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**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON**

In re:

ASTRIA HEALTH, *et al.*,

Debtors and
Debtors in
Possession.¹

Chapter 11
Lead Case No. 19-01189-11
Jointly Administered

**JOINT CHAPTER 11 PLAN OF
REORGANIZATION OF ASTRIA
HEALTH AND ITS DEBTOR
AFFILIATES**

¹ The Debtors, along with their case numbers, are as follows: Astria Health (19-01189-11), Glacier Canyon, LLC (19-01193-11), Kitchen and Bath Furnishings, LLC (19-01194-11), Oxbow Summit, LLC (19-01195-11), SHS Holdco, LLC (19-01196-11), SHC Medical Center - Toppenish (19-01190-11), SHC Medical Center - Yakima (19-01192-11), Sunnyside Community Hospital Association (19-01191-11), Sunnyside Community Hospital Home Medical Supply, LLC (19-01197-11), Sunnyside Home Health (19-01198-11), Sunnyside Professional Services, LLC (19-01199-11), Yakima Home Care Holdings, LLC (19-01201-11), and Yakima HMA Home Health, LLC (19-01200-11).



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1 **INTRODUCTION**²

2 The Debtors and the Lapis Parties (collectively, the “Plan Proponents”) propose this *Joint*
3 *Plan of Reorganization of Astria Health and its Affiliates*. Capitalized terms used but not otherwise
4 defined shall have the respective meanings ascribed to such terms in Section I.A. Holders of
5 Claims and Interests may refer to the Disclosure Statement for a discussion of the Debtors’ history,
6 businesses, assets, results of operations, historical financial information, and projections of future
7 operations, as well as a summary and description of the Plan. The Plan Proponents are the
8 proponents of the Plan within the meaning of § 1129. The Plan shall apply as a joint Plan for all
9 Debtors under which all assets and liabilities shall be consolidated for the limited purposes of
10 Claim treatment and Plan distributions but otherwise, each Debtor, Reorganized Debtor or
11 Liquidating Debtor, as the case may be, shall remain a separate legal entity.

12 ALL HOLDERS OF CLAIMS AND INTERESTS ENTITLED TO VOTE ON THE PLAN
13 ARE ENCOURAGED TO READ THE PLAN AND THE DISCLOSURE STATEMENT IN
14 THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

15 **SECTION I. DEFINITIONS AND RULES OF CONSTRUCTION**

16 **A. Definitions.** The following terms used herein shall have the respective
17 meanings defined below:

18 1.1 *503(b)(9) Claims* means Administrative Claims arising under § 503(b)(9).

19 1.2 *Administrative and Priority Claims Reserve* means the reserve to be established
20 and maintained by the Reorganized Debtors and Liquidating Debtors and funded, subject to the
21 Administrative Professional and Priority Claims Cap, with the Administrative and Priority Claims
22 Reserve Amount pursuant to Section II.D.4 hereof.

23 1.3 *Administrative and Priority Claims Reserve Amount* means Cash in an amount to
24 be determined by the Debtors and the Lapis Parties on or before the Effective Date, subject to the
25 Administrative, Professional and Priority Claims Cap, which amount shall be funded by the
26 Debtors and used by the Reorganized Debtors and the Liquidating Debtors for the payment of
27 accrued but unpaid U.S. Trustee Fees and Administrative, Priority Tax, Priority, and Professional
28 Fee Claims other than Ordinary Course Administrative Expenses, that are Allowed after the
Effective Date to the extent that such Claims have not been paid in full on or before the Effective
Date.

1.4 *Administrative Claim* means a Claim for costs or expenses of administering the
Debtors’ Chapter 11 Cases under § 507(a)(2) or 503(b) but expressly excluding Professional Fee

² Capitalized terms not otherwise defined in this Introduction have the definitions set forth in
Section I.

1 Claims. Administrative Claims include (i) DIP Claims; (ii) 503(b)(9) Claims; (iii) Cure Payments;
2 and (iv) fees payable to the clerk of the Bankruptcy Court and the Office of the U.S. Trustee.

3 1.5 **Administrative, Professional and Priority Claims Cap** means \$4,624,674, which
4 shall be the maximum amount payable under this Plan for the payment of U.S. Trustee Fees and
5 Administrative, Priority Tax, Priority, and Professional Fee Claims on or after the Effective Date.
6 To be clear, DIP Claims and Ordinary Course Administrative Expenses are not subject to this cap.

7 1.6 **Administrative Claims Bar Date** means the date established by the Administrative
8 Claims Bar Date Order by which requests for payment of Administrative Claims must be Filed,
9 subject to any exceptions specifically set forth therein.

10 1.7 **Administrative Claims Bar Date Order** means the Order (I) Fixing the First Interim
11 Bar Date for Filing Certain Post-Petition Administrative Expense Claims and (II) Approving the
12 Form of Notice of the Administrative Expense Claims Bar Date [Docket No. 1416].

13 1.8 **Affiliate** shall have the meaning set forth in § 101(2).

14 1.9 **Allowed** means with respect to (I) a Claim, to the extent that: (a) any Claim, a proof
15 of Claim of which was timely Filed by the applicable Claims Bar Date, Supplemental Bar Date or
16 Administrative Claims Bar Date (or a Claim for which a Proof of Claim is not required to be Filed
17 under the Plan, the Bankruptcy Code, or a Final Order of the Court); (b) any Claim that is listed in
18 the Schedules as not contingent, not unliquidated, and not disputed, and for which no Proof of
19 Claim has been timely Filed; or (c) any Claim allowed pursuant to the Plan or Final Order of the
20 Court; provided, that with respect to any Claim described in clause (a) above, such Claim shall be
21 considered Allowed only if and to the extent that no objection to the allowance of such Claim has
22 been interposed within the applicable period of time fixed by the Plan, the Bankruptcy Code, the
23 Bankruptcy Rules or Court, or if such an objection is so interposed and the Claim shall have been
24 Allowed by a Final Order; provided, further, that the Debtors or the Reorganized Debtors, as
25 applicable, may affirmatively determine to allow any Claim described in clause (a)
26 notwithstanding the fact that the period within which an objection may be interposed has not yet
27 expired; or (c) a Claim that is not Disputed; (II) an Interest, to the extent Allowed under this Plan.
28 Unless otherwise specified in the Plan, an Allowed Claim does not include interest on the Claim
accruing after Petition Date. Moreover, all or any portion of a Claim that is satisfied or released
during the Chapter 11 Cases is not an Allowed Claim.

1.10 **A/R Collections** means post-confirmation collections of receivables for SHC
Medical Center - Yakima accounts.

1.11 **Avoidance Actions** means any and all actual or potential claims and causes of action
to avoid a transfer of property or an obligation incurred by a Debtor pursuant to any applicable
section of the Bankruptcy Code, including §§ 502, 510, 542, 544, 547, 548, 549, 550, 551, 553
and 724(a) or under similar or related state or federal statutes and common law, including
fraudulent transfer laws.

1.12 **Ballot** shall mean a ballot, e-ballot, or master ballot, as applicable, authorized by
the Court pursuant to the Solicitation Procedures Order to indicate acceptance or rejection of the
Plan and to opt out of the release provided by Section VII.F.2.

1 1.13 **Bankruptcy Code** means title 11 of the United States Code, 11 U.S.C. §§ 101, *et*
2 *seq.*, as may be amended.

3 1.14 **Bankruptcy Rules** means the Federal Rules of Bankruptcy Procedure, as applicable
4 to the Chapter 11 Cases, promulgated under section 2075 of the Judicial Code and the general
5 rules, the Local Bankruptcy Rules, and chambers rules of the Court.

6 1.15 **Bonds** means, collectively, those certain Washington Health Care Facilities
7 Authority Revenue Bonds, Series 2017A Bonds and the Series 2017B Bonds issued pursuant to
8 the Bond Indenture.

9 1.16 **Bond Documents** means the Bond Indenture and all other documents evidencing
10 and otherwise securing the Bonds.

11 1.17 **Bond Indenture** means that certain Bond Indenture dated as of November 1, 2017
12 between the Washington Health Care Facilities Authority and the Bond Trustee.

13 1.18 **Bond Trustee** means UMB Bank, N.A., as the trustee for bondholders under the
14 Bond Indenture.

15 1.19 **Business Day** means any day, other than a Saturday, Sunday, or “legal holiday” (as
16 defined in Bankruptcy Rule 9006(a)), or a day on which banking institutions in New York, New
17 York are authorized by law or other governmental action to close.

18 1.20 **Cash** means the legal tender of the United States of America and the equivalent
19 thereof.

20 1.21 **Causes of Actions** means any action, claim, cause of action, controversy, demand,
21 right, action, Lien, indemnity, guaranty, suit, obligation, liability, damage, judgment, account,
22 defense, offset, power, privilege, license, and franchise of any kind or character whatsoever,
23 whether known, unknown, contingent or non-contingent, matured or unmatured, suspected or
24 unsuspected, liquidated or unliquidated, disputed or undisputed, secured or unsecured, assertable
25 directly or derivatively, whether arising before, on, or after the Petition Date, in contract or in tort,
26 in law, or in equity or pursuant to any other theory of law. For the avoidance of doubt, “Cause of
27 Action” includes (i) any right of setoff, counterclaim, or recoupment and any claim for breach of
28 contract or for breach of duties imposed by law or in equity; (ii) the right to object to Claims or
Interests; (iii) any Claim pursuant to § 362; (iv) any claim or defense including fraud, mistake,
duress, and usury; and any other defenses set forth in § 558; and (v) any Avoidance Actions.

 1.22 **Chapter 11 Case** means when used with reference to a particular Debtor, the case
pending for that Debtor under chapter 11 of the Bankruptcy Code in the Court.

 1.23 **Chapter 11 Cases** mean when used with reference to all of the Debtors, the
procedurally consolidated and jointly administered chapter 11 cases pending for the Debtors in the
Court under Chapter 11 Case Number 19-01189-11.

 1.24 **Claim** shall have the meaning set forth in § 101(5) against a Debtor.

1 1.25 **Claims and Noticing Agent** means Kurtzman Carson Consultants LLC, the claims,
2 noticing, and solicitation agent retained by the Debtors pursuant to the Order Granting Debtors'
3 Amended Application and Motion for an Order Appointing Kurtzman Carson Consultants LLC as
Noticing Agent Nunc Pro Tunc to May 6, 2019 [Docket No. 292].

4 1.26 **Claims Bar Date** means August 5, 2019, as established by the Claims Bar Date
5 Notice.

6 1.27 **Claims Bar Date Notice** means that certain notice, entered by the Court on May 10,
2019 [Docket No. 91], establishing the Claims Bar Date.

7 1.28 **Claims Objection Bar Date** means the first Business Day that is not less than 180
8 days after the Effective Date, subject to being extended by Order of the Court upon motion of the
Reorganized Debtors.

9 1.29 **Claims Register** means the Register means the official register of Claims
10 maintained by the Claims and Noticing Agent.

11 1.30 **Class** means a category of Holders of Claims or Interests as set forth in Section II
12 pursuant to § 1122(a).

13 1.31 **Committee** means the statutory committee of unsecured creditors, appointed in the
Chapter 11 Cases pursuant to § 1102 by the U.S. Trustee, pursuant to the Appointment of Official
14 Committee of Unsecured Creditors [Docket No. 135] on May 24, 2019.

15 1.32 **Committee Members** mean, all current and former members of the Committee,
including each of the following, solely in their capacity as a member of the Committee, (i)
16 CHSPSC, LLC; (ii) LocumTenens.com, LLC; (iii) Community Health of Central Washington; (iv)
17 Medtronic USA, Inc.; (v) Morrison Management Specialists, Inc.; (vi) Apogee Physicians; and
(vii) Boston Scientific.

18 1.33 **Confirmation** means the entry of the Confirmation Order on the docket of the
19 Chapter 11 Cases.

20 1.34 **Confirmation Date** means the date upon which the Court enters the Confirmation
Order on the docket of the Chapter 11 Cases within the meaning of Bankruptcy Rules 5003 and
21 9021.

22 1.35 **Confirmation Hearing** means the hearing held by the Court to consider
23 Confirmation of the Plan pursuant to § 1129.

24 1.36 **Confirmation Order** means the order of the Court confirming this Plan pursuant to
§ 1129.

25 1.37 **Consummation** means the occurrence of the Effective Date.
26
27
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1 1.38 **Convenience Class** means the class of General Unsecured Claims that are either
2 less than or equal to \$5,000, or if the claim amount is greater, if the claimant shall have made a
3 Convenience Class Election with respect to such Claim.

4 1.39 **Court** means the United States Bankruptcy Court for the Eastern District of
5 Washington having jurisdiction over the Chapter 11 Cases, or any other court of the United States
6 exercising competent jurisdiction over the Chapter 11 Cases or any proceeding any proceeding
7 therein.

8 1.40 **Credit Agreement** means that certain Credit Agreement dated as of January 18,
9 2019 between certain of the Debtors, Lapis Advisers, LP and others.

10 1.1 **Credit Agreement Documents** means the Credit Agreement and all other
11 documents executed in connection therewith.

12 1.41 **Cure Payment** means the payment of Cash or the distribution of other property (as
13 the parties may agree or the Court may order), as necessary to cure defaults under an Executory
14 Contract of Debtors pursuant to § 365(b).

15 1.42 **D&O Policies** means all insurance policies for liability of members, managers,
16 trustees, directors, and officers of the Debtors maintained by the Debtors as of the Effective Date.

17 1.43 **Debtor** means any of the Debtors.

18 1.44 **Debtors** means, collectively, (i) Astria Health; (ii) Glacier Canyon, LLC; (iii)
19 Kitchen and Bath Furnishings, LLC; (iv) Oxbow Summit, LLC; (v) SHS Holdco, LLC; (vi) SHC
20 Medical Center - Toppenish; (vii) SHC Medical Center - Yakima; (viii) Sunnyside Community
21 Hospital Association; (ix) Sunnyside Community Hospital Home Medical Supply, LLC; (x)
22 Sunnyside Home Health; (xi) Sunnyside Professional Services, LLC; (xii) Yakima Home Care
23 Holdings, LLC; and (xiii) Yakima HMA Home Health, LLC, the debtors and debtors in possession
24 in these Chapter 11 Cases.

25 1.45 **Debtors' Releases** means the releases given on behalf of the Debtors and their
26 Estates to the Released Parties as set forth in Section VII.F.1 herein.

27 1.46 **Definitive Documents** means the documents (including any related agreements,
28 instruments, schedules, or exhibits and Exchange Debt Documents) that are necessary or desirable
to implement, or otherwise relate to the Plan (including any plan supplements), the Disclosure
Statement, any order approving the Disclosure Statement, and any order confirming the Plan, in
each case on terms and conditions consistent with the Plan on terms acceptable to the Plan
Proponents.

 1.47 **DIP Agent** means Lapis, in its capacity as agent to DIP Lenders under the DIP Loan
and Security Agreement, including any successor thereto.

 1.48 **DIP Agent Professional Fees** means, collectively, to the extent not previously paid
in connection with the Chapter 11 Cases, all outstanding reasonable and documented fees and

1 expenses of any professionals retained by the DIP Agent, including, without limitation, Cole
2 Schotz P.C., in its capacity as counsel to the DIP Agent.

