

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	§	Chapter 11
	§	
STEWARD HEALTH CARE SYSTEM	§	Case No. 24-90213 (CML)
LLC, <i>et al.</i> ,	§	
	§	(Jointly Administered)
Debtors. ¹	§	(Emergency Hearing Requested)
	§	

EMERGENCY MOTION OF DEBTORS FOR ENTRY OF AN ORDER (I) APPROVING (A) GLOBAL BIDDING PROCEDURES FOR SALES OF THE DEBTORS' ASSETS, (B) FORM AND MANNER OF NOTICE OF SALES, AUCTIONS, AND SALE HEARINGS, AND (C) ASSUMPTION AND ASSIGNMENT PROCEDURES AND FORM AND MANNER OF NOTICE OF ASSUMPTION AND ASSIGNMENT; (II) AUTHORIZING DESIGNATION OF STALKING HORSE BIDDERS; (III) SCHEDULING AUCTIONS AND SALE HEARINGS; AND (IV) GRANTING RELATED RELIEF

EMERGENCY RELIEF HAS BEEN REQUESTED. RELIEF IS REQUESTED NOT LATER THAN 1:00 P.M. (CENTRAL TIME) ON JUNE 3, 2024.

IF YOU OBJECT TO THE RELIEF REQUESTED, OR BELIEVE THAT EMERGENCY CONSIDERATION IS NOT WARRANTED, YOU MUST RESPOND IN WRITING. UNLESS OTHERWISE DIRECTED BY THE COURT, YOU MUST FILE YOUR RESPONSE ELECTRONICALLY AT [HTTPS://ECF.TXSB.USCOURTS.GOV/](https://ecf.txsb.uscourts.gov/) BY NO LATER THAN 4:00 P.M. (CENTRAL TIME) ON MAY 30, 2024. IF YOU DO NOT HAVE ELECTRONIC FILING PRIVILEGES, YOU MUST FILE A WRITTEN OBJECTION THAT IS ACTUALLY RECEIVED BY THE CLERK BY NO LATER THAN 4:00 P.M. (CENTRAL TIME) ON MAY 30, 2024. OTHERWISE, THE COURT MAY TREAT THE PLEADING AS UNOPPOSED AND GRANT THE RELIEF REQUESTED.

A HEARING WILL BE CONDUCTED ON THIS MATTER ON JUNE 3, 2024 AT 1:00 P.M. (CENTRAL TIME) IN COURTROOM 401, 4TH FLOOR, 515 RUSK AVENUE, HOUSTON, TX 77002.

¹ A complete list of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors' proposed claims and noticing agent at <https://restructuring.ra.kroll.com/Steward>. The Debtors' service address for these chapter 11 cases is 1900 N. Pearl Street, Suite 2400, Dallas, Texas 75201.

YOU MAY PARTICIPATE IN THE HEARING EITHER IN PERSON OR BY AN AUDIO AND VIDEO CONNECTION.

AUDIO COMMUNICATION WILL BE BY USE OF THE COURT'S DIAL-IN FACILITY. YOU MAY ACCESS THE FACILITY AT 832-917-1510. ONCE CONNECTED, YOU WILL BE ASKED TO ENTER THE CONFERENCE ROOM NUMBER. JUDGE LOPEZ'S CONFERENCE ROOM NUMBER IS 590153. VIDEO COMMUNICATION WILL BE BY USE OF THE GOTOMEETING PLATFORM. CONNECT VIA THE FREE GOTOMEETING APPLICATION OR CLICK THE LINK ON JUDGE LOPEZ'S HOME PAGE. THE MEETING CODE IS "JUDGELOPEZ." CLICK THE SETTINGS ICON IN THE UPPER RIGHT CORNER AND ENTER YOUR NAME UNDER THE PERSONAL INFORMATION SETTING.

HEARING APPEARANCES MUST BE MADE ELECTRONICALLY IN ADVANCE OF BOTH ELECTRONIC AND IN-PERSON HEARINGS. TO MAKE YOUR APPEARANCE, CLICK THE "ELECTRONIC APPEARANCE" LINK ON JUDGE LOPEZ'S HOME PAGE. SELECT THE CASE NAME, COMPLETE THE REQUIRED FIELDS AND CLICK "SUBMIT" TO COMPLETE YOUR APPEARANCE.

Steward Health Care System LLC ("SHC") and its debtor affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the "**Debtors**"), respectfully represent as follows in support of this motion (the "**Motion**"):

Preliminary Statement

1. The foundation of these chapter 11 cases is the continuation of the Debtors' prepetition strategic sale process and dual-path reorganization efforts to implement, among other things, value-maximizing going concern transactions that will preserve the Debtors' operations for the benefit of the communities they serve, including their patients, employees, physicians, and suppliers. The Debtors have secured a credit facility for new-money debtor-in-possession financing (the "**DIP Facility**") and agreed use of cash collateral to continue operating in the ordinary course of business while pursuing going concern sale or reorganization transactions that will provide significant recoveries to creditors and ensure the preservation of the Debtors' critical health care operations.

2. Prior to the Petition Date, overseen by a special committee (the “**Transformation Committee**”) of the board of managers (the “**Board**”) of Steward Health Care Holdings LLC (comprised of John R. Castellano, the Debtors’ Chief Restructuring Officer, as well as independent and disinterested managers with considerable restructuring experience, William Transier and Alan Carr), and assisted by independent investment banks, Leerink Partners LLC (“**Leerink Partners**”) and Cain Brothers (“**Cain**”) (the Debtors’ proposed healthcare investment bankers in these chapter 11 cases), the Debtors commenced a strategic process to market substantially all of their material assets (the “**Assets**”), including (a) assets related to *Stewardship Health*, the Debtors’ risk-based payor contracting network and related primary care practices (collectively, “**Stewardship Health**,” and such assets, the “**Stewardship Assets**”), and (b) the Debtors’ hospital operations in Massachusetts, Arizona, Ohio, Pennsylvania, Arkansas, Louisiana, Texas, and Florida (the “**Hospitals**”).² The Transformation Committee has the sole and exclusive authority to, among other things, oversee the administration of these chapter 11 cases and approve transactions on behalf of the Board, including sale and restructuring transactions.

3. Prior to the Petition Date, Cain and Leerink Partners conducted a broad market outreach with respect to Stewardship Health and the Hospitals, contacting over 250 potential bidders in the aggregate. The market solicitation process has yielded significant interest in the Debtors’ assets and the Debtors are engaged in active discussions with numerous bidders interested in continuing to operate the Debtors’ hospitals and value-based care business. Indeed, as of the date hereof, the Debtors:

- have executed a letter of intent and are in advanced discussions with Collaborative Care Holdings, LLC, an affiliate of UnitedHealth Group Incorporated (“**United**”) to act as a stalking horse purchaser for the Stewardship

² A complete list of the Debtors’ Hospitals available for sale pursuant to the Global Bidding Procedures is annexed to the Global Bidding Procedures as **Schedule 1**.

