UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MASSACHUSETTS
CENTRAL DIVISION

In re:	)	Chapter 11
	)	
HEYWOOD HEALTHCARE, INC, *et al.*,[1]	)	Case No. 23-40817
	)	
	)	Honorable Elizabeth D. Katz
Debtors-in-Possession.	)	
	)	(Jointly Administered)

NOTICE OF FILING OF THIRD AMENDED DISCLOSURE STATEMENT RELATING TO THE SECOND AMENDED PLAN OF REORGANIZATION OF HEYWOOD HEALTHCARE, INC., *ET AL.*, PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

PLEASE TAKE NOTICE that on August 23, 2024, the above-captioned debtors and debtors in possession (collectively, the "Debtors") filed the attached *Third Amended Disclosure Statement Relating to the Second Amended Plan of Reorganization of Heywood Healthcare, Inc., et al., Pursuant to Chapter 11 of the Bankruptcy Code* (the "Disclosure Statement") with the United States Bankruptcy Court for the District of Massachusetts (the "Court") attached hereto as **Exhibit A**.

PLEASE TAKE FURTHER NOTICE that attached hereto as **Exhibit B** is a document that reflects in redline all changes to the Disclosure Statement that were made from the *Modified Second Amended Disclosure Statement Relating to the Modified First Amended Plan of Reorganization of Heywood Healthcare, Inc., et al., Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 966].

PLEASE TAKE FURTHER NOTICE that copies of the Disclosure Statement, as well as copies of all documents filed in these chapter 11 cases are available free of charge by visiting https://cases.stretto.com/heywood or by calling (855) 316-3719 (toll-free in North America) or (949) 620-6343 (outside North America). You may also obtain copies of any pleadings by visiting the Court's website at https://www.mab.uscourts.gov/ in accordance with the procedures and fees set forth therein.

Dated: August 23, 2024

/s/ Edward J. Green

[1] The Debtors in these Chapter 11 cases (the "Chapter 11 Cases"), along with the last four digits of each Debtor's federal identification number are: Heywood Healthcare, Inc. (0658); The Henry Heywood Memorial Hospital (3581); Athol Memorial Hospital (6583), Heywood Medical Group, Inc. (3589), Athol Memorial Hospital NMTC Holdings, Inc. (2189), Quabbin Healthcare, Inc. (7153) and Heywood Realty Corporation (7447).

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CERTIFICATE OF SERVICE

I, Edward J. Green, do hereby certify that on August 23, 2024, I caused a copy of the foregoing document to be served through the ECF system, and that copies will be sent electronically to registered participants. The Debtors' claims and noticing agent, Stretto, Inc., will further serve this document in accordance with the Federal Rules of Bankruptcy Procedure, the Massachusetts Local Rules of Bankruptcy Procedure, and any applicable orders of the Court, and will file an additional certificate of service upon completion.

Dated: August 23, 2024 /s/ *Edward J. Green*

Exhibit A to Notice

Third Amended Disclosure Statement Relating to the Second Amended Plan of Reorganization of Heywood Healthcare, Inc., et al., Pursuant to Chapter 11 of the Bankruptcy Code

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MASSACHUSETTS
CENTRAL DIVISION

In re:	)	Chapter 11
	)	
HEYWOOD HEALTHCARE, INC., *et al.*[1],	)	Case No. 23-40817
	)	
Debtors-in-Possession.	)	Honorable Elizabeth D. Katz
	)	
	)	(Jointly Administered)

THIRD AMENDED DISCLOSURE STATEMENT RELATING TO THE SECOND AMENDED PLAN OF REORGANIZATION OF HEYWOOD HEALTHCARE, INC., *ET AL.*, PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

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Dated: August 23, 2024

[1] The Debtors in these Chapter 11 cases (the "Chapter 11 Cases"), along with the last four digits of each Debtor's federal identification number are: Heywood Healthcare, Inc. (0658); The Henry Heywood Memorial Hospital (3581); Athol Memorial Hospital (6583), Heywood Medical Group, Inc. (3589), Athol Memorial Hospital NMTC Holdings, Inc. (2189), Quabbin Healthcare, Inc. (7153) and Heywood Realty Corporation (7447).

This Disclosure Statement and its related documents are the only documents authorized by the Bankruptcy Court to be used in connection with the solicitation of votes accepting the *Second Amended Plan of Reorganization of Heywood Healthcare, Inc., et al., Pursuant to Chapter 11 of the Bankruptcy Code*, dated August 23, 2024 [Docket No. 977] (as may be amended, supplemented or modified from time to time, the "Plan"). No representations have been authorized by the Bankruptcy Court concerning the Debtors, their business operations, or the value of their assets, except as explicitly set forth in this Disclosure Statement.

This Disclosure Statement contains only a description and summary of the Plan. All Holders of Claims should conduct a careful and detailed review and analysis of the Plan. This Disclosure Statement is qualified in its entirety by reference to the more detailed provisions set forth in the Plan (which is included as Exhibit A to this Disclosure Statement). In the event of a conflict between the Plan and the Disclosure Statement, the provisions of the Plan will govern. In the event of a conflict between the Disclosure Statement and the Confirmation Order, the Confirmation Order shall control. All Holders of Claims are encouraged to review the full text of the Plan and to read carefully this Disclosure Statement, including all exhibits annexed hereto, before deciding whether to vote to accept the Plan.

The financial information contained in or incorporated by reference into this Disclosure Statement has not been audited, except as specifically indicated otherwise. The Debtors' management, in consultation with their advisors, have prepared the financial projections attached hereto as Exhibit B and described in this Disclosure Statement. The financial projections, while presented with numerical specificity, necessarily were based on a variety of estimates and assumptions that are inherently uncertain and may be beyond the control of the Debtors' management. Important factors that may affect actual results and cause the management forecasts not to be achieved include, but are not limited to, risks and uncertainties relating to the Debtors' businesses (including their ability to achieve strategic goals, objectives, and targets over applicable periods), industry performance, the regulatory environment, general business and economic conditions and other factors. The Debtors caution that no representations can be made as to the accuracy of these projections or to their ultimate performance compared to the information contained in the forecasts or that the forecasted results will be achieved. Therefore, the financial projections may not be relied upon as a guarantee or other assurance that the actual results will occur.

The statements contained in this Disclosure Statement are made as of the date hereof, and the delivery of this Disclosure Statement will not, under any circumstances, create any implication that the information contained herein is correct at any time after the date hereof.

Regarding contested matters, adversary proceedings, and other pending, threatened, or potential litigation or other actions, this Disclosure Statement does not constitute, and may not be construed as, an admission of fact, liability, stipulation, or waiver by the Debtors or any other party, but rather as a statement made in the context of settlement negotiations in accordance with Rule 408 of the Federal Rules of Evidence and any analogous state or foreign laws or rules. As such, this Disclosure Statement shall not be admissible in any non-bankruptcy proceeding involving the Debtors or any other party in interest, nor shall it be construed to be conclusive advice on the tax, securities, financial or other effects of the Plan to Holders of Claims against the Debtors or any other party in interest. Please refer to Article VIII of this Disclosure Statement, entitled "Risk Factors" for a discussion of certain risk factors that Holders of Claims voting on the Plan should consider.

This Disclosure Statement contains certain forward-looking statements, all of which are based on various estimates and assumptions. Such forward-looking statements are subject to inherent uncertainties and to a wide variety of significant business, economic, and competitive risks, including, but not limited to, those summarized herein. When used in this Disclosure Statement, the words "anticipate," "believe," "estimate," "will," "may," "intend," and "expect" and similar expressions generally identify forward-looking statements. Although the Debtors believe that their plans, intentions, and expectations reflected in the forward-looking statements are reasonable, they cannot be sure that they will be achieved. These statements are only predictions and are not guarantees of future performance or results. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated by a forward-looking statement. All forward-looking statements attributable to the Debtors or Persons or Entities acting on their behalf are expressly qualified in their entirety by the cautionary statements set forth in this Disclosure Statement. Forward-looking statements speak only as of the date on which they are made. Except as required by law, the Debtors expressly disclaim any obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise

Holders of Claims should not construe the contents of this Disclosure Statement as providing any legal, business, financial, or tax advice. Each such holder should consult with his or her own legal, business, financial, and tax advisors as to any such matters concerning the plan and the transactions contemplated thereby.

RECOMMENDATION BY THE DEBTORS

EACH DEBTOR'S BOARD OF TRUSTEES HAS APPROVED THE TRANSACTIONS CONTEMPLATED BY THE PLAN AND DESCRIBED IN THIS DISCLOSURE STATEMENT, AND EACH DEBTOR BELIEVES THAT THE COMPROMISES CONTEMPLATED UNDER THE PLAN ARE FAIR AND EQUITABLE, MAXIMIZE THE VALUE OF EACH OF THE DEBTOR'S ESTATES, AND PROVIDE THE BEST RECOVERY TO CLAIM HOLDERS. AT THIS TIME, EACH DEBTOR BELIEVES THAT THE PLAN AND RELATED TRANSACTIONS REPRESENT THE BEST ALTERNATIVE FOR ACCOMPLISHING THE DEBTORS' OVERALL RESTRUCTURING OBJECTIVES. EACH OF THE DEBTORS THEREFORE STRONGLY RECOMMENDS THAT ALL HOLDERS OF CLAIMS WHOSE VOTES ARE BEING SOLICITED SUBMIT BALLOTS TO ACCEPT THE PLAN BY RETURNING THEIR BALLOTS SO AS TO BE ACTUALLY RECEIVED BY THE CLAIMS AND BALLOTING AGENT NO LATER THAN SEPTEMBER 24, 2024 AT 4:00 P.M. (PREVAILING EASTERN TIME) PURSUANT TO THE INSTRUCTIONS SET FORTH HEREIN AND ON THE BALLOTS.

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EXHIBITS

Exhibit A - Plan of Reorganization

Exhibit B - Financial Projections

Exhibit C - Liquidation Analysis

I.
INTRODUCTION

A. Preliminary Statement

Upon review and analysis of the available options, the Debtors, in discussion with the Prepetition Secured Parties and the Committee, have ultimately determined that the standalone restructuring included in the Plan and described in this Disclosure Statement is in the best interest of the Debtors, their estates, and the community served by the Debtors. The restructuring proposed herein results in a reduction of secured debt by more than $12 million, including a full write-down of the existing Term Loan and a partial write-down of the Bond Debt and the waiver of any related deficiency claims. Further, under the Committee Settlement, $4.75 million in Cash (of which $2.5 million is being contributed by the Bondholder and its applicable Related Party) and a promissory note in the principal amount of $5.25 million will be contributed to a Liquidating Trust for the benefit of Holders of General Unsecured Claims. Finally, the Plan – the result of weeks of negotiations among various case constituents following several days of formal mediation - resolves all major issues among the Debtors, the Prepetition Secured Parties and the Committee, and provides a clear path for an expeditious exit from these Chapter 11 Cases and the continuation of the Debtors as a premier health service provider.

To ensure the Debtors maximized value for the benefit of the community and patients it serves, creditors, and all other parties in interest, the Debtors, with the assistance of their investment banker—Houlihan Lokey Capital, Inc. ("Houlihan") —ran a comprehensive marketing process in an attempt to identify a potential purchaser of the Debtors. That sale process, however, yielded no actionable proposals from third parties. After reaching out to 61 potential parties, five parties entered into non-disclosure agreements and performed due diligence on the Debtors and their assets. Ultimately, the Debtors received two non-binding indications of interest—one of which was ultimately withdrawn and the other of which would have resulted in no cash inflows to the Debtors or their creditors. Moreover, the final remaining indication of interest would have been contingent upon receiving regulatory approval to effectuate the transaction. That transaction, therefore, would have carried substantial process risk, which may have resulted in the expenditure of resources with no guarantee of results.

In their consideration of, negotiation of, and ultimate agreement to the Committee Settlement and the Restructuring Transactions (as set forth in the Secured Debt Restructuring Term Sheet), the Debtors considered all the factors bearing on their relationships with the Prepetition Secured Parties and Committee and their respective constituents. Such factors included, without limitation, the Debtors' (i) assessment of the amount of the Claims held by the Prepetition Secured Parties as reflected on the Debtors' books and records, (ii) the validity, extent, priority and perfection of the liens securing the repayment of such Claims and (iii) the value of the collateral encumbered by such liens. Further, the Debtors considered the validity and cost-effectiveness (or cost-ineffectiveness) of the Committee Adversary Proceeding and underlying claims, as well as the negative impact on the Debtors' businesses – both financial and reputational – if the Debtors remain in chapter 11.

In turn, additional factors weighing in favor of approving the Committee Settlement and the Restructuring Transactions, include (i) the flexibility of the payment terms with respect to the New Bonds and GUC Note contemplated under the Plan, including low interests rates, and the obligations to make amortization payments solely in the event excess cash exists and triggers the "Excess Cash Sweep" (as set forth in the respective documents), based on a negotiated structure of application of payments as between the New Bonds and the GUC Note as set forth in an Intercreditor Agreement (a form of which shall be filed as part of the Plan Supplement), and (ii) the material, consensual impairment of the Debtors' current obligations to the Prepetition Secured Parties, including the reduced interest rate of the current bonds and the full impairment of the prepetition term loan. Finally, the Secured Debt Restructuring Term Sheet and Committee Settlement allow the Debtors to pursue a timely, efficient and cost-effective emergence from these Chapter 11 Cases and to receive a liquidity injection provided by the Prepetition Secured Parties through the Superiority Exit Facility to continue and sustain their essential operations upon and after such emergence.

The Debtors believe that their decision to pursue through the Plan the transactions contemplated therein, including those described in the Secured Debt Restructuring Term Sheet, the Committee Settlement, and the Liquidating Trust Agreement, represents an appropriate exercise of their business judgment under section 363 of the Bankruptcy Code and Rule 9019 of the Federal Rules of Bankruptcy Procedure. In turn, the Debtors believe that they are within their rights to propose, through the Plan generally and through the implementation of the transactions contemplated therein, the settlement of any claims (including, without limitation, the Committee Adversary Proceeding) that they or their Estates may have against the Prepetition Secured Parties. It is an element of the Committee Settlement that the treatment and disposition in the Plan of the Pavilion Claims, the Pavilion-Related Claims and related matters shall be reasonably acceptable to the Prepetition Secured Parties and their applicable Related Party. It is also an element of the Committee Settlement that the treatment and disposition of Pavilion-Related Claims is subject to the general consultation rights of the Liquidating Trustee, and further, that the Liquidating Trustee shall have standing to object to any of the Reorganized Debtors' proposed resolution of the Pavilion-Related Claims, to the extent that such proposed treatment would incrementally increase the amount of Allowed Claims under Class 7 by more than the amount the Liquidating Trustee contends should be the Allowed amount (including subject to section 502(b)(6) of the Bankruptcy Code as to rejection damages claims) of the applicable Claims.

The Debtors further believe that the transactions contemplated in the Plan, as applicable, satisfy the specific factors that a bankruptcy court considers when approving a compromise of a claim pursuant to Rule 9019, as set forth by the United States Court of Appeals for the First Circuit in *Jeffrey v. Desmond*, 70 F.3d 183, 185 (1st Cir. 1995) ("The specific factors which a bankruptcy court considers when making this determination include: (i) the probability of success in the litigation being compromised; (ii) the difficulties, if any, to be encountered in the matter of collection; (iii) the complexity of the litigation involved, and the expense, inconvenience and delay attending it; and, (iv) the paramount interest of the creditors and a proper deference to their reasonable views in the premise."). The Debtors will demonstrate satisfaction of these factors in further briefing prior to the Confirmation Hearing.

B. General

On October 1, 2023 (the "Petition Date"), Heywood Healthcare, Inc. ("Heywood Healthcare"), The Henry Heywood Memorial Hospital ("Heywood Hospital"), Athol Memorial Hospital ("Athol Hospital"), Heywood Medical Group, Inc. ("Heywood Medical Group"), Athol Memorial Hospital NMTC Holdings, Inc. ("Athol NMTC"), Quabbin Healthcare, Inc. ("Quabbin"), and Heywood Realty Corporation ("Heywood Realty" and, collectively with Heywood Healthcare, Heywood Hospital, Athol Hospital, Heywood Medical Group, and Athol NMTC, the "Debtors" and each a "Debtor"), filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Massachusetts (the "Bankruptcy Court").

The Debtors submit this *Third Amended Disclosure Statement Relating to the Second Amended Plan of Reorganization of Heywood Healthcare, Inc., et al., Pursuant to Chapter 11 of the Bankruptcy Code*, dated August 23, 2024 (the "Disclosure Statement"), pursuant to section 1125 of the Bankruptcy Code, in connection with the solicitation of acceptances or rejections of the Plan from certain Holders of Claims against the Debtors. A copy of the Plan is annexed hereto as Exhibit A. All capitalized terms used in this Disclosure Statement that are not otherwise defined herein have the meanings ascribed to them in the Plan.

Following a hearing held on August 22, 2024, and pursuant to guidance from the Bankruptcy Court, as well as further dialogue with the United States Trustee, concerning the Debtors' *Modified Second Amended Disclosure Statement Relating to the Modified First Amended Plan of Reorganization of Heywood Healthcare, Inc., et al., Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 966], this Disclosure Statement was filed on August 23, 2024 and approved by the Bankruptcy Court as containing "adequate information" in accordance with section 1125 of the Bankruptcy Code. The Debtors present this Disclosure Statement to the voting Holders of Allowed Claims against the Debtors in order to satisfy the disclosure requirements of the Bankruptcy Code by providing each voting Holder of an Allowed Claim with sufficient information to make an informed decision as to whether to accept or reject the Plan.

The Debtors urge all voting creditors and all other parties in interest to read this Disclosure Statement and the Plan carefully. As reflected in this Disclosure Statement, there are risks, uncertainties, and other important factors that could cause the Debtors' actual performance or achievements to be materially different from those they may project, and the Debtors undertake no obligation to update any such statement. Certain of these risks, uncertainties, and factors are described in Section VIII of this Disclosure Statement, entitled "Risk Factors." This Disclosure Statement does not include a description of each and every term of the Plan. Accordingly, the description of the Plan set forth herein is qualified by the entirety of the Plan, which is incorporated by reference into this Disclosure Statement.

The Plan shall serve as a motion by the Debtors seeking entry of a Bankruptcy Court order deeming the Debtors' Estates substantively consolidated into a single Estate for certain limited purposes related to the Plan, including voting, Confirmation and Distribution. The deemed substantive consolidation of the Debtors' Estates for certain limited purposes is for administrative convenience only, and the Debtors do not contend that substantive consolidation is appropriate under the applicable legal standard.

As a result of the deemed substantive consolidation of the Estates, each Class of Claims will be treated as against a single consolidated Estate without regard to the separate legal existence of the Debtors. The Plan will not result in the merger or otherwise affect the separate legal existence of each Debtor, other than with respect to voting, Confirmation and Distribution under the Plan.

C. Successes to Date and Overview of Transactions Contemplated by the Plan

The Debtors are commencing this solicitation to implement the comprehensive financial restructuring (the "Restructuring Transactions") developed via extensive negotiations involving the Debtors, the Prepetition Secured Parties, and the Committee, as well as to describe the tremendous improvements to the Debtors' operations and cash flow that will help ensure the Debtors' long-term viability and independence.

Successes in Chapter 11. During these Chapter 11 Cases, the Debtors have made substantial organizational improvements, resulting in improved revenue (up 6% since the Petition Date) and reduced expenses (down 2% since the Petition Date). Heywood Hospital and Athol Hospital also both received a 4-Star CMS Rating (only 8.2% of hospitals in the country have a higher rating), successfully retained their medical staff, increased patient volumes, increased patient satisfaction, improved employee engagement, secured improved payor rates, and procured additional support and financial assistance from the Commonwealth of Massachusetts in the form of increased assessments.

To wit, on January 22, 2024, the Commonwealth of Massachusetts Executive Office of Health and Human Services ("EOHHS") proposed a $347 million increase in the annual hospital assessments paid to safety-net hospitals to (1) fund new safety net payments, (2) increase psychiatric hospital and post-acute hospital reimbursement, and (3) replace existing general fund hospital obligations. The proposal, which was signed into law as part of the 2024-25 budget for the Commonwealth of Massachusetts on July 29, 2024, includes an amount designated for the Debtors which, when supplemented with the exit financing in the aggregate amount of $5 million, is sufficient to allow them to emerge from these Chapter 11 Cases with a feasible plan. The Debtors expect to start receiving those supplemental payments from the Commonwealth of Massachusetts in October 2024.

Finally, the Debtors have used the Chapter 11 Cases to further reduce costs by rejecting burdensome contracts and real property leases and will use the Plan process to reject the remainder of burdensome contracts and leases.

New Secured Debt. The Restructuring Transactions contemplate the New Secured Debt and Superpriority Exit Facility by which the Prepetition Secured Parties, and certain of their Related Parties, as applicable, have agreed to (i) write down significant portions of the Prepetition Bond Facility and waive the Bondholder Deficiency Claim, (ii) write off the outstanding Prepetition Term Loan obligations in exchange for a Term Lender Deficiency Claim for the full amount of the Secured Term Lender Claim, any recovery on which the Term Lender has agreed to waive, and (iii) provide the Debtors with $5 million in exit financing to fund the Debtors' immediate liquidity needs in order to successfully exit these Chapter 11 Cases. In addition, the Restructuring Transactions further contemplate the (i) issuance of the GUC Note, (ii) entry into the Intercreditor Agreement regarding the rights and remedies with respect to the Reorganized Debtors among each party thereto, and (iii) creation of the Liquidating Trust for the benefit of the Liquidating Trust Beneficiaries.

With respect to the Prepetition Bond Facility, the Series 2019 Bonds shall be exchanged for New Bonds issued on the terms set forth in the Secured Debt Restructuring Term Sheet, which remains subject to the conditions and limitations (including credit approval by the Prepetition Lenders (as defined herein) and The Huntington National Bank ("Huntington")) set forth therein, and the New Bond Documents, pursuant to which $40 million of the outstanding principal amount of the Series 2019 Bonds shall be reinstated at a two percent (2.00%) interest rate and amortized over 20 years, and the remaining amount of the outstanding principal amount (*i.e.*, the Bondholder Deficiency Claim) shall be waived in its entirety such that there is no recovery on such Claim. The Prepetition Term Loan Facility in the aggregate principal amount of $10 million, of which $8,230,000 remained outstanding as of the Petition Date, shall be waived in its entirety, such that there is no recovery on such Claim. Finally, the Debtors shall be provided with essential exit financing in the aggregate amount of $5,000,000, in the form of an asset-based revolving line of credit, bearing an interest rate of SOFR plus six percent (6.00%) and with a maturity of three years from the issuance date, subject to two one-year extensions upon lender approval.

Liquidating Trust. Under the Committee Settlement, among other things, (i) the Reorganized Debtors shall distribute the GUC Cash Amount in the aggregate amount of $4,750,000 to the Liquidating Trust for the benefit of the Liquidating Trust Beneficiaries, of which $4,000,000 shall be disbursed from the Debtors to the Liquidating Trustee on the Effective Date and the remaining $750,000 balance shall be disbursed from the Reorganized Debtors to the Liquidating Trustee on October 1, 2025. The assets of the Liquidating Trust will be administered by a Liquidating Trustee, pursuant to the Liquidating Trust Agreement, who will also oversee distributions to the Liquidating Trust Beneficiaries.

GUC Note. In addition, on the Effective Date, (i) the Reorganized Debtors shall issue the GUC Note in the principal amount of $5,250,000 to the Liquidating Trustee for the benefit of the Liquidating Trust Beneficiaries, pursuant to the terms set forth in the Plan, the GUC Note and the Intercreditor Agreement, as applicable, (ii) the Bondholder and its applicable Related Party shall remit $2,500,000 to the Reorganized Debtors on the Effective Date, which amount shall be used contemporaneously to fund the GUC Cash Amount to be distributed to the Liquidating Trust, (iii) the Prepetition Secured Parties shall not receive any cash payments from the Debtors prior to the Effective Date, including reimbursement for interest, fees or expenses incurred, (iv) upon receipt of the $4,000,000 GUC Cash Amount on the Effective Date, the Committee shall release any and all claims against the Prepetition Secured Parties, including those reflected in the Committee Adversary Proceeding and any associated or related claims against the Debtors and, (v) on the Effective Date, the Committee shall release any and all claims against the Debtors' Estates unless otherwise specified in the Plan. Specifically, the GUC Note shall be an unsecured, subordinated promissory note in the principal amount of $5,250,000, bearing interest at 2% per annum and, further, shall solely be paid from the Excess Cash Sweep (as defined in the GUC Note), subject to the Intercreditor Agreement and subordinated to the New Secured Debt.

The New Master Trustee, the Superpriority Exit Facility Agent (as defined in the Superpriority Exit Facility Documents), and the Liquidating Trustee, will enter into the Intercreditor Agreement, which shall set forth additional terms governing such parties' exercise of their rights and remedies with respect to the Reorganized Debtors, including but not limited to the application of payments under the GUC Note and New Bonds. The payments made from the Excess Cash Sweep shall be made to the applicable parties as follows:

a) The first $1.75 million shall be applied to the obligations owed under the GUC Note;

b) The next $5.00 million shall be applied to the obligations owed under the New Bonds;

c) After (i) the Liquidating Trustee has received the entire GUC Cash Amount (*i.e.*, $4.75 million) and the GUC Note and (ii) the $5 million in the immediately preceding paragraph (b) has been applied to the obligations under the New Bonds, all subsequent Excess Cash Sweep distributions shall be split 70% and 30% as between the New Bonds and the GUC Note, respectively, and shall be applied accordingly until all obligations owed under the GUC Note have been satisfied; and

d) Thereafter, 100% of all subsequent Excess Cash Sweep distributions shall be applied to the remaining obligations owed under the New Bonds.

Ultimately, the Plan represents the best option available to the Debtors after considering all available alternatives. The Debtors strongly believe that the Plan is in the best interests of the Debtors' Estates and the Debtors are confident that they can implement the Restructuring Transactions and ensure the Debtors have the best chance possible at achieving long-term viability. The Restructuring Transactions contemplated by the Plan provide for a comprehensive restructuring of the Claims of the Prepetition Secured Parties against in the Debtors, a reorganization of the Company's capital structure, and the preservation of the value of the Debtors' assets.

For these reasons, the Debtors strongly recommend that holders of Claims entitled to vote to accept or reject the Plan vote to accept the Plan.

II.
BACKGROUND OF THE DEBTORS AND CERTAIN EVENTS PRECEDING THE FILING OF THEIR CHAPTER 11 CASES

A. Description of the Debtors

The Debtors have stood independently for 117 years, providing essential healthcare services to the "Greater Gardner Area." The Debtors' main patient base includes 15 communities in the North Central and North Quabbin regions of Massachusetts, encompassing a total population of slightly over 80,000. The Debtors are the largest economic contributor to the region, employing approximately 1,650 residents of North Central Massachusetts, including a medical staff of 200.

The Debtors offer a full range of medical services, including medical-surgical, telemetry and intensive care, emergency care, maternity and pediatrics, geriatric and adult inpatient care, inpatient mental health for ages sixteen and up, geriatric psychiatric care, outpatient mental health, outpatient oncology and hematology, advanced imaging, special procedures, diabetes care, sleep medicine and interventional pain care, as well as, rehabilitation services and a variety of other services on an inpatient and outpatient basis. In partnership with UMASS Memorial Massachusetts Health System, Heywood Hospital operates an e-ICU in addition to tele-neurology in the Emergency Department.

Heywood Healthcare, Inc. Debtor Heywood Healthcare, a Massachusetts not-for-profit corporation, was established as the parent company of Heywood Hospital, Athol Hospital, Heywood Medical Group, Heywood Realty and the Heywood Charitable Foundation (a non-debtor affiliate), on December 31, 2012, and is the sole member of each of the six other Debtor entities.

The Henry Heywood Memorial Hospital. Debtor Heywood Hospital, a Massachusetts not-for-profit corporation, is a community-owned acute-care hospital licensed for 134 beds, located in Gardner, Massachusetts. Today, the Medical Staff of Heywood Hospital includes 200 active, courtesy, and consulting physicians in primary care and a multitude of specialties. Heywood Hospital offers medical-surgical, telemetry and intensive care, emergency care, maternity, geriatrics and adult inpatient care, inpatient adult mental health, outpatient oncology and hematology, advanced imaging, special procedures, rehabilitation services and many other services on an inpatient and outpatient basis.

Athol Memorial Hospital. Debtor Athol Hospital, a Massachusetts not-for-profit corporation, is a 25-bed, critical access hospital in Athol, MA, with a long and rich history of serving the residents of Massachusetts' North Quabbin region, encompassing parts of Worcester and Franklin Counties. Athol Hospital employs or contracts nearly 50 doctors who cover a range of medical specialties, including orthopedic surgery, cataract surgery, emergency surgeries and more. Athol Hospital offers a pain clinic, radiology services, an oncology clinic, and 25 inpatient beds.

Heywood Medical Group, Inc. Debtor Heywood Medical Group, a Massachusetts not-for-profit corporation, is a physician organization affiliated with Heywood Healthcare. Heywood Medical Group has over 75 primary care physicians, specialists, and advanced practice providers located throughout the region, as well as four satellite facilities in Massachusetts. Heywood Medical Group serves individuals and families in need of health care and works in coordination with Heywood Hospital and Athol Hospital to provide high-quality comprehensive care to the entire community.

Heywood Medical Group's primary care physicians focus on pediatrics and family practice, while the specialty care physicians focus on the areas of addiction medicine, cardiology, endocrinology, gastroenterology, obstetrics & gynecology, occupational health, orthopedics, pediatrics, pulmonology/sleep medicine, rheumatology, surgery, pain/spine, and urology.

Quabbin Healthcare, Inc. Debtor Quabbin, a Massachusetts not-for-profit corporation, historically owned or maintained property located in Petersham, MA, known as the "Quabbin Retreat" which houses behavioral health and addiction recovery providers. The contracts and leases of Quabbin relating to the Quabbin Retreat have all been rejected during these Chapter 11 Cases, such that it has no remaining business. The Debtors intend to dissolve Quabbin.

Athol Memorial Hospital NMTC Holdings, Inc. Debtor Athol NMTC, a Massachusetts not-for-profit corporation, was formed to act as a "qualified active low-income business" under the new markets tax credit program ("NMTC Program") in connection with the issuance of a new markets tax credit to finance the construction of a new Emergency Department and Medical Office Building at Athol Hospital.[2] Athol NMTC has no operations or employees. Athol NMTC is a 501(c)(3) supporting organization of Athol Hospital. It is a non-member corporation whose board is appointed by Athol Hospital.

Heywood Realty Corporation. Debtor Heywood Realty, a Massachusetts not-for-profit corporation, was established in April 1996 to manage the purchase, leasing and sale of real property for the Heywood Healthcare system.

B. The Debtors' Officers and Board of Trustees

Currently, the Debtors' C-suite is comprised of the following officers: (i) Rozanna Penney, Chief Executive Officer, (ii) Thomas J. Sullivan, Chief Restructuring Officer; (iii) John Bujak, Chief Financial Officer; (iv) Shane Doherty, Chief Operating Officer; (v) Erin O'Hara, Chief Medical Officer; (vi) Dawn Casavant, Vice President of Strategy and External Affairs, and (vii) Dayna Stahl, Chief Nursing Officer.

The Debtors' board of trustees is comprised of medical professionals and members of the community. Pursuant to the Plan, the board of trustees will remain in place following the Effective Date.

C. The Debtors' Capital Structure

As of the Petition Date, the Debtors' consolidated long-term debt obligations totaled approximately $76.7 million. The primary components of the Debtors' consolidated funded debt obligations were as follows:

1. Secured Debt

(i) Prepetition Bond Facility and Term Loan Facility

The Debtors, the Massachusetts Development Finance Agency (the "Issuer") and U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, as trustee (the "Master Trustee"), are party to three loan and trust agreements, each dated as of November 1, 2019 (each as amended, restated, amended and restated, supplemented, or otherwise modified from time to time, collectively, the "Prepetition LTAs"), providing a bond facility (the "Prepetition Bond Facility"), pursuant to which the Issuer issued the following three series of bonds (collectively, the "Series 2019 Bonds"): (a) the Series 2019A Bonds in an aggregate principal amount of $28,350,000 (the "Series 2019A Bonds"), (b) the Series 2019B-1 Bonds in an aggregate principal amount of $10,525,000 (the "Series 2019B-1 Bonds"), and (c) the Series 2019B-2 Bonds in an aggregate principal amount of $11,005,000 (the "Series 2019B-2 Bonds"). Pursuant to the Prepetition LTAs, the

[2] The NMTC Program is a federal program administered by the U.S. Department of the Treasury's Community Development Financial Institutions Fund, which incentivizes private-sector investment in community development and economic growth projects in underserved areas by providing tax credits to investors in such projects.

Issuer loaned the proceeds of the Series 2019 Bonds to the Debtors to, among other things, refinance pre-existing bond debt obligations and finance the construction, improvement, renovation, and/or equipping of the Debtors' health facilities. In connection with each of the Series 2019 Bonds, the Debtors entered into a corresponding continuing covenant agreement, each dated as of November 1, 2019 (each as amended, restated, amended and restated, supplemented, or otherwise modified from time to time, a "CCA" and collectively, the "CCAs") with Siemens Public, Inc. (the "Bondholder"), pursuant to which the Bondholder purchased the applicable Series 2019 Bond and became the sole registered and beneficial owner of such bond. As of the Petition Date, the outstanding principal balances of the Series 2019A Bonds, the Series 2019B-1 Bonds, and the Series 2019B-2 Bonds were $26,040,000, $9,665,000, and $10,105,000, respectively.

Separate from their bond debt obligations, the Debtors are also party to that certain Loan Agreement, dated as of April 12, 2022, with Siemens Financial Services, Inc. (together with the Bondholder, the "Prepetition Lenders"), pursuant to which the Debtors received a term loan in the aggregate principal amount of $10,000,000 (the "Prepetition Term Loan Facility"). As of the Petition Date, the outstanding principal balance of the Prepetition Term Loan Facility was $8,230,000.

As of the Petition Date, the outstanding principal amount owed by the Debtors under the Prepetition Bond Facility and Prepetition Term Loan Facility was approximately $54,015,402 (collectively, the "Prepetition Bond and Loan Obligations"). As of the Petition Date, the Prepetition Bond and Loan Obligations are secured by first-priority security interests in and liens in favor of the Master Trustee, on certain of the Debtors' real property assets (subject only to certain of the liens permitted under the Prepetition Loan Documents, including certain liens granted in connection with a new market tax credit financing as to Debtors' facility in Athol, Massachusetts (the "NMTC Lien"), and certain interests in connection with the subordination of Prepetition Secured Parties' fee mortgage with respect to Debtors' facility in Gardner, Massachusetts to a ground lease and all of the Debtors' Gross Receipts (as defined in the Prepetition Loan Documents). In addition, as of the Petition Date, the Prepetition Bond Facility is further secured by certain debt service reserves and all proceeds thereof.

(ii) MassDevelopment New Markets CDE #25, LLC Loans

Prior to the Petition Date, Athol NMTC, and limited guarantor Athol Hospital, sought funds in the amount of $16,600,000 under the NMTC Program (the "NMTC Loan Amount") to complete a project wherein Athol NMTC, formed as a special purpose entity, would (i) lease land from Athol Hospital, (ii) design, permit and construct a new medical office building on the land, (iii) renovate the Athol Hospital Imaging Department, (iv) acquire certain medical equipment, and (v) lease the improvements and equipment to Athol Hospital and other tenants.

On December 7, 2017, Athol NMTC obtained funding from MassDevelopment New Markets CDE #25, LLC, a Massachusetts limited liability company (together with any successors and assigns, "MassDev") and entered into that certain Loan Agreement (as modified, amended, or supplemented from time to time, the "NMTC Loan Agreement"), pursuant to which MassDev extended a term loan (the "NMTC Loan") in the aggregate principal amount of the NMTC Loan Amount. The NMTC Loan is evidenced by three promissory notes: (i) Note A-1 dated as of December 7, 2017, in the original principal amount of $11,150,000 ("Note A-1"); Note A-2 dated as of December 7, 2017, in the original principal amount of $289,300 ("Note A-2"); and Note B dated as of December 17, 2017, in the original principal amount of $5,220,700 ("Note A-3" and together with Note A-1 and Note A-2, the "NMTC Notes"). The terms of the NMTC Loan Agreement provide for interest-only payments during the initial seven (7) years of the loan and Athol Hospital provided a limited guaranty of the interest payments, and other items, to MassDev.

As of the Petition Date, the approximate principal amount outstanding remained in the amount of the NMTC Loan Amount (together with any accrued and unpaid interest, fees, expenses, and disbursements due thereunder, collectively, the "NMTC Loan Obligations"). The NMTC Loan Obligations are secured by all property now or hereafter pledged, mortgaged, assigned, hypothecated, or otherwise provided to MassDev as collateral security of the obligations, including a mortgage granted on the Athol Property, as evidenced by the NMTC Loan Agreement, whether to secure the NMTC Notes, or any other instrument, indebtedness or undertaking.

Under the NMTC Program, it is expected that in December 2024, seven years after the initial loan date, Athol Hospital, as project sponsor, will acquire the interests of MassDev in the NMTC Loan for a nominal sum and will forgive the NMTC Loan Obligations in exchange for the cancellation of the land lease to Athol NMTC and the leaseback to Athol Hospital, which will result in Athol Hospital owning all of the improvements and equipment in fee. Accordingly, the Debtors believe that it is in the best interest of their estates and MassDev to reinstate the agreements relating to the NMTC Loan through the Plan, such that the loan can ride through the bankruptcy case, preserving the value of the tax credits for the MassDev investors, as well as the unwind described above, resulting in forgiveness of the debt.

2. Unsecured Debt

As of the Petition Date, the Debtors collectively had approximately $36,000,000 in outstanding unsecured debt, including approximately $6,000,000 outstanding on account of an advance interim payment (the "Advance") provided to the Debtors from MassHealth on December 19, 2022, to assist the Debtors with working capital requirements.

As of the date hereof, approximately $79 million in general unsecured claims have been filed against the Debtors (which are subject to further review, reconciliation and/or objection by the Debtors).

D. Events Leading to Chapter 11 Filings

During the three years prior to the Petition Date, the Debtors experienced a series of events as described below, which eventually led them to file these Chapter 11 Cases.

Low Reimbursement Rates. Heywood Healthcare historically was one of the lowest commercially reimbursed health systems in the Commonwealth of Massachusetts. Heywood Hospital and Athol Hospital have consistently been among the lowest-ranked hospitals in the Commonwealth of Massachusetts for reimbursement rates for medical care.[3] Based on the most recent data published by CHIA (Center for Health Information Analysis), Heywood Hospital's reimbursement for care provided to commercially covered patients is at a relative price index of 0.79. Comparatively, healthcare institutions in a similar cohort (*i.e.*, High Public Payer community hospitals) have an average relative price index of 0.96 for care provided to commercially covered patients. During these Chapter 11 Cases, the Debtors have successfully negotiated improved reimbursement rates with payors leading to continued improvement in cash flow.

Covid Impacts on Costs. During and since the pandemic, Heywood Healthcare—and community hospitals across the country—were adversely affected by workforce shortages, supply chain challenges and the increased expenses and related revenue shortfalls they caused. The pandemic impact of workforce shortages resulted in escalating costs to fill needed positions, as well as supply chain interruptions and increased costs. These increased expenses, coupled with the Debtors' high public payor mix and low commercial payor reimbursement rates led to revenue shortfalls.

Transition to EMR and Impact on Revenue Cycle Management. A costly and lengthy electronic medical record ("EMR") conversion began in 2021, which led to problematic billing and collection delays and revenue cycle issues. This EMR transition was designed to provide all patients of Heywood Healthcare entities with one patient record and one portal by moving from the Athena platform then in place to Meditech Expanse. The implementation was problematic, and providers were not satisfied that they had the staff and support to efficiently transition without jeopardizing patient care due to a lack of timely information. This ultimately resulted in the ambulatory side of the health system discontinuing the transition of Meditech and transitioning back to Athena with certain revisions to address patient and provider needs—a costly endeavor.

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[3] See Massachusetts Center of Health Information and Analysis Provider Price Variation in the Massachusetts Commercial Market Databook, August 2023, available at: https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fwww.chiamass.gov%2Fassets%2Fdocs%2Fr%2Fpubs%2F2023%2FRelative-Price-Databook-2021.xlsx&wdOrigin=BROWSELINK

The Debtors' billing infrastructure was also tied to the new EMR (Meditech) and the transition issues resulted in the inability to bill and collect accounts receivable for a significant period of time. Accordingly, the Debtors experienced significant issues with their revenue cycle management, *e.g.*, how and when medical care is billed, payments received and posted from payors.

Due to delays in the release of initial bills and the follow-up on open balances, the Debtors were also subject to timely filing limits and ultimately denied reimbursement by various insurers. In addition, the delays in posting cash receipts, as well as the failure to optimize billing opportunities, resulted in several balances being deemed uncollectible. This loss in reimbursement, coupled with escalating cash draw due to rising expenses, created a significant cash flow hardship on the Debtors.

To further exacerbate the issue, the Debtors experienced the departure of key staff that managed the Debtors' revenue cycle and accounting staff that support the revenue cycle. In particular, during the transition in EMR platforms, the Accounting Department experienced 100% turnover in staff. In addition, a significant number of key staff members in the Billing Office also left, including the Debtors' then CFO. These individuals and their historical knowledge of the Hospital were critical to ensuring a smooth transition between the EMR platforms and continuity of all functions (i.e., account reconciliations, proper billing for services, proper posting of cash receipts, follow-up on unpaid patient accounts, optimization of reimbursement opportunities, etc.). Unfortunately, the loss of these staff members, difficulty in recruiting replacement staff and the struggles of operating thru the pandemic, created a significant breakdown in financial management.

Repayment of Covid Relief Funds. Beginning in 2022, the Debtors were required to repay Centers for Medicare & Medicaid Services ("CMS") for funding provided to address some of the increased costs associated with the pandemic. The structure of the payback period and amounts were dictated by CMS and were recouped through significant reimbursement reductions over a 12-month period, impacting the system's ability to remain current with accounts payables, which resulted in chronic aged payables.

The Waterstone Surgical Pavilion. To address certain aging infrastructure challenges, the Debtors determined that Heywood Hospital needed a new facility to perform surgery to improve the delivery of medical care (the "Surgical Pavilion"). The plan was to construct an addition to the existing Heywood Hospital facility to house new operating rooms. In 2020, the Debtors published a Request for Proposals and applied to the Massachusetts Department of Public Health ("DPH") for a Determination of Need. DPH approved the construction of the new surgical facility to meet the Debtors' need for expanded surgical facilities, and the Master Trustee approved the transaction , based on Heywood Hospital's request and its anticipated enhancement of community services and patient care capabilities that such surgical facility would allow. In 2021, Heywood Hospital commenced negotiations with Waterstone Properties Group, Inc., a for-profit real estate developer ("Waterstone") regarding development of the Surgical Pavilion.

In June 2021, Heywood Green Street LLC ("Green Street"), a Waterstone affiliate, and Heywood Hospital executed certain commercial lease agreements whereby Green Street would lease land from Heywood Hospital, construct the Surgical Pavilion on the land (under the Pavilion Ground Lease (as defined in the Plan)), and lease the completed building back to Heywood Hospital as the operating entity of the Surgical Pavilion (under the Pavilion Space Lease (as defined in the Plan)). Under these lease agreements, Heywood Hospital's annual base rent would be based on a specified percentage of the total cost of the Surgical Pavilion construction, less certain cash contributions to be made by the Debtors. The Debtors' investigation into whether (i) the Pavilion Ground Lease is a true lease or a disguised financing, and/or (ii) the Pavilion Ground Lease constitutes a fraudulent conveyance, remains ongoing.

To fund the required cash contributions for pre-construction site work, the Debtors engaged in various fund-raising campaigns, including sales of certain real property to Waterstone, as described further below.

Site work began on the Surgical Pavilion in February 2022. However, shortly after actual construction commenced in the summer of 2022, the projected costs of completion of the Surgical Pavilion escalated, resulting in significant increases in projected rent and other costs. The Debtors ordered the cessation of construction on the Surgical Pavilion. Currently, an incomplete, partially framed steel structure sits on the Pavilion Ground Lease site which, upon information and belief, may be considered a "nuisance" under the Pavilion Ground Lease and/or under state or local laws and regulations.

Since the Petition Date, the Debtors have updated the HVAC systems, purchased new equipment, and are in the process of updating the lighting systems, for the current operating rooms at Heywood Hospital, thereby enhancing the existing operating rooms at Heywood Hospital and allowing the Debtors to fully utilize the existing operating rooms at Heywood Hospital, without a current need for the Surgical Pavilion. In addition, the Debtors are evaluating a reconfiguration of the current clinical space at Heywood Hospital in a manner that allows for expansion of the current surgical department footprint; thus, accommodating further growth in surgical volumes at Heywood Hospital.

Waterstone has contended that the Debtors breached their agreement with Waterstone by ordering Waterstone to stop construction of the Surgical Pavilion. For the avoidance of doubt, the Debtors disagree with this characterization and have included such allegations for disclosure purposes only. Waterstone also constructed a new MRI facility for the Debtors and alleges that it has not received payment on account of the construction of the MRI facility.

The Quabbin Sale Claim. In connection with the construction of the Surgical Pavilion, the Debtors were required to pay certain site preparation costs prior to the commencement of construction by Waterstone. As stated above, the Debtors were successful in raising a portion of those funds through donations, fundraising campaigns, and other community-based activities (golf outings, etc.), as well as a grant from the City of Gardner.

In order to fund the remainder of the site work costs, on May 19, 2022, Quabbin and Waterstone Petersham Medical, LLC, an affiliate of Waterstone, entered into a Purchase and Sale Agreement whereby Quabbin sold to Waterstone Petersham Medical, LLC certain real estate and property located 211 North Main Street, Petersham, MA (the "Quabbin Retreat") for approximately $3.3 million. The sale closed on or about August 18, 2022.[4] The sale proceeds from the Quabbin sale were used by the Debtors to fund the Surgical Pavilion site work performed by Waterstone, which included construction of a parking lot.

The Debtors attempted to find a buyer for the Quabbin Retreat for nearly two (2) years before it negotiated a sale leaseback transaction with Waterstone Petersham, LLC. As the disposition of an asset owned by a public charity, the sale leaseback transaction had to be approved by the Massachusetts Attorney General. The Massachusetts Attorney General approved the transaction and the consideration that Waterstone Petersham paid to the Debtors in exchange for the Quabbin Retreat. The Master Trustee also approved the sale of the Quabbin Retreat, based on Debtors' request.

Regardless, it is not clear whether Waterstone paid reasonably equivalent value for the Quabbin Retreat and, therefore, may have received a fraudulent transfer. Accordingly, the Debtors reserve all rights with respect to the Quabbin Sale Claim (as defined in the Plan).

Waterstone contends that the Debtors failed to disclose numerous infirmities with the Quabbin Retreat prior to the closing of the sale of the Quabbin Retreat. The Debtors dispute those contentions.

Prepetition Efforts to Stabilize Revenue Cycle Issues. In response to these challenges, in April 2022, the Debtors hired Huron Consulting Group ("Huron") to perform a review of the revenue cycle. Huron found many deficiencies in the process and made recommendations for improvements. In August 2022, the implementation of these recommendations began and in early September 2022, the Debtors contracted with Huron to manage and stabilize the Debtors' revenue cycle, including bringing in its own staff and redeploying employees of the Debtors to focus on specific billing and collections issues, and implementing cash management and operational efficiencies to

[4] On or about that same date, Waterstone, as landlord, leased back a portion of the Quabbin Retreat to Heywood Healthcare, as tenant and managing lessee, for a primary term of 25 years pursuant to a certain lease, which lease has been rejected during these Chapter 11 Cases [see Docket No. 203].

improve cash flow. Since undertaking these efforts, the Debtors' cash collections have increased, stabilized and are more predictable.

Further, in 2023, the Debtors transitioned to a new executive management team, and made significant financial improvements by consolidating services, reducing expenses, productivity management, and revenue cycle optimization. However, overcoming these challenges is difficult for any health system, let alone one with less than 1% operating margins; overcoming all of them simultaneously was more than the Debtors can handle. Despite their best efforts, the Debtors required Chapter 11 relief to facilitate a reorganization and allow the Debtors' healthcare system to continue to provide exceptional healthcare to the community.

E. Prepetition Contracts and Leases

Prepetition the Debtors had a number of key contract and lease obligations, including but not limited to, employment agreements with their doctors and staff, including 1099 employees, the real property leases with Waterstone and its affiliated entities relating to the Surgical Pavilion, real property leases for certain of the Debtors' medical clinics and administrative offices, contracts and leases with certain medical product and pharmaceutical suppliers, as well as software suppliers for the Debtors' billing and operational systems. Through the Chapter 11 Cases the Debtors have been able to assume or reject, as appropriate, those contracts and leases which are executory or unexpired, respectively, in nature. The Plan will set forth the balance of the treatment of these contracts and leases.

III.
EVENTS DURING THE CHAPTER 11 CASES

A. Commencement of these Chapter 11 Cases

On October 1, 2023, the Debtors filed voluntary petitions under chapter 11 of the Bankruptcy Code in the Bankruptcy Court. These Chapter 11 Cases were assigned to Bankruptcy Judge Elizabeth D. Katz. The Debtors have continued to manage their business and property as debtors in possession since the Petition Date. No trustee or examiner has been appointed in these Chapter 11 Cases. Set forth below is a summary of material events that have occurred since the Petition Date.

B. First-Day Relief

Shortly after the Petition Date, the Debtors filed various motions or applications seeking typical "first-day" relief in their Chapter 11 Cases (collectively, the "First Day Motions"), as well as declarations in support thereof, in order to ensure a smooth transition into bankruptcy and to allow the Debtors to administer its Estates and pursue a sale of its assets.

On November 1, 2023, the Debtors obtained a final *Order Authorizing Retention and Appointment of Stretto, Inc. as Claims and Noticing Agent* [Docket No. 187]. Thereafter, between October 5, 2023, and February 29, 2024, the Debtors obtained a number of additional final orders on the First Day Motions granting various forms of relief that the Debtors deemed essential to facilitating its transition into chapter 11, including:

- *Proceeding Memorandum and Order re Debtors' Motion For An Order (I) Extending Time Within Which To File Schedules And Statements Of Financial Affairs, And (II) Granting Related Relief* [Docket No. 70];

- *Final Order (A) Authorizing (I) Payment of Employee Wages, Salaries and Accrued Prepetition Benefits, (II) Contributions to Employee Benefit Plans, (III) Payment of Funds Deducted from Payroll, (IV) Payment to Individual Independent Contractors; (V) Payment to Staffing Agencies; and (VI) Reimbursement of Employee Expenses, and (B) Directing All Banks to Honor Related Checks* [Docket No. 92];

- *Order (I) Authorizing Debtors to (A) Continue Community Programs in the Ordinary Course of Business, and (B) Pay Prepetition Obligations Related thereto, and (II) Granting Related Relief* [Docket No. 226];

- *Final Order (I) Authorizing the Assumption of the SPS Agreement and (II) Granting Related Relief* [Docket No. 230];

- *Final Order (I) Authorizing the Payment of Certain Prepetition Taxes and Fees and (II) Granting Related Relief* [Docket No. 231];

- *Final Order Granting Debtors' Motion for Order (A) Prohibiting Utilities from Altering, Refusing or Discontinuing Services, (B) Determining Adequate Assurance of Payment for Future Utility Services and (C) Establishing Procedures for Determining Requests for Adequate Assurance of Payment* [Docket No. 232];

- *Final Order (I) Authorizing the Debtors to (A) Maintain Their Cash Management System and Existing Bank Accounts, (B) Honor Certain Prepetition Obligations Related Thereto, (C) Maintain Existing Business Forms, (D) Perform Intercompany Transactions, and (II) Granting Related Relief* [Docket No. 531]; and

- *Final Order Granting Debtors' Motion for Entry of an Order (I) Authorizing Consolidated Creditors Lists, (II) Authorizing Redaction of Certain Personally identifiable Information, (III) Limiting the Scope of Notice, and (IV) Approving the Form and Manner of Notifying Creditors of the Commencement of the Chapter 11Cases and Other Information* [Docket No. 583].

C. Postpetition Cash and Cash Collateral

The Debtors' postpetition operations have been supported by several sources – principally by (i) the EOHHS pursuant to a Supplemental Payment and Support Agreement (the "SPS Agreement"); (ii) the Prepetition Secured Parties in connection with the use of cash collateral pursuant to the Bankruptcy Court's interim orders (both on a consensual and non-consensual basis); and (iii) the EOHHS pursuant to a recoupment and forbearance agreement (the "Forbearance Agreement"), each as discussed further below.

1. SPS Agreement

The Debtors filed a motion to assume the SPS Agreement on October 2, 2023 [Docket No. 8], which the Bankruptcy Court granted on a final basis on November 8, 2023 [Docket No. 230], authorizing the assumption of the SPS Agreement as of the Petition Date. Pursuant to the SPS Agreement, the EOHHS agreed to provide $13,259,577.17 (the "State Funding") to ensure the Debtors' ability to successfully navigate the restructuring process while maintaining essential healthcare services to the community. The State Funding was distributed over the course of five monthly installments of $2,200,000 each and one final payment of $2,259,577.17, which final payment occurred on March 29, 2024.

The SPS Agreement allowed the Debtors to maintain their operations and preserve value to facilitate a restructuring transaction. It has been essential to the restructuring process because the Prepetition Secured Parties' consent to the Debtors' use of the Cash Collateral, as defined in the Cash Collateral Motion (defined below) through June 18, 2024, was conditioned upon the Debtors' receipt of the State Funding. The SPS Agreement required that the State Funding be used solely for the payment purposes of paying payroll of Heywood Healthcare and other operating expenses, and not be considered Cash Collateral. The SPS Agreement was an important step to protect the Debtors' Estates and ensure continued operations during the Chapter 11 Cases.

2. Use of Cash Collateral

Prior to the Petition Date, the Debtors negotiated a consensual arrangement for the continued use of Cash Collateral with the Prepetition Secured Parties, such that the Debtors would gain access to their Cash Collateral to fund their ongoing operating expenses during these Chapter 11 Cases. Among other first day motions, the Debtors sought entry of an order authorizing their use of Cash Collateral on the terms agreed to with the Prepetition Secured Parties (the "Cash Collateral Motion") [Docket No. 14]. Cash Collateral is limited to the categories of expenses listed in the Approved Budget, which was attached as Exhibit 1 to the Cash Collateral Motion.

Up until May 1, 2024, the Bankruptcy Court entered six interim orders authorizing the Debtors to use Cash Collateral, on a consensual basis, in accordance with the Approved Budget and certain limitations, pursuant to the terms and conditions set forth therein. Among other things, the Prepetition Secured Parties were granted adequate protection lines, adequate protection cash interest payments, Allowed Administrative Claims and Allowed superpriority Administrative Claims.

The Debtors' access to Cash Collateral, together with the State Funding, was key to providing a strong message to the Debtors' community that continued operations were feasible and would not be impacted by the bankruptcy filing, especially the continued provisions of core health care services to the community. Access to Cash Collateral was essential as it provided sufficient funds to pay wages to the Debtors' employees, preserve and maximize the value of the Debtors' estates, and administer these Chapter 11 Cases. Without such access to the Cash Collateral, the State Funding alone would have been insufficient and the end result would likely have been a forced liquidation of the Debtors' assets.

On June 4, 2024, the Committee filed an objection to the Debtor's use of Cash Collateral [Docket No. 776], and the Debtors filed a reply to such objection [Docket No. 777]. After considering the arguments of counsel at a hearing held on June 5, 2024, including those of the Prepetition Secured Parties, the Bankruptcy Court entered an interim order on June 18, 2024, authorizing the Debtors to use Cash Collateral on a non-consensual basis in accordance with the Approved Budget attached thereto, provided however, that the Debtors were not authorized to make any adequate protection payments that were identified therein [Docket No. 821]. Since then, the Bankruptcy Court has entered two modified orders, pursuant to which the Debtors' non-consensual use of Cash Collateral has been extended through September 30, 2024 [Docket Nos. 888 and 954].

3. Forbearance Agreement

The EOHHS provided critical prepetition support to the Debtors through the $6,000,000 Advance to Heywood Hospital of payments that Heywood Hospital would have otherwise received from the EOHHS only for claims processed and paid in due course. During the remainder of 2023, EOHHS continued to pay properly submitted and payable claims in accordance with preexisting practice. The Advance was subject to recoupment, which was scheduled to begin on January 1, 2024, and during which time 100% of the payments owed to Heywood Hospital by the EOHHS for processed claims were to be recouped by the EOHHS until the Advance was fully repaid. On average, on a monthly basis the EOHHS remits approximately $1,100,000 to Heywood Hospital for processed claims. Thus, the Debtors stood to lose a $1.1 million monthly revenue stream for approximately the first six months of 2024.

The Debtors were able to negotiate the Forbearance Agreement with the EOHHS, under which the EOHHS agreed to reduce the amount it recoups from the claims processed after January 1, 2024 to 50% and to pay Heywood Hospital the other 50% of the claim amount, which resulted in an immediate cash benefit to the Debtors of approximately $550,000 per month beginning January 1, 2024. The Debtors moved for entry of an order authorizing the Forbearance Agreement [*see* Docket No. 353], and the Bankruptcy Court allowed the Debtors to enter into the Forbearance Agreement on an interim basis [*see* Docket No. 354].

Upon further discussions between the Debtor, the EOHHS and the Committee, the EOHHS has now agreed to further extend the recoupment period, and pursuant to an amendment to the Forbearance Agreement, will not begin to recoup on the Advance until April 1, 2025. The Debtors filed a motion to approve the amendment to the Forbearance Agreement [Docket No. 810], which motion is currently scheduled for hearing on September 30, 2024. The Debtors intend to assume the amended Forbearance Agreement through the Plan.

D. Debtors' Retention of Professionals and Claims and Noticing Agent

On October 27, 2023, the Debtors filed: (i) an *Application to Employ and Retain Flick Law Group, P.C. as Debtors' Local and Conflicts Counsel Pursuant to 11 U.S.C. §§ 327(a), 330, 331 & 1107, and Rules 2014 and 2016 of the Federal Rules of Bankruptcy Procedures* [Docket No. 155]; (ii) an *Application for Entry of an Order Authorizing Retention and Employment of Foley & Lardner LLP as General Bankruptcy Counsel for the Debtors* [Docket No. 163]; and (iii) an *Application of the Debtors for Entry of an Order Pursuant to 11 U.S.C. §§ 327 and 328(a), Fed. R. Bankr. P. 2014 and 5002 Authorizing Retention and Employment of Houlihan Lokey Capital, Inc. as Financial Advisor and Investment Banker to the Debtors Effective as of December 15, 2023* [Docket No. 331]. The Bankruptcy Court granted these motions by orders entered on December 7, 2023 [Docket Nos. 289, 288], and January 11, 2024 [Docket No. 445], respectively.

An order establishing procedures for interim compensation and reimbursement of expenses for all retained professionals was entered on December 7, 2023 [Docket No. 285].

On October 2, 2023, the Debtors filed an application to retain Stretto, Inc. to serve as official claims and noticing agent to the Debtor [Docket No. 9]. Stretto was retained to, among other duties, notify creditors of the filings of the Debtor's petition, send out proof of claim forms and the notice of the claims bar date to the Debtor's creditors, maintain the official claims register, send out Ballots with respect to the proposed Plan, and tabulate the voting results. The Bankruptcy Court granted the Debtors' application by order entered November 1, 2023 [Docket No. 187]. On May 21, 2024, the Debtors filed an application to employ Stretto, Inc. as Administrative Agent [Docket No. 739], which application is scheduled for hearing on June 12, 2024.

On May 7, 2024, the Debtors filed an application to retain Dono & Associates, Inc. ("Dono") as real property appraisers [Docket No. 726]. Dono was retained to appraise and provide a report with respect to the Debtors' real property located at 242 Green Street, Gardner MA, to be used in connection with assessing claims relating to the Surgical Pavilion. The Bankruptcy Court granted the Debtors' application by order entered May 16, 2024 [Docket No. 733].

On May 30, 2024, the Debtors filed the *Debtors' Motion for Entry of an Order (I) Approving the Amendment to the Houlihan Lokey Engagement Agreement; and (II) Granted Related Relief* [Docket No. 760] (the "Motion to Approve Houlihan Amendment"). All objections to the Motion to Approve Houlihan Amendment, including the Committee's objection [Docket No. 895], have been resolved and/or withdrawn, and the Bankruptcy Court granted the Motion to Approve Houlihan Amendment by order entered on August 16, 2024 [Docket No. 959].

E. Appointment of Health Care Ombudsman

On October 20, 2023, the U.S. Trustee filed the *Notice of Appointment of Patient Care Ombudsman* [Docket No. 126], appointing Joseph J. Tomaino as patient care ombudsman. On November 15, 2023, the Patient Care Ombudsman sought approval from the Bankruptcy Court to retain and employ Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. as Counsel to the Patient Care Ombudsman [Docket No. 237] and Rimon P.C. as Counsel to the Patient Care Ombudsman [Docket No. 238]. The Bankruptcy Court granted these motions by orders entered on December 5, 2023 [Docket No. 271, 272].

F. Appointment of Creditors' Committee and Creditors' Committee Professionals

On October 20, 2023, the U.S. Trustee filed the *Notice of Appointment of Committee of Unsecured Creditors* [Docket No. 127], notifying parties in interest that the U.S. Trustee had appointed a statutory committee of unsecured creditors in these Chapter 11 Cases. The Committee is comprised of: (i) Medline Industries, Inc.; (ii) Medefis, Inc.; and (iii) Jang B. Singh, M.D. On November 13, 2023, the Committee sought approval from the Bankruptcy Court to retain and employ Dentons ("Dentons") as counsel [Docket No. 236], and the Bankruptcy Court approved Dentons' retention and employment on December 7, 2023 [Docket No. 287]. In addition, on February 9, 2024, the Committee sought to employ and retain Drummond Woodsum and the Law Office of Jay S. Geller (collectively, "Committee Special Counsel") as Special Counsel [Docket No. 535], and the Bankruptcy Court approved retention and employment of Committee Special Counsel on February 28, 2024 [Docket No. 581].

Finally, on November 15, 2023, the Committee sought to employ and retain FTI Consulting, Inc. ("FTI") as financial advisor [Docket No. 240], and FTI's retention was approved on December 5, 2023 [Docket No. 273]. Throughout these Chapter 11 Cases, the Debtors and their advisors have engaged with the Committee and its advisors on a range of issues, including with respect to certain investigations, and have sought to obtain the Committee's support wherever possible. As described herein, the Debtors have obtained the Committee's support of the Plan and this Disclosure Statement, provided the Plan remains in form and substance agreed to by the Committee and consistent with the terms of the Committee Settlement.

G. Schedules of Assets and Liabilities and Statement of Financial Affairs, Claims Bar Date and Claims Objections

The Debtors filed the following schedules listing over $305 million in scheduled liabilities:

Schedules of Assets and Liabilities

- Athol Memorial Hospital – Amended Summary of Assets and Liabilities filed April 1, 2024 [Docket No. 18];
- Athol Memorial Hospital NMTC Holdings, Inc. – Amended Summary of Assets and Liabilities filed January 31, 2024 [Docket No. 14];
- Heywood Healthcare, Inc. – Amended Summary of Assets and Liabilities filed January 31, 2024 [Docket No. 521];
- Heywood Medical Group, Inc. – Amended Summary of Assets and Liabilities filed April 1, 2024 [Docket No. 18]
- Heywood Realty Corporation – Amended Summary of Assets and Liabilities filed January 31, 2004 [Docket No. 16]
- Quabbin Healthcare, Inc. – Summary of Assets and Liabilities filed January 31, 2024 [Docket No. 15]; and
- The Henry Heywood Memorial Hospital – Amended Summary of Assets and Liabilities filed April 1, 2024 [Docket No. 20].

Statements of Financial Affairs

- Athol Memorial Hospital – Amended Statement of Financial Affairs filed December 22, 2023 [Docket No. 7];
- Athol Memorial Hospital NMTC Holdings, Inc. – Statement of Financial Affairs filed November 7, 2023 [Docket No. 6];
- Heywood Healthcare, Inc. – Amended Statement of Financial Affairs filed December 22, 2023 [Docket No. 348];
- Heywood Medical Group, Inc. – Amended Statement of Financial Affairs filed December 22, 2023 [Docket No. 7]
- Heywood Realty Corporation – Amended Statement of Financial Affairs filed December 22, 2023 [Docket No. 8]

- Quabbin Healthcare, Inc. – Summary of Assets and Liabilities filed November 6, 2023 [Docket No. 6]; and

- The Henry Heywood Memorial Hospital – Amended Statement of Financial Affairs filed December 22, 2023 [Docket No. 8].

