

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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In re: : Chapter 11  
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SAINT VINCENTS CATHOLIC MEDICAL : Case No. 10-11963 (CGM)  
CENTERS OF NEW YORK, et al., : :  
: :  
Debtors. : Jointly Administered  
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**ORDER (A) APPROVING BREAK-UP FEE AND BIDDING  
PROCEDURES FOR THE AUCTION OF THE DEBTORS'  
ASSETS RELATED TO ST. ELIZABETH ANN'S AND BAYLEY SETON LEASE,  
(B) SCHEDULING AN AUCTION AND SALE HEARING, AND (C) APPROVING  
PROCEDURES FOR THE ASSUMPTION AND ASSIGNMENT  
OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

[Relates to Docket No. 1694]

Upon the Motion, (the "**Motion**")<sup>1</sup> of Saint Vincents Catholic Medical Centers of New York ("**SVCMC**") and certain of its affiliates, as Chapter 11 debtors and debtors-in-possession (each a "**Debtor**" and collectively, the "**Debtors**")<sup>2</sup> in the above-referenced Chapter 11 cases (the "**Chapter 11 Cases**") for an order (A) approving a Break-Up Fee and bidding procedures (the "**Bidding Procedures**") for the auction of substantially all of the assets (the "**SEA Assets**")<sup>3</sup> of Sisters of Charity Health Care System Nursing Home, Inc. d/b/a St. Elizabeth Ann's Health Care & Rehabilitation Center ("**St. Elizabeth Ann's**") and the Bayley Seton Lease (as defined below), (B) scheduling an auction and sale hearing related thereto, and (C) approving

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<sup>1</sup> Capitalized terms used but not defined herein shall have the same meanings ascribed to them in the Motion.

<sup>2</sup> In addition to SVCMC, the Debtors are as follows: (i) 555 6th Avenue Apartment Operating Corporation; (ii) Bishop Francis J. Mugavero Center for Geriatric Care, Inc.; (iii) Chait Housing Development Corporation; (iv) Fort Place Housing Corporation; (v) Pax Christi Hospice, Inc.; (vi) Sisters of Charity Health Care System Nursing Home, Inc. d/b/a St. Elizabeth Ann's Health Care & Rehabilitation Center; (vii) St. Jerome's Health Services Corporation d/b/a Holy Family Home; and (viii) SVCMC Professional Registry, Inc.

<sup>3</sup> As used herein, the term "**SEA Assets**" shall refer to the assets being transferred to the Purchasers (defined herein) pursuant to (i) the APAs (as defined herein) and (ii) in the event (x) the Debtors exercise the put option (the "**Put Option**") contained in section 22.1 of the Bayley Seton Lease (defined herein), or (y) the Ground Lessee (defined herein) exercises its purchase option (the "**Call Option**") contained in section 22.4 of the Bayley Seton Lease, those assets transferred to the Purchasers pursuant to the Put Option or the Call Option.

procedures for the assumption and assignment of certain executory contracts and unexpired leases related thereto (the “**Assignment Procedures**”), all as more fully set forth in the Motion; and the Debtors having entered into asset purchase agreements (the “**APAs**”) with SV Operating Three, LLC and SV Land Three, LLC, and having entered into the lease of the Bayley Seton Campus (the “**Bayley Seton Lease**,” and together with the APAs and all exhibits and annexes thereto, the “**Transaction Documents**”) with SV Land I, LLC (the “**Lessee**,” together with the counterparties to the APAs, the “**Purchasers**”); and the Court having subject matter jurisdiction to consider the Motion and the relief request therein pursuant to 28 U.S.C. § 1334 and the Standing Order of Referral of Cases to Bankruptcy Court Judges of the District Court for the Southern District of New York, dated July 19, 1984 (Ward, Acting C.J.); and the Motion being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to (a) the Office of the United States Trustee for the Southern District of New York, (b) counsel to General Electric Capital Corporation, as Agent for itself and TD Bank, N.A., (c) the Pension Benefit Guarantee Corporation, (d) the Office of the United States Attorney, (e) the Office of the New York State Attorney General, (f) the New York State Department of Health, (g) the Internal Revenue Service, (h) counsel to the Creditors’ Committee, (i) all parties identified on the General Service List and the Special Service List, as those terms are defined in the First Amended Final Administrative Order Establishing Case Management Procedures (the “**Case Management Order**”) entered by the Bankruptcy Court on September 3, 2010, and (j) counsel to the Purchasers; and no other or further notice needing to be provided; and the relief requested in the Motion being in the best interests of the Debtors and their estates and creditors; and the Court having reviewed the Motion and having heard the statements in support of the

relief requested therein at a hearing before the Court (the “**Hearing**”); and the Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefore, it is hereby FOUND AND DETERMINED THAT

A. The Debtors have articulated good and sufficient reasons for approving the Bidding Procedures.

B. The Bidding Procedures are reasonable and appropriate and represent the best method for maximizing the return for the SEA Assets and the Bayley Seton Lease.

C. The Purchasers have expended, and likely will continue to expend, considerable time, money and energy pursuing the purchase of the SEA Assets and the Bayley Seton Lease and have engaged in extended arm’s-length and good faith negotiations. The Transaction Documents are the culmination of these efforts.

D. Recognizing this expenditure of time, energy and resources, the Debtors have agreed to pay the Break-Up Fee to Purchasers under certain terms and conditions. The Break-Up Fee is (i) an actual and necessary cost and expense of preserving the Debtors’ estates within the meaning of Bankruptcy Code section 503(b); (ii) commensurate to the real and substantial benefit conferred upon the Debtors’ estates by the Purchasers; (iii) reasonable and appropriate in light of the size and nature of the proposed sale, comparable transactions, the commitments that have been made, and the efforts that have been and will be expended by the Purchasers; and (iv) necessary to induce the Purchasers to continue to pursue the purchase of the SEA Assets and enter into the Bayley Seton Lease and to be bound by the Transaction Documents.

E. The Debtors have demonstrated a sound business justification for authorizing the payment of the Break-Up Fee to the Purchasers. The Break-Up Fee has been negotiated at arm's-length and is reasonable under the circumstances.

THEREFORE IT IS HEREBY ORDERED THAT:

1. The Bidding Procedures attached hereto as **Annex 1** are hereby authorized and approved in all respects.

2. The form and sufficiency of the Auction and Hearing Notice attached hereto as **Annex 2** are approved.

3. The Assignment Procedures attached hereto as **Annex 3** are authorized and approved in all respects.

4. The form and sufficiency of the Initial Assignment Notice attached hereto as **Annex 4** are approved.

5. The form and sufficiency of the Auction Results Notice attached hereto as **Annex 5** are approved.

6. The form and sufficiency of the Creditor Notice attached hereto as **Annex 6** are approved.

7. The form and sufficiency of the Further Assignments Notice attached hereto as **Annex 7** are approved.

8. The Break-Up Fee is approved in its entirety. The Debtors shall pay the Break-Up Fee to the Purchasers pursuant to the terms and conditions set forth in the Transaction Documents without need for further order of the Court.

9. Objections, if any, to the sale of the SEA Assets (other than objections as to a Cure Amount, Additional Cure Amount, or Amended Cure Amount, with such objections

governed by the Assignment Procedures) and the Bayley Seton Lease and any filed supplements thereto, shall: (i) be in writing; (ii) specify with particularity the basis of the objection; and (iii) be filed with the Court and simultaneously served on: (a) Debtors' counsel, Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, New York 10036, Attn: Adam C. Rogoff, Esq., and Garfunkel Wild, P.C., 111 Great Neck Road, Suite 503, Great Neck, New York 11021, Attn: Judith Eisen, Esq.; (b) counsel for the Official Committee of Unsecured Creditors, c/o Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York 10036, Attn: David Botter, Esq., Stephen Kuhn, Esq. and Sarah Link Schultz, Esq.; (c) counsel to General Electric Capital Corporation, as Agent for itself and TD Bank, N.A., c/o Winston & Strawn LLP, 200 Park Avenue, New York, New York 10166-4193, Attn: David Neier, Esq.; and Winston & Strawn LLP, 101 California Street, San Francisco, CA 94111-5802, Attn: Randy Rogers, Esq.; (d) counsel to the Pension Benefit Guarantee Corporation, 1200 K Street, N.W., Washington, D.C. 20005-4026, Attn: Chief Counsel, Joel W. Ruderman, Esq. and Kelly R. Cusick, Esq.; (e) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, New York 10004, Attn: Serene Nakano, Esq.; and (f) counsel to the Purchasers, Nutovic & Associates, 488 Madison Avenue, 16th Floor, New York, New York 10022, Attn: Isaac Nutovic, Esq., so as to be actually received by 4:00 p.m. (prevailing Eastern Time) on July 15, 2011 (the "**Objection Deadline**").

10. In the event the Debtors choose a Successful Bidder or Bidders other than the Purchasers at the Auction, the Objection Deadline solely with respect to the Debtors' choice of such alternative Successful Bidder(s) will be August 1, 2011 at 12:00 p.m. (prevailing Eastern Time).

11. The Court shall conduct the Sale Hearing and consider any unresolved objections to the Sale on August 4, 2011 at 11:00 a.m. (prevailing Eastern Time) or at such other time ordered by the Court.

12. This Court shall retain exclusive jurisdiction over any matter or dispute relating to the sale of the SEA Assets, the Bayley Seton Lease, the Break-Up Fee, the Transaction Documents, the Bidding Procedures, the Assignment Procedures, the Sale Hearing, the Auction, the Successful Bid, the Back-Up Bid, and/or any other matter that in any way relates to the foregoing.

13. Notwithstanding the possible applicability of Fed. R. Bankr. P. 6004(h), 7062, 9014 or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry, and no automatic stay of execution shall apply to this Order.

Dated: New York, New York

June 30, 2011

/s/ Cecelia G. Morris  
THE HONORABLE CECELIA G. MORRIS  
UNITED STATES BANKRUPTCY JUDGE

**ANNEX 1 TO THE BIDDING PROCEDURES ORDER**  
**Bidding Procedures**

## BIDDING PROCEDURES FOR ST. ELIZABETH ANN'S ASSETS SALE

Saint Vincents Catholic Medical Centers of New York ("**SVCMC**" or the "**Seller**") and certain of its affiliates, as Chapter 11 debtors and debtors-in-possession (each a "**Debtor**" and collectively, the "**Debtors**")<sup>1</sup> have entered into (i) that certain Asset Purchase Agreement (the "**Nursing Home APA**") for the sale of the personal property assets (the "**Personal Property Assets**") of Sisters of Charity Health Care System Nursing Home, Inc. d/b/a St. Elizabeth Ann's Health Care & Rehabilitation Center ("**St. Elizabeth Ann's**") with SV Operating Three, LLC (the "**Nursing Home Purchaser**"), (ii) that certain Purchase and Sale Agreement (the "**Real Estate APA**," together with the Nursing Home APA, the "**APAs**") for the sale of the real estate (the "**Real Property Assets**", together with the Personal Property Assets, the "**SEA Assets**")<sup>2</sup> of St. Elizabeth Ann's with SV Land Three, LLC (the "**Real Estate Purchaser**") and (iii) that certain lease of land, building, and equipment related to the Debtor's Bayley Seton campus (the "**Bayley Seton Lease**") with SV Land I, LLC (the "**Lessee**" and together with the Nursing Home Purchaser and the Real Property Purchaser, the "**Purchasers**"). The transaction with the Purchasers is referred to as the "**Sale**". The Debtors are currently soliciting other higher or better bids for the sale of the SEA Assets and/or entry into the Bayley Seton Lease.

On June 30, 2011, the United States Bankruptcy Court for the Southern District of New York (the "**Bankruptcy Court**") granted the Debtors' motion (the "**Motion**")<sup>3</sup> for an order approving the following bidding procedures (the "**Bidding Procedures**") to be employed in connection with the solicitation for higher or better bids at an auction (the "**Auction**") for the sale of the Assets and/or entry into the Bayley Seton Lease (the "**Bidding Procedures Order**"), if necessary. The Bidding Procedures Order also approved certain procedures (the "**Assignment Procedures**") relating to the assumption and assignment of certain executory contracts and unexpired leases, the assumption and assignment of which will be a condition to closing the transactions contemplated by the APAs (collectively, the "**Assumed Contracts and Leases**").

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<sup>1</sup> In addition to SVCMC, the Debtors are as follows: (i) 555 6th Avenue Apartment Operating Corporation; (ii) Bishop Francis J. Mugavero Center for Geriatric Care, Inc.; (iii) Chait Housing Development Corporation; (iv) Fort Place Housing Corporation; (v) Pax Christi Hospice, Inc.; (vi) Sisters of Charity Health Care System Nursing Home, Inc. d/b/a St. Elizabeth Ann's Health Care & Rehabilitation Center; (vii) St. Jerome's Health Services Corporation d/b/a Holy Family Home; and (viii) SVCMC Professional Registry, Inc. There are certain affiliates of SVCMC who are not Debtors.

<sup>2</sup> As used herein, the term "**SEA Assets**" shall refer to the assets being transferred to the Purchasers (defined herein) pursuant to (i) the APAs (as defined herein) and (ii) in the event (x) the Debtors exercise the put option (the "**Put Option**") contained in the Bayley Seton Lease (defined herein), or (y) the Ground Lessee (defined herein) exercises its purchase option (the "**Call Option**") contained in the Bayley Seton Lease, those assets transferred to the Purchasers pursuant to the Put Option or the Call Option.

<sup>3</sup> Capitalized terms used but not defined herein shall have the same meanings ascribed to them in the Motion.



