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Debtors In Possession

8 **UNITED STATES BANKRUPTCY COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION**

10 In re

Lead Case No. 2:18-bk-20151-ER

11 VERITY HEALTH SYSTEM OF CALIFORNIA,
12 INC., *et al.*,

Jointly Administered With:

13 Debtors and Debtors In Possession.

- CASE NO.: 2:18-bk-20162-ER
- CASE NO.: 2:18-bk-20163-ER
- CASE NO.: 2:18-bk-20164-ER
- CASE NO.: 2:18-bk-20165-ER
- CASE NO.: 2:18-bk-20167-ER
- CASE NO.: 2:18-bk-20168-ER
- CASE NO.: 2:18-bk-20169-ER
- CASE NO.: 2:18-bk-20171-ER
- CASE NO.: 2:18-bk-20172-ER
- CASE NO.: 2:18-bk-20173-ER
- CASE NO.: 2:18-bk-20175-ER
- CASE NO.: 2:18-bk-20176-ER
- CASE NO.: 2:18-bk-20178-ER
- CASE NO.: 2:18-bk-20179-ER
- CASE NO.: 2:18-bk-20180-ER
- CASE NO.: 2:18-bk-20181-ER

- 14 Affects All Debtors
- 15 Affects Verity Health System of California, Inc.
- 16 Affects O'Connor Hospital
- 17 Affects Saint Louise Regional Hospital
- 18 Affects St. Francis Medical Center
- 19 Affects St. Vincent Medical Center
- 20 Affects Seton Medical Center
- 21 Affects O'Connor Hospital Foundation
- 22 Affects Saint Louise Regional Hospital Foundation
- 23 Affects St. Francis Medical Center of Lynwood
Foundation
- 24 Affects St. Vincent Foundation
- 25 Affects St. Vincent Dialysis Center, Inc.
- 26 Affects Seton Medical Center Foundation
- 27 Affects Verity Business Services
- 28 Affects Verity Medical Foundation
- Affects Verity Holdings, LLC
- Affects De Paul Ventures, LLC
- Affects De Paul Ventures - San Jose ASC, LLC

Chapter 11 Cases

Hon. Judge Ernest M. Robles

**DEBTORS' CHAPTER 11 PLAN OF
LIQUIDATION (DATED SEPTEMBER 3, 2019)**

Plan Confirmation Hearing:

Date: [To Be Scheduled]

Time: [To Be Scheduled] (Pacific Time)

Place: Courtroom 1568

255 E. Temple Street

Los Angeles, CA 90012



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INTRODUCTION¹

The Debtors propose the following chapter 11 plan (as further defined below, the “*Plan*”), pursuant to § 1121(a) of the Bankruptcy Code.² Creditors should refer to the Disclosure Statement filed or to be filed in connection with this Plan, including the exhibits thereto, for a discussion of the Debtors’ history, business, properties, results of operations, and future projections and risk factors, together with a summary and analysis of this Plan.

The Plan sets forth a proposal for the resolution of Claims and the distribution of proceeds to Holders of Allowed Claims. Claims against the Debtors—other than Unclassified Claims—are classified in Section 3 and treated in accordance with Section 4 hereof.³ The Plan provides that (i) a Liquidating Trustee will continue the wind-down and liquidation of the Debtors, after the Effective Date, and (ii) a Responsible Officer will oversee the operations of the Post-Effective Date Debtors during the Sale Leaseback Period in accordance with the Interim Agreements and the Transition Services Agreement.

The Plan requests the Bankruptcy Court approve and implement the terms of (i) the Creditor Settlement Agreements, if any, and (ii) all documents necessary to effectuate the Plan. To the extent that there are any inconsistencies between the terms of the Creditor Settlement Agreements, the Interim Agreements, the Transition Services Agreement and/or the Plan or Confirmation Order, unless otherwise expressly provided for in such Creditor Settlement Agreements, Interim Agreements, Transition Services Agreement and/or the Plan, the terms of this Plan shall govern. In the event of a conflict between the Plan and Confirmation Order, the Confirmation Order shall govern.

NO SOLICITATION MATERIALS, OTHER THAN THE DISCLOSURE STATEMENT AND RELATED MATERIALS TRANSMITTED THEREWITH AND APPROVED BY THE COURT, HAVE BEEN AUTHORIZED BY THE COURT FOR USE IN SOLICITING ACCEPTANCES OR REJECTION OF THIS PLAN. ALL HOLDERS OF CLAIMS ARE ENCOURAGED TO READ THE PLAN AND DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

SECTION 1. DEFINITIONS AND INTERPRETATION

A. Definitions. The following terms used herein shall have the respective meanings defined below (such meanings to be equally applicable to both the singular and plural):

-
- 1 Capitalized terms not otherwise defined in this Introduction have the definitions set forth in Section 1 of this Plan.
 - 2 All references to “§” herein are to the Bankruptcy Code, unless otherwise noted.
 - 3 All references to “Article” and “Section” herein are to the articles and sections of this Plan unless otherwise noted.

1 1.1 **2005 Revenue Bonds Trustee** means Wells Fargo Bank, National Association, as
2 trustee for those certain bonds issued pursuant to the 2005 Revenue Bonds Indentures.

3 1.2 **2005 Series A, G and H Revenue Bonds** means those series of outstanding bonds
4 issued by the CSCDA, pursuant to the terms of the 2005 Revenue Bonds Indentures.

5 1.3 **2005 Revenue Bonds Indentures** means those certain bond indentures, dated as of
6 February 1, 2005, as amended and supplemented, between the CSCDA and the 2005 Revenue
7 Bonds Trustee, supported by the Obligations arising in connection with those certain Loan
8 Agreements, dated February 1, 2005, between the Daughters of Charity Health System and
9 CSCDA, and secured by the collateral pledged to the Master Trustee for the benefit of the Series
10 A, G and H Revenue Bonds.

11 1.4 **2015 Notes Trustee** means U.S. Bank, National Association, solely in its capacity,
12 as trustee for those certain notes issued pursuant to the 2015 Revenue Notes Indentures.

13 1.5 **2015 Revenue Notes** means those outstanding Series A, B, C and D notes issued
14 by the CPFA, pursuant to the terms of the 2015 Revenue Notes Indentures.

15 1.6 **2015 Revenue Notes Indentures** means those certain note indentures, dated as of
16 December 1, 2015, between the CPFA and the 2015 Notes Trustee, supported by the Obligations
17 arising in connection with those certain Loan Agreements, dated as of December 1, 2015, between
18 VHS and CPFA, and secured by the collateral pledged to the Master Trustee for the benefit of the
19 2015 Revenue Notes.

20 1.7 **2016 Data Breach Claims** means all timely filed Claims for damages asserted by
21 any individual whose personally identifiable information was disclosed, in the data breach
22 occurring on April 27, 2016, and subject to the extended Bar Date set forth in the Bankruptcy
23 Court's order [Docket No. 2434].

24 1.8 **2017 Notes Trustee** means U.S. Bank, National Association, solely in its capacity,
25 as trustee for those certain notes issues pursuant to the 2017 Revenue Notes Indentures, dated as
26 of December 1, 2017, pursuant to the 2017 Revenue Notes Indentures.

27 1.9 **2017 Revenue Notes** means those outstanding Series A, B, C and D notes issued
28 by the CPFA, pursuant to the terms of the 2017 Revenue Notes Indentures.

1.10 **2017 Revenue Notes Indentures** means those certain note indentures, dated as of
December 1, 2017, between the CPFA and the 2017 Notes Trustee, supported by the Obligations
arising in connection with those certain Loan Agreements, dated as of December 1, 2017, between
VHS and CPFA and secured by the collateral pledged to the Master Trustee for the benefit of the
2017 Revenue Notes.

1.11 **Administrative Claim** means a Request for Payment of an administrative expense
of a kind specified in § 503(b) and entitled to priority pursuant to § 507(a)(2), including, but not
limited to, the actual, necessary costs and expenses, incurred on or after the Petition Date, of
preserving the Estates and operating the business of the Debtors, including wages, salaries, or
commissions for services rendered after the commencement of the Chapter 11 Cases, Section

1 503(b)(9) Claims, and Allowed Claims that are entitled to be treated as Administrative Claims
2 pursuant to a Final Order of the Bankruptcy Court (under § 546(c)(2)(A) or otherwise), but
3 excluding Administrative DIP Lender Claims, Professional Claims, and Statutory Fees, which are
separately defined below.

4 1.12 **Administrative DIP Lender Claims** means the Claims of the DIP Lender, pursuant
5 to the DIP Credit Agreement, the Final DIP Order, and any amendments or modifications thereto.

6 1.13 **Allowed** means for distribution purposes, a Claim, or any portion thereof, or a
7 particular Class of Claims (a) that is Allowed by a Final Order of the Bankruptcy Court (or such
8 other court as the Liquidating Trustee and the Holder of such Claim agree may adjudicate such
9 Claim and objections thereto), (b) which is not the subject of a Proof of Claim timely filed with
10 the Bankruptcy Court and is Scheduled as liquidated and noncontingent (other than a Claim that
11 is Scheduled at zero, in an unknown amount, or as disputed), but only to the extent such Claim is
12 Scheduled as liquidated and noncontingent, (c) for which a Proof of Claim in a liquidated amount
13 has been timely filed with the Bankruptcy Court pursuant to the Bankruptcy Code or deemed
14 timely filed by any Final Order of the Bankruptcy Court or other applicable bankruptcy law, and
15 as to which (i) no objection to its allowance has been filed within the periods of limitation fixed
16 by the Plan, the Bankruptcy Code, or by any order of the Bankruptcy Court, (ii) any objection to
17 its allowance has been settled or withdrawn, or has been denied by a Final Order of the Bankruptcy
18 Court, or, (iii) following the Effective Date, with respect to General Unsecured Claims, as
19 otherwise may be determined by the Liquidating Trust in accordance with the Plan and the
20 Liquidating Trust Agreement, or (d) that is expressly allowed in a liquidated amount pursuant to
21 this Plan.

22 1.14 **Assets** means all legal or equitable interests of the Estates in any and all (a) property
23 of every kind, nature, character and description, whether real, personal, or mixed, whether tangible
24 or intangible (including contract rights), wherever situated and by whomever possessed, and any
25 goodwill related thereto, including any real estate, buildings, structures, improvements, privileges,
26 rights, easements, leases, subleases, goods, materials, supplies, furniture, fixtures, equipment,
27 work in process, accounts, chattel paper, cash (including, but not limited to, cash of the
28 Foundations that is not properly donor-restricted), deposit accounts, reserves, deposits, contractual
rights, intellectual property rights, claims, Causes of Action, securities, investments and any other
general intangibles, and (b) the proceeds, products, offspring, rents or profits thereof, including all
assets of any of the Debtors constituting “property of the estate” as described in § 541.

1.15 **Avoidance Actions** means any Causes of Action arising under any section of
chapter 5 of the Bankruptcy Code, including, without limitation, §§ 502, 510, 541, 542, 543, 544,
545, 547, 548, 549, 550, 551, and 553 or under similar or related state or federal statutes and
common law, including state fraudulent transfer laws.

1.16 **Ballot Deadline** means the date all Ballots must be properly executed, completed
and delivered by First Class Mail, overnight courier, or hand delivery, to KCC, at 222 N. Pacific
Coast Highway, 3rd Floor, El Segundo, CA 90245, so as to be actually received by KCC no later
than 4:00 p.m. (Pacific Time), on the date set by the Bankruptcy Court in the Disclosure Statement
Order.

1 1.17 **Bankruptcy Code** means title 11 of the United States Code, 11 U.S.C. §§ 101, *et*
2 *seq.*, as amended.

3 1.18 **Bankruptcy Court** means the United States Bankruptcy Court for the Central
4 District of California, except to the extent the jurisdictional reference of the Bankruptcy Court has
5 been withdrawn to the United States District Court for the Central District of California, pursuant
6 to section 157(d) of title 28 of the United States Code.

7 1.19 **Bankruptcy Rules** means the Federal Rules of Bankruptcy Procedure as
8 promulgated by the United States Supreme Court under section 2075 of title 28 of the United States
9 Code, as may be amended from time to time.

10 1.20 **Bar Date** means the applicable deadlines by which a Proof of Claim or Request for
11 Payment must be, or must have been, filed in these Chapter 11 Cases, as established by either an
12 order of the Bankruptcy Court or this Plan, including without limitation, (a) the April 1, 2019,
13 deadline to file Proofs of Claim relating to prepetition Claims, (b) the September 30, 2019 extended
14 deadline for 2016 Data Breach Claims, (c) the October 11, 2019 extended deadline for certain
15 wage and hour claims pursuant to the *Order Approving Notice of Extended Bar Date re Certain*
16 *Wage and Hour Claims* [Docket No. 2692], (d) the Initial Administrative Claims Bar Date, and (e)
17 the Administrative Claims Bar Date set forth in Section 15.3 of the Plan.

18 1.21 **Bar Date Order** means any order of the Bankruptcy Court establishing Bar Dates
19 for filing Proofs of Claim or Requests for Payment in these Chapter 11 Cases, as the same may be
20 amended, modified or supplemented including, but not limited to, those orders at Docket Nos.
21 1528, 2434, 2435, 2436, 2537, and 2692.

22 1.22 **Bond and Notes Trustee** means the 2005 Revenue Bonds Trustee, the 2015
23 Revenue Notes Trustee and the 2017 Revenue Notes Trustee.

24 1.23 **Business Day** means any day other than a Saturday, a Sunday, or any other day on
25 which banking institutions in the State of California are required or authorized to close by law or
26 executive order.

27 1.24 **Cash** means the legal tender of the United States of America and its equivalent.

28 1.25 **Causes of Action** means any and all present or future claims, rights, legal and
equitable defenses, offsets, recoupments, actions in law or equity or otherwise, choses in action,
obligation, guaranty, controversy, demand, action suits, damages, judgments, third-party claims,
counter-claims, cross-claims against any Person, whether known or unknown, liquidated or
unliquidated, foreseen or unforeseen, existing or hereafter arising, whether based on legal or
equitable relief, whether arising under the Bankruptcy Code or federal, state, common, or other
law or equity, whether or not the subject of a pending litigation or proceedings on the Effective
Date or thereafter, including without limitation: (a) all Avoidance Actions; (b) all other claims in
avoidance, recovery, and/or subordination; and (c) all other actions described in the Disclosure
Statement, the Confirmation Order, the Schedules, or the Plan; *provided*, however, any claims
arising under the Interim Agreements are excluded.

1.26 **CDPH** means the California Department of Public Health.

1 1.27 **Chapter 11 Cases** means the voluntary cases commenced by each of the Debtors
2 under chapter 11 of the Bankruptcy Code on the Petition Date and administered jointly under
3 caption, *In re Verity Health System of California, Inc., et al.*, Lead Case No. 2:18-bk-20151-ER,
4 which are currently pending before the Bankruptcy Court. Unless otherwise noted, all references
5 to a docket or docket entry herein refer to the docket of the Lead Case.

6 1.28 **Claim** has the meaning set forth in § 101(5).

7 1.29 **Claims Objection Deadline** means the first Business Day that is the later of (a) two
8 hundred ten (210) days after the Effective Date, or (b) such other later date as the Bankruptcy
9 Court may establish upon a motion by the Liquidating Trustee in accordance with the Plan.

10 1.30 **Class** means a class of Claims established pursuant to Section 4 herein.

11 1.31 **CMS** means Centers for Medicare and Medicaid Services.

12 1.32 **Committee** means the Official Committee of Unsecured Creditors appointed on
13 September 17, 2018, by the U.S. Trustee in these Chapter 11 Cases pursuant to § 1102 [Docket
14 No. 197].

15 1.33 **Confirmation Date** means the date on which the Clerk of the Bankruptcy Court
16 enters the Confirmation Order on the docket of the Lead Case.

17 1.34 **Confirmation Order** means the order of the Bankruptcy Court confirming this Plan
18 pursuant to § 1129.

19 1.35 **Consent** means consent of a party that is not to be unreasonably withheld or delayed.

20 1.36 **Convenience Claim** means any General Unsecured Claim that (a) has been listed
21 on the Debtors' Schedules as a liquidated and undisputed General Unsecured Claim, (b) has been
22 Allowed as a liquidated General Unsecured Claim in an amount not to exceed \$100,000, and
23 (c) elects to receive a single distribution under Class 11 herein; provided, however, that neither a
24 Holder nor an affiliate of a Holder of a Convenience Claim may aggregate multiple General
25 Unsecured Claims into more than a single Allowed Convenience Claim.

26 1.37 **CPFA** means the California Public Financing Authority.

27 1.38 **Creditor Settlement Agreements** mean, collectively, any settlements that the
28 Debtors enter into with creditors to resolve claims and/or litigation in connection with the Plan and
shall be filed seven (7) days prior to the Ballot Deadline, if not earlier, as a Plan Supplement.

 1.39 **Creditor Settlement Parties** means, collectively, parties to Creditor Settlement
Agreements.

 1.40 **CSCDA** means the California Statewide Communities Development Authority.

 1.41 **Debtors** means, collectively, VHS and its sixteen affiliates, listed on Schedule 1.41
hereto, in their capacity as debtors and debtors in possession in these Chapter 11 Cases.

1 1.42 **Defined Contribution Plans** means, collectively, the qualified and non-qualified
2 401(a), 401(k), 403(b), and 457(b) defined contribution plans maintained by certain Debtors.

3 1.43 **DePaul Ventures** means DePaul Ventures, LLC, a debtor and debtor in possession.

4 1.44 **DePaul - San Jose ASC** means De Paul Ventures - San Jose ASC, LLC, a Non-
5 Debtor Affiliate.

6 1.45 **DePaul - San Jose Dialysis** means DePaul Ventures - San Jose Dialysis, LLC, a
7 debtor and debtor in possession.

8 1.46 **DHCS** means California Department of Health Care Service.

9 1.47 **DHHS** means the United States Department of Health and Human Services.

10 1.48 **Disallowed** means, with respect to any Claim or Interest, any Claim or Interest (i)
11 proof of which was required to be filed by the Bankruptcy Code or an order of the Bankruptcy
12 Court, but as to which no proof of Claim or Interest was timely or properly filed, (ii) which has
13 been withdrawn in whole or in part, by an agreement between the Debtors or the Trust and the
14 Holder thereof or unilaterally by the Holder thereof, or (iii) which has been disallowed, in whole
15 or in part, by a Final Order or pursuant to this Plan. In case a Claim is disallowed in part, the
16 Claim may be an Allowed Claim with respect to amounts asserted under the Claim which have not
17 been disallowed.

18 1.49 **District Court** means the United States District Court for the Central District of
19 California.

20 1.50 **DIP Credit Agreement** means the Revolving Credit Agreement, dated September
21 7, 2018, between Ally Bank, as agent and lender, and each of the Debtors in the Chapter 11 Cases,
22 and any amendments thereto [Docket No. 309-2].

23 1.51 **DIP Lender** means Ally Bank, as agent and lender, under the DIP Credit
24 Agreement.

25 1.52 **Disclosure Statement** means the disclosure statement filed with the Bankruptcy
26 Court by the Debtors, pursuant to § 1125, with respect to the Plan, including all exhibits and
27 schedules thereto, which was approved by the Bankruptcy Court pursuant to § 1125, as it may be
28 amended, modified or supplemented from time to time.

1.53 **Disbursing Agent** means KCC in its capacity as a disbursing agent under Section
8.

1.54 **Disputed** means, with respect to any Claim:

(a) if no Proof of Claim has been filed by the applicable Bar Date, a Claim that
is:

- 1 (i) listed on the Schedules as either disputed, contingent, or
2 unliquidated; or
- 3 (ii) subject to an objection or a request for estimation that has been filed
4 by the Claims Objection Deadline and has not been withdrawn or
determined by a Final Order; or
- 5 (b) if a Proof of Claim has been filed by the applicable Bar Date, a Claim as to
6 which:
- 7 (i) no corresponding Claim is listed on the Schedules;
- 8 (ii) a corresponding Claim is listed on the Schedules as disputed,
contingent, or unliquidated;
- 9 (iii) a corresponding Claim is listed on the Schedules not as disputed,
10 contingent, or unliquidated, but the nature or amount of the Claim as
11 asserted in the Proof of Claim varies from the nature and amount of such
Claim as listed on the Schedules; or
- 12 (iv) an objection or a request for estimation has been interposed by the
13 Claims Objection Deadline that, in either instance, has not been withdrawn
or determined pursuant to a Final Order.

14 1.55 ***Disputed Unclassified Claims*** means Unclassified Claims that are Disputed.

15 1.56 ***Disputed Unsecured Claims Reserve*** means the reserve for Disputed General
16 Unsecured Claims established under Section 7.9(c) hereof.

17 1.57 ***Effective Date*** means a day, as determined by the Debtors, that is a Business Day
18 as soon as reasonably practicable after all conditions to the Effective Date specified in Section
12.2 hereof have been satisfied or waived.

19 1.58 ***Effective Date Professional Claim Reserves***. Cash to be set aside by the
20 Liquidating Trustee on the Effective Date sufficient in the aggregate to fund a reserve on account
of Professional Claims not yet fixed and allowed by the Bankruptcy Court prior to or on the
21 Effective Date.

22 1.59 ***ERISA*** means Title IV of the Employee Retirement Income Security Act of 1974,
23 as amended.

24 1.60 ***Estates*** means, as to each Debtor, the estates created upon the Petition Date
pursuant to § 541.

25 1.61 ***Executory Agreement*** means any executory contract or unexpired lease subject to
26 § 365, excluding (a) the Debtors' collective bargaining agreements, and (b) any executory contract
or unexpired lease entered into after the Petition Date and approved by an order of the Bankruptcy
27 Court.

1 1.62 **Foundations** means collectively the following Debtor nonprofit public benefit
2 corporations that are responsible for fundraising and grant-making programs for each of their
3 respective Debtor hospitals: O'Connor Hospital Foundation, Saint Louise Regional Hospital
4 Foundation, St. Francis Medical Center of Lynwood Foundation, St. Vincent Foundation, and
5 Seton Medical Center Foundation.

6 1.63 **Final DIP Order** means the order [Docket No. 409] granting the Debtors' request
7 for an order authorizing debtor in possession financing entered by the Bankruptcy Court.