Thereafter, on January 4, 2024, the Debtors' filed an *Assented to Motion for Order Establishing Bar Date for Filing Proofs of Claim and Approving Form and Manner of Notice* [Docket No. 374] (the "Bar Date Motion"). On January 11, 2024, the Bankruptcy Court entered an order granting the Bar Date Motion (the "Bar Date Order") and established March 12, 2024, at 5:00 P.M. (Prevailing Eastern Time) as the last date by which creditors asserting prepetition claims (including section 503(b)(9) Claims) were required to file proofs of claim, with certain exceptions (the "General Bar Date"). The Bar Date Order also established March 29, 2024, as the deadline for all governmental units to file a proof of claim. Pursuant to the Bar Date Order, the Debtors completed service of the Bar Date Order on known creditors by January 17, 2024. The Debtors also ran a publication of the Bar Date Notice in the Gardener News and the Athol Daily News, as required under the Bar Date Order, on January 26, 2024.

H. Exclusivity Motions

On January 8, 2024, the Debtors sought authorization from the Bankruptcy Court to (i) extend the period during which the Debtors had the exclusive right to file a chapter 11 plan by 60 days, to and including March 29, 2024 (the "Extended Exclusivity Deadline"), and (ii) extend the period during which the Debtors had the exclusive right to solicit acceptances thereof for 60 days after the Extended Exclusivity Deadline, to and including May 28, 2024 [Docket No. 383] (the "First Exclusivity Motion"). The Bankruptcy Court entered an order approving the First Exclusivity Motion on January 24, 2024 [Docket No. 477].

On March 1, 2024, the Debtors sought authorization from the Bankruptcy Court to (i) further extend the period during which the Debtors had the exclusive right to file a chapter 11 plan by 63 days, through and including May 31, 2024 (the "Second Extended Exclusivity Deadline"), and (ii) further extend the period during which the Debtors had the exclusive right to solicit acceptances thereof for 70 days after the Second Extended Exclusivity Deadline, to and including August 9, 2024 [Docket No. 585] (the "Second Exclusivity Motion"). The Bankruptcy Court entered an order approving the Second Exclusivity Motion on March 27, 2024 [Docket No. 612].

On May 28, 2024, the Debtors filed their *Plan of Reorganization of Heywood Healthcare, Inc., et al., Pursuant to Chapter 11 of the Bankruptcy Code*, [Docket No. 752], within the exclusivity period provided under section 1121(b) of the Bankruptcy Code, as extended under the order approving the Second Exclusivity Motion. The following day, the Debtors filed their *First Amended Disclosure Statement Relating to the Plan of Reorganization of Heywood Healthcare, Inc., et al., Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 756] and also filed the *Debtors' Motion for Entry of an Order (I) Approving the Disclosure Statement, (II) Scheduling a Plan Confirmation Hearing, (III) Approving the Solicitation and Voting Procedures and Dates, Deadlines, and Notices Related Thereto, and (IV) Granting Related Relief* [Docket No. 754], to which certain objections were filed. Subsequently, the Debtors, the Prepetition Secured Parties and an applicable Related Party, and the Committee participated in mediation to, among other things, resolve such objections.

On July 19, 2024, the Debtors filed the *Debtors' Third Motion to Extend Exclusivity Period* (the "Third Extension Motion") [Docket No. 900] seeking to extend the Debtors' exclusivity period to file and solicit a plan of reorganization for an additional 60 days through October 8, 2024.

On August 7, 2024, with the consent of the Committee and the Prepetition Lenders, the Debtors filed the *Assented-to Motion of Debtors for an Order Extending the Debtors' Exclusivity Period Under 11 U.S.C. § 1121* (the "Assented-to Fourth Extension Motion") [Docket No. 929], which sought to limit the Debtors' proposed extension of the exclusivity period through August 16, 2024, pending a hearing on the Third Extension Motion. The Bankruptcy Court granted the Assented-to Fourth Extension Motion on August 8, 2024 [Docket No. 932], and upon hearing, the Bankruptcy Court granted the Third Extension Motion by order entered on August 16, 2024 [Docket No. 957].

I. Debtors' Marketing and Sale Efforts

Prior to the Petition Date, the Debtors were actively seeking a potential partner to support and/or acquire the Debtors' businesses and had engaged in multiple rounds of discussions with one party, in particular. However, due to ongoing operational challenges, the Debtors were forced to file these Chapter 11 Cases before any sale or partnership agreement could materialize. The Debtors filed these Chapter 11 Cases with the intention to pursue a sale process, and, if unsuccessful, to make operational and financial improvements to allow the Debtors to emerge from Chapter 11 as a going concern.

The Debtors' assets were marketed for sale by Houlihan. After several months of preparation, Houlihan commenced its marketing efforts in February 2024, directed toward both public institutions as well as private healthcare organizations, with the goal of soliciting prospective purchasers' interest in acquiring the Debtors, and in potentially serving as a stalking horse bidder in a bankruptcy sale process, as well as exploring any possible partnership or other investment opportunities. During the marketing process, Houlihan contacted 61 parties, of which only seven signed a non-disclosure agreement and were invited into a data room to conduct diligence regarding the Debtors. Of those seven parties, five either passed the opportunity or became inactive in the sales process. The Debtors ultimately only received two non-binding indications of interest—one of which was ultimately withdrawn.

The terms proposed in the sole remaining indication of interest (the "IOI") would not have provided any cash and would have only partially assumed the Debtors' existing prepetition secured debt. In addition to providing no recovery to unsecured creditors, the Debtors were not confident that the Commonwealth of Massachusetts and other necessary state and local regulatory bodies would have approved a sale under such terms. The Debtors submit that the sale proposed by the IOI would have provided the Debtors' creditors less favorable treatment than they are likely to receive if the Plan is confirmed.

J. Claims Related to the Surgical Pavilion.

In connection with its rights under the Ground Lease, Green Street and its secured lender Rockland Trust Company ("Rockland") executed a leasehold mortgage, dated August 30, 2022, under which Green Street mortgaged its tenants' rights under the Ground Lease (the "Leasehold Mortgage"). The Leasehold Mortgage was recorded on August 30, 2022. Upon information and belief, the Debtors believe that Green Street may be in default under Rockland's Leasehold Mortgage, which may give Rockland certain rights to the Ground Lease. Rockland has filed a proof of claim for an unknown and unliquidated unsecured claim. See Claim No. 422.

Green Street has filed a proof of claim asserting an unsecured claim in the amount of approximately $7.59 million in connection with alleged expenses incurred in connection with Debtors' stop work order at the Surgical Pavilion project. See Claim No. 397.

In addition, Consigli and certain other M&M Lien Claim Holders have filed Claims in connection with mechanics liens asserted against the real property located at the Surgical Pavilion site for work done in connection with the construction of the unfinished Surgical Pavilion.

The Debtors reserve all rights with respect to any Claims of the Pavilion Parties.

Surgical Pavilion Appraisal. The Debtors received the final appraisal report from Dono on or about May 20, 2024, regarding the real property located at the Surgical Pavilion site. The appraisal concluded that, based on estimated construction costs required to finish the Surgical Pavilion, the property is worthless (*i.e.*, the value of the Surgical Pavilion is no greater than $0.00), and, in fact, it would cost approximately $8 million more to finish the Surgical Pavilion than any finished structure would be worth. The appraisal concludes that the best use of the property is to remove the partially built structure and to revert to its prior use as a parking lot for Heywood Hospital. The cost of such removal would be approximately $545,000.

Based on the valuation and other assessments provided in the appraisal, the Debtors were able to determine proposed Plan treatment with respect to M&M Lien Claims, *e.g.*, such claims are not secured.

In particular, Consigli Construction Co., Inc., ("Consigli") contends that its conserved marshaling rights together with its alleged mechanics' lien rights confers upon it a secured claim collateralized by a portion of the real property commonly known as 242 Green Street, Gardner, MA (the site of the Surgical Pavilion). Consigli has expressed it may make an election under section 1111(b) of the Bankruptcy Code for the classification of its claim which is approximately $4,500,000, as a fully secured claim.

It is the Debtors' contention that such claim is collateralized by collateral of inconsequential and negligible value which prevents Consigli from making such election under section 1111(b)(1)(B)(i) of the Bankruptcy Code. Should Consigli's argument prevail, however, Consigli may be entitled to a payment stream with cumulative payments of $4,500,000 or such other treatment allowed for a claim for which the section 1111(b)(2) election has been made. Additionally, if Consigli prevails, Consigli's lien would be preserved.

Any such payments are not accounted for in the financial projections annexed to the Disclosure Statement, and if these liabilities with respect to Consigli's Claims were to materialize, they may have an adverse effect on the Debtors' ability to fulfill the financial commitments outlined within those forecasts.

Rejection of Pavilion Space Lease. Pursuant to section 365(d)(4) of the Bankruptcy Code the Pavilion Space Lease (to the extent that it is or was an executory contract or unexpired lease) was deemed rejected as of June 24, 2024. The Debtors expect that Green Street will file an additional claim for rejection damages in connection with the rejection of the Pavilion Space Lease

The Debtors reserve all rights and Causes of Action with respect to the Pavilion Ground Lease and any other Pavilion Claims.

K. Committee Adversary Proceeding

On May 29, 2024, the Committee filed a complaint against the Master Trustee and the Prepetition Lenders (collectively, the "Defendants"), thereby initiating Adversary Proceeding No. 24-04022 (the "Committee Adversary Proceeding"). On August 6, 2024, the Committee filed the *Motion for Leave to File First Amended Complaint with Incorporated Memorandum of Law* [Adv. Pro. Docket No. 22], which sought, among other things, to add Huntington National Bank as a Defendant.

L. Mediation

In light of various disputes in these Chapter 11 Cases and the Committee Adversary Proceeding, the Debtors, Prepetition Secured Parties and the Committee filed a joint emergency motion seeking mediation [Docket No. 874], and July 2, 2024, the Bankruptcy Court granted such motion, ordering the parties to submit their claims and disputes to non-binding mediation and appointing the Honorable Christopher J. Panos as the mediator [Docket No. 875]. Mediation was conducted on July 15 and 22, 2024. As a result of the mediation and extensive settlement negotiations between the Committee, the Prepetition Secured Parties (and their applicable Related Parties), and the Debtors, the parties were able to reach a global settlement (*i.e.*, the Committee Settlement), including with respect to the Committee Adversary Proceeding, the Committee's objections to the previously filed disclosure statement and the distributions to be made under the Plan. As part of the Committee Settlement, the Committee Adversary Proceeding shall be held in abeyance pending the Plan Effective Date.

M. D&O Claims

The Debtors maintain insurance policies for, *inter alia*, director and officer ("D&O") liability insurance (the "D&O Policy"), which provides coverage for D&O liability up to the aggregate limit of $5,000,000.00, and excess D&O liability insurance (the "Excess D&O Policy"), which provides coverage up to the aggregate limit of an additional $5,000,000.00. The Debtors may have claims under their D&O Policy and Excess D&O Policy in connection with breaches of fiduciary duties or other misconduct by the Debtors' former D&Os. The Debtors may continue to investigate these matters, and, if any potential claims are identified, they may pursue them.

IV.
ESTABLISHMENT OF LIQUIDATING TRUST

As set forth in the Plan, upon the execution of the Liquidating Trust Agreement by the Debtors and the Liquidating Trustee, certain assets of the Debtors shall be payable to the Liquidating Trust, comprised of (a) the GUC Note, (b) the GUC Cash Amount, and (c) 50% of the net Pavilion Claim Direct Cash Proceeds (if any) up to the then outstanding balance of the GUC Note for distributions to repay the last dollars out of such GUC Note, for the benefit of the Liquidating Trust Beneficiaries. The Liquidating Trustee shall then liquidate the Liquidating Trust Assets and make Distributions in accordance with the Plan and the Liquidating Trust Agreement.

The GUC Note shall be an unsecured subordinated promissory note in substantially the form included in the Plan Supplement, executed by the applicable Reorganized Debtors and delivered to the Liquidating Trustee on the Effective Date for the benefit of the Liquidating Trust Beneficiaries (a) in the principal amount of $5,250,000, (b) bearing interest at 2% per annum, (c) which shall solely be paid from the Excess Cash Sweep (as defined in the GUC Note), (d) which shall be subject to the Intercreditor Agreement and subordinated to the New Secured Debt. Further, the GUC Note shall include provisions for calculating, determining, evaluating, challenging, and/or disputing the amount of Excess Cash (as defined in the GUC Note) available for distribution under the GUC Note.

The GUC Cash Amount shall be Cash in the amount of $4,750,000, of which $4,000,000 shall be disbursed from the Debtors to the Liquidating Trustee on the Effective Date and the remaining $750,000 balance shall be disbursed from the Reorganized Debtors to the Liquidating Trustee on October 1, 2025.

The Liquidating Trustee is entitled to receive the Liquidating Trust Pavilion Claim Direct Cash Proceeds, which is 50% of the net Pavilion Claim Direct Cash Proceeds (if any), up to the then outstanding balance of the GUC Note for distributions to repay the last dollars out of such GUC Note. Pavilion Claim Direct Cash Proceeds are any Cash payments made to, or collected by, the Estates or the Reorganized Debtors by or from the obligor of a Pavilion Claim or an Affiliate of such obligor on account of such Pavilion Claim.

V.
SUMMARY OF THE PLAN

THE FOLLOWING IS A SUMMARY OF CERTAIN PROVISIONS OF THE PLAN. IT IS NOT A COMPLETE RESTATEMENT OF THE PLAN OR ITS OPERATION AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN, WHICH IS ANNEXED TO THIS DISCLOSURE STATEMENT AS <u>EXHIBIT A</u>. IN CERTAIN RESPECTS, THE PLAN DEALS WITH SOPHISTICATED LEGAL CONCEPTS AND INCORPORATES THE DEFINITIONS AND REQUIREMENTS OF THE BANKRUPTCY CODE. THEREFORE, YOU MAY WISH TO CONSULT WITH COUNSEL OF YOUR CHOICE BEFORE VOTING ON THE PLAN. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THE SUMMARY CONTAINED HEREIN AND THE PLAN, THE PLAN SHALL GOVERN AND CONTROL IN ALL RESPECTS.

A. <u>Administrative Claims and Priority Claims</u>

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, Professional Fee Claims, and Priority Tax Claims have not been classified and, thus, are excluded from the Classes of Claims set forth in Article III of the Plan.

1. <u>Administrative Claims</u> Unless otherwise agreed to by the holder of an Allowed Administrative Claim and the Debtors or the Reorganized Debtors, as applicable, each holder of an Allowed Administrative Claim (other than holders of Professional Fee Claims and Claims for fees and expenses pursuant to section 1930 of chapter 123 of title 28 of the United States Code) will receive in full and final satisfaction of its Administrative Claim an amount of Cash equal to the amount of such Allowed Administrative Claim in accordance with the following: (1) if an Administrative Claim is Allowed on or prior to the Effective Date, on the Effective Date or as soon as reasonably practicable thereafter (or, if not then due, when such Allowed Administrative Claim is due or as soon as reasonably practicable thereafter); (2) if such Administrative Claim is not Allowed as of the Effective Date, no later than 30 days after the date on which an order allowing such Administrative Claim becomes a Final Order, or as soon as reasonably practicable thereafter; (3) if such Allowed Administrative Claim is based on liabilities incurred by the Debtors in the ordinary course of their business after the Petition Date in accordance with the terms and conditions of the particular transaction giving rise to such Allowed Administrative Claim without any further action by the holders of such Allowed Administrative Claim; (4) at such time and upon such terms as may be agreed upon by such holder and the Debtors or the Reorganized Debtors, as applicable; or (5) at such time and upon such terms as set forth in an order of the Bankruptcy Court.

Except for Professional Fee Claims, and unless previously Filed, requests for payment of Administrative Claims must be Filed and served on the Reorganized Debtors no later than the Administrative Claims Bar Date (30 days after the Effective Date) pursuant to the procedures specified in the Confirmation Order and the notice of the occurrence of the Effective Date. Objections to such requests must be Filed and served on the Reorganized Debtors and the requesting party by the later of (1) 180 days after the Effective Date and (2) 180 days after the Filing of the applicable request for payment of the Administrative Claims, if applicable. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior Bankruptcy Court orders, the Allowed amounts, if any, of Administrative Claims shall be determined by and satisfied in accordance with an order of the Bankruptcy Court.

Holders of Administrative Claims that are required to File and serve a request for such payment of such Administrative Claims that do not file and serve such a request by the Administrative Claims Bar Date (30 days after the Effective Date) shall be forever barred, estopped, and enjoined from asserting such Administrative Claims against the Debtors, the Reorganized Debtors or their property, and such Administrative Claims shall be deemed discharged as of the Effective Date without the need for any objection from the Reorganized Debtors or any action by the Bankruptcy Court.

2. Professional Fee Claims Final Fee Applications and Payment of Professional Fee ClaimsAll requests for payment of Professional Fee Claims for services rendered and reimbursement of expenses incurred prior to the Confirmation Date must be Filed no later than 45 days after the Effective Date. The Bankruptcy Court shall determine the Allowed amounts of such Professional Fee Claims after notice and a hearing in accordance with the procedures established by the Bankruptcy Court. The Reorganized Debtors shall pay Professional Fee Claims in Cash in the amount the Bankruptcy Court allows, including from the Professional Fee Escrow Account, which the Reorganized Debtors will establish in trust for the Professionals and fund with Cash equal to the Professional Fee Amount on the Effective Date. For the avoidance of doubt, the U.S. Trustee shall not be required to file an administrative claim for its fees.

(b) Professional Fee Escrow AccountsOn the Effective Date, the Reorganized Debtors shall establish and fund the Professional Fee Escrow Accounts for each applicable Professional with Cash equal to the Professional Fee Amount, which shall be funded by the Reorganized Debtors. The Professional Fee Escrow Accounts shall be maintained in trust solely for the Professionals. The amount of Professional Fee Claims owed to the Professionals shall be paid in cash to such Professionals by the Reorganized Debtors from the Professional Fee Escrow Accounts as soon as reasonably practicable after such Professional Fee Claims are Allowed. When all such Allowed amounts owing to Professionals have been paid in full, any remaining amount in the Professional Fee Escrow Accounts shall promptly be paid to the Reorganized Debtors without any further action or order of the Bankruptcy Court. In the event the Professional Fee Escrow Account is insufficient to pay the Professional Fee Claim of any specific Professional, then the Reorganized Debtors shall pay the difference between the Professional Fee Escrow Account for such Professional and the Allowed amount of the Professional Fee Claim within fourteen (14) calendar days after such Professional Fee Claim is Allowed; provided that the Debtors or Reorganized Debtors reserve the right to object to the reasonableness of any Professional Fee Claim.

(c) Professional Fee AmountProfessionals shall reasonably estimate their unpaid Professional Fee Claims and other unpaid fees and expenses incurred in rendering services to the Debtors before and as of the Effective Date and shall deliver such estimate to the Debtors no later than five days before the Effective Date. If a Professional does not provide an estimate, or if the Debtors object to such estimate as being unreasonable, the Debtors or Reorganized Debtors may estimate the unpaid and unbilled fees and expenses of such Professional.

(d) Post-Confirmation Fees and ExpensesExcept as otherwise specifically provided in the Plan, from and after the Confirmation Date, the Debtors shall, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court, pay in Cash the reasonable and documented legal, professional, or other fees and expenses related to the implementation of the Plan and Consummation incurred by the Debtors. Upon the Confirmation Date, any requirement that Professionals comply with sections 327–331, 363, and 1103 of the Bankruptcy Code or the Interim Compensation Order in seeking retention or compensation for services rendered after such date shall terminate, and the Debtors may employ and pay any Professional in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Code.

3. Priority Tax Claims Except to the extent that a holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed Priority Tax Claim, each holder of such Allowed Priority Tax Claim shall be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code.

B. Classification and Treatment of Claims and Interests

1. Classification of Claims The Plan constitutes a separate Plan proposed by each Debtor. Except for the Claims addressed in Article II of the Plan, all Claims are classified in the Classes set forth below in accordance with sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim is classified in a particular Class only to the extent that the Claim qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim qualifies within the description of such other Classes. A Claim is also classified in a particular Class for the purpose of receiving Distributions under the Plan only to the extent that such Claim is an Allowed Claim in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

The Plan shall serve as a motion by the Debtors seeking entry of a Bankruptcy Court order deeming the the Debtors' Estates substantively consolidated into a single Estate for certain limited purposes related to the Plan, including voting, Confirmation and Distribution. As a result of the deemed substantive consolidation of the Estates, each Class of Claims will be treated as against a single consolidated Estate without regard to the separate legal existence of the Debtors. The Plan will not result in the merger or otherwise affect the separate legal existence of each Debtor, other than with respect to voting and distribution rights under the Plan.

The classification of Claims against the Debtors pursuant to the Plan is as follows:

Class	Claims and Interests	Status	Voting Rights
Class 1	Other Secured Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 2	Other Priority Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 3	NMTC Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 4	Patient Refund Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 5	Secured Bondholder Claims	Impaired	Entitled to Vote
Class 6	Secured M&M Lien Claims	Impaired	Entitled to Vote
Class 7	General Unsecured Claims	Impaired	Entitled to Vote
Reserved	Reserved	Reserved	Reserved
Class 9	Insured Claims	Impaired	Entitled to Vote
Class 10	Intercompany Claims	Impaired	Not Entitled to Vote (Deemed to Reject)

2. Treatment of Claims

(a) Class 1 – Other Secured Claims

(i) *Classification*: Class 1 consists of any Other Secured Claims against any Debtor. Upon information and belief from the Debtors' diligence to date, Class 1 is an empty class.

(ii) *Treatment*: On the Effective Date, except to the extent that a Holder of an Allowed Other Secured Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Other Secured Claim, each holder of an Allowed Other Secured Claim shall receive, at the option of the applicable Debtor:

a) payment in full in Cash of its Allowed Other Secured Claim;

b) the collateral securing its Allowed Other Secured Claim;

c) Reinstatement of its Allowed Other Secured Claim; or

d) such other treatment rendering its Allowed Other Secured Claim Unimpaired in accordance with section 1124 of the Bankruptcy Code.

(iii) *Impairment and Voting*: Class 1 is Unimpaired under the Plan. Holders of Other Secured Claims in Class 1 are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

(b) Class 2 - Other Priority Claims

(i) *Classification*: Class 2 consists of any Other Priority Claims against any Debtor. Upon information and belief from the Debtors' diligence to date, Class 2 is an empty class.

(ii) *Treatment*: On the Effective Date, except to the extent that a Holder of an Allowed Other Priority Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Other Priority Claim, each holder of an Allowed Other Priority Claim shall receive Cash in an amount equal to such Allowed Other Priority Claim.

(iii) *Impairment and Voting*: Class 2 is Unimpaired under the Plan. Holders of Other Priority Claims in Class 2 are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

(c) Class 3 – NMTC Claims

(i) *Classification*: Class 3 consists of all NMTC Claims against any Debtor.

(ii) *Treatment*: On the Effective Date, each holder of an Allowed NMTC Claim shall receive Reinstatement of its NMTC Claims. All NMTC Documents and the related legal, equitable, and contractual rights shall remain in full force and effect.

(iii) *Impairment and Voting*: Class 3 is Unimpaired under the Plan. Holders of Claims in Class 3 are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

(d) Class 4 – Patient Refund Claims

(i) *Classification:* Class 4 consists of all Patient Refund Claims against any Debtor.

(ii) Treatment:

a) On the Effective Date, each Holder of Patient Refund Claims, except to the extent that a Holder of an Allowed Patient Refund Claim agrees to a less favorable treatment, shall receive in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Patient Refund Claim:

1. to the extent the Holder of such Patient Refund Claim has any Patient A/R, a credit against such Patient A/R up to the full amount of such Holder's Patient Refund Claim; provided, that, if the Patient Refund Claim exceeds the Patient A/R, the Holder shall receive the balance of the Patient Refund Claim in cash; or

2. if no Patient A/R exists for such Holder, the Holder of such Allowed Claim may be paid in the ordinary course of business consistent with past practices.

(iii) *Impairment and Voting:* Class 4 is Unimpaired under the Plan. Holders of Patient Refund Claims in Class 4 are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

(e) Class 5 – Secured Bondholder Claims

(i) *Classification*: Class 5 consists of all Secured Bondholder Claims on account of the Series 2019 Bonds.

(ii) *Allowance*: The Secured Bondholder Claims shall be allowed in an aggregate principal amount of $40,000,000.

(iii) *Treatment:* On the Effective Date, except to the extent that a Holder of a Secured Bondholder Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Secured Bondholder Claim, $40,000,000 of the outstanding principal amount of the Series 2019 Bonds shall be reinstated and exchanged for the New Bonds issued on the terms set forth in the Secured Debt Restructuring Term Sheet and the New Bond Documents, and the Bondholder Deficiency Claim comprised of the remaining approximately $1,800,000 in outstanding principal amount of the Series 2019 Bonds shall be waived in its entirety, and entitled to no distribution or rights as against the Liquidating Trust.

(iv) *Impairment and Voting*: Class 5 is Impaired under the Plan. Holders of Allowed Secured Bondholder Claims in Class 5 are entitled to vote to accept or reject the Plan.

(f) Class 6 – Secured M&M Lien Claims

(i) *Classification:* Class 6 consists of the Secured M&M Lien Claims.

(ii) *Treatment:* On the Effective Date, or as soon as reasonably practicable thereafter, except to the extent that a Holder of an Allowed Secured M&M Lien Claim agrees to less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for its Allowed Secured M&M Lien Claim, each Holder of an Allowed Secured M&M Lien Claim shall receive, at the Debtors' option: (a) payment in full in Cash; (b) Reinstatement of its Allowed Secured M&M Lien Claim; (c) such other treatment rendering its Allowed Secured M&M Lien Claim Unimpaired in accordance with section 1124 of the Bankruptcy Code; or (d) such other treatment necessary to satisfy section 1129(b)(2)(A) of the Bankruptcy Code.

(iii) *Impairment and Voting:* Class 6 is Impaired under the Plan. Holders of Secured M&M Lien Claims in Class 6 are entitled to vote to accept or reject the Plan.

(g) Class 7 - General Unsecured Claims

(i) *Classification*: Class 7 consists of all General Unsecured Claims against any Debtor.

(ii) *Treatment*: On, or as soon as reasonably practicable after, the Effective Date, except to the extent such Holder and the Reorganized Debtors or the Liquidating Trustee, as applicable, agree to a less favorable treatment, each Holder of an Allowed General Unsecured Claim shall receive, on account of, in exchange for, and in full and final satisfaction, compromise, settlement, release, and discharge of such Allowed General Unsecured Claim its Pro Rata share of Liquidating Trust Interests.

(iii) *Impairment and Voting*: Class 7 is Impaired under the Plan. Holders of Allowed Claims in Class 7 are entitled to vote to accept or reject the Plan.

(h) Reserved

(i) Class 9 – Insured Claims

(i) *Classification:* Class 9 consists of Allowed Insured Claims

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

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

In the event the applicable Insurer denies the tender of defense or there are no applicable or available insurance policies, or proceeds from applicable and available insurance policies have been exhausted or are otherwise insufficient to pay in full a Holder's recovery, if any, as determined by an order or judgment by a court of competent jurisdiction or under a settlement or compromise of such Holder's Insured Claim, on account of its Insured Claim, then such Holder shall be entitled to its Pro Rata share of Liquidating Trust Interests based on the amount of an Allowed Claim equal to the amount of the Allowed Insured Claim less the amount of available proceeds paid such Allowed Insured Claim from the applicable and available Insurance Policies (the "<u>Insured Deficiency Claim</u>"); *provided*, that if a Holder of an Insured Claim elects to "opt in" on its Ballot to provide a release of its Insured Deficiency Claim, (i) such Holder shall not be entitled to any recovery on account of its Insured Deficiency Claim, (ii) such Holder shall be deemed to have released the Debtors and the Reorganized Debtors, as applicable, for any such Insured Deficiency Claim (therefore forgoing any rights to or against the Liquidating Trust or as a Liquidating Trust Beneficiary) and (iii) such Holder shall receive a mutual release from the Debtors and the Reorganized Debtors, as applicable. In no event shall any Holder of an Allowed Insured Deficiency Claim be entitled to receive more than one hundred percent (100%) of the Allowed Amount of their respective Allowed Insured Deficiency Claim. In no event shall any Holder of an Allowed Insured Deficiency Claim receive payment on account of such Allowed Insured Deficiency Claim in an amount that, when summed with payment to such Holder from any policy of insurance with respect to the Allowed Insured Claim, exceeds the Pro Rata share of Liquidating Trust Interests such Holder would have received had the Holder's Claim been classified in Class 7.

Any amount of an Allowed Insured Claim within a deductible or self-insured retention shall be paid by the applicable insurance, in accordance with the applicable Insurance Policy, to the Claim Holder and such Insurer shall have a General Unsecured Claim (or Secured Claim, if it holds collateral) for the amount of the deductible or retention paid, provided that it has timely filed an otherwise not objectionable proof of claim encompassing such amounts. For purposes of retentions and deductibles in any Insurance Policy, including, but not limited to, an Insurance Policy insuring officers, directors, consultants or others against claims based upon prepetition occurrences, the Confirmation Order shall constitute a finding that the Debtors are insolvent and unable to advance or indemnify Insured Claims, from Estate or Debtor funds, for any loss, claim, damage, settlement or judgment of Debtors within the applicable retention or deductible amount. However, the foregoing sentence does not modify the Insurer's right to a claim described in the first sentence of this paragraph.

(iii) *Impairment and Voting:* Class 9 is Impaired under the Plan. Holders of Allowed Claims in Class 9 are entitled to vote to accept or reject the Plan. Unless otherwise ordered by the Bankruptcy Court, each Holder of a Class 9 Insured Claim shall have a $1.00 vote for each filed Insured Claim.

(j) <u>Class 10 - Intercompany Claims</u>

(i) *Classification*: Class 10 consists of all Intercompany Claims

(ii) *Treatment*: On the Effective Date, Class 10 Claims shall be canceled and released without any distribution upon implementation of the Plan.

(iii) *Impairment and Voting*: Class 10 is Impaired under the Plan. Holders of Class 10 Claims are conclusively deemed to have rejected the Plan pursuant to section 1126(f) or 1126(g) of the Bankruptcy Code. Holders of Class 10 Claims are not entitled to vote to accept or reject the Plan.

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

4. Elimination of Vacant Classes

Any Class of Claims that does not have a Holder of an Allowed Claim or a Claim temporarily Allowed by the Bankruptcy Court as of the date of the Confirmation Hearing shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

5. Voting Classes, Presumed Acceptance by Non-Voting Classes

If a Class contains Claims eligible to vote and no Holders of Claims eligible to vote in such Class vote to accept or reject the Plan, the Holders of such Claims in such Class shall be deemed to have accepted the Plan.

6. Confirmation Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code.

Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of Confirmation by acceptance of the Plan by Class 5. The Debtors shall seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims.

7. Controversy Concerning Impairment.

If a controversy arises as to whether any Claims or any Class of Claims are Impaired, the Bankruptcy Court shall, after notice and a hearing, determine such controversy on or before the Confirmation Date.

8. Subordinated Claims.

The allowance, classification, and treatment of all Allowed Claims and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, the Reorganized Debtors reserve the right to re-classify any Allowed Claim in accordance with any contractual, legal, or equitable subordination relating thereto.

C. Means for Implementation of the Plan

1. General Settlement of Claims.

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, Distributions, releases, and other benefits provided under the Plan, upon the Effective Date, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims and controversies resolved pursuant to the Plan, including (1) any challenge to the amount, validity, perfection, enforceability, priority or extent of the Other Secured Claims once Allowed or the Allowed Secured Bondholder Claims (including those in the Committee Adversary Proceeding) and (2) any claim to avoid, subordinate, or disallow any Other Secured Claim once Allowed or the Allowed Secured Bondholder Claim, whether under any provision of chapter 5 of the Bankruptcy Code, on any equitable theory (including equitable subordination, equitable disallowance, or unjust enrichment) or otherwise. The Plan shall be deemed a motion to approve the good faith compromise and settlement of all such Claims and controversies pursuant to Bankruptcy Rule 9019, and the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of such compromise and settlement under section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, as well as a finding by the Bankruptcy Court that such settlement and compromise is fair, equitable, reasonable and in the best interests of the Debtors and their Estates. Subject to Article VII and Article VIII of the Plan, all Distributions made to holders of Allowed Claims (as applicable) in any Class are intended to be and shall be final.

2. Restructuring Transactions and Committee Settlement.

On or before the Effective Date, the applicable Debtors or the Reorganized Debtors shall enter into any transaction and shall take any actions as may be necessary or appropriate to effect a corporate restructuring of their respective businesses or a corporate restructuring of the overall corporate structure of the Debtors on the terms set forth in the Plan. The actions to implement the Restructuring Transactions shall include the execution and delivery of appropriate agreements, including the New Bond Documents that are consistent with the terms of the Plan, the Secured Debt Restructuring Term Sheet and the Intercreditor Agreement, satisfy the requirements of applicable law, and are reasonably satisfactory to the New Master Trustee. In addition, in connection with the execution of the New Bond Documents, (i) the Bondholder and its applicable Related Party has agreed to write down significant portions of the Prepetition Bond Facility and waive the Bondholder Deficiency Claim in its entirety, such that there is no recovery on such Claim and no rights in or to the Liquidating Trust on account of such Bondholder Deficiency Claim, and (ii) the Term Lender has agreed to write off the outstanding obligations under the Term Loan Agreement in exchange for a Term Lender Deficiency Claim for the full amount of the Secured Term Lender Claims, any recovery on which the Term Lender has agreed to waive such that the Term Lender Deficiency Claim (whether secured or unsecured) shall have no rights in or entitlement under the Liquidating Trust. The Reorganized Debtors shall be authorized and directed to enter into the New Bond Documents on the Effective Date.

Among other things, under the Committee Settlement, (i) the Reorganized Debtors shall distribute the GUC Cash Amount in the aggregate amount of $4,750,000 to the Liquidating Trust for the benefit of the Liquidating Trust Beneficiaries on the applicable dates ($4,000,000 on the Effective Date and $750,000 on October 1, 2025) and, on the Effective Date, issue the GUC Note in the principal amount of $5,250,000 to the Liquidating Trustee for the benefit of the Liquidating Trust Beneficiaries pursuant to the terms set forth in the Plan, the GUC Note and the Intercreditor Agreement, as applicable, (ii) the Bondholder and its applicable Related Party shall remit $2,500,000 to the Reorganized Debtors on the Effective Date, which amount shall be used contemporaneously to fund the GUC Cash Amount to be distributed to the Liquidating Trust, (iii) the Prepetition Secured Parties shall not receive any cash payments from the Debtors prior to the Effective Date, including reimbursement for interest, fees or expenses incurred, (iv) the treatment and disposition of the Pavilion Claims, the Pavilion-Related Claims and related matters shall be reasonably acceptable to the Prepetition Secured Parties and their applicable Related Party, (v) upon receipt of $4,000,000 of the GUC Cash Amount on the Effective Date, the Committee shall release any and all claims against the Prepetition Secured Parties, including those reflected in the Committee Adversary Proceeding and any associated or related claims against the Debtors (except for claims under the Committee Settlement and the Plan) and (vi) on the Effective Date, the Committee shall release any and all claims against the Debtors' Estates unless otherwise specified in the Plan, and provided that the Committee shall not release any claims provided for under the Committee Settlement.

Entry of the Confirmation Order shall be an order pursuant to Bankruptcy Rule 9019 approving the Committee Settlement as embodied in the Global Settlement Term Sheet attached as Exhibit C to the Plan and incorporated by reference herein. The Committee reserves all rights to enforce the terms of the Committee Settlement reflected in the Global Settlement Term Sheet; provided that in the event of any conflict between the terms therein and the Plan, the Plan controls.

(1) On the Effective Date, the New Bond Documents shall constitute legal, valid, binding, and authorized obligations of the Reorganized Debtors, enforceable in accordance with their terms. The financial accommodations to be extended under the New Bond Documents shall be deemed to have been extended in good

faith for legitimate business purposes; and they are reasonable and shall not be subject to avoidance, re-characterization, or subordination (including equitable subordination) for any purpose whatsoever (unless specified in the Plan) and shall not constitute preferential transfers, fraudulent conveyances, or other voidable transfers under the Bankruptcy Code or any other applicable non-bankruptcy law.

(2) On the Effective Date, all of the Liens and security interests to be granted in accordance with the New Bond Documents (a) shall be deemed to be granted, (b) shall be legal, binding, and enforceable Liens on and security interests in the collateral granted thereunder in accordance with the terms of the New Bond Documents, (c) shall be deemed automatically perfected on the Effective Date (without any further action being required by the Reorganized Debtors, the New Bond Trustee, or any of Holders of New Bonds), having the priority set forth in the New Bond Documents and subject only to such Liens and security interests as may be permitted under the New Bond Documents, and (d) shall not be subject to avoidance, recharacterization, or subordination (including equitable subordination) for any purposes whatsoever (unless specified in the Plan) and shall not constitute preferential transfers, fraudulent conveyances, or other voidable transfers under the Bankruptcy Code or any applicable non-bankruptcy law. In addition to the foregoing, any Liens and security interests granted to the Prepetition Secured Parties, pursuant to, or in connection with, the existing Bond Documents and any Final Order, shall (i) remain valid and effective from and after the Effective Date, and remain perfected as of the date on which they were first perfected, (ii) secure the obligations of the Reorganized Debtors under the New Bond Documents and the Superpriority Exit Facility Documents and (iii) be subordinated to the Liens and security interests granted pursuant to, or in connection with, the Superpriority Exit Facility Documents.

(3) The Reorganized Debtors, and the Entities granted such Liens and security interests are authorized to make all filings and recordings and to obtain all governmental approvals and consents necessary to establish and perfect such Liens and security interests under the provisions of the applicable state, provincial, federal, or other law (whether domestic or foreign) that would be applicable in the absence of the Plan and the Confirmation Order (it being understood that perfection shall occur automatically by virtue of the entry of the Confirmation Order, and any such filings, recordings, approvals, and consents shall not be required) and the Reorganized Debtors will thereafter cooperate to make all other filings and recordings that otherwise would be necessary under applicable law to give notice of such Liens and security interests to third parties.

(4) The Reorganized Debtors shall cause the Issuer to issue the New Bonds, the primary economic terms of which are set forth in the Secured Debt Restructuring Term Sheet. The issuance of the New Bonds and New Notes for distribution under the Plan is authorized without the need for further corporate action by the Reorganized Debtors, and all of the New Notes issued or issuable under the Plan shall be duly authorized and validly issued under the Plan.

(5) The Reorganized Debtors shall cause to be delivered customary legal opinions and other documents in connection with the issuance of the New Bonds, in form and substance acceptable to the New Bond Trustee and the New Secured Debt Lenders, including, without limitation, (a) the opinion of Bond Counsel described in the New Bond Documents, and (b) a lender's title policy with respect to the real property securing the Reorganized Debtors' obligations under the New Bond Documents, and the mortgage position of the New Bond Trustee, subject to such exceptions as are reasonably acceptable to the New Bond Trustee and the New Secured Debt Lenders and as set forth in the Plan.

(6) The offering, issuance, and distribution of the New Bonds and New Notes issued under the Plan, if applicable, shall be exempt from, among other things, the registration requirements of the Securities Act, and under section 1145(a)(1) of the Bankruptcy Code. Any and all New Bonds issued under the Plan will be freely tradable under the Securities Act by the recipients thereof, subject to all other applicable laws, statutes or regulations.

(7) The Reorganized Debtors shall fund the Liquidating Trust with the GUC Cash Amount.

(8) On the Effective Date, the GUC Note shall constitute legal, valid, binding, and authorized obligations of the Reorganized Debtors, enforceable in accordance with their terms. The financial accommodations to be extended under the GUC Note shall be deemed to have been extended in good faith for legitimate business purposes; and they are reasonable and shall not be subject to avoidance, re-characterization, or subordination (including equitable subordination) for any purpose whatsoever (other than with respect to the New Bond

Documents and the Superpriority Exit Facility Documents as set forth in the Plan and the Intercreditor Agreement) and shall not constitute preferential transfers, fraudulent conveyances, or other voidable transfers under the Bankruptcy Code or any other applicable non-bankruptcy law.

3. <u>Reorganized Debtors</u>.

On the Effective Date, the New Board shall be established and shall be comprised of the members of the current board of trustees. The Reorganized Debtors shall be authorized to adopt any other agreements, documents, and instruments and to take any other actions contemplated under the Plan as necessary to consummate the Plan.

4. <u>Sources of Consideration for Distributions</u>.

The Reorganized Debtors shall make distributions to be made in (i) Cash, (ii) New Bonds, (iii) the Superpriority Exit Facility, and (iv) the GUC Note. Distributions on behalf of the Allowed General Unsecured Claims shall be made only from the Liquidating Trust.

(a) <u>Cash on Hand</u>

(i) The Reorganized Debtors shall use Cash on hand to fund Distributions to certain Holders of Allowed Claims and to the Liquidating Trust in accordance with Articles II and III of the Plan.

(ii) On the Effective Date, the Bondholder and its applicable Related Party shall remit $2,500,000 to the Debtors or Reorganized Debtors for contemporaneous use by the Debtors or Reorganized Debtors, as applicable, in funding GUC Cash Amount.

(b) <u>New Bonds</u>

On the Effective Date, in exchange for the Series 2019 Bonds, the New Bonds shall be issued on the terms and conditions of the Secured Debt Restructuring Term Sheet. The New Bonds shall be tax-exempt and shall be paid pursuant to the terms and conditions reflected in the Secured Debt Restructuring Term Sheet. The New Bonds shall be secured by a security interest against substantially all assets of the Reorganized Debtor, which shall be senior in priority to all other Liens and security interests except for those granted under the Superpriority Exit Facility Documents or otherwise permitted under the New Bond Documents.

The issuance of the New Bonds is authorized without the need for any further corporate action or further action by the Bondholder. All Holders of Allowed Secured Bondholder Claims entitled to Distributions hereunder shall be deemed to be a party to, and bound by, the New Bond Documents, regardless of whether such Holder has executed a signature page. On the Effective Date, all of the Liens and security interests to be granted in accordance with the New Bond Documents (1) shall be deemed to be granted, (2) shall be legal, binding, and enforceable Liens on, and security interests in, the collateral granted thereunder in accordance with the terms of the New Bond Documents, (3) shall be deemed perfected on the Effective Date and (4) shall not be subject to recharacterization or equitable subordination for any purposes whatsoever and shall not constitute preferential transfers or fraudulent conveyances under the Bankruptcy Code or any applicable nonbankruptcy law.

Subject to the occurrence of the Effective Date, the New Bond Documents shall constitute legal, valid, and binding obligations of the Reorganized Debtors party thereto and shall be enforceable in accordance with their respective terms. Each distribution and issuance of the New Bonds under the Plan shall be governed by the terms and conditions set forth in the Plan and Secured Debt Restructuring Term Sheet applicable to such distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, which terms and conditions shall bind each Entity receiving such distribution or issuance. For the avoidance of doubt, the acceptance of New Bonds by any Holder of any Claim shall be deemed as such Holder's agreement to the New Bond Documents, as each may be amended or modified from time to time following the Effective Date in accordance with its terms.

The Reorganized Debtors and the Holders that are granted such Liens and security interests shall be authorized to make all filing and recordings and to obtain all governmental approvals and consents necessary to establish and perfect such Liens and security interests under the provisions of the applicable state, federal, or other law that would be applicable in the absence of the Plan and the Confirmation Order (it being understood that perfection shall occur automatically by virtue of entry of the Confirmation Order, and any such filings, recording, approvals, and consents shall not be required), and the Reorganized Debtors shall thereafter cooperate to make all other filings and recordings that otherwise would be necessary under applicable law to give notice of such Liens and security interest to third parties. The Liens and security interests granted under the New Bond Documents shall be senior in priority to all other Liens and security interests except for those previously granted pursuant to, or in connection with, the Bond Documents and any Final Order (which Liens and security interests shall remain valid and effective from and after the Effective Date) and those granted under the Superpriority Exit Facility Documents or otherwise permitted under the New Bond Documents.

The New Bonds do not constitute a general obligation of the Issuer or a debt or pledge of the faith and credit of the Commonwealth of Massachusetts or any political subdivision thereof. The principal, purchase price, redemption price of, and interest on the bonds are payable solely from the revenues and funds pledged for their payment under the New Bond Documents. The Issuer has no taxing power under the Act.

The Excess Cash Sweep threshold shall be reduced to 28 Days Cash on Hand for all test periods; provided that following the first payment of $1,750,000.00 on account of the GUC Note referenced in Article IV.D.4 of the Plan, the Excess Cash Sweep threshold shall be further reduced to 27 Days Cash on Hand for all test periods – and this threshold shall be applicable to all subsequent payments on account of the GUC Note and the New Secured Debt.

(c) Superpriority Exit Facility

On the Effective Date, the Reorganized Debtors shall execute and deliver the Superpriority Exit Facility Credit Agreement and the other Superpriority Exit Facility Documents. Confirmation shall be deemed approval of the Superpriority Exit Facility (including transactions contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred and fees paid by the Debtors or Reorganized Debtors in connection therewith). The Reorganized Debtors shall execute and deliver those documents necessary or appropriate to obtain the Superpriority Exit Facility, including the Superpriority Exit Facility Documents. The primary economic terms of the Superpriority Exit Facility are set forth in the Secured Debt Restructuring Term Sheet. Pursuant to the Committee Settlement, any commitment fee under the Superpriority Exit Facility shall be deferred until the earlier of the payment in full of the Superpriority Exit Facility or the maturity of the Superpriority Exit Facility.

On the Effective Date, as applicable, all Liens and security interests granted pursuant to, or in connection with, the Superpriority Exit Facility Credit Agreement shall be deemed granted by the Reorganized Debtors pursuant to the Superpriority Exit Facility Credit Agreement, and all Liens and security interests granted pursuant to, or in connection with the Superpriority Exit Facility Credit Agreement (including any Liens and security interests granted on the Reorganized Debtors' assets) shall (i) be valid, binding, perfected, enforceable liens and security interests in the property described in the Superpriority Exit Facility Credit Agreement and the other "Loan Documents" (as defined therein or any similar defined term), (ii) be senior in priority to any Liens and security interests granted pursuant to, or in connection with, the New Bond Documents, the Bond Documents and any Final Order and (iii) not be enjoined or subject to discharge, impairment, release, avoidance, recharacterization, or subordination under any applicable law, the Plan or the Confirmation Order.

The applicable Reorganized Debtors shall also execute, deliver, file, record and issue any other related notes, guarantees, deeds of trust, security documents or instruments (including UCC financing statements), amendments to the foregoing, or agreements in connection therewith, in each case, without (A) further notice to or action, order, or approval of the Bankruptcy Court or (B) further act or action under applicable law, regulation, order or rule or the vote, consent, authorization or approval of any Entity (it being understood that perfection shall occur automatically by virtue of the entry of the Confirmation Order without the need for any filings or recordings) and will thereafter cooperate to make all other filings and recordings that otherwise would be necessary under applicable Law to give notice of such liens and security interests to third parties.

(d) GUC Note

On the Effective Date, the Reorganized Debtors shall execute and deliver the GUC Note. Specifically, the GUC Note shall be an unsecured, subordinated promissory note in the principal amount of $5,250,000, bearing interest at 2% per annum, and, further, shall solely be paid from the Excess Cash Sweep (as defined in the GUC Note, which definition shall not be amended absent the reasonable consent of the Prepetition Secured Parties), subject to the Intercreditor Agreement (in which the definition of the Excess Cash Sweep likewise shall not be amended absent the reasonable consent of the Prepetition Secured Parties) and subordinated to the New Secured Debt. Confirmation shall be deemed approval of the GUC Note (including transactions contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred and fees paid by the Debtors or Reorganized Debtors in connection therewith). The Reorganized Debtors shall execute and deliver those documents necessary or appropriate to issue the GUC Note, including, but not limited to, the Intercreditor Agreement.

Pursuant to the Committee Settlement, the GUC Note and the New Bonds shall share distributions of the Excess Cash Sweep as follows: (1) the first $1,750,000 to the GUC Note; (2) the next $5,000,000 to the New Bonds; (3) after (a) the Liquidating Trust receives the entire GUC Cash Amount of $4,750,000 and the first $1,750,000 under the Excess Cash Sweep and (b) the holders of the New Bonds receive the next $5,000,000 of the Excess Cash Sweep, all subsequent distributions under the Excess Cash Sweep shall be paid 70% on account of the New Bonds and 30% on account of the GUC Note until the balance of the GUC Note is satisfied; (4) then all excess cash under the Excess Cash Sweep shall be paid on account of the New Bonds.

The applicable Reorganized Debtors shall also execute, deliver, file, record and issue any other related notes, amendments to the foregoing, or agreements in connection therewith, in each case, without (A) further notice to or action, order, or approval of the Bankruptcy Court or (B) further act or action under applicable law, regulation, order or rule or the vote, consent, authorization or approval of any Entity.

(e) Intercompany Claim Waivers

On the Effective Date, each Debtor that is a Holder of an Intercompany Claim shall waive its recoveries on account of such Claims.

5. Corporate Existence.

Except as otherwise provided in the Plan, each Debtor shall continue to exist after the Effective Date as a separate corporate entity, limited liability company, partnership, or other forms, as the case may be, with all the powers of a corporation, limited liability company, partnership, or other form, as the case may be, pursuant to the applicable law in the jurisdiction in which each applicable Debtor is incorporated or formed and pursuant to the respective certificate of incorporation and by-laws (or other formation documents) in effect prior to the Effective Date, except to the extent such certificate of incorporation and by-laws (or other formation documents) are amended under the Plan or otherwise, and to the extent such documents are amended, such documents are deemed to be amended pursuant to the Plan and require no further action or approval (other than any requisite filings required under applicable state, provincial, or federal law).

6. Vesting of Assets in the Reorganized Debtors.

Except as otherwise provided in the Plan or any agreement, instrument, or other document incorporated in the Plan, on the Effective Date, all property in each Estate, all Causes of Action, and any property acquired by any of the Debtors pursuant to the Plan shall vest in each respective Reorganized Debtor, free and clear of all Liens, Claims, charges, or other encumbrances (except for the Liens securing obligations under the New Bond Documents or the Superpriority Exit Facility Documents and any other Liens reinstated or retained pursuant to the Plan (including the Liens and security interests granted pursuant to, or in connection with, the Bond Documents or any Final Order)). For the avoidance of doubt, the Pavilion Claims shall vest exclusively in the applicable Reorganized Debtors, free and clear of all Liens, Claims, charges, or other encumbrances (except for the Liens securing obligations under the New Bond Documents or the Superpriority Exit Facility Documents and any other Liens reinstated or retained pursuant to the Plan (including the Liens and security interests granted pursuant to, or in connection with, the Bond Documents or any Final Order)), subject to rights of the Liquidating Trustee under the Committee Settlement. On and after the Effective Date, except as otherwise provided in the Plan, each Reorganized Debtor may operate its business and may use, acquire, or dispose of property and compromise or settle any Claims or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules but subject to any restrictions of the Committee Settlement, including rights provided to the Liquidating Trustee.

7. Cancellation of Existing Agreements.

On the Effective Date, except to the extent otherwise provided in the Plan, all notes, instruments, certificates, and other documents evidencing Claims, including credit agreements and indentures, shall be canceled and the obligations of the Debtors and any non-Debtor affiliate thereunder or in any way related thereto shall be deemed satisfied in full, canceled, discharged, and of no force or effect. Holders of or parties to such cancelled instruments, securities, and other documentation will have no rights arising from or relating to such instruments, securities, and other documentation, or the cancellation thereof, except the rights provided for pursuant to the Plan. Notwithstanding anything to the contrary in this section or otherwise, (i) none of the NMTC Loan Documents shall be cancelled and (ii) the Bond Documents shall be canceled and the obligations of the Debtors thereunder shall be deemed satisfied in full only upon the delivery of the New Bonds; *provided*, that (1) the Bond Documents shall continue in full force and effect (including in respect of any provision that provides for (a) indemnification or reimbursement of the Bond Trustee or the Master Trustee by any other Prepetition Secured Party, (b) the application of any amounts received by the Bond Trustee or the Master Trustee or the priority of any claim or lien of the Bond Trustee or the Master Trustee on any property or funds held or collected by the Bond Trustee or the Master Trustee, and (c) duties and rights of the Bond Trustee or the Master Trustee in respect of such actions to be taken under the Plan, including the cancelation of obligations thereunder or otherwise) to the extent necessary in order to enable the Prepetition Secured Parties to implement the terms of the Plan and (2) any Lien or security interest granted pursuant to, or in connection with, the Bond Documents and any Final Order shall remain valid and effective from and after the Effective Date, and any such Lien or security interest shall remain perfected as of the date on which it was first perfected.

8. Corporate Action.

Upon the Effective Date, all actions contemplated under the Plan shall be deemed authorized and approved in all respects, including (1) adoption or assumption, as applicable, of the Employment Obligations; (2) selection of the directors and officers for the Reorganized Debtors; (3) implementation of the Restructuring Transactions; (4) all other actions contemplated under the Plan (whether to occur before, on, or after the Effective Date); (5) adoption of the New Organizational Documents; (6) the applicable Reorganized Debtors' entry into, delivery, and performance under the New Bond Documents, (7) the applicable Reorganized Debtors' entry, delivery and performance under the Superpriority Exit Facility Documents, (8) the applicable Reorganized Debtors' entry, delivery and performance under the GUC Note, (9) the rejection, assumption, or assumption and assignment, as applicable, of Executory Contracts and Unexpired Leases; (10) all other acts or actions contemplated or reasonably necessary or appropriate to promptly consummate the Restructuring Transactions contemplated by the Plan (whether to occur before, on, or after the Effective Date); and (11) execution and entry into the Liquidating Trust Agreement and all other acts or actions contemplated or reasonably necessary or appropriate to promptly consummate the transactions included therein. All matters provided for in the Plan involving the corporate structure of the Debtors or the Reorganized Debtors, and any corporate action required by the Debtors or the Reorganized Debtor, as applicable, in connection with the Plan shall be deemed to have occurred and shall be in effect, without any requirement of further action by the security holders, directors, or officers of the Debtors or the Reorganized Debtors, as applicable. On or (as applicable) prior to the Effective Date, the appropriate officers of the Debtors or the Reorganized Debtors, as applicable, shall be authorized and (as applicable) directed to issue, execute, and deliver the agreements, documents, securities, and instruments contemplated under the Plan (or necessary or desirable to effect the transactions contemplated under the Plan) in the name of and on behalf of the Reorganized Debtors, the New Organizational Documents, the New Bond Documents, and any and all other agreements, documents, securities, and instruments relating to the foregoing. The authorizations and approvals contemplated by Article IV.H of the Plan shall be effective notwithstanding any requirements under non-bankruptcy law so long as such authorizations and approvals are in accordance with section 1129(a)(16) of the Bankruptcy Code.

9. New Organizational Documents.

On or immediately prior to the Effective Date, the New Organizational Documents may be amended in a manner acceptable to Debtors, as may be necessary to effectuate the transactions contemplated by the Plan. Each of the Reorganized Debtors will file its New Organizational Documents, to the extent such documents are modified, with the applicable Secretaries of State and/or other applicable authorities in its respective state, province, or country of incorporation in accordance with the corporate laws of the respective state, province, or country of incorporation. The New Organizational Documents will prohibit the issuance of non-voting equity securities, to the extent required under section 1123(a)(6) of the Bankruptcy Code.

10. Directors and Officers of the Reorganized Debtors.

As of the Effective Date, the current members of the board of trustees of the Debtors shall be appointed as members of the New Board for the Reorganized Debtors, and the officers of each of the Debtors shall be appointed by the Reorganized Debtors. In accordance with section 1129(a)(5) of the Bankruptcy Code, the identities and affiliations of the members of the New Board and any Person proposed to serve as an officer of the Reorganized Debtors shall be disclosed at or before the Confirmation Hearing, in each case to the extent the identity of such proposed director or officer is known at such time. To the extent any such director or officer of the Reorganized Debtors is an Insider, the Debtors also will disclose the nature of any compensation to be paid to such director or officer. Each such director and officer shall serve from and after the Effective Date pursuant to the terms of the New Organizational Documents and other constituent documents of the Reorganized Debtors.

11. Effectuating Documents; Further Transactions.

On and after the Effective Date, the Reorganized Debtors, and the officers and members of the boards of directors thereof, are authorized to and may issue, execute, deliver, file, or record such contracts, Securities, instruments, releases, and other agreements or documents and take such actions as may be necessary to effectuate, implement, and further evidence the terms and conditions of the Plan, the Restructuring Transactions, the Superpriority Exit Facility Documents, the GUC Note, and the New Bond Documents, without the need for any approvals, authorization, or consents except for those expressly required pursuant to the Plan.

12. Section 1146 Exemption

To the fullest extent permitted by section 1146(a) of the Bankruptcy Code, any transfers (whether from a Debtor to a Reorganized Debtor or to any other Person) of property under the Plan or pursuant to: (1) the issuance, distribution, transfer, or exchange of any debt, equity security, or other interest in the Debtors or the Reorganized Debtors; (2) the Restructuring Transactions; (3) the creation, modification, consolidation, termination, refinancing, and/or recording of any mortgage, deed of trust, or other security interest, or the securing of additional indebtedness by such or other means; (4) the making, assignment, or recording of any lease or sublease; or (5) the making, delivery, or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including any deeds, bills of sale, assignments, or other instrument of transfer executed in connection with any transaction arising out of, contemplated by, or in any way related to the Plan, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, regulatory filing or recording fee, or other similar tax or governmental assessment, and upon entry of the Confirmation Order, the appropriate state or local governmental officials or agents shall forego the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax, recordation fee, or governmental assessment. All filing or recording officers (or any other Person with authority over any of the foregoing), wherever located and by whomever appointed, shall comply with the requirements of section 1146(c) of the Bankruptcy Code, shall forego the collection of any such tax or governmental assessment, and shall accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

13. **Director and Officer Liability Insurance**.

Reasonable directors' and officers' Insurance Policies remained in place in the ordinary course during the Chapter 11 Cases and shall remain in place from and after the Effective Date.

14. **Employee and Retiree Benefits**.

Unless otherwise provided in the Plan, all employee wages, compensation, and benefit programs in place as of the Effective Date with the Debtors, including the 457 Plan, shall be assumed by the Reorganized Debtors and shall remain in place as of the Effective Date, and the Reorganized Debtors will continue to honor such agreements, arrangements, programs, and plans. Notwithstanding the foregoing, pursuant to section 1129(a)(13) of the Bankruptcy Code, from and after the Effective Date, all retiree benefits (as such term is defined in section 1114 of the Bankruptcy Code), if any, shall continue to be paid in accordance with applicable law.

15. **Preservation of Causes of Action**.

In accordance with section 1123(b) of the Bankruptcy Code, but subject to Article VIII of the Plan and the terms of the Committee Settlement, the Reorganized Debtors shall exclusively retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action (including the Pavilion Claims), whether arising before or after the Petition Date, and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date, other than the Causes of Action released by the Debtors pursuant to the releases and exculpations contained in the Plan, including in Article IX. All and any proceeds of any such Causes of Action shall remain exclusively with the Reorganized Debtors, provided that the Liquidating Trust Pavilion Claim Cash Proceeds shall be transferred to the Liquidating Trust as set forth in the Plan.

The Reorganized Debtors may pursue such Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Debtors. **No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against it as any indication that the Debtors or the Reorganized Debtors, as applicable, will not pursue any and all available Causes of Action against it. The Debtors or the Reorganized Debtors, as applicable, expressly reserve all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan, including Article IX of the Plan**. Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court order, the Reorganized Debtors expressly reserve all Causes of Action for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation.

The Reorganized Debtors reserve and shall retain such Causes of Action notwithstanding the rejection or repudiation of any Executory Contract or Unexpired Lease during the Chapter 11 Cases or pursuant to the Plan. In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that a Debtor may hold against any Entity shall vest in the Reorganized Debtors, except as otherwise expressly provided in the Plan, including Article IX of the Plan. The applicable Reorganized Debtors, through their authorized agents or representatives, shall retain and may exclusively enforce any and all such Causes of Action. The Reorganized Debtors shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court.

16. **Assumption, Ratification, Reaffirmation, and Reinstatement of NMTC Documents and Waiver of Discharge and Injunction with Respect Thereto**

Effective as of the Effective Date, the NMTC Documents constitute Executory Contracts capable of assumption under section 365(a) of the Bankruptcy Code and shall be deemed to be assumed by the applicable

Reorganized Debtor pursuant to section 365(a) of the Bankruptcy Code and the entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Reorganized Debtor's assumption of such documents.

In addition to the assumption of those NMTC Documents as provided for in the Plan, and notwithstanding anything to the contrary contained in the Plan or the Confirmation Order, all of the NMTC Documents, together with the terms and conditions thereof and each and every of the encumbrances and Liens granted pursuant thereto along with all obligations thereunder, shall be deemed ratified, confirmed, reaffirmed, reinstated and enforceable, and in full force and effect, as if no bankruptcy had been filed by the Debtor, and any and all such encumbrances and Liens shall continue to secure the payment and performance of the obligations due thereunder in accordance with their respective terms.

Notwithstanding anything to the contrary contained in the Plan or the Confirmation Order:

1. The discharge and the Injunction granted in the Plan do not apply to the NMTC Documents or any rights, Claims, interests, or entitlements of the NMTC Transaction Lender/Equity Parties related thereto or arising thereunder, and Confirmation of the Plan shall not discharge, impair, or otherwise modify or amend any terms, conditions, agreements or obligations arising out of or in any way related to the NMTC Documents; and

2. The Debtors do not maintain any Claims, Causes of Action, rights of setoff, recoupment or subordination, or other legal or equitable defense with respect to the NMTC Documents, the NMTC Transaction, or the NMTC Transaction Lender/Equity Parties. To the extent any such Claim, Cause of Action, right of setoff, recoupment or subordination, or other legal or equitable defense exists, it is hereby waived, released, and discharged; and

3. Neither any unexpired lease nor the Leverage Loans shall be made subject to any Lien or any encumbrance of any kind or nature, including, without limitation, any Lien or encumbrance related to or granted in connection with the New Bonds or Superpriority Exit Facility, except as otherwise expressly permitted by the NMTC Documents.

17. Dissolution of Quabbin.

Upon a certification to be Filed with the Bankruptcy Court by the Reorganized Debtors of all distributions having been made and completion of all its duties under the Plan and entry of a final decree closing the last of the Chapter 11 Cases, Quabbin shall be deemed to be dissolved without any further action by the Reorganized Debtors, including the filing of any documents with the secretary of state for the state in which Quabbin is formed or is operating or in any other jurisdiction. Notwithstanding the foregoing, the Reorganized Debtors shall retain the authority to take all necessary actions to dissolve Quabbin in, and withdraw Quabbin from, applicable states and provinces to the extent required by applicable law.

18. The 457 Plan.

Certain employees and former employees of the Debtor participated in the 457 Plan. The 457 Plan shall be maintained under the same terms and conditions as existed prior to the bankruptcy filings. Participants in the 457 Plan shall not be required to file a Proof of Claim to retain their rights and/or interests in the 457 Plan.

19. Preservation of Medicare Provider Agreements. In accordance with the terms of the Plan and the Confirmation Order, the Debtors' Medicare Provider Agreements will be deemed assumed, including all benefits and burdens, identified by CMS Certification Number(s): (i) 1013529502; (ii) 1205448701; (iii) 1205823879; (iv) 1457685299; (v) 1568413540; (vi) 1699100057; (vii) 1841802782; (viii) 1982357109; (ix) 1073049441; (x) 1336120047; (xi) 1952966491; (xii) 1215304589; (xiii) 1518110352; (xiv) 1699762286; (xv) 1861095945; and (xvi) 1881123552. Following the Effective Date, the Medicare Provider Agreements shall be governed exclusively by the Medicare statute, regulations, policies, and procedures, and without regard to bankruptcy law or the Plan. These include, but are not limited to, the adjustment of all payments to account for all prior overpayments and underpayments, including those relating to the pre-petition periods.

Notwithstanding anything to the contrary in the Plan, any of its exhibits, the Plan Supplement, or the Confirmation Order, the right of recoupment of the Center for Medicare and Medicaid Services ("CMS") and its administration of the Debtors' Medicare Provider Agreements and federal Medicare laws and regulations, are unaffected by the Plan or the confirmation of the Plan.

20. Preservation of Insurance

Nothing in the Plan shall diminish, impair or otherwise affect payments from the proceeds or the enforceability of any Insurance Policies that may cover (a) Claims by any Debtor, or (b) Claims against any Debtor or covered Persons thereunder.

21. Avoidance Actions

As of the Effective Date, each of the Reorganized Debtors waives all rights to commence or otherwise pursue any and all Avoidance Actions arising under section 547 of the Bankruptcy Code or any comparable "preference" action arising under applicable non-bankruptcy law, provided that, (i) no Debtor or Reorganized Debtor waives any rights to commence or pursue any Avoidance Actions arising under section 547 of the Bankruptcy Code or any comparable "preference" actions arising under applicable non-bankruptcy law against any parties related to the Pavilion Claims and/or the Pavilion-Related Claims; (ii) no Debtor or Reorganized Debtor waives any rights to commence or pursue any Avoidance Actions arising under section 547 of the Bankruptcy Code or any comparable "preference" actions arising under applicable non-bankruptcy law against any parties listed on the Avoidance Action Schedule (which shall be filed with the Plan Supplement); and (iii) except as expressly provided in the Plan, the Reorganized Debtors shall retain the right to assert any Causes of Action assertable in any Avoidance Action as defenses or counterclaims in any Cause of Action brought by any Entity. For the avoidance of doubt, each Debtor or Reorganized Debtor, as applicable, and the Committee waives all rights to commence or otherwise pursue any and all Avoidance Actions against the Prepetition Secured Parties.