1. **Important Dates**<sup>4</sup>

<b>Bid Deadline</b>	<b>July 25, 2011 at 12:00 p.m. (prevailing Eastern Time)</b>
<b>Objection Deadline</b>	<b>July 15, 2011 at 4:00 p.m. (prevailing Eastern Time)</b>
<b>Auction</b>	<b>July 28, 2011 at 9:00 a.m. (prevailing Eastern Time)</b>
<b>Supplemental Objection Deadline</b>	<b>August 1, 2011 at 12:00 p.m. (prevailing Eastern Time)</b>
<b>Sale Hearing</b>	<b>August 4, 2011 at 11:00 a.m. (prevailing Eastern Time)</b> <sup>5</sup>

2. **Assets to be Sold Free and Clear**

The Debtors are offering for sale the Assets (as defined more specifically in the APAs) and entry into the Bayley Seton Lease, as defined more specifically in the APAs and the Bayley Seton Lease. Except as otherwise provided in definitive documentation with respect to the Sale and the Bayley Seton Lease, all of the Seller's rights, title and interest in and to the Assets shall be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options and interests thereon and there against (collectively, the "**Claims and Interests**").

3. **Stalking Horse**

The APAs and the Bayley Seton Lease provide that the Purchasers shall act as the "stalking horse bidder" in the Auction and shall be entitled to a break-up fee of 2.0% of the purchase price contemplated by the APAs, in the amount of \$680,000.00 (the "**Break-Up Fee**"), which shall be payable by the Seller as set forth in the APAs.

4. **Mailing the Auction and Hearing Notice**

On a date no later than three business days following entry by the Bankruptcy Court of the Bidding Procedures Order, the Debtors shall mail the notice of the proposed sale of the Assets (the "**Auction and Hearing Notice**") in the form approved by the Bankruptcy Court

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<sup>4</sup> Following discussions with the Creditors' Committee and the Secured Creditors, the Debtors adjourned certain of the initially proposed dates for the Bid Deadline, Auction, Supplemental Objection Deadline and Sale Hearing by two weeks from the dates originally proposed in the Motion. The Debtors also adjourned the Objection Deadline by one week. The dates listed herein are the final, approved dates.

<sup>5</sup> The Debtors reserve the right to hold the Sale Hearing on August 11, 2011 to the extent necessary.

in the Bidding Procedures Order by first class mail, postage prepaid, to (a) the Special and General Service Lists as those terms are defined in the First Amended Final Administrative Order Establishing Case Management Procedures (the “**Case Management Order**”) entered by the Bankruptcy Court on September 3, 2010, (b) all counterparties to the Assumed Contracts and Leases, (c) all potential purchasers identified by the Debtors or their agent, and (d) any other party known to the Debtors to have or assert an interest in any of the Assets.

Any other party-in-interest that wishes to receive a copy of the Bidding Procedures Order and/or the Motion shall make such request in writing to Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, New York 10036, Attn: Joseph A. Shifer, Esq., Telephone (212) 715-9517, Facsimile: (212) 715-8105, Email, [jshifer@kramerlevin.com](mailto:jshifer@kramerlevin.com). Additionally, copies may be downloaded from the Court’s docket at <http://ecf.nysb.uscourts.gov> and from the Debtors’ restructuring website at <http://svcmcrestructuring.com>.

#### 5. **Confidentiality Agreement / Due Diligence**

The Debtors may afford any interested party the opportunity to conduct a reasonable due diligence review in the manner determined by the Debtors in their discretion, in consultation with the Official Committee of Unsecured Creditors (the “**Committee**”) and representatives of (x) the Pension Benefit Guaranty Corporation and (y) General Electric Corporation as Agent for itself and TD Bank, N.A. (collectively with the Pension Benefit Guaranty Corporation, the “**Secured Creditors**”). The Debtors shall not be obligated to furnish any due diligence information after the Bid Deadline (defined below).

**Parties interested in conducting due diligence should contact Loeb & Troper LLP, 655 Third Avenue, 17th Floor, New York, New York 10017, Attn: David Adest, telephone: 212-697-3000, facsimile: 212-697-8893, email: [dadest@loebandtroper.com](mailto:dadest@loebandtroper.com), and Morgan Keegan, 630 Fifth Avenue, Suite 2950, New York, New York 10011, Attn: Thomas M. Barry, telephone 212-314-0367, email: [tbarry@morgankeegan.com](mailto:tbarry@morgankeegan.com).**

Any entity that wishes to conduct due diligence with respect to the SEA Assets and/or the Bayley Seton Lease must deliver to (i) the Debtors, at Saint Vincents Catholic Medical Centers of New York, 450 West 33 Street, New York, New York 10001, Attn: Scott Davis ([Scott.Davis@svcmcnyc.org](mailto:Scott.Davis@svcmcnyc.org)); (ii) Loeb & Troper LLP, 655 Third Avenue, 17th Floor, New York, New York 10017, Attn: David Adest ([dadest@loebandtroper.com](mailto:dadest@loebandtroper.com)); and (iii) Morgan Keegan, 630 Fifth Avenue, Suite 2950, New York, New York 10011, Attn: Thomas M. Barry ([tbarry@morgankeegan.com](mailto:tbarry@morgankeegan.com)), the following: (a) an executed confidentiality agreement in form and substance satisfactory to the Debtors, in consultation with the Committee and the Secured Creditors, and (b) at the Debtors’ discretion, the Debtors may require a written statement of interest demonstrating to the Debtors’ satisfaction a bona fide interest to purchase the SEA Assets and/or the Bayley Seton Lease and the ability to make a Qualified Bid (as defined below), which includes, *inter alia*, a purchase price range, the proposed structure and financing, if any, of the transaction, any additional conditions to closing that such entity may wish to impose, and the nature and extent of additional due diligence such entity may wish to conduct.

Any party delivering such a confidentiality agreement and, if necessary, a statement of interest may be deemed by the Debtors, in consultation with representatives of the Committee and Secured Creditors to be reasonably likely to be able to close a proposed transaction, if selected as the Successful Bidder (as defined below), within a time frame acceptable to the Debtors (such person or entity, a “**Potential Bidder**”). After compliance with the foregoing, the Debtors may allow Potential Bidders to conduct due diligence with respect to the SEA Assets and/or the Bayley Seton Lease.

## 6. **Qualification of Bids and Bidders**

In order to participate in the bidding process and to have a bid considered by the Debtors, each Potential Bidder must deliver a written offer or group of offers satisfying the below criteria. A “**Qualified Bidder**” is a Potential Bidder that delivers a binding bid that in the Debtors’ discretion after consultation with the Committee and the Secured Creditors satisfies the following criteria (a “**Qualified Bid**”):

- (a) **Bid Deadline.** Each bid package must be delivered in written and electronic form (where available) to: (i) Saint Vincents Catholic Medical Centers of New York, 450 West 33 Street, New York, New York 10001, Attn: Scott Davis (Scott.Davis@svcmcnyc.org); (ii) Loeb & Troper LLP, 655 Third Avenue, 17th Floor, New York, New York 10017, Attn: David Adest, (dadeest@loebandtroper.com); (iii) Morgan Keegan, 630 Fifth Avenue, Suite 2950, New York, New York 10011, Attn: Thomas M. Barry (tbarry@morgankeegan.com); (iv) Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, New York 10036, Attn: Adam C. Rogoff, Esq. (arogoff@kramerlevin.com); (v) Garfunkel Wild, P.C., 111 Great Neck Road, Suite 503, Great Neck, New York 11021, Attn: Judith Eisen (jeisen@garfunkelwild.com); (vi) General Electric Capital Corporation, as Agent for itself and TD Bank, N.A., c/o Winston & Strawn LLP, 200 Park Avenue, New York, New York, 10166-4193, Attn: David Neier, Esq. (dneier@winston.com); and Winston & Strawn LLP, 101 California Street, San Francisco, CA 94111-5802, Attn: Randy Rogers, Esq. (rrogers@winston.com); (vii) the Pension Benefit Guarantee Corporation, 1200 K Street, N.W., Washington, D.C. 20005-4026, Attn: Chief Counsel, Joel W. Ruderman, Esq. and Kelly R. Cusick, Esq.; and (viii) counsel for the Committee, c/o Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York 10036, Attn: David Botter, Esq., Stephen Kuhn, Esq. and Sarah Link Schultz, Esq. (sschultz@akingump.com), so as to **actually be received no later than July 25, 2011 at 12:00 p.m. (prevailing Eastern Time) (the “Bid Deadline”).**
- (b) **Bid Package.** Each bid must include (collectively, the “**Bid Package**”): (i) a written and signed irrevocable and binding offer

letter stating that (w) the bidder offers to consummate a sale transaction on terms and conditions no less favorable than those found in the APAs and/or the Bayley Seton Lease<sup>6</sup> and in an amount at least equal to the Minimum Bid (as defined below), (x) confirming that the bid will remain irrevocable and binding until five business days following the entry of the Sale Order, (y) that the Bidder has had the opportunity to conduct due diligence prior to its offer and does not require further due diligence, has relied solely upon its own independent review and investigation and did not rely on any written or oral representations except as expressly set forth in the Modified APAs and Modified Lease (defined below), and (z) the Bidder shall serve as the Backup Bidder (defined below) until five business days following the entry of the Sale Order; (ii) an executed copy of the APAs and/or the Bayley Seton Lease as modified by the Potential Bidder in accordance with its bid (“**Modified APAs**” and “**Modified Lease**” respectively); (iii) an electronic markup of the APAs and/or Bayley Seton Lease showing the revisions in the Modified APAs and/or Modified Lease; and (iv) a CD-ROM containing a clean copy of the Modified APAs and/or the Modified Lease (formatted as a Microsoft Word document or such other word processing format acceptable to the Debtors) and the electronic markup of the APAs and/or Bayley Seton Lease. The Debtors shall, in consultation with the Committee and the Secured Creditors, determine whether any Modified APAs and/or Modified Lease that modify the APAs and/or the Bayley Seton Lease in any respect beyond the identity of the purchasers and the purchase price under the APAs and/or the Bayley Seton Lease is a Qualified Bid.

- (c) Individual Bids. The Debtors reserve the right, in their discretion (in consultation with the Secured Creditors and the Committee), to accept bids for the SEA Assets and/or the Bayley Seton Lease together or separately. As such, the Debtors will consider Qualified Bids for (i) the SEA Assets alone, (ii) the Bayley Seton Lease alone, or (iii) both of the SEA Assets and the Bayley Seton Lease; provided however, that any bid that provides for the purchase of the SEA Assets alone must submit a bid for (x) a sale transaction that includes the continued operation of the 72 neurobehavioral beds located on the Bayley Seton Campus under that certain lease between SVCMC as landlord and St. Elizabeth Ann’s as tenant (the “**Patient Bed Lease**”) and (y) a sale transaction that does not include the continued operation of the 72 neurobehavioral beds located on the Bayley Seton Campus under the Patient Bed Lease.

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<sup>6</sup> References herein to the “APAs and/or Bayley Seton Lease” are as may be applicable to each such asset based upon individual or combined bids.

In the event that bids are considered that provide (i) solely for entry into the Bayley Seton Lease without the purchase of the SEA Assets or (ii) solely for the purchase of the SEA Assets without entry into the Bayley Seton Lease, the Debtors (in consultation with the Secured Creditors and the Committee) shall establish the required Minimum Bid (defined below) and the Bid Increment (defined below) for each such bids.

- (d) Minimum Bid. The amount of the purchase price in any bid for all of the Assets (i.e., both the SEA Assets and the Bayley Seton Lease) must provide for net cash (or cash equivalent) that is at least \$50,000 more than the purchase price contained in the APAs and Bayley Seton Lease plus the amount of the Break-Up Fee (the “**Minimum Bid**”). In the event that individual bids are submitted for less than all of the Assets (i.e., either the SEA Assets or the Bayley Seton Lease), the aggregate of the purchase price of such bids for (i) the SEA Assets and (ii) the Bayley Seton Lease must equal the Minimum Bid. If competing bids are submitted only for the SEA Assets or only for the Bayley Seton Lease, then the purchase price for such bid(s) must equal the Minimum Bid. Any bid for the SEA Assets must comply with the requirements of paragraph 6(c) above (i.e., a bid with and a bid without the continued operation of the 72 neurobehavioral beds located on the Bayley Seton Campus under the Patient Bed Lease).
- (e) Financial Information. The Bid Package must contain such financial and other information that will allow the Debtors, in consultation with the Committee and the Secured Creditors, to make a determination as to the bidder’s financial wherewithal and its ability to consummate the transactions contemplated by the Modified APAs and/or the Modified Lease, including evidence of adequate financing, any proposed conditions to closing and adequate assurance of such bidder’s ability to perform under any of the Assumed Contracts and Leases and to pay all cure amounts required to assume and assign any such Assumed Contracts and Leases.
- (f) Regulatory Approvals. The Bid Package must describe all regulatory approvals the bidder will need and provide evidence of the bidder’s ability to obtain all necessary regulatory approvals in a timely manner, if applicable.
- (g) Executory Contracts and Unexpired Leases. The Modified APAs and/or Modified Lease must identify with particularity each and every proposed Assumed Contract and Lease.

- (h) Additional Bid Protections. The bid must not request or entitle the Potential Bidder to any transaction or break-up fee, expense reimbursement, or similar type of payment, or propose to modify any of the Bidding Procedures.
- (i) Identity of Bidders. Each Potential Bidder must fully disclose the identity of each entity that will be bidding or otherwise participating in connection with such bid, including the names and addresses of any members or individuals with an interest in the entity, and the complete terms of any such participation, as well as disclose the organization form and the business conducted by each entity. Any Potential Bidder shall be required to provide such additional information as the Debtors may reasonably require regarding a Potential Bidder's ability to satisfy the requirements of the applicable regulatory authorities.
- (j) Due Diligence. The bid must not contain any due diligence or financing contingencies of any kind, and must affirmatively acknowledge that the bidder (i) had an opportunity to conduct due diligence regarding the SEA Assets and/or the Bayley Seton Lease prior to making its offer and does not require further due diligence, (ii) has relied solely upon its own independent review, investigation, and/or inspection of any documents and/or the SEA Assets and/or the Bayley Seton Lease 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 SEA Assets and/or the Bayley Seton Lease, or the completeness of any information provided in connection therewith.
- (k) Consents. Each Potential Bidder must represent that it obtained all necessary organizational approvals to make its competing bid and to enter into and perform the Modified APAs and/or the Modified Lease and include evidence of authorization and approval from the Potential Bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the Modified APAs and/or Modified Lease.
- (l) Deposit. A Potential Bidder for the SEA Assets (with or without the Bayley Seton Lease as a part of such bid) must deposit 10% of the initial purchase price set forth in the Modified APAs with an escrow agent selected by the Debtors (the "**Deposit Agent**") in the form of a certified check or wire transfer at least three business days before the Auction (the "**SEA Deposit**"). A Potential Bidder for the Bayley Seton Lease alone must deposit \$500,000 with the Deposit Agent in the form of a certified check or wire transfer at least three business days before the Auction (the "**Bayley Seton**").

