

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

In re:

CMC II, LLC,¹

Debtors.

Chapter 11

Case No. 21-10461 (JTD)

(Jointly Administered)

Related Docket No. 668

**FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER
CONFIRMING THE FIRST AMENDED COMBINED
DISCLOSURE STATEMENT AND CHAPTER 11 PLAN OF LIQUIDATION**

The above-captioned debtors and debtors in possession (collectively, the “**Debtors**”) having filed (a) the *Debtors’ Motion for Order (I) Approving Adequacy of Disclosures in Combined Disclosure Statement and Plan on Interim Basis, (II) Scheduling Confirmation Hearing and Objection Deadline, (III) Establishing Procedures for Solicitation and Tabulation of Votes, (IV) Approving Form of Ballot and Solicitation Package, and (V) Approving Notice* [Docket No. 604] (the “**Interim Approval and Procedures Motion**”); (b) the *First Amended Combined Disclosure Statement and Chapter 11 Plan of Liquidation* [Docket No. 668] (as subsequently revised or amended, the “**Combined Plan and Disclosure Statement**”);² (c) the *Amended Declaration of Brian Karpuk Regarding Analysis of Ballots for Accepting or Rejecting the First Amended Combined Disclosure Statement and Chapter 11 Plan of Liquidation* [Docket No. 700] (the “**Tabulation Declaration**”); (d) the *Declaration of Paul Rundell in Support of Confirmation*

¹ The Debtors in these chapter 11 cases, along with the last four digits of their respective tax identification numbers, are as follows: CMC II, LLC (6973), Salus Rehabilitation, LLC (4037), 207 Marshall Drive Operations LLC (8470), 803 Oak Street Operations LLC (3900), Sea Crest Health Care Management, LLC (2940), and Consulate Management Company, LLC (5824). The address of the Debtors’ corporate headquarters is 800 Concourse Parkway South, Maitland, Florida 32751.

² Capitalized terms not otherwise herein shall have the meanings ascribed to such terms in the Interim Approval and Procedures Motion or the Combined Plan and Disclosure Statement.

of the First Amended Combined Disclosure Statement and Chapter 11 Plan of Liquidation [Docket No. 701] (the “**Confirmation Declaration**”); and (e) the *Debtors’ Memorandum of Law in Support of Entry of an Order Confirming the First Amended Combined Disclosure Statement and Chapter 11 Plan of Liquidation* [Docket No. 702] (the “**Confirmation Memorandum**”); and the Court having entered the *Order (I) Conditionally Approving Combined Plan and Disclosure Statement for Solicitation Purposes Only on Shortened Notice, (II) Establishing Procedures for Solicitation and Tabulation of Votes to Accept or Reject Combined Plan and Disclosure Statement, (III) Approving the Form of Ballot and Solicitation Materials, (IV) Establishing Voting Record Date, (V) Fixing the Date, Time and Place for the Confirmation Hearing and the Deadline for Filing Objections Thereto, and (VI) Approving Notice Procedures* [Docket No. 674] (the “**Interim Approval and Procedures Order**”), approving, among other things the Combined Plan and Disclosure Statement on an interim basis, the contents of the Solicitation Package, and the solicitation procedures and tabulation procedures; and the Court having conducted an evidentiary hearing to consider confirmation of the Combined Plan and Disclosure Statement on December 3, 2021 (the “**Combined Hearing**”); and any responses or objections to confirmation of the Combined Plan and Disclosure Statement raised at or prior to the Combined Hearing (collectively, the “**Objections**”) having been resolved, overruled, or withdrawn prior to or during the Combined Hearing; and upon the record herein; and after due deliberation thereon; and good and sufficient cause appearing therefor, the Court hereby finds and determines that:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

A. *Findings and Conclusions.* The findings and conclusions set forth herein and in the record of the Combined Hearing constitute the Court’s findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, as made applicable herein by

Bankruptcy Rules 7052 and 9014. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

B. *Jurisdiction, Venue, Core Proceeding.* The Court has jurisdiction over the Chapter 11 Case pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated as of February 29, 2012. Approval of the disclosures in and confirmation of the Combined Plan and Disclosure Statement are core proceedings pursuant to 28 U.S.C. § 157(b), and this Court has jurisdiction to enter a final order with respect thereto. The Debtors are eligible debtors under Bankruptcy Code section 109. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The Debtors are the plan proponents in accordance with Bankruptcy Code section 1121(a).

C. *The Committee.* On March 19, 2021, the Office of the United States Trustee for the District of Delaware (the “**U.S. Trustee**”) appointed an official committee of unsecured creditors in these Chapter 11 Cases (the “**Committee**”).

D. *Judicial Notice.* The Court takes judicial notice of the docket in these Chapter 11 Cases maintained by the Clerk of the Bankruptcy Court, including all pleadings and other documents filed, all orders entered, and all evidence and arguments made, proffered, or adduced at the hearings held before the Court during the pendency of these Chapter 11 Cases.

E. *Adequate Information.* The Combined Plan and Disclosure Statement contains adequate information within the meaning of Bankruptcy Code section 1125(a).

F. *Interim Approval and Procedures Order Compliance.* The Debtors have complied with the Interim Approval and Procedures Order, including the solicitation process, in all respects.

G. *Burden of Proof.* The Debtors have the burden of proving the elements of Bankruptcy Code sections 1125 and 1129(a) and (b) by a preponderance of the evidence. The Debtors have met their burden and have proven each element of Bankruptcy Code sections 1125 and 1129.

H. *Voting.* As evidenced by the Tabulation Declaration, votes to accept or reject the Combined Plan and Disclosure Statement have been solicited and tabulated fairly, in good faith, and in a manner consistent with the Bankruptcy Code and the Bankruptcy Rules, the solicitation process set forth in the Interim Approval and Procedures Order, and applicable non-bankruptcy law.

I. *Solicitation.* The Solicitation Packages were transmitted and served in compliance with the Bankruptcy Code, the Bankruptcy Rules, including Bankruptcy Rules 3017 and 3018, and the Interim Approval and Procedures Order. The Form of Ballots adequately addressed the particular needs of these Chapter 11 Cases and is appropriate to the Holders of Claims in the Voting Class, which are impaired under the Combined Plan and Disclosure Statement and may receive a distribution under the Combined Plan and Disclosure Statement, and whose votes were, therefore, solicited.

- (1) The period during which the Debtors solicited acceptances of the Combined Plan and Disclosure Statement was reasonable and sufficient under the circumstances of these Chapter 11 Cases and enabled voting creditors to make an informed decision to accept or reject the Combined Plan and Disclosure Statement.
- (2) The Debtors were not required to solicit the votes from the Holders of Claims from the following Classes (the “**Deemed to Accept Classes**”) as each such Class is unimpaired under the Combined Plan and Disclosure Statement and conclusively presumed to have accepted it: 1 (DIP Facility Claims), 2 (Other Secured Claims), and 3 (Priority Claims).
- (3) The Debtors were not required to solicit votes from the Holders of Equity Interests in Class 5 (Equity Claims and Interests) (the “**Deemed to Reject Class**”), and together with the Deemed to Accept Classes, the “**Non-Voting**”

Classes”), as such Class will receive no recovery under the Combined Plan and Disclosure Statement and is deemed to reject the Combined Plan and Disclosure Statement.

- (4) As described in the Tabulation Declaration and the Confirmation Declaration, the transmittal and service of the Solicitation Packages was timely, adequate, and sufficient under the circumstances. The solicitation of votes on the Combined Plan and Disclosure Statement complied with the Interim Approval and Procedures Order, was appropriate and satisfactory based upon the circumstances of the Chapter 11 Cases, and was in compliance with the provisions of the Bankruptcy Code, the Bankruptcy Rules, and other applicable rules, laws, and regulations. In connection therewith, the Debtors, and their employees, attorneys, advisors and professionals in these Chapter 11 Cases are entitled to the protection of Bankruptcy Code section 1125(e).

J. *Good Faith.* The Combined Plan and Disclosure Statement was negotiated in good faith and at arm’s length, and the Debtors have not engaged in any collusive or unfair conduct in connection with the Combined Plan and Disclosure Statement.

K. *Notice.* As evidenced by the Tabulation Declaration and the Confirmation Declaration, the transmittal and service of the Solicitation Packages were adequate and sufficient under the circumstances, and all parties required to be given notice of the Combined Hearing (including the deadline for filing and serving objections to confirmation of the Combined Plan and Disclosure Statement) have been given due, proper, timely, and adequate notice in accordance with the Interim Approval and Procedures Order and in compliance with the Bankruptcy Code, the Bankruptcy Rules, and applicable non-bankruptcy law, and such parties have had an opportunity to appear and be heard with respect thereto. No other or further notice is required.

L. *Compliance with the Bankruptcy Code (11 U.S.C. § 1129(a)(1)).* The Combined Plan and Disclosure Statement complies with the applicable provisions of the Bankruptcy Code and, as required by Bankruptcy Rule 3016, the Combined Plan and Disclosure Statement is dated and identifies the Debtors as plan proponents, thereby satisfying Bankruptcy Code section 1129(a)(1).

M. *The Debtors' Compliance with the Bankruptcy Code (11 U.S.C. § 1129(a)(2)).* The Debtors have complied with all the applicable provisions of the Bankruptcy Code, satisfying the requirements of Bankruptcy Code section 1129(a)(2).

N. *Proposed in Good Faith (11 U.S.C. § 1129(a)(3)).* The Combined Plan and Disclosure Statement has been proposed in good faith and not by any means forbidden by law, thereby satisfying the requirements of Bankruptcy Code section 1129(a)(3).

O. *Payment for Services or Costs and Expenses (11 U.S.C. § 1129(a)(4)).* Any payment made or to be made by the Debtors, or by any person issuing securities or acquiring property under the Combined Plan and Disclosure Statement, for services or for costs and expenses in or in connection with these Chapter 11 Cases, or in connection with the Combined Plan and Disclosure Statement and incident to these Chapter 11 Cases, has been approved by, or is subject to the approval of, the Court as reasonable, thereby satisfying the requirements of Bankruptcy Code section 1129(a)(4).

P. *Creditor Trustee, Directors, Officers, and Insiders (11 U.S.C. § 1129(a)(5)).* The Debtors have complied with Bankruptcy Code section 1129(a)(5). The Debtors are liquidating and, therefore, Bankruptcy Code section 1129(a)(5)(B) is not applicable.

Q. *No Rate Changes (11 U.S.C. § 1129(a)(6)).* After confirmation of the Combined Plan and Disclosure Statement, the Debtors' businesses will not involve rates established or approved by, or otherwise subject to, any governmental regulatory commission. Therefore, Bankruptcy Code section 1129(a)(6) is not applicable.

R. *Best Interest of Creditors (11 U.S.C. § 1129(a)(7)).* The Combined Plan and Disclosure Statement satisfies Bankruptcy Code section 1129(a)(7). The Liquidation Analysis attached to the Combined Plan and Disclosure Statement, and other evidence proffered or adduced

at the Combined Hearing (i) is persuasive and credible, (ii) has not been controverted by other evidence, and (iii) establishes that each Holder of an impaired Claim or Equity Interest either has accepted the Combined Plan and Disclosure Statement or will receive or retain under the Combined Plan and Disclosure Statement, on account of such Claim or Equity Interest, property of a value, as of the Effective Date, that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code on such date.

S. *Acceptance by Certain Classes (11 U.S.C. § 1129(a)(8))*. Holders of Claims in Classes 1 (DIP Facility Claims), 2 (Other Secured Claims), and 3 (Priority Claims) are unimpaired and deemed to accept the Combined Plan and Disclosure Statement. Holders of Claims in Classes 4.2 (Relator Expense Claim) and 4.3 (General Unsecured Claims) have voted, as classes, such that each of the foregoing classes have accepted the Combined Plan and Disclosure Statement in accordance with Bankruptcy Code section 1126(c). Bankruptcy Code section 1129(a)(8) has not been satisfied because no votes were cast in Class 4.1, and Class 5 (Equity Claims and Interests) is deemed to reject the Combined Plan and Disclosure Statement pursuant to Bankruptcy Code section 1126(g). However, as set forth below, the Combined Plan and Disclosure Statement is confirmable because it satisfies the nonconsensual confirmation requirements of Bankruptcy Code section 1129(b).

T. *Treatment of Administrative Expense Claims and Priority Tax Claims (11 U.S.C. § 1129(a)(9))*. The treatment of Allowed Administrative Expenses under the Combined Plan and Disclosure Statement satisfies Bankruptcy Code section 1129(a)(9)(A). The treatment of Allowed Priority Tax Claims under the Combined Plan and Disclosure Statement satisfies the requirements of Bankruptcy Code section 1129(a)(9)(C).

U. *Acceptance by Impaired Classes (11 U.S.C. § 1129(a)(10))*. At least one Class of Claims that is impaired under the Combined Plan and Disclosure Statement has accepted the Combined Plan and Disclosure Statement, determined without including any acceptance of the Combined Plan and Disclosure Statement by an insider, thereby satisfying the requirements of Bankruptcy Code section 1129(a)(10).

V. *Feasibility (11 U.S.C. § 1129(a)(11))*. Confirmation of the Combined Plan and Disclosure Statement is not likely to be followed by the liquidation of the Debtors other than as set forth in the Combined Plan and Disclosure Statement itself, thereby satisfying Bankruptcy Code section 1129(a)(11).

W. *Payment of Fees (11 U.S.C. § 1129(a)(12))*. The Combined Plan and Disclosure Statement provides that all fees due and payable pursuant to 28 U.S.C. § 1930 shall be payable by the Debtors prior to the Effective Date.

X. *Inapplicable Provisions (11 U.S.C. § 1129(a)(13)-(16))*. The Debtors (i) do not maintain retiree benefits as defined in Bankruptcy Code section 1114, (ii) do not have domestic support obligations, (iii) are not individuals, and (iv) are moneyed, business, or commercial entities; accordingly, Bankruptcy Code sections 1129(a)(13)-(16) are not applicable to the Combined Plan and Disclosure Statement.

Y. *Fair and Equitable, No Unfair Discrimination (11 U.S.C. § 1129(b))*. Based upon the evidence proffered, adduced, and presented by the Debtors at the Combined Hearing, the Combined Plan and Disclosure Statement does not discriminate unfairly against, and is fair and equitable with respect to Class 4.1 and Class 5 as required by Bankruptcy Code section 1129(b)(1) and (b)(2). Therefore, the Combined Plan and Disclosure Statement may be confirmed

notwithstanding the rejection of the Combined Plan and Disclosure Statement by Classes 4.1 and 5.

Z. *Only One Plan (11 U.S.C. § 1129(c)).* The Combined Plan and Disclosure Statement is the only plan filed in these Chapter 11 Cases, and accordingly, Bankruptcy Code section 1129(c) is inapplicable in the Chapter 11 Case.

AA. *Principal Purpose of the Plan (11 U.S.C. § 1129(d)).* The principal purpose of the Combined Plan and Disclosure Statement is not the avoidance of taxes or the avoidance of the application of Section 5 of the Securities Act of 1933, and no governmental unit has objected to the confirmation of the Combined Plan and Disclosure Statement on any such grounds. Therefore, the Combined Plan and Disclosure Statement satisfies the requirements of Bankruptcy Code section 1129(d).

BB. *Good Faith Solicitation (11 U.S.C. § 1125(e)).* Based upon the record before the Court, the Debtors, the Committee, and their respective employees, attorneys, advisors and professionals in these Chapter 11 Cases have acted in “good faith” within the meaning of Bankruptcy Code section 1125(e) in compliance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, and any applicable non-bankruptcy law, rule, or regulation governing the adequacy of disclosure in connection with all their respective activities relating to the solicitation of the Combined Plan and Disclosure Statement and/or their participation in the activities described in Bankruptcy Code section 1125, and, therefore, are not, and on account of such offer, issuance, and solicitation will not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation or participation therein of the Combined Plan and Disclosure Statement and are entitled to the protections afforded by

Bankruptcy Code section 1125(e) and, to the extent such parties are listed therein, the exculpation provisions found in Article X.B of the Combined Plan and Disclosure Statement.

CC. *Implementation.* All documents necessary to implement the Combined Plan and Disclosure Statement, and all other relevant and necessary documents have been developed and negotiated in good faith and at arm's length and shall, upon completion of documentation and execution, and subject to the occurrence of the Effective Date, be valid, binding, and enforceable agreements and not be in conflict with any federal or state law.

DD. *Releases.* The Court has jurisdiction under 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated as of February 29, 2012 to approve the releases set forth in Article X of the Combined Plan and Disclosure Statement. Pursuant to Bankruptcy Code section 105(a), approval of the releases and injunction provisions contained in the Combined Plan and Disclosure Statement is warranted, as established by the record in these Chapter 11 Cases, because such provisions: (i) are essential to the formulation and implementation of the Combined Plan and Disclosure Statement, (ii) confer substantial benefits on the Debtors' Estates, (iii) are fair, equitable, and reasonable, and (iv) are in the best interests of the Debtors and their Estates.

EE. *Exculpation.* Pursuant to Bankruptcy Code section 1123(b)(3) and Bankruptcy Rule 9019(a), the exculpation provisions and the releases set forth in the Combined Plan and Disclosure Statement and implemented by this Confirmation Order are fair, equitable, reasonable, and in the best interests of the Debtors, and their Estates, creditors, and equity holders. The record of the Combined Hearing is sufficient to support the exculpation provision set forth in Article X.B and the releases provided for in Article X.C, and the related injunction in Article X.A. of the Combined Plan and Disclosure Statement. Accordingly, based on the representations of the

parties, and/or the evidence proffered, adduced, and/or presented at the Combined Hearing, this Court finds that the exculpation provisions set forth in Article X.B and the releases set forth in Articles X.C, and the related injunction in Article X.A, of the Combined Plan and Disclosure Statement are consistent with the Bankruptcy Code and applicable law.

FF. Based on the foregoing, the Combined Plan and Disclosure Statement satisfies the requirements for confirmation set forth in Bankruptcy Code section 1129.

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

1. *Findings of Fact and Conclusion of Law.* The above-referenced findings of fact and conclusions of law are hereby incorporated by reference as though fully set forth herein.

2. *Notice of Combined Hearing.* Notice of the Combined Hearing complied with the terms of the Interim Approval and Procedures Order, was appropriate and satisfactory based upon the circumstances of these Chapter 11 Cases, and was in compliance with the provisions of the Bankruptcy Code and the Bankruptcy Rules.

3. *Adequate Information.* The disclosures contained in the Combined Plan and Disclosure Statement are approved on a final basis as containing adequate information within the meaning of Bankruptcy Code section 1125, and any objections to the adequacy of the information contained in the Combined Plan and Disclosure Statement not otherwise consensually resolved are overruled in their entirety.

4. *Solicitation.* The solicitation of votes on the Combined Plan and Disclosure Statement complied with the Interim Approval and Procedures Order, was appropriate and satisfactory based upon the circumstances of the Chapter 11 Case and was in compliance with the provisions of the Bankruptcy Code, the Bankruptcy Rules, and applicable non-bankruptcy law.

5. *Ballots.* The form of Ballot attached as Exhibit 1 to the Interim Approval and Procedures Order is in compliance with Bankruptcy Rule 3018(c), and substantially conforms to Official Form Number 14, and is approved in all respects.

6. *Confirmation of the Combined Plan and Disclosure Statement.* The Combined Plan and Disclosure Statement, attached hereto as Exhibit A, and all exhibits thereto are approved in all respects. The terms of the Combined Plan and Disclosure Statement are an integral part of this Confirmation Order.

7. *Objections Resolved or Overruled.* All objections, responses, statements, and comments in opposition to the Combined Plan and Disclosure Statement, other than those withdrawn with prejudice, waived, or settled prior to, or on the record at, the Combined Hearing, shall be, and hereby are, overruled in their entirety.

8. *Binding Effect.* On the date of and following entry of this Confirmation Order and subject to the occurrence of the Effective Date, the provisions of the Combined Plan and Disclosure Statement shall be binding on the Debtors, the Estates, all Holders of Claims and Equity Interests (irrespective of whether such Claims or Equity Interests are impaired under the Combined Plan and Disclosure Statement or whether the Holders of such Claims or Equity Interests have accepted the Combined Plan and Disclosure Statement), any and all non-Debtor parties to executory contracts and unexpired leases with the Debtors, any other parties in interest in these Chapter 11 Cases, and the respective heirs, executors, administrators, successors, or assigns, if any, of any of the foregoing.

9. *Vesting of Assets.* As of the Effective Date, pursuant to Bankruptcy Code section 1141(b) and (c), the Debtors' assets shall vest in the reorganized Debtors free and clear of all Claims liens, encumbrances, charges, membership interests, and other interests, subject to the

terms and conditions of the Combined Plan and Disclosure Statement and this Confirmation Order, except as otherwise provided in the Combined Plan and Disclosure Statement or this Confirmation Order, or any other prior final order of this Court, including the orders approving the CPSTN Settlement Agreements and the order approving the Sale of the Debtors' assets to CPSTN.

10. *Implementation of the Combined Plan and Disclosure Statement.* The Debtors are hereby authorized to execute deliver, file, or record such documents, contracts, instruments, releases, and other agreements, and take such other actions as may be necessary to effectuate, implement, and further evidence the terms and conditions of the Combined Plan and Disclosure Statement.