Health business (and other buyers remain interested in placing Bids on these assets);

- have received attractive indications of interest from multiple potential buyers for its Southern Massachusetts and Arizona hospital operations;
- are in discussions with various third-parties interested in purchasing and operating the Debtors' hospitals in Northern Massachusetts, as well as with state officials and regulators to facilitate the transition of such hospitals to new operators;
- have generated interest in the Debtors' hospitals in Arkansas, Louisiana, Ohio, Pennsylvania, and Texas;
- have launched a market solicitation process for the Debtors' hospitals in Florida to explore a sale or reorganization around such hospital operations; and
- are exploring potential sales of other assets for marketing in the near term.

4. To continue the momentum of the prepetition marketing process and ensure the preservation of the jobs of the Debtors' workforce of approximately 30,000 individuals, in consultation with a number of the Debtors' key stakeholders, the Debtors have developed global bidding and auction procedures to govern the sale of the Stewardship Assets, the Debtors' Hospitals, and certain other assets in the Debtors' discretion (collectively, the "**Other Assets**" of the Debtors) attached as **Exhibit 1** to the Bidding Procedures Order (as defined herein) (the "**Global Bidding Procedures**").

5. Under the Global Bidding Procedures, parties may submit bids (including stalking horse bids) for: (a) the Stewardship Assets; (b) one or more of the Debtors' Hospitals, in any combination; and/or (c) the Debtors' Other Assets. The Global Bidding Procedures are deliberately flexible, aimed at preserving operations and jobs and generating the greatest level of interest and the highest or best value for all of the Debtors' Assets while complying with the milestones under the DIP Facility. The Global Bidding Procedures are designed to continue to promote a competitive and robust bidding process, while allowing the Debtors to implement sale

transactions on an expedited basis. At the same time, the Global Bidding Procedures are uniform, providing clarity to the bidding and auction process by establishing global dates for submitting bids, conducting auctions, and approving sales.

6. A summary of the proposed bidding timeline for the Debtors' assets is outlined below:

Proposed Date³	Stewardship Health	First Round Hospitals⁴	Second Round Hospitals⁵	Other Assets
Bid Deadline	June 24, 2024	June 24, 2024	July 26, 2024	July 26, 2024
Auction	June 27, 2024	June 27, 2024	July 30, 2024	July 30, 2024
Sale Hearing	July 2, 2024	July 2, 2024	August 5, 2024	August 5, 2024

7. The Debtors are confident that the Debtors' postpetition market solicitation process and bidding procedures will ensure continued patient care, facilitate the sale of the Assets in the highest or otherwise best transactions, preserve as many jobs as possible for the Debtors' dedicated employees and maximize recoveries for creditors.

Background

8. On May 6, 2024, (the "**Petition Date**"), the Debtors each commenced with this Court a voluntary case under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**"). The Debtors are authorized to continue to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

³ Or such earlier or later date designated by the Debtors after consultation with the Consultation Parties.

⁴ "**First Round Hospitals**" refers to all of the Debtors' Hospitals except for those in Florida.

⁵ "**Second Round Hospitals**" refers to the Debtors' Hospitals in Florida.

No trustee, examiner, or statutory committee of creditors has been appointed in these chapter 11 cases.

9. These cases are jointly administered pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”) and Rule 1015-1 of the Bankruptcy Local Rules for the United States Bankruptcy Court for the Southern District of Texas (the “**Bankruptcy Local Rules**”).

10. The Debtors own and operate the largest private physician-owned for-profit healthcare network in the United States. Headquartered in Dallas, Texas, the Debtors’ operations include 31 hospitals across eight states, approximately 400 facility locations, 4,500 primary and specialty care physicians, 3,600 staffed beds, and a company-wide workforce of nearly 30,000 employees. The Debtors’ provide care to more than two million patients annually.

11. Additional information regarding the Debtors’ business, capital structure, and the circumstances leading to the commencement of these chapter 11 cases is set forth in the *Declaration of John R. Castellano in Support of Debtors’ Chapter 11 Petitions and First-Day Pleadings* (Docket No. 38) (the “**First Day Declaration**”), and incorporated herein by reference.⁶

Jurisdiction

12. The Court has jurisdiction to consider this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409.

⁶ The Debtors intend to file declarations in support of this Motion at least seven (7) days in advance of the hearing on this Motion.

Relief Requested

13. By this Motion, pursuant to sections 105(a), 363, 365, and 503 of the Bankruptcy Code, Bankruptcy Rules 2002, 6004, 6006, 9007, 9008, and 9014, and Bankruptcy Local Rules 2002-1 and 9013-1, the Debtors request entry of:

- (a) the “**Bidding Procedures Order**,” substantially in the form annexed hereto as **Exhibit A**,⁷
 - (i) authorizing and approving the Global Bidding Procedures attached to the Bidding Procedures Order as **Exhibit 1**, in connection with the sale of the Assets (each transaction, a “**Sale Transaction**);
 - (ii) authorizing the Debtors to designate one or more stalking horse bidders (each, a “**Stalking Horse Bidder**” and, each such bidder’s bid, a “**Stalking Horse Bid**”) and offer each such Stalking Horse Bidder certain bid protections (collectively, the “**Stalking Horse Bid Protections**”);
 - (iii) scheduling auctions for the Assets (each, an “**Auction**”);
 - (iv) scheduling one or more hearings (each, a “**Sale Hearing**”) to consider approval of the proposed Sale Transactions;
 - (v) authorizing and approving (1) notice of Auctions, sales of the Assets, and the Sale Hearings, substantially in the form attached to the Bidding Procedures Order as **Exhibit 2** (the “**Sale Notice**”); and (2) notice to each non-Debtor counterparty (each, a “**Contract Counterparty**”) to an executory contract or unexpired lease of non-residential real property of the Debtors (each, a “**Contract**”) regarding the potential assumption and assignment of such Contracts and the Debtors’ calculations of the amount necessary to cure any monetary defaults under such Contracts (the “**Cure Costs**”), substantially in the form attached to the Bidding Procedures Order as **Exhibit 3** (the “**Cure Notice**”);
 - (vi) authorizing and approving procedures for the assumption and assignment of certain Contracts in connection with the Sale Transactions, as applicable (collectively, the “**Assigned Contracts**”) and determination of Cure Costs with respect thereto (collectively, the “**Assumption and Assignment Procedures**”); and
 - (vii) granting related relief;

⁷ Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Bidding Procedures Order, the Global Bidding Procedures, and/or the First Day Declaration, as applicable.

- (b) orders (each, a “**Sale Order**”) authorizing and approving the following:
 - (i) the sale of Assets free and clear of all liens, claims, interests, and encumbrances, except certain permitted encumbrances as determined by the Debtors and any purchaser of the Assets, with liens to attach to the proceeds of the applicable Sale Transactions;⁸ and
 - (ii) the assumption and assignment of executory contracts and/or unexpired leases of the Debtors that are to be assumed and assigned as part of the applicable Sale Transactions; and
- (c) granting related relief.