3 1.49 **DIP Agreement** means that certain Senior Secured, Super-Priority Debtor-In-
4 Possession Loan and Security Agreement, dated as of December 26, 2019, by and among Debtors,
5 as borrowers, the other Loan Parties thereto (as defined in the DIP Loan and Security Agreement),
6 the DIP Agent, and the DIP Lenders, as approved by the Final DIP Order, and as the same may be
7 amended, modified, or amended and restated from time to time in accordance with its terms,
8 consisting of a post-petition term loan facility in the principal amount of up to \$43,100,000.

9 1.50 **DIP Claims** means any Claim in respect of any DIP Obligations (as defined in the
10 Final DIP Order) held by, or otherwise owing to, any or all of the DIP Agent and the DIP Lenders.

11 1.51 **DIP Claims Exchange Debt** means Exchange Debt issued to satisfy DIP Claims as
12 more specifically described in the Exchange Debt Documents.

13 1.52 **DIP Lenders** means, collectively, the DIP Agent and the Lenders (as defined in the
14 DIP Loan and Security Agreement).

15 1.53 **Disallowed** means any Claim or Interest, or any portion thereof, that (i) has been
16 disallowed by Final Order or settlement; (ii) is scheduled at zero or as contingent, disputed, or
17 unliquidated on the Schedules and as to which a Claims Bar Date, Supplemental Bar Date or
18 Administrative Claims Bar Date has been established but no Proof of Claim has been timely Filed
19 or deemed timely Filed with the Court pursuant to either the Bankruptcy Code or any Final Order
20 of the Court, including the Claims Bar Date Order, Supplemental Bar Date Order or Administrative
21 Claims Bar Date Order or otherwise deemed timely Filed under applicable law; or (iii) is not
22 scheduled on the Schedules and as to which a Claims Bar Date, Supplemental Bar Date or
23 Administrative Claims Bar Date has been established but no Proof of Claim has been timely Filed
24 or deemed timely Filed with the Court pursuant to either the Bankruptcy Code or any Final Order
25 of the Court, including the Claims Bar Date Order, Claims Bar Date Order, Supplemental Bar Date
26 Order or Administrative Claims Bar Date Order or otherwise deemed timely Filed under applicable
27 law. “Disallow” and “Disallowance” shall have correlative meanings.

28 1.54 **Disclosure Statement** means the disclosure statement filed with the Court by the
Debtors, pursuant to § 1125, with respect to the Plan, including the Plan Supplement and all
exhibits and schedules thereto, which was approved by the Court pursuant to § 1125, as it may be
amended, modified or supplemented from time to time.

1.55 **Disputed** means, with respect to a Claim or Interest, a Claim that is not yet Allowed
or Disallowed .

1.56 **Distribution Date** means a date or dates, as determined by the Debtors or
Reorganized Debtors which the Debtors or Reorganized Debtors make a distribution, or causes a
distribution to be made, of Cash to the Holders of Allowed Claims.

1.57 **Distribution Record Date** means the date that is thirty (30) Business Days prior to
each Distribution Date.

1 1.58 **Docket** means, unless otherwise specified herein, the docket in the Lead Chapter
2 11 Case.

3 1.59 **Docket No.** means the docket number assigned in the Docket.

4 1.60 **Effective Date** means the date upon which all of the conditions to the effectiveness
5 of the Plan have been satisfied or waived in accordance with its terms.

6 1.61 **Effective Date Distribution** means the distributions required by the Bankruptcy
7 Code or the Plan to be made on the Effective Date, subject to the Administrative, Professional and
8 Priority Claims Cap, on account of: (i) Allowed Administrative Claims, that are not Allowed
9 Professional Fee Claims, DIP Claims, or Ordinary Course Administrative Expenses that have been
10 paid by Debtors or will be paid by Reorganized Debtors in the ordinary course of business, (ii) all
11 Allowed Priority Claims, (iii) 20% of the Allowed Convenience Class Claims up to a maximum
12 of \$1,000; (iv) all Allowed Cure Payments, except those being paid by agreement in installments
13 over time; and (v) the Administrative and Priority Claims Reserve, including amounts for Disputed
14 Cure Payments (in the full amounts claimed by objecting contract counterparties).

15 1.62 **Entity** shall have the meaning set forth in § 101(15).

16 1.63 **Estate** means, as to each Debtor, the estate created for the Debtor in its Chapter 11
17 Case pursuant to § 541.

18 1.64 **Estates** means the Estate of all Debtors.

19 1.65 **Exchange Debt** shall have the meaning set forth in Section III.A.

20 1.66 **Exchange Debt Documents** means the credit agreements, guaranties, security
21 agreements, forbearance instruments and other documents evidencing or otherwise securing
22 Exchange Debt on the terms and in the forms included in the Plan Supplement, in each case on
23 terms and conditions consistent with the Plan on terms acceptable to the Plan Proponents.

24 1.67 **Exculpated Parties** means, solely to the extent of the Exculpation, each of the (a)
25 the Debtors, and any of their Related Parties; (b) the Lapis Parties, and any of their respective
26 Related Parties and (c) the Committee, and any of its respective Related Parties.

27 1.68 **Exculpation** means the exculpation provisions set forth in Section VII.E.

28 1.69 **Executory Contract** means a contract or lease to which one or more Debtors is a
party that is subject to assumption or rejection under §§ 365 or 1123.

1.70 **File, Filed, or Filing** means file, filed, or filing in the Chapter 11 Cases with the
Court or, with respect to the filing of a Proof of Claim or proof of Interest, with the Claims and
Noticing Agent.

1.71 **Final DIP Order** means the Final Order (I) Authorizing the Debtors to Obtain
Replacement Financing; (II) Granting Security Interests and Superpriority Administrative Expense
Status; (III) Granting Adequate Protection to Certain Prepetition Secured Credit Parties; (IV)

1 Modifying the Automatic Stay; (V) Authorizing the Debtors to Enter Into Agreements with Lapis
2 Advisers, L.P.; (VI) Authorizing Use of Cash Collateral; and (VII) Granting Related Relief
[Docket No. 1201].

3 1.72 **Final Order** means, as applicable, an order or judgment of the Court or other court
4 of competent jurisdiction with respect to the relevant subject matter, which has not been reversed,
5 stayed, modified, or amended, including any order subject to appeal but for which no stay of such
6 order has been entered, any order as to which the time to appeal or seek certiorari has expired and
7 no appeal or petition for certiorari has been timely taken, or any order as to which any appeal that
8 has been taken or any petition for certiorari that has been or may be Filed has been resolved by the
9 highest court to which the order or judgment was appealed or from which certiorari was sought;
provided, that, the possibility that a request for relief under Rule 60 of the Federal Rules of Civil
Procedure, or any analogous rule under the Bankruptcy Rules, the local rules of the Court or
applicable non-bankruptcy law, may be Filed relating to such order shall not prevent such order
from being a Final Order.

10 1.73 **General Unsecured Claim** means a Claim against one or more of the Debtors that
11 is not a (i) Senior Secured Bond Debt Claim, (ii) Senior Secured Credit Agreement Claim, (iii)
12 DIP Claim, (iv) Administrative Claim, (v) Professional Fee Claim, (vi) Priority Claim; (vii)
13 Priority Tax Claim, (viii) Other Secured Claim, (ix) Convenience Class Claim, (x) Insured Claim,
or (xi) Intercompany Claim, and shall include, without limitation, Claims arising as a result of the
rejection of any Executory Contracts.

14 1.74 **Governmental Bar Date** means November 4, 2019, as established by the Claims
15 Bar Date Notice.

16 1.75 **Governmental Unit** shall have the meaning set forth in § 101(27).

17 1.76 **Holder** means an Entity holding a Claim or an Interest, as applicable, each solely
18 in its capacity as such.

19 1.77 **Hospitals** means SHC Medical Center-Yakima, SHC Medical Center - Toppenish,
and Sunnyside Community Hospital Association and related facilities operated by the Debtors.

20 1.78 **Indemnification Provisions** means each of the Debtors' indemnification provisions
21 currently in existence whether existing in a Debtor's bylaws, incorporation document, other
22 formation documents, board or executive committee resolutions or employment contracts for
current and former directors, managers, officers, employees, attorneys, individual consultants,
other professionals and agents of the Debtors, and all of their respective Affiliates.

23 1.79 **Insurance Policy** means any insurance policy maintained by or for the benefit of
24 the Debtors set forth in a schedule to the Plan Supplement.

25 1.80 **Insured Claims** means General Unsecured Claims arising prior to the Confirmation
26 Date involving personal injury, medical malpractice, or wrongful death (including slip-and-fall
27 and medical malpractice Claims) that are covered by the terms of Debtors' various insurance
28 policies. All Insured Claims are Disputed Claims, as Debtors contest liability. Some of the Insured
Claims are fully insured, and no deductible amount would be payable by Debtors under the terms

1 of the applicable Insurance Policy. As to other Insured Claims, Debtors may owe deductible
2 amounts. Insured Claims are classified as a subclass (Class 4A) of Class 4, General Unsecured
3 Claims (not otherwise classified). See Section III.G below for further information about issues
relating to Insured Claims.

4 1.81 **Interest** means any ownership interest in any of the Debtor, including but not
5 limited to, membership interests or other entitlement to participate in the organizational affairs of
a nonprofit Entity organized under the laws of the State of Washington.

6 1.82 **Lapis** means Lapis Advisers, LP.

7 1.83 **Lapis Parties** means the DIP Agent, DIP Lenders, UMB Bank, N.A. as indenture
8 trustee for the Senior Secured Bond Debt Claims, and Holders of the Senior Secured Bond Debt
9 Claims and the Senior Secured Credit Agreement Claims, and any fund managed by or affiliated
with any of the foregoing.

10 1.84 **Law** means any statute, law, ordinance, ruling, consent decree, permit, policy, rule
11 or regulation of, issued by or entered into by any Governmental Unit and all judicial or
administrative interpretations thereof and any common law doctrine.

12 1.85 **Lead Chapter 11 Case** means Chapter 11 Case Number 19-01189-11.

13 1.86 **Lien** shall have the meaning set forth in § 101(37).

14 1.87 **Liquidating Debtors** means any Debtor not reorganizing, including SHC Medical
15 Center - Yakima.

16 1.88 **Liquidation Trust** means the trust to be established on the Effective Date in
17 accordance with Section III.C.2.

18 1.89 **Liquidation Trust Agreement** means the agreement governing, among other things,
19 the retention and duties of the Liquidating Trustee as described in Section III.C.2 hereof, which shall
be in form and substance materially consistent with the Plan and included as an exhibit to the Plan
20 Supplement.

21 1.90 **Liquidation Trust Assets** means all assets of the Debtors not necessary for the
22 operation of the core health care businesses of the Debtors including, but not be limited to the (i)
Yakima Medical Office Building (excluding the operations within); (ii) SHC Medical Center-
23 Yakima; (iii) any other unused buildings currently owned by the Debtors; (iv) A/R Collections of
SHC Medical Center-Yakima; (v) all 180 day and older days aged accounts receivable of
24 Sunnyside Community Hospital Association and SHC – Medical Center Toppenish; and (vi) any
Causes of Action held by the Debtors, including the Vendor Litigation, not expressly assigned to
the Litigation Trust.

25 1.91 **Liquidation Trustee** means the Person designated as the trustee of the Liquidation
26 Trust by the Lapis Parties.

1 1.92 **Litigation Trust** means the trust to be established on the Effective Date in
2 accordance with Section III.C.1.

3 1.93 **Litigation Trust Agreement** means the agreement governing, among other things,
4 the retention and duties of the Litigation Trustee as described in Section III.C.1 hereof, which shall
5 be in form and substance materially consistent with the Plan and included as an exhibit to the Plan
6 Supplement.

7 1.94 **Litigation Trust Assets** means all Avoidance Actions other than any Avoidance
8 Action against the vendor which provided revenue cycle, billing and collection services pre-
9 petition.

10 1.95 **Litigation Trust Beneficiaries** means Holders of General Unsecured Claims in
11 Class 4.

12 1.96 **Litigation Trustee** means the Person designated as the trustee of the Litigation
13 Trust by the Committee.

14 1.97 **Next Payment Date** means, with respect to any particular Disputed Claim, the first
15 Business Day of the calendar quarter after such Claim has been Allowed by Final Order.

16 1.98 **Non-Debtor Affiliates** means, individually or collectively, Astria Health Clinically
17 Integrated Network, LLC, Bridal Dreams, LLC, Depot Plus, LLC, Home Supply, LLC, Kitchen
18 Appliance, LLC, Northwest Health, LLC, Pacific Northwest ASC Management, LLC, Sunnyside
19 Hospital Service Corp., Sunnyside Medical Center, LC, and Wedded Bliss, LLC.

20 1.99 **Order** means any judgment, order, injunction, decree, writ or license issue or
21 entered by or with any Governmental Unit or any arbitrator, whether preliminary, interlocutory or
22 final, including any order entered by the Court in the Chapter 11 Cases.

23 1.100 **Ordinary Course Administrative Expense** means Administrative Claims for goods
24 and services of types consistent with the Debtors' ordinary course business operations as of the
25 Petition Date that will be paid as they come due after the Effective Date in the ordinary course of
26 Reorganized Debtors' business. For the avoidance of doubt, the DIP Claims do not constitute
27 Ordinary Course Administrative Expenses.

28 1.101 **Other Secured Claim** means any Secured Claim against any of the Debtors that is
not (a) a DIP Claim; (b) a Senior Secured Bond Debt Claim; or (c) a Senior Secured Credit
Agreement Claim.

 1.102 **Person** shall have the meaning set forth in § 101(41).

 1.103 **Petition Date** means May 6, 2019, which is the date that each Debtor filed a
voluntary chapter 11 petition and commenced its respective Chapter 11 Case.

 1.104 **Plan** means this *Joint Chapter 11 Plan of Reorganization of Astria Health and its
Debtor Affiliates*, as further amended, supplemented or otherwise modified from time to time,

1 including all exhibits attached hereto or with the Plan Supplement, which is incorporated in the
2 Plan by reference and made part of the Plan as if set forth in the Plan.

3 1.105 **Plan Proponents** shall have the meaning set forth in the preamble to this Plan.

4 1.106 **Plan Supplement** means a supplemental appendix to this Plan, as may be amended
5 from time to time on or prior to the Voting Deadline, which will contain the following items:

- 6 (a) the Schedule of Assumed Agreements;
- 7 (b) the schedule of Insurance Policies;
- 8 (c) the list of Board of Directors for Reorganized Debtors;
- 9 (d) the Exchange Debt Documents
- 10 (e) Litigation Trust Agreement;
- 11 (f) Liquidation Trust Agreement;

12 which items shall be filed at least ten (10) day prior to the Voting Deadline.

13 1.107 **Priority Claim** means a Claim entitled to priority against the Estates under §§
14 507(a)(4), 507(a)(5), 507(a)(6) or 507(a)(7). Priority Claims do not include any Claims incurred
15 after Petition Date.

16 1.108 **Priority Tax Claim** means a Claim entitled to priority against the Estate under §
17 507(a)(8). Priority Tax Claims do not include any Claims incurred after Petition Date.

18 1.2 **Professional** means any Entity retained in the Chapter 11 Cases in accordance with
19 §§ 327, 328 or 1103.