**Deposit**” together with the SEA Deposit, the “**Deposit**”). The Potential Bidder shall forfeit the Deposit if (i) the Potential Bidder is determined to be a Qualified Bidder and withdraws or modifies its bid other than as provided herein before the Bankruptcy Court approves the Debtors’ selection of the Successful Bidder, or (ii) the bidder is the Successful Bidder and (x) withdraws the bid without the Debtors’ consent (which consent shall not be granted without the consent of the Committee and the Secured Creditors, which consent of the Committee and the Secured Creditors shall not be unreasonably withheld) before the consummation of the sale contemplated by the bid, or (y) breaches the Modified APAs and/or the Bayley Seton Lease associated with such bid. The Deposit shall be returned to the Potential Bidder (i) as soon as practicable if the Potential Bidder is not determined to be a Qualified Bidder or (ii) no later than five business days after entry of the Sale Order if the bidder is a Qualified Bidder (who has not otherwise forfeited its Deposit), but is not determined to be the Successful Bidder or the Backup Bidder (defined below). The Debtors will not be required to maintain any Deposit in an interest bearing account, but any interest earned on any Deposit will be remitted to the appropriate Qualified Bidder if the Deposit is returned to the Qualified Bidder pursuant to the above.

The Debtors shall have the right, in their discretion (after consultation with the Committee and the Secured Creditors), to determine whether a bid is a Qualified Bid and shall notify bidders whether their bids have been determined to be Qualified Bids, as soon as possible, and prior to the Auction. The Debtors may (after consultation with the Committee and the Secured Creditors) reject any bid that is on terms more burdensome or conditional than the APAs and/or the Bayley Seton Lease or is otherwise contrary to the best interests of the Debtors and their estates. In addition to the requirements above, the Debtors may, after consultation with the Committee and the Secured Creditors, request any additional information from any Potential Bidder to assist them in making their determination as to whether a bid is a Qualified Bid. For the avoidance of doubt, the Purchasers are a Qualified Bidder and the APAs and the Bayley Seton Lease are a Qualified Bid.

7. **Expedited Relief**

If, prior to the Auction, there is a dispute between the Debtors and either the Committee or the Secured Creditors regarding who is a “Qualified Bidder,” the parties consent to the submission of that dispute to the Court on an expedited basis.

8. **As Is, Where Is**

The sale of any or all of the Assets shall be on an “as is, where is” basis and without representations or warranties of any kind, nature or description by the Debtors, their agents or their estates except to the extent set forth in the applicable APAs, Modified APAs, or Modified Lease of the Successful Bidder(s) as approved by the Bankruptcy Court.

9. **Only One Qualified Bid**

If no Qualified Bid other than Purchasers' is submitted, the Debtors shall not hold the Auction, but may proceed with the Sale Hearing to seek approval of the sale of the Assets to the Purchasers.

10. **Auction**

In the event that the Debtors timely receive more than one Qualified Bid meeting the Minimum Bid, the Debtors shall conduct the Auction with respect to the SEA Assets and/or the Bayley Seton Lease. The Auction will take place at the offices of Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, New York 10036 on July 28, 2011, starting at 9:00 a.m. (prevailing Eastern Time), or at such other place, date and time as may be designated by the Debtors, in consultation with the Committee and the Secured Creditors, at or prior to the Auction. The Auction shall be governed by the following procedures:

- (a) **Participation.** Only the Qualified Bidders shall be entitled to participate in the Auction, and each Qualified Bidder shall appear in person at the Auction, or through a duly authorized representative. **Each Qualified Bidder must be accompanied by counsel in order to participate in the Auction.** At least one day prior to the commencement of the Auction, each Qualified Bidder must confirm in writing that it will participate in this Auction; provided, however, that in the event a Qualified Bidder does not attend the Auction, the relevant Qualified Bid shall nonetheless remain fully enforceable against that Qualified Bidder in accordance herewith.
- (b) **Anti-Collusion.** At the commencement of the Auction, each Qualified Bidder shall be required to confirm that it has not engaged and will not engage in any collusion with any other Qualified Bidder with respect to the bidding or the Sale.
- (c) **Conduct of Auction.** The Auction will be conducted openly with the proceeding being transcribed and each Qualified Bidder being informed of the terms of the previous bid; provided, however, that nothing contained herein shall prohibit the Debtors from meeting privately with any Qualified Bidder to negotiate the terms of its bid.
- (d) **Bidding.** Bidding at the Auction shall commence at the amount of the highest or otherwise best Qualified Bid submitted prior to the Auction; Qualified Bidders for all of the Assets may then submit successive bids in increments of \$50,000 (the "**Bid Increment**"); provided, however, that the Debtors shall retain the right, with the consent of the Committee and the Secured Creditors (which consent shall not be unreasonably withheld), to modify the Bid



Increment at the Auction. In the event that there are Qualified Bids for only the SEA Assets or only the Bayley Seton Lease, the Debtors, in consultation with the Committee and the Secured Creditors, will establish the Bid Increment for the SEA Assets and/or the Bayley Seton Lease (as applicable) at the Auction. Any bid submitted after the conclusion of the Auction shall not be considered for any purpose unless an order of the Bankruptcy Court is entered directing that such bid be considered, and neither the Debtors nor any other person shall have the obligation to seek any such order from the Bankruptcy Court.

- (e) Higher or Better. The Debtors reserve the right, in their discretion (in consultation with the Committee and the Secured Creditors), to determine whether any bid is better, if not higher, than another bid submitted during the Auction. The Debtors may consider a variety of factors in making this decision, including, without limitation, the ability of the applicable Qualified Bidder to obtain the necessary regulatory approvals, any proposed conditions to closing, and the timing of the closing of the proposed transaction. The Debtors' unions have indicated that in the event a Potential Bidder submits a bid that will result in the continued employment of the Debtors' current employees and the recognition of the unions and other conditions, the Debtors' unions will consider waiving claims for severance and related severance benefits (the "Severance Waiver") for such employees. In the event that a Potential Bidder shall submit a bid that results in a Severance Waiver, the Debtors (in consultation with the Secured Lenders and the Committee) will take into consideration the amount of the Severance Waiver in analyzing which bid is a higher or better bid. Nothing herein is to be deemed an admission by the Debtors on any matter, nor is it to be deemed a waiver of any of the unions' rights under the relevant collective bargaining agreements or applicable law.
  
- (f) Successful Bid. The Auction shall continue until the Debtors determine, in their discretion (after consultation with the Committee and the Secured Creditors) and subject to Court approval, which offer (or in the case of separate offers for the SEA Assets and the Bayley Seton Lease, which offers) is (are) the highest or otherwise best offer(s) from among the Qualified Bids submitted at the Auction (such bid or bids, as applicable, the "Successful Bid"). The Qualified Bidder(s) submitting such Successful Bid(s) shall become the "Successful Bidder," and shall have such rights and responsibilities of the purchaser, as set forth in the applicable Modified APAs and/or Modified Lease, as applicable, together with any changes made thereto by the Successful Bidder at the Auction. Within one business day after

the conclusion of the Auction, but in any event prior to the commencement of the Sale Hearing (as defined below), the Successful Bidder shall (i) complete and execute all agreements, contracts, instruments or other documents evidencing and containing the terms and conditions upon which the Successful Bid was made, and (ii) supplement its Deposit by wire transfer or other immediately available funds so that, to the extent necessary, such deposit equals 10% of the Successful Bid.

- (g) Backup Bid. At the conclusion of the Auction, the Debtors will also announce the second highest or otherwise best bid(s) from among the Qualified Bids submitted at the Auction (the “**Backup Bid**”). The Qualified Bidder(s) submitting such Backup Bid(s) shall become the “**Backup Bidder**,” and shall have such rights and responsibilities of the purchaser, as set forth in the applicable Modified APAs and/or the Modified Lease, together with any changes made thereto by the Backup Bidder at the Auction. *The Backup Bid shall remain open and irrevocable until five business days following the entry of the Sale Order.* Within one business day after the conclusion of the Auction, but in any event prior to the commencement of the Sale Hearing (as defined below), the Backup Bidder shall (i) complete and execute all agreements, contracts, instruments or other documents evidencing and containing the terms and conditions upon which the Backup Bid was made, and (ii) supplement its Deposit by wire transfer or other immediately available funds so that, to the extent necessary, such deposit equals 10% of the Backup Bid. In the event the Backup Bidder fails to comply with the requirements of this paragraph, it will be deemed to have forfeited its Deposit. The Backup Bidder’s Deposit will be returned by the Debtors upon entry of the Sale Order. Notwithstanding the above, the Purchasers’ obligations as a Backup Bidder are specifically outlined in the APAs and the Bayley Seton Lease and not as provided in these Bidding Procedures.

## 11. Sale Hearing

The Successful Bid and the Backup Bid will be subject to approval by entry of an order (the “**Sale Order**”) by the Bankruptcy Court after a hearing (the “**Sale Hearing**”) that will take place **August 4, 2011** at 11:00 a.m. (prevailing Eastern Time).<sup>7</sup> The Debtors, in consultation with the Committee and the Secured Creditors, may adjourn the Sale Hearing from time to time without further notice to creditors or parties-in-interest other than by announcement of the adjournment in open court. Upon approval of the Backup Bid by the Bankruptcy Court,

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<sup>7</sup> The Debtors reserve the right to hold the Sale Hearing on August 11, 2011 to the extent necessary.

the Backup Bid shall remain open and irrevocable until five business days following the entry of the Sale Order.

Objections, if any, to the Sale Motion (other than objections with respect to cure amounts or adequate assurance of future performance under the Assumed Contracts and Leases, which are subject to the Assignment Procedures) and any filed supplements thereto, shall: (i) be in writing; (ii) specify with particularity the basis of the objection; and (iii) be filed with the Court and simultaneously served on: (a) Debtors' counsel, Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, New York 10036, Attn: Adam C. Rogoff, Esq. and Garfunkel Wild, P.C., 111 Great Neck Road, Suite 503, Great Neck, New York 11021, Attn: Judith Eisen, Esq.; (b) counsel for the Committee, c/o Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York 10036, Attn: David Botter, Esq., Stephen Kuhn, Esq. and Sarah Link Schultz, Esq.; (c) counsel to General Electric Capital Corporation, as Agent for itself and TD Bank, N.A., c/o Winston & Strawn LLP, 200 Park Avenue, New York, New York, 10166-4193, Attn: David Neier; and Winston & Strawn LLP, 101 California Street, San Francisco, CA 94111-5802, Attn: Randy Rogers, Esq.; (d) counsel to the Pension Benefit Guarantee Corporation, 1200 K Street, N.W., Washington, D.C. 20005-4026, Attn: Chief Counsel; (e) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, New York 10004, Attn: Serene Nakano, Esq.; and (f) counsel to the Purchasers, Nutovic & Associates, 488 Madison Avenue, 16th Floor, New York, New York 10022, Attn: Isaac Nutovic, Esq., so as to be actually received by 4:00 p.m. (prevailing Eastern Time) on July 15, 2011 (the "**Objection Deadline**").

## 12. **Supplemental Objections**

In the event the Debtors choose a Successful Bidder or Back-Up Bidder other than the Purchasers at the Auction or the terms of the proposed Sale are modified at the time of the Auction, the Objection Deadline solely with respect to (i) the Debtors' choice of such alternative Successful Bidder or Back-Up Bidder, or the modifications to the terms of the Sale to the Successful Bidder and (ii) to the extent such party did not receive notice of such cure amounts prior to the Auction, cure amounts under the Assumed Leases and Contracts, will be **August 1, 2011** at 12:00 p.m. (prevailing Eastern Time).

## 13. **Consummation of the Sale**

Following the Sale Hearing, if for any reason the Successful Bidder fails to consummate the purchase of the Assets, then the Backup Bidder will automatically be deemed to have submitted the highest or otherwise best bid. Thereafter, the Debtors and the Backup Bidder are authorized to immediately effect the sale of the Assets to the Backup Bidder on the terms of the Backup Bid as soon as is commercially reasonable without further order of the Bankruptcy Court. If such failure to consummate the purchase is the result of a breach by the Successful Bidder, its Deposit shall be forfeited to the Debtors and the Debtors specifically reserve the right to seek all available damages from the defaulting bidder.

14. **Extension of Deadlines and Modification of Bid Procedures**

The Debtors reserve their rights to modify the Bidding Procedures in their discretion (with the consent of the Committee and the Secured Creditors, which consent shall not be unreasonably withheld) at or prior to the Auction, including, without limitation, extending the deadlines set forth in the Auction procedures, modifying bidding increments, adjourning the Auction at the Auction and/or adjourning the Sale Hearing in open court without further notice; provided, however, that the Purchasers' consent will be required for any modifications to the terms on which the Break-Up Fee will be paid.

15. **Jurisdiction**

The Bankruptcy Court shall retain exclusive jurisdiction over any matter or dispute relating to the Sale of the Assets, the Bidding Procedures, the Sale Hearing, the Auction, the Successful Bid, the Backup Bid, and/or any other matter that in any way relates to the foregoing.