D. Provisions Regarding The Liquidating Trust

1. Establishment and Administration of the Liquidating Trust

On the Effective Date, the Debtors and the Liquidating Trustee shall sign the Liquidating Trust Agreement and, in its capacity as such, the Liquidating Trustee shall accept all Liquidating Trust Assets on behalf of the Liquidating Trust Beneficiaries, and be authorized to obtain, collect, seek the turnover of and liquidate all of the Liquidating Trust Assets not in its possession or control. The Liquidating Trust will then be created and effective without any further action by the Bankruptcy Court or any Person or Entity as of the Effective Date. For the avoidance of doubt, the applicable Reorganized Debtors, through their authorized agents or representatives, shall exclusively retain any and all Pavilion Claims, Avoidance Actions, and Causes of Action, and shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such claims, subject to the rights of the Liquidating Trustee pursuant to the Committee Settlement. To the extent the Estates or the Reorganized Debtors collect any Pavilion Claim Direct Cash Proceeds, the Liquidating Trustee shall be authorized to accept, and entitled to receive, the Liquidating Trust Pavilion Claim Cash Proceeds on behalf of the Liquidating Trust Beneficiaries and apply such proceeds to the outstanding principal amounts under the GUC Note in accordance with the Liquidating Trust Agreement and the Intercreditor Agreement.

The Liquidating Trust shall be established for the primary purposes of liquidating the Liquidating Trust Assets and making Distributions in accordance with the Plan and the Liquidating Trust Agreement to its beneficiaries, with no objective to continue or engage in the conduct of a trade or business, except only in the event and to the extent necessary to, and consistent with, the purpose of the Liquidating Trust.

Upon execution of the Liquidating Trust Agreement, the Liquidating Trustee shall be authorized to take all steps necessary to complete the formation of the Liquidating Trust. The Liquidating Trust shall be administered by the Liquidating Trustee in accordance with the Liquidating Trust Agreement. The Liquidating Trust and Liquidating Trustee shall hold the Debtors' attorney-client privilege with respect to the Liquidating Trust Assets. The Reorganized Debtors shall provide documents and information related to the Liquidating Trust Assets upon reasonable request from the Liquidating Trustee.

2. <u>Liquidating Trust Assets</u>

On the Effective Date, and periodically thereafter if additional Liquidating Trust Assets become available, the Debtors or Reorganized Debtors, as applicable, shall transfer and assign to the Liquidating Trust all of its right, title, and interest in and to all of the Liquidating Trust Assets and in accordance with section 1141 of the Bankruptcy Code, all such assets shall automatically vest in the Liquidating Trust free and clear of all Claims, Liens, and other interests, subject only to the interests of the Liquidating Trust Beneficiaries in the Liquidating Trust Assets and the Liquidating Trust Expenses, as set forth in the Plan and the Liquidating Trust Agreement. Thereupon, neither the Debtors nor the Reorganized Debtors shall have any interest in or with respect to the Liquidating Trust Assets.

3. <u>Liquidating Trust Distributions and Expenses</u>

Distributions from the Liquidating Trust shall be made from the Liquidating Trust Assets in accordance with the Plan and the Liquidating Trust Agreement. Such Distributions shall be made after paying, reserving against, or satisfying, among other things, the operating and administrative expenses of the Liquidating Trust, including but not limited to all costs, expenses, and obligations incurred by the Liquidating Trustee (or professionals who the Liquidating Trustee may employ in administering the Liquidating Trust) in carrying out its responsibilities to the Liquidating Trust under the Liquidating Trust Agreement, or in any manner connected, incidental, or related thereto. The Liquidating Trust Expenses shall be paid exclusively from the Liquidating Trust Assets.

4. <u>Appointment of the Liquidating Trustee</u>

The identity of the Liquidating Trustee shall be disclosed in the Plan Supplement and shall be selected by the Debtors in consultation with the Committee. The appointment of the Liquidating Trustee shall be approved in the Confirmation Order, and such appointment shall be effective as of the Effective Date. The Liquidating Trustee shall have and perform all the duties, responsibilities, rights, and obligations set forth in the Plan and Liquidating Trust Agreement.

The Liquidating Trustee 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. On the Effective Date, all Liquidating Trust Beneficiaries of the Liquidating Trust shall be deemed to have ratified and become bound by the terms and conditions of the Liquidating Trust Agreement. In the event that the Liquidating Trustee resigns or is removed, terminated, or otherwise unable to serve as Liquidating Trustee, then successors shall be appointed as set forth in the Liquidating Trust Agreement. Any successor Liquidating Trustee appointed shall be bound by and comply with the terms of the Plan, the Confirmation Order, and the Liquidating Trust Agreement.

Following the Effective Date, the Liquidating Trustee shall also be and shall enjoy the powers of the Debtors' authorized representative for all purposes relating to the Liquidating Trust Assets, including, without limitation, section 1123 of the Bankruptcy Code, *provided*, that with respect to the Liquidating Trust Pavilion Claim Cash Proceeds, the Liquidating Trustee shall only be authorized to accept, and entitled to receive, such proceeds on behalf of the Liquidating Trust Beneficiaries and apply such proceeds to the outstanding principal amounts under the GUC Note in accordance with the Liquidating Trust Agreement and the Intercreditor Agreement. No further proof of such power shall be necessary or required.

5. Liquidating Trust Beneficiaries

Holders of General Unsecured Claims entitled to receive Distributions pursuant to the terms of the Plan and the Liquidating Trust Agreement, whether or not such Claims are Allowed as of the Effective Date, shall be the Liquidating Trust Beneficiaries and shall be bound by the Liquidating Trust Agreement.

6. Liquidating Trust Interests

On the Effective Date, each Holder of a General Unsecured Claim shall, by operation of the Plan, receive its Pro Rata share of the Liquidating Trust Interests, as set forth in Article III above. Liquidating Trust Interests shall be reserved for Holders of Disputed General Unsecured Claims and issued by the Liquidating Trust to, and held by the Liquidating Trustee in, the Disputed Claims Reserve pending allowance or disallowance of such Claims. No other entity shall have any interest, legal, beneficial, or otherwise, in the Liquidating Trust Assets upon the assignment and transfer of such assets to the Liquidating Trust.

The Liquidating Trust Interests shall be uncertificated and nontransferable except upon the death of the Holder or by operation of law. Holders of Liquidating Trust Interests, in such capacity, shall have no voting rights with respect to such interests.

As set forth in the Liquidating Trust Agreement, Distributions from the Liquidating Trust on account of Liquidating Trust Interests shall be made from the Liquidating Trust Proceeds after paying, reserving against, or satisfying, among other things, the operating and administrative expenses of the Liquidating Trust, including but not limited to the Liquidating Trust Expenses.

7. Certain Powers and Duties of the Liquidating Trust and Liquidating Trustee

(a) Powers and Duties of the Liquidating Trust

The Liquidating Trustee shall be deemed the Estates' representative with respect to the Liquidating Trust Assets (other than the Liquidating Trust Pavilion Claim Cash Proceeds) in accordance with section 1123 of the Bankruptcy Code and shall have all the rights and powers set forth in the Liquidating Trust Agreement, including, without limitation, the powers of a trustee under sections 704 and 1106 of the Bankruptcy Code and Bankruptcy Rule 2004, in addition to any powers granted by law or conferred to it by any other provision of the Plan, including without limitation any set forth herein; *provided, however*, that enumeration of the following powers shall not be considered in any way to limit or control the power and authority of the Liquidating Trustee to act as specifically authorized by any other provision of the Plan, the Liquidating Trust Agreement, and/or any applicable law, and to act in such manner as the Liquidating Trustee may deem necessary or appropriate, including, without limitation, to discharge all obligations assumed by the Liquidating Trustee or provided herein, to conserve and protect the Liquidating Trust and the Liquidating Trust Assets, as applicable, or to confer on the Liquidating Trust Beneficiaries the benefits intended to be conferred upon them by the Plan. The powers, rights, and responsibilities of the Liquidating Trustee shall be specified in the Liquidating Trust Agreement and shall include the authority, power, and responsibility, among other things, to:

a) receive, manage, invest, supervise, and protect Liquidating Trust Assets (unless otherwise specified in the Plan or the Liquidating Trust Agreement);

b) effect all actions and execute all agreements, instruments and other documents necessary to implement the provisions of the Plan and the Liquidating Trust Agreement;

c) pay taxes or other obligations incurred by the Liquidating Trust and issue to employees or other Persons, and/or file with the appropriate Governmental Units, applicable tax and wage returns and forms;

d) make Distributions from the Liquidating Trust to Holders of Allowed Claims with a beneficial interest in the Liquidating Trust as provided for in the Plan and the Liquidating Trust Agreement;

e) employ and compensate counsel or other advisors to assist in the performance of its duties, which counsel may include any counsel who has represented either the Debtors or the Committee during the pendency of the Chapter 11 Cases, *provided, however*, that any such compensation shall be made only out of the Liquidating Trust Assets except as otherwise provided in the Committee Settlement;

f) file all federal, state and local tax returns if necessary;

g) undertake all administrative functions of the Chapter 11 Cases, including the payment of U.S. Trustee fees incurred post-Effective Date with respect to Distributions from the Liquidating Trust (but not any U.S. Trustee fees incurred post-Effective Date with respect to any other Distributions or disbursements by the Reorganized Debtors) and the ultimate closing of the Chapter 11 Cases;

h) have consultation rights with the Reorganized Debtors with respect to Pavilion-Related Claims, including any rejection damages claims related thereto;

i) have standing to object to any of the Reorganized Debtors' proposed settlement, compromise, resolution and/or other disposition of the Pavilion-Related Claims, including any rejection damages claims related thereto, to the extent that such proposed treatment would incrementally increase the amount of Allowed Claims under Class 7 by more than the amount the Liquidating Trustee contends should be the Allowed amount (including subject to section 502(b)(6) of the Bankruptcy Code as to rejection damages claims) of the applicable Claims; provided that, in such instance of an objection to the appropriate Allowed amount of such Pavilion-Related Claim, neither the Reorganized Debtors' nor the Liquidating Trustee's business judgment shall be given greater deference as to the appropriate Allowed amount of such Claims, and any costs incurred by the Liquidating Trustee related to any objection it raises and any prosecution in connection therewith shall be paid solely from the Liquidating Trust Assets;

j) make the initial determination with respect any Claims objections (other than with respect to Pavilion-Related Claims);

k) seek standing to object to any Claims that the Reorganized Debtors unjustifiably refuse to object to, with the Reorganized Debtors paying reasonable and documented legal costs for the Liquidating Trustee if standing is granted;

l) object to any of the Reorganized Debtors' proposed settlement, compromise, resolution and/or other disposition of any Claim (other than the Pavilion-Related Claims), to the extent that the Liquidating Trustee believes the Reorganized Debtors' proposed treatment is not justifiable; provided that, if such objection is sustained, then any reasonable and documented legal fees and expenses incurred by the Liquidating Trustee related to any objection it raises and any prosecution in connection therewith shall be paid by the Reorganized Debtors; and

m) take such other action as may be vested in or assumed by the Liquidating Trustee consistent with the Plan, the Liquidating Trust Agreement, and any applicable orders of the Bankruptcy Court, or as may be necessary and proper to carry out the provisions of the Plan, including the Liquidating Trustee's enforcement of its right to payment of the Liquidating Trust Pavilion Claim Cash Proceeds.

The Liquidating Trust Agreement may establish certain powers, duties, and authorities in addition to those explicitly stated herein, but only to the extent that such powers, duties, and authorities do not affect the status of the Liquidating Trust as a liquidating trust for United States federal income tax purposes. The Liquidating Trustee has full authority to take any steps necessary to administer the Liquidating Trust Agreement, including, without limitation, the duty and obligation to liquidate Liquidating Trust Assets, to make Distributions therefrom in accordance with the provisions of the Plan.

(b) Investments of Cash

The Liquidating Trust may invest Cash (including any earnings thereon or proceeds therefrom) as permitted by section 345 of the Bankruptcy Code or in other prudent investments, *provided* that such investments are permitted to be made by a liquidating trust within the meaning of Treasury Regulation Section 301.7701-4(d), as reflected therein, or under applicable IRS guidelines, rulings, or other controlling authorities. Pursuant to the terms of the Liquidating Trust Agreement, the Liquidating Trustee may establish accounts for the Liquidating Trust.

(c) Term of the Liquidating Trust

The Liquidating Trust will terminate on the earlier of the: (a) final liquidation, administration, and Distribution of the Liquidating Trust Assets in accordance with the terms of the Plan and the Liquidating Trust Agreement, and its full performance of all other duties and functions as set forth in the Plan or the Liquidating Trust Agreement; and (b) the fifth (5th) anniversary of the Effective Date. Notwithstanding the foregoing, multiple fixed-term extensions may be obtained so long as Bankruptcy Court approval is obtained within six months before the expiration of the term of the Liquidating Trust and each extended term, and provided that any further extension would not adversely affect the status of the Liquidating Trust as a "liquidating trust" within the meaning of section 301.7701-4(d) of the Treasury Regulations for federal income tax purposes. After (a) the final Distributions pursuant to the Plan, (b) the filing by or on behalf of the Liquidating Trust of a certification of dissolution with the Bankruptcy Court, and (c) any other action deemed appropriate by the Liquidating Trustee, the Liquidating Trust shall be deemed dissolved for all purposes without the necessity for any other or further actions.

E. Treatment of Executory Contracts and Unexpired Leases

1. Assumption and Rejection of Executory Contracts and Unexpired Leases.

On the Effective Date, except as otherwise provided in the Plan, all Executory Contracts or Unexpired Leases, not previously assumed or rejected pursuant to an order of the Bankruptcy Court, will be deemed rejected, in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, other than those Executory Contracts or Unexpired Leases that: (1) previously were assumed or rejected by the Debtors; (2) are identified on the Schedule of Assumed Executory Contracts and Unexpired Leases; (3) are the subject of a motion to assume that is pending on the Confirmation Date; (4) are subject to a motion to reject pursuant to which the requested effective date of such rejection is after the Effective Date; or (5) will otherwise terminate by their terms prior to the Effective Date.

Entry of the Confirmation Order by the Bankruptcy Court shall constitute a Bankruptcy Order approving the assumptions or rejections of the Executory Contracts and Unexpired Leases set forth in the Plan or the Schedule of Assumed Executory Contracts and Unexpired Leases pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Any motions to assume Executory Contracts or Unexpired Leases pending on the Effective Date shall be subject to approval by the Bankruptcy Court on or after the Effective Date by a Final Order. Each Executory Contract and Unexpired Lease assumed pursuant to Article VI.A of the Plan or by any order of the Bankruptcy Court, which has not been assigned to a third party prior to the Confirmation Date, shall revest in and be fully enforceable by the Reorganized Debtors in accordance with its terms, except as such terms are modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption under applicable federal law. Notwithstanding anything to the contrary in the Plan, the Debtors or the Reorganized Debtors, as applicable, reserve the right to alter, amend, modify, or supplement the Schedule of Assumed Executory Contracts and Unexpired Leases identified in Article VI of the Plan and in the Plan Supplement at any time through and including 60 days after the Effective Date; *provided*, however, that for any contract or lease for which the treatment is altered, amended, modified, or supplemented by the Schedule of Assumed Executory Contracts and Unexpired Leases, the counterparty to such contract or lease shall have thirty (30) days from the date of such altered, amended, modified, or supplemented treatment of the contract to object thereto.

2. Indemnification Obligations.

All indemnification provisions, consistent with applicable law, currently in place (whether in the by-laws, certificates of incorporation or formation, limited liability company agreements, other organizational documents, board resolutions, indemnification agreements, employment contracts, or otherwise) for the current and former directors, officers, managers, employees, attorneys, accountants, investment bankers, and other professionals of the Debtors, as applicable, shall be reinstated and remain intact, irrevocable, and shall survive the Effective Date on terms no less favorable to such current and former directors, officers, managers, employees, attorneys, accountants, investment bankers, and other professionals of the Debtors than the indemnification provisions in place prior to the Effective Date; provided, that the indemnification provisions set forth in Article VI.B of the Plan shall not apply to Former D&Os.

3. **Claims Based on Rejection of Executory Contracts or Unexpired Leases**.

Unless otherwise provided by a Final Order of the Bankruptcy Court, all Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, pursuant to the Plan or the Confirmation Order, if any, must be Filed with the Bankruptcy Court within 30 days after the later of (1) the date of entry of an order of the Bankruptcy Court (including the Confirmation Order) approving such rejection, (2) the effective date of such rejection, or (3) the Effective Date. **Any Claims arising from the rejection of an Executory Contract or Unexpired Lease not Filed with the Bankruptcy Court within such time will be automatically disallowed, forever barred from assertion, and shall not be enforceable against the Debtors or the Reorganized Debtors, the Estates, or their property without the need for any objection by the Reorganized Debtors or further notice to, or action, order, or approval of the Bankruptcy Court or any other Entity, and any Claim arising out of the rejection of the Executory Contract or Unexpired Lease shall be deemed fully satisfied, released, and discharged, notwithstanding anything in the Schedules or a Proof of Claim to the contrary**. All Allowed Claims arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases shall be classified as General Unsecured Claims and shall be treated in accordance with Article III.B.6 of the Plan.

4. **Cure of Defaults for Executory Contracts and Unexpired Leases Assumed**.

Any monetary defaults under each Executory Contract and Unexpired Lease to be assumed pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash on the Effective Date, subject to the limitation described below, or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree. In the event of a dispute regarding (1) the amount of any payments to cure such a default, (2) the ability of the Reorganized Debtors or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed, or (3) any other matter pertaining to assumption, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order or orders resolving the dispute and approving the assumption. On or before September 10, 2024, the Debtors shall provide for notices of the Schedule of Assumed Executory Contracts and Unexpired Leases to be sent to applicable third parties and for procedures for objecting thereto and resolution of disputes by the Bankruptcy Court. Any objection by a counterparty to an Executory Contract or Unexpired Lease to a proposed assumption or related cure amount must be Filed, served, and actually received by the Debtors at least three days prior to the Confirmation Hearing. Any counterparty to an Executory Contract or Unexpired Lease that fails to object timely to the proposed assumption or cure amount will be deemed to have assented to such assumption or cure amount.

Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time prior to the effective date of assumption. **Any Proofs of Claim Filed with respect to an Executory Contract or Unexpired Lease that has been assumed shall be deemed disallowed and expunged without further notice to or action, order, or approval of the Bankruptcy Court.**

5. **Preexisting Obligations to the Debtors under Executory Contracts and Unexpired Leases**.

Rejection of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall not constitute a termination of preexisting obligations owed to the Debtors or the Reorganized Debtors, as applicable, under such Executory Contracts or Unexpired Leases. In particular, notwithstanding any non-bankruptcy law to the contrary, the Reorganized Debtors expressly reserve and do not waive any right to receive, or any continuing obligation of a counterparty to provide, warranties or continued maintenance obligations on goods previously purchased by the Debtors contracting from non-Debtor counterparties to rejected Executory Contracts or Unexpired Leases.

6. **Insurance Policies**.

Each of the Debtors' Insurance Policies and any agreements, documents, or instruments relating thereto are treated as Executory Contracts under the Plan. Unless otherwise provided in the Plan or the Confirmation Order, on the Effective Date, (1) the Debtors shall be deemed to have assumed all Insurance Policies and any agreements, documents, and instruments relating to coverage of all insured Claims, and (2) such Insurance Policies and any agreements, documents, or instruments relating thereto shall revest in the Reorganized Debtors.

7. **Modifications, Amendments, Supplements, Restatements, or Other Agreements**.

Unless otherwise provided in the Plan, each Executory Contract or Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated or is rejected or repudiated under the Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

8. **Reservation of Rights**.

Neither the exclusion nor inclusion of any Executory Contract or Unexpired Lease on the Schedule of Assumed Executory Contract and Unexpired Leases, nor anything contained in the Plan, shall constitute an admission by the Debtors that any such contract or lease is, in fact an Executory Contract or Unexpired Lease or that any of the Reorganized Debtors has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtors or the Reorganized Debtors, as applicable, shall have 45 days following entry of a Final Order resolving such dispute to alter its treatment of such contract or lease under the Plan.

9. **Nonoccurrence of Effective Date**.

In the event that the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code.

10. **Contracts and Leases Entered into After the Petition Date**.

Contracts and leases entered into after the Petition Date by any Debtor, including any Executory Contracts and Unexpired Leases assumed by such Debtor, will be performed by the applicable Debtor or the Reorganized Debtors liable thereunder in the ordinary course of their business. Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive and remain unaffected by entry of the Confirmation Order.

11. **Special Provisions Related to Pavilion-Related Claims and Underlying Agreements**.

Notwithstanding anything to the contrary in the Plan, the Plan shall not effect, and shall not be deemed to effect, the assumption or rejection of (or any other disposition of the parties' rights and obligations under) the Pavilion Ground Lease. The Reorganized Debtors reserve the right, and shall have the right (in both events, after consultation with the Prepetition Secured Parties), to seek by motion and/or adversary proceeding the Bankruptcy Court's approval of the assumption, rejection or other disposition of the parties' rights and obligations under the Pavilion Ground Lease by the Pavilion Claim Deadline.

In addition, notwithstanding anything to the contrary in the Plan, the Reorganized Debtors shall have until the Pavilion Claim Deadline to file with the Bankruptcy Court or such other court or tribunal of competent jurisdiction any Cause of Action and/or related proceeding (including, without limitation, a motion or other request for relief under section 502 of the Bankruptcy Code or the applicable Federal Rules of Bankruptcy Procedure as to one or more of the Pavilion-Related Claims) with respect to the Pavilion Claims and/or the Pavilion-Related Claims.

Further, nothing in the Plan shall be deemed to extend any deadlines under section 365(d)(4) of the Bankruptcy Code as such deadlines apply to the Pavilion Space Lease. Pursuant to section 365(d)(4) of the Bankruptcy Code the Pavilion Space Lease (to the extent that it is or was an executory contract or unexpired lease) was deemed rejected as of June 24, 2024.

12. Assumption of Doctor Agreements..

On the Effective Date, the Doctor Agreements will be deemed assumed, in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code unless such Doctor Agreements (1) previously were assumed or rejected by the Debtors; (2) are subject to a motion to reject pursuant to which the requested effective date of such rejection is after the Effective Date; or (3) will otherwise terminate by their terms prior to the Effective Date. To the extent one exists, the cure amount related to the Doctor Agreements shall be reflected in the Schedule of Assumed Executory Contracts and Unexpired Leases. Article VI.D of the Plan shall apply to any cure amounts related to the Doctor Agreements.

Entry of the Confirmation Order by the Bankruptcy Court shall constitute a Bankruptcy Order approving the assumption of the Doctor Agreements pursuant to sections 365(a) and 1123 of the Bankruptcy Code.

13. Special Provision Regarding Cigna Contracts..

Notwithstanding anything in the Plan to the contrary, the Debtors shall, not later than 12:00 p.m. EST, three (3) business days prior to the deadline to object to the Plan, provide to Cigna, through its counsel, written notice of the Debtors' irrevocable (subject to the occurrence of the Effective Date of the Plan) decision as to whether or not Debtors propose to assume or reject each of the Cigna Contracts. The proposed cure amount related to such contract shall be reflected in the Schedule of Assumed Executory Contracts and Unexpired Leases.

Entry of the Confirmation Order by the Bankruptcy Court shall constitute a Bankruptcy Order approving the assumption or rejection, as applicable, of the Cigna Contracts pursuant to sections 365(a) and 1123 of the Bankruptcy Code.

F. Provisions Governing Distributions

1. Timing and Calculation of Amounts to Be Distributed.

Unless otherwise provided in the Plan, on the Effective Date (or if a Claim is not an Allowed Claim on the Effective Date, on the date that such Claim becomes an Allowed Claim, or as soon as reasonably practicable thereafter), each holder of an Allowed Claim shall receive the full amount of the Distributions that the Plan provides for Allowed Claims in the applicable Class. In the event that any payment or act under the Plan 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 the next succeeding Business Day but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims, Distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in Article VII of the Plan. Except as otherwise provided in the Plan, holders of Claims shall not be entitled to interest, dividends, or accruals on the Distributions provided for in the Plan, regardless of whether such Distributions are delivered on or at any time after the Effective Date.

2. Disbursing Agent.

All Distributions under the Plan shall be made by the Disbursing Agent on the Effective Date. The 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.

3. Rights and Powers of Disbursing Agent.

(a) Powers of the Disbursing Agent.

The Disbursing Agent shall be empowered to (a) affect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan; (b) make all Distributions contemplated hereby and by the Liquidating Trust Agreement; (c) employ professionals to represent it with respect to its responsibilities; and (d) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan or Liquidating Trust Agreement, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof.

(b) Expenses Incurred on or After the Effective Date.

Except as otherwise ordered by the Bankruptcy Court, the amount of any reasonable fees and expenses incurred by the Disbursing Agent on or after the Effective Date (including taxes) and any reasonable compensation and expense reimbursement claims (including reasonable attorney fees and expenses), made by the Disbursing Agent shall be paid in Cash by the Reorganized Debtors or the Liquidating Trust, as applicable.

4. Delivery of Distributions and Undeliverable or Unclaimed Distributions.

(a) Record Date for Distribution.

On the Distribution Record Date, the Claims Register shall be closed, and any party responsible for making Distributions shall instead be authorized and entitled to recognize only those record holders listed on the Claims Register as of the close of business on the Distribution Record Date. For the avoidance of doubt, the Claims Register shall be deemed to include the Secured Bondholder Claims and the Secured Term Lender Claims.

(b) Delivery of Distributions in General.

Except as otherwise provided in the Plan, the Disbursing Agent shall make Distributions to holders of Allowed Claims as of the Distribution Record Date at the address for each such holder as indicated on the Debtors' records as of the date of any such distribution; *provided, however*, that the manner of such Distributions shall be determined at the discretion of the Reorganized Debtors; *provided further, however*, that the address for each holder of an Allowed Claim shall be deemed to be the address set forth in any Proof of Claim Filed by that holder.

(c) Fractional and *De Minimis* Distributions.

No fractional units or amounts of New Secured Debt shall be distributed, and no Cash shall be distributed in lieu of such fractional amounts, and such fractional amount shall be deemed to be zero. When any distribution pursuant to the Plan on account of an Allowed Claim would otherwise result in the issuance of a number of units or amounts of New Secured Debt is not a whole number, the actual distribution of units or amounts of New Secured Debt shall be rounded as follows: (a) fractions of greater than one-half shall be rounded to the next higher whole number, and (b) fractions of one-half or less shall be rounded to the next lower whole number with no further payment thereto. The total number of authorized units or amounts of New Secured Debt to be distributed to Holders of Allowed Claims shall be adjusted as necessary to account for the foregoing rounding.

Notwithstanding anything in the Plan to the contrary, other than to Holders of Patient Refund Claims, the Reorganized Debtors or Liquidating Trustee, as applicable, and the Disbursing Agent shall not be required (i) to make interim Distributions or payments of less than $50, or (ii) final Distributions or payments of less than $50, whether in Cash or otherwise, unless the Holder makes a written request in writing within 45 days of Allowance of such Holder's claim.

(d) Undeliverable Distributions and Unclaimed Property.

In the event that any distribution to any holder of Allowed Claims is returned as undeliverable, no distribution to such holder shall be made unless and until the Disbursing Agent has determined the then-current address of such holder, at which time such distribution shall be made to such holder without interest; provided that every 180 days the Disbursing Agent shall file a notice describing such undeliverable distributions; *provided* that such Distributions described in such notice shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of six months from the filed notice. After such date, all unclaimed property or interests in property shall revert to the Disbursing Agent who initiated such distribution automatically and without need for a further order by the Bankruptcy Court (notwithstanding any applicable federal, provincial, or state escheat, abandoned, or unclaimed property laws to the contrary), and the Claim of any holder of Claims to such property shall be discharged and forever barred.

5. Manner of Payment.

All Distributions of Cash to the holders of Allowed Claims under the Plan shall be made by the Disbursing Agent on behalf of the applicable Debtor. At the option of the Disbursing Agent, any Cash payment to be made hereunder may be made by check or wire transfer or as otherwise required or provided in applicable agreements.

6. Compliance with Tax Requirements.

In connection with the Plan, to the extent applicable, the Reorganized Debtors shall comply with all tax withholding and reporting requirements imposed on them by any Governmental Unit, and all Distributions made pursuant to the Plan shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Reorganized Debtors and the Disbursing Agent shall be authorized to take all actions necessary to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding Distributions pending receipt of information necessary to facilitate such Distributions, or establishing any other mechanisms they believe are reasonable and appropriate. The Reorganized Debtors reserve the right to allocate all Distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support, and other spousal awards, liens, and encumbrances.

7. Allocations.

Distributions in respect of Allowed Claims shall be allocated first to the principal amount of such Claims (as determined for federal income tax purposes), and then, to the extent, the consideration exceeds the principal amount of the Claims, to any portion of such Claims for accrued but unpaid interest.

8. No Postpetition Interest on Claims.

Unless otherwise specifically provided for in the Plan or the Confirmation Order or required by applicable bankruptcy and non-bankruptcy law, postpetition interest shall not accrue or be paid on any prepetition Claims against the Debtors, and no holder of a prepetition Claim against the Debtors shall be entitled to interest accruing on or after the Petition Date on any such prepetition Claim.

9. Foreign Currency Exchange Rate.

Except as otherwise provided in a Bankruptcy Court order, as of the Effective Date, any Claim asserted in currency other than U.S. dollars shall be automatically deemed converted to the equivalent U.S. dollar value using the exchange rate for the applicable currency as published in The Wall Street Journal, National Edition, on the Effective Date.

10. Setoffs and Recoupment.

Except as expressly provided in the Plan, each Reorganized Debtor may set off and/or recoup against any Distributions to be made on account of any Allowed Claim any and all claims, rights, and Causes of Action that such Reorganized Debtor may hold against the holder of such Allowed Claim, to the extent such setoff or recoupment is either (1) agreed in amount among the relevant Reorganized Debtor(s) and holder of Allowed Claim or (2) otherwise adjudicated by the Bankruptcy Court or another court of competent jurisdiction; *provided, however*, that neither the failure to effectuate setoff or recoupment nor the allowance of any Claim hereunder shall constitute a waiver or release by a Reorganized Debtor or its successor of any and all claims, rights, and Causes of Action that such Reorganized Debtor or its successor may possess against the applicable holder.

11. Claims Paid or Payable by Third Parties.

(a) Claims Paid by Third Parties.

The Debtors or the Reorganized Debtors, as applicable, shall reduce in full or in part a Claim, and such Claim shall be reduced or disallowed without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court, to the extent that the holder of such Claim receives payment in full or in part, as applicable, on account of such Claim from a party that is not a Debtor or a Reorganized Debtor. Subject to the last sentence of this paragraph, to the extent a holder of a Claim receives a distribution on account of such Claim and receives payment from a party that is not a Debtor or a Reorganized Debtor on account of such Claim, such holder shall, within 14 days of receipt thereof, repay or return the distribution to the applicable Reorganized Debtor, to the extent the holder's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of such Claim as of the date of any such distribution under the Plan. The failure of such holder to timely repay or return such distribution shall result in the holder owing the applicable Reorganized Debtor annualized interest at the Federal Judgment Rate on such amount owed for each Business Day after the 14-day grace period specified above until the amount is repaid.

(b) Claims Payable by Third Parties.

To the extent that one or more of the Debtors' Insurers agrees to satisfy in full or in part an Insurance Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such Insurers' agreement, the applicable portion of such Insurance Claim may be expunged without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

(c) Applicability of Insurance Policies.

Except as otherwise provided in the Plan, Distributions to holders of Allowed Claims shall be in accordance with the provisions of any applicable Insurance Policy. Nothing contained in the Plan shall constitute or be deemed a waiver of any Cause of Action that the Debtors or any Entity may hold against any other Entity, including Insurers under any Insurance Policy, nor shall anything contained in the Plan constitute or be deemed a waiver by such Insurers of any defenses, including coverage defenses, held by such Insurers.

G. Procedures for Resolving Contingent, Unliquidated, and Disputed Claims

1. Allowance of Claims.

After the Effective Date, each of the Reorganized Debtors shall have and retain any and all rights and defenses such Debtor had with respect to any Claim immediately prior to the Effective Date.

2. Claims Administration Responsibilities.

Except as otherwise specifically provided in the Plan (including Article V.G thereof with respect to the rights provided to the Liquidating Trustee pursuant to the Committee Settlement), after the Effective Date, the Reorganized Debtors shall have the sole authority to (1) File, withdraw, or litigate to judgment, objections to Claims; (2) settle or compromise any Disputed Claim without any further notice to or action, order, or approval by the Bankruptcy Court; and (3) administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order, or approval by the Bankruptcy Court.

3. **Estimation of Claims**.

Before or after the Effective Date, the Debtors or the Reorganized Debtors may (but are not required to) at any time request that the Bankruptcy Court estimate any Disputed Claim that is contingent or unliquidated pursuant to section 502(c) of the Bankruptcy Code for any reason, regardless of whether any party previously has objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any such Claim, including during the litigation of any objection to any Claim or during the appeal relating to such objection. Notwithstanding any provision otherwise in the Plan, a Claim that has been expunged from the Claims Register but that either is subject to appeal or has not been the subject of a Final Order shall be deemed to be estimated at zero dollars unless otherwise ordered by the Bankruptcy Court. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount shall constitute a maximum limitation on such Claim for all purposes under the Plan (including for purposes of Distributions), and the relevant Reorganized Debtor may elect to pursue any supplemental proceedings to object to any ultimate distribution on such Claim.

4. **Adjustment to Claims without Objection**.

Any Claim that has been paid or satisfied, or any Claim that has been amended or superseded, may be adjusted or expunged on the Claims Register by the Reorganized Debtors or the Liquidating Trustee, as applicable, without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

5. **Time to File Objections to Claims**.

Any objections to Claims shall be Filed on or before the later of (1) 180 days after the Effective Date and (2) such other period of limitation as may be specifically fixed by the Debtors or the Reorganized Debtors, as applicable, or by a Final Order of the Bankruptcy Court for objecting to such claims.

6. **Disallowance of Claims**.

Any Claims held by Entities from which property is recoverable under section 542, 543, 550, or 553 of the Bankruptcy Code, or that is a transferee of a transfer avoidable under section 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a) of the Bankruptcy Code, shall be deemed disallowed pursuant to section 502(d) of the Bankruptcy Code, and holders of such Claims may not receive any Distributions on account of such Claims until such time as such Causes of Action against that Entity have been settled or a Bankruptcy Court order with respect thereto has been entered and all sums due, if any, to the Debtors by that Entity have been turned over or paid to the Reorganized Debtors. All Claims Filed on account of an indemnification obligation to a director, officer, or employee shall be deemed satisfied and expunged from the Claims Register as of the Effective Date to the extent such indemnification obligation is assumed (or honored or reaffirmed, as the case may be) pursuant to the Plan, without any further notice to or action, order, or approval of the Bankruptcy Court.

Except as provided in the Plan, pursuant to a Bankruptcy Court order or otherwise agreed, any and all Proofs of Claim Filed after the Bar Date shall be deemed disallowed and expunged as of the Effective Date without any further notice to or action, order, or approval of the Bankruptcy Court, and holders of such Claims may not receive any Distributions on account of such Claims, unless on or before the Confirmation Hearing such late Claim has been deemed timely Filed by a Final Order.

7. **Amendments to Claims**.

On or after the Effective Date, a Claim may not be Filed or amended without the prior authorization of the Bankruptcy Court, the Reorganized Debtors, and the Liquidating Trustee (to the extent such Claim would increase the size of Class 7), and any such new or amended Claim Filed shall be deemed disallowed in full and expunged without any further action.

8. **No Distributions Pending Allowance**.

If an objection to a Claim or portion thereof is Filed as set forth in Article VIII.E of the Plan, no payment or distribution provided under the Plan shall be made on account of such Claim or portion thereof unless and until such Disputed Claim becomes an Allowed Claim.

9. **Distributions After Allowance**.

To the extent that a Disputed Claim ultimately becomes an Allowed Claim, Distributions (if any) shall be made to the holder of such Allowed Claim in accordance with the provisions of the Plan. 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 (if any) to which such holder is entitled under the Plan as of the Effective Date, without any interest, dividends, or accruals to be paid on account of such Claim unless required under applicable bankruptcy law.

10. **Provisions Related to Pavilion-Related Claims.**

Pursuant to the Committee Settlement, the Reorganized Debtors shall object to any Claims filed by Pavilion Parties that the Reorganized Debtors believe are incorrect, inaccurate, and/or overstate the allowable amount and/or actual value (if any) of any Pavilion-Related Claims, including any rejection damages claims submitted by any of the Pavilion Parties. The Reorganized Debtors shall retain control over resolution of Pavilion-Related Claims, including rejection damages claims, subject to general consultation rights of the Liquidating Trustee. The Liquidating Trustee shall have standing to object to any of the Reorganized Debtors' proposed resolutions of any Pavilion-Related Claims to the extent that the Liquidating Trustee alleges that such resolution would incrementally increase the GUC pool by more than the amount of what the Liquidating Trustee contends should be the Allowed amount (including subject to section 502(b)(6) of the Bankruptcy Code as to rejection damages claims) of an applicable Claim. Neither the Reorganized Debtors' nor the Liquidating Trustee's business judgment as to the appropriate Allowed amount of the applicable Pavilion-Related Claim shall be given greater deference in the event the Liquidating Trustee objects to the proposed Allowed amount of such Claim. Any costs incurred by the Liquidating Trustee related to the prosecution of its contentions as to the Allowable amount of the applicable Pavilion-Related Claim(s) shall be paid solely from the Liquidating Trust Assets.

H. **Settlement, Release, Injunction, and Related Provisions**

1. **Discharge of Claims**.

Pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or the Liquidating Trust or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete satisfaction, discharge, and release, effective as of the Effective Date, of Claims (including any Intercompany Claims resolved or compromised after the Effective Date by the Reorganized Debtors), and Causes of Action of any nature whatsoever, including any interest accrued on Claims from and after the Petition Date, whether known or unknown, against, liabilities of, liens on, obligations of, rights against the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims, including demands, liabilities, and Causes of Action that arose before the Effective Date, any liability (including withdrawal liability) to the extent such Claims relate to services performed by employees of the Debtors prior to the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (1) a Proof of Claim based upon such debt or right is Filed or deemed Filed pursuant to section 501 of the Bankruptcy Code; (2) a Claim based upon such debt or right, is Allowed pursuant to section 502 of the Bankruptcy Code; or (3) the holder of such a Claim has accepted the Plan. The Confirmation Order shall be a judicial determination of the discharge of all Claims (except as otherwise specifically provided in the Plan or the Liquidating Trust Agreement) subject to the occurrence of the Effective Date.

2. Release of Liens.

Except as otherwise provided in the Plan (including Article IV thereof), the Liquidating Trust Agreement, the Superpriority Exit Facility Documents, and the New Bond Documents, or any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable Distributions made pursuant to the Plan, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released and discharged, and all of the right, title, and interest of any holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the Reorganized Debtors and their successors and assigns. Any holder of such Secured Claim (and the applicable agents for such holder) shall be authorized and directed, at the sole cost and expense of the Reorganized Debtors, to release any collateral or other property of any Debtor (including any cash collateral and possessory collateral) held by such holder (and the applicable agents for such holder), and to take such actions as may be reasonably requested by the Reorganized Debtors to evidence the release of such Lien, including the execution, delivery, and filing or recording of such releases. The presentation or filing of the Confirmation Order to or with any federal, state, provincial, or local agency or department shall constitute good and sufficient evidence of, but shall not be required to effect, the termination of such Liens.

3. Releases by the Debtors.

Pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, on and after the Effective Date, each Released Party is deemed released and discharged by the Debtors, the Reorganized Debtors, and their Estates, in each case on behalf of themselves and their respective successors, assigns, and representatives, and any and all other entities who may purport to assert any Cause of Action, directly or derivatively (including the Committee through the derivative standing granted to it through any Final Order), by or through the foregoing entities, from any and all Causes of Action (including, without limitation, Avoidance Actions and the Committee Adversary Proceeding), including any derivative claims, asserted on behalf of the Debtors, that the Debtors, the Reorganized Debtors, or their Estates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim against a Debtor or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' in- or out-of- court restructuring efforts, intercompany transactions, commencement and prosecution of the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the Disclosure Statement, the Plan (including, for the avoidance of doubt, the Plan Supplement), entry into the New Bond Documents, entry into the Superpriority Exit Facility Documents, entry into the GUC Note, or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Disclosure Statement or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date. Notwithstanding anything contained in the Plan to the contrary, the foregoing release does not release any obligations of any party under the Plan, or any document, instrument, or agreement executed to implement the Plan. Further, notwithstanding anything contained in the Plan to the contrary, the foregoing release does not release any claims that the Reorganized Debtors may have (i) against Excluded Parties, (ii) with respect to any Pavilion Claims or Pavilion-Related Claims, (iii) with respect to any Liquidating Trust Assets (other than those Liquidating Trust Assets relating to any Cause of Action against the Prepetition Secured Parties or their Related Parties) or (iv) for any claims or Causes of Action related to any act or omission that is determined by Final Order to have constituted actual fraud, willful misconduct, or gross negligence. For the avoidance of doubt, in no event shall the releases described in Article IX.C of the Plan be limited in any way whatsoever with respect to Causes of Action (including, without limitation, the Avoidance Actions and the Committee Adversary Proceeding) against the Prepetition Secured Parties or their Related Parties.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the releases described in Article IX.C of the Plan by the Debtors, which includes by reference each of the related provisions and definitions contained in the Plan, and further, shall constitute its

finding that each release described in Article IX.C of the Plan is: (1) in exchange for the good and valuable consideration provided by the Released Parties, a good faith settlement and compromise of such Claims; (2) in the best interests of the Debtors and all holders of Claims; (3) fair, equitable, and reasonable; (4) given and made after due notice and opportunity for hearing; and (5) a bar to any of the Debtors, Reorganized Debtors, or Liquidating Trustee, as applicable, asserting any claim, Cause of Action, or liability related thereto, of any kind whatsoever, against any of the Released Parties or their property.

4. Releases by Holders of Claims.

As of the Effective Date, each Releasing Party is deemed to have released and discharged each Debtor, Reorganized Debtor, and Released Party from any and all Causes of Action, whether known or unknown, including any derivative claims, asserted on behalf of the Debtors, that such Entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, commencement and prosecution of the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the Disclosure Statement, the Plan (including, for the avoidance of doubt, the Plan Supplement), the New Bond Documents, the Superpriority Exit Facility Documents, the GUC Note, or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Disclosure Statement or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, or upon any other related act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date. Notwithstanding anything contained in the Plan to the contrary, the foregoing release does not release (i) any Lien or security interest granted to the Prepetition Secured Parties pursuant to, or in connection with, the Bond Documents or any Final Order; (ii) any obligations of any party under the Plan or any document, instrument, or agreement executed to implement the Plan; or (iii) or any rights under the Plan that the Holder of any Allowed Claim may have. Further, notwithstanding anything contained in the Plan to the contrary, the foregoing release does not release any claims against persons other than each Debtor, the Reorganized Debtors or the Prepetition Secured Parties (and their Related Parties) for conduct occurring prior to the commencement of, or during, the Chapter 11 Cases or claims related to any act or omission that is determined by Final Order to have constituted actual fraud, willful misconduct, or gross negligence.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the releases described in Article IX.D of the Plan, which includes by reference each of the related provisions and definitions contained in the Plan, and further, shall constitute its finding that each release described in Article IX.D of the Plan is: (1) in exchange for the good and valuable consideration provided by the Released Parties, a good faith settlement and compromise of such Claims; (2) in the best interests of the Debtors and all holders of Claims; (3) fair, equitable, and reasonable; (4) given and made after due notice and opportunity for hearing; and (5) a bar to any of the Debtors or Reorganized Debtors asserting any claim, Cause of Action, or liability related thereto, of any kind whatsoever, against any of the Released Parties or their property.

5. Exculpation.

Except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur, and each Exculpated Party is released and exculpated from any Cause of Action for any claim related to any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the Disclosure Statement, the Plan, entry into the New Bond Documents, entry into the Superpriority Exit Facility Documents, entry into the GUC Note, or any Restructuring Transaction, contract, instrument, release or other agreement or document created or entered into in connection with the Disclosure Statement or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, except for claims related to any act or omission that is determined in a Final Order to have constituted actual fraud or gross negligence, but in all respects such Entities shall be entitled to

reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. The Exculpated Parties have, and upon the Confirmation of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of votes and distribution of consideration pursuant to the Plan and, therefore, are not liable for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such Distributions made pursuant to the Plan. Notwithstanding anything to the contrary in the foregoing, an Exculpated Party shall be entitled to exculpation solely for actions taken from the Petition Date through the Effective Date.

6. Injunction.

Except as otherwise expressly provided in the Plan or for obligations issued or required to be paid pursuant to the Plan or the Confirmation Order, all Entities who have held, hold, or may hold Claims that have been released, discharged, or are subject to exculpation are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Reorganized Debtors, the Exculpated Parties, or the Released Parties: (1) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims; (2) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims; (3) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or the estates of such Entities on account of or in connection with or with respect to any such Claims; (4) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property of such Entities on account of or in connection with or with respect to any such Claims unless such holder has Filed a motion requesting the right to perform such setoff on or before the Effective Date, and notwithstanding an indication of a Claim or otherwise that such holder asserts, has, or intends to preserve any right of setoff pursuant to applicable law or otherwise; and (5) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims released or settled pursuant to the Plan; *provided*, *however*, that nothing in this injunction shall limit the Holder of an Insured Claim from receiving the treatment set forth in Class 9.

Upon entry of the Confirmation Order, all holders of Claims and their respective current and former employees, agents, officers, directors, principals, and direct and indirect affiliates shall be enjoined from taking any actions to interfere with the implementation or Consummation of the Plan. Each holder of an Allowed Claim, by accepting, or being eligible to accept, Distributions under or Reinstatement of such Claim, as applicable, pursuant to the Plan, shall be deemed to have consented to the injunction provisions set forth in Article IX.F of the Plan.

7. Protections Against Discriminatory Treatment.

Consistent with section 525 of the Bankruptcy Code and the Supremacy Clause of the U.S. Constitution, all Entities, including Governmental Units, shall not discriminate against the Reorganized Debtors or deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to, discriminate with respect to such a grant against, the Reorganized Debtors, or another Entity with whom the Reorganized Debtors have been associated, solely because each Debtor has been a debtor under chapter 11 of the Bankruptcy Code, has been insolvent before the commencement of the Chapter 11 Cases (or during the Chapter 11 Cases but before the Debtors are granted or denied a discharge), or has not paid a debt that is dischargeable in the Chapter 11 Cases.

8. Document Retention.

On and after the Effective Date, the Reorganized Debtors may maintain documents in accordance with their standard document retention policy, as may be altered, amended, modified, or supplemented by the Reorganized Debtors.

9. **Reimbursement or Contribution**.

If the Bankruptcy Court disallows a Claim for reimbursement or contribution of an Entity pursuant to section 502(e)(1)(B) of the Bankruptcy Code, then to the extent that such Claim is contingent as of the time of allowance or disallowance, such Claim shall be forever disallowed and expunged notwithstanding section 502(j) of the Bankruptcy Code, unless prior to the Confirmation Date: (1) such Claim has been adjudicated as non-contingent or (2) the relevant holder of a Claim has Filed a non-contingent Proof of Claim on account of such Claim and a Final Order has been entered prior to the Confirmation Date determining such Claim as no longer contingent.

I. **Conditions Precedent to Confirmation and Consummation of the Plan**

1. **Conditions Precedent to the Effective Date**.

It shall be a condition to the occurrence of the Effective Date of the Plan that the following conditions shall have been satisfied or waived pursuant to the provisions of Article X.B of the Plan:

(a) the Bankruptcy Court shall have entered the Confirmation Order and shall;

(i) authorize the Debtors to take all actions necessary to enter into, implement, and consummate the contracts, instruments, releases, leases, indentures, and other agreements or documents created in connection with the Plan;

(ii) authorize the Debtors, as applicable or necessary, to: (i) implement the Restructuring Transactions; (ii) make all Distributions and issuances as required under the Plan; and (iii) enter into any agreements and transactions, as set forth in the Plan Supplement;

(iii) authorize and approve the terms of the Global Settlement Term Sheet;

(iv) authorize the implementation of the Plan in accordance with its terms; and

(v) provide that, pursuant to section 1146 of the Bankruptcy Code, the assignment or surrender of any lease or sublease, and the delivery of any deed or other instrument or transfer order, in furtherance of, or in connection with the Plan, including any deeds, bills of sale, or assignments executed in connection with any disposition or transfer of assets contemplated under the Plan, shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax; and

(b) the Debtors shall have obtained all authorizations, consents, regulatory approvals, rulings, or documents that are necessary to implement and effectuate the Plan, including all governmental approvals (including from the Issuer) necessary for the issuance of the New Bonds;

(c) unless otherwise set forth in the Plan, the final version of the Plan Supplement and all of the schedules, documents, and exhibits contained therein shall have been Filed in a manner consistent in all material respects with the Plan;

(d) the Debtors have executed the New Bond Documents in form and substance reasonably acceptable to the parties thereto;

(e) the Debtors have executed the Superpriority Exit Facility Documents in form and substance reasonably acceptable to the parties thereto;

(f) the Debtors have executed the GUC Note, Liquidating Trust Agreement and Intercreditor Agreement in form and substance reasonably acceptable to the parties thereto;

(g) all professional fees and expenses of retained professionals required to be approved by the Bankruptcy Court shall have been paid in full or amounts reasonably estimated to be sufficient to pay such fees and expenses after the Effective Date have been placed in the Professional Fee Escrow Accounts pending approval by the Bankruptcy Court; and

(h) the Debtors shall have implemented the Restructuring Transactions, and all transactions contemplated in the Plan, in a manner consistent in all respects with the Plan, pursuant to documentation acceptable to the Debtors.

2. Waiver of Conditions.

The Debtors may, with the prior written consent of (i) the Bondholder, the New Master Trustee and the New Bond Trustee solely with respect to those terms and provisions that relate to the New Bonds or would have a material adverse effect on the value of the distributions to the Bondholder, and (ii) the Committee, solely with respect to those terms and provisions that would have a material adverse effect on the value of the distributions to the Holders of General Unsecured Claims, waive any of the conditions to the Effective Date set forth in Article X.A of the Plan at any time without any notice to any other parties in interest and without any further notice to or action, order, or approval of the Bankruptcy Court, and without any formal action other than proceeding to confirm and consummate the Plan; *provided* that, in no event shall the conditions for the Debtors to obtain governmental approval for issuance of the New Bonds be waived.

3. Effect of Failure of Conditions.

If Consummation does not occur, the Plan shall be null and void in all respects and nothing contained in the Plan or the Disclosure Statement shall: (1) constitute a waiver or release of any Claims by the Debtors; (2) prejudice in any manner the rights of the Debtors, any holders of Claims, or any other Entity; or (3) constitute an admission, acknowledgment, offer, or undertaking by the Debtors, any holders of Claims, or any other Entity including the Committee.

J. Modification, Revocation, or Withdrawal of the Plan

1. Modification and Amendments.

Except as otherwise specifically provided in the Plan, the Debtors reserve the right to modify the Plan, whether such modification is material or immaterial, and seek Confirmation consistent with the Bankruptcy Code and, as appropriate, not resolicit votes on such modified Plan. Subject to those restrictions on modifications set forth in the Plan and the requirements of section 1127 of the Bankruptcy Code, Rule 3019 of the Federal Rules of Bankruptcy Procedure, and, to the extent applicable, sections 1122, 1123, and 1125 of the Bankruptcy Code, each of the Debtors expressly reserves its respective rights to revoke or withdraw, or to alter, amend, or modify the Plan with respect to such Debtor, one or more times, after Confirmation, and, to the extent necessary may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of the Plan.

2. Effect of Confirmation on Modifications.

Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan since the solicitation thereof are approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure or resolicitation under Bankruptcy Rule 3019.

3. **Revocation or Withdrawal of Plan**.

The Debtors reserve the right to revoke or withdraw the Plan prior to the Confirmation Date and to File subsequent plans of reorganization. If the Debtors revoke or withdraw the Plan, or if Confirmation or Consummation does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Class of Claims), assumption or rejection of Executory Contracts or Unexpired Leases effected under the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims; (b) prejudice in any manner the rights of such Debtor or any other Entity; or (c) constitute an admission, acknowledgment, offer, or undertaking of any sort by such Debtor or any other Entity.

K. **Retention of Jurisdiction**

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, or relating to, the Chapter 11 Cases and the Plan pursuant to sections 105(a) and 1142 of the Bankruptcy Code, including jurisdiction to:

1. allow, disallow, determine, liquidate, classify, estimate, or establish the priority, secured or unsecured status, or amount of any Claim, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the secured or unsecured status, priority, amount, or allowance of Claims;

2. decide and resolve all matters related to the granting and denying, in whole or in part, any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;

3. resolve any matters related to: (a) the assumption, assumption and assignment, or rejection of any Executory Contract or Unexpired Lease to which a Debtor is a party or with respect to which a Debtor may be liable and to hear, determine, and, if necessary, liquidate, any Claims arising therefrom, including Cure Claims pursuant to section 365 of the Bankruptcy Code; (b) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed; (c) the Reorganized Debtors amending, modifying, or supplementing, after the Effective Date, pursuant to Article VI of the Plan, any Executory Contracts or Unexpired Leases to the list of Executory Contracts and Unexpired Leases to be assumed or rejected or otherwise; and (d) any dispute regarding whether a contract or lease is or was executory or expired;

4. ensure that Distributions to holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

5. adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving a Debtor that may be pending on the Effective Date;

6. adjudicate, decide, or resolve any and all matters related to section 1141 of the Bankruptcy Code;

7. enter and implement such orders as may be necessary to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Plan or the Disclosure Statement;

8. enter and enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;

9. resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the Consummation, issuance of the New Bonds, entry into the Superpriority Exit Facility, interpretation, or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan except (other than as expressly stated in this subsection (9)) for cases, controversies, suits, disputes or Causes of Action arising in connection with or related to the New Bond Documents, the Superpriority Exit Facility Documents or the Intercreditor Agreement;

10. resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the issuance of the GUC Note and any rights thereunder;

11. issue injunctions, enter and implement other orders, or take such other actions as may be necessary to restrain interference by any Entity with Consummation or enforcement of the Plan;

12. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the releases, injunctions, and other provisions contained in Article IX of the Plan and enter such orders as may be necessary to implement such releases, injunctions, and other provisions;

13. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the repayment or return of Distributions and the recovery of additional amounts owed by the holder of a Claim for amounts not timely repaid;

14. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to any Pavilion Claim and/or the Quabbin Sale Claim;

15. enter and implement such orders as are necessary if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;

16. determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, indenture, or other agreement or document created in connection with the Plan or the Disclosure Statement except for matters arising in connection with or related to the New Bond Documents, the Superpriority Exit Facility Documents or the Intercreditor Agreement;

17. enter an order concluding or closing the Chapter 11 Cases;

18. adjudicate any and all disputes arising from or relating to Distributions under the Plan;

19. consider any modifications of the Plan, cure any defect or omission, or reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;

20. determine requests for the payment of Claims entitled to priority pursuant to section 507 of the Bankruptcy Code;

21. hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with the Plan except for the disputes relating to the New Bond Documents, the Superpriority Exit Facility Documents or the Intercreditor Agreement;

22. hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

23. hear and determine all disputes involving the existence, nature, scope, or enforcement of any exculpations, discharges, injunctions and releases granted in the Plan, including under Article IX of the Plan, regardless of whether such termination occurred prior to or after the Effective Date;

24. enforce all orders previously entered by the Bankruptcy Court; and

25. hear any other matter not inconsistent with the Bankruptcy Code.

L. Miscellaneous Provisions

1. Immediate Binding Effect.

Subject to Article X.A of the Plan and notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or otherwise, upon the occurrence of the Effective Date, the terms of the Plan (including, for the avoidance of doubt, the Plan Supplement) shall be immediately effective and enforceable and deemed binding upon the Debtors, the Reorganized Debtors, and any and all holders of Claims (irrespective of whether such Claims are deemed to have accepted the Plan), all Entities that are parties to or are subject to the settlements, compromises, releases, discharges, and injunctions described in the Plan, each Entity acquiring property under the Plan, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtors.

2. Additional Documents.

On or before the Effective Date, the Debtors may file such agreements and other documents with the Bankruptcy Court as may be necessary to effectuate and further evidence the terms and conditions of the Plan. The Debtors or the Reorganized Debtors, as applicable, and all holders of Claims receiving Distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

3. Payment of Statutory Fees.

All fees payable pursuant to section 1930(a) of the Judicial Code, as determined by the Bankruptcy Court, shall be paid by each of the Reorganized Debtors (or the Disbursing Agent on behalf of each of the Reorganized Debtors) for each quarter (including any fraction thereof) until the Chapter 11 Cases are converted, dismissed, or closed, whichever occurs first.

4. Statutory Committee and Cessation of Fee and Expense Payment.

On the Effective Date, any statutory committee appointed in the Chapter 11 Cases shall dissolve, and members thereof shall be released and discharged from all rights and duties from or related to the Chapter 11 Cases except to the extent necessary for any Professionals to submit Professional Fee Claims. The Reorganized Debtors shall no longer be responsible for paying any fees or expenses incurred by the members of or advisors to any statutory committees after the Effective Date, except for any fees or expenses incurred after the Effective Date with respect to Professional Fee Claims.

5. Reservation of Rights.

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order, and the Confirmation Order shall have no force or effect if the Effective Date does not occur. None of the Filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by any Debtor with respect to the Plan, the Disclosure Statement, or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of any Debtor with respect to the holders of Claims prior to the Effective Date.

6. Successors and Assigns.

The rights, benefits, and obligations of any Entity named or referred to in the Plan shall be binding on and shall inure to the benefit of any heir, executor, administrator, successor or assign, affiliate, officer, director, agent, representative, attorney, beneficiaries, or guardian, if any, of each Entity.

7. <u>Notices</u>.

All notices, requests, and demands to or upon the Debtors to be effective shall be in writing (including by facsimile transmission) and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

(a) if to the Debtors, to:

Heywood Healthcare, Inc.
242 Green Street
Gardner, MA 01440
Attention: John Bujak
Email address: john.bujak@heywood.org

with copies to:

FOLEY & LARDNER LLP
321 N. Clark Street, Suite 3000
Chicago, IL 60654
Attention: Edward J. Green
E-mail address: egreen@foley.com

And

FOLEY & LARDNER LLP
500 Woodward Avenue, Suite 2700
Detroit, MI 48226
Attention: Jake W. Gordon
E-mail address: jake.gordon@foley.com

And

John M. Flick (#652169)
FLICK LAW GROUP, P.C.
144 Central Street, Unit 201
Gardner, MA 01440
Attention: John M. Flick
E-mail address: jflick@flicklawgroup.com

After the Effective Date, the Debtors have authority to send a notice to Entities that request to continue to receive documents pursuant to Bankruptcy Rule 2002, such Entity must file a renewed request to receive documents pursuant to Bankruptcy Rule 2002. After the Effective Date, the Debtors are authorized to limit the list of Entities receiving documents pursuant to Bankruptcy Rule 2002 to those Entities who have Filed such renewed requests.

8. <u>Term of Injunctions or Stays</u>.

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Cases pursuant to sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms.

9. Entire Agreement.

Except as otherwise indicated, the Plan (including, for the avoidance of doubt, the Plan Supplement) supersedes all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan.

10. Exhibits.

All exhibits and documents included in the Plan Supplement are incorporated into and are a part of the Plan as if set forth in full in the Plan. After the exhibits and documents are Filed, copies of such exhibits and documents shall be available upon written request to the Debtors' counsel at the address above or by downloading such exhibits and documents from the Debtors' restructuring website at https://cases.stretto.com/heywood/ or the Bankruptcy Court's website at https://www.mab.uscourts.gov/. To the extent any exhibit or document is inconsistent with the terms of the Plan, unless otherwise ordered by the Bankruptcy Court, the non-exhibit or non-document portion of the Plan shall control.

11. Nonseverability of Plan Provisions.

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (1) valid and enforceable pursuant to its terms; (2) integral to the Plan and may not be deleted or modified without the Debtors' consent; and (3) nonseverable and mutually dependent.

12. Votes Solicited in Good Faith.

Upon entry of the Confirmation Order, the Debtors will be deemed to have solicited votes on the Plan in good faith and in compliance with the Bankruptcy Code, and pursuant to section 1125(e) of the Bankruptcy Code, the Debtors and each of their respective Affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors, and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code in the offer, issuance, sale, and purchase of securities offered and sold under the Plan and any previous plan, and, therefore, neither any of such parties or individuals or the Reorganized Debtors will have any liability for the violation of any applicable law, rule, or regulation governing the solicitation of votes on the Plan and any previous plan.

13. Closing of Chapter 11 Cases.

The Reorganized Debtors shall, promptly after the full administration of the Chapter 11 Cases, File with the Bankruptcy Court all documents required by Bankruptcy Rule 3022 and any applicable order of the Bankruptcy Court to close the Chapter 11 Cases.

14. Waiver or Estoppel.

Each holder of a Claim shall be deemed to have waived any right to assert any argument, including the right to argue that its Claim should be Allowed in a certain amount, in a certain priority, secured or not subordinated by virtue of an agreement made with the Debtors or their counsel, or any other Entity, if such agreement was not disclosed in the Plan, the Disclosure Statement, or papers Filed with the Bankruptcy Court prior to the Confirmation Date.

15. <u>Conflicts</u>.

Except as set forth in the Plan, to the extent that any provision of the Disclosure Statement, the Plan Supplement, or any other order (other than the Confirmation Order) referenced in the Plan (or any exhibits, schedules, appendices, supplements, or amendments to any of the foregoing), conflict with or are in any way inconsistent with any provision of the Plan, the Plan shall govern and control.

VI.
VOTING REQUIREMENTS AND INSTRUCTIONS

A. Parties in Interest Entitled to Vote

This Disclosure Statement, along with a Ballot or Ballots used for voting on the Plan, is being distributed to the Holders of Claims who may be entitled to vote to accept or reject the Plan. Pursuant to the Bankruptcy Code, only Classes of Claims that are "impaired" (as defined in section 1124 of the Bankruptcy Code) under the Plan are entitled to vote to accept or reject the Plan. A Class is impaired if the legal, equitable or contractual rights to which the Claims of that Class entitle the Holders of such Claims or Interests are modified, other than by curing defaults and reinstating the debt. Classes of Claims that are not impaired are not entitled to vote on the Plan and are presumed to have accepted the Plan. Classes of Claims that receive no distributions under the Plan are not entitled to vote on the Plan and are deemed to have rejected the Plan.

B. Classes Impaired Under the Plan

Acceptances of the Plan are being solicited only from those holders of Claims in impaired Classes that will or may receive a distribution under the Plan. Accordingly, the Debtors are soliciting acceptances from holders of Claims in Classes 5, 6, 7 and 9, and a Ballot to accept or reject the Plan is being provided only to Holders of Claims in Classes 5, 6, 7 and 9. The Holders of Classes 1, 2, 3 and 4 are unimpaired under the Plan and are deemed to accept the Plan, and the Debtors will not be soliciting acceptances from those Classes. The Holders of Class 10 Intercompany Claims will not receive any distributions under the Plan, and are deemed to reject the Plan, and the Debtors will not be soliciting acceptances from that Class.

C. Voting Procedures and Requirements

THIS DISCUSSION OF THE SOLICITATION AND VOTING PROCESS IS ONLY A SUMMARY. PLEASE REFER TO THE DISCLOSURE STATEMENT ORDER FOR A MORE COMPREHENSIVE DESCRIPTION OF THE SOLICITATION AND VOTING PROCESS.

Pursuant to the Disclosure Statement Order, the following dates shall govern the schedule for confirmation of the Plan:

Event	Date[5]
Disclosure Statement Objection Deadline	August 22, 2024 at 12:00 p.m.
Disclosure Statement Hearing	August 22, 2024 at 2:00 p.m.
Voting Record Date[6]	August 23, 2024 (or date of entry of the Proposed Order)

5 All times referenced are Prevailing Eastern Time.

6 The "<u>Voting Record Date</u>" is the date as of which a Holder of record of a Claim entitled to vote on the Plan must have held such Claim or Interest to cast a vote to accept or reject the Plan.

Event	Date[5]
Solicitation Deadline	August 26, 2024 (no later than)
Schedule of Assumed Executory Contracts and Unexpired Leases Filing Deadline	September 10, 2024
Plan Supplement Filing Deadline	September 16, 2024
Plan Objection Deadline	September 24, 2024 at 4:00 p.m.
Deadline to File 3018 Motion	September 24, 2024 at 4:00 p.m.
Voting and Opt-In Deadline	September 24, 2024 at 4:00 p.m.
Deadline to File Confirmation Brief	September 26, 2024
Plan Objections Response Deadline	September 26, 2024
Deadline to File Ballot Report	September 26, 2024
Confirmation Hearing	September 30, 2024 at 9:00 a.m.