11. *Rejection of Executory Contracts.* Except as set forth in the Combined Plan and Disclosure Statement or CPSTN Settlement Agreements previously approved by the Court, as of the Effective Date, each Executory Contract and Unexpired Lease to which the Debtors are parties is hereby rejected as of the Effective Date unless (i) previously assumed and/or assigned, (ii) subject to a pending motion to assume and/or assign, or (iii) rejected before the Effective Date.

12. *Conditions to Effectiveness.* The Combined Plan and Disclosure Statement shall not become effective unless the conditions set forth in Article IX of the Combined Plan and Disclosure Statement have been satisfied or waived.

13. *Professional Compensation.* The definition of "Professional Fee Claims Bar Date" in the Combined Plan and Disclosure Statement is revised to state: "Professional Fee Claims Bar Date" means the date that is thirty (30) days after the Effective Date." All Professionals shall file with the Court applications for compensation within thirty (30) days after the Effective Date. Upon the Effective Date, any requirement that Professionals comply with Bankruptcy Code sections 327 through 331 in seeking retention or compensation for services rendered after such date shall

terminate, and Professionals may be employed and paid in the ordinary course of business without any further notice to, or action, order, or approval of, the Court, including for compensation for preparation of final fee applications by the Debtors' and the Committee's Professionals after the Effective Date. Professional Fee Claims shall be paid after the Effective Date in accordance with Article IV.K of the Combined Plan and Disclosure Statement.

14. *Binding Exculpation Provision.* All exculpation provisions contained herein and/or in the Combined Plan and Disclosure Statement, including, but not limited to those contained in Article X of the Combined Plan and Disclosure Statement, are approved and are effective and binding on all persons and entities, to the extent provided therein.

15. *Binding Release Provisions.* All release provisions contained herein and/or in the Combined Plan and Disclosure Statement, including, but not limited to those contained in Article X of the Combined Plan and Disclosure Statement, are approved and are effective and binding on all persons and entities, to the extent provided therein; *provided, however*, that no provision of the Combined Plan and Disclosure Statement or this Confirmation Order shall be construed to grant a discharge pursuant to Bankruptcy Code section 1141(d).

16. *Injunctions.* Except as otherwise provided in the Combined Plan and Disclosure Statement or to the extent necessary to enforce the terms and conditions of the CPSTN Settlement Agreements, the Combined Plan and Disclosure Statement, this Confirmation Order, or a separate order of the Bankruptcy Court, all entities who have held, hold, or may hold Claims against or Equity Interests in the Debtors shall be permanently enjoined from taking any of the following actions against any property that is to be distributed under the terms of the Combined Plan and Disclosure Statement on account of any such Claims or Equity Interests: (a) commencing or continuing, in any manner or in any place, any action or other proceeding; (b) enforcing, attaching,

collecting, or recovering in any manner any judgment, award, decree, or order; (c) creating, perfecting, or enforcing any lien or encumbrance; (d) asserting a setoff right, subrogation, or recoupment of any kind against any debt, liability, or obligation due to the Debtors; and (e) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of this Combined Plan and Disclosure Statement; *provided, however,* that such entities shall not be precluded from exercising their rights pursuant to and consistent with the terms of the Combined Plan and Disclosure Statement or the Confirmation Order; *provided, further,* that the foregoing shall not apply to any acts, omissions, claims, causes of action or other obligations expressly set forth in and preserved by the Combined Plan and Disclosure Statement or any defenses thereto. This paragraph 16 shall not apply to the United States and its ability to take any action set forth above to the extent permitted by bankruptcy or non-bankruptcy law, including but not limited to the enforcement of any police or regulatory power. In addition, notwithstanding any provision to the contrary in this Confirmation Order, the Combined Plan and Disclosure Statement, or any Plan Documents (collectively, “**Documents**”): As to the United States, nothing in the Documents shall: (1) discharge, release, enjoin, impair or otherwise preclude (a) any liability to the United States that is not a “claim” within the meaning of section 101(5) of the Bankruptcy Code (“**claim**”), (b) any claim of the United States arising after the Confirmation Date; (2) confer exclusive jurisdiction to the Bankruptcy Court with respect to the Federal Interests, claims, liabilities and Causes of Action, except to the extent set forth in 28 U.S.C. § 1334 (as limited by any other provisions of the United States Code); (3) affect any setoff or recoupment rights of the United States and such rights are expressly preserved; (4) constitute an approval or consent by the United States without compliance with all applicable legal requirements and approvals under non-bankruptcy law

17. *Preservation of Causes of Action.* Pursuant to the Combined Plan and Disclosure Statement, the Estates' Causes of Action shall be and are hereby preserved, except as provided otherwise in the Combined Plan and Disclosure Statement or any Final Order of this Court.

18. *Reservation of Rights.* Except as expressly set forth herein, the Combined Plan and Disclosure Statement shall have no force or effect until the Effective Date. None of the filing of the Combined Plan and Disclosure Statement, any statement or provision contained herein, or the taking of any action by the Debtors with respect to the Combined Plan and Disclosure Statement shall be or shall be deemed to be an admission or waiver of any rights of the Debtors or any Holder of Claims or Equity Interests before the Effective Date.

19. *Payment of Statutory Fees.* All fees payable pursuant to 28 U.S.C. § 1930 and/or 31 U.S.C. § 3717, as determined by the Court, shall be paid for each quarter (including any fraction thereof) by the Debtors until the earlier of the time that the Chapter 11 Cases are converted, dismissed, or closed.

20. *Retention of Jurisdiction.* On and after the Effective Date, the Court shall retain jurisdiction, to the fullest extent possible under law, over all matters arising in, arising under, and related to these Chapter 11 Cases and the Combined Plan and Disclosure Statement for, among other things:

- a. to hear and determine any objections to Claims and to address any issues relating to Disputed Claims;
- b. to enter and implement such orders as may be appropriate in the event this Confirmation Order is for any reason stayed, revoked, modified, or vacated;
- c. to issue such orders in aid of execution and consummation of the Combined Plan and Disclosure Statement, to the extent authorized by Bankruptcy Code section 1142;
- d. to consider any amendments to or modifications of the Combined Plan and Disclosure Statement, to cure any defect or omission, or to reconcile any

inconsistency in any order of the Bankruptcy Court, including, without limitation, this Confirmation Order;

- e. to hear and determine all requests for compensation and reimbursement of expenses to the extent allowed by the Bankruptcy Court under Bankruptcy Code sections 330 or 503;
- f. to hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Combined Plan and Disclosure Statement;
- g. to hear and determine matters concerning state, local, and federal taxes in accordance with Bankruptcy Code sections 346, 505, and 1146;
- h. to hear any other matter not inconsistent with the Bankruptcy Code;
- i. to enter a Final Decree in each Debtor's Chapter 11 Case;
- j. to ensure that Distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Combined Plan and Disclosure Statement;
- k. to decide or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters and grant or deny any applications involving the Debtors that may be pending on the Effective Date;
- l. to issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Person or Entity with the occurrence of the Effective Date or enforcement of the Combined Plan and Disclosure Statement, except as otherwise provided herein;
- m. to determine any other matters that may arise in connection with, or that are related to, the Combined Plan and Disclosure Statement, this Confirmation Order, or any contract, instrument, release, indenture, or other agreement or document created or implemented in connection with the Combined Plan and Disclosure Statement;
- n. to enforce, interpret, and determine any disputes arising in connection with any stipulations, orders, judgments, injunctions, exculpations, and rulings entered in connection with these Chapter 11 Cases;
- o. to resolve disputes concerning any reserves with respect to Disputed Claims or the administration thereof; and
- p. to resolve any disputes concerning whether a Person or Entity had sufficient notice of these Chapter 11 Cases, the Bar Date, or the Confirmation Hearing for the purpose of determining whether a Claim or Equity Interest is discharged hereunder, or for any other purpose.

21. *Resignation of the Debtors' Board and Officers.* The Board shall remain intact until the Debtors are dissolved. On the date of dissolution of the Debtors, the members of the Board and executive officer(s) of the Debtors shall be deemed to have resigned to the extent permissible under applicable law. On the Effective Date or as soon as practicable thereafter, the Debtors and their Professionals are authorized and directed to cause to be filed a certificate of dissolution for the Debtors with the appropriate state agency.

22. *Provisions of the Combined Plan and Disclosure Statement and Confirmation Order Non-Severable and Mutually Dependent.* The provisions of the Combined Plan and Disclosure Statement and this Confirmation Order, including the findings of fact and conclusions of law as set forth herein, are non-severable and mutually dependent.

23. *Governing Law.* Except to the extent that the Bankruptcy Code or federal law is applicable, the rights, duties, and obligations arising under the Combined Plan and Disclosure Statement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without giving effect to the principles or conflicts of law thereof.

24. *Applicable Non-bankruptcy Law.* Pursuant to Bankruptcy Code section 1123(a) and 1142(a), the provisions of this Confirmation Order, the Combined Plan and Disclosure Statement, and related documents (or any amendments or modifications thereto) shall apply and be enforceable notwithstanding any otherwise applicable non-bankruptcy law.

25. *Documents and Instruments.* Each federal, state, commonwealth, local, foreign, or other governmental agency is hereby authorized to accept any and all documents and instruments necessary or appropriate to effectuate, implement, or consummate the transactions contemplated by the Combined Plan and Disclosure Statement and this Confirmation Order.

26. *Governmental Approvals Not Required.* This Confirmation Order shall constitute all approvals and consents required, if any, by the laws, rules, or regulations of any state or other governmental authority with respect to the implementation or consummation of the Combined Plan and Disclosure Statement, any documents, instruments, or agreements, and any amendments or modifications thereto, and any other acts referred to in, or contemplated by, the Combined Plan and Disclosure Statement.

27. *Notice of Entry of Confirmation Order and Effective Date.* The form of notice of Effective Date and entry of this Confirmation Order, attached hereto as **Exhibit B** (the “**Effective Date Notice**”), provides adequate and reasonable notice and is hereby approved. On or within two (2) Business Days of the Effective Date, the Debtors shall file and serve the Effective Date Notice on the following parties: (i) all parties filing a notice of appearance and request for service pursuant to Bankruptcy Rule 2002 in these Chapter 11 Cases; (ii) state and local taxing authorities in which the Debtors did business; (iii) the Internal Revenue Service; (iv) the Securities and Exchange Commission; (v) the United States Attorney for the District of Delaware; (vi) Holders of Claims or Equity Interests; (vii) all counterparties to executory contracts and unexpired leases with the Debtors that are assumed or rejected under the Combined Plan and Disclosure Statement; (viii) the U.S. Trustee; (ix) the Committee Professionals; and (x) all persons or entities listed on the Debtors’ creditor mailing matrix.

28. *Waiver of Stay.* The stay of this Confirmation Order provided by any Bankruptcy Rule (including, without limitation, Bankruptcy Rules 3020(e), 6004(h), and 6006(d)), whether for fourteen (14) days or otherwise, is hereby waived, and this Confirmation Order shall be effective and enforceable immediately upon its entry by the Court.

29. *Inconsistency.* To the extent of any inconsistency between this Confirmation Order and the Combined Plan and Disclosure Statement, this Confirmation Order shall govern. To the extent of any inconsistency between this Confirmation Order or the Combined Plan and Disclosure Statement on the one hand, and the CPSTN Settlement Agreements, the orders approving the CPSTN Settlement Agreements, the Asset Purchase Agreement between the Debtors and CPSTN, and/or the order approving the Asset Purchase Agreement between the Debtors and CPSTN (together, the “Settlement and Sale Documentation”) on the other, the applicable Settlement and Sale Documentation shall govern.

30. *No Waiver.* The failure to specifically include any particular provision of the Combined Plan and Disclosure Statement in this Confirmation Order shall not diminish the effectiveness of such provision nor constitute a waiver thereof, it being the intent of this Court that the Combined Plan and Disclosure Statement is confirmed in its entirety and incorporated herein by reference.

31. *Closing Adjustments from CPSTN Operations, LLC.* The Debtors have agreed with CPSTN Operations, LLC, on behalf of itself and its non-debtor affiliates (collectively, “CPSTN”), as follows:

- a. CPSTN has and will provide the following adjustments to the Purchase Price set forth in the APA and the consideration set forth in the Settlement Agreements.
 - (i) Payment of \$230,000 to the Debtors’ estates at the closing of the CPSTN Settlement Agreements and Sale on November 30, 2021.
 - (ii) Payment of \$490,000 to the Debtors’ estates or disbursing agent in 12 monthly instalments of \$40,833.33 beginning on the first business day of each month starting in January 2022.
- b. The Combined Plan and Disclosure Statement’s references to “Additional Cares Act Funds” are hereby stricken.

- c. Prior to the Petition Date, the Debtors held certain funds on account of deferred employer payroll taxes that were deferred pursuant to the CARES Act. As part of the Settlement Agreement transactions, CPSTN has assumed the Debtors' obligations to the Internal Revenue Service in respect of such taxes and shall pay such funds to the Internal Revenue Service when due, subject to CPSTN's receipt of the funds held by the Debtors in respect of such taxes.
- d. The foregoing payments, together with the other amounts paid or assumed pursuant to the Settlement Agreements and APA, shall be in full and final satisfaction of any and all claims, amounts, liabilities or defenses of the parties whether under the APA, settlement agreements, or otherwise.

32. *Resolution of Limited Objection of Aretha Bradham, Katina Ford and Rosanna McCullough.* In resolution of the Limited Objection to Confirmation of Debtors' First Amended Chapter 11 Plan of Liquidation [Docket No. 690] (the "**Limited Objection**") and the Motion For Relief From The Automatic Stay Or Plan Injunction, As Applicable [Docket No. 693] (the "**Motion**") and, together with the Limited Objection, the "**Objecting Creditors' Pleadings**") filed by Aretha Bradham, Katina Ford and Rosanna McCullough (collectively, the "**Objecting Creditors**"), the Debtors agree that the rights of the Objecting Creditors to pursue claims against and collect from non-debtor third parties are preserved and not limited by the Combined Plan and Disclosure Statement, as are the rights of such non-debtor third parties to contest and defend against such claims. In addition, the Objecting Creditors are authorized to liquidate their claims against the Debtors, as applicable, and all rights with respect to any insurance policies and proceeds thereof, and any corresponding counterclaims or defenses, are preserved. The Objecting Creditors' Pleadings are consensually withdrawn with prejudice.

33. *Genesis ElderCare Rehabilitation Services LLC* Genesis Eldercare Rehabilitation Services, LLC ("**Genesis**") and the Debtors have agreed that Genesis shall have an allowed general unsecured claim for the portions of the proofs of claim it filed (Claim No. 407 in Case No. 21-10462 and Claim No. 408 in Case No. 21-10463) related to the Promissory Note, as amended (the

“Note”) between Genesis, 803 Oak Street Operations, LLC, 207 Marshall Drive Operations, LLC, and other non-Debtor parties in the principal amount of \$56,250,628 plus other obligations due under the Note as set forth in the above referenced proofs of claim (the “Genesis Note Claim”). Subject to the ensuing paragraph, the parties agree that Genesis shall receive no distribution from the bankruptcy estates under the Plan on account of the Genesis Note Claim, provided that (i) Perry Facility Operations LLC and (ii) Green Cove Facility Operations LLC (together, the “Purchaser SNFs”) are substituted as obligors to Genesis, jointly and severally along with the non-Debtor parties under the Note, in place of 803 Oak Street Operations, LLC and 207 Marshall Drive Operations, LLC (together, the “Debtor SNFs”), and the Purchaser SNFs become parties to the Second Amended and Restated Therapy Services Agreement, as amended, between Genesis, the Debtor SNFs, and other non-Debtor parties (the “Services Agreement”), jointly and severally with the other non-Debtor parties..

34. Genesis and the Purchaser SNFs are negotiating documentation to implement this agreement. If documentation acceptable to the parties is not executed prior to December 17, 2021 or such other date agreed to by the parties, Genesis’s agreement to waive a distribution from the bankruptcy estates on account of the allowed Genesis Note Claim shall be null and void, and Genesis shall be entitled to a Class 4.3 distribution under the Plan for the Genesis Note Claim. Nothing in the Plan, this Order, or the parties’ agreement affects: (a) any post-petition claim Genesis has for services rendered to the Debtors; (b) any claim or right held by Genesis against any non-debtor person or entity, including but not limited to claims under the Note, Services Agreement, or otherwise; or (c) any claim or right held by Genesis against the Purchaser SNFs.

35. *Bidder Deposits.* In light of the closing of the settlement and sale transactions, the Debtors are authorized and directed to return all deposits previously submitted by bidders for any of the Debtors' assets.

Dated: December 3rd, 2021
Wilmington, Delaware

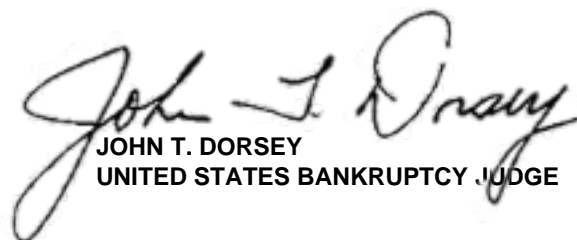

JOHN T. DORSEY
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT A

Combined Plan and Disclosure Statement

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

In re:

CMC II, LLC,¹

Debtors.

Chapter 11

Case No. 21-10461 (JTD)

(Jointly Administered)

**DEBTORS' FIRST AMENDED COMBINED DISCLOSURE STATEMENT
AND CHAPTER 11 PLAN OF LIQUIDATION**

Dated: November 11, 2021
Wilmington, Delaware

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*Counsel for the Debtors and the
Debtors-in-Possession*

¹ The Debtors in these chapter 11 cases, along with the last four digits of their respective tax identification numbers, are as follows: CMC II, LLC (6973), Salus Rehabilitation, LLC (4037), 207 Marshall Drive Operations LLC (8470), 803 Oak Street Operations LLC (3900), Sea Crest Health Care Management, LLC (2940), and Consulate Management Company, LLC (5824). The address of the Debtors' corporate headquarters is 800 Concourse Parkway South, Maitland, Florida 32751.

PLAN EXHIBIT

Exhibit A: Liquidation Analysis

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DISCLAIMER

THIS COMBINED PLAN AND DISCLOSURE STATEMENT WAS COMPILED FROM INFORMATION OBTAINED FROM NUMEROUS SOURCES BELIEVED TO BE ACCURATE TO THE BEST OF THE DEBTORS' KNOWLEDGE, INFORMATION, AND BELIEF. NO GOVERNMENTAL AUTHORITY HAS PASSED ON, CONFIRMED, OR DETERMINED THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED HEREIN. THERE HAS BEEN NO INDEPENDENT AUDIT OF THE FINANCIAL INFORMATION CONTAINED IN THIS COMBINED PLAN AND DISCLOSURE STATEMENT EXCEPT AS EXPRESSLY INDICATED HEREIN.

NOTHING STATED HEREIN SHALL BE DEEMED OR CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PARTY, OR BE DEEMED CONCLUSIVE EVIDENCE OF THE TAX OR OTHER LEGAL EFFECTS OF THE COMBINED PLAN AND DISCLOSURE STATEMENT ON THE DEBTORS OR HOLDERS OF CLAIMS OR EQUITY INTERESTS. CERTAIN STATEMENTS CONTAINED HEREIN, BY NATURE, ARE FORWARD-LOOKING AND CONTAIN ESTIMATES AND ASSUMPTIONS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL REFLECT ACTUAL OUTCOMES.

THE STATEMENTS CONTAINED HEREIN ARE MADE AS OF THE DATE HEREOF, UNLESS ANOTHER TIME IS SPECIFIED. THE DELIVERY OF THIS COMBINED PLAN AND DISCLOSURE STATEMENT SHALL NOT BE DEEMED OR CONSTRUED TO CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AT ANY TIME AFTER THE DATE HEREOF.

HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD NOT CONSTRUE THE CONTENTS OF THIS COMBINED PLAN AND DISCLOSURE STATEMENT AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL, OR TAX ADVICE. THEREFORE, EACH SUCH HOLDER SHOULD CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL, AND TAX ADVISORS AS TO ANY SUCH MATTERS CONCERNING THE COMBINED PLAN AND DISCLOSURE STATEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY.

NO PARTY IS AUTHORIZED TO GIVE ANY INFORMATION WITH RESPECT TO THIS COMBINED DISCLOSURE STATEMENT AND PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS COMBINED DISCLOSURE STATEMENT AND PLAN. NO REPRESENTATIONS CONCERNING THE DEBTORS OR THE VALUE OF THEIR PROPERTY HAVE BEEN AUTHORIZED BY THE DEBTORS OTHER THAN AS SET FORTH IN THIS COMBINED DISCLOSURE STATEMENT AND PLAN. ANY INFORMATION, REPRESENTATIONS OR INDUCEMENTS MADE TO OBTAIN AN ACCEPTANCE OF THIS COMBINED DISCLOSURE STATEMENT AND PLAN OTHER THAN, OR INCONSISTENT WITH, THE INFORMATION CONTAINED HEREIN SHOULD NOT BE RELIED UPON BY ANY HOLDER OF A CLAIM OR INTEREST. THE COMBINED DISCLOSURE STATEMENT AND PLAN HAS BEEN PREPARED IN ACCORDANCE WITH BANKRUPTCY CODE SECTION 1125 AND BANKRUPTCY RULE 3016(b), AND NOT IN

ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-APPLICABLE BANKRUPTCY LAWS. SEE ARTICLE IV.F HEREIN, ENTITLED “CERTAIN RISK FACTORS TO BE CONSIDERED PRIOR TO VOTING,” FOR A DISCUSSION OF CERTAIN CONSIDERATIONS IN CONNECTION WITH A DECISION BY A HOLDER OF AN IMPAIRED CLAIM ENTITLED TO VOTE ON THE PLAN TO VOTE TO ACCEPT THE PLAN.

