UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	§	**Chapter 11**
WHITE ROCK MEDICAL CENTER, LLC, *et. al.*[1]	§	**Case No. 26-90115 (ARP)**
Debtors.	§	

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION OF WHITE ROCK MEDICAL CENTER, LLC AND ITS AFFILIATED DEBTORS

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Dated: May 8, 2026
Houston, Texas

[1] The Debtors in these Chapter 11 Cases and the last four digits of each of their federal identification numbers are White Rock Medical Center, LLC (6083); NCP Management, LLC (8327); North Houston Surgical Hospital, LLC (2161); National Payroll Services, LLC (3573); Heights Healthcare of Texas, LLC (0118); Heights Healthcare of Houston, LLC (3093); and Ashland Healthcare, LLC (0023). The location of the Debtors' corporate headquarters and the Debtors' service address is 1917 Ashland Street, Houston, Texas 77008.

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IMPORTANT NOTICE

THE DEBTORS ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT TO HOLDERS OF CLAIMS FOR PURPOSES OF SOLICITING VOTES TO ACCEPT OR REJECT THE PLAN OF REORGANIZATION OF WHITE ROCK MEDICAL CENTER, LLC AND ITS AFFILIATED DEBTORS. EACH HOLDER OF A CLAIM AGAINST THE DEBTORS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN SHOULD READ THE PLAN AND DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING. NO SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN MAY BE MADE EXCEPT PURSUANT TO THE TERMS HEREOF, THE DISCLOSURE STATEMENT ORDER AND SECTIONS 1121 AND 1125 OF THE BANKRUPTCY CODE. IF YOU ARE ENTITLED TO VOTE TO ACCEPT THE PLAN, YOU ARE RECEIVING A BALLOT WITH YOUR COMBINED NOTICE AND THIS DISCLOSURE STATEMENT. THE DEBTORS URGE YOU TO VOTE TO ACCEPT THE PLAN.

THE PLAN AND DISCLOSURE STATEMENT HAVE BEEN PREPARED IN ACCORDANCE WITH SECTIONS 1121 AND 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULES 3016 AND 3017, AND NOT IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER APPLICABLE NON-BANKRUPTCY LAW. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING, OR TRANSFERRING CLAIMS AGAINST OR INTERESTS IN THE DEBTORS SHOULD EVALUATE THE PLAN AND DISCLOSURE STATEMENT IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED. THE PLAN AND DISCLOSURE STATEMENT SHALL NOT BE CONSTRUED TO BE ADVICE ON THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE PLAN OR DISCLOSURE STATEMENT AS TO HOLDERS OF CLAIMS AGAINST OR INTERESTS IN THE DEBTORS. YOU SHOULD CONSULT YOUR PERSONAL COUNSEL OR TAX ADVISOR ON ANY QUESTIONS OR CONCERNS RESPECTING TAX, SECURITIES, OR OTHER LEGAL CONSEQUENCES OF THE PLAN AND DISCLOSURE STATEMENT.

THE DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN STATUTORY PROVISIONS, DOCUMENTS RELATED TO THE PLAN AND DISCLOSURE STATEMENT, EVENTS IN THE CHAPTER 11 CASES, AND FINANCIAL INFORMATION. ALTHOUGH THE DEBTORS BELIEVE THAT THE STATEMENTS AND DESCRIPTIONS CONTAINED IN THE DISCLOSURE STATEMENT ARE TRUE AND ACCURATE, THEY ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF THE DOCUMENTS RELATED TO THE PLAN AND DISCLOSURE STATEMENT AND APPLICABLE STATUTORY PROVISIONS. CREDITORS AND OTHER INTERESTED PARTIES SHOULD READ THE PLAN AND DISCLOSURE STATEMENT, THE DOCUMENTS RELATED TO THE PLAN AND DISCLOSURE STATEMENT, AND THE APPLICABLE STATUTES THEMSELVES FOR THE FULL AND COMPLETE STATEMENTS OF SUCH TERMS AND PROVISIONS.

THE FACTUAL STATEMENTS AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE BY THE DEBTORS AS OF THE DATE

HEREOF UNLESS OTHERWISE SPECIFIED, AND THE DEBTORS DISCLAIM ANY OBLIGATION TO UPDATE ANY SUCH STATEMENTS AFTER THE SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN. THE DELIVERY OF THE DISCLOSURE STATEMENT SHALL NOT BE DEEMED OR CONSTRUED TO CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AT ANY TIME AFTER THE DATE HEREOF. THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION, OR WAIVER. THE DEBTORS OR ANY OTHER AUTHORIZED PARTY MAY SEEK TO INVESTIGATE, FILE, AND PROSECUTE CLAIMS AND MAY OBJECT TO CLAIMS AFTER THE CONFIRMATION OR EFFECTIVE DATE OF THE PLAN IRRESPECTIVE OF WHETHER THIS DISCLOSURE STATEMENT IDENTIFIES ANY SUCH CLAIMS OR OBJECTIONS TO CLAIMS.

THE FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN AUDITED BY A CERTIFIED PUBLIC ACCOUNTANT AND HAS NOT NECESSARILY BEEN PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

ALL FORWARD-LOOKING STATEMENTS CONTAINED HEREIN OR OTHERWISE MADE BY THE DEBTORS INVOLVE MATERIAL RISKS AND UNCERTAINTIES AND ARE SUBJECT TO CHANGE BASED ON NUMEROUS FACTORS, INCLUDING FACTORS THAT ARE BEYOND THE DEBTORS' CONTROL. ACCORDINGLY, THE DEBTORS' FUTURE PERFORMANCE AND FINANCIAL RESULTS MAY DIFFER MATERIALLY FROM THOSE EXPRESSED OR IMPLIED IN ANY SUCH FORWARD-LOOKING STATEMENTS. SUCH FACTORS INCLUDE, BUT ARE NOT LIMITED TO, THOSE DESCRIBED IN THE DISCLOSURE STATEMENT. THE DEBTORS DO NOT INTEND TO UPDATE OR REVISE THEIR FORWARD-LOOKING STATEMENTS EVEN IF EXPERIENCE OR FUTURE CHANGES MAKE IT CLEAR THAT ANY PROJECTED RESULTS EXPRESSED OR IMPLIED THEREIN WILL NOT BE REALIZED.

ANY PROJECTED RECOVERIES TO CREDITORS SET FORTH IN THIS DISCLOSURE STATEMENT ARE BASED UPON THE ANALYSES PERFORMED BY THE DEBTORS AND THEIR ADVISORS. ALTHOUGH THE DEBTORS AND THEIR ADVISORS HAVE MADE EVERY EFFORT TO VERIFY THE ACCURACY OF THE INFORMATION PRESENTED HEREIN, THE DEBTORS AND THEIR ADVISORS CANNOT MAKE ANY REPRESENTATIONS OR WARRANTIES REGARDING THE ACCURACY OF THIS INFORMATION.

IN CONNECTION WITH THE DEBTORS' SOLICITATION OF ACCEPTANCES OF THE PLAN PURSUANT TO SECTION 1126(b) OF THE BANKRUPTCY CODE, THE DEBTORS ARE FURNISHING A SOLICITATION PACKAGE, CONSISTING OF THE DISCLOSURE STATEMENT, THE EXHIBITS HERETO, CONFIRMATION NOTICE, AND A BALLOT, AS APPLICABLE, TO EACH RECORD HOLDER OF CLAIMS ELIGIBLE TO VOTE OR ITS COUNSEL. THE DISCLOSURE STATEMENT AND EXHIBITS ARE TO BE USED BY EACH SUCH ELIGIBLE HOLDER SOLELY IN CONNECTION WITH AN EVALUATION OF THE PLAN; USE OF THE DISCLOSURE STATEMENT FOR ANY OTHER PURPOSE IS NOT AUTHORIZED. NOTHING

STATED IN THIS DISCLOSURE STATEMENT SHALL BE DEEMED OR CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PARTY. THE DISCLOSURE STATEMENT MAY NOT BE REPRODUCED OR PROVIDED TO ANYONE OTHER THAN ADVISORS TO THE RECIPIENT WITHOUT THE PRIOR WRITTEN CONSENT OF THE DEBTORS.

IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT AND THE EFFECTIVE DATE OCCURS, ALL HOLDERS OF CLAIMS OR INTERESTS (INCLUDING THOSE HOLDERS OF CLAIMS OR INTERESTS WHO DO NOT SUBMIT BALLOTS TO ACCEPT OR REJECT THE PLAN, WHO VOTE TO REJECT THE PLAN, OR WHO ARE NOT ENTITLED TO VOTE ON THE PLAN) WILL BE BOUND BY THE TERMS OF THE PLAN AND THE RESTRUCTURING TRANSACTIONS CONTEMPLATED THEREBY. THE BANKRUPTCY COURT'S CONDITIONAL APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A GUARANTEE BY THE BANKRUPTCY COURT OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN OR AN ENDORSEMENT BY THE BANKRUPTCY COURT OF THE MERITS OF THE PLAN.

ARTICLE I

INTRODUCTION

White Rock Medical Center, LLC and its affiliated debtor entities, as debtors and debtors in possession (collectively, the "**Debtors**") under chapter 11 of the Bankruptcy Code, hereby propose and file this disclosure statement (this "**Disclosure Statement**") pursuant to section 1125 of the Bankruptcy Code, to Holders of Claims against the Debtors and Interests in the Debtors in support for the solicitation of votes for acceptance and rejection of the *Plan of Reorganization of White Rock Medical Center, LLC and its Affiliated Debtors* (the "**Plan**") filed on May 8, 2026.[2] A copy of the Plan is attached hereto as **Exhibit A**. This Disclosure Statement, among other things summarizes and describes: (i) how creditors may vote their claims pursuant to the Plan, (ii) the applicable deadlines for approval of the Disclosure Statement and Confirmation of the Plan, (iii) the Debtors history and operations, (iv) the events of the Debtors' chapter 11 cases (the "**Chapter 11 Cases**"), (v) an overview of the Debtors' Plan, which provides for the transfer of the equity of Debtor White Rock Medical Center LLC to a non-profit Holdco and the liquidation of the remaining Debtors, (vi) the treatment of all Allowed Claims against and Interests in the Debtors, (vii) the requirements for Confirmation of the Plan and the procedures for objecting to the Plan, and (viii) certain risk factors applicable to the Plan and Confirmation of the Plan. The Debtors' Chapter 11 Cases are currently pending in the United States Bankruptcy Court for the Southern District of Texas, Houston Division (the "**Bankruptcy Court**").

Article I of the Disclosure Statement contains a brief overview of the certain material provisions of the Plan as well as the Plan and this Disclosure Statement's purpose. This overview is qualified by reference to the provisions of the Plan, which is provided with this Disclosure Statement, as amended from time to time. In the event that any inconsistency or conflict exists between this Disclosure Statement and the Plan, the terms of the Plan control. Statements as to the rationale underlying the treatment of Claims and Interests under the Plan are not intended to, and shall not, waive, compromise or limit any rights, Claims, or Causes of Action in the event the Plan is not confirmed.

1.1 The Filing of the Debtors' Chapter 11 Cases

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. In addition to permitting debtor rehabilitation, chapter 11 promotes equality of treatment for creditors and similarly situated equity interest holders, subject to the priority of distributions prescribed by the Bankruptcy Code.

The commencement of a chapter 11 case creates an estate that comprises all of the legal and equitable interests of the debtor as of the date the chapter 11 case is commenced. The Bankruptcy Code provides that a debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

[2] Capitalized terms used but not defined herein have the meaning provided for in the Plan.

Consummating a chapter 11 plan is the principal objective of a chapter 11 case. A bankruptcy court's confirmation of a plan binds the debtor, any person acquiring property under the plan, any creditor or equity interest holder of the debtor, and any other entity as may be ordered by the bankruptcy court. Subject to certain limited exceptions, the order issued by a bankruptcy court confirming a plan provides for the treatment of the debtor's liabilities in accordance with the terms of the confirmed plan.

On January 20, 2026 and January 21, 2026, (collectively, the "**Petition Date**"), each of the Debtors filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**") before the Bankruptcy Court. The Debtors continue to manage their affairs as debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. This Disclosure Statement and the accompanying Plan are filed on behalf of the Debtors.

1.2 Purpose of the Disclosure Statement

The purpose of this Disclosure Statement is to provide you, as the holder of a Claim against, or Interest in, the Debtors, with information to enable you to make a reasonably informed decision on the Plan before exercising your right to vote to accept or reject the Plan. The statements contained in this Disclosure Statement are made as of the date hereof, unless another time is specified in this Disclosure Statement. Neither the delivery of this Disclosure Statement nor any action taken in connection with the Plan implies that the information contained in this Disclosure Statement is correct as of any time after that date.

Unless the context requires otherwise: (a) the gender (or lack of gender) of all words used in this Disclosure Statement includes the masculine, feminine and neuter; (b) references to articles and sections (other than in connection with the Bankruptcy Code, the Bankruptcy Rules, another specified law or regulation or another specified document) refer to the articles and sections of this Disclosure Statement; and (c) "including" means "including, without limitation."

You may not rely on this Disclosure Statement for any purpose other than to determine how to vote on the Plan. Nothing contained in this Disclosure Statement constitutes or will be deemed to be advice on the tax or other legal effects of the Plan on holders of Claims or interests.

Certain of the information contained in this Disclosure Statement is forward-looking. This Disclosure Statement contains estimates and assumptions that may prove not to have been accurate and financial projections that may be materially different from actual future experiences.

On May 8, 2026, the Debtors filed a motion seeking conditional approval of this Disclosure Statement and approval of certain procedures and deadlines related to the voting of Claims against the Debtors. On [May 18, 2026], after notice and a hearing, the Bankruptcy Court entered an order conditionally approving this Disclosure Statement [Dkt No. ●] (the "**Disclosure Statement Order**"). A copy of the Disclosure Statement Order is attached hereto as **Exhibit B**.

THE BANKRUPTCY COURT'S CONDITIONAL APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A GUARANTY OF THE ACCURACY OR COMPLETENESS OF THIS INFORMATION OR THE BANKRUPTCY COURT'S ENDORSEMENT OF THE PLAN. YOU SHOULD READ ALL OF THIS

DISCLOSURE STATEMENT BEFORE VOTING ON THE PLAN. THE DISCLOSURE STATEMENT IS NOT INTENDED TO REPLACE A CAREFUL AND DETAILED REVIEW AND ANALYSIS OF THE PLAN ITSELF BY EACH HOLDER OF A CLAIM OR INTEREST. THE DISCLOSURE STATEMENT IS INTENDED TO AID AND SUPPLEMENT THAT REVIEW. THE DESCRIPTION OF THE PLAN CONTAINED HEREIN IS A SUMMARY ONLY. HOLDERS OF CLAIMS AND INTERESTS AND OTHER PARTIES IN INTEREST ARE CAUTIONED TO REVIEW THE PLAN AND ANY RELATED ATTACHMENTS IN THEIR ENTIRETY FOR A FULL UNDERSTANDING OF THE PLAN'S PROVISIONS. THE DISCLOSURE STATEMENT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN.

You are urged to consult with your own financial and other advisors to decide whether to vote to approve or reject the Plan. No solicitation of votes may be made except pursuant to this Disclosure Statement, and no person has been authorized to use any information concerning the Debtors or their businesses other than the information contained in this Disclosure Statement.

Acceptance or rejection of the Plan is subject to a number of risks. *See* "Risk Factors" at Article VI of this Disclosure Statement.

1.3 Plan Balloting and Confirmation Procedures

THE DISCUSSION OF THE SOLICITATION AND VOTING PROCEDURES SET FORTH IN THIS DISCLOSURE STATEMENT IS ONLY A SUMMARY. PLEASE REFER TO THE DISCLOSURE STATEMENT ORDER ATTACHED HERETO FOR A COMPREHENSIVE DESCRIPTION OF THE SOLICITATION AND VOTING PROCESS.

Holder of Claims and Interests Entitled to Vote

Under the provisions of the Bankruptcy Code, not all holders of claims against or interests in a debtor are entitled to vote on a chapter 11 plan. Only classes of claims and interests that are (i) "impaired" by a plan of reorganization or liquidation and (ii) entitled to receive a distribution under such a plan are entitled to vote to accept or reject a plan under the Bankruptcy Code. In these Chapter 11 Cases, only the holders of Claims in Classes 1, 2, 4, 5, 6, 7 and 8 are entitled to vote to accept or reject the Plan (the "**Voting Classes**"). The Debtors **are not** soliciting votes for acceptance or rejection of the Plan from holders of Claims and Interests in Classes 3 and 9.

Class	Designation	Impairment	Entitled to Vote
Class 1	Secured Lender Claim	Impaired	Yes
Class 2	Huntington Equipment Loan Claims	Impaired	Yes
Class 3	Reinstated Equipment Loan Claims	Unimpaired	No (Deemed to Accept)

Class	Designation	Impairment	Entitled to Vote
Class 4	Restructured Equipment Loan Claims	Impaired	Yes
Class 5	General Unsecured Claims	Impaired	Yes
Class 6	REILS Claim	Impaired	Yes
Class 7	Service Provider Claims	Impaired	Yes
Class 8	Subordinated Claims	Impaired	Yes
Class 9	Existing Equity Interests	Impaired	No (Deemed to Reject)

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expenses, Professional Fee Claims and Priority Tax Claims have not been classified.

Voting Procedures and Confirmation Schedule

The following table provides the key deadlines related to Confirmation of the Plan as approved by the Bankruptcy Court in the Disclosure Statement Order:

Event	Date	Description
Hearing on Conditional Approval of the Disclosure Statement	May 18, 2026 at 5:00 p.m. CT	Date and time of the disclosure statement hearing subject to the Court's availability.
Voting Record Date	May 13, 2026	Date to determine which Holders of Claims and Interests are entitled to vote to accept or reject the Plan.
Solicitation Commencement Date	May 20, 2026	Date by which the Debtors will begin soliciting votes to accept or reject the Plan.
Solicitation Deadline	May 26, 2026 at 11:59 p.m. CT	Date by which the Debtors will finish (i) mailing Solicitation Packages and Non-Voting Status Package (the "**Solicitation Deadline**"), (ii) mailing the Combined Notice to the U.S. Trustee and all parties entitled to receive notice under Bankruptcy Rule 2002; (iii) mailing the Cure Notice to counterparties to Executory Contracts and

Event	Date	Description
		Unexpired Leases; and (iv) filing the Cure Notice..
Cure Schedule Filing Deadline	May 26, 2026 at 11:59 p.m. CT	Date by which the Debtors will file the Cure Notice and anticipated Cure Costs for Executory Contracts and Unexpired Leases to be assumed by the Reorganized Debtor, *provided, however* that the Debtors may file a supplemental Cure Notice any time prior to the date that is fifteen (15) days before the Combined Hearing, and any Executory Contract or Unexpired Lease counterparty whose Executory Contract or Unexpired Lease is included on such supplemental Cure Schedule shall have fourteen (14) days from the date of such Supplemental Cure Notice to file an appropriate objection to the assumption of the Executory Contract or Unexpired Lease.
Claim Objection Voting Deadline	June 3, 2026 at 4:00 p.m. CT	Date by which the Debtors or other party in interest must file an objection to a proof of claim filed by a Holder of Claim to prohibit such Holder of a Claim from voting to accept or reject the Plan
Executory Contract and Unexpired Lease Objection Deadline	June 9, 2026 at 4:00 p.m. CT	Deadline by which counterparties to Executory Contracts or Unexpired Leases may object to the proposed Cure Costs, assumption, or assumption and assignment of their Executory Contract or Unexpired Lease.
Plan Supplement Filing Deadline	June 10, 2026 (14 days before Voting Deadline)	Date by which the Debtors will file the Plan Supplement.
Disputed Claim or Interest Resolution Deadline	June 15, 2026 at 4:00 p.m. CT	Date by which creditors seeking to have a claim temporarily allowed for purposes of voting

Event	Date	Description
		to accept or reject the Plan pursuant to Bankruptcy Rule 3018(a) are required to file a motion.
Confirmation Objection Deadline	June 24, 2026 at 4:00 p.m. CT	Deadline by which parties in interest may object to confirmation of the Plan.
Voting Deadline	June 24, 2026 at 4:00 p.m. CT	Deadline by which Holders of Claims and Interests entitled to vote on the Plan must vote to accept or reject the Plan.
Voting Report Deadline	July 1, 2026 at 4:00 p.m. CT	Deadline by which the Debtors must file report tabulating the voting to the Plan (the "**Voting Report**").
Confirmation Brief and Objection Response Deadline	July 6, 2026 at 4:00 p.m. CT	Deadline by which the Debtors must file a Confirmation Brief or respond to any objections to confirmation of the Plan if the Debtors choose to do so.
Combined Hearing Date	July 8, 2026 at 10:00 a.m. CT	Date and time for the hearing at which the Court will consider final approval and confirmation of the Plan and Disclosure Statement.

The Voting Record Date is the date on which it will be determined which holders of Claims in the Voting Classes are entitled to vote to accept or reject the Plan and whether Claims have been properly assigned or transferred under Bankruptcy Rule 3001(e) such that an assignee or transferee, as applicable, can vote to accept or reject the Plan as the holder of a Claim.

IF YOU ARE ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN, A BALLOT (THE "BALLOT") FOR ACCEPTANCE OR REJECTION OF THE PLAN IS ENCLOSED WITH THIS DISCLOSURE STATEMENT. BALLOTS FOR ACCEPTANCE OR REJECTION OF THE PLAN ARE BEING PROVIDED TO THE HOLDERS OF CLAIMS IN CLASSES 1, 2, 4, 5, 6, 7 AND 8 BECAUSE THEY ARE HOLDERS OF CLAIMS THAT MAY VOTE TO ACCEPT OR REJECT THE PLAN. HOLDERS OF CLAIMS ENTITLED TO VOTE MUST SUBMIT THEIR BALLOT TO THE DEBTORS' VOTING AGENT AT THE ADDRESS BELOW BY THE VOTING DEADLINE.

By first class mail to:	**Via overnight courier or hand delivery to:**
White Rock Medical Center LLC c/o Epiq Ballot Processing P.O. Box 4422 Beaverton, OR 97076-4422	White Rock Medical Center LLC c/o Epiq Ballot Processing 10300 SW Allen Boulevard Beaverton, OR 97005

BALLOTS MAY ALSO BE SUBMITTED TO THE DEBTORS' VOTING AGENT ELECTRONICALLY VIA THE E-BALLOTING PORTAL BY FOLLOWING THE INSTRUCTIONS INCLUDED ON THE BALLOT. ELECTRONIC BALLOT SUBMISSION INSTRUCTIONS MAY ALSO BE FOUND ON THE DEBTORS' CASE WEBSITE: HTTPS://DM.EPIQ11.COM/CASE/WHITEROCKMEDICLALCENTER/INFO. TO SUBMIT YOUR BALLOT VIA THE E-BALLOTING PORTAL, VISIT THE DEBTORS' CASE WEBSITE, CLICK ON THE "E-BALLOT" LINK UNDER THE CASE ACTIONS SECTION OF THE WEBSITE AND FOLLOW THE INSTRUCTIONS TO SUBMIT YOUR BALLOT.

After carefully reviewing this Disclosure Statement and the Plan, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan, then return the Ballot to the Voting Agent, at the address set forth on the Ballot or electronically via the E-Balloting Portal, **so as actually received by 4:00 p.m. (Prevailing Central Time) on [June 24], 2026 (the "Voting Deadline")**. **ANY BALLOTS RECEIVED BY THE VOTING AGENT AFTER THE VOTING DEADLINE WILL NOT BE COUNTED UNLESS EXPRESSLY CONSENTED TO BY THE DEBTORS.**

IF YOU ARE THE HOLDER OF A CLAIM IN A VOTING CLASS AND DID NOT RECEIVE A BALLOT, RECEIVED A DAMAGED OR ILLEGIBLE BALLOT, LOST YOUR BALLOT, OR IF YOU ARE A PARTY IN INTEREST AND HAVE ANY QUESTIONS CONCERNING THIS DISCLOSURE STATEMENT AND THE EXHIBITS HERETO, INCLUDING THE PLAN OR THE VOTING PROCEDURES IN RESPECT THEREOF, PLEASE CONTACT THE VOTING AGENT AT TOLL FREE (U.S. & CANADA) #: (877) 239-1187, NON U.S. # +1 (503) 660-4393 OR WHITEROCKMEDICAL@EPIQGLOBAL.COM.