The Bankruptcy Court has fixed August 23, 2024 as the "Voting Record Date." Only Persons who hold Claims in Classes 5, 6, 7 and 9 on the Voting Record Date are entitled to vote whether to accept the Plan. To vote on the Plan, a holder of an Allowed Claim in a Class that is entitled to vote on the Plan must complete the Ballot and comply with the voting instructions outlined below and detailed in the Disclosure Statement Order.

Pursuant to section 502 of the Bankruptcy Code and Bankruptcy Rule 3018, the Bankruptcy Court may temporarily allow a Claim for voting or other purposes. Pursuant to the Disclosure Statement Order, voting tabulation procedures have been established, which include rules providing for the temporary allowance or disallowance of certain Claims for voting purposes only. These voting procedures, including the tabulation rules, are described in the solicitation materials provided with your Ballot.

1. <u>Ballots</u>

In voting for or against the Plan, please use only the Ballot or Ballots sent to you with this Disclosure Statement. **If you have any questions regarding the Ballot, Disclosure Statement and the Plan, or need physical copies of the Ballot or other enclosed materials, please contact the Debtors' Claims and Balloting Agent, Stretto, Inc., in writing at Heywood Healthcare, Inc., c/o Stretto, Inc., 410 Exchange, Ste. 100, Irvine, CA 92602, or by email at heywoodinquiries@stretto.com with a reference to "Heywood Healthcare, Inc." in the subject line, or by calling 855-316-3719 (domestic, toll-free) or 949-620-6343 (international) and request to speak with a member of the solicitation team.**

In most cases, each Ballot enclosed with this Disclosure Statement has been encoded with the amount of your Claim for voting purposes (if your Claim is a Disputed Claim this amount may not be the amount ultimately allowed for purposes of distributions under the Plan) and the Class in which your Claim has been classified. **YOU MUST FOLLOW THE DIRECTIONS CONTAINED ON THE ENCLOSED BALLOT CAREFULLY. IF YOU FAIL TO DO SO, YOUR VOTE MAY NOT BE COUNTED.**

2. <u>Returning Ballots</u>

The Ballots have been specifically designed for the purpose of soliciting votes on the Plan from Holders of Claims within Classes 5, 6, 7 and 9 who are entitled to a vote with respect thereto. Accordingly, in voting on the Plan, please use only the Ballot sent to you with this Disclosure Statement. Please complete and sign your Ballot and return in accordance with the voting instructions provided with the Ballot.

To be counted, your Ballot or Ballots must be received by 4:00 p.m. (Prevailing Eastern Time), on September 24, 2024 using *one* of the following methods:

If by First Class Mail, Overnight Courier or Hand Delivery:

Heywood Healthcare Ballot Processing
c/o Stretto
410 Exchange, Suite 100
Irvine, CA 92602

If by Electronic, Online Submission:

Please visit https://balloting.stretto.com/. If you choose to submit your Ballot via Stretto's E-Ballot system, you should *not* also return a paper copy of your Ballot.

IMPORTANT NOTE: You will need the following information to retrieve and submit your customized E-Ballot:

Unique E-Ballot ID#: ____

"E-Balloting" is the sole manner in which Ballots will be accepted via electronic or online transmission. Ballots submitted by facsimile or email will not be counted.

NO BALLOTS RECEIVED AFTER THE VOTING DEADLINE WILL BE COUNTED. NO BALLOTS RECEIVED BY TELECOPY, FACSIMILE, OR EMAIL WILL BE ACCEPTED. Following the Voting Deadline, the Claims and Balloting Agent will prepare and file with the Bankruptcy Court a certification of the results of the balloting with respect to the Plan.

VII.
ACCEPTANCE AND CONFIRMATION OF THE PLAN

The Bankruptcy Code requires that, in order to Confirm the Plan, the Bankruptcy Court must make a series of findings concerning the Plan and the Debtor, including that (i) the Plan has classified Claims in a permissible manner, (ii) the Plan complies with applicable provisions of the Bankruptcy Code, (iii) the Debtors have complied with applicable provisions of the Bankruptcy Code, (iv) the Debtors have proposed the Plan in good faith and not by any means forbidden by law, (v) the disclosure required by section 1125 of the Bankruptcy Code has been made, (vi) the Plan has been accepted by the requisite votes of creditors (except to the extent that cramdown is available under section 1129(b) of the Bankruptcy Code), (vii) the Plan is feasible and Confirmation is not likely to be followed by liquidation other than the liquidation as provided for in the Plan, (viii) the Plan is in the "best interests" of all holders of Claims in an Impaired Class by providing to such Holders on account of their Claims value, as of the Effective Date, that is not less than the amount that such holder would receive or retain in a chapter 7 liquidation, unless each holder of a Claim or Interest in such Class has accepted the Plan, and (ix) all fees and expenses payable under 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the hearing on Confirmation, have been paid or the Plan provides for the payment of such fees on the Effective Date.

A. Confirmation Hearing

The Bankruptcy Code requires the Bankruptcy Court, after notice, to conduct a hearing regarding whether the Debtors and the Plan have fulfilled the confirmation requirements of section 1129 of the Bankruptcy Code.

The Confirmation Hearing has been scheduled for September 30, 2024 at 9:00 a.m. (Prevailing Eastern Time), before the Honorable Elizabeth D. Katz, United States Bankruptcy Judge, United States Bankruptcy Court for the District of Massachusetts, 595 Main Street, Room 311, Worcester, MA 01608. The Bankruptcy Court has directed that objections, if any, to Confirmation of the Plan be served and filed on or before September 24, 2024 at

4:00 p.m. (Prevailing Eastern Time), in the manner described in the Confirmation Hearing Notice attached to the Disclosure Statement Order.

The date of the Confirmation Hearing may be adjourned from time to time without further notice except for an in-court announcement at the Confirmation Hearing of the date and time as to which the Confirmation Hearing has been adjourned.

B. Disclosure Statement Order

The proposed order approving the Disclosure Statement (the "Disclosure Statement Order") shall include, among other things: (i) notice of the filing of the Disclosure Statement and Plan, and of approval of the Disclosure Statement; (ii) the Voting Deadline; (iii) the deadline for filing a motion pursuant to Bankruptcy Rule 3018(a); (iv) the deadline for objecting to confirmation of the Plan and information on how to object to Confirmation of the Plan; (v) the time, date, and place of the Confirmation Hearing; (vi) information on releases and how to opt in to releases; and (vii) instructions on how to obtain copies of the Disclosure Statement and the Plan.

C. Additional Plan-Related Documents.

The Debtors will file certain documents that provide more details about implementation of the Plan in the Plan Supplement, which pursuant to the terms of the Plan will be filed with the Bankruptcy Court no later than [September __, 2024 which is ____ calendar days before the deadline to object to confirmation (September 24, 2024)]. The Debtors will serve a notice that will inform all parties that the initial Plan Supplement was filed, list the information included therein, and explain how copies of the Plan Supplement may be obtained. Eligible Holders of Claims entitled to vote to accept or reject the Plan shall not be entitled to change their vote based on the contents of the Plan Supplement after the Voting and Opt-In Deadline. The Plan Supplement will include:

(i) New Organizational Documents;

(ii) the form of Liquidating Trust Agreement;

(iii) Schedule of Assumed Executory Contracts and Unexpired Leases;

(iv) the form of New CCAs;

(v) the form of the Superpriority Exit Facility Credit Agreement;

(vi) Schedule of Insurance Policies;

(vii) the Avoidance Action Schedule;

(viii) the form of the GUC Note;

(ix) the form of the Intercreditor Agreement; and

(x) any other necessary documentation related to the Plan and Restructuring Transactions contemplated therein.

D. Confirmation

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the requirements of section 1129 of the Bankruptcy Code are met. Among the requirements for Confirmation are that the Plan (i) is accepted by the requisite holders of Claims or, if not so accepted, is "fair and equitable" and "does not discriminate unfairly" as to the non-accepting Class of Claims or Interests, (ii) is in the "best interests" of each holder of a Claim or Interest that does not vote to accept the Plan in each Impaired class under the Plan, (iii) is feasible, and (iv) complies with the applicable provisions of the Bankruptcy Code.

E. Acceptance of the Plan

As a condition to Confirmation, the Bankruptcy Code requires that each class of impaired claims or interests vote to accept the Plan, except under certain circumstances. A plan is accepted by an impaired class of claims if holders of at least two-thirds in dollar amount and more than one-half in number of claims of that class vote to accept the plan. A plan is accepted by an impaired class of interests if holders of at least two-thirds of the number of shares in such class vote to accept the plan. Only those holders of claims or interests who actually vote count in these tabulations. Holders of claims who fail to vote are not counted as either accepting or rejecting a plan for purposes of determining whether the requirements for confirmation have been met.

In addition to this voting requirement, section 1129 of the Bankruptcy Code requires that a Plan be accepted by each holder of a claim or interest in an impaired class or that the Plan otherwise be found by the bankruptcy court to be in the best interests of each holder of a claim or interest in such class. This is the "Best Interests Test" discussed below. In addition, each impaired class must accept the Plan for the Plan to be Confirmed without application of the "fair and equitable" and "unfair discrimination" tests in section 1129(b) of the Bankruptcy Code discussed below.

F. Confirmation Without Acceptance by All Impaired Classes

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if all impaired classes have not accepted the plan; provided that the plan has been accepted by at least one impaired class of claims. Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class rejection or deemed rejection of the plan, the plan will be confirmed, at the plan proponent's request, in a procedure commonly known as "cramdown," so long as the plan does not "discriminately unfairly" and is "fair and equitable" with respect to each class of claims or interests that is impaired under, and has not accepted, the plan.

If any Impaired Class of Claims rejects the Plan, including Classes of Claims deemed to reject the Plan, the Debtors may request Confirmation of the Plan, as it may be modified from time to time, utilizing the "cramdown" provision under section 1129(b) of the Bankruptcy Code. The Debtors reserve the right to modify the Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification, including by modifying the treatment applicable to a Class of Claims to render such Class of Claims Unimpaired to the extent permitted by the Bankruptcy Code and the Bankruptcy Rules or to withdraw the Plan as to such Debtor.

The Debtors believe that the Plan and the treatment of all Classes of Claims under the Plan satisfy the requirements for cramdown and the Debtors will be prepared if necessary to meet their burden to establish that the Plan can be confirmed pursuant to section 1129(b) of the Bankruptcy Code as part of Confirmation of the Plan.

G. Financial Information and Projections

In connection with the planning and development of the Plan, the Debtors, with the assistance of their advisors, prepared certain unaudited pro forma financial statements with regard to the Reorganized Debtors which include projections for the fiscal years 2024 through 2027, and which are attached hereto as Exhibit B (the "Financial Projections"), including management's assumptions related thereto. The Financial Projections assume that the Plan will be implemented in accordance with its stated terms. The Debtors are unaware of any circumstances as of the date of this Disclosure Statement that would require the reforecasting of the Financial Projections due to a material change in the Debtors' prospects.

The Financial Projections are based on forecasts of key economic variables and may be significantly impacted by, among other factors, changes in the competitive environment, regulatory changes, and/or a variety of other factors, including the factors listed in this Disclosure Statement. Accordingly, the estimates and assumptions underlying the Financial Projections are inherently uncertain and are subject to significant business, economic, and competitive uncertainties. Therefore, such projections, estimates, and assumptions are not necessarily indicative of current values or future performance, which may be significantly less or more favorable than set forth therein. The Financial Projections should be read in conjunction with the assumptions, qualifications, and explanations set forth in this Disclosure Statement and other financial information.

H. Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of a chapter 11 plan is not likely to be followed by the liquidation or need for further financial reorganization of the Debtors or any successor(s) to the Debtors (unless such liquidation or reorganization is proposed in the Plan). For purposes of determining whether the Plan meets this requirement, the Debtors have analyzed their ability to meet their obligations under the Plan, which analysis is included in the Financial Projections attached hereto as Exhibit B. Based on these Financial Projections, the Debtors believe the reorganization contemplated by the Plan meets the financial feasibility requirement. Moreover, the Debtors believe that sufficient funds will exist to make all payments required by the Plan. The vast majority of the Debtors' operating revenue will come from the Debtors' performance of healthcare services. The Debtors will also receive a $5 million Superpriority Exit Facility from the Prepetition Secured Parties. Additionally, the Debtors will benefit from the Health Safety Net ("HSN") assessment program in which they participate, as a result of rate enhancements. The enhancements associated with the HSN program are included in the 2024-25 Budget for the Commonwealth of Massachusetts, which was signed into law by the Governor on July 29, 2024. Accordingly, the Debtors believe that the Plan satisfies the feasibility requirement of section 1129(a)(11) of the Bankruptcy Code.

I. Liquidation Analysis

Often called the "best interests" test, section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find, as a condition to confirmation, that a chapter 11 plan provides, with respect to each class, that each holder of a claim or an interest in such class either (a) has accepted the plan, or (b) will receive or retain under the plan property of a value, as of the effective date of the plan, that is not less than the amount that such holder would receive or retain if the debtors liquidated under chapter 7 of the Bankruptcy Code.

To demonstrate compliance with the "best interests" test, the Debtors, with the assistance of their advisors, prepared the Liquidation Analysis, attached hereto as Exhibit C, showing that the value of the distributions provided to Holders of Allowed Claims under the Plan would be the same or greater than under a hypothetical chapter 7 liquidation. Accordingly, the Debtors believe that the Plan is in the best interests of creditors.

J. Compliance with the Applicable Provisions of the Bankruptcy Code

Section 1129(a)(1) of the Bankruptcy Code requires that the Plan comply with all other applicable provisions of the Bankruptcy Code. The Debtors have considered each of these issues in the development of the Plan and believe that the Plan complies with all applicable provisions of the Bankruptcy Code.

VIII.
RISK FACTORS

BEFORE TAKING ANY ACTION WITH RESPECT TO THE PLAN, HOLDERS OF CLAIMS AGAINST THE DEBTORS WHO ARE ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN SHOULD READ AND CONSIDER CAREFULLY THE RISK FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT, THE PLAN, AND THE DOCUMENTS DELIVERED TOGETHER HEREWITH, REFERRED TO, OR INCORPORATED BY REFERENCE INTO THIS DISCLOSURE STATEMENT, INCLUDING OTHER DOCUMENTS FILED WITH THE BANKRUPTCY COURT IN THE CHAPTER 11 CASES. THE RISK FACTORS SHOULD NOT BE REGARDED AS CONSTITUTING THE ONLY RISKS PRESENT IN CONNECTION WITH THE DEBTORS' BUSINESSES OR THE RESTRUCTURING AND CONSUMMATION OF THE PLAN. EACH OF THE RISK FACTORS DISCUSSED IN THIS DISCLOSURE STATEMENT MAY APPLY EQUALLY TO THE DEBTORS AND THE REORGANIZED DEBTORS, AS APPLICABLE AND AS CONTEXT REQUIRES.

A. Certain Bankruptcy Considerations

1. Parties in Interest May Object to the Debtors' Classification of Claims

Section 1122 of the Bankruptcy Code provides that a chapter 11 plan may place a class or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests in such class. The Debtors believe that the classification of Claims under the Plan complies with the requirements set forth in the Bankruptcy Code. However, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

2. The Debtors May Not Be Able to Satisfy Vote Requirements

Pursuant to section 1126(c) of the Bankruptcy Code, section 1129(a)(7)(A)(i) of the Bankruptcy Code will be satisfied with respect to a Class if Holders of at least two-thirds in amount and more than one-half in number of the Allowed Claims in the Class that vote on the Plan cast votes to accept the Plan. There is no guarantee that the Debtors will receive the necessary acceptances from Holders of Claims in the voting Classes. If the voting Classes vote to reject the Plan, the Debtors may elect to amend the Plan.

3. The Debtors May Not Be Able to Pursue Nonconsensual Confirmation Over Certain Impaired Non-Accepting Classes

Generally, a bankruptcy court may confirm a plan under the Bankruptcy Code's "cramdown" provisions over the objection of an impaired non-accepting class of claims or interests if at least one impaired class of claims has accepted the plan (with acceptance being determined without including the vote of any "insider" in that accepting class), and, as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the rejecting impaired classes.

While the Debtors believe they have support from the Holders of voting Classes in excess of the requisite two-thirds in amount and more than one-half in number, the amount required for an accepting Class of Claims pursuant to section 1126(c) of the Bankruptcy Code, there is no guarantee that those Holders will vote those Claims in favor of the Plan. If any voting Class does not vote to accept the Plan, the Debtors would be required to seek other relief, which could include an alternative chapter 11 plan of reorganization or a process through which to liquidate their assets. There can be no assurances that the Debtors will confirm a chapter 11 plan and emerge as a reorganized company in that event, and it is unclear what distributions, if any, Holders of Allowed Claims will receive in that instance. In addition, the pursuit of an alternative restructuring proposal may result in, among other things, increased expenses relating to claims of estate professionals.

4. The Debtors May Not be Able to Secure Confirmation of the Plan

Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will Confirm the Plan. The Bankruptcy Court could decline to Confirm the Plan if it finds that any of the statutory requirements for Confirmation have not been met, including that the terms of the Plan are fair and equitable to non-accepting Classes.

Section 1129 of the Bankruptcy Code sets forth the requirements for Confirmation and requires, among other things, a finding by the Bankruptcy Court that the Plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting Classes, Confirmation of the Plan is not likely to be followed by a liquidation or a need for further financial reorganization and the value of distributions to non-accepting Holders of Claims within a particular Class under the Plan will not be less than the value of distributions such Holders would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. While there can be no assurance that these requirements will be met, the Debtors believe that the Plan will not be followed by a need for further reorganization or liquidation and that non-accepting Holders within each Class under the Plan will receive distributions at least as great as they would receive following a liquidation under chapter 7 of the Bankruptcy Code, when taking into consideration all administrative claims and costs associated with any such chapter 7 case.

5. Conditions Precedent to Confirmation May Not Occur

As more fully set forth in Article X of the Plan, the occurrence of Confirmation and the Effective Date are each subject to a number of conditions precedent. If each condition precedent to Confirmation is not met or waived, the Plan will not be confirmed, and if each condition precedent to Consummation is not met or waived, the Effective Date will not take place.

In the event that the Plan is not confirmed or is not Consummated, the Debtors may seek Confirmation of a new plan. However, it is unclear whether another Plan could be implemented and what distributions Holders of Claims ultimately would receive with respect to their Claims. If an alternative Plan could not be agreed to, it is possible that the Debtors would have to liquidate their assets under chapter 7, in which case it is likely that Holders of Claims would receive substantially less favorable treatment than they would receive under the Plan.

6. Parties in Interest May Object to the Releases Contained in the Plan

Confirmation is also subject to the Bankruptcy Court's approval of the settlement, release, injunction, and related provisions described in Article IX of the Plan. Certain parties in interest may assert that the Debtors cannot demonstrate that they meet the relevant standards for approval of releases, exculpations, and injunctions.

7. Operating in Bankruptcy for a Long Period of Time May Harm the Debtors' Business

The Debtors' future results will be dependent upon the successful confirmation and implementation of a plan of reorganization. A long period of operations under Bankruptcy Court protection could have a material adverse effect on the Debtors' business, financial condition, results of operations, and liquidity. So long as the proceedings related to the Chapter 11 Cases continue, senior management will be required to spend a significant amount of time and effort dealing with the reorganization instead of focusing exclusively on business operations. A prolonged period of operating under Bankruptcy Court protection also may make it more difficult to retain management and other key personnel necessary to the success and growth of the Debtors' business. Further, so long as the proceedings related to the Chapter 11 Cases continue, the Debtors will be required to incur substantial costs for professional fees and other expenses associated with the administration of the Chapter 11 Cases. Furthermore, the Debtors cannot predict the ultimate amount of all settlement terms for the liabilities that will be subject to a plan of reorganization. Even after a plan of reorganization is approved and implemented, the Reorganized Debtors' operating results may be adversely affected by the possible reluctance of counterparties to do business with a company that recently emerged from bankruptcy protection.

8. The Debtors May Object to the Amount or Classification of a Claim or Interest

The Debtors and the Liquidating Trustee, as applicable, reserve and retain the right to object to the amount or classification of any Claim. The estimates set forth in this Disclosure Statement cannot be relied on by any creditor whose Claim is subject to an objection. Any such Claim Holder may not receive its specified share of the estimated distributions described in this Disclosure Statement.

B. The Reorganized Debtors May Not Receive the Current Proposed Financial Accommodations from the Commonwealth of Massachusetts

A significant portion of the Reorganized Debtors' cash flow over the next 1-3 years is tied to additional supplemental payments from the Commonwealth of Massachusetts, as well as the forbearance of the Advance recoupment until 2025 (or ultimate forgiveness). The Debtors do not have control over whether the Commonwealth of Massachusetts and applicable regulatory agencies make policy or statutory changes that could impact these portions of the Debtors' cash flow.

C. The Reorganized Debtors May Not Be Able to Generate or Receive Sufficient Cash to Service Their Debt and May Be Forced to Take Other Actions to Satisfy their Obligations, Which May Not Be Successful

The Reorganized Debtors' ability to make scheduled payments on their debt obligations depends on their financial condition and operating performance, which is subject to prevailing economic conditions and to certain financial, business, and other factors beyond the Reorganized Debtors' control. The Reorganized Debtors may not be able to maintain a level of cash flow sufficient to permit them to pay the principal, premium, if any, and interest on their debt.

If cash flows and other resources are insufficient to fund the Reorganized Debtors' debt obligations, they could face substantial liquidity problems and might be forced to reduce or delay capital expenditures, or to dispose of assets or operations, seek additional capital or restructure or refinance debt, including the New Secured Debt or the Superpriority Exit Facility. These alternative measures may not be successful, may not be completed on economically attractive terms, or may not be adequate to satisfy their debt obligations when due.

D. The Debtors May Not Be Able to Achieve Their Projected Financial Results

The Financial Projections represent management's best estimate of the future financial performance of the Debtors or the Reorganized Debtors, as applicable, based on currently known facts and assumptions about future operations of the Debtors or the Reorganized Debtors, as applicable, as well as the state of Massachusetts and U.S. health care systems. There is no guarantee that the Financial Projections will be realized, and actual financial results may differ significantly from the Financial Projections. To the extent the Reorganized Debtors do not meet their projected financial results or achieve projected cash flows, the Reorganized Debtors may lack sufficient liquidity to continue operating as planned after the Effective Date, may be unable to service their debt obligations as they come due, or may not be able to meet their operational needs. Further, a failure of the Reorganized Debtors to meet their projected financial results could lead to cash flow and working capital constraints, which may require the Debtors to seek additional working capital. The Reorganized Debtors may be unable to obtain such working capital when required, or may only be able to obtain such capital on unreasonable or cost prohibitive terms.

E. The Terms of the New Bond Documents and Superpriority Exit Facility Documents Are Subject to Certain Conditions and Limitations, Including the Credit Approval of Siemens Public, Inc., Siemens Financial Services, Inc. and Huntington National Bank, Ongoing Negotiations and the Approval of the Bankruptcy Court

The terms of the New Bond Documents and Superpriority Exit Facility Documents, if any, have not been finalized and are subject to the conditions and limitations (including the credit approval of Siemens Public, Inc., Siemens Financial Services, Inc. and Huntington National Bank) set forth in the Secured Debt Restructuring Term Sheet, any change based on negotiations among the Debtors and the foregoing parties, and the approval by the Bankruptcy Court.

Holders of Claims that are not the New Master Trustee, Siemens Public, Inc., Siemens Financial Services, Inc. and Huntington National Bank will not participate in these negotiations and the results of such negotiations may affect the rights of the Holders of Claims following the Effective Date. As a result, the final terms of the New Bond Documents or Superpriority Exit Facility Documents may be less favorable to Holders of Claims than as described herein and in the Plan.

F. Risks Relating to the Administration of the Liquidating Trust

The ultimate amount of Cash available to satisfy the Allowed amount of Claims in Class 7 depends, in part, on the success of the Liquidating Trust in monetizing its remaining assets, and the expense required to do so. To the extent that the Liquidating Trust's expenses exceed current expectations, the amount of Cash remaining to satisfy Allowed Claims in Class 7 will decrease.

G. Risks Relating to the Allowance of Certain Claims under the Plan

Approximately $611 million in General Unsecured Claims were asserted as of the General Bar Date. While the Debtors believe that the actual amounts to be Allowed will be substantially less, if the Claims asserted against the Debtors are Allowed at or near the full asserted amounts, this could substantially reduce recoveries for creditors.

H. Risks Relating to Loss of Not-for-Profit Status

All of the Debtors are Massachusetts not-for-profit corporations. The Restructuring Transactions, which contemplate the issuance of the tax-exempt New Bonds, depend upon the Debtors retaining their not-for-profit status. Any loss of not-for-profit status by the Debtors could result in the inability to complete the Restructuring Transactions upon which the Debtors' successful emergence from bankruptcy depends.

I. Risks Relating to the Tax Consequences of the Plan

The U.S. federal income tax consequences to Holders of Claims as a result of Consummating the Plan are complex and subject to uncertainty. Holders of Claims should carefully review Section IX ("Certain Federal Income Tax Consequences of the Plan"), below. Holders of Claims are strongly urged to consult with their tax advisors as to the U.S. federal income tax consequences of Consummation of the Plan.

* * *

THESE RISK FACTORS CONTAIN CERTAIN STATEMENTS THAT ARE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THESE STATEMENTS ARE SUBJECT TO A NUMBER OF ASSUMPTIONS, RISKS AND UNCERTAINTIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE DEBTORS AND THE LIQUIDATING TRUST, INCLUDING THE IMPLEMENTATION OF THE PLAN, THE CONTINUING AVAILABILITY OF SUFFICIENT BORROWING CAPACITY OR OTHER FINANCING TO FUND OPERATIONS, THE PRICES AT WHICH THE DEBTORS AND LIQUIDATING TRUST CAN SELL THEIR PRODUCTS AND SERVICES, CURRENCY EXCHANGE RATE FLUCTUATIONS, NATURAL DISASTERS AND UNUSUAL WEATHER CONDITIONS, TERRORIST ACTIONS OR ACTS OF WAR, OPERATING EFFICIENCIES, LABOR RELATIONS, ACTIONS OF GOVERNMENTAL BODIES, AND OTHER MARKET AND COMPETITIVE CONDITIONS. HOLDERS OF CLAIMS ARE CAUTIONED THAT THE FORWARD-LOOKING STATEMENTS SPEAK AS OF THE DATE MADE AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. ACTUAL RESULTS OR DEVELOPMENTS MAY DIFFER MATERIALLY FROM THE EXPECTATIONS EXPRESSED OR IMPLIED IN THE FORWARD-LOOKING STATEMENTS, AND THE DEBTORS UNDERTAKE NO OBLIGATION TO UPDATE ANY SUCH STATEMENTS.

IX.
CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion is a summary of certain U.S. federal income tax consequences of the Plan and is for general information purposes only. This summary should not be relied upon for purposes of determining the specific tax consequences of the Plan with respect to a particular Holder of a Claim. This discussion does not purport to be a complete analysis or listing of all potential tax considerations.

This discussion is based on existing provisions of the Internal Revenue Code of 1986, as amended (the "Tax Code"), existing and proposed Treasury Regulations promulgated thereunder, and current administrative rulings and court decisions. Legislative, judicial, or administrative changes or interpretations enacted or promulgated after the date hereof could alter or modify the analyses set forth below with respect to the U.S. federal income tax consequences of the Plan. Any such changes or interpretations may be retroactive and could significantly affect the U.S. federal income tax consequences of the Plan.

Due to the lack of definitive judicial and administrative authority in a number of areas, substantial uncertainty may exist with respect to some of the tax consequences described below. No ruling has been requested or obtained from the Internal Revenue Service ("IRS") with respect to any tax aspects of the Plan and no opinion of counsel has been sought or obtained with respect thereto. The discussion below is not binding upon the IRS or any court. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position than any position discussed herein. No representations or assurances are being made to the Holders of Claims with respect to the U.S. federal income tax consequences described herein. Except as specifically set forth below, this discussion addresses only Holders of Claims that are "United States persons" (within the meaning of Section 7701(a)(30) of the Tax Code).

ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM. ALL HOLDERS OF CLAIMS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF THE PLAN.

A. General Federal Income Tax Consequences to Holders of Claims

A Holder of Claims will generally be subject to U.S. federal income tax if such Holder is:

- a citizen or resident of the United States;
- a corporation organized under the laws of the United States or a state or subdivision thereof;
- an estate whose income is subject to United States federal income tax regardless of its source;
- a trust, if a United States court can exercise primary supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial decisions of the trust;
- an individual present in the United States for 183 days or more in the applicable taxable year and certain other conditions are met;
- a Holder in respect of which the gain is effectively connected with the Holder's conduct of a trade or business in the United States (or, if certain tax treaties apply, is attributable to a permanent establishment in the United States); or
- a partnership or a disregarded entity with an investor that falls into one of the above categories.

The U.S. federal income tax consequences to a Holder of a Claim receiving, or entitled or deemed to receive, a distribution in partial or total satisfaction of a Claim may depend on a number of factors, including the nature of the Claim, the Holder's method of accounting, and the Holder's own particular tax situation. Because each Holder's tax situation differs, Holders that fall into one of these categories should consult their own tax advisors to determine how the Plan affects them for federal, state, local and foreign tax purposes, based on their particular tax situations.

In addition, Holders not otherwise subject to U.S. federal income tax that intend to participate in the Plan through U.S. intermediaries should consult their own tax advisor with regard to the potential applicability of information reporting requirements.

B. The Liquidating Trust

The Liquidating Trust, if established, is intended to qualify as a "liquidating trust" for U.S. federal income tax purposes. In general, a liquidating trust is not a separate taxable entity, but rather is treated for U.S. federal income tax purposes as a "grantor trust" (*i.e.*, the liquidating trust beneficiaries are deemed to own the assets of the trust, and all of the trust's income and loss is taxed directly to the liquidating trust beneficiaries). However, merely establishing a trust as a liquidating trust does not ensure that it will be treated as a grantor trust for U.S. federal income tax purposes. The IRS, in Revenue Procedure 94-45, 1994-2 C.B. 684, set forth the general criteria for obtaining an IRS ruling as to the grantor trust status of a liquidating trust under a chapter 11 plan. The Liquidating Trust will be structured to comply with such general criteria. Pursuant to the Plan, and in conformity with Revenue Procedure 94-45, all parties (including, without limitation, the Debtors, the Liquidating Trustee and Liquidating Trust Beneficiaries) will be required to treat, for U.S. federal income tax purposes, the Liquidating Trust as a grantor trust of which the Liquidating Trust Beneficiaries are the owners and grantors. The following discussion assumes that the Liquidating Trust will be so respected for U.S. federal income tax purposes. However, no opinion of counsel has been requested, and the Debtors or Liquidating Trustee may or may not obtain a ruling from the IRS, concerning the tax status of the Liquidating Trust as a grantor trust. Accordingly, there can be no assurance that the IRS would not take a contrary position. If the IRS were to challenge successfully the classification of the Liquidating Trust, the U.S. federal income tax consequences to the Liquidating Trust could vary from those discussed herein (including the potential for imposition of tax on the net income of the Liquidating Trust at the entity level, rather than at the level of Liquidating Trust Beneficiaries).

C. General Tax Reporting by the Liquidating Trust and Liquidating Trust Beneficiaries

For all U.S. federal income tax purposes, all parties (including, without limitation, the Debtors, the Liquidating Trustee and Liquidating Trust Beneficiaries) will treat the transfer of the assets to the Liquidating Trust in accordance with the terms of the Plan. Pursuant to the Plan, the Liquidating Trust Assets will be treated, for U.S. federal income tax purposes, as having been transferred, subject to any obligations relating to those assets (including any obligations to Holders of Disputed Claims), directly to the Liquidating Trust Beneficiaries (with each Liquidating Trust Beneficiary receiving an undivided interest in such assets in accordance with its economic interests in such assets), followed by the transfer by the Liquidating Trust Beneficiaries of such assets (subject to any obligations to holders of disputed claims) to the Liquidating Trust. Accordingly, all parties shall treat the Liquidating Trust as a grantor trust of which the Liquidating Trust Beneficiaries are the owners and grantors, and treat such Liquidating Trust Beneficiaries as the direct owners of an undivided interest in the Liquidating Trust Assets, consistent with their economic interests therein, for all U.S. federal income tax purposes.

The Liquidating Trustee will provide good faith valuation of the Liquidating Trust Assets to the Liquidating Trust Beneficiaries as soon as reasonably practicable after the Effective Date, and such valuations must be used by the Liquidating Trustee and Liquidating Trust Beneficiaries for all U.S. federal income tax purposes.

Taxable income or loss allocated to a Liquidating Trust Beneficiary will be treated as income or loss with respect to such Holder's undivided interest in the Liquidating Trust Assets, and not as income or loss with respect to its prior Claim. The character of any income and the character and ability to use any loss will depend on the particular situation of each Liquidating Trust Beneficiary.

The U.S. federal Income tax obligations of a U.S. Liquidating Trust Beneficiary with respect to its Liquidating Trust beneficial interest are not dependent on the Liquidating Trust distributing any cash or other proceeds. Thus, a Liquidating Trust Beneficiary may incur a U.S. federal income tax liability with respect to its allocable share of the Liquidating Trust's income even if the Liquidating Trust does not make a concurrent distribution to the Liquidating Trust Beneficiary. Additionally, a distribution of cash by the Liquidating Trust may not be separately taxable to a Liquidating Trust Beneficiary since the beneficiary is already regarded for U.S. federal income tax purposes as owning the underlying assets (and was taxed at the time the cash was earned or received by the Liquidating Trust).

D. Holders That Are Non-United States Persons

Holders of Claims that are not "United States persons" (within the meaning of Section 7701(a)(30) of the Tax Code) generally will not be subject to U.S. federal income tax with respect to property (including Cash) received in exchange for such Claims, unless (i) such Holder is engaged in a trade or business in the United States to which income, gain or loss from the exchange is "effectively connected" for U.S. federal income tax purposes, or (ii) if such Holder is an individual, such Holder is present in the United States for 183 days or more during the taxable year of the exchange and certain other requirements are met.

E. Importance of Obtaining Professional Tax Assistance

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER'S INDIVIDUAL CIRCUMSTANCES. ACCORDINGLY, HOLDERS ARE URGED TO CONSULT WITH THEIR TAX ADVISORS ABOUT THE FEDERAL, STATE, LOCAL, AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

NO STATEMENT IN THIS DISCLOSURE STATEMENT SHOULD BE CONSTRUED AS LEGAL OR TAX ADVICE. THE DEBTORS AND THEIR PROFESSIONALS DO NOT ASSUME ANY RESPONSIBILITY OR LIABILITY FOR THE TAX CONSEQUENCES THE HOLDER OF A CLAIM MAY INCUR AS A RESULT OF THE TREATMENT AFFORDED ITS CLAIM UNDER THE PLAN AND DO NOT REPRESENT WHETHER THERE COULD BE ADDITIONAL TAX EXPOSURE TO THEMSELVES OR THEIR NON-DEBTOR AFFILIATES AS A RESULT OF THE PLAN.

X.
CONCLUSION

For all of the reasons set forth in this Disclosure Statement, the Debtors believe that the Confirmation of the Plan is preferable to all other alternatives. The Debtors urge all creditors entitled to vote to vote to accept the Plan and to return their Ballots so that they will be received by 4:00 p.m. (Prevailing Eastern Time) on September 24, 2024.

DATED: August 23, 2024

Exhibit A to Disclosure Statement

Second Amended Plan
of Reorganization of Heywood Healthcare, Inc., et al.,
Pursuant to Chapter 11 of the Bankruptcy Code

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MASSACHUSETTS
CENTRAL DIVISION

In re:	)	Chapter 11
	)	
HEYWOOD HEALTHCARE, INC., *et al.* [1],	)	Case No. 23-40817
	)	
	)	Honorable Elizabeth D. Katz
Debtors-in-Possession.	)	
	)	(Jointly Administered)

SECOND AMENDED PLAN OF REORGANIZATION OF HEYWOOD HEALTHCARE, INC., *ET AL.*, PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

Dated: August 23, 2024

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[1] The Debtors in these Chapter 11 cases (the "Chapter 11 Cases"), along with the last four digits of each Debtor's federal identification number are: Heywood Healthcare, Inc. (0658); The Henry Heywood Memorial Hospital (3581); Athol Memorial Hospital (6583), Heywood Medical Group, Inc. (3589), Athol Memorial Hospital NMTC Holdings, Inc. (2189), Quabbin Healthcare, Inc. (7153) and Heywood Realty Corporation (7447).

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INTRODUCTION

The Debtors propose this Plan to address and otherwise resolve the outstanding claims against the Debtors pursuant to chapter 11 of the Bankruptcy Code. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in Article I.A hereof. Holders of Claims may refer to the Disclosure Statement for a discussion of the Debtors' history, businesses, assets, results of operations, historical financial information, accomplishments during the Chapter 11 Cases, and projections of future operations, as well as a summary and description of the Plan and certain related matters. The Debtors are the proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code.

This Plan, in addition to addressing Claims, effectuates the Committee Settlement and implements the Restructuring Transactions, which provide for, among other things, (a) the reinstatement of the outstanding Series 2019 Bonds through the delivery of New Bonds in replacement or amendment of the Series 2019 Bonds and an exchange of the outstanding Series 2019 Bonds for the New Bonds, (b) the closing of a superpriority exit facility, and (c) the distribution of the GUC Cash Amount and the GUC Note to the Liquidating Trust for the benefit of the Liquidating Trust Beneficiaries. Except as otherwise provided by order of the Bankruptcy Court, Distributions will occur on the Effective Date or as soon thereafter as is practicable or such other date as set forth in this Plan or the Liquidating Trust Agreement. This Plan provides that, upon the Effective Date, the Liquidating Trust Assets available as of such date will be transferred to the Liquidating Trust. The Liquidating Trust Assets will be held, administered and/or distributed as soon as practicable pursuant to the terms of the Plan and the Liquidating Trust Agreement.

ALL HOLDERS OF CLAIMS ARE ENCOURAGED TO READ THE PLAN AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

ARTICLE I.
DEFINED TERMS, RULES OF INTERPRETATION, COMPUTATION OF TIME, AND GOVERNING LAW

A. Defined Terms.

As used in this Plan, capitalized terms have the meanings set forth below.

1. "*457 Plan*" means the Debtors' 457(b) Plan, a non-qualified deferred compensation plan under section 457(b) of the Internal Revenue Code, which allows certain of the Debtors' eligible employees to make elections to defer the payment of a certain amount or percentage of their regular base salary or bonus for future payment.

2. "*Act*" means Massachusetts General Laws, Chapter 23G and, to the extent incorporated therein, Massachusetts General Laws, Chapter 40D, both as amended from time to time.

3. "*Administrative Claim*" means a Claim for costs and expenses of administration of the Estates under sections 503(b), 507(b), or 1114(e)(2) of the Bankruptcy Code, including (a) the

actual and necessary costs and expenses incurred on or after the Petition Date of preserving the Estates and operating the businesses of the Debtors; (b) Allowed Professional Fee Claims in the Chapter 11 Cases; (c) all fees and charges assessed against the Estates under chapter 123 of title 28 of the United States Code, 28 U.S.C. §§ 1911-1930; (d) administrative claims of one or more of the Prepetition Secured Parties, if any, under any one or more interim cash collateral orders or other cash collateral orders (whether interim or final and whether consensual or non-consensual) entered by the Bankruptcy Court in these Chapter 11 Cases; and (e) Prepetition Secured Parties Priority Claims, if any.

4. "*Administrative Claims Bar Date*" means the deadline for filing requests for payment of Administrative Claims, which shall be 30 days after the Effective Date. For the avoidance of doubt, the Debtors or the Reorganized Debtors, as applicable, may allow for the extension of the Administrative Claim Bar Date at their sole discretion.

5. "*Affiliate*" has the meaning set forth in section 101(2) of the Bankruptcy Code.

6. "*Allain Claim*" means any Claim held by Allain Sitework, Inc., including Claim No. 211, filed on December 14, 2023.

7. "*Allain Deficiency Claim*" means a deficiency claim for the portion of the Allain Claim that is not a Secured Allain Claim.

8. "*Allowed*" means, with respect to any Claim, except as otherwise provided in the Plan: (a) a Claim that is evidenced by a Proof of Claim Filed by the Bar Date (or for which Claim under the Plan, the Bankruptcy Code, or pursuant to a Final Order a Proof of Claim is not or shall not be required to be Filed); (b) a Claim that is listed in the Schedules as not contingent, not unliquidated, and not disputed, and for which no Proof of Claim, as applicable, has been timely Filed; or (c) a Claim allowed pursuant to the Plan or a Final Order of the Bankruptcy Court; *provided* that with respect to a Claim described in clauses (a) and (b) above, such Claim shall be considered Allowed only if and to the extent that, with respect to such Claim, no objection to the allowance thereof has been interposed within the applicable period of time fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court, or such an objection is so interposed and the Claim, as applicable, shall have been Allowed by a Final Order. Notwithstanding anything to the contrary herein, no Claim of any Entity subject to section 502(d) of the Bankruptcy Code shall be deemed Allowed unless and until such Entity pays in full the amount that it owes such Debtor or Reorganized Debtor, as applicable. For the avoidance of doubt, a Proof of Claim Filed after the Bar Date shall not be Allowed for any purposes whatsoever absent entry of a Final Order allowing such late-Filed Claim; (y) the Debtors may affirmatively determine to deem Unimpaired Claims Allowed to the same extent such Claims would be allowed under applicable non-bankruptcy law. "Allow" and "Allowing" shall have correlative meanings.

9. "*Avoidance Action*" means any and all actual or potential avoidance, recovery, subordination, or other claims or remedies that may be brought by or on behalf of the Debtors or their Estates or other authorized parties in interest under the Bankruptcy Code or applicable non-bankruptcy law, including any avoidance claim brought under the Committee Adversary Proceeding and other claims or remedies under sections 502, 510, 542, 544, 545, 547–553, and

724(a) of the Bankruptcy Code or under other similar or related local, state, federal, or foreign statutes and common law, including fraudulent transfer laws.

10. "*Avoidance Action Schedule*" means a list of potential Avoidance Actions preserved by Debtors following Confirmation, which shall be filed as part of the Plan Supplement and is subject to consultation rights of the Committee.

11. "*Ballot*" means the Ballot accompanying the Disclosure Statement and the Plan, on which Holders of Impaired Claims entitled to vote on the Plan may indicate their acceptance or rejection of the Plan in accordance with the Voting Instructions.

12. "*Bankruptcy Code*" means title 11 of the United States Code, 11 U.S.C. §§ 101–1532.

13. "*Bankruptcy Court*" means the United States Bankruptcy Court for the District of Massachusetts.

14. "*Bankruptcy Rules*" means the Federal Rules of Bankruptcy Procedure promulgated under section 2075 of the Judicial Code and the general, local, and chambers rules of the Bankruptcy Court.

15. "*Bar Date*" means March 12, 2024, for all entities that are not Governmental Units, and March 29, 2024, for all Governmental Units, as set by the Bar Date Order.

16. "*Bar Date Order*" means that certain *Order Establishing Bar Date for Filing Proofs of Claim and Approving Form and Manner of Notice Thereof* [Docket No. 444] entered by the Bankruptcy Court on January 11, 2024.

17. "*Bond Debt*" means the debt issued pursuant to the bond indebtedness in the initial aggregate principal amount of $49,880,000 and all other obligations under the Bond Documents.

18. "*Bond Documents*" means collectively, the Prepetition LTAs, the Master Indenture, the CCAs and all other agreements, documents, and instruments evidencing or securing the Bond Debt, delivered or entered into in connection therewith (including any guarantee agreements, pledge and collateral agreements, intercreditor agreements, subordination agreements, fee letters, and other security documents).

19. "*Bond Trustee*" means U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, as trustee under the Prepetition Bond Facility, in its capacity as Bond Trustee under the Prepetition Bond Facility.

20. "*Bondholder*" means Siemens Public, Inc.

21. "*Bondholder Claim*" means a Claim held by the Bond Trustee, the Master Trustee or the Bondholder arising from the Prepetition LTAs, the CCAs, the Master Indenture, and all documents related thereto.

22. "*Bondholder Deficiency Claim*" means an unsecured Claim in the aggregate amount of approximately $1,800,000 on account of the Bondholder agreeing to waive such Claim in its entirety and receive no distribution or rights under the Plan or the Liquidating Trust Agreement for such Claim, pursuant to the Committee Settlement.

23. "*Business Day*" means any day, other than a Saturday, Sunday, or "legal holiday" (as defined in Bankruptcy Rule 9006(a)).

24. "*Cash*" means cash and cash equivalents, including bank deposits, checks, and other similar items in legal tender of the United States of America.

25. "*Causes of Action*" means any claims, interests, damages, remedies, causes of action, demands, rights, actions, suits, obligations, liabilities, accounts, defenses, offsets, powers, privileges, licenses, liens, indemnities, guaranties, and franchises of any kind or character whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, contingent or non-contingent, liquidated or unliquidated, secured or unsecured, assertable, directly or derivatively, matured or unmatured, suspected or unsuspected, in contract, tort, law, equity, or otherwise, including but not limited to, (a) Avoidance Actions, (b) the Committee Adversary Proceeding, (c) Former D&O Actions, (d) all rights of setoff, counterclaim, or recoupment and claims under contracts or for breaches of duties imposed by law; (e) the right to object to or otherwise contest Claims; (f) claims pursuant to sections 362, 543, 546 of the Bankruptcy Code; (g) the Quabbin Sale Claim, (h) the Pavilion Claims and (i) such claims and defenses as fraud, mistake, duress, and usury, and any other defenses set forth in section 558 of the Bankruptcy Code.

26. "*CCAs*" means, collectively, the corresponding continuing covenant agreements, each dated November 1, 2019, pursuant to which the Bondholder became the sole registered and beneficial owner of such bond.

27. "*Chapter 11 Cases*" means (a) when used with reference to a particular Debtor, the case pending for that Debtor under chapter 11 of the Bankruptcy Code in the Bankruptcy Court, and (b) when used with reference to all the Debtors, the procedurally consolidated chapter 11 cases pending for the Debtors in the Bankruptcy Court.

28. "*Cigna Contracts*" means, collectively, (i) the Provider Group Services Agreement, as amended, between Cigna HealthCare of Massachusetts, Inc. and Heywood Medical Group, effective August 1, 2010; (ii) the Hospital Services Agreement, as amended, between Cigna Health and Life Insurance Company and Henry Heywood Memorial Hospital, effective August 1, 2010; and (iii) the Hospital Services Agreement, as amended, between CHLIC and Athol Memorial Hospital, effective June 1, 2010.

29. "*Claim*" means any claim, as defined in section 101(5) of the Bankruptcy Code, against any of the Debtors.

30. "*Claims and Balloting Agent*" means Stretto, Inc., the notice, claims, and solicitation agent retained by the Debtors in the Chapter 11 Cases by Bankruptcy Court order.

31. "*Claims Register*" means the official register of Claims maintained by the Claims and Balloting Agent.

32. "*Class*" means a class of Claims as set forth in Article III hereof pursuant to section 1122(a) of the Bankruptcy Code.

33. "*CM/ECF*" means the Bankruptcy Court's Case Management and Electronic Case Filing system.

34. "*Committee*" means the Official Committee of Unsecured Creditors appointed by the U.S. Trustee as of October 20, 2023 [Docket No. 127] and all of its individual members in their capacity as members thereof.

35. "*Committee Adversary Proceeding*" means that certain Adversary Proceeding No. 24-04022 pending in the Bankruptcy Court, as initiated by the Committee against certain defendants pursuant to the complaint filed therein, as amended.

36. "*Committee Settlement*" means the compromise and settlement by and among the Committee, the Debtors, and the Prepetition Secured Parties, as reflected in that certain Global Settlement Term Sheet, a copy of which is attached hereto as **Exhibit C**.

37. "*Commonwealth*" means the Commonwealth of Massachusetts.

38. "*Company*" means Heywood Healthcare, Inc. and each of its direct and indirect Debtor subsidiaries and affiliates.

39. "*Confirmation*" means the Bankruptcy Court's entry of the Confirmation Order on the docket of the Chapter 11 Cases, subject to all conditions specified in Article X.A of the Plan having been (a) satisfied or (b) waived pursuant to Article X.B of the Plan.

40. "*Confirmation Date*" means the date upon which the Bankruptcy Court enters the Confirmation Order on the docket of the Chapter 11 Cases, within the meaning of Bankruptcy Rules 5003 and 9021.

41. "*Confirmation Hearing*" means the hearing held by the Bankruptcy Court on Confirmation of the Plan, pursuant to sections 1128 and 1129 of the Bankruptcy Code, as such hearing may be continued from time to time.

42. "*Confirmation Order*" means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

43. "*Consigli Claim*" means any Claim held by Consigli Construction Co., Inc., including Claim No. 357 filed on March 7, 2024.

44. "*Consigli Deficiency Claim*" means a deficiency claim for the portion of the Consigli Claim that is not a Secured Consigli Claim.

45. "*Consummation*" means the occurrence of the Effective Date.

46. "*Cure Claim*" means a Claim based upon the Debtors' defaults on an Executory Contract or Unexpired Lease at the time such contract or lease is assumed by the Debtors pursuant to section 365 of the Bankruptcy Code.

47. "*Current D&O*" means any director or officer of any Debtor employed as of the Petition Date.

48. "*Debtors*" means, collectively, each of the following: Heywood Healthcare, Inc., The Henry Heywood Memorial Hospital, Athol Memorial Hospital, Heywood Medical Group, Inc., Athol Memorial Hospital NMTC Holdings, Inc., Quabbin Healthcare, Inc., and Heywood Realty Corporation.

49. "*Disallowed Claim*" means (i) a Claim, or any portion thereof, that has been disallowed by a Final Order; (ii) a Claim that has been or is hereafter listed in the Schedules at zero, contingent, unliquidated, or disputed, and for which no Proof of Claim is or has been timely Filed; (iii) a Claim that has not been listed in the Schedules and as to which no Proof of Claim has been timely Filed or (iv) a Claim that has been withdrawn.

50. "*Disbursing Agent*" means the Liquidating Trustee, the Reorganized Debtors, or the Entity or Entities selected by the Liquidating Trustee, the Debtors, or the Reorganized Debtors, as applicable, to make or facilitate Distributions pursuant to the Plan or the Liquidating Trust Agreement.

51. "*Disclosure Statement*" means the *Third Amended Disclosure Statement Relating to the Second Amended Plan of Reorganization of Heywood Healthcare, Inc., et al., Pursuant to Chapter 11 of the Bankruptcy Code*, dated August 23, 2024, as approved by the Disclosure Statement Order including all exhibits and schedules thereto and references therein that relate to the Plan, that is prepared and distributed in accordance with the Bankruptcy Code, the Bankruptcy Rules, and any other applicable law, each as may be amended, modified, or amended and restated from time to time.

52. "*Disclosure Statement Order*" means the order of the Bankruptcy Court approving the Disclosure Statement and the procedures for the solicitation of this Plan.

53. "*Disputed Claim*" means any Claim that is not an Allowed Claim or a Disallowed Claim.

54. "*Distribution*" means any distribution to be made by the Disbursing Agent in accordance with the Plan or the Liquidating Trust Agreement, as applicable, in either (a) Cash or (b) any other consideration or residual value to be distributed to Holders of Allowed Claims under the terms and provisions of the Plan or Liquidating Trust Agreement, as applicable.

55. "*Distribution Record Date*" means the record date for purposes of making Distributions under the Plan on account of Allowed Claims, which date shall be the first day of the Confirmation Hearing.

56. "*Doctor Agreements*" means contracts between the Debtors and doctors employed by the Debtors, which are in effect as of the Effective Date.

57. "*Effective Date*" means the date that is the first Business Day after the Confirmation Date on which (a) no stay of the Confirmation Order is in effect, (b) all conditions precedent to the occurrence of the Effective Date set forth in Article X.A. of the Plan have been satisfied or waived in accordance with Article X.B. of the Plan, and (c) the Debtors, declare the Plan effective. Any action to be taken on the Effective Date may be taken on or as soon as reasonably practicable thereafter.

58. "*Employment Obligations*" means any existing obligations to employees to be assumed, reinstated, or honored, as applicable, in accordance with Article IV.N of the Plan.

59. "*Entity*" means any entity, as defined in section 101(15) of the Bankruptcy Code.

60. "*Estate*" means, as to each Debtor, the estate created for the Debtor in its Chapter 11 Case pursuant to section 541 of the Bankruptcy Code.

61. "*Excluded Parties*" means, collectively, and in each case, any Entity and any current or former officer, director, principal, member, employee, agent, or advisory board member thereof that (a) objects to, opposes or seeks any relief materially adverse to the Committee Settlement, Restructuring Transactions or any relief sought by the Debtors in the Chapter 11 Cases, (b) is entitled to vote on the Plan and does not vote to accept the Plan, (c) does not opt in to any third-party releases sought in connection with the Plan, or (d) objects to the Plan or causes an objection to the Plan to be made; *provided*, that no Current D&O shall be an Excluded Party.

62. "*Exculpated Parties*" means, collectively, and in each case (a) excluding any Excluded Parties and (b) in its capacity as such: (i) each of the Debtors; (ii) the Committee and its members; and (iii) with respect to each of the foregoing, such Entity and its current Related Parties, and such Entity's and its current Affiliates' current Related Parties; *provided* that neither (a) the Excluded Parties nor (b) the Former D&Os shall be Exculpated Parties.

63. "*Executory Contract*" means a contract to which one or more of the Debtors is a party and that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

64. "*Federal Judgment Rate*" means the federal judgment interest rate in effect as of the Petition Date calculated as set forth in section 1961 of the Judicial Code.

65. "*File*" or "*Filed*" means file, filed, or filing with the Bankruptcy Court or its authorized designee in the Chapter 11 Cases.

66. "*Final Order*" means, as applicable, an order or judgment of the Bankruptcy Court or other court of competent jurisdiction with respect to the relevant subject matter that has not been reversed, stayed, modified, or amended, and as to which the time to appeal, seek reargument or seek certiorari has expired and no appeal, request for reargument or petition for certiorari has been timely taken, or as to which any appeal that has been taken, any request for reargument or any petition for certiorari that has been or may be Filed has been resolved by the highest court to which the order or judgment could be appealed, reargued or from which certiorari could be sought, or the new trial, reargument, or rehearing shall have been denied, resulted in no modification of such order, or has otherwise been dismissed with prejudice. In any event, the term Final Order shall include each and every interim cash collateral order or other cash collateral order (whether interim

or final and whether consensual or non-consensual) entered by the Bankruptcy Court in the Chapter 11 Cases.

67. "*Former D&O*" means any director or officer of any of the Debtors that was no longer acting in such capacity as of the Petition Date.

68. "*Former D&O Actions*" means any and all Causes of Action filed or that may exist against any Former D&O.

69. "*General Unsecured Claim*" means any Claim other than an Administrative Claim, a Professional Fee Claim, an Other Secured Claim, a Priority Tax Claim, an Insured Claim, a Patient Refund Claim, a Secured Bondholder Claim, a Secured M&M Lien Claim, a Secured Term Lender Claim, a Secured Pavilion-Related Claim, a Bondholder Deficiency Claim, a Term Lender Deficiency Claim, or any other Claim that is not legally entitled to treatment as a General Unsecured Claim. For the avoidance of doubt, General Unsecured Claims shall include M&M Lien Deficiency Claims, Pavilion-Related Claims (to the extent such Claims are not Secured Pavilion-Related Claims) and rejection damages claim in connection therewith, other unsecured Claims asserted by the Pavilion Parties (including the Rockland Deficiency Claim) and Insured Deficiency Claims (unless otherwise released pursuant to Article III.B.9 hereof).

70. "*Governmental Unit*" means any governmental unit, as defined in section 101(27) of the Bankruptcy Code.

71. "*GUC Cash Amount*" means Cash in the amount of $4,750,000, of which $4,000,000 shall be disbursed from the Debtors to the Liquidating Trustee on the Effective Date and the remaining $750,000 balance shall be disbursed from the Reorganized Debtors to the Liquidating Trustee on October 1, 2025.

72. "*GUC Note*" means an unsecured, subordinated promissory note in substantially the form included in the Plan Supplement, executed by the Reorganized Debtors and delivered to the Liquidating Trustee on the Effective Date for the benefit of the Liquidating Trust Beneficiaries (a) in the principal amount of $5,250,000, (b) bearing interest at 2% per annum, (c) which shall solely be paid from the Excess Cash Sweep (as defined in the GUC Note, which definition shall not be amended absent the reasonable consent of the Prepetition Secured Parties), (d) which shall be subject to the Intercreditor Agreement and subordinated to the New Secured Debt. Further, the GUC Note shall include provisions for calculating, determining, evaluating, challenging and/or disputing the amount of Excess Cash (as defined in the GUC Note, which definition shall not be amended absent the reasonable consent of the Prepetition Secured Parties) available for distribution under the GUC Note.

73. "*Harley Claim*" means any Claim held by Harley Ellis Devereaux Corporation, including Claim No. 361, filed on March 8, 2024.

74. "*Harley Deficiency Claim*" means a deficiency claim for the portion of the Harley Claim that is not a Secured Harley Claim.

75. "*Holder*" means a Person or Entity holding a Claim against any Debtor.

76. "*HTS Claim*" means any Claim held by HTS Engineering, Inc., including Claim No. 132, filed on November 21, 2023.

77. "*HTS Deficiency Claim*" means a deficiency claim for the portion of the HTS Claim that is not a Secured HTS Claim.

78. "*Impaired*" means, with respect to a Class of Claims, a Class of Claims that is impaired within the meaning of section 1124 of the Bankruptcy Code.

79. "*Insider*" has the meaning set forth in section 101(31) of the Bankruptcy Code.

80. "*Insurance Policy*" means any insurance policy maintained by or for the benefit of any of the Debtors, or for the benefit of their directors and officers or employees (with respect to the latter, solely related to their employment), as of the Petition Date, regardless of whether such Insurance Policy is set forth in a schedule to the Plan Supplement.

81. "*Insured Claim*" means a medical malpractice or tort claim against any of the Debtors, their respective Estates, assets, or properties arising from any incident or occurrence that is covered by an applicable and available Insurance Policy and is included on **Exhibit B** attached hereto. For the avoidance of doubt, no medical malpractice or tort claim against any of the Debtors, their respective Estates, assets, or properties arising as a matter of applicable law following the Petition Date shall be an Insured Claim.

82. "*Insured Deficiency Claim*" has the definition set forth in Article III.B.8.

83. "*Insurer*" means any Entity (and its successors) that is an issuer of an Insurance Policy.

84. "*Intercompany Claim*" means any Claim held by a Debtor against another Debtor.

85. "*Intercreditor Agreement*" means an intercreditor agreement (as amended, restated, supplemented or otherwise modified from time to time), by and among the New Master Trustee, the Superpriority Exit Facility Agent and the Liquidating Trustee, which agreement shall contain terms and provisions governing such parties' rights and remedies with respect to the Reorganized Debtors and each other, in substantially the form included in the Plan Supplement and in form and substance acceptable to the New Master Trustee, the Superpriority Exit Facility Agent and the Committee or the Liquidating Trustee.

86. "*Interim Compensation Order*" means the *Order Granting Consensual Motion for Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* [Docket No. 285], entered by the Bankruptcy Court on December 7, 2023, as the same may be modified by a Bankruptcy Court order approving the retention of a specific Professional or otherwise.

87. "*Issuer*" means the Massachusetts Development Finance Agency.

88. "*Judicial Code*" means title 28 of the United States Code, 28 U.S.C. §§ 1–4001.

89. "*Leverage Loans*" means those certain loans made by Athol Memorial Hospital in connection with the NMTC Transaction.

90. "*Lien*" means a lien as defined in section 101(37) of the Bankruptcy Code.

91. "*Liquidating Trust*" means the trust established on the Effective Date that, among other things, shall make Distributions in accordance with the terms hereof and the Liquidating Trust Agreement. With respect to any action required or permitted to be taken by the Liquidating Trust, the term includes the Liquidating Trustee, or any other Person or Entity authorized to take such action in accordance with the Liquidating Trust Agreement.

92. "*Liquidating Trust Agreement*" means the agreement establishing the Liquidating Trust in conformity with the provisions of the Plan approved in the Confirmation Order and entered into by the Reorganized Debtors on behalf of the Liquidating Trust Beneficiaries and the Liquidating Trustee on the Effective Date pursuant to the terms of the Plan. A copy of the form of the Liquidating Trust Agreement shall be Filed with the Plan Supplement.

93. "*Liquidating Trust Assets*" means the funds payable to the Liquidating Trust pursuant to the Plan, including (a) the GUC Note, (b) the GUC Cash Amount, and (c) the Liquidating Trust Pavilion Claim Cash Proceeds.

94. "*Liquidating Trust Beneficiaries*" means Holders of General Unsecured Claims entitled to receive Distributions pursuant to the terms of the Plan and the Liquidating Trust Agreement, whether or not such Claims are Allowed as of the Effective Date; *provided* that the Holder of a General Unsecured Claim shall cease being a Liquidating Trust Beneficiary upon its Claim becoming a Disallowed Claim.

95. "*Liquidating Trust Expenses*" means all reasonable and documented fees, expenses, and costs incurred by the Liquidating Trust (including, but not limited to, payment of statutory fees, compensation of the Liquidating Trustee, and the reasonable fees and expenses of professionals or other persons retained by the Liquidating Trustee) in connection with carrying out the duties and responsibilities set forth in the Liquidating Trust Agreement and the Plan, which duties and responsibilities shall be funded solely from the Liquidating Trust Assets.

96. "*Liquidating Trust Interests*" means the uncertificated beneficial interests in the Liquidating Trust, which represent the right of the Liquidating Trust Beneficiaries to receive Distributions from the Liquidating Trust in accordance with the Plan and the Liquidating Trust Agreement.

97. "*Liquidating Trust Pavilion Claim Cash Proceeds*" means 50% of the net Pavilion Claim Direct Cash Proceeds (if any), up to the then outstanding balance of the GUC Note for distributions to repay the last dollars out of such GUC Note.

98. "*Liquidating Trust Proceeds*" means the Cash proceeds generated by the Liquidating Trust after the Effective Date of the Plan including the Liquidating Trust Pavilion Claim Cash Proceeds.

99. "*Liquidating Trustee*" means the person appointed, by the Committee in consultation with the Debtors, to administer the Liquidating Trust with such rights, duties, and obligations as set forth herein and in the Liquidating Trust Agreement. The identity of the Liquidating Trustee shall be disclosed in the Plan Supplement.

100. "*M&M Lien*" means a mechanic's or materialman's lien and/or mineral lien on the Debtors' real property that is valid, enforceable, and nonavoidable as of the Petition Date and perfected under non-bankruptcy law, and timely perfected as permitted by section 546(b) of the Bankruptcy Code, including those liens set forth in the *Notice of Lien and Perfection Pursuant to 11 U.S.C. § 546(b)* [Docket No. 133], *Notice of Perfection of Mechanic's Lien by Allain Sitework, Inc. Pursuant to 11 U.S.C. § 546(b)(2) under Massachusetts Law* [Docket No. 134], *Amended Verified Notice of Mechanics Lien of HTS Engineering Inc.* [Docket No. 169], *Notice of Perfection of Mechanic's Lien by Miller Engineering & Testing, Inc.* [Docket No. 319] and *Notice of Perfection of Lien Pursuant to 11 U.S.C. § 546(b)* [Docket No. 474].

101. "*M&M Lien Claim*" means a Claim arising in connection with an M&M Lien.

102. "*M&M Lien Deficiency Claim*" means a General Unsecured Claim for the portion of any M&M Lien Claim that is not a Secured Claim and shall include the Consigli Deficiency Claim, the Allain Deficiency Claim, HTS Deficiency Claim, Miller Deficiency Claim, and Harley Deficiency Claim.

103. "*Master Indenture*" means that certain Master Trust Indenture, dated as of November 1, 2019, by and among the Debtors and the Master Trustee (as amended, restated, amended and restated, supplemented, or otherwise modified from time to time), which Debtors' obligations thereunder evidences and secures the Debtors' obligations owing to the Bondholder and Term Lender.

104. "*Master Trustee*" means U.S. Bank Trust Company, National Association as successor in interest to U.S. Bank, National Association, in its capacity as Master Trustee under the Master Indenture.

105. "*Miller Claim*" means any Claim held by Miller Engineering & Testing, Inc., including that Claim reflected in Schedule No. 2622810.

106. "*Miller Deficiency Claim*" means a deficiency claim for the portion of the Miller Claim that is not a Secured Miller Claim.

107. "*New Board*" means the board of trustees of the Reorganized Debtors on and after the Effective Date to be appointed by the Debtors, and the identities of the directors on the New Board shall be set forth in the Plan Supplement to the extent known at the time of filing.

108. "*New Bond Agreements*" means the loan or trust agreements governing the New Bonds.

109. "*New Bond Documents*" means, collectively, the New Bond Agreements, the New Loan and Trust Agreements, the New CCAs, and all other agreements, documents, and instruments evidencing or securing the New Bonds obligations, to be delivered or entered into in connection

therewith (including any guarantee agreements, pledge and collateral agreements, intercreditor agreements, subordination agreements, fee letters, and other security documents).

110. "*New Bond Trustee*" means U.S. Bank Trust Company, National Association, in its capacity as the Bond Trustee under and as defined in the New Bond Documents.