I. INTRODUCTION¹

The Debtors propose this Combined Plan and Disclosure Statement pursuant to Bankruptcy Code sections 105, 1125, and 1129 for the disposition of the Debtors’ remaining Assets and distribution of the proceeds of the Assets to the Holders of Allowed Claims against the Debtors as set forth herein. The Debtors are the proponents of the Combined Plan and Disclosure Statement within the meaning of Bankruptcy Code section 1129. The Official Committee of Unsecured Creditors (the “**Committee**”) supports confirmation of the Combined Plan and Disclosure Statement and urges all creditors to vote to accept the Combined Plan and Disclosure Statement.

Although proposed jointly for administrative purposes, the Plan constitutes a separate Plan for each Debtor for the resolution of outstanding Claims and Interests pursuant to the Bankruptcy Code. Each Debtor is a proponent of the Plan within the meaning of section 1129 of the Bankruptcy Code. The classifications of Claims and Interests set forth in Article III of the Plan shall be deemed to apply separately with respect to each Plan proposed by each Debtor, as applicable. The Plan contemplates the substantive consolidation of the Debtors solely for purposes of distributions.

The Combined Plan and Disclosure Statement reflects a complex settlement reached after months of negotiations between and among the Debtors, the United States of America, CPSTN Operations, LLC and its affiliates, the Committee, and the Relator. The settlement, which is set forth in two related settlement agreements and an asset purchase agreement, was approved by orders entered by the Bankruptcy Court on October 6, 2021 [Docket Nos. 590 -592] (collectively, the “**CPSTN Settlement Agreements**”). Pursuant to the CPSTN Settlement Agreements, CPSTN or its designee shall acquire substantially all of the Debtors’ assets in exchange for the CPSTN Settlement Consideration. The CPSTN Settlement Consideration² includes, among other things,

- the credit bid of all outstanding amounts owed by the Debtors under the CPSTN DIP Loan (\$5 million),
- additional estate funding payments by CPSTN of \$500,000,

¹ All capitalized terms used but not defined in the Introduction shall have the meanings ascribed to them in Article III of the Combined Plan and Disclosure Statement.

² The descriptions of the CPSTN Settlement Agreements and the CPSTN Settlement Consideration above are intended as summary descriptions only. In the event of any conflict between the descriptions above and the terms and conditions of the CPSTN Settlement Agreements or CPSTN Settlement Consideration, the actual terms and conditions of the CPSTN Settlement Agreements shall control.

- the assumption of substantially all the Debtors' trade debt relationships, obligations, and Executory Contracts and Leases, including the assumption and payment of cure claims thereunder, other than those specified in the schedules to the CPSTN Settlement Agreements, as may be amended in accordance with the terms thereof,
- the assumption of substantially all liability arising from personal injury, wrongful death, or other tort liability claims against the Debtors, other than those specified in the schedules to the CPSTN Settlement Agreements, as may be amended in accordance with the terms thereof,
- additional direct payments over time by CPSTN to the United States of America and to the Relator, with such payments subject to certain guarantees by CPSTN corporate affiliates,
- additional direct contingent payments to the United States and the Relator following the achievement of certain resident census levels, and other contingent payments, and
- the payment of certain additional amounts over time on account of certain professional fees.

The CPSTN Settlement Agreements also provide, among other things, for the assumption by CPSTN or its designee of the Debtors' provider agreements with CMS, and the satisfaction of ordinary course overpayment claims owed by the Debtors to the Centers for Medicare and Medicaid Services ("CMS"), the assumption of liability for any additional ordinary course overpayment claims that CMS may assert in the future, and the payment by the Debtors of certain amounts to CMS on account of traditional overpayment liability or COVID-19 Accelerated and Advance Payments, and the offset by CMS of certain amounts which have been subjected to an administrative freeze. Creditors whose contracts or other liabilities are assumed by CPSTN or its designee pursuant to the CPSTN Settlement Agreements (including the Vendor Note Counterparties) are Unimpaired and are not being solicited to vote on this Combined Plan and Disclosure Statement and will not receive a distribution from the Debtors thereunder. Creditors whose claims are not assumed pursuant to the CPSTN Settlement Agreements, which consist of the United States, the Relator, and those creditors listed in the Filed schedule of excluded liabilities, are Impaired, will receive a Distribution on account of their Allowed Claims, and are being solicited to vote on this Combined Plan and Disclosure Statement. The Transferees (as defined in the CPSTN Settlement Agreements) that will operate the Marshal and Governor's Creek facilities following the closing of the transactions contemplated by the CPSTN Settlement Agreements agree that they shall enter into such guarantees and related documents as necessary to preserve the guarantees of the obligations under the Vendor Notes held by the Vendor Note Counterparties.

Copies of this Combined Plan and Disclosure Statement, the CPSTN Settlement Agreements, and all other documents related to these Chapter 11 Cases are available for review without charge through the Debtors' claims, noticing agent, Stretto, at <https://cases.stretto.com/CMC> and with charge at <https://www.pacer.gov/>.

The Combined Plan and Disclosure Statement is a liquidating chapter 11 plan predicated upon the CPSTN Settlement Agreements. The Combined Plan and Disclosure Statement provides that the Effective Date shall occur on or shortly after the closing of the transactions provided for under the CPSTN Settlement Agreements. After the Effective Date, after completing all remaining ordinary course business operations, fiduciary obligations, and the administration of this Combined Plan and Disclosure Statement, the Debtors will be dissolved.

Each Holder of a Claim against any Debtor entitled to vote to accept or reject the Combined Plan and Disclosure Statement is encouraged to read the Combined Plan and Disclosure Statement in its entirety before voting.

Subject to the restrictions on modifications as set forth in Bankruptcy Code section 1127, Bankruptcy Rule 3019, and in this Combined Plan and Disclosure Statement, the Debtors expressly reserve the right to alter, amend, or modify the Combined Plan and Disclosure Statement one or more times before its substantial consummation.

II. IMPORTANT DATES³

DESCRIPTION	DEADLINE
Voting Procedures Hearing Objection Deadline	October 22, 2021 at 4:00 pm (ET)
Voting Procedures and Interim Disclosure Statement Hearing	November 12, 2021 at 1:00 p.m. (ET)
Voting Record Date	The date of entry of the Interim Approval and Procedures Order
Solicitation Commencement Date	Within three (3) business days after entry of the Interim Approval and Procedures Order
Deadline for Creditors to File Rule 3018 Motions	November 22, 2021 at 4:00 p.m. (ET)
Deadline for Debtors to Respond to Rule 3018 Motions	November 24, 2021 at 4:00 p.m. (ET)
Voting Deadline for the Combined Plan and Disclosure Statement	November 29, 2021 at 4:00 p.m. (ET)
Combined Plan and Disclosure Statement Objection Deadline	November 26, 2021 at 4:00 p.m. (ET)

³ The proposed dates in the chart above are subject to the Court's availability and approval.

DESCRIPTION	DEADLINE
Deadline to File Confirmation Brief, Other Evidence Supporting the Combined Plan and Disclosure Statement, and Proposed Confirmation Order	December 1, 2021 at 4:00 p.m. (ET)
Deadline to File Voting Tabulation Affidavit	December 1, 2021 at 4:00 p.m. (ET)
Combined Hearing	December 3, 2021 at 10:00 a.m. (ET)

III. DEFINITIONS AND CONSTRUCTION OF TERMS

A. Definitions

“**Additional Estate Contribution**” means the sum of \$500,000 to be paid by CPSTN in four annual installments of \$125,000 to the estates in cash, or, if payment of administrative and priority claims remains due after payment of DIP proceeds, such payments shall be made for the benefit of those remaining administrative and priority claims, to be paid in accordance with the terms thereof.

“**Additional Cares Act Funds**” means all monies granted after the Petition Date and prior to the Effective Date to or for the benefit of any of the Debtors by or through the Department of Health and Human Services, including without limitation the Provider Relief Fund.

“**Administrative Expense Bar Date**” means the date that is 30 calendar days after the Effective Date.

“**Administrative Expense Claim**” means any right to payment constituting actual and necessary costs and expenses of preserving the Estates under Bankruptcy Code sections 503(b) and 507(a)(2) including, without limitation: (a) Professional Fee Claims, (b) any fees or charges assessed against the Estates under section 1930 of title 28 of the United States Code, and (c) all Claims arising under Bankruptcy Code section 503(b)(9).

“**Affiliate**” means an “affiliate” as defined in Bankruptcy Code section 101(2).

“**Allowed**” means, with reference to any Claim, proof of which was properly Filed or, if no Proof of Claim was Filed, that has been or hereafter is listed by the Debtors on its Schedules as liquidated in amount and not disputed or contingent and, in each case, as to which: (a) no objection to allowance has been interposed within the applicable period fixed by the Combined Plan and Disclosure Statement, the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, or the Bankruptcy Court; or (b) an objection has been interposed and such Claim has been allowed, in whole or in part, by a Final Order.

“**Acquired Estate Assets**” means the assets to be acquired by CPSTN pursuant to the CPSTN Settlement Agreements, which consist of substantially all of the assets of the Debtors, including Estate Causes of Action.

“**Avoidance Actions**” means any and all Causes of Action and rights to recover or avoid transfers or to avoid any lien under chapter 5 of the Bankruptcy Code or applicable state law or otherwise.

“**Ballot**” means the voting form distributed to each Holder of an Impaired Claim entitled to vote on the Combined Plan and Disclosure Statement, on which the Holder is to indicate acceptance or rejection of the Combined Plan and Disclosure Statement in accordance with the voting instructions and make any other elections or representations required pursuant to the Combined Plan and Disclosure Statement.

“**Bankruptcy Code**” means title 11 of the United States Code, 11 U.S.C. §§ 101-1532.

“**Bankruptcy Court**” means the United States Bankruptcy Court for the District of Delaware, having jurisdiction over the Chapter 11 Cases or, if such Court ceases to exercise jurisdiction over the Chapter 11 Case, such court or adjunct thereof that exercises jurisdiction over the Chapter 11 Cases in lieu of the United States Bankruptcy Court for the District of Delaware.

“**Bankruptcy Exception**” means the exception defined in Internal Revenue Code § 108(a).

“**Bankruptcy Rules**” means the Federal Rules of Bankruptcy Procedure, as promulgated by the United States Supreme Court under section 2075 of title 28 of the United States Code, as amended from time to time.

“**Bar Date**” means, with respect to any particular Claim, the specific date established by the Bankruptcy Court as the last day for filing Proofs of Claim against the Debtors or requests in the Chapter 11 Cases for that specific Claim.

“**Bar Date Order**” means the *Order Pursuant to Bankruptcy Rule 3003(C)(3) and Local Rule 2002-1(E) Establishing Bar Dates and Related Procedures for Filing Proofs of Claim (Including for Administrative Expense Claims Arising Under Section 503(B)(9) of the Bankruptcy Code) and Approving the Form and Manner of Notice Thereof* [Docket No. 301].

“**Board**” means the Debtors’ current and former manager(s) or member(s), as applicable.

“**Business Day**” means any day other than a Saturday, Sunday, or any other day on which commercial banks in New York, New York are required or authorized to close by law or executive order.

“**Cash**” means legal tender of the United States of America or equivalents thereof, including, without limitation, payment in such tender by check, wire transfer, or any other customary payment method.

“**Cause of Action**” means any Claim, cause of action, controversy, right of setoff, cross claim, counterclaim, or recoupment and any claim on contracts or for breaches of duties imposed

by law or in equity, demand, right, action, lien, indemnity, guaranty, suit, obligation, liability, damage, judgment, account, defense, power, privilege, license, or franchise of any kind or character whatsoever, known, unknown, fixed or contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, secured or unsecured, assertable directly or derivatively, whether arising before, on, or after the Petition Date, in contract or in tort, in law or in equity, or pursuant to any other theory of law.

“**Chapter 11 Cases**” means the Chapter 11 Cases initiated by the Debtors’ filing on the Petition Date of voluntary petitions for relief in the Bankruptcy Court under chapter 11 of the Bankruptcy Code, jointly administered under the caption *In re CMC II, LLC*, Case No. 21-10461 (JTD).

“**Claim**” shall have the meaning set forth in Bankruptcy Code section 101(5).

“**Claims Register**” means the official register of Claims maintained on <https://www.pacer.gov/>.

“**Class**” means any group of substantially similar Claims or Equity Interests classified by the Combined Plan and Disclosure Statement pursuant to Bankruptcy Code sections 1122 and 1123(a)(1).

“**Clerk**” means the Clerk of the Bankruptcy Court.

“**CMC II**” means CMC II, LLC.

“**COD**” means cancellation of indebtedness.

“**COD Income**” means income from discharge of indebtedness as defined by Internal Revenue Code §61(a)(11).

“**Combined Plan and Disclosure Statement**” means this combined disclosure statement and chapter 11 plan of liquidation, as amended, including, without limitation, all exhibits, supplements, appendices, and schedules hereto, either in their present form or as the same may be altered, amended, or modified from time to time.

“**Committee**” means the official committee of unsecured creditors appointed in these Chapter 11 Cases by the U.S. Trustee.

“**Committee Solicitation Letter**” means a letter from the Committee urging Holders of Claims in Voting Classes to vote in favor of the Combined Plan and Disclosure Statement.

“**Company**” means the Debtors.

“**Confirmation Date**” means the date on which the Confirmation Order is entered on the Bankruptcy Court Docket.

“**Confirmation Hearing**” means the hearing held by the Bankruptcy Court to consider (a) approval of the Combined Plan and Disclosure Statement as providing adequate information

pursuant to Bankruptcy Code section 1125, and (b) confirmation of the Combined Plan and Disclosure Statement pursuant to Bankruptcy Code section 1129, as such hearing may be adjourned or continued from time to time.

“Confirmation Order” means the Order of the Bankruptcy Court confirming the Combined Plan and Disclosure Statement pursuant to Bankruptcy Code section 1129.

“Confirmation” means confirmation of the Combined Plan and Disclosure Statement pursuant to Bankruptcy Code section 1129.

“Consulate Management” means Consulate Management Company, LLC.

“CPSTN” means CPSTN Operations, LLC.

“CPSTN Settlement Consideration” means the aggregate consideration provided by CPSTN under the CPSTN Settlement Agreements, including without limitation, all payments to be made to creditors of the Debtors by or with funds provided by CPSTN or its designee,

“Creditor” means any Person that is the Holder of a Claim against the Debtors.

“Debtors” means the Debtors in the Chapter 11 Cases, unless otherwise noted: CMC II, LLC; Salus Rehabilitation, LLC; 207 Marshall Drive Operations LLC; 803 Oak Street Operations LLC; Sea Crest Health Care Management, LLC; and Consulate Management Company, LLC.

“Deficiency Claim” means a General Unsecured Claim for the difference between (a) the aggregate amount of a Secured Claim and (v) the value received on account of the portion of such Allowed Claim that is a Secured Claim.

“DIP Facility” means the senior secured superpriority loan as approved by the Final DIP Order.

“DIP Facility Claims” means all Claims asserted against the Debtors by the DIP Lender, including, without limitation, principal, accrued and unpaid interest, any reimbursement obligations (contingent or otherwise), all fees, expenses, and disbursements (including, without limitations, attorneys’ fees, financial advisors’ fees, and related expenses and disbursements incurred by, or on behalf of, the DIP Lender), indemnification obligations, all other charges, amounts, and costs of whatever nature owing, whether or not contingent, whenever arising, accrued, accruing, due, owing or chargeable in respect thereof.

“DIP Lender” means CPSTN in its capacity as postpetition lender in the Chapter 11 Cases.

“DIP Liens” means the senior secured superpriority liens granted to the DIP Lender in the Debtors’ Assets under the Final DIP Order.

“Disallowed” means, when used in reference to a Claim, all or that portion, as applicable, of any Claim that has been disallowed under the Combined Plan and Disclosure Statement, the Bankruptcy Code, applicable law, or by Final Order.

“Disbursing Agent” means the entity that shall manage all Distributions to be made on behalf of the Debtors pursuant to this Combined Plan and Disclosure Statement.

“Disputed” means any Claim or Equity Interest, or any portion thereof, that is (a) listed on the Schedules as unliquidated, disputed, and/or contingent for which no Proof of Claim in a liquidated and non-contingent amount has been Filed, or (b) the subject of an objection or request for estimation Filed by the Debtors or any other party in interest in accordance with applicable law and which objection has not been withdrawn, resolved, or overruled by a Final Order.

“Distribution” means any distribution to the Holders of Allowed Claims.

“Docket” means the docket in the Chapter 11 Cases maintained by the Clerk.

“Effective Date” means the date on which the conditions specified in Article IX of the Combined Plan and Disclosure Statement have been met, satisfied, or waived in accordance with the terms hereof.

“Effective Date Distributions” means all the Distributions required to be made on the Effective Date of the Combined Plan and Disclosure Statement to the Holders of Claims that are Allowed as of the Effective Date.

“Entity” means an “entity” as defined in Bankruptcy Code section 101(15).

“Equity Interests” means all equity interests in the Debtors, including, but not limited to, all issued, unissued, authorized, or outstanding shares or membership interests together with any warrants, options, or contract rights to purchase or acquire such interests at any time.

“Estate Causes of Action” means any and all Causes of Action of the Debtors, including, but not limited to, the (1) the Avoidance Actions; (2) commercial tort claims as defined in Article 9 of the UCC, other than Claims or Causes of Action included in “Acquired Assets” in the APA; (3) Causes of Action against any Person whether sounding in tort, contract, equity, statute or any other legal or equitable theory of recovery; (4) the non-exclusive right to seek a determination by the Bankruptcy Court of any tax, fine or penalty relating to a tax, or any addition to a tax, under Bankruptcy Code section 505; (5) any claims for veil-piercing, alter ego liability, or de facto merger, and (6) all other rights, Claims or Causes of Action. Estate Causes of Action shall include, for the avoidance of doubt, direct or derivative Claims or Causes of Action against (a) any and all current and former officers, directors, shareholders, members, managers, employees, Affiliates, or insiders of the Debtors, including but not limited to for breach of fiduciary duty or aiding and abetting breach of fiduciary duty, contract, tort, equity or under and pursuant to any D&O or fiduciary insurance policies (including for bad faith) maintained by the Debtors; (b) any other Person who transacted business with the Debtors or engaged in conduct with the parties identified in subsection (a) of this paragraph to the detriment of the Debtor; and (c) any Affiliates of the Persons within subsections (a) and (b) of this paragraph.

“Estate Funding” means four annual payments of \$125,000 (totaling \$500,000) to be paid by CPSTN or its designee to the Debtors’ estates pursuant to the CPSTN Settlement Agreements.

“**Estates**” means the estates of the Debtors created upon the commencement of the Chapter 11 Cases pursuant to Bankruptcy Code section 541.

“**Excluded Liabilities Notice**” means that certain Notice of Filing [Docket No. 564] filed September 21, 2021 identifying certain trade and tort liabilities excluded pursuant to the CPSTN Settlement Agreements.

“**Exculpated Parties**” means, individually and collectively, in each case solely in their capacity as such, each and all of: (a) the Debtors and their Professionals; and (b) the Committee, the members of the Committee in their capacity as members of the Committee and the Committee’s Professionals.

“**Executory Contract**” means any executory contract or unexpired lease as of the Petition Date between the Debtors and any other Person or Persons, specifically excluding contracts and agreements entered into pursuant to this Combined Plan and Disclosure Statement.

“**FCA Claim**” means the Claim against the FCA Debtors arising out of the FCA Judgments, the FCA Litigation, and any and all Claims and Causes of Action arising out of the FCA Judgments, the FCA Litigation, and the conduct giving rise thereto. To the extent appropriate in light of the context, “**FCA Claim**” as used herein shall be deemed to refer to either the Claim against each FCA Debtor as reflected by the FCA Judgment against such Debtor, or the aggregate amount thereof against all such Debtors.

“**FCA Debtors**” means the Debtors that were defendants in the FCA Litigation: Sea Crest, CMC II, Marshall, Governor’s Creek, and Salus.

“**FCA Judgments**” means the judgments entered in the FCA Litigation against the FCA Debtors, in the amount of (i) \$240,914,900, jointly and severally, against Sea Crest and CMC II, (ii) \$6,266,424 against Marshall, (iii) \$10,055,961 against Governor’s Creek, and (iv) \$484,000 against Salus.

“**FCA Litigation**” means the lawsuit captioned *United States ex rel. Ruckh v. Salus Rehabilitation, Inc., et al.*, No. 8:11-cv-1303-23-TBM (M.D. Fla.).

“**File, Filed, or Filing**” means file, filed, or filing with the Bankruptcy Court in the Chapter 11 Case.

“**Final Decree**” means the order entered pursuant to Bankruptcy Code section 350, Bankruptcy Rule 3022, and Local Rule 5009-1 closing the Chapter 11 Case.

“**Final DIP Order**” means the *Final Order (I) Authorizing the Debtors to Obtain Post-Petition Financing Pursuant to 11 U.S.C. §§ 105, 361, 362, 364(a)(1), 364(c)(2), 364(c)(3) and 364(e), (B) Grant Senior Liens and Superpriority Administrative Expense Status; and (II) Granting Related Relief* [Docket No. 239].