Voting Requirements for Class Acceptance of the Plan

YOUR ACCEPTANCE OF THE PLAN IS IMPORTANT. For the Plan to be "accepted" by a Class of Creditors, at least sixty-six and two-thirds percent (66.66%) in amount of Allowed Claims and more than fifty percent (50%) in number of Allowed Claims voting in each Class must accept the Plan. By not voting, a Creditor favoring acceptance of the Plan jeopardizes the ultimate confirmation of the Plan.

No Ballot will be counted toward Confirmation if, among other things: (1) it is illegible or contains insufficient information to permit the identification of the Holder; (2) it is submitted by a Person or Entity that does not hold a Claim; (3) it is unsigned; and/or (4) it is submitted by a party not entitled to cast a vote with respect to the Plan. Any Ballot received that does not indicate whether the Holder votes to accept or reject the Plan or marked both to accept and reject the Plan will be deemed to vote in favor of the Plan. Please refer to the Disclosure Statement Order and Solicitation Procedures attached thereto for additional requirements with respect to voting.

ANY BALLOT RECEIVED BY THE VOTING AGENT THAT DOES NOT COMPLY WITH THE SOLICITATION AND VOTING PROCEDURES SET FORTH IN THE DISCLOSURE STATEMENT ORDER WILL NOT BE COUNTED TOWARDS CONFIRMATION EVEN IF RECEIVED PRIOR TO THE VOTING DEADLINE.

Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court to hold a hearing on confirmation of the Plan. The confirmation of a plan of reorganization by a bankruptcy court binds the debtor, any issuer of securities under a plan of reorganization, any person acquiring property under a plan of reorganization, any creditor or equity interest holder of a debtor, and any other person or entity as may be ordered by the bankruptcy court in accordance with the applicable provisions of the Bankruptcy Code. Subject to certain limited exceptions, the order issued by the bankruptcy court confirming a plan of reorganization discharges a debtor from any debt that arose before the confirmation of such plan of reorganization and provides for the treatment of such debt in accordance with the terms of the confirmed plan of reorganization.

The Bankruptcy Court set **[July 8], 2026 at [10:00 a.m.]** (Prevailing Central Time), as the date for the Combined Hearing on Confirmation of the Plan and approval of the Disclosure Statement. **The Confirmation Hearing will be a hybrid hearing.** Audio communication for the Confirmation Hearing will be by use of the Bankruptcy Court's dial-in facility. You may access the facility at 1-832-917-1510. Once connected, you will be asked to enter the conference room number. Judge Perez's conference room number is 282694. Video communication will be by use of the GoToMeeting platform. Connect via the free GoToMeeting application or by using the following web address: https://www.gotomeet.me/JudgePerez. The meeting code is "judgeperez." Attendees must click the settings icon in the upper right corner and enter their name under the personal information setting. The Combined Hearing may be adjourned from time to time without further notice except for the announcement of the adjourned time and date at the confirmation hearing or any adjournment thereof.

Section 1128(a) of the Bankruptcy Code also provides that any party in interest may object to confirmation of a plan. Any confirmation objection must be in writing, conform to the Federal Rules of Bankruptcy Procedure and the Local Rules of the Bankruptcy Court, set forth the name of the objecting party, the nature and amount of the Claim or Interest held or asserted by the objecting party against the Debtors' Estates, the basis for the objection and the specific grounds thereof. The objection, together with proof of service thereof, must then be filed with the Bankruptcy Court, with copies served upon the following counsel to the Debtors and upon the Service List in these cases:

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– and –

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dosei-bonsu@reedsmith.com

UNLESS AN OBJECTION IS TIMELY AND PROPERLY SERVED AND FILED BY [JUNE 24], 2026 AT 4:00 P.M. (PREVAILING CENTRAL TIME), IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

1.4 Projected Recoveries and Treatment of Claims Under the Plan

The following chart provides a summary of the anticipated recovery to holders of Claims or Interests under the Plan. Any estimates of Claims or Interests in this Disclosure Statement may vary from the final amounts Allowed by the Bankruptcy Court. Your ability to receive distributions under the Plan depends upon the ability of the Debtors to obtain Confirmation and meet the conditions necessary to consummate the Plan.

THE PROJECTED RECOVERIES SET FORTH IN THE TABLE BELOW ARE ESTIMATES ONLY AND THEREFORE ARE SUBJECT TO CHANGE. FOR A COMPLETE DESCRIPTION OF THE DEBTORS' CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS, REFERENCE SHOULD BE MADE TO THE ENTIRE PLAN.

Class	Claim or Interest	Summary of Treatment	Estimated Claim Amount	Estimated Recovery Under Plan
Class 1	Secured Lender Claim	(A) *If the Secured Lender Claim Is Allowed*. If the Secured Lender Claim is Allowed in whole or in part by Final Order in the Pipeline Adversary Proceeding (or by other Final Order of the Bankruptcy Court), the Reorganized Debtor shall, within ten (10) Business Days following entry of such Final Order, issue to the Holder of the Allowed Secured Lender Claim a secured promissory note (the "Secured Lender Restructured	[_]	[_]

Class	Claim or Interest	Summary of Treatment	Estimated Claim Amount	Estimated Recovery Under Plan
		Note") in a principal amount equal to the Allowed amount of the Secured Lender Claim, after giving effect to all setoffs, recoupments, reductions, disallowances, and equitable subordination determinations made in the Pipeline Adversary Proceeding. The Secured Lender Restructured Note shall bear interest at a per annum rate equal to the Prime Rate in effect as of the Effective Date plus one percent (1.0%). Interest shall accrue from the date of issuance of the Secured Lender Restructured Note and shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. The principal amount of the Secured Lender Restructured Note, together with all accrued and unpaid interest thereon, shall be amortized and repaid in equal monthly installments over a period of five (5) years from the date of issuance, with the first payment due on the first Business Day of the first full calendar month following the date of issuance and on the first Business Day of each successive calendar month thereafter until the Secured Lender Restructured Note is paid in full. The Reorganized Debtor shall have the right to prepay the Secured Lender Restructured Note, in whole or in part, at any time without premium or penalty. The obligations of the Reorganized Debtor under the Secured Lender Restructured Note shall be secured by liens on all collateral that the Bankruptcy Court determines in the Pipeline Adversary Proceeding validly secures the Secured Lender Claim, to the same extent and priority, but in no event shall such liens extend to Medicare or Medicaid reimbursements or other restricted federal healthcare program payments to the extent prohibited by 42 U.S.C. § 1395g(c), 42 U.S.C. § 1396a(a)(32), 42 C.F.R. § 424.73, or 42 C.F.R. § 447.10. (B) *If the Secured Lender Claim Is Disallowed, Reduced to Zero, or Equitably Subordinated*. To the extent the Secured Lender Claim is disallowed in whole or in part, reduced by setoff or recoupment, or equitably subordinated by Final Order, (i) the corresponding portion of the Class 1 treatment shall be of no effect and no distribution shall be made on account thereof; (ii) if the Bankruptcy Court determines that the Secured Lender's lien is invalid and orders equitable subordination of the Secured Lender Claim (or any portion thereof) pursuant to section 510(c) of the Bankruptcy Code, such equitably subordinated Claim (or the subordinated portion thereof) shall be classified and treated as a Subordinated Claim in Class 8 in accordance with Section 3.3(h) of the Plan; (iii) to the		

Class	Claim or Interest	Summary of Treatment	Estimated Claim Amount	Estimated Recovery Under Plan
		extent the Secured Lender Claim is disallowed or reduced but not equitably subordinated, any unsecured deficiency Claim under section 506(a) of the Bankruptcy Code shall be classified and treated as a General Unsecured Claim in Class 5; and (iv) any liens securing a subordinated portion of the Claim shall be transferred to the Estate (and, on and after the Effective Date, to the Reorganized Debtor) for the benefit of creditors pursuant to section 510(c)(2) of the Bankruptcy Code, in each case as ordered by the Bankruptcy Court. (C) *Pending Resolution*. On the Effective Date, the Secured Lender Claim shall be treated as a Disputed Claim until Allowed or Disallowed by Final Order in the Pipeline Adversary Proceeding or other Final Order of the Bankruptcy Court. No distribution shall be made on account of the Secured Lender Claim pending such determination. Pending entry of such Final Order, all of the Secured Lender's prepetition liens, security interests, and all setoff and recoupment rights of the Debtors and the Reorganized Debtor under section 553 of the Bankruptcy Code, and all defenses, counterclaims, and Causes of Action asserted in the Pipeline Adversary Proceeding, shall be preserved without alteration of priority.		
Class 2	Huntington Equipment Loan Claims	Each Holder of an Allowed Huntington Equipment Loan Claim shall receive in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such Allowed Huntington Equipment Loan Claim such treatment as specified in the Huntington 9019 Order.	[_]	[_]
Class 3	Reinstated Equipment Loan Claims	On the Effective Date, each Reinstated Equipment Lender's Equipment Loan Claim shall be reinstated and rendered unimpaired in accordance with section 1124 of the Bankruptcy Code. In furtherance thereof: (a) any and all defaults under the Reinstated Equipment Loan Documents, other than defaults of a kind specified in section 365(b)(2) of the Bankruptcy Code, shall be cured on or as soon as reasonably practicable after the Effective Date; (b) the maturity of the Equipment Loan Claim of each Reinstated Equipment Lender shall be reinstated as such maturity existed before any default under the applicable Reinstated Equipment Loan Documents; (c) the legal, equitable, and contractual rights of each Reinstated Equipment Lender under the Reinstated Equipment Loan Documents shall not otherwise be altered by the Plan; (d) all liens and security interests held by each Reinstated Equipment Lender under the Reinstated Equipment Loan Documents shall remain in full force and effect, unaltered by the Plan or the	[_]	100%

Class	Claim or Interest	Summary of Treatment	Estimated Claim Amount	Estimated Recovery Under Plan
		Confirmation Order; and (e) the Reorganized Debtor shall continue to perform all obligations under the Reinstated Equipment Loan Documents in accordance with their terms from and after the Effective Date. For the avoidance of doubt, the Restructured Equipment Note Terms shall not apply to the Equipment Loan Claims of Reinstated Equipment Lenders, and the Reinstated Equipment Loan Documents shall continue in full force and effect in accordance with their original terms (as cured pursuant to the Plan).		
Class 4	Restructured Equipment Loan Claims	On the Effective Date, Holders of an Allowed Restructured Equipment Loan Claims shall receive the following treatment: 1. if such Holder accepts the Plan, such Holder shall receive, in full and final satisfaction, settlement, release, and discharge of its Equipment Loan Claim, treatment on substantially the same terms and conditions as set forth in such Holder's Equipment Lender Loan Documents, except that the Restructured Equipment Note Terms shall apply to such Equipment Lender Loan Documents. On the Effective Date, the Equipment Lender Loan Documents of each Accepting Equipment Lender shall be deemed modified and amended to incorporate the Restructured Equipment Note Terms without the need for the execution of any amendment or modification agreement, and the Reorganized Debtor and such Holder shall be bound by the Equipment Lender Loan Documents as so modified. For the avoidance of doubt, all liens and security interests granted to an Accepting Equipment Lender under its Equipment Lender Loan Documents shall remain in full force and effect following the Effective Date, subject to the terms of such Equipment Lender Loan Documents as modified by the Restructured Equipment Note Terms. 2. if such Holder rejects the Plan, the Reorganized Debtor shall execute and deliver to each Rejecting Equipment Lender an Equipment Lender Cramdown Note in a principal amount equal to the Allowed amount of such Rejecting Equipment Lender's Secured Claim as determined under section 506(a) of the Bankruptcy Code. To the extent that a Rejecting Equipment Lender holds an Allowed unsecured deficiency Claim under section 506(a) of the Bankruptcy Code, such deficiency Claim shall be treated as a General Unsecured Claim under Class 5 of the Plan. The Equipment Lender Cramdown Note shall be on substantially the same terms and conditions as such Rejecting Equipment Lender's Equipment Lender Loan Documents, except that (i) the principal amount of the Equipment Lender Cramdown	[_]	[_]

Class	Claim or Interest	Summary of Treatment	Estimated Claim Amount	Estimated Recovery Under Plan
		Note shall be as set forth in this Section 3.3(d)(ii)(2), and (ii) the Restructured Equipment Note Terms shall apply to the Equipment Lender Cramdown Note. Each Rejecting Equipment Lender shall retain its liens and security interests on the collateral securing its Equipment Loan Claim to the extent of the Allowed Secured Claim as determined under section 506(a) of the Bankruptcy Code.		
Class 5	General Unsecured Claims	On and after the Disbursement Commencement Date, each Holder of an Allowed General Unsecured Claim shall receive, in full and final satisfaction, settlement, release, and discharge of such Claim, its Pro Rata Share of the GUC Distribution Pool. The GUC Distribution Pool shall be distributed in equal installments on each Distribution Date during the Disbursement Period, such that the entire GUC Distribution Pool shall be fully distributed to holders of Allowed General Unsecured Claims no later than the expiration of the Disbursement Period.	[_]	[_]
Class 6	REILS Claims	*Treatment upon Plan Rejection:* If REILS rejects the Plan, the Holder of the REILS Claim shall be treated as a General Unsecured Claim in Class 5. *Treatment upon Plan Acceptance*: On the Effective Date, or as soon as reasonably practicable thereafter, the Holder of the Allowed REILS Claim shall receive the following treatment in full and final satisfaction, settlement, release, and discharge of such Claim and any obligations of the Debtors' Related Parties in any way related to the REILS Claim: 1. **Promissory Note.** The Reorganized Debtor shall issue to REILS a promissory note (the "**Promissory Note**") in the original principal amount of $5,000,000.00. The Promissory Note shall bear no interest and shall be payable in equal monthly installments over a period of sixty (60) months, with the first installment due and payable on the date that is eighteen (18) months after the Effective Date. Payments under the Promissory Note shall continue monthly thereafter until the principal balance is paid in full. The Promissory Note shall contain such other terms and conditions as are customary for instruments of its type and as are reasonably acceptable to the Reorganized Debtor and REILS. 2. **Earn-Out Payments**. Following payment in full of the Promissory Note, the Reorganized Debtor shall make performance-	[_]	[_]

Class	Claim or Interest	Summary of Treatment	Estimated Claim Amount	Estimated Recovery Under Plan
		based earn-out payments (the "**Earn-Out Payments**") to REILS in an aggregate amount not to exceed $5,000,000.00. The Earn-Out Payments shall be paid over a period of sixty (60) months following satisfaction of the Promissory Note, subject to the following conditions: for each fiscal year during the earn-out period in which the Reorganized Debtor's earnings before interest, taxes, depreciation, and amortization ("**EBITDA**") exceed $12,000,000.00, REILS shall be entitled to receive an Earn-Out Payment for such fiscal year in an amount equal to fifty percent (50%) of EBITDA in excess of $12,000,000.00 for such fiscal year; provided, however, that in no event shall any single annual Earn-Out Payment exceed $1,250,000.00. In the event that EBITDA does not exceed $12,000,000.00 in any given fiscal year during the earn-out period, no Earn-Out Payment shall be due or payable with respect to such fiscal year. 3. **Total Consideration**. The aggregate consideration payable to REILS under this treatment shall not exceed $10,000,000.00, consisting of $5,000,000.00 under the Promissory Note and up to $5,000,000.00 in Earn-Out Payments.		
Class 7	Service Provider Claims	Provided that Service Provider and the Debtors agree in principle to the terms of the Wound Care Service Line Restart Agreement, the Holder of an Allowed Service Provider Claim shall receive, in full and final satisfaction, settlement, release, and discharge of such Claim, aggregate cash payments in the total amount of One Million Dollars ($1,000,000.00), payable in equal installments on each Distribution Date during the Disbursement Period, with the first installment due and payable on the Disbursement Commencement Date. Each such payment shall be made by wire transfer of immediately available funds to an account designated in writing by Service Provider no later than ten (10) business days prior to the applicable Distribution Date. If Service Provider and the Debtors do not agree to the terms of the Wound Care Service Line Restart Agreement by the Plan Supplement filing date, the Holder of the Allowed Service Provider Claim shall be treated as a Class 5 General Unsecured Claim.	[_]	[_]
Class 8	Subordinated Claims	Unless the Holder of a Subordinated Claim agrees to less favorable treatment of such Claim, each such Holder of a Subordinated Claim shall receive, in full and final satisfaction, compromise, settlement, release, and	[_]	[_]

Class	Claim or Interest	Summary of Treatment	Estimated Claim Amount	Estimated Recovery Under Plan
		discharge of, and in exchange for such Claim, its Pro Rata Share of funds available after Payment in Full of Claims in Classes 1 through 7 under the Plan. In the event there are no funds available after Payment in Full of Claims in Classes 1 through 7, Holders of Subordinated Claims will not receive any distributions under the Plan.		
Class 9	Existing Equity Interests	On the Effective Date, each Allowed Existing Equity Interest shall be discharged, cancelled, released, and extinguished, without any distributions to Holders.	N/A	0%

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

Administrative Claims will be satisfied as set forth in section 2.1 of the Plan. Except with respect to Professional Fee Claims, unless the Holder of an Allowed Administrative Claim agrees to less favorable treatment of such Claim, on or as soon as reasonably practicable after the later of (i) the Effective Date, (ii) the date on which an Administrative Claim becomes an Allowed Administrative Claim, or (iii) the date on which an Allowed Administrative Claim becomes payable under any agreement relating thereto, each Holder of an Allowed Administrative Claim shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such Allowed Administrative Claim, Cash equal to the unpaid portion of such Allowed Administrative Claim.

Priority Tax Claims will be satisfied as set forth in section 2.2 of the Plan Unless the Holder of an Allowed Priority Tax Claim agrees to less favorable treatment of such Claim, each Holder of an Allowed Priority Tax Claim shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such Allowed Priority Tax Claims, Cash in an amount equal to such Allowed Priority Tax Claim on the latest of (i) the Effective Date, (ii) the date on which a Priority Tax Claim becomes an Allowed Priority Tax Claim, and (iii) the date such Allowed Priority Tax Claim becomes payable under applicable non-bankruptcy law. Any Claim arising under the OAG Franchise Tax Agreement that the Bankruptcy Court determines under a Final Order that is (i) entitled to priority treatment under section 507(a)(8) of the Bankruptcy Code shall be treated as an Allowed Priority Tax Claim under Section 2.2 of the Plan, and (ii) not entitled to priority treatment under section 507(a)(8) of the Bankruptcy Code shall be treated as Class 5 General Unsecured Claim.

All applications for allowance and payment of Professional Fee Claims by Professionals for services rendered and reimbursement of expenses incurred prior to the Effective Date must be filed on or before the Professional Fee Claims Bar Date. If an application for a Professional Fee Claim is not filed by the Professional Fee Claims Bar Date, such Professional Fee Claim shall be deemed waived, and the Holder of such Claim shall be forever barred from receiving payment on account thereof. The notice of the occurrence of the Effective Date shall set forth the Professional Fee Claims Bar Date and shall constitute notice thereof. Objections to any Professional Fee Claims

must be filed and served on the Plan Administrator and the requesting Professional, no later than twenty-one (21) days after service of the applicable final application for allowance and payment of Professional Fee Claims. Unless otherwise agreed to (i) by the Debtors and the Professional prior to the Effective Date or (ii) by the Plan Administrator and the Professional after the Effective Date, the amount of Professional Fee Claims owing to such Professional that are Allowed by Final Order shall be paid in full in Cash by the Plan Administrator as soon as reasonably practicable after its Professional Fee Claims are Allowed by order of the Bankruptcy Court, (x) *first*, by application of any retainer monies held by such Professional, and (y) *second*, once such retainer balance is exhausted, the Plan Administrator shall pay such Professional the remaining balance of its Allowed Professional Fee Claim in Cash.

"Confirmation" of the Plan refers to approval of the Plan by the Bankruptcy Court, and Confirmation alone does not guarantee that you will receive the distribution indicated under the Plan. After Confirmation of the Plan by the Bankruptcy Court, there are conditions that need to be satisfied or waived so that the Plan can go effective. Initial distributions to Holders of Allowed Claims will only be made on the date the Plan becomes effective—the "Effective Date"—or as soon as reasonably practicable thereafter, as specified in the Plan. See Article IX of the Plan for a discussion of the condition's precedent to the effectiveness of the Plan.

In the event that the Plan is not confirmed or the Effective Date does not occur, there is no assurance that the Debtors will be able to reorganize their businesses and that any creditor will be entitled to any recovery. It is possible that any alternative may provide holders of Claims with less than they would have received pursuant to the Plan. For a description of the consequences of an extended chapter 11 case, or of a chapter 7 liquidation scenario, see Section 9.1 of this Disclosure Statement.

Parties in interest may object to the approval of this Disclosure Statement and/or Confirmation of the Plan; such objections could give rise to litigation. In the event that it becomes necessary to confirm the Plan over the rejection of certain Classes, the Debtors may seek confirmation of the Plan notwithstanding the dissent of such rejecting Classes. The Bankruptcy Court may confirm the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code, which allow the Bankruptcy Court to confirm a plan that has been rejected by an impaired Class if it determines that the Plan satisfies section 1129(b) of the Bankruptcy Code. See Section 8.5 of this Disclosure Statement for a discussion of the requirements to cramdown the Plan for confirmation.

All Cash necessary for the payments required by the Plan shall be obtained from (a) existing Cash held by the Debtors on the Effective Date, (b) Cash generated from operations after the Effective Date in the ordinary course of business and (c) the Plan Funding.

1.5 **Releases, Exculpation and Injunctions**

The Plan proposes the release of all "Released Parties" by the Debtors and the exculpation of the "Exculpated Parties." The Released Parties each of the following, solely in its capacity as such: (a) the Debtors and (b) Plan Sponsor, and with respect to each of the foregoing in clauses (a)–(b), each of their Related Parties; provided that none of the Pipeline Excluded Parties shall be

a Release Party. The Debtors and the Chief Restructuring Officer are the only Exculpated Parties. The Debtors' releases and the injunction and exculpation provisions in the Plan are an integral part of the Plan and the Debtors' restructuring efforts and were an integral part of securing the support of the Plan Sponsor. The Debtors believe that the releases and exculpations in the Plan are necessary and appropriate and meet the requisite legal standard promulgated by the United States Court of Appeals for the Fifth Circuit. The Debtors will present evidence at the Combined Hearing to demonstrate the basis for and propriety of the release and exculpation provisions. The release, exculpation, and injunction provisions that are contained in the Plan are copied in pertinent part below.

See Sections 4.27 and 4.28 of this Disclosure Statement for a discussion of the Release and Exculpation provisions of the Plan.

1.6 Recommendation of Debtors

The Debtors believe that the Plan provides for a larger distribution to the Debtors' creditors than would otherwise result from any other available alternative. The Debtors believe that the Plan, and the recoveries thereunder are in the best interest of all holders of Claims or Interests and that any other alternatives (to the extent they exist) fail to realize or recognize the value inherent under the Plan. Given the foregoing the Debtors strongly recommend voting in favor of the Plan.

ARTICLE II

DEBTORS' BACKGROUND AND FINANCIAL PICTURE

2.1 History of the Debtors and Causes of Bankruptcy Filing

(a) The Debtors' Hospital Operations

The Debtors are the owner and operators of White Rock Medical Center ("**WRMC**") operating in Dallas, Texas and the Heights Hospital ("**Heights Hospital**") operating in Houston, Texas. WRMC has been a vital healthcare institution in East Dallas for over six decades. Originally founded as "Doctors Hospital" and later affiliated with major regional health systems, the facility has evolved alongside the community for over sixty years. Its physical location, proximity to major arterial roadways, and long-standing presence make it a critical access point for both residents and regional emergency medical services.

WRMC was purchased by Debtor Heights Healthcare of Texas, LLC ("**HHT**") in 2023. WRMC is a 211-bed community-based "safety-net" hospital that provides critical healthcare services to the residents of east Dallas and its patients are primarily minority, elderly and indigent person. In 2025 alone, WRMC supported approximately 30,000–35,000 unique patient visits and associated claims across emergency, inpatient, outpatient, and ancillary services, underscoring both the scale of community reliance and the hospital's ongoing operational relevancy.

Safety net hospitals such as WRMC serve low-income communities, regardless of patients' insurance coverage, ability to pay or immigration status. In practice, that means they do not turn away patients who cannot pay. Thus, these hospitals usually have high numbers of uninsured and Medicare and Medicaid patients whose treatment costs are not fully covered, which in turn means safety-net hospitals typically depend on public funding and operate on thin profit margins. WRMC qualifies as a safety net hospital as evidenced by fact that nearly 80% of its patient population is either on some form of government insurance plan (e.g. Medicare or Medicaid), is self-pay, or is uninsured.