**ANNEX 2 TO THE BIDDING PROCEDURES ORDER**  
**Auction & Hearing Notice**

KRAMER LEVIN NAFTALIS & FRANKEL LLP  
Kenneth H. Eckstein  
Adam C. Rogoff  
P. Bradley O'Neill  
1177 Avenue of the Americas  
New York, New York 10036  
Telephone: (212) 715-9100  
Facsimile: (212) 715-8000  
*Counsel for Debtors*

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

----- X  
In re: : Chapter 11  
: :  
SAINT VINCENTS CATHOLIC MEDICAL : Case No. 10-11963 (CGM)  
CENTERS OF NEW YORK, et al., : :  
: :  
Debtors. : Jointly Administered  
----- X

**NOTICE OF AUCTION AND HEARING TO  
CONSIDER APPROVAL OF THE SALE OF THE  
DEBTORS' ASSETS RELATED TO ST. ELIZABETH  
ANN'S AND PROCEDURES RELATED THERETO**

PLEASE TAKE NOTICE THAT:

1. Introduction. On June 30, 2011, the Bankruptcy Court for the Southern District of New York (the "**Bankruptcy Court**"), upon the motion (the "**Motion**") of Saint Vincents Catholic Medical Centers of New York ("**SVCMC**") and certain of its affiliates, as chapter 11 debtors and debtors-in-possession in the above-referenced chapter 11 cases (each a "**Debtor**" and collectively the "**Debtors**"),<sup>1</sup> entered an order (the "**Bidding Procedures Order**"): (a) approving the bidding procedures and bidder protections (the "**Bidding Procedures**") with respect to the sale (the "**Sale**") of certain real estate and personal property assets (together, the "**SEA Assets**")<sup>2</sup> related to Sisters of Charity Health Care System Nursing

<sup>1</sup> In addition to SVCMC, the Debtors are as follows: (i) 555 6th Avenue Apartment Operating Corporation; (ii) Bishop Francis J. Mugavero Center for Geriatric Care, Inc.; (iii) Chait Housing Development Corporation; (iv) Fort Place Housing Corporation; (v) Pax Christi Hospice, Inc.; (vi) Sisters of Charity Health Care System Nursing Home, Inc. d/b/a St. Elizabeth Ann's Health Care & Rehabilitation Center; (vii) St. Jerome's Health Services Corporation d/b/a Holy Family Home; and (viii) SVCMC Professional Registry, Inc. There are certain affiliates of SVCMC who are not Debtors.

<sup>2</sup> As used herein, the term "**SEA Assets**" shall refer to the assets being transferred to the Purchasers (defined herein) pursuant to (i) the APAs (as defined herein) and (ii) in the event (x) the Debtors exercise the put option (the "**Put Option**") contained in the Bayley Seton Lease (defined herein), or (y) the Ground Lessee (defined herein)

Home, Inc. d/b/a St. Elizabeth Ann's Health Care & Rehabilitation Center ("**St. Elizabeth Ann's**") and entering into the Lease (as defined below); (b) scheduling an auction (the "**Auction**") for the SEA Assets and/or the Lease and a hearing approving the sale of the SEA Assets and entering into the Lease (the "**Sale Hearing**"); and (c) approving certain procedures (the "**Assignment Procedures**") related to the assumption and assignment of those executory contracts and unexpired leases related to the SEA Assets and whose assignment is contemplated by the Sale (the "**Assumed Contracts and Leases**"). A copy of the Bidding Procedures is annexed hereto as **Exhibit A**.

2. **Important Dates**. Pursuant to the Bidding Procedures and the Assignment Procedures, the Bankruptcy Court has established the following dates:<sup>3</sup>

<b>Bid Deadline</b>	<b>July 25, 2011 at 12:00 p.m. (prevailing Eastern Time)</b>
<b>Initial Objection Deadline</b>	<b>July 15, 2011 at 4:00 p.m. (prevailing Eastern Time)</b>
<b>Auction</b>	<b>July 28, 2011 at 9:00 a.m. (prevailing Eastern Time)</b>
<b>Supplemental Cure Objection and Sale Objection Deadline</b>	<b>August 1, 2011 at 12:00 p.m. (prevailing Eastern Time)</b>
<b>Sale Hearing</b>	<b>August 4, 2011 at 11:00 a.m. (prevailing Eastern Time)<sup>4</sup></b>

3. **The APAs**. The Debtors have entered into (i) that certain Asset Purchase Agreement for the sale of the personal property assets of St. Elizabeth Ann's (the "**Nursing Home APA**") with SV Operating Three, LLC (the "**Nursing Home Purchaser**") and the assignment of certain contracts and leases related thereto, (ii) that certain Purchase and Sale Agreement for the sale of the real estate of St. Elizabeth Ann's (the "**Real Estate APA**," together with the Nursing Home APA, the "**APAs**") with SV Land Three, LLC (the "**Real Estate Purchaser**," and (iii) the lease of land, building, and equipment related to the Debtor's Bayley Seton campus (the "**Lease**") with SV Land I, LLC (the "**Lessee**" and together with the Nursing Home Purchaser and Real Estate Purchaser, the "**Purchasers**"). As set forth in the Bidding Procedures, the Sale of the SEA Assets and entry into the Lease remain subject to competing

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exercises its purchase option (the "**Call Option**") contained in the Bayley Seton Lease, those assets transferred to the Purchasers pursuant to the Put Option or the Call Option.

<sup>3</sup> Following discussions with the Creditors' Committee and the Secured Creditors, the Debtors adjourned certain of the initially proposed dates for the Bid Deadline, Auction, Supplemental Objection Deadline and Sale Hearing by two weeks from the dates originally proposed in the Motion. The Debtors also adjourned the Objection Deadline by one week. The dates listed herein are the final, approved dates.

<sup>4</sup> The Debtors reserve the right to hold the Sale Hearing on August 11, 2011 to the extent necessary.

offers from any prospective bidder. The Debtors will consider qualified bids for (i) the packaged transaction – meaning the SEA Assets and the Lease – or (ii) for only the SEA Assets or only the right to enter into the Lease as independent transactions.

4. Due Diligence. Parties interested in conducting due diligence should contact Loeb & Troper LLP, 655 Third Avenue, 17th Floor, New York, New York 10017, Attn: David Adest, telephone: 212-697-3000, facsimile: 212-697-8893, email: dadest@loebandtroper.com, and Morgan Keegan, 630 Fifth Avenue, Suite 2950, New York, New York 1011, Attn: Thomas M. Barry, telephone 212-314-0367, email: tbarry@morgankeegan.com.

5. Submission of Bids. To participate in the bidding process and to have a bid considered by the Debtors, each potential bidder must deliver a written offer or group of offers satisfying the criteria prescribed in the Bidding Procedures. Each bid package must be delivered in written and electronic form (where available) to: (i) Saint Vincents Catholic Medical Centers of New York, 450 West 33 Street, New York, New York 10001, Attn: Scott Davis (Scott.Davis@svcmcnyc.org); (ii) Loeb & Troper LLP, 655 Third Avenue, 17th Floor, New York, New York 10017, Attn: David Adest (dadest@loebandtroper.com); (iii) Morgan Keegan, 630 Fifth Avenue, New York, New York 10011, Attn: Thomas M. Barry (tbarry@morgankeegan.com); (iv) Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, New York 10036, Attn: Adam C. Rogoff (arogoff@kramerlevin.com); (v) Garfunkel Wild, P.C., 111 Great Neck Road, Suite 503, Great Neck, New York 11021, Attn: Judith Eisen (jeisen@garfunkelwild.com); (vi) General Electric Capital Corporation, as Agent for itself and TD Bank, N.A., c/o Winston & Strawn LLP, 200 Park Avenue, New York, New York 10166-4193, Attn: David Neier, Esq. (dneier@winston.com); and Winston & Strawn LLP, 101 California Street, San Francisco, CA 94111-5802, Attn: Randy Rogers, Esq. (rrogers@winston.com); (vii) General Counsel, PBGC, 1200 K Street, N.W., Washington, D.C. 20005-4026, Attn: Chief Counsel, Joel W. Ruderman, Esq. and Kelly R. Cusick, Esq.; and (viii) counsel for the Committee, c/o Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York 10036, Attn: David Botter, Esq., Stephen Kuhn, Esq. and Sarah Link Schultz, Esq. (sschultz@akingump.com), so as to **actually be received no later than July 25, 2011 at 12:00 p.m. (prevailing Eastern Time) (the “Bid Deadline”).**

6. Sale Hearing. The Bidding Procedures Order provides that the Sale Hearing will be held on **August 4, 2011 at 11:00 a.m. (prevailing Eastern Time)**,<sup>5</sup> before the Honorable Cecelia G. Morris, United States Bankruptcy Judge, in Courtroom 701 at the United States Bankruptcy Court for the Southern District of New York, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004-1408. At the Sale Hearing, the Debtors will request that the Bankruptcy Court enter an order approving the Sale of the SEA Assets and entering into the Lease to the prevailing bidder(s) at the Auction.

7. Auction. In the event that the Debtors receive a qualified bid for the SEA Assets or the right to enter into the Lease, the Debtors intend to conduct the Auction with respect to such assets. The Auction will take place at the offices of Kramer Levin Naftalis & Frankel

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<sup>5</sup> The Debtors reserve the right to hold the Sale Hearing on August 11, 2011 to the extent necessary.



LLP, 1177 Avenue of the Americas, New York, New York 10036, on July 28, 2011 starting at 9:00 a.m. (prevailing Eastern Time) or at such other place, date, and time as may be designated by the Debtors at or prior to the Auction.

8. Objections. Objections, if any, to the Motion (other than objections with respect to cure amounts or adequate assurance of future performance under the Assumed Contracts and Leases, which are subject to the Assignment Procedures) and any filed supplements thereto, shall: (i) be in writing; (ii) specify with particularity the basis of the objection; and (iii) be filed with the Court and simultaneously served on: (a) Debtors' counsel, Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, New York 10036, Attn: Adam C. Rogoff, Esq. and Garfunkel Wild, P.C., 111 Great Neck Road, Suite 503, Great Neck, New York 11021, Attn: Judith Eisen, Esq.; (b) counsel for the Committee, c/o Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York 10036, Attn: David Botter, Esq., Stephen Kuhn, Esq. and Sarah Link Schultz, Esq.; (c) counsel to General Electric Capital Corporation, as Agent for itself and TD Bank, N.A., c/o Winston & Strawn LLP, 200 Park Avenue, New York, New York 10166-4193, Attn: David Neier; and Winston & Strawn LLP, 101 California Street, San Francisco, CA 94111-5802, Attn: Randy Rogers, Esq.; (d) counsel to the Pension Benefit Guarantee Corporation, Pension Benefit Guarantee Corporation, 1200 K Street, N.W., Washington, D.C. 20005-4026, Attn: Chief Counsel, Joel W. Ruderman, Esq. and Kelly R. Cusick, Esq.; (e) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, New York 10004, Attn: Serene Nakano, Esq.; and (f) counsel to the Purchasers, Nutovic & Associates, 488 Madison Avenue, 16th Floor, New York, New York 10022, Attn: Isaac Nutovic, Esq., so as to be **actually received by 4:00 p.m. (prevailing Eastern Time) on July 15, 2011** (the "Objection Deadline").

9. Supplemental Objections. Only in the event the Debtors choose a Successful Bidder or Back-Up Bidder other than the Purchasers at the Auction or the terms of the proposed Sale are modified at the time of the Auction, the Objection Deadline solely with respect to (i) the Debtors' choice of such alternative Successful Bidder or Back-Up Bidder, or the modifications to the terms of the Sale and Lease to the Successful Bidder will be **August 1, 2011 at 12:00 p.m. (prevailing Eastern Time)**, and (ii) to the extent such party did not receive notice of such cure amounts prior to the Auction, cure amounts under the Assumed Leases and Contracts will be due July 20, 2011 at 4:00 p.m. (prevailing Eastern Time). These deadlines are not opportunities to file a late objection to the Motion.

10. A copy of the Bidding Procedures Order or any other document referenced herein can be viewed and obtained on the Bankruptcy Court's website at <https://ecf.nysb.uscourts.gov> or (without charge) at <http://svcmrestructuring.com>.

Dated: New York, New York  
[DATE], 2011

KRAMER LEVIN NAFTALIS & FRANKEL LLP

/s/ Adam C. Rogoff

Kenneth H. Eckstein

Adam C. Rogoff

P. Bradley O'Neill

1177 Avenue of the Americas

New York, New York 10036

Telephone: (212) 715-9100

*Counsel for Debtors*

**ANNEX 3 TO THE BIDDING PROCEDURES ORDER**  
**Assignment Procedures**

## ASSIGNMENT PROCEDURES FOR THE ST. ELIZABETH ANN'S ASSETS

Saint Vincents Catholic Medical Centers of New York ("**SVCMC**" or the "**Seller**") and certain of its affiliates, as Chapter 11 debtors and debtors-in-possession (each a "**Debtor**" and collectively, the "**Debtors**")<sup>1</sup> have entered into (i) that certain Asset Purchase Agreement (the "**Nursing Home APA**") for the sale of the personal property assets (the "**Personal Property Assets**") of Sisters of Charity Health Care System Nursing Home, Inc. d/b/a St. Elizabeth Ann's Health Care & Rehabilitation Center ("**St. Elizabeth Ann's**") with SV Operating Three, LLC (the "**Nursing Home Purchaser**"), (ii) that certain Purchase and Sale Agreement (the "**Real Estate APA**," together with the Nursing Home APA, the "**APAs**") for the sale of the real estate (the "**Real Property Assets**", together with the Personal Property Assets, the "**SEA Assets**")<sup>2</sup> of St. Elizabeth Ann's with SV Land Three, LLC (the "**Real Estate Purchaser**,"), and (iii) the lease of land, building, and equipment (the "**Lease**") related to the Debtors' Bayley Seton campus (the "**Bayley Seton Campus**") with SV Land I, LLC (the "**Lessee**" and together with the Nursing Home Purchaser and Real Estate Purchaser, the "**Purchasers**"). The Debtors are currently soliciting other higher or better bids for the sale of the SEA Assets (the "**Sale**").

