruptcy Code sections 102(a), 363 and 365 and Bankruptcy Rules 2002, 6004, 6006 and 9007 and in compliance with the Bidding Procedures Order; (2) such notice, and the form and manner thereof, was good, sufficient and appropriate under the circumstances; and (3) no other or further notice of the Motion, the Purchase Agreement, the Sale Transaction, the Bidding Procedures, the Auction, or the Sale Hearing shall be required.

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

F. Sale is Appropriate. The Sale Transaction pursuant to the Purchase Agreement is authorized pursuant to Bankruptcy Code section 363(b)(1) and Bankruptcy Rule 6005(f). The Sale Transaction represents the sound business judgment of the Debtors and is appropriate in light of the facts and circumstances surrounding the Sale Transaction and the Debtors' chapter 11 cases because marketing of the Purchased Assets was adequate; ~~(1) the Debtors engaged in prepetition and postpetition marketing efforts that were fair, proper, complete and reasonably calculated to result in the best value received for the Purchased Assets; (2) the pool of potential acquirors was extremely limited, given the limited number of potential~~

~~hospitals or health system partners with both the financial ability and the wherewithal to obtain the regulatory approvals necessary to enter into a transaction like the contemplated Sale Transaction;~~ and (3) the terms of the sale were negotiated at arm's length with Buyer, and are supported by the Bond Trustee and the Official Committee of Unsecured Creditors (the "Committee"). The record of these proceedings indicates that the Debtors have incurred and continue to incur substantial financial losses and that absent a timely sale of the Purchased Assets, there is a substantial and imminent likelihood that the Debtors' hospital facility and related businesses would promptly cease to operate as a going concern, and that the value of the Debtors' assets, including the Purchased Assets, would be substantially diminished. As set forth on the record at the Sale Hearing, the Debtors retained Deloitte Corporate Finance LLP ("Deloitte") to assist the Debtors in identifying and contacting potential purchasers and strategic partners who conducted an adequate ~~extensive~~ sales and marketing process. Ultimately, the record reflects that the Debtors received only two offers for the Purchased Assets.

G. Corporate Authority. The Debtors have full corporate power and authority to execute the Purchase Agreement and all other documents contemplated thereby, and to consummate the transactions contemplated in connection therewith.

H. Business Justification. The Debtors have (1) articulated good, sufficient and sound business reasons for consummating the Purchase Agreement, the sale of the Purchased Assets and the Sale Transaction; (2) appropriately exercised their business judgment by entering into the Sale Transaction; and (3) demonstrated compelling circumstances for entry into the Sale Transaction pursuant to Bankruptcy Code section 363(b)(1), in that, among other things, the immediate approval by the Court of the Sale Transaction with Buyer is necessary and appropriate to maximize the value of the Debtors' estates.

I. Best Interests. Approval of the Purchase Agreement and the consummation of the Sale Transaction are in the best interests of the Debtors, their estates, their creditors and other parties in interest, including, without limitation, all holders of those certain Civic Facility Revenue Refunding Bonds, Series 2004A and Civic Facility Revenue Bonds, Series 2004B and Series 2007 that were issued by the Dutchess County Industrial Development Agency for the benefit of the Debtors (collectively, the “Bonds”).

J. Highest or Otherwise Best. As demonstrated by (1) the testimony and/or other evidence proffered or adduced at the Sale Hearing; and (2) the representations of counsel made on the record at the Sale Hearing, Buyer’s bid for the purchase of the Purchased Assets and assumption of the Assumed Liabilities as set forth in the Purchase Agreement is fair and reasonable and constitutes the highest or otherwise best offer received for the Purchased Assets and provides for consideration which significantly exceeds the total consideration offered by any other party for the Purchased Assets.

K. Arm’s Length Transaction and Buyer’s Good Faith. The Purchase Agreement was negotiated, proposed and entered into by the Debtors and Buyer from arm’s-length bargaining positions, without collusion, in good faith within the meaning of Bankruptcy Code section 363(m). Buyer is not an “insider” of the Debtors, as that term is defined in Bankruptcy Code section 101(31). The Purchase Agreement was not entered into, and neither the Debtors nor Buyer has entered into the Purchase Agreement, or propose to consummate the Sale Transaction, for the purpose of hindering, delaying or defrauding creditors of the Debtors under the Bankruptcy Code or under the laws of the United States, any state, territory, possession thereof, or the District of Columbia. Neither the Debtors nor

Buyer have entered into the Purchase Agreement or is consummating the Sale Transaction with any fraudulent or improper purpose.

L. No Liability Under Section 363(n). Neither the Debtors nor Buyer have engaged in any conduct that would cause or permit the Purchase Agreement to be avoided under Bankruptcy Code section 363(n). Specifically, Buyer has not acted in a collusive manner with any person and the purchase price was not controlled by any agreement with unrelated third parties.

M. Free and Clear. The Purchased Assets constitute property of the Debtors' estates and title thereto is vested in the Debtors' estates within the meaning of Bankruptcy Code section 541(a). Except as provided in the Purchase Agreement, and with the exception of Permitted Encumbrances, the transfer of the Purchased Assets will be a legal, valid, and effective transfer of the Purchased Assets, and will vest Buyer with all right, title, and interest of the Debtors in and to the Purchased Assets, pursuant to Bankruptcy Code sections 105(a) and 363(f), free and clear, to the fullest extent available under the Bankruptcy Code or any other applicable law, of all liens (statutory, contractual, or otherwise), claims (including those that constitute a "claim" as defined in Bankruptcy Code 101(5)), rights, liabilities, encumbrances and other interests of any kind or nature whatsoever (including any Lien, Claim, Encumbrance, Interest or Liability, as such terms are defined in the Purchase Agreement), including, without limitation, any debts arising under or out of, in connection with, or in any way relating to, any acts or omissions, obligations, demands, guaranties, rights, contractual commitments, restrictions, product liability claims, environmental liabilities, employment-related claims, employee pension or benefit plan claims, multiemployer benefit plan claims, retiree healthcare or life insurance claims of or against the Debtors, and any