WRMC operates as a full-service acute care hospital. It serves a particularly vulnerable community in a number of ways and provides its community with significant and critical health care services such as: (i) a 24/7 emergency department with on-site emergency physicians and advanced practice providers; (ii) a Level IV Trauma designation supporting regional EMS and emergency response; (iii) an intensive care unit (ICU) providing critical care services to patients; (iv) hospitalist-led inpatient medicine services with dedicated coverage; (v) cardiac and chest pain treatment provision; (vi) comprehensive diagnostic services, including radiology and laboratory services available around the clock; and (vii) on-site emergency physicians and employed ER physician coverage aligned with hospital operations. WRMC also provides bariatrics, cardiology, orthopedics, and wellness services to the vulnerable population it serves.

Certain of the Debtors are also critical to the operation of the Heights Hospital, a second hospital in Houston Texas. Heights Hospital and the real estate upon which it is situated is owned by affiliate Platinum Heights, LP ("**PH**"). PH is currently a post-confirmation debtor in possession before this Court under case number 25-90012. PH itself does not provide hospital or medical services and instead is a landlord renting out hospital space to healthcare service providing tenants such as PAMS and Debtor Ashland Healthcare LLC ("**Ashland**"). Debtor White Rock also manages the day-to-day operations at Heights Hospital and interfaces with the tenants of Heights Hospital. Pursuant to an order confirming the chapter 11 plan of PH, the Heights Hospital has been sold to a buyer and PH's operations and the operations of the tenants at Heights Hospital will wind down in accordance with the terms of the PH plan of reorganization and the order confirming the PH plan.

The Debtors are affiliates that operate in conjunction with each other to manage and operate WRMC and Heights Hospital. The primary operating entity is lead Debtor White Rock Medical Center LLC ("**White Rock**"). White Rock is the owner of WRMC and is also the Debtor entity licensed to operate hospitals in the various jurisdictions in which the Debtors and PH reside. Debtor NCP Management, LLC ("**NCP Management**") owns 100% of the interests of Debtor North Houston Surgical Hospital LLC ("**North Houston**"). Neither NCP Management nor North Houston have any ongoing business operations, and their day to day operations were assumed by White Rock.[3] Debtor National Payroll Services LLC ("**Payroll**") performed payroll and benefit services for the Debtors and their affiliates. Payroll is owned entirely by NCP Management. Debtor HHT is a special purpose entity created for the purchase of White Rock and WRMC as discussed herein. HHT is a holding company with no ongoing operations. Debtor Heights Healthcare of

[3] North Houston was the primary tenant of PH during its operational tenure. North Houston's cessation of operations was a primary driver of PH's chapter 11 filing as set forth in greater detail in the Baig Declaration.

Houston, LLC ("**HHH**") is a special purpose entity created to create joint venture Ashland. HHH has no ongoing operations. Ashland is an operating entity that currently leases space in Heights Hospital and makes rental payments to PH.

(b) Pipeline and the Need to File the Chapter 11 Cases

The Debtors were forced into these Chapter 11 Cases as a result of the inequitable and improper conduct of SRC Hospital Investments I ("**SRC**") and Pipeline Health System Holdings, LLC ("**Pipeline**" and together with SRC the "**Pipeline Entities**") related to and immediately after the sale of WRMC to the Debtors through material misrepresentations and concealment of millions of dollars in liabilities, and the use of coercive secured creditor tactics to extract additional payments while obstructing Debtors' ability to operate and collect revenue.

Pipeline is a for-profit healthcare company that has acquired and operated hospitals across the United States. Pipeline has a documented history of acquiring distressed hospitals, extracting value through financial manipulation, and abandoning or closing hospitals once they become unprofitable. The Pipeline Entities sold HHT Debtor White Rock which operates WRMC after representing that WRMC was a financially viable hospital, and provided financial statements showing WRMC's accounts receivable and accounts payable. These representations were materially false. The Pipeline Entities (i) overstated receivables by millions of dollars by eliminating bad debt allowances, (ii) understated payables by more than $8,400,000, and (iii) concealed at least $15,480,000 in undisclosed liabilities owed to the U.S. Department of Health and Human Services, the State of Texas, and other parties.

Upon information and belief, SRC acquired White Rock in December 2017 for approximately $23 million. The Pipeline Entities then proceeded to extract value in multiple ways. Upon information and belief, in 2018 one or both of the Pipeline Entities sold the real estate, land, and parking garage associated with WRMC to a third-party entity pursuant to an approximately $23 million sale-leaseback transaction resulting in (a) the Pipeline Entities recouping their acquisition cost and (b) WRMC being burdened with the lease obligations. Upon information and belief, the Pipeline Entities then extracted value while causing WRMC to overcharge Medicare and Medicaid, fail to make over $6.3 million in Local Provider Participation Fund ("**LPPF**") payments, and otherwise fall behind on numerous monetary obligations – many of which were not disclosed when HHT acquired WRMC in 2023 (as discussed below).

On or about September 20, 2023, HHT as buyer, SRC as seller, and Pipeline as guarantor entered into a Membership Interest Purchase Agreement (the "**MIPA**") for the sale of 100% of the membership interests in White Rock. The total purchase price under the MIPA was $9 million, structured as follows:

a. $3,600,000 in cash at closing;

b. $2,400,000 payable in installments as set forth therein; and

c. $3,000,000 evidenced by a promissory note.

The transaction closed on or about October 5, 2023. In connection with the sale of WRMC, the Pipeline Entities made numerous representations and warranties in the MIPA that were material to HHT'S decision to acquire WRMC and close the transaction. These representations and warranties were knowingly false when made.

Section 3.6 of the MIPA contained statements regarding the completeness of the unaudited balance sheets and statements of income of WRMC. The Pipeline Entities represented that the financial statements provided to HHT were prepared in accordance with Generally Accepted Accounting Principles ("**GAAP**") and fairly presented the financial condition of WRMC.

Specifically, the Pipeline Entities asserted:

a. Accounts receivable of approximately $10.7 million; and

b. Accounts payable of approximately $6.2 million.

These representations were materially false. In truth:

a. The accounts receivable were overstated by millions of dollars because the Pipeline Entities had eliminated or drastically reduced the allowance for bad debt, contrary to GAAP and historical practice, and when a "corrected" balance sheet was provided the Pipeline Entities still provided inflated numbers;

b. The accounts receivable included aged receivables that were uncollectable; and

c. The accounts payable were understated by more than $8.4 million and were asserted to be significantly lower than the accounts payable included in the financial statements attached to the MIPA which themselves were understated, with actual accounts payable exceeding $14.7 million at closing.

Upon information and belief, the Pipeline Entities manipulated the financial statements by changing their accounting practices shortly before closing specifically to inflate the apparent value of WRMC and induce Heights Healthcare to complete the acquisition.

The Pipeline Entities also failed to disclose material liabilities that existed at the time of closing, including:

a. Approximately $3.5 million owed to Texas Health and Human Services Commission under the Uncompensated Care (UC) Program for Distribution Year 12;

b. Approximately $1.5 million owed to CMS under the COVID-19 Accelerated and Advance Payment (CAAP) Program;

c. Approximately $680,000.00 in unpaid Texas franchise taxes;

d. Over $6.3 million in Parkland Local Provider Participation Fund obligations; and

e. Potential liability for recoups from Centers for Medicare and Medicaid Services ("**CMS**") exceeding $1.5 million arising from improper billing practices.

The Pipeline Entities also withheld material information regarding the liabilities of WRMC. For instance, in the Pipeline pre-acquisition CMS cost-report, refund rights were expressly retained by "Tenet"— a fact Pipeline did not disclose at the time of the sale. This retention of refund rights ultimately exposed WRMC to over $2 million in third-party claims when CMS issued refunds for earlier cost years. In total, the Pipeline Entities failed to disclose at least $15.48 million in known liabilities at the time of closing and millions in potential liability.

In connection with the MIPA, the parties entered into a Transition Services Agreement (the "**TSA**") dated on or about October 5, 2023.

Under the TSA, the Pipeline Entities agreed to provide certain transition services to HHT following the closing of the sale, including but not limited to:

a. Continued access to the Cerner EMR system;

b. Revenue cycle management and billing services;

c. Information technology support; and

d. Other administrative and operational services necessary for the continued operation of WRMC.

The TSA was essential to HHT's ability to operate WRMC, collect accounts receivable, and transition to independent operations. Almost immediately after closing, the Pipeline Entities began a pattern of misconduct designed to extract additional payments from HHT and to obstruct HHT's ability to operate WRMC.

The Pipeline Entities failed to provide the transition services required under the TSA in numerous ways including their:

a. Failure to maintain adequate access to the Cerner EMR system;

b. Failure to provide timely and accurate billing and revenue cycle services;

c. Failure to cooperate in the transfer of payer contracts and provider enrollments; and

d. Failure to provide information necessary for HHT to assume operations.

These actions resulted in significant loss to the Debtors as a result of loss of access to medical data and the need for a fragmented recording system which significantly impaired the Debtors' ability to accurately bill patients for the services they provided. The failure to provide adequate transition services also severely impacted the Debtors' relationship with vendors and service providers which negatively impacted Debtors' ability to provide care to their patients.

Beginning in early 2024, the Pipeline Entities began making wrongful threats to terminate transition services, foreclose on their security interest, and take other adverse actions unless HHT agreed to pay disputed amounts allegedly owed to the Pipeline Entities.

On or about January 25, 2024, the parties participated in mediation to attempt to resolve their disputes.

On or about May 17, 2024, the Pipeline Entities delivered a notice of default and threatened to conduct a UCC Article 9 foreclosure sale of White Rock's accounts receivable and other collateral. The Pipeline Entities conditioned any payoff or release of their security interest on HHT's payment of actively disputed charges. The Pipeline Entities used their control over the EMR system, billing systems, and deposit accounts as leverage to coerce HHT into the Settlement Agreement (defined below).

Under severe operational and financial duress caused by Pipeline Entities' misconduct—including the actual termination of the WRMC's entire IT and clinical infrastructure, which created an immediate and life-threatening risk to patients and forced the transfer of WRMC's entire inpatient population—HHT entered into a Settlement Agreement with the Pipeline Entities dated July 3, 2024 (the "**Settlement Agreement**"). The Settlement Agreement was not the product of free and voluntary consent; it was the price the Pipeline Entities extracted to restore systems whose termination was endangering human life.

Under the Settlement Agreement:

a. HHT agreed to execute a second promissory note in the principal amount of $7,064,860.27, which consolidated the amounts allegedly owed to the Pipeline Entities;

b. HHT granted the Pipeline Entities a security interest in accounts, deposit accounts, books and records, and all proceeds thereof;

c. The Pipeline Entities agreed to certain obligations, including the provision of continued access to EMR systems and medical records;

d. The parties agreed to dismiss pending arbitration proceedings and release certain claims; and

e. The Pipeline Entities agreed to immediately transfer all medical records to the Debtors.

HHT entered into the Settlement Agreement under duress that was not only economic but actually threatened human life, leaving HHT with no meaningful alternative. The Pipeline Entities had not merely threatened to terminate transition services and foreclose on White Rock's assets—they had actually carried out the termination of WRMC's entire IT and clinical infrastructure on May 31, 2024, which created an immediate risk to patient safety, forced the transfer of the Hospital's entire inpatient population (including ICU patients on ventilators), caused the collapse of WRMC's medical staff, and reduced WRMC to screening walk-in patients for discharge or

transfer only.

On or about May 31, 2024, just weeks before the Settlement Agreement was executed, the Pipeline Entities terminated HHT's access to the Cerner EMR system and WRMC's entire IT and clinical infrastructure with inadequate notice. The termination was executed in a manner that extended to endpoint security controls (including CrowdStrike), domain control for user authentication and networked computers, and integration tools connecting ancillary clinical systems to the EMR, effectively preventing staff from logging into any network-connected system. This action created a complete operational shutdown of WRMC.

The termination of the WRMC's IT and clinical infrastructure created an immediate and concrete risk to human life. The shutdown caused, among other things, the following life-threatening consequences:

a. Clinicians lost access to patient histories, allergy records, active medication orders, and treatment notes. For ICU patients on ventilators and critical drips, including vasopressors and ICU sedation protocols, this created an immediate life-threatening gap in clinical information;

b. Nurses lost the electronic medication administration record, eliminating barcode-scanning safety checks against wrong-patient, wrong-drug, and wrong-dose errors, and preventing the pharmacy from being able to verify drug interactions or allergy cross-checks, creating acute risk of fatal medication errors for patients on anticoagulants, insulin drips, vasopressors, and other high-risk medications;

c. Radiology imaging could not be transmitted to radiologists because the PACS system was severed, meaning no comparison to prior studies and no emergent reads through normal channels, and critical lab results—including blood gases, troponins, lactate, and coagulation panels—stopped transmitting to physicians because lab-to-EMR integration was severed and critical value alerts stopped firing;

d. Blood bank electronic crossmatch and transfusion tracking were compromised, surgical systems including operation room scheduling, anesthesia records, and perioperative documentation went down (halting surgical cases), automated dispensing cabinets for medication profiling and controlled substance tracking were affected, infection control surveillance and antibiotic stewardship went dark, dietary orders tied to the EMR—including Nothing by Mouth status, diabetic and renal diets, and food allergies—could not be verified, along with the failure of the nurse call system;

e. Care could not be documented, creating exposure under CMS Conditions of Participation standards, Joint Commission standards, and Texas licensing requirements, and mandatory regulatory reporting was interrupted; and

f. ICU physicians were forced to be physically present at each bedside rather than remotely monitoring multiple patients simultaneously through the Hospital's central monitoring system, critically reducing the capacity to provide adequate care

to critically ill patients.

As a direct result of the complete operational shutdown, WRMC's workforce collapsed. The emergency room contractor gave abrupt termination notice; the hospitalist and ICU physician group resigned; cardiology, orthopedics, and general surgery refused to provide services; vendors and clinical service providers left, all driven by the unsafe conditions created by the abrupt system shutdown; and nursing and other staff resigned. As a result of the foregoing, WRMC was forced to transfer its entire inpatient population out of the facility, including ICU patients on ventilators, because the shutdown left clinical staff with limited to no knowledge of patients' current health status, active medications, or treatment plans. HHT notified emergency medical services and fire departments to stop bringing patients to WRMC and reduced the emergency department to screening walk-in patients for discharge or transfer only. HHT avoided a patient-safety catastrophe not because the Pipeline Entities showed any restraint, but because HHT's management was able to triage and relocate every patient in the building.

In addition to the life-threatening clinical consequences described above, the termination of WRMC's IT infrastructure rendered HHT and White Rock unable to:

a. Access historical patient records necessary for continued patient care;

b. Submit claims to Medicare, Medicaid, and private insurers for services already rendered;

c. Respond to payer audits and documentation requests; and

d. Collect accounts receivable for services provided before and immediately after the closing.

As a direct result of the Pipeline Entities' Cerner EMR obstruction, HHT was unable to collect more than $5 million in accounts receivable that became time-barred or otherwise uncollectable.

As discussed herein, the Debtors were also forced to implement a new EMR system at a cost exceeding $250,000 and had to rebuild their billing and revenue cycle capabilities from scratch.

Under the Settlement Agreement, the Pipeline Entities were required to deliver access to medical records necessary for HHT's continued operations and billing activities. The Pipeline Entities failed to timely deliver the required medical records and, upon information and belief, continue to withhold records necessary for HHT to collect aged receivables.

In an effort to settle the outstanding issues between the parties, in early September of 2025 the Debtors approached the Pipeline Entities with a good faith offer for an early payoff of all outstanding obligations of the Debtors and to fully and finally resolve all claims between the parties. The Pipeline Entities refused to negotiate in good faith toward any reasonable resolution, motivated by their desire to maintain control over HHT's operations and to continue extracting value through their secured creditor position.

On September 9, 2025 — within days of the Debtors approaching Pipeline regarding an early payoff of the remaining obligation balance — the Pipeline Entities asserted, for the first time and without any supported contractual basis, a claim against HHT for approximately $3,273,544.09 in Cerner subscription charges.

The Pipeline Entities' Cerner subscription claim was unsupported by invoices, included charges for periods predating the Settlement Agreement, and purported to bill HHT for a Cerner environment HHT never had access to. Specifically, at closing of the Settlement Agreement, the Pipeline Entities denied HHT's request for Cerner access. HHT accordingly never accessed, used, or accepted the benefit of the Cerner environment. Because of this HHT could not have possibly generated the charges being asserted against them related to this Cerner environment. Over the next several months the Pipeline Entities revised the Cerner EMR demand upwards and downwards. At no time were the Debtors provided sufficient evidence of the validity of these demands or the basis for the downward and upward shifts in the asserted claim. These unsubstantiated and shifting claims all but confirmed that the asserted Cerner charges were improper if not outright fictious and were manufactured to maintain coercive leverage.

Finally, immediately before the Petition Date, the Pipeline Entities again threatened the Debtors with immediate cash sweeps notwithstanding their own breaches of the Settlement Agreement and TSA. Given the foregoing and the Pipeline Entities' willingness to harm the operations of the Debtors and their patients, the Debtors had no choice but to initiate these Chapter 11 Cases.

2.2 The Debtors' Prepetition Capital Structure and Outstanding Obligations

(a) Pipeline Obligations

The Debtors maintain an allegedly secured credit obligation with Pipeline related to the purchase of WRMC and the entities sold along with it.

HHT and Pipeline executed the MIPA on September 20, 2023 pursuant to which HHT acquired all of the outstanding membership interests of White Rock, which was then named Pipeline East Dallas, LLC for the purchase price of $9,000,000.00. HHT paid $3,600,000.00 of the purchase price at the closing of the MIPA in October 2023. The remaining balance was to be paid via an installment payment of $2,400,000 and in accordance with the terms of a $3,000,000.00 promissory note (the "**Note**"). On July 5, 2024 HHT, NCP Management issued a new promissory note in the amount of $7,064,860.27 in favor of Pipeline. As part of the initial 2023 transaction, Pipeline and HHT also entered into the TSA pursuant to which HHT was to pay Pipeline for certain IT and management services (collectively, with the obligations arising under the MIPA and Note the "**Pipeline Obligations**").

The Pipeline Obligations are purported to secured in favor of Pipeline by all assets of HHT and NCP. As of the Petition Date, the Debtors estimate that the outstanding Pipeline Obligations are approximately $5,370,000.00. Pursuant to the Adversary Complaint, the secured status of the Pipeline Obligations will be adjudicated by the Bankruptcy Court. As the agreements granting the

Pipeline Obligations secured status were procured by coercion and duress, the Debtors submit that the Pipeline Obligations and not validly secured and may not be obligations of the Debtors at all.

(b) **Other Secured Obligations**

The Debtors maintain several other secured obligations with a number of equipment vendors (collectively the "**Equipment Lenders**"), all of which are secured by related medical equipment or building equipment such as elevators. The Debtors estimate that these secured obligations total approximately $7,600,000.00 in the aggregate.

The Debtors' Equipment Lenders will fall into two general categories for treatment under the Plan based on the anticipated outstanding obligations of the Debtors owed to the Equipment Lenders as of the date immediately before the Effective Date. The Debtors are current, or will be current prior to the Effective Date on all obligations owed to certain of the Equipment Lenders including, but are not limited to: JB&B Capital, LLC, MedOne, Dext Capital, Siemens CIOS, Olympus, Bancorp Ascentium (Regions) and The Bancorp Bank (Regions). These Equipment Lenders, and any other Equipment Lenders with no outstanding obligations owed as of the anticipated Effective Date will be placed into Class 3 (Reinstated Equipment Loan Claims) and shall have the treatment set forth herein and in the Plan. Those Equipment Lenders who have valid claims against the Debtors outstanding prior to the Effective Date and which the Debtors are not current upon will be placed in to Class 4 (Restructured Equipment Loan Claims) and shall have the treatment set forth herein and in the Plan.

(c) **REILS Obligations**

The Debtors' remaining obligations are all unsecured claims from various vendors and creditors. The largest of these claims is the unsecured claim of REILS. REILS entered into a $15,000,000.00 credit facility with non-Debtor PH SPE LLC. Each of the Debtors are jointly and severally liable for the obligations owed to REILS. As of the Petition Date, the Debtors estimate REILS' unsecured claim is approximately $17,000,000.00.

(d) **Government Agreements**

The Debtors are subject to oversight and regulation by a number of local, municipal, state and federal regulatory and taxing bodies and authorities including specialized oversight authorities directly related to the provision and evaluation of Medicare and Medicaid funding. Over the course of the Debtors operations, certain of the Debtors were subject to various investigations by certain authority or regulatory bodies. The Debtors have settled numerous claims asserted against them without any admission or acknowledgment of any wrongdoing. Certain of these settlement agreements (the "**Government Agreements**") remain outstanding and as set forth in section 8.2 of the Plan, it is the Debtors' intention to continue to negotiate the terms of these agreements with the relevant counterparties. To the extent an agreement regarding these Government Agreements is reached, the applicable modified Government Agreement will be disclosed in the Schedule of Assumed Executory Contracts and Unexpired Leases.

Pipeline HHSC Settlement

On November 1, 2024 White Rock (as White Rock Medical Center, LLC d/b/a Pipeline East) and Texas Health and Human Services ("**HHSC**"), an agency of the State of Texas acting through HHSC's Office of Inspector General ("**HHSC-OIG**") entered into a settlement agreement regarding alleged Medicaid misbilling (the "**Pipeline HHSC Settlement Agreement**"). The Pipeline HHSC Settlement Agreement represented a settlement of allegations made by HHSC and HHSC-OIG alleging submission of claims that were out of compliance with Medicaid Policy. Pursuant to the Pipeline HHSC Settlement Agreement White Rock agreed to make payments to HHSC and HHSC-OIG in the amount of $350,448.29 in principal and $73,229.15 in deferred interest payments in monthly installments. Pursuant to the Pipeline HHSC Settlement Agreement White Rock, HHSC and HHSC-OIG provided each other with releases for all conduct related to the allegations of HHSC and HHSC-OIG.

DY10 Overpayment Settlement

On August 5, 2025 White Rock (as the City Hospital at White Rock) entered into another agreement with HHSC for the repayment of alleged overpayment of certain Medicare and Medicaid funds (the "**Overpayment HHSC Settlement**") in the amount of $1,439,956.79 for alleged overpayment of UC DY10 funds and $2,039,732.15 for alleged overpayment of UC DY12 Funds. Pursuant to section 8.2 of the Plan, the Reorganized Debtor will assume the Overpayment HHSC Settlement.

Parkland Payment and Forbearance Agreement

As an Institutional Healthcare Provider (as defined in Chapter 298A of the Texas Health & Safety Code) system operating in Dallas, White Rock and the Debtors were obligated to make certain payments to LPPF. Between 2023 and 2025 the Debtors allegedly failed to make certain required payments to LPPF. As a result of these allegedly delinquent payments, Dallas County Hospital District d/b/a Parkland Health acting in its role as the administrator of the Dallas County Hospital District Provider Participation Program ("**Parkland**") filed suit against White Rock in Dallas County asserting delinquent payments in the amount of approximately $13,132,032.00 (the "**Delinquent Payments**"). On November 3, 2025 White Rock and Parkland entered into a Payment and Forbearance Agreement (the "**Parkland Payment and Forbearance Agreement**"). Pursuant to the Parkland Payment and Forbearance Agreement, White Rock and Parkland executed an agreed judgment in the amount of the Delinquent Payments. Further, after an initial payment of $38,334.00 White Rock would make monthly payments to Parkland in the amount of $16,667.00 until Parkland had been paid an amount equal to the Delinquent Payments and an additional $5,000.00 in attorneys' fees incurred by Parkland. In addition to these monthly payments, White Rock was also obligated to turn over to Parkland five percent (5%) of any payments made to White Rock by the following Medicaid Supplemental Programs (or any subsequent program replacing any of the following): DSH – Medicaid Disproportionate Share Hospital, UC – Uncompensated Care, HARP – Hospital Augmented Reimbursement Program, and APHRIQA – Alternate Participating.