“**Final Order**” means an order or judgment of the Bankruptcy Court or any other court of competent jurisdiction that has been entered on the docket in the Chapter 11 Cases (or the docket of such other court) that is not subject to a stay and has not been modified, amended, reversed or

vacated and as to which (a) the time to appeal, petition for certiorari or move for a new trial, reargument or rehearing pursuant to Bankruptcy Rule 9023 has expired and as to which no appeal, petition for certiorari or other proceedings for a new trial, reargument or rehearing shall then be pending, or (b) if an appeal, writ of certiorari, new trial, reargument or rehearing thereof has been sought, such order or judgment shall have been affirmed by the highest court to which such order was timely and properly appealed, or certiorari shall have been denied or a new trial, reargument or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari or move for a new trial, reargument or rehearing shall have expired.

“First Day Declaration” means the *Declaration of Paul Rundell in Support of Chapter 11 Petitions and First Day Papers* [Docket No. 2].

“General Bar Date” means June 30, 2021, the date established by the Bankruptcy Court pursuant to the Bar Date Order for the submission of Proofs of Claim against the Debtors.

“General Unsecured Claims” means any unsecured Claim against the Debtors which is not a Priority Claim, Administrative Expense Claim, Professional Fee Claim, Priority Tax Claim, DIP Facility Claim, or Other Secured Claim and is not entitled to a priority under the Bankruptcy Code or any order of the Bankruptcy Court.

“Governmental Bar Date” means August 28, 2021, the date established by the Bankruptcy Court pursuant to the Bar Date Order for the submission of Proofs of Claim by Governmental Units against the Debtors.

“Governmental Unit” means a “governmental unit” as defined in Bankruptcy Code section 101(27).

“Governor’s Creek” means 803 Oak Street Operations, LLC.

“Holder” means the beneficial holder of any Claim or Interest.

“Impaired” means, with respect to any Class, a Class that is impaired within the meaning of Bankruptcy Code sections 1123(a)(4) and 1124.

“Interest” means any “equity security” in the Debtors as defined in Bankruptcy Code section 101(16), including, without limitation, all issued, unissued, authorized or outstanding ownership interests (including common and preferred) or other equity interests, together with any warrants, options, convertible securities, liquidating preferred securities or contractual rights to purchase or acquire any such equity interests at any time and all rights arising with respect thereto.

“Interim Approval and Procedures Order” means the order of the Bankruptcy Court conditionally approving the Combined Plan and Disclosure Statement for solicitation purposes only and authorizing the Debtors to solicit the Combined Plan and Disclosure Statement.

“Local Rules” means the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware.

“**LVCC**” means LaVie Care Centers, LLC.

“**LVCC SNFs**” means all of the skilled nursing facilities operated by the direct or indirect subsidiaries of LVCC.

“**Marshall**” means 207 Marshall Drive Operations, LLC.

“**Other Secured Claims**” means any Secured Claim other than the DIP Facility Claim.

“**Other Unsecured Annual Payment Fund**” means a fund maintained by the Debtors or their designee consisting of three (3) annual payments of \$23,000, totaling \$69,000, to be paid by CPSTN to the Debtors pursuant to the CPSTN Settlement Agreements for Distribution to Holders of Allowed Class 4.3 Claims.

“**PCO**” means Susan N. Goodman, appointed by the Court as patient care ombudsman pursuant to Bankruptcy Code section 333(a).

“**Person**” means a “person” as defined in Bankruptcy Code section 101(41).

“**Petition Date**” means March 1, 2021, the date on which the Debtors filed their voluntary petition for relief under chapter 11 of the Bankruptcy Code.

“**Plan Supplement**” means the appendix of schedules and exhibits to be Filed with the Bankruptcy Court at least seven (7) days before the Voting Deadline.

“**Plan Transactions**” means the Transactions described in Article VII.D.

“**Priority Claims**” means any Claim entitled to priority pursuant to Bankruptcy Code section 507(a) other than Administrative Expense Claims and Priority Tax Claims.

“**Priority Tax Claims**” means Claims of a Governmental Unit against any Debtor entitled to priority pursuant to Bankruptcy Code section 507(a)(8) or specified section of Bankruptcy Code section 502(i).

“**Pro Rata**” means the proportion that an Allowed Claim in a particular Class bears to the aggregate amount of Allowed Claims in the same Class.

“**Professional Fee Claims Bar Date**” means the date that is sixty (60) days after the Effective Date for Professional Fee Claims to be Filed.

“**Professional Fee Claims**” means all Claims for compensation and reimbursement of expenses by Professionals to the extent Allowed by the Bankruptcy Court.

“**Professional**” means any professional Person employed in the Chapter 11 Cases pursuant to Bankruptcy Code section 327, 328, 363, or 1103 pursuant to an Order of the Bankruptcy Court who is to be compensated for services rendered pursuant to Bankruptcy Code sections 327, 328, 329, 330, 331, or 363.

“**Proof of Claim**” means a proof of Claim Filed against any Debtor in accordance with the order establishing the Bar Date or any other Order by the Court requiring for the fixing of Claims.

“**Rejection Claims**” means any Claim arising from, or relating to, the rejection of an executory contract or unexpired lease pursuant to Bankruptcy Code section 365(a) by any of the Debtors, as limited, in the case of a rejected unexpired lease, by Bankruptcy Code section 502(b)(6).

“**Relator**” means Angela Ruckh, the relator in the FCA Litigation.

“**Release by Debtors**” means the release given by the Debtors to the Released Parties as set forth in Article X.C. For the avoidance of doubt, the Settlement Releases provided pursuant to the CPSTN Settlement Agreements are separate from and not included by the Release by Debtors.

“**Released Parties**” means, individually and collectively, in each case solely in their capacity as such, each and all of: (a) the Debtors’ current officers, directors, principals, , managers, employees, agents, Board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives and all other professionals and retained Professionals, solely in their capacity as such; (b) the Committee, members of the Committee in their capacity as members of the Committee, and the Committee’s Professionals; and (c) the PCO.

“**Remaining DIP Funds**” means any unused portion of the DIP Facility after paying administrative or priority claims or any other payments set forth in the CPSTN Settlement Agreements.

“**Relator Expense Claim**” means the Allowed Claim in favor of the Relator against each of the FCA Debtors in the amount of \$23,950,865.35.

“**Rule 3018 Motion**” means a motion for temporary allowance of a claim for the purpose of voting on this Combined Plan and Disclosure Statement.

“**Sale Motion**” means the *Motion of Debtors for Entry of Orders (I)(A) Establishing Bidding Procedures for the Sales of the SNF Assets and Manager and Remaining Assets; (B) Establishing Procedures Relating to Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, Including Notice of Proposed Cure Amounts; (C) Approving Form and Manner of Notice; (D) Scheduling a Hearing to Consider Any Proposed Sale; and (E) Granting Certain Related Relief; and (II)(A) Approving Sales of the SNF Assets and Manager and Remaining Assets; (B) Authorizing Assumption and Assignment of Certain Executory Contracts and Unexpired Leases in Connection Therewith; and (C) Granting Related Relief* [Docket No. 54].

“**Salus**” means Salus Rehabilitation, LLC.

“**Schedules**” means the schedules of assets and liabilities, the list of Holders of Equity Interests, and the statements of financial affairs Filed by the Debtors under Bankruptcy Code section 521 and Bankruptcy Rule 1007, and all amendments and modifications thereto.

“**Sea Crest**” means Sea Crest Health Care Management, LLC.

“Secured Claims” means Claims which are: (a) secured by a valid and perfected lien in collateral which is enforceable pursuant to applicable law, the amount of which is equal to or less than the value of such collateral (i) as set forth in this Combined Plan and Disclosure Statement, (ii) as agreed to by the Holder of such Claim and the Debtors, or (iii) as determined by a Final Order in accordance with Bankruptcy Code section 506(a); or (b) subject to a valid right of setoff under Bankruptcy Code section 553.

“Settlement Releases” means the releases provided in the CPSTN Settlement Agreements.

“SNF” means a skilled nursing facility.

“Solicitation Package” means the packages to be distributed to creditors for solicitation of votes on this Combined Plan and Disclosure Statement.

“Statutory Fees” means all fees payable to the U.S. Trustee pursuant to 28 U.S.C. § 1930, and any interest thereupon.

“Tax Code” means the Internal Revenue Code, as amended.

“Treasury Regulations” means the regulations, including temporary regulations or any successor regulations, promulgated under the United States Internal Revenue Code, as amended from time to time.

“U.S. Trustee” means the Office of the United States Trustee for the District of Delaware.

“Unclaimed Distribution” means a Distribution that is not claimed by a Holder of an Allowed Claim on or prior to the Unclaimed Distribution Deadline.

“Unimpaired” means with respect to any Class, a Class that is not impaired within the meaning of Bankruptcy Code sections 1123(a)(4) and 1124.

“Vendor Note Counterparties” means each of Genesis ElderCare Rehabilitation Services, LLC, Healthcare Services Group, Omnicare Inc., and Trident.

“Voting Classes” means Classes 4.1, 4.2, and 4.3.

“Voting Deadline” means November __, 2021.

“Voting Record Date” means the date established by the Bankruptcy Court pursuant to the Interim Approval and Procedures Order.

B. Interpretation; Application of Definitions and Rules of Construction

The following rules of construction, interpretation, and application shall apply:

- (1) Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include both the singular and the plural and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and neuter genders.

- (2) Unless otherwise specified, each section, article, schedule, or exhibit reference in the Combined Plan and Disclosure Statement is to the respective section in, article of, schedule to, or exhibit to the Combined Plan and Disclosure Statement.
- (3) The words “herein,” “hereof,” “hereto,” “hereunder,” and other words of similar import refer to the Combined Plan and Disclosure Statement as a whole and not to any particular section, subsection, or clause contained in the Combined Plan and Disclosure Statement.
- (4) The rules of construction contained in Bankruptcy Code section 102 shall apply to the construction of the Combined Plan and Disclosure Statement.
- (5) A term used herein that is not defined herein but that is used in the Bankruptcy Code shall have the meaning ascribed to that term in the Bankruptcy Code.
- (6) The headings in the Combined Plan and Disclosure Statement are for convenience of reference only and shall not limit or otherwise affect the provisions of the Combined Plan and Disclosure Statement.
- (7) Unless otherwise provided, any reference in the Combined Plan and Disclosure Statement to an existing document, exhibit, or schedule means such document, exhibit, or schedule as may be amended, restated, revised, supplemented, or otherwise modified.
- (8) In computing any period of time prescribed or allowed by the Combined Plan and Disclosure Statement, the provisions of Bankruptcy Rule 9006(a) shall apply.

IV. DISCLOSURES

A. General Background

1. Overview of Business Operations.

The Debtors are part of a family of companies owned by non-Debtor LaVie Care Centers, LLC, which does business as Consulate Health Care (“LVCC” or “Consulate”). The Consulate corporate family includes operators of approximately 140 LVCC SNFs in the Mid-Atlantic and Gulf Coast regions. The LVCC SNFs provide short-term rehabilitation, comprehensive post-acute care, long-term care, and physical, occupational, and speech therapies, among other services. Most of the revenue generated by the LVCC SNFs comes from government healthcare programs such as Medicare, Medicaid, or TRICARE for services provided to residents who rely on such programs for their medical expenses.

The Debtors in these Chapter 11 Cases are the following:

(i) CMC II: Debtor CMC II, also referred to herein as the “**Manager Debtor**,” provides centralized back-office management and support services to the LVCC SNFs. The LVCC SNFs collectively have 12,000 to 14,000 residents. To provide management services to these facilities, CMC II employs approximately 475 individuals based in Alabama, Arkansas, California,

Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, Minnesota, North Carolina, Ohio, Pennsylvania, South Carolina, Virginia, Tennessee, and West Virginia. CMC II's relationship with the LVCC SNFs is contractual, generally terminable on 60-days' notice, and provides for a management fee to be paid to CMC II for its services.

(ii) Marshall: Marshall operates the Marshall Health and Rehabilitation Center, a 120-bed SNF located in Perry, Florida. The Marshall and Governor's Creek facilities together employ approximately 170 people to provide nursing, nursing administration, local administration, social services and activities, and facility maintenance services. Marshall and Governor's Creek also use the services of a variety of individuals, consultants, and firms engaged as third-party contractors to provide health rehabilitation services, dietary services, housekeeping and laundry services, medical oversight, administrative services, and IT services

(iii) Governor's Creek: Governor's Creek operates the Governor's Creek Health and Rehabilitation facility, a 120-bed SNF located in Green Cove Springs, Florida.

(iv) Salus: Salus is a defunct entity that previously provided rehabilitation services to certain SNFs that are now part of Consulate Health Care, including the Marshall and Governor's Creek SNFs. Salus is no longer operational.

(v) Sea Crest: Sea Crest is a defunct entity that previously provided management and support services in a manner similar to CMC II to certain SNFs that are now part of Consulate Health Care, including the Marshall and Governor's Creek SNFs. Sea Crest is no longer operational.

(iii) Consulate Management Company, LLC: Consulate Management is a defunct entity that previously provided certain management and support services in a manner similar to CMC II to certain SNFs that are now part of Consulate Health Care, including the Marshall and Governor's Creek SNFs. Consulate Management is no longer operational.

2. Capital Structure of the Company.

Equity

The equity interests in the Debtors are owned, directly or indirectly, by LVCC.

Secured Debt

As of the Petition Date and as further described below, the Debtors were not parties to any secured bank debt, bond debt or an indenture. The Debtors were parties to certain ordinary course financing agreements with third party financiers for specific items of equipment. Additionally, under the terms of the leases for the Marshall and Governor's Creek locations, liens were granted in favor of the lessors.

Unsecured Debt and Trade Creditors

Amounts identified below do not take into account postpetition transactions unless otherwise noted.

i. Fixed Debt Obligations.

As of the Petition Date, the Debtors were parties to unsecured promissory notes in favor of the Vendor Note Counterparties (such notes, the “**Vendor Notes**”) on account of prior unpaid balances totaling approximately \$89.5 million. The Vendor Note Counterparties generally provide services to the LVCC SNFs, and the debt evidenced by the Vendor Notes includes debt incurred by other non-debtor members of the Consulate Health organization as well as the Debtors.

ii. Other Trade Debt.

In the ordinary course of business, the Debtors incur obligations to trade vendors. The Debtors’ Schedules reflect approximately \$66 million owed to general unsecured claimants as of the Petition Date. Under the CPSTN Settlement Agreements, as noted elsewhere, CPSTN has agreed to assume substantially all of the Debtors’ trade debt relationships, obligations, and Executory Contracts and Leases, including the assumption and payment of cure claims thereunder, other than those specified in the schedules to the CPSTN Settlement Agreements, as may be amended in accordance with the terms thereof.

iii. Priority Claims.

The Debtors’ books and records reflect approximately \$2.1 million owed on account of priority claims, including claims entitled to priority in favor of employees, vendors entitled to priority under Bankruptcy Code section 503(b)(9) for certain deliveries of goods, and governmental units for certain taxes.

iv. Other Claims and Liabilities.

In the ordinary course of business, the Debtors become subject to litigation claims arising from personal injury and other tort claims. In many instances, claims are asserted against a Managed SNF and a company such as CMC II that provides management to such Managed SNF, notwithstanding that such management services do not involve direct patient care and, as a matter of law, such management company does not bear legal responsibility for direct patient care and any resulting personal injury or tort liability. In advance of the General Bar Date, numerous personal injury and tort claims were filed against the Debtors. Many such claims were filed in duplicate against all of the Debtors, or in amounts that are in excess of settlement agreements, or in amounts that exceed the Debtors’ own claims experiences and industry standards. Under the CPSTN Settlement Agreements, as noted elsewhere, CPSTN has agreed to assume substantially all liability arising from personal injury, wrongful death, or other tort liability claims against the Debtors, other than those specified in the schedules to the CPSTN Settlement Agreements, as may be amended in accordance with the terms thereof,

The Debtors’ liabilities also include the FCA Judgments that are discussed further in the following Section. In total, the aggregate amount owed to all of the Debtors’ prepetition secured, priority and unsecured creditors according to the Debtors’ Schedules was approximately \$715.5 million. *See also* Article IV.B.8, *supra*, for a discussion of filed proofs of claim and the Debtors’ initial assessment of the same.

3. Events Precipitating the Chapter 11 Filing.

The Debtors filed their bankruptcy petitions on March 1, 2021 following the entry of the FCA Judgments in the FCA Litigation, a lawsuit filed in June 2011 under the Federal False Claims Act, styled *U.S.A. ex rel. Angela Ruckh v. Salus Rehabilitation et al.*, Case No. 8:11-cv-1303 (M.D. Fla.). In total, five Debtors, referred to herein as the FCA Debtors, are subject to the FCA Judgments, as follows: (i) Sea Crest and CMC II (as successor to Sea Crest), (jointly and severally), \$240,914,900; (ii) Salus, \$484,000; (iii) Marshall, \$6,266,424; and (iv) Governors Creek, \$10,055,961. The Debtors filed their voluntary petitions in order to prevent the disruption and harm that might result from any attempts to enforce the FCA Judgments against the Debtors or their assets and to preserve and maximize the value of their assets.

B. The Chapter 11 Cases

1. First Day Orders.

On the Petition Date, the Debtors Filed a number of motions (the “**First Day Motions**”) to transition into Chapter 11, stabilize operations, and preserve relationships with vendors, clients, and employees. The First Day Motions requested relief from the Bankruptcy Court to, among other things: (a) pay employee wages; (b) maintain the Debtor’ cash management system; (c) establish adequate protection for utility providers, (d) ensure the protection of confidential patient information, (e) appoint a claims and noticing agent, (f) maintain insurance policies and programs, (g) pay certain taxes, (h) maintain certain customer programs and practices, and (i) obtain post-petition financing. In support of the motions, the Debtors relied upon the First Day Declaration. The Bankruptcy Court held a hearing on the First Day Motions on March 3, 2021 and granted the relief sought in the First Day Motions on an interim basis.

On March 19, 2021, the Office of the United States Trustee for the District of Delaware appointed the Committee in these Chapter 11 Cases [Docket No. 71]. The Committee objected to final approval of the First Day Motions. The final hearing on the Debtors’ first day motions (with the exception of the DIP Motion) was held on April 1, 2021. At the final hearing, the Court overruled the Committee’s objections and entered orders granting final approval of the First Day Motions other than the DIP Motion, which was set for a separate hearing date.

2. Debtor-In-Possession Financing.

Prior to the Petition Date, the Debtors sought proposals for DIP financing from potential lenders. No third party lenders submitted proposals. However, the Debtors received and negotiated a proposal for DIP financing from CPSTN. On March 2, 2021, the Debtors filed the *Motion of the Debtors for Entry of Interim and Final Orders (I) Authorizing the Debtors to Obtain Post-Petition Financing Pursuant to §§ 105, 361, 362, 364(c)(1), 364(c)(2), 364(c)(3) and 364(e), (B) Granting Senior Liens and Superpriority Administrative Expense Status; (II) Scheduling a Final Hearing; and (III) Granting Related Relief* [Docket No. 13] (the “**DIP Motion**”). On March 3, 2021, the Court entered the *Interim Order (I) Authorizing the Debtors to Obtain Post-Petition Financing Pursuant to §§ 105, 361, 362, 364(c)(1), 364(c)(2), 364(c)(3) and 364(e), (B) Grant Senior Liens and Superpriority Administrative Expense Status; (II) Scheduling Final Hearing; and (III) Granting Related Relief* [Docket No. 37] (the “**Interim DIP Order**”). On April 5, 2021, the

Court entered the *Second Interim Order (I) Authorizing the Debtors to Obtain Post-Petition Financing Pursuant to §§ 105, 361, 362, 364(c)(1), 364(c)(2), 364(c)(3) and 364(e), (B) Grant Senior Liens and Superpriority Administrative Expense Status; (II) Scheduling Final Hearing; and (III) Granting Related Relief* [Docket No. 156] (the “**Second Interim DIP Order**”).

Objections to the DIP Motion were filed by the Committee and the Relator. [Docket Nos. 94, 101]. The Debtors filed a reply in support of the DIP Motion and in response to the objections. [Docket No. 108]. In connection with the Committee’s objections to the DIP Motion and other motions, the Committee conducted depositions of three Debtor representatives on April 13-14, 2021, and contested hearings on the DIP Motion and Bidding Procedures Motion (as defined below) were held on April 15-16, 2021. The Court granted the DIP Motion, overruled the objections (subject to, however, inclusion of marshaling and exclusion of a 506(c) waiver), and on May 3, 2021, entered the *Final Order (I) Authorizing Debtors to (A) Obtain Post-Petition Financing Pursuant to §§ 105, 361, 362, 364(c)(1), 364(c)(2), 364(c)(3) and 364(e), (B) Grant Senior Liens and Superpriority Administrative Expense Status; and (II) Granting Related Relief* [Docket No. 239].

3. Retention of Professionals.

The Debtors, through various applications which were subsequently approved by the Bankruptcy Court, employed Chipman Brown Cicero & Cole LLP as counsel [Docket No. 116] and Alvarez & Marsal to provide Paul Rundell as the Debtors’ Chief Restructuring Officer and to provide supporting services [Docket No. 147]. The Debtors also engaged JS Evans, LLC dba Evans Senior Investments to assist in the sale of the Debtors’ operating businesses [Docket No. 145] and Configure Partners, LLC, Configure Partners Securities, LLC and McDonald Hopkins, LLC to assist in the sale of the Debtors’ potential claims and causes of action. [Docket Nos. 349, 350].