20 1.109 **Professional Fee Claim** means a Claim for accrued fees and expenses (including
21 success fees) for services rendered and expenses incurred by a Professional for the Petition Date
22 through and including the Effective Date to the extent such fees and expenses have not been paid
23 or not Disallowed pursuant to Order of the Court under §§ 327, 328, 330, 331, 363, 503, or 1103
24 for compensation for professional services rendered or expenses incurred for which the Estate is
25 liable for payment Code regardless of whether a fee application has been filed for such fees and
26 expenses.

27 1.110 **Pro Rata** means the proportion that an Allowed Claim in a particular Class bears
28 to the aggregate amount of Allowed Claims in that respective Class, or the proportion that Allowed
Claims in a particular Class bear to the aggregate amount of Allowed Claims in a particular Class
and other Classes entitled to share in the same recovery as such Allowed Claim under the Plan, as
applicable.

1.111 **Proof of Claim** means a proof of Claim Filed against any of the Debtors in the
Chapter 11 Cases.

1 1.112 **PTO Claims** mean Claims asserted by Debtors' employees that are based upon
2 accrued hours arising under Debtors' nonworking day and paid time off policies.

3 1.113 **Related Parties** means, with respect to any persons or entity, any past or present
4 representative, controlling persons, officer, director, agent, attorney, advisor, Professional,
5 employee, subsidiary or Affiliate, shareholder, partner (general or limited), executive committee
6 member, member, managers, equity holder, trustee executor, predecessor in interest, successor or
7 assign of any such person.

8 1.114 **Released Parties** means (a) the Debtors, (b) the Debtors' current and former
9 officers, directors, managers and executive committee members, (c) the Lapis Parties, (d) the
10 Committee and the Committee Members and (e) each of the forgoing Entities' respective
11 predecessors, successors and assigns, subsidiaries, Affiliates and their subsidiaries, beneficial
12 owners, managed accounts or funds, current and former officers, directors, principals, shareholders,
13 direct and indirect equity holders, members partners (general and limited), employees, agents,
14 advisory board members, financial advisors, attorneys accountants, investment bankers,
15 consultants, representatives, management companies, fund advisors, Professionals, and other
16 professionals; provided, that as a condition to receiving or enforcing any release granted pursuant
17 to Section VII.F.2 hereof, each Released Party and its Affiliates shall be deemed to have released
18 the Releasing Parties, the Estate, and the Debtors from any and all Claims or Causes of Action
19 arising from or related to their relationship with the Debtors, but not, for the avoidance of doubt,
20 Professional Fee Claims or rights to enforce this Plan. For the avoidance of doubt, and
21 notwithstanding anything herein to the contrary, in no event shall an Entity that appropriately
22 marks a Ballot to opt out of the third party release provided in Section VII.F.2 hereof and returns
23 such Ballot in accordance with the Solicitation Procedures Order be a Released Party, except that
24 a member of the Committee who either holds a Claim that has opted out of the Third Party Release
25 or represents a Claim that has opted out of the Third Party Release shall be a Released Party only
26 in his or her capacity as a member of the Committee.

27 1.115 **Releasing Party** means all Holders of Claims and the Released Parties. (a) the
28 Released Parties; and (b) all Holders of Claims that (i) vote to accept the Plan, and (ii) do not
affirmatively opt out of the third party release provided by Section VII.F.2 hereof pursuant to a
duly executed Ballot; provided, that, notwithstanding anything contained herein to the contrary, in
no event shall an Entity that (x) does not vote to accept or reject the Plan, (y) votes to reject the
Plan, or (z) appropriately marks the Ballot to opt out of the third party release provided in Section
VII.F.2 hereof and returns such Ballot in accordance with the Solicitation Procedures Order, be a
Releasing Party.

1.116 **Reorganized Debtor** means a Debtor that is reorganizing and will continue in
operation after the Effective Date, as controlled by sole member, AH System.

1.117 **Reorganized Debtor Insurance Policies** means any insurance policies of the
Debtor (including, without limitation, the D&O Policies).

1.118 **Schedules** means, collectively, the schedules of assets and liabilities, schedules of
Executory Contracts, and statements of financial affairs Filed by the Debtors, pursuant to § 521

1 and in substantial accordance with the Official Bankruptcy Forms, as the same may have been
2 amended, modified, or supplemented from time to time.

3 1.119 **Secured** means, when referring to a Claim, a Claim secured by a Lien on property
4 in which the applicable Estate has an interest, which Lien is valid, perfected, and enforceable
5 pursuant to applicable law or by a Final Order, or that is subject to setoff pursuant to § 553, to the
6 extent of the value of the applicable creditor's interest in such Estate's interest in such property or
7 to the extent of the amount subject to setoff, as applicable, in each case, as determined pursuant to
8 § 506(a).

9 1.120 **Senior Debt 9019 Settlement** shall have the meaning ascribed to such term in
10 Section III.A hereof.

11 1.121 **Senior Secured Bond Debt Claims** means all amounts due under the Bond
12 Documents, including principal, interest including interest at any applicable default rate,
13 prepayment penalties, make wholes and similar amounts, and expenses including but not limited
14 to attorneys and other professional fees.

15 1.122 **Senior Secured Credit Agreement Claims** means all amounts due under the Credit
16 Agreement, including principal, interest including interest at any applicable default rate,
17 prepayment penalties, make wholes and similar amounts, and expenses including but not limited
18 to attorneys and other professional fees.

19 1.123 **Senior Secured Credit Agreement Exchange Debt** means Exchange Debt issued
20 to satisfy the Senior Secured Credit Agreement Claims as more specifically described in the
21 Exchange Debt Documents.

22 1.124 **Solicitation Procedures** means the form of solicitation procedures approved by and
23 attached as an exhibits to the Solicitation Procedures Order.

24 1.125 **Solicitation Procedures Order** means [Title and Docket No.]

25 1.126 **Supplemental Bar Date** means the date established by the Supplemental Bar Date
26 Order by which requests for payment of certain Prepetition Claims (as defined in the Supplemental
27 Bar Date Order) must be Filed, subject to any exceptions specifically set forth therein.

28 1.127 **Supplemental Bar Date Order** means the Order (I) Fixing a Bar Date for Filing
Certain Prepetition Claimants' Claims and (II) Approving the Form of Notice of Those Prepetition
Claimants' Claims Bar Date [Docket No. 1417].

1.128 **U.S. Trustee** means the Office of the United States Trustee for the Eastern District
of Washington.

1.129 **U.S. Trustee Fees** means fees or charges assessed against the Estate pursuant to 28
U.S.C. § 1930.

1 1.130 *Vendor Litigation* means any lawsuit initiated by or on behalf of the Debtors
2 against its vendor, which provided revenue cycle, billing and collection services pre-petition, based
3 on the Debtors' significant decline in cash flow from collections on accounts receivable.

4 1.131 *Voting Deadline* means 4:00 p.m. (prevailing Eastern Time) on September 10,
5 2020, as specifically set forth in the Disclosure Statement Order, which is the deadline for
6 submitting Ballots to accept or reject the Plan in accordance with § 1126.

7 1.132 § means a section of the Bankruptcy Code.

8 **B. Rules of Interpretation.**

9 For purposes herein: (i) in the appropriate context, each term, whether stated in the singular
10 or the plural, shall include both the singular and the plural, and pronouns stated in the masculine,
11 feminine, or neuter gender shall include the masculine, feminine, and the neuter gender; (ii) except
12 as otherwise provided herein, any reference herein to a contract, lease, instrument, release,
13 indenture, or other agreement or document being in a particular form or on particular terms and
14 conditions means that the referenced document shall be substantially in that form or substantially
15 on those terms and conditions; (iii) except as otherwise provided, any reference herein to an
16 existing document or exhibit having been Filed or to be Filed shall mean that document or exhibit,
17 as it may thereafter be amended, restated, supplemented, or otherwise modified in accordance with
18 the Plan; (iv) unless otherwise specified herein, all references herein to "Sections" are references
19 to Sections of the Plan or hereto; (v) unless otherwise stated herein, the words "herein," "hereof,"
20 and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan; (vi)
21 captions and headings to Sections are inserted for convenience of reference only and are not
22 intended to be a part of or to affect the interpretation hereof; (vii) the words "include" and
23 "including," and variations thereof, shall not be deemed to be terms of limitation, and shall be
24 deemed to be followed by the words "without limitation"; (viii) unless otherwise specified, the
25 rules of construction set forth in § 102 shall apply to the Plan; (ix) any term used in capitalized
26 form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy
27 Rules shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy
28 Rules, as the case may be; (x) any docket number references in the Plan shall refer to the docket
number of any document Filed with the Court in the Chapter 11 Cases; (xi) any immaterial
effectuating provisions may be interpreted by the Debtors, or after the Effective Date, 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 Court or any other Entity; and
(xii) except as otherwise provided, any references to the Effective Date shall mean the Effective
Date or as soon as reasonably practicable thereafter.

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 Business Day.

1 **D. Governing Law**

2 Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy
3 Code and Bankruptcy Rules) or unless otherwise specifically stated herein, the laws of the State
4 of Washington, without giving effect to the principles of conflict of laws, shall govern the rights,
5 obligations, construction, and implementation of the Plan, any agreements, documents,
6 instruments, or contracts executed or entered into in connection with the Plan (except as otherwise
7 set forth in those agreements, in which case the governing law of such agreement shall control);
8 provided that corporate or limited liability company governance matters relating to the Debtors or
9 the Reorganized Debtors, as applicable, not incorporated or formed (as applicable) in the State of
10 Washington shall be governed by the laws of the state of incorporation or formation (as applicable)
11 of the applicable Debtor or Reorganized Debtor.

8 **E. Reference to Monetary Figures**

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

11 **F. Controlling Document**

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

16 **SECTION II. CLASSIFICATION AND TREATMENT OF CLAIMS**

17 **A. General Overview**

18 As required by the Bankruptcy Code, the Plan classifies claims and interests in various
19 classes according to their right to priority of payments as provided in the Bankruptcy Code. The
20 Plan states whether each Class of Claims or Interests is impaired or unimpaired. The Plan provides
21 the treatment each Class will receive under the Plan.

21 **B. Limited Consolidation**

22 Except as expressly provided in this Plan, each Debtor shall continue to maintain its
23 separate corporate existence for all purposes other than the treatment of Claims and distributions
24 under this Plan. Except as expressly provided in this Plan, the Exchange Debt Documents, the
25 other Definitive Documents, or as otherwise ordered by the Court, on the Effective Date: (a) all
26 assets and all liabilities of each of the Debtors shall be deemed merged or treated as though they
27 were merged into and with the assets and liabilities of each other, (b) no distributions shall be made
28 under this Plan on account of Intercompany Claims among the Debtors, and all such Claims shall
be eliminated and extinguished, (c) all guaranties of the Debtors of the obligations of any other
Debtor shall be deemed eliminated and extinguished so that any Claim against any Debtor and any
guarantee thereof executed by any Debtor and any joint or several liability of any of the Debtors

1 shall be deemed to be one obligation of the consolidated Debtors, (d) each and every Claim filed
 2 or to be filed in any of the Chapter 11 Cases shall be treated filed against the consolidated Debtors
 3 and shall be treated one Claim against and obligation of the consolidated Debtors, and (e) for
 4 purposes of determining the availability of the right of set off under § 553, the Debtors shall be
 5 treated as one entity so that, subject to the other provisions of § 553, debts due to any of the Debtors
 6 may be set off against the debts of any of the other Debtors. Such consolidation shall not (other
 than for purposes relating to this Plan) affect the legal and corporate structures of the Reorganized
 Debtors. Notwithstanding anything in this Section to the contrary, all U.S. Trustee Fees, if any,
 shall be calculated on a separate legal entity basis for each Reorganized Debtor.

7 **C. Summary and Classification of Claims and Interests**

8 This Section classifies Claims and Interests – except for Administrative Claims, Priority
 9 Tax Claims, Professional Fee Claims, and DIP Claims which are not classified – for all purposes,
 10 including voting, Confirmation, and distribution under the Plan. A Claim or Interest is classified
 11 in a particular Class only to the extent that the Claim or Interest falls within the Class description.
 12 To the extent that part of the Claim or Interest falls within a different Class description, the Claim
 or Interest is classified in that different Class. The classification of Senior Secured Bond Debt
 Claims and Senior Secured Credit Agreement Claims is an integral component of the Senior Debt
 9019 Settlement.

13 The following table summarizes the Classes of Claims and Interests under the Plan that are
 14 Allowed Claims:

15	CLASS	DESCRIPTION	IMPAIRED/ UNIMPAIRED	VOTING STATUS
16	1	Priority Claims	Unimpaired	Not Entitled to Vote / Deemed to Accept
17	2A	Senior Secured Bond Debt Claims	Impaired	Entitled to Vote
18	2B	Senior Secured Credit Agreement Claims	Impaired	Entitled to Vote
19	2C	Other Secured Claims	Unimpaired	Not Entitled to Vote / Deemed to Accept
20	3	Convenience Class Claims	Impaired	Entitled to Vote
21	4	General Unsecured Claims	Impaired	Entitled to Vote
22	4A	Insured Claims	Impaired	Entitled to Vote
23				
24				
25				
26				
27				
28				

5	Intercompany Claims	Eliminated Through Consolidation of Debtors for Plan Purposes	N/A
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NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE PLAN, NO DISTRIBUTIONS WILL BE MADE AND NO RIGHTS WILL BE RETAINED ON ACCOUNT OF ANY CLAIM OR INTEREST THAT IS NOT AN ALLOWED CLAIM OR INTEREST.

The treatment in this Plan is in full and complete satisfaction of the legal, contractual, and equitable rights (including any Liens) that each individual or Entity holding an Allowed Claim may have in or against Debtors, the Estates, or their respective property. This treatment supersedes and replaces any agreements or rights those individuals or Entities may have in or against Debtors, the Estates, or their respective property. Except as otherwise provided in this Plan, all distributions in respect of Allowed Claims will be allocated first to the principal amount of such Allowed Claim, as determined for federal income tax purposes, and thereafter, to the remaining portion of such Allowed Claim, if any.

D. Unclassified Claims

Certain types of Claims are not placed into voting classes; instead they are unclassified. They do not vote on the Plan because they are automatically entitled to specific treatment provided for them in the Bankruptcy Code. As such, Debtors have not placed the following Claims in a class. The treatment of these Claims is provided below.

1. Administrative Claims

a. Types of Claims Entitled to Administrative Priority

The following types of Claims are entitled to administrative priority under this Plan: Administrative Claims (including Ordinary Course Administrative Expense Claims), DIP Claims, Professional Fee Claims, U.S. Trustee Fees, 503(b)(9) Claims and Cure Payments. The foregoing claims, other than Ordinary Course Administrative Expense Claims and DIP Claims, are estimated to be Allowed in the approximate aggregate amount of \$4,624,674.

b. Administrative Claims Bar Date

Holders of Administrative Claims incurred during the period from and after the Petition Date until the date of entry of the Administrative Claims Bar Date Order were required to File and serve a request for payment of such Administrative Claims and those that did not File and serve such a request by the Administrative Claims Bar Date are forever barred, estopped, and enjoined from asserting such Administrative Claims against the Debtors or their Estates, and such Administrative Claims shall be deemed discharged as of the Effective Date, except as provided in the Plan.