8 1.64 **Final Order** means an order or judgment, the operation or effect of which has not
9 been reversed, stayed, modified, or amended, is in full force and effect, and as to which order or
10 judgment (or any reversal, stay, modification, or amendment thereof) (a) the time to appeal, seek
11 *certiorari*, or request reargument, further review, or rehearing has expired and no appeal, petition
12 for *certiorari*, request for reargument or further review, or rehearing has been timely filed, or (b)
13 any appeal that has been or may be taken, or any petition for *certiorari* or request for reargument
14 or further review or rehearing that has been or may be filed, has been resolved by the highest court
15 to which the order or judgment was appealed, from which *certiorari* was sought, or to which the
16 request was made, and no further appeal, petition for *certiorari*, request for reargument, or further
17 review or rehearing has been or can be taken or granted; provided, however, that the possibility
18 that a motion under Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under
19 the Bankruptcy Rules, may be filed relating to such order shall not prevent such order from being
20 a Final Order; provided, further, that the Debtors or Liquidating Trustee, as applicable, reserve the
21 right to waive any appeal period for an order or judgment to become a Final Order.

22 1.65 **General Unsecured Claim** means (i) any unsecured claim that is not a PBGC Claim,
23 RPHE Claim, Convenience Claim, Insured Claim, 2016 Data Breach Claim, or Subordinated
24 General Unsecured Claim, (ii) any Claim for damages resulting from or based on the Debtors'
25 rejection of an Executory Agreement, or (iii) any Claim that is determined by the Bankruptcy Court
26 to be a prepetition general unsecured claim that is not entitled to priority or subject to subordination
27 pursuant to this Plan.

18 1.66 **Governmental Unit** has the definition set forth in § 101(27).

19 1.67 **Holder** means a holder of a Claim against, or Interest in, the Debtors.

20 1.68 **Holdings** means Verity Holdings, LLC, as debtor and debtor in possession.

21 1.69 **Hospital Licenses** means licenses and permits issued by the CDPH and the
22 California State Board of Pharmacy.

23 1.70 **Hospital Premises** means all locations where SFMC, SVMC, and Seton provide
24 hospital services, including their primary locations at (i) 3630 East Imperial Highway, Lynwood,
25 California 90262; (ii) 2131 West 3rd Street, Los Angeles, California 90057; (iii) 1900 Sullivan
26 Avenue, Daly City, California 94015; (iv) 600 Marine Boulevard, Moss Beach, California 94038,
27 respectively; and such other locations where SFMC, SVMC, and Seton provide hospital services.

28 1.71 **Hospital Purchased Assets** means the assets purchased by SGM pursuant to the
SGM Asset Purchase Agreement approved by the Bankruptcy Court pursuant to that certain Sale

1 Order [Docket No. 2306]. For the avoidance of doubt, the Hospital Purchased Assets relate only
2 to the Hospitals subject to the SGM Sale.

3 1.72 **Hospitals** means the hospitals and related facilities operated by SFMC, SVMC, and
4 Seton subject to the SGM Sale.

5 1.73 **Impaired** means, with respect to a Class of Claims, that such Class is “impaired”
6 within the meaning of § 1124.

7 1.74 **Indemnification Claim** means any Claim for indemnification, subrogation,
8 contribution, or reimbursement for all liabilities, loss, damages, costs and expenses of whatever
9 kind, including attorneys’ fees.

10 1.75 **Initial Administrative Claims Bar Date** means the deadline pursuant to an order of
11 the Bankruptcy Court fixing an initial administrative claims bar date.

12 1.76 **Insurance Policy** means any insurance policy maintained by or for the benefit of
13 the Debtors set forth in a schedule to the Plan Supplement.

14 1.77 **Insured Claims** means a Claim against any of the Debtors, their respective Estates,
15 Assets or properties arising from any incident or occurrence that is covered by an applicable and
16 available Insurance Policy maintained by or for the benefit of any of the Debtors.

17 1.78 **Intercompany Claims** means any Claims held by a Debtor or a Non-Debtor
18 Affiliate against a Debtor or Non-Debtor Affiliate, including, without limitation, any
19 Indemnification Claim between and among the Debtors.

20 1.79 **Intercreditor Agreement** means the Second Amended and Restated Intercreditor
21 Agreement, dated as of December 1, 2017, by and among VHS, on behalf of itself, and each
22 Obligated Group Member, the 2015 Notes Trustee, the 2017 Notes Trustee and the Master Trustee.

23 1.80 **Interests** means any ownership interest in any of the Debtors, including but not
24 limited to, membership interests or other entitlement to participate in the organizational affairs of
25 a nonprofit entity organized under the laws of the State of California or equity interests in any for
26 profit corporation, partnership or limited liability company organized under the laws of any
27 jurisdiction, including common stock, preferred stock, stock options and restricted stock awards.

28 1.81 **Interim Agreements** means, collectively, the Interim Management Agreement and
the Interim Leaseback Agreement.

1.82 **Interim Leaseback Agreement** means, collectively, those certain Interim
Leaseback Agreements by and between the Sale-Leaseback Debtors and SGM and its affiliates.

1.83 **Interim Management Agreement** means, collectively, those certain Interim
Management Agreements by and between the Sale-Leaseback Debtors and SGM and its affiliates.

1 1.84 **IRC** means the Internal Revenue Code of 1986, as amended, and any applicable
2 regulations (including temporary and proposed regulations) promulgated thereunder by the United
States Treasury Department.

3 1.85 **KCC** means Kurtzman Carson Consultants LLC.

4 1.86 **Lead Case** means *In re Verity Health System of California, Inc.*, Lead Case No.
5 2:18-bk-20151-ER, under which the Chapter 11 Cases are jointly administered, pursuant to
6 Bankruptcy Rule 1015(b), and the order entered by the Bankruptcy Court granting joint
administration [Docket No. 17].

7 1.87 **Liquidating Budget** means the budget setting forth the projected costs and expenses
8 associated with administering the Plan and settling the Estates (other than with respect to the
9 Operating Assets) that may be amended from time to time by the Liquidating Trustee. The Debtors
shall file the initial Liquidating Budget as part of the Plan Supplement.

10 1.88 **Liquidating Trust** means the liquidating trust created pursuant to Section 6 herein.

11 1.89 **Liquidating Trust Administration Accounts** means one or more deposit accounts
12 to be established and maintained by the Liquidating Trustee to pay any and all reasonable costs
and expenses incurred in implementing the terms of the Plan, as set forth in the Liquidating Trust
13 Budget and the Liquidating Trust Agreement.

14 1.90 **Liquidating Trust Agreement** means the Liquidating Trust Agreement, to be dated
15 on or prior to the Effective Date, between the Debtors and the Liquidating Trustee, governing the
disposition of the Liquidating Trust Assets, the distribution of the proceeds thereof in accordance
16 with the Plan, and setting forth the duties and obligations of the Liquidating Trustee.

17 1.91 **Liquidating Trust Assets** means any and all Assets of the Estates (other than the
18 Operating Assets, the Hospital Purchased Assets, and the rights under the Interim Agreements) of
every kind and character, wherever located, whether real or personal, tangible or intangible,
19 transferred to the Liquidating Trust pursuant to the Plan and the Liquidating Trust Agreement,
including, without limitation:

20 (a) all Remaining Cash;

21 (b) Causes of Action and the proceeds from the prosecution and/or settlement
22 thereof;

23 (c) all rights, claims and/or assets under any and all contracts and agreements
(whether rejected or assumed) of the Debtors, including all rights and/or assets retained by any of
24 the Debtors, as the sellers under their respective asset sale agreements with third-party purchasers
approved by the Bankruptcy Court prior to the Effective Date, including without limitation, the
25 accounts receivable arising out of the rendition of services or the sale of products in the ordinary
course of business by such Debtors prior to the closing date of their respective sales and all other
26 rights of the Debtors, as sellers, under such asset sale agreements;

27 (d) any proceeds of the foregoing; and

1 (e) all files, books and records relating to the Debtors' businesses or the
2 administration of the Plan other than those required to be maintained by the Post-Effective Date
Debtors for the administration of the Operating Assets.

3 1.92 **Liquidating Trust Reserves** means one or more accounts or reserves of Cash
4 established by the Liquidating Trustee in accordance with Section 7.9.

5 1.93 **Liquidating Trustee** means such person selected pursuant to Section 6.5 or any
6 successor or replacement officer appointed under the terms of the Plan.

7 1.94 **Local Bankruptcy Rules** means the Local Rules of the United States Bankruptcy
8 Court of the Central District of California, as amended from time to time.

9 1.95 **Marillac** means **Marillac Insurance Company, LTD.**, the wholly-owned
10 subsidiary of VHS, incorporated in the Cayman Islands on December 9, 2003.

11 1.96 **Master Trustee** means UMB Bank, N.A., as trustee for Obligations issued under
12 that certain Master Indenture of Trust, dated as of December 1, 2001, as amended and
13 supplemented, among the Daughters of Charity Health System, as predecessor in interest to VHS.

14 1.97 **Medi-Cal** means the program administered by the State of California for medical
15 assistance under title XIX of the Social Security Act.

16 1.98 **Medicare** means the federal health insurance program administered under title
17 XVIII of the Social Security Act.

18 1.99 **Mechanics Lien Claims** means all Allowed Claims arising under California Civil
19 Code §§ 8400, *et seq.*, with respect to any real property or personal property of a Debtor subject
20 to a lien provided by such law.

21 1.100 **MOB I Loan Agreement** means that certain Term Loan Agreement, dated October
22 3, 2017, between Holdings and Verity MOB Financing LLC, in the amount of \$ 46,363,096, and
secured by those certain Los Angeles and San Mateo Deeds of Trust, each dated October 3, 2017.

23 1.101 **MOB II Loan Agreements** mean those certain Term Loan Agreements, dated June
24 1, 2018 and July 26, 2018, each between Holdings and Verity MOB Financing II LLC, in the
25 amount of \$20,000,000, and secured by those certain related Los Angeles, San Mateo, and Santa
Clara Deeds of Trust, dated June 1, 2018, as thereafter modified, and the Los Angeles Deed of
Trust, dated July 26, 2018.

26 1.102 **Non-Debtor Affiliates** means the following affiliates of the Debtors that did not file
27 a Chapter 11 Case: DePaul - San Jose ASC, Marillac, O'Connor Health Center I, Sports Medical
28 Management, Inc., St. Vincent De Paul Ethics Corporation, VHoldings, Robert F. Kennedy
Medical Center, and Robert F. Kennedy Medical Center Foundation.

1.103 **Nonprofit Laws** means any and all federal, state, local and other laws and
governmental regulations applicable to nonprofit corporations, including without limitation, any
administrative and judicial interpretations thereof (as applicable).

1 1.104 **Nonprofit Status** means status as a nonprofit corporation under applicable
2 Nonprofit Laws.

3 1.105 **Obligated Group Member** means each of the following Debtors: (i) VHS,
4 (ii) O'Connor Hospital, (iii) Saint Louise Regional Hospital, (iv) Seton Medical Center, (v) SFMC,
5 and (vi) SVMC.

6 1.106 **Obligations** means those certain undertakings by Obligated Group Members
7 arising from those certain Loan Agreements, dated December 1, 2001 and dated December 1, 2005,
8 between CSCDA and the Daughters of Charity Health System as predecessor in interest to VHS,
9 as amended and supplemented by those Loan Agreements dated December 1, 2015, and December
10 1, 2017, between CPFA and VHS.

11 1.107 **Operate** (and any such variations, such as "Operation") means to operate, oversee,
12 manage, administer, coordinate, control, supervise and/or direct the business and operations of any
13 and/or all of the Operating Assets, whether in the ordinary course of business or otherwise, and
14 including undertaking or pursuing strategies, activities, or actions with the intent of furthering the
15 objectives of, and otherwise to effectuate the Plan as contemplated by the provisions hereof,
16 including any strategies, activities or actions aimed at retaining, renewing, amending, extending
17 or Transferring any of the Operating Assets.

18 1.108 **Operating Account** means one or more deposit accounts of Cash established and/or
19 maintained by the Responsible Officer as set forth in Section 7.6.

20 1.109 **Operating Assets** means, collectively,

21 (a) the Hospitals; and

22 (b) the Hospital Purchased Assets.

23 1.110 **Operating Budget** means the budget (as the same may be amended or modified
24 from time to time) setting forth the projected costs and expenses associated with the Operating
25 Assets (including without limitation, the compensation of the Responsible Officer and the cost of
26 Operating the Operating Assets).

27 1.111 **Ordinary Course Professionals Order** means the order [Docket No. 693] entered
28 by the Bankruptcy Court granting the Debtors' motion to retain and compensate professionals
utilized by the Debtors in the ordinary course of business [Docket No. 364].

1.112 **Ordinary Course Professionals** means the professionals retained by the Debtors in
the ordinary course of their business operations, pursuant to the Ordinary Course Professionals
Order.

1.113 **Patient Care Ombudsman** means Dr. Jacob Nathan Rubin, MD, FACC, appointed
by the U.S. Trustee to serve as the patient care ombudsman in these Chapter 11 Cases, pursuant to
§ 333(a), in accordance with the order [Docket No. 430] entered by the Bankruptcy Court on
October 9, 2018.

1 1.114 **PBGC** means the Pension Benefit Guaranty Corporation, a wholly owned United
2 States Corporation, that guarantees the payment of certain benefits upon termination of a pension
3 plan covered by title IV of the Employment Retirement Income Security Act of 1974, as amended,
29 U.S.C. §§ 1301-1461 (2006 & Supp. III 2009).

4 1.115 **PBGC Claims** means the Claims that the PBGC has asserted, or is deemed to have
5 asserted, against the Debtors in relation to Verity Health System Retirement Plan A and Verity
6 Health System Retirement Plan B, including on account of alleged unfunded benefit liabilities,
7 minimum funding contributions, fixed and variable rate premiums, and termination premiums,
8 which are identified as (i) the Proofs of Claim filed by PBGC in the Lead Case, denominated as
Proofs of Claim No. 4281, 4282, 4287, 4318, 4325, and 4327, and (ii) deemed to have been filed
in each of the Chapter 11 Cases identified in such Proofs of Claim, pursuant to that certain
stipulation [Docket No. 1772] approved by order of the Bankruptcy Court [Docket No. 1782].

9 1.116 **Person** means an individual, partnership, corporation, limited liability company,
10 business trust, joint stock company, trust, unincorporated association, joint venture, governmental
authority, Governmental Unit or other entity of whatever nature.

11 1.117 **Petition Date** means August 31, 2018, which is the date that each Debtor filed a
12 voluntary chapter 11 petition.

13 1.118 **Pharmacy Assets** means that portion of the Hospital Purchased Assets constituting
14 drugs, dangerous devices, pharmacy systems, or other pharmacy assets, which will be purchased
15 by and transferred to SGM on the date SGM obtains its required licenses, in accordance with
section 5.2(b) of the SGM Asset Purchase Agreement.

16 1.119 **Plan** means this plan of liquidation proposed by the Debtors, including the Plan
17 Supplement and the exhibits hereto and thereto, as the same may be amended, modified or
supplemented from time to time in accordance with the provisions of the Bankruptcy Code and its
terms.

18 1.120 **Plan Supplement** means a supplemental appendix to this Plan, as may be amended
19 from time to time on or prior to the Effective Date, which will contain the following items:

- 20 (a) the Schedule of Assumed Contracts;
- 21 (b) the schedule of Insurance Policies;
- 22 (c) the identity of the initial Responsible Officer;
- 23 (d) the identity of the initial Liquidating Trustee;
- 24 (e) the identity of the directors serving on the Post-Effective Date Board of
25 Directors;
- 26 (f) the Transition Services Agreement;
- 27 (g) the initial Operating Budget;
- 28

- 1 (h) the initial Liquidating Budget;
- 2 (i) the identity of the members of the Post-Effective Date Committee;
- 3 (j) the form of Liquidating Trust Agreement; and
- 4 (k) the Creditor Settlement Agreements, if any,

5 of which items (a) through (f) shall be filed prior to the Effective Date, items (g) through
6 (j) shall be filed no later than fourteen (14) days before the Ballot Deadline, and item (k) shall be
7 filed seven (7) days prior to the Ballot Deadline, if not earlier. Each of the foregoing documents
8 may be filed separately.

9 1.121 **Post-Effective Date Board of Directors** means the three (3) member board of
10 directors for VHS that shall be formed on the Effective Date in accordance with Section 5.8 hereof,
11 which shall also serve as the members of the subsidiary boards and any other boards required to
12 be in existence.

13 1.122 **Post-Effective Date Committee** means a committee, consisting of three (3)
14 members designated by the Committee, that shall be formed on the Effective Date in accordance
15 with Section 7.11 hereof.

16 1.123 **Post-Effective Date Debtors** means, collectively, the Sale-Leaseback Debtors, the
17 SCC Debtors, and VHS, which shall exist solely for the limited duration and purposes set forth in
18 the Plan.

19 1.124 **Priority Benefit Plan Claims** means Claims entitled to priority under § 507(a)(5).

20 1.125 **Priority Non-Tax Claim** means any Claim entitled to priority in payment as
21 specified in § 507(a)(4), (5), (6), (7) or (9) other than Administrative Claims and Priority Tax
22 Claims.

23 1.126 **Priority Tax Claims** means Claims of any Governmental Unit entitled to priority
24 under § 507(a)(8) and 507(c).

25 1.127 **Pro Rata Share** means, as applicable, the proportion that (i) an Allowed Claim in
26 a particular Class bears to the aggregate amount of all Claims in such Class, or (ii) an Allowed
27 Claim in a particular Class bears to the aggregate amount of all Claims in such Class and all Claims
28 in any other Classes entitled to share in the same recovery. Such ratios shall be calculated as if all
Claims in the particular Class asserted against all Debtors are Allowed Claims as of the Effective
Date, unless specifically provided otherwise in the Plan.

1.128 **Professional** means any Person (a) retained in the Chapter 11 Cases by Final Order,
pursuant to §§ 327, 363, and 1103 or otherwise; or (b) awarded compensation and reimbursement
by the Bankruptcy Court, pursuant to § 503(b)(4); provided, however, that Professional does not
include any Ordinary Course Professional.

1 1.129 **Professional Claim** means an Administrative Claim of a Professional for
2 compensation for services rendered or reimbursement of costs, expenses, or other charges and
3 disbursements incurred relating to services rendered or expenses incurred after the Petition Date
and prior to and including the Effective Date.

4 1.130 **Proof of Claim** means a proof of claim, or a request for payment of an
5 Administrative Claim, filed in these Chapter 11 Cases.

6 1.131 **Provider Agreements** means (i) the Medicare Health Insurance Benefits
7 Agreements between any of the Debtors and DHHS, and (ii) the Medi-Cal Provider Agreements
between any of the Debtors and DHCS.

8 1.132 **Quality Assurance Fees** means the Hospital Quality Assurance Fee originally
9 imposed by SB 239 (Chapter 657, Statutes of 2013) on certain general acute care hospitals by
10 California state law in order to make supplemental and grant payments and increased capitation
payments to hospitals up to the aggregate upper payment limit and made permanent by the passage
of Proposition 52 in November 2016.

11 1.133 **Quality Assurance Payments** means the supplemental and grant payments and
12 increased capitation payments, to be funded out of the Hospital Quality Assurance Fee, to certain
13 general acute care hospitals as contemplated by SB 239 (Chapter 657, Statutes of 2013) up to the
14 aggregate upper payment limit and made permanent by the passage of Proposition 52 in November
2016.

15 1.134 **Records Retention Order** means one or more orders entered by the Bankruptcy
Court related to the retention and/or destruction of records.

16 1.135 **Released Party** means, individually and collectively, the Estates, the Debtors, the
17 Committee, the members of the Committee, and each current and/or former member, manager,
18 officer, director, employee, counsel, advisor, professional, or agents of each of the foregoing who
were employed or otherwise serving in such capacity on or after the Petition Date.

19 1.136 **Remaining Cash** means the actual sum of Cash that constitutes Liquidating Trust
20 Assets after (i) the payment of Cash necessary to satisfy all Unclassified Claims and Class 1A
21 Claims that are Allowed on or prior to the Effective Date, (ii) the payment of all Allowed Claims
22 in Classes 2, 3, 4, 5, 6, 7, and 11, and (iii) the transfer into or maintenance of funds in the Operating
Accounts for the Post Effective Date Debtors on the Effective Date in accordance with the Section
7.6.

23 1.137 **Remediation Order** means any order, that the Debtors may request and obtain from
24 the Bankruptcy Court, to avoid an adverse determination of taxability as to the Holders of 2005
Series A,G,H Revenue Bonds, 2015 Revenue Notes, and 2017 Revenue Notes.

25 1.138 **Request for Payment** means a request for payment of an Administrative Claim filed
26 in these Chapter 11 Cases.

27 1.139 **Responsible Officer** means such person selected pursuant to Section 5.9 or any
28 successor or replacement officer appointed under the terms of the Plan and the RO Agreement.

1 1.140 **RO Agreement** means the agreement between the Responsible Officer and SFMC,
2 SVMC, Seton, St. Vincent Dialysis, and VHS, with respect to the Interim Agreements.

3 1.141 **RPHE** means the Retirement Plan for Hospital Employees.

4 1.142 **RPHE Claims** mean the Claims that the RPHE has asserted against the Debtors,
5 including on account of alleged contribution liability, which are identified as Proofs of Claim Nos.
6 5165, 6200, 6201, 6202, 6203, 6204, 6205, 6207, 6209, 6210, 6212, 6213, 6215, 6218, 6220, and
7 6222.

8 1.143 **Sale-Leaseback Debtors** means, collectively, SVMC, SFMC, Seton, and St.
9 Vincent Dialysis.

10 1.144 **Sale Order** means any Final Order of the Court entered pursuant to a request of, or
11 motion by, the Debtors for authority to sell assets of the Estates pursuant to § 363.

12 1.145 **SCC** means the County of Santa Clara, a political subdivision of the State of
13 California.

14 1.146 **SCC Debtors** means Saint Louise Regional Hospital and O'Connor Hospital,
15 collectively.

16 1.147 **SCC Sale** means the sale authorized by the order entered by the Bankruptcy Court
17 on December 27, 2018 [Docket No. 1153].

18 1.148 **Schedule of Assumed Contracts** means the schedule listing the Executory
19 Agreements to be assumed pursuant to the Plan.