OAG Settlement Agreement

As a result of the Pipeline Entities' failure to pay Texas franchise tax liability for the years 2019 through 2022, HHT was left with these tax obligations after the sale of WRMC to the Debtors as successor in interest or as purchaser of substantially all of White Rock's assets. HHT and the State of Texas (the "**State**"), acting on behalf of the Texas Comptroller of Public Accounts by and through the Office of the Attorney General of Texas entered into a settlement agreement (the "**OAG Settlement Agreement**") for the resolution of this delinquent tax liability. Pursuant to the OAG Settlement Agreement, HHT agreed that the outstanding tax liability, inclusive of a credit attributable to White Rock, was $778,909.95. This amount was to be paid down in thirty-nine (39) monthly payments of $18,133.59. So long as HHT continued to make its obligated monthly payments, the State would not pursue HHT for collection of the delinquent franchise taxes.

(e) **Other General Unsecured Claims**

The Debtors estimate that as of the Petition Date, there are approximately $16,300,000 in general unsecured claims asserted against them, the majority of which are asserted against North Houston, White Rock and NCP Management. These claims generally relate to the routine provisions goods and services incurred by the Debtors in the ordinary course of their business for the maintenance and operation of their healthcare facilities.

ARTICLE III

MATERIAL DEVELOPMENTS IN THE CHAPTER 11 CASES

3.1 Commencement and Administration of the Case

The Debtors' Chapter 11 Cases commenced on the Petition Date. The following is a description of the more significant matters to have come before the Bankruptcy Court since then.

(a) **First Day Relief and Financing**

The Debtors sought typical "First Day" relief on January 22, 2026 through the filing of various motions before the Bankruptcy Court. The relief sought in these first day motions was critical to ensure the Debtors were able to make an orderly transition into chapter 11. In addition to filing for various forms of first day relief, the Debtors also filed the *Declaration of Rashid Syed In Support of Debtors' First Day Motions* [Dkt No. 18] (the "**First Day Declaration**"). A brief description of the first day motions and evidence in support thereof is set forth in the First Day Declaration.

Joint Administration Motion

On January 22, 2026 the Debtors filed the *Debtors' Emergency Motion for an Order Directing Joint Administration of Chapter 11 Cases* [Dkt. No. 5] (the "**Joint Admin Motion**"). Pursuant to the Joint Admin Motion the Debtors sought to have their seven (7) chapter 11 cases administered jointly under Case Number 26-90115 for lead debtor White Rock. The relief sought in the Joint Admin Motion was procedural in nature and would provide for a more efficient

administration of the Debtors' estates. On January 23, 3036 the Bankruptcy Court entered an order [Dkt. No. 14] approving the relief sought in the Joint Admin Motion.

SOFA and Schedule Motion

On January 22, 2026 the Debtors filed the *Debtors' Emergency Motion for an Order (I) Extending Time to File (A) Schedule of Assets and Liabilities, (B) Schedule of Current Income and Expenditures, (C) Schedule of Executory Contracts and Unexpired Leases, and (D) Statement of Financial Affairs and (II) Granting Related Relief* [Dkt. No. 6] (the "**Schedules Motion**"). The Schedules Motion requested authority to extend the deadline by which the Debtors were required to file their schedules of assets and liabilities and statements of financial affairs (collectively, the "**Schedules and SOFAs**"). On January 26, 2026 the Bankruptcy Court entered an order [Dkt. No. 39] extending the Debtors' deadline to file the Schedules and Sofas to February 25, 2026. On February 25, 2026 the Debtors filed the Schedules and SOFAs.

Employee Wage Motion

On January 22, 2026 the Debtors filed the *Debtors' Emergency Motion for Entry of an Order Authorizing the Debtors to (I) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses, (II) Continue Employee Benefits Programs, and (III) Granting Related Relief* [Dkt. No. 7] (the "**Employee Wage Motion**"). Pursuant to the Employee Wage Motion, the Debtors sought permission to pay certain prepetition obligations of their employees and to continue to pay their employees in the ordinary course of business. The Debtors' employees are the backbone of their operations and are critical to ensuring continued patient care and safety. On January 23, 2026 the Bankruptcy Court entered an order [Dkt. No. 10] approving the relief sought in the Employee Wage Motion.

Creditor Matrix Motion

On January 22, 2026 the Debtors filed the *Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Debtors to (A) File a Consolidated List of Creditors, and (B) File a Consolidated List of the 30 Largest Creditors of the Commencement of These Chapter 11 Cases; and (III) Granting Related Relief* [Dkt. No. 8] (the "**Creditor Matrix Motion**"). The Creditor Matrix Motion sought procedural relief permitting the Debtors to consolidate certain statutory creditor lists and mailing matrixes for the administrative benefit of the Debtors' estates and all parties in interest. On January 27, 2026 the Bankruptcy Court entered an order [Dkt. No. 50] approving the relief sought in the Creditor Matrix Motion.

Insurance Motion

On January 23, 2026 the Debtors filed the *Debtors' Emergency Motion for Interim and Final Orders (I) Authorizing the Debtors to (A) Continue Insurance Policies and (B) Satisfy Obligations Related thereto; and (II) Granting Related Relief* [Dkt. No. 9] (the "**Insurance Motion**"). As hospital operators, the Debtors are required by various local, state, and federal regulators and statutes to maintain certain levels of insurance coverage. On January 26, 2026 the Bankruptcy Court entered an order [Dkt. No. 41] approving the relief in the Insurance Motion on

an interim basis. On February 17, 2026 the Bankruptcy Court entered an order [Dkt. No. 98] approving the relief in the Insurance Motion on a final basis.

Patient Protection Motion

On January 22, 2026 the Debtors filed the *Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Implementation of Procedures to Protect Confidential Patient Information and (II) Granting Related Relief* [Dkt. No. 10] (the "**Patient Protection Motion**"). As hospital operators, the Debtors are required by various statutes and regulations, including HIPPA to safeguard the personal information of their patients. The Debtors required the relief in the Patient Protection Motion to ensure HIPPA compliance notwithstanding the requirements of the Bankruptcy Code. On January 26, 2026 the Bankruptcy Court entered an order [Dkt. No. 42] approving the relief in the Patient Protection Motion.

Taxes Motion

On January 22, 2026 the Debtors filed the *Debtors' Emergency Motion for an Order (I) Authorizing Debtors to Pay Certain Prepetition Taxes and Fees; and (II) Granting Related Relief* [Dkt. No. 11] (the "**Taxes Motion**"). The Debtors are required to pay various local, state and federal taxes in the ordinary course of their business operations. Pursuant to the Taxes Motion the Debtors sought authorization to pay their tax liabilities in the ordinary course and prevent the attendant harm of outstanding tax liability. On January 26, 2026 the Bankruptcy Court entered an order [Dkt. No. 43] approving the relief sought in the Taxes Motion.

Utilities Motion

On January 22, 2026 the Debtors filed the *Debtors' Emergency Motion for an Order (I) Approving Debtors' Proposed Form of Adequate Assurance of Payment to Utility Companies; (II) Establishing Procedures for Resolving Objections by Utility Companies; (III) Prohibiting Utility Companies from Altering, Refusing, or Discontinuing Service; and (IV) Granting Related Relief* [Dkt. No. 12] (the "**Utilities Motion**"). As hospital operators, ensuring continued access to utilities such as electricity, heating and cooling services, sewage removal, sanitation and the like is paramount to ensuring patient safety and operational efficiency. The Utilities Motion sought to establish procedures to ensure continued utility services and provide utility service providers with a means to ensure they were adequately protected throughout the Chapter 11 Cases. On January 26, 2026 the Bankruptcy Court entered an order [Dkt. No. 44] approving the relief sought in the Utilities Motion.

Critical Vendor Motion

On January 23, 2026 the Debtors filed the *Debtors' Emergency Motion for Entry of Interim and Final Orders (I) Authorizing Debtors to Pay Critical Vendor Claims and (II) Granting Related Relief* [Dkt. No. 16] (the "**Critical Vendor Motion**"). Pursuant to the Critical Vendor Motion the Debtors sought interim and final relief to pay the prepetition claims of certain vendors whose goods and services were absolutely critical to the operation of the Debtors' businesses. The Debtors sought authority to pay these critical vendors approximately $535,000 on an interim basis and approximately $1,456,000 on a final aggregate basis. Pursuant to the Critical Vendor Motion a

critical vendor who accepted payment from the Debtors on behalf of prepetition receivables would also need to enter into an agreement with the Debtors ensuring continued service on terms equal to or better than the prepetition terms provided to the Debtors. On January 26, 2026 the Bankruptcy Court entered an order [Dkt. No. 45] approving the relief sought in the Critical Vendor Motion on an interim basis and on February 17, 2026 entered an order [Dkt. No. 96] approving the relief sought in the Critical Vendor Motion on a final basis.

Cash Management Motion

On January 23, 2026 the Debtors filed the *Debtors' Emergency Motion for Entry of Interim and Final Orders (I) Authorizing Debtors to (A) Continue their Existing Cash Management System, (B) Maintain Existing Business Forms and Intercompany Arrangements, (C) Continue Intercompany Transactions, (D) Continue the Debtors' Credit Card Program; (II) Extending Time to Comply with Requirements of 11 U.S.C. § 345(b); and (III) Granting Related Relief* [Dkt. No. 17] (the "**Cash Management Motion**"). Pursuant to the Cash Management Motion, the Debtors sought permission to continue using their internal cash management system throughout the Chapter 11 Cases. The Debtors maintain a complex cash management system that is integrated into their operations. Shifting that system to comply with the terms of the Bankruptcy Code would have caused significant harm to the Debtors and their estates at a critical time in the Chapter 11 Cases. On January 26, 2026 the Bankruptcy Court entered an order [Dkt. No. 46] approving the relief sought in the Cash Management Motion on an interim basis. On February 10, 2026, Pipeline and SRC filed an objection to the relief sought in the Cash Management Motion asserting that certain relief could harm their secured position. The Debtors and Pipeline were able to reach an agreement that addressed Pipeline's concerns and of February 17, 2026 the Bankruptcy Court entered an order [Dkt. No. 95] approving the relief sought in the Cash Management Motion on a final basis.

Authorization to Use Cash Collateral

On January 23. 2026, the Debtors filed the *Debtors' Emergency Motion for Interim and Final Orders (I) Authorizing the Debtors to (A) Use Cash Collateral and (B) Gran Liens and Provide Superpriority Administrative Expense Claims; (II) Granting Adequate Protection to SRC Hospital Investments I, LLC; (III) Scheduling a Final Hearing; and (IV) Granting Related Relief* [Dkt. No. 19] (the "**Cash Collateral Motion**"), seeking authority to use Cash Collateral (as defined in the Cash Collateral Motion). As a result of the agreements with SRC and Pipeline, all of the Debtors' Cash in Accounts and Deposit Accounts (as defined in the Cash Collateral Motion) was encumbered by liens in favor of SRC. On January 27, 2026 the Bankruptcy Court entered an order [Dkt. No. 51] approving the use of Cash Collateral on an interim basis. On February 10, 2026 Pipeline and SRC filed an objection to the Cash Collateral Motion. After negotiations between the Debtors and SRC, the Bankruptcy Court entered a second interim order [Dkt. No. 99] permitting the Debtors to continue to use Cash Collateral. On March 31, 2026, the Bankruptcy Court entered a third interim order [Dkt. No. 199] further permitting the use of Cash Collateral. On May 7, 2026 the Bankruptcy Court entered a fourth interim order [Dkt. No. 252] permitting the use of Cash Collateral until the date of a final hearing on the Cash Collateral Motion, June 24, 2026 at 4:00 p.m. CT.

(b) **Retention of Estate Professionals**

Approval of Employment of Attorneys and Financial Advisor

On March 16, 2026, the Bankruptcy Court approved the retention and appointment (as applicable) of: (i) Reed Smith, LLP ("**Reed Smith**"), as counsel to the Debtors; (ii) HMP Advisory Holdings, LLC dba Harney Partners ("**Harney Partners**") as the Debtors' financial advisor; and (iii) Erik White as the Debtors' Chief Restructuring Officer ("**CRO**"). Pursuant to the order of the Bankruptcy Court appointing the CRO, the CRO has the sole decision-making authority over all of the Debtors' operations while the Debtors remains in chapter 11.

On February 18, 2026, Susan N. Goodman was appointed as the Healthcare Ombudsman (the "**Ombudsman**"). On March 23, 2026 the Ombudsman filed its application to employ Kane, Russell, Coleman, Logan PC as counsel. On April 17, 2026, the Bankruptcy Court approved the Ombudsman's retention of counsel [Dkt. No. 223]. On April 20, 2026, the Ombudsman filed their report with the Bankruptcy Court [Dkt. No. 225].

No Unsecured Creditors' Committee

The United States Trustee has not appointed a committee of unsecured creditors in these Chapter 11 Cases.

3.2 **Other Developments During the Chapter 11 Cases**

Establishing Bar Date for Claims Against the Debtors

On February 23, 2026, the Debtors filed the *Emergency Motion of Debtors for Entry of an Order (I) Establishing Deadlines and Procedures for Filing Proofs of Claim; (II) Approving Form and Manner of Notice Thereof; and (III) Granting Related Relief* [Dkt No. 119] (the "**Bar Date Motion**"), seeking entry of an order (the "**Bar Date Order**") establishing the deadline for non-governmental and governmental creditors to file claims against the Debtors' estates. The relief in the Bar Date Motion and Bar Date Order was necessary for the Debtors to establish a concrete universe of claims to be addressed in a proposed plan of reorganization. On February 27, 2026, the Bankruptcy Court entered the Bar Date Order [Dkt. No. 144] establishing April 2, 2026, as the General Bar Date (as defined in the Bar Date Order) and July 20, 2026, as the Governmental Bar Date (as defined in the Bar Date Order) setting forth the descriptions of creditors required to file claims against the Debtors' estates and procedures for filing such claims.

Bidding Procedures for Potential Sale of Assets

As part of its restructuring, Platinum Heights is undertaking a sale of all or substantially all of its assets. The pool of bidders for Heights Hospital is incredibly diverse and represents parties with varying interests. Certain assets of the Debtors are currently in use at Heights Hospital to assist in the provision of services to the patients located there. Depending on the nature of the bids received by Platinum Heights, certain of the Debtors' assets may be required for the Heights Hospital to function under its new ownership. On February 13, 2026 the Debtors filed the *Debtors' Emergency Motion for Entry of an Order (I)(A) Approving Bidding Procedures, (B) Scheduling*

Certain Dates and Deadlines, and (C) Approving the Form and Manner of Notice Thereof; (II) Authorizing the Sale of the Assets Free and Clear of All Encumbrances; and (III) Granting Related Relief [Dkt. No. 83] (the "**Bidding Procedures Motion**"). Pursuant to the Bidding Procedures Motion the Debtors sought the Bankruptcy Court's authority to engage in bidding process for the Platinum Heights sale process, including the receipt of good faith deposits and allocations of sale proceeds. Ultimately the Platinum Heights sale process resolved itself without the sale of any assets of the Debtors.

Ordinary Course Professional Motion

On February 23, 2026 the Debtors filed the *Debtors' Motion for Entry of an Order (I) Authorizing the Retention and Compensation of Certain Professionals Utilized in the Ordinary Course of Business and (II) Granting Related Relief* [Dkt. No. 120] (the "**OCP Motion**"). The Debtors employ a number of professionals necessary in the ordinary course of their operations. These professionals provide a variety of non-bankruptcy related services. Pursuant to the OCP Motion the Debtors sought the Bankruptcy Court's authority to retain these non-bankruptcy professionals in the ordinary course without the need for court approval and without requiring these professionals to file fee statements and related compensation related filings with the Bankruptcy Court. On March 20, 2026 the Bankruptcy Court entered an order [Dkt. No. 168] approving the relief sought in the OCP Motion.

Interim Compensation Procedures

On February 16, 2026 the Debtors filed the *Motion of Debtors to Establish Procedures for Interim Compensation and Reimbursement of Expenses for Professionals* [Dkt. No. 89] (the "**Interim Compensation Motion**") seeking to establish procedures governing the compensation of estate professionals. The relief in the Interim Compensation Motion was beneficial to the Debtors' estates by establishing a procedure to address the universe of claims for the Debtors' professionals and their costs to the Debtors' estate. On March 13, 2026 the Bankruptcy Court entered an order [Dkt. No. 158] approving the relief sought in the Interim Compensation Motion.

Athelas Service Agreement Litigation

As stated herein, the Pipeline Entities withheld the Debtors' access to Cerner EHR which crippled the hospital's ability to document clinical encounters, capture charges, submit claims, and follow up on billing.

After stabilizing operations, the Debtors' team rebuilt the hospital's technology infrastructure despite the Pipeline Entities continued interference and withholding of necessary transition services, however the Debtors' infrastructure remained still fragmented. As a result of this fragmentation the Debtors are running multiple clinical EHR systems: one for inpatient and one for the emergency department, with a third wrapper system layered on top for patient access, registration, and revenue cycle functions.

To address this fragmentation process the Debtors moved to CliniComp as their new EHR system, which the Debtors believed could be a single unified platform to consolidate inpatient

data, patient access, and clinical documentation. Moving to CliniComp eliminates fragmentation and gives coders and billers a complete view of each patient encounter—enabling proper charge capture at the point of care. In furtherance of the Debtors' critical need to migrate to the CliniComp system, Athelas Inc. ("**Athelas**") was engaged specifically to provide the revenue cycle management layer services that integrate with CliniComp. On November 30, 2025, certain Debtors and Athelas executed a services agreement for revenue cycle management services (the "**Service Agreement**").

Under the Service Agreement, Athelas becomes the Debtors' revenue cycle platform replacing a former contract counterparty. Athelas' services under the Service Agreement are critical support functions necessary for the Debtors' operation of their new EHR with CliniComp to permit the Debtors to more efficiently bill and reduce the estimated revenue loss resulting from the fragmented system. Without Athelas, the Debtors and CliniComp will be unable to bill for the medical services recorded in the Debtors' systems.

Prior to the Debtors' chapter 11 filing, the parties anticipated that the transition of services to Athelas (and implementation of the CliniComp system) would be available for live use by April 1, 2026. The Service Agreement required the Debtors to pay a $19,000 "Site Onboarding" fee upon execution of the Service Agreement. The Debtors paid the $19,000 Site Onboarding fee on December 3, 2025. Athelas then began the implementation process prior to the Petition Date.

Less than a week after the Petition Date, Athelas informed the Debtors that it would cease its ongoing implementation services under the Service Agreement until the Debtors emerged from chapter 11 protection. The Debtors were blindsided by this unilateral decision, in part because the Debtors paid the $19,000 onboarding fee, and the Debtors were not in breach of the Service Agreement—nor have they ever been in breach of the Service Agreement.

After discussing with the Debtors, Athelas assured the Debtors that Athelas would continue the implementation under the Services Agreement. With this assurance, the Debtors did not seek further any remedies before this Court.

Several weeks later Athelas filed a *Motion of Athelas Inc. for Relief from the Automatic Stay to Exercise Termination* [Dkt. No. 159] and *Motion of Athelas Inc. to Shorten Time and Fix Dates and Conditions by Which Debtor Must Assume, Assume and Assign, or Reject Executory Contract* [Dkt. No. 160] (together the "**Athelas Motions**"). Athelas asserted no missed payments, breaches or defaults under the Service Agreement, rather, Athelas took unilateral actions impermissible under the Bankruptcy Code.

On March 31, 2026 the Debtors filed the *Debtors' Emergency Motion Pursuant to Section 105(a), 362 and 365 of the Bankruptcy Code to Enforce the Automatic Stay and Compel Performance of Obligations under Executory Contract* [Dkt. No. 195] (the "**Motion to Compel**"). Pursuant to the Motion to Compel, the Debtors requested the Bankruptcy Court to enforce the automatic stay and compel Athelas to continue to provide the services under the Service Agreement, which had already been fully paid for. On May 6, 2026 the Debtors and Athelas filed a joint stipulation [Dkt. No. 246] (the "**Athelas Stipulation**") seeking withdrawal of the Motion

to Compel, and deeming the Service Agreement rejected as of the date of entry of the Athelas Stipulation, mooting the relief sought in the Athelas Motions.

Motion for Rejection of Executory Contracts

In response to the Athelas Motions, the on March 23, 2026 the Debtors also filed the *Debtors' Motion for Entry of an Order (I) Approving Procedures for the Rejection of Executory Contracts and (II) Granting Related Relief* [Dkt. No. 177] (the "**Rejection Motion**") seeking to establish procedures to streamline the rejection process of executory contracts that are burdensome to the Debtors' reorganization efforts. The Rejection Motion benefits the Debtors' estates and their creditors by establishing clear and uniform practices for the rejection of executory contracts and unexpired leases, while ensuring that impacted executory contract counterparties have sufficient time to establish their related rejection claims. On April 17, 2026 the Court entered an Order [Dkt. No. 222] approving the relief sought in the Rejection Motion and establishing procedures for the rejection of executory contracts and unexpired leases, as well as the deadlines for filing claims arising from said rejection.

Motion to Impose the Automatic Stay

On March 23, 2026, the Debtors filed the *Debtors' Motion for Entry of Order to Enforce the Automatic Stay and Impose the Automatic Stay* [Dkt. No. 176] (the "**Automatic Stay Motion**"). As set forth in the Automatic Stay Motion, extension of the automatic stay to the Debtors' principal, Dr. Mirza N. Baig ("**Dr. Baig**") is necessary to stay a litigation initiated against Dr. Baig by Friedman & Feiger, L.L.P. ("**Friedman**") alleging liability for Dr. Baig based on the alleged non-payment by the Debtors. The Debtors believe that the suit against Dr. Baig is improper and a costly distraction from their reorganization efforts. Further, if the alleged payment obligation giving rise to liability against Dr. Baig was an obligation of the Debtors, Friedman has a recourse: filing a claim against the Debtors prior to the Bar Date. Any action against Dr. Baig is nothing more than an attempted work around of the spirit and protections of the Bankruptcy Code.

On March 31, 2026 the Bankruptcy Court held a hearing on the Automatic Stay Motion and entered an order [Dkt. No. 201] extending the automatic stay to Dr. Baig until the earlier of (i) the effective date of the Debtors' chapter 11 plan, (ii) a further Order of this Court, or (iii) 60 days (without prejudice to seeking further extension).

ARTICLE IV

SUMMARY OF THE DEBTORS' PLAN

4.1 Overview of the Debtors' Plan

The Plan is the culmination of months of effort by the Debtors and their professionals and advisors to present a plan of reorganization that maximizes value for the Debtors' creditors while ensuring that WRMC remains open and able to continue providing care to the vulnerable community that has come to depend on its operations.

The Plan calls for the reorganization of the Debtors outstanding obligations and liabilities. Lead Debtor White Rock will be the Reorganized Debtor after the Effective Date, while all of the other Debtor entities shall be wound down and liquidated according to the terms of the Plan. The Nonprofit Holdco will be sole member of the Reorganized Debtor and will be governed by the Nonprofit Board, the members of which will be included in the Debtors' Plan Supplement. The restructuring of the Debtors set forth in the Plan will be funded by the Plan Sponsor, who will be providing an Exit Loan in the amount of $1,500,000, which will be used to make distributions under the Plan and fund the operating costs of the Reorganized Debtor. Upon the Effective Date, the Exit Loan will be an obligation of the Reorganized Debtor to be paid to the Plan Sponsor.

By shifting control of the Reorganized Debtor to a non-profit, the Debtors believe they will be able to better serve their community and insulate themselves in an increasingly competitive and concentrated medical services field.

4.2 **Terms of the Plan Control**

The following represents the Debtors' best efforts to describe the treatment afforded to the Claims of the Creditors in various Classes. Creditors should be aware that the terms of the Plan control the treatment of all Claims. In the event of any inconsistencies between the Plan and this Disclosure Statement, the terms of the Plan shall be, in all events, determinative. The Debtors urge all Creditors to read the Plan for a complete understanding of the treatment of their Claims.

4.3 **Unclassified Claims**

As provided in section 1123(a)(1) of the Bankruptcy Code, Administrative Claims (including Professional Fee Claims and U.S. Trustee Fees), and Priority Tax Claims are not classified for purposes of voting on the Plan. Holders of Administrative Claims and Priority Tax Claims are not entitled to vote on the Plan but, rather, are treated separately in accordance with Article II of the Plan and under section 1129(a)(9)(A) of the Bankruptcy Code.