On June 30, 2011, the United States Bankruptcy Court for the Southern District of New York (the "**Bankruptcy Court**") granted the Debtors' motion (the "**Motion**")<sup>3</sup> for an order (the "**Bidding Procedures Order**") approving, *inter alia*, (i) the following procedures (the "**Assignment Procedures**") relating to the assumption and assignment to the Purchasers of certain executory contracts and unexpired leases by the Debtors as contemplated by the Sale (the "**Assumed Contracts and Leases**"), including procedures for providing notice of assignment to parties to such Assumed Contracts and Leases (each, a "**Counterparty**") and (ii) certain bidding procedures (the "**Bidding Procedures**") to be employed in connection with the solicitation for higher or better bids at an auction (the "**Auction**") of the SEA Assets and/or Lease. The Motion also sought an order approving the Sale subject to the results of the Auction (the "**Sale Order**").

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<sup>1</sup> In addition to SVCMC, the Debtors are as follows: (i) 555 6th Avenue Apartment Operating Corporation; (ii) Bishop Francis J. Mugavero Center for Geriatric Care, Inc.; (iii) Chait Housing Development Corporation; (iv) Fort Place Housing Corporation; (v) Pax Christi Hospice, Inc.; (vi) Sisters of Charity Health Care System Nursing Home, Inc. d/b/a St. Elizabeth Ann's Health Care & Rehabilitation Center; (vii) St. Jerome's Health Services Corporation d/b/a Holy Family Home; and (viii) SVCMC Professional Registry, Inc. There are certain affiliates of SVCMC who are not Debtors.

<sup>2</sup> As used herein, the term "**SEA Assets**" shall refer to the assets being transferred to the Purchasers (defined herein) pursuant to (i) the APAs (as defined herein) and (ii) in the event (x) the Debtors exercise the put option (the "**Put Option**") contained in the Bayley Seton Lease (defined herein), or (y) the Ground Lessee (defined herein) exercises its purchase option (the "**Call Option**") contained in the Bayley Seton Lease, those assets transferred to the Purchasers pursuant to the Put Option or the Call Option.

<sup>3</sup> Capitalized terms used but not defined herein shall have the same meanings ascribed to them in the Motion.

A. **Important Dates**<sup>4</sup>

<b>Bid Deadline</b>	<b>July 25, 2011 at 12:00 p.m.</b> <b>(prevailing Eastern Time)</b>
<b>Objection Deadline</b>	<b>July 15, 2011 at 4:00 p.m.</b> <b>(prevailing Eastern Time)</b>
<b>Auction</b>	<b>July 28, 2011 at 9:00 a.m.</b> <b>(prevailing Eastern Time)</b>
<b>Supplemental Objection Deadline</b>	<b>August 1, 2011 at 12:00 p.m.</b> <b>(prevailing Eastern Time)</b>
<b>Sale Hearing</b>	<b>August 4, 2011 at 11:00 a.m.</b> <b>(prevailing Eastern Time)</b> <sup>5</sup>
<b>Cure Objection Hearing</b>	<b>TBD</b>

B. **Assumed Contracts and Leases**

Pursuant to the Nursing Home APA, the Assumed Contracts and Leases consist of (i) certain executory contracts (the “**Assumed Contracts**”) and (ii) unexpired leases (the “**Assumed Leases**”) designated to be assumed by the Debtors and assigned to the Purchasers.

C. **Initial Notice of Assumed Contracts and Leases**

Within three business days after entry of the Bidding Procedures Order, the Debtors will serve by first class mail an omnibus notice (the “**Initial Assignment Notice**”) on each Counterparty to the Assumed Contracts and Assumed Leases, substantially in the form attached as **Annex 4** to the Bidding Procedures Order (and such party’s attorney, if such attorney has filed a notice of appearance in the Debtors’ chapter 11 proceedings) at the last known address available to the Debtors and the notice address of such counterparty provided in each such contract or lease, if applicable. The Initial Assignment Notice shall include an exhibit that identifies (i) the name and address of the Counterparty, (ii) the specific Assumed Contract or Assumed Lease being specified, (iii), for each Assumed Lease, the premises relating to the Assumed Lease, and (iv) the cure amount asserted by the Debtors that is necessary to cure any default under the relevant Assumed Contract or Assumed Lease pursuant to section 365 of the Bankruptcy Code (the “**Cure Amount**”).

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<sup>4</sup> Following discussions with the Creditors’ Committee and the Secured Creditors, the Debtors adjourned certain of the initially proposed dates for the Bid Deadline, Auction, Supplemental Objection Deadline and Sale Hearing by two weeks from the dates originally proposed in the Motion. The Debtors also adjourned the Objection Deadline by one week. The dates listed herein are the final, approved dates.

<sup>5</sup> The Debtors reserve the right to hold the Sale Hearing on August 11, 2011 to the extent necessary.

The Initial Assignment Notice shall also include (i) a description of the Purchasers and a statement as to the Purchasers' ability to perform the Debtors' obligations under the Assumed Contracts and/or Assumed Leases ("**Purchasers' Adequate Assurance**"), (ii) the date of the Initial Objection Deadline (defined below), (iii) the date of the Auction, and (iv) the date of the Sale Hearing.

The Initial Assignment Notice shall also be served upon (a) counsel to the Purchasers, Nutovic & Associates, 488 Madison Avenue, 16th Floor, New York, New York 10022, Attn: Isaac Nutovic, Esq; (b) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, New York 10004, Attn: Serene Nakano, Esq.; (c) counsel to General Electric Capital Corporation, as Agent for itself and TD Bank, N.A., c/o Winston & Strawn LLP, 200 Park Avenue, New York, New York, 10166-4193, Attn: David Neier, Esq.; and Winston & Strawn LLP, 101 California Street, San Francisco, CA 94111-5802, Attn: Randy Rogers, Esq.; (d) counsel to the Pension Benefit Guarantee Corporation, 1200 K Street, N.W., Washington, D.C. 20005-4026, Attn: Chief Counsel, Joel W. Ruderman, Esq. and Kelly R. Cusick, Esq.; (e) the Office of the United States Attorney; (f) the Office of the New York State Attorney General; (g) the New York State Department of Health; (g) the Internal Revenue Service; and (h) counsel for the Committee, c/o Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York 10036, Attn: David Botter, Esq., Stephen Kuhn, Esq. and Sarah Link Schultz, Esq. (collectively, the "**Notice Parties**").

D. **Initial Objections**

To the extent that any interested party wishes to object to any matter pertaining to the sale of the SEA Assets or the assumption and assignment of an Assumed Contract or Assumed Lease, including, without limitation, Purchasers' Adequate Assurance or the Cure Amount designated in the Initial Assignment Notice, then such interested party must file a written objection (the "**Initial Objection**") with the Court no later than **July 15, 2011 at 4:00 p.m.** (prevailing Eastern Time) (the "**Initial Objection Deadline**"), and simultaneously serve such Initial Objection on the following parties (the "**Objection Parties**"): (a) the Debtors, Saint Vincents Catholic Medical Centers of New York, 450 West 33 Street, New York, New York 10001, Attn: Scott Davis (Scott.Davis@svcmcnyc.org); (b) Debtors' counsel, Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, New York 10036, Attn: Adam C. Rogoff, Esq. and Garfunkel Wild, P.C., 111 Great Neck Road, Suite 503, Great Neck, New York 11021, Attn: Judith Eisen, Esq.; and (c) the Notice Parties, so that it is **actually received** by each of the foregoing parties by the Initial Objection Deadline.

To the extent that any party-in-interest does not timely serve an Initial Objection as set forth above, such party will be deemed to have (i) consented to the assumption and assignment of the applicable Assumed Contract or Assumed Lease; (ii) agreed that the Purchasers have provided adequate assurance of future performance within the meaning of section 365(b)(1)(C) of the Bankruptcy Code; (iii) consented to the relevant Cure Amount, if any; (iv) agreed to the terms of the Sale Order; and (v) waived any and all objections in connection with items (i) through (iv) hereof.

E. **Supplemental Notice of Assumed Contracts and Leases**

Within one business day of the conclusion of the Auction, the Debtors will serve by overnight mail and email or facsimile, where possible, and file with the Court an omnibus notice (the “**Auction Results Notice**”), substantially in the form attached as **Annex 5** to the Bidding Procedures Order, upon the Notice Parties and each of the Counterparties (and their attorneys, if an attorney has filed a notice of appearance in the Debtors’ chapter 11 proceedings) at the last known address available to the Debtors and the notice address of such Counterparty provided in each such contract or lease, if applicable. The Auction Results Notice shall, *inter alia*, identify the successful bidder (the “**Successful Bidder**”) and the back-up bidder (the “**Back-Up Bidder**”) <sup>6</sup> chosen at the Auction in accordance with the Bidding Procedures and such other information as hereinafter provided.

If and only if the bid submitted by the Successful Bidder (the “**Successful Bid**”) or the bid submitted by the Back-Up Bidder (the “**Back-Up Bid**”) includes (i) new executory contracts (each an “**Additional Assumed Contract**”) or new unexpired leases (each an “**Additional Assumed Lease**”) to be assumed and assigned by the Debtors to either the Successful Bidder or the Back-Up Bidder (as the case may be), or (ii) a different Cure Amount than the one listed in the Initial Assignment Notice (such Cure Amount, an “**Amended Cure Amount**”), then the Auction Results Notice shall include an exhibit that (a) identifies the name and address of the Counterparty, (b) identifies the specific Additional Assumed Contract and/or Additional Assumed Lease being assumed and assigned, (c) identifies, for each Additional Assumed Lease, the premises relating to the Additional Assumed Lease, and (d) the cure amount asserted by the Debtors that is necessary to cure any default under the relevant Additional Assumed Contract or Additional Assumed Leases pursuant to section 365 of the Bankruptcy Code (the “**Additional Cure Amount**”). For each Amended Cure Amount, the Auction Results Notice shall include an exhibit that identifies (w) the name and address of the Counterparty, (x) the relevant Assumed Contract or Assumed Lease, (y) for each Assumed Lease, the premises relating to the relevant Assumed Lease, and (z) the Amended Cure Amount.

The Auction Results Notice shall include, to the extent the Successful Bidder or Back-Up Bidder is not the Purchasers or with respect to the Additional Assumed Contracts and the Additional Assumed Leases, a description of the Successful Bidder and the Back-Up Bidder and a statement as to the ability of the Successful Bidder or the Back-Up Bidder to perform the Debtors’ obligations under the Assumed Contracts and Assumed Leases (and, to the extent applicable, the Additional Assumed Contracts and the Additional Assumed Leases) (the “**Successful Bidder’s Adequate Assurance**” or the “**Back-Up Bidder’s Adequate Assurance**”).

#### F. **Supplemental Objections**

To the extent that any interested party wishes to object to (i) the assumption of an Additional Assumed Contract or Additional Assumed Lease; (ii) if the Successful Bidder or Back-Up Bidder is not the Purchasers, to the Successful Bidder’s or the Back-Up Bidder’s

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<sup>6</sup> After entry of the Sale Order all references herein to the Purchaser shall refer to the Successful Bidder. In the event that the Back-Up Bidder is substituted for the Successful Bidder pursuant to the Sale Order, all references to the Purchaser shall refer to the Back-Up Bidder. Similarly, after entry of the Sale Order, all references herein to the APAs shall refer to the bid submitted by the Successful Bidder.

Adequate Assurance designated in the Auction Results Notice; or (iii) to the selection of an alternative purchaser as a result of the Auction, such party shall file a written objection (the “**Supplemental Sale Objection**”) with the Court no later than **August 1, 2011 at 12:00 p.m.** (prevailing Eastern Time) (the “**Supplemental Sale Objection Deadline**”), and serve such an objection on the Objection Parties so that it is **actually received** by the Supplemental Sale Objection Deadline.

To the extent that any interested party wishes to object to an Amended Cure Amount or Additional Cure Amount, such party shall file a written objection (the “**Supplemental Cure Objection**”) with the Court no later than **August 1, 2011 at 12:00 p.m.** (prevailing Eastern Time) (the “**Supplemental Cure Objection Deadline**”), and serve such an objection on the Objection Parties so that it is actually received by the Supplemental Cure Objection Deadline.

To the extent that any interested party does not timely serve (x) a Supplemental Sale Objection as set forth above, such party will be deemed to have (i) consented to the assumption and assignment of the applicable Additional Assumed Contract or Additional Assumed Lease; (ii) agreed that the Successful Bidder and the Back-Up Bidder have provided adequate assurance of future performance within the meaning of section 365(b)(1)(C) of the Bankruptcy Code; (iii) agreed to the terms of the Sale Order; and (iv) waived any and all objections in connection with items (i) through (iii) hereof, or (y) a Supplemental Cure Objection as set forth above, such party will be deemed, as applicable, to have (i) consented to the relevant Additional Cure Amount or Amended Cure Amount, if any; (ii) agreed to the terms of the Sale Order; and (iii) waived any and all objections in connection with items (i) through (ii) hereof.

#### G. **Further Assignments**

During the period between the Auction and the Closing, the Purchasers may designate additional executory contracts or unexpired leases for assumption by the Debtors and assignment to the Purchasers (the “**Further Assignments**”). The Debtors shall serve by first class mail an omnibus notice (the “**Further Assignments Notice**”) on each Counterparty to the Further Assignments, substantially in the form attached as **Annex 7** to the Bidding Procedures Order. To the extent that any interested party wishes to object to any matter pertaining to the Further Assignments, then such interested party must file a written objection (a “Further Assignment Objection”) with the Court no later than at 4:00 p.m. (prevailing Eastern Time) on the fifteenth day after service of the Further Assignments Notice. In the event a Further Assignment Objection is filed, such objections will be heard at a hearing to be scheduled by the Court.