transferee or successor liability claims, rights or causes of action (whether at law or in equity, under any law, statute, rule or regulation of the United States, any state, territory, or possession thereof or the District of Columbia), whether arising prior to or subsequent to the commencement of these cases, whether known or unknown, and whether imposed by agreement, understanding, law, equity or otherwise, and all Excluded Liabilities (all of the foregoing (excluding the Assumed Liabilities and Permitted Encumbrances) are hereinafter collectively referred to as "Claims"), because, in each case, one or more of the standards set forth in Bankruptcy Code section 363(f)(1)-(5) have been satisfied. Those holders of Claims who did not object (or who withdrew their objections) to the Motion or the Sale Transaction are deemed to have consented to the Motion and the Sale Transaction pursuant to Bankruptcy Code section 363(f)(2). Those holders of Claims who did object fall within one or more of the other subsections of Bankruptcy Code section 363(f) and are adequately protected by having their Claims attach to the proceeds ultimately attributable to the Purchased Assets against or in which the Claims are asserted, subject to the terms of such Claims, with the same validity, force and effect, and in the same order of priority, which such Claims now have against the Purchased Assets or their proceeds, subject to any rights, claims and defenses the Debtors or their estates, as applicable, may possess with respect thereto. Buyer is not taking an assignment of any contracts unless specifically identified in the Purchase Agreement, which contracts shall be designated by Buyers no later than five (5) days prior to the Closing. Therefore, except as specifically provided in the Purchase Agreement, and consistent with Bankruptcy Code section 363(f), Buyer shall have no liability for any Claims arising out of or related to the Sale or transfer of the Purchased Assets or arising from Claims against the Debtors or their estates or any liabilities or obligations of the Debtors and/or their estates,

under the laws of the United States, any state, territory, or possession thereof, based, in whole or in part, directly or indirectly, in any theory of law or equity including, without limitation, any laws affecting antitrust, successor, transferee or vicarious liability. Except as specifically provided in the Purchase Agreement, all persons and entities asserting or holding any Claims in or with respect to the Purchased Assets (whether legal or equitable, secured or unsecured, matured or unmatured, contingent or non-contingent, senior or subordinated), howsoever arising, shall be forever barred, estopped, and permanently enjoined from asserting, prosecuting or otherwise pursuing such Claims against Buyer.

N. No Successor Liability. The Sale Transaction contemplated under the Purchase Agreement does not constitute a consolidation, merger or *de facto* merger of Buyer and the Debtors and/or the Debtors' estates. There is no substantial continuity between Buyer and the Debtors, there is no common identity between the Debtors and Buyer, there is no continuity of enterprise between the Debtors and Buyer, Buyer is not a mere continuation of the Debtors or their estates, and Buyer does not constitute a successor to the Debtors or their estates. Except as otherwise set forth in the Purchase Agreement, the transfer of the Purchased Assets to Buyer will not subject Buyer to any liability for any Claims against the Debtors or the Purchased Assets existing as of the closing of the Sale by reason of such transfer under the laws of the United States, any state, territory, or possession thereof, based, in whole or in part, directly or indirectly, in any theory of law or equity including, without limitation, any laws affecting antitrust, ERISA, successor, transferee or vicarious liability; provided however, that nothing in this paragraph shall be construed as limiting any party's rights to assert a Claim against the Debtors, the Debtors' estates or proceeds of the Sale unless the liability for such Claim was assumed by Buyer. Notwithstanding the foregoing, nothing in

this Sale Order or the Purchase Agreement releases, nullifies or enjoins the enforcement of any liability to a governmental unit under environmental laws or regulations (or any associated liabilities for penalties, damages, cost recovery or injunctive relief) that any entity would be subject to as the owner, lessor, lessee or operator of the Owned Real Property after the date of entry of this Sale Order.

O. Environmental Laws. Nothing contained in this Sale Order or in the Purchase Agreement shall in any way (1) diminish the obligation of any entity to comply with environmental laws; or (2) diminish the obligations of the Debtors to comply with environmental laws consistent with their rights and obligations as debtors in possession under the Bankruptcy Code. Notwithstanding anything to the contrary contained herein, nothing in this Sale Order shall be interpreted to deem Buyer as the successor to the Debtors under any state law or federal law successor liability doctrine with respect to any liabilities under environmental laws or regulations for penalties for days of violation prior to Closing or liable for liability or obligation of the Debtors. Nothing in this paragraph should be construed to create for any governmental unit any substantive right that does not already exist under law.

P. Legal and Factual Bases. The legal and factual bases set forth in the Motion and at the Sale Hearing establish just cause for the relief granted herein.

Q. Validity of Transfer. As of the Closing, the transfer of the Purchased Assets to Buyer will be a legal, valid and effective transfer of the Purchased Assets, and will vest Buyer with all right, title and interest of the Debtors in and to the Purchased Assets, free and clear of all Claims.

R. Non-Moneyed Business. The Debtors have complied or will comply in all respects with Bankruptcy Code section 363(d)(1) in that the Sale Transaction is in accordance

with non-bankruptcy law applicable to the transfer of property of a debtor that is a corporation or trust that is not a moneyed business corporation or trust.

S. Incorporation of Sale Hearing. All findings of fact and conclusions of law made or announced by the Court at the Sale Hearing are incorporated herein.

NOW, THEREFORE, IT IS ORDERED THAT:

1. Findings of Fact and Conclusions of Law. The findings of fact set forth above and conclusions of law stated herein shall constitute this Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent any finding of fact later shall be determined to be a conclusion of law, it shall be so deemed and deemed so ordered, and to the extent any conclusion of law shall be determined to be a finding of fact, it shall be so deemed and deemed so ordered.

2. Objections. All objections and responses, if any, to the Motion (other than an Assignment Objections, as defined below) or the relief requested therein, that have not been withdrawn, waived or settled as announced to the Court at the Sale Hearing or by stipulation filed with the Court or pursuant to the terms of this Sale Order, and all reservations of rights included therein, are hereby overruled on the merits, with prejudice. All persons and entities given notice of the Motion that failed to timely object thereto are deemed to consent to the relief sought therein; provided, however, that the rights of all counterparties to executory contracts and/or unexpired leases to object to any proposed assumption and assignment of such party's lease and/or contract shall be preserved pending the filing of the Assumption Schedule.