111. "*New Bonds*" means the bonds to be reinstated and reissued pursuant to the Plan and the New Bond Documents, in the principal amount of $40,000,000, in exchange for the Series 2019 Bonds. Further, the New Bonds shall include provisions for calculating, determining, evaluating, challenging and/or disputing the amount of Excess Cash (as defined in the New Bonds) available for distribution under the New Bonds.

112. "*New CCAs*" mean, collectively, the corresponding continuing covenant agreements, pursuant to which the Bondholder becomes the sole registered and beneficial owner of the New Bonds, the form of which shall be included in the Plan Supplement.

113. "*New Loan and Trust Agreements*" means those certain loan and trust agreements with respect to the New Bonds.

114. "*New Master Trustee*" means U.S. Bank Trust Company, National Association, in its capacity as the Master Trustee as defined in the New Bond Documents.

115. "*New Notes*" means the notes issued with respect to New Bonds.

116. "*New Organizational Documents*" means the documents providing for corporate governance of the Reorganized Debtors, including charters, bylaws, operating agreements, or other organizational documents or shareholders' agreements, as applicable, which shall be consistent with the Secured Debt Restructuring Term Sheet and section 1123(a)(6) of the Bankruptcy Code (as applicable), and shall be included in the Plan Supplement, provided, that the New Organizational Documents are otherwise acceptable to the Debtors.

117. "*New Secured Debt*" means, collectively, the secured obligations arising under the New Bond Documents and the Superpriority Exit Facility Documents.

118. "*New Secured Debt Lenders*" means, collectively, the Superpriority Exit Facility Lender and the bondholders under the New Bond Documents.

119. "*NMTC Claim*" means any Claim held by MassDevelopment New Markets CDE #25, LLC on account of the NMTC Loan Obligations.

120. "*NMTC Documents*" means all agreements, guaranties, indemnities, leases, certificates, statements, loans, security documents, promissory notes, or any other documents, instruments, or agreements of any kind or nature related to the NMTC Transaction as in effect on the Effective Date, including but not limited to the Investment Fund Put/Call Agreement among Capital One, National Association and certain of the Debtors.

121. "*NMTC Loan Obligations*" means the Debtors' obligations under the NMTC Loans.

122. "*NMTC Loans*" mean the loans issued by MassDevelopment New Markets CDE #25, LLC, a Massachusetts limited liability company, on December 7, 2017, in the aggregate amount of $16,600,000 evidenced by three promissory notes: (i) Note A-1 dated as of December 7, 2017, in the original principal amount of $11,150,000; (ii) Note A-2 dated as of December 7, 2017, in the original principal amount of $289,300; and (iii) Note B dated as of December 17, 2017 in the original principal amount of $5,220,700.

123. "*NMTC Transaction*" means the transaction under the New Markets Tax Credit Program issued to finance the construction of an approximately 43,551 square-foot medical office building and ancillary facilities in Athol, Massachusetts.

124. "*NMTC Transaction Lender/Equity Parties*" means, collectively, Capital One, National Association, and COCRF Investor 110, LLC, who are parties to certain of the NMTC Documents.

125. "*Other Priority Claim*" means any Claim, other than an Administrative Claim or a Priority Tax Claim, entitled to priority in right of payment under section 507(a) of the Bankruptcy Code.

126. "*Other Secured Claim*" means any Secured Claim, other than a Secured Bondholder Claim, a Secured M&M Lien Claim or a Secured Term Lender Claim, including any Claim arising under, derived from, or based upon any letter of credit issued in favor of one or more Debtors, the reimbursement obligation for which is either secured by a Lien on collateral or is subject to a valid right of setoff pursuant to section 553 of the Bankruptcy Code. For the avoidance of doubt, each and every Other Secured Claim shall be a Disputed Claim, and no Other Secured Claim shall be Allowed other than pursuant to a Final Order of the Bankruptcy Court.

127. "*Patient A/R*" means any outstanding amounts due to the Debtors by a patient on account of healthcare services provided to the patient by the Debtors.

128. "*Patient Refund Claim"* means any Claim held by a patient of the Debtors on account of an overpayment by such patient to the Debtors for healthcare-related services.

129. "*Pavilion Claim*" means any claim or Cause of Action that has been or may be asserted by or on behalf of the Debtors or the Reorganized Debtors, as applicable, with respect to the Pavilion Ground Lease; Pavilion Space Lease; Rockland Claim; Rockland Mortgage; M&M Lien Claims; the acquisition, construction and/or financing of a surgical pavilion on a portion of certain property commonly known as 242 Green Street, Gardner, MA; and any matter related to any of the foregoing, against any party in connection with any of the foregoing, including, without limitation, Heywood Green Street, LLC, Waterstone Properties Group, Inc., Rockland Trust Company, Consigli Construction Co., Inc., Allain Sitework, Inc., HTS Engineering, Inc., Miller Engineering & Testing, Inc. and Harley Ellis Devereaux Corporation.

130. *"Pavilion Claim Deadline"* means the date that is 180 days after the Effective Date, subject to extension for cause shown on notice to the counterparties to the Pavilion Ground Lease and to the other parties against whom or which the Reorganized Debtors hold the Pavilion Claims.

131. "*Pavilion Claim Direct Cash Proceeds*" means any Cash payments made to, or collected by, the Estates or the Reorganized Debtors by or from the obligor of a Pavilion Claim or an Affiliate of such obligor on account of such Pavilion Claim.

132. "*Pavilion Ground Lease*" means that certain Ground Lease dated as of June 30, 2021, by and between Henry Heywood Memorial Hospital, Inc., as landlord, and Heywood Green Street LLC, as tenant, related to a portion of that certain property commonly known as 242 Green Street, Gardner, MA and more particularly described in Exhibit A to the Ground Lease.

133. "*Pavilion-Related Claim*" means any claim or Cause of Action that has been or may be asserted against the Debtors or the Reorganized Debtors, as applicable, with respect to the Pavilion Ground Lease; Pavilion Space Lease; Rockland Claim; Rockland Mortgage; M&M Lien Claims; the acquisition, construction and/or financing of a surgical pavilion on a portion of certain property commonly known as 242 Green Street, Gardner, MA; and any matter related to any of the foregoing, brought by any party in connection with any of the foregoing, including, without limitation, Heywood Green Street, LLC, Waterstone Properties Group, Inc., Rockland Trust Company, Consigli Construction Co., Inc., Allain Sitework, Inc., HTS Engineering, Inc., Miller Engineering & Testing, Inc. and Harley Ellis Devereaux Corporation. For the avoidance of doubt, each and every Pavilion-Related Claim shall be a Disputed Claim, and no Pavilion-Related Claim shall be Allowed other than pursuant to a Final Order of the Bankruptcy Court.

134. "*Pavilion Parties*" means any party in connection with any Pavilion Claim or Pavilion-Related Claim (other than the Debtors or the Reorganized Debtors, as applicable).

135. "*Pavilion Space Lease*" means that certain Lease dated as of June 30, 2021 by and between Heywood Green Street, as landlord, and Henry Heywood Memorial Hospital, Inc., as tenant, and guaranteed by certain of the Debtors related to that certain parcel of land in Gardner, MA which is described more particularly in Exhibit A to the Lease and commonly known as a portion of 242 Green Street, Gardner, MA.

136. "*Person*" means and includes a natural person, individual, partnership, corporation (as defined in section 101(a) of the Bankruptcy Code), or organization including, without limitation, corporations, limited partnerships, limited liability companies, general partnerships, joint ventures, joint stock companies, trusts, land trusts, business trusts, unincorporated organizations or associations, any ad hoc committee, or other organizations, irrespective of whether they are legal entities, governmental bodies (or any agency, instrumentality or political subdivision thereof), or any other form of legal entities; provided, however, the term "Person" does not include governmental units, except that a governmental unit that (a) acquires an asset from a Person (i) as a result of the operation of a loan guarantee agreement or (ii) as receiver or liquidating agent of a Person; (b) is a guarantor of a pension benefit payable by or on behalf of the Debtor or an Affiliate of the Debtor; or (c) is the legal or beneficial owner of an asset of (i) an employee pension benefit plan that is a governmental plan, as defined in section 414(d) of the Internal Revenue Code of 1986 or (ii) an eligible deferred compensation plan, as defined in section 457(b) of the Internal Revenue Code of 1986, shall be considered for purposes of section 1102 of the Bankruptcy Code to be a Person with respect to such asset or such benefit..

137. "*Petition Date*" means October 1, 2023, the date on which the Debtors commenced the Chapter 11 Cases.

138. "*Plan*" means this *Second Amended Plan of Reorganization of Heywood Healthcare, Inc., et al. Pursuant to Chapter 11 of the Bankruptcy Code*, including the Plan Supplement, which is incorporated herein by reference.

139. "*Plan Supplement*" means the compilation of documents and forms of documents, agreements, schedules, and exhibits to the Plan ((1) in each case, in form and substance satisfactory to the Debtors; (2) in the case of (ii) and (ix) below in form reasonably acceptable to the Committee and the Debtors, and in case of (iii) below in form and substance satisfactory to the Committee (with consultation rights to the Debtors); (3) in the case of (v) and (vi) below, in form reasonably acceptable to the Prepetition Secured Parties and the Debtors; and (4) in the case of (x) below, in form reasonably acceptable to the Prepetition Secured Parties, the Committee and the Debtors), each as may be altered, amended, modified, or supplemented from time to time in accordance with the terms hereof and in accordance with the Bankruptcy Code and Bankruptcy Rules) including the following, as applicable: (i) New Organizational Documents; (ii) the form of Liquidating Trust Agreement; (iii) the identity of the Liquidating Trustee; (iv) Schedule of Assumed Executory Contracts and Unexpired Leases; (v) the form of New CCAs; (vi) the form of the Superpriority Exit Facility Credit Agreement; (vii) Schedule of Insurance Policies; (viii) the Avoidance Action Schedule; (ix) the form of the GUC Note; and (x) the form of the Intercreditor Agreement.

140. "*Prepetition Bond Facility*" means the bond facility provided under the Prepetition LTAs consisting of the Series 2019 Bonds.

141. "*Prepetition Lenders*" means, together, the Term Lender and the Bondholder.

142. "*Prepetition LTAs*" means the three loan and trust agreements among the Debtors, the Issuer, and the Bond Trustee, each dated as of November 1, 2019 (each as amended, restated, amended and restated, supplemented, or otherwise modified from time to time), pursuant to which the Issuer issued the Series 2019 Bonds.

143. "*Prepetition Secured Parties*" means, collectively, the Master Trustee, the Bond Trustee, and the Prepetition Lenders.

144. "*Prepetition Secured Parties Priority Claim*" means any Claim of one or more of the Prepetition Secured Parties granted priority under any interim cash collateral order entered by the Bankruptcy Court in the Chapter 11 Cases.

145. "*Priority Tax Claim*" means any Claim of a Governmental Unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.

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

147. "*Professional*" means an Entity: (a) employed pursuant to a Bankruptcy Court order in accordance with sections 327, 363, or 1103 of the Bankruptcy Code and to be compensated for services rendered prior to or on the Confirmation Date, pursuant to sections 327, 328, 329, 330,

331, and 363 of the Bankruptcy Code; or (b) awarded compensation and reimbursement by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

148. "*Professional Fee Amount*" means the aggregate amount of Professional Fee Claims and other unpaid fees and expenses of Professionals estimate they have incurred or will incur in rendering services to the Debtors as set forth in Article II.B of the Plan.

149. "*Professional Fee Claim*" means a Claim by a professional seeking an award by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses incurred through and including the Confirmation Date under sections 330, 331, 503(b)(2), 503(b)(3), 503(b)(4), or 503(b)(5) of the Bankruptcy Code.

150. "*Professional Fee Escrow Account*" means an interest-bearing account held by each of the applicable Professionals funded by the Debtors with Cash on the Effective Date in an amount equal to the Professional Fee Amount.

151. "*Proof of Claim*" means the form used by a creditor on which the specifics of a Claim are set forth as required by the Bankruptcy Code, the Bankruptcy Rules and the Bar Date Order, and which is filed in accordance with the procedures contained in the Bar Date Order.

152. "*Quabbin*" means Quabbin Healthcare Inc.

153. "*Quabbin Sale Claim*" means that certain alleged fraudulent conveyance claim related to the sale by Quabbin to Waterstone Petersham Medical, LLC of certain real estate and property located 211 North Main Street, Petersham, MA, which sale closed on or about August 18, 2022.

154. "*Reinstate*," "*Reinstated*," or "*Reinstatement*" means, with respect to Claims, that the Claim shall be rendered Unimpaired in accordance with section 1124 of the Bankruptcy Code.

155. "*Related Party*" means, collectively, current and former directors, managers, officers, equity holders (regardless of whether such interests are held directly or indirectly), affiliated investment funds or investment vehicles, predecessors, participants, successors, assigns, subsidiaries, affiliates, managed accounts or funds, partners, limited partners, general partners, principals, members, management companies, fund advisors, employees, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, contractors, representatives, and other professionals.

156. "*Released Party*" means, collectively, the following Entities, each in their capacity as such (a) the Debtors; (b) the Committee and each of its members (only in their capacity as such); (c) the Prepetition Secured Parties and (d) with respect to any of the foregoing Entities, in each case, such Entity's Related Parties; *provided*, that Released Parties do not include any Excluded Party.

157. "*Releasing Parties*" means collectively, (a) all Holders of Claims that vote to accept the Plan and (b) each Holder of a Claim that (i) abstains from voting on the Plan, (ii) is deemed to accept or deemed to reject the Plan, or (ii) votes to reject the Plan and, in each case of clause (b), votes to opt in on its Ballot or Class 9 Ballot (as applicable), or submits an Opt-In Release Form,

and returns it in accordance with the instructions set forth thereon, indicating such Holder's decision to consent to the releases set forth in Article IX.D of the Plan; *provided* that notwithstanding the foregoing, in no event shall the Pavilion Claims be released upon the occurrence of the Effective Date.

158. "*Reorganized Debtors*" means, collectively, each of the Debtors, or any successor or assign thereto, by merger, consolidation, or otherwise, on and after the Effective Date except for Quabbin.

159. "*Restructuring Transactions*" means the transactions described in Article IV.B of the Plan.

160. "*Rockland Claim*" means any Claim held by Rockland Trust Company, including Claim No. 422, filed on March 12, 2024, for an unsecured, unliquidated amount.

161. "*Rockland Deficiency Claim*" means a deficiency claim for the portion of the Rockland Claim that is not a Secured Rockland Claim.

162. "*Rockland Mortgage*" means that certain Leasehold Mortgage, Security Agreement and Fixture Filing, by and between Heywood Green Street, LLC and Rockland Trust Company, dated as of August 30, 2022, and recorded on August 30, 2022, in the Worcester South District Registry of Deeds as Instrument No. 96684.

163. "*Schedule of Assumed Executory Contracts and Unexpired Leases*" means the schedule of Executory Contracts and Unexpired Leases to be assumed by the Debtors pursuant to the Plan, inclusive of proposed cure costs, as the same may be amended, modified, or supplemented from time to time.

164. "*Schedule of Insurance Policies*" means the schedule of Insurance Policies included in the Plan Supplement.

165. "*Schedules*" means, collectively, the schedules of assets and liabilities, Schedule of Assumed Executory Contracts or Unexpired Leases, and statements of financial affairs Filed by the Debtors pursuant to section 521 of the Bankruptcy Code, the official bankruptcy forms, and the Bankruptcy Rules, as they may be amended, modified, or supplemented from time to time.

166. "*Secured Allain Claim*" means that portion of the Allain Claim (if any) that is a Secured Claim.

167. "*Secured Bondholder Claim*" means a Bondholder Claim that is a Secured Claim.

168. "*Secured Claim*" means a Claim: (a) secured by a Lien on collateral to the extent of the value of such collateral, as determined in accordance with section 506(a) of the Bankruptcy Code or (b) subject to a valid right of setoff pursuant to section 553 of the Bankruptcy Code.

169. "*Secured Consigli Claim*" means that portion of the Consigli Claim (if any) that is a Secured Claim.

170. "*Secured Debt Restructuring Term Sheet*" means that certain document attached hereto as **Exhibit A**, as amended, which is hereby fully incorporated into the Plan by reference, the terms of which shall be binding on the Debtors, the Reorganized Debtors, the Issuer and all other creditors and parties-in-interest pursuant to the Confirmation Order.

171. "*Secured Harley Claim*" means that portion of the Harley Claim (if any) that is a Secured Claim.

172. "*Secured HTS Claim*" means that portion of the HTS Claim (if any) that is a Secured Claim.

173. "*Secured M&M Lien Claim*" means any M&M Lien Claim that is a Secured Claim, including the Secured Consigli Claim, and each such Secured M&M Lien Claim shall be a Disputed Claim until Allowed or Disallowed pursuant to applicable law.

174. "*Secured Miller Claim*" means that portion of the Miller Claim (if any) that is a Secured Claim.

175. "*Secured Pavilion Claim*" means that portion of any Pavilion Claim (if any) that is a Secured Claim.

176. "*Secured Pavilion-Related Claim*" means that portion of any Pavilion-Related Claim (if any) that is a Secured Claim.

177. "*Secured Rockland Claim*" means that portion of the Rockland Claim (if any) that is a Secured Claim.

178. "*Secured Term Lender Claim*" means a Term Lender Claim that is a Secured Claim, and the aggregate principal amount of all Secured Term Lender Claims as of the Petition Date shall be not less than $8,230,000.

179. "*Securities Act*" means the Securities Act of 1933, as amended, 15 U.S.C. §§ 77a-77aa, or any similar federal, state, or local law.

180. "*Security*" means any security, as defined in section 2(a)(1) of the Securities Act.

181. "*Series 2019 Bonds*" means, collectively, the Series 2019A Bonds, the Series 2019B-1 Bonds, and the Series 2019B-2 Bonds.

182. "*Series 2019A Bonds*" means the Series 2019A Bonds issued in an aggregate principal face value in the amount of $28,350,000.

183. "*Series 2019B-1 Bonds*" means the Series 2019B-1 Bonds issued in an aggregate principal face value in the amount of $10,525,000.

184. "*Series 2019B-2 Bonds*" means the Series 2019B-2 Bonds issued in an aggregate principal face value in the amount of $11,005,000.

185. "*Superpriority Exit Facility*" means the superpriority, exit, asset-based revolving loan facility provided for under the Superpriority Exit Facility Documents as of the Effective Date in the principal amount of $5,000,000.

186. "*Superpriority Exit Facility Agent*" means Siemens Financial Services, Inc., in its capacity as administrative agent for the Superpriority Exit Facility Lenders under the Superpriority Exit Facility Documents.

187. "*Superpriority Exit Facility Credit Agreement*" means that certain credit agreement (as amended, restated, supplemented or otherwise modified in accordance with its terms), a form of which shall be included in the Plan Supplement, governing the Superpriority Exit Facility, by and among the Reorganized Debtors and the Superpriority Exit Facility Lender.

188. "*Superpriority Exit Facility Documents*" means, in connection with the Superpriority Exit Facility, the Superpriority Exit Facility Credit Agreement, the other Loan Documents (as defined in the Superpriority Exit Facility Credit Agreement), all other collateral documents, Uniform Commercial Code filings, and other documents executed and delivered in connection with the Superpriority Exit Facility, to be dated as of the Effective Date governing the Superpriority Exit Facility and each in form and substance acceptable to the Prepetition Secured Parties.

189. "*Superpriority Exit Facility Lenders*" means the lenders under the Superpriority Exit Facility Documents.

190. "*Term Lender*" means Siemens Financial Services, Inc. in its capacity as lender under the Term Loan Agreement.

191. "*Term Lender Claim*" means a Claim held by the Term Lender pursuant to the Term Loan Agreement and the Master Indenture.

192. "*Term Lender Deficiency Claim*" means an unsecured Claim in the aggregate amount of the Secured Term Lender Claims (notwithstanding section 506(b) of the Bankruptcy Code), on account of the Term Lender agreeing to receive no distribution or rights under the Plan or the Liquidating Trust Agreement for its Secured Term Lender Claims. For the sake of clarity, the Term Lender Deficiency Claim (whether secured or unsecured) shall receive no distribution or rights under the Plan or the Liquidating Trust Agreement for such Claim.

193. "*Term Loan Agreement*" means that certain Loan Agreement, dated as of April 12, 2022, as amended, restated, supplemented, or otherwise modified from time to time, by and among the applicable Debtors and the Term Lender, pursuant to which the Term Lender provided a term loan in the original principal amount of $10,000,000.

194. "*U.S. Trustee*" means the United States Trustee for the District of Massachusetts.

195. "*Unexpired Lease*" means a lease to which one or more of the Debtors is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

196. "*Unimpaired*" means, with respect to a Class of Claims, a Class of Claims or Interests that is unimpaired within the meaning of section 1124 of the Bankruptcy Code.

197. "*Voting Deadline*" means the "Voting Deadline" reflected in the Disclosure Statement Order.

198. "*Voting Instructions*" means the instructions to vote set forth in the order approving the Disclosure Statement.

B. Rules of Interpretation.

For purposes of this Plan: (1) in the appropriate context, each term, whether stated in 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 the neuter gender; (2) unless otherwise specified, any reference herein to a contract, lease, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that the referenced document shall be substantially in that form or substantially on those terms and conditions; (3) unless otherwise specified, any reference herein to an existing document, schedule, or exhibit, whether or not Filed, having been Filed or to be Filed shall mean that document, schedule, or exhibit, as it may thereafter be amended, modified, or supplemented; (4) any reference to an Entity as a holder of a Claim includes that Entity's successors and assigns; (5) unless otherwise specified, all references herein to "Articles" are references to Articles hereof or hereto; (6) unless otherwise specified, all references herein to exhibits are references to exhibits in the Plan Supplement; (7) unless otherwise specified, the words "herein," "hereof," and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan; (8) subject to the provisions of any contract, certificate of incorporation, by-law, instrument, release, or other agreement or document entered into in connection with the Plan, the rights and obligations arising pursuant to the Plan shall be governed by, and construed and enforced in accordance with the applicable federal law, including the Bankruptcy Code and Bankruptcy Rules; (9) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan; (10) unless otherwise specified herein, the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; (11) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be; (12) all references to docket numbers of documents Filed in the Chapter 11 Cases are references to the docket numbers under the Bankruptcy Court's CM/ECF system; (13) all references to statutes, regulations, orders, rules of courts, and the like shall mean as amended from time to time, and as applicable to the Chapter 11 Cases, unless otherwise stated; and (14) any immaterial effectuating provisions may be interpreted by the Reorganized Debtors in such a manner that is consistent with the overall purpose and intent of the Plan all without further notice to, or action, order, or approval of the Bankruptcy Court or any other Entity.

C. Computation of Time.

Unless otherwise specifically stated herein, the provisions of Bankruptcy Rule 9006(a) shall apply in computing any period of time prescribed or allowed herein. If the date on which a transaction may occur pursuant to the Plan shall occur on a day that is not a Business Day, then such transaction shall instead occur on the next succeeding Business Day.

D. Governing Law.

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) or unless otherwise specifically stated, the laws of the Commonwealth of Massachusetts, without giving effect to the principles of conflict of laws, shall govern the rights, obligations, construction, and implementation of the Plan, any agreements, documents, instruments, or contracts executed or entered into in connection with the Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreement shall control), and corporate governance matters; *provided* that corporate governance matters relating to the Debtors or the Reorganized Debtors, as applicable, not incorporated in Massachusetts shall be governed by the laws of the state of incorporation of the relevant Debtor or the Reorganized Debtors, as applicable.

E. Reference to Monetary Figures.

All references in the Plan to monetary figures shall refer to the currency of the United States of America unless otherwise expressly provided.

F. Reference to the Debtors or the Reorganized Debtors.

Except as otherwise specifically provided in the Plan to the contrary, references in the Plan to the Debtors or the Reorganized Debtors shall mean the Debtors and the Reorganized Debtors, as applicable, to the extent the context requires.

G. Controlling Document.

In the event of an inconsistency between the Plan and the Disclosure Statement, the terms of the Plan shall control in all respects. In the event of an inconsistency between the Plan and the Plan Supplement, the terms of the relevant provision in the Plan shall control (unless stated otherwise in such Plan Supplement document or in the Confirmation Order). In the event of an inconsistency between the Confirmation Order and the Plan, the Confirmation Order shall control.

ARTICLE II.
ADMINISTRATIVE CLAIMS AND PRIORITY CLAIMS

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, Professional Fee Claims, and Priority Tax Claims have not been classified and, thus, are excluded from the Classes of Claims set forth in Article III hereof.

A. Administrative Claims.

Unless otherwise agreed to by the holder of an Allowed Administrative Claim and the Debtors or the Reorganized Debtors, as applicable, each holder of an Allowed Administrative Claim (other than holders of Professional Fee Claims and Claims for fees and expenses pursuant to section 1930 of chapter 123 of title 28 of the United States Code) will receive in full and final satisfaction of its Administrative Claim an amount of Cash equal to the amount of such Allowed Administrative Claim in accordance with the following: (1) if an Administrative Claim is Allowed on or prior to the Effective Date, on the Effective Date or as soon as reasonably practicable thereafter (or, if not then due, when such Allowed Administrative Claim is due or as soon as reasonably practicable thereafter); (2) if such Administrative Claim is not Allowed as of the Effective Date, no later than 30 days after the date on which an order allowing such Administrative Claim becomes a Final Order, or as soon as reasonably practicable thereafter; (3) if such Allowed Administrative Claim is based on liabilities incurred by the Debtors in the ordinary course of their business after the Petition Date in accordance with the terms and conditions of the particular transaction giving rise to such Allowed Administrative Claim without any further action by the holders of such Allowed Administrative Claim; (4) at such time and upon such terms as may be agreed upon by such holder and the Debtors or the Reorganized Debtors, as applicable; or (5) at such time and upon such terms as set forth in an order of the Bankruptcy Court.

Except for Professional Fee Claims, and unless previously Filed, requests for payment of Administrative Claims must be Filed and served on the Reorganized Debtors no later than the Administrative Claims Bar Date (30 days after the Effective Date) pursuant to the procedures specified in the Confirmation Order and the notice of the occurrence of the Effective Date. Objections to such requests must be Filed and served on the Reorganized Debtors and the requesting party by the later of (1) 180 days after the Effective Date and (2) 180 days after the Filing of the applicable request for payment of the Administrative Claims, if applicable. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior Bankruptcy Court orders, the Allowed amounts, if any, of Administrative Claims shall be determined by and satisfied in accordance with an order of the Bankruptcy Court.

Holders of Administrative Claims that are required to File and serve a request for such payment of such Administrative Claims that do not file and serve such a request by the Administrative Claims Bar Date (30 days after the Effective Date) shall be forever barred, estopped, and enjoined from asserting such Administrative Claims against the Debtors, the Reorganized Debtors or their property, and such Administrative Claims shall be deemed discharged as of the Effective Date without the need for any objection from the Reorganized Debtors or any action by the Bankruptcy Court.

B. Professional Fee Claims.

1. <u>Final Fee Applications and Payment of Professional Fee Claims</u>.

All requests for payment of Professional Fee Claims for services rendered and reimbursement of expenses incurred prior to the Confirmation Date must be Filed no later than 45 days after the Effective Date. The Bankruptcy Court shall determine the Allowed amounts of such Professional Fee Claims after notice and a hearing in accordance with the procedures established by the Bankruptcy Court. The Reorganized Debtors shall pay Professional Fee Claims in Cash in the amount the Bankruptcy Court allows, including from the Professional Fee Escrow Account, which the Reorganized Debtors will establish in trust for the Professionals and fund with Cash equal to the Professional Fee Amount on the Effective Date. For the avoidance of doubt, the U.S. Trustee shall not be required to file an administrative claim for its fees.

2. Professional Fee Escrow Accounts.

On the Effective Date, the Reorganized Debtors shall establish and fund the Professional Fee Escrow Accounts for each applicable Professional with Cash equal to the Professional Fee Amount, which shall be funded by the Reorganized Debtors. The Professional Fee Escrow Accounts shall be maintained in trust solely for the Professionals. The amount of Professional Fee Claims owed to the Professionals shall be paid in cash to such Professionals by the Reorganized Debtors from the Professional Fee Escrow Accounts as soon as reasonably practicable after such Professional Fee Claims are Allowed. When all such Allowed amounts owing to Professionals have been paid in full, any remaining amount in the Professional Fee Escrow Accounts shall promptly be paid to the Reorganized Debtors without any further action or order of the Bankruptcy Court. In the event the Professional Fee Escrow Account is insufficient to pay the Professional Fee Claim of any specific Professional, then the Reorganized Debtors shall pay the difference between the Professional Fee Escrow Account for such Professional and the Allowed amount of the Professional Fee Claim within fourteen (14) calendar days after such Professional Fee Claim is Allowed; *provided* that the Debtors or Reorganized Debtors reserve the right to object to the reasonableness of any Professional Fee Claim.

3. Professional Fee Amount.

Professionals shall reasonably estimate their unpaid Professional Fee Claims and other unpaid fees and expenses incurred in rendering services to the Debtors before and as of the Effective Date and shall deliver such estimate to the Debtors no later than five days before the Effective Date. If a Professional does not provide an estimate, or if the Debtors object to such estimate as being unreasonable, the Debtors or Reorganized Debtors may estimate the unpaid and unbilled fees and expenses of such Professional.

4. Post-Confirmation Fees and Expenses.

Except as otherwise specifically provided in the Plan, from and after the Confirmation Date, the Debtors shall, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court, pay in Cash the reasonable and documented legal, professional, or other fees and expenses related to the implementation of the Plan and Consummation incurred by the Debtors. Upon the Confirmation Date, any requirement that Professionals comply with sections 327-331, 363, and 1103 of the Bankruptcy Code or the Interim Compensation Order in seeking retention or compensation for services rendered after such date shall terminate, and the Debtors may employ and pay any Professional in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Code.

C. Priority Tax Claims.

Except to the extent that a holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed Priority Tax Claim, each holder of such Allowed Priority Tax Claim shall be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code.

ARTICLE III.
CLASSIFICATION AND TREATMENT OF CLAIMS

A. Classification of Claims.

This Plan constitutes a separate Plan proposed by each Debtor. Except for the Claims addressed in Article II of the Plan, all Claims are classified in the Classes set forth below in accordance with sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim is classified in a particular Class only to the extent that the Claim qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim qualifies within the description of such other Classes. A Claim is also classified in a particular Class for the purpose of receiving Distributions under the Plan only to the extent that such Claim is an Allowed Claim in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

The Plan shall serve as a motion by the Debtors seeking entry of a Bankruptcy Court order deeming the Debtors' Estates substantively consolidated into a single Estate for certain limited purposes related to the Plan, including voting, confirmation and distribution. As a result of the deemed substantive consolidation of the Estates, each Class of Claims will be treated as against a single consolidated Estate without regard to the separate legal existence of the Debtors. The Plan will not result in the merger or otherwise affect the separate legal existence of each Debtor, other than with respect to voting and distribution rights under the Plan.

The classification of Claims against the Debtors pursuant to the Plan is as follows:

Class	Claims	Status	Voting Rights
Class 1	Other Secured Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 2	Other Priority Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 3	NMTC Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 4	Patient Refund Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 5	Secured Bondholder Claims	Impaired	Entitled to Vote
Class 6	Secured M&M Lien Claims	Impaired	Entitled to Vote
Class 7	General Unsecured Claims	Impaired	Entitled to Vote
Reserved	Reserved	Reserved	Reserved
Class 9	Insured Claims	Impaired	Entitled to Vote
Class 10	Intercompany Claims	Impaired	Not Entitled to Vote (Deemed to Reject)

B. Treatment of Claims

1. Class 1 – Other Secured Claims

(a) *Classification:* Class 1 consists of any Other Secured Claims against any Debtor. Upon information and belief from the Debtors' diligence to date, Class 1 is an empty class.

(b) *Treatment:* On the Effective Date, except to the extent that a Holder of an Allowed Other Secured Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Other Secured Claim, each holder of an Allowed Other Secured Claim shall receive, at the option of the applicable Debtor:

(i) payment in full in Cash of its Allowed Other Secured Claim;

(ii) the collateral securing its Allowed Other Secured Claim;

(iii) Reinstatement of its Allowed Other Secured Claim; or

(iv) such other treatment rendering its Allowed Other Secured Claim Unimpaired in accordance with section 1124 of the Bankruptcy Code.

(c) *Impairment and Voting:* Class 1 is Unimpaired under the Plan. Holders of Other Secured Claims in Class 1 are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

2. Class 2 - Other Priority Claims

(a) *Classification:* Class 2 consists of any Other Priority Claims against any Debtor. Upon information and belief from the Debtors' diligence to date, Class 2 is an empty class.

(b) *Treatment:* On the Effective Date, except to the extent that a Holder of an Allowed Other Priority Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Other Priority Claim, each holder of an Allowed Other Priority Claim shall receive Cash in an amount equal to such Allowed Other Priority Claim.

(c) *Impairment and Voting:* Class 2 is Unimpaired under the Plan. Holders of Other Priority Claims in Class 2 are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

3. Class 3 – NMTC Claims

(a) *Classification:* Class 3 consists of all NMTC Claims against any Debtor.

(b) *Treatment:* On the Effective Date, each holder of an Allowed NMTC Claim shall receive Reinstatement of its NMTC Claims. All NMTC Documents and the related legal, equitable, and contractual rights shall remain in full force and effect.

(c) *Impairment and Voting:* Class 3 is Unimpaired under the Plan. Holders of Claims in Class 3 are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

4. <u>Class 4 – Patient Refund Claims</u>

(a) *Classification:* Class 4 consists of all Patient Refund Claims against any Debtor.

(b) *Treatment:*

(i) On the Effective Date, each Holder of Patient Refund Claims, except to the extent that a Holder of an Allowed Patient Refund Claim agrees to a less favorable treatment, shall receive in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Patient Refund Claim:

a) to the extent the Holder of such Patient Refund Claim has any Patient A/R, a credit against such Patient A/R up to the full amount of such Holder's Patient Refund Claim; provided, that, if the Patient Refund Claim exceeds the Patient A/R, the Holder shall receive the balance of the Patient Refund Claim in cash; or

b) if no Patient A/R exists for such Holder, the Holder of such Allowed Claim may be paid in the ordinary course of business consistent with past practices.

(c) *Impairment and Voting:* Class 4 is Unimpaired under the Plan. Holders of Patient Refund Claims in Class 4 are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

5. <u>Class 5 – Secured Bondholder Claims</u>

(a) *Classification:* Class 5 consists of all Secured Bondholder Claims on account of the Series 2019 Bonds.

(b) *Allowance*: The Secured Bondholder Claims shall be allowed in an aggregate principal amount of $40,000,000.

(c) *Treatment:* On the Effective Date, except to the extent that a Holder of a Secured Bondholder Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Secured Bondholder Claim, $40,000,000 of the outstanding principal amount of the Series 2019 Bonds shall be reinstated and exchanged for the New Bonds issued on the terms set forth in the Secured Debt Restructuring Term Sheet and the New Bond Documents, and the Bondholder Deficiency Claim comprised of the remaining approximately $1,800,000 in outstanding principal amount of the Series 2019 Bonds shall be waived in its entirety and entitled to no distribution or rights as against the Liquidating Trust.

(d) *Impairment and Voting:* Class 5 is Impaired under the Plan. Holders of Allowed Secured Bondholder Claims in Class 5 are entitled to vote to accept or reject the Plan.

6. <u>Class 6 – Secured M&M Lien Claims</u>

(a) *Classification:* Class 6 consists of the Secured M&M Lien Claims.

(b) *Treatment:* On the Effective Date, or as soon as reasonably practicable thereafter, except to the extent that a Holder of an Allowed Secured M&M Lien Claim agrees to less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for its Allowed Secured M&M Lien Claim, each Holder of an Allowed Secured M&M Lien Claim shall receive, at the Debtors' option: (a) payment in full in Cash; (b) Reinstatement of its Allowed Secured M&M Lien Claim; (c) such other treatment rendering its Allowed Secured M&M Lien Claim Unimpaired in accordance with section 1124 of the Bankruptcy Code; or (d) such other treatment necessary to satisfy section 1129(b)(2)(A) of the Bankruptcy Code.

(c) *Impairment and Voting:* Class 6 is Impaired under the Plan. Holders of Secured M&M Lien Claims in Class 6 are entitled to vote to accept or reject the Plan.

7. <u>Class 7 - General Unsecured Claims</u>

(a) *Classification:* Class 7 consists of all General Unsecured Claims against any Debtor.

(b) *Treatment:* On, or as soon as reasonably practicable after, the Effective Date, except to the extent such Holder and the Reorganized Debtors or the Liquidating Trustee, as applicable, agree to a less favorable treatment, each Holder of an Allowed General Unsecured Claim shall receive, on account of, in exchange for, and in full and final satisfaction, compromise, settlement, release, and discharge of such Allowed General Unsecured Claim its Pro Rata share of Liquidating Trust Interests.

(c) *Impairment and Voting:* Class 7 is Impaired under the Plan. Holders of Allowed Claims in Class 7 are entitled to vote to accept or reject the Plan.

8. Reserved

9. Class 9 – Insured Claims

(a) *Classification*: Class 9 consists of Allowed Insured Claims.

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

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

In the event the applicable Insurer denies the tender of defense or there are no applicable or available insurance policies, or proceeds from applicable and available insurance policies have been exhausted or are otherwise insufficient to pay in full a Holder's recovery, if any, as determined by an order or judgment by a court of competent jurisdiction or under a settlement or compromise of such Holder's Insured Claim, on account of its Insured Claim, then such Holder shall be entitled to its Pro Rata share of Liquidating Trust Interests based on the amount of an Allowed Claim equal to the amount of the Allowed Insured Claim less the amount of available proceeds paid such Allowed Insured Claim from the applicable and available Insurance Policies (the "Insured Deficiency Claim"); *provided*, that if a Holder of an Insured Claim elects to "opt in" on its Ballot to provide a release of its Insured Deficiency Claim, (i) such Holder shall not be entitled to any recovery on account of its Insured Deficiency Claim, (ii) such Holder shall be deemed to have released the Debtors and the Reorganized Debtors, as applicable, for any such Insured Deficiency Claim (therefore forgoing any rights to or against the Liquidating Trust or as a Liquidating Trust Beneficiary) and (iii) such Holder shall receive a mutual release from the Debtors and the Reorganized Debtors, as applicable. In no event shall any Holder of an Allowed Insured Deficiency Claim be entitled to receive more than one hundred percent (100%) of the Allowed Amount of their respective Allowed Insured Deficiency Claim. In no event shall any Holder of an Allowed Insured Deficiency Claim receive payment on account of such Allowed Insured Deficiency Claim in an amount that, when summed with payment to such Holder from any policy of insurance with respect to the Allowed Insured Claim, exceeds the Pro Rata share of Liquidating Trust Interests such Holder would have received had the Holder's Claim been classified in Class 7.

Any amount of an Allowed Insured Claim within a deductible or self-insured retention shall be paid by the applicable insurance, in accordance with the applicable Insurance Policy, to the Claim Holder and such Insurer shall have a General Unsecured Claim (or Secured Claim, if it holds collateral) for the amount of the deductible or retention paid, provided that it has timely filed an otherwise not objectionable proof of claim encompassing such amounts. For purposes of retentions and deductibles in any Insurance Policy, including, but not limited to, an Insurance Policy insuring officers, directors, consultants or others against claims based upon prepetition occurrences, the Confirmation Order shall constitute a finding that the Debtors are insolvent and unable to advance or indemnify Insured Claims, from Estate or Debtor funds, for any loss, claim, damage, settlement or judgment of Debtors within the applicable retention or deductible amount. However, the foregoing sentence does not modify the Insurer's right to a claim described in the first sentence of this paragraph.

(c) *Impairment and Voting*: Class 9 is Impaired under the Plan. Holders of Allowed Claims in Class 9 are entitled to vote to accept or reject the Plan. Unless otherwise ordered by the Bankruptcy Court, each Holder of a Class 9 Insured Claim shall have a $1.00 vote for each filed Insured Claim.

10. Class 10 - Intercompany Claims

(a) *Classification:* Class 10 consists of all Intercompany Claims.

(b) *Treatment:* On the Effective Date, Class 10 Claims shall be canceled and released without any distribution upon implementation of this Plan.

(c) *Impairment and Voting:* Class 10 is Impaired under the Plan. Holders of Class 10 Claims are conclusively deemed to have rejected the Plan pursuant to section 1126(f) or 1126(g) of the Bankruptcy Code. Holders of Class 10 Claims are not entitled to vote to accept or reject the Plan.

C. Special Provision Governing Unimpaired Claims.

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

D. Elimination of Vacant Classes

Any Class of Claims that does not have a Holder of an Allowed Claim or a Claim temporarily Allowed by the Bankruptcy Court as of the date of the Confirmation Hearing shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

E. Voting Classes, Presumed Acceptance by Non-Voting Classes

If a Class contains Claims eligible to vote and no Holders of Claims eligible to vote in such Class vote to accept or reject the Plan, the Holders of such Claims in such Class shall be deemed to have accepted the Plan.

F. Confirmation Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code.

Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of Confirmation by acceptance of the Plan by Class 5. The Debtors shall seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims.

G. Controversy Concerning Impairment.

If a controversy arises as to whether any Claims or any Class of Claims are Impaired, the Bankruptcy Court shall, after notice and a hearing, determine such controversy on or before the Confirmation Date.

H. Subordinated Claims.

The allowance, classification, and treatment of all Allowed Claims and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, the Reorganized Debtors reserve the right to re-classify any Allowed Claim in accordance with any contractual, legal, or equitable subordination relating thereto.

ARTICLE IV.
MEANS FOR IMPLEMENTATION OF THE PLAN

A. General Settlement of Claims.

As discussed in detail in the Disclosure Statement and as otherwise provided herein, pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, Distributions, releases, and other benefits provided under the Plan, upon the Effective Date, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims and controversies resolved pursuant to the Plan, including (1) any challenge to the amount, validity, perfection, enforceability, priority or extent of the Other Secured Claims once Allowed or the Allowed Secured Bondholder Claims (including those in the Committee Adversary Proceeding) and (2) any claim to avoid, subordinate, or disallow any Other Secured Claim once Allowed or the Allowed Secured Bondholder Claim, whether under any provision of chapter 5 of the Bankruptcy Code, on any equitable theory (including equitable subordination, equitable disallowance, or unjust enrichment) or otherwise. The Plan shall be deemed a motion to approve the good faith compromise and settlement of all such Claims and controversies pursuant to Bankruptcy Rule 9019, and the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of such compromise and settlement under section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, as well as a finding by the Bankruptcy Court that such settlement and compromise is fair, equitable, reasonable and in the best interests of the Debtors and their Estates. Subject to Article VI and Article VII hereof, all Distributions made to holders of Allowed Claims (as applicable) in any Class are intended to be and shall be final.

B. Restructuring Transactions and Committee Settlement.

On or before the Effective Date, the applicable Debtors or the Reorganized Debtors shall enter into any transaction and shall take any actions as may be necessary or appropriate to effect a corporate restructuring of their respective businesses or a corporate restructuring of the overall corporate structure of the Debtors on the terms set forth in the Plan. The actions to implement the Restructuring Transactions shall include the execution and delivery of appropriate agreements, including the New Bond Documents that are consistent with the terms of the Plan, the Secured Debt Restructuring Term Sheet and the Intercreditor Agreement, satisfy the requirements of applicable law, and are reasonably satisfactory to the New Master Trustee. In addition, in connection with the execution of the New Bond Documents, (i) the Bondholder and its applicable Related Party has agreed to write down significant portions of the Prepetition Bond Facility and waive the Bondholder Deficiency Claim in its entirety, such that there is no recovery on such Claim and no rights in or to the Liquidating Trust on account of such Bondholder Deficiency Claim, and (ii) the Term Lender has agreed to write off the outstanding obligations under the Term Loan Agreement in exchange for a Term Lender Deficiency Claim for the full amount of the Secured Term Lender Claims, any recovery on which the Term Lender has agreed to waive such that the Term Lender Deficiency Claim (whether secured or unsecured) shall have no rights in or entitlement under the Liquidating Trust. The Reorganized Debtors shall be authorized and directed to enter into the New Bond Documents on the Effective Date.

Among other things, under the Committee Settlement, (i) the Reorganized Debtors shall distribute the GUC Cash Amount in the aggregate amount of $4,750,000 to the Liquidating Trust for the benefit of the Liquidating Trust Beneficiaries on the applicable dates ($4,000,000 on the Effective Date and $750,000 on October 1, 2025) and, on the Effective Date, issue the GUC Note in the principal amount of $5,250,000 to the Liquidating Trustee for the benefit of the Liquidating Trust Beneficiaries pursuant to the terms set forth in this Plan, the GUC Note and the Intercreditor Agreement, as applicable, (ii) the Bondholder and its applicable Related Party shall remit

$2,500,000 to the Reorganized Debtors on the Effective Date, which amount shall be used contemporaneously to fund the GUC Cash Amount to be distributed to the Liquidating Trust, (iii) the Prepetition Secured Parties shall not receive any cash payments from the Debtors prior to the Effective Date, including reimbursement for interest, fees or expenses incurred, (iv) the treatment and disposition of the Pavilion Claims, the Pavilion-Related Claims and related matters shall be reasonably acceptable to the Prepetition Secured Parties and their applicable Related Party, (v) upon receipt of $4,000,000 of the GUC Cash Amount on the Effective Date, the Committee shall release any and all claims against the Prepetition Secured Parties, including those reflected in the Committee Adversary Proceeding and any associated or related claims against the Debtors (except for claims under the Committee Settlement and this Plan) and (vi) on the Effective Date, the Committee shall release any and all claims against the Debtors' Estates unless otherwise specified herein, and provided that the Committee shall not release any claims provided for under the Committee Settlement.

Entry of the Confirmation Order shall be an order pursuant to Bankruptcy Rule 9019 approving the Committee Settlement as embodied in the Global Settlement Term Sheet attached hereto as Exhibit C and incorporated by reference herein. The Committee reserves all rights to enforce the terms of the Committee Settlement reflected in the Global Settlement Term Sheet; provided that in the event of any conflict between the terms therein and this Plan, the Plan controls.

(1) On the Effective Date, the New Bond Documents shall constitute legal, valid, binding, and authorized obligations of the Reorganized Debtors, enforceable in accordance with their terms. The financial accommodations to be extended under the New Bond Documents shall be deemed to have been extended in good faith for legitimate business purposes; and they are reasonable and shall not be subject to avoidance, re-characterization, or subordination (including equitable subordination) for any purpose whatsoever (unless specified herein) and shall not constitute preferential transfers, fraudulent conveyances, or other voidable transfers under the Bankruptcy Code or any other applicable non-bankruptcy law.

(2) On the Effective Date, all of the Liens and security interests to be granted in accordance with the New Bond Documents (a) shall be deemed to be granted, (b) shall be legal, binding, and enforceable Liens on and security interests in the collateral granted thereunder in accordance with the terms of the New Bond Documents, (c) shall be deemed automatically perfected on the Effective Date (without any further action being required by the Reorganized Debtors, the New Bond Trustee, or any of Holders of New Bonds), having the priority set forth in the New Bond Documents and subject only to such Liens and security interests as may be permitted under the New Bond Documents, and (d) shall not be subject to avoidance, recharacterization, or subordination (including equitable subordination) for any purposes whatsoever (unless specified herein) and shall not constitute preferential transfers, fraudulent conveyances, or other voidable transfers under the Bankruptcy Code or any applicable non-bankruptcy law. In addition to the foregoing, any Liens and security interests granted to the Prepetition Secured Parties, pursuant to, or in connection with, the existing Bond Documents and any Final Order, shall (i) remain valid and effective from and after the Effective Date, and remain perfected as of the date on which they were first perfected, (ii) secure the obligations of the Reorganized Debtors under the New Bond Documents and the Superpriority Exit Facility Documents and (iii) be subordinated to the Liens and security interests granted pursuant to, or in connection with, the Superpriority Exit Facility Documents.

(3) The Reorganized Debtors, and the Entities granted such Liens and security interests are authorized to make all filings and recordings and to obtain all governmental approvals and consents necessary to establish and perfect such Liens and security interests under the provisions of the applicable state, provincial, federal, or other law (whether domestic or foreign) that would be applicable in the absence of the Plan and the Confirmation Order (it being understood that perfection shall occur automatically by virtue of the entry of the Confirmation Order, and any such filings, recordings, approvals, and consents shall not be required) and the Reorganized Debtors will thereafter cooperate to make all other filings and recordings that otherwise would be necessary under applicable law to give notice of such Liens and security interests to third parties.

(4) The Reorganized Debtors shall cause the Issuer to issue the New Bonds, the primary economic terms of which are set forth in the Secured Debt Restructuring Term Sheet. The issuance of the New Bonds and New Notes for distribution under the Plan is authorized without the need for further corporate action by the Reorganized Debtors, and all of the New Notes issued or issuable under the Plan shall be duly authorized and validly issued under the Plan.

(5) The Reorganized Debtors shall cause to be delivered customary legal opinions and other documents in connection with the issuance of the New Bonds, in form and substance acceptable to the New Bond Trustee and the New Secured Debt Lenders, including, without limitation, (a) the opinion of Bond Counsel described in the New Bond Documents, and (b) a lender's title policy with respect to the real property securing the Reorganized Debtors' obligations under the New Bond Documents, and the mortgage position of the New Bond Trustee, subject to such exceptions as are reasonably acceptable to the New Bond Trustee and the New Secured Debt Lenders and as set forth herein.

(6) The offering, issuance, and distribution of the New Bonds and New Notes issued under the Plan, if applicable, shall be exempt from, among other things, the registration requirements of the Securities Act, and under section 1145(a)(1) of the Bankruptcy Code. Any and all New Bonds issued under the Plan will be freely tradable under the Securities Act by the recipients thereof, subject to all other applicable laws, statutes or regulations.

(7) The Reorganized Debtors shall fund the Liquidating Trust with the GUC Cash Amount.

(8) On the Effective Date, the GUC Note shall constitute legal, valid, binding, and authorized obligations of the Reorganized Debtors, enforceable in accordance with their terms. The financial accommodations to be extended under the GUC Note shall be deemed to have been extended in good faith for legitimate business purposes; and they are reasonable and shall not be subject to avoidance, re-characterization, or subordination (including equitable subordination) for any purpose whatsoever (other than with respect to the New Bond Documents and the Superpriority Exit Facility Documents as set forth herein and the Intercreditor Agreement) and shall not constitute preferential transfers, fraudulent conveyances, or other voidable transfers under the Bankruptcy Code or any other applicable non-bankruptcy law.

C. Reorganized Debtors.

On the Effective Date, the New Board shall be established and shall be comprised of the members of the current board of trustees. The Reorganized Debtors shall be authorized to adopt any other agreements, documents, and instruments and to take any other actions contemplated under the Plan as necessary to consummate the Plan.

D. Sources of Consideration for Distributions.

The Reorganized Debtors shall make distributions to be made in (i) Cash, (ii) New Bonds, (iii) the Superpriority Exit Facility, and (iv) the GUC Note. Distributions on behalf of the Allowed General Unsecured Claims shall be made only from the Liquidating Trust.

1. Cash on Hand

   i. The Reorganized Debtors shall use Cash on hand to fund Distributions to certain Holders of Allowed Claims and to the Liquidating Trust in accordance with Articles II and III of the Plan.

   ii. On the Effective Date, the Bondholder and its applicable Related Party shall remit $2,500,000 to the Debtors or Reorganized Debtors for contemporaneous use by the Debtors or Reorganized Debtors, as applicable, in funding GUC Cash Amount.

2. New Bonds

On the Effective Date, in exchange for the Series 2019 Bonds, the New Bonds shall be issued on the terms and conditions of the Secured Debt Restructuring Term Sheet. The New Bonds shall be tax-exempt and shall be paid pursuant to the terms and conditions reflected in the Secured Debt Restructuring Term Sheet. The New Bonds shall be secured by a security interest against substantially all assets of the Reorganized Debtor, which shall be senior in priority to all other Liens and security interests except for those granted under the Superpriority Exit Facility Documents or otherwise permitted under the New Bond Documents.

The issuance of the New Bonds is authorized without the need for any further corporate action or further action by the Bondholder. All Holders of Allowed Secured Bondholder Claims entitled to Distributions hereunder shall be deemed to be a party to, and bound by, the New Bond Documents, regardless of whether such Holder has executed a signature page. On the Effective Date, all of the Liens and security interests to be granted in accordance with the New Bond Documents (1) shall be deemed to be granted, (2) shall be legal, binding, and enforceable Liens on, and security interests in, the collateral granted thereunder in accordance with the terms of the New Bond Documents, (3) shall be deemed perfected on the Effective Date and (4) shall not be subject to recharacterization or equitable subordination for any purposes whatsoever and shall not constitute preferential transfers or fraudulent conveyances under the Bankruptcy Code or any applicable nonbankruptcy law.

Subject to the occurrence of the Effective Date, the New Bond Documents shall constitute legal, valid, and binding obligations of the Reorganized Debtors party thereto and shall be enforceable in accordance with their respective terms. Each distribution and issuance of the New

Bonds under the Plan shall be governed by the terms and conditions set forth in the Plan and Secured Debt Restructuring Term Sheet applicable to such distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, which terms and conditions shall bind each Entity receiving such distribution or issuance. For the avoidance of doubt, the acceptance of New Bonds by any Holder of any Claim shall be deemed as such Holder's agreement to the New Bond Documents, as each may be amended or modified from time to time following the Effective Date in accordance with its terms.

The Reorganized Debtors and the Holders that are granted such Liens and security interests shall be authorized to make all filing and recordings and to obtain all governmental approvals and consents necessary to establish and perfect such Liens and security interests under the provisions of the applicable state, federal, or other law that would be applicable in the absence of the Plan and the Confirmation Order (it being understood that perfection shall occur automatically by virtue of entry of the Confirmation Order, and any such filings, recording, approvals, and consents shall not be required), and the Reorganized Debtors shall thereafter cooperate to make all other filings and recordings that otherwise would be necessary under applicable law to give notice of such Liens and security interest to third parties. The Liens and security interests granted under the New Bond Documents shall be senior in priority to all other Liens and security interests except for those previously granted pursuant to, or in connection with, the Bond Documents and any Final Order (which Liens and security interests shall remain valid and effective from and after the Effective Date) and those granted under the Superpriority Exit Facility Documents or otherwise permitted under the New Bond Documents.

The New Bonds do not constitute a general obligation of the Issuer or a debt or pledge of the faith and credit of The Commonwealth of Massachusetts or any political subdivision thereof. The principal, purchase price, redemption price of, and interest on the bonds are payable solely from the revenues and funds pledged for their payment under the New Bond Documents. The Issuer has no taxing power under the Act.

The Excess Cash Sweep threshold shall be reduced to 28 Days Cash on Hand for all test periods; provided that following the first payment of $1,750,000 on account of the GUC Note referenced in Article IV.D.4, the Excess Cash Sweep threshold shall be further reduced to 27 Days Cash on Hand for all test periods – and this threshold shall be applicable to all subsequent payments on account of the GUC Note and the New Secured Debt.

3. Superpriority Exit Facility

On the Effective Date, the applicable Reorganized Debtors shall execute and deliver the Superpriority Exit Facility Credit Agreement and the other Superpriority Exit Facility Documents. Confirmation shall be deemed approval of the Superpriority Exit Facility (including transactions contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred and fees paid by the Debtors or Reorganized Debtors in connection therewith). The Reorganized Debtors shall execute and deliver those documents necessary or appropriate to obtain the Superpriority Exit Facility, including the Superpriority Exit Facility Documents. The primary economic terms of the Superpriority Exit Facility are set forth in the Secured Debt Restructuring Term Sheet. Pursuant to the Committee Settlement, any commitment fee under the Superpriority

Exit Facility shall be deferred until the earlier of the payment in full of the Superpriority Exit Facility or the maturity of the Superpriority Exit Facility.

On the Effective Date, as applicable, all Liens and security interests granted pursuant to, or in connection with, the Superpriority Exit Facility Credit Agreement shall be deemed granted by the Reorganized Debtors pursuant to the Superpriority Exit Facility Credit Agreement, and all Liens and security interests granted pursuant to, or in connection with the Superpriority Exit Facility Credit Agreement (including any Liens and security interests granted on the Reorganized Debtors' assets) shall (i) be valid, binding, perfected, enforceable liens and security interests in the property described in the Superpriority Exit Facility Credit Agreement and the other "Loan Documents" (as defined therein or any similar defined term), (ii) be senior in priority to any Liens and security interests granted pursuant to, or in connection with, the New Bond Documents, the Bond Documents and any Final Order and (iii) not be enjoined or subject to discharge, impairment, release, avoidance, recharacterization, or subordination under any applicable law, the Plan or the Confirmation Order.

The applicable Reorganized Debtors shall also execute, deliver, file, record and issue any other related notes, guarantees, deeds of trust, security documents or instruments (including UCC financing statements), amendments to the foregoing, or agreements in connection therewith, in each case, without (A) further notice to or action, order, or approval of the Bankruptcy Court or (B) further act or action under applicable law, regulation, order or rule or the vote, consent, authorization or approval of any Entity (it being understood that perfection shall occur automatically by virtue of the entry of the Confirmation Order without the need for any filings or recordings) and will thereafter cooperate to make all other filings and recordings that otherwise would be necessary under applicable Law to give notice of such liens and security interests to third parties.

4. GUC Note

On the Effective Date, the Reorganized Debtors shall execute and deliver the GUC Note. Specifically, the GUC Note shall be an unsecured, subordinated promissory note in the principal amount of $5,250,000, bearing interest at 2% per annum, and, further, shall solely be paid from the Excess Cash Sweep (as defined in the GUC Note, which definition shall not be amended absent the reasonable consent of the Prepetition Secured Parties), subject to the Intercreditor Agreement (in which the definition of the Excess Cash Sweep likewise shall not be amended absent the reasonable consent of the Prepetition Secured Parties) and subordinated to the New Secured Debt. Confirmation shall be deemed approval of the GUC Note (including transactions contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred and fees paid by the Debtors or Reorganized Debtors in connection therewith). The Reorganized Debtors shall execute and deliver those documents necessary or appropriate to issue the GUC Note, including, but not limited to, the Intercreditor Agreement.

Pursuant to the Committee Settlement, the GUC Note and the New Bonds shall share distributions of the Excess Cash Sweep as follows: (1) the first $1,750,000 to the GUC Note; (2) the next $5,000,000 to the New Bonds; (3) after (a) the Liquidating Trust receives the entire GUC Cash Amount of $4,750,000 and the first $1,750,000 under the Excess Cash Sweep and (b) the holders of the New Bonds receive the next $5,000,000 of the Excess Cash Sweep, all subsequent distributions under the Excess Cash Sweep shall be paid 70% on account of the New Bonds and 30% on account of the GUC Note until the balance of the GUC Note is satisfied; (4) then all excess cash under the Excess Cash Sweep shall be paid on account of the New Bonds.

The applicable Reorganized Debtors shall also execute, deliver, file, record and issue any other related notes, amendments to the foregoing, or agreements in connection therewith, in each case, without (A) further notice to or action, order, or approval of the Bankruptcy Court or (B) further act or action under applicable law, regulation, order or rule or the vote, consent, authorization or approval of any Entity.

5. Intercompany Claim Waivers

On the Effective Date, each Debtor that is a Holder of an Intercompany Claim shall waive its recoveries on account of such Claims.

E. Corporate Existence.

Except as otherwise provided in the Plan, each Debtor shall continue to exist after the Effective Date as a separate corporate entity, limited liability company, partnership, or other forms, as the case may be, with all the powers of a corporation, limited liability company, partnership, or other form, as the case may be, pursuant to the applicable law in the jurisdiction in which each applicable Debtor is incorporated or formed and pursuant to the respective certificate of incorporation and by-laws (or other formation documents) in effect prior to the Effective Date, except to the extent such certificate of incorporation and by-laws (or other formation documents) are amended under the Plan or otherwise, and to the extent such documents are amended, such documents are deemed to be amended pursuant to the Plan and require no further action or approval (other than any requisite filings required under applicable state, provincial, or federal law).

F. Vesting of Assets in the Reorganized Debtors.

Except as otherwise provided in the Plan or any agreement, instrument, or other document incorporated in the Plan, on the Effective Date, all property in each Estate, all Causes of Action, and any property acquired by any of the Debtors pursuant to the Plan shall vest in each respective Reorganized Debtor, free and clear of all Liens, Claims, charges, or other encumbrances (except for the Liens securing obligations under the New Bond Documents or the Superpriority Exit Facility Documents and any other Liens reinstated or retained pursuant to the Plan (including the Liens and security interests granted pursuant to, or in connection with, the Bond Documents or any Final Order)). For the avoidance of doubt, the Pavilion Claims shall vest exclusively in the applicable Reorganized Debtors, free and clear of all Liens, Claims, charges, or other encumbrances (except for the Liens securing obligations under the New Bond Documents or the Superpriority Exit Facility Documents and any other Liens reinstated or retained pursuant to the Plan (including the Liens and security interests granted pursuant to, or in connection with, the Bond Documents or any Final Order)), subject to rights of the Liquidating Trustee under the Committee Settlement. On and after the Effective Date, except as otherwise provided in the Plan, each Reorganized Debtor may operate its business and may use, acquire, or dispose of property and compromise or settle any Claims or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules but subject to any restrictions of the Committee Settlement, including rights provided to the Liquidating Trustee.

G. Cancellation of Existing Agreements.

On the Effective Date, except to the extent otherwise provided in the Plan, all notes, instruments, certificates, and other documents evidencing Claims, including credit agreements and indentures, shall be canceled and the obligations of the Debtors and any non-Debtor affiliate thereunder or in any way related thereto shall be deemed satisfied in full, canceled, discharged, and of no force or effect. Holders of or parties to such cancelled instruments, securities, and other documentation will have no rights arising from or relating to such instruments, securities, and other documentation, or the cancellation thereof, except the rights provided for pursuant to this Plan. Notwithstanding anything to the contrary in this section or otherwise, (i) none of the NMTC Loan Documents shall be cancelled and (ii) the Bond Documents shall be canceled and the obligations of the Debtors thereunder shall be deemed satisfied in full only upon the delivery of the New Bonds; *provided*, that (1) the Bond Documents shall continue in full force and effect (including in respect of any provision that provides for (a) indemnification or reimbursement of the Bond Trustee or the Master Trustee by any other Prepetition Secured Party, (b) the application of any amounts received by the Bond Trustee or the Master Trustee or the priority of any claim or lien of the Bond Trustee or the Master Trustee on any property or funds held or collected by the Bond Trustee or the Master Trustee, and (c) duties and rights of the Bond Trustee or the Master Trustee in respect of such actions to be taken under the Plan, including the cancelation of obligations thereunder or otherwise) to the extent necessary in order to enable the Prepetition Secured Parties to implement the terms of the Plan and (2) any Lien or security interest granted pursuant to, or in connection with, the Bond Documents and any Final Order shall remain valid and effective from and after the Effective Date, and any such Lien or security interest shall remain perfected as of the date on which it was first perfected.

H. Corporate Action.

Upon the Effective Date, all actions contemplated under the Plan shall be deemed authorized and approved in all respects, including (1) adoption or assumption, as applicable, of the Employment Obligations; (2) selection of the directors and officers for the Reorganized Debtors; (3) implementation of the Restructuring Transactions; (4) all other actions contemplated under the Plan (whether to occur before, on, or after the Effective Date); (5) adoption of the New Organizational Documents; (6) the applicable Reorganized Debtors' entry into, delivery, and performance under the New Bond Documents, (7) the applicable Reorganized Debtors' entry, delivery and performance under the Superpriority Exit Facility Documents, (8) the applicable Reorganized Debtors' entry, delivery and performance under the GUC Note, (9) the rejection, assumption, or assumption and assignment, as applicable, of Executory Contracts and Unexpired Leases; (10) all other acts or actions contemplated or reasonably necessary or appropriate to promptly consummate the Restructuring Transactions contemplated by the Plan (whether to occur before, on, or after the Effective Date); and (11) execution and entry into the Liquidating Trust Agreement and all other acts or actions contemplated or reasonably necessary or appropriate to promptly consummate the transactions included therein. All matters provided for in the Plan involving the corporate structure of the Debtors or the Reorganized Debtors, and any corporate action required by the Debtors or the Reorganized Debtor, as applicable, in connection with the

Plan shall be deemed to have occurred and shall be in effect, without any requirement of further action by the security holders, directors, or officers of the Debtors or the Reorganized Debtors, as applicable. On or (as applicable) prior to the Effective Date, the appropriate officers of the Debtors or the Reorganized Debtors, as applicable, shall be authorized and (as applicable) directed to issue, execute, and deliver the agreements, documents, securities, and instruments contemplated under the Plan (or necessary or desirable to effect the transactions contemplated under the Plan) in the name of and on behalf of the Reorganized Debtors, the New Organizational Documents, the New Bond Documents, and any and all other agreements, documents, securities, and instruments relating to the foregoing. The authorizations and approvals contemplated by this Article IV.H shall be effective notwithstanding any requirements under non-bankruptcy law so long as such authorizations and approvals are in accordance with section 1129(a)(16) of the Bankruptcy Code.