#### H. **Resolution and Adjudication of Objections**

Upon filing of an objection by a Counterparty, the Debtors and/or the Purchasers will contact the objecting Counterparty to attempt to consensually resolve any timely served objection. If the Debtors and/or the Purchasers are unable to resolve an objection in response to the Initial Assignment Notice or the Auction Results Notice, (i) to the extent such objections relate to the adequate assurance of future performance by the Purchasers (each an “**Adequate Assurance Objection**”), such objections will be heard at the Sale Hearing (except in the case of



an Adequate Assurance Objection to a Further Assignment, with a hearing on such an objection to be scheduled by the Court) or (ii) to the extent such objections relate to a Cure Amount, Additional Cure Amount, or Amended Cure Amount, such objections will be heard at a hearing (the “**Cure Objection Hearing**”) to be scheduled by the Court at the Sale Hearing (except in the case of an Adequate Assurance Objection to a Further Assignment, with a hearing on such an objection to be scheduled by the Court).

In the event an objection relates solely as to a Cure Amount, Additional Cure Amount, or Amended Cure Amount, (each a “**Cure Objection**”), then such objecting party will be deemed to consent to the assumption of the related executory contract or unexpired lease and its assignment to the Purchasers, notwithstanding such objection. In the event the Debtors and/or the Purchasers are unable to resolve the Cure Objection prior to the Cure Objection Hearing, the Purchasers may elect not to request assumption and assignment of the related executory contract or unexpired lease as part of the Sale.

On or as promptly after the Closing as practical, the Cure Amounts, Amended Cure Amounts, or Additional Cure Amounts to which no objections have been filed, or to which the Purchasers and applicable Counterparties have agreed shall be paid by the Purchasers.

Payment of the undisputed cure amounts shall be deemed to discharge the obligation of the Debtors and the Purchasers to: (i) cure any defaults under the Assumed Contracts and Leases; and (ii) compensate, or provide adequate assurance that the Debtors will promptly compensate, any non-Debtor party to the Assumed Contracts and Leases for any actual pecuniary loss resulting from any default thereunder. Pursuant to section 365(k) of the Bankruptcy Code, the Debtors shall have no liabilities for any claims arising or relating to or accruing post-Closing under any of the Assumed Contracts and Leases.

#### I. **Reservation of Rights**

The Debtors’ decision to assume and assign any of the Assumed Contracts and Leases is subject to Court approval and consummation of the Sale. Accordingly, the Debtors shall be deemed to have assumed and assigned Assumed Contracts and Leases ultimately identified under the APAs as of and effective only upon the Closing (as defined in the APAs). Absent a Closing that includes such Assumed Contracts and Leases, each of the Assumed Contracts and Leases shall be deemed neither assumed nor assigned/subleased and shall in all respects be subject to subsequent assumption or rejection by the Debtors under the Bankruptcy Code.

The Purchasers shall have no rights in and to a particular executory contract or unexpired lease until such time as the particular executory contract or unexpired lease is assumed and assigned in accordance with the procedures set forth herein. In the event that the Purchasers are not a Successful Bidder at the Auction, the Debtors reserve the right to modify these Assignment Procedures. Under no circumstances will the Debtors be deemed to have assumed an executory contract or unexpired lease without a corresponding assignment of such an executory contract or unexpired lease to the Purchasers pursuant to the terms of the APAs and an order of the Bankruptcy Court approving such assumption and assignment. The Debtors reserve the right to cancel the assumption of any executory contract or unexpired lease no later than ten

business days after a final order determining a cure amount greater than that proposed by the Debtors.

**ANNEX 4 TO THE BIDDING PROCEDURES ORDER**  
**Initial Assignments Notice**

KRAMER LEVIN NAFTALIS & FRANKEL LLP  
 Kenneth H. Eckstein  
 Adam C. Rogoff  
 P. Bradley O'Neill  
 1177 Avenue of the Americas  
 New York, New York 10036  
 Telephone: (212) 715-9100  
 Facsimile: (212) 715-8000  
*Counsel for Debtors*

**UNITED STATES BANKRUPTCY COURT  
 SOUTHERN DISTRICT OF NEW YORK**

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In re:	:	Chapter 11
	:	
SAINT VINCENTS CATHOLIC MEDICAL	:	Case No. 10-11963 (CGM)
CENTERS OF NEW YORK, <u>et al.</u> ,	:	
	:	
Debtors.	:	Jointly Administered
----- X		

**NOTICE OF ASSUMPTION AND ASSIGNMENT OF CERTAIN  
 EXECUTORY CONTRACTS AND UNEXPIRED LEASES PURSUANT  
 TO THE SALE OF THE DEBTORS' ST ELIZABETH ANN'S ASSETS**

PLEASE TAKE NOTICE THAT:

1. On June 30, 2011, the Bankruptcy Court for the Southern District of New York (the "**Bankruptcy Court**"), upon the motion (the "**Motion**") of Saint Vincents Catholic Medical Centers of New York ("**SVCMC**") and certain of its affiliates, as chapter 11 debtors and debtors-in-possession in the above-referenced chapter 11 cases (each a "**Debtor**" and collectively the "**Debtors**")<sup>1</sup>, entered an order (the "**Bidding Procedures Order**") (a) approving the bidding procedures and bidder protections with respect to the sale (the "**Sale**") of certain real estate and personal property assets (together the "**SEA Assets**")<sup>2</sup> related to Sisters of Charity

<sup>1</sup> In addition to SVCMC, the Debtors are as follows: (i) 555 6th Avenue Apartment Operating Corporation; (ii) Bishop Francis J. Mugavero Center for Geriatric Care, Inc.; (iii) Chait Housing Development Corporation; (iv) Fort Place Housing Corporation; (v) Pax Christi Hospice, Inc.; (vi) Sisters of Charity Health Care System Nursing Home, Inc. d/b/a St. Elizabeth Ann's Health Care & Rehabilitation Center; (vii) St. Jerome's Health Services Corporation d/b/a Holy Family Home; and (viii) SVCMC Professional Registry, Inc. There are certain affiliates of SVCMC who are not Debtors.

<sup>2</sup> As used herein, the term "**SEA Assets**" shall refer to the assets being transferred to the Purchasers (defined herein) pursuant to (i) the APAs (as defined herein) and (ii) in the event (x) the Debtors exercise the put option (the "**Put Option**") contained in the Bayley Seton Lease (defined herein), or (y) the Ground Lessee (defined herein) exercises its purchase option (the "**Call Option**") contained in the Bayley Seton Lease, those assets transferred to the Purchasers pursuant to the Put Option or the Call Option.

Health Care System Nursing Home, Inc. d/b/a St. Elizabeth Ann's Health Care & Rehabilitation Center ("**St. Elizabeth Ann's**") and entering into the Lease (defined below), and assignments of certain contracts and leases related thereto; (b) scheduling an auction (the "**Auction**") and a hearing (the "**Sale Hearing**") for the Sale of the SEA Assets and entering into the Lease; and (c) approving certain procedures (the "**Assignment Procedures**") related to the assumption and assignment of those executory contracts and unexpired leases related to the SEA Assets and whose assignment is contemplated by the Sale (the "**Assumed Contracts**" and the "**Assumed Leases**").

2. The Debtors have entered into (i) that certain Asset Purchase Agreement for the sale of the personal property assets of St. Elizabeth Ann's (the "**Nursing Home APA**") with SV Operating Three, LLC (the "**Nursing Home Purchaser**") and the assignment of certain contracts and leases related thereto, (ii) that certain Purchase and Sale Agreement for the sale of the real estate of St. Elizabeth Ann's (the "**Real Estate APA**," together with the Nursing Home APA, the "**APAs**") with SV Land Three, LLC (the "**Real Estate Purchaser**,"), and (iii) that certain lease (the "**Lease**") of land, building, and equipment related to the Debtor's Bayley Seton campus (the "**Bayley Seton Campus**") with SV Land I, LLC (the "**Lessee**," together with the Nursing Home Purchaser and the Real Estate Purchaser, the "**Purchasers**"). As set forth in the Bidding Procedures, the sale of the SEA Assets and/or entry into the Lease remains subject to competing offers from any prospective bidder.

3. In the event that the Debtors receive a bid for the SEA Assets, the Debtors intend to conduct the Auction with respect to the SEA Assets. The Auction will take place at the offices of Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, New York 10036, on July 28, 2011 starting at 9:00 a.m. (prevailing Eastern Time) or at such other place, date, and time as may be designated by the Debtors at or prior to the Auction.

4. Attached as **Annex A** hereto is a description of the Purchasers that demonstrates the Purchasers' ability to perform the Debtors' obligations under the Assumed Contracts and/or the Assumed Leases ("**Purchasers' Adequate Assurance**").

5. The Debtors hereby provide notice of their intent to assume and assign certain agreements to which the Debtors are a party, including at least one or more such agreements to which the Debtors believe you or your predecessor in interest are a party, which agreements are identified in **Annex B** hereto (singularly or collectively, the "**Assumed Agreements**"). Annex B also identifies, for each Assumed Agreement, the effective day of assignment; a description of the Assumed Agreement; the premises relating to the Assumed Agreement (if the relevant Assumed Agreement is an Assumed Lease); and the cure amount, asserted by the Debtors, that is necessary to cure any default under the relevant Assumed Agreement pursuant to section 365 of the Bankruptcy Code (the "**Cure Amount**").

6. Nothing contained in this Notice is to be construed as an admission by the Debtors as to the character of any document denominated as an Assumed Agreement, as an executory contract or unexpired lease, or to the rights of any parties thereto. The sale of the SEA Assets, and assumption and assignment of the Assumed Agreements will take place pursuant to the Bidding Procedures Order.

7. To the extent that any interested party wishes to object to any matter pertaining to the assumption and assignment of an Assumed Contract or an Assumed Lease, including, without limitation, Purchasers' Adequate Assurance or the Cure Amount designated in this Notice, then such interested party must file a written objection (an "**Objection**") with the Bankruptcy Court no later than **July 15, 2011 at 4:00 p.m.** (prevailing Eastern Time) (the "**Objection Deadline**"), and simultaneously serve such an Objection on the following parties: (a) the Debtors, Saint Vincents Catholic Medical Centers of New York, 450 West 33 Street, New York, New York 10001, Attn: Scott Davis; (b) Debtors' counsel, Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, New York 10036, Attn: Adam C. Rogoff, Esq., and Garfunkel Wild, P.C., 111 Great Neck Road, Suite 503, Great Neck, New York 11021, Attn: Judith Eisen, Esq.; (c) counsel for the Committee, c/o Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York 10036, Attn: David Botter, Esq., Stephen Kuhn, Esq. and Sarah Link Schultz, Esq.; (d) counsel to General Electric Capital Corporation, as Agent for itself and TD Bank, N.A., c/o Winston & Strawn LLP, 200 Park Avenue, New York, New York 10166-4193, Attn: David Neier, Esq.; and Winston & Strawn LLP, 101 California Street, San Francisco CA 94111-5802, Attn: Randy Rogers, Esq.; (e) counsel for the Pension Benefit Guarantee Corporation, 1200 K Street, N.W., Washington, D.C. 20005-4026, Attn: Chief Counsel, Joel W. Ruderman, Esq. and Kelly R. Cusick, Esq.; (f) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, New York 10004, Attn: Serene Nakano, Esq.; and (g) counsel to the Purchasers, Nutovic & Associates, 488 Madison Avenue, 16th Floor, New York, New York 10022, Attn: Isaac Nutovic, Esq., so that it is actually received by the Objection Deadline.

8. In the event the Debtors choose a Successful Bidder or Back-Up Bidder other than the Purchasers at the Auction or the terms of the proposed Sale are modified at the time of the Auction, the Objection Deadline solely with respect to (i) the Debtors' choice of such alternative Successful Bidder or Back-Up Bidder, or the modifications to the terms of the Sale to the Successful Bidder and (ii) any additional or modified Cure Amounts will be August 1, 2011 at 12:00 p.m. (prevailing Eastern Time).

9. To the extent that any party-in-interest does not timely serve an Objection as set forth above, such party will be deemed to have (i) consented to the assumption and assignment of the applicable Assumed Agreement; (ii) agreed that the Purchasers have provided adequate assurance of future performance within the meaning of section 365(b)(1)(C) of the Bankruptcy Code; (iii) consented to the relevant Cure Amount, if any; and (iv) agreed to the terms of the Motion.

10. A copy of the Bidding Procedures Order or any other document referenced herein can be viewed and obtained on the Bankruptcy Court's website at <https://ecf.nysb.uscourts.gov> or (without charge) at <http://svcmrestructuring.com>.