Prepetition Marketing and Sale Process

14. Since January, all of the Debtors’ sale efforts (including with respect to Stewardship Health and the Debtors’ Hospitals) have been overseen and managed by the Transformation Committee comprised of John R. Castellano, the Debtors’ Chief Restructuring Officer, as well as William Transier and Alan Carr—independent and disinterested managers with considerable restructuring experience—advised by the Debtors’ experienced restructuring professionals and healthcare investment bankers. The Transformation Committee has the sole and exclusive authority to, among other things, oversee the administration of these chapter 11 cases and approve transactions on behalf of the Board, including all sale and restructuring transactions. With the assistance of the Transformation Committee and the Debtors’ other advisors, including their two industry-leading healthcare investment bankers, the Debtors ran a prepetition marketing and sale process that was designed to maximize market participation with the goal of achieving the highest or best offers for the Debtors’ assets. With this goal in mind, the Debtors encouraged bids from all interested parties and did not exclude any parties from the process, nor preclude any potential transaction structure.

⁸ A proposed form of Sale Order is annexed hereto as **Exhibit B**.

15. Yet notwithstanding that there are experienced professionals overseeing and leading the process, certain parties, including the Commonwealth of Massachusetts, have elected to lodge completely unsubstantiated criticisms about the Debtors' sale process (*see* Docket No. 61). Although frustration with the Debtors' financial circumstances and the need to commence these chapter 11 cases is understandable, filing unfounded and unsubstantiated pleadings at a time when a team of experienced and independent professionals and directors have been and are continuing to run a process (and who have managed similar processes across multiple venues in a myriad of complex chapter 11 cases) that will benefit all stakeholders, is neither appropriate nor will it be tolerated by the Debtors. As described below, and as will be demonstrated by declarations and any other evidence in support of this Motion, the Debtors and their advisors have been squarely focused on, and will continue to be focused on maximizing value and delivering positive outcomes for their constituents, including the Debtors' patients, employees, vendors, communities, and creditors, through the pursuit of value-maximizing sale and restructuring transactions.

A. Prepetition Sale Process for Stewardship Health

16. The Debtors' pursuit of going concern sale transactions began in the fourth quarter of 2023. At that time, following extensive discussions with management and the Debtors' advisors, including Leerink Partners, Lazard Frères & Co. ("**Lazard**"), the Debtors' proposed restructuring investment banker, and AlixPartners LLP ("**Alix**"), the Debtors' financial advisor, the Debtors began exploring strategic alternatives to unlock value with respect to Stewardship Health. Beginning in December 2023, Leerink Partners initiated a marketing process for the sale of Stewardship Health, contacting approximately 40 potential buyers.

17. In connection with the solicitation, the Debtors and their advisors prepared, among other things, comprehensive marketing materials and an electronic data room to provide potential investors and bidders with adequate information upon which to make a proposal for Stewardship Health. The Debtors received a number of indications of interest (the “**Stewardship IOIs**”) for Stewardship Health which the Debtors evaluated, analyzing, among other considerations: (i) the structure of the proposed transaction; (ii) the form and amount of consideration offered; (iii) the assets to be acquired and the liabilities to be assumed; and (iv) execution risk, including with respect to any conditions placed on the bid and funding ability. The Debtors met regularly with their advisors and the Transformation Committee and consulted with their key stakeholders before and after the Stewardship IOIs were submitted.

18. After extensive deliberations with their advisors, the Transformation Committee, and the Debtors’ stakeholders, and after lengthy engagement and several rounds of negotiations with bidders, the Debtors identified United as the leading bidder and engaged with United regarding a letter of intent, which the Debtors and United executed on March 19, 2024. The Debtors then engaged with United on a dual path pursuing both an out of court or in court stalking horse purchase agreement with respect to the Stewardship Assets. In the midst of negotiating such agreement, the Debtors commenced these chapter 11 cases to secure the DIP Facility and continue to negotiations regarding a stalking horse purchase agreement postpetition. The Debtors hope to be able to announce a stalking horse agreement in the near-term with respect to Stewardship Health that will provide for a floor value and maximize the value of the Stewardship Assets for the benefit of the Debtors’ estates.

B. Prepetition Sale Process for the Hospitals

19. Soon after launching the prepetition marketing process for Stewardship Health, in January 2024, with the assistance of Cain, the Debtors commenced a robust prepetition marketing process for certain of the Hospitals with the goal of continuing critical operations at the Debtors' core Hospitals while maximizing value by selling certain non-core Hospitals, including the Debtors' Hospitals in Arizona, Arkansas, Louisiana, Ohio, Pennsylvania, and Southern Massachusetts. In February 2024, Leerink Partners initiated a marketing effort for the sale of the Debtors' Hospitals in Northern Massachusetts. In March 2024, Cain began to market the Debtors' Hospitals in Texas and in April 2024, Leerink Partners initiated a marketing effort for the sale of the Debtors' Hospitals in Florida.

20. As part of this prepetition process, Cain contacted 179 potential buyers and Leerink Partners contacted 80 potential buyers, including for-profit and not-for-profit organizations, that were considered likely participants in a sale process of the Hospitals within their respective marketing scopes, and provided such parties with marketing materials. Prior to the Petition Date, the Debtors received numerous indications of interest for their Hospitals and met regularly with their advisors and the Transformation Committee and consulted with certain of their key stakeholders on a regular basis. The Debtors expect that additional parties will become aware of the sale of the Hospitals through the chapter 11 process, thus driving more interest in the Hospitals.

Need for a Timely Sale Process

21. Appreciating their limited prepetition liquidity and the milestones that likely would govern the postpetition sale process under the Debtors' DIP Facility, the Debtors accomplished as much as possible prior to the commencement of these cases. With advanced

discussions towards a Stalking Horse Bid for the Stewardship Assets, and months of prepetition marketing under their belt, the Debtors are prepared to execute the remaining portion of their sale process, which will include a postpetition marketing campaign led by Leerink Partners and Cain, consistent with the terms of the Global Bidding Procedures.

22. It cannot be overemphasized that time is of the essence. Given the significant costs associated with the ongoing operations of the Debtors' businesses and the Debtors' current financial circumstances, the Debtors and DIP Lender have agreed to milestones (the "**Milestones**")⁹ for the sale process. Specifically, the Debtors and the DIP Lender have agreed to the following sale process Milestones:

Milestones¹⁰		
<i>Milestone</i>	<i>First Round Hospitals</i>	<i>Second Round Hospitals</i>
Bid Deadline	June 25, 2024	July 26, 2024
Auction	June 28, 2024	July 30, 2024
Sale Hearing	July 2, 2024	August 2, 2024

23. Access to the DIP Facility is critical to the Debtors' ability to continue their operations and manage their bankruptcy estates through the conclusion of the sale process. Failure to adhere to the Milestones could jeopardize the Debtors' access to cash under the DIP Facility and, in turn, compromise the Debtors' chapter 11 strategy and ability to maximize recoveries for

⁹ In the event of any inconsistencies between the provisions of the DIP Documents and the general description of the Milestones in this Motion, the DIP Documents shall control.