1 **c. Supplemental Administrative Claims Bar Date**

2 Holders of Administrative Claims based upon liabilities incurred by the Debtors in the
3 ordinary course of their business on or after the date the Administrative Claims Bar Date Order
4 was entered but prior to the Effective Date must File and serve such Claims on the Reorganized
5 Debtors within thirty (30) days after the Effective Date or such claims shall be forever barred
6 against the Debtors or their Estates. Objections to the requests for payment of such Administrative
7 Claims must be Filed and served on the Reorganized Debtors and the requesting party within
8 twenty (20) days after the Filing of the applicable request for payment of such Administrative
9 Claims.

7 **d. Treatment of Administrative Claims**

8 **(i) Treatment of DIP Claims**

9 In accordance with the Senior Debt 9019 Settlement, all DIP Claims shall be shall be
10 Allowed and satisfied, without setoff, reduction or subordination, by the exchange of DIP Claims
11 for DIP Claims Exchange Debt with the attributes described in the schedule attached hereto in
12 **Exhibit A** in the amount of all DIP Claims as of the Effective Date. This treatment of DIP Claims
13 is an integral component of the Senior Debt 9019 Settlement.

13 **(ii) Treatment of Other Administrative Claims**

14 Except for Ordinary Course Administrative Expenses (which will be paid in the ordinary
15 course of business) and DIP Claims, all Administrative Claims, including Cure Payments, 503(b)(9)
16 Claims, and U.S. Trustee Fees, will be paid in full in Cash (a) on the later of the Effective Date or
17 the date such Claims are Allowed under § 503, or (b) upon such other terms as may be mutually
18 agreed upon between the Holder of such Claim and the Plan Proponents, and consistent with the
19 terms of the Definitive Documents.

18 **2. Treatment of Professional Fee Claims**

19 All persons and entities seeking an award by the Court of professional fees on behalf of the
20 Debtors (a) shall file their respective final applications for allowance of compensation for services
21 rendered and reimbursement of expenses no later than forty-five (45) days after the Effective Date,
22 and, (b) upon Court approval of such final application, shall receive, in full satisfaction, settlement,
23 and release of, and in exchange for such Claim, from the Administrative and Priority Claims
24 Reserve, Cash in such amounts as allowed by the Court (i) on the later of (A) the Effective Date
25 (or as soon thereafter as reasonably practicable) and (B) the date that is ten (10) days after the
26 allowance date, or (ii) upon such other terms as may be mutually agreed upon between the holder
27 of such Claim and the Plan Proponents, and consistent with the terms of the Definitive Documents.
28 For the avoidance of doubt, estate Professionals may still receive interim compensation prior to
the Effective Date if otherwise able to under existing court orders.

26 **3. Priority Tax Claims**

27 Priority Tax Claims are certain unsecured income, employment and other taxes described
28 by § 507(a)(8).

1 During the Chapter 11 Cases, Debtors obtained Court authority to bring wages, benefits
2 and payroll taxes current for the prepetition period, so no prepetition employment related taxes
3 remain due. Debtors have otherwise kept current on taxes.

4 Priority Tax Claims shall be paid in full in Cash from the Administrative and Priority
5 Claims Reserve (a) on the later of the Effective Date or the date such Claim is allowed, (b) after
6 the Effective Date, over a period not to exceed five years from the date of assessment of the subject
7 tax, together with interest thereon at a rate satisfactory to the Debtors or such other rate as may be
8 required by the Bankruptcy Code, or (c) upon such other terms as may be mutually agreed upon
9 between the holder of such Claim and the Plan Proponents, and consistent with the terms of the
10 Definitive Documents.

8 **4. Administrative and Priority Claims Reserve**

9 On the Effective Date or as soon as practicable thereafter, the Debtors or the Reorganized
10 Debtors, as applicable, shall fund the Administrative and Priority Claims Reserve in Cash in the
11 Administrative and Priority Claims Reserve Amount. Any amounts remaining in the
12 Administrative and Priority Claims Reserve after payment of all Allowed Administrative, Priority,
13 and Professional Fee Claims and the U.S. Trustee Fees shall be transferred to the Reorganized
14 Debtors.

13 **E. Classified Claims**

14 **1. Class 1 - Priority Claims (Other than Priority Tax Claims)**

15 Class 1 consists of Priority Claims against Debtors, other than Priority Tax Claims. These
16 Priority Claims are entitled to priority treatment in that each Holder of such a Claim is entitled to
17 receive Cash from the Administrative and Priority Claims Reserve on the Effective Date (or as
18 soon as practicable thereafter) equal to the allowed amount of such Claim, unless the Class votes
19 to accept deferred Cash payments of a value, as of the Effective Date, equal to the allowed amount
20 of such Claims.

21 Excluded from this Class are (a) wage claims (including severance pay) in excess of the
22 statutory limit of \$13,650, and (b) PTO Claims in excess of the statutory limit of \$13,650 for
23 benefits. Such Claims will be treated as General Unsecured Claims in Class 4.³
24

25
26 ³ Under Debtors' human resources policies, employees may have accumulated paid time off ("PTO") that
27 the employees were able to roll forward from year to year, or cash out at retirement or departure.
28 Reorganized Debtors will assume the PTO Claims for retained employees of the Hospital, and PTO will be
allowed to be used on the same terms and conditions as before Petition Date.

CLASS #	DESCRIPTION	INSIDER (Y/N)	IMPAIRED (Y/N)	TREATMENT
1	Priority unsecured claims alleged pursuant to Code §§ 507(a)(4) and (5) Total Amount = Unknown	No	No	Paid in cash in full on later of Effective Date or when Allowed

2. Classes 2A, 2B and 2C - Secured Claims

Classes 2A, 2B and 2C consist of Secured Claims against Debtors. Secured Claims are claims secured by liens on property of the Estate. The treatment of Senior Secured Bond Debt Claims and Senior Secured Credit Agreement Claims is an integral component of the Senior Debt 9019 Settlement. The Secured Claims shall be treated as follows:

CLASS #	DESCRIPTION	INSIDER (Y/N)	IMPAIRED (Y/N)	TREATMENT
2A	Senior Secured Bond Debt Claims Total Amount = \$43,194,789.04	No	Yes	In accordance with the Senior Debt 9019 Settlement, all Senior Secured Bond Debt Claims shall be Allowed and reinstated without setoff, reduction or subordination on the terms of the Exchange Debt Documents in the amount of all such Senior Secured Bond Debt Claims as of the Effective Date.
2B	Senior Secured Credit Agreement Claims Total Amount = \$13,007,397.26	No	Yes	In accordance with the Senior Debt 9019 Settlement, all Senior Secured Credit Agreement Claims shall be Allowed and satisfied, without setoff, reduction, subordination or challenge, by the exchange of all Senior Secured Credit Agreement Claims for Senior Secured Credit

				Agreement Exchange Debt with the attributes described in the schedule attached hereto in Exhibit A in the amount of all Senior Secured Credit Agreement Claims as of the Effective Date.
2C	Other Secured Claims	No	No	On or as soon as practicable after the Effective Date, each Holder of an allowed Other Secured Claim against the Debtors will receive from the assets of the Debtors, at the discretion of the Plan Proponents (i) cash equal to the full amount of its Claim, (ii) a reinstated note on the same payment and collateral terms as its prior Claim, (iii) a return of collateral securing the Claim against the Debtor, with any deficiency to result in a General Unsecured Claim, or (iv) such less favorable treatment to which the Holder otherwise agrees.

3. Class 3 - Convenience Class Claims

Class 3 consists of Convenience Class Claims, meaning those General Unsecured Claims that are either less than or equal to \$5,000, or if the claim amount is greater, the claimant elects to reduce its Claim to \$5,000 pursuant to the Convenience Class Election, and thus accept a maximum of \$1,000 as payment in full. As used herein, “Convenience Class Election” means the timely election by a Holder of an General Unsecured Claim in the amount of \$5,000 or greater to have such entire General Unsecured Claim be treated as a claim in the Convenience Class (Class 3), in which case the portion of such General Unsecured Claim in excess of \$5,000 shall be discharged in full on the Effective Date.

The Convenience Class Claims shall be treated as follows:

CLASS #	DESCRIPTION	INSIDER (Y/N)	IMPAIRED (Y/N)	TREATMENT
3	Convenience Class Claims	No	Yes	To be paid 20% of allowed amount of claim up to a

	Total Amount = Est. Allowed amount of \$1,611,501, ⁴ assuming all claimants with Claims between \$5,000 and \$10,000 elect Class 3 treatment			maximum of \$1,000, on the Effective Date or as soon as practicable thereafter. There shall be no limitation on the number of Convenience Class members.
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4. Classes 4 and 4A – General Unsecured Claims Not Otherwise Classified and Insured General Unsecured Claims

Class 4 consists of General Unsecured Claims. Class 4A is a subclass consisting of General Unsecured Claims that are also Insured Claims. Class 4 and 4A Claims do not include claims arising under any assumed contracts and leases, which shall be treated as Administrative Claims and paid or otherwise satisfied according to the terms of the assumed contract or lease and any order of the Court authorizing its assumption. To the extent any Class 4 or 4A Claim is paid in the ordinary course of business by any party that has reached a prior agreement with Debtors, such Claim will be deemed satisfied and shall not receive a distribution under the Plan. Otherwise, the Class 4 and 4A Claims shall be treated as follows:

CLASS #	DESCRIPTION	INSIDER (Y/N)	IMPAIRED (Y/N)	TREATMENT
4	General Unsecured Claims (Not Otherwise Classified) Total Amount = Approximately \$101,950,399.80 ⁵	No	Yes	Allowed General Unsecured Claims shall be satisfied <i>pro rata</i> solely from assets transferred to the Litigation Trust.
4A	Insured Claims	No	Yes	Subject to the terms and conditions set forth in <u>Section</u>

⁴ This amount of is based on General Unsecured Claims filed and the Debtors believe that this amount will materially reduce following the claims adjudication process.

⁵ This amount of is based on General Unsecured Claims filed and the Debtors believe that this amount will materially reduce following the claims adjudication process.

				<p>III.G below, Holders of Allowed Insured Claims in Class 4A shall recover only from the available insurance and Debtors shall be discharged to the extent of any such excess.</p> <p>As of the Effective Date, all Insured Claims are Disputed.</p>
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5. Class 5 - Intercompany Claims

All intercompany claims shall be expunged and eliminated through the limited consolidation of the Debtors for purposes of treatment of Claims and distributions under this Plan.

SECTION III. MEANS OF IMPLEMENTING THE PLAN

A. The Senior Debt 9019 Settlement

The Plan is centered around the settlement of all rights and claims associated with the DIP Claims, Senior Secured Bond Debt Claims and Senior Secured Credit Agreement Claims (the “Senior Debt 9019 Settlement”). The Senior Debt 9019 Settlement is comprised of (i) the classification and treatment of the DIP Claims, Senior Secured Bond Debt Claims and Senior Secured Credit Agreement Claims and other Lapis Parties prepetition Claims as specified in this Plan, (ii) the issuance (or reinstatement, as applicable) of the debt instruments (the “Exchange Debt”) described in the schedule attached hereto as Exhibit A and more specifically in the Exchange Debt Documents, and (iii) the release and exculpation terms for the Lapis Parties as specified in this Plan.

The treatment and distributions provided for herein with respect to the DIP Claims, Senior Secured Bond Debt Claims, Senior Secured Credit Agreement Claims and other Lapis Parties prepetition Claims under the Senior Debt 9019 Settlement reflect a compromise and settlement of numerous complex issues including the Debtors’ obligation to satisfy the DIP Claim on the Effective Date, the scope, extent and value of the collateral associated with the Senior Secured Bond Debt Claims and Senior Secured Credit Agreement Claims and related matters. The settlement provides final resolution of all issues relating to the DIP Claims and the rights and benefits of Lapis Parties, and the validity, enforceability and priority of the Senior Secured Bond Debt Claims and Senior Secured Credit Agreement Claims. Pursuant to the Senior Debt 9019 Settlement, subject to the occurrence of the Effective Date, each prepetition Claim reflected in a proof of claim filed by the Lapis Parties in the Chapter 11 Cases that is not a Senior Secured Bond Debt Claim or Senior Secured Credit Agreement Claim shall be Allowed as a General Unsecured Claim in the liquidated amount specified therein.

The Plan shall constitute a motion to approve the Senior Debt 9019 Settlement. Subject to the occurrence of the Effective Date, entry of the Confirmation Order shall constitute approval of the Senior Debt 9019 Settlement pursuant to Bankruptcy Rule 9019 (which is inclusive of the releases by the Debtors and their Estates against the Lapis Parties) and a finding by the Bankruptcy

1 Court that the Senior Debt 9019 Settlement is in the best interest of the Debtors and their Estates.
2 If the Effective Date does not occur the Senior Debt 9019 Settlement shall be deemed to have been
3 withdrawn without prejudice to the respective positions of the parties.

4 **B. Corporate Actions**

5 AH NP 2 is currently a wholly owned non-debtor subsidiary of Astria Health. AH NP2 is
6 a 501(c)(3) Washington non-profit corporation. On the Effective Date of the Plan, AH NP2 will
7 amend its articles and bylaws to become the sole member of Astria Health on terms acceptable to
8 the Lapis Parties. Astria Health will also amend its articles and bylaws to change Astria Health
9 from a no-member non-profit corporation to a single member non-profit corporation on terms
10 acceptable to the Lapis Parties.

11 On the Effective Date, simultaneously with the matters reflected in this Section
12 immediately above, AH System, a newly created non-debtor entity, will assume the non-
13 discharged debt of the Debtors in exchange for AH NP2's transfer of its sole membership interest
14 in Astria Health to AH System. AH System is a freestanding Washington non-profit corporation.
15 There is no overlap of Board of Directors between AH System and Astria Health or any of the
16 Astria Health subsidiaries (including AH NP2). The AH System bylaws shall be on terms
17 acceptable to the Lapis Parties.

18 The Lapis Parties have agreed to reinstatement of the Senior Secured Bond Debt Claims
19 which will be paid by the Reorganized Debtors over time.

20 Also on the Effective Date, AH System will issue (or reinstate, as applicable) the Exchange
21 Debt and otherwise execute and deliver the Exchange Debt Documents.

22 **C. Litigation and Liquidation Trusts**

23 **1. Establishment of Litigation Trust**

24 On the Effective Date, all Litigation Trust Assets shall be contributed to the Litigation
25 Trust for the benefit of the Litigation Trust Beneficiaries subject to a Litigation Trust Agreement
26 acceptable to the Committee, the Lapis Parties and the Debtors and the appointment of a Litigation
27 Trustee acceptable to the Lapis Parties in their sole discretion.

28 **2. Establishment of Liquidation Trust**

On the Effective Date, all Liquidation Trust Assets shall be contributed to the Liquidation
Trust subject to a Liquidation Trust Agreement acceptable to the Debtors and the Lapis Parties and
the appointment of a Liquidation Trustee acceptable to the Lapis Parties in their sole discretion.

In the event any Liquidation Trust Assets are liquidated, the proceeds of such liquidation
shall be used to fund AH System's operating cash account up to an amount equal to the lesser of
\$10 million or 30 days cash on hand and then to pay the Exchange Debt in accordance with the
Exchange Debt Documents.

1 **D. Post-Confirmation Management**

2 Reorganized Debtors, controlled by AH System as the sole member, will provide the
3 management for the Hospitals after the Effective Date. The senior officers of Reorganized Debtors
4 are expected to include John Gallagher in his continuing role as CEO.