Administrative Claims. Except with respect to Professional Fee Claims, unless the Holder of an Allowed Administrative Claim agrees to less favorable treatment of such Claim, on or as soon as reasonably practicable after the later of (i) the Effective Date, (ii) the date on which an Administrative Claim becomes an Allowed Administrative Claim, or (iii) the date on which an Allowed Administrative Claim becomes payable under any agreement relating thereto, each Holder of an Allowed Administrative Claim shall receive, in full and final satisfaction of such Allowed Administrative Claim, Cash in an amount equal to such Allowed Claim on the Effective Date or as soon as practicable thereafter or such other treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code.

To the extent not already asserted in the Chapter 11 Cases pursuant to a timely filed Proof of Claim in accordance with the Bar Date Order, all requests for allowance and payment of Administrative Claims (other than (i) Professional Fee Claims (such claims are subject to the Professional Fee Claims Bar Date), (ii) Claims asserted under section 503(b)(9) of the Bankruptcy Code (such Claims are subject to the General Bar Date), (iii)

U.S. Trustee Fees, (iv) Administrative Claims that have been Allowed on or before the Effective Date, and (v) Administrative Claims that were already asserted in the Chapter 11 Case pursuant to a timely Proof of Claim in accordance with the Bar Date Order), must be filed and served on the Debtors or, after the Effective Date, the Reorganized Debtor or the Disbursing Agent, and its counsel, so as to actually be received on or before the Administrative Claims Bar Date. The notice of the occurrence of the Effective Date shall set forth the Administrative Claims Bar Date and shall constitute notice thereof. For the avoidance of doubt, Holders of Administrative Claims based on liabilities incurred by the Debtors in the ordinary course of business after the Petition Date must file and serve a request for payment of such Administrative Claim by the applicable Administrative Claims Bar Date.

After notice and a hearing, the Allowed amounts, if any, of Administrative Claims shall be determined by, and satisfied in accordance with, a Final Order.

(d) Holders of Administrative Claims (other than (i) Professional Fee Claims, (ii) Claims asserted under section 503(b)(9) of the Bankruptcy Code, (iii) U.S. Trustee Fees, (iv) Administrative Claims that have been Allowed on or before the Effective Date, and (v) Administrative Claims that were already asserted in the Chapter 11 Cases pursuant to a timely filed Proof of Claim in accordance with the Bar Date Order), that do not file and serve a request for allowance and payment of an Administrative Claim by the Administrative Claims Bar Date shall be forever barred, estopped, and enjoined from asserting Administrative Claims against the Debtors, the Estate, or their assets and properties, and any Administrative Claims shall be deemed Disallowed as of the Effective Date without the need for any notices, objection, or other action from the Debtors or the Reorganized Debtor, as applicable, or any action or approval of the Bankruptcy Court.

Priority Tax Claims. Unless the Holder of an Allowed Priority Tax Claim agrees to less favorable treatment of such Claim, each Holder of an Allowed Priority Tax Claim shall receive, in full and final Unless the Holder of an Allowed Priority Tax Claim agrees to less favorable treatment of such Claim, each Holder of an Allowed Priority Tax Claim shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such Allowed Priority Tax Claims, Cash in an amount equal to such Allowed Priority Tax Claim on the latest of (i) the Effective Date, (ii) the date on which a Priority Tax Claim becomes an Allowed Priority Tax Claim, and (iii) the date such Allowed Priority Tax Claim becomes payable under applicable non-bankruptcy law. Any Claim arising under the OAG Franchise Tax Agreement that the Bankruptcy Court determines under a Final Order that is (i) entitled to priority treatment under section 507(a)(8) of the Bankruptcy Code shall be treated as an Allowed Priority Tax Claim under this Section 2.2, and (ii) not entitled to priority treatment under section 507(a)(8) of the Bankruptcy Code shall be treated as Class 5 General Unsecured Claim.

Professional Fee Claims. All applications for allowance and payment of Professional Fee Claims by Professionals for services rendered and reimbursement of expenses incurred prior to the Effective Date must be filed on or before the Professional Fee Claims Bar Date. If an application for a Professional Fee Claim is not filed by the

Professional Fee Claims Bar Date, such Professional Fee Claim shall be deemed waived, and the Holder of such Claim shall be forever barred from receiving payment on account thereof. The notice of the occurrence of the Effective Date shall set forth the Professional Fee Claims Bar Date and shall constitute notice thereof. Objections to any Professional Fee Claims must be filed and served on the Reorganized Debtor and the requesting Professional, no later than twenty-one (21) days after service of the applicable final application for allowance and payment of Professional Fee Claims.

Unless otherwise agreed to (i) by the Debtors and the Professional prior to the Effective Date or (ii) by the Reorganized Debtor and the Professional after the Effective Date, the amount of Professional Fee Claims owing to such Professional that are Allowed by Final Order shall be paid in full in Cash by the Reorganized Debtor as soon as reasonably practicable after its Professional Fee Claims are Allowed by order of the Bankruptcy Court, (x) *first*, by application of any retainer monies held by such Professional, and (y) *second*, once such retainer balance is exhausted, the Reorganized Debtor shall pay such Professional the remaining balance of its Allowed Professional Fee Claim in Cash.

4.4 **Classification and Treatment of Claims**

In accordance with section 1123(a)(1) of the Bankruptcy Code, all Claims and Equity Interests are placed in the Classes described below for all purposes, including voting on, confirmation of, and distributions under, the Plan as follows:

Class	Claim or Interest	Summary of Treatment	Voting Status	Estimated Claim Amount
Class 1	Secured Lender Claim	(A) *If the Secured Lender Claim Is Allowed*. If the Secured Lender Claim is Allowed in whole or in part by Final Order in the Pipeline Adversary Proceeding (or by other Final Order of the Bankruptcy Court), the Reorganized Debtor shall, within ten (10) Business Days following entry of such Final Order, issue to the Holder of the Allowed Secured Lender Claim a secured promissory note (the "Secured Lender Restructured Note") in a principal amount equal to the Allowed amount of the Secured Lender Claim, after giving effect to all setoffs, recoupments, reductions, disallowances, and equitable subordination determinations made in the Pipeline Adversary Proceeding. The Secured Lender Restructured Note shall bear interest at a per annum rate equal to the Prime Rate in effect as of the Effective Date plus one percent (1.0%). Interest shall accrue from the date of issuance of the Secured Lender Restructured Note and shall be calculated	Impaired (entitled to vote)	[_]

		on the basis of a 360-day year consisting of twelve 30-day months. The principal amount of the Secured Lender Restructured Note, together with all accrued and unpaid interest thereon, shall be amortized and repaid in equal monthly installments over a period of five (5) years from the date of issuance, with the first payment due on the first Business Day of the first full calendar month following the date of issuance and on the first Business Day of each successive calendar month thereafter until the Secured Lender Restructured Note is paid in full. The Reorganized Debtor shall have the right to prepay the Secured Lender Restructured Note, in whole or in part, at any time without premium or penalty. The obligations of the Reorganized Debtor under the Secured Lender Restructured Note shall be secured by liens on all collateral that the Bankruptcy Court determines in the Pipeline Adversary Proceeding validly secures the Secured Lender Claim, to the same extent and priority, but in no event shall such liens extend to Medicare or Medicaid reimbursements or other restricted federal healthcare program payments to the extent prohibited by 42 U.S.C. § 1395g(c), 42 U.S.C. § 1396a(a)(32), 42 C.F.R. § 424.73, or 42 C.F.R. § 447.10. (B) *If the Secured Lender Claim Is Disallowed, Reduced to Zero, or Equitably Subordinated*. To the extent the Secured Lender Claim is disallowed in whole or in part, reduced by setoff or recoupment, or equitably subordinated by Final Order, (i) the corresponding portion of the Class 1 treatment shall be of no effect and no distribution shall be made on account thereof; (ii) if the Bankruptcy Court determines that the Secured Lender's lien is invalid and orders equitable subordination of the Secured Lender Claim (or any portion thereof) pursuant to section 510(c) of the Bankruptcy Code, such equitably subordinated Claim (or the subordinated portion thereof) shall be classified and treated as a Subordinated Claim in Class 8 in accordance with Section 3.3(h) of the		

		Plan; (iii) to the extent the Secured Lender Claim is disallowed or reduced but not equitably subordinated, any unsecured deficiency Claim under section 506(a) of the Bankruptcy Code shall be classified and treated as a General Unsecured Claim in Class 5; and (iv) any liens securing a subordinated portion of the Claim shall be transferred to the Estate (and, on and after the Effective Date, to the Reorganized Debtor) for the benefit of creditors pursuant to section 510(c)(2) of the Bankruptcy Code, in each case as ordered by the Bankruptcy Court. (A) (C) *Pending Resolution*. On the Effective Date, the Secured Lender Claim shall be treated as a Disputed Claim until Allowed or Disallowed by Final Order in the Pipeline Adversary Proceeding or other Final Order of the Bankruptcy Court. No distribution shall be made on account of the Secured Lender Claim pending such determination. Pending entry of such Final Order, all of the Secured Lender's prepetition liens, security interests, and all setoff and recoupment rights of the Debtors and the Reorganized Debtor under section 553 of the Bankruptcy Code, and all defenses, counterclaims, and Causes of Action asserted in the Pipeline Adversary Proceeding, shall be preserved without alteration of priority.		
Class 2	Huntington Equipment Loan Claims	Each Holder of an Allowed Huntington Equipment Loan Claim shall receive in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such Allowed Huntington Equipment Loan Claim such treatment as specified in the Huntington 9019 Order.	Impaired (entitled to vote)	[_]
Class 3	Reinstated Equipment Loan Claims	On the Effective Date, each Reinstated Equipment Lender's Equipment Loan Claim shall be reinstated and rendered unimpaired in accordance with section 1124 of the Bankruptcy Code. In furtherance thereof: (a) any and all defaults under the Reinstated Equipment Loan Documents, other than defaults of a kind specified in section 365(b)(2) of the Bankruptcy Code, shall be cured on or as soon as reasonably practicable after the Effective Date; (b) the maturity of the Equipment Loan Claim of each	Unimpaired (not entitled to vote)	

		Reinstated Equipment Lender shall be reinstated as such maturity existed before any default under the applicable Reinstated Equipment Loan Documents; (c) the legal, equitable, and contractual rights of each Reinstated Equipment Lender under the Reinstated Equipment Loan Documents shall not otherwise be altered by the Plan; (d) all liens and security interests held by each Reinstated Equipment Lender under the Reinstated Equipment Loan Documents shall remain in full force and effect, unaltered by the Plan or the Confirmation Order; and (e) the Reorganized Debtor shall continue to perform all obligations under the Reinstated Equipment Loan Documents in accordance with their terms from and after the Effective Date. For the avoidance of doubt, the Restructured Equipment Note Terms shall not apply to the Equipment Loan Claims of Reinstated Equipment Lenders, and the Reinstated Equipment Loan Documents shall continue in full force and effect in accordance with their original terms (as cured pursuant to the Plan).		
Class 4	Restructured Equipment Loan Claims	On the Effective Date, Holders of an Allowed Restructured Equipment Loan Claims shall receive the following treatment: 1. if such Holder accepts the Plan, such Holder shall receive, in full and final satisfaction, settlement, release, and discharge of its Equipment Loan Claim, treatment on substantially the same terms and conditions as set forth in such Holder's Equipment Lender Loan Documents, except that the Restructured Equipment Note Terms shall apply to such Equipment Lender Loan Documents. On the Effective Date, the Equipment Lender Loan Documents of each Accepting Equipment Lender shall be deemed modified and amended to incorporate the Restructured Equipment Note Terms without the need for the execution of any amendment or modification agreement, and the Reorganized Debtor and such Holder shall be bound by the Equipment Lender Loan Documents as so modified. For the avoidance of doubt, all liens and security interests granted to an Accepting Equipment Lender under its Equipment Lender Loan Documents shall remain in full force and effect following the Effective Date, subject	Impaired (entitled to vote)	[_]

		to the terms of such Equipment Lender Loan Documents as modified by the Restructured Equipment Note Terms. 2. if such Holder rejects the Plan, the Reorganized Debtor shall execute and deliver to each Rejecting Equipment Lender an Equipment Lender Cramdown Note in a principal amount equal to the Allowed amount of such Rejecting Equipment Lender's Secured Claim as determined under section 506(a) of the Bankruptcy Code. To the extent that a Rejecting Equipment Lender holds an Allowed unsecured deficiency Claim under section 506(a) of the Bankruptcy Code, such deficiency Claim shall be treated as a General Unsecured Claim under Class 5 of the Plan. The Equipment Lender Cramdown Note shall be on substantially the same terms and conditions as such Rejecting Equipment Lender's Equipment Lender Loan Documents, except that (i) the principal amount of the Equipment Lender Cramdown Note shall be as set forth in this Section 3.3(d)(ii)(2), and (ii) the Restructured Equipment Note Terms shall apply to the Equipment Lender Cramdown Note. Each Rejecting Equipment Lender shall retain its liens and security interests on the collateral securing its Equipment Loan Claim to the extent of the Allowed Secured Claim as determined under section 506(a) of the Bankruptcy Code.		
Class 5	General Unsecured Claims	On and after the Disbursement Commencement Date, each Holder of an Allowed General Unsecured Claim shall receive, in full and final satisfaction, settlement, release, and discharge of such Claim, its Pro Rata Share of the GUC Distribution Pool. The GUC Distribution Pool shall be distributed in equal installments on each Distribution Date during the Disbursement Period, such that the entire GUC Distribution Pool shall be fully distributed to holders of Allowed General Unsecured Claims no later than the expiration of the Disbursement Period.	Impaired (entitled to vote)	[_]

Class 6	REILS Claims	*Treatment upon Plan Rejection:* If REILS rejects the Plan, the Holder of the REILS Claim shall be treated as a General Unsecured Claim in Class 5. *Treatment upon Plan Acceptance*: On the Effective Date, or as soon as reasonably practicable thereafter, the Holder of the Allowed REILS Claim shall receive the following treatment in full and final satisfaction, settlement, release, and discharge of such Claim and any obligations of the Debtors' Related Parties in any way related to the REILS Claim: 1. **Promissory Note.** The Reorganized Debtor shall issue to REILS a promissory note (the "**Promissory Note**") in the original principal amount of $5,000,000.00. The Promissory Note shall bear no interest and shall be payable in equal monthly installments over a period of sixty (60) months, with the first installment due and payable on the date that is eighteen (18) months after the Effective Date. Payments under the Promissory Note shall continue monthly thereafter until the principal balance is paid in full. The Promissory Note shall contain such other terms and conditions as are customary for instruments of its type and as are reasonably acceptable to the Reorganized Debtor and REILS. 2. **Earn-Out Payments**. Following payment in full of the Promissory Note, the Reorganized Debtor shall make performance-based earn-out payments (the "**Earn-Out Payments**") to REILS in an aggregate amount not to exceed $5,000,000.00. The Earn-Out Payments shall be paid over a period of sixty (60) months following satisfaction of the Promissory Note, subject to the following conditions: for each fiscal year during the earn-out period in which the Reorganized Debtor's earnings before interest, taxes, depreciation, and amortization ("**EBITDA**") exceed	Impaired (entitled to vote)	[_]

		$12,000,000.00, REILS shall be entitled to receive an Earn-Out Payment for such fiscal year in an amount equal to fifty percent (50%) of EBITDA in excess of $12,000,000.00 for such fiscal year; provided, however, that in no event shall any single annual Earn-Out Payment exceed $1,250,000.00. In the event that EBITDA does not exceed $12,000,000.00 in any given fiscal year during the earn-out period, no Earn-Out Payment shall be due or payable with respect to such fiscal year. 3. **Total Consideration**. The aggregate consideration payable to REILS under this treatment shall not exceed $10,000,000.00, consisting of $5,000,000.00 under the Promissory Note and up to $5,000,000.00 in Earn-Out Payments.		
Class 7	Service Provider Claims	Provided that Service Provider and the Debtors agree in principle to the terms of the Wound Care Service Line Restart Agreement, the Holder of an Allowed Service Provider Claim shall receive, in full and final satisfaction, settlement, release, and discharge of such Claim, aggregate cash payments in the total amount of One Million Dollars ($1,000,000.00), payable in equal installments on each Distribution Date during the Disbursement Period, with the first installment due and payable on the Disbursement Commencement Date. Each such payment shall be made by wire transfer of immediately available funds to an account designated in writing by Service Provider no later than ten (10) business days prior to the applicable Distribution Date. If Service Provider and the Debtors do not agree to the terms of the Wound Care Service Line Restart Agreement by the Plan Supplement filing date, the Holder of the Allowed Service Provider Claim shall be treated as a Class 5 General Unsecured Claim.	Impaired (entitled to vote)	[_]
Class 8	Subordinated Claims	Unless the Holder of a Subordinated Claim agrees to less favorable treatment of such Claim, each such Holder of a Subordinated Claim shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange	Impaired (entitled to vote)	[_]

		for such Claim, its Pro Rata Share of funds available after Payment in Full of Claims in Classes 1 through 7 under this Plan. In the event there are no funds available after Payment in Full of Claims in Classes 1 through 7, Holders of Subordinated Claims will not receive any distributions under the Plan.		
Class 9	Existing Equity Interests	On the Effective Date, each Allowed Existing Equity Interest shall be discharged, cancelled, released, and extinguished, without any distributions to Holders.	Impaired (not entitled to vote)	[_]

4.5 **Special Provisions Regarding Unimpaired Claims**. Except as otherwise provided in the Plan, nothing shall affect the Debtors or the Reorganized Debtor's rights and defenses, legal and equitable, with respect to any Unimpaired Claims, including but not limited to all rights with respect to legal and equitable defenses to setoffs against or recoupments of Unimpaired Claims.

4.6 **Subordination of Claims**. Except as expressly provided in the Plan, the Allowance, classification, and treatment of all Allowed Claims and Interests take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code or otherwise. Pursuant to section 510 of the Bankruptcy Code, the Debtors and Reorganized Debtor reserve the right to classify any Allowed Claim or Interest in accordance with any contractual, legal, or equitable subordination relating thereto, with such Allowed Claim to be treated under Class 8 of the Plan.

4.7 **The Reorganized Debtor**

(a) On the Effective Date, except as otherwise set forth in the Plan, pursuant to sections 1141(b)–(c) of the Bankruptcy Code, the Debtors' Assets will vest in the Reorganized Debtor free and clear of all liens, Claims, and encumbrances (other than liens granted to the Secured Lender under the Secured Lender Restructured Note in Class 1 Treatment).

(b) On the Effective Date, the authority, power, and incumbency of the persons acting as directors and officers of the Debtors shall be deemed to have resigned, solely in their capacities as such. From and after the Effective Date, the Nonprofit Holdco shall be the sole member of the Reorganized Debtor and shall appoint officers consistent with the Reorganized Debtor's corporate documents and the provisions of the Plan (and all certificates of formation, membership agreements, and related documents are deemed amended by the Plan to permit and authorize the same).

4.8 **Powers and Duties of the Reorganized Debtor**

The powers of the Reorganized Debtor shall include any and all powers and authority to implement the Plan and wind down the Liquidating Debtors' affairs, including:

(a) liquidating, receiving, holding, and investing, supervising, and protecting any remaining assets of the Liquidating Debtors after the Effective Date;

(b) executing and delivering all documents and taking all actions necessary to consummate the Plan and wind up the Liquidating Debtors' affairs;

(c) making distributions to holders of Allowed Claims as contemplated by the Plan;

(d) establishing and maintaining bank accounts in the name of the Liquidating Debtors for the winding up of the Liquidating Debtors' affairs;

(e) subject to the terms of the Plan, employing, retaining, terminating or replacing professionals to represent it with respect to its responsibilities or otherwise winding up the Liquidating Debtors' affairs;

(f) preparing and filing tax returns and related forms and filings on behalf of the Liquidating Debtors, protesting or appealing any tax assessment, applying for or otherwise pursuing any Claim for any tax refund, rebate, or reduction, seeking a determination of tax liability under section 505 of the Bankruptcy Code or otherwise, and paying, or causing to be paid any taxes incurred by the Debtors before or after the Effective Date that are validly Allowed Claims;

(g) compromising or settling any Claims or Interests or transferring, relinquishing, assigning, or otherwise disposing of any asset of the Liquidating Debtors without further approval of the Court and free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules;

(h) coordinating the storage and maintenance of the Liquidating Debtors' books and records;

(i) paying fees owed to the Office of the U.S. Trustee in accordance with applicable law and file reports to show the calculation of such fees for the Estates until the Chapter 11 Cases are closed under section 350 of the Bankruptcy Code;

(j) exercising such other powers as may be vested in it pursuant to an order of the Court or the Plan, or as it reasonably deems to be necessary and proper to carry out the provisions of the Plan; and

(k) continuing to operate the business of the Reorganized Debtor in the ordinary course of business.

4.9 **Reorganized Debtor's Retention of Professionals**

The Reorganized Debtor shall have the sole right to retain the services of attorneys, accountants, and other professionals that, in the discretion of the Reorganized Debtor are necessary to assist the Reorganized Debtor in the performance of its duties, including in assisting in computing Pro Rata Shares, preparing distribution calculations, and facilitating distributions to Holders of Allowed General Unsecured Claims. The reasonable fees and expenses of such

professionals shall be paid without any further notice to or action, order, or approval of the Court in Cash.

4.10 **Exculpation; Indemnification; Insurance; Liability Limitation**

The Reorganized Debtor and all professionals retained by the Reorganized Debtor, each in their capacities as such, shall be deemed exculpated and indemnified, except for fraud, willful misconduct, or gross negligence, in all respects by the Debtors and their Estates. The Reorganized Debtor may rely upon written information generated by the Debtors. For the avoidance of doubt, notwithstanding anything to the contrary contained in the Plan, the Reorganized Debtor in their capacity as such, shall have no liability whatsoever to any party for the liabilities and/or obligations, however created, whether direct or indirect, in tort, contract, or otherwise, of the Debtors or their Estates.

4.11 **Restructuring Transactions**

(a) On the Effective Date, existing membership interests in White Rock Medical Center LLC will be cancelled and the New Securities shall be issued to Nonprofit Holdco who shall become and be deemed the sole member of the Reorganized Debtor. The Reorganized Debtor shall elect disregarded entity status for tax purposes under IRC §301.7701-3. The transactions contemplated in the Plan and the consideration received in connection therewith, shall be structured in a manner that (i) minimizes any current taxes payable as a result of the consummation of such transactions and (ii) optimizes the tax efficiency (including, but not limited to, by way of the preservation or enhancement of favorable tax attributes) of such transactions to the Debtors and the Plan Sponsor.

(b) The Debtors, Reorganized Debtor or Plan Sponsor, as applicable, may, in their discretion, take such action as permitted by applicable law, including those the Debtors, Reorganized Debtor or Plan Sponsor determine are reasonable, necessary or appropriate to effectuate the Plan, including: (i) the execution and delivery of any appropriate agreements or other documents of formation, merger, amalgamation, consolidation, restructuring, conversion, disposition, transfer, arrangement, continuance, dissolution, sale, purchase, or liquidation containing terms that are consistent with the terms of the Plan and that satisfy the applicable requirements of applicable law; (ii) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, debt, or obligation on terms consistent with the terms of the Plan and having other terms for which the applicable parties agree; (iii) the filing of appropriate certificates or articles of incorporation, reincorporation, merger, consolidation, conversion, amalgamation, arrangement, continuance, or dissolution pursuant to applicable state or provincial law; (iv) such other transactions that are required to effectuate the Plan; (v) all transactions necessary to provide for the purchase of some or all of the assets of, or Interests in the Debtors which purchase may be structured as a taxable transaction for United States federal income tax purposes; (vi) all actions that the applicable Entities determine to be necessary to obtain the requisite regulatory approvals to effectuate the Plan; (vii) rejection or assumption, as applicable, of Executory Contracts and Unexpired Leases; and (viii) all other actions that the applicable Entities determine to be necessary, including making filings or recordings that may be required by applicable law in connection with the Plan, and such

action and documents are deemed to require no further action or approval (other than any requisite filings required under the applicable state, provincial and federal or foreign law or such consent or consultation rights as set forth in the Plan).

(c) Except as otherwise provided in the Plan, or any agreement, instrument, or other document incorporated in the Plan or the Plan Supplement, on the Effective Date, all the Debtors' Assets shall transfer to the Reorganized Debtor, free and clear of all Liens, Claims, charges, or other encumbrances, except for the Liens and Claims established under the Plan and subject to the assumed liabilities. On and after the Effective Date, except as otherwise provided in the Plan, the Reorganized Debtor may operate its business and may use, acquire, or dispose of property and maintain, prosecute, abandon, compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, subject only to those restrictions expressly imposed by the Plan or the Confirmation Order, as well as the documents and instruments executed and delivered in connection therewith, including the documents, exhibits, instruments, and other materials comprising the Plan Supplement.