20 1.149 **Scheduled** means, with respect to any Claim, the status, priority, and amount, if
21 any, of such Claim as set forth in the Schedules.

22 1.150 **Schedules** means the schedules of assets and liabilities and the statements of
23 financial affairs filed by the Debtors in the Chapter 11 Cases pursuant to § 521 and Bankruptcy
24 Rule 1007, which incorporate by reference the global notes and statement of limitations,
25 methodology, and disclaimer regarding the Debtors' schedules and statements, as such schedules
26 or statements have been or may be further modified, amended, or supplemented from time to time
27 in accordance with Bankruptcy Rule 1009 or Final Orders of the Bankruptcy Court.

28 1.151 **Secured 2005 Revenue Bond Claims** means all Allowed Secured Claims of the
Master Trustee and the 2005 Revenue Bonds Trustee for, and on behalf of, the beneficial holders
of Series 2005 A, G, and H Revenue Bonds issued by the CSCDA.

1.152 **Secured 2015 Revenue Notes Claims** means all Allowed Secured Claims of the
Master Trustee and the 2015 Revenue Notes Trustee for, and on behalf of, the beneficial holders
of the 2015 Revenue Notes issued by the CPFA.

1 1.153 **Secured 2017 Revenue Notes Claims** means all Allowed Secured Claims of the
2 Master Trustee and the 2017 Notes Trustee for, and on behalf of, the beneficial holders of the 2017
Notes issued by the CPFA.

3 1.154 **Secured Claim** means a Claim that is (a) secured by a lien on any of the Assets,
4 which lien is valid, perfected, and enforceable under applicable law or by reason of a Final Order,
5 to the extent of the value of the claimant's interest in such Asset, or (b) entitled to setoff under
§ 553, to the extent of the amount subject to such setoff, as determined pursuant to § 506(a). For
6 the avoidance of doubt, Secured Claims do not include the Administrative DIP Lender Claims.

7 1.155 **Secured Mechanics Lien Claims** means all Allowed Secured Mechanics Lien
Claims.

8 1.156 **Secured MOB I Financing Claims** means all Allowed Secured Claims of Verity
9 MOB Financing LLC arising from the MOB I Loan Agreement.

10 1.157 **Secured MOB II Financing Claims** means all Allowed Secured Claims of Verity
11 MOB Financing II LLC arising from the MOB II Loan Agreements.

12 1.158 **Secured PACE Tax Financing Claims** means those certain Agreements to Pay
13 Assessment and Finance Improvements dated May 11, 2017 and May 18, 2017 under the CSCDA
CaliforniaFirst Program, respectively the Clean Fund Agreement to Pay Assessment and Petros
14 Agreement to Pay Assessment, each for the limited purpose of providing bond financing for certain
renewable energy, energy efficiency, water efficiency and seismic improvements permanently
15 affixed to real property owned by Seton Medical Center located in Daly City, California, the
proceeds of which financings are being held as program funds for authorized improvements by
16 Wilmington Trust N.A. as indenture trustee under two bond indentures with CSCDA also dated
May 11, 2017 and May 18, 2017.

17 1.159 **Seton** means Seton Medical Center and Seton Medical Center Coastsides,
18 collectively, as debtors and debtors-in-possession.

19 1.160 **SFMC** means St. Francis Medical Center, as debtor and debtor in possession.

20 1.161 **SGM** means Strategic Global Management, Inc.

21 1.162 **SGM Closing Date** means the consummation of the transactions contemplated by
22 the SGM Asset Purchase Agreement.

23 1.163 **SGM Asset Purchase Agreement** means that certain *Asset Purchase Agreement*,
dated January 8, 2019, as may be amended from time to time, by and among VHS, Holdings,
24 SFMC, SVMC, St. Vincent Dialysis, and Seton, on the one hand, and SGM, on the other hand, as
approved by the Bankruptcy Court, in connection with the SGM Sale [Docket No. 2305-1].
25

26 1.164 **SGM Sale** means the sale authorized by the Order (A) Authorizing the Sale of
Certain of the Debtors' Assets to Strategic Global Management, Inc. Free and Clear of Liens,
27 Claims, Encumbrances, and Other Interests; (B) Approving the Assumption and Assignment of an

1 Unexpired Lease Relating Thereto; and (C) Granting Related Relief, entered by the Bankruptcy
2 Court on May 2, 2019 [Docket No. 2306].

3 1.165 **Section 503(b)(9) Claims** means Allowed Claims pursuant to § 503(b)(9).

4 1.166 **St. Vincent Dialysis** means St. Vincent Dialysis Center, Inc., as debtor and debtor
5 in possession.

6 1.167 **Statutory Fees** means the fees payable pursuant to section 1930 of title 28 of the
7 United States Code that were incurred in connection with these Chapter 11 Cases.

8 1.168 **Subordinated General Unsecured Claims** means Allowed Claims that have been
9 found to be subject to subordination pursuant to § 510 (b) or (c) pursuant to a Final Order.

10 1.169 **SVMC** means St. Vincent Medical Center, as debtor and debtor in possession.

11 1.170 **Tax Rate** means, with respect to the 2005 Revenue Bonds, the rate of interest
12 utilized to calculate any “Taxable Rate Adjustment,” as that term is defined in the 2005 Revenue
13 Bonds Indentures or the 2005 Revenue Bonds Obligated Bonds.

14 1.171 **Transfer** (and any variations such as “Transferring”) means to, directly or
15 indirectly, sell, convey, assign, pledge, encumber, hypothecate, gift, contribute, subject to a joint
16 venture, partnership, or similar arrangement, abandon, convey, or transfer or otherwise dispose of,
17 either voluntarily or involuntarily, any Asset or enter into any contract for any Asset that will
18 effectuate the foregoing whether or not the foregoing is subject to approvals or conditions.

19 1.172 **Transition Services Agreement** or **TSA** means that certain transition services
20 agreement entered into by and between SGM, VHS, and the Liquidating Trust relating to (i) the
21 services, information systems, and vendor arrangements (if any) to be provided by VHS to SGM,
22 and (ii) the services, personnel, information systems, and vendor arrangements (if any) to be
23 provided by SGM (or an affiliate) to VHS and/or the Liquidating Trust; provided, however, that
24 the services, personnel, and intellectual property utilized under the Interim Agreements shall
25 terminate pursuant to the terms of the Interim Agreements.

26 1.173 **Trust Beneficial Interests** mean, collectively, the pro rata interests in the
27 Liquidating Trust of the Holders of Allowed Claims in Classes 8, 9, and 10 and their concomitant
28 entitlement to distributions to be made by the Liquidating Trust on account of Allowed General
Unsecured Claims against any of the Debtors as set forth in Sections 8, 9, and 10. The Trust
Beneficial Interests shall be evidenced and transferable solely in the manner and to the limited
extent provided in Sections 9.4 and 9.6 hereof and related provisions of the Liquidating Trust
Agreement.

1.174 **Trust Beneficiaries** means the holders of Trust Beneficial Interests, as of any point
in time.

1.175 **Unclassified Claims** means, collectively, Administrative Claims, Professional
Claims, Statutory Fees, Priority Tax Claims, and Administrative DIP Lender Claims.

1 1.176 *Unimpaired Claim* means a Claim that is not impaired because the Plan leaves
2 unaltered the legal, equitable, and contractual rights to which such Claim entitles the Holder of
such Claim, as set forth in § 1124(1).

3 1.177 *Unsecured Claims Fund* means one or more accounts or reserves of Cash
4 established by the Liquidating Trustee in accordance with Section 7.9 hereof for the payment of
5 Allowed General Unsecured Claims on or after the Effective Date.

6 1.178 *U.S. Trustee* means the Office of the United States Trustee for the Central District
of California.

7 1.179 *VBS* means Verity Business Services, a nonprofit public benefit corporation, as
8 debtor and debtor in possession.

9 1.180 *VHoldings* means VHoldings MOB, LLC, a Non-Debtor.

10 1.181 *VHS* means Verity Health System of California, Inc., as debtor and debtor in
11 possession.

12 1.182 *VMF* means Verity Medical Foundation, as debtor and debtor in possession.

13 **B. Interpretation and Rules of Construction.**

14 Unless otherwise specified, all Section or exhibit references in the Plan are to the respective
15 Section in, or exhibit to, the Plan, as the same may be amended, waived, or modified from time to
16 time. The words “herein,” “hereof,” “hereto,” “hereunder,” and other words of similar import refer
17 to the Plan as a whole and not to any particular Section, subsection, or clause contained therein.
18 The headings in the Plan are for convenience of reference only and shall not limit or otherwise
19 affect the provisions hereof. For purposes herein: (1) in the appropriate context, each term,
whether stated in the singular or the plural, shall include both the singular and the plural, and
20 pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine,
21 and the neuter gender; (2) any reference herein to a contract, lease, instrument, release, indenture,
22 or other agreement or document being in a particular form or on particular terms and conditions
means that the referenced document shall be substantially in that form or substantially on those
23 terms and conditions; (3) unless otherwise specified, all references herein to “Sections” are
24 references to Sections hereof or hereto; (4) the rules of construction set forth in § 102 shall apply;
25 and (5) any term used in capitalized form herein that is not otherwise defined, but that is used in
26 the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning assigned to that term in the
27 Bankruptcy Code or the Bankruptcy Rules, as the case may be.

28 **C. Controlling Document.**

The Plan (without reference to the Plan Supplement) shall govern and control in the event
of an inconsistency between the terms and provisions in the Plan (without reference to the Plan
Supplement) and the terms and provisions in the Disclosure Statement, the Plan Supplement, any
other instrument or document created or executed pursuant to the Plan, or any order (other than
the Confirmation Order) referenced in the Plan (or any exhibits, schedules, appendices,
supplements or amendments to any of the foregoing); provided that, notwithstanding anything

1 herein to the contrary, the Confirmation Order shall govern and control in all respects in the event
2 of a conflict between the Confirmation Order and any provision of the Plan or the Plan Supplement.

3 **SECTION 2. ADMINISTRATIVE EXPENSE AND PRIORITY CLAIMS.**

4 In accordance with § 1123(a)(1), the following Claims are not classified and are excluded
5 from the Classes set forth in Section 3 hereof and shall receive the treatment discussed below:

6 2.1 **Administrative Claims.** Except to the extent that the Debtors (or the Liquidating
7 Trust) and the Holder of an Allowed Administrative Claim agree to less favorable treatment, a
8 Holder of an Allowed Administrative Claim (other than a Professional Claim, which shall be
9 subject to Section 2.2) shall receive, in full satisfaction, settlement, release, and discharge of, and
10 in exchange for, such Administrative Claim, Cash equal to the unpaid portion of such Allowed
11 Administrative Claim either (a) on the Effective Date, (b) if the Allowed Administrative Claim is
12 based on liabilities incurred by the Debtors in the ordinary course of their businesses after the
13 Petition Date, in the ordinary course of business in accordance with the terms and conditions of
14 the particular transaction giving rise to such Allowed Administrative Claim, without any further
15 action by the Holder of such Allowed Administrative Claim, or (c) on such other date as agreed
16 between the Debtors (or the Post-Effective Date Debtors) and such Holder of an Allowed
17 Administrative Claim.

18 2.2 **Professional Claims.** All Professionals seeking an award by the Bankruptcy Court
19 of a Professional Claim (other than the Ordinary Course Professionals) shall file their respective
20 final applications for allowance of compensation for services rendered and reimbursement of
21 expenses incurred by the date that is sixty (60) days after the Effective Date, and shall receive, in
22 full satisfaction of such Claim, Cash in an amount equal to 100% of such Allowed Professional
23 Claim promptly after entry of an order of the Bankruptcy Court allowing such Claim or upon such
24 other terms as may be mutually agreed-upon between the Holder of such Professional Claim and
25 the Debtors, which Cash shall be paid out of the Effective Date Professional Claim Reserve.
26 Objections to any final applications covering Professional Claims must be filed and served on the
27 Post-Effective Date Debtors, the Liquidating Trustee, and the requesting Professional no later than
28 ninety (90) days after the Effective Date (unless otherwise agreed by the requesting Professional).

23 2.3 **Statutory Fees.** All fees required to be paid by 28 U.S.C. § 1930(a)(6) and any
24 interest thereon ("**U.S. Trustee Fees**") shall be paid by the Liquidating Trustee in the ordinary
25 course of business until the closing, dismissal or conversion of these Chapter 11 Cases to another
26 chapter of the Bankruptcy Code. Any unpaid U.S. Trustee Fees that accrued before the Effective
27 Date shall be paid no later than thirty (30) days after the Effective Date.

28 2.4 **Priority Tax Claims.** Except to the extent that a Holder of an Allowed Priority Tax
Claim agrees to less favorable treatment, each Holder of an Allowed Priority Tax Claim shall
receive, in full and final satisfaction of such Allowed Priority Tax Claim, at the option of the
Debtors or the Liquidating Trustee, as applicable: (a) Cash in an amount equal to such Allowed
Priority Tax Claim on, or as soon thereafter as is reasonably practicable, the later of (i) the
Effective Date, to the extent such Claim is an Allowed Priority Tax Claim on the Effective Date,
and (ii) the first Business Day after the date that is thirty (30) calendar days after the date such
Priority Tax Claim becomes an Allowed Priority Tax Claim; or (b) equal annual Cash payments

1 in an aggregate amount equal to the amount of such Allowed Priority Tax Claim, together with
2 interest at the applicable rate pursuant to § 511, over a period not exceeding five (5) years from
3 and after the Petition Date; provided, however, the Debtors and Liquidating Trustee, as applicable,
4 reserve the right to prepay all or a portion of any such amounts at any time under this option at
5 their discretion.

6 **2.5 Administrative DIP Lender Claims.** Holders of Allowed DIP Lender Claims shall
7 be paid in full in cash on the Effective Date, with such payments to be distributed to the DIP Agent
8 for the ratable benefit of the Holders of DIP Lender Claims.

9 **SECTION 3. CLASSIFICATION OF CLAIMS**

10 **3.1 Classification in General.**

11 A Claim is placed in a particular Class for all purposes, including voting, confirmation, and
12 distribution under the Plan and under §§ 1122 and 1123(a)(1); provided that a Claim is placed in
13 a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent
14 that such Claim is an Allowed Claim in that Class and such Allowed Claim has not been satisfied,
15 released, or otherwise settled prior to the Effective Date.

16 **3.2 Grouping of Debtors for Deemed Substantive Consolidation.**

17 Consistent with the deemed substantive consolidation of the Debtors, as set forth more
18 fully in Section 7.1, the Plan groups the Debtors together for purposes of describing treatment
19 under the Plan, confirmation of the Plan, and making distributions in accordance with the Plan
20 with respect to Claims against and Interests in the Debtors under the Plans. Accordingly, pursuant
21 to the Plan, the Assets of the Debtors and their Estates, and the Claims against and Interests in the
22 Debtors, will be treated as if the Debtors and their Estates are substantively consolidated on the
23 Effective Date. Notwithstanding the foregoing, such groupings shall not affect any Debtor's status
24 as a separate legal entity, change the organizational structure of the Debtors' business enterprise,
25 constitute a change of control of any Debtor for any purpose, cause a merger or consolidation of
26 any legal entities, or cause the transfer of any Assets. Except as otherwise provided by or permitted
27 under the Plan, all Debtors shall continue to exist as separate legal entities after the Effective Date.

28 **3.3 Summary of Classification.**

The following table designates the Classes of Claims against each of the Debtors and
specifies which of those Classes are (a) Not Impaired by the Plan, (b) Impaired by the Plan, and
(c) entitled to vote to accept or reject the Plan in accordance with § 1126. In accordance with
§ 1123(a)(1), Administrative Claims, Professional Claims, Statutory Fees, Priority Tax Claims,
and Administrative DIP Lender Claims, have not been classified. All of the potential Classes for
the Debtors are set forth herein. Certain of the Debtors may not have holders of Claims in a
particular Class or Classes, and such Classes shall be treated as set forth in Section 3.5.

<i>All Debtors</i>			
Class	Designation	Impairment	Entitled to Vote
1A	Other Priority Claims	Not Impaired	No (deemed to accept)
1B	Secured PACE Tax Financing Claims	Not Impaired	No (deemed to accept)
2	Secured 2005 Revenue Bond Claims	Impaired	Yes
3	Secured 2015 Revenue Notes Claims	Impaired	Yes
4	Secured 2017 Revenue Note Claims	Impaired	Yes
5	Secured MOB I Financing Claims	Impaired	Yes
6	Secured MOB II Financing Claims	Impaired	Yes
7	Secured Mechanics Lien Claims	Impaired	Yes
8	PBGC Claims	Impaired	Yes
9	RPHE Claims	Impaired	Yes
10	General Unsecured Claims	Impaired	Yes
11	Convenience Claims	Impaired	Yes
12	Insured Claims	Impaired	Yes
13	2016 Data Breach Claims	Impaired	Yes
14	Subordinated General Unsecured Claims	Impaired	No (deemed to reject)
15	Interests	Impaired	No (deemed to reject)

3.4 *Special Provision Governing Unimpaired Claims.*

Except as otherwise provided in the Plan, nothing under the Plan shall affect the rights of the Debtors or the Liquidating Trust with respect to Unimpaired Claims, including all legal and equitable defenses to, or setoffs or recoupments against, any such Unimpaired Claims.

3.5 *Elimination of Vacant Classes.*

Any Class of Claims, as of the commencement of the Confirmation Hearing, does not have at least one (1) Holder of a Claim in an amount greater than zero for voting purposes shall be considered vacant, deemed eliminated from the Plan for purposes of voting to accept or reject the Plan, and disregarded for purposes of determining whether the Plan satisfies § 1129(a)(8) with respect to that Class.

SECTION 4. TREATMENT OF CLAIMS

In full and final satisfaction of all of the Claims against the Debtors (except with respect to Unclassified Claims that are satisfied in accordance with Section 2 above), the Claims shall receive the treatment described below. Except to the extent expressly provided in this Section 4, the timing of distributions is addressed in Section 8.3 hereof.

4.1 *Class 1A: Priority Non-Tax Claims.*

(a) *Classification.* Class 1A consists of Priority Non-Tax Claims.

(b) *Treatment.* Except to the extent that a Holder of an Priority Non-Tax Claim agrees to a less favorable treatment of such Claim, each such Holder shall receive payment in Cash

1 in an amount equal to the amount of such Allowed Claim, payable on the later of the Effective
2 Date and the date that is fourteen (14) Days after the date on which such Priority Non-Tax Claim
3 becomes an Allowed Priority Non-Tax Claim, in each case, or as soon as reasonably practicable
thereafter.

4 (c) *Voting.* Class 1A is Unimpaired. Holders of Priority Non-Tax Claims are
5 deemed to have accepted the Plan, pursuant to § 1126(f), and are not entitled to vote to accept or
reject the Plan.

6 4.2 ***Class 1B: Secured PACE Tax Financing Claims.***

7 (a) *Classification.* Class 1B consists of the Secured PACE Financing Claims.

8 (b) *Treatment.* Each Allowed Secured PACE Tax Financing Claim shall be
9 assumed pursuant to the SGM Sale and shall not receive any distributions under the Plan.

10 (c) *Voting.* Class 1B is Unimpaired. Holders of Secured PACE Tax Financing
11 Claims are deemed to have accepted the Plan, pursuant to § 1126(f), and are not entitled to vote to
accept or reject the Plan.

12 4.3 ***Class 2: Secured 2005 Revenue Bond Claims.***

13 (a) *Classification.* Class 2 consists of the Secured 2005 Revenue Bonds Claims
14 against each Obligated Group Member.

15 (b) *Treatment.* The Secured 2005 Revenue Bonds Claims shall be paid cash on
16 the Effective Date by the Debtors in an amount equal to 100% of a single Allowed Claim in the
17 aggregate amount of \$259,445,000, plus (i) accrued, but unpaid postpetition interest, if any, at the
18 rate specified in the 2005 Revenue Bond Indentures, excluding any interest at the default rate, the
19 Tax Rate, or make whole premium, and (ii) any accrued, but unpaid reasonable, necessary out-of-
20 pocket fees and expenses of the 2005 Revenue Bonds Trustee and the Master Trustee, pursuant to
21 the Final DIP Order through and including the Effective Date, less (a) any amounts held by the
22 Master Trustee and/or the 2005 Revenue Bonds Trustee in a (i) principal or revenue account, (ii)
debt service or redemption reserve, or (iii) an escrow or expense reserve account; (b) principal
23 payments since the Petition Date made by the 2005 Revenue Bonds Trustee to Holders of 2005
Revenue Bonds; and (c) any amounts remitted to the Master Trustee and/or 2005 Revenue Bonds
Trustee, prior to the Effective Date on account of the Remediation Order. No beneficial Holder of
24 any Secured Series A, G and H Revenue Bonds Claims shall be entitled to receive any distribution
pursuant to the Plan, except as may be remitted to such Holder by the 2005 Revenue Bonds Trustee.

25 (c) *Subordination:* The Intercreditor Agreement shall remain in full force and
26 effect and subject to enforcement, pursuant to § 510(b).

27 (d) *Voting.* Class 2 is Impaired. The beneficial Holders of the Secured 2005
28 Series 2005 A, G and H Revenue Bond Claims are entitled to vote to accept or reject the Plan.

4.4 ***Class 3: Secured 2015 Notes Claims.***

1 (a) *Classification.* Class 3 consists of the Secured 2015 Notes Claims against
2 each Obligated Group Member.

3 (b) *Treatment.* The Secured 2015 Revenue Notes Claims shall be paid in cash
4 on the Effective Date by the Debtors to the 2015 Notes Trustee for distribution in accordance with
5 the 2015 Revenue Notes Indentures in an amount equal to 100% of a single Allowed Claim in the
6 aggregate amount of \$160,000,000, plus (i) accrued, but unpaid postpetition interest, if any, at the
7 rate specified in the 2015 Revenue Note Indentures for each of 2015 Revenue Notes Series A, B,
8 C and D, excluding any interest at a default rate, or any redemption or other premium, and (ii) any
9 accrued, but unpaid reasonable, necessary out-of-pocket fees and expenses of the 2015 Notes
10 Trustee and the Master Trustee, pursuant to the Final DIP Order through and including the
11 Effective Date, less (a) any amounts held by the Master Trustee and/or the 2015 Notes Trustee on
12 accounts of the 2015 Revenue Notes in a (x) principal or revenue account, (y) debt service or
13 redemption reserve, or (z) an escrow or expense reserve account, and (b) any amounts remitted to
14 the Master Trustee and/or the 2015 Notes Trustee on accounts of the 2015 Revenue Notes, prior
15 to the Effective Date, pursuant to a Remediation Order. No beneficial Holder of any Secured 2015
16 Notes Claims shall be entitled to receive any distribution pursuant to the Plan, except as may be
17 remitted to such holder by the 2015 Notes Trustee.