4. Appointment of the Committee.

On March 19, 2021, the U.S. Trustee officially appointed the Committee [Docket No. 71]. One of the Committee members resigned, and on April 14, 2021, was replaced. [Docket No. 186]. The Committee is currently composed of the following parties: Angela Ruckh; Sharon Ann Outwater; and Modcomp, Inc., dba CSPi Technology Solutions. The Committee selected Porzio Bromberg & Newman to act as counsel in the Chapter 11 Cases and FTI as its financial advisor. The Bankruptcy Court later approved each of these retentions. *See* Docket Nos. 252, 329.

5. Patient Care Ombudsman.

On March 4, 2021, with the Debtors’ consent, the Court appointed Susan N. Goodman as patient care ombudsman pursuant to Bankruptcy Code section 333(a). *See* Docket Nos. 42, 44. The PCO has conducted site visits of the Debtors’ skilled nursing facilities and filed periodic reports. [Docket Nos. 106, 184-85, 305, 342-43, 453, 473, 487-88, 492, and 524]. The PCO and the Debtors have communicated regularly regarding the skilled nursing facilities and the status of the Debtors’ Chapter 11 Cases.

6. Bidding Procedures and Sale Process.

Prior to the Petition Date, the Debtors marketed their assets and negotiated the terms of stalking horse agreements for the sale of their skilled nursing facilities, the assets of CMC II, LLC, and potential claims and causes of action.

On March 11, 2021, the Debtors filed the *Motion of Debtors for Entry of Orders (I)(A) Establishing Bidding Procedures for the Sales of the SNF Assets and Manager and Remaining Assets; (B) Establishing Procedures Relating to Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, Including Notice of Proposed Cure Amounts; (C) Approving Form and Manner of Notice; (D) Scheduling a Hearing to Consider Any Proposed Sale; and (E) Granting Certain Related Relief; and (II)(A) Approving Sales of the SNF Assets and Manager and Remaining Assets; (B) Authorizing Assumption and Assignment of Certain Executory Contracts and Unexpired Leases in Connection Therewith; and (C) Granting Related Relief* [Docket No. 54] (the “**Bidding Procedures Motion**”). Like the DIP Motion, the Bidding Procedures Motion was heavily contested. The Committee filed an objection and the United States filed a limited objection. Docket Nos. 97, 105. The Debtors filed a reply. Docket No. 120. An evidentiary hearing was held on both the DIP Motion and Bidding Procedures Motion on April 15, 2021 and argument the following day.

The Court granted the Bidding Procedures Motion, with certain changes to reflect the Court’s ruling on certain objections, including bifurcating the sale process for skilled nursing facilities from the remainder of the assets being sold and setting a separate timeline for the two sales processes. On May 3, 2021, the Court entered the *Order (I) Scheduling a Hearing to Consider Approval of the Sale of Substantially All of the Skilled Nursing Facility Assets Owned by Debtors 207 Marshall Drive Operations LLC and 803 Oak Street Operations LLC (the “SNF Assets”), and the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, (II) Approving Certain Bidding Procedures, Assumption and Assignment Procedures, and the Form and Manner of Notice Thereof, and (III) Granting Related Relief* [Docket No. 240] (the “**SNF Bidding Procedures Order**”), which approved certain bidding procedures in connection with the skilled nursing facility sale process (the “**SNF Bidding Procedures**”).

The Debtors’ chief restructuring officer (“**CRO**”) and advisors devoted significant time to negotiating with the Department of Justice and the counterparty to the provider agreements, the Center for Medicare Services (“**CMS**”). These negotiations resulted in an agreed protocol for the consensual assumption and assignment of the provider agreements to a successful bidder. With the consent of the Department of Justice and CMS, the protocol was shared with potential qualified bidders and resulted in the submission of a higher qualified competing bid. As a result, pursuant to the SNF Bidding Procedures, the Debtors conducted an auction for the SNF Assets on May 25, 2021. Upon conclusion of the auction, the highest and best bid for the SNF Assets was offered by PLV FL Land Holdco LLC.

Separately, on May 28, 2021, the Court entered the *Order (I) Scheduling a Hearing to Consider Approval of the Sale of the Debtors’ Manager and Remaining Assets and the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, (II) Approving Certain Bidding Procedures, Assumption and Assignment Procedures, and the Form and Manner of Notice Thereof, and (III) Granting Related Relief* [Docket No. 302] (the “**Manager and Remaining**”).

Assets Bidding Procedures Order”), which approved certain bidding procedures (the “**Manager and Remaining Assets Bidding Procedures**”) and addressed certain objections raised by the Committee and other parties by, among other things, permitting bids on individual or grouped assets and preserving parties' rights to challenge the Debtors' proposed sale process. To assist in soliciting higher and better bids and conducting a market check for the Manager and Remaining Assets, the Debtors thereafter engaged a team of investment bankers and attorneys with experience in the litigation funding and investing space.

On May 18, 2021, the Debtors filed the *Debtors' Application for Entry of an Order, Pursuant to Sections 327(a) and 328(a) of the Bankruptcy Code, Authorizing the Retention and Employment of (I) Configure Partners, LLC and Configure Partners Securities, LLC as Investment Banker, and (II) McDonald Hopkins, LLC as Litigation Financing Advisor, Jointly for the Debtors, Nunc Pro Tunc to April 30, 2021, and Modifying Certain Time-Keeping Requirements of Local Rule 2016-2* [Docket No. 269] (the “**Configure/McDonald Application**”). The Debtors received objections to the Configure/McDonald Application from the Committee and the United States, as well as informal comments from the Office of the United States Trustee and from the DIP Lender.

To allow more time to attempt to resolve the objections, the hearing was rescheduled from June 8, 2021 to June 16, 2021. The Debtors resolved the filed objection of their largest creditor, the United States and the comments and concerns of the United States Trustee and the DIP Lender but were unable to resolve the Committee's objection. At the June 16, 2021 hearing, the Court granted the Configure/McDonald Application and overruled the Committee's objection. The Court thereafter entered orders approving the Configure/McDonald Application, as modified to reflect the resolution of the foregoing objection and informal comments. [Docket Nos. 349, 350]. The professionals engaged pursuant to the Configure/McDonald Application marketed the Debtors' potential claims and causes of action to approximately 90 prospective purchasers, including litigation funders and investors. Numerous prospective acquirors entered into or negotiated non-disclosure agreements and accessed the confidential sale data room, and the Debtors' professionals conducted extensive calls and meetings with prospective bidders. However, no competing bids were submitted for the Debtors' potential claims and causes of action.

7. Monthly Reporting, Schedules and SOFAs, and Meeting of Creditors.

The Debtors have timely filed all of their monthly operating reports. [Docket Nos. 63, 236, 247, 273, 303, 373, 462-68, 594-99]. Pursuant to an extension of time granted by order entered on April 1, 2021 [Docket No. 144], each of the Debtors filed their schedules and statements timely on April 12, 2021. Thereafter, on April 14, 2021, the United States Trustee conducted the meeting of creditors pursuant to Bankruptcy Code section 341.

8. Claims Review and Reconciliation Process.

On May 11, 2021, the Debtors filed the *Motion of Debtors for Entry of an Order Pursuant to Bankruptcy Rule 3003(c)(3) and Local Rule 2002-1(e) Establishing Bar Dates and Related Procedures for Filing Proofs of Claim (Including for Administrative Expense Claims Arising Under Section 503(b)(9) of the Bankruptcy Code) and Approving the Form and Manner of Notice Thereof* [Docket No. 249] (the “**Bar Date Motion**”). On May 28, 2021, the Court entered the *Order Pursuant to Bankruptcy Rule 3003(c)(3) and Local Rule 2002-1(e) Establishing Bar Dates*

and Related Procedures for Filing Proofs of Claim (Including for Administrative Expense Claims Arising Under Section 503(b)(9) of the Bankruptcy Code) and Approving the Form and Manner of Notice Thereof [Docket No. 301] (the “**Bar Date Order**”) establishing June 30, 2021 as the General Bar Date and August 28, 2021 as the Government Bar Date. The Debtors provided notice of the bar dates established by the Bar Date Order as required thereby, including publication notice.

All creditors holding or wishing to assert unsecured or secured, priority or nonpriority claims (as defined in Bankruptcy Code section 101(5)) against the Debtors or the Debtors’ estates, accruing prior to the Petition Date, including claims arising under Bankruptcy Code section 503(b)(9), were required to file a separate, completed, and executed Proof of Claim Form on account of each such Claim, together with accompanying documentation by the General Bar Date. Governmental Units, as defined by Bankruptcy Code section 101(27), must also submit Claims by the Government Bar Date.

A total of 926 proofs of claim were filed prior to the General Bar Date.⁴ The Debtors and their professionals have commenced the claims review and reconciliation process. At this time, the Debtors believe that the total dollar amount of filed proofs of claim (in excess of \$5 billion) is inflated, inaccurate, and not reflective of the Debtors’ actual liability to their creditors. The Debtors have analyzed the filed proofs of claim and believe that many should be adjusted because they are duplicate claims, or claims filed in amounts that exceed the terms of settlement agreements and contracts. The Debtors also believe that the dollar amounts for contingent, disputed personal injury and tort claims should be adjusted to reflect industry averages and the Debtors’ own prior claims experience. Once such adjustments are applied, the Debtors’ total general unsecured claims should be not more than approximately \$567 million in the aggregate. The foregoing total does not reflect any reductions on account of claims that are being settled, compromised, released, or assumed and assigned pursuant to the CPSTN Settlement Agreements. The Debtors’ claims review is ongoing and the Debtors’ assessments are subject to change.

9. Committee Examiner Motion.

On July 28, 2021, the Committee filed a Motion for Order Directing the Appointment of an Examiner (the “**Examiner Motion**”). The Examiner Motion was filed under seal due to the Committee's recognition that certain confidential and/or sensitive information was contained therein, and to provide an opportunity to the Debtors and their affiliates to consider any of their potential confidentiality concerns. An unredacted copy of the Examiner Motion was provided by the Committee to the Debtors, the DIP Lender and affiliated entities, the United States Trustee, and the Department of Justice. The Examiner Motion was addressed and resolved through the CPSTN Settlement Agreements discussed in greater detail below.

10. The CPSTN Settlement Agreements.

The Combined Plan and Disclosure Statement is predicated upon the CPSTN Settlement Agreements, a heavily-negotiated global settlement between and among CPSTN (on behalf of itself and the Consulate Health organization), the Debtors, the United States, the Committee, and

⁴ According to the claims register in the Debtors’ Chapter 11 Cases, additional proofs of claim were filed after the General Bar Date. The Debtors reserve all rights to object to such late claims on timeliness and all other applicable grounds.

the Relator. The negotiations consumed several months and were conducted in good faith and at arms' length. The CPSTN Settlement Agreements provide for, among other things, a credit bid of the full \$5 million DIP Loan, an additional contribution to the Debtors' estates of \$500,000, the assumption by CPSTN or a designee of liabilities to the majority of the Debtors' trade and personal injury/tort creditors, negotiated distributions to the United States and the Relator (who are the Debtors' largest creditors), significant additional payments by CPSTN to the United States and the Relator, and payments to satisfy certain estate professional fee claims. The CPSTN Settlement Agreements resolved several contested matters between the parties, ended the burgeoning estate litigation costs and avoided the otherwise-likely conversion of the Debtors' Chapter 11 Cases to chapter 7, a scenario that would have likely resulted in *de minimis* recoveries for creditors. The Debtors believe the resulting settlement set forth in the CPSTN Settlement Agreements reflects the best possible outcome for creditors and parties in interest in these Chapter 11 Cases.

Pursuant to the CPSTN Settlement Agreements, CPSTN or its designee shall acquire substantially all of the Debtors' assets, including the Marshall and Governor's Creek skilled nursing facilities, CMC II and all Estate Claims and Causes of Action. In exchange, CPSTN will provide the CPSTN Settlement Consideration, which includes, among other things, a credit bid of the full \$5 million amount owed under the Final DIP Order, the assumption of executory contracts, unexpired leases, trade and vendor claims and relationships and tort liabilities, the payment of cure and other amounts, payments to the United States and to the Relator, and to certain Committee Professionals, and contributions to the Debtors to provide funds with which to make certain payments under this Combined Plan and Disclosure Statement to creditors. Because the CPSTN Settlement Agreements provide for the acquisition by CPSTN or its designee of the Marshall and Governor's Creek skilled nursing facilities, upon the settlement effective date, the Debtors will release and terminate the asset purchase agreement with PLV FL Land Holdco LLC for the acquisition of the skilled nursing facilities and release the bidder deposits being held in connection with the bid process for such facilities. CPSTN asserts that the Additional CARES Act Funds should either be transferred to CPSTN or its designee pursuant to the CPSTN Settlement Agreements or the related purchase agreement. The Debtors do not agree and reserve all rights.

COPIES OF THE CPSTN SETTLEMENT AGREEMENTS CAN BE VIEWED ON THE DOCKET OF THE CHAPTER 11 CASES FREE OF CHARGE AT <https://cases.stretto.com/CMC/court-docket/> (SEE DOCKET NOS. 590—592). CREDITORS AND PARTIES IN INTEREST ARE ENCOURAGED TO CAREFULLY REVIEW BOTH THIS COMBINED PLAN AND DISCLOSURE STATEMENT AND THE CPSTN SETTLEMENT AGREEMENTS.

C. Summary of Treatment of Claims and Interests Under the Plan

The following chart summarizes the classification and treatment of the Classes:

Class	Estimated Allowed Claims ⁵	Treatment	Estimated Recovery to Holders of Allowed Claims ⁶
Class 1 – DIP Facility Claims	\$5 million	Unimpaired	100%
Class 2 – Other Secured Claims	\$3.3 million	Unimpaired	100%
Class 3 – Priority Claims	\$938 thousand	Unimpaired	100%
Class 4.1 – FCA Claim ⁷	\$258 million	Impaired, entitled to vote	1.31%
Class 4.2 – Relator Expense Claim ⁸	\$24 million	Impaired, entitled to vote	4.7%
Class 4.3 – General Unsecured Claims	\$94 million	Impaired, entitled to vote	0.07% % ⁹
Class 5 – Equity Claims and Interests	n/a	Impaired, deemed to reject	0%

D. Potential Claims and Causes of Action

The Bankruptcy Code preserves the Debtors' rights to prosecute claims and causes of action that exist outside of bankruptcy, and also empowers the Debtors to prosecute certain claims that are established by the Bankruptcy Code, including claims to, *inter alia*, avoid and recover certain preferential transfers and fraudulent conveyances. The Debtors and Committee have

⁵ These amounts represent estimated Allowed Claims, and do not represent amounts actually asserted by creditors in Proofs of Claim or otherwise, other than Classes 4.1 and 4.2, which reflect the approximate Allowed amounts of such Claims as determined by the CPSTN Settlement Agreements. The Debtors have not completed their analysis of Claims in the Chapter 11 Cases, and objections to such Claims have not been Filed and/or fully litigated and may continue following the Effective Date. Therefore, there can be no assurances of the exact amount of the Allowed Claims at this time. Rather, the actual amount of the Allowed Claims may be greater or lower than estimated.

⁶ The estimated percentage recovery is based upon, among other things, an estimate of the Allowed Claims in the Chapter 11 Cases. As set forth above, the actual amount of the Allowed Claims may be greater or lower than estimated. Thus, the actual recoveries may be higher or lower than projected depending upon, among other things, the amounts and priorities of Claims that are actually allowed by the Bankruptcy Court.

⁷ The United States' FCA Claims are allowed against the five (5) FCA Debtors in the amounts detailed in Article IV(A)(3). Estimated recoveries are inclusive of amounts to be paid pursuant to the CPSTN Settlement Agreements by CPSTN.

⁸ The Relator Expense Claims are separately allowed against each of the five (5) FCA Debtors in the amount of \$23,950,865.35. Estimated recoveries are inclusive of amounts to be paid pursuant to the CPSTN Settlement Agreements by CPSTN.

⁹ In the event that each of the Vendor Note Counterparties agree to waive any right to share in the distribution to Allowed Class 4.3 Claims, the estimated recovery to the Holders of Allowed Class 4.3 Claims will increase to approximately 1.4%.

investigated and analyzed potential claims and causes of action, including, among others, potential intercompany claims against non-debtor affiliates for intercompany balances and journal entries, claims under facility management agreements for undercharges, and potential preference and other avoidance claims. In addition, the Debtors marketed potential estate claims and causes of action to a large number of litigation funders and/or purchasers.

The CPSTN Settlement Agreements provide for the sale to CPSTN or its designee of all Estate Causes of Action upon the Effective Date. After the Effective Date, the Debtors shall have no interest in, right to bring or otherwise share in the proceeds of any Estate Cause of Action.

E. Certain Federal Income Tax Consequences

The following discussion is a summary of certain U.S. federal income tax consequences of the Combined Plan and Disclosure Statement to the Debtors and to Holders of Claims and Equity Interests. This discussion is based on the Tax Code, Treasury Regulations promulgated and proposed thereunder, judicial decisions and published administrative rules, and pronouncements of the IRS, all as in effect on the date hereof.

Due to the complexity of certain aspects of the Combined Plan and Disclosure Statement, the lack of applicable legal precedent, the possibility of changes in the law, the differences in the nature of the Claims, and each Holder's status and method of accounting and the potential for disputes as to legal and factual matters with the IRS, the tax consequences described herein are uncertain. No legal opinions have been requested from counsel with respect to any of the tax aspects of the Combined Plan and Disclosure Statement and no rulings have been or will be requested from the IRS with respect to the any of the issues discussed below. Further, legislative, judicial, or administrative changes may occur, perhaps with retroactive effect, which could affect the accuracy of the statements and conclusions set forth below as well as the tax consequences to the Debtors and the Holders of Claims and Equity Interests.

This discussion does not purport to address all aspects of U.S. federal income taxation that may be relevant to the Debtors or the Holders of Claims or Equity Interests in light of their personal circumstances, nor does the discussion deal with tax issues with respect to taxpayers subject to special treatment under the U.S. federal income tax laws (including, for example, insurance companies, financial institutions, real estate investment trusts, tax-exempt organizations, small business investment companies, regulated investment companies, foreign taxpayers, persons whose functional currency is not the U.S. dollar, persons subject to the alternative minimum tax, and persons holding Claims or Equity Interests as part of a "straddle," "hedge," "constructive sale," or "conversion transaction" with other investments). This discussion does not address the tax consequences to Holders of Claims who did not acquire such Claims at the issue price on original issue. No aspect of foreign, state, local, or estate and gift taxation is addressed.

EACH HOLDER OF A CLAIM OR EQUITY INTEREST IS URGED TO CONSULT WITH SUCH HOLDER'S TAX ADVISORS CONCERNING THE U.S. FEDERAL, STATE, LOCAL, FOREIGN, AND OTHER TAX CONSEQUENCES OF THE COMBINED PLAN AND DISCLOSURE STATEMENT.

1. Tax Consequences to the Debtors

Pursuant to the Tax Code and subject to certain exceptions, a taxpayer generally must recognize income from COD Income to the extent that such taxpayer's indebtedness is discharged for an amount less than the indebtedness' adjusted issue price determined in the manner described below. Generally, the amount of COD Income, subject to certain statutory and judicial exceptions, is the excess of (a) the adjusted issue price of the discharged indebtedness less (b) the sum of the fair market value (determined at the date of the exchange) of the consideration, if any, given in exchange for such discharged indebtedness.

The recognition of COD Income may be treated differently in the context of a confirmed chapter 11 plan. For example, under the Bankruptcy Exception, instead of recognizing COD Income, the taxpayer is required, pursuant to section 108(b) to reduce certain of that taxpayer's tax attributes to the extent of the amount of COD Income. The Tax Attributes of the taxpayer generally are reduced in the following order: net operating losses, general business and minimum tax credit carry forwards, capital loss carry forwards, the basis of the taxpayer's assets and, finally, foreign tax credit carry forwards. If the amount of COD Income exceeds the amount of Tax Attributes available to be reduced, the excess still is excluded from income. Pursuant to section 108(b)(4)(A), the reduction of Tax Attributes does not occur until the end of the taxable year after such Tax Attributes have been applied to determine the tax in the year of discharge or, in the case of asset basis reduction, the first day of the taxable year following the taxable year in which the COD Income is realized. Section 108(e)(2) provides a further exception to the recognition of COD Income upon the discharge of debt, providing that a taxpayer will not recognize COD Income to the extent that the taxpayer's satisfaction of the debt would have given rise to a deduction for United States federal income tax purposes.

2. Tax Consequences for Holders of Claims

Generally, a Holder of a Claim should in most, but not all circumstances, recognize gain or loss equal to the difference between the "amount realized" by such Holder in exchange for its Claim and such Holder's adjusted tax basis in the Claim. The "amount realized" is equal to the sum of the cash and the fair market value of any other consideration received under a plan of reorganization in respect of a Holder's Claim. The tax basis of a Holder in a Claim will generally be equal to the Holder's cost. To the extent applicable, the character of any recognized gain or loss (e.g., ordinary income, or short-term or long-term capital gain, or loss) will depend upon the status of the Holder, the nature of the Claim in the Holder's hands, the purpose and circumstances of its acquisition, the Holder's holding period of the Claim, and the extent to which the Holder previously claimed a deduction for the worthlessness of all or a portion of the Claim. Generally, if the Claim is a capital asset in the Holder's hands, any gain or loss realized generally will be characterized as capital gain or loss and will constitute long-term capital gain or loss if the Holder has held such Claim for more than one (1) year.