5 To the extent necessary to implement the Plan, AH System, will govern pursuant to
6 amended and restated bylaws and other corporate documents. The new Board of Directors for the
7 Reorganized Debtors will be set forth in the Plan Supplement and whose composition is subject to
8 (a) applicable law and (b) the consent of the Lapis Parties. The new Board of Directors will also,
9 in the alternative, enter into a new management agreement with AHM Management or otherwise
10 obtain management on terms acceptable to AH System.

11 **E. Creation of Administrative and Priority Claims Reserve**

12 On the Effective Date or as soon as reasonably practicable thereafter, the Debtors shall
13 fund, and the Reorganized Debtors shall establish and thereafter maintain, the Administrative and
14 Priority Claims Reserve with the Administrative and Priority Claims Reserve Amount, subject to
15 the Administrative, Professional and Priority Claims Cap, in an authorized depository in the state
16 of Washington, which funds shall vest in the Reorganized Debtors free and clear of all Liens,
17 Claims, encumbrances, charges, and other interests, except as otherwise specifically provided in
18 the Plan or in the Confirmation Order. Funds in the Administrative and Priority Claims Reserve
19 shall be used by the Reorganized Debtors only for the payment of U.S. Trustee Fees and
20 Administrative Claims, Priority Claims, and Professional Fee Claims Allowed after the Effective
21 Date to the extent that such Allowed Claims have not been paid in full on or prior to the Effective
22 Date. To the extent not otherwise provided herein or ordered by the Court, the Reorganized
23 Debtors shall estimate appropriate reserves of Cash to be set aside in order to pay or reserve for
24 Disputed Administrative Claims, Priority Claims, and Professional Fee Claims. Any amounts set
25 aside to pay or reserve for Disputed Administrative Claims, Priority Claims, and Professional Fee
26 Claims shall include the amounts needed to fund the ongoing costs and expenses of such reserve,
27 including, without limitation, taxes in respect of Disputed Administrative Claims, Priority Claims,
28 and Professional Fee Claims, if any. Any amounts remaining in the Administrative and Priority
Claims Reserve after payment of all Allowed Administrative Claims, Priority Claims, and
Professional Fee Claims and the U.S. Trustee Fees shall be transferred to the Reorganized Debtors
and thereafter be subject to the terms of the Exchange Debt Documents.

29 **F. Objections to Claims**

30 Prior to the Effective Date, Debtors will seek to resolve as many disputes or objections to
31 Claims as possible. After the Effective Date, Reorganized Debtors will have the authority and
32 obligation to review, compromise, and object to any Claims other than Allowed Claims.
33 Reorganized Debtors will: (i) have the authority, without Court approval, to compromise, release
34 or settle any Claim where the Claim has an asserted face value of \$25,000 or less and (ii) be
35 required to seek an order of the Court approving the compromise, release or settlement of any
36 Claim that has an asserted value of greater than \$500,000, with notice and opportunity for hearing
37 required with respect to such compromise, release or settlement. If the Debtors seek to
38 compromise, release or settle any Claim where the Claim has an asserted face value of between

1 \$25,000 and \$500,000, the Debtors will provide at least five (5) days' advance notice of the same
2 to the Lapis Parties and the Committee and the opportunity to object within such notice period. If
3 the Lapis Parties or the Committee objects and the objection is not resolved consensually, the
4 Debtors may seek approval of the compromise, release or settlement by the Court on an expedited
5 basis.

6 **G. Special Issues Regarding Insured Claims**

7 Under the terms of Debtors' various insurance policies, Debtors may owe deductible
8 amounts on account of Insured Claims for personal injury and medical malpractice. After the
9 Effective Date of the Plan (unless an order modifying the automatic stay has been entered at an
10 earlier date), Holders of Insured Claims may proceed with litigation in appropriate non-bankruptcy
11 forums to liquidate the Insured Claims, but they shall be enjoined by the injunction established by
12 the Confirmation Order from commencing or continuing any enforcement action to collect such
13 Claim against the Estate except in conformity with the Bankruptcy Code's claim adjudication
14 procedures.

15 Subject to the foregoing, distributions under the Plan to each Holder of an Allowed Insured
16 Claim shall be recoverable only from the available insurance and Debtors shall be discharged to
17 the extent of any such excess. Further, the Plan shall not expand the scope of, or alter in any other
18 way, the rights and obligations of Debtors' insurers under their policies, and Debtors' insurers
19 shall retain any and all defenses to coverage that such insurers may have, including the right to
20 contest and/or litigate with any party, including Debtors, the existence, primacy and/or scope of
21 available coverage under any alleged applicable policy. The Plan shall not operate as a waiver of
22 any other Claims that Debtors' insurers have asserted or may assert in any proof of Claim or
23 Debtors' rights and defenses to such proofs of Claim.

24 **H. Distributions of Property Under the Plan**

25 The following procedures set forth in the Plan apply to distributions made pursuant to the
26 Plan whether by (i) Debtors as to the Effective Date Distributions, or (ii) the Reorganized Debtors
27 as to all post-Effective Date Distributions (each of Reorganized Debtor or the Debtors, a
28 "Distributing Party"). In connection with the Plan, to the extent applicable, the Distributing Party
shall comply with all tax withholding and reporting requirements imposed on it by any
Governmental Unit, and all distributions pursuant to the Plan shall be subject to such withholding
and reporting requirements.

29 **I. Manner of Cash Payments Under the Plan**

30 Cash payments to domestic Entities holding Allowed Claims will be tendered in U.S.
31 Dollars and will be made by checks drawn on a domestic bank or by wire transfer from a domestic
32 bank. Payments made to any foreign creditors holding Allowed Claims may be paid, at the option
33 of the Distributing Party in such funds and by such means as are necessary or customary in a
34 particular foreign jurisdiction.

1 **J. No Distributions With Respect to Disputed Claims**

2 No payments of Cash or distributions of other property or other consideration of any kind
3 shall be made on account of any Disputed Claim unless and until such Claim becomes an Allowed
4 Claim or is deemed to be such for purposes of distribution, and then only to the extent that the
5 Claim becomes, or is deemed to be for distribution purposes, an Allowed Claim. Unless otherwise
6 provided herein, any Holder of a Claim that becomes an Allowed Claim after the Effective Date
7 will receive any unpaid distribution that otherwise would have been payable under the Plan on the
8 Next Payment Date after the date that such Claim becomes an Allowed Claim.

9 **K. Record Date for Distribution**

10 On the Distribution Record Date, the Claims Register shall be closed and the Distributing
11 Party shall be authorized and entitled to recognize only those record Holders listed on the Claims
12 Register as of the close of business on the Distribution Record Date. The foregoing terms shall not
13 apply to distributions to the Lapis Parties, their successors and assigns with respect to DIP Claims
14 as well as under Class 2A, Class 2B or Class 4 of this Plan.

15 **L. Delivery of Distributions**

16 The Distributing Party shall make distributions to each Holder of an Allowed Claim by
17 mail as follows: (a) at the address set forth on the proof of Claim filed by such Holder of an
18 Allowed Claim; (b) at the address set forth in any written notice of address change delivered to the
19 Distributing Party after the date of any related proof of Claim; (c) at the address reflected in the
20 Schedules if no proof of Claim is filed and the Distributing Party has not received a written notice
21 of a change of address; and (d) with respect to the Lapis Parties, as directed by the Lapis Parties.

22 **M. Undeliverable and Unclaimed Distributions**

23 If the distribution to the Holder of any Allowed Claim is returned as undeliverable, no
24 further distribution shall be made to such Holder unless and until the Distributing Party is notified
25 in writing of such Holder's then current address. Subject to the other provisions of the Plan,
26 undeliverable distributions shall remain in the possession of the Distributing Party pursuant to this
27 Section until such time as a distribution becomes deliverable. All undeliverable Cash distributions
28 will be held in unsegregated, interest-bearing bank accounts for the benefit of the Entities entitled
to the distributions. These Entities will be entitled to any interest actually earned on account of the
undeliverable distributions. The bank account will be maintained in the name of the Distributing
Party, but it will be accounted for separately.

Any Holder of an Allowed Claim who does not assert a Claim in writing for an undeliverable distribution within one year after the date such distribution was due shall no longer have any Claim to or interest in such undeliverable distribution, and shall be forever barred from receiving any distributions under this Plan, or from asserting a Claim against the Debtors or their property and the Claim giving rise to the undeliverable distribution will be discharged.

Nothing contained in the Plan shall require the Distributing Party to attempt to locate any Holder of an Allowed Claim.

1 (e) All such other actions, documents, and agreements the Debtors and
2 the Lapis Parties determine are necessary to implement the Plan shall have been effected or
executed.

3 Debtors shall mail a “Notice of Occurrence of Effective Date” to all creditors and interest
4 Holders of record as of the date of entry of the Confirmation Order.

5 **2. Waiver of Conditions**

6 Except as otherwise specified herein, the requirement that the conditions to the occurrence
7 of the Effective Date be satisfied may be waived in whole or in part, and the time within which
8 any such conditions must be satisfied may be extended, by Debtors with the prior written consent
9 of the Lapis Parties. The failure to timely satisfy or waive any of such conditions may be asserted
10 by Debtors regardless of the circumstances giving rise to the failure of such condition to be
satisfied, including any action or inaction by Debtors. The failure of Debtors to exercise any of the
foregoing rights shall not be deemed a waiver of any other rights and each such right shall be
deemed ongoing and subject to assertion at any time.

11 **R. Authorization of Entity Action**

12 Each of the matters provided for under this Plan involving the Entity structure of Debtors
13 or Entity action to be taken by or required of Debtors shall, as of the Effective Date, be deemed to
14 have occurred and be effective as provided herein, and shall be authorized, approved and, to the
extent taken prior to the Effective Date, ratified in all respects without any requirement of further
action by creditors or directors of Debtors.

15 **S. Reservation of Fair and Equitable (Cram Down) Power**

16 Debtors reserve the right to confirm this Plan as to any impaired Class that does not accept
17 the Plan by the requisite number of votes pursuant to the fair and equitable power of § 1129(b).

18 **SECTION IV. TREATMENT OF MISCELLANEOUS ITEMS**

19 **A. Assumption of Executory Contracts**

20 **1. Assumptions**

21 On or before the Voting Deadline, Debtors will File the “Schedule of Assumed Agreements”
22 and serve it on the parties to agreements listed on the schedule. Debtors reserve the right to amend
23 the Schedule of Assumed Agreements at any time prior to the Voting Deadline to: (a) delete any
24 Executory Contract from the Schedule of Assumed Agreements and provide for its rejection under
25 the Plan or (b) add any Executory Contract and provide for its assumption under the Plan or
26 otherwise, subject to the right of the counterparty to object to such transfer within ten Business
27 Days after notice with a right to a hearing thereon, and subject to the requirement that Debtor must
28 reserve amounts for Disputed Cure Payments in the full amounts claimed by objecting contract
counterparties. The Debtors shall not include any agreement in the Schedule of Assumed
Agreements or otherwise seek to assume an agreement after the filing of this Plan except an
agreement as to which AH System has consented to the assumption thereof or as to which the

1 Debtors have given AH System not less than ten (10) Business Days' notice that it intends to
2 assume or list the agreement on the Schedule of Assumed Agreements and AH System has not
3 given the Debtors' written notice that it opposes the assumption thereof.

4 On the Effective Date, Debtors will assume all Executory Contracts set forth on the
5 Schedule of Assumed Agreements. The Confirmation Order will constitute a Court order
6 approving the assumption, as of the Effective Date, of the Executory Contracts not rejected under
7 the Plan, subject to the requirement that Debtors must reserve amounts for Disputed Cure
8 Payments in the full amounts claimed by objecting contract counterparties to contracts to be
9 assumed.

10 **2. Cure Payments**

11 Any monetary amounts by which each Executory Contract to be assumed is in default shall
12 be satisfied, pursuant to § 365(b)(1), by payment from the Administrative and Priority Claims
13 Reserve, of the default amount (as set forth in the Debtors' books and records), a schedule of which
14 will be Filed and served by the Voting Deadline, in full in Cash on the later of the Effective Date
15 or when such Cure Claim is Allowed, or on such other terms as the parties to each such Executory
16 Contract may otherwise agree. In these Chapter 11 Cases, prior to Confirmation of the Plan, some
17 known Cure Payments will have already been paid or resolved by stipulation or agreement. In the
18 event of a dispute regarding (a) the amount of any Cure Payments, (b) the ability of Reorganized
19 Debtors to provide "adequate assurance of future performance" (within the meaning of § 365)
20 under the contract or lease to be assumed, or (c) any other matter pertaining to assumption, the
21 cure payments required by § 365(b)(1) shall be made following the entry of a Final Order resolving
22 the dispute and approving the assumption. Pending the Court's ruling on such motion, the
23 Executory Contract at issue shall be deemed assumed by Reorganized Debtors as of the Effective
24 Date, unless otherwise ordered by the Court, and the Debtors will reserve amounts for Disputed
25 Cure Payments in the full amounts claimed by objecting contract counterparties.

26 **3. Objections to Assumption**

27 Any Entity who is a party to an Executory Contract that will be assumed under the Plan
28 must File with the Court and serve upon interested parties a written statement and supporting
declaration stating the basis for any objection to assumption by no later than seven (7) days after
the filing of the Schedule of Assumed Agreements ("Assumption Objections"). Any Entity that
fails to timely File and serve such a statement and declaration will be deemed to waive any and all
objections to the proposed assumption of its contract or lease. Debtors must file and serve its reply
with respect to any Assumption Objections by no later than five (5) days after the filing of an
Assumption Objection. A hearing on the Assumption Objections will take place at the
Confirmation Hearing, or as soon thereafter as the Court is available.

In the absence of a timely objection by an Entity who is a party to an Executory Contract,
the Confirmation Order shall constitute a conclusive determination as to the amount of any cure
and compensation due under the Executory Contract, and that Reorganized Debtors have
demonstrated adequate assurance of future performance with respect to such Executory Contract.

1 **4. Resolution of Claims Relating to Assumed Agreements**

2 In accordance with the procedures set forth in Section IV.A relating to the Cure Payments
3 and objections to assumption, payment of the Cure Payments with respect to Executory Contracts
4 that will be assumed under the Plan shall be deemed to satisfy, in full, any prepetition or post-
5 petition arrearage or other Claim asserted in a Filed proof of Claim or listed in the Schedules,
6 irrespective of whether the Cure Payment is less than the amount set forth in such proof of Claim
7 or the Schedules. Upon the tendering of the Cure Payment, such Claim shall be Disallowed,
8 without further order of the Court or action by any party.

9 **B. Rejection of Executory Contracts**

10 **1. Rejected Agreements**

11 Immediately prior to the Effective Date, all Executory Contracts of the Debtors will be
12 deemed rejected in accordance with the provisions and requirements of §§ 365 and 1123 except
13 those Executory Contracts that (i) have been assumed by order of the Court, (ii) are subject to a
14 motion to assume pending on the Effective Date, or (iii) have been identified on a list of assumed
15 contracts to be filed with the Court prior to the Voting Deadline, which shall be a date prior to the
16 Effective Date of the Plan. The Confirmation Order will constitute a Court order approving such
17 rejections of Executory Contracts as of the Effective Date pursuant to §§ 365 and 1123.