4.12 **Wound Care Service Line Restart**

As consideration for the treatment of Service Provider's Allowed Claim, the Reorganized Debtor will endeavor to, on or before the Effective Date, enter into the Wound Care Service Line Restart Agreement. Upon acceptance of the Plan, Strategic Solutions is deemed to have withdrawn the Strategic Solutions Claim and authorizes the Reorganized Debtor to file a notice of claim withdrawal of the Strategic Solutions Claim.

4.13 **Sources of Cash for Distributions and Operations**

All Cash necessary for the Reorganized Debtor to make payments required by the Plan and for post-Confirmation operations shall be obtained from (a) existing Cash held by the Debtors on the Effective Date, (b) Cash generated from operations after the Effective Date in the ordinary course of business, and (c) the Plan Funding.

4.14 **Plan Funding**

Two business days after entry of the Confirmation Order, the Plan Sponsor will transfer the Plan Funding to the Reorganized Debtor. The Plan Funding shall constitute an obligation of the Reorganized Debtor.

4.15 **Cancellation of Existing Securities and Agreements**

Except as provided in the Plan or in the Confirmation Order, on the Effective Date, all notes, stock (where permitted by applicable law), instruments, certificates, agreements, side letters, fee letters, and other documents evidencing or giving rise to Claims against and Interests in the Debtors, shall be cancelled and the obligations of the Debtors thereunder or in any way related thereto shall be fully released, terminated, extinguished, and discharged, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule, or any requirement of further action, vote, or other approval or authorization by any

Person. The Holders of or parties to such notes, stock, instruments, certificates, agreements, side letters, fee letters, and other documents shall retain their rights vis-à-vis each other but shall have no rights against the Debtors, Reorganized Debtor or the Plan Sponsor, as applicable, arising from or relating to such notes, stock, instruments, certificates, agreements, side letters, fee letters, and other documents or the cancellation thereof, except the rights provided pursuant to the Plan and the Confirmation Order.

4.16 **Liquidation of Liquidating Debtors**

On and after the Effective Date all Debtors other than White Rock Medical Center LLC shall be wound down and dissolved in accordance with the terms of the Plan.

4.17 **Authorization of Issuance of New Securities Pursuant to the Restructuring Transaction**

(a) On the Effective Date, the Reorganized Debtor is authorized to issue or cause to be issued the New Securities to the Nonprofit Holdco in accordance with the terms and conditions set forth in the Plan, the Plan Supplement, or the Plan Sponsor Agreement, without the need for any further action. The issuance of the New Securities shall be authorized under section 1123(a)(5)(J) of the Bankruptcy Code and shall be exempt from registration under the Securities Act of 1933 and any applicable state or local law requiring registration of securities pursuant to section 1145 of the Bankruptcy Code, to the extent applicable, or, to the extent section 1145 of the Bankruptcy Code is not applicable, shall be issued pursuant to section 4(a)(2) of the Securities Act of 1933 and Regulation D promulgated thereunder or another available exemption from registration.

(b) The New Securities shall be issued in accordance with the terms of the Reorganized Debtor Operating Agreement. The New Securities shall have the rights, preferences, privileges, and restrictions set forth under applicable non-bankruptcy law or in the Reorganized Debtor Operating Agreement. The sole member of the Reorganized Debtor shall be Nonprofit Holdco, which shall have the rights, duties, and obligations set forth in applicable non-bankruptcy law, its governing documents, or the Reorganized Debtor Operating Agreement.

(c) Pursuant to section 1145(a)(1) of the Bankruptcy Code, the offering, issuance, and distribution of the New Securities under the Plan shall be exempt from, among other things, the registration requirements of section 5 of the Securities Act of 1933 and any other applicable non-bankruptcy law requiring registration prior to the offering, issuance, distribution, or sale of securities, to the extent such exemption is available. To the extent section 1145 of the Bankruptcy Code is not available or applicable to any New Securities issued under the Plan, such New Securities shall be issued in reliance upon section 4(a)(2) of the Securities Act of 1933, Regulation D promulgated thereunder, or another available exemption from registration, and shall be subject to applicable resale restrictions under Rule 144 of the Securities Act of 1933 or as otherwise provided by law. Recipients of New Securities issued in reliance upon an exemption other than section 1145 of the Bankruptcy Code shall be deemed to have made all representations and warranties required under applicable securities laws to qualify for such exemption.

(d) No fractional New Securities shall be issued or distributed under or pursuant to the Plan.

4.18 **Execution, Delivery, and Enforcement of Plan Documents Upon Restructuring Transaction**. On or before the Effective Date, the Debtors, the Reorganized Debtor, and the Plan Sponsor, as applicable, are authorized and directed to execute, deliver, file, and record such contracts, instruments, releases, agreements, and other documents, and to take such other actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan and the issuance of the New Securities, including, but not limited the following documents, which for the avoidance of doubt the secretary or any assistant secretary of the Debtors or the Reorganized Debtor shall be authorized to certify or attest to:

(a) the Plan Sponsor Agreement, including any amendments, modifications, or supplements thereto;

(b) any operating agreements, registration rights agreements, or other governance documents, if any;

(c) any certificates, instruments, or agreements evidencing the New Securities; and;

(d) any documents reasonably required by the Plan Sponsor Agreement or reasonably necessary to consummate the transactions contemplated by the Plan.

4.19 **Intercompany Interests and Intercompany Claims**

On the Effective Date, all Intercompany Claims and Interests will be adjusted, reinstated, or cancelled as determined by the Reorganized Debtor and the Plan Sponsor. No value will be attributed or paid as part of the Plan to Intercompany Claims. For the avoidance of doubt, the Reorganized Debtor will not assume any intercompany claims or liabilities.

4.20 **Deemed Consolidation**

The Plan is a joint plan of reorganization of all Debtors. For purposes of voting, confirmation, and distribution, the Debtors' Estates are deemed substantively consolidated. On the Effective Date, all guarantees of any Debtor of the obligations of any other Debtor, all joint and several liability of any Debtor with respect to any other Debtor, and all multiple Claims against the Debtors on account of the same underlying obligation shall be deemed one Claim against and obligation of the consolidated Debtors. Such deemed consolidation shall not (other than for purposes set forth in the Plan) (a) affect the legal and corporate structures of the Reorganized Debtor, (b) cause any entity to be liable for any Claim or Cause of Action for which it otherwise is not liable, or (c) affect any Intercompany Claims or Interests except as otherwise provided in the Plan.

4.21 **Corporate Action**

Each of the matters provided for under the Plan involving the corporate structure of the Debtors or any corporate action to be taken by or required of the Debtors, including the issuance of the New Securities as applicable, shall be deemed to have occurred and be effective as provided

in the Plan, 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 partners, members, creditors, directors, or managers of the Debtors. On or (as applicable) before the Effective Date, the appropriate officers of the Debtors, as applicable, shall be authorized and (as applicable) directed to issue, execute, and deliver the agreements, documents, securities, and instruments contemplated by the Plan (or necessary or desirable to effectuate any transaction under the Plan) in the name of and on behalf of the Debtors. The authorizations and approvals contemplated by Section 5.12 of the Plan shall be effective notwithstanding any requirements under nonbankruptcy law.

4.22 Effectuating Documents; Further Transactions

The directors, officers, managers or any other appropriate officer of the Debtors, or, after the Effective Date, the Plan Sponsor, or Reorganized Debtor as applicable, shall be authorized to execute, deliver, file, or record such contracts, instruments, releases, and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

4.23 Release of Liens

Except as otherwise specifically provided in the Plan or any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions to be made pursuant to the Plan, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released and discharged, and all of the right, title, and interest of any holder of such mortgages, deeds of trust, Liens, pledges or other security interests shall revert to the Plan Sponsor and its successors and assigns, in each case, without any further approval or order of the Bankruptcy Court and without any action or filing being required to be made by the Debtors, Plan Sponsor, or any Holder of a Secured Claim.

4.24 Tax Obligations of Liquidating Debtors

The Reorganized Debtor assumes all of the Liquidating Debtors' liabilities under any federal, state, and local tax, whether arising prior to, on, or after the Petition Date.

4.25 Exemption from Certain Transfer Taxes and Recording Fees

To the maximum extent provided by section 1146(a) of the Bankruptcy Code, any post-Confirmation sale by the Debtors or any transfer from any Entity pursuant to, in contemplation of, or in connection with the Plan or pursuant to: (a) the issuance, distribution, transfer, or exchange of any debt, equity security, or other interest in the Debtor; or (b) the making, delivery, or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including any deeds, bills of sale, assignments, or other instruments of transfer executed in connection with the Plan arising out of, contemplated by, or in any way related to the Plan, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, or other similar tax or governmental assessment, in each case to the extent permitted by applicable bankruptcy law, and the appropriate state or local government officials or

agents shall forego collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

4.26 **Further Authorization**

The Debtors, or, after the Effective Date, Plan Sponsor or the Reorganized Debtor, as applicable, shall be entitled to seek such orders, judgments, injunctions, and rulings as they deem necessary to carry out the intentions and purposes, and to give full effect to the provisions of the Plan.

4.27 **Debtors' Releases**

NOTWITHSTANDING ANYTHING CONTAINED IN THE PLAN TO THE CONTRARY, PURSUANT TO BANKRUPTCY CODE SECTION 1123(B) AND TO THE FULLEST EXTENT ALLOWED BY APPLICABLE LAW, FOR GOOD AND VALUABLE CONSIDERATION, ON AND AFTER THE EFFECTIVE DATE, EACH RELEASED PARTY IS DEEMED RELEASED AND DISCHARGED BY THE DEBTORS AND THEIR ESTATES FROM ANY AND ALL CLAIMS AND CAUSES OF ACTION, WHETHER KNOWN OR UNKNOWN, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED OR ASSERTABLE ON BEHALF OF THE DEBTORS OR THEIR ESTATES, THAT THE DEBTORS AND THEIR ESTATES WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT IN THEIR OWN RIGHT (WHETHER INDIVIDUALLY OR COLLECTIVELY) OR ON BEHALF OF THE HOLDER OF ANY CLAIM AGAINST, OR INTEREST IN, THE DEBTORS OR OTHER ENTITY, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, THE DEBTORS (INCLUDING THE MANAGEMENT, OWNERSHIP, OR OPERATION THEREOF), ANY SECURITIES ISSUED BY THE DEBTORS AND THE OWNERSHIP THEREOF, THE DEBTORS' IN- OR OUT-OF-COURT RESTRUCTURING EFFORTS, ANY AVOIDANCE ACTIONS, ANY INTERCOMPANY TRANSACTION, THE CHAPTER 11 CASE, THE FORMULATION, PREPARATION, DISSEMINATION, NEGOTIATION, OR FILING, AS APPLICABLE, OF THE DISCLOSURE STATEMENT, THE PLAN, THE PLAN SUPPLEMENT OR ANY RESTRUCTURING TRANSACTION CONTRACT, INSTRUMENT, RELEASE, OR OTHER AGREEMENT OR DOCUMENT CREATED OR ENTERED INTO IN CONNECTION WITH THE DISCLOSURE STATEMENT, THE PLAN, THE PLAN SUPPLEMENT, THE CHAPTER 11 CASE, THE FILING OF THE CHAPTER 11 CASE INCLUDING ANY PREVIOUS PLANS OF REORGANIZATION AND RELATED DOCUMENTS, SOLICITATION OF VOTES ON THE PLAN, THE PURSUIT OF CONFIRMATION OF THE PLAN, THE PURSUIT OF CONSUMMATION OF THE PLAN, THE ADMINISTRATION AND IMPLEMENTATION OF THE PLAN, INCLUDING THE DISTRIBUTION OF PROPERTY UNDER THE PLAN OR ANY OTHER RELATED AGREEMENT, OR UPON ANY OTHER RELATED ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT, OR OTHER OCCURRENCE TAKING PLACE ON OR BEFORE THE EFFECTIVE DATE.

4.28 **Exculpation**

Effective as of the Effective Date, to the extent permitted under section 1125(e) of the Bankruptcy Code, the Exculpated Parties shall not have or incur liability for, and are exculpated from any Cause of Action related to any act or omission taking place between the Petition Date and the Effective Date, in connection with, relating to, or arising out of, these Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the Plan and Disclosure Statement, the Plan Supplement, any previous plan of reorganization and applicable disclosure statement or any transaction under the Plan, contract, instrument, or document or transaction approved by the Bankruptcy Court in these Chapter 11 Cases, except for (a) any Cause of Action related to any act or omission that is determined in a Final Order by a court of competent jurisdiction to have constituted fraud, willful misconduct, or gross negligence of such Person, and (b) any Cause of Action related to any liability of professionals to their clients pursuant to Texas Disciplinary Rules of Professional Conduct Rule 1.08(g); provided, however, that, for the avoidance of doubt, any such exculpation shall not act or be construed to exculpate, channel, release, enjoin, or otherwise affect (i) any civil or criminal enforcement action by a Governmental Unit or (ii) any Pipeline Causes of Action or any other claims, defenses, counterclaims, setoff or recoupment rights against SRC Hospital Investments I, LLC, Pipeline Health System Holdings, LLC, or any of their respective Related Parties, all of which are expressly preserved.

4.29 **Injunction**

Except as otherwise specifically provided in the Plan or the Confirmation Order, and subject to section 524(a) of the Bankruptcy Code, all Persons or Entities who have held, hold or may hold (a) Claims or Interests that arose prior to the Effective Date, (b) Causes of Action that are subject to exculpation pursuant to Section 10.3 of the Plan (but only to the extent of the exculpation provided in Section 10.3 of the Plan), or (c) Claims, Interests or Causes of Action that are otherwise discharged, satisfied, stayed or terminated pursuant to the terms of the Plan and all other parties-in-interest seeking to enforce such Claims, Interests or Causes of Action are permanently enjoined, from and after the Effective Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim (including a Subordinated Claim) against or Interest in the Debtors or the Plan Sponsor, or property of any Debtor transferred to the Plan Sponsor, other than to enforce any right to a distribution pursuant to the Plan, (ii) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtors or the Plan Sponsor or property of the Debtors transferred to the Plan Sponsor with respect to any such Claim or Interest, other than to enforce any right to a distribution pursuant to the Plan, (iii) creating, perfecting or enforcing any Lien or encumbrance of any kind against the Debtors or Plan Sponsor, or against the property or interests in property of the Debtors transferred to the Plan Sponsor with respect to any such Claim or Interest, other than to enforce any right to a distribution pursuant to the Plan, or (iv) asserting any right of setoff (except for setoffs validly exercised prepetition) or subrogation of any kind against any obligation due from the Debtors or Plan Sponsor, or against the property or interests in property of the Debtors transferred to the Plan Sponsor, with respect to any such Claim or Interest. Such injunction shall extend to any successors or assignees of the Debtors or Plan Sponsor and its respective properties and interests in properties.

4.30 **Allowance of Claims**

On and after the Effective Date, only the Reorganized Debtor may object to the allowance of any Claim, including, but not limited to, any Administrative Claim. On and after the Effective Date, the Reorganized Debtor shall have and retain any and all rights and defenses the Debtors had with respect to any Claim, including, but not limited to, any Administrative Claim, immediately before the Effective Date. Except as expressly provided in the Plan or in any order entered in these Chapter 11 Cases prior to the Effective Date (including the Confirmation Order), no Claim shall become an Allowed Claim unless and until such Claim is deemed Allowed under the Plan or the Bankruptcy Court has entered a Final Order, including the Confirmation Order (when it becomes a Final Order), in these Chapter 11 Cases allowing such Claim.

4.31 **Objection to Claims**

(a) *Authority*. On and after the Effective Date, the Reorganized Debtor shall have sole authority to settle, compromise, litigate to judgment, or file objections to any Claim, including, but not limited to any Administrative Claim, and to withdraw any objections to any Claim, including, but not limited to any Administrative Claim that are pending as of the Effective Date and/or that the Reorganized Debtor may file. Except as set forth above, on and after the Effective Date, the Reorganized Debtor also shall have the right to resolve any Disputed Claim outside the Bankruptcy Court under applicable governing law.

(b) *Objection Deadline*. As soon as practicable, but no later than the Claims Objection Deadline, the Reorganized Debtor may file objections with the Bankruptcy Court and serve such objections on the Holders of the Claims to which such objections are made. Nothing contained in the Plan, however, shall limit the right of the Reorganized Debtor to object to Claims, if any, filed or amended after the Claims Objection Deadline. The Claims Objection Deadline may be extended by the Bankruptcy Court upon motion by the Reorganized Debtor.

4.32 **Estimation of Claims**

The Reorganized Debtor may, at any time, request that the Bankruptcy Court estimate any contingent, unliquidated, or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code, regardless of whether the Debtors or the Reorganized Debtor previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any contingent, unliquidated, or Disputed Claim, the amount so estimated shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the amount of such Claim, the Reorganized Debtor may pursue supplementary proceedings to object to the allowance of such Claim. All of the aforementioned objection, estimation, and resolution procedures are intended to be cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

4.33 **No Distributions Pending Allowance**

If an objection to a Claim is filed as set forth in Section 7.2 of the Plan, no payment or distribution provided under the Plan shall be made on account of any disputed portion of such Claim prior to final resolution of the disputed portion of the Claim.

4.34 **Distributions Generally**

The Reorganized Debtor shall make all Plan distributions on behalf of the Debtors in accordance with Article VI of the Plan and other governing terms of the Plan.

4.35 **Distributions by Reorganized Debtor**

Except as otherwise provided in the Plan, all distributions under the Plan shall be made by the Reorganized Debtor on or after the Effective Date. The Reorganized Debtor shall not be required to give any bond or surety or other security for the performance of its duties. The Debtors shall use all commercially reasonable efforts to provide the Reorganized Debtor with the amounts of Claims and the identities and addresses of Holders of Claims, in each case, as set forth in the Debtors' books and records

4.36 **No Postpetition or Default Interest on Claims**

Unless required by the Bankruptcy Code or otherwise specifically provided for in the Plan, the Confirmation Order, or another order of the Bankruptcy Court, and notwithstanding any documents that govern the Debtors' prepetition funded indebtedness to the contrary, postpetition and/or default interest shall not accrue or be paid on any Claims, and no Holder of a Claim shall be entitled to (a) interest accruing on such Claim on or after the Petition Date on any such Claim or (b) interest at the contract default rate, as applicable.

4.37 **Timing of Distributions**

(a) The first distribution to Holders of Allowed General Unsecured Claims shall occur on the Disbursement Commencement Date, which is the later of (a)eighteen (18) months after the Effective Date and (b) the Claims Reconciliation Date.

(b) Subsequent distributions shall be made on each Distribution Date following the initial Distribution Date through the expiration of the Disbursement Period, in accordance with the payment schedule set forth in Section 3.3(f) of the Plan.

(c) Each distribution shall be made to holders of Allowed General Unsecured Claims as of the applicable Distribution Date based on their respective Pro Rata Shares

4.38 **Distribution Record Date**

As of the close of business on the Distribution Record Date, the various lists of Holders of Claims in each Class, as maintained by the Debtors, shall be deemed closed, and there shall be no further changes in the record Holders of any Claims after the Distribution Record Date. Neither

the Debtors nor the Reorganized Debtor shall have any obligation to recognize any transfer of a Claim occurring after the close of business on the Distribution Record Date.

4.39 **Distributions by Reorganized Debtor**

Except as otherwise provided in the Plan, all distributions under the Plan shall be made by the Reorganized Debtor on or after the Effective Date. The Reorganized Debtor shall not be required to give any bond or surety or other security for the performance of its duties. The Debtors shall use all commercially reasonably efforts to provide the Reorganized Debtor with the amounts of Claims and the identities and addresses of Holders of Claims, in each case, as set forth in the Debtors' books and records.

4.40 **Delivery of Distributions**

All distributions under the Plan to Holders of Allowed General Unsecured Claims shall be made by the Reorganized Debtor by check mailed to the address set forth in the holder's Proof of Claim or, if no Proof of Claim has been filed, to the address set forth in the Debtors' Schedules of Assets and Liabilities, unless the Holder has provided written notice to the Reorganized Debtor of a different address or has elected to receive distributions by wire transfer or other electronic means in accordance with procedures established by the Reorganized Debtor.

4.41 **Resolution of Claims**

Except as otherwise provided in the Plan, or in any contract, instrument, release, or other agreement or document entered into in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Reorganized Debtor shall retain and may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all Claims and Disputed Claims.

4.42 **Disallowed Claims**

All Claims held by Persons or Entities against whom or which the Debtors or the Reorganized Debtor have commenced a proceeding asserting a Cause of Action under sections 542, 543, 544, 545, 547, 548, 549, 550 and/or 724 of the Bankruptcy Code shall be deemed Disallowed pursuant to section 502(d) of the Bankruptcy Code and Holders of such Claims shall not be entitled to vote to accept or reject the Plan; *provided*, Claims that are deemed Disallowed pursuant to Section 7.6(a) of the Plan shall continue to be Disallowed for all purposes until such Claim has been settled or resolved by Final Order and any sums due to the Debtors or Reorganized Debtor from such Person or Entity have been turned over or paid to the Reorganized Debtor.

4.43 **Undeliverable Distributions and Unclaimed Property**

Any distribution that is returned as undeliverable or that remains unclaimed for a period of ninety (90) days after the applicable Distribution Date shall be deemed unclaimed. The Holder of a Claim with respect to which a distribution is deemed unclaimed shall be deemed to have forfeited its right to such distribution, and such amounts shall be redistributed to the remaining holders of Allowed General Unsecured Claims on the next Distribution Date on a Pro Rata basis. If such

unclaimed distribution arises on or after the final Distribution Date, such amounts shall revert to the Reorganized Debtor free and clear of any restrictions thereon.

4.44 **Minimum Distributions**

If any final distribution under the Plan to the Holder of an Allowed Claim would be less than US $50.00, the Reorganized Debtor may cancel such distribution which shall irrevocably revert to the Reorganized Debtor automatically and without need for a further order by the Bankruptcy Court notwithstanding any applicable federal, provincial or state escheat, abandoned, or unclaimed property laws to the contrary, and the Claim of any Holder to such property or interest in property shall be discharged and forever barred.

4.45 **Setoff and Recoupment**

The Reorganized Debtor may, but shall not be required to, set off against any Allowed Claim and the distributions to be made pursuant to the Plan on account of such Claim, any and all claims, rights, and Causes of Action that the Debtor or the Reorganized Debtor may hold against the Holder of such Allowed Claim. Neither the failure to effect a setoff nor the allowance of any Claim under the Plan shall constitute a waiver or release of any claims, rights, or Causes of Action that the Debtor or the Reorganized Debtor may possess against the holder of such Claim. For the avoidance of doubt, the Debtors' and Reorganized Debtor's setoff and recoupment rights against the Secured Lender and Pipeline are expressly preserved.

4.46 **No Distribution in Excess of Amount of Allowed Claims**

Notwithstanding anything to the contrary in the Plan, no Holder of an Allowed Claim shall receive, on account of such Allowed Claim, Plan distributions in excess of the Allowed amount of such Claim.

4.47 **Assumption or Rejection of Executory Contracts and Unexpired Leases**

(a) Except as otherwise provided in the Plan, on the Effective Date, all Executory Contracts and Unexpired Leases of the Debtors shall be deemed rejected in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, unless such Executory Contract or Unexpired Lease (i) has previously been rejected, assumed, or assumed and assigned by order of the Bankruptcy Court in effect prior to the Effective Date (which order may be the Confirmation Order); (ii) is the subject of a motion to assume filed on or before the Effective Date; (iii) is identified on the Schedule of Assumed Executory Contracts or Unexpired Leases; or (iv) has expired or terminated pursuant to its own terms. Entry of the Confirmation Order by the Bankruptcy Court shall constitute an order approving the assumptions or rejections of such Executory Contracts and Unexpired Leases as set forth in the Plan, all pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Unless otherwise indicated, all assumptions, assumptions and assignments, and rejections of Executory Contracts and Unexpired Leases in the Plan will be effective as of the Effective Date. Each Executory Contract and Unexpired Lease assumed or assumed and assigned pursuant to the Plan, or by Bankruptcy Court order, will transfer to and be fully enforceable by the Reorganized Debtor or its assignee in accordance with its terms, except as such terms may have been modified by order of the Bankruptcy Court. Notwithstanding the

foregoing paragraph or anything to the contrary in the Plan, the Debtors reserves the right to supplement the Schedule of Assumed Executory Contracts and Unexpired Leases prior to the Effective Date.