A Holder who received Cash (or potentially other consideration) in satisfaction of its Claims may recognize ordinary income or loss to the extent that any portion of such consideration is characterized as accrued interest. A Holder who did not previously include in income accrued but unpaid interest attributable to its Claim, and who receives a distribution on account of its Claim pursuant to the Combined Plan and Disclosure Statement, will be treated as having received

interest income to the extent that any consideration received is characterized for United States federal income tax purposes as interest, regardless of whether such Holder realizes an overall gain or loss as a result of surrendering its Claim. A Holder who previously included in its income accrued but unpaid interest attributable to its Claim should recognize an ordinary loss to the extent that such accrued but unpaid interest is not satisfied, regardless of whether such Holder realizes an overall gain or loss as a result of the distribution it may receive under the Combined Plan and Disclosure Statement on account of its Claim.

F. Certain Risk Factors to Be Considered

Effect of Failure to Confirm the Combined Plan and Disclosure Statement. If the Combined Plan and Disclosure Statement is not confirmed by the requisite majorities in number and amount as required by Bankruptcy Code section 1126, or if any of the other confirmation requirements imposed by the Bankruptcy Code are not met, the Chapter 11 Cases may not have sufficient funding to proceed, which may result in conversion to a case under chapter 7 of the Bankruptcy Code or dismissal.

“Cramdown.” While the Debtors believe that the requirements of Bankruptcy Code section 1129 have been met, the Bankruptcy Court is afforded discretion to determine whether dissenting Holders of Claims would receive more if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

Claims Estimation. While the Debtors have undertaken their best efforts to estimate the amount of Claims in each Class is correct, the actual amount of allowed Claims may differ from the estimates.

Estate Causes of Action. Pursuant to the Combined Plan and Disclosure Statement and the CPSTN Settlement Agreements, all Estate Causes of Action will be transferred to CPSTN or its designee upon the Effective Date. The Estate Causes of Action include Causes of Action which are not released, waived, or transferred pursuant to the Combined Plan and Disclosure Statement, Acquired Causes of Action, or otherwise. Other than with respect to the consideration provided in the CPSTN Settlement Agreements, the Plan does not provide for any distributions to creditors from Estate Causes of Action.

Delays. Any delay in Confirmation of the Combined Plan and Disclosure Statement or delay to the Effective Date could result in additional Administrative Expense Claims. This may endanger ultimate approval of the effectiveness of the Combined Plan and Disclosure Statement or result in a decreased or zero recovery for Holders of Claims entitled to a Distribution.

G. Feasibility

The Bankruptcy Code requires that, in order for a plan to be confirmed, the Bankruptcy Court must find that confirmation of such plan is not likely to be followed by the liquidation or need for further reorganization of the Debtors unless contemplated by the plan.

Here, the Combined Plan and Disclosure Statement provides for the liquidation and distribution of the proceeds of the Debtors’ remaining assets and CPSTN Settlement Agreements.

Accordingly, the Debtors believe all chapter 11 plan obligations will be satisfied without the need for further reorganization of the Debtors.

H. Best Interests Test and Alternatives to the Combined Plan and Disclosure Statement

The Bankruptcy Code requires that the Bankruptcy Court determine that a plan accepted by the requisite number of creditors in an impaired class provides each such member of each impaired class of claims and interests a recovery that has value, on the effective date, at least equal to the value of the recovery that each such creditor would receive if the Debtors was liquidated under chapter 7 of the Bankruptcy Code.

The Bankruptcy Code further requires that the Bankruptcy Court determine that a plan is in the best interests of each holder of a claim or interest in any such impaired class which has not voted to accept the plan. Thus, if an impaired class does not vote unanimously to confirm the plan, the best interests test requires that the Bankruptcy Court find that the plan provides to each member of such impaired class a recovery on account of the class member's claim or interest that has a value, on the effective date, at least equal to the value of the recovery that each such class member would receive if the Debtors was liquidated under chapter 7 of the Bankruptcy Code.

Here, the Debtors believe the Combined Plan and Disclosure Statement satisfies the best interests test as the Liquidation Analysis, attached hereto as Exhibit A, demonstrates that the recoveries expected to be available to Holders of Allowed Claims under the Combined Plan and Disclosure Statement will be greater than the recoveries expected in a liquidation under chapter 7 of the Bankruptcy Code.

In a typical chapter 7 case, a trustee is elected or appointed to liquidate a Debtors' assets for distribution to creditors in accordance with the priorities set forth in the Bankruptcy Code. Generally, secured creditors are paid first from the proceeds of sales of the properties securing their liens. If any assets are remaining in the bankruptcy estate after satisfaction of secured creditors' claims from their collateral, administrative expenses (including those incurred by a chapter 7 trustee) are next to receive payment. Unsecured creditors are paid from any remaining proceeds, according to their respective priorities. Unsecured creditors with the same priority share in proportion to the amount of their allowed claims in relationship to the total amount of allowed claims held by all unsecured creditors with the same priority. Finally, equity interest holders receive the balance that remains, if any, after all creditors are paid.

Here, substantially all of the Debtors' Assets are being sold or transferred through the CPSTN Settlement Agreements to CPSTN or its designee. A liquidation under chapter 7 of the Bankruptcy Code would liquidate the Debtors' assets, but the Combined Plan and Disclosure Statement provides the best source of recovery for several reasons. First, liquidation under chapter 7 of the Bankruptcy Code would not provide for a timely distribution and likely no distribution at all. Second, Distributions would likely be smaller because of the fees and expenses incurred in a liquidation under chapter 7 of the Bankruptcy Code. Third, it is likely that a trustee would not realize values in a chapter 7 liquidation that approach the heavily-negotiated value being contributed by CPSTN in the CPSTN Settlement Agreements. CPSTN is paying significant value for the assets it is acquiring through the CPSTN Settlement Agreements because they are operating

businesses. In addition, the CPSTN Settlement Agreements provide for the continued operation of those businesses, releases of potential direct claims asserted by the United States and the Relator, and the consensual assumption of numerous trade contracts and relationships that provide goods and services to the non-debtor affiliates.

A chapter 7 trustee, by comparison, would lack funding to continue the operations of the Debtors' businesses. It is likely that the operating businesses would be shuttered, employees terminated, and contracts rejected. A chapter 7 trustee's ability to monetize the Debtors' SNF Assets would be diminished because the facilities would be shut down in a chapter 7 and their residents transferred to other operating facilities. In addition, the lack of market interest in CMC II and the Debtors' potential claims and causes of action strongly suggest that a chapter 7 trustee would not be able to generate greater value from those assets than the value attributable to the CPSTN Settlement Agreements.

At this time, there are no alternative plans available to the Debtors. The Debtors believe that the Combined Plan and Disclosure Statement, which is built upon and incorporates the CPSTN Settlement Agreements, provides the greatest possible value under the circumstances, and has the greatest chance to be confirmed and consummated.

I. Releases by the Debtors

Article X of this Combined Plan and Disclosure Statement contains certain releases, exculpations, and injunction language by the Debtors. Parties are urged to read these provisions carefully to understand how Confirmation and consummation of the Combined Plan and Disclosure Statement will affect any claim, interest, right, or action with regard to the Debtors.

THE COMBINED PLAN AND DISCLOSURE STATEMENT SHALL BIND ALL HOLDERS OF CLAIMS AGAINST THE DEBTORS TO THE FULLEST EXTENT AUTHORIZED OR PROVIDED UNDER THE APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE AND ALL OTHER APPLICABLE LAW.

FOR THE AVOIDANCE OF DOUBT, THE SETTLEMENT RELEASES ARE SET FORTH IN AND SUBJECT TO THE CPSTN SETTLEMENT AGREEMENTS AND ARE SEPARATE FROM AND UNAFFECTED BY THE RELEASES PROVIDED UNDER THE COMBINED PLAN AND DISCLOSURE STATEMENT. IN THE EVENT OF ANY CONFLICT BETWEEN THE SETTLEMENT RELEASES AND THE TERMS OF THIS COMBINED PLAN AND DISCLOSURE STATEMENT, THE TERMS OF THE SETTLEMENT RELEASES SHALL CONTROL.

Under the voting procedures described in Article VI of this Combined Plan and Disclosure Statement, the Debtors believe that these releases, exculpations, and injunction language are considered consensual under applicable bankruptcy law.

The Combined Plan and Disclosure Statement provides Releases by the Debtors in favor of the Released Parties. The Debtors are not aware of any potential claims or causes of action against the Released Parties. Under the Releases by Debtors set forth in this Combined Plan and Disclosure Statement, the Debtors are providing releases in favor of the Released Parties, which include (a) the Debtors' current Professionals; (b) the Committee, members of the Committee in

their capacity as members of the Committee, and the Committee's Professionals. The Debtor's current Professionals include (i) Alan Carr, the Debtors' independent manager, and his firm Drivetrain LLC, and (ii) Paul Rundell, the Debtors' CRO, and his firm Alvarez & Marsal North America, LLC. Mr. Carr is the independent manager of the Debtors and was appointed prior to the Petition Date. Mr. Rundell is the Debtors' Chief Restructuring Officer. Mr. Carr was originally appointed to evaluate strategic options for the Debtors' business. Mr. Carr and Mr. Rundell determined after an analysis of the Debtors' business operations and financial circumstances that the best way to maximize value for the Debtors' creditor constituencies was to sell substantially all of the Debtors' assets through a sale in a chapter 11 bankruptcy. Mr. Carr and Mr. Rundell have been integral to all aspects of the chapter 11 process, including the preparation of the filing, the marketing for sale of substantially all of the Debtors' assets, the settlement discussions that led to the CPSTN Settlement Agreements, and the promulgation and confirmation of the Combined Liquidating Plan and Disclosure Statement. The Debtors are not aware of any potential claims or causes of action against any of Mr. Carr, Mr. Rundell, their respective firms, or any of the Debtors' Professionals or Committee members or Professionals, or any their respective direct and indirect current and former Affiliates, subsidiaries, partners (including general partners and limited partners), investors, managing members, members, officers, directors, principals, employees, managers, controlling persons, agents, attorneys, investment bankers, Professionals, advisors, and representatives, each in their capacity as such.

J. Administrative Expense Claims

Requests for payment of Administrative Expense Claims must be Filed no later than the applicable Administrative Expense Bar Date. Holders of Administrative Expense Claims that do not File requests for the allowance and payment thereof on or before the applicable Administrative Expense Bar Date shall forever be barred from asserting such Administrative Expense Claims against the Debtors or their Estates. This provision does not apply to 28 U.S.C. § 1930 obligations, including U.S. Trustee fees and court costs, which are payable as a condition to confirmation.

Except to the extent that a Holder of an Allowed Administrative Expense Claim agrees to a less favorable treatment or has been paid by any applicable Debtor prior to the Effective Date, in full and final satisfaction, settlement, release, and discharge of and in exchange for release of each Allowed Administrative Expense Claim, each Holder of an Allowed Administrative Expense Claim will be paid the full unpaid amount of such Allowed Administrative Expense Claim in Cash (a) on the Effective Date or as soon thereafter as is reasonably practicable or, if not then due, when such Allowed Administrative Expense Claim is due or as soon thereafter as is reasonably practicable, (b) if an Administrative Expense Claim is Allowed after the Effective Date, on the date such Administrative Expense Claim is Allowed or as soon thereafter as is reasonably practicable or, if not then due, when such Allowed Administrative Expense Claim is due, or (c) at such time and upon such terms as set forth in an order of the Bankruptcy Court. Any Allowed Administrative Expense claims or Professional Fee Claims that, with the consent of the Holder of such Allowed Administrative Expense or Professional Fee Claim, are not paid in full in cash on the Effective Date, as set forth above, or otherwise satisfied through payments as provided in the Settlement Agreements will become Allowed Claims that shall be entitled to receive a *pro rata* share of the Additional Estate Contribution in accordance with this Combined Plan and Disclosure Statement.

K. Professional Fee Claims

All Professionals or other Persons requesting compensation or reimbursement of Professional Fee Claims for services rendered before the Effective Date (including compensation requested by any Professional or other entity for making a substantial contribution in the Chapter 11 Case) shall File an application for final allowance of compensation and reimbursement of expenses no later than the Professional Fee Claims Bar Date.

The Final Fee Hearing to determine the allowance of Professional Fee Claims shall be held as soon as practicable after the Professional Fee Claims Bar Date. The Debtors' counsel shall File a notice of the Final Fee Hearing. Such notice shall be served upon counsel for the Creditors' Committee, counsel for Purchaser, all Professionals, the U.S. Trustee, and all parties on the Debtor' Bankruptcy Rule 2002 service list.

Allowed Professional Fee Claims of the Professionals shall be paid (a) as soon as is reasonably practicable following the later of (i) the Effective Date and (ii) the date upon which the order relating to any such Allowed Professional Fee Claims is entered by the Bankruptcy Court, and (b) to the extent applicable, in accordance with the CPSTN Settlement Agreements as incorporated into this Combined Plan and Disclosure Statement.

L. Priority Tax Claims

Except to the extent the Debtors and the Holder of an Allowed Priority Tax Claim agree to a different and less favorable treatment, the Debtors shall pay, in full satisfaction and release of such Claim, to each holder of a Priority Tax Claim, Cash, in an amount equal to such Allowed Priority Tax Claim, on the later of: (a) the Effective Date and (b) the first Business Day after the date that is 30 calendar days after the date on which such Priority Tax Claim becomes an Allowed Priority Tax Claim, or as soon thereafter as is reasonably practicable. Funds held by the Debtors on account of deferred employment taxes shall be paid to the Internal Revenue Service in accordance with the terms of the CPSTN Settlement Agreements.

The Debtors estimate that the aggregate amount of Allowed Priority Tax Claims does not exceed approximately \$84 thousand.

M. Statutory Fees

All Statutory Fees incurred prior to the Effective Date shall be paid by the Debtors on the Effective Date or when due, if due after the Effective Date. The Debtors shall File with the Bankruptcy Court such reports required by the U.S. Trustee until such time that the Chapter 11 Cases are closed, dismissed, or converted to cases under chapter 7 of the Bankruptcy Code.

V. CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

A. Classification of Claims and Interests

The below categories of Claims and Interests classify such Claims and Interests for all purposes, including voting, Confirmation, and Distribution pursuant hereto and pursuant to Bankruptcy Code sections 1122 and 1123.

B. Treatment of Claims and Interests

1. Class 1 — DIP Facility Claims

Holders of Claims in Class 1 are Unimpaired under the Combined Plan and Disclosure Statement. CPSTN's DIP Facility Claims are deemed Allowed Claims. CPSTN shall receive the Acquired Estate Assets pursuant to the CPSTN Settlement Agreements in full and final satisfaction, settlement, release, and discharge of, and in exchange for the Allowed DIP Facility Claims. The Holder of the Claim in Class 1 is not entitled to vote to accept or reject the Combined Plan and Disclosure Statement, as it is deemed to accept.

2. Class 2 — Other Secured Claims

Except to the extent that a Holder of an Allowed Other Secured Claim has agreed to a less favorable treatment of such Claim, and only to the extent that any such Allowed Other Secured Claim has not been paid in full prior to the Effective Date, each Holder of an Allowed Other Secured Claim, at the option of the Debtors, in consultation with CPSTN, shall (i) be paid in full in Cash; (ii) receive the collateral securing its Allowed Other Secured Claim, plus post-petition interest to the extent required under Bankruptcy Code section 506(b); or (iii) receive other treatment rendering such Claim Unimpaired in accordance with Bankruptcy Code section 1124, in each case on the later of the Effective Date and the date such Other Secured Claim becomes an Allowed Other Secured Claim, or as soon thereafter as is reasonably practicable. In the event the Debtors treat a Claim under clause (i) of this Section, the Liens securing such Allowed Other Secured Claim shall be deemed released, terminated, and extinguished, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order or rule or the vote, consent, authorization, or approval of any Person.

The Debtors estimate that the aggregate amount of Allowed Other Secured Claims will be not more than approximately \$3.3 million, and likely less as certain Claims included in this Class are assumed under the CPSTN Settlement Agreements. Class 3 is Unimpaired and is deemed to accept the Combined Plan and Disclosure Statement.

3. Class 3 — Priority Claims

Except to the extent that a Holder of an Allowed Other Priority Claim has agreed to a less favorable treatment of such Claim, and only to the extent that any such Allowed Other Priority Claim has not been paid in full prior to the Effective Date, each such Holder of an Allowed Other Priority Claim shall receive from the Debtors Cash in an amount equal to such Allowed Other Priority Claim, on or as soon as reasonably practicable after the later of (i) the Effective Date; (ii)

the date the Other Priority Claim becomes an Allowed Claim; or (iii) the date for payment provided by any agreement or arrangement between the Debtors or CPSTN, as the case may be, and the Holder of the Allowed Other Priority Claim.

The Debtors estimate that the aggregate amount of Allowed Other Priority Claims does not exceed approximately \$[24] thousand.

Class 3 is Unimpaired and is deemed to accept the Combined Plan and Disclosure Statement.

4. Class 4.1 — FCA Claim

Except to the extent that the Holder of the FCA Claim has agreed to a less favorable treatment, , the Holder of the FCA Claim shall receive seventy-three percent (73%) of the Remaining DIP Funds and Estate Funding, as full and complete satisfaction of such Claim against the Debtors, without any offset or recoupment or prejudice to the amounts payable under the CPSTN Settlement Agreements from non-Debtor parties.

The amount of the FCA Claim against each FCA Debtor is the amount of the FCA Judgment against each FCA Debtor.

Class 4.1 is Impaired and entitled to vote to accept or reject the Combined Plan and Disclosure Statement.

5. Class 4.2 — Relator Expense Claim

Except to the extent that the Holder of the Relator Expense Claim has agreed to a less favorable treatment of such Claim, the Holder of the Relator Expense Claim shall receive twenty-four percent (24%) of the Remaining DIP Funds and Estate Funding, as full and complete satisfaction of such Claim against the Debtors, without any offset or recoupment or prejudice to the amounts payable under the CPSTN Settlement Agreements from non-Debtor parties.

The amount of the Relator Expense Claim against each FCA Debtor is \$23,950,865.35.

Class 4.2 is Impaired and entitled to vote to accept or reject the Combined Plan and Disclosure Statement.

6. Class 4.3 — General Unsecured Claims

Except to the extent that a Holder of an Allowed General Unsecured Claim has agreed to a less favorable treatment of such Claim, and only to the extent that any such Allowed General Unsecured Claim has not been paid by any applicable Debtor prior to the Effective Date, each Holder of an Allowed General Unsecured Claim shall receive such Holder's Pro Rata Share of (i) three percent (3%) of the Remaining DIP Funds and Estate Funding, and (ii) the Other Unsecured Annual Payment Fund.

The Debtors estimate that the aggregate amount of Allowed General Unsecured Claims, taking into account the settlements and assumption of liabilities under the CPSTN Settlement

Agreements, the Debtors' Schedules, and Claims asserted against the Estates, will be approximately \$94.5 million, inclusive of Claims held by Vendor Note Counterparties. The Debtors expect that there will be a single Distribution to Holders of Allowed Claims in Class 4.3 approximately three (3) years after the Effective Date after CPSTN has completed the funding of the Other Unsecured Annual Payment Fund.

Class 4.3 is Impaired and entitled to vote to accept or reject the Combined Plan and Disclosure Statement.

7. Class 5 — Equity Interests

Holders of Claims in Class 5 are impaired under the Combined Plan and Disclosure Statement. Holders of Equity Interests will retain no ownership interests or distribution under the Combined Plan and Disclosure Statement and, on the Effective Date, shall be deemed cancelled, null, and void. Therefore, Holders of Equity Interests are deemed to reject the Combined Plan and Disclosure Statement.

C. Impaired Claims and Equity Interests

Under the Combined Plan and Disclosure Statement, Holders of Claims in Classes 4.1, 4.2, 4.3 and 5 are the Impaired Classes pursuant to Bankruptcy Code section 1124 because the Combined Plan and Disclosure Statement alters the legal, equitable, or contractual rights of the Holders of such Claims treated in such Class.

D. Cramdown and No Unfair Discrimination

To the extent that any Impaired Class does not accept the Combined Plan and Disclosure Statement, the Debtors will seek Confirmation pursuant to Bankruptcy Code section 1129(b). This provision allows the Bankruptcy Court to confirm a plan accepted by at least one impaired class so long as it does not unfairly discriminate and is fair and equitable with respect to each class of claims and interest that is impaired and has not accepted the plan. Colloquially, this mechanism is known as a "cramdown."

The Debtors believe the treatment of Claims and Interests describe in this Combined Plan and Disclosure Statement are fair and equitable and do not discriminate unfairly. The proposed treatment of Claims and Interests provides that each Holder of such Claim or Interest will be treated identically within their respective class and that, except when agreed to by such Holder, no Holder of any Claim or Interest junior will receive or retain any property on account of such junior Claim or Interest.

VI. CONFIRMATION PROCEDURES

A. Confirmation Procedures

1. Combined Hearing

The Confirmation Hearing before the Bankruptcy Court has been scheduled for **December 3, 2021 at 10 a.m. (prevailing Eastern Time)** at the United States Bankruptcy Court, 824 North

Market Street, Wilmington, Delaware 19801 to consider (a) approval of the Combined Plan and Disclosure Statement as providing adequate information pursuant to Bankruptcy Code section 1125, and (b) confirmation of the Combined Plan and Disclosure Statement pursuant to Bankruptcy Code section 1129. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice, except for an announcement of the adjourned date made at the Confirmation Hearing.