Dated: New York, New York  
[\_\_\_\_], 2011

KRAMER LEVIN NAFTALIS & FRANKEL LLP

/s/ Adam C. Rogoff

Kenneth H. Eckstein

Adam C. Rogoff

P. Bradley O'Neill

1177 Avenue of the Americas

New York, New York 10036

Telephone: (212) 715-9100

*Counsel for Debtors*

**ANNEX 5 TO THE BIDDING PROCEDURES ORDER**  
**Auction Results Notice**



KRAMER LEVIN NAFTALIS & FRANKEL LLP  
 Kenneth H. Eckstein  
 Adam C. Rogoff  
 P. Bradley O'Neill  
 1177 Avenue of the Americas  
 New York, New York 10036  
 Telephone: (212) 715-9100  
 Facsimile: (212) 715-8000  
*Counsel for Debtors*

**UNITED STATES BANKRUPTCY COURT  
 SOUTHERN DISTRICT OF NEW YORK**

----- X		
In re:	:	Chapter 11
	:	
SAINT VINCENTS CATHOLIC MEDICAL	:	Case No. 10-11963 (CGM)
CENTERS OF NEW YORK, <u>et al.</u> ,	:	
	:	
Debtors.	:	Jointly Administered
----- X		

**NOTICE OF AUCTION  
 RESULTS IN CONNECTION WITH THE SALE OF THE DEBTORS'  
ST. ELIZABETH ANN'S ASSETS, AND PROCEDURES RELATED THERETO**

PLEASE TAKE NOTICE THAT:

1. Introduction. Saint Vincents Catholic Medical Centers of New York (“**SVCMC**”) and certain of its affiliates, as chapter 11 debtors and debtors-in-possession in the above-referenced chapter 11 cases (each a “**Debtor**” and collectively the “**Debtors**”),<sup>1</sup> conducted an auction (the “**Auction**”) with respect to the proposed sale (the “**Sale**”) of certain real estate assets and personal property assets related to the Sisters of Charity Health Care System Nursing Home, Inc. d/b/a St. Elizabeth Ann’s Health Care & Rehabilitation Center (“**St. Elizabeth Ann’s**” and “**SEA Assets**” respectively),<sup>2</sup> in accordance with the order (the “**Bidding**”

<sup>1</sup> In addition to SVCMC, the Debtors are as follows: (i) 555 6th Avenue Apartment Operating Corporation; (ii) Bishop Francis J. Mugavero Center for Geriatric Care, Inc.; (iii) Chait Housing Development Corporation; (iv) Fort Place Housing Corporation; (v) Pax Christi Hospice, Inc.; (vi) Sisters of Charity Health Care System Nursing Home, Inc. d/b/a St. Elizabeth Ann’s Health Care & Rehabilitation Center; (vii) St. Jerome’s Health Services Corporation d/b/a Holy Family Home; and (viii) SVCMC Professional Registry, Inc. There are certain affiliates of SVCMC who are not Debtors.

<sup>2</sup> As used herein, the term “**SEA Assets**” shall refer to the assets being transferred to the Purchasers (defined herein) pursuant to (i) the APAs (as defined herein) and (ii) in the event (x) the Debtors exercise the put option (the “**Put Option**”) contained in the Bayley Seton Lease (defined herein), or (y) the Ground Lessee (defined herein) exercises its purchase option (the “**Call Option**”) contained in the Bayley Seton Lease, those assets transferred to the Purchasers pursuant to the Put Option or the Call Option.

**Procedures Order**”) of the Bankruptcy Court of the Southern District of New York (the “**Bankruptcy Court**”), entered on June 30, 2011, (a) approving the bidding procedures (the “**Bidding Procedures**”), (b) scheduling the Auction and a hearing (the “**Sale Hearing**”) for the Sale of the SEA Assets and entering into the Lease, and (c) approving certain procedures related to the assumption and assignment of those executory contracts and unexpired leases related to the SEA Assets and whose assignment is contemplated by the Sale.

2. **Auction Results.** Upon conclusion of the Auction, the Debtors determined, pursuant to the Bidding Procedures and subject to the Bankruptcy Court’s approval, that the highest or otherwise best bidder was [ ] (the “**Successful Bidder**”) and the second highest or otherwise best bidder was [ ] (the “**Backup Bidder**”). The asset purchase agreements of the Successful Bidder and the Backup Bidder, as these documents were modified by the Successful Bidder and the Backup Bidder at the Auction (respectively, the “**Successful Bid**” and the “**Backup Bid**”) are attached hereto as **Exhibit A-1** and **Exhibit A-2**, respectively.

3. **Initial Assignment Notice.** On [DATE], the Debtors served an initial assignment notice that indicated their intent to assume and assign certain agreements to which the Debtors are a party (collectively, the “**Assigned Agreements**”), as well as the cure amount, asserted by the Debtors, that is necessary to cure any default under the relevant Assigned Agreement pursuant to section 365 of the Bankruptcy Code (the “**Cure Amounts**”).

4. **Additional Assumed Agreements/Amended Cure Amounts.** Attached as **Exhibit B-1** and **Exhibit B-2** hereto is a list, pursuant to the **Successful Bid** and the **Backup Bid**, respectively, of (i) any additional Assigned Agreements along with any associated Cure Amounts and (ii) any amended Cure Amounts with respect to the original Assigned Agreements.

5. **Adequate Assurance of Future Performance.** Attached as **Exhibit C-1** and **Exhibit C-2** hereto is the information with respect to adequate assurance of future performance provided by the Successful Bidder and the Backup Bidder under the Assigned Agreements.

6. **Sale Hearing.** The Bidding Procedures Order provides that the Sale Hearing will be held on **August 4, 2011 at 11:00 a.m. (prevailing Eastern Time)**,<sup>3</sup> before the Honorable Cecelia G. Morris, United States Bankruptcy Judge, in Courtroom 701 at the United States Bankruptcy Court for the Southern District of New York, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004-1408. At the Sale Hearing, the Debtors will request that the Bankruptcy Court enter an order approving the Sale of the SEA Assets to the Successful Bidder.

7. **Objection Deadline.** Any interested party that wishes to object to the Successful Bidder’s adequate assurance or the Backup Bidder’s adequate assurance designated in this Notice, must file a written objection with the Court no later than **12:00 p.m. on August 1, 2011** (the “**Sale Objection Deadline**”), and serve such an objection (each a “**Sale Objection**”) on the following parties (collectively, the “**Objection Parties**”): (a) the Debtors, Saint Vincents Catholic Medical Centers of New York, 450 West 33 Street, New York, New York 10001, Attn: Scott Davis; (b) Debtors’ counsel, Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the

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<sup>3</sup> The Debtors reserve the right to hold the Sale Hearing on August 11, 2011 to the extent necessary.

Americas, New York, New York 10036, Attn: Adam C. Rogoff, Esq. and Garfunkel Wild, P.C., 111 Great Neck Road, Suite 503, Great Neck, New York 11021, Attn: Judith Eisen, Esq.; (c) counsel for the Committee, c/o Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York 10036, Attn: David Botter, Esq., Stephen Kuhn, Esq. and Sarah Link Schultz, Esq.; (d) counsel to General Electric Capital Corporation, as Agent for itself and TD Bank, N.A., c/o Winston & Strawn LLP, 200 Park Avenue, New York, New York, 10166-4193, Attn: David Neier, Esq.; and Winston & Strawn LLP, 101 California Street, San Francisco, CA 94111-5802, Attn: Randy Rogers, Esq.; (e) the Pension Benefit Guarantee Corporation, 1200 K Street, N.W., Washington, D.C. 20005-4026, Attn: Chief Counsel, Joel W. Ruderman, Esq. and Kelly R. Cusick, Esq.; (f) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, New York 10004, Attn: Serene Nakano, Esq.; (g) the Successful Bidder; and (h) the Backup Bidder, so that it is **actually received** by the Sale Objection Deadline. To the extent any party (i) that previously received notice of a Cure Amount in connection with the Sale and wishes to object to a modified Cure Amount designated in this Notice or (ii) did not receive notice of a Cure Amount in connection with the Sale and wishes to object to its Cure Amount designated in this Notice, such party must file a written objection (each a "**Cure Objection**") with the Court no later than 4:00 p.m. on July 15, 2011 (the "**Cure Objection Deadline**"), and serve such an objection on the Objection Parties, so that it is actually received by the Cure Objection Deadline.

8. To the extent that any interested party does not timely serve (x) a Sale Objection as set forth above, such party will be deemed to have (i) consented to the assumption and assignment of the applicable Additional Assumed Contract or Additional Assumed Lease; (ii) agreed that the Successful Bidder and the Backup Bidder have provided adequate assurance of future performance within the meaning of section 365(b)(1)(C) of the Bankruptcy Code; (iii) agreed to the terms of the Sale Order; and (iv) waived any and all objections in connection with items (i) through (iii) hereof, or (y) a Cure Objection as set forth above, such party will be deemed, as applicable, to have (i) consented to the relevant Additional Cure Amount or Amended Cure Amount, if any; (ii) agreed to the terms of the Sale Order; and (iii) waived any and all objections in connection with items (i) through (ii) hereof.

9. A copy of each of the Bidding Procedures Order or any other document referenced herein can be viewed and obtained on the Court's website at <https://ecf.nysb.uscourts.gov> or (without charge) at <http://svcmcrestructuring.com>.

Dated: New York, New York  
[\_\_\_\_], 2011

KRAMER LEVIN NAFTALIS & FRANKEL LLP

/s/ Adam C. Rogoff  
Kenneth H. Eckstein  
Adam C. Rogoff  
P. Bradley O'Neill  
1177 Avenue of the Americas  
New York, New York 10036  
Telephone: (212) 715-9100  
*Counsel for Debtors*

**ANNEX 6 TO THE BIDDING PROCEDURES ORDER**  
**Creditor Notice**

KRAMER LEVIN NAFTALIS & FRANKEL LLP  
 Kenneth H. Eckstein  
 Adam C. Rogoff  
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 1177 Avenue of the Americas  
 New York, New York 10036  
 Telephone: (212) 715-9100  
 Facsimile: (212) 715-8000  
*Counsel for Debtors*

**UNITED STATES BANKRUPTCY COURT  
 SOUTHERN DISTRICT OF NEW YORK**

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In re:	:	Chapter 11
	:	
SAINT VINCENTS CATHOLIC MEDICAL	:	Case No. 10-11963 (CGM)
CENTERS OF NEW YORK, <u>et al.</u> ,	:	
	:	
Debtors.	:	Jointly Administered
-----	X	

**NOTICE OF DEBTORS' MOTION FOR (I) AN ORDER  
 (A) APPROVING BREAK-UP FEE AND BIDDING PROCEDURES  
 FOR THE AUCTION RELATED TO THE DEBTOR'S ST. ELIZABETH  
 ANN'S ASSETS, (B) SCHEDULING AN AUCTION AND SALE HEARING,  
 AND (C) APPROVING PROCEDURES FOR THE ASSUMPTION AND  
 ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED  
 LEASES; AND (II) AN ORDER (A) APPROVING THE ASSET SALE, (B)  
 AUTHORIZING THE DEBTORS TO ENTER INTO A RECEIVERSHIP  
 AGREEMENT, (C) APPROVING ENTRY INTO THE BAYLEY SETON  
 LEASE, AND (D) APPROVING THE ASSUMPTION AND ASSIGNMENT  
 OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. Introduction. On June 9, 2011, Saint Vincents Catholic Medical Centers of New York ("**SVCMC**") and certain of its affiliates, as chapter 11 debtors and debtors-in-possession (collectively, the "**Debtors**")<sup>1</sup> in the above-referenced chapter 11 cases (the "**Chapter 11 Cases**"), filed a motion (the "**Motion**") for (i) an order (the "**Bidding Procedures Order**"),

<sup>1</sup> In addition to SVCMC, the Debtors are as follows: (i) 555 6th Avenue Apartment Operating Corporation; (ii) Bishop Francis J. Mugavero Center for Geriatric Care, Inc.; (iii) Chait Housing Development Corporation; (iv) Fort Place Housing Corporation; (v) Pax Christi Hospice, Inc.; (vi) Sisters of Charity Health Care System Nursing Home, Inc. d/b/a St. Elizabeth Ann's Health Care & Rehabilitation Center; (vii) St. Jerome's Health Services Corporation d/b/a Holy Family Home; and (viii) SVCMC Professional Registry, Inc. There are certain affiliates of SVCMC who are not Debtors.

(a) approving the bidding procedures and bidder protections (the “**Bidding Procedures**”) with respect to the sale (the “**Sale**”) of substantially all the real estate and personal property assets (the “**SEA Assets**”)<sup>2</sup> of Sisters of Charity Health Care System Nursing Home, Inc. d/b/a St. Elizabeth Ann’s Health Care & Rehabilitation Center (“**St. Elizabeth Ann’s**”), and assignments of certain contracts and leases related thereto, and the right to enter into the Lease (as defined below); (b) scheduling an auction (the “**Auction**”) for the SEA Assets and the right to enter into the Lease and a hearing approving the transactions (the “**Sale Hearing**”); and (c) approving certain procedures (the “**Assignment Procedures**”) related to the assumption and assignment of those executory contracts and unexpired leases related to the SEA Assets and whose assignment is contemplated by the Sale (the “**Assumed Contracts and Leases**”); and (ii) an order (the “**Sale Order**”), (a) approving the Sale of the SEA Assets and entry into the lease of the land, building, and equipment (the “**Lease**”) related to the Debtor’s Bayley Seton campus (the “**Bayley Seton Campus**”), (b) authorizing the Debtors to enter into a Receivership Agreement (the “**Receivership Agreement**”), (c) authorizing payment of the brokers’ transaction fees, and (d) approving the assumption and assignment of the Assumed Contracts and Leases.

2. APAs and Lease. The Debtors have entered into (i) that certain Asset Purchase Agreement for the sale of the personal property assets of St. Elizabeth Ann’s (the “**Nursing Home APA**”) with SV Operating Three, LLC (the “**Nursing Home Purchaser**”) and the assignment of certain contracts and leases related thereto, (ii) that certain Purchase and Sale Agreement for the sale of the real estate of St. Elizabeth Ann’s (the “**Real Estate APA**,” together with the Nursing Home APA, the “**APAs**”) with SV Land Three, LLC (the “**Real Estate Purchaser**”), and (iii) the Lease with SV Land I, LLC (the “**Lessee**,” together with the Nursing Home Purchaser and Real Estate Purchaser, the “**Purchasers**”). As set forth in the Bidding Procedures, the sale of the SEA Assets remains subject to competing offers from any prospective bidder.

3. Important Dates. Pursuant to the Motion, the Debtors have requested approval of the following relevant dates for the Auction and approval of the Sale of the SEA Assets:

<b>Deadline to Object to Proposed Bidding Procedures</b>	<b>June 23, 2011 at 4:00 p.m.</b> <b>(prevailing Eastern Time)</b>
<b>Bidding Procedures Hearing</b>	<b>June 30, 2011 at 11:00 a.m.</b> <b>(prevailing Eastern Time)</b>
<b>Bid Deadline</b>	<b>July 15, 2011 at 5:00 p.m.</b> <b>(prevailing Eastern Time)</b>

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<sup>2</sup> As used herein, the term “**SEA Assets**” shall refer to the assets being transferred to the Purchasers (defined herein) pursuant to (i) the APAs (as defined herein) and (ii) in the event (x) the Debtors exercise the put option (the “**Put Option**”) contained in the Bayley Seton Lease (defined herein), or (y) the Ground Lessee (defined herein) exercises its purchase option (the “**Call Option**”) contained in the Bayley Seton Lease, those assets transferred to the Purchasers pursuant to the Put Option or the Call Option.