I. New Organizational Documents.

On or immediately prior to the Effective Date, the New Organizational Documents may be amended in a manner acceptable to Debtors, as may be necessary to effectuate the transactions contemplated by the Plan. Each of the Reorganized Debtors will file its New Organizational Documents, to the extent such documents are modified, with the applicable Secretaries of State and/or other applicable authorities in its respective state, province, or country of incorporation in accordance with the corporate laws of the respective state, province, or country of incorporation. The New Organizational Documents will prohibit the issuance of non-voting equity securities, to the extent required under section 1123(a)(6) of the Bankruptcy Code.

J. Directors and Officers of the Reorganized Debtors.

As of the Effective Date, the current members of the board of trustees of the Debtors shall be appointed as members of the New Board for the Reorganized Debtors, and the officers of each of the Debtors shall be appointed by the Reorganized Debtors. In accordance with section 1129(a)(5) of the Bankruptcy Code, the identities and affiliations of the members of the New Board and any Person proposed to serve as an officer of the Reorganized Debtors shall be disclosed at or before the Confirmation Hearing, in each case to the extent the identity of such proposed director or officer is known at such time. To the extent any such director or officer of the Reorganized Debtors is an Insider, the Debtors also will disclose the nature of any compensation to be paid to such director or officer. Each such director and officer shall serve from and after the Effective Date pursuant to the terms of the New Organizational Documents and other constituent documents of the Reorganized Debtors.

K. Effectuating Documents; Further Transactions.

On and after the Effective Date, the Reorganized Debtors, and the officers and members of the boards of directors thereof, are authorized to and may issue, execute, deliver, file, or record such contracts, Securities, instruments, releases, and other agreements or documents and take such actions as may be necessary to effectuate, implement, and further evidence the terms and conditions of the Plan, the Restructuring Transactions, the Superpriority Exit Facility Documents, the GUC Note, and the New Bond Documents, without the need for any approvals, authorization, or consents except for those expressly required pursuant to the Plan.

L. Section 1146 Exemption.

To the fullest extent permitted by section 1146(a) of the Bankruptcy Code, any transfers (whether from a Debtor to a Reorganized Debtor or to any other Person) of property under the Plan or pursuant to: (1) the issuance, distribution, transfer, or exchange of any debt, equity security, or other interest in the Debtors or the Reorganized Debtors; (2) the Restructuring Transactions; (3) the creation, modification, consolidation, termination, refinancing, and/or recording of any mortgage, deed of trust, or other security interest, or the securing of additional indebtedness by such or other means; (4) the making, assignment, or recording of any lease or sublease; or (5) the making, delivery, or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including any deeds, bills of sale, assignments, or other instrument of transfer executed in connection with any transaction arising out of, contemplated by, or in any way related to the Plan, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, regulatory filing or recording fee, or other similar tax or governmental assessment, and upon entry of the Confirmation Order, the appropriate state or local governmental officials or agents shall forego the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax, recordation fee, or governmental assessment. All filing or recording officers (or any other Person with authority over any of the foregoing), wherever located and by whomever appointed, shall comply with the requirements of section 1146(c) of the Bankruptcy Code, shall forego the collection of any such tax or governmental assessment, and shall accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

M. Director and Officer Liability Insurance.

Reasonable directors' and officers' Insurance Policies remained in place in the ordinary course during the Chapter 11 Cases and shall remain in place from and after the Effective Date.

N. Employee and Retiree Benefits.

Unless otherwise provided herein, all employee wages, compensation, and benefit programs in place as of the Effective Date with the Debtors including the 457 Plan shall be assumed by the Reorganized Debtors and shall remain in place as of the Effective Date, and the Reorganized Debtors will continue to honor such agreements, arrangements, programs, and plans. Notwithstanding the foregoing, pursuant to section 1129(a)(13) of the Bankruptcy Code, from and after the Effective Date, all retiree benefits (as such term is defined in section 1114 of the Bankruptcy Code), if any, shall continue to be paid in accordance with applicable law.

O. Preservation of Causes of Action.

In accordance with section 1123(b) of the Bankruptcy Code, but subject to <u>Article VIII</u> hereof and the terms of the Committee Settlement, the Reorganized Debtors shall exclusively retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action (including the Pavilion Claims), whether arising before or after the Petition Date, and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date, other than the Causes of Action released by the Debtors pursuant to the releases and exculpations contained in the Plan, including in Article IX. All and any proceeds of any such Causes of Action shall remain exclusively with the Reorganized Debtors, provided that the Liquidating Trust Pavilion Claim Cash Proceeds shall be transferred to the Liquidating Trust as set forth herein.

The Reorganized Debtors may pursue such Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Debtors. **No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against it as any indication that the Debtors or the Reorganized Debtors, as applicable, will not pursue any and all available Causes of Action against it. The Debtors or the Reorganized Debtors, as applicable, expressly reserve all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan, including Article IX of the Plan.** Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court order, the Reorganized Debtors expressly reserve all Causes of Action for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation.

The Reorganized Debtors reserve and shall retain such Causes of Action notwithstanding the rejection or repudiation of any Executory Contract or Unexpired Lease during the Chapter 11 Cases or pursuant to the Plan. In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that a Debtor may hold against any Entity shall vest in the Reorganized Debtors, except as otherwise expressly provided in the Plan, including Article IX of the Plan. The applicable Reorganized Debtors through their authorized agents or representatives, shall retain and may exclusively enforce any and all such Causes of Action. The Reorganized Debtors shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court.

P. Assumption, Ratification, Reaffirmation, and Reinstatement of NMTC Documents and Waiver of Discharge and Injunction with Respect Thereto.

Effective as of the Effective Date, the NMTC Documents constitute Executory Contracts capable of assumption under section 365(a) of the Bankruptcy Code and shall be deemed to be assumed by the applicable Reorganized Debtor pursuant to section 365(a) of the Bankruptcy Code and the entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Reorganized Debtor's assumption of such documents.

In addition to the assumption of those NMTC Documents as provided for herein, and notwithstanding anything to the contrary contained in the Plan or the Confirmation Order, all of the NMTC Documents, together with the terms and conditions thereof and each and every of the encumbrances and Liens granted pursuant thereto along with all obligations thereunder, shall be deemed ratified, confirmed, reaffirmed, reinstated and enforceable, and in full force and effect, as if no bankruptcy had been filed by the Debtor, and any and all such encumbrances and Liens shall continue to secure the payment and performance of the obligations due thereunder in accordance with their respective terms.

Notwithstanding anything to the contrary contained in the Plan or the Confirmation Order:

1. The discharge and the Injunction granted in the Plan do not apply to the NMTC Documents or any rights, Claims, interests, or entitlements of the NMTC Transaction Lender/Equity Parties related thereto or arising thereunder, and Confirmation of the Plan shall not discharge, impair, or otherwise modify or amend any terms, conditions, agreements or obligations arising out of or in any way related to the NMTC Documents; and

2. The Debtors do not maintain any Claims, Causes of Action, rights of setoff, recoupment or subordination, or other legal or equitable defense with respect to the NMTC Documents, the NMTC Transaction, or the NMTC Transaction Lender/Equity Parties. To the extent any such Claim, Cause of Action, right of setoff, recoupment or subordination, or other legal or equitable defense exists, it is hereby waived, released, and discharged; and

3. Neither any unexpired lease nor the Leverage Loans shall be made subject to any Lien or any encumbrance of any kind or nature, including, without limitation, any Lien or encumbrance related to or granted in connection with the New Bonds or Superpriority Exit Facility, except as otherwise expressly permitted by the NMTC Documents.

Q. Dissolution of Quabbin.

Upon a certification to be Filed with the Bankruptcy Court by the Reorganized Debtors of all distributions having been made and completion of all its duties under the Plan and entry of a final decree closing the last of the Chapter 11 Cases, Quabbin shall be deemed to be dissolved without any further action by the Reorganized Debtors, including the filing of any documents with the secretary of state for the state in which Quabbin is formed or is operating in any other jurisdiction. Notwithstanding the foregoing, the Reorganized Debtors shall retain the authority to take all necessary actions to dissolve Quabbin in, and withdraw Quabbin from, applicable states and provinces to the extent required by applicable law.

R. The 457 Plan.

Certain employees and former employees of the Debtor participated in the 457 Plan. The 457 Plan shall be maintained under the same terms and conditions as existed prior to the bankruptcy filings. Participants in the 457 Plan shall not be required to file a Proof of Claim to retain their rights and/or interests in the 457 Plan.

S. Preservation of Medicare Provider Agreements.

In accordance with the terms of the Plan and the Confirmation Order, the Debtors' Medicare Provider Agreements will be deemed assumed, including all benefits and burdens, identified by CMS Certification Number(s): (i) 1013529502; (ii) 1205448701; (iii) 1205823879; (iv) 1457685299; (v) 1568413540; (vi) 1699100057; (vii) 1841802782; (viii) 1982357109; (ix)

1073049441; (x) 1336120047; (xi) 1952966491; (xii) 1215304589; (xiii) 1518110352; (xiv) 1699762286; (xv) 1861095945; and (xvi) 1881123552. Following the Effective Date, the Medicare Provider Agreements shall be governed exclusively by the Medicare statute, regulations, policies, and procedures, and without regard to bankruptcy law or the Plan. These include, but are not limited to, the adjustment of all payments to account for all prior overpayments and underpayments, including those relating to the pre-petition periods.

Notwithstanding anything to the contrary in the Plan, any of its exhibits, the Plan Supplement, or the Confirmation Order, the right of recoupment of the Center for Medicare and Medicaid Services ("CMS") and its administration of the Debtors' Medicare Provider Agreements and federal Medicare laws and regulations, are unaffected by the Plan or the confirmation of the Plan.

T. Preservation of Insurance.

Nothing in this Plan shall diminish, impair or otherwise affect payments from the proceeds or the enforceability of any Insurance Policies that may cover (a) Claims by any Debtor, or (b) Claims against any Debtor or covered Persons thereunder.

U. Avoidance Actions

As of the Effective Date, each of the Reorganized Debtors waives all rights to commence or otherwise pursue any and all Avoidance Actions arising under section 547 of the Bankruptcy Code or any comparable "preference" action arising under applicable non-bankruptcy law, provided that, (i) no Debtor or Reorganized Debtor waives any rights to commence or pursue any Avoidance Actions arising under section 547 of the Bankruptcy Code or any comparable "preference" actions arising under applicable non-bankruptcy law against any parties related to the Pavilion Claims and/or the Pavilion-Related Claims; (ii) no Debtor or Reorganized Debtor waives any rights to commence or pursue any Avoidance Actions arising under section 547 of the Bankruptcy Code or any comparable "preference" actions arising under applicable non-bankruptcy law against any parties listed on the Avoidance Action Schedule to be filed with the Plan Supplement; and (iii) except as expressly provided in the Plan, the Reorganized Debtors shall retain the right to assert any Causes of Action assertable in any Avoidance Action as defenses or counterclaims in any Cause of Action brought by any Entity. For the avoidance of doubt, each Debtor or Reorganized Debtor, as applicable, and the Committee waives all rights to commence or otherwise pursue any and all Avoidance Actions against the Prepetition Secured Parties.

ARTICLE V.
PROVISIONS REGARDING THE LIQUIDATING TRUST

A. Establishment and Administration of the Liquidating Trust

On the Effective Date, the Debtors and the Liquidating Trustee shall sign the Liquidating Trust Agreement and, in its capacity as such, the Liquidating Trustee shall accept all Liquidating Trust Assets on behalf of the Liquidating Trust Beneficiaries, and be authorized to obtain, collect, seek the turnover of and liquidate all of the Liquidating Trust Assets not in its possession or control. The Liquidating Trust will then be created and effective without any further action by the Bankruptcy Court or any Person or Entity as of the Effective Date. For the avoidance of doubt, the applicable Reorganized Debtors, through their authorized agents or representatives, shall exclusively retain any and all Pavilion Claims, Avoidance Actions, and Causes of Action, and shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such claims, subject to the rights of the Liquidating Trustee pursuant to the Committee Settlement. To the extent the Estates or the Reorganized Debtors collect any Pavilion Claim Direct Cash Proceeds, the Liquidating Trustee shall be authorized to accept, and entitled to receive, the Liquidating Trust Pavilion Claim Cash Proceeds on behalf of the Liquidating Trust Beneficiaries and apply such proceeds to the outstanding principal amounts under the GUC Note in accordance with the Liquidating Trust Agreement and the Intercreditor Agreement.

The Liquidating Trust shall be established for the primary purposes of liquidating the Liquidating Trust Assets and making Distributions in accordance with the Plan and the Liquidating Trust Agreement to its beneficiaries, with no objective to continue or engage in the conduct of a trade or business, except only in the event and to the extent necessary to, and consistent with, the purpose of the Liquidating Trust.

Upon execution of the Liquidating Trust Agreement, the Liquidating Trustee shall be authorized to take all steps necessary to complete the formation of the Liquidating Trust. The Liquidating Trust shall be administered by the Liquidating Trustee in accordance with the Liquidating Trust Agreement. The Liquidating Trust and Liquidating Trustee shall hold the Debtors' attorney-client privilege with respect to the Liquidating Trust Assets. The Reorganized Debtors shall provide documents and information related to the Liquidating Trust Assets upon reasonable request from the Liquidating Trustee.

B. Liquidating Trust Assets

On the Effective Date, and periodically thereafter if additional Liquidating Trust Assets become available, the Debtors or Reorganized Debtors, as applicable, shall transfer and assign to the Liquidating Trust all of its right, title, and interest in and to all of the Liquidating Trust Assets and in accordance with section 1141 of the Bankruptcy Code, all such assets shall automatically vest in the Liquidating Trust free and clear of all Claims, Liens, and other interests, subject only to the interests of the Liquidating Trust Beneficiaries in the Liquidating Trust Assets and the Liquidating Trust Expenses, as set forth in the Plan and the Liquidating Trust Agreement. Thereupon, neither the Debtors nor the Reorganized Debtors shall have any interest in or with respect to the Liquidating Trust Assets.

C. Liquidating Trust Distributions and Expenses

Distributions from the Liquidating Trust shall be made from the Liquidating Trust Assets in accordance with the Plan and the Liquidating Trust Agreement. Such Distributions shall be made after paying, reserving against, or satisfying, among other things, the operating and administrative expenses of the Liquidating Trust, including but not limited to all costs, expenses, and obligations incurred by the Liquidating Trustee (or professionals who the Liquidating Trustee may employ in administering the Liquidating Trust) in carrying out its responsibilities to the Liquidating Trust under the Liquidating Trust Agreement, or in any manner connected, incidental, or related thereto. The Liquidating Trust Expenses shall be paid exclusively from the Liquidating Trust Assets.

D. Appointment of the Liquidating Trustee

The identity of the Liquidating Trustee shall be disclosed in the Plan Supplement and shall be selected by the Committee in consultation with the Debtors. The appointment of the Liquidating Trustee shall be approved in the Confirmation Order, and such appointment shall be effective as of the Effective Date. The Liquidating Trustee shall have and perform all the duties, responsibilities, rights, and obligations set forth in the Plan and Liquidating Trust Agreement.

The Liquidating Trustee 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. On the Effective Date, all Liquidating Trust Beneficiaries of the Liquidating Trust shall be deemed to have ratified and become bound by the terms and conditions of the Liquidating Trust Agreement. In the event that the Liquidating Trustee resigns or is removed, terminated, or otherwise unable to serve as Liquidating Trustee, then successors shall be appointed as set forth in the Liquidating Trust Agreement. Any successor Liquidating Trustee appointed shall be bound by and comply with the terms of the Plan, the Confirmation Order, and the Liquidating Trust Agreement.

Following the Effective Date, the Liquidating Trustee shall also be and shall enjoy the powers of the Debtors' authorized representative for all purposes relating to the Liquidating Trust Assets, including, without limitation, section 1123 of the Bankruptcy Code, *provided*, that with respect to the Liquidating Trust Pavilion Claim Cash Proceeds, the Liquidating Trustee shall only be authorized to accept, and entitled to receive, such proceeds on behalf of the Liquidating Trust Beneficiaries and apply such proceeds to the outstanding principal amounts under the GUC Note in accordance with the Liquidating Trust Agreement and the Intercreditor Agreement. No further proof of such power shall be necessary or required.

A. Liquidating Trust Beneficiaries

Holders of General Unsecured Claims entitled to receive Distributions pursuant to the terms of the Plan and the Liquidating Trust Agreement, whether or not such Claims are Allowed as of the Effective Date, shall be the Liquidating Trust Beneficiaries and shall be bound by the Liquidating Trust Agreement.

B. Liquidating Trust Interests

On the Effective Date, each Holder of a General Unsecured Claim shall, by operation of the Plan, receive its Pro Rata share of the Liquidating Trust Interests, as set forth in <u>Article III</u> above. Liquidating Trust Interests shall be reserved for Holders of Disputed General Unsecured Claims and issued by the Liquidating Trust to, and held by the Liquidating Trustee in, the Disputed Claims Reserve pending allowance or disallowance of such Claims. No other entity shall have any interest, legal, beneficial, or otherwise, in the Liquidating Trust Assets upon the assignment and transfer of such assets to the Liquidating Trust.

The Liquidating Trust Interests shall be uncertificated and nontransferable except upon the death of the Holder or by operation of law. Holders of Liquidating Trust Interests, in such capacity, shall have no voting rights with respect to such interests.

As set forth in the Liquidating Trust Agreement, Distributions from the Liquidating Trust on account of Liquidating Trust Interests shall be made from the Liquidating Trust Proceeds after paying, reserving against, or satisfying, among other things, the operating and administrative expenses of the Liquidating Trust, including but not limited to the Liquidating Trust Expenses.

E. Certain Powers and Duties of the Liquidating Trust and Liquidating Trustee

1. Powers and Duties of the Liquidating Trust

The Liquidating Trustee shall be deemed the Estates' representative with respect to the Liquidating Trust Assets (other than the Liquidating Trust Pavilion Claim Cash Proceeds) in accordance with section 1123 of the Bankruptcy Code and shall have all the rights and powers set forth in the Liquidating Trust Agreement, including, without limitation, the powers of a trustee under sections 704 and 1106 of the Bankruptcy Code and Bankruptcy Rule 2004, in addition to any powers granted by law or conferred to it by any other provision of the Plan, including without limitation any set forth herein; *provided, however*, that enumeration of the following powers shall not be considered in any way to limit or control the power and authority of the Liquidating Trustee to act as specifically authorized by any other provision of the Plan, the Liquidating Trust Agreement, and/or any applicable law, and to act in such manner as the Liquidating Trustee may deem necessary or appropriate, including, without limitation, to discharge all obligations assumed by the Liquidating Trustee or provided herein, to conserve and protect the Liquidating Trust and the Liquidating Trust Assets, as applicable, or to confer on the Liquidating Trust Beneficiaries the benefits intended to be conferred upon them by the Plan. The powers, rights, and responsibilities of the Liquidating Trustee shall be specified in the Liquidating Trust Agreement and shall include the authority, power, and responsibility, among other things, to:

a) receive, manage, invest, supervise, and protect Liquidating Trust Assets (unless otherwise specified in the Plan or the Liquidating Trust Agreement);

b) effect all actions and execute all agreements, instruments and other documents necessary to implement the provisions of the Plan and the Liquidating Trust Agreement;

c) pay taxes or other obligations incurred by the Liquidating Trust and issue to employees or other Persons, and/or file with the appropriate Governmental Units, applicable tax and wage returns and forms;

d) make Distributions from the Liquidating Trust to Holders of Allowed Claims with a beneficial interest in the Liquidating Trust as provided for in the Plan and the Liquidating Trust Agreement;

e) employ and compensate counsel or other advisors to assist in the performance of its duties, which counsel may include any counsel who has represented either the Debtors or the Committee during the pendency of the Chapter 11 Cases, *provided, however*, that any such compensation shall be made only out of the Liquidating Trust Assets except as otherwise provided in the Committee Settlement;

f) file all federal, state and local tax returns if necessary;

g) undertake all administrative functions of the Chapter 11 Cases, including the payment of U.S. Trustee fees incurred post-Effective Date with respect to Distributions from the

Liquidating Trust (but not any U.S. Trustee fees incurred post-Effective Date with respect to any other Distributions or disbursements by the Reorganized Debtors) and the ultimate closing of the Chapter 11 Cases;

h) have consultation rights with the Reorganized Debtors with respect to Pavilion-Related Claims, including any rejection damages claims related thereto;

i) have standing to object to any of the Reorganized Debtors' proposed settlement, compromise, resolution and/or other disposition of the Pavilion-Related Claims, including any rejection damages claims related thereto, to the extent that such proposed treatment would incrementally increase the amount of Allowed Claims under Class 7 by more than the amount the Liquidating Trustee contends should be the Allowed amount (including subject to section 502(b)(6) of the Bankruptcy Code as to rejection damages claims) of the applicable Claims; provided that, in such instance of an objection to the appropriate Allowed amount of such Pavilion-Related Claim, neither the Reorganized Debtors' nor the Liquidating Trustee's business judgment shall be given greater deference as to the appropriate Allowed amount of such Claims, and any costs incurred by the Liquidating Trustee related to any objection it raises and any prosecution in connection therewith shall be paid solely from the Liquidating Trust Assets;

j) make the initial determination with respect any Claims objections (other than with respect to Pavilion-Related Claims);

k) seek standing to object to any Claims that the Reorganized Debtors unjustifiably refuse to object to, with the Reorganized Debtors paying reasonable and documented legal costs for the Liquidating Trustee if standing is granted;

l) object to any of the Reorganized Debtors' proposed settlement, compromise, resolution and/or other disposition of any Claim (other than the Pavilion-Related Claims), to the extent that the Liquidating Trustee believes the Reorganized Debtors' proposed treatment is not justifiable; provided that, if such objection is sustained, then any reasonable and documented legal fees and expenses incurred by the Liquidating Trustee related to any objection it raises and any prosecution in connection therewith shall be paid by the Reorganized Debtors; and

m) take such other action as may be vested in or assumed by the Liquidating Trustee consistent with the Plan, the Liquidating Trust Agreement, and any applicable orders of the Bankruptcy Court, or as may be necessary and proper to carry out the provisions of the Plan, including the Liquidating Trustee's enforcement of its right to payment of the Liquidating Trust Pavilion Claim Cash Proceeds.

The Liquidating Trust Agreement may establish certain powers, duties, and authorities in addition to those explicitly stated herein, but only to the extent that such powers, duties, and authorities do not affect the status of the Liquidating Trust as a liquidating trust for United States federal income tax purposes. The Liquidating Trustee has full authority to take any steps necessary to administer the Liquidating Trust Agreement, including, without limitation, the duty and obligation to liquidate Liquidating Trust Assets, to make Distributions therefrom in accordance with the provisions of the Plan.

2. Investments of Cash

The Liquidating Trust may invest Cash (including any earnings thereon or proceeds therefrom) as permitted by section 345 of the Bankruptcy Code or in other prudent investments, *provided* that such investments are permitted to be made by a liquidating trust within the meaning of Treasury Regulation Section 301.7701-4(d), as reflected therein, or under applicable IRS guidelines, rulings, or other controlling authorities. Pursuant to the terms of the Liquidating Trust Agreement, the Liquidating Trustee may establish accounts for the Liquidating Trust.

3. Term of the Liquidating Trust

The Liquidating Trust will terminate on the earlier of the: (a) final liquidation, administration, and Distribution of the Liquidating Trust Assets in accordance with the terms of the Plan and the Liquidating Trust Agreement, and its full performance of all other duties and functions as set forth in the Plan or the Liquidating Trust Agreement; and (b) the fifth (5^{th}) anniversary of the Effective Date. Notwithstanding the foregoing, multiple fixed-term extensions may be obtained so long as Bankruptcy Court approval is obtained within six months before the expiration of the term of the Liquidating Trust and each extended term, and provided that any further extension would not adversely affect the status of the Liquidating Trust as a "liquidating trust" within the meaning of section 301.7701-4(d) of the Treasury Regulations for federal income tax purposes. After (a) the final Distributions pursuant to the Plan, (b) the filing by or on behalf of the Liquidating Trust of a certification of dissolution with the Bankruptcy Court, and (c) any other action deemed appropriate by the Liquidating Trustee, the Liquidating Trust shall be deemed dissolved for all purposes without the necessity for any other or further actions.

ARTICLE VI.
TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Assumption and Rejection of Executory Contracts and Unexpired Leases.

On the Effective Date, except as otherwise provided herein, all Executory Contracts or Unexpired Leases, not previously assumed or rejected pursuant to an order of the Bankruptcy Court, will be deemed rejected, in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, other than those Executory Contracts or Unexpired Leases that: (1) previously were assumed or rejected by the Debtors; (2) are identified on the Schedule of Assumed Executory Contracts and Unexpired Leases; (3) are the subject of a motion to assume that is pending on the Confirmation Date; (4) are subject to a motion to reject pursuant to which the requested effective date of such rejection is after the Effective Date; or (5) will otherwise terminate by their terms prior to the Effective Date.

Entry of the Confirmation Order by the Bankruptcy Court shall constitute a Bankruptcy Order approving the assumptions or rejections of the Executory Contracts and Unexpired Leases set forth in the Plan or the Schedule of Assumed Executory Contracts and Unexpired Leases pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Any motions to assume Executory Contracts or Unexpired Leases pending on the Effective Date shall be subject to approval by the Bankruptcy Court on or after the Effective Date by a Final Order. Each Executory Contract and Unexpired Lease assumed pursuant to this Article VI.A or by any order of the Bankruptcy Court, which has not been assigned to a third party prior to the Confirmation Date, shall revest in and be fully enforceable by the Reorganized Debtors in accordance with its terms, except as such terms are modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption under applicable federal law. Notwithstanding anything to the contrary in the Plan, the Debtors or the Reorganized Debtors, as applicable, reserve the right to alter, amend, modify, or supplement the Schedule of Assumed Executory Contracts and Unexpired Leases identified in this Article VI and in the Plan Supplement at any time through and including 60 days after the Effective Date; *provided*, however, that for any contract for which the treatment is altered, amended, modified, or supplemented by the Schedule of Assumed Executory Contracts and Unexpired Leases, the counterparty to such contract shall have thirty (30) days from the date of such altered, amended, modified, or supplemented treatment of the contract to object thereto.

B. Indemnification Obligations.

All indemnification provisions, consistent with applicable law, currently in place (whether in the by-laws, certificates of incorporation or formation, limited liability company agreements, other organizational documents, board resolutions, indemnification agreements, employment contracts, or otherwise) for the current and former directors, officers, managers, employees, attorneys, accountants, investment bankers, and other professionals of the Debtors, as applicable, shall be reinstated and remain intact, irrevocable, and shall survive the Effective Date on terms no less favorable to such current and former directors, officers, managers, employees, attorneys, accountants, investment bankers, and other professionals of the Debtors than the indemnification provisions in place prior to the Effective Date; *provided* that the indemnification provisions set forth in this Article VI.B shall not apply to Former D&Os.

C. Claims Based on Rejection of Executory Contracts or Unexpired Leases.

Unless otherwise provided by a Final Order of the Bankruptcy Court, all Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, pursuant to the Plan or the Confirmation Order, if any, must be Filed with the Bankruptcy Court within 30 days after the later of (1) the date of entry of an order of the Bankruptcy Court (including the Confirmation Order) approving such rejection, (2) the effective date of such rejection, or (3) the Effective Date. **Any Claims arising from the rejection of an Executory Contract or Unexpired Lease not Filed with the Bankruptcy Court within such time will be automatically disallowed, forever barred from assertion, and shall not be enforceable against the Debtors or the Reorganized Debtors, the Estates, or their property without the need for any objection by the Reorganized Debtors or further notice to, or action, order, or approval of the Bankruptcy Court or any other Entity, and any Claim arising out of the rejection of the Executory Contract or Unexpired Lease shall be deemed fully satisfied, released, and discharged, notwithstanding anything in the Schedules or a Proof of Claim to the contrary.** All Allowed Claims arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases shall be classified as General Unsecured Claims and shall be treated in accordance with Article III.B.6 hereof.

D. Cure of Defaults for Executory Contracts and Unexpired Leases Assumed.

Any monetary defaults under each Executory Contract and Unexpired Lease to be assumed pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash on the Effective Date, subject to the limitation described below, or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree. In the event of a dispute regarding (1) the amount of any payments to cure such a default, (2) the ability of the Reorganized Debtors or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed, or (3) any other matter pertaining to assumption, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order or orders resolving the dispute and approving the assumption. On or before September 10, 2024, the Debtors shall provide for notices of the Schedule of Assumed Executory Contracts and Unexpired Leases to be sent to applicable third parties and for procedures for objecting thereto and resolution of disputes by the Bankruptcy Court. Any objection by a counterparty to an Executory Contract or Unexpired Lease to a proposed assumption or related cure amount must be Filed, served, and actually received by the Debtors at least three days prior to the Confirmation Hearing. Any counterparty to an Executory Contract or Unexpired Lease that fails to object timely to the proposed assumption or cure amount will be deemed to have assented to such assumption or cure amount.

Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time prior to the effective date of assumption. **Any Proofs of Claim Filed with respect to an Executory Contract or Unexpired Lease that has been assumed shall be deemed disallowed and expunged without further notice to or action, order, or approval of the Bankruptcy Court.**

E. Preexisting Obligations to the Debtors under Executory Contracts and Unexpired Leases.

Rejection of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall not constitute a termination of preexisting obligations owed to the Debtors or the Reorganized Debtors, as applicable, under such Executory Contracts or Unexpired Leases. In particular, notwithstanding any non-bankruptcy law to the contrary, the Reorganized Debtors expressly reserve and do not waive any right to receive, or any continuing obligation of a counterparty to provide, warranties or continued maintenance obligations on goods previously purchased by the Debtors contracting from non-Debtor counterparties to rejected Executory Contracts or Unexpired Leases.

F. Insurance Policies.

Each of the Debtors' Insurance Policies and any agreements, documents, or instruments relating thereto are treated as Executory Contracts under the Plan. Unless otherwise provided in the Plan or the Confirmation Order, on the Effective Date, (1) the Debtors shall be deemed to have assumed all Insurance Policies and any agreements, documents, and instruments relating to coverage of all insured Claims, and (2) such Insurance Policies and any agreements, documents, or instruments relating thereto shall revest in the Reorganized Debtors.

G. Modifications, Amendments, Supplements, Restatements, or Other Agreements.

Unless otherwise provided in the Plan, each Executory Contract or Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated or is rejected or repudiated under the Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

H. Reservation of Rights.

Neither the exclusion nor inclusion of any Executory Contract or Unexpired Lease on the Schedule of Assumed Executory Contract and Unexpired Leases, nor anything contained in the Plan, shall constitute an admission by the Debtors that any such contract or lease is, in fact an Executory Contract or Unexpired Lease or that any of the Reorganized Debtors has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtors or the Reorganized Debtors, as applicable, shall have 45 days following entry of a Final Order resolving such dispute to alter its treatment of such contract or lease under the Plan.

I. Nonoccurrence of Effective Date.

In the event that the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code.

J. Contracts and Leases Entered into After the Petition Date.

Contracts and leases entered into after the Petition Date by any Debtor, including any Executory Contracts and Unexpired Leases assumed by such Debtor, will be performed by the applicable Debtor or the Reorganized Debtors liable thereunder in the ordinary course of their business. Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive and remain unaffected by entry of the Confirmation Order.

K. Special Provisions Related to Pavilion-Related Claims and Underlying Agreements.

Notwithstanding anything to the contrary herein, this Plan shall not effect, and shall not be deemed to effect, the assumption or rejection of (or any other disposition of the parties' rights and obligations under) the Pavilion Ground Lease. The Reorganized Debtors reserve the right, and shall have the right (in both events, after consultation with the Prepetition Secured Parties), to seek by motion and/or adversary proceeding the Bankruptcy Court's approval of the assumption, rejection or other disposition of the parties' rights and obligations under the Pavilion Space Lease and the Pavilion Ground Lease by the Pavilion Claim Deadline.

In addition, notwithstanding anything to the contrary herein, the Reorganized Debtors shall have until the Pavilion Claim Deadline to file with the Bankruptcy Court or such other court or tribunal of competent jurisdiction any Cause of Action and/or related proceeding (including, without limitation, a motion or other request for relief under section 502 of the Bankruptcy Code or the applicable Federal Rules of Bankruptcy Procedure as to one or more of the Pavilion-Related Claims) with respect to the Pavilion Claims and/or the Pavilion-Related Claims.

Further, nothing in this Plan shall be deemed to extend any deadlines under section 365(d)(4) of the Bankruptcy Code as such deadlines apply to the Pavilion Space Lease. Pursuant to section 365(d)(4) of the Bankruptcy Code the Pavilion Space Lease to the extent that it is or was an executory contract or unexpired lease) was deemed rejected as of June 24, 2024.

L. Assumption of Doctor Agreements.

On the Effective Date, the Doctor Agreements will be deemed assumed, in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code unless such Doctor Agreements (1) previously were assumed or rejected by the Debtors; (2) are subject to a motion to reject pursuant to which the requested effective date of such rejection is after the Effective Date; or (3) will otherwise terminate by their terms prior to the Effective Date. To the extent one exists, the cure amount related to the Doctor Agreements shall be reflected in the Schedule of Assumed Executory Contracts and Unexpired Leases. Article VI.D shall apply to any cure amounts related to the Doctor Agreements.

Entry of the Confirmation Order by the Bankruptcy Court shall constitute a Bankruptcy Order approving the assumption of the Doctor Agreements pursuant to sections 365(a) and 1123 of the Bankruptcy Code.

M. Special Provision Regarding Cigna Contracts.

Notwithstanding anything herein to the contrary, the Debtors shall, not later than 12:00 p.m. EST, three (3) business days prior to the deadline to object to the Plan, provide to Cigna, through its counsel, written notice of the Debtors' irrevocable (subject to the occurrence of the Effective Date of the Plan) decision as to whether or not Debtors propose to assume or reject each of the Cigna Contracts. The proposed cure amount related to such contract shall be reflected in the Schedule of Assumed Executory Contracts and Unexpired Leases.

Entry of the Confirmation Order by the Bankruptcy Court shall constitute a Bankruptcy Order approving the assumption or rejection, as applicable, of the Cigna Contracts pursuant to sections 365(a) and 1123 of the Bankruptcy Code.

ARTICLE VII.
PROVISIONS GOVERNING DISTRIBUTIONS

A. Timing and Calculation of Amounts to Be Distributed.

Unless otherwise provided in the Plan, on the Effective Date (or if a Claim is not an Allowed Claim on the Effective Date, on the date that such Claim becomes an Allowed Claim, or as soon as reasonably practicable thereafter), each holder of an Allowed Claim shall receive the full amount of the Distributions that the Plan provides for Allowed Claims in the applicable Class. In the event that any payment or act under the Plan 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 the next succeeding Business Day but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims, Distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in Article VII hereof. Except as otherwise provided in the Plan, holders of Claims shall not be entitled to interest, dividends, or accruals on the Distributions provided for in the Plan, regardless of whether such Distributions are delivered on or at any time after the Effective Date.

B. Disbursing Agent.

All Distributions under the Plan shall be made by the Disbursing Agent on the Effective Date. The 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.

C. Rights and Powers of Disbursing Agent.

1. Powers of the Disbursing Agent.

The Disbursing Agent shall be empowered to (a) affect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan; (b) make all Distributions contemplated hereby and by the Liquidating Trust Agreement; (c) employ professionals to represent it with respect to its responsibilities; and (d) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan or the Liquidating Trust Agreement, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof.

2. Expenses Incurred on or After the Effective Date.

Except as otherwise ordered by the Bankruptcy Court, the amount of any reasonable fees and expenses incurred by the Disbursing Agent on or after the Effective Date (including taxes) and any reasonable compensation and expense reimbursement claims (including reasonable attorney fees and expenses), made by the Disbursing Agent shall be paid in Cash by the Reorganized Debtors or the Liquidating Trust, as applicable.

D. Delivery of Distributions and Undeliverable or Unclaimed Distributions.

1. Record Date for Distribution.

On the Distribution Record Date, the Claims Register shall be closed, and any party responsible for making Distributions shall instead be authorized and entitled to recognize only those record holders listed on the Claims Register as of the close of business on the Distribution Record Date. For the avoidance of doubt, the Claims Register shall be deemed to include the Secured Bondholder Claims and the Secured Term Lender Claims.

2. Delivery of Distributions in General.

Except as otherwise provided herein, the Disbursing Agent shall make Distributions to holders of Allowed Claims as of the Distribution Record Date at the address for each such holder as indicated on the Debtors' records as of the date of any such distribution; provided, however, that the manner of such Distributions shall be determined at the discretion of the Reorganized Debtors; provided further, however, that the address for each holder of an Allowed Claim shall be deemed to be the address set forth in any Proof of Claim Filed by that holder.

3. Fractional and *De Minimis* Distributions.

No fractional units or amounts of New Secured Debt shall be distributed, and no Cash shall be distributed in lieu of such fractional amounts, and such fractional amount shall be deemed to be zero. When any distribution pursuant to the Plan on account of an Allowed Claim would otherwise result in the issuance of a number of units or amounts of New Secured Debt is not a whole number, the actual distribution of units or amounts of New Secured Debt shall be rounded as follows: (a) fractions of greater than one-half shall be rounded to the next higher whole number, and (b) fractions of one-half or less shall be rounded to the next lower whole number with no further payment thereto. The total number of authorized units or amounts of New Secured Debt to be distributed to Holders of Allowed Claims shall be adjusted as necessary to account for the foregoing rounding.

Notwithstanding anything herein to the contrary, other than to Holders of Patient Refund Claims, the Reorganized Debtors or Liquidating Trustee, as applicable, and the Disbursing Agent shall not be required (i) to make interim Distributions or payments of less than \$50, or (ii) final Distributions or payments of less than \$50, whether in Cash or otherwise, unless the Holder makes a written request in writing within 45 days of Allowance of such Holder's claim.

4. Undeliverable Distributions and Unclaimed Property.

In the event that any distribution to any holder of Allowed Claims is returned as undeliverable, no distribution to such holder shall be made unless and until the Disbursing Agent has determined the then-current address of such holder, at which time such distribution shall be made to such holder without interest; provided that every 180 days the Disbursing Agent shall file a notice describing such undeliverable distributions; *provided* that such Distributions described in such notice shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of six months from the filed notice. After such date, all unclaimed property or interests in property shall revert to the Disbursing Agent who initiated such distribution automatically and without need for a further order by the Bankruptcy Court (notwithstanding any applicable federal, provincial, or state escheat, abandoned, or unclaimed property laws to the contrary), and the Claim of any holder of Claims to such property shall be discharged and forever barred.

E. Manner of Payment.

All Distributions of Cash to the holders of Allowed Claims under the Plan shall be made by the Disbursing Agent on behalf of the applicable Debtor. At the option of the Disbursing Agent, any Cash payment to be made hereunder may be made by check or wire transfer or as otherwise required or provided in applicable agreements.

F. Compliance with Tax Requirements.

In connection with the Plan, to the extent applicable, the Reorganized Debtors shall comply with all tax withholding and reporting requirements imposed on them by any Governmental Unit, and all Distributions made pursuant to the Plan shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Reorganized Debtors and the Disbursing Agent shall be authorized to take all actions necessary to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding Distributions pending receipt of information necessary to facilitate such Distributions, or establishing any other mechanisms they believe are reasonable and appropriate. The Reorganized Debtors reserve the right to allocate all Distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support, and other spousal awards, liens, and encumbrances.

G. Allocations.

Distributions in respect of Allowed Claims shall be allocated first to the principal amount of such Claims (as determined for federal income tax purposes), and then, to the extent, the consideration exceeds the principal amount of the Claims, to any portion of such Claims for accrued but unpaid interest.

H. No Postpetition Interest on Claims.

Unless otherwise specifically provided for in the Plan or the Confirmation Order or required by applicable bankruptcy and non-bankruptcy law, postpetition interest shall not accrue or be paid on any prepetition Claims against the Debtors, and no holder of a prepetition Claim against the Debtors shall be entitled to interest accruing on or after the Petition Date on any such prepetition Claim.

I. Foreign Currency Exchange Rate.

Except as otherwise provided in a Bankruptcy Court order, as of the Effective Date, any Claim asserted in currency other than U.S. dollars shall be automatically deemed converted to the equivalent U.S. dollar value using the exchange rate for the applicable currency as published in The Wall Street Journal, National Edition, on the Effective Date.

J. Setoffs and Recoupment.

Except as expressly provided in this Plan, each Reorganized Debtor may, pursuant to section 553 of the Bankruptcy Code, set off and/or recoup against any Distributions to be made on account of any Allowed Claim, any and all claims, rights, and Causes of Action that such Reorganized Debtor may hold against the holder of such Allowed Claim to the extent such setoff or recoupment is either (1) agreed in amount among the relevant Reorganized Debtor(s) and holder of Allowed Claim or (2) otherwise adjudicated by the Bankruptcy Court or another court of competent jurisdiction; *provided, however*, that neither the failure to effectuate setoff or recoupment nor the allowance of any Claim hereunder shall constitute a waiver or release by a Reorganized Debtor or its successor of any and all claims, rights, and Causes of Action that such Reorganized Debtor or its successor may possess against the applicable holder.

K. Claims Paid or Payable by Third Parties.

1. Claims Paid by Third Parties.

The Debtors or the Reorganized Debtors, as applicable, shall reduce in full or in part a Claim, and such Claim shall be reduced or disallowed without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court, to the extent that the holder of such Claim receives payment in full or in part, as applicable, on account of such Claim from a party that is not a Debtor or a Reorganized Debtor. Subject to the last sentence of this paragraph, to the extent a holder of a Claim receives a distribution on account of such Claim and receives payment from a party that is not a Debtor or a Reorganized Debtor on account of such Claim, such holder shall, within 14 days of receipt thereof, repay or return the distribution to the applicable Reorganized Debtor, to the extent the holder's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of such Claim as of the date of any such distribution under the Plan. The failure of such holder to timely repay or return such distribution shall result in the holder owing the applicable Reorganized Debtor annualized interest at the Federal Judgment Rate on such amount owed for each Business Day after the 14-day grace period specified above until the amount is repaid.

2. Claims Payable by Third Parties.

To the extent that one or more of the Debtors' Insurers agrees to satisfy in full or in part an Insurance Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such Insurers' agreement, the applicable portion of such Insurance Claim may be expunged without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

3. Applicability of Insurance Policies.

Except as otherwise provided in the Plan, Distributions to holders of Allowed Claims shall be in accordance with the provisions of any applicable Insurance Policy. Nothing contained in the Plan shall constitute or be deemed a waiver of any Cause of Action that the Debtors or any Entity may hold against any other Entity, including Insurers under any Insurance Policy, nor shall anything contained herein constitute or be deemed a waiver by such Insurers of any defenses, including coverage defenses, held by such Insurers.

ARTICLE VIII.
PROCEDURES FOR RESOLVING CONTINGENT, UNLIQUIDATED, AND DISPUTED CLAIMS

A. Allowance of Claims.

After the Effective Date, each of the Reorganized Debtors shall have and retain any and all rights and defenses such Debtor had with respect to any Claim immediately prior to the Effective Date.

B. Claims Administration Responsibilities.

Except as otherwise specifically provided in the Plan (including Article V.G hereof with respect to the rights provided to the Liquidating Trustee pursuant to the Committee Settlement), after the Effective Date, the Reorganized Debtors shall have the sole authority to (1) File, withdraw, or litigate to judgment, objections to Claims; (2) settle or compromise any Disputed Claim without any further notice to, or action, order, or approval by the Bankruptcy Court; and (3) administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to, or action, order, or approval by the Bankruptcy Court.

C. Estimation of Claims.

Before or after the Effective Date, the Debtors or the Reorganized Debtors, may (but are not required to) at any time request that the Bankruptcy Court estimate any Disputed Claim that is contingent or unliquidated pursuant to section 502(c) of the Bankruptcy Code for any reason, regardless of whether any party previously has objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any such Claim, including during the litigation of any objection to any Claim or during the appeal relating to such objection. Notwithstanding any provision otherwise in the Plan, a Claim that has been expunged from the Claims Register but that either is subject to appeal or has not been the subject of a Final Order shall be deemed to be estimated at zero dollars unless otherwise ordered by the Bankruptcy Court. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim, which estimated amount shall constitute a maximum limitation on such Claim for all purposes under the Plan (including for purposes of Distributions), and the relevant Reorganized Debtor may elect to pursue any supplemental proceedings to object to any ultimate distribution on such Claim.

D. Adjustment to Claims without Objection.

Any Claim that has been paid or satisfied, or any Claim that has been amended or superseded, may be adjusted or expunged on the Claims Register by the Reorganized Debtors or the Liquidating Trustee, as applicable, without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

E. Time to File Objections to Claims.

Any objections to Claims shall be Filed on or before the later of (1) 180 days after the Effective Date and (2) such other period of limitation as may be specifically fixed by the Debtors or the Reorganized Debtors, as applicable, or by a Final Order of the Bankruptcy Court for objecting to such claims.

F. Disallowance of Claims.

Any Claims held by Entities from which property is recoverable under section 542, 543, 550, or 553 of the Bankruptcy Code, or that is a transferee of a transfer avoidable under section 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a) of the Bankruptcy Code, shall be deemed disallowed pursuant to section 502(d) of the Bankruptcy Code, and holders of such Claims may not receive any Distributions on account of such Claims until such time as such Causes of Action against that Entity have been settled or a Bankruptcy Court order with respect thereto has been entered and all sums due, if any, to the Debtors by that Entity have been turned over or paid to the Reorganized Debtors. All Claims Filed on account of an indemnification obligation to a director, officer, or employee shall be deemed satisfied and expunged from the Claims Register as of the Effective Date to the extent such indemnification obligation is assumed (or honored or reaffirmed, as the case may be) pursuant to the Plan, without any further notice to or action, order, or approval of the Bankruptcy Court.

Except as provided herein, pursuant to a Bankruptcy Court order or otherwise agreed, any and all Proofs of Claim Filed after the Bar Date shall be deemed disallowed and expunged as of the Effective Date without any further notice to or action, order, or approval of the Bankruptcy Court, and holders of such Claims may not receive any Distributions on account of such Claims, unless on or before the Confirmation Hearing such late Claim has been deemed timely Filed by a Final Order.

G. Amendments to Claims.

On or after the Effective Date, a Claim may not be Filed or amended without the prior authorization of the Bankruptcy Court, the Reorganized Debtors, and the Liquidating Trustee (to the extent such Claim would increase the size of Class 7), and any such new or amended Claim Filed shall be deemed disallowed in full and expunged without any further action.

H. No Distributions Pending Allowance.

If an objection to a Claim or portion thereof is Filed as set forth in Article VIII.E hereof, no payment or distribution provided under the Plan shall be made on account of such Claim or portion thereof unless and until such Disputed Claim becomes an Allowed Claim.

I. Distributions After Allowance.

To the extent that a Disputed Claim ultimately becomes an Allowed Claim, Distributions (if any) shall be made to the holder of such Allowed Claim in accordance with the provisions of the Plan. 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 (if any) to which such holder is entitled under the Plan as of the Effective Date, without any interest, dividends, or accruals to be paid on account of such Claim unless required under applicable bankruptcy law.

J. Provisions Related to Pavilion-Related Claims.

Pursuant to the Committee Settlement, the Reorganized Debtors shall object to any Claims filed by Pavilion Parties that the Reorganized Debtors believe are incorrect, inaccurate, and/or overstate the allowable amount and/or actual value (if any) of any Pavilion-Related Claims, including any rejection damages claims submitted by any of the Pavilion Parties. The Reorganized Debtors shall retain control over resolution of Pavilion-Related Claims, including rejection damages claims, subject to general consultation rights of the Liquidating Trustee. The Liquidating Trustee shall have standing to object to any of the Reorganized Debtors' proposed resolutions of any Pavilion-Related Claims to the extent that the Liquidating Trustee alleges that such resolution would incrementally increase the GUC pool by more than the amount of what the Liquidating Trustee contends should be the Allowed amount (including subject to section 502(b)(6) of the Bankruptcy Code as to rejection damages claims) of an applicable Claim. Neither the Reorganized Debtors' nor the Liquidating Trustee's business judgment as to the appropriate Allowed amount of the applicable Pavilion-Related Claim shall be given greater deference in the event the Liquidating Trustee objects to the proposed Allowed amount of such Claim. Any costs incurred by the Liquidating Trustee related to the prosecution of its contentions as to the Allowable amount of the applicable Pavilion-Related Claim(s) shall be paid solely from the Liquidating Trust Assets.

ARTICLE IX.
SETTLEMENT, RELEASE, INJUNCTION, AND RELATED PROVISIONS

A. Discharge of Claims.

Pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or the Liquidating Trust or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete satisfaction, discharge, and release, effective as of the Effective Date, of Claims (including any Intercompany Claims resolved or compromised after the Effective Date by the Reorganized Debtors), and Causes of Action of any nature whatsoever, including any interest accrued on Claims from and after the Petition Date, whether known or unknown, against, liabilities of, liens on, obligations of, rights against the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims, including demands, liabilities, and Causes of Action that arose before the Effective Date, any liability (including withdrawal liability) to the extent such Claims relate to services performed by employees of the Debtors prior to the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (1) a Proof of Claim based upon such debt or right is Filed or deemed Filed pursuant to section 501 of the Bankruptcy Code; (2) a Claim based upon such debt or right, is Allowed pursuant to section 502 of the Bankruptcy Code; or (3) the holder of such a Claim has accepted the Plan. The Confirmation Order shall be a judicial determination of the discharge of all Claims (except as otherwise specifically provided in the Plan or the Liquidating Trust Agreement) subject to the occurrence of the Effective Date.

B. Release of Liens.

Except as otherwise provided in the Plan (including Article IV hereof), the Liquidating Trust Agreement, the Superpriority Exit Facility Documents, and the New Bond Documents, or any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable Distributions made pursuant to the Plan, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released and discharged, and all of the right, title, and interest of any holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the Reorganized Debtors and their successors and assigns. Any holder of such Secured Claim (and the applicable agents for such holder) shall be authorized and directed, at the sole cost and expense of the Reorganized Debtors, to release any collateral or other property of any Debtor (including any cash collateral and possessory collateral) held by such holder (and the applicable agents for such holder), and to take such actions as may be reasonably requested by the Reorganized Debtors to evidence the release of such Lien, including the execution, delivery, and filing or recording of such releases. The presentation or filing of the Confirmation Order to or with any federal, state, provincial, or local agency or department shall constitute good and sufficient evidence of, but shall not be required to effect, the termination of such Liens.

C. Releases by the Debtors.

Pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, on and after the Effective Date, each Released Party is deemed released and discharged by the Debtors, the Reorganized Debtors, and their Estates, in each case on behalf of themselves and their respective successors, assigns, and representatives, and any and all other entities who may purport to assert any Cause of Action, directly or derivatively (including the Committee through the derivative standing granted to it through any Final Order), by or through the foregoing entities, from any and all Causes of Action (including, without limitation, Avoidance Actions and the Committee Adversary Proceeding), including any derivative claims, asserted on behalf of the Debtors, that the Debtors, the Reorganized Debtors, or their Estates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim against a Debtor or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' in- or out-of- court restructuring efforts, intercompany transactions, commencement and prosecution of the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the Disclosure Statement, the Plan (including, for the avoidance of doubt, the Plan Supplement), entry into the New Bond Documents, entry into the Superpriority Exit Facility Documents, entry into the GUC Note, or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Disclosure Statement or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date. Notwithstanding anything contained herein to the contrary, the foregoing release does not release any obligations of any party under the Plan, or any document, instrument, or agreement executed to implement the Plan. Further, notwithstanding anything contained

herein to the contrary, the foregoing release does not release any claims that the Reorganized Debtors may have (i) against Excluded Parties, (ii) with respect to any Pavilion Claims or Pavilion-Related Claims, (iii) with respect to any Liquidating Trust Assets (other than those Liquidating Trust Assets relating to any Cause of Action against the Prepetition Secured Parties or their Related Parties) or (iv) for any claims or Causes of Action related to any act or omission that is determined by Final Order to have constituted actual fraud, willful misconduct, or gross negligence. For the avoidance of doubt, in no event shall the releases described in this Article IX.C be limited in any way whatsoever with respect to Causes of Action (including, without limitation, the Avoidance Actions and the Committee Adversary Proceeding) against the Prepetition Secured Parties or their Related Parties.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the releases described in this Article IX.C by the Debtors, which includes by reference each of the related provisions and definitions contained in this Plan, and further, shall constitute its finding that each release described in this Article IX.C is: (1) in exchange for the good and valuable consideration provided by the Released Parties, a good faith settlement and compromise of such Claims; (2) in the best interests of the Debtors and all holders of Claims; (3) fair, equitable, and reasonable; (4) given and made after due notice and opportunity for hearing; and (5) a bar to any of the Debtors, Reorganized Debtors, or Liquidating Trustee, as applicable, asserting any claim, Cause of Action, or liability related thereto, of any kind whatsoever, against any of the Released Parties or their property.

D. Releases by Holders of Claims.

As of the Effective Date, each Releasing Party is deemed to have released and discharged each Debtor, Reorganized Debtor, and Released Party from any and all Causes of Action, whether known or unknown, including any derivative claims, asserted on behalf of the Debtors, that such Entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, commencement and prosecution of the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the Disclosure Statement, the Plan (including, for the avoidance of doubt, the Plan Supplement), the New Bond Documents, the Superpriority Exit Facility Documents, the GUC Note, or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Disclosure Statement or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, or upon any other related act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date. Notwithstanding anything contained herein to the contrary, the foregoing release does not release (i) any Lien or security interest granted to the Prepetition Secured Parties pursuant to, or in connection with, the Bond Documents or any Final Order; (ii) any obligations of any party under the Plan, or any document, instrument, or agreement executed to implement the Plan; or (iii) any rights under the Plan that the Holder of any Allowed Claim may have. Further, notwithstanding anything

contained herein to the contrary, the foregoing release does not release any claims against persons other than each Debtor, the Reorganized Debtors or the Prepetition Secured Parties (and their Related Parties) for conduct occurring prior to the commencement of, or during, the Chapter 11 Cases or claims related to any act or omission that is determined by Final Order to have constituted actual fraud, willful misconduct, or gross negligence.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the releases described in this Article IX.D, which includes by reference each of the related provisions and definitions contained in this Plan, and further, shall constitute its finding that each release described in this Article IX.D is: (1) in exchange for the good and valuable consideration provided by the Released Parties, a good faith settlement and compromise of such Claims; (2) in the best interests of the Debtors and all holders of Claims; (3) fair, equitable, and reasonable; (4) given and made after due notice and opportunity for hearing; and (5) a bar to any of the Debtors or Reorganized Debtors asserting any claim, Cause of Action, or liability related thereto, of any kind whatsoever, against any of the Released Parties or their property.

E. Exculpation.

Except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur, and each Exculpated Party is released and exculpated from any Cause of Action for any claim related to any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the Disclosure Statement, the Plan, entry into the New Bond Documents, entry into the Superpriority Exit Facility Documents, entry into the GUC Note, or any Restructuring Transaction, contract, instrument, release or other agreement or document created or entered into in connection with the Disclosure Statement or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, except for claims related to any act or omission that is determined in a Final Order to have constituted actual fraud or gross negligence, but in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. The Exculpated Parties have, and upon the Confirmation of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of votes and distribution of consideration pursuant to the Plan and, therefore, are not liable for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such Distributions made pursuant to the Plan. Notwithstanding anything to the contrary in the foregoing, an Exculpated Party shall be entitled to exculpation solely for actions taken from the Petition Date through the Effective Date.

F. Injunction.

Except as otherwise expressly provided in the Plan or for obligations issued or required to be paid pursuant to the Plan or the Confirmation Order, all Entities who have held, hold, or may hold Claims that have been released, discharged, or are subject to

exculpation are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Reorganized Debtors, the Exculpated Parties, or the Released Parties: (1) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims; (2) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims; (3) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or the estates of such Entities on account of or in connection with or with respect to any such Claims; (4) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property of such Entities on account of or in connection with or with respect to any such Claims unless such holder has Filed a motion requesting the right to perform such setoff on or before the Effective Date, and notwithstanding an indication of a Claim or otherwise that such holder asserts, has, or intends to preserve any right of setoff pursuant to applicable law or otherwise; and (5) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims released or settled pursuant to the Plan; *provided*, *however*, that nothing in this injunction shall limit the Holder of an Insured Claim from receiving the treatment set forth in Class 9.

Upon entry of the Confirmation Order, all holders of Claims and their respective current and former employees, agents, officers, directors, principals, and direct and indirect affiliates shall be enjoined from taking any actions to interfere with the implementation or Consummation of the Plan. Each holder of an Allowed Claim, by accepting, or being eligible to accept, Distributions under or Reinstatement of such Claim, as applicable, pursuant to the Plan, shall be deemed to have consented to the injunction provisions set forth in this Article IX.F of the Plan.

G. Protections Against Discriminatory Treatment.

Consistent with section 525 of the Bankruptcy Code and the Supremacy Clause of the U.S. Constitution, all Entities, including Governmental Units, shall not discriminate against the Reorganized Debtors or deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to, discriminate with respect to such a grant against, the Reorganized Debtors, or another Entity with whom the Reorganized Debtors have been associated, solely because each Debtor has been a debtor under chapter 11 of the Bankruptcy Code, has been insolvent before the commencement of the Chapter 11 Cases (or during the Chapter 11 Cases but before the Debtors are granted or denied a discharge), or has not paid a debt that is dischargeable in the Chapter 11 Cases.

H. Document Retention.

On and after the Effective Date, the Reorganized Debtors may maintain documents in accordance with their standard document retention policy, as may be altered, amended, modified, or supplemented by the Reorganized Debtors.

I. Reimbursement or Contribution.

If the Bankruptcy Court disallows a Claim for reimbursement or contribution of an Entity pursuant to section 502(e)(1)(B) of the Bankruptcy Code, then to the extent that such Claim is contingent as of the time of allowance or disallowance, such Claim shall be forever disallowed and expunged notwithstanding section 502(j) of the Bankruptcy Code, unless prior to the Confirmation Date: (1) such Claim has been adjudicated as non-contingent or (2) the relevant holder of a Claim has Filed a non-contingent Proof of Claim on account of such Claim and a Final Order has been entered prior to the Confirmation Date determining such Claim as no longer contingent.

ARTICLE X.
CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

A. Conditions Precedent to the Effective Date.

It shall be a condition to the occurrence of the Effective Date that the following conditions shall have been satisfied or waived pursuant to the provisions of Article X.B hereof:

1. the Bankruptcy Court shall have entered the Confirmation Order and shall;

   (a) authorize the Debtors to take all actions necessary to enter into, implement, and consummate the contracts, instruments, releases, leases, indentures, and other agreements or documents created in connection with the Plan;

   (b) authorize the Debtors, as applicable or necessary, to: (i) implement the Restructuring Transactions; (ii) make all Distributions and issuances as required under the Plan; and (iii) enter into any agreements and transactions, as set forth in the Plan Supplement;

   (c) authorize and approve the terms of the Global Settlement Term Sheet;

   (d) authorize the implementation of the Plan in accordance with its terms; and

   (e) provide that, pursuant to section 1146 of the Bankruptcy Code, the assignment or surrender of any lease or sublease, and the delivery of any deed or other instrument or transfer order, in furtherance of, or in connection with the Plan, including any deeds, bills of sale, or assignments executed in connection with any disposition or transfer of assets contemplated under the Plan, shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax; and

2. the Debtors shall have obtained all authorizations, consents, regulatory approvals, rulings, or documents that are necessary to implement and effectuate the Plan, including all governmental approvals (including from the Issuer) necessary for the issuance of the New Bonds;

3. unless otherwise set forth in the Plan, the final version of the Plan Supplement and all of the schedules, documents, and exhibits contained therein shall have been Filed in a manner consistent in all material respects with the Plan;

4. the Debtors have executed the New Bond Documents in form and substance reasonably acceptable to the parties thereto;

5. the Debtors have executed the Superpriority Exit Facility Documents in form and substance reasonably acceptable to the parties thereto;

6. the Debtors have executed the GUC Note, Liquidating Trust Agreement and Intercreditor Agreement in form and substance reasonably acceptable to the parties thereto;

7. all professional fees and expenses of retained professionals required to be approved by the Bankruptcy Court shall have been paid in full or amounts reasonably estimated to be sufficient to pay such fees and expenses after the Effective Date have been placed in the Professional Fee Escrow Accounts pending approval by the Bankruptcy Court; and

8. the Debtors shall have implemented the Restructuring Transactions, and all transactions contemplated herein, in a manner consistent in all respects with the Plan, pursuant to documentation acceptable to the Debtors.

B. Waiver of Conditions.

The Debtors may, with the prior written consent of (i) the Bondholder, the New Master Trustee and the New Bond Trustee solely with respect to those terms and provisions that relate to the New Bonds or would have a material adverse effect on the value of the distributions to the Bondholder, and (ii) the Committee, solely with respect to those terms and provisions that would have a material adverse effect on the value of the distributions to the Holders of General Unsecured Claims, waive any of the conditions to the Effective Date set forth in Article X.A of the Plan at any time without any notice to any other parties in interest and without any further notice to or action, order, or approval of the Bankruptcy Court, and without any formal action other than proceeding to confirm and consummate the Plan; *provided* that, in no event, shall the conditions for the Debtors to obtain governmental approval for issuance of the New Bonds be waived.

C. Effect of Failure of Conditions.

If Consummation does not occur, the Plan shall be null and void in all respects and nothing contained in the Plan or the Disclosure Statement shall: (1) constitute a waiver or release of any Claims by the Debtors; (2) prejudice in any manner the rights of the Debtors, any holders of Claims, or any other Entity; or (3) constitute an admission, acknowledgment, offer, or undertaking by the Debtors, any holders of Claims, or any other Entity including the Committee.

ARTICLE XI.
MODIFICATION, REVOCATION, OR WITHDRAWAL OF THE PLAN

A. Modification and Amendments.

Except as otherwise specifically provided in the Plan, the Debtors reserve the right to modify the Plan, whether such modification is material or immaterial, and seek Confirmation consistent with the Bankruptcy Code and, as appropriate, not resolicit votes on such modified Plan. Subject to those restrictions on modifications set forth in the Plan and the requirements of section 1127 of the Bankruptcy Code, Rule 3019 of the Federal Rules of Bankruptcy Procedure, and, to the extent applicable, sections 1122, 1123, and 1125 of the Bankruptcy Code, each of the Debtors expressly reserves its respective rights to revoke or withdraw, or to alter, amend, or modify the Plan with respect to such Debtor, one or more times, after Confirmation, and, to the extent necessary may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of the Plan.

B. Effect of Confirmation on Modifications.

Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan since the solicitation thereof are approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure or resolicitation under Bankruptcy Rule 3019.

C. Revocation or Withdrawal of Plan.

The Debtors reserve the right to revoke or withdraw the Plan prior to the Confirmation Date and to File subsequent plans of reorganization. If the Debtors revoke or withdraw the Plan, or if Confirmation or Consummation does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Class of Claims), assumption or rejection of Executory Contracts or Unexpired Leases effected under the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims; (b) prejudice in any manner the rights of such Debtor or any other Entity; or (c) constitute an admission, acknowledgment, offer, or undertaking of any sort by such Debtor or any other Entity.

ARTICLE XII.
RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, or relating to, the Chapter 11 Cases and the Plan pursuant to sections 105(a) and 1142 of the Bankruptcy Code, including jurisdiction to:

1. allow, disallow, determine, liquidate, classify, estimate, or establish the priority, secured or unsecured status, or amount of any Claim, including the resolution of any request for

payment of any Administrative Claim and the resolution of any and all objections to the secured or unsecured status, priority, amount, or allowance of Claims;

2. decide and resolve all matters related to the granting and denying, in whole or in part, any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;

3. resolve any matters related to: (a) the assumption, assumption and assignment, or rejection of any Executory Contract or Unexpired Lease to which a Debtor is a party or with respect to which a Debtor may be liable and to hear, determine, and, if necessary, liquidate, any Claims arising therefrom, including Cure Claims pursuant to section 365 of the Bankruptcy Code; (b) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed; (c) the Reorganized Debtors amending, modifying, or supplementing, after the Effective Date, pursuant to Article VI hereof, any Executory Contracts or Unexpired Leases to the list of Executory Contracts and Unexpired Leases to be assumed or rejected or otherwise; and (d) any dispute regarding whether a contract or lease is or was executory or expired;

4. ensure that Distributions to holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

5. adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving a Debtor that may be pending on the Effective Date;

6. adjudicate, decide, or resolve any and all matters related to section 1141 of the Bankruptcy Code;

7. enter and implement such orders as may be necessary to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Plan or the Disclosure Statement;

8. enter and enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;

9. resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the Consummation, issuance of the New Bonds, entry into the Superpriority Exit Facility, interpretation, or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan except (other than as expressly stated in this subsection (9)) for cases, controversies, suits, disputes or Causes of Action arising in connection with or related to the New Bond Documents, the Superpriority Exit Facility Documents or the Intercreditor Agreement;

10. resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the issuance of the GUC Note and any rights thereunder;

11. issue injunctions, enter and implement other orders, or take such other actions as may be necessary to restrain interference by any Entity with Consummation or enforcement of the Plan;

12. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the releases, injunctions, and other provisions contained in Article IX hereof and enter such orders as may be necessary to implement such releases, injunctions, and other provisions;

13. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the repayment or return of Distributions and the recovery of additional amounts owed by the holder of a Claim for amounts not timely repaid;

14. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to any Pavilion Claim and/or the Quabbin Sale Claim;

15. enter and implement such orders as are necessary if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;

16. determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, indenture, or other agreement or document created in connection with the Plan or the Disclosure Statement, except for matters arising in connection with or related to the New Bond Documents, the Superpriority Exit Facility Documents or the Intercreditor Agreement;

17. enter an order concluding or closing the Chapter 11 Cases;

18. adjudicate any and all disputes arising from or relating to Distributions under the Plan;

19. consider any modifications of the Plan, cure any defect or omission, or reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;

20. determine requests for the payment of Claims entitled to priority pursuant to section 507 of the Bankruptcy Code;

21. hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with the Plan, except for the disputes relating to the New Bond Documents, the Superpriority Exit Facility Documents or the Intercreditor Agreement;

22. hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

23. hear and determine all disputes involving the existence, nature, scope, or enforcement of any exculpations, discharges, injunctions and releases granted in the Plan, including under Article IX hereof, regardless of whether such termination occurred prior to or after the Effective Date;

24. enforce all orders previously entered by the Bankruptcy Court; and

25. hear any other matter not inconsistent with the Bankruptcy Code.