2. Procedure for Objections

Any objection to approval or confirmation of the Combined Plan and Disclosure Statement must be made in writing and specify in detail the name and address of the objector, all grounds for the objection and the amount of the Claim held by the objector. Any such objection must be Filed by **November 26, 2021 at 4:00 p.m. (prevailing Eastern Time)** with the Bankruptcy Court and served on the Debtors' counsel, the Committee, CPSTN, the U.S. Trustee, and all parties who have Filed a request for notice in these cases. Unless an objection is timely Filed and served, it may not be considered by the Bankruptcy Court.

3. Requirements for Confirmation

The Bankruptcy Court will confirm the Combined Plan and Disclosure Statement only if the requirements of Bankruptcy Code section 1129 are met. As set forth in this Combined Plan and Disclosure Statement, the Debtors believe that the Combined Plan and Disclosure Statement: (a) meets the cramdown requirements; (b) meets the feasibility requirements; (c) is in the best interests of creditors; (d) has been proposed in good faith; and (e) meets all other technical requirements imposed by the Bankruptcy Code.

Additionally, pursuant to Bankruptcy Code section 1126, under the Combined Plan and Disclosure Statement, only Holders of Claims in Impaired Classes are entitled to Distributions.

B. Solicitation and Voting Procedures

1. Substantive Consolidation for Distribution Purposes

For purposes of distributions in the Chapter 11 Cases and the Combined Plan and Disclosure Statement, all Assets of and Claims against the Debtors shall be deemed to be substantively consolidated. As a result, Claims Filed against multiple Debtors seeking recovery of the same debt shall only be entitled to receive a single Distribution from the consolidated Estates in accordance with the Combined Plan and Disclosure Statement to the extent such Claim is an Allowed Claim. Claims of Debtors against other Debtors, including Intercompany Claims, shall be disregarded for both voting and distribution purposes.

2. Eligibility to Vote on the Combined Plan and Disclosure Statement

Except as otherwise ordered by the Bankruptcy Court, only Holders of Claims in Classes 4.1, 4.2, and 4.3 may vote on the Combined Plan and Disclosure Statement pursuant to Bankruptcy Code section 1126. To vote on the Combined Plan and Disclosure Statement, a Holder must hold a Claim in Class 4.1, 4.2 or 4.3 that is identified on the Schedules and is not listed as disputed,

unliquidated, or contingent, or be the holder of a Claim in Classes 4.1, 4.2 or 4.3 that has been temporarily Allowed for voting purposes only under Bankruptcy Rule 3018(a).

ACCORDINGLY, A BALLOT FOR ACCEPTANCE OR REJECTION OF THE COMBINED PLAN AND DISCLOSURE STATEMENT IS BEING PROVIDED ONLY TO HOLDERS OF CLAIMS IN CLASSES 4.1, 4.2 AND 4.3.

3. Solicitation Package

Accompanying the Combined Plan and Disclosure Statement for the purposes of soliciting votes on the Combined Plan and Disclosure Statement are Solicitation Packages, which contain copies of: (a) the Confirmation Hearing Notice; (b) the Interim Approval and Procedures Order, excluding the exhibits annexed thereto; (c) a Ballot; (d) the Committee Solicitation Letter; and (e) such other documents the Bankruptcy Court may direct or approve or that the Debtors deem appropriate.

Holders of Claims in non-voting classes will receive packages consisting of: (a) the Confirmation Hearing Notice; and (b) a notice of such Holder's non-voting status.

4. Voting Procedures and Voting Deadline

The Voting Record Date for determining which Holders of Claims in Classes 4.1, 4.2, and 4.3 may vote on the Combined Plan and Disclosure Statement is the date of entry of the Interim Approval and Procedures Order.

The Voting Deadline by which the Debtors must *RECEIVE* original ballots by mail, overnight delivery, hand delivery, or for electronic ballots, the deadline by which such electronic ballots must be submitted, is **November 29, 2021 at 4:00 p.m. (prevailing Eastern Time)**.

If you are entitled to vote to accept or reject the Combined Plan and Disclosure Statement, a Ballot is enclosed. Please carefully review the Ballot instructions and complete the Ballot by: (a) indicating your acceptance or rejection of the Combined Plan and Disclosure Statement; (b) indicating whether you opt out of the Releases; and (c) signing and returning the Ballot to the Debtor. If you are a member of a Voting Class and did not receive a Ballot, received a damaged Ballot, or lost your Ballot, please contact Debtors' counsel.

The following Ballots will not be counted or considered:

- (1) any Ballot received after the Voting Deadline, unless the Bankruptcy Court grants an extension to the Voting Deadline with respect to such Ballot;
- (2) any Ballot that is illegible or contains insufficient information;
- (3) any Ballot cast by a Person or Entity that does not hold a Claim in a Voting Class;
- (4) any Ballot for cast for a Claim designated as unliquidated, contingent, or disputed or as zero (0) or unknown in amount and for which no Rule 3018 Motion has been Filed by the Rule 3018 Motion deadline;

- (5) any Ballot timely received that is cast in a manner that indicates neither acceptance nor rejection of the Combined Plan and Disclosure Statement or that indicates both acceptance and rejection of the Combined Plan and Disclosure Statement;
- (6) simultaneous duplicative Ballots voted inconsistently;
- (7) Ballots partially rejecting and partially accepting the Combined Plan and Disclosure Statement;
- (8) any Ballot received other than the official form sent by Debtor' counsel;
- (9) any unsigned Ballot; or
- (10) any Ballot that is submitted by facsimile.

5. Deemed Acceptance or Rejection

Holders of Claims in Classes 1, 2, and 3 are Unimpaired, thus deemed to accept the Combined Plan and Disclosure Statement. Under Bankruptcy Code section 1126(f), Holders of such Claims are conclusively presumed to have accepted the Combined Plan and Disclosure Statement, and the votes of the Holders of such Claims shall not be solicited. In addition, creditors whose contracts or claims are assumed pursuant to the CPSTN Settlement Agreements do not hold Claims against the Debtors and accordingly are not classified hereunder and shall not be solicited or entitled to vote.

Holders of Claims in Classes 4.1, 4.2 and 4.3 are impaired and entitled to vote to accept or reject the Combined Plan and Disclosure Statement.

Holders of Class 5 Equity Interests are not entitled to receive any distribution under the Combined Plan and Disclosure Statement. Pursuant to Bankruptcy Code section 1126(g), Class 5 Equity Interests are conclusively deemed to have rejected the Combined Plan and Disclosure Statement and the votes of these Holders therefore shall not be solicited.

6. Acceptance by Impaired Classes

In order for the Combined Plan and Disclosure Statement to be accepted by an Impaired Class of Claims, a majority in number (i.e., more than half) and two-thirds in dollar amount of the Claims voting (of each Impaired Class of Claims) must vote to accept the Combined Plan and Disclosure Statement. At least one (1) impaired Class of creditors, excluding the votes of insiders, must actually vote to accept the Combined Plan and Disclosure Statement. The Debtors and the Committee urge that you vote to accept the Combined Plan and Disclosure Statement.

YOU ARE URGED TO COMPLETE, DATE, SIGN, AND PROMPTLY MAIL THE BALLOT ATTACHED TO THE NOTICE. PLEASE BE SURE TO COMPLETE THE BALLOT PROPERLY AND LEGIBLY IDENTIFY THE EXACT AMOUNT OF YOUR CLAIM AND THE NAME OF THE CREDITOR.

VII. IMPLEMENTATION AND EXECUTION OF THE COMBINED PLAN AND DISCLOSURE STATEMENT

A. Effective Date

The Effective Date shall not occur until the conditions for the Effective Date are satisfied or otherwise waived in accordance with the terms of this Combined Plan and Disclosure Statement. Upon occurrence of the Effective Date, the Debtors shall File the Notice of Effective Date.

B. Implementation of the Combined Plan and Disclosure Statement

1. Corporate Action; Officers and Directors; Effectuating Documents

On the Effective Date, all matters and actions provided for under the Combined Plan and Disclosure Statement that would otherwise require approval of the member or manager(s) of the Debtors shall be deemed to have been authorized and effective in all respects as provided herein and shall be taken without any requirement for further action by the members and managers of the Debtor.

The Board shall remain intact until the Debtors are dissolved. All corporate action shall be taken in accordance with the certificate of incorporation and the bylaws of the Debtors. On the date of dissolution of a Debtor, the members of the Board and executive officer(s) of such Debtor shall be deemed to have resigned to the extent permissible under applicable law.

The officer(s) and director(s) of each Debtor, as the case may be, shall be authorized to execute, deliver, file, or record such contracts, instruments, releases, and other agreements or documents and take such other actions as may be necessary or appropriate to effectuate and implement the provisions of the Combined Plan and Disclosure Statement.

C. Records

The Debtors shall provide CPSTN with thirty (30) calendar days' notice prior to dissolution. CPSTN, in its sole discretion, may after receipt of notice and prior to such dissolution, seek to retain those documents maintained by the Debtors in the ordinary course of business, at the sole cost and expense of CPSTN. After receipt of such documents, the Debtors shall be authorized to destroy any documents he or she deems necessary or appropriate in their reasonable judgment; provided, however, that CPSTN shall not destroy any documents, including but not limited to tax documents, that are required to be retained under applicable law. After notice to CPSTN, the Debtors shall be authorized to abandon without further notice all originals and/or copies of documents and business records that CPSTN does not seek to retain; provided, however, that any such records that contain personally identifiable information for any Debtor patient or employee shall be destroyed.

D. Plan Transactions

The CPSTN Settlement Agreements provide that, among other transactions, CPSTN or its designee shall acquire substantially all of the Debtors' assets, including the Marshall and

Governor's Creek skilled nursing facilities, CMC II and all Estate Claims and Causes of Action, shall assume certain contracts as well as other trade and tort liabilities, and shall make certain payments to the Debtors or creditors. Documentation setting forth the specific terms of each of these transactions is included in the CPSTN Settlement Agreements, has been filed with the Bankruptcy Court, or shall be filed in the Plan Supplement to the extent not previously filed.

E. Deemed Withdrawal of Claims Assumed by CPSTN

Any Claim Scheduled by or Filed against any of the Debtors based on or arising out of a liability of a Debtor that was assumed by CPSTN (or its designee) pursuant to the CPSTN Settlement Agreements shall automatically be deemed withdrawn on the Effective Date and the Claims Agent is directed to expunge any such Claim from the claims register.

F. Provisions Governing Distributions Under the Combined Plan and Disclosure Statement

1. Distribution Record Date

As of the close of business on the Distribution Record Date, the various transfer registers for each of the Classes of Claims or Interests as maintained by the Debtors, or their respective agents, shall be deemed closed, and there shall be no further changes in the record Holders of any of the Claims or Interests. The Debtors or CPSTN shall have no obligation to recognize any ownership transfer of the Claims or Interests occurring on or after the Distribution Record Date. The Debtors, CPSTN, or any party responsible for making Distributions shall be entitled to recognize and deal for all purposes under the Combined Plan and Disclosure Statement only with those record holders stated on the transfer ledgers as of the close of business on the Distribution Record Date, to the extent applicable. Except for Claims expressly assumed by CPSTN pursuant to the CPSTN Settlement Agreement, the Debtors shall be responsible for making any and all distributions hereunder.

2. Method of Payment

Except as otherwise provided herein, any Distributions and deliveries to be made hereunder with respect to Claims that are Allowed as of the Effective Date shall be made on the Effective Date or as soon thereafter as is reasonably practicable. Except as otherwise provided herein, any Distributions and deliveries to be made hereunder with respect to Claims that are Allowed after the Effective Date shall be made as soon as is reasonably practicable after the date on which such Claim becomes Allowed. Distributions made after the Effective Date to Holders of Allowed Claims shall be deemed to have been made on the Effective Date and, except as otherwise provided in the Combined Plan and Disclosure Statement, no interest shall accrue or be payable with respect to such Claims or any distribution related thereto. In the event that any payment or act under the Combined Plan and Disclosure Statement is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on, or as soon as reasonably practicable after, the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

All Distributions hereunder shall be made by the Debtors or their named successor or assign, as Disbursing Agent, on or after the Effective Date or as otherwise provided herein. For the avoidance of doubt, Distributions to Holders of Allowed Claims in Class 4.3 shall be made in a single Distribution after CPSTN has completed the funding of the Other Unsecured Annual Payment Fund. Payments to be made directly by CPSTN to creditors pursuant to the CPSTN Settlement Agreements are not affected by this Combined Plan and Disclosure Statement. A Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court, and, in the event that a Disbursing Agent is so ordered, all costs and expenses of procuring any such bond or surety shall be borne by the Disbursing Agent.

Unless otherwise expressly agreed in writing, all cash payments to be made pursuant to the Combined Plan and Disclosure Statement shall be made by check drawn on a domestic bank or an electronic wire.

3. Surrender of Instruments

Pursuant to Bankruptcy Code section 1143, as a condition precedent to receiving any Distribution under the Combined Plan and Disclosure Statement, each Holder of a certificated instrument or note must surrender such instrument or note held by it to the Disbursing Agent or its designee. Any Holder of such instrument or note that fails to (i) surrender the instrument or note or (ii) execute and deliver an affidavit of loss and/or indemnity reasonably satisfactory to the Disbursing Agent and furnish a bond in form, substance, and amount reasonably satisfactory to the Disbursing Agent before the third anniversary of the Effective Date shall be deemed to have forfeited all rights and Claims and may not participate in any Distribution hereunder.

4. Delivery of Distributions

Except as otherwise provided herein, Distributions to Holders of Allowed Claims shall be made: (a) at the addresses set forth on the respective Proofs of Claim Filed by such Holders; (b) at the addresses set forth in any written notice of address changes delivered to the Debtors after the date of any related Proof of Claim; or (c) at the address reflected in the Schedules if no Proof of Claim is filed and the Debtors have not received a written notice of a change of address.

Subject to applicable Bankruptcy Rules, all Distributions to Holders of Allowed Claims shall be made to the Disbursing Agent who shall transmit such Distributions to the applicable Holders of Allowed Claims or their designees. If any Distribution to a Holder of an Allowed Claim is returned as undeliverable, the Disbursing Agent shall have no obligation to determine the correct current address of such Holder, and no Distribution to such Holder shall be made unless and until the Disbursing Agent is notified, in writing, by the Holder of the current address of such Holder within ninety (90) days of such Distribution, at which time a Distribution shall be made to such Holder without interest; provided that such Distributions shall be deemed unclaimed property under Bankruptcy Code section 347(b) at the expiration of ninety (90) days from the Distribution. After such date, all unclaimed property or interest in property shall revert to the Debtors to be distributed in accordance with the terms of the Combined Plan and Disclosure Statement, and any Holder whose Distribution was returned as undeliverable shall be forever barred from recovering such Distribution pursuant to the Combined Plan and Disclosure Statement.

5. Objection to and Resolution of Claims

Except as expressly provided herein, or in any order entered in the Chapter 11 Cases prior to the Effective Date, including the Confirmation Order, all Claims and Interests not previously Allowed pursuant to the CPSTN Settlement Agreements or other order of the Bankruptcy Court shall be deemed Disputed unless and until such the applicable objection deadline has passed without objection or the Claim or Interest is deemed Allowed under the Combined Plan and Disclosure Statement or the Bankruptcy Code or the Bankruptcy Court has entered a Final Order, including the Confirmation Order, in the Chapter 11 Cases allowing such Claim or Interest. Any objections to Claims shall be served and filed on or before the later of (i) one hundred and eighty (180) days after the Effective Date or (ii) such later date as may be fixed by the Bankruptcy Court after reasonable notice and opportunity to object.

6. Preservation of Rights to Settle Claims

Except as otherwise expressly provided herein, nothing contained in the Combined Plan and Disclosure Statement, the Plan Documents, or in the Confirmation Order shall be deemed to be a waiver or the relinquishment of any rights or Causes of Action that the Debtors may have under any provision of the Bankruptcy Code or any applicable nonbankruptcy law or rule, common law, equitable principle, or other source of right or obligation, including, without limitation, (i) any and all claims against any Person or Entity, to the extent such Person or Entity asserts a crossclaim, counterclaim, and/or claim for setoff that seeks affirmative relief against the Debtors, their officers, directors, or representatives, and (ii) the turnover of all property of the Estates. This Section shall not apply to any claims sold, released, waived, relinquished, exculpated, compromised, transferred or settled under the Combined Plan and Disclosure Statement or pursuant to a Final Order. Except as expressly provided in the Combined Plan and Disclosure Statement, nothing contained in the Combined Plan and Disclosure Statement, the Plan Documents, or in the Confirmation Order shall be deemed to be a waiver or relinquishment of any claim, cause of action, right of setoff, or other legal or equitable defense. No Entity may rely on the absence of a specific reference in the Combined Plan and Disclosure Statement, the Plan Supplement, or the Disclosure Statement to any cause of action against it as any indication that the Debtors or CPSTN, as applicable, will not pursue any and all available causes of action against them. The Debtors and CPSTN expressly reserve all rights to prosecute any and all causes of action against any Person or Entity, except as otherwise expressly provided in the Combined Plan and Disclosure Statement.

7. Miscellaneous Distribution Provisions

Disputed Claims. At such time as a Disputed Claim becomes an Allowed Claim, the Disbursing Agent shall distribute to the Holder of such Claim, such Holder's Pro Rata Share of the property distributable with respect to the Class in which such Claim belongs. To the extent that all or a portion of a Disputed Claim is disallowed, the Holder of such Claim shall not receive any Distribution on account of the portion of such Claim that is disallowed and any property withheld pending the resolution of such Claim shall be reallocated pro rata to the Holders of Allowed Claims in the same Class.

Distributions after Allowance. To the extent that a Disputed Claim becomes an Allowed Claim after the Effective Date, a Distribution shall be made to the Holder of such Allowed Claim in accordance with the provisions of the Combined Plan and Disclosure Statement. As soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, the Disbursing Agent shall provide to the Holder of such Claim the Distribution to which such Holder is entitled hereunder.

Setoff. The Debtors retain the right to reduce any Claim by way of setoff in accordance with the Debtors' books and records and in accordance with the Bankruptcy Code and the provisions of this Combined Plan and Disclosure Statement.

Minimum Distributions. Notwithstanding anything herein to the contrary, Distributions shall not be required on account of Distributions or payments of less than \$50.00.

VIII. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Executory Contracts and Unexpired Leases

The CPSTN Settlement Agreements provide for the assumption by the Debtors and assignment to CPSTN or its designee of substantially all of the Debtors' Executory Contracts and Unexpired Leases, other than those identified in the CPSTN Settlement Agreements and the Excluded Liabilities Notice. CPSTN shall bear sole liability for any and all cure amounts determined to be due in connection with such assumed Executory Contracts and Unexpired Leases in accordance with the CPSTN Settlement Agreements.

All Executory Contracts and Unexpired Leases of the Debtors that have not been assumed, assigned, rejected or terminated prior to the Effective Date, including Executory Contract and Unexpired Leases identified in the Plan Supplement, shall be deemed rejected.

B. Rejection Claims

In the event that the rejection of an executory contract or unexpired lease by any of the Debtors pursuant to the Combined Plan and Disclosure Statement results in a Rejection Claim in favor of a counterparty to such executory contract or unexpired lease, any right to receive a Distribution on account of such Rejection Claim, if not heretofore evidenced by a timely and properly filed Proof of Claim, shall be forever barred and shall not be enforceable against the Debtors or their respective properties or interests in property unless a Proof of Claim is filed with the Bankruptcy Court and served upon counsel for the Debtors and CPSTN on or before the date that is 30 days after the Effective Date. All Allowed Rejection Claims shall be treated as Class 4.3 General Unsecured Claims pursuant to the terms of the Combined Plan and Disclosure Statement.

To the extent that any of the Debtors' insurance policies are considered executory contracts, then notwithstanding anything contained in the Combined Plan and Disclosure Statement to the contrary, such insurance policies, shall be deemed assumed and assigned to CPSTN or its designee. Unless otherwise determined by the Bankruptcy Court, pursuant to a Final Order, no payments are required to cure any defaults of the Debtors existing as of the Confirmation

Date with respect to each such policy. For the avoidance of any doubt, all rights under any insurance policy that is not an executory contract and was not transferred pursuant to any order of the Bankruptcy Court, and all rights under any other insurance policies under which any Debtor may be a beneficiary, shall be preserved and shall vest with CPSTN or its designee and shall remain in full force and effect after the Effective Date for the term thereof; and nothing herein shall alter or adversely affect the rights of any non-Debtor beneficiaries of or covered Persons or Entities under such insurance policies.

IX. CONDITIONS PRECEDENT TO CONFIRMATION AND THE EFFECTIVE DATE

A. Conditions Precedent to Confirmation

The following is the list of conditions precedent to Confirmation:

- (1) the Plan Supplement is Filed;
- (2) the Confirmation Order shall be in form and substance reasonably acceptable to the Debtors, the Committee, CPSTN, the Relator and the United States;
- (3) the Combined Plan and Disclosure Statement shall not have been materially amended, altered, or modified except in accordance with Article XII herein.

B. Conditions Precedent to the Effective Date

The following is the list of conditions precedent to the Effective Date:

- (1) The Bankruptcy Court shall have entered the Confirmation Order and the Confirmation Order shall be a Final Order, with no stay in effect;
- (2) The Approval Condition to the CPSTN Settlement Agreements shall have been satisfied or waived in accordance with the terms thereof and the Effective Date of the CPSTN Settlement Agreements (as defined therein) shall have occurred.
- (3) The Confirmation Order shall contain findings required by the CPSTN Settlement Agreements, if any, and otherwise be reasonably acceptable to the Debtors;
- (4) The Combined Plan and Disclosure Statement shall not have been materially amended, altered, or modified from the Combined Plan and Disclosure Statement as confirmed by the Confirmation Order, unless such material amendment, alteration, or modification has been made in accordance with Article XII herein;
- (5) The Debtors shall have sufficient Cash (including Cash from the Additional Cares Act Funds) available to satisfy all Allowed Administrative Claims in the amounts Allowed or such lesser amounts agreed to with the Holder of such Allowed Administrative Claim; and
- (6) The Debtors shall have Filed the Notice of the Effective Date.