18 (c) *Subordination:* The Intercreditor Agreement shall remain in full force and
19 effect and subject to enforcement, pursuant to § 510(b).

20 (d) *Voting.* Class 3 is Impaired, and the beneficial Holders of Secured 2015
21 Revenue Notes Claims are entitled to vote to accept or reject the Plan.

22 **4.5 Class 4: Secured 2017 Revenue Note Claims.**

23 (a) *Classification.* Class 4 consists of the Secured 2017 Revenue Note Claims.

24 (b) *Treatment.* The Secured 2017 Revenue Note Claims shall be paid in cash
25 on the Effective Date by the Debtors to the 2017 Master Notes Trustee for distribution in
26 accordance with the 2017 Revenue Notes Indentures in an amount equal to 100% of a single
27 Allowed Claim in the aggregate amount of \$42,000,000, plus (i) any accrued, but unpaid
28 postpetition interest, if any, at the rate specified in the 2017 Revenue Note Indentures, excluding
any interest at a default rate, make whole premium, or redemption premium, and (ii) any accrued
but unpaid reasonable, necessary out-of-pocket fees and expenses of the 2017 Notes Trustee and
the Master Trustee pursuant to the Final DIP Order through and including the Effective Date, less
(a) any amounts held by the Master Trustee and/or the 2017 Notes Trustee in a (x) principal or
revenue account, (y) debt service or redemption reserve, or (z) an escrow or expense reserve
account, and (b) any amounts remitted to the Master Trustee and/or 2017 Notes Trustee on account
of the 2017 Revenue Notes, prior to the Effective Date, pursuant to a Remediation Order. No
beneficial Holder of any Secured 2017 Revenue Notes Claims shall be entitled to receive any
distribution pursuant to the Plan, except as may be remitted to such holder by the 2017 Notes
Trustee.

(c) *Subordination:* The Intercreditor Agreement shall remain in full force and
effect and subject to enforcement, pursuant to § 510(b).

1 (d) *Voting.* Class 4 is Impaired. The beneficial Holders of Secured 2017
2 Revenue Note Claims are entitled to vote to accept or reject the Plan.

3 4.6 ***Class 5: Secured MOB I Financing Claims.***

4 (a) *Classification.* Class 5 consists of the MOB I Financing Claims.

5 (b) *Treatment.* The Secured MOB I Financing Claims shall be paid in cash on
6 the Effective Date by the Debtors in an amount equal to 100% of a single Allowed Claim in the
7 aggregate amount of \$46,363,095.90, plus (i) accrued but unpaid postpetition interest, if any, at
8 the rate specified in the MOB I Loan Agreement, excluding any interest at the default rate, or make
9 whole premium, and (ii) any accrued, but unpaid reasonable, necessary out-of-pocket fees and
10 expenses of Verity MOB Financing LLC, pursuant to the Final DIP Order through and including
11 the Effective Date.

12 (c) *Voting.* Class 5 is Impaired. Holders of MOB I Financing Claims are
13 entitled to vote to accept or reject the Plan.

14 4.7 ***Class 6: Secured MOB II Financing Claims.***

15 (a) *Classification.* Class 6 consists of the Secured MOB II Financing Claims.

16 (b) *Treatment.* The Secured MOB II Financing Claims shall be paid in cash on
17 the Effective Date by the Debtors in an amount equal to 100% of a single Allowed Claim in the
18 aggregate amount of \$20,061,919.48, plus (i) accrued, but unpaid postpetition interest, if any, at
19 the rate specified in the MOB II Loan Agreements, excluding any interest at the default rate, or
20 make whole premium, and (ii) any accrued but unpaid reasonable, necessary out-of-pocket fees
21 and expenses of Verity MOB Financing II LLC, pursuant to the Final DIP Order through and
22 including the Effective Date.

23 (c) *Voting.* Class 6 is Impaired. Holders of Secured MOB II Financing Claims
24 are entitled to vote to accept or reject the Plan.

25 4.8 ***Class 7: Secured Mechanics Lien Claims.***

26 (a) *Classification.* Class 7 consists of the Secured Mechanics Lien Claims.

27 (b) *Treatment.* Each Allowed Secured Mechanics Lien Claim shall be paid in
28 cash on the Effective Date by the Debtors in an amount equal to 100% of the Allowed Claim, plus
(i) accrued but unpaid postpetition interest at the appropriate contract rate, if any, and (ii) any
accrued but unpaid reasonable, necessary out-of-pocket fees and expenses permitted by contract.

(c) *Voting.* Class 7 is Impaired. Holders of Secured Mechanics Lien Claims
are entitled to vote to accept or reject the Plan.

4.9 ***Class 8: PBGC Claims.***

(a) *Classification.* Class 8 consists of the PBGC Claims against all Debtors.

1 (b) *Treatment.* On the Effective Date, the PBGC shall be the Holder of a single
2 Allowed General Unsecured Claim in the aggregate amount of \$[_____]. On the Effective
3 Date, or as soon as reasonably practicable thereafter, the PBGC shall receive Trust Beneficial
4 Interests and become a Trust Beneficiary, in satisfaction of its Allowed Class 8 Claim. Except as
may be expressly provided in the PBGC Settlement, the PBGC's Trust Beneficial Interest shall
be in full and final satisfaction of such Allowed Claim.

5 (c) *Voting.* Class 8 is Impaired. Holders of PBGC Claims are entitled to vote
6 to accept or reject the Plan.

7 4.10 ***Class 9: RPHE Claims.***

8 (a) *Classification.* Class 9 consists of the RPHE Claims against all Debtors.

9 (b) *Treatment.* On the Effective Date, the RPHE shall be the Holder of a single
10 Allowed General Unsecured Claim in the aggregate amount of \$[_____]. On the Effective
11 Date, or as soon as reasonably practicable thereafter, the RPHE shall receive Trust Beneficial
Interests and become a Trust Beneficiary in full and final satisfaction of its Allowed Class 9 Claim.

12 (c) *Voting.* Class 9 is Impaired. Holders of RPHE Claims are entitled to vote
13 to accept or reject the Plan.

14 4.11 ***Class 10: General Unsecured Claims.***

15 (a) *Classification.* Class 10 consists of the General Unsecured Claims against
all Debtors.

16 (b) *Treatment.* As soon as practicable after the Effective Date or as soon
17 thereafter as the claim shall have become an Allowed Claim, each holder of an Allowed General
18 Unsecured Claim shall receive a Trust Beneficial Interest and become a Trust Beneficiary in full
19 and final satisfaction of its Allowed Class 10 Claim, except to the extent that such Holder agrees
(a) to become a Convenience Claim, (b) to a less favorable treatment of such Claim, or (c) such
Claim has been paid before the Effective Date.

20 (c) *Voting.* Class 10 is Impaired. Holders of General Unsecured Claims are
21 entitled to vote to accept or reject the Plan.

22 4.12 ***Class 11: Convenience Claims.***

23 (a) *Classification.* Class 11 consists of the Convenience Claims.

24 (b) *Treatment.* Each Holder of an Allowed Convenience Claim, or an Allowed
25 General Unsecured Claim that has been voluntarily reduced and converted to an Allowed
26 Convenience Claim, shall receive on the Effective Date or as soon thereafter as practical after the
Claim has become an Allowed Convenience Claim, in full and final satisfaction of such Allowed
Claim, Cash in an amount equal to four percent (4%) of its Allowed Convenience Claim.

1 (c) *Voting*. Class 11 is Impaired. Holders of Convenience Claims are entitled
2 to vote to accept or reject the Plan.

3 4.13 ***Class 12: Insured Claims.***

4 (a) *Classification*. Class 12 consists of Allowed Insured Claims.

5 (b) *Treatment*. Each Insured Claim shall be deemed objected to and disputed
6 and shall be resolved in accordance with this Section, notwithstanding any other Plan provision.

7 Except to the extent that a Holder of an Insured Claim agrees to different treatment, or
8 unless otherwise provided by an order of the Bankruptcy Court directing such Holder's
9 participation in any alternative dispute resolution process, on the Effective Date, or as soon
10 thereafter as is reasonably practicable, each Holder of an Insured Claim will have received or shall
11 receive on account of its Insured Claim relief from the automatic stay under § 362 and the
12 injunctions provided under this Plan for the sole and limited purpose of permitting such Holder to
13 seek recovery, if any, as determined and Allowed by an order or judgment by a court of competent
14 jurisdiction or under a settlement or compromise of such Holder's Insured Claim from the
15 applicable and available Insurance Policies maintained by or for the benefit of any of the Debtors.
16 A Holder's recovery of insurance proceeds under the applicable Insurance Policy(ies) shall be the
17 sole and exclusive recovery on an Insured Claim. Any settlement of an Insured Claim within a
18 self-insured retention or deductible must be approved by the Liquidating Trustee.

14 Any amount of an Allowed Insurance Claim within a deductible or self-insured retention
15 shall be paid by the applicable insurance to the Claim Holder and such insurer shall have a General
16 Unsecured Claim (or Secured Claim, if it holds collateral) for the amount of the deductible or
17 retention paid, provided that it has timely filed an otherwise not objectionable proof of claim
18 encompassing such amounts. For purposes of retentions and deductibles in any Insurance Policy,
19 including, but not limited to, an Insurance Policy insuring officers, directors, consultants or others
20 against claims based upon prepetition occurrences, the Debtors are insolvent and unable to advance
21 or indemnify any loss, claim, damage, settlement or judgment of Debtors within the applicable
22 retention or deductible amount. Notwithstanding any other provision of this Section, Old Republic
23 Insurance Company shall be entitled to all accommodations that it requested in connection with
24 renewal of Debtors' workers' compensation policy, as approved by order of the Bankruptcy Court
25 [Docket No. 2803].

21 (c) *Voting*. Class 12 is Impaired. Holders of Insured Claims are entitled to vote
22 to accept or reject the Plan. Unless otherwise ordered by the Bankruptcy Court, each Holder of a
23 Class 12 Insured Claim shall have a \$1.00 vote for each filed Insured Claim.

24 4.14 ***Class 13: 2016 Data Breach Claims.***

25 (a) *Classification*. Class 13 consists of Allowed 2016 Data Breach Claims.

26 (b) *Treatment*. Each holder of an Allowed 2016 Data Breach Claim shall
27 receive access to credit monitoring services at the sole cost of the Debtors for a period of two (2)
28 years following the Effective Date.

1 (c) *Voting.* Class 13 is Impaired. Holders of Allowed 2016 Data Breach
2 Claims are entitled to vote to accept or reject the Plan.

3 4.15 ***Class 14: Subordinated General Unsecured Claims.***

4 (a) *Classification:* Class 14 Claims consists of Subordinated General
5 Unsecured Claims.

6 (b) *Treatment:* Holders of Allowed Subordinated General Unsecured Claims
7 shall not receive any recovery from the Debtors on or after the Effective Date.

8 (c) *Voting.* Class 14 is Impaired. Holders of Subordinated General Unsecured
9 Claims are deemed to reject the Plan and are not entitled to vote.

10 4.16 ***Class 15: Interests.***

11 (a) *Classification:* Class 15 consists of Allowed Interests against any Debtor.

12 (b) *Treatment.* Holders of Allowed Interests shall not receive any recovery
13 from the Debtors under the Plan.

14 (c) *Voting.* Class 15 is Impaired. The holders of Interests are deemed to reject
15 the Plan and are not entitled to vote.

16 **SECTION 5. POST-EFFECTIVE DATE GOVERNANCE**

17 5.1 ***Dissolution of Certain Debtors.*** The following Debtors shall be dissolved, under
18 applicable non-bankruptcy law on the Effective Date or shortly thereafter, as determined by the
19 Liquidating Trustee, and each respective Debtor's interests and rights shall be vested, for all
20 purposes in the Liquidating Trust, and all of the interests in such Debtors shall be cancelled and
21 terminated without further order of the Bankruptcy Court: VBS; Holdings; De Paul Ventures; and
22 De Paul - San Jose Dialysis.

23 5.2 ***Dissolution of Certain Non-Debtor Affiliates.*** On the Effective Date, the following
24 Non-Debtor Affiliates shall be dissolved, under applicable non-bankruptcy law: DePaul - San Jose
25 ASC; St. Vincent De Paul Ethics Corporation; VHoldings; Robert F. Kennedy Medical Center;
26 Robert F. Kennedy Medical Center Foundation; and Sports Medical Management, Inc.

27 5.3 ***Dissolution of Sale-Leaseback Debtor Foundations.*** Until the SGM Closing Date,
28 St. Francis Medical Center of Lynwood Foundation, St. Vincent Foundation and Seton Medical
Center Foundation shall continue to make distributions to the Sale-Leaseback Debtors in the
ordinary course of business, with any properly donor-restricted gifts distributed in accordance with
the terms and conditions of such restricted gift. After the SGM Closing Date, the properly donor-
restricted charitable assets of each respective Foundation shall be transferred pursuant to approvals
to be received from the Attorney General of California, pursuant to section 999.2(e) of title 11 of
the California Code of Regulations and related statutes and regulations. Thereafter, each respective
Foundation shall be dissolved under applicable non-bankruptcy law.

1 5.4 ***Dissolution of the SCC Debtor Foundations.*** On the Effective Date or shortly
2 thereafter, the properly donor-restricted charitable assets of Saint Louise Regional Hospital
3 Foundation and O'Connor Hospital Foundation shall be transferred pursuant to approvals to be
4 received from the Attorney General of California, pursuant to section 999.2(e) of title 11 of the
California Code of Regulations and related statutes and regulations. Thereafter, each respective
Foundation shall be dissolved under applicable non-bankruptcy law.

5 5.5 ***Dissolution of VMF.*** VMF shall be dissolved, under applicable non-bankruptcy
6 law, as soon as practicable after completion of the claims process under VMF's capitation
agreements.

7 5.6 ***Disposition of Marillac.*** VHS, in its capacity as a Debtor and/or a Post-Effective
8 Date Debtor, and/or the Liquidating Trustee shall take such action as reasonably necessary and
9 advisable to effectuate the sale, disposition, or other administration of the issued and outstanding
10 equity interests in, or assets of, Marillac. The net Cash proceeds of such sale, disposition, or other
administration, if any, shall be used to pay Holders of Claims as set forth in this Plan or as
otherwise agreed pursuant to a Creditor Settlement Agreement.

11 5.7 ***Continued Existence of Post-Effective Date Debtors After the Effective Date.***

12 (a) Continued Existence of Post-Effective Date Debtors. On and after the
13 Effective Date, the Post-Effective Date Debtors shall continue in existence for the purposes set
14 forth herein, and retain their Nonprofit Status to the same extent as such status existed immediately
15 prior to the Petition Date. No party shall take any action to interfere with, alter, terminate or
otherwise adversely affect the Nonprofit Status of the Post-Effective Date Debtors.

16 (b) Responsibilities of the Sale-Leaseback Debtors. The Sale-Leaseback
Debtors shall continue in existence for the following limited purposes:

17 (i) to maintain their corporate existence and full rights as the licensees
18 under the Hospital Licenses so SGM may obtain its general acute care
19 hospital licenses from the CDPH and its hospital pharmacy permits from
the California State Board of Pharmacy pursuant to the Interim
20 Management Agreement;

21 (ii) to retain statutory and regulatory authority and responsibility for the
Hospitals and for oversight over the SGM;

22 (iii) to maintain a possessory interest in the Hospitals, and to lease from
23 SGM the Hospital Premises and the Hospital Purchased Assets, pursuant to
24 the Interim Leaseback Agreement and to take such actions as appropriate,
25 necessary, advisable or convenient to further the objectives of, and
effectuate, the Interim Management Agreement as contemplated by the
provisions of this Plan;

26 (iv) to maintain the Provider Agreements for Medi-Cal and Medicare,
27 and participate in the Medi-Cal and Medicare programs, until the change of
ownership to SGM is approved, and collect or otherwise liquidate all
28

1 amounts owing under the Provider Agreements until all payments due under
2 such agreements have been received by the Post-Effective Date Debtors and,
if appropriate, transferred to the Liquidating Trust;

3 (v) to process claims from providers under capitation agreements, if
4 applicable;

5 (vi) in furtherance of implementation of the provisions of the Plan, to
6 take any action necessary under applicable law that is consistent with the
7 provisions of the Plan with respect to the Post-Effective Date Debtors and
the Hospital Purchased Assets; and

8 (vii) to take such other actions as may be necessary or appropriate with
9 respect to the affairs, businesses and/or operations of any of the Debtors
which are not permitted to be undertaken by the Liquidating Trust under
applicable law;

10 provided, however, that actions that are outside of the ordinary course of business of the
11 Sale-Leaseback Debtors, shall require the prior Consent of the Post-Effective Date Board of
12 Directors, and notice to the Liquidating Trustee and the Post-Effective Date Committee.

13 (c) Responsibilities of the SCC Debtors. The SCC Debtors shall continue in
existence for the following limited purposes:

14 (i) to maintain their corporate existence and full rights to receive any
15 payments, including, but not limited to, payments related to Medi-Cal,
16 Medicare, and the Quality Assurance Payments;

17 (ii) in furtherance of implementation of the provisions of the Plan, to take
any action necessary under applicable law that is consistent with the
18 provisions of the Plan; and

19 (ii) to take such other actions as may be necessary or appropriate with
20 respect to the affairs, businesses and/or operations of any of the SCC
Debtors which are not permitted to be undertaken by the Liquidating Trust
under applicable law;

21 provided, however, that actions that are outside of the ordinary course of business of the
22 SCC Debtors, shall require the prior Consent of the Post-Effective Date Board of Directors, and
23 notice to the Liquidating Trustee and the Post-Effective Date Committee.

24 (d) Responsibilities of VHS. VHS shall continue in existence through the
25 expiration of the Interim Agreements and Transition Services Agreement, or as otherwise
determined by the Liquidating Trustee, for the following limited purposes: (i) perform support
26 services in accordance with the Interim Agreements and Transition Services Agreement and take
other actions as required under the Interim Agreements and Transition Services Agreement;
27 (ii) facilitate the payment of the Responsible Officer and its associated professionals;
(iii) effectuate the expeditious sale of the issued and outstanding equity interests in Marillac or

1 provide such other disposition that may be appropriate, to the extent such sale or other disposition
2 is not effectuated prior to the Effective Date; and (iv) perform all actions required of the Debtors
under any Executory Agreements set forth in the Schedule of Assumed Contracts.

3 (e) No Further Approvals Required. In performance of their duties hereunder,
4 Post-Effective Date Debtors shall have the rights and powers of a debtor in possession under
5 § 1107, and such other rights, powers, and duties necessary, appropriate, advisable or convenient
6 to effectuate the provisions of the Plan. On and after the Effective Date, the Post-Effective Date
7 Debtors shall not be required to obtain any approvals from the Bankruptcy Court, any court or
Governmental Unit and/or provide any notices under the Nonprofit Laws to implement the terms
of the Plan.

8 (f) Dissolution. The Liquidating Trustee will cause each Post-Effective Date
9 Debtor to be dissolved for all purposes under applicable non-bankruptcy law, as follows:

10 (i) with respect to the Sale-Leaseback Debtors, after (x) the transfer of
11 the Pharmacy Assets and the expiration of the Interim Agreements, (y) the
12 filing of the final cost reports with CMS and DHCS, if the Sale-Leaseback
Debtors are required to remain in existence to file such reports, and (z) after
completion of the claims process under the capitation agreements, if
required;

13 (ii) with respect to the SCC Debtors, after the receipt of all payments
14 related to Medi-Cal and Medicare, including the Quality Assurance
15 Payments;

16 (iii) with respect to VHS, after (x) the transfer of the Pharmacy Assets
17 and the expiration of the Interim Agreements, and (y) performance of all
actions required of the Debtors under any Executory Agreements under the
18 Schedule of Assumed Contracts.

19 The Liquidating Trustee may dissolve a Post-Effective Date Debtor, earlier than as set forth
20 above, if he or she determines that the continued existence of such Post-Effective Date Debtor is
21 not necessary to satisfy the foregoing conditions. Such dissolution shall occur without the
22 necessity for any other or further actions to be taken by or on behalf of the Post-Effective Debtors,
or payment of any fees, charges, penalties or other amounts required by applicable non-bankruptcy
law; provided, however, that the Liquidating Trustee may in its discretion file any certificates of
cancellation as may be appropriate in connection with dissolution of the Post-Effective Date
Debtors.

23 **5.8 *Post-Effective Date Board of Directors.***

24 (a) Post-Effective Date Board of Directors of VHS. On the Effective Date, the
25 board members of VHS shall resign and the Post-Effective Date Board of Directors of VHS will
26 be appointed. The members that make up the Post-Effective Date Board of Directors of VHS shall
27 also serve and remain as the members of the subsidiary boards and any other boards required to be
in existence.

1 (b) Duties. The Post-Effective Date Board of Directors shall (i) fulfill its duties
2 and obligations under the bylaws and state and federal law, and (ii) oversee the Responsible Officer
3 consistent with the terms of this Plan.

4 (c) Resignation. Any member of the Post-Effective Date Board of Directors
5 may resign at any time upon not less than thirty (30) days' written notice to the Liquidating Trustee
6 and the Post-Effective Date Committee; provided, that, the Liquidating Trustee may waive such
7 notice period.

8 (d) Replacement. Notwithstanding anything in the bylaws to the contrary, in
9 the event that a director serving on the Post-Effective Date Board of Directors resigns or is duly
10 removed for cause, or in the event of the death of any such director or other occurrence rendering
11 such director incapacitated or unavailable for a period of thirty (30) consecutive days, a
12 replacement director shall be designated by the remaining members of the Post-Effective Date
13 Board of Directors of VHS in consultation with the Liquidating Trustee.