3. Approval of the Purchase Agreement. The Sale and all of the terms and conditions and transactions contemplated in connection with Purchase Agreement are hereby authorized and approved pursuant to, inter alia, Bankruptcy Code sections 105(a), 363(b) and

365(a). Pursuant to Bankruptcy Code section 363(b), the Debtors are authorized to consummate the Sale Transaction pursuant to and in accordance with the terms and conditions in the Purchase Agreement and this Sale Order. The Debtors, as well as their Affiliates, officers, employees and agents, are authorized and directed to execute and deliver, and authorized to perform under, consummate and implement, the Purchase Agreement together with all additional instruments and documents that may be reasonably necessary or desirable to implement the Purchase Agreement, and to take all further actions as may be (a) reasonably requested by Buyer for the purpose of assigning, transferring, granting, conveying and conferring to Buyer, or reducing to possession, the Purchased Assets; or (b) necessary or appropriate to the performance of the obligations contemplated by the Purchase Agreement, all without further order of the Court. Buyer shall have no obligation to proceed with the Closing until all conditions precedent to its obligations to do so have been met, satisfied or waived (in a writing signed by Buyer). For the avoidance of doubt, it shall be a condition to the Closing that all documents evidencing or securing the Exchange Bond Obligations shall be in form and substance acceptable to the Bond Trustee and Buyer.

4. Approval of the Management Services Agreement.

A. The Management Services Agreement, pursuant to which Buyer shall provide management services to the Debtors from the date hereof up to the Closing, as further described in the Purchase Agreement, and all of the terms and conditions of and transactions contemplated by the Management Services Agreement, are hereby authorized and approved pursuant to, inter alia, Bankruptcy Code sections 105(a) and 363(b). The Debtors are authorized, as of the date hereof, to execute and deliver, and empowered to perform under, consummate, and implement the Management Services Agreement, together with all additional instruments and

documents that may be reasonably necessary or desirable to implement the Management Services Agreement.

B. On a monthly basis, the Buyer shall file a statement of fees and expenses incurred by the Buyer in connection with the Management Services Agreement and serve it upon the Debtors, the Committee, and the Bond Trustee. In the event no party objects to the fees and expenses within five (5) business days of the filing of such statement, the Debtors shall be authorized to pay 100% such fees and expenses in accordance with, and subject to, the terms of the Management Services Agreement. If an objection is asserted by any party prior to the expiration of the five (5) business day period, and such objection cannot be consensually resolved after good faith negotiations between the parties, the objecting party and the Buyer shall seek a determination on the merits of such objection. Notwithstanding the foregoing, the Debtors shall be authorized to pay for any fees and expenses which are not subject to the pending objection.

C. For purposes of clarity, Section 10.4 of the Management Services Agreement does not authorize the Buyer to settle any claims asserted by or against the Debtors' or their estates, provided however, the Buyer shall have the authority to settle disputes with respect to Cure Amounts pursuant to the procedures set forth herein.

5. Good Faith. The Sale Transaction has been undertaken by Buyer in good faith. Buyer satisfies the good faith requirement of Bankruptcy Code section 363(m) and, accordingly, Buyer and the Sale Transaction are entitled to all of the protections afforded by Bankruptcy Code section 363(m). Pursuant to Bankruptcy Code section 363(m), if any or all of the provisions of this Sale Order are hereafter reversed, modified, or vacated by a subsequent order of this Court or any other court, such reversal, modification, or vacatur shall not affect the validity and

enforceability of any sale, transfer or assignment under the Purchase Agreement or obligation or right granted pursuant to the terms of this Sale Order, and notwithstanding any reversal, modification or vacatur shall be governed in all respects by the original provisions of this Sale Order or the Purchase Agreement, as the case may be. The Sale Transaction approved by this Sale Order is not subject to avoidance and no damages may be awarded pursuant to Bankruptcy Code section 363(n).

6. Transfer of Assets Free and Clear.

A. Pursuant to Bankruptcy Code sections 105(a), 363(b), 363(f) and 365, the Debtors are authorized and directed to transfer the Purchased Assets in accordance with the terms of the Purchase Agreement. The Purchased Assets shall be transferred to Buyer, and upon consummation of the Purchase Agreement, such transfer shall (1) be valid, legal, binding and effective; (2) vest Buyer with all right, title and interest of the Debtors in the Purchased Assets; and (3) be free and clear of all Claims, with all Claims that represent interests in property to attach to the net proceeds of the Sale, in the order of their priority and with the same validity, force and effect that they now have against the Purchased Assets, subject to any rights, claims and defenses the Debtors or their estates, as applicable, may possess with respect thereto. Upon the occurrence of the Closing, this Sale Order shall be considered and constitute for any and all purposes a full and complete general assignment, conveyance and transfer of the Purchased Assets acquired by Buyer under the Purchase Agreement and/or a bill of sale or assignment transferring indefeasible title and interest in the Purchased Assets to Buyer free and clear of all Claims. All persons and entities are prohibited and enjoined from taking any action to adversely affect or interfere with the ability of the Debtors to transfer the Purchased Assets to Buyer in accordance with the Purchase Agreement and this Sale Order.