ARTICLE XIII.
MISCELLANEOUS PROVISIONS

A. Immediate Binding Effect.

Subject to Article X.A hereof and notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or otherwise, upon the occurrence of the Effective Date, the terms of the Plan (including, for the avoidance of doubt, the Plan Supplement) shall be immediately effective and enforceable and deemed binding upon the Debtors, the Reorganized Debtors, and any and all holders of Claims (irrespective of whether such Claims are deemed to have accepted the Plan), all Entities that are parties to or are subject to the settlements, compromises, releases, discharges, and injunctions described in the Plan, each Entity acquiring property under the Plan, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtors.

B. Additional Documents.

On or before the Effective Date, the Debtors may file such agreements and other documents with the Bankruptcy Court as may be necessary to effectuate and further evidence the terms and conditions of the Plan. The Debtors or the Reorganized Debtors, as applicable, and all holders of Claims receiving Distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

C. Payment of Statutory Fees.

All fees payable pursuant to section 1930(a) of the Judicial Code, as determined by the Bankruptcy Court, shall be paid by each of the Reorganized Debtors (or the Disbursing Agent on behalf of each of the Reorganized Debtors) for each quarter (including any fraction thereof) until the Chapter 11 Cases are converted, dismissed, or closed, whichever occurs first.

D. Statutory Committee and Cessation of Fee and Expense Payment.

On the Effective Date, any statutory committee appointed in the Chapter 11 Cases shall dissolve, and members thereof shall be released and discharged from all rights and duties from or related to the Chapter 11 Cases except to the extent necessary for any Professionals to submit Professional Fee Claims. The Reorganized Debtors shall no longer be responsible for paying any fees or expenses incurred by the members of or advisors to any statutory committees after the Effective Date, except for any fees or expenses incurred after the Effective Date with respect to Professional Fee Claims.

E. Reservation of Rights.

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order, and the Confirmation Order shall have no force or effect if the Effective Date does not occur. None of the Filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by any Debtor with respect to the Plan, the Disclosure Statement, or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of any Debtor with respect to the holders of Claims prior to the Effective Date.

F. Successors and Assigns.

The rights, benefits, and obligations of any Entity named or referred to in the Plan shall be binding on and shall inure to the benefit of any heir, executor, administrator, successor or assign, affiliate, officer, director, agent, representative, attorney, beneficiaries, or guardian, if any, of each Entity.

G. Notices.

All notices, requests, and demands to or upon the Debtors to be effective shall be in writing (including by facsimile transmission) and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

1. if to the Debtors, to:

Heywood Healthcare, Inc.
242 Green Street
Gardner, MA 01440
Attention: John Bujak
Email address: john.bujak@heywood.org

with copies to:

FOLEY & LARDNER LLP
321 N. Clark Street, Suite 3000
Chicago, IL 60654
Fax: (312) 832-4700
Attention: Edward J. Green
E-mail address: egreen@foley.com

And

FOLEY & LARDNER LLP
500 Woodward Avenue, Suite 2700
Detroit, MI 48226
Attention: Jake W. Gordon
E-mail address: jake.gordon@foley.com

And

John M. Flick (#652169)
FLICK LAW GROUP, P.C.
144 Central Street, Unit 201
Gardner, MA 01440
Attention: John M. Flick
E-mail address: jflick@flicklawgroup.com

After the Effective Date, the Debtors have authority to send a notice to Entities that request to continue to receive documents pursuant to Bankruptcy Rule 2002, such Entity must file a renewed request to receive documents pursuant to Bankruptcy Rule 2002. After the Effective Date, the Debtors are authorized to limit the list of Entities receiving documents pursuant to Bankruptcy Rule 2002 to those Entities who have Filed such renewed requests.

H. Term of Injunctions or Stays.

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Cases pursuant to sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms.

I. Entire Agreement.

Except as otherwise indicated, the Plan (including, for the avoidance of doubt, the Plan Supplement) supersedes all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan.

J. Exhibits.

All exhibits and documents included in the Plan Supplement are incorporated into and are a part of the Plan as if set forth in full in the Plan. After the exhibits and documents are Filed, copies of such exhibits and documents shall be available upon written request to the Debtors' counsel at the address above or by downloading such exhibits and documents from the Debtors' restructuring website at https://cases.stretto.com/heywood/ or the Bankruptcy Court's website at https://www.mab.uscourts.gov/. To the extent any exhibit or document is inconsistent with the terms of the Plan, unless otherwise ordered by the Bankruptcy Court, the non-exhibit or non-document portion of the Plan shall control.

K. Nonseverability of Plan Provisions.

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted.

Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (1) valid and enforceable pursuant to its terms; (2) integral to the Plan and may not be deleted or modified without the Debtors' consent; and (3) nonseverable and mutually dependent.

L. Votes Solicited in Good Faith.

Upon entry of the Confirmation Order, the Debtors will be deemed to have solicited votes on the Plan in good faith and in compliance with the Bankruptcy Code, and pursuant to section 1125(e) of the Bankruptcy Code, the Debtors and each of their respective Affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors, and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code in the offer, issuance, sale, and purchase of securities offered and sold under the Plan and any previous plan, and, therefore, neither any of such parties or individuals nor the Reorganized Debtors will have any liability for the violation of any applicable law, rule, or regulation governing the solicitation of votes on the Plan and any previous plan.

M. Closing of Chapter 11 Cases.

The Reorganized Debtors shall, promptly after the full administration of the Chapter 11 Cases, File with the Bankruptcy Court all documents required by Bankruptcy Rule 3022 and any applicable order of the Bankruptcy Court to close the Chapter 11 Cases.

N. Waiver or Estoppel.

Each holder of a Claim shall be deemed to have waived any right to assert any argument, including the right to argue that its Claim should be Allowed in a certain amount, in a certain priority, secured or not subordinated by virtue of an agreement made with the Debtors or their counsel, or any other Entity, if such agreement was not disclosed in the Plan, the Disclosure Statement, or papers Filed with the Bankruptcy Court prior to the Confirmation Date.

O. Conflicts.

Except as set forth in the Plan, to the extent that any provision of the Disclosure Statement, the Plan Supplement, or any other order (other than the Confirmation Order) referenced in the Plan (or any exhibits, schedules, appendices, supplements, or amendments to any of the foregoing), conflict with or are in any way inconsistent with any provision of the Plan, the Plan shall govern and control.

Dated: August 23, 2024

Heywood Healthcare, Inc.
on behalf of itself and all other Debtors

/s/ Rozanna Penney
Chief Executive Officer

Exhibit A to the Plan

Secured Debt Restructuring Term Sheet

SECURED DEBT RESTRUCTURING TERM SHEET

This term sheet (this "Summary Term Sheet") sets forth a summary of the indicative terms and conditions of (i) treatment under a plan of reorganization (any such plan, the "Plan") to be proposed by Heywood Healthcare, Inc. (the "Debtor" or "Borrower") and its affiliates Athol Memorial Hospital, The Henry Heywood Memorial Hospital and Heywood Medical Group, Inc. (collectively with the Borrower, the "Obligated Group"),[1] and certain other affiliates of the Debtor that are not members of the Obligated Group of claims arising under certain continuing covenant agreements and other documents pertaining to bonds (collectively, the "Bond Documents") issued by Massachusetts Development Finance Agency (the "Issuer") and purchased by Siemens Public, Inc. ("Siemens Public"), and as to which one series of bonds has been participated to The Huntington National Bank ("Huntington"), and/or with respect to a loan made by Siemens Financial Services, Inc. ("SFS" and, collectively with Siemens Public, "Siemens") and related loan documents (the Issuer loaned the proceeds of the sale of such bonds to, and SFS made its loan to, the Obligated Group); (ii) an exit working capital financing to be funded by SFS and Huntington (collectively in such capacity, the "Lender"); and (iii) the note to be issued to a liquidating trust for the benefit of general unsecured claims (the "GUC Note").

THIS SUMMARY TERM SHEET DOES NOT SET FORTH (OR PURPORT TO SET FORTH) ALL OF THE PLAN'S PROVISIONS. INSTEAD, IT SETS FORTH ONLY CERTAIN INITIAL, INDICATIVE TERMS OF THE TREATMENT UNDER THE PLAN OF THE BOND DOCUMENTS, THE GUC NOTE, AND OF THE EXIT WORKING CAPITAL FACILITY.

This Summary Term Sheet is for discussion purposes only and is not binding on the parties. This Summary Term Sheet does not represent a commitment, obligation, or agreement by the Debtors, Siemens, Huntington or the Lender to consent to the Plan and/or to provide financing to the Obligated Group or its affiliates. None of the Debtors, Siemens, Huntington and the Lender shall be so obligated unless and until all internal approvals are sought and obtained, all definitive documentation (including, without limitation, the Plan) is negotiated and executed, all conditions precedent are satisfied or waived, and the Plan is confirmed by the United States Bankruptcy Court for the District of Massachusetts (the "Bankruptcy Court"). The definitive documentation may contain different or additional terms that vary from those described herein.

This Summary Term Sheet is subject to all applicable federal and state privileges for settlement communication.

The Obligated Group and its affiliates acknowledge and agree that none of Siemens, Huntington nor the Lender is recommending any action to the Obligated Group or its affiliates. Each of Siemens, Huntington, and the Lender acts for its own interests. None of Siemens, Huntington nor the Lender is a registered municipal advisor or is subject to any of the fiduciary duties imposed on municipal advisors. Without limiting the generality of the foregoing, none of Siemens, Huntington nor the Lender is an advisor to or fiduciary of the Obligated Group or its affiliates with respect to the transaction contemplated hereby, any of the discussions, undertakings, and procedures leading thereto, or any information or material provided in connection therewith. To the extent they deem appropriate, the Obligated Group and its affiliates have consulted and will continue to consult before taking any action, their own legal, financial, and other advisors regarding the transaction contemplated hereby, all matters related thereto, and any information or material provided in connection therewith.

[1] For purposes of this term sheet, the terms "Debtors" and "Reorganized Debtors" shall refer to the Obligated Group in their capacities as such; provided that, with respect to the GUC Note, the applicable obligors shall be all Reorganized Debtors as defined under the Plan.

Reinstated Capital	Tax-exempt bonds reinstated with a principal balance of $40 million, issued pro-rata to each series of bonds currently outstanding under the Bond Documents. On the effective date of the Plan, the various debt service reserve funds shall be applied as Siemens and Huntington direct and in accordance with the terms and conditions of the existing bond documents. Siemens Public and Huntington to waive any deficiency claim associated with obligations owed under the Bond Documents.
Reinstated Bonds Duration	20-year maturity
Reinstated Bonds Interest	Heywood will pay cash interest of 2.00% per annum (on each series of reinstated bonds), semi-annually on the full outstanding principal balance of the bonds on April 1 and October 1 of each year; interest is to be remitted monthly to the bond trustee.
Reinstated Bond Assignability	Bonds may be assigned to a new borrower with the consent of Siemens Public and Huntington, as applicable, at the time of the assignment transaction.
Reinstated Bonds Amortization	Bonds will pay semi-annual principal based on the attached amortization schedule (Schedule A), which payments shall only become due and owing subject to the "Excess Cash Sweep", with all remaining outstanding principal owed under the bonds due as a bullet payment at the Maturity Date. To avoid doubt, nonpayment of any scheduled semi-annual principal amortization shall not be considered a default or event of default in the event no or insufficient Excess Cash Sweep is triggered. The Reorganized Debtors will pay the Excess Cash Sweep (in accordance with the Excess Cash Sweep Waterfall described below) within 30 days following the end of April 1 and October 1 of each year, with such payment based on internal financial reports. Within 30 days following the completion of each fiscal year's audit, the Reorganized Debtors will report the final calculation of the Excess Cash Sweep payments (and the Excess Cash Sweep Waterfall allocation thereof) during such fiscal year and will pay any unpaid amounts at such time. Any overpayments paid on account of the Excess Cash Sweep shall be offset against the next interest payment coming due. "<u>Excess Cash Sweep</u>" shall mean a payment equal to the sum of (i) 100% of Excess Cash until all scheduled amortization pursuant to Schedule A has been paid and (ii) 66.66% of Excess Cash thereafter. The other 33.33% of Excess Cash pursuant to clause (ii) of the preceding sentence (i.e., what Heywood retains) shall be referred to as the "Heywood Excess Cash Share." "<u>Days Cash on Hand</u>" is defined as the quotient of (i) unrestricted cash and cash equivalents (excluding any donor-restricted funds

	and grant-restricted funds for a specified purpose[2] and excluding the amount of any interest owed on April 1 or October 1, as applicable, to the extent not already deducted), divided by (ii) the average daily cash operating expenses. "Excess Cash" is defined as the amount of all unrestricted cash and cash equivalents (excluding any donor-restricted funds and grant-restricted funds for a specified purpose[3] and excluding the amount of any interest owed on April 1 or October 1, as applicable to the extent not already deducted) in excess of twenty-eight (28) Days Cash on Hand, less the cumulative amount of the Heywood Excess Cash Share retained by Heywood; *provided that* following payment of $1.75 million in principal to the GUC Note pursuant to the Excess Cash Sweep Waterfall, the reference to twenty-eight (28) days shall be reduced to twenty seven (27) days for all subsequent test periods. Payments made to the Reinstated Bonds pursuant to the Excess Cash Sweep shall be applied in the following order: (1) to any previously scheduled but unpaid amortization; (2) to the amortization payment scheduled on the date of such Excess Cash Sweep payment; and (3) to the next scheduled principal amortization payment or payments as shown on Schedule A. Excess Cash and Days Cash on Hand calculations shall be subject to standard audit and examination rights and alternative dispute resolution mechanisms.
Excess Cash Sweep Waterfall	Payments resulting from the Excess Cash Sweep described above shall be made as follows: - The first $1.75 million to the GUC Note; - The next $5.00 million to the Reinstated Bonds; - 70% and 30% of all subsequent payments to the Reinstated Bonds and the GUC Note, respectively, until all obligations owed pursuant to the GUC Note have been satisfied; and - Thereafter, 100% of all subsequent payments to the Reinstated Bonds.
Bond Covenants	In addition to traditional reporting covenants to be mutually agreed upon by Heywood and Siemens Public, no later than thirty (30) days after the beginning of each Fiscal Year, the capital and operating budgets for the Members of the Obligated Group for such Fiscal Year (in form and detail consistent with Exhibit A (which Exhibit shall be agreed upon no later than 10 days following entry of the order approving the Disclosure

[2] Grant-restricted funds for a specified purpose would be limited to any grants with restricted or predefined uses (e.g., the Community Program Grants previously defined in Heywood's Motion for an Order Authorizing the Debtors to Continue Community Programs in the Ordinary Course of Business [Dkt. No. 7] or such similar grants) but would not include any general grants payable to Heywood (e.g., the Health Safety Net grants).

[3] See Footnote 1.

	Statement), the "Budget") shall be provided to the Lender.[4] Moreover, Heywood's senior management will make themselves available to provide information and answer questions related to the Budget and Heywood's financial and operational condition. Financial Covenants (levels/thresholds to be negotiated within ten days following entry of the order approving the Disclosure Statement) 1. Interest Coverage Ratio: tested annually, beginning with the fiscal year ending September 30, 2025, based on LTM interest expense. 2. Net Debt to EBITDA: tested annually, beginning September 30, 2026; reported annually, beginning September 30, 2025. 3. Days Cash on Hand: tested semi-annually, reported quarterly; testing beginning with the first full fiscal semi-annual period following emergence, reporting beginning with the first full fiscal quarterly period following emergence. Other covenants: Same or substantially similar non-financial covenants as current (levels/thresholds to be negotiated)
Reinstated Bonds Collateral	Same as current; other available assets (including deposit account control agreements, instruction agreements)
Reinstated Bonds Debt Service Interest Reserve	$0
Reinstated Bonds Issuance/Reissuance Fees	None
Reinstated Bonds Put Option	Year 10 after Plan effective date
Reinstated Bonds Exit Fee	6% of outstanding principal at time of payoff; provided that, if the Obligated Group pays all outstanding bond obligations in full by Year 5 through a sale or refinancing, on terms and conditions acceptable to Siemens Public and Huntington, then the Reinstated Bonds Exit Fee shall be reduced to 3% of outstanding principal at time of payoff; provided that if (i) following a proposed assignment of the bonds, the bonds would be eligible to maintain their tax-exempt status and (ii) the proposed assignee

[4] To the extent the Plan Effective Date occurs after September 30, 2024, the Parties agree that the Reorganized Debtors are permitted to present an "Adjusted EBITDA" for purposes of relevant covenant calculations (i.e., Interest Coverage Ratio and Net Debt to EBITDA covenants) to adjust for the one-time impact of the fees and expenses related to the Debtors' bankruptcy cases and emergence therefrom. The Reorganized Debtors are to provide an accounting of all EBITDA adjustments (the "Reconciliation") that must contain sufficient detail for all cash and non-cash add backs. There will be no adjustments to the Reorganized Debtors' cash balance for purposes of calculating the Days Cash on Hand covenant.

The Reconciliation is subject to the review of the Consultant, and the Reorganized Debtors will make themselves available to answer any requests of the Consultant related to the review of the Adjusted EBITDA calculations. The calculations shall also be subject to bondholder audit and examination rights consistent with such rights as to covenant calculations (e.g., Excess Cash Sweep and Days Cash on Hand) under the applicable bond documents. For the avoidance of doubt, Adjusted EBITDA is only permitted for covenant calculation periods in fiscal year 2025.

	has a credit rating of BBB- or better (any such assignee, a "Reasonably Acceptable Assignee"), and Siemens Public or Huntington rejects the proposed assignment, then the Reinstated Bond Exit Fee shall be reduced by 50% of the Reinstated Bond Exit Fee then otherwise in effect. No Reinstated Bond Exit Fee shall become due based on any principal repaid with the Excess Cash Sweep.
Exit Transaction	Siemens Public and Huntington shall have the right to reject any exit transaction (including a sale or a refinancing) unless such exit transaction pays Siemens Public and Huntington the full amount in cash of the then outstanding bond obligations (including the then applicable Reinstated Bonds Exit Fee) at the time of the closing of the proposed exit transaction.
Existing Term Loan Treatment	Fully impaired and written off, and SFS to waive all deficiency claims.
Employment of a Consultant	No later than the effective date of the Plan, the Obligated Group shall engage a consultant (the "Consultant"). The Consultant (and the Consultant's engagement) shall be reasonably acceptable to Heywood, Siemens Public, and Huntington. Siemens Public and Huntington shall have direct access to the Consultant, and said Consultant's scope of services shall be limited to: (i) assisting the Obligated Group in its communications with Siemens Public and Huntington on the Obligated Group's Budget, financial statements, and other reasonably agreed upon reports; (ii) promptly providing information as reasonably requested by Siemens Public and Huntington; (iii) serving as a resource to management and the Board of Directors as to all such points as well as other points as management or the Board of Directors may request or direct; and (iv) preparing a semi-annual written assessment of the Obligated Group's performance and identifying any issues impacting the Obligated Group's performance. The report shall be delivered to the Chief Executive Officer and the Board of Directors for consideration (with a copy to Siemens Public and Huntington). The Obligated Group shall continue to retain the Consultant so long as the outstanding principal amount of the bonds remains in excess of $30 million. Upon the first occurrence of the Obligated Group's failure to meet 125% of the (a) Interest Coverage Ratio for any testing period, (b) the Days Cash on Hand covenant or threshold requirement, as applicable, for any corresponding testing period or any corresponding reporting period or (c) the Net Debt to EBITDA covenant or threshold requirement, as applicable, for any corresponding testing period or any corresponding reporting period (the "125% Threshold"), as applicable, then the Consultant, the Obligated Group, senior management of the Obligated Group, Siemens Public and Huntington shall hold an in-person conference within 30 days of reporting such

	occurrence, at a time and place mutually agreed upon by the parties. In addition to the foregoing, upon (i) the occurrence of the Obligated Group's failure to satisfy the Interest Coverage Ratio covenant, the Days Cash on Hand covenant or the Net Debt to EBITDA covenant or (ii) the second consecutive occurrence of the Obligated Group's failure to meet 115% of (a) the Interest Coverage Ratio covenant, (b) the Days Cash on Hand covenant and or reporting threshold requirement for any testing or reporting (as applicable) period or (c) the Net Debt to EBITDA covenant and/or reporting threshold requirement for any testing or reporting period (the "115% Threshold"), in lieu of the Consultant (but whether or not a Consultant is engaged as of the applicable occurrence), the Obligated Group shall engage a chief restructuring officer ("CRO") (which CRO – and the terms and conditions of the Obligated Group's engagement thereof, including scope of services – shall be reasonably acceptable to Siemens Public and Huntington). The CRO shall be an employee of the Obligated Group and report directly to the Chief Executive Officer. For the avoidance of doubt, the second consecutive occurrence referenced herein shall not be limited to a failure to meet the 115% Threshold for the same financial covenant or reporting threshold, as applicable (e.g., clause (ii) described above shall be satisfied if the Obligated Group fails to meet the 115% Threshold of Days Cash on Hand and then subsequently fails to meet the 115% Threshold of Interest Coverage Ratio or vice versa and/or with respect to the Net Debt to EBITDA covenant). The Obligated Group shall continue to retain the CRO until it achieves the 125% Threshold for the Interest Coverage Ratio, Days Cash on Hand covenant and Net Debt to EBITDA covenants for their most-recently tested period; provided, however, that, if, following the cessation of the retention of the CRO, one or both of the conditions set forth in the preceding paragraph is or are re-triggered, the Obligated Group shall again engage a CRO. For the purposes of calculating the Financial Covenants only, all financial covenants shall be defined to exclude any impact of the compensation of the Consultant and the CRO on such calculated amount.
Releases	Plan to include release provisions from the Obligated Group, their affiliates, the committee, and, to the extent permitted under applicable law, the holders of claims, in each instance acceptable to Siemens and Huntington and for the benefit of Siemens, Huntington, and their respective affiliated persons and entities.
GUC Note (the "GUC Note")	Amount: $5.25 million

	Structure: Unsecured note, subordinated to the Exit Facility and the Reinstated Bonds, subject to an intercreditor agreement Interest: 2.0%; cash interest paid semi-annually on April 1 and October 1 of each year Maturity: 20-year term Fees: None
Exit Working Capital Facility	Commitment Amount: $5.0 million Structure of Facility: Revolving line of credit with an annual 30-day clean-up/rest period during each calendar year beginning on the anniversary of the Plan effective date. Interest Rate, Payments: SOFR plus 6.00%; cash interest paid monthly through the maturity date. Maturity: 3 years from the issuance date, subject to two 1-year extensions upon approval of the Lender Collateral: Same as bonds; other available assets (including deposit account control agreements, instruction agreements) Lien Priority: Senior to bond mortgages, liens Commitment Fee: 4.00% of the Commitment Amount, payable in cash upon transaction consummation or termination of facility Exit Fee: 4.00% of the Commitment Amount, payable upon transaction consummation or termination of facility Unused Line Fee: 0.50% of Commitment Amount per year, payable in quarterly installments Minimum Draw Amount: Not less than $500,000 Extension Fee (for each 1-year extension): 1.00% of Commitment Amount Reporting, financial covenants: Same as bonds (including monthly accounts receivable reports and reconciliation) Tax-exempt status: Taxable
Conditions to closing, effective date	• Plan, related disclosure statement, and any plan supplement are in form and substance acceptable to Siemens, Huntington, and Lender

	• Confirmation order is (i) in form and substance reasonably acceptable to Siemens, Huntington and Lender; (ii) a final order; and (iii) is not subject to any appeal or stay • Siemens, Huntington, and Lender shall have completed all regulatory, financial, and operational due diligence to its satisfaction • All documents modifying the current bonds or bond documents as outlined in the Plan or confirmation order (including the GUC Note and the applicable intercreditor agreement) are in form and substance acceptable to Siemens, Huntington, and Lender • All documents setting forth the terms and conditions of the exit facility are in form and substance acceptable to the Lender • Siemens and Huntington shall have received from bond counsel acceptable to Siemens and Huntington an opinion in form and substance acceptable to Siemens, Huntington as to the tax-exempt status of the bonds after the effective date of the Plan • Obligated Group shall have received all necessary regulatory and other approvals for the bonds or other instruments or securities issued under the Plan and as to the transactions thereunder
Huntington Leases	To be executed prior to Effective Date

SCHEDULE A TO NEW SECURED DEBT TERM SHEET

Amortization Date	Scheduled Principal
4/1/25	$ 818,223.92
10/1/25	826,406.16
4/1/26	834,670.22
10/1/26	843,016.92
4/1/27	851,447.09
10/1/27	859,961.56
4/1/28	868,561.18
10/1/28	877,246.79
4/1/29	886,019.26
10/1/29	894,879.45
4/1/30	903,828.24
10/1/30	912,866.53
4/1/31	921,995.19
10/1/31	931,215.14
4/1/32	940,527.30
10/1/32	949,932.57
4/1/33	959,431.89
10/1/33	969,026.21
4/1/34	978,716.48
10/1/34	988,503.64
4/1/35	998,388.68
10/1/35	1,008,372.56
4/1/36	1,018,456.29
10/1/36	1,028,640.85
4/1/37	1,038,927.26
10/1/37	1,049,316.53
4/1/38	1,059,809.70
10/1/38	1,070,407.80
4/1/39	1,081,111.87
10/1/39	1,091,922.99
4/1/40	1,102,842.22
10/1/40	1,113,870.64
4/1/41	1,125,009.35
10/1/41	1,136,259.44
4/1/42	1,147,622.04
10/1/42	1,159,098.26
4/1/43	1,170,689.24
10/1/43	1,182,396.13
4/1/44	1,194,220.10
10/1/44	1,206,162.30
	$ 40,000,000.00

Exhibit B to the Plan

Class 9 Insured Claims

EXHIBIT B

Class 9 Insured Claims

Claimant	Case Name	Claim (Schedule) No.	Nature of Claim
Todd Budry	**Todd Budry v. Heywood Healthcare, et. al,** Worcester Superior Court Docket No. 2385CV00688	340	Tort
Cathy Budry	**Cathy Budry v. Heywood Healthcare, et. al,** Worcester Superior Court Docket No. 2385CV00558	341	Tort – Medical Malpractice
Ian Hill	**Ian Hill v. Heywood Healthcare, Inc.,** Suffolk Superior Court Case No. 2184CV02043	401, 471	Personal Injury
Donna L. Rouleau	**Donna L. Rouleau v. Heywood Healthcare, Inc., et al,** Worcester Superior Court Docket No. 1685CV00514	(2587784)	Tort – Medical Malpractice
Rinka Takahashi	**Rinka Takahashi v. Henry Heywood Memorial Hospital, Inc.,** Worcester Superior Court Docket No. 2385CV00019	(2628492)	Tort
Kristin Geyster	**Kristin Geyster v. Heywood Healthcare, Inc.**	289	Employment Discrimination

<u>Exhibit C to the Plan</u>

Global Settlement Term Sheet

Global Settlement Term Sheet

Parties agree to the Plan as-filed, subject to the following modifications:

A. **GUC Treatment**

- Total cash distribution to General Unsecured Creditors ("GUCs") increased to $4.75 million.
  - $4 million paid on the Effective Date
  - $750,000 paid on October 1, 2025
- GUCs to receive a $5.25 million promissory note issued by the Reorganized Debtors (see terms below, the "GUC Note")
- Prepetition Secured Parties to waive all deficiency claims.

B. **Terms of the GUC Note**

- $5.25 million unsecured note, subordinated to the Exit Facility and the New Bonds (bonds distributed to the Prepetition Secured Parties)
- Same economic terms (2.0% cash interest; semi-annual payments) and same maturity date as the New Bonds, but no exit fee
- Plan to include a reference that GUC Note and New Bonds documents will provide, among other things, provisions for calculating, determining, evaluating, challenging, etc., the amount of Excess Cash (as modified below) available for distribution under such documents.
- GUC Note and New Bonds to share in the existing Excess Cash sweep (as modified below) as follows:
  - First $1.75 million to the GUC Note;
  - Next $5 million to the New Bonds;
  - After the Committee receives the $4.75 million in cash and the $1.75 million on the GUC Note, and the Prepetition Secured Parties receive the $5 million identified above, all subsequent distributions shall be paid 70%/30% to the Prepetition Secured Parties and to the GUC Note, respectively, until the balance of the GUC Note is satisfied; all excess cash thereafter to the New Bonds.

C. **Terms of the New Bonds**

- Unchanged from the terms in the Plan, except the principal balance reduced to $40 million par amount of New Bonds
- Debtors agree that the Excess Cash sweep threshold be reduced to 28 Days Cash on Hand for all test periods; *provided that* following the $1.75 million payment to the GUC Note referenced in Section B, the Excess Cash sweep threshold shall be further reduced to 27 Days Cash on Hand for all test periods – applicable for the GUC Note and New Bonds

D. **Exit Facility**

- Terms of the $5 million Superpriority Exit Facility to be provided by Siemens and Huntington to be unchanged from the Plan terms, except for deferral of the Commitment Fee.

E. **Prepetition Secured Parties Contribution**

- Prepetition Secured Parties to provide, on the Effective Date, $2.5 million of cash to the Debtors for contemporaneous use by the Debtors in funding a commensurate portion of the cash distribution described in point A above.

- Prepetition Secured Parties do not receive any cash payments from the Debtors prior to the Effective Date, including reimbursement for interest, fees or expenses incurred.

F. **Pavilion Claims**

- Debtors retain ownership and control of causes of action against Waterstone, Rockland, Consigli, and all related parties with respect to the parcel, ground lease, ground lease mortgage, space lease, etc., which will remain with the Debtors' Estate.

- All such claims held by Debtors, and any proceeds thereof, will not be transferred to the Liquidating Trust; provided that to the extent the Debtors receive any cash proceeds on behalf of claims or prosecution thereof, 50% of such net cash proceeds shall be distributed to the Liquidating Trust for distributions to repay the last dollars out of the GUC Note.

- For the avoidance of doubt, rejection damages and any other damages claims against the Debtors filed by Waterstone, Rockland, Consigli, and all related parties with respect to the parcel remain with the estate (e.g., space lease, rejection damages (if any)), and if allowed, will be a part of the GUC pool.

- The treatment/disposition of the ground lease and related matters under the Plan shall be reasonably acceptable to Prepetition Secured Parties.

- Debtors will object to any claims filed by Waterstone that the Debtors believe are incorrect, inaccurate, and/or overstate the allowable amount and/or actual value (if any) of any Waterstone claims, including any rejection damages claims submitted by Waterstone. Debtors to retain control over resolution of Waterstone claims, including rejection damages claims, subject to general consultation rights of Liquidating Trustee. The Liquidating Trustee shall have standing to object to any of the Debtors' proposed resolution of any Waterstone claim to the extent that the Liquidating Trustee alleges that such resolution would incrementally increase the GUC pool by more than the amount of what the Liquidating Trustee contends should be the allowed amount (including subject to section 502(b)(6) of the Bankruptcy Code as to rejection damages claims) of the applicable Waterstone claim. Neither party's business judgment as to the appropriate allowed amount of the applicable Waterstone claim shall be given greater deference in the event the Liquidating Trustee objects to the proposed allowed amount of such claim. Any costs incurred by the Liquidating Trustee related to the prosecution of its contentions as to the allowable amount of the applicable Waterstone claim(s) shall be paid solely from the Liquidating Trust Assets.

G. **Medical Malpractice and Tort Claims**

- To the extent Medical Malpractice Claims or Tort Claims are subject to an Insurance Policy, such claims will be put in a separate class restricted to recovering against insurance. Plan treatment will require that to the extent any judgment is entered against any Debtor in a medical malpractice or tort action, the satisfaction of such judgment will be limited solely to the Debtors' available insurance proceeds. Further, claim treatment will include an optional, "opt-in" release of any other or further recovery or claims against the Debtors and their estates in exchange for a mutual release. The Debtors will seek the elimination of deductibles and any other uninsured amounts pursuant to the Plan. For the avoidance of doubt, Medical Malpractice Claims or Tort Claims not subject to an Insurance Policy shall be a part of the GUC pool.

H. **Committee Release**

- Upon the $4 million Effective Date cash payment, the Committee releases any and all claims against the Prepetition Secured Parties, including those reflected in the Adversary Proceeding and any associated or related claims against the Debtors.

- Upon the Effective Date, Committee releases any and all claims against the Debtors' Estates including, but not limited to (1) the 457(b) plan, (2) prepetition deposits, (3) restricted funds, (4) D&Os, and (5) fraudulent conveyance actions; provided, however, that the Committee does not release any claims provided for under this settlement.

I. **Control of Claims Objection (except for Pavilion Claims under paragraph F)**

- Debtors to retain control over claims objections subject to general consultation rights of Liquidating Trustee, except that the Liquidating Trustee shall have authority to seek standing to object to any claims that the Debtors unjustifiably refuse to object to, with the Debtors paying reasonable and documented legal costs for the Liquidating Trustee if standing is granted.

- Liquidating Trustee to be appointed by Committee with consultation rights to the Debtors.

- Liquidating Trustee to make the initial determination of claims for objection. The Debtors agree that as consideration for entering into this Term Sheet, the Debtors will cooperate in good faith with the Committee to identify objectionable claims prior to confirmation.

J. **Preference Claims**

- Except for preference claims against Waterstone, all preference claims shall be waived except for those identified on a schedule to be prepared by the Debtors and filed as a plan supplement.

- Prior to filing such a schedule, the Debtors shall provide the Committee with a list of all preference claims and shall consult with the Committee on which preferences are to be included on the schedule.

K. **Patient Refund Claims**

- Patient Refund Claims will be in a separate unimpaired class and will ride through to be paid in full or set off in the ordinary course.

L. **Motion/Objection Withdrawal**

- Upon email confirmation by counsel of agreement upon a definitive and binding term sheet, the Committee will withdraw:
    - (1) without prejudice its motion to terminate exclusivity;
    - (2) with prejudice its objection to the Houlihan employment application amendment;
    - (3) without prejudice its objection to the Plan and the Disclosure Statement;
    - (4) adversary proceeding to be held in abeyance between now and Effective Date; and
    - (5) with prejudice its objection to the Recoupment Motions.
    - (6) Further, the Committee shall support the Debtors' request for continued exclusivity through the confirmation of the plan on the terms and conditions of this settlement.

M. **Documentation**

- The existing Plan shall be amended to incorporate these terms and shall be filed as the Debtors' Plan and each party shall document its support of the Plan, provided that the Plan, once filed, remains in form and substance agreed to by the parties herein.

- The Committee agrees to issue a letter to its constituents in which it recommends acceptance of the Plan, provided that the Plan, once filed, remains in form and substance agreed to by the Committee.

N. **Exculpation**

- Under the Plan, the Committee and its members and professionals in their capacities as such, shall receive exculpation to the maximum extent permitted by law.

O. **Cash Collateral**

- Settlement transaction is subject to all parties' review and approval of post-August 9 cash collateral budget.

- Further, upon email confirmation by counsel of agreement upon a definitive and binding term sheet, the Debtors shall file a non-consensual cash collateral order substantially similar to the currently effective cash collateral order entered at Docket No. 888 and the Committee and the Prepetition Secured Parties shall file or indicate on the record their support/no objection.

P. **Miscellaneous**

- Further, this settlement shall be subject to written confirmation reasonably acceptable to Prepetition Secured Parties from bond issuer counsel that note/bond structure does not give rise to issues as to the tax-exempt status of the New Bonds and will not unreasonably extend the timeline for the issuance thereof (note that receipt of an acceptable (to Prepetition Secured Parties) opinion as to the New Bonds is already a condition to the effectiveness of the Plan).

- Huntington Lease modification to be executed on previously agreed-upon terms.

Exhibit B to Disclosure Statement

Financial Projections

Exhibit B

FINANCIAL PROJECTIONS[1]

Overview

The Debtors believe that the Plan meets the feasibility requirement set forth in section 1129(a)(11) of the Bankruptcy Code, as confirmation is not likely to be followed by liquidation or the need for further financial reorganization of the Debtors or any successor under the Plan. In connection with the planning and development of a plan of reorganization and for the purposes of determining whether such plan would satisfy this feasibility standard, the Debtors analyzed their ability to satisfy their financial obligations while maintaining sufficient liquidity and capital resources.

In connection with the Disclosure Statement, the Debtors' management team ("Management") prepared financial projections (the "Financial Projections") for fiscal years 2025 through 2027 (the "Projection Period").

The Financial Projections were prepared by Management with the assistance of its financial advisors and are based on a number of assumptions made by Management with respect to the future performance of the Reorganized Debtors' operations. In addition, the Financial Projections contain statements that may constitute "forward-looking statements" within the meaning of the Securities Act and the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995. Forward-looking statements in these Financial Projections include the intent, belief, or current expectations of the Debtors and members of their Management concerning the timing of, completion of, and scope of the current restructuring, the Plan, the Debtors' strategic business plans, and the Debtors' future liquidity, as well as the assumptions upon which such statements are based. Although Management has prepared the Financial Projections in good faith and believes the assumptions to be reasonable, it is important to note that the Debtors can provide no assurance that such assumptions will be realized. Because future events and circumstances may well differ from those assumed and unanticipated events or circumstances may occur, actual results may differ and may be materially more or less favorable than those contained in the Financial Projections. No representations can be made as to the accuracy of the Financial Projections or the Debtors' ability to achieve the projected results. Therefore, the Financial Projections may not be relied upon as a guarantee or as any other form of assurance as to the actual results that will occur. Accordingly, in deciding whether to vote to accept or reject the Plan, creditors should review the Financial Projections in conjunction with a review of the risk factors set forth in Article VIII of the Disclosure Statement and the notes contained herein, including all relevant qualifications and footnotes.

[1] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Disclosure Statement to which these Financial Projections are attached as Exhibit B.

Neither the Debtors nor the Reorganized Debtors have any obligation to: (1) furnish updated Financial Projections to Holders of Claims prior to the Effective Date or to any other party after the Effective Date, except as required by the Plan; (2) include any such updated information in any documents that may be required to be filed with any regulatory authority; or (3) otherwise make such updated information publicly available.

AS ILLUSTRATED BY THE FINANCIAL PROJECTIONS, THE DEBTORS BELIEVE THEY WILL HAVE SUFFICIENT LIQUIDITY TO PAY AND SERVICE THEIR DEBT OBLIGATIONS AND TO OPERATE THE SYSTEM. THE DEBTORS BELIEVE THAT CONFIRMATION AND CONSUMMATION OF THE PLAN ARE NOT LIKELY TO BE FOLLOWED BY THE LIQUIDATION OR FURTHER REORGANIZATION OF THE DEBTORS. ACCORDINGLY, THE DEBTORS BELIEVE THAT THE PLAN SATISFIES THE FEASIBILITY REQUIREMENT OF SECTION 1129(a)(11) OF THE BANKRUPTCY CODE.

Accounting Policies

The Financial Projections were not prepared with a view toward compliance with published rules of the Securities and Exchange Commission or the American Institute of Certified Public Accountants. An external independent auditor has not examined, compiled, or performed any procedures with respect to the prospective financial information contained in this exhibit.

The Financial Projections have been prepared using accounting policies that are materially consistent with those applied in the Debtors' historical financial statements and Financial Projections. The Financial Projections do not reflect adjustments necessary to implement fresh-start accounting pursuant to ASC 852-10 ("ASC 852") or adjustments necessary to implement recently adopted lease accounting standards pursuant to ASC 842-00 ("ASC 842"), both as issued by the Financial Accounting Standards Board.

General Assumptions

The Financial Projections were prepared based on certain assumptions, which the Debtors' believe are fair and reasonable and reflect the current state of their operating and regulatory environment. The Financial Projections were prepared on a consolidated basis, incorporating multiple sources of information, including realized and forthcoming contractual reimbursement increases, current and expected patient volume levels, incremental health safety net payments, and adjustments to the Debtors' cost structure. The Financial Projections assume the Plan will be confirmed and consummated on September 30, 2024, and project at a monthly level of detail for fiscal year 2025 and on an annual basis thereafter for fiscal year 2026 and fiscal year 2027.

DEBTORS' CONSOLIDATED FINANICAL PROJECTIONS

I. CONSOLIDATED STATEMENTS OF OPERATIONS

$ in 000's	**FY'25P**	**FY'26P**	**FY'27P**
Gross Patient Service Revenue	$ 574,188	$ 588,543	$ 603,256
Contractual Allowances [1]	(360,497)	(367,877)	(377,207)
Net Free Care / Provision of Uncollectable Accts.	(2,880)	(2,952)	(3,026)
Net Patient Service Revenue	**210,811**	**217,714**	**223,024**
All Other Operating Revenue [1]	36,182	37,532	37,532
Total Operating Revenue	**246,994**	**255,246**	**260,556**
Salaries and Benefits	(117,956)	(120,905)	(124,532)
Physician Fees	(14,392)	(14,680)	(14,974)
Professional Services	(4,179)	(4,242)	(4,306)
Purchased Services	(49,917)	(50,666)	(51,426)
Supplies	(30,095)	(30,577)	(31,049)
Utilities, Repairs & Maintenance	(5,810)	(5,898)	(5,986)
HSN Program Assessments	(12,556)	(12,556)	(12,556)
Total Expenses (Excl. D&A and Interest Exp.)	(234,906)	(239,524)	(244,829)
EBIDA	**12,088**	**15,723**	**15,727**
Interest Expense	(1,471)	(1,471)	(1,471)
Non-Cash Gain From NMTC Structure Termination	5,221	-	-
Net Revenue in Excess of Expenses (Excl. D&A)	**$ 15,838**	**$ 14,252**	**$ 14,257**

[1] The Contractual Allowances and All Other Operating Revenue line items include the benefit of revenue recognized from the Health Safety Net ("HSN") programs in which the Reorganized Debtors are anticipated to benefit (as further described herein)

II. CONSOLIDATED BALANCE SHEET

$ in 000's	**9/30/2024**[1]	**9/30/2025**	**9/30/2026**	**9/30/2027**
Cash & Cash Equivalents	$ 6,584	$ 5,181	$ 16,512	$ 18,111
Net Patient Accounts Receivable	25,044	25,338	26,185	26,840
Other Receivables	3,259	3,259	3,259	3,259
Inventory	2,070	2,090	2,094	2,127
Prepaid Expenses	3,238	2,872	3,009	3,084
Current Assets	40,195	38,739	51,059	53,420
Donor-Restricted Assets	5,453	5,453	5,453	5,453
JV Assets	685	685	685	685
457B Deferred Compensation	2,808	2,808	2,808	2,808
PP&E	82,658	86,658	90,658	94,658
Other Assets[2]	12,780	1,341	1,341	1,341
Long Term Assets	104,384	96,945	100,945	104,945
Total Assets	**$ 144,579**	**$ 135,684**	**$ 152,004**	**$ 158,365**
Accounts Payable	$ 2,714	$ 4,250	$ 6,259	$ 7,625
Accrued Salaries & Wages	4,242	4,316	4,414	4,515
Employee Obligations	9,790	9,790	9,790	9,790
Accrued Expenses	6,639	7,208	7,169	8,305
Current Liabilities	23,385	25,564	27,631	30,235
Transaction Settlement Obligations	3,850	-	-	-
Unearned Deferred Revenue	2,446	(91)	(91)	(91)
Due to Third Parties	3,866	-	-	-
Long Term Debt	50,250	50,250	50,250	40,151
NMTC Liability[2]	16,660	-	-	-
Total Liabilities	100,457	75,723	77,791	70,295
Net Assets	44,123	59,961	74,213	88,070
Total Liabilities & Net Assets	**$ 144,579**	**$ 135,684**	**$ 152,004**	**$ 158,365**

[1] Represents pro-forma balances for consummation of the Plan

[2] Assumes the Debtors' NMTC financing structure stays in place until it is terminated in accordance with its terms in Dec'24

III. CONSOLIDATED STATEMENT OF CASH FLOWS

$ in 000's	FY'25P	FY'26P	FY'27P
Operating Activities			
Net Revenue in Excess of Expenses (Excl. D&A)	$ 15,838	$ 14,252	$ 14,257
(Increase) / Decrease in Receivables	(294)	(848)	(655)
(Increase) / Decrease in Inventory	(20)	(4)	(32)
(Increase) / Decrease in Prepaid Expenses	367	(137)	(75)
Increase / (Decrease) in Accounts Payable	1,536	2,009	1,366
Increase / (Decrease) in Accrued Salaries & Wages	74	97	102
Increase / (Decrease) in Accrued Expenses	117	(39)	1,136
Increase / (Decrease) in Deferred Revenue	(2,537)	0	-
Increase / (Decrease) in Accrued Interest Payable	453	-	-
Non-Cash Gain From NMTC Structure Termination	(5,221)	-	-
Post-Emergence Settlements (Payments)	(3,850)	-	-
Operating Cash Flow (Use)	**6,463**	**15,330**	**16,098**
Investing Activities			
Capital Expenditures	(4,000)	(4,000)	(4,000)
Investing Cash Flow (Use)	**(4,000)**	**(4,000)**	**(4,000)**
Financing Activities			
Debt - Borrowings / (Repayments)	-	-	(10,499)
MassHealth Advance Receipt (Recoupments)	(3,866)	-	-
Financing Cash Flow (Use)	**(3,866)**	**-**	**(10,499)**
Net Increase (Decrease) in Cash	**(1,403)**	**11,330**	**1,599**
Beginning Cash Balance	6,584	5,181	16,512
Ending Cash Balance	**$ 5,181**	**$ 16,512**	**$ 18,111**

NOTES TO FINANCIAL PROJECTIONS

I. Select Projected Statement of Operations Figures

Net Patient Service Revenue

Net patient service revenue is derived from the performance of healthcare services. The figure is derived by projecting gross patient service revenues and reducing that amount by certain contractual allowances, provisions for free care and uncollectable amounts.

- Gross Patient Services Revenue is a function of patient volume and the Debtors' underlying charge master prices. Management projected volumes by analyzing run-rate trends and layering in the anticipated impact of future service line changes, including the reopening of the Debtors' mental health unit.
- Contractual Allowances represent the reduction to Gross Patient Services Revenue that negotiated and anticipated reimbursement rates will have during the Projection Period. Contractual allowances also incorporate the anticipated impact of the Health Safety Net ("HSN") programs in which the Debtors participate, as the rate enhancement portions of the HSN program are assumed to benefit the projected contractual allowances otherwise in effect. The Financial Projections incorporate an anticipated expansion of the HSN program's benefit to the Reorganized Debtors during fiscal years 2025, 2026 and 2027, but there is no expectation that such increase will continue beyond fiscal year 2027.
- Net Free Care / Provision for Uncollectable Accounts represents Management's estimate of revenues that will be uncollectable, which amounts are assumed to remain relatively consist with recent levels.

Other Operating Revenues

Other operating revenue is derived primarily from non-patient care related activities, including real estate leasing, governmental grants and certain program-specific funding provided to the Debtors. Management's projection of Other Operating Revenue also reflects the anticipated benefit to the Reorganized Debtors of the HSN program, as certain payments that are not associated with rate enhancements are included in this line item.

Operating Expenses

The Financial Projections incorporate the Debtors' anticipated expenses required to support revenue generating activities. The expenses shown exclude certain non-cash costs, including depreciation and amortization, as further described herein.

- Salaries and Benefits represent compensation and related employee benefit expenses incurred by the Debtors for full time and part-time employees. The amount was projected based on anticipated staffing levels, wage increases scheduled for collective bargaining agreement employees, and certain improvements in staffing and operating efficiency, among other constituencies.
- Professional Fees represent expenses incurred for legal, accounting, consulting, and other third-party services.

- Purchased Services includes expenses associated with the Debtors' outsourced revenue cycle management functions and other services that support healthcare and administrative operations, including equipment, insurance, software and other IT related items.
- Supplies primarily represents costs incurred for items consumed and used to support health care operations, including, but are not limited to, medical supplies, medicines and protective equipment.
- Utilities, Repairs, and Maintenance includes expenditures for utilities and non-capitalized costs incurred to preserve and maintain the assets required to support the Debtors operating activities.
- HSN Program Assessments represents monthly premium amounts paid into the HSN Program. Per HSN Program mechanics, payments into the HSN Program are matched with federal dollars and ultimately redistributed to eligible healthcare systems and other providers, of which Heywood is a net beneficiary.

II. Select Balance Sheet and Cash Flow Items

Cash & Cash Equivalents

Represents unrestricted cash balances available to fund the Debtors' operating, investing and financing activities.

Net Patient Accounts Receivable

Represents amounts due from various obligors for past healthcare services rendered by the System. The balance is presented net of contractual allowances and related offsets. Collection rates and efficacy are assumed occur at levels consistent with current and historical trends.

Other Receivables

The balance is primarily comprised of receivables generated from non-patient care activities, including rent due from third parties, insurance-related receivables, governmental grants not yet collected and other similar amounts.

Inventory

Inventory consists of medical supplies, medicines, protective equipment and related items.

Prepaid Expenses

Prepaid expenses represent prepayments for certain services related to insurance, software, information services subscriptions and other services.

Donor-Restricted Assets

Donor Restricted Assets represent funds restricted for a specific use or purpose by the applicable donors. Management did not assume any projected change to the balance during the Projection Period.

JV Assets

JV Assets represents the net book value of the Debtors' interests in its joint ventures Heywood-Shields MRI Joint Venture, LLC and Heywood Physician Hospital Organization, Inc.

Management did not assume any projected changes to these balance sheet figures during the Projection Period.

457B Deferred Compensation

Represents the amount of contributions to a defined compensation plan for eligible and enrolled employees that are held by the plan's administrator. The projected balance was assumed to remain constant through the Projection Period.

PP&E

Represents the estimated net book value of property, plant, and equipment (without giving effect fresh start accounting standards as described herein). During the Projection Period, Management has assumed the balance will increase by the amount of capital expenditures projected in each period and excluded any impact of future accumulated depreciation balance changes. In projecting capital expenditures, management estimated the amount of capital expenditures required to achieve the projected revenues and expenses for the Reorganized Debtors, based on historical levels of spend and anticipated capital needs and projects.

Accounts Payable

Represents obligations due to third parties incurred on credit terms for good and services. The projected balance was assumed to reflect trade terms that gradually increase to more normalized levels as credit strength is restored with vendors over time.

Accrued Salaries and Wages / Employee Obligations

The balance represents accrued compensation, benefits, and related obligations due to employees or other third parties on behalf of employees.

Transaction Settlement Obligations

Represents deferred payment amounts owed to third parties.

Long Term Debt

Represents the projected debt balances of the Exit Facility, New Bonds and GUC Note giving effect to the System's projected financial performance.

New Markets Tax Credit ("NMTC") Liability

Represents an obligation due from Athol NMTC to MassDevelopment New Markets CDE #23, LLC ("MassDev") in accordance with the Debtors' NMTC financing structure. Upon the execution of the purchase option in December 2024, the obligation is expected to be discharged and forgiven (and associated asset in Other Assets will be written off).

Unearned Deferred Revenue

The balance shown represents unearned revenue associated with, among other activities, the HSN program. The balances are impacted by the timing difference between the revenue recognized in connection with the HSN program and the timing of associated funding provided to the System.

Due to Third Parties

Represents remaining obligations owed under the MassHealth obligation related to a previous funding advance. The remaining balance is assumed to be recouped during the Projection Period.

Exhibit C to Disclosure Statement

Liquidation Analysis

Exhibit C

LIQUIDATION ANALYSIS[1]

Section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court finds, as a condition to confirmation, that a chapter 11 plan provides, with respect to each impaired class of claims or equity interests, that each holder of a claim or an equity interest in such impaired class either (i) has accepted the plan or (ii) will receive or retain under the plan property of a value that is not less than the amount that the non-accepting holder would receive or retain if the debtors' assets were to be liquidated under chapter 7 of the Bankruptcy Code on the effective date of the plan.

Set forth below is a summary of an illustrative liquidation analysis (the "Liquidation Analysis") that assumes the Debtors pursue a hypothetical liquidation under chapter 7 as of the estimated Effective Date of the Plan. Pursuant to the requirements of a chapter 7 case, the Debtors' assets would be disposed of under the direction of a chapter 7 trustee (the "Trustee"). The Debtors believe that each holder of a Claim would receive equal or greater value under the Plan than such holder would receive if the Debtors were forced to liquidate under chapter 7, and that, as a result, the Plan satisfies the "best interests" test of section 1129(a)(7) of the Bankruptcy Code.[2]

I. Select Limitations and Key Assumptions

THE ILLUSTRATIVE LIQUIDATION ANALYSIS PRESENTED HEREIN HAS BEEN PREPARED SOLELY FOR THE PURPOSES DESCRIBED ABOVE AND MAY NOT BE USED FOR ANY OTHER PURPOSE.

The Debtors prepared the Liquidation Analysis with the assistance of their financial advisor and investment banker, Houlihan Lokey Capital, Inc. ("Houlihan Lokey"). The Liquidation Analysis contains numerous estimates, including estimated Allowed Claims, based upon a review of the Debtors' financial statements. The Liquidation Analysis also includes assumptions and estimates for Claims incurred during the Chapter 11 Cases that could be asserted and allowed in a chapter 7 liquidation, including unpaid chapter 11 Administrative Claims and chapter 7 administrative claims. To date, the Court has not estimated or otherwise fixed the total amount of Allowed Claims used for purposes of preparing the Liquidation Analysis. Therefore, the Debtors' estimate of Allowed Claims set forth in the Liquidation Analysis should not be relied on for any other purpose, including determining the value of any distribution to be made on account of Allowed Claims under the Plan. The actual amount of Allowed Claims in the Chapter 11 Cases could materially differ from the estimated amounts in the Liquidation Analysis.

The assumptions utilized in developing the Liquidation Analysis are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Debtors or a Trustee. Accordingly, there can be no assurance that the values assumed in the Liquidation Analysis would be realized if the Debtors' assets were actually liquidated. In addition, any liquidation would take place in the future, at which time circumstances may exist that

[1] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Disclosure Statement to which this Liquidation Analysis is attached as Exhibit C.

[2] Assumes the outstanding obligations under the Prepetition Term Loan Facility and Series 2019 Bonds are considered in the aggregate as one class of Claims.

cannot presently be predicted.

The Debtors recognize that there are other potential alternatives that could occur in a hypothetical chapter 7 liquidation that are not presented in the Liquidation Analysis, including alternatives that would give rise to reduced and/or delayed creditor recoveries.

THE DEBTORS RESERVE THE RIGHT TO SUPPLEMENT, MODIFY, OR ADJUST ANY PART OF THE ILLUSTRATIVE LIQUIDATION ANALYSIS, INCLUDING A CHANGE OF THE UNDERLYING ASSUMPTIONS AND ANALYSIS SET FORTH HEREIN.

A. General Assumptions

The following general assumptions were considered by the Debtors and their advisors.

1. Administrative Procedures and Conversion of Cases

The Liquidation Analysis assumes that each of the Chapter 11 Cases is converted to a case under chapter 7 and consolidated during the chapter 7 cases for procedural purposes only. In the event that the Debtors were to be liquidated in separately administered chapter 7 cases, the administrative costs to the Debtors in each of the cases, including Professional Fees, Trustee fees, and operational costs would likely be higher than if the cases were consolidated. This Liquidation Analysis was performed for each the individual debtor-level and is presented herein on a consolidated basis to show the aggregate recoveries of the Debtors' classes of creditors.

2. Professionals Involved in the Chapter 7 Cases

As part of the chapter 7 cases, the Debtors assume that the Trustee would choose to retain certain professionals, including counsel, financial advisors, and investment bankers or transaction brokers, among others, to provide expertise and assistance in the liquidation of the Debtors' assets. The Liquidation Analysis assumes that the Debtors' existing counsel and advisors would be replaced by the Trustee with new professionals.

3. Timing Considerations of the Chapter 7 Cases

The Liquidation Analysis assumes an expedited wind down of substantially all of the Debtors' operations commencing on or around September 30, 2024 (the "Conversion Date") and a subsequent liquidation of the Debtors' monetizable assets. Upon the Conversion Date, the Trustee would quickly wind down operations by immediately ceasing new patient admissions and working to safely transfer patients to alternative sites of care. The Liquidation Analysis assumes that it will take approximately two weeks from the commencement of the closure process to a full cessation of healthcare operations. The timeframe assumes that applicable regulatory agencies do not require a more extended closure process, which would increase applicable operating costs.

Following the period in which no patients remain at the Debtors' facilities, the Trustee would consummate piecemeal collection and sales of the Debtors' assets over an approximately 120-day period.

The Liquidation Analysis assumes the use of Cash Collateral would be limited following the

Conversion Date and that the Debtors would not have funds to support any process other than a process by the Trustee to convert the Debtors' assets to Cash, thereby limiting the amount of administrative expenses. There is no assurance that a liquidation would be completed in the assumed timeframe, nor is there any assurance that the recoveries assigned to the Debtors' assets would be realized. If the Debtors are not allowed the use of Cash Collateral, recoveries in a liquidation are likely to be less than those shown in this Liquidation Analysis.

4. Trustee Fees for Chapter 7 Administration

Under section 326(a) of the Bankruptcy Code, for a case under chapter 7, the Court may allow reasonable compensation for the Trustee's services not to exceed three percent (3.0%) of moneys exceeding $1.0 million disbursed or turned over in the case by the Trustee to parties-in-interest, excluding the Debtors, but including Holders of Secured Claims.[3] The Debtors assume in the Liquidation Analysis that such fees would be approximately three percent (3.0%) of gross liquidation proceeds, excluding proceeds from the Debtors' unrestricted Cash at the Conversion Date.

5. Additional Claims

The cessation of the Debtors' business in a chapter 7 liquidation is likely to trigger certain Claims that might otherwise not exist under the proposed Plan. Examples of these kinds of Claims include, but are not limited to, Claims related to rejection of executory contracts, litigation Claims, WARN Act Claims, and Claims associated with the Debtors' NMTC financing structure. While some of these Claims could be significant and may be entitled to priority in payment over General Unsecured Claims, no adjustment has been made for these potential Claims unless specified in the assumptions and notes to the Liquidation Analysis.

6. Basis of Presentation

The Liquidation Analysis is based on the unaudited balance sheets of the Debtors as of May 31, 2024, with certain balances projected by the Debtors to reflect anticipated activity through the Conversion Date. The Liquidation Analysis contemplates that the Debtors' operations would be wound down beginning on the Conversion Date and assets would be sold in expedited transactions to various third-party buyers.

The documents governing the Series 2019 Bonds, the Prepetition Term Loan Facility and the NMTC Loans provide for secured and / or guarantee Claims over certain assets of the Debtors. The Liquidation Analysis has been prepared on an individual Debtor-by-Debtor basis taking into account the security and Claims ranking within each individual Debtor entity, with the results consolidated into the Liquidation Analysis summary presented herein.

7. Liquidation Analysis

The Debtors assume a liquidation would be conducted pursuant to chapter 7 of the Bankruptcy Code, with a Trustee appointed to manage the bankruptcy estate. The Trustee would be responsible for liquidating the Debtors' assets in a manner intended to maximize the recovery to

[3] The permitted percentage of the first $1.0 million disbursed is up to twenty-five percent (25%) of the first $5,000, ten percent (10%) of amounts in excess of $5,000 up to $50,000, and five percent (5%) of amounts in excess of $50,000 up to $1.0 million.

creditors. Asset sale proceeds resulting from the liquidation would be reduced by the expenses of the liquidation process prior to distributions to any Holders of Allowed Claims. The three major components of the liquidation process would be as follows:

- Administering and managing costs and post-conversion operational cash flow related to the liquidation process, such as personnel costs, Claims reconciliation costs, estate wind down costs, medical records retention and Trustee and Professional Fees;
- The generation of Cash proceeds from the sale / collection of assets; and
- The distribution of net proceeds generated from asset sales to claimants in accordance with the priority scheme under chapter 7 of the Bankruptcy Code.

The Liquidation Analysis does not include recoveries resulting from any potential preferences, fraudulent conveyances, or other litigation or avoidance action Claims.

II. Consummation of the Plan Will Provide Greater Value than Under a Hypothetical Liquidation through Chapter 7 of the Bankruptcy Code

The distributions to Holders of Claims under the Liquidation Analysis provide for lower recoveries relative to the recoveries under the Plan, and therefore the Debtors believe that Consummation of the Plan will provide no less favorable recoveries to Claimants than a liquidation under chapter 7 of the Bankruptcy Code.

LIQUIDATION ANALYSIS SUMMARY

		Est. NBV	Recovery Est. (%)		Recovery Est. ($)	
Gross Liquidation Proceeds	**Note**	**As of 9/30/24**	**Low %**	**High %**	**Low $**	**High $**
Cash & Cash Equivalents	A	$ 9,437	100%	100%	$ 9,437	$ 9,437
Net Patient AR - All Other	B	21,558	80%	85%	17,161	18,239
Net Patient AR - Medicaid	B	3,486	0%	0%	-	-
Other Receivables	C	3,259	32%	37%	1,027	1,190
Inventory	D	2,070	10%	20%	187	373
Prepaid Expenses	E	3,238	40%	60%	1,295	1,943
Donor-Restricted Assets	F	5,453	0%	0%	-	-
457(B) Plan Assets	G	2,808	90%	90%	2,527	2,527
JV Assets	H	685	0%	0%	-	-
PP&E	I	82,658	18%	27%	15,091	21,931
Other Assets[1]	J	12,780	8%	12%	984	1,470
Preference / Avoidance / Other Actions		-	0%	0%	-	-
Total - Gross Liquidation Proceeds		**147,432**	**32%**	**39%**	**47,558**	**56,959**
Carve-Out Claims						
Unpaid U.S. Trustee Fees		(400)			(400)	(400)
Section 726(b) Trustee Fees		-			-	-
Unpaid Allowed Professional Fees		(953)			(953)	(953)
Post-Trigger Carve Out Fees		(150)			(150)	(150)
Patient Care Ombudsman		(20)			(20)	(20)
Total Carve-Out Claims Distribution	**K**	**(1,523)**			**(1,523)**	**(1,523)**
Chapter 7 Claims						
Liquidation Operating Cash Flow / (Use)	L	(9,811)			(9,811)	(9,811)
Chapter 7 Trustee Fees	M	(1,289)			(1,289)	(1,289)
Trustee Professional Fees	N	(1,832)			(1,832)	(1,832)
Total Liquidation Costs		**(12,932)**			**(12,932)**	**(12,932)**
Net Liquidation Proceeds Available to Distribute					**$ 33,103**	**$ 42,504**
Secured Claims						
Series 2019 Bonds		41,097	61%	78%	24,925	32,200
Prepetition Term Loan Facility		8,230	61%	78%	4,991	6,448
Athol NMTC Loan		16,600	6%	9%	984	1,470
Capital Leases		-	0%	0%	-	-
Total Secured Claims	O	**65,927**	**47%**	**61%**	**30,901**	**40,118**
Remaining Proceeds Available to Distribute					**$ 2,202**	**$ 2,386**
Chapter 11 Admin. & Priority Claims						
Post-Petition AP Claims & Other Accrued Expenses		9,987	9%	10%	918	1,010
Employee Obligations		14,031	9%	10%	1,246	1,336
503(b)(9) Claims		1,221	2%	2%	21	23
MassHealth Advance		380	4%	5%	16	17
All Other Admin & Priority Claims		-	0%	0%	-	-
Total Ch. 11 Admin. & Priority Claims	P	**25,618**	**9%**	**9%**	**2,202**	**2,386**
Remaining Proceeds Available for Unsecured Claims					**$ 0**	**$ 0**
Unsecured Claims						
General Unsecured Claims		36,956	0%	0%	-	-
Series 2019 Bonds Deficiency Claim		16,172	0%	0%	-	-
Term Lender Deficiency Claim		3,239	0%	0%	-	-
Capital Lease Deficiency Claim		-	0%	0%	-	-
Athol NMTC Deficiency Claim		15,616	0%	0%	-	-
Total Unsecured Claims	Q	**71,982**	**0%**	**0%**	**-**	**-**
Remaining Liquidation Proceeds					**$ 0**	**$ 0**

(1) NBV excludes Bond Funds reported on the Debtors' balance sheet. Funds are assumed to be applied against Secured Claims on or before the Conversion Date.

I. Notes to the Liquidation Analysis

Gross Liquidation Proceeds

The Liquidation Analysis presents the Debtors' assets consistent with their financial statements. Certain classification differences may exist with respect to similar defined terms utilized in the Plan.