14 (e) Termination. The terms of the Post-Effective Date Board of Directors shall
15 expire upon the date they are no longer required under state law as to each Debtor, as applicable.

16 (f) Limitation of Liability of the Post-Effective Date Board of Directors. The
17 liability of the Post-Effective Date Board of Directors shall be limited to the maximum extent
18 permitted by law, including any exculpations under the articles of incorporation or bylaws of the
19 Post-Effective Date Debtors.

20 5.9 ***Responsible Officer.***

21 (a) Appointment. The Responsible Officer shall be deemed appointed on the
22 Effective Date, without further motion, application, notice, hearing, or other order of the
23 Bankruptcy Court. The Responsible Officer shall serve as the president of each Post-Effective
24 Date Debtor. The identity of the initial Responsible Officer will be disclosed in the Plan
25 Supplement.

26 (b) Duties. After the Effective Date, without necessity of any further order of
27 the Bankruptcy Court and/or any federal or state court, the Responsible Officer shall have the
28 responsibility, subject to the oversight of the Post-Effective Date Board of Directors, and in
consultation with professionals, as necessary, to do as follows:

(i) oversee the management and operations of the Hospital Purchased
Assets pursuant to the Interim Agreements, including, without limitation,
the administration of all obligations and claims, and the Transfer or other
disposition of the Hospital Purchased Assets;

(ii) oversee and implement the responsibilities and duties of the Sale-
Leaseback Debtors;

(iii) ensure compliance with the Interim Agreements;

1 (iv) report to the respective board on a regular basis and provide such
2 information and reports that may be reasonably requested by the Post-
Effective Date Board of Directors or the Liquidating Trustee;

3 (v) oversee the SCC Debtors' collection of Quality Assurance Payments
4 and other accounts; and,

5 (vi) oversee and implement the responsibilities and duties of VHS,
6 including, but not limited to, ensuring compliance with the Interim
Agreements and the Transition Services Agreement.

7 (c) Resignation, Termination, or Expiration. The Responsible Officer may
8 resign at any time upon not less than thirty (30) days' written notice to the Post-Effective Date
9 Board of Directors, the Liquidating Trustee, and the Post-Effective Date Committee; provided,
10 that, the Post-Effective Date Board of Directors may waive such notice. The term of the
11 Responsible Officer expires on the earlier of (i) twelve (12) months following the Effective Date
or (ii) the expiration of the Interim Agreements. Prior to the expiration of the term of the
Responsible Officer, the Post-Effective Date Board of Directors may terminate the Responsible
Officer, in consultation with the Liquidating Trustee, without cause.

12 (d) Replacement. In the event that the Responsible Officer resigns or is duly
13 terminated, or in the event of the death of the Responsible Officer or other occurrence rendering
14 the Responsible Officer incapacitated or unavailable for an extended period, a replacement
15 Responsible Officer shall be selected by the Post-Effective Date Board of Directors in consultation
16 with the Liquidating Trustee. A notice of the identity of the new Responsible Officer shall be filed
in accordance with the terms of the Plan and the then-effective by-laws of the Post-Effective Date
Debtors.

17 (e) Operation of Hospital Purchased Assets. The Responsible Officer shall be
18 authorized (i) to continue to Operate the Hospital Purchased Assets pursuant to the Interim
19 Agreements without necessity of any further notice or approval by the Bankruptcy Court, (ii) to
20 execute any agreement or other instrument necessary to implement the terms of the SGM Asset
Purchase Agreement, the Transition Services Agreement, and the Interim Agreements, and (iii) to
enforce the terms of the Interim Agreements and the Transition Services Agreement.

21 (f) Compensation. Subject to the limitations set forth in the Operating Budget,
22 the Responsible Officer shall be compensated and reimbursed for his/her out-of-pocket expenses
23 incidental to the performance of his/her duties under the Plan and the RO Agreement, as more fully
24 set forth in the RO Agreement. The fees and expenses of the Responsible Officer shall be satisfied
25 out of the Operating Account and/or reimbursed by SGM in accordance with the provisions of the
Interim Management Agreement and the Operating Budget, without further motion, application,
26 notice or other order of the Bankruptcy Court; provided, that, to the extent that the compensation
of the Responsible Officer exceeds the amount set forth in the Operating Budget, the Responsible
Officer may be compensated as set forth in the RO Agreement and Interim Agreements.

1 (g) Limitation of Liability of the Responsible Officer. The Responsible Officer,
2 and his/her attorneys, accountants, consultants, employees, agents and assignees, if any, shall have
3 no liability for any error of judgment, action, or omission made in good faith other than as a result
4 of gross negligence or willful misconduct. No provisions of this Plan shall require the Responsible
5 Officer to expend or risk his/her own funds or otherwise incur personal financial liability in the
6 performance of any of his/her duties under this Plan or in the exercise of any of the Responsible
7 Officer's rights and powers. As provided in the Interim Agreements, SGM shall indemnify and
hold the Responsible Officer harmless, from and against any damages, costs, claims and other
liabilities incurred by him/her in connection with the respective duties and responsibilities
hereunder, other than those damages, costs, claims and other liabilities that result from the
Responsible Officer's gross negligence or willful misconduct.

8 **SECTION 6. THE LIQUIDATING TRUST**

9 6.1 **Creation.** On the Effective Date, the Liquidating Trust shall be created and all of
10 the Liquidating Trust Assets shall be transferred to the Liquidating Trust, pursuant to the terms of
11 the Liquidating Trust Agreement. Nothing in this Plan, including the implementation of the
12 Liquidating Trust, or actions or inactions by the Liquidating Trustee after the Effective Date, shall
alter, terminate, or otherwise adversely affect the Nonprofit Status of the Post-Effective Date
Debtors.

13 6.2 **Purposes of the Liquidating Trust.** The primary purpose of the Liquidating Trust
14 shall be the liquidation and distribution of its assets, in accordance with 26 C.F.R. § 301.7701-
15 4(d). The primary functions of the Liquidating Trust are as follows: (i) to liquidate, sell, or dispose
16 of the Trust Assets; (ii) to cause all net proceeds of the Trust Assets, including proceeds of Causes
17 of Action on behalf of the Trust, to be deposited into the Trust; (iii) to initiate actions to resolve
18 any remaining issues regard the allowance and payment of Claims including, as necessary,
initiation and/or participation in proceedings before the Court; (iv) to take such actions as are
necessary or useful to maximize the value of the Trust; (v) to effectuate the wind-down of the
Debtors as set forth in the Plan; and (vi) to make the payments and distributions to Holders of
Allowed Claims, including Trust Beneficiaries, as required by the Plan.

19 6.3 **The Liquidating Trust Agreement.** The Liquidating Trust Agreement executed by
20 the parties thereto shall be filed not less than fourteen (14) days prior to the Ballot Deadline,
21 provided, that a copy of the Liquidating Trust Agreement in substantially final form shall be
22 included in the Disclosure Statement. The Liquidating Trust Agreement, including the designation
23 of the Liquidating Trustee thereunder, shall be approved by the Court, and the designated
24 Liquidating Trustee shall accept their duties thereunder on or before the Confirmation Date. The
Liquidating Trust Agreement shall, among other things, create the Liquidating Trust, identify the
Liquidating Trustee, identify the compensation of the Liquidating Trustee, and specify the
authorities and powers of the Liquidating Trustee and the Post-Effective Date Committee
consistent with this Plan.

25 6.4 **Operations of the Liquidating Trust.** From and after the Effective Date, the
26 Liquidating Trust may use and dispose of Liquidating Trust Assets, and take any of the actions
27 consistent with this Plan and/or the Liquidating Trust Agreement without the approval of the Court
28 and free of the restrictions of the Bankruptcy Code, the Bankruptcy Rules, and the Local

1 Bankruptcy Rules, provided that the Liquidating Trust will be administered so that it qualifies as
2 a liquidating trust under 26 C.F.R. § 301.7701-4(d). The actions of the Liquidating Trust and the
3 Liquidating Trustee shall be subject to the oversight of the Post-Effective Date Committee only as
4 provided in this Plan and the Liquidating Trust Agreement.

6.5 *Liquidating Trustee.*

5 (a) Appointment. The Liquidating Trustee shall be deemed appointed on the
6 Effective Date, without further motion, application, notice, hearing, or other order of the
7 Bankruptcy Court. The appointment, duties, and powers of the Liquidating Trustee are as set forth
8 in Article 3 of the Liquidating Trust Agreement. The initial Liquidating Trustee shall be selected
9 by the Debtors in consultation with the Committee. The identity of the initial Liquidating Trustee
10 shall be disclosed in the Plan Supplement.

11 (b) Duties. The Liquidating Trustee shall have the responsibilities set forth in
12 the Liquidating Trustee Agreement, which include, but are not limited to, those set forth below:

- 13 (i) implement this Plan and administer the Liquidating Trust;
- 14 (ii) hold legal title to any and all rights of the Trust Beneficiaries in or
15 arising from the Liquidating Trust Assets, including, but not limited to,
16 collecting, receiving any and all money and other property belonging to the
17 Liquidating Trust and the right to vote any claim or interest in a case under
18 the Bankruptcy Code and receive any distribution therein;
- 19 (iii) perform the duties, exercise the powers, and assert the rights of a
20 trustee under §§ 704 and 1106, including, without limitation, commencing,
21 prosecuting or settling Causes of Action, enforcing contracts, and asserting
22 claims, defenses, offsets and privileges and shall be deemed substituted as
23 plaintiff therein without need for any further order of the Bankruptcy Court
24 and shall have all of the standing, rights, powers and obligations of the
25 Debtors and the Non-Debtor Affiliates for all purposes with respect to the
26 Liquidating Trust Assets;
- 27 (iv) protect and enforce the rights to the Liquidating Trust Assets by any
28 method deemed appropriate including, without limitation, by judicial
proceedings or pursuant to any applicable bankruptcy, insolvency,
moratorium or similar law and general principles of equity;
- (v) compromise, adjust, arbitrate, sue on or defend, pursue, prosecute
abandon, or otherwise deal with and settle, in accordance with the terms of
the Liquidating Trust Agreement, the Causes of Action in favor of or against
the Liquidating Trust as the Liquidating Trustee shall deem advisable;
- (vi) avoid and recover transfers of the Debtors and Non-Debtor
Affiliates property as may be permitted by the Bankruptcy Code or
applicable state law, including, without limitation, those identified in the
Disclosure Statement;

1 (vii) determine and satisfy any and all liabilities created, incurred or
2 assumed by the Liquidating Trust;

3 (viii) estimate, object to and otherwise administer Claims (except for
4 Professional Claims) and Interest;

5 (ix) file, if necessary, any and all tax and information returns with
6 respect to the Liquidating Trust, including the Liquidating Trust Reserves,
7 and pay taxes properly payable by the Liquidating Trust, if any;

8 (x) obtain insurance coverage with respect to the liabilities and
9 obligations of the Liquidating Trustee under this Liquidating Trust
10 Agreement (in the form of an errors and omissions policy or otherwise);

11 (xi) continue to ensure compliance with the terms of the Transition
12 Services Agreement related to the SGM Sale;

13 (xii) serve as the president, or appoint an officer, of the SCC Debtors
14 upon the expiration of the term of the Responsible Officer, as set forth in
15 this Plan;

16 (xiii) coordinate with the Responsible Officer, as needed;

17 (xiv) report to the Post-Effective Date Committee;

18 (xv) enforce the terms of the Interim Agreements and the Transition
19 Services Agreement;

20 (xvi) perform tasks necessary to effectuate termination of the Defined
21 Contribution Plans, if any; and

22 (xvii) take any action required or permitted by the Plan.

23 (c) Resignation. The Liquidating Trustee may resign at any time upon not less
24 than sixty (60) days' written notice to the Post-Effective Date Committee with a copy of such
25 notice to the Post-Effective Date Board of Directors (if in existence at that time); provided, that
26 the Post-Effective Date Committee may waive such notice requirement.

27 (d) Replacement. In the event that the Liquidating Trustee resigns, or in the
28 event of the death of the Liquidating Trustee or other occurrence rendering the Liquidating Trustee
incapacitated or unavailable for an extended period of thirty (30) consecutive days, a replacement
Liquidating Trustee shall be designated by the Post-Effective Date Committee. A notice of the
identity of the new Liquidating Trustee shall be filed with the Bankruptcy Court promptly after
the new Liquidating Trustee is appointed.

(e) No Further Approvals Required/Transfer of Liquidating Trust Assets. In
performance of its duties hereunder, the Liquidating Trustee shall have the rights and powers of a
debtor in possession under § 1107, and such other rights, powers, and duties necessary, appropriate,

1 advisable or convenient to effectuate the provisions of the Plan. On and after the Effective Date,
2 the Liquidating Trustee shall not be required to obtain any approvals from the Bankruptcy Court,
3 any court or Governmental Unit and/or provide any notices under any applicable laws, including
4 under the Nonprofit Laws, to implement the terms of the Plan, including, without limitation, the
5 Transfer of any Liquidating Trust Assets retained by the Liquidating Trust. As further set forth in
6 the Liquidating Trust Agreement, without limitation of the foregoing, with the prior Consent of
7 the Post-Effective Date Committee, the Liquidating Trustee shall be authorized pursuant to this
8 Plan to Transfer any or all of the Liquidating Trust Assets without necessity of any further notice
9 or approval of the Bankruptcy Court and/or under any applicable state or federal law, including
10 under the Nonprofit Laws. This provision shall be subject in its entirety to the Liquidating Trust
11 Agreement.

12 (f) Compensation. Subject to the limitations set forth in the Liquidating Budget,
13 the Liquidating Trustee shall be compensated and reimbursed for his/her out-of-pocket expenses
14 incident to the performance of his/her duties under the Plan as set forth in the Liquidating Trust
15 Agreement, without further motion, application, notice or other order of the Bankruptcy Court.
16 The fees and expenses of the Liquidating Trustee shall be satisfied out of the Liquidating Trust
17 Assets and shall be in accordance with the Liquidating Budget.

18 **6.6 Books and Records.** As more fully set forth in the Liquidating Trust Agreement,
19 the Liquidating Trustee shall maintain, with respect to the Liquidating Trust and the Trust
20 Beneficiaries, books and records relating to the Liquidating Trust Assets and income of the
21 Liquidating Trust and the payment of expenses of, and liabilities of claims against or assumed by,
22 the Liquidating Trust in such detail and for such period of time as may be necessary to enable it to
23 make full and proper accounting in respect thereof. Such books and records shall be maintained
24 on a modified cash or other comprehensive basis of accounting necessary to facilitate compliance
25 with the tax reporting requirements of the Liquidating Trust. Except as provided in the Liquidating
26 Trust Agreement and the Plan, nothing requires the Liquidating Trustee to file any accounting or
27 seek approval of any court with respect to the administration of the Liquidating Trust, or as a
28 condition for managing any payment or distribution out of the Liquidating Trust Assets.

19 **6.7 Payment of Trust Expenses.** As set forth below, the Liquidating Trust expenses
20 shall be paid, or adequate reserves created therefor, from the Liquidating Trust Administration
21 Accounts.

22 **6.8 Employment and Compensation of Professionals.** In accordance with the
23 Liquidating Trust Agreement and subject to the Liquidating Budget, the Liquidating Trust may
24 employ such counsel (which may be the same counsel employed by either the Post-Effective Date
25 Committee or the Post-Effective Date Debtors), advisors and other professionals selected by the
26 Liquidating Trustee that the Liquidating Trust reasonably requires to perform its responsibilities
27 under the Plan without further order from the Bankruptcy Court. The Liquidating Trust's
28 professionals shall be compensated as agreed to by the Liquidating Trustee and paid upon five (5)
Business Days' notice to the Post-Effective Date Committee, without further motion, application,
notice or other order of the Bankruptcy Court. The fees and expenses of the Liquidating Trust's
professionals shall be satisfied out of the Liquidating Trust Assets and shall be in accordance with
the Liquidating Budget.

1 (b) The deemed substantive consolidation effected pursuant to the Plan shall
2 not affect, without limitation, (i) the Debtors', the Post-Effective Date Debtors', or the Liquidation
3 Trust's defenses to any Claim or Cause of Action, including the ability to assert any counterclaim,
4 provided, that, the Liquidating Trust shall neither assert nor preserve Intercompany Claims, except
5 to the extent necessary to preserve claims and defenses against any third parties other than the
6 Debtors; (ii) the Debtors', the Post-Effective Date Debtors', or the Liquidation Trust's setoff or
7 recoupment rights; (iii) requirements for any third party to establish mutuality prior to deemed
8 substantive consolidation in order to assert a right of setoff against the Debtors, the Post-Effective
9 Date Debtors, or the Liquidation Trust; (iv) distributions to the Debtors, the Estates, the Post-
10 Effective Date Debtors, or the Liquidation Trust out of any Insurance Policies or proceeds of such
11 policies; (v) distributions to the Debtors, the Estates, the Post-Effective Date Debtors, or the
12 Liquidation Trust from any governmental programs, including, but not limited to, Medicare and
13 Medi-Cal, including any fee for service payments and any Quality Assurance Payments; (vi) the
14 applicability and enforceability of any government issued licenses, including, but not limited to,
15 the Hospital Licenses, or (vii) any Avoidance Action or any other Cause of Action held by the
16 Debtors arising under §§ 541 through 550, or state laws of similar effect, against any third party
17 other than the other Debtors, except to the extent any such actions are expressly waived or settled
18 pursuant to this Plan.

12 (c) The Disclosure Statement and the Plan shall be deemed to be a motion
13 requesting that the Bankruptcy Court approve the deemed substantive consolidation contemplated
14 by the Plan. Unless an objection to the proposed deemed substantive consolidation is made in
15 writing by any creditor purportedly affected by such deemed substantive consolidation on or before
16 the deadline to object to confirmation of the Plan, or such other date as may be fixed by the
17 Bankruptcy Court, the deemed substantive consolidation contemplated by the Plan may be
18 approved by the Bankruptcy Court at the Confirmation Hearing. In the event any such objections
19 are timely filed, a hearing with respect thereto shall be scheduled by the Bankruptcy Court, which
20 hearing may, but need not, be the Confirmation Hearing.

18 (d) If the Bankruptcy Court determines that deemed substantive consolidation
19 of any given Debtors is not appropriate, then the Debtors may request that the Bankruptcy Court
20 otherwise confirm the Plan and approve the treatment of and Distributions to the different Classes
21 under the Plan on an adjusted, Debtor-by-Debtor basis. Furthermore, the Debtors reserve their
22 rights: (i) to seek confirmation of the Plan without implementing deemed consolidation of any
23 given Debtor, and, in the Debtors' reasonable discretion, to request that the Bankruptcy Court
24 approve the treatment of and Distributions to any given Class under the Plan on an adjusted,
25 Debtor-by-Debtor basis; and (ii) to seek deemed consolidation of all Debtors whether or not all
26 Impaired Classes entitled to vote on the Plan vote to accept the Plan.

23 **7.2 Creditor Settlement Agreements.** Pursuant to Bankruptcy Rule 9019 and
24 § 1123(b)(3), the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval,
25 as of the Effective Date, of each of the Creditor Settlement Agreements and the finding that
26 (i) entering into each of the Creditor Settlement Agreements is in the best interests of the Debtors,
27 their Estates, and their creditors, (ii) each of the Creditor Settlement Agreements is fair, equitable
28 and reasonable, and (iii) each of the Creditor Settlement Agreements meets all the standards set
forth in Bankruptcy Rule 9019 and § 1123(b)(3). Notwithstanding anything to the contrary set
forth herein, all distributions contemplated by each Creditor Settlement Agreement shall be made

1 only in accordance with the terms of the respective Creditor Settlement Agreement.

2 7.3 **Funding for Distributions.** The distributions to holders of Allowed Claims and
3 Trust Beneficiaries contemplated under the Plan shall be funded as set forth herein.

4 7.4 **No Further Court Authorization.** Except as provided herein or the Confirmation
5 Order, the Liquidating Trustee will continue the orderly administration of the Liquidating Trust
6 Assets and otherwise implement the provisions of this Plan without necessity of any further order
7 of the Bankruptcy Court or approval or consent of any Governmental Unit, including under the
8 Nonprofit Laws. Further, except as provided herein or the Confirmation Order, the Responsible
9 Officer will continue his/her oversight and related responsibilities pursuant to the Plan and Interim
10 Agreements without necessity of any further order of the Bankruptcy Court or other Governmental
11 Unit, including under the Nonprofit Laws.

12 7.5 **Operating Accounts for the Post-Effective Date Debtors.** On the Effective Date,
13 subject to the prior payment of the amounts required to be paid by the Debtors in cash on the
14 Effective Date pursuant to this Plan, Operating Accounts for Post-Effective Date Debtors shall be
15 established and funded in accordance with, or, if previously established, continued in accordance
16 with, the Operating Budget. The Responsible Officer shall be authorized to use the funds in the
17 Operating Accounts to preserve, administer, and continue the Operations of the Operating Assets,
18 including paying all costs and expenses associated therewith, and collection of any amounts due
19 under the Interim Agreements, each in accordance with the Operating Budget. After the Effective
20 Date, all Cash or other proceeds generated by the Operating Assets and required to fund the
21 Operating Accounts and/or Operate the Operating Assets shall not be included within the definition
22 of the Remaining Cash under this Plan.

23 7.6 **Transfer of Certain Funds Into the Liquidating Trust.** Post-Effective Date, the
24 Responsible Officer, subject to the prior payment of all amounts required to be paid by the Debtors
25 in cash on the Effective Date pursuant to this Plan, shall transfer funds received on account of the
26 SCC Debtors and the Sale-Leaseback Debtors to the Liquidating Trust except for funds that (i)
27 constitute Hospital Purchased Assets, or (ii) are to be retained by the Post-Effective Date Debtors
28 under the Interim Agreements and the Operating Budget. The aforementioned transfers to the
Liquidating Trust shall be made as soon as practicable, but no less frequently than on a quarterly
basis, with the first such transfer occurring as soon as practicable after the Effective Date. Further,
the Liquidating Trustee shall transfer all funds held or received by the SCC Debtors on or after the
Effective Date to the Liquidating Trust as soon as practicable, but no less frequently than on a
quarterly basis, with the first such transfer occurring as soon as practicable after the Effective Date.