B. Except as otherwise provided in the Purchase Agreement, all Governmental Units (as defined in Bankruptcy Code sections 101(27) and 101(41)) and all persons and entities (and their respective successors and assigns), including, without limitation, all debt security holders, equity security holders, governmental, tax and regulatory authorities, lenders, employees, former employees, pension plans, multiemployer pension plans, labor unions, trade creditors and any other creditors holding Claims (whether legal or equitable, secured or unsecured, known or unknown, matured or unmatured, contingent or non-contingent, liquidated or unliquidated, senior or subordinated) arising under or out of, in connection with, or in any way relating to, the Debtors, the Purchased Assets, the operation of the Business prior to Closing or the transfer of the Purchased Assets to Buyer, are hereby forever barred, estopped and permanently enjoined from asserting or pursuing any Claims against Buyer, its Affiliates, successors or assigns, its property or the Purchased Assets, including, without limitation, taking any of the following actions with respect to a Claim: (1) commencing or continuing, in any manner, any action or other proceeding against Buyer, its Affiliates, successors or assigns, assets (including the Purchased Assets) or properties; (2) enforcing, attaching, collecting or recovering, in any manner, any judgment, award, decree, or order against Buyer, its Affiliates, successors or assigns, assets, or properties; (3) creating, perfecting, or enforcing any liens, claims, encumbrances or other interests against the Debtors as against Buyer, or its Affiliates, successors, assigns, assets (including the Purchased Assets) or properties; (4) asserting any setoff, right of subrogation or recoupment of any kind for any obligation of any of the Debtors as against any obligation due to Buyer, or its Affiliates, successors or assigns or their respective assets, including the Purchased Assets; or (5) commencing or continuing any action, in any

manner or place, that does not comply, or is inconsistent with, the provisions of this Sale Order or the agreements or actions contemplated or taken in respect thereof.

C. This Sale Order: (1) shall be effective as a determination that, as of the Closing, except as otherwise provided in this Sale Order and the Purchase Agreement, all Claims, have been unconditionally released, discharged and terminated as to Buyer and the Purchased Assets, and that the conveyances and transfers described herein have been effected; and (2) is and shall be binding upon and govern the acts of all persons and entities, including all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal and local officials and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any lease; and each of the foregoing persons and entities is hereby directed to accept for filing any and all of the documents and instruments necessary and appropriate to consummate the transactions contemplated by the Purchase Agreement.

D. If any person or entity that has filed financing statements, mortgages, deeds of trust, mechanic's liens, *lis pendens* or other documents or agreements evidencing Claims against the Debtors or the Purchased Assets has not delivered to the Debtors prior to the Closing of the Sale Transaction, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of all interests which the person or entity has with respect to the Debtors or the Purchased Assets or otherwise, then with regard to the Purchased Assets that are purchased by Buyer pursuant to the Purchase Agreement and this Sale Order: (1) the Debtors are hereby authorized and directed, and Buyer is hereby authorized,

to execute and file such statements, instruments, releases and other documents on behalf of the person or entity with respect to the Purchased Assets; and (2) Buyer is hereby authorized, but not directed, to file, register or otherwise record a certified copy of this Sale Order, which, once filed, registered or otherwise recorded, shall constitute conclusive evidence of the release of all Claims against the Purchased Assets. This Sale Order is deemed to be in recordable form sufficient to be placed in the filing or recording system of each and every federal, state or local government agency, department or office. Notwithstanding and without limiting the foregoing, the provisions of this Sale Order authorizing the sale and assignment of the Purchased Assets free and clear of Claims and the Excluded Liabilities, shall be self-executing, and neither the Debtors nor Buyer shall be required to execute or file releases, termination statements, assignments, consents, or other instruments in order to effectuate, consummate and implement the provisions of this Sale Order.

E. Following the Closing of the Sale Transaction, no holder of any Claim shall interfere with Buyer's title to or use and enjoyment of the Purchased Assets based on or related to any such Claim or based on any actions the Debtors may take in their chapter 11 cases.

7. Donor-Restricted Assets. To the extent that, pursuant to section 2.7 of the Purchase Agreement, the Debtors determine that it has donor-restricted assets it wishes to transfer to Buyer, the Debtors will give the Committee 14 days' notice of such determinations and will provide the Committee with documentation that will enable the Committee to review such determinations. If the Committee disagrees with any of the determinations of the Debtors that the assets in question are donor-restricted, and the Debtors do not change its determinations, the Committee or the Debtors will file an appropriate pleading with the Bankruptcy Court or

New York State Court with proper jurisdiction to determine whether the assets are donor-restricted or unrestricted.

8. No Successor or Transferee Liability.

A. Buyer is not and shall not be deemed a “successor” to the Debtors or their estates as a result of any action taken in connection with the Purchase Agreement, the consummation of the Sale Transaction contemplated by the Purchase Agreement, the transfer or operation of the Purchased Assets or any other event occurring in the chapter 11 cases under any theory of law or equity, and Buyer shall not assume, nor be deemed to assume, or in any way be responsible for any liability or obligation of any of the Debtors (or their predecessors or Affiliates) and/or their estates including, but not limited to, any bulk sales law, pension or ERISA obligation, WARN Act obligation, Fair Labor Standards Act obligation, CERCLA obligation, any obligation under the Consolidated Omnibus Budget Reconciliation Act, successor liability, or similar liability except as otherwise expressly provided in the Purchase Agreement. The Sale of the Purchased Assets and the assumption and assignment of the Assumed Liabilities by Buyer and the Sale Transaction approved hereby will not cause Buyer to be deemed a successor in any respect to the Debtors.

B. Nothing in this Sale Order or the Purchase Agreement shall require Buyer to (1) continue or maintain in effect, or assume any liability in respect of any employee, collective bargaining agreement, pension, welfare, fringe benefit or any other benefit plan, trust arrangement or other agreements to which the Debtors are a party or have any responsibility therefor, including, without limitation, medical, welfare and pension benefits payable after retirement or other termination of employment; or (2) assume any responsibility as a fiduciary, plan sponsor or otherwise, for making any contribution to, or in respect of the funding,

investment or administration of any employee benefit plan, arrangement or agreement (including but not limited to pension plans) or the termination of any such plan, arrangement or agreement.

C. Nothing in this Sale Order or the Purchase Agreement releases, nullifies or enjoins the enforcement of any liability to a governmental unit under environmental laws or regulations (or any associated liabilities for penalties, damages, cost recovery or injunctive relief) that any entity would be subject to as the owner, lessor, lessee or operator of property that is sold or transferred pursuant to this Sale Order. Nothing contained in this Sale Order or in the Purchase Agreement shall in any way (1) diminish the obligation of any entity to comply with environmental laws; or (2) diminish the obligations of the Debtors to comply with environmental laws consistent with their rights and obligations as debtors in possession under the Bankruptcy Code. Notwithstanding the foregoing sentence, nothing in this Sale Order shall be interpreted to deem Buyer as the successor to the Debtors under any state law successor liability doctrine with respect to any liabilities under environmental laws or regulations for penalties for days of violation prior to Closing. Nothing in this Sale Order should be construed to create for any governmental unit any substantive right that does not already exist under law.