¹⁰ The DIP Facility also contemplates milestones for (i) the execution of a stalking horse agreement for Stewardship Health on or prior to a date reasonably satisfactory to the DIP Lender, (ii) the execution of a stalking horse agreement on or prior to May 31, 2024 with respect to Mountain Vista Medical Center, Steward Emergency Center, Florence Hospital, Tempe St. Luke's Hospital, Southeast Texas (Port Arthur), and St. Joseph Medical Center, (iii) the execution of a stalking horse agreement on or prior to June 30, 2024 with respect to Melbourne Regional Medical Center, Rockledge Regional Medical Center, and Sebastian River Medical Center, and (iv) the consummation of the Hospital sales by a date reasonably acceptable to the DIP Lender (taking into account regulatory approvals).

creditors. In light of the foregoing, the Debtors believe that the proposed timeline is both reasonable and necessary under the circumstances of these chapter 11 cases.

Designation of Stalking Horse Bidders

24. Based on the progress achieved thus far in the Debtors' marketing process, and on the advice and counsel of the Debtors' advisors, the Debtors have determined, in their reasonable business judgment, that having the flexibility to designate Stalking Horse Bidders for the Stewardship Assets, the Hospitals and the Other Assets will enhance the Debtors' ability to maximize value of the Debtors' Assets and is in the best interests of their estates.

25. Accordingly, as set forth in further detail in the Global Bidding Procedures, the Debtors request authority to enter into asset purchase agreements with Stalking Horse Bidders (each such agreement, a "**Stalking Horse Agreement**"), pursuant to which the Debtors would provide Stalking Horse Bidders with certain bid protections (the "**Stalking Horse Bid Protections**") where the Debtors determine, in the exercise of their reasonable business judgment, that setting a floor for the Stewardship Assets, the Hospitals and the Other Assets is in the best interests of their estates and creditors. Specifically, the Debtors propose to offer each Stalking Horse Bidder a break-up fee in an amount that shall not exceed three percent (3%) of the purchase price (including the value of assumed liabilities) in the applicable Stalking Horse Bid and expense reimbursement subject to a cap to be agreed upon by the Debtors (after consultation with the Consultation Parties), and the applicable Stalking Horse Bidder (collectively, a "**Termination Payment**") subject to notice and an opportunity for parties in interest to object. In accordance with the noticing procedures outlined below (the "**Noticing Procedures**"), upon the designation of a Stalking Horse Bidder, the Debtors either will include in the Sale Notice the material terms of the applicable Stalking Horse Agreement, and shall file with the Court, serve on the Sale Notice

Parties (as identified and defined herein), and cause to be published on the website maintained by Kroll Restructuring Administration LLC, the Debtors' claims and noticing agent in these chapter 11 cases, located at <https://restructuring.ra.kroll.com/Steward> (the "**Kroll Website**"), an addendum to the Sale Notice containing such information (each, a "**Notice of Stalking Horse Bidder**").

26. Parties in interest who wish to object to the provision of Stalking Horse Bid Protections will be afforded an opportunity to file with the Court and serve on the applicable Objection Notice Parties (as identified and defined in the Global Bidding Procedures), an objection (each, a "**Stalking Horse Objection**") within three (3) calendar days after service of the Sale Notice or relevant Notice of Stalking Horse Bidder, as applicable. If a timely Stalking Horse Objection is filed, the proposed Stalking Horse Bid Protections will not be approved until either the Stalking Horse Objection is resolved or it has been approved upon further order of the Court. Under the Global Bidding Procedures, in the absence of a Stalking Horse Objection, the Debtors' entry into the applicable Stalking Horse Agreement and provision of the Stalking Horse Bid Protections, including the Termination Payment, will be made effective through entry of a Court order, which the Debtors may obtain upon notice of presentment.

27. Given the urgency of the Debtors' need to maximize value for creditors through timely and efficient Sale Transactions, the ability to designate Stalking Horse Bidders and offer such bidders Stalking Horse Bid Protections is justified and appropriate.

Global Bidding Procedures

A. Overview

28. The Global Bidding Procedures are designed to promote a competitive and expedient sale process. The Global Bidding Procedures describe, among other things, procedures

for parties to access due diligence, the manner in which bidders and bids become “qualified,” the receipt and negotiation of bids received, the conduct of the Auctions (if any), the selection and approval of the ultimately successful bidder, and the deadlines with respect to the foregoing Global Bidding Procedures. If approved, the Global Bidding Procedures will allow the Debtors to solicit and identify bids from potential buyers that constitute the highest or best offer for the Assets on a schedule consistent with the Debtors’ chapter 11 strategy. As the Global Bidding Procedures are attached to the Bidding Procedures Order, they are not herein restated in their entirety.

B. Key Dates and Deadlines

29. Consistent with the Milestones and the Debtors’ need to consummate a sales of their Assets as quickly and efficiently as possible, the Debtors propose the following key dates and deadlines for the sale process:¹¹

Deadline	Stewardship Health & First Round Hospitals	Second Round Hospitals & Other Assets
Cure Notice Deadline	Five (5) Business Days after Entry of Bidding Procedures Order	July 3, 2024
Cure Objection Deadline	10 Days after Service of Initial Cure Notice	July 13, 2024*
Bid Deadline	June 24, 2024*	July 26, 2024*
Qualified Bid and Baseline Bid Designation Date	June 26, 2024*	July 29, 2024*
Auction	June 27, 2024*	July 30, 2024*

¹¹ The Debtors will have the ability to alter the Global Bidding Procedures based on the exigencies of a given situation if the Debtors determine, in their business judgment, in a manner consistent with their fiduciary duties and applicable law, and in consultation with the Consultation Parties (as defined in the Global Bidding Procedures), that it is reasonable to do so.

Deadline	Stewardship Health & First Round Hospitals	Second Round Hospitals & Other Assets
Notice of Auction Results Deadline (if Auction held)	June 30, 2024*	August 1, 2024*
Adequate Assurance Objection Deadline and Sale Objection Deadline¹²	July 1, 2024*	August 4, 2024*
Sale Hearing	July 2, 2024*	August 5, 2024*

*Or such earlier or later date designated by the Debtors after consultation with the Consultation Parties

30. The time periods set forth in the Global Bidding Procedures are reasonable. Under the proposed timelines, subject to the identification of a Stalking Horse Bidder, there will be at least 48 days between the filing of this Motion and the deadlines to object to the Sale Transactions. Additionally, the deadlines for the submission of any and all bids on the applicable Assets are as follows (each, a “**Bid Deadline**”):¹³

Assets	Bid Deadline
Stewardship Assets	June 24, 2024 at 5:00 p.m. (prevailing Central Time)
First Round Hospitals	June 24, 2024 at 5:00 p.m. (prevailing Central Time)
Second Round Hospitals	July 26, 2024 at 5:00 p.m. (prevailing Central Time)
Other Assets	July 26, 2024 at 5:00 p.m. (prevailing Central Time)

31. The Bid Deadlines will provide parties with sufficient time to formulate bids to purchase any Assets. The Debtors’ Assets were marketed (in certain cases, extensively) prior to the Petition Date, and for a number of markets, information regarding the Assets has been

¹² To the extent the Debtors designate a Stalking Horse Bidder and serve the applicable Notice of Stalking Horse Bidder on the Sale Notice Parties (each as defined herein), the Adequate Assurance Objection Deadline and the Sale Objection Deadline shall be the earlier of (i) 21 days following service of the Notice of Stalking Horse Bidder and (ii) the dates here listed.