(a) **Liquidating Trust Tax Matters.** For all federal and applicable state and local
income tax purposes:

(i) All parties must treat each transfer of Liquidating Trust Assets to the
Liquidating Trust in accordance with the terms of the Plan and the
Liquidating Trust Agreement.

(ii) All parties shall treat the Liquidating Trust as a grantor trust, of
which the Trust Beneficiaries are the owners and grantors, and treat the

1 Trust Beneficiaries as the direct owners of an undivided interest in
2 Liquidating Trust Assets (other than any assets allocable to Liquidating
3 Trust Reserves and the Liquidating Trust Administration Accounts),
consistent with their economic interests therein.

4 (iii) Each transfer of Liquidating Trust Assets (other than any assets
5 allocable to Liquidating Trust Reserves and the Liquidating Trust
6 Administration Accounts) to the Liquidating Trust shall be treated as a
7 transfer of such assets directly to the holders of Trust Beneficial Interests in
8 partial satisfaction of their Claims (with each Trust Beneficiary receiving
9 an undivided interest in such assets in accord with their economic interests
in such assets), followed by the transfer by the Trust Beneficiaries to the
Liquidating Trust of such assets in exchange for the Trust Beneficial
Interests.

10 (iv) The Liquidating Trustee will make a good faith valuation of the
11 Liquidating Trust Assets. All parties must consistently use such valuation
for all federal and applicable state and local income tax purposes.

12 (v) Allocations of the Liquidating Trust's taxable income (other than
13 income attributable to assets in the Liquidating Trust Reserves and the
14 Liquidating Trust Administration Accounts) among the beneficiaries of the
15 Liquidating Trust shall be determined by reference to the manner in which
16 an amount of Cash equal to such taxable income would be distributed
17 (without regard to any restrictions on distributions) if, immediately prior to
18 such deemed distribution, the Liquidating Trust had distributed all of its
19 other assets (valued at their tax book value and other than assets allocable
20 to Disputed Claims) to the Trust Beneficiaries, in each case up to the tax
21 book value of the assets treated as contributed by such Trust Beneficiaries,
22 adjusted for prior taxable income and loss and taking into account all prior
23 and concurrent distributions from the Liquidating Trust. Similarly, taxable
loss of the Liquidating Trust shall be allocated by reference to the manner
in which an economic loss would be borne immediately after a liquidating
distribution of the remaining Liquidating Trust Assets. The tax book value
of the Liquidating Trust Assets for this purpose shall equal their fair market
value on the date such assets are transferred to the Liquidating Trust,
adjusted in accordance with tax accounting principles prescribed by the IRC,
applicable Treasury Regulations, and other applicable administrative and
judicial authorities and pronouncements.

24 (vi) The Liquidating Trustee shall file with the IRS returns for the
25 Liquidating Trust as a grantor trust pursuant to 26 C.F.R. § 1.671-4(a). The
26 Liquidating Trustee also shall annually send to each Trust Beneficiary a
27 separate statement setting forth the Trust Beneficiary's share of items of
28 income, gain, loss, deduction, or credit and shall instruct all of the Trust
Beneficiaries to report such items on their federal income tax returns or to
forward the appropriate information to such Trust Beneficiary's underlying

1 beneficial holders with instructions to report such items on their federal
2 income tax returns.

3 (vii) The Liquidating Trustee shall (x) treat the Liquidating Trust
4 Reserves as “disputed ownership funds” governed by 26 C.F.R. § 1.468B-
5 9 by timely making an election, and (y) to the extent permitted by applicable
6 law, report consistently with the foregoing for state and local income tax
7 purposes.

8 (viii) The Liquidating Trustee shall be responsible for the payment, out of
9 the Liquidating Trust, of any taxes imposed on the Liquidating Trust or the
10 Liquidating Trust Assets, including the Liquidating Trust Reserves.

11 **7.7 *Liquidating Trust Administration Accounts.*** Subject to the prior payment of the
12 amounts required to be paid by the Debtors in cash on the Effective Date pursuant to this Plan, the
13 Liquidating Trustee shall have the authority, subject to the Liquidating Trust Agreement and the
14 Liquidating Budget, to establish and maintain accounts and utilize the funds in these accounts to
15 pay any and all reasonable costs and expenses incurred in implementing the terms of the Plan, as
16 set forth in the Liquidating Budget.

17 **7.8 *Liquidating Trust Reserves.*** The Liquidating Trustee shall have the authority to
18 establish and maintain the Liquidating Trust Reserves, as follows:

19 (a) Disputed Unclassified Claims and Disputed Class 1A Claims Reserves.

20 (i) *Establishment.* On the Effective Date, the Liquidating Trustee shall
21 set aside Cash sufficient in the aggregate to fund a reserve on account of
22 any Disputed Unclassified Claims and Disputed Class 1A Claims. Once
23 such Disputed Unclassified Claims and Disputed Class 1A Claims, if any,
24 are resolved and become Allowed, Cash in such reserves shall be made
25 available for distribution to the holders of such newly Allowed Claims in
26 accordance with the Plan. If all Disputed Unclassified Claims and Disputed
27 Class 1A Claims are either Allowed and satisfied or Disallowed, any
28 remaining funds in such reserve shall be used to first fund the Trust
Administration Account (if necessary) and the remainder shall be deposited
into the Unsecured Claims Fund.

(ii) *Funding Amount.* The Liquidating Trustee may reserve on account
of any Disputed Unclassified Claims and Disputed Class 1A Claims based
on the face amount of the Disputed Claim Holder’s Proof of Claim (or if no
Proof of Claim was filed, the amount set forth in the Debtors’ Schedules
with respect to such Disputed Claim or application for payment, as
applicable) or request that the Bankruptcy Court estimate the amount of any
Disputed Claim pursuant to § 502(c), in which event the amount so
estimated shall be deemed the amount of the Disputed Claim for purposes
of funding the Disputed Claims Reserves.

1 (b) Effective Date Professional Claim Reserves. For the Professional Claims
2 not yet fixed and allowed by the Bankruptcy Court prior to or on the Effective Date, the Liquidating
3 Trustee shall establish the Effective Date Professional Claim Reserve. If all Professional Claims
4 are Allowed and satisfied, any funds remaining in the Effective Date Professional Claim Reserve
shall be used to first fund the Trust Administration Account (if necessary) and the remainder shall
be deposited into the Unsecured Claims Fund.

5 (c) Disputed Unsecured Claims Reserve. As more fully set forth below in
6 Section 7.9, and solely from the Unsecured Claims Fund, the Liquidating Trustee shall reserve for
7 Disputed General Unsecured Claims until such Claims are reconciled and either Allowed or
8 Disallowed. Amounts held in the Disputed Unsecured Claims Reserve shall be transferred into
9 the unreserved portion of the Unsecured Claims Fund for distribution to Allowed General
10 Unsecured Claims upon determination of the General Unsecured Claim's status as Allowed or
11 Disallowed.

12 **7.9 *Unsecured Claims Fund.***

13 (a) Establishment of the Unsecured Claims Fund. On the Effective Date or as
14 soon as practicable thereafter, the Liquidating Trustee shall fund the Unsecured Claims Fund with
15 the Remaining Cash after funding (i) the Liquidating Trust Reserves, and (ii) Liquidating Trust
16 Administration Accounts. The proceeds of the Unsecured Claims Fund shall be used to make
17 distributions on account Allowed General Unsecured Claims. As Disputed General Unsecured
18 Claims are resolved and become Allowed, Cash in the Disputed Unsecured Claims Reserve shall
19 be transferred into the unreserved portion of the Unsecured Claims Fund and made available for
20 distribution to the Holders of such newly Allowed General Unsecured Claims in an amount of
their Pro Rata Share in accordance with the Plan.

21 (b) Funding Amount. The Liquidating Trustee may either (i) reserve on
22 account of Disputed General Unsecured Claims an amount necessary to satisfy such claims once
23 they are Allowed, which shall be based upon the estimated distribution percentage for all Allowed
24 General Unsecured Claims (using either the face value of the Proofs of Claim, or if no Proof of
25 Claim was required to be filed, the amount reflected in the Schedules), or (ii) request that the
26 Bankruptcy Court estimate the amount to be reserved on account of any Disputed General
27 Unsecured Claim.

28 **7.10 *Post-Effective Date Committee.***

(a) Dissolution of the Committee. On the Effective Date, the Committee shall
be dissolved (except with respect to any then pending litigation or contested matter to which the
Committee is a party, any appeals filed regarding the confirmation of the Plan, and any
Professional compensation matters), and the members, employees, agents, advisors, affiliates, and
representatives (including, without limitation, attorneys, financial advisors, and other
professionals) of each thereof shall thereupon be released from and discharged of and from all
further authority, duties, responsibilities, and obligations related to, arising from and in connection
with or related to the Chapter 11 Cases; provided, however, that obligations arising under
confidentiality agreements, joint interest agreements, and protective orders, if any, entered during
the Chapter 11 Cases shall remain in full force and effect according to their terms. The Liquidating

1 Trust shall continue to compensate the Post-Effective Date Committee's professionals, in the
2 ordinary course of business and without the need for Bankruptcy Court approval, for reasonable
3 services provided in connection with any of the foregoing post-Effective Date activities out of the
Liquidating Trust Assets.

4 (b) Formation of the Post-Effective Date Committee. On the Effective Date,
5 the Post-Effective Date Committee shall be appointed. The members that shall serve on the Post-
6 Effective Date Committee shall be selected by the Committee and shall be disclosed in a Plan
Supplement.

7 (c) Duties. The Post-Effective Date Committee shall have duties in accordance
8 with the Plan and the Liquidating Trust Agreement: (i) consult and coordinate with the Liquidating
9 Trustee as to the administration of the Liquidating Trust and the Liquidating Trust Assets,
including without limitation, consulting on the Operating Budget and the Liquidating Budget; and
(ii) consult and coordinate with the Responsible Officer.

10 (d) Resignation. Any member of the Post-Effective Date Committee may
11 resign at any time upon not less than thirty (30) days' written notice to the Post-Effective Date
12 Committee with a copy of such notice to the Liquidating Trustee; provided, that, the Post-Effective
13 Date Committee may waive such notice period. Any member of the Post-Effective Date
Committee may be removed in accordance with any by-laws governing the actions of the Post-
Effective Date Committee.

14 (e) Replacement. In the event that a member of the Post-Effective Date
15 Committee resigns or is duly terminated or unable to serve as a member thereof, then a successor
16 member shall be selected by the remaining members of the Post-Effective Date Committee, in
17 consultation with Post-Effective Date Debtors; provided, however, that if no agreement on the
18 replacement member can be reached or if there are fewer than two (2) members remaining on the
Post-Effective Date Committee, the parties shall request that the Bankruptcy Court resolve such
dispute and/or appoint the replacement member(s).

19 (f) Termination of the Post-Effective Date Committee. The Post-Effective
20 Date Committee shall continue in existence until such time as either the Post-Effective Date
21 Committee deems it appropriate by a majority vote to dissolve itself or all members of the Post-
22 Effective Date Committee resign; provided, however, that the Post-Effective Date Committee shall
23 automatically dissolve upon the closing of the Chapter 11 Cases in accordance with the terms of
24 Section 8.9.

25 **7.11 *Coordination Between Post-Effective Date Debtors and the Liquidating Trust.***
26 Notwithstanding anything herein to the contrary, in furtherance of the purposes of the Liquidating
27 Trust, at the request of the Liquidating Trustee, the Post-Effective Date Debtors (including,
28 without limitation, the Responsible Officer and the Post-Effective Date Debtors' employees,
agents and/or professionals) shall be authorized to provide assistance and services to, or otherwise
act on behalf of, the Liquidating Trustee in the performance of the Liquidating Trustee's duties
under the Plan and the Liquidating Trust Agreement. Without limitation on the foregoing, the
Post-Effective Date Debtors shall be authorized to assist in the reconciliation and administration
of claims, and assist in the liquidation and/or collection of Liquidating Trust Assets (including,

1 without limitation, litigation claims). The Liquidating Trustee shall oversee all such services
2 provided on behalf of the Liquidating Trustee.

3 7.12 ***Destruction and Abandonment of Books and Records.*** Subject to the terms of the
4 Records Retention Order with respect to the records covered thereby, on or after the Effective Date,
5 pursuant to § 554(a), the Liquidating Trustee and Responsible Officer (as applicable) are each
6 authorized, from time to time, without further application to the Bankruptcy Court or notice to any
7 party, to abandon or otherwise destroy documents and records (whether in electronic or paper
8 format) that he or she determine, in his/her reasonable business judgment, are no longer necessary
9 to the administration of either the Chapter 11 Cases or the Plan, notwithstanding any federal, state,
10 or local law or requirement requiring the retention of the applicable documents or records.

11 7.13 ***Preservation of Insurance.*** Nothing in this Plan shall diminish, impair or
12 otherwise affect distributions from the proceeds or the enforceability of any insurance policies that
13 may cover (a) Claims by any Debtor, or (b) Claims against any Debtor or covered Persons
14 thereunder.

15 7.14 ***Mutuality preserved.*** Unless specifically agreed in writing by the Debtors, the
16 Responsible Officer, or the Liquidating Trustee, as applicable, nothing in the Plan constitutes a
17 waiver of the mutuality requirement for setoff under § 553 and each Debtor shall be treated
18 independently for mutuality and setoff purposes.

19 SECTION 8. DISTRIBUTIONS

20 8.1 ***Party Responsible for Making Distributions.*** Subject to the prior payment of the
21 amounts required to be paid by the Debtors in cash on the Effective date pursuant to this Plan, the
22 Liquidating Trustee shall be charged with making distributions under the Plan with respect to all
23 Allowed Claims as set forth herein.

24 8.2 ***Appointment of Disbursing Agent.*** A Disbursing Agent may be identified in the
25 Disclosure Statement or appointed pursuant to the Confirmation Order.

26 8.3 ***Timing of Distributions.***

27 (a) Distributions on Account of All Claims Other Than General Unsecured
28 Claims. The Liquidating Trust shall make all payments and distributions required to be made
under the Plan on account of Allowed Claims, which may be made by the Trustee, or by the
Disbursing Agent, if a Disbursing Agent has been appointed under the Plan. Unless otherwise
provided herein, all distributions on account of Allowed Claims, other than the General Unsecured
Claims, shall be made as soon as practicable on or after the Effective Date. In each case, such
payments or distributions shall be made no later than the later of (i) thirty (30) days after the
Effective Date, or (ii) the date on which the Liquidating Trustee determines that the Liquidating
Trust holds sufficient Cash; provided, however, that for any employee continuing to provide
services to the Liquidating Trustee, solely with respect to any Allowed Unclassified Claims for
paid time off and severance, the “Effective Date” for purposes of making such distributions shall
be deemed to mean each individual employee’s last date of employment with the Liquidating
Trustee.

1 (b) Distributions on Account of General Unsecured Claims. Distributions on
2 account of Allowed Claims in Classes 8, 9, and 10 shall be made exclusively on account of Trust
3 Beneficial Interests at least annually, provided, however, that distributions need not be made to
4 the extent there is no Remaining Cash to distribute or if the Liquidating Trustee, in consultation
5 with the Post-Effective Date Committee, determines that it is reasonably necessary to retain Cash
6 in one or more reserve accounts to maintain the value of the Liquidating Trust Assets or to meet
7 any claims and contingent liabilities against the Liquidating Trust, taking into account the available
8 Cash in the Unsecured Claims Fund and the costs and expenses of each such distribution.

6 8.4 ***Withholding of Distributions***. All distributions under the Plan and all related
7 agreements shall be subject to any applicable withholding and reporting requirements. In addition
8 to any other withholding authorized hereunder, in the case of a Cash distribution that is subject to
9 withholding, the Liquidating Trustee may withhold from amounts distributable on account of
10 Allowed Claims any and all amounts determined in the Liquidating Trustee's sole discretion to be
11 required by any law, regulation, rule, ruling, directive or other governmental requirement. In the
12 case of a non-Cash distribution that is subject to withholding, the distributing party may withhold
13 an appropriate portion of such distributed property and sell such withheld property to generate
14 Cash necessary to pay over the withholding tax. Holders of Allowed Claims shall, as a condition
15 to receiving distributions, provide such information and take such steps as the Liquidating Trustee
16 may reasonably require to enable it to comply with the withholding and reporting requirements
17 and to obtain certifications and information as may be necessary or appropriate to satisfy the
18 provisions of any tax law. Notwithstanding the foregoing, each holder of an Allowed Claim that
19 receives a distribution under the Plan shall have the sole and exclusive responsibility for any taxes
20 imposed by any Governmental Unit, including income, withholding, and other taxes, on account
21 of such distribution.

16 8.5 ***Delivery of Distributions and Undeliverable Distributions***. Subject to Bankruptcy
17 Rule 9010, all distributions to any holder of an Allowed Claim shall be made at the address of such
18 holder as set forth on either the Schedules or the books and records of the Debtors, unless the
19 Liquidating Trustee has otherwise been notified by the holder in writing of a change of address,
20 including, without limitation, by the filing of a Proof of Claim by such holder that contains an
21 address for such holder different from the address reflected on either the Schedules or the books
22 and records. In the event that any distribution to any holder is returned as undeliverable, no further
23 distributions to such holder shall be made unless and until the Liquidating Trustee is notified of
24 such holder's then-current address, at which time all missed distributions shall be made to such
25 holder, without interest. At the option of the Liquidating Trustee, any Cash payment to be made
26 hereunder may be made by a check or wire transfer or as otherwise required or provided in
27 applicable agreements. Checks issued by the Liquidating Trustee in respect of Allowed Claims
28 shall be null and void if not negotiated within ninety (90) days after the date of issuance thereof.
All demands for undeliverable distributions (including requests for re-issuance of any voided
check) shall be made to the Liquidating Trustee on or before sixty (60) days after the expiration of
the ninety (90) day period after the date such undeliverable distribution was initially made or the
check was originally issued, as applicable. Thereafter, the amount represented by such
undeliverable distribution (including a voided check) shall be deemed forfeited, and any Claim in
respect of such undeliverable distribution (including a voided check) shall be Disallowed,
discharged and forever barred from asserting any such Claim against each Released Party, the
Responsible Officer, the Post-Effective Date Debtors, the Liquidating Trustee, the Post-Effective

1 Date Committee, and the Liquidating Trust. Any distributions that are forfeited or otherwise
2 cancelled shall be made available for re-distribution to other Trust Beneficiaries (other than those
3 whose distributions are deemed undeliverable hereunder) in accordance with the Plan, and shall
not be subject to the unclaimed property or escheat laws of any Governmental Unit.

4 8.6 **Setoffs.** For purposes of determining the Allowed amount of a Claim on which
5 distribution shall be made, the Liquidating Trustee may, but shall not be required to, setoff against
6 any respective Claim administered by them, any claims of any nature whatsoever that the Debtors
7 may have against the holder of such Claim, but neither the failure to do so nor the allowance of
any Claim hereunder shall constitute a waiver or release by the Liquidating Trustee of any such
setoff claim(s).

8 8.7 **De Minimis Distributions.** Except with respect to Allowed Convenience Claims,
9 no distribution is required to be made to a Holder of an Allowed Claim if the amount of Cash to
10 be distributed on any distribution date under the Plan on account of such Claim is \$50 or less. Any
11 Holder of an Allowed Claim, other than an Allowed Convenience Claim, on account of which the
12 amount of Cash to be distributed is \$50 or less will have its Claim for such distribution discharged
13 and will be forever barred from asserting any such Claim against each Released Party, the
14 Responsible Officer, the Post-Effective Date Debtors, the Liquidating Trustee, the Post-Effective
Date Committee, and the Liquidating Trust. Any Cash not distributed pursuant to this Section will,
in the Liquidating Trustee's discretion, be included in the Liquidating Trust Reserves and/or the
Unsecured Claims Fund, free of any restrictions thereon, and will be distributed in accordance
with the Plan.

15 8.8 **Allocation of Plan Distribution Between Principal and Interest.** All distributions
16 by the Liquidating Trustee with respect to any Allowed Claim shall be allocated first to the
17 principal amount of such Allowed Claim, as determined for federal income tax purposes, and
thereafter, to the remaining portion of such Allowed Claim (including the interest portion of the
Allowed Claim), if any.

18 8.9 **Entry of Final Decree in Chapter 11 Cases.** Once all the Disputed Claims have
19 become Allowed Claims or have been disallowed by Final Order, and all distributions in respect
20 of Allowed Claims have been made in accordance with this Plan, or at such earlier time as the
21 Liquidating Trustee deems appropriate, the Liquidating Trustee (i) shall seek authority from the
22 Bankruptcy Court for entry of final decrees closing the Chapter 11 Cases in accordance with the
23 Bankruptcy Code and the Bankruptcy Rules and (ii) shall be authorized under the Plan to take any
24 necessary corporate action with respect to the Debtors' continued existence without the necessity
25 for approvals or notices under any applicable state or other law, including under the Nonprofit
26 Laws. Notwithstanding the foregoing, actions with respect to the Post-Effective Date Debtors
27 shall be taken by the Responsible Officer. The entry of final decrees closing these Chapter 11
28 Cases shall not affect the Nonprofit Status of the Post-Effective Date Debtors to the extent they
have not dissolved in accordance with the Plan.

1 **SECTION 9. TRUST BENEFICIARIES**

2 9.1 **Identification of Trust Beneficiaries.** Each of the Trust Beneficiaries shall be
3 recorded and set forth in a schedule maintained by the Liquidating Trustee expressly for such
4 purpose based upon its Allowed Claim in Classes 8, 9 or 10.

5 9.2 **Beneficial Interests Only.** The ownership of Trust Beneficial Interests shall not
6 entitle any Trust Beneficiary to any title in or to the Liquidating Trust Assets or to any right to call
7 for a partition or division of such Liquidating Trust Assets or to require an accounting, except as
8 may be specifically provided herein.

9 9.3 **Ownership of Beneficial Interests Hereunder.** Subject to the requirements and
10 limitations of this Plan, including the establishment of the Liquidating Trust Reserves and
11 Liquidating Trust Administration Accounts, each Trust Beneficiary shall own a beneficial interest
12 in the Liquidating Trust equal in proportion to such Trust Beneficiary's Pro Rata Share of its
13 Allowed Claims divided by the sum of all Claims in Classes 8, 9 and 10.