18 **2. Bar Date for Rejection Damage Claims**

19 Any Claim for damages arising from the rejection under the Plan of an Executory Contract
20 must be Filed and served upon counsel to the Debtors within 30 days after the entry of an order
21 (including the Confirmation Order) approving such rejection. Any such Claims that are not timely
22 Filed and served will be forever barred and unenforceable against Debtors, the Estate, Reorganized
23 Debtors, and their respective property, and Entities holding these Claims will be barred from
24 receiving any distribution under the Plan on account of such untimely claims.

25 **3. Post-Petition Contracts and Leases**

26 Except as set forth in the Schedule of Assumed Agreements or as otherwise expressly
27 provided in the Plan or the Confirmation Order, all contracts, leases, and other agreements that
28 Debtors entered into after Petition Date will be rejected by Reorganized Debtors.

C. Indemnification Obligations

 Subject to the occurrence of the Effective Date, the obligations of the Debtors as of the
Effective Date to indemnify, defend, reimburse, or limit the liability of the current and former
officers, employees, attorneys, other professionals and agents of the Debtors, and such current and
former officers', employees', attorneys', other professionals' and agents' of the Debtors, and such
current respective Affiliates, respectively, against any Claims or Causes of Action under the
Indemnification Provisions or applicable law, shall survive Confirmation, shall be assumed by the
Debtors and assigned to the Reorganized Debtors and will remain in effect after the Effective Date
if such indemnification, defense, reimbursement, or limitation is owed in connection with an event
occurring before the Effective Date; provided, however, that, notwithstanding anything herein to

1 the contrary, the obligation of the Reorganized Debtors to fund such Indemnification Provisions
2 shall be limited to the extent of coverage available under any Reorganized Debtor Insurance
Policies.

3 **D. Lapis Parties Fees and Expenses**

4 As an integral component of the Senior Debt 9019 Settlement, to the extent not previously
5 paid prior to the Effective Date or in connection with this Plan, the fees and expenses of each of
6 the Lapis Parties shall be deemed Allowed Administrative Claims and shall be paid in Cash on the
Effective Date.

7 **E. Changes in Rates Subject to Regulatory Commission Approval**

8 Debtors are not subject to governmental regulatory commission approval of their rates.

9 **SECTION V. PROCEDURES FOR RESOLVING CONTINGENT, UNLIQUIDATED,**
10 **AND DISPUTED CLAIMS AND INTERESTS**

11 **A. Resolution of Disputed Claims**

12 **1. Allowance of Claims and Interests**

13 Prior to the Effective Date, the Debtors, and on and after the Effective Date, the
14 Reorganized Debtors, shall have and shall retain any and all rights and defenses that the Debtors
15 had with respect to any Claim or Interest, except with respect to any Claim or Interest deemed
16 Allowed as of the Effective Date. Except as expressly provided in the Plan or in any order entered
17 in the Chapter 11 Cases prior to the Effective Date (including the Confirmation Order), no Claim
or Interest shall become an Allowed Claim or Interest unless and until such Claim or Interest is
deemed Allowed under the Plan or the Bankruptcy Code or the Court has entered a Final Order,
including the Confirmation Order, in the Chapter 11 Cases allowing such Claim.

18 **2. Prosecution of Objections to Claims**

19 Prior to the Effective Date, the Debtors, and on or after the Effective Date, the Reorganized
20 Debtors and Litigation Trustee shall have the authority to File objections to Claims, and the
21 exclusive authority to settle, compromise, withdraw, or litigate to judgment objections on behalf
22 of the Debtors' Estates to any and all Claims, except with respect to any Claim or Interest deemed
23 Allowed as of the Effective Date. From and after the Effective Date, the Reorganized Debtors shall
24 have the sole authority to administer and adjust the Claims Register with respect to Claims to
reflect any such settlements or compromises and no further notice to or action, order, or approval
of the Court with respect to such settlements or compromises shall be required.

25 **3. Claims Estimation**

26 On and after the Effective Date, the Reorganized Debtors may, at any time, request that the
27 Court estimate (a) any Disputed Claim pursuant to applicable law and (b) any contingent or
unliquidated Claim pursuant to applicable law, in each case regardless of whether the Debtors or
the Reorganized Debtors have previously objected to such Claim or whether the Court has ruled

1 on any such objection, and the Court shall retain jurisdiction under 28 U.S.C. §§ 157 and 1334 to
2 the maximum extent permitted by law as determined by the Court to estimate any such Disputed
3 Claim, contingent Claim, or unliquidated Claim, including during the litigation concerning any
objection to any Claim or during the pendency of any appeal relating to any such objection.

4 Notwithstanding any provision otherwise in the Plan to the contrary, a Claim that has been
5 expunged from the Claims Register but that is subject to appeal or has not been the subject of a
6 Final Order, shall be deemed to be estimated at zero dollars, unless otherwise ordered by the Court.
7 In the event that the Court estimates any Disputed Claim, contingent Claim, or unliquidated Claim,
8 that estimated amount shall constitute either the Allowed amount of such Claim or a maximum
9 limitation on such Claim for all purposes under the Plan, including for purposes of distributions,
10 and the Reorganized Debtors may elect to pursue additional objections to the ultimate distribution
11 on such Claim. If the estimated amount constitutes a maximum limitation on such Claim, the
12 Reorganized Debtors may elect to pursue any supplemental proceedings to object to any ultimate
13 distribution on account of such Claim. Notwithstanding § 502(j), in no event shall any Holder of
14 a Claim that has been estimated pursuant to § 502(c) or otherwise be entitled to seek
15 reconsideration of such estimation unless such Holder has Filed a motion requesting the right to
16 seek such reconsideration on or before 21 days after the date on which such Claim is estimated.
17 All of the aforementioned Claims and objection, estimation, and resolution procedures are
18 cumulative and not exclusive of one another. Claims may be estimated and subsequently
19 compromised, settled, withdrawn, or resolved by any mechanism approved by the Court.

14 **4. Expungement or Adjustment to Claims Without Objection**

15 Any Claim that has been paid, satisfied, or superseded may be expunged on the Claims
16 Register by the Reorganized Debtors (or the Claims and Noticing Agent at the Reorganized
17 Debtors' direction), and any Claim that has been amended may be adjusted thereon by the
18 Reorganized Debtors without a Claims objection having to be Filed and without any further notice
19 to or action, order, or approval of the Court.

18 **5. Deadline to File Objections to Claims or Interests**

19 Any objections to Claims or Interests shall be Filed no later than the Claims Objection Bar
20 Date.

21 **B. Disallowance of Claims**

22 Any Claim that has been or is hereafter listed in the Schedules as contingent, unliquidated,
23 or disputed, and for which no Proof of Claim is or has been timely Filed, is Disallowed and shall
24 be expunged without further action by the Debtors and without further notice to any party or action,
approval, or Order of the Court.

25 To the maximum extent provided by § 502(d), except as otherwise provided in this Plan,
26 all Claims of any Entity from which property is recoverable by the Litigation Trustee under §§
27 542, 543, 550, or 553 or that the Litigation Trustee alleges is a transferee of a transfer that is
28 avoidable under §§ 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a) shall be Disallowed if (a)
the Entity, on the one hand, and the Litigation Trustee, on the other hand, agree or it has been
determined by Final Order that such Entity or transferee is liable to turnover any property or

1 monies under any of the aforementioned sections of the Bankruptcy Code, and (b) such Entity or
2 transferee has failed to turnover such property by the date set forth in such agreement or Final
Order.

3 **C. Amendments to Claims**

4 After the Confirmation Date, a Claim or Interest may not be filed or amended without the
5 authorization of the Court and any such new or amended Claim or Interest Filed shall be deemed
6 Disallowed and expunged without any further notice to or action, order, or approval of the Court;
7 provided, that such Holder may amend the Claim or Interest Filed solely to decrease, but not to
increase, the amount, number, or priority of such Claim or Interest, unless otherwise provided by
the Court.

8 **D. No Interest**

9 Unless otherwise specifically provided for in the Plan, by applicable law (including,
10 without limitation, § 506(b)), or agreed to by, as applicable, the Debtors or the Reorganized
11 Debtors, interest shall not accrue or be paid on any Claim, and no Holder of any Claim shall be
12 entitled to interest accruing on and after the Petition Date on account of any Claim. Without
limiting the foregoing, interest shall not accrue or be paid on any Claim after the Effective Date to
the extent the final distribution paid on account of such Claim occurs after the Effective Date.

13 **SECTION VI. RETENTION OF JURISDICTION**

14 Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective
15 Date, on and after the Effective Date, the Court shall retain jurisdiction over the Chapter 11 Cases
16 and all matters arising out of, or related to, the Chapter 11 Cases and the Plan, including jurisdiction
to:

17 1. Allow, Disallow, determine, liquidate, classify, estimate, or establish the priority,
18 Secured or unsecured status, or amount of any Claim, including the resolution of any request for
19 payment of any Administrative Claim and the resolution of any and all objections to the Secured
20 or unsecured status, priority, amount, or Allowance of Claims; provided that, for the avoidance of
21 doubt, the Court's retention of jurisdiction with respect to such matters shall not preclude the
Debtors or the Reorganized Debtors, as applicable, from seeking relief from any other court,
tribunal, or other legal forum of competent jurisdiction with respect to such matters;

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

24 3. resolve any matters related to (i) the assumption or assumption and assignment of
25 any Executory Contract to which a Debtor is a party or with respect to which a Debtor may be
26 liable in any manner and to hear, determine, and, if necessary, liquidate, any Claims arising
27 therefrom, including Claims related to the rejection of an Executory Contract, cure costs pursuant
to § 365, or any other matter related to such Executory Contract; and (ii) any dispute regarding
whether a contract or lease is or was executory or unexpired;

1 4. adjudicate controversies, if any, with respect to distributions to Holders of Allowed
2 Claims;

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

6 6. adjudicate, decide, or resolve any and all matters related to Causes of Action;

7 7. adjudicate, decide, or resolve any and all matters related to § 1141;

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

12 9. enforce any order for the sale of property pursuant to §§ 363, 1123, or 1146(a);

13 10. resolve any cases, controversies, suits, disputes, or Causes of Action that may arise
14 in connection with the Consummation, interpretation, or enforcement of the Plan or any Entity's
15 obligations incurred in connection with the Plan;

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

19 12. resolve any cases, controversies, suits, disputes, or Causes of Action with respect
20 to the settlements, compromises, discharges, releases, injunctions, exculpations, and other
21 provisions contained in Section VII and enter such orders as may be necessary or appropriate to
22 implement such releases, injunctions, and other provisions;

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

25 14. determine any other matters that may arise in connection with or relate to the Plan,
26 the Disclosure Statement, the Confirmation Order, or the Plan Supplement;

27 15. adjudicate any and all disputes arising from or relating to distributions under the
28 Plan or any transactions contemplated therein;

16. 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, including *Washington State Nurses Association v. SHC
Medical Center - Yakima and Astria Health*, Adv. Pro. No. 20-80005 (Bankr. E.D. Wa.); *Astria
Health, et al. v. United States Small Business Administration and Jovita Carranza*, Adv. Pro. No.
20-80016 (Bankr. E.D. Wa.); and *Yakima HMA, LLC and Yakima HMA Physician Management,
LLC v. SHC Medical Center - Yakima and SHC Medical Center - Toppenish*, Adv. Pro. No. 20-
80018 (Bankr. E.D. Wa.);

1 17. consider any modifications of the Plan, to cure any defect or omission, or to
2 reconcile any inconsistency in any Court order, including the Confirmation Order;

3 18. determine requests for the payment of Claims entitled to priority pursuant to § 507;

4 19. hear and determine matters concerning state, local, and federal taxes in accordance
5 with §§ 346, 505, and 1146 (including the expedited determination of taxes under § 505(b));

6 20. hear and determine matters concerning exemptions from state and federal
7 registration requirements in accordance with § 1145;

8 21. hear and determine all disputes involving the existence, nature, or scope of the
9 release provisions set forth in the Plan, including any dispute relating to any liability arising out of
10 the termination of employment or the termination of any employee or retiree benefit program,
11 regardless of whether such termination occurred prior to or after the Effective Date;

12 22. enforce all orders previously entered by the Court;

13 23. hear any other matter not inconsistent with the Bankruptcy Code;

14 24. enter an order concluding or closing the Chapter 11 Cases; and

15 25. enforce the compromise, settlement, injunction, release, and exculpation provisions
16 set forth in Section VII.

17 **SECTION VII. EFFECT OF CONFIRMATION OF PLAN**

18 **A. Discharge**

19 This is a reorganization plan. The rights afforded in the Plan and the treatment of all Claims
20 shall be in exchange for and in complete satisfaction, discharge, and release of all Claims of any
21 nature whatsoever arising prior to the Effective Date, including any interest accrued on such
22 Claims from and after the Petition Date (except as otherwise ordered by the Court), against the
23 Debtors, the Estates and their property.

24 Except as otherwise provided in the Plan or the Confirmation Order or in any Executory
25 Contract assumed by Debtors during the Chapter 11 Cases (including, without limitation, the
26 Debtors' indemnification obligations thereunder), the Plan and Confirmation Order shall: (a) on
27 the Effective Date, discharge and release the Debtors, the Estate, the Reorganized Debtors, and
28 their property to the fullest extent permitted by §§ 524 and 1141 from all Claims, including all
debts, obligations, demands, liabilities, and Claims that arose before the Effective Date, and all
debts of the kind specified in §§ 502(g), 502(h), or 502(i), regardless of whether or not (i) a proof
of Claim based on such debt is Filed or deemed Filed, (ii) a Claim based on such debt is allowed
pursuant to § 502, or (iii) the Holder of a Claim based on such debt or Interest has or has not
accepted the Plan; (b) void any judgment underlying a Claim discharged hereunder; and (c)
preclude all Entities from asserting against the Debtors, the Estate, the Reorganized Debtors, or
their respective property any Claims based upon any act or omission, transaction, or other activity
of any kind or nature that occurred prior to the Effective Date. To the extent any Claim is paid

1 other than under the Plan, Debtors will be deemed discharged and released with respect to such
2 Claim and such Claim and shall not receive a distribution under the Plan.

3 Except as otherwise provided in the Plan or the Confirmation Order, or as provided in
4 contracts assumed during the Case and Debtor's indemnification obligations thereunder, on and
5 after the Effective Date, all Entities who have held, currently hold, or may hold a debt or Claim
6 against the Debtors, the Estate, the Reorganized Debtors, or their respective property that is based
7 upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to
8 the Effective Date, that otherwise arose or accrued prior to the Effective Date, or that is otherwise
9 discharged pursuant to the Plan, shall be permanently enjoined from taking any of the following
10 actions on account of any such discharged debt, Claim, or Interest (the "Permanent Injunction"): (a)
11 commencing or continuing in any manner any action or other proceeding against the Debtors,
12 the Estate, the Reorganized Debtors, or their respective property that is inconsistent with the Plan
13 or the Confirmation Order; (b) enforcing, attaching, collecting, or recovering in any manner any
14 judgment, award, decree, or order against the Debtors, the Estate, the Reorganized Debtors, or
15 their respective property other than as specifically permitted under the Plan, as approved by the
16 Confirmation Order; (c) creating, perfecting, or enforcing any lien or encumbrance against the
17 Debtors, the Estate, the Reorganized Debtors, or their respective property; and (d) commencing or
18 continuing any action, in any manner, in any place that does not comply with or is inconsistent
19 with the provisions of the Plan, the Confirmation Order, or the discharge provisions of § 1141.
20 Any Entity injured by any willful violation of such Permanent Injunction shall recover actual
21 damages, including costs and attorneys' fees, and, in appropriate circumstances, may recover
22 punitive damages, from the willful violator.