(b) With respect to the Assumed Contracts, any provision in any such agreement that:

(i) prohibits, restricts, or conditions the assumption and/or assignment, or purports to prohibit, restrict, or condition the assumption and/or assignment (including any "change of control" provision) of such agreement or allows any party to such agreement to terminate, recapture, impose any penalty, condition renewal or extension, or modify any term or condition upon the assumption and/or assignment of such agreement constitutes an unenforceable anti-assignment and/or discrimination provision and is void and of no force and effect.

(ii) provides for modification, breach, or termination, or deemed modification, breach, or termination on account of or related to any of the following: (A) the commencement or continuation of the Chapter 11 Case, (B) the insolvency or financial condition of the Debtors at any time, (C) the Debtors' assumption and/or assignment of such agreement, (D) a change of control or similar occurrence, or (E) the consummation of the Plan, such provision is modified so as not to entitle the non-Debtor party thereto to prohibit, restrict, or condition assumption and/or assignment, to modify, terminate, or declare a breach or default under such agreement, or to exercise any other breach- or default-related rights or remedies with respect thereto, including any provision that purports to allow the non-Debtor party thereto to terminate or recapture such agreement, impose any penalty thereunder, condition any renewal or extension thereof, impose any rent acceleration or assignment fee, or increase or otherwise impose any other fees or other charges in connection therewith.

(c) Upon the Reorganized Debtor's assumption of an Executory Contract or Unexpired Lease, as of the Effective Date pursuant to the Plan, no default or other unperformed obligations of the Debtors arising on or prior to the Effective Date shall exist, and each non-Debtor party is forever barred, estopped, and permanently enjoined from (i) declaring a breach or default under such agreement for any act or omission occurring on or prior to the Effective Date, (ii) raising or asserting against the Debtors, the Estates or the Reorganized Debtor, or the assets or property of any of them, any fee, default, termination, breach, Cause of Action, or condition arising under or related to the agreement based upon a fact or circumstance that occurred on or prior to the Effective Date, or (iii) taking any other action as a result of the Debtors' financial condition, bankruptcy, or failure to perform any of its obligations under the agreement. Each non-Debtor party to such an agreement is also forever barred, estopped, and permanently enjoined from (x) asserting against the Debtors, the Estates or the Plan Sponsor, or the assets or property of any of them, any breach, default, or Cause of Action arising out of any indemnity or other obligation or warranties for acts, omissions, or occurrences arising or existing on or prior to the Effective Date, or, against the Plan Sponsor, any counterclaim, setoff, or any other Cause of Action that was or could have been

asserted or assertable against the Debtors or the Estates and (y) imposing or charging against the Plan Sponsor or its Affiliates any rent accelerations, assignment fees, increases, or any other fees or charges as a result of assumption of the agreement.

(d) Any Person or Entity that may have had the right to consent to the assumption and/or assignment of an Executory Contract or Unexpired Lease has consented to such assumption and/or assignment for purposes of section 365 of the Bankruptcy Code if such Person or Entity failed to object timely to the assumption of such agreement, and the Plan Sponsor has demonstrated adequate assurance of future performance with respect to such agreement pursuant to section 365 of the Bankruptcy Code.

4.48 **Assumption or Rejection of Government Agreements**

The HHSC UC DY10 and UC DY12 Agreement shall be an Assumed Contract under the Plan. As to the other Government Agreements, the Debtors intend to negotiate modified terms with the counterparties to such Government Agreements. Any modified terms agreed to between the Debtors and counterparties to the Government Agreements shall be disclosed in the Plan Supplement. The Debtors' assumption of any Government Agreement listed in the Schedule of Assumed Executory Contracts or Unexpired Leases shall relate to such agreements as modified pursuant to the terms disclosed in the Plan Supplement.

4.49 **Cure of Defaults Under Assumed Contracts**

(a) Any monetary defaults under each Assumed Contract shall be satisfied pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the Cure Amount on the Effective Date, subject to the limitation described below, or on such other terms as the parties to such Assumed Contracts may otherwise agree. In the event of a dispute regarding (a) the amount of any payments to cure such a default, (b) the ability of the Plan Sponsor, Reorganized Debtor, or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed, or (c) any other matter pertaining to assumption, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order or orders resolving the dispute and approving the assumption. Any objection by a contract or lease counterparty to a proposed assumption or related Cure Amount must be filed and served in accordance with the Solicitation Order. Any counterparty to an Executory Contract or Unexpired Lease that fails to object timely to the proposed assumption or Cure Amount shall be deemed to have assented to such assumption or Cure Amount.

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

4.50 Claims Based on Rejection of Executory Contracts and Unexpired Leases

Unless otherwise provided by a Bankruptcy Court order, any Proofs of Claim asserting Claims arising from the rejection of the Debtors' Executory Contracts and Unexpired Leases pursuant to the Plan or otherwise must be filed no later than 5:00 p.m. (prevailing Central Time) on the date that is thirty (30) days after the Effective Date. Any Proofs of Claim arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases that are not timely filed shall be Disallowed automatically, forever barred from assertion, and shall not be enforceable against the Debtors without the need for any objection by the Debtors or further notice to or action, order, or approval of the Bankruptcy Court. All Allowed Claims arising from the rejection of the Debtors' Executory Contracts and Unexpired Leases shall be classified as General Unsecured Claims and shall be treated in accordance with the particular provisions of the Plan for such Claims.

4.51 Contracts and Leases Entered Into After the Petition Date

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

4.52 Reservation of Rights

Nothing contained in the Plan shall constitute an admission by the Debtors that any particular contract is in fact an Executory Contract or Unexpired Lease or that the Debtors has any liability thereunder.

ARTICLE V

CONFIRMATION OF THE PLAN AND BINDING EFFECT

5.1 Conditions Precedent to the Effective Date

The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or waived in accordance with the terms of the Plan:

(a) The Bankruptcy Court shall have entered the Confirmation Order and the Confirmation Order has become final and not subject to stay or pending appeal;

(b) The Definitive Documents and any necessary opinions shall have been negotiated, executed, and delivered;

(c) The Plan Funding shall have been transferred to the Debtors in accordance with the instructions provided to the Plan Sponsor;

(d) All conditions to the Plan Sponsor's material obligations set forth in the Plan Sponsor Agreement shall have been satisfied or waived; and

(e) All governmental and regulatory approvals, consents, authorizations, and filings necessary for the issuance of the New Securities shall have been obtained or made, as applicable, including any required filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and any applicable waiting periods shall have expired or been terminated.

5.2 Waiver of Conditions Precedent

Each of the conditions precedent in Section 9.1 of the Plan may be waived in whole or in part, by the Debtors, without notice, leave or order of the Bankruptcy Court or any formal action other than proceedings to confirm or consummate the Plan.

5.3 Notice of Effective Date

Following the satisfaction or waiver of all conditions precedent to the Effective Date, the Debtors shall file a notice of (a) the occurrence of the Effective Date, (b) the Administrative Claims Bar Date, (c) the Professional Fee Claims Bar Date, and (d) such other matters as appropriate or as may be ordered by the Bankruptcy Court.

5.4 Discharge

On the Effective Date, pursuant to section 1141(d)(1) of the Bankruptcy Code, except as otherwise provided in the Plan or the Confirmation Order, all Claims against and Interests in the Debtors that arose at any time before the entry of the Confirmation Order shall be discharged. Except as otherwise provided in the Plan, the Confirmation Order shall be a judicial determination of discharge of all such Claims and Interests, subject to the occurrence of the Effective Date. For the avoidance of doubt, the discharge provided in the Plan shall not limit, release, or affect any claims, Causes of Action, setoff or recoupment rights, defenses, or remedies of the Debtors, the Estates, or the Reorganized Debtor against any Person or Entity, including, without limitation, any Pipeline Excluded Party.

5.5 Binding Effect

Following the Effective Date, the Plan, and any documents and agreements executed and delivered in connection with the Restructuring Transaction, including the Plan Sponsor Agreement and any organizational documents of the Reorganized Debtor shall be binding upon and inure to the benefit of the Debtors, the Estates, the Reorganized Debtor all present and former Holders of Claims and Interests, whether or not such Holders voted in favor of the Plan, and their respective successors and assigns.

ARTICLE VI

JURISDICTION OF THE BANKRUPTCY COURT

6.1 General Retention of Jurisdiction

Pursuant to sections 105(c) and 1142 of the Bankruptcy Code and notwithstanding entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall

retain jurisdiction (unless otherwise indicated) over all matters arising in, arising out of, and/or related to, the Chapter 11 Case and the Plan to the fullest extent permitted by law, including, among other things, jurisdiction to:

(a) resolve any matters related to (i) the assumption, assumption and assignment, or rejection of any Executory Contract or Unexpired Lease to which any Debtor is a party or with respect to which any Debtor may be liable and to hear, determine, and, if necessary, liquidate any Claims arising therefrom, including Cure Amounts pursuant to section 365 of the Bankruptcy Code, (ii) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed or assumed and assigned, and (iii) any dispute regarding whether a contract or lease is or was executory or unexpired;

(b) decide or resolve any motions, adversary proceedings, contested, or litigated matters, and any other matters and grant or deny any applications involving the Debtors that may be pending on the Effective Date (which jurisdiction shall be nonexclusive as to any such non-core matters);

(c) Allow, Disallow, determine, liquidate, classify, estimate, or establish the priority, secured or unsecured status, or amount of any Claim or Interest, including resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the secured or unsecured status, priority, amount, or Allowance of Claims or Interests;

(d) enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan, and all contracts, instruments, releases, and other agreements or documents created in connection with the Plan, the Disclosure Statement, the Plan Supplement, or the Confirmation Order;

(e) resolve any cases, controversies, suits, or disputes that may arise in connection with the consummation, interpretation, or enforcement of the Plan or any contract, instrument, release, or other agreement or document that is executed or created pursuant to the Plan, or any entity's rights arising from or obligations incurred in connection with the Plan or such documents;

(f) modify the Plan before or after the Effective Date pursuant to section 1127 of the Bankruptcy Code or modify the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with the Plan or the Confirmation Order, or remedy any defect or omission or reconcile any inconsistency in any Bankruptcy Court order, the Plan, the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with the Plan or the Confirmation Order, in such manner as may be necessary or appropriate to consummate the Plan;

(g) hear and determine all applications for compensation and reimbursement of expenses of Professionals under the Plan or under sections 330, 331, 503(b), and 1129(a)(4) of the Bankruptcy Code; *provided*, *however*, that from and after the Effective Date the payment of fees and expenses by the Reorganized Debtor, including professional fees, shall be made in the ordinary course of business and shall not be subject to the approval of the Bankruptcy Court;

(h) issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Person or Entity with consummation, implementation, or enforcement of the Plan or the Confirmation Order;

(i) adjudicate controversies arising out of the administration of the Estates or the implementation of the Plan;

(j) resolve any cases, controversies, suits, or disputes that may arise in connection with Claims, including the Bar Date, related notice, claim objections, Allowance, Disallowance, estimation, and distribution;

(k) adjudicate, decide, or resolve any and all matters related to section 1141 of the Bankruptcy Code;

(l) adjudicate, decide, or resolve any and all matters related to Causes of Action, that are pending as of the Effective Date or that may be commenced in the future, by, against, or on behalf of the Debtors, non-Debtor Affiliate, or Plan Sponsor;

(m) enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason or in any respect modified, stayed, reversed, revoked, or vacated, or distributions pursuant to the Plan are enjoined or stayed;

(n) determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, the Plan Supplement, or any contract, instrument, release, or other agreement or document created in connection with the Plan, the Plan Supplement, the Disclosure Statement, or the Confirmation Order;

(o) enforce all orders, judgments, compromises, settlements, discharges, injunctions, releases, exculpations, indemnifications, and rulings entered in connection with the Chapter 11 Cases;

(p) adjudicate controversies with respect to distributions to Holders of Allowed Claims;

(q) determine requests for the payment of Claims and Interests entitled to priority under section 507 of the Bankruptcy Code;

(r) hear and determine all matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code (including the expedited determination of taxes under section 505(b) of the Bankruptcy Code);

(s) hear and determine all matters concerning exemptions from state and federal registration requirements in accordance with section 1145 of the Bankruptcy Code;

(t) hear and determine such other matters as may be provided in the Confirmation Order or as may be authorized under the Bankruptcy Code;

(u) hear and determine any issues related to any matter adjudicated in the Chapter 11 Case;

(v) enter an order concluding or closing the Chapter 11 Cases; and

(w) hear and determine any other matter not inconsistent with the Bankruptcy Code.

6.2 **Jurisdiction for Certain Other Agreements**

The Plan shall not modify the jurisdictional provisions of the documents contained in the Plan Supplement. Notwithstanding anything in the Plan to the contrary, on and after the Effective Date, the Bankruptcy Court's retention of jurisdiction pursuant to the Plan shall not govern the enforcement or adjudication of any rights or remedies with respect to or as provided in the documents in the Plan Supplement and the jurisdictional provisions of such documents shall control.

6.3 **Courts of Competent Jurisdiction**

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

ARTICLE VII

MISCELLANEOUS

7.1 **Payment of Statutory Fees**

All U.S. Trustee Fees payable after the Effective Date, if any, shall be paid by the Reorganized Debtor on behalf of the Debtors until the closing of the Chapter 11 Case pursuant to section 350(a) of the Bankruptcy Code. The Reorganized Debtor shall file and serve on the U.S. Trustee quarterly reports of the disbursements made, within fifteen (15) days after the conclusion of each such period, until the Chapter 11 Case is converted, dismissed, or closed by entry of a final decree. Any such reports shall be prepared consistent with (both in terms and format) of the applicable Bankruptcy Court and U.S. Trustee Guidelines for such matters.

7.2 **Amendment or Modification of the Plan**

Subject to section 1127 of the Bankruptcy Code and, to the extent applicable, sections 1122, 1123, and 1125 of the Bankruptcy Code, the Debtors reserve the right to alter, amend, or modify the Plan at any time prior to or after the Confirmation Date but prior to the substantial consummation of the Plan. A Holder of a Claim that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, or modified, if the proposed alteration, amendment, or modification does not materially and adversely change the treatment of the Claim of such Holder.

7.3 **Substantial Consummation or Failure of the Effective Date to Occur Within Six Months of the Date the Confirmation Order Becomes a Final Order**

On the Effective Date, the Plan shall be deemed to be substantially consummated under sections 1101 and 1127(b) of the Bankruptcy Code.

7.4 **Successor and Assigns**

The Plan shall be binding upon and inure to the benefit of the Debtors, and its respective successors and assigns. The rights, benefits, and obligations of any Entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor, or assign of such Entity.

7.5 **Revocation, Withdrawal, or Non-Consummation**

The Debtors reserve the right to revoke or withdraw the Plan at any time prior to the Confirmation Date and to file other plans of reorganization. If the Plan is revoked or withdrawn, or if Confirmation or consummation of the Plan does not occur, then (a) the Plan shall be null and void in all respects; (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount any Claim or Interest or Class of Claims or Interests, assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant to the Plan shall be deemed null and void; and (c) nothing contained in the Plan, nor any action taken or not taken by the Debtors with respect to the Plan, the Disclosure Statement, or the Confirmation Order, shall (i) constitute or be deemed to constitute a waiver or release of any Claims by or against, or any Interests in, the Debtors or any other Person; (ii) prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors, or (iii) constitute or be deemed to constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtors or any other Person.

7.6 **Immediate Binding Effect**

Notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or otherwise, upon the occurrence of the Effective Date, the terms of the Plan and Plan Supplement shall be immediately effective and enforceable.

7.7 **Entire Agreement**

On the Effective Date, the Plan, the Plan Supplement, and the Confirmation Order shall supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan.

7.8 **Notice**

All notices, requests, and demands to or upon the Debtors, to be effective shall be in writing and, unless otherwise expressly provided in the Plan, shall be deemed to have been duly given or

made when actually delivered or, in the case of notice by electronic transmission, when received and telephonically confirmed, addressed as follows:

REED SMITH LLP

Omar J. Alaniz (SBN 24040402)
2850 N. Harwood Street, Suite 1500
Dallas, TX 75201
Telephone: (469) 680-4200
E-mail: oalaniz@reedsmith.com

- And -

Scott M. Esterbrook (admitted *pro hac vice*)
Derek M. Osei-Bonsu (admitted *pro hac vice*)
Three Logan Square
1717 Arch Street, Suite 3100
Philadelphia, PA 19103
Telephone: (215) 851-8100
E-mail: sesterbrook@reedsmith.com
dosei-bonsu@reedsmith.com

7.9 **Votes Solicited in Good Faith**

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

7.10 **Closing of Chapter 11 Case**

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

7.11 **Waiver or Estoppel**

Each Holder of a Claim or an Interest shall be deemed to have waived any right to assert any argument, including the right to argue that its Claim or Interest should be Allowed in a certain amount, in a certain priority, secured or not subordinated by virtue of an agreement made with the

Debtors or their counsel, or any other Entity, if such agreement was not disclosed in the Plan, the Disclosure Statement, or papers filed with the Bankruptcy Court prior to the Confirmation Date.

ARTICLE VIII

CONFIRMATION AND ALTERNATIVES TO THE PLAN

8.1 Requirements for Confirmation of the Plan

Among the requirements for Confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code are: (i) the Plan is accepted by all Impaired Classes of Claims or Interests, or if rejected by an Impaired Class, the Plan "does not discriminate unfairly" and is "fair and equitable" as to the rejecting Impaired Class; (ii) the Plan is feasible; and (iii) the Plan is in the "best interests" of holders of Claims or Interests.

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies all of the requirements of section 1129 of the Bankruptcy Code. The Debtors believe that: (i) the Plan satisfies, or will satisfy, all of the necessary statutory requirements of chapter 11 for plan confirmation; (ii) the Debtors have complied, or will have complied, with all of the necessary requirements of chapter 11 for plan confirmation; and (iii) the Plan has been proposed in good faith.

8.2 Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of a plan not be followed by the liquidation, or the need for further financial reorganization, of the Debtors or any successor to the Debtors (unless such liquidation or reorganization is proposed in the Plan). Because the Plan proposes a liquidation of all of the Liquidating Debtors assets or a sale of the membership interests of the Reorganized Debtor, for purposes of this test, the Debtors have analyzed their ability to meet the obligations under the Plan. Based on the Debtors' analysis, the Debtors believe the conditions precedent to the Effective Date will be satisfied, and the Reorganized Debtor will have sufficient assets to accomplish its tasks under the Plan and has made adequate provisions to ensure the consummation of the Plan, including the distributions to be made to creditors, the winding-up of the Liquidating Debtors' estates, payment of post-Effective Date expenses and startup costs as well as operational costs of the Reorganized Debtor. Therefore, the Debtors believe that the restructuring transactions contemplated in the Plan will meet the feasibility requirements of the Bankruptcy Code.

8.3 Best Interests Test/Liquidation Analysis

Even if a plan is accepted by the holders of each class of claims and interests, the Bankruptcy Code requires the Bankruptcy Court to determine that such plan is in the best interests of all holders of claims or interests that are impaired by that plan and that have not accepted the plan. The "best interests" test, as set forth in section 1129(a)(7) of the Bankruptcy Code, requires a court to find either that all members of an impaired class of claims or interests have accepted the plan or that the plan will provide a member who has not accepted the plan with a recovery of property of a value, as of the effective date of the plan, that is not less than the amount that such

holder would recover if the debtor were liquidated under chapter 7 of the Bankruptcy Code.

To calculate the probable distribution to holders of each impaired class of claims and interests if the debtor was liquidated under chapter 7, the Bankruptcy Court must first determine the aggregate dollar amount that would be generated from a debtor's assets if its chapter 11 cases were converted to cases under chapter 7 of the Bankruptcy Code. To determine if a plan is in the best interests of each impaired class, the present value of the distributions from the proceeds of a liquidation of the debtor's unencumbered assets and properties, after subtracting the amounts attributable to the costs, expenses, and administrative claims associated with a chapter 7 liquidation, must be compared with the value offered to such impaired classes under the plan. If the hypothetical liquidation distribution to holders of claims or interests in any impaired class is greater than the distributions to be received by such parties under the plan, then such plan is not in the best interests of the holders of claims or interests in such impaired class.

The Debtors, with the assistance of the Debtors' advisors, are preparing an analysis that demonstrates that liquidation of the Debtors' business under chapter 7 of the Bankruptcy Code would result in substantial diminution in the value provided to holders of Claims as compared to distributions contemplated under the Plan. The Debtors will provide this liquidation analysis in the Plan Supplement. The Debtors believe that Confirmation of the Plan will provide a substantially greater return to the holders of Claims than a liquidation under chapter 7 of the Bankruptcy Code.

8.4 **Acceptance by Impaired Classes.**

The Bankruptcy Code requires, as a condition to confirmation, except as described in the following section, that each class of claims or equity interests impaired under a plan, accept the plan. A class that is not "impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such a class is not required. Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds in dollar amount and more than one-half in a number of allowed claims in that class, counting only those claims that have actually voted to accept or to reject the plan. Thus, a class of Claims will have voted to accept the Plan only if two-thirds in amount and a majority in number of the Allowed Claims in such class that vote on the Plan actually cast their ballots in favor of acceptance.

Section 1126(d) of the Bankruptcy Code defines acceptance of a plan by a class of impaired equity interests as acceptance by holders of at least two-thirds in amount of allowed interests in that class, counting only those interests that have actually voted to accept or to reject the plan. Pursuant to the Plan, if a Class contains Claims eligible to vote and no holders of Claims eligible to vote in such Class vote to accept or reject the Plan, the holders of such Claims in such Class shall be deemed to have accepted the Plan.

8.5 **Acceptance of the Plan without Acceptance from All Impaired Classes**

Section 1129(b) of the Bankruptcy Code allows the Bankruptcy Court to confirm a plan even if all impaired classes have not accepted it; provided that the plan has been accepted by at

least one impaired class. Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class's rejection or deemed rejection of the plan, the plan will be confirmed, at the plan proponent's request, in a procedure commonly known as a "cramdown" so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or equity interests that is impaired under, and has not accepted, the plan.

To the extent that any Impaired Class rejects the Plan or is deemed to have rejected the Plan, the Debtors may request Confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code. The Debtors reserve the right to alter, amend, modify, revoke, or withdraw the Plan or any Plan Supplement document, including the right to amend or modify the Plan or any Plan Supplement document to satisfy the requirements of section 1129(b) of the Bankruptcy Code.

The "unfair discrimination" test applies to classes of claims or interests that are of equal priority and are receiving disparate treatment under a plan. The test does not require that the treatment be the same or equivalent, but that treatment be "fair." In general, bankruptcy courts consider whether a plan discriminates unfairly in its treatment of classes of claims or interests of equal rank (e.g., classes of the same legal character). Bankruptcy courts will take into account a number of factors in determining whether a plan discriminates unfairly. A plan could treat two classes of unsecured creditors differently without unfairly discriminating against either class.

The "fair and equitable" test applies to classes of different priority and status (e.g., secured versus unsecured) and includes the general requirement that no class of claims receive more than 100 percent of the amount of the allowed claims in the class. As to the dissenting class, the test sets different standards depending upon the type of claims or equity interests in the class.

If the Debtors must "cramdown" the Plan pursuant to section 1129(b) of the Bankruptcy Code, the Plan is structured so that it does not "discriminate unfairly" and satisfies the "fair and equitable" requirement. With respect to the unfair discrimination requirement, all Classes under the Plan are provided treatment that is substantially equivalent to the treatment that is provided to other Classes that have equal rank. With respect to the fair and equitable requirement, the Bankruptcy Code requires that (i) creditors in a Class be paid in full or that no creditor of lesser priority receives any distribution under the Plan, and (ii) no Class under the Plan will receive more than one hundred percent of the amount of Allowed Claims in that Class. The Debtors believe that the Plan and the treatment of all Classes of Claims under the Plan satisfy the foregoing requirements for nonconsensual Confirmation of the Plan to the extent necessary.