C. Waiver of Conditions

The conditions precedent to Confirmation and conditions precedent to the Effective Date may be waived in whole or in part, in writing, by each of the Debtors, CPSTN, the United States, the Relator, and the Committee, without further order of the Bankruptcy Court.

D. Effect of Nonoccurrence of Conditions

If the conditions precedent to the Effective Date are not satisfied or waived, the Debtors may, upon motion and notice to parties in interest, seek to vacate the Confirmation Order; *provided, however*, that notwithstanding the filing of such motion, the Confirmation Order may not be vacated if each of the conditions precedent to the Effective Date are satisfied or waived before the Bankruptcy Court enters an order granting such motion.

If the Confirmation Order is vacated: (i) the Combined Plan and Disclosure Statement is null and void in all respects; and (ii) nothing contained in the Combined Plan and Disclosure Statement shall (a) constitute a waiver or release of any Claims by or against the Debtors, or (b) prejudice, in any manner, the rights of the Debtors or any other party in interest.

X. EXCULPATION, RELEASES, AND INJUNCTIONS

A. Injunction

All injunctions or stays provided for in the Chapter 11 Cases under Bankruptcy Code sections 105 or 362, or otherwise, and in existence on the Confirmation Date shall remain in full force and effect until the later of (a) the Effective Date, (b) the date indicated in the order providing for such injunction or stay, or (c) the date specified in section 362 of the Bankruptcy Code. Notwithstanding the foregoing, nothing herein shall be otherwise deemed to modify, limit, amend, or supersede any injunctions or stays granted in the Sale Order. At Sale Closing, the automatic stay imposed by 11 U.S.C. § 362(a) shall be lifted to permit CMS to setoff the CMS Frozen Funds against the remaining CAAP Liability and Traditional Overpayment Liability.¹⁰

Except as otherwise provided in the Combined Plan and Disclosure Statement or to the extent necessary to enforce the terms and conditions of the Combined Plan and Disclosure Statement, the Confirmation Order, or a separate Order of the Bankruptcy Court, all entities who have held, hold, or may hold Claims against or Equity Interests in the Debtors shall be permanently enjoined from taking any of the following actions against any property that is to be distributed under the terms of the Combined Plan and Disclosure Statement on account of any such Claims or Equity Interests: (a) commencing or continuing, in any manner or in any place, any action or other proceeding; (b) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order; (c) creating, perfecting, or enforcing any lien or encumbrance; (d) asserting a setoff, right, or subrogation of any kind against any debt, liability, or obligation due to the Debtors; and (e) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Combined Plan and Disclosure Statement;

¹⁰ CMS Frozen Funds, CAAP Liability, and Traditional Overpayment Liability shall have the definition as set forth in the CPSTN Settlement Agreements.

provided, however, that such entities shall not be precluded from exercising their rights pursuant to and consistent with the terms of the Combined Plan and Disclosure Statement or the Confirmation Order; *provided, further*, that the foregoing provisions of this provision shall not apply to any acts, omissions, claims, causes of action, or other obligations expressly set forth in and preserved by this Combined Plan and Disclosure Statement or any defenses thereto. Notwithstanding the foregoing, nothing herein shall be otherwise deemed to modify, limit, amend, or supersede any injunctions or stays granted in the Sale Order.

B. Exculpation

Except as otherwise specifically provided in the Combined Plan and Disclosure Statement, none of the Exculpated Parties shall have or incur any liability to any holder of a Claim or Interest (including Estate Causes of Action) for any act or omission on or prior to the Effective Date in connection with, related to, or arising out of the Chapter 11 Cases, the Combined Plan and Disclosure Statement, the pursuit of Confirmation, the consummation of the Combined Plan and Disclosure Statement, the administration of the Combined Plan and Disclosure Statement, the property to be liquidated and/or distributed under the Combined Plan and Disclosure Statement or any prepetition or postpetition act taken or omitted to be taken in connection with or in contemplation of the liquidation of the Debtors, except for their willful or gross negligence as determined by a Final Order of a court of competent jurisdiction, and in all respects shall be entitled to rely reasonably upon the advice of counsel with respect to their duties and responsibilities under this Combined Plan and Disclosure Statement.

C. Release By Debtors.

PURSUANT TO BANKRUPTCY CODE SECTION 1123(B), AND NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE COMBINED PLAN AND DISCLOSURE STATEMENT OR THE CONFIRMATION ORDER, ON AND AFTER THE EFFECTIVE DATE, FOR GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY OF WHICH IS HEREBY CONFIRMED, THE RELEASED PARTIES SHALL BE DEEMED RELEASED BY THE DEBTORS AND THEIR ESTATES, FROM ANY AND ALL CLAIMS, OBLIGATIONS, DEBTS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES, AND LIABILITIES WHATSOEVER, INCLUDING DERIVATIVE CLAIMS ASSERTED OR ASSERTABLE ON BEHALF OF THE DEBTORS OR THE ESTATES, AS APPLICABLE, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING OR HEREINAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT THE DEBTORS OR THEIR ESTATES, AS APPLICABLE, WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT IN ITS OWN RIGHT, OR ON BEHALF OF THE HOLDER OF ANY CLAIM OR INTEREST OR OTHER ENTITY, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, THE DEBTORS, THE CHAPTER 11 CASES, THE PURCHASE, SALE, TRANSFER, OR RESCISSION OF THE PURCHASE, SALE, OR TRANSFER OF ANY DEBT, SECURITY, ASSET, RIGHT, OR INTEREST OF THE DEBTORS, THE SUBJECT MATTER OF, OR THE TRANSACTIONS OR EVENTS GIVING RISE TO, ANY CLAIM OR INTEREST THAT IS TREATED IN THE COMBINED PLAN AND DISCLOSURE STATEMENT, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN THE DEBTORS AND

ANY RELEASED PARTY, THE RESTRUCTURING OF CLAIMS AND INTERESTS PRIOR TO OR IN THE CHAPTER 11 CASE, THE NEGOTIATION, FORMULATION, OR PREPARATION OF THE COMBINED PLAN AND DISCLOSURE STATEMENT AND ANY OTHER AGREEMENTS OR DOCUMENTS EFFECTUATING THE COMBINED PLAN AND DISCLOSURE STATEMENT, OR RELATED AGREEMENTS, INSTRUMENTS, OR OTHER DOCUMENTS, AND ANY OTHER ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT, OR OTHER OCCURRENCE TAKING PLACE ON OR BEFORE THE EFFECTIVE DATE RELATING TO THE DEBTORS OR THE ESTATES.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE RELEASE OF THE RELEASED PARTIES BY THE DEBTORS AND THE ESTATES, WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND DEFINITIONS CONTAINED HEREIN, AND FURTHER, SHALL CONSTITUTE THE BANKRUPTCY COURT'S FINDING THAT THE RELEASE BY THE DEBTORS AND THEIR ESTATES IS: (A) IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASED PARTIES; (B) A GOOD FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE DEBTORS; (C) IN THE BEST INTERESTS OF THE DEBTORS, THE ESTATES, AND ALL HOLDERS OF CLAIMS AND INTERESTS; (D) FAIR, EQUITABLE, AND REASONABLE; (E) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND (F) A BAR TO THE DEBTORS OR HEIR ESTATES ASSERTING ANY CLAIM OR CAUSE OF ACTION RELEASED PURSUANT TO THE RELEASE BY THE DEBTORS AND THE ESTATES.

XI. RETENTION OF JURISDICTION

Following the Confirmation Date and the Effective Date, the Bankruptcy Court shall retain jurisdiction for the following purposes:

- (1) to hear and determine any objections to Claims and to address any issues relating to Disputed Claims;
- (2) to enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated;
- (3) to issue such orders in aid of execution and consummation of the Combined Plan and Disclosure Statement, to the extent authorized by Bankruptcy Code section 1142;
- (4) to consider any amendments to or modifications of the Combined Plan and Disclosure Statement, to cure any defect or omission, or to reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

- (5) to hear and determine all requests for compensation and reimbursement of expenses to the extent allowed by the Bankruptcy Court under Bankruptcy Code sections 330 or 503;
- (6) to hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Combined Plan and Disclosure Statement;
- (7) to hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Sale Order;
- (8) to hear and determine matters concerning state, local, and federal taxes in accordance with Bankruptcy Code sections 346, 505, and 1146;
- (9) to hear any other matter not inconsistent with the Bankruptcy Code;
- (10) to enter the Final Decree;
- (11) to ensure that Distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Combined Plan and Disclosure Statement;
- (12) to decide or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters and grant or deny any applications involving the Debtors that may be pending on the Effective Date;
- (13) to issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Person or Entity with the occurrence of the Effective Date or enforcement of the Combined Plan and Disclosure Statement, except as otherwise provided herein;
- (14) to determine any other matters that may arise in connection with or related to the Combined Plan and Disclosure Statement, the Confirmation Order, or any contract, instrument, release, indenture, or other agreement or document created or implemented in connection with the Combined Plan and Disclosure Statement;
- (15) to enforce, interpret, and determine any disputes arising in connection with the CPSTN Settlement Agreements, any stipulations, orders, judgments, injunctions, exculpations, and rulings entered in connection with the Chapter 11 Cases (whether or not the Chapter 11 Cases have been closed);
- (16) to resolve disputes concerning any reserves with respect to Disputed Claims or the administration thereof; and
- (17) to resolve any disputes concerning whether a Person or Entity had sufficient notice of the Chapter 11 Cases, the Bar Date, or the Confirmation Hearing for the purpose of determining whether a Claim or Interest is discharged hereunder, or for any other purpose.

XII. MISCELLANEOUS PROVISIONS

A. Amendment or Modification of the Combined Plan and Disclosure Statement

Alterations, amendments, or modifications of the Combined Plan and Disclosure Statement may be proposed in writing by the Debtors at any time before the Confirmation Date; provided that the Combined Plan and Disclosure Statement, as altered, amended, or modified, satisfies the conditions of Bankruptcy Code sections 1122 and 1123, the Debtors shall have complied with Bankruptcy Code section 1125, and such alterations, amendments or modifications do not conflict with the terms of the CPSTN Settlement Agreements. The Debtors may modify the Combined Plan and Disclosure Statement at any time after Confirmation and before substantial consummation, provided that this Combined Plan and Disclosure Statement, as modified, meets the requirements of Bankruptcy Code sections 1122 and 1123 and the circumstances warrant such modifications. A Holder of a Claim that has accepted the Combined Plan and Disclosure Statement shall be deemed to have accepted such Combined Plan and Disclosure Statement as modified if the proposed alteration, amendment, or modification does not materially and adversely change the treatment of the Claim of such Holder. No amendment or modification to the Combined Plan and Disclosure Statement shall alter the terms of the CPSTN Settlement Agreements absent the agreement of the affected parties thereto.

B. Exhibits/Schedules

All exhibits and schedules to this Combined Plan and Disclosure Statement are incorporated into and are part of the Combined Plan and Disclosure Statement as if set forth in full herein.

C. Plan Supplement

The Debtors will File the Plan Supplement at least seven days (7) before the Voting Deadline. The Plan Supplement will contain, among other things, any other disclosures as required by the Bankruptcy Code.

D. Filing of Additional Documents

On or before substantial consummation of the Combined Plan and Disclosure Statement, the Debtors shall File with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Combined Plan and Disclosure Statement.

E. Binding Effect of Plan

Upon the occurrence of the Effective Date, the Combined Plan and Disclosure Statement shall be binding upon and inure to the benefit of the Debtors, the Holders of Claims, the Holders of Equity Interests, and their respective successors and assigns.

F. Governing Law

Except as required by the Bankruptcy Code, the Bankruptcy Rules, or the Local Rules, the rights and obligations arising under the Combined Plan and Disclosure Statement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware.

G. Time

To the extent that any time for the occurrence or happening of an event as set forth in this Combined Plan and Disclosure Statement falls on a day that is not a Business Day, the time for the next occurrence or happening of said event shall be extended to the next Business Day.

H. Severability

Should any provision of this Combined Plan and Disclosure Statement be deemed unenforceable after the Effective Date, such determination shall in no way limit or affect the enforceability and operative effect of any and all other provisions of the Combined Plan and Disclosure Statement.

I. Revocation

The Debtors reserve the right to revoke and withdraw the Combined Plan and Disclosure Statement prior to the entry of the Confirmation Order. If the Debtors revoke or withdraw the Combined Plan and Disclosure Statement, the Combined Plan and Disclosure Statement shall be deemed null and void, and nothing contained herein shall be deemed to constitute a waiver or release of any claims by or against the Debtors, any other Person, or to prejudice in any manner the rights of such parties in any further proceedings involving the Debtors.

J. Dissolution of the Committee

On the Effective Date, the Committee shall be dissolved and its members deemed released of any continuing duties, responsibilities, and obligations in connection with the Chapter 11 Cases or the Combined Plan and Disclosure Statement and its implementation, and the retention and employment of the Committee's Professionals shall terminate.

K. Inconsistency

To the extent that the Combined Plan and Disclosure Statement conflicts with or is inconsistent with the CPSTN Settlement Agreements, the CPSTN Settlement Agreements shall control. In the event of any inconsistency between any provision of the Combined Plan and Disclosure Statement and any provision of the Confirmation Order, the Confirmation Order shall control and take precedence.

L. No Admissions

Notwithstanding anything herein to the contrary, nothing contained in the Combined Plan and Disclosure Statement shall be deemed an admission by any Entity with respect to any matter set forth herein.

M. Reservation of Rights

Except as expressly set forth herein, the Combined Plan and Disclosure Statement shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of the filing of the Combined Plan and Disclosure Statement, any statement or provision contained herein, or the taking of any action by the Debtors with respect to the Combined Plan and Disclosure Statement shall be or shall be deemed to be an admission or waiver of any rights of the Debtors, Holders of Claims, or Holders of Equity Interests before the Effective Date.

N. Compromise of Controversies

Pursuant to Bankruptcy Rule 9019, and in consideration for the classification, distribution, and other benefits provided under the Combined Plan and Disclosure Statement, the provisions of this Combined Plan and Disclosure Statement shall constitute a good faith compromise and settlement of all Claims or controversies resolved pursuant to the Combined Plan and Disclosure Statement and in the Chapter 11 Cases. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of each of the foregoing compromises or settlements, and all other compromises and settlements, provided for in the Combined Plan and Disclosure Statement and the Chapter 11 Cases. The Bankruptcy Court's findings shall constitute its determination that such compromises and settlements are in the best interests of the Debtors, the Estate, and all Holders of Claims and Equity Interests against the Debtors.

XIII. RECOMMENDATION

In the opinion of the Debtors and the Committee, the Combined Plan and Disclosure Statement is superior and preferable to the alternatives described in this Combined Plan and Disclosure Statement. Accordingly, the Debtors recommend that Holders of Claims entitled to vote on the Combined Plan and Disclosure Statement vote to accept the Combined Plan and Disclosure Statement and support Confirmation. As set forth in the Committee Solicitation Letter, the Committee likewise recommends votes in favor of the Combined Plan and Disclosure Statement.

Dated: November 11, 2021
Wilmington, Delaware

CHIPMAN BROWN CICERO & COLE, LLP

/s/ Robert A. Weber

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Debtors-in-Possession*

EXHIBIT B

Notice of Effective Date

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

In re:

CMC II, LLC,¹

Debtors.

Chapter 11

Case No. 21-10461 (JTD)

(Jointly Administered)

Related Docket No.

**NOTICE OF (I) ENTRY OF FINDINGS OF FACT, CONCLUSIONS OF
LAW, AND ORDER CONFIRMING THE FIRST AMENDED COMBINED
DISCLOSURE STATEMENT AND CHAPTER 11 PLAN OF
LIQUIDATION OF WB SUPPLY LLC AND (II) EFFECTIVE DATE**

PLEASE TAKE NOTICE that an order (the “**Confirmation Order**”) of the Honorable John T. Dorsey, United States Bankruptcy Judge for the District of Delaware, confirming and approving the *First Amended Combined Disclosure Statement and Chapter 11 Plan of Liquidation* [Docket No. 668] (including all exhibits thereto and as the same may be amended, modified, or supplemented from time to time, the “**Combined Plan and Disclosure Statement**”) was entered on December 1, 2021 [Docket No. 667].

PLEASE TAKE FURTHER NOTICE that, all conditions precedent to effectiveness pursuant to Article IX of the Combined Plan and Disclosure Statement have been satisfied or waived. Therefore, today, December 1, 2021, is the Effective Date of the Combined Plan and Disclosure Statement.

PLEASE TAKE FURTHER NOTICE that the Combined Plan and Disclosure Statement and its provisions are binding on, among others, the Debtors, all Holders of Claims and Equity Interests (irrespective of whether such Claims or Equity Interests are impaired under the Combined Plan and Disclosure Statement or whether the Holders of such Claims have voted to accept or reject the Combined Plan and Disclosure Statement), and any and all non-Debtor parties to executory contracts and unexpired leases with the Debtor, as provided in the Combined Plan and Disclosure Statement.

PLEASE TAKE FURTHER NOTICE all final requests for payment of Professional Fee Claims (the “**Final Fee Applications**”) must be filed no later than December 1, 2022 (*i.e.*, thirty (30) days after the Effective Date). The procedures for processing Final Fee Applications are set forth in the Combined Plan and Disclosure Statement. If a Professional does not timely submit a Final Fee

¹ The Debtors in these chapter 11 cases, along with the last four digits of their respective tax identification numbers, are as follows: CMC II, LLC (6973), Salus Rehabilitation, LLC (4037), 207 Marshall Drive Operations LLC (8470), 803 Oak Street Operations LLC (3900), Sea Crest Health Care Management, LLC (2940), and Consulate Management Company, LLC (5824). The address of the Debtors’ corporate headquarters is 800 Concourse Parkway South, Maitland, Florida 32751.

Application, such Professional shall be forever barred from seeking payment of such Professional Fee Claim from the Debtor, the Post-Effective Date Debtor, or its Estate.

PLEASE TAKE FURTHER NOTICE that requests for payment of Administrative Expense Claims (other than Professional Fee Claims) against the Debtors that arose, accrued or otherwise became due and payable at any time **after** March 1, 2021, but on or before the Effective Date (the “**Administrative Expense Period**”) must be filed with the Bankruptcy Court and served on the Debtors or the Creditor Trust, as applicable, no later than **●**, 2022 (*i.e.*, thirty (30) days after the Effective Date) (the “**Administrative Expense Bar Date**”). Holders of Administrative Expense Claims that arose, accrued, or otherwise became due during the Administrative Expense Period that do not file requests for the allowance and payment thereof on or before the Administrative Expense Bar Date shall forever be barred from asserting such Administrative Expense Claims against the Debtor or the Creditor Trust. Unless the Debtors, the Creditor Trustee on behalf of the Creditor Trust, or any other party in interest objects to an Administrative Expense Claim, such Administrative Expense Claim shall be deemed Allowed in the amount requested. In the event that the Debtors, the Creditor Trustee on behalf of the Creditor Trust, or any other party in interest objects to an Administrative Expense Claim, and the Administrative Expense Claim is not otherwise resolved, the Bankruptcy Court shall determine the Allowed amount of such Administrative Expense Claim.

PLEASE TAKE FURTHER NOTICE that as set forth in Article VIII of the Combined Plan and Disclosure Statement and the CPSTN Settlement Agreements previously approved by the Court, all Executory Contracts and Unexpired Leases that have not been assumed are rejected as of the Effective Date. If the rejection by the Debtors, pursuant to the Combined Plan and Disclosure Statement, of an Executory Contract or Unexpired Leases gives rise to a Claim, a Proof of Claim must be filed (a) if by overnight mail, courier service, hand delivery, regular mail, or in person mail, with: **CMC II, LLC Claims Processing** c/o Stretto, 410 Exchange, Suite 100, Irvine, California 92602, or (b) if electronically, through the online Proof of Claim Form available at <https://cases.stretto.com/CMC>, no later than **●, 2021** (*i.e.*, thirty (30) days after the Effective Date). Please note that the Clerk’s office is not permitted to give legal advice. Any Proofs of claim not filed and served within such time periods will be forever barred from assertion against the Debtors, their Estates, and the Creditor Trust.

PLEASE TAKE FURTHER NOTICE that pursuant to Bankruptcy Rule 2002, after the Effective Date, to continue to receive notices pursuant to Bankruptcy Rule 2002 all Creditors and other parties in interest must file a renewed notice of appearance with the Bankruptcy Court requesting receipt of documents pursuant to Bankruptcy Rule 2002.

PLEASE TAKE FURTHER NOTICE that copies of the Combined Plan and Disclosure Statement are available for review without charge at the website maintained by the Stretto, the Claims and Noticing Agent, <https://cases.stretto.com/CMC> or by calling (855) 693-5106 (Toll Free).

Dated: December __, 2021
Wilmington, Delaware

CHIPMAN BROWN CICERO & COLE, LLP

/s/DRAFT

William E. Chipman, Jr. (No. 3818)

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