9. Resolution of Certain Committee Objections: The Committee filed a limited objection to the Motion [docket no. 314] objecting to, among other matters, the allocation of the consideration being paid by Buyer to the Debtors' estates under the Purchase Agreement and the rights of the holders of the Bonds to receive the Exchange Bond Obligations at the Closing. Id. at §§ 6, 18 (the "Allocation Objection"). The Allocation Objection shall be and is resolved on the following terms: (a) the Debtors, the Committee and the Bond Trustee shall support the confirmation and consummation of a chapter 11 plan that: (i) implements the Sale Transaction under the terms of this Sale Order and the Purchase Agreement; (ii) provides that the Bond

Trustee shall, upon the effective date thereof, cause to be paid over to the Debtors' estates the aggregate sum of \$3 million; (iii) provides that the holders of the Existing Bonds as of the distribution record date to be established thereunder shall receive the Exchange Bond Obligations on the effective date thereof and all other funds held by the Bond Trustee subject to and in accordance with the Bond Documents (as defined in the Cash Collateral Order); and (iv) provides that as of the effective date thereof, the Committee and all other parties shall be deemed to have waived and released any rights to challenge the validity, amount, perfection, priority, extent or enforceability of the Bond Claim, the Emergency Advances or the pre-petition security interests of the Bond Trustee or to commence any claim or action against any Releasees relating to the Released Claims (as those terms are used in the Cash Collateral Order) under § 42 of the Cash Collateral Order or otherwise; (b) except with respect to the terms set forth in (a) above, the Committee and the Bond Trustee reserve all of their rights in connection with any chapter 11 plan proposed by the Debtors (a "Proposed Plan"); and (c) if the Purchase Agreement is terminated, or if both the Sale Transaction and effective date of the Proposed Plan do not occur on or before May 9, 2014, then the Committee or Bond Trustee may, by written notice to the other and the Debtors, declare the foregoing resolution null and void so long as the party giving notice is not then in material breach of the foregoing terms, and the resolution described in this Paragraph 9 shall thereafter have no further force or effect and shall not constitute any admission by any party as to any matter relevant to the Allocation Objection. To facilitate the foregoing resolution, the Committee challenge period set forth under § 42 of the Cash Collateral Order shall be and hereby is extended until the first to occur of (a) the 21st day after any termination of the Purchase Agreement; (b) the effective date of a chapter 11 plan; or (c) May 31, 2014.

10. Satisfaction of Obligations Under Existing Bonds: The Exchange Bond Obligations issued pursuant to the Purchase Agreement and Proposed Plan shall, effective upon the pro-rata distribution thereof to holders of the Bonds together with any distribution of funds held by the Bond Trustee subject to and in accordance with the Bond Documents, be in full satisfaction and discharge of all of the Debtors' obligations under the Existing Bonds and the Bond Documents, and neither the Bond Trustee nor any holder of the Existing Bonds shall have any remaining claims against the Debtors or the Debtors' bankruptcy estates, including, but not limited to, any deficiency claims arising from any difference between the Aggregate Bond Claims and the Net Bond Amount of the Exchange Bond Obligations. For the avoidance of doubt, the Sale described in the Purchase Agreement shall only be consummated pursuant to the Proposed Plan, and the indenture trustee for the holders of the Exchange Bond Obligations and the holders thereof shall have all rights, liens and claims set forth in the applicable bond documents associated with the Exchange Bond Obligations.

11. Resolution of Certain Objections:

A. In resolution of the limited objection (the "Limited Objection") to the Sale Motion filed by De Lage Landen Financial Services, Inc. ("DLL"), and Philips Medical Capital, LLC ("PMC") [ECF No. 286], the PMC Lease and the DLL Lease (both as defined in such Limited Objection) shall be treated in all respects in the Debtors' chapter 11 cases as executory contracts subject to the assumption and assignment procedures for such contracts as set forth in this Sale Order. In order to maintain the status quo pending the resolution of the assumption and assignment procedures approved by this Court, this will confirm that the Purchased Assets do not include any equipment referenced in the PMC Lease or the DLL Lease and that the disposition of such assets shall require further order of this Court in accordance with the

assumption and assignment procedures. All rights and remedies of PMC and DLL with respect to post-petition lease payments under section 503 or section 365(d)(5) and any and all other rights as an executory contract party under section 365 are expressly preserved.

B. In resolution of the objections (collectively, the “Siemens Entities Objections”) to the Sale Motion filed by Siemens Healthcare Diagnostics, Inc. [ECF 282], Siemens Medical Solutions USA, Inc. [ECF 284] and Siemens Financial Services, Inc. [ECF Nos. 243 and 307], each of the agreements identified in the Siemens Entities Objections (collectively, the “Contracts”) shall be treated in all respects in the Debtors’ bankruptcy cases as executory contracts subject to Section 365 of the Bankruptcy Code and the assumption and assignment procedures for such contracts as set forth in this Sale Order. In order to maintain the status quo pending the resolution of the assumption and assignment procedures approved by this Court, this will confirm that the Purchased Assets do not include any equipment referenced in any of the Contracts referred to in the objections of Siemens Financial Services, Inc. [ECF Nos. 243 and 307] (collectively, the “Siemens Financial Equipment”) and that the disposition of such assets shall require further order of this Court in accordance with the assumption and assignment procedures. All rights and remedies of Siemens Healthcare Diagnostics, Inc., Siemens Medical Solutions USA, Inc. and Siemens Financial Services, Inc. with respect to post-petition payments under any of the Contracts under Bankruptcy Code sections 503 or 365(d)(5) or otherwise, and any and all other rights as an executory contract party under section 365, are expressly preserved.