¹³ Or such earlier or later date designated by the Debtors after consultation with the Consultation Parties.

made available in an electronic data room during the process. With respect to the assets with the earliest Bid Deadlines, including the Stewardship Assets and certain of the Hospitals, many parties that may have an interest in bidding on such assets at the applicable Auction likely have already begun conducting diligence and evaluating the Assets and will not be bidding in a vacuum. In addition, (i) potential bidders who have not previously conducted diligence on the Assets will have immediate access to, subject to the execution of an appropriate confidentiality agreement, information regarding the Assets, and (ii) for those Assets which have not been marketed extensively prior to the Petition Date, including the Second Round Hospitals and certain Other Assets of the Debtors, the bid deadline is not for another 72 days (nearly two-and-a-half (2.5) months after the date hereof).

C. Treatment of MPT Property

32. The Debtors conduct substantially all of their hospital operations on real property owned by MPT Operating Partnership, L.P. or one or more of its affiliates (as applicable, individually or collectively, “**MPT Lessor**”) subject to certain master lease agreements, which provide that such leases are true operating leases and are not severable as to any particular property absent the consent of the applicable MPT Lessor(s). Importantly, the Global Bidding Procedures provide flexibility for potential bidders to indicate the proposed treatment of such real property in their bid. To avoid any ambiguity, the Debtors intend to solicit Bids for the Debtors’ operations separately from real estate.

D. Notice Procedures

33. The Debtors request that the Court approve the form and matter of the Sale Notice and the Cure Notice (collectively, the “**Notices**”), each attached to the proposed Bidding Procedures Order. The Debtors submit that service of the Notices as set forth below (the “**Notice**

Procedures”) is proper and sufficient to provide notice of the applicable Auctions, the deadlines to object to the Sale Transactions, the assumption and assignment of contracts and leases in connection therewith, and the Sale Hearings to all known and unknown parties.

34. The Debtors propose that within seven (7) days after entry of the Bidding Procedures Order, the Debtors shall file on the docket and serve the Sale Notice, the Bidding Procedures Order, and the Global Bidding Procedures, by first-class mail, postage prepaid; *provided* that to the extent email addresses are available for any of the foregoing parties, such parties may be served by email, upon the following parties (collectively, the “**Sale Notice Parties**”):

- (a) all entities that have, to the best of the Debtors’ management and advisors’ knowledge, expressed written interest in consummating the applicable Sale Transaction with respect to the applicable Assets within the past twelve (12) months;
- (b) all entities known to have asserted any lien, claim, interest, or encumbrance in or upon the applicable Assets;
- (c) counsel to any official committee of unsecured creditors appointed in the Debtors’ chapter 11 cases (the “**Creditors’ Committee**”);
- (d) counsel to the DIP Lender, Prepetition MPT Secured Party, and MPT Lessors, KTBS Law LLP, 1801 Century Park E #2600, Los Angeles, California 90067 (Attn: Thomas E. Patterson, Esq. and Sasha M. Gurvitz, Esq.);
- (e) counsel to the ABL Lenders, Paul Hastings LLP, 200 Park Avenue, New York, New York 10166 (Attn: Kristopher M. Hansen, Esq., Christopher Guhin, Esq.);
- (f) counsel to Siemens Financial Services, Inc., Otterbourg P.C., 230 Park Avenue, New York, New York 10169 (Attn: Andrew Kramer, Esq.);
- (g) counsel to the FILO Lenders, Milbank LLP, 55 Hudson Yards, New York, New York 10001 (Attn: Dennis Dunne, Esq., Michael Price, Esq., Andrew Harmeyer, Esq., Brian Kinney, Esq.);
- (h) counsel to any applicable Stalking Horse Bidder; and

(i) the U.S. Trustee.

35. The Notice Procedures constitute adequate and reasonable notice of the key dates and deadlines for the sale process, including, among other things, the deadlines to object to any Sale Transaction, the Bid Deadlines, and the time and location of the Auctions and the Sale Hearings. Accordingly, the Debtors request that the Court find that the Noticing Procedures are adequate and appropriate under the circumstances, and comply with the requirements of Bankruptcy Rule 2002.

Assumption and Assignment Procedures

36. The Assumption and Assignment Procedures set forth in the Bidding Procedures Order will, among other things, govern the Debtors' provision of notice to all Contract Counterparties of Cure Costs in connection with the transfer of Contracts as part of the Sale Transactions. In accordance with the timelines set forth in paragraph 29 (above), the Debtors will file the Cure Notices with the Court and serve the Cure Notices on the Contract Counterparties, which will be specified in the applicable Cure Notice.

37. Objections, if any, to any proposed Cure Costs set forth on the Cure Notice (each, a "**Cure Objection**") or to the provision of adequate assurance of future performance (each, an "**Adequate Assurance Objection**," and together with the Cure Objections, the "**Contract Objections**") must: (i) be in writing; (ii) state the name and address of the objecting party and the amount and nature of the claim or interest of such party; (iii) state with particularity the basis and nature of any objection, and provide proposed language that, if accepted and incorporated by the Debtors, would obviate such objection; (iv) conform to the Bankruptcy Rules and the Local Rules; and (v) be filed with the Court and served on the Objection Notice Parties.

38. If (a) the Debtors identify (i) additional contracts or leases to be assumed and assigned to a Successful Bidder or (ii) modifications that need to be made to a proposed Cure Cost previously stated in the Cure Notice, or (b) a Successful Bidder designates any additional contracts or leases not previously included on the Cure Notice for assumption and assignment, the Debtors may, after consultation with the Successful Bidder, at any time before the closing of the applicable Sale Transaction, file with the Court and serve by first class mail on the applicable Contract Counterparty a supplemental Cure Notice (each, a “**Supplemental Cure Notice**”). As soon as reasonably practicable after filing a Supplemental Cure Notice, the Debtors will post a copy of the Supplemental Cure Notice on the Kroll Website. Any Cure Objection with respect to Cure Costs set forth in a Supplemental Cure Notice must be filed within seven (7) days of filing of such Supplemental Cure Notice.