<b>Initial Objection Deadline</b>	<b>July 8, 2011 at 4:00 p.m.</b> <b>(prevailing Eastern Time)</b>
<b>Auction</b>	<b>July 19, 2011 at 9:00 a.m.</b> <b>(prevailing Eastern Time)</b>
<b>Supplemental Cure Objection and Sale Objection Deadline</b>	<b>July 20, 2011 at 12:00 p.m.</b> <b>(prevailing Eastern Time)</b>
<b>Sale Hearing</b>	<b>July 21, 2011 at 11:00 a.m.</b> <b>(prevailing Eastern Time)</b>

4. Bidding Procedures Hearing. A hearing on the requested Bidding Procedures is scheduled for **June 30, 2011**, before the Honorable Cecelia G. Morris, United States Bankruptcy Judge, in Courtroom 701 at the United States Bankruptcy Court for the Southern District of New York, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004-1408. At the Bidding Procedures hearing, the Debtors will request that the Bankruptcy Court enter an order approving the proposed Bidding Procedures and schedule the Auction to take place on **July 19, 2011** (or such later date as may be scheduled by the Debtors).

5. Objections to the Bidding Procedures. Objections, if any, to the Bidding Procedures shall: (i) be in writing; (ii) specify with particularity the basis of the objection; and (iii) be filed with the Court and simultaneously served on the following parties (the “**Notice Parties**”): (a) Debtors’ counsel, Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, New York 10036, Attn: Adam C. Rogoff, Esq. and Garfunkel Wild, P.C., 111 Great Neck Road, Suite 503, Great Neck, New York 11021, Attn: Judith Eisen, Esq.; (b) counsel for the Committee, c/o Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York 10036, Attn: David Botter, Esq., Stephen Kuhn, Esq. and Sarah Link Schultz, Esq.; (c) counsel to General Electric Capital Corporation, as Agent for itself and TD Bank, N.A., c/o Winston & Strawn LLP, 200 Park Avenue, New York, New York, 10166-4193, Attn: David Neier, Esq.; and Winston & Strawn LLP, 101 California Street, San Francisco, CA 94111-5802, Attn: Randy Rogers, Esq.; (d); counsel to the Pension Benefit Guarantee Corporation, 1200 K Street, N.W., Washington, D.C. 20005-4026, Attn: Chief Counsel, Joel W. Ruderman, Esq. and Kelly R. Cusick, Esq.; (e) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, New York 10004, Attn: Serene Nakano, Esq.; and (f) counsel to the Purchasers, Nutovic & Associates, 488 Madison Avenue, 16th Floor, New York, New York 10022, Attn: Isaac Nutovic, Esq., so as to be **actually received by 4:00 p.m. (prevailing Eastern Time) on June 23, 2011** (the “**Bidding Procedures Objection Deadline**”).

6. Auction. In the event that the Debtors receive a qualified bid for the SEA Assets or the right to enter into the Lease, the Debtors intend to conduct the Auction with respect to such assets. The Auction will take place at the offices of Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, New York 10036 on July 19, 2011, starting at

9:00 a.m. (prevailing Eastern Time), or at such other place, date and time as may be designated by the Debtors at or prior to the Auction.

7. Sale Hearing. The Sale Hearing is scheduled for **July 21, 2011 at 11:00 a.m. (prevailing Eastern Time)**, before the Honorable Cecelia G. Morris, United States Bankruptcy Judge, in Courtroom 701 at the United States Bankruptcy Court for the Southern District of New York, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004-1408. At the Sale Hearing, the Debtors will request that the Bankruptcy Court enter an order approving the Sale of the SEA Assets and the right to enter into the Lease to the prevailing bidder(s) of the Auction.

8. Objections to the Sale. Objections, if any, to the Sale shall: (i) be in writing; (ii) specify with particularity the basis of the objection; and (iii) be filed with the Court and simultaneously served on the Notice Parties, the Successful Bidder (as determined in the Auction), and the Backup Bidder (as determined in the Auction), so as to be **actually received by 4:00 p.m. (prevailing Eastern Time) on July 8, 2011** (the "**Sale Objection Deadline**"). Only in the event that the Debtors choose a Successful Bidder other than the Purchasers at the Auction, the Sale Objection Deadline solely with respect to the Debtors' choice of such alternative Successful Bidder will be **12:00 p.m. (prevailing Eastern Time) on July 20, 2011** (the "**Supplemental Objection Deadline**"). The Supplemental Objection Deadline is NOT an opportunity to file a late Objection to the Motion and the objection must be limited to objections concerning the Successful Bidder if not the Purchasers. In addition, in the event that the Successful Bidder designates any additional Assumed Contracts and Leases, any objection to such assumption and assignment must be received by the Supplemental Objection Deadline.

9. PLEASE NOTE: This is the ONLY NOTICE of the sale of the SEA Assets that will be mailed to ALL KNOWN GENERAL CREDITORS of St. Elizabeth Ann's under any applicable law (Federal and New York State law). Further updates regarding the sale process and a copy of the Motion, the APAs, the Lease, the Bidding Procedures, the Assignment Procedures, or any other document referenced herein can be viewed and obtained on the Court's website at [www.ecf.nysb.uscourts.gov](http://www.ecf.nysb.uscourts.gov) or (without charge) at <http://svcmcrestructuring.com>. You may also contact counsel for the Debtors, Joseph A. Shifer, Esq. ([jshifer@kramerlevin.com](mailto:jshifer@kramerlevin.com)) to request copies of the Motion or any other document.

Dated: New York, New York  
June 9, 2011

KRAMER LEVIN NAFTALIS & FRANKEL LLP

/s/ Adam Charles Rogoff

Kenneth H. Eckstein

Adam C. Rogoff

P. Bradley O'Neill

1177 Avenue of the Americas

New York, New York 10036

Telephone: (212) 715-9100

*Counsel for Debtors*



**ANNEX 7 TO THE BIDDING PROCEDURES ORDER**  
**Further Assignments Notice**

KRAMER LEVIN NAFTALIS & FRANKEL LLP  
 Kenneth H. Eckstein  
 Adam C. Rogoff  
 P. Bradley O'Neill  
 1177 Avenue of the Americas  
 New York, New York 10036  
 Telephone: (212) 715-9100  
 Facsimile: (212) 715-8000  
*Counsel for Debtors*

**UNITED STATES BANKRUPTCY COURT  
 SOUTHERN DISTRICT OF NEW YORK**

----- X		
In re:	:	Chapter 11
	:	
SAINT VINCENTS CATHOLIC MEDICAL	:	Case No. 10-11963 (CGM)
CENTERS OF NEW YORK, <u>et al.</u> ,	:	
	:	
Debtors.	:	Jointly Administered
----- X		

**NOTICE OF FURTHER ASSUMPTION AND ASSIGNMENT OF  
 ADDITIONAL EXECUTORY CONTRACTS AND UNEXPIRED LEASES  
 PURSUANT TO THE SALE OF THE DEBTORS' ST ELIZABETH ANN'S ASSETS**

PLEASE TAKE NOTICE THAT:

1. Introduction. Saint Vincents Catholic Medical Centers of New York (“**SVCMC**”) and certain of its affiliates, as chapter 11 debtors and debtors-in-possession in the above-referenced chapter 11 cases (each a “**Debtor**” and collectively the “**Debtors**”), conducted an auction (the “**Auction**”) with respect to the proposed sale (the “**Sale**”) of certain real estate assets and personal property assets related to the Sisters of Charity Health Care System Nursing Home, Inc. d/b/a St. Elizabeth Ann’s Health Care & Rehabilitation Center (“**St. Elizabeth Ann’s**” and “**SEA Assets**” respectively), in accordance with the order (the “**Bidding Procedures Order**”) of the Bankruptcy Court of the Southern District of New York (the “**Bankruptcy Court**”), entered on June 30, 2011, (a) approving the bidding procedures (the “**Bidding Procedures**”), (b) scheduling the Auction and a hearing (the “**Sale Hearing**”) for the Sale of the SEA Assets and entering into the Lease; and (c) approving certain procedures related to the assumption and assignment of those executory contracts and unexpired leases related to the SEA Assets and whose assignment is contemplated by the Sale.

2. Auction Results. Upon conclusion of the Auction, the Debtors determined, pursuant to the Bidding Procedures and subject to the Bankruptcy Court’s approval, that the highest or otherwise best bidder was [ ] (the “**Successful Bidder**”) and the second highest or otherwise best bidder was [ ] (the “**Backup Bidder**”). The asset purchase agreements of the Successful Bidder and the Backup Bidder, as these documents were modified by the

Successful Bidder and the Backup Bidder at the Auction (respectively, the “**Successful Bid**” and the “**Backup Bid**”) are attached hereto as **Exhibit A-1** and **Exhibit A-2**, respectively.

3. **Initial Assignment Notice.** On [DATE], the Debtors served an initial assignment notice that indicated their intent to assume and assign certain agreements to which the Debtors are a party (collectively, the “**Assigned Agreements**”), as well as the cure amount, asserted by the Debtors, that is necessary to cure any default under the relevant Assigned Agreement pursuant to section 365 of the Bankruptcy Code (the “**Initial Assignment Cure Amounts**”).

4. **Additional Assignment Notice.** On [DATE], the Debtors served an additional assignment notice that indicated their intent to assume and assign certain agreements to which the Debtors are a party (collectively, the “**Additional Assigned Agreements**”), as well as the cure amount, asserted by the Debtors, that is necessary to cure any default under the relevant Additional Assigned Agreement pursuant to section 365 of the Bankruptcy Code (the “**Additional Assignment Cure Amounts**”).

5. Attached as **Annex A** hereto is a description of the Purchasers that demonstrates the Purchasers’ ability to perform the Debtors’ obligations under the Further Assignments (“**Purchasers’ Adequate Assurance**”).

6. The Debtors hereby provide notice of their intent to assume and assign certain agreements to which the Debtors are a party, which agreements are identified in **Annex B** hereto (singularly or collectively, the “**Further Assumed Agreements**”). Annex B also identifies, for each Further Assumed Agreement, the effective day of assignment; a description of the Further Assumed Agreement; the premises relating to the Further Assumed Agreement (if the relevant Further Assumed Agreement is an Assumed Lease); and the cure amount, asserted by the Debtors, that is necessary to cure any default under the relevant Further Assumed Agreement pursuant to section 365 of the Bankruptcy Code (the “**Further Assignment Cure Amounts**”, and together with the Initial Assignment Cure Amounts and the Additional Assignment Cure Amounts, the “**Cure Amounts**”).

7. Nothing contained in this Notice is to be construed as an admission by the Debtors as to the character of any document denominated as a Further Assumed Agreement, as an executory contract or unexpired lease, or to the rights of any parties thereto. The sale of the SEA Assets, and assumption and assignment of the Further Assumed Agreements will take place pursuant to the Bidding Procedures Order.

8. To the extent that any interested party wishes to object to any matter pertaining to the Further Assignments, then such interested party must file a written objection (an “**Further Assignments Objection**”) with the Bankruptcy Court no later than at 4:00 p.m. (prevailing Eastern Time) on the fifteenth day after service of the Further Assignments Notice (the “**Further Assignments Objection Deadline**”), and simultaneously serve such an Objection on the following parties: (a) the Debtors, Saint Vincents Catholic Medical Centers of New York, 450 West 33 Street, New York, New York 10001, Attn: Scott Davis; (b) Debtors’ counsel, Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, New York 10036, Attn: Adam C. Rogoff, Esq., and Garfunkel Wild, P.C., 111 Great Neck Road, Suite 503,

Great Neck, New York 11021, Attn: Judith Eisen, Esq.; (c) counsel for the Committee, c/o Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York 10036, Attn: David Botter, Esq., Stephen Kuhn, Esq. and Sarah Link Schultz, Esq.; (d) counsel to General Electric Capital Corporation, as Agent for itself and TD Bank, N.A., c/o Winston & Strawn LLP, 200 Park Avenue, New York, New York 10166-4193, Attn: David Neier, Esq.; and Winston & Strawn LLP, 101 California Street, San Francisco CA 94111-5802, Attn: Randy Rogers, Esq.; (e) counsel for the Pension Benefit Guarantee Corporation, 1200 K Street, N.W., Washington, D.C. 20005-4026, Attn: Chief Counsel, Joel W. Ruderman, Esq. and Kelly R. Cusick, Esq.; (f) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, New York 10004, Attn: Serene Nakano, Esq.; and (g) counsel to the Purchasers [], so that it is actually received by the Further Assignments Objection Deadline. Such objections will be heard at a hearing to be scheduled by the Court.

9. To the extent that any party-in-interest does not timely serve a Further Assignments Objection as set forth above, such party will be deemed to have (i) consented to the assumption and assignment of the applicable Further Assumed Agreement; (ii) agreed that the Purchasers have provided adequate assurance of future performance within the meaning of section 365(b)(1)(C) of the Bankruptcy Code; (iii) consented to the relevant Cure Amounts, if any; and (iv) agreed to the terms of the Motion.

10. A copy of the Bidding Procedures Order or any other document referenced herein can be viewed and obtained on the Bankruptcy Court's website at <https://ecf.nysb.uscourts.gov> or (without charge) at <http://svcmcrestructuring.com>.

Dated: New York, New York  
[\_\_\_\_], 2011

KRAMER LEVIN NAFTALIS & FRANKEL LLP

/s/ Adam C. Rogoff

Kenneth H. Eckstein

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*Counsel for Debtors*