12. Surrender of Assets and Real Property. All entities who are presently, or who as of the Closing may be, in possession of some or all of the Purchased Assets hereby are directed to surrender possession of the Purchased Assets to Buyer as of the Closing.

13. Assumption and Assignment of Assigned Contracts.

A. Subject to (1) the Assignment Procedures (the “Assignment Procedures”) approved herein; and (2) the rights of all counterparties to object to any proposed assumption and assignment of such party’s lease or contract consistent with such Assignment Procedures, pursuant to Bankruptcy Code sections 365(b), (c) and (f), the Debtors are authorized to assume and assign the Assigned Contracts designated for assignment to Buyer pursuant to the Purchase Agreement; provided, however, that there shall be no assumption of any such contract absent simultaneous assignment thereof to Buyer. Buyer shall be deemed to be substituted for the Debtors as a party to each of the Assigned Contracts and, pursuant to Bankruptcy Code section 365(k), the Debtors and their estates shall be relieved from any liability for any post-Closing breach of any such Assigned Contract after assignment of such Assigned Contract to the Buyer. In accordance with Bankruptcy Code section 365(b)(2) and (f), upon transfer of the Assigned Contracts to Buyer, (i) Buyer shall have all of the rights of the Debtors thereunder, free and clear of all Claims, except as otherwise provided in the Purchase Agreement, and each provision of such Assigned Contracts shall remain in full force and effect for the benefit of Buyer, notwithstanding any provision in such contract, lease or in applicable law that prohibits, restricts or limits in any way such assignment or transfer; and (ii) none of the Assigned Contracts may be terminated, or the rights of any party modified in any respect, including pursuant to any “change of control” clause, by any other party thereto as a result of the consummation of the transactions contemplated by the Purchase Agreement. Any non-Debtor party that fails to timely object to the proposed assumption and assignment of an Assigned Contract shall be deemed to have consented to its assumption and assignment as proposed, and the assumption and assignment of such Assigned Contract shall be deemed approved. Nothing contained in this Sale Order shall be determinative of any issues raised by any counterparty to any contract or lease in a timely filed

objection to assumption or assignment (an “Assignment Objection”), including objections that have been or may be filed in connection with disputes of any amounts that may be asserted pursuant to Bankruptcy Code section 365(b)(1)(A) and (B) (“Cure Amounts”), under the Assignment Procedures.³

B. Subject to applicable provisions of Bankruptcy Code section 365, the provisions of the Purchase Agreement and the terms thereof with respect to Cure Amounts, and the Assignment Procedures, all defaults or other obligations of the Debtors under the Assigned Contracts arising or accruing prior to the Closing Date shall have been cured or shall be promptly cured in accordance with the terms hereof as a condition precedent to the assumption and assignment of the respective Assigned Contracts (and without such a cure the Buyer shall have no rights in or to the respective Assigned Contracts); Buyer shall have no liability or obligations with respect to any default or obligations arising or accruing under any Assigned Contract prior to the Closing Date, except to the extent expressly provided in the Purchase Agreement or in this Sale Order. Notwithstanding anything contained herein, to the extent that a contract counterparty has agreed to a renegotiated Cure Amount prior to the receipt of the Assumption Schedule or the deadline for the Assumption Objection, such renegotiated amount shall be binding.

C. There shall be no rent accelerations, assignment fees, increases or any other fees charged or chargeable to Buyer as a result of the assumption, assignment and sale of the Assigned Contracts. Any provision in any Assigned Contract that prohibits or conditions the assignment of such contract or lease, or allows the counterparty to such contract or lease to

³ All objections or responses filed with respect to the Motion which raise issues relative to the assumption and assignment of any such parties' contract or lease rights shall be deemed, for purposes of this Sale Order, an Assignment Objection and shall be heard and determined under the Assignment Procedures, and all of the Debtors' rights and defenses with respect thereto are reserved.

terminate, recapture, impose any penalty, condition renewal or extension, or modify any term or condition upon the assignment of such contract or lease, constitutes an unenforceable anti-assignment provision, and is void and of no force and effect. The validity of the assumption, assignment and sale of the Assigned Contracts to Buyer shall not be affected by any existing dispute between the Debtors and any counterparty to an Assigned Contract. Any party that may have had the right to consent to the assignment of its Assigned Contract who has not previously objected to such assignment or to the Debtor's proposed Cure Amount, or who does not hereafter object in accordance with the procedures set forth herein, is deemed and determined to have consented to the assignment for the purposes of Bankruptcy Code section 365(e)(2)(A)(ii).

14. Assignment Procedures.

A. The Debtors, with the consent of the Buyer, shall file a schedule (the "Assumption Schedule") of the contracts to be assumed and assigned by the Debtors (the "Assigned Contracts") with the Court no later than **March 28, 2014**, and shall concurrently serve notice of such schedule upon all counterparties to the Assigned Contracts and the Notice Parties. The Assumption Schedule shall identify the proposed Assigned Contracts and the corresponding Cure Amounts required by Bankruptcy Code section 365, if any, to the extent such Cure Amounts have not been previously provided or have, since the prior notice, been amended to be lower than the previously provided amount. All non-Debtor parties to the Assigned Contracts shall have thirty (30) days after service of the Assumption Schedule to file an objection (an "Assignment Objection") to the assumption and assignment of the Assigned Contracts listed on the Assumption Schedule to which they are parties, and/or to the Cure Amounts listed for those Assigned Contracts provided that they had not been previously provided adequate notice of their

Cure Amount.⁴ Any party filing an Assumption Objection shall state with specificity the basis of the objection and what Cure Amount it asserts if it disputes the listed Cure Amount, and shall include appropriate documentation in support thereof. Notwithstanding anything contained herein, to the extent that a contract counterparty has agreed to a renegotiated Cure Amount prior to the receipt of the Assumption Schedule or the deadline for the Assumption Objection, such renegotiated amount shall be binding.