39. The Debtors request that any party failing to file a timely Contract Objection be deemed to consent to the treatment of its executory contract and/or unexpired lease under section 365 of the Bankruptcy Code and be forever barred from asserting any objection with respect to the treatment of such executory contract and/or unexpired lease.

Relief Requested Should Be Granted

A. The Global Bidding Procedures Are Fair and Reasonable

40. The Global Bidding Procedures are reasonable and appropriate and should be approved as proposed. Section 363 of the Bankruptcy Code permits the sale of all or some of a debtor's assets. Moreover, under section 105(a) of the Bankruptcy Code, “[t]he court may issue any order . . . that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a). In essence, the Court may enter an order that safeguards the value of the debtor’s estate if doing so is consistent with the Bankruptcy Code. *See, e.g., Chinichian v. Campolongo (In re*

Chinichian), 784 F.2d 1440, 1443 (9th Cir. 1986) (“Section 105 sets out the power of the bankruptcy court to fashion orders as necessary pursuant to the purposes of the Bankruptcy Code.”); *In re Cooper Props. Liquidating Tr., Inc.*, 61 B.R. 531, 537 (Bankr. W.D. Tenn. 1986) (acknowledging that “the [b]ankruptcy [c]ourt is one of equity and as such it has a duty to protect whatever equities a debtor may have in property for the benefit of its creditors as long as that protection is implemented in a manner consistent with the bankruptcy laws”).

41. To that end, courts recognize that procedures intended to enhance competitive bidding are consistent with the goal of maximizing the value received by the estate, and, therefore, are appropriate in the context of bankruptcy sales. *See In re ASARCO, L.L.C.*, 650 F.3d 593, 603 (5th Cir. 2011) (affirming the bankruptcy court’s approval of bid procedures designed to maximize the value of the debtor’s estate); *In re Bigler, LP*, 443 B.R. 101, 115 (Bankr. S.D. Tex. 2010) (providing that the two goals for a sale of the debtors’ assets are “maximizing value for the estate and preserving the integrity of the judicial process”); *In re Monitor Dynamics, Inc.*, 2010 Bankr. LEXIS 4170, at *3 (Bankr. W.D. Tex. Aug. 3, 2010) (in approving bid procedures and bid protections, finding that they “represent the method for maximizing value for the benefit of the Debtor’s estate”).

42. The Global Bidding Procedures provide for an orderly, uniform, and competitive process through which interested parties may submit offers to purchase the Debtors’ assets. The Debtors, with the assistance of their advisors, have structured the Global Bidding Procedures to promote active bidding by interested parties and to reach the highest or otherwise best offers reasonably available for the Debtors’ Assets. Additionally, the Global Bidding Procedures will allow the Debtors to conduct Auctions in a fair and transparent manner that will encourage participation by financially capable bidders with demonstrated ability to timely

consummate the Sale Transactions. The Global Bidding Procedures provide the Debtors with an adequate opportunity to consider competing bids and to select the highest or otherwise best offers for the potential completion of the Sale Transactions.

43. Moreover, an orderly and expeditious sale process is critical to preserve and realize the Debtors' value and maximize recoveries for the Debtors' stakeholders. In formulating the Global Bidding Procedures, the Debtors balanced the need to provide adequate and appropriate notice to parties in interest and potential bidders with the need to quickly and efficiently run a sale process in parallel with a solicitation process. Accordingly, the Global Bidding Procedures should be approved.

B. Stalking Horse Bid Protections Are Reasonable and Appropriate

44. The Debtors have agreed to provide standard bid protections to any Stalking Horse Bidders, primarily in the form of break-up fees of three percent (3%) of the purchase price (including non-cash consideration) and capped expense reimbursements. Bid protections such as the Stalking Horse Bid Protections have become commonplace in connection with sales under chapter 11. Moreover, approval of bid protections as administrative expense claims or superpriority administrative expense claims has become a recognized practice in chapter 11 cases because such it enables a debtor to ensure a sale to a contractually committed buyer at a price the debtor believes is fair, while providing the debtor with the potential of obtaining an enhanced recovery through an auction process. Accordingly, the Debtors shall be able to grant the Stalking Horse Bid Protections administrative expense claim or superpriority administrative expense claim status as determined in their sole discretion.

45. The Debtors believe that granting Stalking Horse Bid Protections to a Stalking Horse Bidder is fair and reasonable under the circumstances. Courts have acknowledged

that the approval of break-up fees and expenses in connection with substantial sales in bankruptcy is warranted to compensate an unsuccessful acquirer whose initial offer served as the basis and catalyst for higher or better offers. *See ASARCO*, 650 F.3d at 602 n.9 (5th Cir. 2011) (noting that the break-up fees “provide an incentive for an initial bidder to serve as a so-called ‘stalking horse,’ whose initial research, due diligence, and subsequent bid may encourage later bidders” (quotation omitted)); *Official Comm. of Unsecured Creditors of Walker Cty. Hosp. Corp. v. Walker Cty. Hosp. Dist. (In re Walker Cty. Hosp. Corp.)*, 3 F.4th 229, 231 n.2 (5th Cir. 2021) (same).

46. To warrant court approval of such break-up fees and expenses, the Fifth Circuit in *ASARCO* required a showing that the requested fees and expenses must be supported by a sound business justification. *ASARCO*, 650 F.3d at 602–03 (favoring business judgment standard governing use of assets outside of the ordinary course of business, rather than the standard for administrative expenses, in assessing propriety of fees and expenses incurred by bidders).

47. Here, the Stalking Horse Bid Protections satisfy the foregoing tests because they are: (i) actual and necessary costs and expenses of preserving the Debtors’ estates within the meaning of sections 503(b) and 507(a)(2) of the Bankruptcy Code and thus are allowed administrative expense priority; (ii) commensurate to the real and substantial benefit conferred upon the Debtors’ estates by having one or more stalking horse bidders; (iii) reasonable and appropriate, in light of comparable transactions, to the commitments to be made and the efforts to be expended by one or more stalking horse bidders; (iv) necessary to induce stalking horse bidders to continue to pursue sale transactions; and (v) subject to all parties-in-interests’ rights to object and be heard with respect to approval of the applicable stalking horse bid protections.

48. First, the Stalking Horse Bid Protections will only be provided after good faith, arms’ length negotiations with the Debtors, acting in the interest of their estates, consistent

with their fiduciary duties and after consultation with the Consultation Parties. Parties in interest will be given notice and an opportunity to object if they do not believe that the Stalking Horse Bid Protections are in the best interests of the Debtors' estates.

49. Second, the Debtors are proposing bid protections that promote the interests of the Debtors' estates to maximize value. The Termination Payments promote more competitive bidding for the Debtors' assets by inducing stalking horse bidders to hold their offers open as a minimum bid on which other bidders and the Debtors can rely. In doing so, a stalking horse bidder lays the foundation for the Debtors' sale process and serves as a catalyst for other Qualified Bids. Accordingly, the Termination Payments are appropriate and any stalking horse bidder is entitled to be compensated for the risk it is assuming and the substantial value it is conferring on the Debtors' estates.