14 9.4 **Evidence of Beneficial Interests.** Ownership of a Trust Beneficial Interest (a) shall
15 be noted in the books and records of the Liquidating Trust and (b) shall not be evidenced by any
16 certificate, note, or receipt or in any other form or manner whatsoever, except as maintained on
17 the books and records of the Liquidating Trust by the Liquidating Trustee, including the Schedule.

18 9.5 **Conflicting Claims.** If any conflicting claims or demands are made or asserted
19 with respect to a beneficial interest, the Liquidating Trustee shall be entitled, at its sole election,
20 to refuse to comply with any such conflicting claims or demands. In so refusing, the Liquidating
21 Trustee may elect to make no payment or distribution with respect to the beneficial interest
22 represented by the claims or demands involved, or any part thereof, and the Liquidating Trustee
23 shall refer such conflicting claims or demands to the Bankruptcy Court, which shall have exclusive
24 jurisdiction over resolution of such conflicting claims or demands. In so doing, the Liquidating
25 Trustee shall not be or become liable to any party for his/her refusal to comply with any of such
26 conflicting claims or demands. The Liquidating Trustee shall be entitled to refuse to act until
27 either (a) the rights of the adverse claimants have been adjudicated by a Final Order or (b) all
28 differences have been resolved by a written agreement among all of such parties and the
Liquidating Trustee, which agreement shall include a complete release of the Liquidating Trust
and the Liquidating Trustee (the occurrence of either (a) or (b) being referred to as a "Dispute
Resolution" in this Section 9). Until a Dispute Resolution is reached with respect to such
conflicting claims or demands, the Liquidating Trustee shall hold in a segregated interest-bearing
account with a United States financial institution any payments or distributions from the
Liquidating Trust to be made with respect to the Beneficial Interest at issue. Promptly after a
Dispute Resolution is reached, the Liquidating Trustee shall transfer the payments and
distributions, if any, held in the segregated account, together with any interest and income
generated thereon, in accordance with the terms of such Dispute Resolution.

9.6 **Limitation on Transferability.** As set forth in more detail in the Liquidating
Trust Agreement, the Trust Beneficial Interests may not be transferred, sold, assigned,
hypothecated, or pledged, except as they may be assigned or transferred by will, intestate
succession, or operation of law.

1 **SECTION 10. PROCEDURES FOR TREATING AND RESOLVING DISPUTED**
2 **CLAIMS**

3 10.1 **Objection to Claims.** Unless otherwise ordered by the Bankruptcy Court after
4 notice and a hearing, and except as otherwise expressly provided herein, the Liquidating Trustee,
5 in consultation with the Post-Effective Date Committee, shall have the exclusive right to file,
6 prosecute, resolve and otherwise deal with objections to Claims other than Allowed Claims
7 pursuant to this Plan or a Final Order. The Liquidating Trustee shall serve a copy of each Claim
8 objection upon the holder of the Claim to which the objection is made. Claims objections with
9 respect to all Claims shall be made as soon as reasonably practical but in no event later than the
10 Claims Objection Deadline. If the Liquidating Trustee wishes to extend the Claims Objection
11 Deadline, it may do so pursuant to a motion, to be filed with the Bankruptcy Court, on notice to
12 the Post-Effective Date Committee, which may be approved without a hearing.

13 10.2 **Disallowed Claims.** The following Claims shall be automatically Disallowed and
14 expunged, without the need for filing any objections thereto, and shall not be entitled to any
15 distributions under the Plan: (a) Claims for which no Proof of Claim was filed by the applicable
16 Bar Date even though such Claims were listed on the Schedules as disputed, contingent, or
17 unliquidated; and (b) Claims covered by § 502(d) to the extent that the holder of such Claim has
18 not been paid the amount or turned over the property for which such holder is liable under §§ 522(i),
19 542, 543, 550, or 553, in accordance with § 502(d).

20 10.3 **No Distribution Pending Allowance.** Notwithstanding any other provision of this
21 Plan, if any portion of a Claim is Disputed, no payment or distribution provided hereunder shall
22 be made on account of such Claim unless and until such Disputed Claim becomes an Allowed
23 Claim.

24 10.4 **Distributions After Allowance.** Any Claim (or portion thereof) that is Disputed
25 and then subsequently Allowed, shall be an Allowed Claim, not a Disputed Claim, in such amount
26 and to the extent it is subsequently Allowed. Except as otherwise provided herein, if, on or after
27 the Effective Date, any Disputed Claim becomes an Allowed Claim, the Liquidating Trustee shall
28 distribute to the Holder of such Allowed Claim, from the applicable fund or reserve in accordance
with Sections 7.9, 7.10, and 8.3, the amount such holder would have received had its Claim been
Allowed on the Effective Date as determined by distributions actually made to other holders of
Allowed Claims.

21 10.5 **Disputed Claims.**

22 (a) Resolution of the Disputed Claims.

- 23 (i) From and after the Effective Date, the Liquidation Trust shall have
24 the exclusive authority to compromise, resolve, and deem Allowed any
25 Disputed Claim without the need to obtain approval from the Bankruptcy
26 Court, and any agreement entered into by the Liquidation Trust with respect
27 to the Allowance of any Claim shall be conclusive evidence and a final
28 determination of the Allowance of such Claim, except as set forth below in
(ii) of this Section 10.5(a);

1 (ii) The Liquidating Trustee shall notify the Post-Effective Date
2 Committee prior to settling, compromising, or allowing any Disputed Claim
3 in an liquidated amount in excess of \$250,000 for a General Unsecured
4 Claim and \$100,000 for an Unclassified Claim, Secured Claim, or Priority
5 Non-Tax Claim. The Post-Effective Date Committee shall have three (3)
6 Business Days after receipt of such notice to review the proposed settlement
7 or compromise of such Claim. If such objection is made, the Liquidating
8 Trustee shall not move forward with the matter absent Court approval after
9 at least ten (10) Business Days' notice and opportunity to object to the Post-
10 Effective Date Committee; and

11 (iii) If the Liquidating Trustee and the holder of a Disputed Claim are
12 unable to reach settlement of the Disputed Claim, such Disputed Claim shall
13 be submitted to the Bankruptcy Court for resolution. If it is determined that
14 the Bankruptcy Court does not have jurisdiction to resolve any Disputed
15 Claim, then the Disputed Claim shall be submitted to the District Court for
16 resolution.

17 (b) Estimation of Disputed Claims. The Liquidating Trustee may at any time
18 request that the Bankruptcy Court estimate any Disputed Claim pursuant to § 502(c) regardless of
19 whether the Debtors or the Liquidating Trustee previously objected to such Claim, and the
20 Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during litigation
21 concerning any objection to any Claim, including, without limitation, during the pendency of any
22 appeal relating to any such objection. In the event that the Bankruptcy Court estimates any
23 Disputed Claim, the amount so estimated shall constitute either the Allowed amount of such Claim
24 or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated
25 amount constitutes a maximum limitation on the amount of such Claim, the Liquidating Trustee,
26 as applicable, may pursue supplementary proceedings to object to the allowance of such Claim.
27 On and after the Effective Date, Claims that have been estimated may be compromised, settled,
28 withdrawn, or otherwise resolved, without further order of the Bankruptcy Court.

10.6 **Cumulative Effect.** All the objection, estimation, and resolution procedures set
forth in this Section are intended to be cumulative (where possible) and not exclusive of one
another.

SECTION 11. EXECUTORY AGREEMENTS

11.1 **General Treatment.** On the Effective Date, all Executory Agreements to which
any Debtor is a party shall be deemed rejected as of the Effective Date, except for those Executory
Agreements that (a) have been assumed or rejected pursuant to a Final Order of the Bankruptcy
Court (including pursuant to any Sale Order), (b) are the subject of a separate motion to assume,
assume and assign, or reject filed under § 365 on or before the Effective Date, or (c) are specifically
designated as a contract or lease to be assumed on the Schedule of Assumed Contracts and no
timely objection to the proposed assumption has been filed, provided, however, that the Debtors
reserve the right to amend the Plan Supplement at any time on or before thirty (30) days after the
Effective Date to modify the Schedule of Assumed Contracts to include or delete any Executory
Agreements. If the party to an Executory Agreement listed to be assumed in the Schedule of

1 Assumed Contracts wishes to object to the proposed assumption (including with respect to the cure
2 amounts), it shall do so within thirty (30) days from the service of the Schedule of Assumed
3 Contracts.

4 11.2 **Bar Date for Rejection Damages.** Claims arising out of the rejection of an
5 Executory Agreement pursuant to the Plan must be filed with the Bankruptcy Court (or as
6 otherwise provided for in the Debtors' notice of rejection) no later than thirty (30) days after the
7 Effective Date. Any Claims not filed within such time period will be forever barred from assertion
8 against the Debtors and/or their property and/or their Estates.

9 11.3 **Insurance Policies.** For the avoidance of doubt, the Debtors' rights with respect to
10 all Insurance Policies under which Debtors may be an insured beneficiary or assignee (including
11 all Insurance Policies that may have expired prior to the Petition Date, all Insurance Policies in
12 existence on the Petition Date, all Insurance Policies entered into by the Debtors after the Petition
13 Date, and all Insurance Policies under which the Debtors hold rights to make, amend, prosecute,
14 and benefit from claims) shall be transferred to the Liquidating Trust (including, without limitation,
15 for the Liquidating Trustee to pursue and prosecute any Causes of Action) from the Effective Date
16 until its dissolution, unless any such Insurance Policy is otherwise cancelled by the Liquidating
17 Trustee in its discretion. Notwithstanding any provision providing for the rejection of Executory
18 Agreements, any Insurance Policy that is deemed to be an Executory Agreements shall neither be
19 rejected nor assumed by operation of this Plan and shall be the subject of a specific motion by the
20 Liquidating Trust, which shall retain the right to assume or reject any such Executory Agreements
21 pursuant to and subject to the provisions of § 365 following the Effective Date, provided, that, the
22 Liquidating Trustee may not reject (a) any extended reporting period (tail) coverage purchased by
23 the Debtors and (b) any Insurance Policies assumed by the Debtors pursuant to an order of the
24 Bankruptcy Court.

25 The Confirmation Order shall constitute a determination that no default by the Debtors
26 exists with respect to any of the Insurance Policies requiring a cure payment and that nothing in a
27 Sale Order, any underlying agreements or this Plan shall be construed or applied to modify, impair,
28 or otherwise affect the enforceability of the Insurance Policies or any coverage thereunder with
regard to any Claims or Causes of Action.

20 SECTION 12. CONDITIONS PRECEDENT TO EFFECTIVE DATE

21 12.1 **Conditions Precedent to Confirmation of Plan.** The confirmation of the Plan shall
22 be conditioned upon the Bankruptcy Court entering the Confirmation Order in form and substance
satisfactory to the Debtors.

23 12.2 **Conditions to Effective Date.** The following are conditions precedent to the
24 Effective Date:

- 25 (a) The Confirmation Order shall become a Final Order;
- 26 (b) The SGM Sale shall have closed;
- 27 (c) The Debtors have sufficient Cash to satisfy the Unclassified Claims and the
28 Secured Claims that are payable on the Effective Date;

1 (d) The Debtors have sufficient Cash to fund the Liquidating Trust Reserves;
2 and

3 (e) All documents, instruments and agreements provided for under or necessary
4 to implement this Plan (including without limitation, the Interim Agreements, the Transition
5 Services Agreement, and the Liquidating Trust Agreement) shall have been executed and delivered
6 by the parties thereto, unless such execution or delivery shall have been waived by the parties
7 benefited thereby.

8 12.3 **Waiver of Conditions.** The Debtors may waive the conditions to effectiveness of
9 this Plan, set forth in Section 12.2 hereof, without leave of the Bankruptcy Court and without any
10 formal action other than proceeding with confirmation of this Plan and filing a notice of
11 confirmation with the Bankruptcy Court. To the extent that the Debtors believe that they are
12 unable to comply with the conditions to the effectiveness of this Plan, set forth in Section 12.2
13 hereof, the Debtors reserve the right to amend the Plan at such time (in accordance with the terms
14 hereof) to address such inability.

15 SECTION 13. EFFECT OF CONFIRMATION

16 13.1 **Vesting of Assets.** Except as provided herein or in the Confirmation Order, upon
17 the Effective Date, pursuant to § 1141(b) and (c), (a) the Liquidating Trust Assets shall vest in the
18 Liquidating Trust and (b) the Operating Assets shall vest in the Post-Effective Date Debtors, in
19 each case free and clear of all Claims, liens, encumbrances, charges and other interests, subject to
20 Debtors' obligations under this Plan.

21 13.2 **No Discharge.** Pursuant to § 1141(d), the Debtors will not receive a discharge
22 under this Plan.

23 13.3 **Settlement of Causes of Action Relating to Claims.** Unless otherwise authorized
24 by another order of the Bankruptcy Court, pursuant to § 1123(b)(3) and Bankruptcy Rule 9019,
25 and in consideration for the distributions and other benefits provided under the Plan, the provisions
26 of the Plan shall constitute a good faith compromise and settlement of all Causes of Actions
27 relating to the rights that a holder of a Claim may have with respect to any Allowed Claim or any
28 distribution to be made pursuant to the Plan on account of any Allowed Claim. Unless otherwise
authorized, the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval,
as of the Effective Date, of the compromise or settlement of all such Causes of Action and the
Bankruptcy Court's finding that all such Causes of Action are in the best interests of the Debtors,
their Estates, their respective property and Claim holders and are fair, equitable and reasonable.

13.4 **Extension of Existing Injunctions and Stays.** Unless otherwise provided herein,
all injunctions or stays arising under §§ 105 or 362, any order entered during the Chapter 11 Cases
under §§ 105 or 362 or otherwise, and in existence on the Effective Date, shall remain in full force
and effect until the closing of the Chapter 11 Cases.

13.5 **Releases.**

(a) **Releases Of Debtors.** As of the Effective Date, for good and valuable
consideration, the adequacy of which is hereby confirmed, to the maximum extent permitted by

1 law, each Holder of any Claim shall be deemed to forever release, waive, and discharge all Claims,
2 obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities
3 whatsoever, against the Debtors arising from or related to the Debtors' pre- and/or post-petition
4 actions, omissions or liabilities, transaction, occurrence, or other activity of any nature except for
5 as provided in this Plan or the Confirmation Order.

6 (b) Limitation Of Claims Against the Liquidating Trust. As of the Effective
7 Date, except as provided in this Plan or the Confirmation Order, all Persons shall be precluded
8 from asserting against the Liquidating Trust any other or further Claims, obligations, suits,
9 judgments, damages, demands, debts, rights, causes of action, and liabilities whatsoever, relating
10 to the Debtors or any Interest in the Debtors based upon any acts, omissions or liabilities,
11 transaction, occurrence, or other activity of any nature that occurred prior to the Effective Date.

12 (c) Debtors' Releases. Pursuant to § 1123(b), and except as otherwise
13 specifically provided in this Plan, for good and valuable consideration, including the service of the
14 Released Parties to facilitate the expeditious liquidation of the Debtors and the consummation of
15 the transactions contemplated by this Plan, on and after the Effective Date, the Released Parties
16 are deemed released and discharge by the Debtors and their Estates from any and all claims,
17 obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever,
18 including any derivative claims asserted or assertable on behalf of the Debtors, whether known or
19 unknown, foreseen, or unforeseen, existing or herein after arising in law, equity, or otherwise, that
20 the Debtors or their Estates would have been legally entitled to assert in their own right (whether
21 individually or collectively) or on behalf of the Holder of any Claim or other Person, based on or
22 relating to, or in any manner arising from, in whole or in part, the Chapter 11 Cases, the
23 transactions or events giving rise to any Claim that is treated in this Plan, the business or
24 contractual arrangements between the Debtors and any Released Party, the restructuring of Claims
25 before or during the Chapter 11 Cases, the marketing and the sale of Assets of the Debtors, the
26 negotiation, formulation, or preparation of this Plan, the Disclosure Statement, or any related
27 agreements, instruments, or other documents, other than a Claim against a Released Party arising
28 out of the gross negligence or willful misconduct of any such person or entity.

19 (d) **WAIVER OF LIMITATIONS ON RELEASES. THE LAWS OF SOME**
20 **STATES (FOR EXAMPLE, CALIFORNIA CIVIL CODE § 1542) PROVIDE, IN WORDS OR**
21 **SUBSTANCE, THAT A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH**
22 **THE RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS/HER**
23 **FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR**
24 **HER MUST HAVE MATERIALLY AFFECTED HIS/HER DECISION TO RELEASE. THE**
25 **RELEASING PARTIES IN SECTIONS 13.5 (a)-(c) OF THE PLAN ARE DEEMED TO HAVE**
26 **WAIVED ANY RIGHTS THEY MAY HAVE UNDER SUCH STATE LAWS AS WELL AS**
27 **UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR**
28 **EFFECT.**

25 13.6 Injunctions.

26 (a) General Injunction. Except as otherwise expressly provided herein, all
27 Persons that have held, currently hold or may hold a Claim against the Debtors are permanently
28 enjoined on and after the Effective Date from taking any action in furtherance of such Claim or

1 any other Cause of Action released and discharged under the Plan, including, without limitation,
2 the following actions against any Released Party: (a) commencing, conducting or continuing in
3 any manner, directly or indirectly, any action or other proceeding with respect to a Claim;
4 (b) enforcing, levying, attaching, collecting or otherwise recovering in any manner or by any
5 means, whether directly or indirectly, any judgment, award, decree or order with respect to a Claim;
6 (c) creating, perfecting or enforcing in any manner, directly or indirectly, any lien or encumbrance
7 of any kind with respect to a Claim; (d) asserting any setoff, right of subrogation or recoupment
8 of any kind, directly or indirectly, against any debt, liability or obligation due to the Debtors, the
9 Post-Effective Date Debtors or the Liquidating Trust with respect to a Claim; or (e) commencing,
10 conducting or continuing any proceeding that does not conform to or comply with or is
11 contradictory to the provisions of this Plan; provided, however, that nothing in this injunction shall
12 (i) limit the Holder of an Insured Claim from receiving the treatment set forth in Class 12; or
13 (ii) preclude the Holders of Claims against the Debtors from enforcing any obligations of the
14 Debtors, the Post-Effective Date Debtors, the Liquidating Trust, the Responsible Officer, or the
15 Liquidating Trustee under this Plan and the contracts, instruments, releases and other agreements
16 delivered in connection herewith, including, without limitation, the Confirmation Order, or any
17 other order of the Bankruptcy Court in the Chapter 11 Cases. By accepting a distribution made
18 pursuant to this Plan, each Holder of an Allowed Claim shall be deemed to have specifically
19 consented to the injunctions set forth in this Section.

20 (b) ***Other Injunctions.*** *The Responsible Officer, the Post-Effective Date*
21 *Debtors, the Liquidating Trustee, the Post-Effective Date Committee, the Post-Effective Date*
22 *Board of Directors, or the Liquidating Trust and their respective members, directors, officers,*
23 *agents, attorneys, advisors or employees shall not be liable for actions taken or omitted in its or*
24 *their capacity as, or on behalf of, the Responsible Officer, the Post-Effective Date Debtors, the*
25 *Post-Effective Date Board of Directors, the Liquidating Trustee, the Post-Effective Date*
26 *Committee, or the Liquidating Trust (as applicable), except those acts found by Final Order to*
27 *arise out of its or their willful misconduct, gross negligence, fraud, and/or criminal conduct,*
28 *and each shall be entitled to indemnification and reimbursement for fees and expenses in*
defending any and all of its or their actions or inactions in its or their capacity as, or on behalf
of the Responsible Officer, the Post-Effective Date Board of Directors, the Post-Effective Date
Debtors, the Liquidating Trustee, the Post-Effective Date Committee, or the Liquidating Trust
(as applicable), except for any actions or inactions found by Final Order to involve willful
misconduct, gross negligence, fraud, and/or criminal conduct. Any indemnification claim of
the Responsible Officer, the Post-Effective Date Debtors, the Post-Effective Date Board of
Directors, the Liquidating Trustee, the Post-Effective Date Committee and the other parties
entitled to indemnification under this subsection shall be satisfied from either (i) the Liquidating
Trust Assets (with respect to all claims, other than those claims related to the Operating Assets),
or (ii) the Operating Assets (with respect to all claims related to the Operating Assets). The
parties subject to this Section shall be entitled to rely, in good faith, on the advice of retained
professionals, if any.

25 13.7 ***Exculpation.*** To the maximum extent permitted by applicable law, each Released
26 Party and Bond and Notes Trustee shall not have or incur any liability for any act or omission in
27 connection with, related to, or arising out of the Chapter 11 Cases (including, without limitation,
28 the filing of the Chapter 11 Cases), the marketing and the sale of Assets of the Debtors, the Plan
and any related documents (including, without limitation, the negotiation and consummation of

1 the Plan, the pursuit of the Effective Date, the administration of the Plan, or the property to be
2 distributed under the Plan), or each Released Party's or Bond and Notes Trustee's exercise or
3 discharge of any powers and duties set forth in the Plan, except with respect to the actions found
4 by Final Order to constitute willful misconduct, gross negligence, fraud, or criminal conduct, and,
5 in all respects, each Released Party and Bond and Notes Trustee shall be entitled to rely upon the
6 advice of counsel with respect to their duties and responsibilities under the Plan. Without
7 limitation of the foregoing, each such Released Party and Bond and Notes Trustee shall be released
8 and exculpated from any and all Causes of Action that any Person is entitled to assert in its own
9 right or on behalf of any other Person, based in whole or in part upon any act or omission,
10 transaction, agreement, event or other occurrence in any way relating to the subject matter of this
11 Section.

12 13.8 **No Recourse.** If a Claim is Allowed in an amount for which after application of
13 the payment priorities established by this Plan (including, without limitation, in Sections 2 and 4
14 hereof) there is insufficient value to provide a recovery equal to that received by other Holders of
15 Allowed Claims in the respective Class, no Claim Holder shall have recourse for any such
16 deficiency against any of the Released Parties, the Post-Effective Date Debtors, the Responsible
17 Officer, the Post-Effective Date Board of Directors, the Liquidating Trustee, the Post-Effective
18 Date Committee, or the Liquidating Trust. However, except as specifically stated otherwise in this
19 Plan, nothing in this Plan shall modify any right of a Holder of a Claim under § 502(j). The
20 obligations under this Plan of the Debtors' Estates shall (i) be contractual only and shall not create
21 any fiduciary relationship and (ii) be obligations of the Debtors' Estates only and no individual
22 acting on behalf of the Debtors, the Committee, the Post-Effective Date Debtors, the Responsible
23 Officers, the Post-Effective Date Board of Directors, the Liquidating Trustee, the Post-Effective
24 Date Committee, or otherwise, shall have any personal or direct liability for these obligations.
25 Approval of the Plan by the Confirmation Order shall not in any way limit the foregoing.