B. The Debtors, with the consent of the Buyer, shall have the right to amend the Assumption Schedule up to five (5) days before the Closing Date to add additional Assigned Contracts thereto. The Debtors shall file and serve notice of any such amendment (an “Amendment Notice”) on all non-Debtor parties to the Assigned Contracts added to or removed from the Assumption Schedule by that amendment. All non-Debtor parties to the Assigned Contracts added to the Assumption Schedule pursuant to this paragraph shall have until fifteen (15) calendar days after the date of service of the applicable Amendment Notice to file an Assignment Objection.

C. If an Assignment Objection is timely filed and not consensually resolved, this Court will hold a hearing with respect to such Assumption Objection at the **April 30, 2014** Omnibus Hearing or at such other date as this Court shall designate (the “Assumption Hearing”). If an Assignment Objection relates only to the Cure Amount of an Assigned Contract, that Assigned Contract may be assumed by the Debtors and assigned to the Buyer, provided, however, (1) that the amount asserted by the objecting party as the proper Cure Amount, or a different amount set by this Court, shall be either (i) be deposited by the Buyer into an escrow account held by the Debtors to the extent the total cure obligations do not exceed the Cure Cap or

⁴ For the purposes of clarity, any timely filed objections to the assumption or assignment of a contract, , and/or any timely filed objection to the debtors’ proposed Cure Amount (i.e., a Cure Objection), pursuant to the Sale Procedures Order shall be considered a duly filed Assignment Objection.

(ii) be withheld from the Purchase Price and held in escrow for any Cure Amounts which exceed the Cure Cap and in either instance pending further order of this Court or mutual agreement of the parties as to the proper Cure Amount for that Assigned Contract, and (2) that all such escrow holdings (whether existing by virtue of the Buyer's deposit into an escrow account held by the Debtors, or withheld from the Purchase Price by the Buyer and held in escrow), shall be earmarked for the particular non-debtor party to the respective Assigned Contract and shall not be tendered to any other person or entity, nor otherwise used by the Debtors or Buyer.

D. The Buyer is hereby authorized to settle, compromise, or otherwise resolve any disputed Cure Amounts with the relevant non-Debtor party to any Assigned Contract without Court approval or notice to any party, provided, that to the extent an objection to a Cure Amount has been filed with the Court, and such Cure Amount proposed to be settled is for an amount in excess of \$250,000, the Buyer shall provide, via email, five (5) business days' notice of such settlement to the Debtors and the Committee and the Buyer shall be authorized to settle, compromise, or otherwise resolve such disputed Cure Amounts if the Debtors and the Committee do not object within such five (5) business days' notice period.

E. If no Assignment Objection is timely filed and served, the non-Debtor party to such Assigned Contract will be deemed to have consented to its assumption and assignment as provided to the Debtors, and subject to entry of an order by this Court at Assumption Hearing, the Cure Amounts set forth in the Assumption Schedule, as amended, (or such other amount as may be agreed upon by Buyer and the contract counter-party) shall be controlling notwithstanding anything to the contrary in such Assigned Contracts, and the non-Debtor parties to the Assigned Contracts shall be barred from asserting against the Debtors any other claim arising from the applicable Assigned Contracts or against the Buyer any claim

arising before the Closing under the applicable Assigned Contracts. Notwithstanding anything set forth herein, to the extent that a contract counterparty has agreed to a renegotiated Cure Amount prior to the receipt of the Assumption Schedule or the deadline for the Assumption Objection, such renegotiated amount shall be binding.

15. Adequate Assurance. The requirements of Bankruptcy Code sections 365(b)(1) and 365(f)(2) are satisfied with respect to the Assigned Contracts (subject to the compliance with Assignment Procedures set forth herein) based on Buyer's evidence of its financial condition and wherewithal presented at the Sale Hearing and without any other or further action by Buyer, including, but not limited to, any other or further deposit.

16. Payment of Undisputed Cure Amounts. On or as promptly after the Closing as practical, the Cure Amounts to which no objections have been filed, or to which the Buyer and applicable non-debtor contract counterparty have agreed as to the allowed Cure Amount(s), subject to the provisions of Paragraph 14 of this Sale Order, shall be paid subject to the Purchase Agreement.

17. Disputed Cure Amounts. A further hearing shall be scheduled by the Court, if necessary, to consider any unresolved objections to the Cure Amounts set forth in the Assignment Procedures. With respect to Cure Amounts to which objections have been raised and not resolved, such Cure Amounts shall be paid within the later of (a) five business days after the Closing and (b) five business days after entry of a final, non-appealable order fixing the Cure Amounts.

18. Cure Payments. The payment of the undisputed Cure Amounts or payment of allowed Cure Amounts following resolution by the parties or a determination by the Court of any disputed Cure Amounts shall be deemed to discharge all obligations of the Debtors: (a) to cure

any defaults under the Assigned Contracts; and (b) compensate, or provide adequate assurance that the Buyer or the Debtors, as applicable, will promptly compensate any non-debtor party to the Assigned Contracts for any actual pecuniary loss resulting from any default under the Assigned Contracts. Pursuant to Bankruptcy Code section 365(k), upon the assumption and assignment of each Assigned Contract, the Debtors shall have no liabilities for any claims arising or relating to or accruing post-Closing under any of the Assigned Contracts.

19. Use of Cash Consideration. The Debtors shall use the Cash Consideration Amount as follows: (i) \$1,000,000.00 for the payment of the Break-Up Fee and Expense Reimbursement and (ii) \$2,500,000.00 for administrative expenses of the Debtors' estates.

20. Permanent Injunction. This Sale Order shall operate as a permanent injunction prohibiting any party to a contract that has been rejected by any of the Debtors that in any way relates to any of the Purchased Assets from taking any action against Buyer in connection with the Sale Transaction, whether pursuant to the Bankruptcy Code or any other statutory or non-statutory federal, state or local law.

21. Operation by Buyer. To the maximum extent available under applicable law: (a) Buyer shall be authorized, as of the Closing, to operate under any license, permit, registration, and any other governmental authorization or approval of the Debtors with respect to the Purchased Assets and the Assigned Contracts; (b) all such licenses, permits, registrations, and governmental authorizations and approvals are deemed to have been, and hereby are, directed to be transferred to Buyer as of the Closing; and (c) to the extent provided by Bankruptcy Code section 525, no governmental unit may revoke or suspend any permit or license relating to the operation of the Purchased Assets sold, transferred or conveyed to Buyer on account of the filing

or pendency of these chapter 11 cases or the consummation of the Sale Transaction contemplated by the Purchase Agreement.