15 **B. Compromise and Settlement of Claims, Interests, and Controversies**

16 Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other
17 benefits provided pursuant to the Plan, and except as otherwise specifically provided in the Plan
18 or in any contract, instrument, or other agreement or document created pursuant to the Plan, the
19 distributions, rights, and treatment that are provided in the Plan shall be in complete settlement,
20 compromise, and release, effective as of the Effective Date, of Claims, Interests, and Causes of
21 Action of any nature whatsoever, including any interest accrued on Claims or Interests from and
22 after the Petition Date, including, but not limited to, all known or unknown liabilities of, Liens on,
23 obligations of, rights against, and Interests in, the Debtor or any of its assets or properties,
24 regardless of whether any property shall have been distributed or retained pursuant to the Plan on
25 account of such Claims and Interests, including demands, liabilities, and Causes of Action that
26 arose before the Effective Date, any liability to the extent such Claims or Interests relate to services
27 performed by employees of the Debtor before the Effective Date and that arise from a termination
28 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 §§ 502(g),
502(h), or 502(i), in each case whether or not: (a) a Proof of Claim or proof of Interest based upon
such debt, right, or Interest is Filed or deemed Filed pursuant to § 501; (b) a Claim or Interest
based upon such debt, right, or Interest is Allowed pursuant to § 502; or (c) the Holder of such a
Claim or Interest has accepted the Plan. Any default by the Debtor or its Affiliates with respect to
any Claim or Interest that existed immediately before or on account of the filing of the Chapter 11
Case shall be deemed cured on the Effective Date. The Confirmation Order shall be a judicial

1 determination of the settlement, compromise, and release of all Claims and Interests, subject to the
2 Effective Date occurring.

3 **C. Release of Liens**

4 Except as otherwise provided in the Plan or in any contract, instrument, release, or other
5 agreement or document created pursuant to the Plan, on the Effective Date and concurrently with
6 the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim,
7 satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all
8 mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the
9 Estate shall be fully released, settled, and compromised and all rights, titles, and interests of any
10 Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests against any
11 property of the Estate shall revert or otherwise transfer to the Reorganized Debtors or the
12 Liquidation Trust, as applicable, and their successors and assigns. For the avoidance of doubt, this
13 Section shall not apply to DIP Claims, Senior Secured Bond Claims or Senior Secured Credit
14 Agreement Claims.

15 **D. Subordinated Claims**

16 The allowance, classification, and treatment of all Allowed Claims and Interests and the
17 respective distributions and treatments under the Plan take into account and conform to the relative
18 priority and rights of the Claims and Interests in each Class in connection with any contractual,
19 legal, and equitable subordination rights relating thereto, whether arising under general principles
20 of equitable subordination, § 510(b), or otherwise. Except with respect to Allowed Claims,
21 pursuant to § 510, the Debtors reserve the right for the Debtors or the Reorganized Debtors, as
22 applicable, to re-classify, upon approval by the Court, any Claim or Interest in accordance with
23 any contractual, legal, or equitable subordination relating thereto.

24 **E. Exculpation**

25 The Exculpated Parties shall neither have, nor incur any liability to any Entity for any
26 prepetition or post-petition act taken or omitted to be taken in connection with the Chapter 11
27 Cases, or related to formulating, negotiating, soliciting, preparing, disseminating, confirming, or
28 implementing the Plan or consummating the Plan, the Disclosure Statement, or any contract,
instrument, release, or other agreement or document created or entered into in connection with the
Plan or any other prepetition or post-petition act taken or omitted to be taken in connection with
or in contemplation of the restructuring of the Reorganized Debtors or liquidation of the
Liquidating Debtors. Without limiting the foregoing “Exculpation” provided under this Section,
the rights of any Holder of a Claim or Interest to enforce rights arising under the Plan shall be
preserved, including the right to compel payment of distributions in accordance with the Plan;
provided, that the foregoing “Exculpation” shall have no effect on the liability of any Entity solely
to the extent resulting from any such act or omission that is determined in a final order to have
constituted gross negligence or willful misconduct; provided, further, that each Exculpated Party
shall be entitled to rely upon the advice of counsel concerning his, her, or its duties pursuant to, or
in connection with, the Plan or any other related document, instrument, or agreement. The
exculpation of the Lapis Parties is an integral component of the Senior Debt 9019 Settlement.

1 **F. Releases**

2 **1. Debtors' Releases**

3 ON THE EFFECTIVE DATE OF THE PLAN AND TO THE FULLEST EXTENT
4 AUTHORIZED BY APPLICABLE LAW, THE RELEASED PARTIES AND THEIR
5 RESPECTIVE PROPERTY WILL BE EXPRESSLY, UNCONDITIONALLY, GENERALLY
6 AND INDIVIDUALLY AND COLLECTIVELY RELEASED, ACQUITTED AND
7 DISCHARGED BY THE DEBTORS ON BEHALF OF THEMSELVES, THEIR ESTATES, THE
8 REORGANIZED DEBTORS, THE LITIGATION TRUST AND THE LIQUIDATION TRUST
9 (SUCH THAT THE REORGANIZED DEBTORS, THE LITIGATION TRUST AND THE
10 LIQUIDATION TRUST WILL NOT HOLD ANY CLAIMS OR CAUSES OF ACTION
11 RELEASED PURSUANT TO THIS PLAN), FOR THE GOOD AND VALUABLE
12 CONSIDERATION PROVIDED BY EACH OF THE RELEASED PARTIES, FROM ANY AND
13 ALL ACTIONS, CLAIMS, DEBTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES
14 OF ACTION, REMEDIES AND LIABILITIES WHATSOEVER, INCLUDING ANY
15 DERIVATIVE CLAIMS ASSERTED ON BEHALF OF THE DEBTOR, WHETHER KNOWN
16 OR UNKNOWN, FORESEEN OR UNFORESEEN, MATURED OR UNMATURED,
17 EXISTING OR HEREINAFTER ARISING, IN LAW, EQUITY, CONTRACT, TORT OR
18 OTHERWISE, BY STATUTE, VIOLATIONS OF FEDERAL OR STATE SECURITIES LAWS
19 OR OTHERWISE, BASED IN WHOLE OR IN PART UPON ANY ACT OR OMISSION,
20 TRANSACTION, OR OTHER OCCURRENCE OR CIRCUMSTANCES EXISTING OR
21 TAKING PLACE PRIOR TO OR ON THE EFFECTIVE DATE ARISING FROM OR
22 RELATED IN ANY WAY TO THE DEBTORS, ANY OF THE DEBTORS' PRESENT OR
23 FORMER ASSETS, THE RELEASED PARTIES' INTERESTS IN OR MANAGEMENT OF
24 THE DEBTORS, THE PLAN, THE DISCLOSURE STATEMENT, THIS CHAPTER 11 CASE,
25 OR ANY RESTRUCTURING OF CLAIMS OR INTERESTS UNDERTAKEN PRIOR TO THE
26 EFFECTIVE DATE, INCLUDING THOSE THAT THE DEBTORS, THE REORGANIZED
27 DEBTORS, THE LITIGATION TRUST, OR THE LIQUIDATION TRUST WOULD HAVE
28 BEEN LEGALLY ENTITLED TO ASSERT OR THAT ANY HOLDER OF A CLAIM
AGAINST OR INTEREST IN THE DEBTOR OR ANY OTHER ENTITY COULD HAVE
BEEN LEGALLY ENTITLED TO ASSERT DERIVATIVELY OR ON BEHALF OF THE
DEBTORS OR THEIR ESTATES INCLUDING WITH RESPECT TO THE LAPIS PARTIES
ANY CHALLENGE TO CLAIMS AND RIGHTS OF THE LAPIS PARTIES UNDER THE
BOND DOCUMENTS AND CREDIT AGREEMENT DOCUMENTS; *PROVIDED, HOWEVER,*
THAT THE FOREGOING "DEBTORS' RELEASES" SHALL NOT OPERATE TO WAIVE OR
RELEASE ANY CLAIMS OR CAUSES OF ACTION OF THE DEBTORS OR THEIR
ESTATES AGAINST A RELEASED PARTY ARISING UNDER ANY CONTRACTUAL
OBLIGATION OWED TO THE DEBTORS THAT IS ENTERED INTO OR ASSUMED
PURSUANT TO THE PLAN.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE COURT'S
APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE DEBTORS' RELEASES,
WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND
DEFINITIONS CONTAINED IN THE PLAN, AND, FURTHER, SHALL CONSTITUTE THE
COURT'S FINDING THAT THE DEBTORS' RELEASES ARE: (1) IN EXCHANGE FOR THE
GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASED PARTIES;

1 (2) A GOOD-FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY
2 THE DEBTORS' RELEASES; (3) IN THE BEST INTERESTS OF THE DEBTORS' ESTATES
3 AND ALL HOLDERS OF CLAIMS AND INTERESTS; (4) FAIR, EQUITABLE, AND
4 REASONABLE; (5) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR
5 HEARING; AND (6) A BAR AGAINST ANY OF THE DEBTORS' ESTATES, THE
REORGANIZED DEBTORS, THE LITIGATION TRUST, OR THE LIQUIDATION TRUST,
ASSERTING ANY CLAIM OR CAUSE OF ACTION RELEASED PURSUANT TO THE
DEBTORS' RELEASES.

6 THE FOREGOING RELEASE AS TO THE LAPIS PARTIES IS AN INTEGRAL
7 COMPONENT OF THE SENIOR DEBT 9019 SETTLEMENT.

8 **2. Third Party Releases**

9 ON THE EFFECTIVE DATE OF THE PLAN AND TO THE FULLEST EXTENT
10 AUTHORIZED BY APPLICABLE LAW, THE RELEASING PARTIES SHALL BE DEEMED
11 TO HAVE EXPRESSLY, UNCONDITIONALLY, GENERALLY AND INDIVIDUALLY AND
12 COLLECTIVELY, RELEASED AND ACQUITTED THE RELEASED PARTIES AND THEIR
13 RESPECTIVE PROPERTY (INCLUDING THE RELEASED PARTIES' PREDECESSORS,
14 SUCCESSORS AND ASSIGNS, SUBSIDIARIES, AFFILIATES, MANAGED ACCOUNTS OR
15 FUNDS, CURRENT AND FORMER OFFICERS, DIRECTORS, PRINCIPALS,
16 SHAREHOLDERS, DIRECT AND INDIRECT EQUITY HOLDERS, MEMBERS, PARTNERS
17 (GENERAL AND LIMITED), EMPLOYEES, AGENTS, ADVISORY BOARD MEMBERS,
18 FINANCIAL ADVISORS, ATTORNEYS, ACCOUNTANTS, INVESTMENT BANKERS,
19 CONSULTANTS, REPRESENTATIVES, MANAGEMENT COMPANIES, FUND ADVISORS
20 AND OTHER PROFESSIONALS) AND THE RELEASED PARTIES FROM ANY AND ALL
21 ACTIONS, CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES
22 OF ACTION, REMEDIES AND LIABILITIES WHATSOEVER, INCLUDING ANY
23 DERIVATIVE CLAIMS ASSERTED ON BEHALF OF THE DEBTOR, WHETHER KNOWN
24 OR UNKNOWN, FORESEEN OR UNFORESEEN, MATURED OR UNMATURED,
25 EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, CONTRACT, TORT OR
26 OTHERWISE, THAT SUCH HOLDER (WHETHER INDIVIDUALLY OR COLLECTIVELY)
27 EVER HAD, NOW HAS OR HEREAFTER CAN, SHALL OR MAY HAVE, BASED ON OR
28 RELATING TO, OR IN ANY MANNER ARISING FROM OR RELATED IN ANY WAY TO
THE DEBTORS, ANY OF THE DEBTORS' PRESENT OR FORMER ASSETS, THE
RELEASED PARTIES' INTERESTS IN OR MANAGEMENT OF THE DEBTORS, THE
BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN THE DEBTORS AND ANY
RELEASED PARTY, THE PLAN, THE DISCLOSURE STATEMENT, THESE CHAPTER 11
CASES, OR ANY RESTRUCTURING OF CLAIMS OR INTERESTS UNDERTAKEN PRIOR
TO THE EFFECTIVE DATE, INCLUDING THOSE THAT THE DEBTORS, THE
REORGANIZED DEBTORS, THE LITIGATION TRUST, OR THE LIQUIDATION TRUST
WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT OR THAT ANY HOLDER OF A
CLAIM AGAINST OR INTEREST IN THE DEBTORS OR ANY OTHER ENTITY COULD
HAVE BEEN LEGALLY ENTITLED TO ASSERT DERIVATIVELY OR ON BEHALF OF
THE DEBTORS OR THEIR ESTATES, EXCEPT FOR (I) ANY CLAIMS AND CAUSES OF
ACTION FOR ACTUAL FRAUD, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT
AND (II) THE RIGHT TO RECEIVE DISTRIBUTIONS FROM THE DEBTORS, THE

1 REORGANIZED DEBTORS, THE LITIGATION TRUST, OR THE LIQUIDATION TRUST
2 ON ACCOUNT OF AN ALLOWED CLAIM AGAINST THE DEBTORS PURSUANT TO THE
3 PLAN. FOR THE AVOIDANCE OF DOUBT, THE RELEASING PARTIES SHALL INCLUDE
4 (A) THE RELEASED PARTIES, AND (B) ALL HOLDERS OF CLAIMS THAT (I) VOTE TO
5 ACCEPT THE PLAN, AND (II) DO NOT AFFIRMATIVELY OPT OUT OF THE THIRD
6 PARTY RELEASE PROVIDED BY THIS SECTION PURSUANT TO A DULY EXECUTED
7 BALLOT. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, IN NO
8 EVENT SHALL AN ENTITY THAT (X) DOES NOT VOTE TO ACCEPT OR REJECT THE
9 PLAN, (Y) VOTES TO REJECT THE PLAN, OR (Z) APPROPRIATELY MARKS THE
10 BALLOT TO OPT OUT OF THE THIRD PARTY RELEASE PROVIDED IN THIS SECTION
11 AND RETURNS SUCH BALLOT IN ACCORDANCE WITH THE SOLICITATION
12 PROCEDURES ORDER, BE A RELEASING PARTY.

13 ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE COURT'S
14 APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE THIRD PARTY
15 RELEASE, WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS
16 AND DEFINITIONS CONTAINED IN THE PLAN, AND, FURTHER, SHALL CONSTITUTE
17 THE COURT'S FINDING THAT THE THIRD PARTY RELEASE IS: (1) IN EXCHANGE FOR
18 THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASED
19 PARTIES; (2) A GOOD-FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS
20 RELEASED BY THE THIRD PARTY RELEASE; (3) IN THE BEST INTERESTS OF THE
21 DEBTORS AND ALL HOLDERS OF CLAIMS AND INTERESTS; (4) FAIR, EQUITABLE,
22 AND REASONABLE; (5) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY
23 FOR HEARING; AND (6) A BAR TO ANY OF THE RELEASING PARTIES ASSERTING
24 ANY CLAIM RELEASED PURSUANT TO THE THIRD PARTY RELEASE.