A. Cash and Cash Equivalents

- Cash and cash equivalents consist of unrestricted cash held in bank accounts as of the Conversion Date, as well as certain utility deposits made by the Debtors and held by third parties.

- Cash and cash equivalents are assumed to be fully recoverable. As of the Conversion Date, the Debtors estimate holding approximately $9.4 million of cash and cash equivalents, including approximately $0.2 million of deposits held by utility vendors.

B. Net Patient Accounts Receivables

- The Liquidation Analysis assumes that the Trustee would retain Huron Consulting Services LLC ("Huron") or a similar third-party to assist with the collection of amounts owed from patients and third-party payors ("Net Patient Accounts Receivables"). Projected recoveries reflect the estimated cost to collect / monetize these balances, the offset of credit balances, and the impact of a scenario where the Debtors are not operating as a going concern.

- Net Patient Accounts Receivable – Medicaid reflects no recovery to the Debtors, as the outstanding balance of the Advance from the Commonwealth (each as defined in Docket #353) (the "MassHealth Obligation") is projected to exceed the value of outstanding Medicaid accounts receivable on the Conversion Date. The remaining balance of the MassHealth Obligation is assumed to be asserted as an Administrative Claim.

C. Other Receivables

- Other receivables are primarily comprised of receivables generated from non-patient related operating activities, including third party rent due to the Debtors, insurance receivables, and governmental grants and similar receivables.

- The assumed recovery includes an approximately 90% recovery of amounts due on account of rent and insurance receivable claims and an approximately 20% recovery on receivables related to previously recognized grant and other non-operating revenues.

D. Inventory

- Inventory consists of medical supplies, medicines, protective equipment and other related items.

E. Prepaid Expenses

- The Debtors make certain prepayments for future services to be rendered related to insurance premiums, software and information services subscriptions.

F. Donor Restricted Assets

- Donor restricted assets represent funds that are by their terms restricted for a specific use or purpose.

G. 457(B) Plan Assets

- There are approximately $2.6 million of employer contributions and approximately $0.2 million of employee contributions in the 457(B) deferred compensation plan offered to retain Debtor employees (the "457(B) Plan Assets"). Only the employer-contribution portion of the 457(B) Plan Assets is assumed to be available for claim distributions.

H. JV Assets

- JV Assets represents the balance sheet book value of the Debtors' interests in the joint ventures Heywood-Shields MRI Joint Venture, LLC and Heywood Physician Hospital Organization, Inc.

I. Property, Plant and Equipment

- The Debtors maintain various fixed and movable furniture, fixtures, medical devices and equipment (together, the "FF&E") at their facilities. The Debtors' property and plant assets consist of owned land, buildings and certain related capital improvements (together, the "Real Estate"). The Liquidation Analysis includes an asset-level review of all property, plant and equipment assets, and assumes real estate assets will generate a gross recovery of $11.8 million to $16.6 million, while FF&E assets in will generate a gross recovery of $3.3 million to $5.3 million, in the Low and High scenarios, respectively.

J. Other Assets

- Other assets are primarily comprised of the Debtors' receivable due from a third-party special purpose entity created in connection with the Athol NMTC financing structure, along with capitalized deferred financing costs, malpractice insurance-related accounting entries and similar balance sheet adjustments.

Carve-Out Claims

K. Carve-Out Claims

Pursuant to the Sixth Interim Cash Collateral Order [Docket No. 717], amounts included in the Carve-Out (as defined therein) include the following:

- All fees required to be paid to the Clerk of the Court and to the U.S. Trustee under section

1930(a) of title 28 of the United States Code plus interest at the statutory rate;

- All reasonable fees and expenses up to $50,000 incurred by a trustee under section 726(b) of the Bankruptcy Code;
- All unpaid Allowed Professional Fees of the Debtors' Professionals, the Committee Professionals, and the Ombudsman Professionals incurred at any time before or on the first business day following a Carve Out Trigger Notice, plus Allowed Professional Fees of such parties incurred after a Carve Out Trigger Notice not to exceed $150,000 (each term in this sentence as defined in Docket No. 717); and
- All allowed unpaid fees and expenses of the patient care ombudsman.

The U.S. Trustee Fees, Professional Fees and Patient Care Ombudsman claim amounts in the Liquidation Analysis reflect the Debtors' estimate of amounts payable under the Carve-Out not otherwise satisfied by Carve Out Payments to the Professional Fee Reserve (each as defined in Docket #717), and include estimated amounts owed to Houlihan Lokey, Huron and the Patient Care Ombudsman's counsel through the Conversion Date. No amounts are assumed to be owed to a section 726(b) trustee.

Chapter 7 Liquidation Costs

L. Liquidation Operating Cash Flow / (Use)

- Liquidation Operating Cash Flow represents the Debtors' estimated operating cash needs required to support the process of ceasing operations, transferring patients, securing the Debtors' physical assets prior to their sale, facilitating the Trustee's monetization of the Debtors' assets and funding the retention of medical records following the Conversion Date.
- The Liquidation Analysis assumes that new patient admissions would cease immediately upon the Conversion Date and employees would begin transferring patients to alternative sites of care, a process that would be completed within two weeks of the Conversion Date. The operating cash flows shown include employee, insurance and utility related costs during such period to facilitate this process. Costs assumed to be incurred include approximately $4.9 million of labor-related expenses, $3.7 million of document storage / records retention-related expenses and $1.2 million of insurance, security and utility-related expenses.
- The Liquidation Analysis assumes that Net Patient Accounts Receivables related to the System's Pre-Conversion Date patient care operations will be collected or sold following the Conversion Date as reflected in the estimated recovery of the Net Patient Accounts Receivable balance as of the Conversion Date.

M. Chapter 7 Trustee Fees

- The Liquidation Analysis assumes chapter 7 Trustee fees and expenses will total approximately 3% of gross liquidation proceeds, excluding cash, as previously described.

N. Chapter 7 Professional Fees

- Estimated chapter 7 Professional Fees include estimated costs for legal, financial and transaction professionals retained by the Trustee following the Conversion Date.

The Liquidation Analysis assumes that the payment of the Carve Out Claims and Chapter 7 Liquidation Costs described above are satisfied (i) proportionally from each Debtor based on each Debtors' estimated distributable gross liquidation proceeds, and (ii) proportionally within each Debtor between Secured Claim collateral and unencumbered assets (as further described herein).

Recovery Analysis

To the extent proceeds are available after payment of the Carve Out Claims and Chapter 7 Liquidation Costs, such proceeds are allocated to applicable claimants in priority in accordance with section 726 of the Bankruptcy Code:

O. Secured Claims

- Secured Claims include amounts owed on account of the Series 2019 Bonds, Prepetition Term Loan Facility and the NMTC Loan. The Claim amounts used in the Liquidation Analysis represent the unpaid principal of each obligation, less, with respect to the Series 2019 Bonds, the assumed application of the applicable bond reserve.

- The Liquidation Analysis assumes that all assets at an entity where a Secured Claim is asserted are collateral for such Claim, other than 457(b) Plan Assets, which are unencumbered.

P. Administrative Claims

- Administrative Claims include estimated unpaid post-petition accounts payable, employee-related obligations, 503(b)(9) claims and the unrecouped balance of the MassHealth Obligation.

- Accounts payable and employee-related obligations are asserted against the individual Debtor entity to which such obligations are recorded against on the Debtors' financial statements; 503(b)(9) claims are asserted against the corresponding Debtor entity listed on the claims register.

- The Liquidation Analysis also incorporates Intercompany Claims between Debtors. Post-petition Intercompany Claims are assumed to be Administrative Claims.

Q. Unsecured Claims

- Unsecured Claims represent general prepetition Claims. This category also includes deficiency Claims related to the Debtors' Secured Claims.

Exhibit B to Notice

Redline Changes to Third Amended Disclosure Statement Relating to the Second Amended Plan of Reorganization of Heywood Healthcare, Inc., et al., Pursuant to Chapter 11 of the Bankruptcy Code

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MASSACHUSETTS
CENTRAL DIVISION

In re:	)	Chapter 11
	)	
HEYWOOD HEALTHCARE, INC., *et al.*[1],	)	Case No. 23-40817
	)	
Debtors-in-Possession.	)	Honorable Elizabeth D. Katz
	)	
	)	(Jointly Administered)

~~MODIFIED SECOND~~THIRD AMENDED DISCLOSURE STATEMENT RELATING TO THE ~~MODIFIED FIRST~~SECOND AMENDED
PLAN OF REORGANIZATION OF HEYWOOD HEALTHCARE, INC., *ET AL.*,
PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

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Counsel to the Debtors and Debtors in Possession

Dated: August ~~21~~23, 2024

[1] The Debtors in these Chapter 11 cases (the "Chapter 11 Cases"), along with the last four digits of each Debtor's federal identification number are: Heywood Healthcare, Inc. (0658); The Henry Heywood Memorial Hospital (3581); Athol Memorial Hospital (6583), Heywood Medical Group, Inc. (3589), Athol Memorial Hospital NMTC Holdings, Inc. (2189), Quabbin Healthcare, Inc. (7153) and Heywood Realty Corporation (7447).

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This Disclosure Statement and its related documents are the only documents authorized by the Bankruptcy Court to be used in connection with the solicitation of votes accepting the ~~*Modified First*~~*Second Amended Plan of Reorganization of Heywood Healthcare, Inc., et al., Pursuant to Chapter 11 of the Bankruptcy Code*, dated August ~~21~~23, 2024 [Docket No. ~~965]~~___] (as may be amended, supplemented or modified from time to time, the "Plan"). No representations have been authorized by the Bankruptcy Court concerning the Debtors, their business operations, or the value of their assets, except as explicitly set forth in this Disclosure Statement.

This Disclosure Statement contains only a description and summary of the Plan. All Holders of Claims should conduct a careful and detailed review and analysis of the Plan. This Disclosure Statement is qualified in its entirety by reference to the more detailed provisions set forth in the Plan (which is included as Exhibit A to this Disclosure Statement). In the event of a conflict between the Plan and the Disclosure Statement, the provisions of the Plan will govern. In the event of a conflict between the Disclosure Statement and the Confirmation Order, the Confirmation Order shall control. All Holders of Claims are encouraged to review the full text of the Plan and to read carefully this Disclosure Statement, including all exhibits annexed hereto, before deciding whether to vote to accept the Plan.

The financial information contained in or incorporated by reference into this Disclosure Statement has not been audited, except as specifically indicated otherwise. The Debtors' management, in consultation with their advisors, have prepared the financial projections attached hereto as Exhibit B and described in this Disclosure Statement. The financial projections, while presented with numerical specificity, necessarily were based on a variety of estimates and assumptions that are inherently uncertain and may be beyond the control of the Debtors' management. Important factors that may affect actual results and cause the management forecasts not to be achieved include, but are not limited to, risks and uncertainties relating to the Debtors' businesses (including their ability to achieve strategic goals, objectives, and targets over applicable periods), industry performance, the regulatory environment, general business and economic conditions and other factors. The Debtors caution that no representations can be made as to the accuracy of these projections or to their ultimate performance compared to the information contained in the forecasts or that the forecasted results will be achieved. Therefore, the financial projections may not be relied upon as a guarantee or other assurance that the actual results will occur.

The statements contained in this Disclosure Statement are made as of the date hereof, and the delivery of this Disclosure Statement will not, under any circumstances, create any implication that the information contained herein is correct at any time after the date hereof.

Regarding contested matters, adversary proceedings, and other pending, threatened, or potential litigation or other actions, this Disclosure Statement does not constitute, and may not be construed as, an admission of fact, liability, stipulation, or waiver by the Debtors or any other party, but rather as a statement made in the context of settlement negotiations in accordance with Rule 408 of the Federal Rules of Evidence and any analogous state or foreign laws or rules. As such, this Disclosure Statement shall not be admissible in any non-bankruptcy proceeding involving the Debtors or any other party in interest, nor shall it be construed to be conclusive advice on the tax, securities, financial or other effects of the Plan to Holders of Claims against the Debtors or any other party in interest. Please refer to Article VIII of this Disclosure Statement, entitled "Risk Factors" for a discussion of certain risk factors that Holders of Claims voting on the Plan should consider.

This Disclosure Statement contains certain forward-looking statements, all of which are based on various estimates and assumptions. Such forward-looking statements are subject to inherent uncertainties and to a wide variety of significant business, economic, and competitive risks, including, but not limited to, those summarized herein. When used in this Disclosure Statement, the words "anticipate," "believe," "estimate," "will," "may," "intend," and "expect" and similar expressions generally identify forward-looking statements. Although the Debtors believe that their plans, intentions, and expectations reflected in the forward-looking statements are reasonable, they cannot be sure that they will be achieved. These statements are only predictions and are not guarantees of future performance or results. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated by a forward-looking statement. All forward-looking statements attributable to the Debtors or Persons or Entities acting on their behalf are expressly qualified in their entirety by the cautionary statements set forth in this Disclosure Statement. Forward-looking statements speak only as of the date on which they are made. Except as required by law, the Debtors expressly disclaim any obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise

I.
INTRODUCTION

A. Preliminary Statement

Upon review and analysis of the available options, the Debtors, in discussion with the Prepetition Secured Parties and the Committee, have ultimately determined that the standalone restructuring included in the Plan and described in this Disclosure Statement is in the best interest of the Debtors, their estates, and the community served by the Debtors. The restructuring proposed herein results in a reduction of secured debt by more than $12 million, including a full write-down of the existing Term Loan and a partial write-down of the Bond Debt and the waiver of any related deficiency claims. Further, under the Committee Settlement, $4.75 million in Cash (of which $2.5 million is being contributed by the Bondholder and its applicable Related Party) and a promissory note in the principal amount of $5.25 million will be contributed to a Liquidating Trust for the benefit of Holders of General Unsecured Claims. Finally, the Plan – the result of weeks of negotiations among various case constituents following several days of formal mediation - resolves all major issues among the Debtors, the Prepetition Secured Parties and the Committee, and provides a clear path for an expeditious exit from these Chapter 11 Cases and the continuation of the Debtors as a premier health service provider.

To ensure the Debtors maximized value for the benefit of the community and patients it serves, creditors, and all other parties in interest, the Debtors, with the assistance of their investment banker—Houlihan Lokey Capital, Inc. ("Houlihan") —ran a comprehensive marketing process in an attempt to identify a potential purchaser of the Debtors. That sale process, however, yielded no actionable proposals from third parties. After reaching out to 61 potential parties, five parties entered into non-disclosure agreements and performed due diligence on the Debtors and their assets. Ultimately, the Debtors received two non-binding indications of interest—one of which was ultimately withdrawn and the other of which would have resulted in no cash inflows to the Debtors or their creditors. Moreover, the final remaining indication of interest would have been contingent upon receiving regulatory approval to effectuate the transaction. That transaction, therefore, would have carried substantial process risk, which may have resulted in the expenditure of resources with no guarantee of results.

In their consideration of, negotiation of, and ultimate agreement to the Committee Settlement and the Restructuring Transactions (as set forth in the Secured Debt Restructuring Term Sheet), the Debtors considered all the factors bearing on their relationships with the Prepetition Secured Parties and Committee and their respective constituents. Such factors included, without limitation, the Debtors' (i) assessment of the amount of the Claims held by the Prepetition Secured Parties as reflected on the Debtors' books and records, (ii) the validity, extent, priority and perfection of the liens securing the repayment of such Claims and (iii) the value of the collateral encumbered by such liens. Further, the Debtors considered the validity and cost-effectiveness (or cost-ineffectiveness) of the Committee Adversary Proceeding and underlying claims, as well as the negative impact on the Debtors' businesses – both financial and reputational – if the Debtors remain in chapter 11.

In turn, additional factors weighing in favor of approving the Committee Settlement and the Restructuring Transactions, include (i) the flexibility of the payment terms with respect to the New Bonds and GUC Note contemplated under the Plan, including low interests rates, and the obligations to make amortization payments solely in the event excess cash exists and triggers the "Excess Cash Sweep" (as set forth in the respective documents), based on a negotiated structure of application of payments as between the New Bonds and the GUC Note as set forth in an Intercreditor Agreement (a form of which shall be filed as part of the Plan Supplement), and (ii) the material, consensual impairment of the Debtors' current obligations to the Prepetition Secured Parties, including the reduced interest rate of the current bonds and the full impairment of the prepetition term loan. Finally, the Secured Debt Restructuring Term Sheet and Committee Settlement allow the Debtors to pursue a timely, efficient and cost-effective emergence from these Chapter 11 Cases and to receive a liquidity injection provided by the Prepetition Secured Parties through the Superiority Exit Facility to continue and sustain their essential operations upon and after such emergence.

The Debtors believe that their decision to pursue through the Plan the transactions contemplated therein, including those described in the Secured Debt Restructuring Term Sheet, the Committee Settlement, and the Liquidating Trust Agreement, represents an appropriate exercise of their business judgment under section 363 of the Bankruptcy Code and Rule 9019 of the Federal Rules of Bankruptcy Procedure. In turn, the Debtors believe that they are within their rights to propose, through the Plan generally and through the implementation of the transactions contemplated therein, the settlement of any claims (including, without limitation, the Committee Adversary Proceeding) that they or their Estates may have against the Prepetition Secured Parties. It is an element of the Committee Settlement that the treatment and disposition in the Plan of the Pavilion Claims, the Pavilion-Related Claims and related matters shall be reasonably acceptable to the Prepetition Secured Parties and their applicable Related Party. It is also an element of the Committee Settlement that the treatment and disposition of Pavilion-Related Claims is subject to the general consultation rights of the Liquidating Trustee, and further, that the Liquidating Trustee shall have standing to object to any of the Reorganized Debtors' proposed resolution of the Pavilion-Related Claims, to the extent that such proposed treatment would incrementally increase the amount of Allowed Claims under Class 7 by more than the amount the Liquidating Trustee contends should be the Allowed amount (including subject to section 502(b)(6) of the Bankruptcy Code as to rejection damages claims) of the applicable Claims.

The Debtors further believe that the transactions contemplated in the Plan, as applicable, satisfy the specific factors that a bankruptcy court considers when approving a compromise of a claim pursuant to Rule 9019, as set forth by the United States Court of Appeals for the First Circuit in *Jeffrey v. Desmond*, 70 F.3d 183, 185 (1st Cir. 1995) ("The specific factors which a bankruptcy court considers when making this determination include: (i) the probability of success in the litigation being compromised; (ii) the difficulties, if any, to be encountered in the matter of collection; (iii) the complexity of the litigation involved, and the expense, inconvenience and delay attending it; and, (iv) the paramount interest of the creditors and a proper deference to their reasonable views in the premise."). The Debtors will demonstrate satisfaction of these factors in further briefing prior to the Confirmation Hearing.

B. General

On October 1, 2023 (the "Petition Date"), Heywood Healthcare, Inc. ("Heywood Healthcare"), The Henry Heywood Memorial Hospital ("Heywood Hospital"), Athol Memorial Hospital ("Athol Hospital"), Heywood Medical Group, Inc. ("Heywood Medical Group"), Athol Memorial Hospital NMTC Holdings, Inc. ("Athol NMTC"), Quabbin Healthcare, Inc. ("Quabbin"), and Heywood Realty Corporation ("Heywood Realty" and, collectively with Heywood Healthcare, Heywood Hospital, Athol Hospital, Heywood Medical Group, and Athol NMTC, the "Debtors" and each a "Debtor"), filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Massachusetts (the "Bankruptcy Court").

The Debtors submit this ~~*Second*~~*Third Amended Disclosure Statement Relating to the* ~~*First*~~*Second Amended Plan of Reorganization of Heywood Healthcare, Inc., et al., Pursuant to Chapter 11 of the Bankruptcy Code*, dated August ~~20~~23, 2024 (the "Disclosure Statement"), pursuant to section 1125 of the Bankruptcy Code, in connection with the solicitation of acceptances or rejections of the Plan from certain Holders of Claims against the Debtors. A copy of the Plan is annexed hereto as Exhibit A. All capitalized terms used in this Disclosure Statement that are not otherwise defined herein have the meanings ascribed to them in the Plan.

Following a hearing held on August 22, 2024, ~~this Disclosure Statement was~~and pursuant to guidance from the Bankruptcy Court, as well as further dialogue with the United States Trustee, concerning the Debtors' *Modified Second Amended Disclosure Statement Relating to the Modified First Amended Plan of Reorganization of Heywood Healthcare, Inc., et al., Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 966], this Disclosure Statement was filed on August 23, 2024 and approved by the Bankruptcy Court as containing "adequate information" in accordance with section 1125 of the Bankruptcy Code. The Debtors present this Disclosure Statement to the voting Holders of Allowed Claims against the Debtors in order to satisfy the disclosure requirements of the Bankruptcy Code by providing each voting Holder of an Allowed Claim with sufficient information to make an informed decision as to whether to accept or reject the Plan.

The Debtors urge all voting creditors and all other parties in interest to read this Disclosure Statement and the Plan carefully. As reflected in this Disclosure Statement, there are risks, uncertainties, and other important factors that could cause the Debtors' actual performance or achievements to be materially different from those they may project, and the Debtors undertake no obligation to update any such statement. Certain of these risks, uncertainties, and factors are described in Section VIII of this Disclosure Statement, entitled "Risk Factors." This Disclosure Statement does not include a description of each and every term of the Plan. Accordingly, the description of the Plan set forth herein is qualified by the entirety of the Plan, which is incorporated by reference into this Disclosure Statement.

The Plan shall serve as a motion by the Debtors seeking entry of a Bankruptcy Court order deeming the Debtors' Estates substantively consolidated into a single Estate for certain limited purposes related to the Plan, including voting, Confirmation and Distribution. The deemed substantive consolidation of the Debtors' Estates for certain limited purposes is for administrative convenience only, and the Debtors do not contend that substantive consolidation is appropriate under the applicable legal standard.

As a result of the deemed substantive consolidation of the Estates, each Class of Claims will be treated as against a single consolidated Estate without regard to the separate legal existence of the Debtors. The Plan will not result in the merger or otherwise affect the separate legal existence of each Debtor, other than with respect to voting, Confirmation and Distribution under the Plan.

C. Successes to Date and Overview of Transactions Contemplated by the Plan

The Debtors are commencing this solicitation to implement the comprehensive financial restructuring (the "Restructuring Transactions") developed via extensive negotiations involving the Debtors, the Prepetition Secured Parties, and the Committee, as well as to describe the tremendous improvements to the Debtors' operations and cash flow that will help ensure the Debtors' long-term viability and independence.

Successes in Chapter 11. During these Chapter 11 Cases, the Debtors have made substantial organizational improvements, resulting in improved revenue (up 6% since the Petition Date) and reduced expenses (down 2% since the Petition Date). ~~The Debtors~~ Heywood Hospital and Athol Hospital also both received a 4-Star CMS Rating (only 8.2% of hospitals in the country have a higher rating), successfully retained their medical staff, ~~and~~ increased patient ~~numbers~~volumes, increased patient satisfaction, improved employee engagement, secured improved payor rates, and procured additional support and financial assistance from the Commonwealth of Massachusetts in the form of increased assessments.

To wit, on January 22, 2024, the Commonwealth of Massachusetts Executive Office of Health and Human Services ("EOHHS") proposed a $347 million increase in the annual hospital assessments paid to safety-net hospitals to (1) fund new safety net payments, (2) increase psychiatric hospital and post-acute hospital reimbursement, and (3) replace existing general fund hospital obligations. The proposal, which was signed into law as part of the 2024-25 budget for the Commonwealth of Massachusetts on July 29, 2024, includes an amount designated for the Debtors which, when supplemented with the exit financing in the aggregate amount of $5 million, is sufficient to allow them to emerge from these Chapter 11 Cases with a feasible plan. The Debtors expect to start receiving those supplemental payments from the Commonwealth of Massachusetts in October 2024.

Finally, the Debtors have used the Chapter 11 Cases to further reduce costs by rejecting burdensome contracts and real property leases and will use the Plan process to reject the remainder of burdensome contracts and leases.

New Secured Debt. The Restructuring Transactions contemplate the New Secured Debt and Superpriority Exit Facility by which the Prepetition Secured Parties, and certain of their Related Parties, as applicable, have agreed to (i) write down significant portions of the Prepetition Bond Facility and waive the Bondholder Deficiency Claim, (ii) write off the outstanding Prepetition Term Loan obligations in exchange for a Term Lender Deficiency Claim for the full amount of the Secured Term Lender Claim, any recovery on which the Term Lender has agreed to waive, and (iii) provide the Debtors with $5 million in exit financing to fund the Debtors' immediate liquidity needs in order to successfully exit these Chapter 11 Cases. In addition, the Restructuring Transactions further contemplate the (i) issuance of the GUC Note, (ii) entry into the Intercreditor Agreement regarding the rights and remedies with respect to the Reorganized Debtors among each party thereto, and (iii) creation of the Liquidating Trust for the benefit of the Liquidating Trust Beneficiaries.

With respect to the Prepetition Bond Facility, the Series 2019 Bonds shall be exchanged for New Bonds issued on the terms set forth in the Secured Debt Restructuring Term Sheet, which remains subject to the conditions and limitations (including credit approval by the Prepetition Lenders (as defined herein) and The Huntington National Bank ("Huntington")) set forth therein, and the New Bond Documents, pursuant to which $40 million of the outstanding principal amount of the Series 2019 Bonds shall be reinstated at a two percent (2.00%) interest rate and amortized over 20 years, and the remaining amount of the outstanding principal amount (*i.e.*, the Bondholder Deficiency Claim) shall be waived in its entirety such that there is no recovery on such Claim. The Prepetition Term uncollectible. This loss in reimbursement, coupled with escalating cash draw due to rising expenses, created a significant cash flow hardship on the Debtors.

To further exacerbate the issue, the Debtors experienced the departure of key staff that managed the Debtors' revenue cycle and accounting staff that support the revenue cycle. In particular, during the transition in EMR platforms, the Accounting Department experienced 100% turnover in staff. In addition, a significant number of key staff members in the Billing Office also left, including the Debtors' then CFO. These individuals and their historical knowledge of the Hospital were critical to ensuring a smooth transition between the EMR platforms and continuity of all functions (i.e., account reconciliations, proper billing for services, proper posting of cash receipts, follow-up on unpaid patient accounts, optimization of reimbursement opportunities, etc.). Unfortunately, the loss of these staff members, difficulty in recruiting replacement staff and the struggles of operating thru the pandemic, created a significant breakdown in financial management.

Repayment of Covid Relief Funds. Beginning in 2022, the Debtors were required to repay Centers for Medicare & Medicaid Services ("CMS") for funding provided to address some of the increased costs associated with the pandemic. The structure of the payback period and amounts were dictated by CMS and were recouped through significant reimbursement reductions over a 12-month period, impacting the system's ability to remain current with accounts payables, which resulted in chronic aged payables.

The Waterstone Surgical Pavilion. To address certain aging infrastructure challenges, the Debtors determined that Heywood Hospital needed a new facility to perform surgery to improve the delivery of medical care (the "Surgical Pavilion"). The plan was to construct an addition to the existing Heywood Hospital facility to house new operating rooms. In 2020, the Debtors published a Request for Proposals and applied to the Massachusetts Department of Public Health ("DPH") for a Determination of Need. DPH approved the construction of the new surgical facility to meet the Debtors' ~~urgent~~ need for expanded surgical facilities, and the Master Trustee approved the transaction , based on Heywood Hospital's request and its anticipated enhancement of community services and patient care capabilities that such surgical facility would allow. In 2021, Heywood Hospital commenced negotiations with Waterstone Properties Group, Inc., a for-profit real estate developer ("Waterstone") regarding development of the Surgical Pavilion.

In June 2021, Heywood Green Street LLC ("Green Street"), a Waterstone affiliate, and Heywood Hospital executed certain commercial lease agreements whereby Green Street would lease land from Heywood Hospital, construct the Surgical Pavilion on the land (under the Pavilion Ground Lease (as defined in the Plan)), and lease the completed building back to Heywood Hospital as the operating entity of the Surgical Pavilion (under the Pavilion Space Lease (as defined in the Plan)). Under these lease agreements, Heywood Hospital's annual base rent would be based on a specified percentage of the total cost of the Surgical Pavilion construction, less certain cash contributions to be made by the Debtors. The Debtors' investigation into whether (i) the Pavilion Ground Lease is a true lease or a disguised financing, and/or (ii) the Pavilion Ground Lease constitutes a fraudulent conveyance, remains ongoing.

To fund the required cash contributions for pre-construction site work, the Debtors engaged in various fund-raising campaigns, including sales of certain real property to Waterstone, as described further below.

Site work began on the Surgical Pavilion in February 2022. However, shortly after actual construction commenced in the summer of 2022, the projected costs of completion of the Surgical Pavilion escalated, resulting in significant increases in projected rent and other costs. The Debtors ordered the cessation of construction on the Surgical Pavilion. Currently, an incomplete, partially framed steel structure sits on the Pavilion Ground Lease site which, upon information and belief, may be considered a "nuisance" under the Pavilion Ground Lease and/or under state or local laws and regulations.

Since the Petition Date, the Debtors have updated the HVAC systems, purchased new equipment, and are in the process of updating the lighting systems, for the current operating rooms at Heywood Hospital, thereby enhancing the existing operating rooms at Heywood Hospital and allowing the Debtors to fully utilize the existing operating rooms at Heywood Hospital, without a current need for the Surgical Pavilion. In addition, the Debtors are evaluating a reconfiguration of the current clinical space at Heywood Hospital in a manner that allows for expansion of the current surgical department footprint; thus, accommodating further growth in surgical volumes at Heywood Hospital.

The terms proposed in the sole remaining indication of interest (the "IOI") would not have provided any cash and would have only partially assumed the Debtors' existing prepetition secured debt. In addition to providing no recovery to unsecured creditors, the Debtors were not confident that the Commonwealth of Massachusetts and other necessary state and local regulatory bodies would have approved a sale under such terms. The Debtors submit that the sale proposed by the IOI would have provided the Debtors' creditors less favorable treatment than they are likely to receive if the Plan is confirmed.

J. Claims Related to the Surgical Pavilion.

In connection with its rights under the Ground Lease, Green Street and its secured lender Rockland Trust Company ("Rockland") executed a leasehold mortgage, dated August 30, 2022, under which Green Street mortgaged its tenants' rights under the Ground Lease (the "Leasehold Mortgage"). The Leasehold Mortgage was recorded on August 30, 2022. Upon information and belief, the Debtors believe that Green Street may be in default under Rockland's Leasehold Mortgage, which may give Rockland certain rights to the Ground Lease. Rockland has filed a proof of claim for an unknown and unliquidated unsecured claim. See Claim No. 422.

Green Street has filed a proof of claim asserting an unsecured claim in the amount of approximately $7.59 million in connection with alleged expenses incurred in connection with Debtors' stop work order at the Surgical Pavilion project. See Claim No. 397.

In addition, Consigli and certain other M&M Lien Claim Holders have filed Claims in connection with mechanics liens asserted against the real property located at the Surgical Pavilion site for work done in connection with the construction of the unfinished Surgical Pavilion.

The Debtors reserve all rights with respect to any Claims of the Pavilion Parties.

Surgical Pavilion Appraisal. The Debtors received the final appraisal report from Dono on or about May 20, 2024, regarding the real property located at the Surgical Pavilion site. The appraisal concluded that, based on estimated construction costs required to finish the Surgical Pavilion, the property is worthless (*i.e.*, the value of the Surgical Pavilion is no greater than $0.00), and, in fact, it would cost approximately $8 million more to finish the Surgical Pavilion than any finished structure would be worth. The appraisal concludes that the best use of the property is to remove the partially built structure and to revert to its prior use as a parking lot for Heywood Hospital. The cost of such removal would be approximately $545,000.

Based on the valuation and other assessments provided in the appraisal, the Debtors were able to determine proposed Plan treatment with respect to M&M Lien Claims, *e.g.*, such claims are not secured.

In particular, Consigli Construction Co., Inc., ("Consigli") contends that its conserved marshaling rights together with its alleged mechanics' lien rights confers upon it a secured claim collateralized by a portion of the real property commonly known as 242 Green Street, Gardner, MA (the site of the Surgical Pavilion). Consigli has expressed it may make an election under section 1111(b) of the Bankruptcy Code for the classification of its claim which is approximately $4,500,000, as a fully secured claim.

It is the Debtors' contention that such claim is collateralized by collateral of inconsequential and negligible value which prevents Consigli from making such election under section 1111(b)(1)(B)(i) of the Bankruptcy Code. Should Consigli's argument prevail, however, Consigli may be entitled to a payment stream with cumulative payments of $4,500,000 or such other treatment allowed for a claim for which the section 1111(b)(2) election has been made. Additionally, if Consigli prevails, Consigli's lien would be preserved.

Any such payments are not accounted for in the financial projections annexed to the Disclosure Statement, and if these liabilities with respect to Consigli's Claims were to materialize, they may have an adverse effect on the Debtors' ability to fulfill the financial commitments outlined within those forecasts.~~.~~].

Rejection of Pavilion Space Lease. Pursuant to section 365(d)(4) of the Bankruptcy Code the Pavilion Space Lease (to the extent that it is or was an executory contract or unexpired lease) was deemed rejected as of June 24, The GUC Cash Amount shall be Cash in the amount of $4,750,000, of which $4,000,000 shall be disbursed from the Debtors to the Liquidating Trustee on the Effective Date and the remaining $750,000 balance shall be disbursed from the Reorganized Debtors to the Liquidating Trustee on October 1, 2025.

The Liquidating Trustee is entitled to receive the Liquidating Trust Pavilion Claim Direct Cash Proceeds, which is 50% of the net Pavilion Claim Direct Cash Proceeds (if any), up to the then outstanding balance of the GUC Note for distributions to repay the last dollars out of such GUC Note. Pavilion Claim Direct Cash Proceeds are any Cash payments made ~~by~~to, or collected by, the Estates or the Reorganized Debtors by or from the obligor of a Pavilion Claim or an Affiliate of such obligor on account of such Pavilion Claim~~ or the Cash collected by the Estates or the Reorganized Debtors through the enforcement of a judgment against an obligor of a Pavilion Claim or an Affiliate of such obligor entered on account of a Pavilion Claim on any property other than the real property commonly known as 242 Green Street, Gardner, MA, or the Pavilion Ground Lease~~.

V.
SUMMARY OF THE PLAN

THE FOLLOWING IS A SUMMARY OF CERTAIN PROVISIONS OF THE PLAN. IT IS NOT A COMPLETE RESTATEMENT OF THE PLAN OR ITS OPERATION AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN, WHICH IS ANNEXED TO THIS DISCLOSURE STATEMENT AS EXHIBIT A. IN CERTAIN RESPECTS, THE PLAN DEALS WITH SOPHISTICATED LEGAL CONCEPTS AND INCORPORATES THE DEFINITIONS AND REQUIREMENTS OF THE BANKRUPTCY CODE. THEREFORE, YOU MAY WISH TO CONSULT WITH COUNSEL OF YOUR CHOICE BEFORE VOTING ON THE PLAN. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THE SUMMARY CONTAINED HEREIN AND THE PLAN, THE PLAN SHALL GOVERN AND CONTROL IN ALL RESPECTS.

A. Administrative Claims and Priority Claims

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, Professional Fee Claims, and Priority Tax Claims have not been classified and, thus, are excluded from the Classes of Claims set forth in Article III of the Plan.

1. **Administrative Claims** Unless otherwise agreed to by the holder of an Allowed Administrative Claim and the Debtors or the Reorganized Debtors, as applicable, each holder of an Allowed Administrative Claim (other than holders of Professional Fee Claims and Claims for fees and expenses pursuant to section 1930 of chapter 123 of title 28 of the United States Code) will receive in full and final satisfaction of its Administrative Claim an amount of Cash equal to the amount of such Allowed Administrative Claim in accordance with the following: (1) if an Administrative Claim is Allowed on or prior to the Effective Date, on the Effective Date or as soon as reasonably practicable thereafter (or, if not then due, when such Allowed Administrative Claim is due or as soon as reasonably practicable thereafter); (2) if such Administrative Claim is not Allowed as of the Effective Date, no later than 30 days after the date on which an order allowing such Administrative Claim becomes a Final Order, or as soon as reasonably practicable thereafter; (3) if such Allowed Administrative Claim is based on liabilities incurred by the Debtors in the ordinary course of their business after the Petition Date in accordance with the terms and conditions of the particular transaction giving rise to such Allowed Administrative Claim without any further action by the holders of such Allowed Administrative Claim; (4) at such time and upon such terms as may be agreed upon by such holder and the Debtors or the Reorganized Debtors, as applicable; or (5) at such time and upon such terms as set forth in an order of the Bankruptcy Court.

Except for Professional Fee Claims, and unless previously Filed, requests for payment of Administrative Claims must be Filed and served on the Reorganized Debtors no later than the Administrative Claims Bar Date (30 days after the Effective Date) pursuant to the procedures specified in the Confirmation Order and the notice of the occurrence of the Effective Date. Objections to such requests must be Filed and served on the Reorganized Debtors and the requesting party by the later of (1) 180 days after the Effective Date and (2) 180 days after the Filing of the applicable request for payment of the Administrative Claims, if applicable. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior Bankruptcy Court orders, the Allowed amounts, if any, of Administrative Claims shall be determined by and satisfied in accordance with an order of the Bankruptcy Court.

Holders of Administrative Claims that are required to File and serve a request for such payment of such Administrative Claims that do not file and serve such a request by the Administrative Claims Bar Date (30 days after the Effective Date) shall be forever barred, estopped, and enjoined from asserting such Administrative Claims against the Debtors, the Reorganized Debtors or their property, and such Administrative Claims shall be deemed discharged as of the Effective Date without the need for any objection from the Reorganized Debtors or any action by the Bankruptcy Court.

2. **Professional Fee Claims** Final Fee Applications and Payment of Professional Fee ClaimsAll requests for payment of Professional Fee Claims for services rendered and reimbursement of expenses incurred prior to the Confirmation Date must be Filed no later than 45 days after the Effective Date. The Bankruptcy Court shall determine the Allowed amounts of such Professional Fee Claims after notice and a hearing in accordance with the procedures established by the Bankruptcy Court. The Reorganized Debtors shall pay Professional Fee Claims in Cash in the amount the Bankruptcy Court allows, including from the Professional Fee Escrow Account, which the Reorganized Debtors will establish in trust for the Professionals and fund with Cash equal to the Professional Fee Amount on the Effective Date. For the avoidance of doubt, the U.S. Trustee shall not be required to file an administrative claim for its fees.

(b) Professional Fee Escrow AccountsOn the Effective Date, the Reorganized Debtors shall establish and fund the Professional Fee Escrow Accounts for each applicable Professional with Cash equal to the Professional Fee Amount, which shall be funded by the Reorganized Debtors. The Professional Fee Escrow Accounts shall be maintained in trust solely for the Professionals. The amount of Professional Fee Claims owed to the Professionals shall be paid in cash to such Professionals by the Reorganized Debtors from the Professional Fee Escrow Accounts as soon as reasonably practicable after such Professional Fee Claims are Allowed. When all such Allowed amounts owing to Professionals have been paid in full, any remaining amount in the Professional Fee Escrow Accounts shall promptly be paid to the Reorganized Debtors without any further action or order of the Bankruptcy Court. In the event the Professional Fee Escrow Account is insufficient to pay the Professional Fee Claim of any specific Professional, then the Reorganized Debtors shall pay the difference between the Professional Fee Escrow Account for such Professional and the Allowed amount of the Professional Fee Claim within fourteen (14) calendar days after such Professional Fee Claim is Allowed; provided that the Debtors or Reorganized Debtors reserve the right to object to the reasonableness of any Professional Fee Claim.

(c) Professional Fee AmountProfessionals shall reasonably estimate their unpaid Professional Fee Claims and other unpaid fees and expenses incurred in rendering services to the Debtors before and as of the Effective Date and shall deliver such estimate to the Debtors no later than five days before the Effective Date. If a Professional does not provide an estimate, or if the Debtors object to such estimate as being unreasonable, the Debtors or Reorganized Debtors may estimate the unpaid and unbilled fees and expenses of such Professional.

(d) Post-Confirmation Fees and ExpensesExcept as otherwise specifically provided in the Plan, from and after the Confirmation Date, the Debtors shall, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court, pay in Cash the reasonable and documented legal, professional, or other fees and expenses related to the implementation of the Plan and Consummation incurred by the Debtors. Upon the Confirmation Date, any requirement that Professionals comply with sections 327–331, 363, and 1103 of the Bankruptcy Code or the Interim Compensation Order in seeking retention or compensation for services rendered after such date shall

(i) *Classification*: Class 1 consists of any Other Secured Claims against any Debtor. Upon information and belief from the Debtors' diligence to date, Class 1 is an empty class.

(ii) *Treatment*: On the Effective Date, except to the extent that a Holder of an Allowed Other Secured Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Other Secured Claim, each holder of an Allowed Other Secured Claim shall receive, at the option of the applicable Debtor:

a) payment in full in Cash of its Allowed Other Secured Claim;

b) the collateral securing its Allowed Other Secured Claim;

c) Reinstatement of its Allowed Other Secured Claim; or

d) such other treatment rendering its Allowed Other Secured Claim Unimpaired in accordance with section 1124 of the Bankruptcy Code.

(iii) *Impairment and Voting*: Class 1 is Unimpaired under the Plan. Holders of Other Secured Claims in Class 1 are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

(b) Class 2 - Other Priority Claims

(i) *Classification*: Class 2 consists of any Other Priority Claims against any Debtor. Upon information and belief from the Debtors' diligence to date, Class 2 is an empty class.

(ii) *Treatment*: On the Effective Date, except to the extent that a Holder of an Allowed Other Priority Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Other Priority Claim, each holder of an Allowed Other Priority Claim shall receive Cash in an amount equal to such Allowed Other Priority Claim.

(iii) *Impairment and Voting*: Class 2 is Unimpaired under the Plan. Holders of Other Priority Claims in Class 2 are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

(c) Class 3 – NMTC Claims

(i) *Classification*: Class 3 consists of all NMTC Claims against any Debtor.

(ii) *Treatment*: On the Effective Date, each holder of an Allowed NMTC Claim shall receive Reinstatement of its NMTC Claims. All NMTC Documents and the related legal, equitable, and contractual rights shall remain in full force and effect.

(iii) *Impairment and Voting*: Class 3 is Unimpaired under the Plan. Holders of Claims in Class 3 are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

(d) Class 4 – Patient Refund Claims

In the event the applicable Insurer denies the tender of defense or there are no applicable or available insurance policies, or proceeds from applicable and available insurance policies have been exhausted or are otherwise insufficient to pay in full a Holder's recovery, if any, as determined by an order or judgment by a court of competent jurisdiction or under a settlement or compromise of such Holder's Insured Claim, on account of its Insured Claim, then such Holder shall be entitled to its Pro Rata share of Liquidating Trust Interests based on the amount of an Allowed Claim equal to the amount of the Allowed Insured Claim less the amount of available proceeds paid such Allowed Insured Claim from the applicable and available Insurance Policies (the "Insured Deficiency Claim"); *provided*, that ~~unless~~if a Holder of an Insured Claim elects to "opt~~-out~~ in" on its Ballot ~~from providing~~to provide a release of its Insured Deficiency Claim, (i) such Holder shall not be entitled to any recovery on account of its Insured Deficiency Claim, (ii) such Holder shall be deemed to have released the Debtors and the Reorganized Debtors, as applicable, for any such Insured Deficiency Claim (therefore forgoing any rights to or against the Liquidating Trust or as a Liquidating Trust Beneficiary) and (iii) such Holder shall receive a mutual release from the Debtors and the Reorganized Debtors, as applicable. In no event shall any Holder of an Allowed Insured Deficiency Claim be entitled to receive more than one hundred percent (100%) of the Allowed Amount of their respective Allowed Insured Deficiency Claim. In no event shall any Holder of an Allowed Insured Deficiency Claim receive payment on account of such Allowed Insured Deficiency Claim in an amount that, when summed with payment to such Holder from any policy of insurance with respect to the Allowed Insured Claim, exceeds the Pro Rata share of Liquidating Trust Interests such Holder would have received had the Holder's Claim been classified in Class 7.

Any amount of an Allowed Insured Claim within a deductible or self-insured retention shall be paid by the applicable insurance, in accordance with the applicable Insurance Policy, to the Claim Holder and such Insurer shall have a General Unsecured Claim (or Secured Claim, if it holds collateral) for the amount of the deductible or retention paid, provided that it has timely filed an otherwise not objectionable proof of claim encompassing such amounts. For purposes of retentions and deductibles in any Insurance Policy, including, but not limited to, an Insurance Policy insuring officers, directors, consultants or others against claims based upon prepetition occurrences, the Confirmation Order shall constitute a finding that the Debtors are insolvent and unable to advance or indemnify Insured Claims, from Estate or Debtor funds, for any loss, claim, damage, settlement or judgment of Debtors within the applicable retention or deductible amount. However, the foregoing sentence does not modify the Insurer's right to a claim described in the first sentence of this paragraph.

(iii) *Impairment and Voting:* Class 9 is Impaired under the Plan. Holders of Allowed Claims in Class 9 are entitled to vote to accept or reject the Plan. Unless otherwise ordered by the Bankruptcy Court, each Holder of a Class 9 Insured Claim shall have a $1.00 vote for each filed Insured Claim.

(j) Class 10 - Intercompany Claims

(i) *Classification*: Class 10 consists of all Intercompany Claims

(ii) *Treatment*: On the Effective Date, Class 10 Claims shall be canceled and released without any distribution upon implementation of the Plan.

(iii) *Impairment and Voting*: Class 10 is Impaired under the Plan. Holders of Class 10 Claims are conclusively deemed to have rejected the Plan pursuant to section accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, other than those Executory Contracts or Unexpired Leases that: (1) previously were assumed or rejected by the Debtors; (2) are identified on the Schedule of Assumed Executory Contracts and Unexpired Leases; (3) are the subject of a motion to assume that is pending on the Confirmation Date; (4) are subject to a motion to reject pursuant to which the requested effective date of such rejection is after the Effective Date; or (5) will otherwise terminate by their terms prior to the Effective Date.

Entry of the Confirmation Order by the Bankruptcy Court shall constitute a Bankruptcy Order approving the assumptions or rejections of the Executory Contracts and Unexpired Leases set forth in the Plan or the Schedule of Assumed Executory Contracts and Unexpired Leases pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Any motions to assume Executory Contracts or Unexpired Leases pending on the Effective Date shall be subject to approval by the Bankruptcy Court on or after the Effective Date by a Final Order. Each Executory Contract and Unexpired Lease assumed pursuant to Article VI.A of the Plan or by any order of the Bankruptcy Court, which has not been assigned to a third party prior to the Confirmation Date, shall revest in and be fully enforceable by the Reorganized Debtors in accordance with its terms, except as such terms are modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption under applicable federal law. Notwithstanding anything to the contrary in the Plan, the Debtors or the Reorganized Debtors, as applicable, reserve the right to alter, amend, modify, or supplement the Schedule of Assumed Executory Contracts and Unexpired Leases identified in Article VI of the Plan and in the Plan Supplement at any time through and including 60 days after the Effective Date~~.~~; *provided*, however, that for any contract or lease for which the treatment is altered, amended, modified, or supplemented by the Schedule of Assumed Executory Contracts and Unexpired Leases, the counterparty to such contract or lease shall have thirty (30) days from the date of such altered, amended, modified, or supplemented treatment of the contract to object thereto.

2. Indemnification Obligations.

All indemnification provisions, consistent with applicable law, currently in place (whether in the by-laws, certificates of incorporation or formation, limited liability company agreements, other organizational documents, board resolutions, indemnification agreements, employment contracts, or otherwise) for the current and former directors, officers, managers, employees, attorneys, accountants, investment bankers, and other professionals of the Debtors, as applicable, shall be reinstated and remain intact, irrevocable, and shall survive the Effective Date on terms no less favorable to such current and former directors, officers, managers, employees, attorneys, accountants, investment bankers, and other professionals of the Debtors than the indemnification provisions in place prior to the Effective Date; provided, that the indemnification provisions set forth in Article VI.B of the Plan shall not apply to Former D&Os.

3. Claims Based on Rejection of Executory Contracts or Unexpired Leases.

Unless otherwise provided by a Final Order of the Bankruptcy Court, all Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, pursuant to the Plan or the Confirmation Order, if any, must be Filed with the Bankruptcy Court within 30 days after the later of (1) the date of entry of an order of the Bankruptcy Court (including the Confirmation Order) approving such rejection, ~~or~~ (2) the effective date of such rejection, or (3) the Effective Date. **Any Claims arising from the rejection of an Executory Contract or Unexpired Lease not Filed with the Bankruptcy Court within such time will be automatically disallowed, forever barred from assertion, and shall not be enforceable against the Debtors or the Reorganized Debtors, the Estates, or their property without the need for any objection by the Reorganized Debtors or further notice to, or action, order, or approval of the Bankruptcy Court or any other Entity, and any Claim arising out of the rejection of the Executory Contract or Unexpired Lease shall be deemed fully satisfied, released, and discharged, notwithstanding anything in the Schedules or a Proof of Claim to the contrary**. All Allowed Claims arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases shall be classified as General Unsecured Claims and shall be treated in accordance with Article III.B.6 of the Plan.

4. Cure of Defaults for Executory Contracts and Unexpired Leases Assumed.

Any monetary defaults under each Executory Contract and Unexpired Lease to be assumed pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in

Cash on the Effective Date, subject to the limitation described below, or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree. In the event of a dispute regarding (1) the amount of any payments to cure such a default, (2) the ability of the Reorganized Debtors or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed, or (3) any other matter pertaining to assumption, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order or orders resolving the dispute and approving the assumption. ~~At least seven days prior to the Confirmation Hearing~~On or before September 10, 2024, the Debtors shall provide for notices of ~~proposed assumption~~the Schedule of Assumed Executory Contracts and ~~proposed cure amounts~~Unexpired Leases to be sent to applicable third parties and for procedures for objecting thereto and resolution of disputes by the Bankruptcy Court. Any objection by a counterparty to an Executory Contract or Unexpired Lease to a proposed assumption or related cure amount must be Filed, served, and actually received by the Debtors at least three days prior to the Confirmation Hearing. Any counterparty to an Executory Contract or Unexpired Lease that fails to object timely to the proposed assumption or cure amount will be deemed to have assented to such assumption or cure amount.

Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time prior to the effective date of assumption. **Any Proofs of Claim Filed with respect to an Executory Contract or Unexpired Lease that has been assumed shall be deemed disallowed and expunged without further notice to or action, order, or approval of the Bankruptcy Court.**

5. Preexisting Obligations to the Debtors under Executory Contracts and Unexpired Leases.

Rejection of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall not constitute a termination of preexisting obligations owed to the Debtors or the Reorganized Debtors, as applicable, under such Executory Contracts or Unexpired Leases. In particular, notwithstanding any non-bankruptcy law to the contrary, the Reorganized Debtors expressly reserve and do not waive any right to receive, or any continuing obligation of a counterparty to provide, warranties or continued maintenance obligations on goods previously purchased by the Debtors contracting from non-Debtor counterparties to rejected Executory Contracts or Unexpired Leases.

6. Insurance Policies.

Each of the Debtors' Insurance Policies and any agreements, documents, or instruments relating thereto are treated as Executory Contracts under the Plan. Unless otherwise provided in the Plan or the Confirmation Order, on the Effective Date, (1) the Debtors shall be deemed to have assumed all Insurance Policies and any agreements, documents, and instruments relating to coverage of all insured Claims, and (2) such Insurance Policies and any agreements, documents, or instruments relating thereto shall revest in the Reorganized Debtors.

7. Modifications, Amendments, Supplements, Restatements, or Other Agreements.

Unless otherwise provided in the Plan, each Executory Contract or Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated or is rejected or repudiated under the Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, or upon any other related act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date. Notwithstanding anything contained in the Plan to the contrary, the foregoing release does not release (i) any Lien or security interest granted to the Prepetition Secured Parties pursuant to, or in connection with, the Bond Documents or any Final Order; (ii) any obligations of any party under the Plan or any document, instrument, or agreement executed to implement the Plan; or (iii) or any rights under the Plan that the Holder of any Allowed Claim may have. Further, notwithstanding anything contained in the Plan to the contrary, the foregoing release does not release any claims against persons other than each Debtor, the Reorganized Debtors or the Prepetition Secured Parties (and their Related Parties) for conduct occurring prior to the commencement of, or during, the Chapter 11 Cases or claims related to any act or omission that is determined by Final Order to have constituted actual fraud, willful misconduct, or gross negligence.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the releases described in Article IX.D of the Plan, which includes by reference each of the related provisions and definitions contained in the Plan, and further, shall constitute its finding that each release described in Article IX.D of the Plan is: (1) in exchange for the good and valuable consideration provided by the Released Parties, a good faith settlement and compromise of such Claims; (2) in the best interests of the Debtors and all holders of Claims; (3) fair, equitable, and reasonable; (4) given and made after due notice and opportunity for hearing; and (5) a bar to any of the Debtors or Reorganized Debtors asserting any claim, Cause of Action, or liability related thereto, of any kind whatsoever, against any of the Released Parties or their property.

5. Exculpation.

Except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur, and each Exculpated Party is released and exculpated from any Cause of Action for any claim related to any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the Disclosure Statement, the Plan, entry into the New Bond Documents, entry into the Superpriority Exit Facility Documents, entry into the GUC Note, or any Restructuring Transaction, contract, instrument, release or other agreement or document created or entered into in connection with the Disclosure Statement or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, except for claims related to any act or omission that is determined in a Final Order to have constituted actual fraud or gross negligence, but in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. The Exculpated Parties have, and upon the Confirmation of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of votes and distribution of consideration pursuant to the Plan and, therefore, are not liable for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such Distributions made pursuant to the Plan. Notwithstanding anything to the contrary in the foregoing, an Exculpated Party shall be entitled to exculpation solely for actions taken from the Petition Date through the Effective Date.

6. Injunction.

Except as otherwise expressly provided in the Plan or for obligations issued or required to be paid pursuant to the Plan or the Confirmation Order, all Entities who have held, hold, or may hold Claims that have been released, discharged, or are subject to exculpation are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Reorganized Debtors, the Exculpated Parties, or the Released Parties: (1) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims; (2) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims; (3) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or the estates of such Entities

(ii) authorize the Debtors, as applicable or necessary, to: (i) implement the Restructuring Transactions; (ii) make all Distributions and issuances as required under the Plan; and (iii) enter into any agreements and transactions, as set forth in the Plan Supplement;

(iii) authorize and approve ~~of~~ the terms of the Global Settlement Term Sheet;

(iv) authorize the implementation of the Plan in accordance with its terms; and

(v) provide that, pursuant to section 1146 of the Bankruptcy Code, the assignment or surrender of any lease or sublease, and the delivery of any deed or other instrument or transfer order, in furtherance of, or in connection with the Plan, including any deeds, bills of sale, or assignments executed in connection with any disposition or transfer of assets contemplated under the Plan, shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax; and

(b) the Debtors shall have obtained all authorizations, consents, regulatory approvals, rulings, or documents that are necessary to implement and effectuate the Plan, including all governmental approvals (including from the Issuer) necessary for the issuance of the New Bonds;

(c) unless otherwise set forth in the Plan, the final version of the Plan Supplement and all of the schedules, documents, and exhibits contained therein shall have been Filed in a manner consistent in all material respects with the Plan;

(d) the Debtors have executed the New Bond Documents in form and substance reasonably acceptable to the parties thereto;

(e) the Debtors have executed the Superpriority Exit Facility Documents in form and substance reasonably acceptable to the parties thereto;

(f) the Debtors have executed the GUC Note, Liquidating Trust Agreement and Intercreditor Agreement in form and substance reasonably acceptable to the parties thereto;

(g) all professional fees and expenses of retained professionals required to be approved by the Bankruptcy Court shall have been paid in full or amounts reasonably estimated to be sufficient to pay such fees and expenses after the Effective Date have been placed in the Professional Fee Escrow Accounts pending approval by the Bankruptcy Court; and

(h) the Debtors shall have implemented the Restructuring Transactions, and all transactions contemplated in the Plan, in a manner consistent in all respects with the Plan, pursuant to documentation acceptable to the Debtors.

2. <u>Waiver of Conditions</u>.

The Debtors may, with the prior written consent of (i) the Bondholder, the New Master Trustee and the New Bond Trustee solely with respect to those terms and provisions that relate to the New Bonds or would have a material adverse effect on the value of the distributions to the Bondholder, and (ii) the Committee, solely with respect to those terms and provisions that would have a material adverse effect on the value of the distributions to the Holders of General Unsecured Claims, waive any of the conditions to the Effective Date set forth in Article X.A of the Plan at any time without any notice to any other parties in interest and without any further notice to or action, order, or approval of the Bankruptcy Court, and without any formal action other than proceeding to confirm and consummate the Plan; *provided* that, in no event shall the conditions for the Debtors to obtain governmental approval for issuance of the New Bonds be waived.

Claims will not receive any distributions under the Plan, and are deemed to reject the Plan, and the Debtors will not be soliciting acceptances from that Class.

C. Voting Procedures and Requirements

THIS DISCUSSION OF THE SOLICITATION AND VOTING PROCESS IS ONLY A SUMMARY. PLEASE REFER TO THE DISCLOSURE STATEMENT ORDER FOR A MORE COMPREHENSIVE DESCRIPTION OF THE SOLICITATION AND VOTING PROCESS.

Pursuant to the Disclosure Statement Order, the following dates shall govern the schedule for confirmation of the Plan:

Event	Date[5]
Disclosure Statement Objection Deadline	August 22, 2024 at 12:00 p.m.
Disclosure Statement Hearing	August 22, 2024 at 2:00 p.m.
Voting Record Date[6]	August 23, 2024 (or date of entry of the Proposed Order)
Solicitation Deadline	August 26, 2024 (no later than)
Schedule of Assumed Executory Contracts and Unexpired Leases Filing Deadline	September 10, 2024
Plan Supplement Filing Deadline	~~TBD~~September 16, 2024
Plan Objection Deadline	September 24, 2024 at 4:00 p.m.
Deadline to File 3018 Motion	September 24, 2024 at 4:00 p.m.
Voting and Opt-~~Out~~In Deadline	September 24, 2024 at 4:00 p.m.
Deadline to File Confirmation Brief	September 26, 2024
Plan Objections Response Deadline	September 26, 2024
Deadline to File Ballot Report	September 26, 2024
Confirmation Hearing	September 30, 2024 at 9:00 a.m.

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The Bankruptcy Court has fixed August 23, 2024 as the "Voting Record Date." Only Persons who hold Claims in Classes 5, 6, 7 and 9 on the Voting Record Date are entitled to vote whether to accept the Plan. To vote on the Plan, a holder of an Allowed Claim in a Class that is entitled to vote on the Plan must complete the Ballot and comply with the voting instructions outlined below and detailed in the Disclosure Statement Order.

Pursuant to section 502 of the Bankruptcy Code and Bankruptcy Rule 3018, the Bankruptcy Court may temporarily allow a Claim for voting or other purposes. Pursuant to the Disclosure Statement Order, voting tabulation procedures have been established, which include rules providing for the temporary allowance or disallowance of certain Claims for voting purposes only. These voting procedures, including the tabulation rules, are described in the solicitation materials provided with your Ballot.

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5 All times referenced are Prevailing Eastern Time.

6 The "Voting Record Date" is the date as of which a Holder of record of a Claim entitled to vote on the Plan must have held such Claim or Interest to cast a vote to accept or reject the Plan.

VII.
ACCEPTANCE AND CONFIRMATION OF THE PLAN

The Bankruptcy Code requires that, in order to Confirm the Plan, the Bankruptcy Court must make a series of findings concerning the Plan and the Debtor, including that (i) the Plan has classified Claims in a permissible manner, (ii) the Plan complies with applicable provisions of the Bankruptcy Code, (iii) the Debtors have complied with applicable provisions of the Bankruptcy Code, (iv) the Debtors have proposed the Plan in good faith and not by any means forbidden by law, (v) the disclosure required by section 1125 of the Bankruptcy Code has been made, (vi) the Plan has been accepted by the requisite votes of creditors (except to the extent that cramdown is available under section 1129(b) of the Bankruptcy Code), (vii) the Plan is feasible and Confirmation is not likely to be followed by liquidation other than the liquidation as provided for in the Plan, (viii) the Plan is in the "best interests" of all holders of Claims in an Impaired Class by providing to such Holders on account of their Claims value, as of the Effective Date, that is not less than the amount that such holder would receive or retain in a chapter 7 liquidation, unless each holder of a Claim or Interest in such Class has accepted the Plan, and (ix) all fees and expenses payable under 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the hearing on Confirmation, have been paid or the Plan provides for the payment of such fees on the Effective Date.

A. Confirmation Hearing

The Bankruptcy Code requires the Bankruptcy Court, after notice, to conduct a hearing regarding whether the Debtors and the Plan have fulfilled the confirmation requirements of section 1129 of the Bankruptcy Code.

The Confirmation Hearing has been scheduled for September 30, 2024 at 9:00 a.m. (Prevailing Eastern Time), before the Honorable Elizabeth D. Katz, United States Bankruptcy Judge, United States Bankruptcy Court for the District of Massachusetts, 595 Main Street, Room 311, Worcester, MA 01608. The Bankruptcy Court has directed that objections, if any, to Confirmation of the Plan be served and filed on or before September 24, 2024 at 4:00 p.m. (Prevailing Eastern Time), in the manner described in the Confirmation Hearing Notice attached to the Disclosure Statement Order.

The date of the Confirmation Hearing may be adjourned from time to time without further notice except for an in-court announcement at the Confirmation Hearing of the date and time as to which the Confirmation Hearing has been adjourned.

B. Disclosure Statement Order

The proposed order approving the Disclosure Statement (the "Disclosure Statement Order") shall include, among other things: (i) notice of the filing of the Disclosure Statement and Plan, and of approval of the Disclosure Statement; (ii) the Voting Deadline; (iii) the deadline for filing a motion pursuant to Bankruptcy Rule 3018(a); (iv) the deadline for objecting to confirmation of the Plan and information on how to object to Confirmation of the Plan; (v) the time, date, and place of the Confirmation Hearing; (vi) information on releases and how to opt ~~out of~~in to releases; and (vii) instructions on how to obtain copies of the Disclosure Statement and the Plan.

C. Additional Plan-Related Documents.

The Debtors will file certain documents that provide more details about implementation of the Plan in the Plan Supplement, which pursuant to the terms of the Plan will be filed with the Bankruptcy Court no later than [September __, 2024 which is ____ calendar days before the deadline to object to confirmation (September 24, 2024)]. The Debtors will serve a notice that will inform all parties that the initial Plan Supplement was filed, list the information included therein, and explain how copies of the Plan Supplement may be obtained. Eligible Holders of Claims entitled to vote to accept or reject the Plan shall not be entitled to change their vote based on the contents of the Plan Supplement after the Voting and Opt-~~Out~~In Deadline. The Plan Supplement will include:

(i) New Organizational Documents;

(ii) the form of Liquidating Trust Agreement;

of the Liquidating Trust's income even if the Liquidating Trust does not make a concurrent distribution to the Liquidating Trust Beneficiary. Additionally, a distribution of cash by the Liquidating Trust may not be separately taxable to a Liquidating Trust Beneficiary since the beneficiary is already regarded for U.S. federal income tax purposes as owning the underlying assets (and was taxed at the time the cash was earned or received by the Liquidating Trust).

D. Holders That Are Non-United States Persons

Holders of Claims that are not "United States persons" (within the meaning of Section 7701(a)(30) of the Tax Code) generally will not be subject to U.S. federal income tax with respect to property (including Cash) received in exchange for such Claims, unless (i) such Holder is engaged in a trade or business in the United States to which income, gain or loss from the exchange is "effectively connected" for U.S. federal income tax purposes, or (ii) if such Holder is an individual, such Holder is present in the United States for 183 days or more during the taxable year of the exchange and certain other requirements are met.

E. Importance of Obtaining Professional Tax Assistance

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER'S INDIVIDUAL CIRCUMSTANCES. ACCORDINGLY, HOLDERS ARE URGED TO CONSULT WITH THEIR TAX ADVISORS ABOUT THE FEDERAL, STATE, LOCAL, AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

NO STATEMENT IN THIS DISCLOSURE STATEMENT SHOULD BE CONSTRUED AS LEGAL OR TAX ADVICE. THE DEBTORS AND THEIR PROFESSIONALS DO NOT ASSUME ANY RESPONSIBILITY OR LIABILITY FOR THE TAX CONSEQUENCES THE HOLDER OF A CLAIM MAY INCUR AS A RESULT OF THE TREATMENT AFFORDED ITS CLAIM UNDER THE PLAN AND DO NOT REPRESENT WHETHER THERE COULD BE ADDITIONAL TAX EXPOSURE TO THEMSELVES OR THEIR NON-DEBTOR AFFILIATES AS A RESULT OF THE PLAN.

X.
CONCLUSION

For all of the reasons set forth in this Disclosure Statement, the Debtors believe that the Confirmation of the Plan is preferable to all other alternatives. The Debtors urge all creditors entitled to vote to vote to accept the Plan and to return their Ballots so that they will be received by 4:00 p.m. (Prevailing Eastern Time) on September 24, 2024.

DATED: August 23~~1~~, 2024