22. Enforcement. The terms and provisions of the Purchase Agreement and this Sale Order, and the transactions contemplated thereby and hereby, shall, as applicable, be specifically enforceable against and be binding in all respects upon, or shall inure to the benefit of, the Debtors, their estates, and their creditors, Buyer, and their respective Affiliates, successors and assigns, and any affected third parties, including all entities asserting Claims, notwithstanding any subsequent appointment of any trustee, examiner or receiver of the Debtors under any chapter of the Bankruptcy Code or any other law, and all such terms and provisions likewise shall be binding on and specifically enforceable against such trustee, examiner or receiver, and shall not be subject to rejection or avoidance by the Debtors, their estates, their creditors, any other representatives of their estates, or any trustee, examiner or receiver.

23. No Bulk Sales. No bulk sales law, or similar law of any state or other jurisdiction shall apply in any way to the transactions contemplated by the Purchase Agreement, the Motion and this Sale Order.

24. Compliance with HIPAA. Nothing provided for in this Sale Order shall alter the Debtors' or Buyers' obligations to protect the confidentiality of patient records, including but not limited to confidential records as required under applicable non-bankruptcy law and regulations including, but not limited to, the Health Insurance Portability and Accountability Act of 1996 ("HIPPA") and the federal HIPAA privacy regulations at 45 Code of Federal Regulations.

25. Compliance with Regulatory Law. Nothing in this Sale Order or the Purchase Agreement or any other documents related thereto, shall be intended or construed to limit or restrict the regulatory authority of the New York State Department of Health.

26. Compliance with Bankruptcy Code Obligations. Nothing contained in this Order or the Management Services Agreement shall be construed to alter the Debtors' obligations to timely file periodic operating reports and to otherwise comply with their duties and responsibilities under the Bankruptcy Code.

27. Retention of Jurisdiction. This Court shall retain exclusive jurisdiction to, among other things, (a) interpret, enforce and implement the terms and provisions of this Sale Order and the Purchase Agreement, all amendments thereto, any waivers and consents thereunder and of each of the agreements executed in connection therewith in all respects; (b) to adjudicate disputes related to this Sale Order or the Purchase Agreement or the rights and duties provided hereunder or thereunder or any issues relating to the Purchase Agreement and this Sale Order including, but not limited to, the interpretation of the terms, conditions and provisions hereof and thereof, the status, nature and extent of the Purchased Assets and any Assigned Contracts and all issues and disputes arising in connection with the relief authorized herein, inclusive of those concerning the transfer of the Purchased Assets and Assigned Contracts free and clear of all Claims; and (c) to enforce the injunctions set forth herein.

28. Modification. The Purchase Agreement may be modified, amended or supplemented by Buyer and the Debtors in a writing signed by both parties without further order of the Court, provided that any such modification, amendment or supplement does not materially change the terms of the Purchase Agreement or modify the express terms of this Sale Order and subject to the restrictions set forth in Section 7.3(c) of the Purchase Agreement. No conditions precedent or contingencies to the obligations of the Buyer to consummate the transactions contemplated by the Purchase Agreement or this Sale Order contained in section 9.2 (h), (o),

(r)(i), (s), (v) or (z) of the Purchase Agreement may be waived by the Buyer absent the prior written consent of the Bond Trustee and the Committee.

29. Survival. Nothing contained in any subsequent order of this Court or any court of competent jurisdiction in these chapter 11 cases (or any order entered after any conversion of a chapter 11 case of the Debtors to a case under chapter 7 of the Bankruptcy Code) or any chapter 11 plan confirmed in any Debtors' bankruptcy cases or any order confirming any such plan shall nullify, alter, conflict with, or in any manner derogate from the provisions of this Sale Order, and the provisions of this Sale Order shall survive and remain in full force and effect. For the avoidance of doubt, if the Debtors' chapter 11 cases are converted to cases under chapter 7 of the Bankruptcy Code, the Sale Order shall be binding on the chapter 7 trustee in such chapter 7 cases.

30. Failure to Specify. The failure specifically to include any particular provision of the Purchase Agreement in this Sale Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court, the Debtors and Buyer that the Purchase Agreement be authorized and approved in its entirety with such amendments thereto as may be made by the parties in accordance with this Sale Order and the terms of the Purchase Agreement.

31. Non-Severability. The provisions of this Sale Order are non-severable and mutually dependent.

32. Automatic Stay. The automatic stay pursuant to Bankruptcy Code section 362 is hereby lifted with respect to the Debtors to the extent necessary, without further order of this Court, to allow: (a) Buyer to give the Debtors any notice provided for in the Purchase Agreement, and (b) Buyer to take any and all actions provided under or contemplated by the Purchase Agreement in accordance with the terms and conditions thereof.

33. Order Immediately Enforceable. Notwithstanding the provisions of Bankruptcy Rules 6004 and 6006 or any applicable provisions of the Local Rules, this Sale Order shall not be stayed for 14 days after the entry hereof, but shall be effective and enforceable immediately upon entry.

34. No Broker's Fee. Buyer is not and will not be liable to any agent, broker, person or firm acting or purporting to act on behalf of either the Debtors or Buyer for any commission, broker's fee or finder's fee respecting the Sale Transaction.

35. Conflicts. In the event of a direct conflict between the terms of this Sale Order and the terms of (a) the Purchase Agreement, or (b) any other order of this Court, the terms of this Sale Order shall govern and control.

36. No Waiver. Except as otherwise expressly set forth herein, nothing in this Sale Order shall modify or waive any closing conditions or termination rights in Articles IX and X of the Purchase Agreement, and all such conditions and rights shall remain in full force and effect in accordance with their terms.

Dated: February 24, 2014
Poughkeepsie, New York



/s/ Cecelia G. Morris

Hon. Cecelia G. Morris
Chief U.S. Bankruptcy Judge