26 13.9 **Preservation of Causes of Action.**

27 (a) Nothing contained in this Plan shall be deemed a waiver or relinquishment
28 of any claims or Causes of Action of the Debtors that are not specifically waived or relinquished
by this Plan, which shall vest in the Liquidating Trust, subject to any existing valid and perfected
security interest or lien in such Causes of Action. The Causes of Action preserved hereunder
include, without limitation, claims, rights or other causes of action:

- (i) against vendors, suppliers of goods or services (including attorneys, accountants, consultants or other professional service providers), utilities, contract counterparties, and other parties for, including but not limited to: (A) services rendered; (B) over- and under-payments, back charges, duplicate payments, improper holdbacks, deposits, warranties, guarantees, indemnities, setoff or recoupment; (C) failure to fully perform or to condition performance on additional requirements under contracts with any one or more of the Debtors; (D) wrongful or improper termination, suspension of services or supply of goods, or failure to meet other contractual or regulatory obligations; (E) indemnification and/or warranty claims; or (F) turnover causes of action arising under §§ 542 or 543;

1 (ii) against landlords or lessors, including, without limitation, for
2 erroneous charges, overpayments, returns of security deposits,
indemnification, or for environmental claims;

3 (iii) arising against current or former tenants or lessees, including,
4 without limitation, for non-payment of rent, damages, and holdover
5 proceedings;

6 (iv) arising from damage to Debtors' property;

7 (v) relating to claims, rights, or other causes of action the Debtors may
8 have to interplead third parties in actions commenced against any of the
Debtors;

9 (vi) for collection of a debt owed to any of the Debtors;

10 (vii) against insurance carriers, reinsurance carriers, underwriters or
11 surety bond issuers relating to coverage, indemnity, contribution,
reimbursement or other matters;

12 (viii) relating to pending litigation, including, without limitation, the suits,
13 administrative proceedings, executions, garnishments, and attachments
14 listed in Attachment 4a to each of the Debtors' Statements of Financial
Affairs;

15 (ix) arising from claims against health plans;

16 (x) that constitute Avoidance Actions;

17 (xi) arising under or relating to any and/or all asset purchase agreements
18 and related sale documents (including, without limitation, any leases)
19 entered into during these Chapter 11 Cases, including, but not limited to,
20 enforcement of such agreements by the Debtors' Estates and/or breaches of
21 any and/or all such agreements by the applicable non-Debtor parties
(including, without limitation, the purchasers of the Debtors' assets under
such agreements and any and all principals and/or guarantors of the
obligations under or relating to such agreements); and

22 (xii) relating to the Operating Assets.

23 The Liquidating Trustee, the Post-Effective Date Committee, the Responsible Officer and
24 the Post-Effective Date Debtors shall have, retain, reserve and be entitled to assert all such claims,
25 rights of setoff and other legal or equitable defenses that the Debtors had immediately prior to the
26 Petition Date as fully as if the Chapter 11 Cases had not been commenced, and all of the Debtors'
27 legal and equitable rights respecting any claim that is not specifically waived or relinquished by
this Plan may be asserted by the Liquidating Trustee and the Post-Effective Date Committee on
their behalf after the Effective Date to the same extent as if the Chapter 11 Cases had not been
commenced.

1 (b) On and after the Effective Date, in accordance with § 1123(b) and the terms
2 of this Plan, the Liquidating Trustee, the Post-Effective Date Committee, the Responsible Officer
3 and the Post-Effective Date Debtors shall retain and have the exclusive right to prosecute, abandon,
4 settle or release any or all Causes of Action, as they deem appropriate, without the need to obtain
5 approval or any other or further relief from the Bankruptcy Court. The Post-Effective Date
6 Committee shall analyze potential Causes of Action in consultation with the Liquidating Trustee,
7 to determine whether the pursuit of these actions would be beneficial. The Liquidating Trustee
8 shall also confer and cooperate with the Post-Effective Date Committee in the prosecution and
9 defense of all Causes of Action to be brought under this Plan.

10 13.10 **Termination of Responsibilities of the Patient Care Ombudsman.** On the SGM
11 Sale closing date, the duties and responsibilities of the Patient Care Ombudsman shall be
12 terminated and the Patient Care Ombudsman shall be discharged from his duties as Patient Care
13 Ombudsman and shall not be required to file any further reports or perform any additional duties
14 as Patient Care Ombudsman. No person or entity may seek discovery in any form, including but
15 not limited to by motion, subpoena, notice of deposition or request or demand for production of
16 documents, from the Patient Care Ombudsman or his agents, professionals, employees, other
17 representatives, designees or assigns (collectively, with the Patient Care Ombudsman, the
18 “**Ombudsman Parties**”) with respect to any matters arising from or relating in any way to the
19 performance of the duties of the Patient Care Ombudsman in these Chapter 11 Cases, including,
20 but not limited to, pleadings, reports or other writings filed by the Patient Care Ombudsman in
21 connection with these Chapter 11 Cases. Nothing herein shall in any way limit or otherwise affect
22 the obligations of the Patient Care Ombudsman under confidentiality agreements, if any, between
23 the Patient Care Ombudsman and any other person or entity or shall in any way limit or otherwise
24 affect the Patient Care Ombudsman’s obligation, under §§ 332(c) and 333(c)(1) or other applicable
25 law or Bankruptcy Court Orders, to maintain patient information, including patient records, as
26 confidential, and no such information shall be released by the Patient Care Ombudsman without
27 further order of the Bankruptcy Court.

18 **SECTION 14. RETENTION OF JURISDICTION**

19 14.1 **Bankruptcy Court Jurisdiction.** Unless otherwise provided herein or in the
20 Confirmation Order, on and after the Effective Date, the Bankruptcy Court shall retain jurisdiction
21 over all matters arising in, arising under, or related to the Chapter 11 Cases. Without limiting the
22 foregoing, the Bankruptcy Court shall retain jurisdiction to:

23 (a) allow, disallow determine, liquidate, classify, estimate, or establish the
24 priority or secured or unsecured status of any Claim, including the resolution of any request for
25 payment of any Administrative Claim and the resolution of any objections to the allowance or
26 priority of Claims, and the resolution of any claim objections brought by the Debtors or by the
27 Liquidating Trustee on behalf of the Liquidating Trust;

28 (b) resolve any matters related to the assumption, assumption and assignment,
or rejection of any Executory Agreement to which a Debtor(s) is a party and to hear, determine
and, if necessary, liquidate, any Claims arising from, or cure amounts related to, such assumption
or rejection;

1 (c) determine any motion, adversary proceeding, application, contested matter,
2 and other litigated matter pending on or commenced after the Effective Date, including, without
3 limitation, any and all Causes of Action preserved under the Plan commenced prior to, on, or after
the Effective Date;

4 (d) ensure that distributions to holders of Allowed Claims are accomplished in
5 accordance with the Plan;

6 (e) hear and determine matters relating to claims with respect to the Debtors'
director and officer insurance;

7 (f) enter, implement or enforce such orders as may be appropriate in the event
8 that the Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated;

9 (g) issue injunctions, enter and implement other orders, and take such other
10 actions as may be necessary or appropriate to restrain interference by any Person with the
consummation, implementation or enforcement of this Plan, the Confirmation Order or any other
11 order of the Bankruptcy Court, including, without limitation, any actions relating to the Nonprofit
Status of the Post-Effective Date Debtors;

12 (h) resolve a dispute with respect to and/or otherwise appoint a replacement of
13 the Responsible Officer or the Liquidating Trustee, or replacement members of the Post-Effective
Date Committee;

14 (i) hear and determine any application to modify this Plan in accordance with
15 § 1127, to remedy any defect or omission or reconcile any inconsistency in this Plan, the Disclosure
Statement, any contract, instrument, release, or other agreement or document created in connection
16 therewith, or any order of the Bankruptcy Court, including the Confirmation Order, in such a
manner as may be necessary to carry out the purposes and effects thereof;

17 (j) hear and determine all applications under §§ 330, 331, and 503(b) for
18 awards of compensation for services rendered and reimbursement of expenses incurred prior to the
19 Effective Date;

20 (k) hear and determine disputes arising in connection with the interpretation,
21 implementation, obligation or enforcement of this Plan, the Confirmation Order, any transactions
or payments contemplated in the Plan, or any agreement, instrument, or other document governing
22 or relating to any of the foregoing;

23 (l) take any action and issue such orders as may be necessary to construe,
24 enforce, implement, execute and consummate this Plan, including all contracts, instruments,
releases, and other agreements or documents created in connection therewith, or to maintain the
25 integrity of this Plan following consummation;

26 (m) determine such other matters and for such other purposes as may be
27 provided in the Plan and/or the Confirmation Order;

1 (n) hear and determine matters concerning state, local, and federal taxes in
2 accordance with §§ 346, 505, and 1146, including without limitation, (i) any requests for expedited
3 determinations under § 505(b) filed, or to be filed, with respect to tax returns for any and all taxable
4 periods ending after the Petition Date through, and including, the date of final distribution under
the Plan, and (ii) any other matters relating to the Nonprofit Status of the Post-Effective Date
Debtors;

5 (o) hear and determine any other matters related hereto and not inconsistent
6 with the Bankruptcy Code and Title 28 of the United States Code;

7 (p) authorize recovery of all assets of any of the Debtors and property of the
8 applicable Debtor's Estate, wherever located;

9 (q) consider any and all claims against each Released Party involving or
10 relating to the administration of the Chapter 11 Cases, any rulings, orders, or decisions in the
11 Chapter 11 Cases or any aspects of the Debtors' Chapter 11 Cases and the events leading up to the
12 commencement of the Chapter 11 Cases, including the decision to commence the Chapter 11 Cases,
13 the development and implementation of the Plan, the decisions and actions taken prior to or during
14 the Chapter 11 Cases and any asserted claims based upon or related to prepetition obligations of
15 the Debtors for the purpose of determining whether such claims belong to the Estates or third
parties. In the event it is determined that any such claims belong to third parties, then, subject to
any applicable subject matter jurisdiction limitations, the Bankruptcy Court shall have exclusive
jurisdiction with respect to any such litigation, subject to any determination by the Bankruptcy
Court to abstain and consider whether such litigation should more appropriately proceed in another
forum;

16 (r) hear and resolve any disputes regarding the reserves required hereunder,
17 including without limitation, disputes regarding the amounts of such reserves or the amount,
allocation and timing of any releases of such reserved funds; and

18 (s) enter final decrees closing the Chapter 11 Cases.

19 **SECTION 15. MISCELLANEOUS PROVISIONS**

20 15.1 ***Termination of All Employee, Retiree and Workers' Compensation Benefits.*** All
21 existing employee benefits (including, without limitation, workers' compensation benefits, health
22 care plans, disability plans, severance benefit plans, incentive plans, and life insurance plans) and
23 retiree benefits (as such term is defined under § 1114(a)) not previously terminated by the Debtors,
or assumed by the Debtors in the Schedule of Assumed Contracts, shall be terminated on or before
the Effective Date.

24 15.2 ***Termination of Collective Bargaining Agreements.*** Prior to the Effective Date,
25 the Debtors expect to receive approval for either the consensual or, pursuant to § 1113, the
nonconsensual modification, assignment and/or termination of collective bargaining agreements.

26 15.3 ***Administrative Claims Bar Date.*** All Requests for Payment of an Administrative
27 Claim (other than as set forth in Sections 2.2, 2.3, and 2.5), incurred after the Initial Administrative
28 Claims Bar Date and through the Effective Date, must be filed with the Bankruptcy Court and

1 served on counsel for the Liquidating Trustee no later than forty-five (45) days after the Effective
2 Date. The Liquidating Trustee shall provide supplemental notice of such filing deadline by mail
3 with respect to known claimants. Unless the Liquidating Trustee objects to an Administrative
4 Claim by the applicable Claims Objection Deadline, such Administrative Claim shall be deemed
5 Allowed in the amount requested. In the event that the Liquidating Trustee objects to an
6 Administrative Claim, the Bankruptcy Court shall determine the Allowed amount of such
7 Administrative Claim. Notwithstanding the foregoing: (a) no Request for Payment need be filed
8 with respect to an undisputed postpetition obligation which was paid or is payable by the Debtors
9 in the ordinary course of business; provided, however, that in no event shall a postpetition
10 obligation that is contingent or disputed and subject to liquidation through pending or prospective
11 litigation, including, but not limited to, alleged obligations arising from personal injury, property
12 damage, products liability, consumer complaints, employment law (excluding claims arising under
13 workers' compensation law), secondary payor liability, or any other disputed legal or equitable
14 claim based on tort, statute, contract, equity, or common law, be considered to be an obligation
15 which is payable in the ordinary course of business; (b) no Request for Payment need be filed with
16 respect to a cure amount owing under an Executory Agreement if (i) the amount of the cure is
17 fixed or proposed to be fixed by the Confirmation Order or other order of the Bankruptcy Court
18 either pursuant to the Plan or pursuant to a motion to assume and fix the amount of Cure filed by
19 the Debtors, and (ii) a timely objection asserting an increased amount of the cure has been filed by
20 the non-Debtors party to the subject contract or lease; and (c) no Request for Payment need be
21 filed with respect to fees payable pursuant to 28 U.S.C. § 1930.

14 15.4 **Exemption from Transfer Taxes.** Pursuant to § 1146(c), the assignment or
15 surrender of any lease or sublease, or the delivery of any deed or other instrument of transfer under,
16 in furtherance of, or in connection with, this Plan, including any deeds, bills of sale or assignments
17 executed in connection with any disposition of assets contemplated by this Plan, whether real or
18 personal property, shall not be subject to any stamp, real estate transfer, mortgage recording, sales,
19 use or other similar tax.

18 15.5 **Amendments.** The Debtors reserve the right, in accordance with the Bankruptcy
19 Code and the Bankruptcy Rules, to amend or modify this Plan at any time prior to the entry of the
20 Confirmation Order. After the entry of the Confirmation Order, the Debtors may, upon order of
21 the Bankruptcy Court, amend or modify this Plan, in accordance with § 1127(b), or remedy any
22 defect or omission or reconcile any inconsistency in this Plan in such manner as may be necessary
23 to carry out the purpose and intent of this Plan. A holder of an Allowed Claim that is deemed to
24 have accepted this Plan shall be deemed to have accepted this Plan as modified if the proposed
25 modification does not materially and adversely change the treatment of the Claim of such holder.

23 15.6 **Revocation or Withdrawal of Plan.** The Debtors may withdraw or revoke this Plan
24 at any time prior to the Effective Date. If the Debtors revoke or withdraw this Plan prior to the
25 Effective Date, or if the Effective Date does not occur, then this Plan shall be deemed null and
26 void. In such event, nothing contained herein shall be deemed to constitute a waiver or release of
27 any Claim by or against the respective Debtor or any other Person or to prejudice in any manner
28 the rights of the respective Debtor or any other Person in any further proceedings involving the
respective Debtor.

1 15.7 **Severability.** In the event that the Bankruptcy Court determines, prior to the
2 Effective Date, that any provision of this Plan is invalid, void or unenforceable, the Bankruptcy
3 Court shall, with the Consent of the Debtors and the Committee, have the power to alter and
4 interpret such term or provision to make it valid or enforceable to the maximum extent practicable,
5 consistently with the original purpose of the term or provision held to be invalid, void or
6 unenforceable, and such term or provision shall then be applicable as altered or interpreted.
7 Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and
8 provisions of this Plan shall remain in full force and effect and shall in no way be affected, impaired
9 or invalidated by such holding, alteration or interpretation. The Confirmation Order shall
10 constitute a judicial determination and shall provide that each term and provision of this Plan, as
11 it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable
12 pursuant to its terms.

13 15.8 **Request for Expedited Determination of Taxes.** The Debtors or the Liquidating
14 Trustee, as applicable, shall have the right to request an expedited determination under § 505(b)
15 with respect to tax returns filed, or to be filed, for any and all taxable periods ending after the
16 Petition Date through and including the date of final distribution under the Plan.

17 15.9 **U.S. Trustee Quarterly Fees and Post-Confirmation Status Reports.** All fees
18 payable under 28 U.S.C. § 1930(a)(6) shall be paid by each Debtor in the amounts and at the times
19 such fees may become due up to and including the Effective Date. The Liquidating Trust shall
20 pay all fees payable by each Debtor under 28 U.S.C. § 1930(a)(6) until the Chapter 11 Cases are
21 closed, dismissed or converted; provided, however, that the Sale-Leaseback Debtors shall pay all
22 fees payable under 28 U.S.C. § 1930(a)(6) in their respective Chapter 11 Cases until the expiration
23 of the Interim Management Agreement and Interim Leaseback Agreement. Upon the Effective
24 Date, the Liquidating Trust and the Post-Effective Date Debtors shall be relieved from the duty to
25 make the reports and summaries required under Bankruptcy Rule 2015(a). Notwithstanding the
26 foregoing, the Liquidating Trust and Post-Effective Date Debtors shall File and serve the status
27 reports required by Local Bankruptcy Rule 3020-1(b) at such times and for such period as may be
28 set forth in the Confirmation Order.

 15.10 **Courts of Competent Jurisdiction.** If the Bankruptcy Court abstains from
exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter
arising out of this Plan, such abstention, refusal or failure of jurisdiction shall have no effect upon
and shall not control, prohibit or limit the exercise of jurisdiction by any other court having
competent jurisdiction with respect to such matter.

 15.11 **Governing Law.** Except to the extent that the Bankruptcy Code or Bankruptcy
Rules are applicable, the rights, duties and obligations arising under this Plan shall be governed
by, and construed and enforced in accordance with, the laws of the State of California, without
giving effect to the principles of conflict of laws thereof.

 15.12 **Continuing Effect of the Bankruptcy Court Orders and Settlement Stipulations.**
Unless otherwise set forth in the Plan or the Confirmation Order or otherwise ordered by the
Bankruptcy Court, the orders of the Bankruptcy Court and any other settlement stipulations entered
into by the Debtors (including without limitation, agreements to lift the automatic stay, resolve
litigation claims and limit recoveries to available insurance proceeds) shall not be modified,

1 limited or amended by the Plan and shall remain in full force and effect. To the extent of any
2 direct conflict between the terms of this Plan and any settlement agreements, the conflicting
3 provisions of such settlement agreements shall govern with respect to the treatment of Allowed
Claims as provided for therein.

4 15.13 **Time.** In computing any period of time prescribed or allowed by this Plan, unless
5 otherwise set forth herein or determined by the Bankruptcy Court, the provisions of Bankruptcy
6 Rule 9006 shall apply. Any reference to “day” or “days” shall mean calendar days, unless
otherwise specified herein.

7 15.14 **Business Day Transactions.** In the event that any payment or act under this Plan
8 is required to be made or performed on a date that is not a Business Day, then the making of such
9 payment or the performance of such act may be completed on or as soon as reasonably practicable
on the next succeeding Business Day, but shall be deemed to have been completed as of the initial
due date.

10 15.15 **Headings.** Headings are used in this Plan for convenience and reference only and
11 shall not constitute a part of this Plan for any other purpose.

12 15.16 **Exhibits.** All Exhibits and schedules to this Plan are incorporated into and are a
part of this Plan as if set forth in full herein.

13 15.17 **Notices.** Any notices to or requests by parties in interest under or in connection
14 with this Plan shall be in writing and served either by (i) certified mail, return receipt requested,
15 postage prepaid, (ii) hand delivery or (iii) reputable overnight delivery service, all charges prepaid,
and shall be deemed to have been given when received by the following parties:

16 If to the Debtors:

17 Verity Health System of California, Inc.
18 2040 East Mariposa Avenue
19 El Segundo, California 90245
Attn: Elspeth Paul

20 with copies to:

21 Dentons US LLP
22 *Attorneys for the Debtors and Debtors-In-Possession*
23 601 South Figueroa Street
Suite 2500
24 Los Angeles, California 90017
(213) 623-9300
25 Attn: Samuel R. Maizel
Tania M. Moyron
26 Nicholas A. Koffroth

27 If to the Committee:

1 Milbank LLP
2 2029 Century Park East
3 33rd Floor
4 Los Angeles, California 90067
(424) 386-4000
Attn: Mark Shinderman

5 15.18 ***Post-Effective Date Notices.*** Following the Effective Date, notices shall only be
6 served on the Post-Effective Date Debtors, the Liquidating Trustee, the U.S. Trustee, and those
7 Persons who File with the Court and serve upon the Liquidating Trust a request, which includes
8 such Person's name, contact person, address, telephone number, facsimile number, and email, that
9 such Person receive notice of post-Effective Date matters. Persons who had previously filed with
the Court requests for special notice of the proceedings and other filings in the Chapter 11 Case
shall not receive notice of post-Effective Date matters unless such Persons File a new request in
accordance with this Section.

10 15.19 ***Conflict of Terms.*** In the event of a conflict between the terms of this Plan and the
11 Disclosure Statement, the terms of this Plan shall control.

12 Dated: Los Angeles, California
13 As of _____, 2019
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SCHEDULE 1.41

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- 2 Verity Health System of California, Inc.
- 3 O'Connor Hospital
- 4 Saint Louise Regional Hospital
- 5 St. Francis Medical Center
- 6 St. Vincent Medical Center
- 7 Seton Medical Center
- 8 O'Connor Hospital Foundation
- 9 Saint Louise Regional Hospital Foundation
- 10 St. Francis Medical Center of Lynwood Foundation
- 11 St. Vincent Foundation
- 12 St. Vincent Dialysis Center, Inc.
- 13 Seton Medical Center Foundation
- 14 Verity Business Services
- 15 Verity Medical Foundation
- 16 Verity Holdings, LLC
- 17 De Paul Ventures, LLC
- 18 De Paul Ventures - San Jose ASC, LLC
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DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300