25 NOTWITHSTANDING ANY PROVISION HEREIN, THERE SHALL BE NO
26 RELEASE OR EXCULPATION BY OR INJUNCTION AGAINST ANY COMMITTEE
27 MEMBER HOLDING A CLAIM OR REPRESENTING A CLAIMANT THAT HAS OPTED
28 OUT OF THE THIRD PARTY RELEASE OR HAS NOT VOTED ON THE PLAN, EXCEPT
SOLELY IN SUCH COMMITTEE MEMBER'S CAPACITY AS SUCH.

THE FOREGOING RELEASE AS TO THE LAPIS PARTIES IS AN INTEGRAL
COMPONENT OF THE SENIOR DEBT 9019 SETTLEMENT. PURSUANT TO §
1123(B)(3)(A) AND THE SENIOR DEBT 9019 SETTLEMENT, AS OF THE EFFECTIVE
DATE, FOR GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY OF WHICH IS
HEREBY CONFIRMED, TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH
HOLDER OF ANY CLAIM SHALL BE DEEMED TO FOREVER RELEASE, WAIVE, AND
DISCHARGE ALL CLAIMS, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES,
DEMANDS, DEBTS, RIGHTS, CAUSES OF ACTION, AND LIABILITIES WHATSOEVER,
AGAINST THE LAPIS PARTIES ARISING FROM OR RELATED TO THE LAPIS PARTIES'
PRE- AND/OR POST-PETITION ACTIONS, OMISSIONS OR LIABILITIES, TRANSACTION,
OCCURRENCE, OR OTHER ACTIVITY OF ANY NATURE EXCEPT FOR AS PROVIDED
IN THIS PLAN OR THE CONFIRMATION ORDER.

1 **G. Injunction**

2 EXCEPT AS OTHERWISE PROVIDED IN THE PLAN OR THE CONFIRMATION
3 ORDER, ALL ENTITIES WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS, INTERESTS,
4 CAUSES OF ACTION, OR LIABILITIES THAT: (1) ARE SUBJECT TO COMPROMISE AND
5 SETTLEMENT PURSUANT TO THE TERMS OF THE PLAN; (2) HAVE BEEN RELEASED
6 PURSUANT TO SECTION VII.F.1 HEREOF; (3) HAVE BEEN RELEASED PURSUANT TO
7 SECTION VII.F.2 HEREOF; (4) ARE SUBJECT TO EXCULPATION PURSUANT TO
8 SECTION VII.E HEREOF; OR (5) ARE OTHERWISE STAYED OR TERMINATED
9 PURSUANT TO THE TERMS OF THE PLAN, ARE PERMANENTLY ENJOINED AND
10 PRECLUDED, FROM AND AFTER THE EFFECTIVE DATE, FROM: (A) COMMENCING
11 OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY
12 KIND, INCLUDING ON ACCOUNT OF ANY CLAIMS, INTERESTS, CAUSES OF ACTIONS,
13 OR LIABILITIES THAT HAVE BEEN COMPROMISED OR SETTLED AGAINST THE
14 DEBTORS, THE REORGANIZED DEBTORS, THE LITIGATION TRUST, THE
15 LIQUIDATION TRUST, OR ANY ENTITY SO RELEASED OR EXCULPATED (OR THE
16 PROPERTY OR ESTATE OF ANY ENTITY, DIRECTLY OR INDIRECTLY, SO RELEASED
17 OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT
18 TO ANY RELEASED, SETTLED, COMPROMISED, OR EXCULPATED CLAIMS, EQUITY
19 INTERESTS, CAUSES OF ACTION, OR LIABILITIES; (B) ENFORCING, ATTACHING,
20 COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT,
21 AWARD, DECREE, OR ORDER AGAINST THE DEBTORS, THE REORGANIZED
22 DEBTORS, THE LITIGATION TRUST, THE LIQUIDATION TRUST, OR ANY ENTITY SO
23 RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATE OF THE DEBTOR OR
24 ANY ENTITY SO RELEASED OR EXCULPATED) ON ACCOUNT OF OR IN
25 CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, SETTLED,
26 COMPROMISED, OR EXCULPATED CLAIMS, EQUITY INTERESTS, CAUSES OF
27 ACTION, OR LIABILITIES; (C) CREATING, PERFECTING, OR ENFORCING ANY LIEN,
28 CLAIM, OR ENCUMBRANCE OF ANY KIND AGAINST THE DEBTORS, THE
REORGANIZED DEBTORS, THE LITIGATION TRUST, THE LIQUIDATION TRUST, OR
ANY ENTITY SO RELEASED OR EXCULPATED (OR THE PROPERTY OR ESTATE OF

1 THE DEBTOR OR ANY ENTITY SO RELEASED OR EXCULPATED) ON ACCOUNT OF
2 OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, SETTLED,
3 COMPROMISED, OR EXCULPATED CLAIMS, EQUITY INTERESTS, CAUSES OF
4 ACTION, OR LIABILITIES RELEASED, SETTLED, OR COMPROMISED PURSUANT TO
5 THE PLAN; *PROVIDED THAT* NOTHING CONTAINED IN THE PLAN SHALL PRECLUDE
6 AN ENTITY FROM OBTAINING BENEFITS DIRECTLY AND EXPRESSLY PROVIDED TO
7 SUCH ENTITY PURSUANT TO THE TERMS OF THE PLAN OR THE SALE ORDER;
8 *PROVIDED, FURTHER, THAT* NOTHING CONTAINED IN THE PLAN SHALL BE
9 CONSTRUED TO PREVENT ANY ENTITY FROM DEFENDING AGAINST CLAIMS
10 OBJECTIONS OR COLLECTION ACTIONS WHETHER BY ASSERTING A RIGHT OF
11 SETOFF OR OTHERWISE TO THE EXTENT PERMITTED BY LAW.

8 **H. Waiver of Statutory Limitations on Releases**

9 EACH RELEASING PARTY IN EACH OF THE RELEASES CONTAINED IN THE
10 PLAN (INCLUDING UNDER THIS SECTION) EXPRESSLY ACKNOWLEDGES THAT
11 ALTHOUGH ORDINARILY A GENERAL RELEASE MAY NOT EXTEND TO CLAIMS
12 WHICH THE RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS
13 FAVOR, WHICH IF KNOWN BY IT MAY HAVE MATERIALLY AFFECTED ITS
14 SETTLEMENT WITH THE PARTY RELEASED, THEY HAVE CAREFULLY CONSIDERED
15 AND TAKEN INTO ACCOUNT IN DETERMINING TO ENTER INTO THE ABOVE
16 RELEASES THE POSSIBLE EXISTENCE OF SUCH UNKNOWN LOSSES OR CLAIMS.
17 WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EACH RELEASING
18 PARTY EXPRESSLY WAIVES ANY AND ALL RIGHTS CONFERRED UPON IT BY ANY
19 STATUTE OR RULE OF LAW WHICH PROVIDES THAT A RELEASE DOES NOT EXTEND
20 TO CLAIMS WHICH THE CLAIMANT DOES NOT KNOW OR SUSPECT TO EXIST IN ITS
21 FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY IT MAY
22 HAVE MATERIALLY AFFECTED ITS SETTLEMENT WITH THE RELEASED PARTY.
23 THE RELEASES CONTAINED IN THIS SECTION ARE EFFECTIVE REGARDLESS OF
24 WHETHER THOSE RELEASED MATTERS ARE PRESENTLY KNOWN, UNKNOWN,
25 SUSPECTED OR UNSUSPECTED, FORESEEN OR UNFORESEEN.

19 **I. Setoffs**

20 Except as otherwise provided in the Plan, prior to the Effective Date, the Debtors, and on
21 and after the Effective Date, the Reorganized Debtors, the Litigation Trustee or the Liquidation
22 Trustee, as applicable, pursuant to the Bankruptcy Code (including §§ 553 and 558), applicable
23 non-bankruptcy law, or as may be agreed to by the Holder of a Claim or Interest, may set off
24 against any Allowed Claim or Interest on account of any Proof of Claim or proof of Interest or
25 other pleading Filed with respect thereto prior to the Confirmation Hearing and the distributions
26 to be made pursuant to the Plan on account of such Allowed Claim or Interest (before any
27 distribution is made on account of such Allowed Claim or Interest), any claims, rights, and Causes
28 of Action of any nature that the Debtor's Estate may hold against the Holder of such Allowed
29 Claim or Interest, to the extent such claims, rights, or Causes of Action against such Holder have
30 not been otherwise compromised or settled on or prior to the Effective Date (whether pursuant to
31 the Plan or otherwise); provided that neither the failure to effect such a setoff nor the allowance of
32 any Claim or Interest pursuant to the Plan shall constitute a waiver or release by the Debtors, the

1 Reorganized Debtors, the Litigation Trustee or the Liquidation Trustee, as applicable, of any such
2 claims, rights, and Causes of Action that the Debtors' Estates may possess against such Holder. In
3 no event shall any Holder of Claims or Interests be entitled to set off any Claim or Interest against
4 any claim, right, or Cause of Action of the Debtor's Estate unless such Holder has timely Filed a
5 Proof of Claim (including any Proof of Claim timely Filed by the Governmental Bar Date) with
6 the Court expressly preserving such setoff; provided that nothing in the Plan shall prejudice or be
7 deemed to have prejudiced the Debtors', the Reorganized Debtors', the Litigation Trustee's or the
8 Liquidation Trustee's right to assert that any Holder's setoff rights were required to have been
9 asserted by motion or pleading filed with the Court prior to the Effective Date, or any such Holder's
10 right to assert that there was no such requirement.

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13 **J. Revesting of Property in Debtors**

14 Except as provided elsewhere in the Plan or in the Exchange Debt Documents, the
15 Confirmation of the Plan revests the assets of the Estate in the Reorganized Debtors, free and clear
16 of all Claims, liens, encumbrances, and Interests, except as expressly provided in the Plan. From
17 and after the Effective Date, Reorganized Debtors may operate their business and use, acquire and
18 dispose of property without supervision by the Court and free of any restrictions of the Bankruptcy
19 Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan and the
20 Confirmation Order.

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23 **K. Preservation of Restricted Funds for Charitable Purposes**

24 Pursuant to § 1123(b) and all other applicable law and subject to consent of the Washington
25 Attorney General, Reorganized Debtors shall be vested with and shall retain any and all restricted
26 funds formerly held by Debtors. All such funds shall be held in charitable trust and may be used
27 only for the restricted purposes permitted under applicable law. Debtors are not aware of any
28 restricted funds.

L. Modification of Plan

Subject to such notice as the Court may require, Debtors may, with the prior written consent
of the Lapis Parties, modify the Plan at any time before Confirmation, if circumstances develop
that warrant modification or amendment to the Plan.

However, the Court may require a new disclosure statement and/or re-voting on the Plan if
Debtors materially modify the Plan before Confirmation. Debtors may also seek to modify the
Plan at any time after Confirmation so long as (1) the Plan has not been substantially consummated
and (2) if the Court authorizes the proposed modifications after notice and a hearing.

M. Dissolution of Committee

No later than the Effective Date, the Committee shall be dissolved, and shall be released
and discharged from the rights and duties arising from or related to the Chapter 11 Cases, except
with respect to final applications for professionals' compensation. The professionals retained by
the Committee and the Committee Members thereof shall not be entitled to compensation or
reimbursement of expenses for any services rendered or expenses incurred after the Effective Date,
except for services rendered and expenses incurred in connection with any applications by such

1 professionals or Committee Members for allowance of compensation and reimbursement of
2 expenses pending on the Effective Date or timely Filed after the Effective Date as provided in the
Plan, as approved by the Court.

3 **N. Post-Confirmation Status Report**

4 Within 120 days of the entry of the order confirming the Plan, Debtors (if the Effective
5 Date has not occurred) or Reorganized Debtors (if it has) shall file a status report with the Court
6 explaining what progress has been made toward Consummation of the confirmed Plan. The status
7 report shall be served on the U.S. Trustee, the twenty largest unsecured creditors, and those parties
who have requested special notice. Further status reports shall be filed every 120 days and served
on the same Entities.

8 **O. Quarterly Fees**

9 Quarterly fees accruing under 28 U.S.C. § 1930(a)(6) to date of Confirmation shall be paid
10 to the U.S. Trustee on or before the Effective Date of the Plan. Quarterly fees accruing under 28
11 U.S.C. § 1930(a)(6) after Confirmation shall be paid by the Litigation Trustee to the U.S. Trustee
12 in accordance with 28 U.S.C. § 1930(a)(6) and the Litigation Trust Agreement until entry of a final
decree, or entry of an order of dismissal or conversion to chapter 7.

13 **P. Post-Confirmation Conversion/Dismissal**

14 A creditor or party in interest may bring a motion to convert or dismiss the Chapter 11
15 Cases under § 1112(b), after the Plan is confirmed, if there is a default in performing the Plan. If
16 the Court orders the Chapter 11 Cases converted to Chapter 7 after the Plan is confirmed, then all
17 property that had been property of the Chapter 11 Estate, and that has not been disbursed pursuant
to the Plan, will revert in the Chapter 7 Estate, and the automatic stay will be reimposed upon the
revested property only to the extent that relief from stay was not previously granted by the Court
during these Chapter 11 Cases.

18 The Confirmation Order may also be revoked under very limited circumstances. The Court
19 may revoke the order if the Confirmation Order was procured by fraud and if the party in interest
20 brings an adversary proceeding to revoke Confirmation within 180 days after the entry of the
Confirmation Order.

21 **Q. Final Decree**

22 Once the Estates have been fully administered as referred to in Bankruptcy Rule 3022,
23 Reorganized Debtors, or such other party as the Court shall designate in the Confirmation Order,
24 shall file a motion with the Court to obtain a final decree to close the Chapter 11 Cases.
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EXHIBIT A

Schedule A

Bond Series	Issuance Amount	Interest Rate	Collateral
2020 Series A-1	Up to \$ 38,907,483.15 as an exchange of the DIP Loan and any amounts owing on the DIP Loan at the time of Emergence from the Chapter 11 Bankruptcy Case plus any fees or expenses of the DIP Lenders and amounts provided to AH System to facilitate the Acquisition	12% Current Pay	First Priority Perfected Lien against Sunnyside Hospital, First Priority Perfected Lien against all Accounts Receivable and Cash Accounts of the Debtors
2020 Series A-2	Up to \$13,007,397.26* as an exchange for the Working Capital Loan provided to Sunnyside Hospital	13.5% Accrued Rate compounded and payable pursuant to the Waterfall, provided the coupon steps down to 8% if the instrument is paid current	Second Priority Perfected Lien against Sunnyside Hospital, Second Lien on Toppenish Hospital, a Second Lien on Accounts Receivable of Sunnyside and Toppenish Hospitals
2017 Bonds	Reinstated balance \$35,400,000 plus all accrued and unpaid interest owed \$7,794,789.04* at the time of Emergence	10% Accrued Rate compounded and payable pursuant to the Waterfall, provided the coupon steps down to 8% if the instrument is paid current	First Priority Perfected Lien against the Liquidation Estate and Toppenish Hospital, Third Lien against Sunnyside Hospital

* Estimated as of September 30, 2020

Schedule B