ARTICLE IX

RISK FACTORS

PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN, ALL HOLDERS OF CLAIMS THAT ARE ENTITLED TO VOTE ON THE PLAN SHOULD READ AND CAREFULLY CONSIDER THE FACTORS SET FORTH HEREIN, AS WELL AS ALL OTHER INFORMATION SET FORTH OR OTHERWISE REFERENCED IN THIS DISCLOSURE STATEMENT

ALTHOUGH THESE RISK FACTORS ARE MANY, THESE FACTORS SHOULD NOT BE REGARDED AS CONSTITUTING THE ONLY RISKS PRESENT IN CONNECTION WITH THE DEBTORS' BUSINESS OR THE PLAN AND ITS IMPLEMENTATION.

9.1 **Bankruptcy Risks**

There may be Objections to the Classification of Claims

Bankruptcy Code section 1122 provides that a plan may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Debtors believe that the classification of Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtors created eight (8) Classes of Claims and Interests, each encompassing Claims or Interests, as applicable, that are substantially similar to the other Claims and Interests in each such Class. However, a Holder of a Claim or Interest could challenge the Debtors' classifications. In such an event, the cost of the Chapter 11 Cases and the time needed to confirm the Plan may increase, and there can be no assurance that the Bankruptcy Court will agree with the Debtors' classification. If the Bankruptcy Court concludes that the classifications of Claims and Interests under the Plan do not comply with the requirements of the Bankruptcy Code, the Debtors may need to modify the Plan. The Plan may not be confirmed if the Bankruptcy Court determines that the Debtors' classification of Claims and Interests is not appropriate.

The Debtors May Run out of Cash Collateral and Financing

The Debtors are able to operate in chapter 11 because of the use of Cash Collateral, however these are finite resources. The Cash Collateral is subject to budgets, and if Confirmation of the Plan becomes significantly contested or the Effective Date is delayed, the Debtors may exhaust their available resources. If the Debtors run out of Cash Collateral there is no guarantee that the Debtors will be able to secure additional financing or access to Cash Collateral to address liquidity concerns and the reorganization of the Debtors may be harmed as a result.

The Debtors May Not Get Enough Votes to Confirm the Plan

If votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtors may seek, as promptly as practicable thereafter, Confirmation. If the Plan does not receive the required support from Classes 1, 2, 4, 5, 6, 7 and 8 the Debtors may elect to amend the Plan or proceed with liquidation. There can be no assurance that the terms of any such alternative chapter 11 plan or chapter 7 liquidation would be similar or as favorable to the Holders of Allowed Claims as the contemplated Plan.

In the event that any impaired class of claims does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm a plan at the proponents' request if at least one impaired class (as defined under section 1124 of the Bankruptcy Code) has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and, as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting

impaired class(es). The Debtors believe that the Plan satisfies these requirements, and the Debtors may request such nonconsensual Confirmation in accordance with subsection 1129(b) of the Bankruptcy Code. Nevertheless, there can be no assurance that the Bankruptcy Court will reach this conclusion. In addition, the pursuit of nonconsensual Confirmation or Consummation of the Plan may result in, among other things, increase the expenses on the Debtors' estates.

Non-Confirmation of Plan

Although the Debtors believe that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court in accordance with the Bankruptcy Code, the Debtors cannot assure you that the Plan will be confirmed by the Bankruptcy Court. Bankruptcy Code section 1129 sets forth the requirements for confirmation of a plan, and requires, among other things, a finding by the Bankruptcy Court that the plan is "feasible," that all claims and interests have been classified in compliance with the provisions of Bankruptcy Code section 1122, and that, under the plan, each holder of a claim or interest within each impaired class either accepts the plan or receives or retains cash or property of a value, as of the date the plan becomes effective, that is not less than the value such Holder would receive or retain if the debtor were liquidated under chapter 7 of the Bankruptcy Code. With respect to impaired classes of claims or interests that do not accept the plan, section 1129(b) requires that the plan be fair and equitable (including, without limitation the "absolute priority rule") and not discriminate unfairly with respect to such classes. There can be no assurance that the Bankruptcy Court will conclude that the feasibility test and other requirements of Bankruptcy Code section 1129 (including, without limitation, finding that the Plan satisfies the "new value" exception to the absolute priority rule, if applicable) have been met with respect to the Plan. If and when the Plan is filed, there can be no assurance that modifications to the Plan would not be required for Confirmation, or that such modifications would not require a re-solicitation of votes on the Plan.

The Bankruptcy Court could refuse to finally approve this Disclosure Statement and determine that the votes in favor of the Plan could be disregarded. The Debtors would then be required to recommence the solicitation process, which could include re-filing a plan and disclosure statement.

If the Plan is not confirmed, the Chapter 11 Cases may be converted into cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be appointed to liquidate the Debtors' assets for distribution in accordance with the priorities established by the Bankruptcy Code. The Debtors believe that liquidation under chapter 7 of the Bankruptcy Code would result in, among other things, smaller distributions being made to creditors and interest Holders than those provided for in the Plan because of:

- the potential absence of a market for the Debtors' assets on a going concern basis;
- additional administrative expenses involved in the appointment of a chapter 7 trustee; and
- additional expenses and Claims, some of which would be entitled to priority, that would be generated during the liquidation and from the rejection of Unexpired

Leases and other Executory Contracts in connection with a cessation of the Debtors' operations.

Parties in Interest May Object to the Plan's Amount or Classification of Claims or Interests

Except as otherwise provided in the Plan, the Debtors and other parties in interest reserve the right to object to the amount or classification of any Claim under the Plan. The estimates set forth in this Disclosure Statement cannot be relied on by any Holder of a Claim where such Claim is subject to an objection. Any Holder of a Claim that is subject to an objection thus may not receive its expected share of the estimated distributions described in this Disclosure Statement.

Non-Occurrence or Delayed Occurrence of the Effective Date

Although the Debtors believe that the Effective Date will occur after the Confirmation Date following satisfaction of any applicable conditions precedent, there can be no assurance as to the timing of the Effective Date. If the conditions precedent to the Effective Date set forth in the Plan have not occurred or have not been waived, then the Confirmation Order may be vacated, in which event no distributions would be made under the Plan, the Debtors and all holders of Claims and Interests would be restored to the status quo as of the day immediately preceding the Confirmation Date, and the Debtors' obligations with respect to Claims and Interests would remain unchanged.

The Releases, Injunction or Exculpation Provisions May Not be Approved

The Plan provides for certain releases, injunctions, and exculpations, including a release of liens that may otherwise be asserted against the Debtors or Released Parties, as applicable. The releases, injunctions, and exculpations provided in the Plan are subject to objection by parties in interest and may not be approved. If the releases are not approved, certain Released Parties may withdraw their support for the Plan.

The releases provided to the Released Parties and the exculpation provided to the Exculpated Party are necessary to the success of the Debtors' reorganization because the Released Parties and Exculpated Party have made contributions to the Debtors' reorganizational efforts that are important to the success of the Plan and have agreed to make further contributions. The Plan's release and exculpation provisions are an inextricable component of the Plan.

9.2 Plan Risks

Variance from Financial Projections and Feasibility Analysis

The Debtors have prepared financial projections based on certain assumptions. The projections and the feasibility analysis have not been compiled, audited, or examined by independent accountants and the Debtors make no representations or warranties regarding the accuracy of the projections or the feasibility analysis or the ability to achieve forecasted results. Many of the assumptions underlying the projections and the feasibility analysis are subject to significant uncertainties and are beyond the control of the Debtors, including, but not limited to, anticipated market and economic conditions and changing governmental policy and regulations.

Inevitably, some assumptions will not materialize, and unanticipated events and circumstances may affect the ultimate financial results. Projections and feasibility analyses are inherently subject to substantial and numerous uncertainties and to a wide variety of significant business, economic and competitive risks, and the assumptions underlying the projections and the feasibility analysis may be inaccurate in any material respect.

Based on the Plan Sponsor's contributions and the calculations of Claims and Interests to be addressed pursuant to the Plan, including the fees and expenses of winding up the Liquidating Debtors' estates, the Debtors reasonably believe there will be sufficient consideration to consummate all transactions called for under the Plan. Nonetheless these projections may vary from the actual costs of the transactions called for under the Plan. Therefore, the actual results achieved may vary significantly from the forecasts, and the variations may be material.

Allowed Administrative and Priority Claims May be Higher than Anticipated

Allowed Administrative Claims and Allowed Priority Claims may be higher than anticipated. Accordingly, there is a risk that the Debtors will not be able to pay in full in cash all Administrative Claims and Priority Claims on the Effective Date as is required to confirm a chapter 11 plan.

Pipeline Adversary Proceeding Risks

The Debtors have commenced Adversary Proceeding No. 26-03140 against SRC Hospital Investments I, LLC and Pipeline Health System Holdings, LLC, asserting claims for fraudulent misrepresentation, breach of contract, tortious interference, equitable subordination under section 510(c) of the Bankruptcy Code, disallowance of the Secured Lender Claim under section 502 of the Bankruptcy Code, setoff and recoupment under section 553, and related claims seeking damages of not less than $20.5 million. The outcome of the Pipeline Adversary Proceeding is uncertain and could result in a range of outcomes affecting distributions under the Plan, including: (a) if the Secured Lender Claim is Allowed in full, the Reorganized Debtor will issue the Secured Lender Restructured Note for the full asserted amount (approximately $7.4 million), which would increase the debt service obligations of the Reorganized Debtor and could reduce cash available for GUC distributions; (b) if the Secured Lender Claim is disallowed in whole or in part, reduced by setoff, or equitably subordinated, the Class 1 treatment would be reduced or eliminated and the Reorganized Debtor's debt service burden would decrease, but any unsecured deficiency would become a Class 5 General Unsecured Claim sharing in the GUC Distribution Pool; and (c) the Debtors may recover Litigation Recovery Net Proceeds that would augment the GUC Distribution Pool, subject to the Litigation Recovery Cap. There can be no assurance as to the amount or timing of any recovery in the Pipeline Adversary Proceeding or the ultimate Allowed amount of the Secured Lender Claim.

Deemed Consolidation

The Plan provides for the deemed substantive consolidation of all seven Debtors' Estates for purposes of voting, confirmation, and distribution. This means that all Claims against any Debtor entity will be treated as Claims against a single consolidated estate and will share in a single

pool of distributions, regardless of which specific Debtor entity is the obligor. As a result, creditors who contracted solely with one Debtor will share in the same GUC Distribution Pool as creditors of White Rock and other Debtors. Deemed consolidation may result in a creditor receiving a greater or lesser recovery than it would receive if distributions were made solely from the assets of the specific Debtor against which such creditor holds a Claim.

ARTICLE X

CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following is a general summary of certain material U.S. federal income tax consequences of the Plan to the Debtor and to certain holders (which solely for purposes of this discussion means the beneficial owner for U.S. federal income tax purposes) of certain Claims. The following summary does not address the U.S. federal income tax consequences to holders of Claims or Interests not entitled to vote on the Plan. This summary is based upon the Internal Revenue Code of 1986, as amended (the "**Tax Code**"), the Treasury Department regulations promulgated thereunder ("**Treasury Regulations**"), judicial decisions and current administrative rulings and practice, all as in effect on the date hereof. These authorities are all subject to change at any time by legislative, judicial or administrative action, and such change may be applied retroactively in a manner.

Due to a lack of definitive judicial or administrative authority or interpretation, the complexity of the application of the Tax Code and Treasury Regulations to the implementation of the Plan, the possibility of changes in the law, the differences in the nature of various Claims and Interests, and the potential for disputes as to legal and factual matters, the tax consequences discussed below are subject to substantial uncertainties. No legal opinions have been requested or obtained from counsel with respect to any of the tax aspects of the Plan, and no rulings have been or will be requested from the IRS or any other taxing authority with respect to any of the issues discussed below. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position than any position discussed herein.

The summary does not cover all aspects of U.S. federal income taxation that may be relevant to the Debtor or to certain holders of Claims in light of their particular circumstances. For example, the description does not address issues of special concern to certain types of taxpayers, such as dealers in securities, life insurance companies, financial institutions, tax exempt organizations, S corporations, partnerships, or other pass-through entities for U.S. federal income tax purposes and their owners, and non-U.S. persons, nor, except as specifically provided herein, does it address tax consequences to holders of Interests. In addition, the description does not discuss any U.S. federal non-income (including estate or gift), state, local or non-U.S. tax, alternative minimum tax, or the Medicare tax on certain net investment income consequences of the Plan. Furthermore, this discussion assumes that a holder of a Claim holds such claim as a "capital asset" within the meaning of Section 1221 of the Tax Code (generally property held for investment).

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THE TRANSACTIONS CONTEMPLATED BY PLAN MAY HAVE AN IMPACT ON THE TAX TREATMENT OF ANY HOLDER OF A CLAIM OR INTEREST. THAT IMPACT MAY BE ADVERSE TO SUCH HOLDER. NOTHING HEREIN IS INTENDED TO BE ADVICE OR OPINION AS TO THE TAX IMPACT OF THE PLAN ON ANY HOLDER OF A CLAIM OR INTEREST. EACH HOLDER OF A CLAIM OR INTEREST IS CAUTIONED TO OBTAIN INDEPENDENT AND COMPETENT TAX ADVICE PRIOR TO VOTING ON THE PLAN.

10.1 Certain U.S. Federal Income Tax Consequences to the Debtor

The Debtors believes that each Debtor (other than NCP Management, LLC) is either properly classified as a partnership or a disregarded entity for U.S. federal income tax purposes. As a result, such Debtors generally are not subject to U.S. federal income tax. Instead, each holder of Interests of any such Debtors is required to report on its U.S. federal income tax return, and is subject to U.S. federal income tax in respect of, its allocable share of the income, gain, loss, and credit of any such Debtors. Accordingly, the U.S. federal income tax consequences of the Plan generally will not be borne by such Debtors, but instead will generally be borne directly by the holders of Interests of such Debtors, including such holders of Interests being allocated their allocable share of any gain or loss recognized by the applicable Debtor on a sale of any of its assets for U.S. federal income tax purposes, which gain or loss on such a sale transaction should generally be equal to the difference between the purchase price paid for the assets and the applicable Debtor's adjusted tax basis in such assets. However, because NCP Management, LLC is classified as a corporation for U.S. federal income tax purposes, NCP Management, LLC may realize COD Income (as defined below) as a result of the transactions arising under the Plan, but any such realized COD Income is generally expected to be excluded under the Bankruptcy Exception (as defined below).

In general, absent an exception, a taxpayer will realize and recognize cancellation of indebtedness income ("**COD Income**") upon satisfaction of its outstanding indebtedness for total consideration less than the amount of such indebtedness. The amount of COD Income, in general, is the excess of (i) the adjusted issue price of the indebtedness satisfied, over (ii) the amount of cash paid and the fair market value of any other consideration given in satisfaction of such indebtedness at the time of the exchange.

Under Section 108 of the Tax Code, a taxpayer is not required to include COD Income in gross income if the taxpayer is under the jurisdiction of a court in a case under the Bankruptcy

Code and the discharge of debt occurs pursuant to that case (the "**Bankruptcy Exception**") or to the extent that the taxpayer is insolvent immediately before the discharge (the "**Insolvency Exception**"). Instead, as a consequence of such exclusion, a taxpayer must reduce its tax attributes by the amount of COD Income that it excluded from gross income.

Under Section 108(d)(6) of the Tax Code, when an entity that is taxed as a partnership realizes COD Income, its partners are treated as receiving their allocable share of such COD Income and the Bankruptcy Exception or Insolvency Exception (and related attribute reduction) is applied at the partner level, rather than at the entity level, and, thus, depend on whether the partner is itself insolvent or in bankruptcy. Accordingly, the holders of Interests in any Debtor that is classified as a partnership for U.S. federal income tax purposes will be treated as receiving their allocable share of any COD Income realized by any such Debtor, and the Bankruptcy Exception and the Insolvency Exception will be applied at the partner level. The fact that any such Debtor is insolvent or in bankruptcy is not relevant for the determination.

Each holder of Interests is urged to consult with its own tax advisors as to the tax implications to it of the Plan.

10.2 Certain U.S. Federal Income Tax Consequences for Holders of Class 1, Class 2, Class 3, Class 4, or Class 5 Claims

(a) General Tax Consequences

Generally, a holder of a Class 1, Class 2, Class 3, Class 4, or Class 5 Claim should recognize gain or loss equal to the difference between (i) the sum of (a) the amount of any Cash received, (b) if applicable, the "issue price" (which should be the stated principal amount) of the Secured Lender Restructured Note received, and (c) if applicable, the fair market value of any other assets received (which as discussed in more detail below under the heading "GUC Distribution Pool Payments" also potentially includes the fair market value (determined as of the Effective Date) of its Pro Rata Share of the GUC Distribution Pool received) by such holder in respect of such Claim (other than any such consideration received in respect of accrued and unpaid interest, which will be taxed as set forth in the next paragraph below) and (ii) such holder's adjusted tax basis in such Claim. The character of any such gain or loss will depend on a number of factors, including the tax status of the holder, the nature of the Claim in the holder's hands, whether the Claim was purchased at a discount, whether the Claim constitutes a capital asset in the hands of the holder, the holder's holding period of the Claim, and the extent to which the holder previously claimed a bad debt deduction or deduction for the worthlessness of all or a portion of the Claim. Subject to the market discount rules discussed below, if the Claim is a capital asset in the holder's hands, any gain or loss realized will generally be characterized as capital gain or loss and will constitute long-term capital gain or loss if the holder has held such Claim for more than one year. Under current U.S. federal income tax law, non-corporate holders may be eligible for reduced rates of taxation on long-term capital gains. The deductibility of capital losses is subject to limitations.

(b) Accrued Interest

To the extent any amount of consideration received by a holder of a Class 1, Class 2, Class 3, Class 4, or Class 5 Claim is attributable to accrued but unpaid interest in respect of such Claim,

the receipt of such Cash will be taxable to such holder as ordinary income to the extent not previously included in income by such holder. Conversely, a holder who previously included in its income accrued but unpaid interest attributable to its Class 1, Class 2, Class 3, Class 4, or Class 5 Claim may be able to recognize a deductible loss to the extent that such accrued but unpaid interest is not paid in full.

(c) **Market Discount**

Under the "market discount" provisions of the Tax Code, some or all of any gain realized by a holder in respect of its Class 1, Class 2, Class 3, Class 4, Class 5, Class 6 or Class 7 Claim may be treated as ordinary income (instead of capital gain), to the extent of the amount of "market discount" on the debt instruments constituting the exchanged Claim. Any gain recognized by a holder on the taxable disposition of a Claim that was acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while the Claim was considered to be held by the holder (unless the holder elected to include market discount in income as it accrued).

(d) **Ownership and Disposition of the Secured Lender Restructured Note**

Stated interest on the Secured Lender Restructured Note generally will be taxable to a holder of a Class 1 Claim as ordinary income at the time such interest is received or accrued in accordance with the holder's regular method of accounting for U.S. federal income tax purposes.

Upon the sale, exchange, redemption, retirement, or other taxable disposition of the Secured Lender Restructured Note, the holder generally will recognize gain or loss equal to the difference between the amount realized (less any accrued but unpaid stated interest, which will be taxable as such to the extent not already included in income) and the holder's adjusted tax basis in the Secured Lender Restructured Note. The holder's adjusted tax basis in the Secured Lender Restructured Note generally will equal the "issue price" (which should be the stated principal amount) of the Secured Lender Restructured Note, reduced by any prior payments of principal on the Secured Lender Restructured Note. In general, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Secured Lender Restructured Note has been held for more than one year. Under current U.S. federal income tax law, non-corporate holders may be eligible for reduced rates of taxation on long-term capital gain. The deductibility of capital losses is subject to limitations.

(e) **GUC Distribution Pool**

There is not any authority directly addressing the U.S. federal income tax treatment of the receipt of a Pro Rata Share of the GUC Distribution Pool pursuant to the Plan. Therefore, the tax treatment of the receipt of a Pro Rata Share of the GUC Distribution Pool by a holder of a Class 5 Claim arising pursuant to the Plan is subject to uncertainty (including with respect to the amount, timing, and character of any gain, income, or loss), and the receipt of the GUC Distribution Pool pursuant to the Plan could result in tax consequences to a holder of a Class 5 Claim that differs materially from those summarized below (including the potential that a portion or all of payments received by the holder from the GUC Distribution Pool could be treated as ordinary income).

Accordingly, each holder of a Class 5 Claim is urged to consult its own tax advisors regarding the tax consequences arising from the receipt of a Pro Rata Share of the GUC Distribution Pool pursuant to the Plan.

Based on U.S. federal income tax rules applicable to deferred contingent payments analogous to the GUC Distribution Pool, it appears to be reasonable to treat a holder of a Class 5 Claim as receiving its Pro Rata Share of the GUC Distribution Pool in exchange for such claim in a taxable transaction that is considered to be a closed transaction for U.S. federal income tax purposes as of the Effective Date, and therefore, for purposes of determining the amount of gain or loss that the holder would recognize in respect of such claim, the holder would be required to take into account the fair market value (determined as of the Effective Date) of its Pro Rata Share of the GUC Distribution Pool received. In such case, the holder would have an initial tax basis its Pro Rata Share of the GUC Distribution Pool equal to such fair market value amount, and it appears to be reasonable to then treat any cash payments received by the holder from the GUC Distribution Pool (except to the extent of any portion of such payment that is otherwise required to be treated as imputed interest) first as a return of the holder's tax basis its Pro Rata Share of the GUC Distribution Pool (but not below zero), with any remaining excess then treated as capital gain, which would be long-term capital gain if the GUC Distribution Pool has been held for more than one year at the time of any such payment in excess of the tax basis. Under current U.S. federal income tax law, non-corporate holders may be eligible for reduced rates of taxation on long-term capital gain. The holder might recognize a capital loss to the extent of any remaining tax basis in its Pro Rata Share of the GUC Distribution Pool after the expiration of any right to receive cash payments under such holder's Pro Rata Share of the GUC Distribution Pool. The deductibility of capital losses is subject to limitations.

Because cash payments under the GUC Distribution Pool will begin on the date that is eighteen (18) months following the Effective Date, the imputed interest provisions of the Tax Code are also likely to apply to cause a portion of any such cash payment that is received by the holder to be treated as imputed interest, which would be taxable to such holder as ordinary income. Additionally, gain recognized by a holder of a Class 5 Claim that is attributable to its Pro Rata Share of the GUC Distribution Pool received in respect of such claim might be subject to the "installment method" of reporting, so each holder of a Class 5 Claim is also urged to consult its own tax advisors regarding the possible application of (or ability to elect out of) the "installment method" of reporting with respect to the holder's receipt of its Pro Rata Share of the GUC Distribution Pool in respect of such claim.

10.3 **Information Reporting and Withholding**

In connection with the Plan, the Debtors, the Reorganized Debtor, and the Plan Administrator will comply with all applicable withholding and information reporting requirements imposed by U.S. federal, state, local, and foreign taxing authorities, and all distributions or payments under the Plan (including payments arising under the Secured Lender Restructured Note or the GUC Distribution Pool) will be subject to those withholding and information reporting requirements. Holders of Claims may be required to provide certain tax information as a condition to receiving distributions or payments pursuant to the Plan (including payments arising under the Secured Lender Restructured Note or the GUC Distribution Pool).

In general, information reporting requirements may apply to distributions or payments pursuant to the Plan (including payments arising under the Secured Lender Restructured Note or the GUC Distribution Pool). Additionally, under the backup withholding rules, a holder of a Claim may be subject to backup withholding (currently at a rate of 24%) with respect to distributions or payments made pursuant to the Plan (including payments arising under the Secured Lender Restructured Note or the GUC Distribution Pool), unless a holder of a Claim provides the applicable withholding agent with a taxpayer identification number, certified under penalties of perjury, as well as certain other information, or otherwise establishes an exemption from backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a credit against a holder's U.S. federal income tax liability, if any, and may entitle a holder to a refund, provided the required information is timely furnished to the IRS.

In addition, from an information reporting perspective, Treasury Regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds. Holders of Claims or Interests are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the holder's tax returns.

THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF A CLAIM OR INTEREST IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES. EACH HOLDER OF A CLAIM OR INTEREST IS URGED TO CONSULT WITH SUCH HOLDER'S TAX ADVISORS CONCERNING THE U.S. FEDERAL, STATE, LOCAL, FOREIGN, AND OTHER TAX CONSEQUENCES OF THE PLAN.

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White Rock Medical Center, et. al

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/s/ Mirza N. Baig
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EXHIBIT A

Plan of Reorganization

EXHIBIT B

Disclosure Statement Order