50. Third, the Stalking Horse Bid Protections are reasonable in view of the substantial benefits the Debtors would receive from having Stalking Horse Bids serve as the floor for potential bidders, which would confirm that the Debtors receive the highest and best offer for their Assets. Moreover, Stalking Horse Bids will provide the Debtors with an opportunity to move forward with transactions that have a high likelihood of consummation with a contractually committed party at a fair and reasonable purchase price. Accordingly, the Stalking Horse Bid Protections will not deter bidding, are reasonable, and maximize the value of the Debtors' estates. The Stalking Horse Bid Protections enable the Debtors to secure an adequate floor price for the Debtors' Assets, thereby ensuring that competing bids will be materially higher or otherwise better than the bid reflected in the applicable Stalking Horse Agreement, providing a clear benefit to the Debtors' estates.

51. The Stalking Horse Bid Protections, consisting of break-up fees of up to three percent (3%) of the purchase price and expense reimbursements subject to a cap to be agreed upon with the applicable Stalking Horse Bidder, fall within the range of stalking horse bid protections approved in this and other Districts. *See, e.g., In re AppHarvest Products, LLC*, No. 23-90745 (DRJ) (Bankr. S.D. Tex. Aug. 25, 2023) (Docket No. 298) (approving break-up fee equal to 3% of the purchase price and expense reimbursements not to exceed \$500,000); *In re Instant Brands Acquisition Holdings Inc.*, No. 23-90716 (DRJ) (Bankr. S.D. Tex. July 12, 2023) (Docket No. 253) (same); *In re Genesis Care Pty Ltd.*, No. 23-90614 (DRJ) (Bankr. S.D. Tex. July 19, 2023) (Docket No. 321) (approving a break-up fee equal to up to 3% of the purchase price and expense reimbursements to be mutually agreed among the Debtors and the applicable stalking horse bidder); *In re Agilon Energy*, No. 21-32156 (MI) (Bankr. S.D. Tex. Dec. 17, 2021) (Docket No. 406) (approving break-up fee equal to 5% of the purchase price); *In re Eagle Pipe, LLC*, No. 20-34879 (MI) (Bankr. S.D. Tex. Oct. 30, 2020) (Docket No. 97) (approving break-up fee equal to 4% of the purchase price); *In re Geokinetics Inc.*, No. 18-33410 (DRJ) (Bankr. S.D. Tex. July 2, 2018) (Docket No. 110) (approving break-up fee equal to 5% percent of the purchase price and expense reimbursement not to exceed 4.7% of the purchase price); and *In re Neighbors Legacy Holdings, Inc.*, No. 18-33836 (MI) (Bankr. S.D. Tex. August 8, 2018) (Docket No. 203) (approving combined break-up fee and expense reimbursement equal to 5% of the purchase price); *In re Verity Health System of California, Inc.*, No. 18-20141 (ER) (Bankr. C.D. Cal. Oct. 30, 2018) (Docket No. 714) (approving break-up fee equal to 4% of the cash purchase price and up to \$2,350,000 for expense reimbursements).

52. Further, the Debtors should be able to grant any Stalking Horse Bid Protections administrative expense status or superpriority administrative expense status pursuant to section 364(c)(1) of the Bankruptcy Code. Section 364(c)(1) states:

If the trustee is unable to obtain unsecured credit allowable under section 503(b)(1) of this title as an administrative expense, the court, after notice and a hearing, may authorize the obtaining of credit or the incurring of debt— (1) with priority over any or all administrative expenses of the kind specified in section 503(b) or 507(b) of this title.

11 U.S.C. 364(c)(1). Section 101(12) further defines “debt” to mean “liability on a claim” and section 101(5) defines “claim” to mean any “right to payment,” including a contingent right of payment. 11 U.S.C. 101(5), (12). Nothing in section 364(c)(1) or the foregoing definitions limits superiority status to funded debt or suggests that a contingent claim for expense reimbursement cannot be a superpriority administrative expense claim. *See* Hr’g Tr. at 105:5-18, *In re Exide Holdings, Inc.*, No. 20-11157 (CSS) (Bankr. D. Del. June 18, 2020) (Court: “[I]f the trustee is unable to obtain unsecured credit allowable under Section 503(b)(1) of this title as an administrative expense, the court, after noticing and a hearing, may authorize the obtaining of credit or the incurring of debt with priority over...all administrative expenses. By entering into this transaction, the debtors are agreeing to pay an amount of money in the future to the Stalking Horse Bidder in the event certain circumstances don't occur. So by definition they are obtaining credit[.]”); *In re Things Remembered, Inc.*, No. 19-10234 (KG) (Bankr. D. Del. Feb. 25, 2019) (Docket No. 177) (explaining the statutory basis in the Bankruptcy Code for affording superpriority status to bid protections). Courts in this district have routinely granted stalking horse bid protections with superpriority administrative expense claim status. *See In re Strike, LLC*, No. 21-90054 (DRJ) (Bankr. S.D. Tex. Dec. 23, 2021) (Docket No. 279) (holding that reimbursable expenses in the stalking horse agreement constituted superpriority administrative expenses); *In re Agilon Energy*

Holdings II, LLC, No. 21-32156 (MI) (Bankr. S.D. Tex. Dec. 17, 2021) (Docket No. 406) (holding that to the extent earned and payable, the stalking horse bid protections were allowed superpriority administrative expense claims); *In re Basic Energy Services, Inc.*, No. 21-90002 (DRJ) (Bankr. S.D. Tex. Aug 25, 2021) (Docket No. 179) (same).

53. For all of the foregoing reasons, the Debtors believe that granting the proposed Stalking Horse Bid Protections will maximize the value realized for the benefit of the Debtors' estates, their creditors, and other parties-in-interest.

C. Assumption and Assignment of the Assigned Contracts Should be Approved

54. Section 365(a) of the Bankruptcy Code provides that a debtor in possession "subject to the court's approval, may assume or reject any executory contract or unexpired lease of the debtor." 11 U.S.C. § 365(a). The Debtors' decision to assume or reject an executory contract or unexpired lease must only satisfy the "business judgment rule" and will not be subject to review unless such decision is clearly an unreasonable exercise of such judgment. *See, e.g., Richmond Leasing Co. v. Cap. Bank, N.A.*, 762 F.2d 1303, 1309 (5th Cir. 1985) (applying a business judgment standard to debtor's determination to assume an unexpired lease); *COR Route 5 Co. v. Penn Traffic Co. (In re Penn Traffic Co.)*, 524 F.3d 373, 383 (2d Cir. 2008) (explaining that the business judgment test "rather obviously presupposes that the estate will assume a contract only where doing so will be to its economic advantage"); *In re Del Grosso*, 115 B.R. 136, 138 (Bankr. N.D. Ill. 1990) ("[T]he standard to be applied for approval of the assumption [of an executory contract] is the business judgment standard. . ."). Accordingly, any assumption of the Assigned Contracts is an exercise of the Debtors' sound business judgment because the transfer of such contracts or leases is necessary to the Debtors' ability to obtain the best value for their businesses or assets. Moreover, the Assigned Contracts will be assumed and assigned in

accordance with the Assumption and Assignment Procedures approved by the Court pursuant to the Bidding Procedures Order, which will be reviewed by the Debtors' key stakeholders. Accordingly, the Debtors' assumption of the Assigned Contracts is an exercise of sound business judgment and should be approved.

55. Further, the consummation of the Sale Transactions, which will involve the assignment of the Assigned Contracts, will be contingent upon the Debtors' compliance with the applicable requirements of section 365 of the Bankruptcy Code and applicable non-bankruptcy law. Section 365(b)(1) of the Bankruptcy Code requires that any outstanding defaults under the Assigned Contracts must be cured or that adequate assurance be provided that such defaults will be promptly cured. As set forth above, the Debtors propose to file with the Court and serve on each Contract Counterparty, the Cure Notice indicating the Debtors' calculation of the Cure Cost for each such contract. The Contract Counterparties will have the opportunity to file objections to the proposed assumption and assignment of the Assigned Contracts to the Successful Bidder, including the proposed Cure Costs.

56. Pursuant to section 365(f)(2) of the Bankruptcy Code, a debtor may assign an executory contract or unexpired lease of nonresidential real property if "adequate assurance of future performance by the assignee of such contract or lease is provided." 11 U.S.C. § 365(f)(2)(B). The meaning of "adequate assurance of future performance" depends on the the facts and circumstances of the case. *See In re Bourbon Saloon, Inc.*, 647 Fed. App'x. 342, 346 (5th Cir. 2016) ("A bankruptcy court's determination of adequate assurance of future performance and the ability to cure under § 365 is a fact-specific question.") (citing *In re Tex. Health Enters. Inc.*, 72 Fed. App'x 122, 126 (5th Cir. 2003)).

57. As set forth in the Global Bidding Procedures, for a bid to qualify as a “Qualified Bid,” a Potential Bidder must include with its bid Adequate Assurance Information regarding its ability (and the ability of its designated assignee, if applicable) to perform under the Assigned Contracts. The Debtors will provide Adequate Assurance Information for any Stalking Horse Bidder or Successful Bidder to all counterparties to the Assigned Contracts which such bidder seeks to acquire and counterparties will have an opportunity to file a Contract Objection in advance of the applicable Sale Hearing. Based on the foregoing, the Debtors’ assumption and assignment of the Assigned Contracts satisfy the requirements under section 365 of the Bankruptcy Code and should be approved.

58. In addition, to facilitate the assumption and assignment of the Assigned Contracts, the Debtors further request that the Court find that all anti-assignment provisions in the Assigned Contracts, whether such provisions expressly prohibit or have the effect of restricting or limiting assignment of such contract or lease, to be unenforceable under section 365(f) of the Bankruptcy Code.¹⁴

59. The Debtors believe that the Assumption and Assignment Procedures are fair and reasonable, provide sufficient notice, and provide certainty to all parties-in-interest regarding their obligations and rights in respect thereof. Accordingly, the Debtors request that the Court approve the Assumption and Assignment Procedures.

¹⁴ Section 365(f)(1) provides in part that, “notwithstanding a provision in an executory contract or unexpired lease of the debtor, or in applicable law, that prohibits, restricts, or conditions the assignment of such contract or lease, the trustee may assign such contract or lease[.]” 11 U.S.C. § 365(f)(1). Section 365(f)(3) further provides that, “[n]otwithstanding a provision in an executory contract or unexpired lease of the debtor, or in applicable law that terminates or modifies, or permits a party other than the debtor to terminate or modify, such contract or lease or a right or obligation under such contract or lease on account of an assignment of such contract or lease, such contract, lease, right, or obligation may not be terminated or modified under such provision because of the assumption or assignment of such contract or lease by the trustee.” 11 U.S.C. § 365(f)(3).

D. Sale of the Debtors' Businesses and Assets

I. *The Sale Transactions Should be Approved as an Exercise of the Debtors' Sound Business Judgment*

60. Section 363(b) of the Bankruptcy Code provides that a debtor may sell property of the estate outside the ordinary course of business after notice and a hearing. Although section 363 does not specify a standard for determining when it is appropriate for a court to authorize the use, sale, or lease of property of the estate, courts have found that a debtor's sale or use of assets outside the ordinary course of business should be approved if the debtor can demonstrate "some articulated business justification," as established by the Second Circuit in *Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1070 (2d Cir. 1983), which decision has been adopted in this circuit. See *Institutional Creditors of Cont'l Air Lines, Inc. v. Cont'l Air Lines, Inc. (In re Cont'l Air Lines, Inc.)*, 780 F.2d 1223, 1226 (5th Cir. 1986) ("[F]or the debtor-in-possession or trustee to satisfy its fiduciary duty to the debtor, creditors and equity holders, there must be some articulated business justification for using, selling, or leasing the property outside the ordinary course of business."); see also *ASARCO*, 650 F.3d at 601; *In re Cowin*, No. 13-30984, 2014 WL 1168714, at *38 (Bankr. S.D. Tex. Mar. 21, 2014); *West v. Flores (In re St. Marie Clinic PA)*, No. 10-70802, 2013 WL 5221055, at *9 (Bankr. S.D. Tex. Sept. 17, 2013); *In re Particle Drilling Techs., Inc.*, No. 09-33744, 2009 WL 2382030, at *2 (Bankr. S.D. Tex. July 29, 2009); *In re San Jacinto Glass Indus., Inc.*, 93 B.R. 934, 944 (Bankr. S.D. Tex. 1988).

61. Once the Debtors articulate a valid business justification, "the business judgment rule . . . 'is a presumption that in making a business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the company.'" *In re S.N.A. Nut Co.*, 186 B.R. 98, 102 (Bankr. N.D. Ill. 1995);

see also Integrated Res., 147 B.R. at 656; *Comm. of Asbestos-Related Litigants and/or Creditors v. Johns-Manville Corp. (In re Johns-Manville Corp.)*, 60 B.R. 612, 615–16 (Bankr. S.D.N.Y. 1986) (“[A] presumption of reasonableness attaches to a debtor’s management decisions.”).

62. The Debtors have a sound business justification for selling the Debtors’ businesses and assets pursuant to a competitive-bidding process consistent with the Global Bidding Procedures. Based upon an analysis of the Debtors’ ongoing business, the Debtors’ concluded that a sale of the Debtors’ businesses and assets pursuant to a competitive-bidding process, would likely be the best way to maximize recoveries for creditors in connection with the Debtors’ chapter 11 cases.

63. Subject to the Debtors pivoting to a reorganization for certain assets, the Debtors submit that Successful Bids resulting from the Global Bidding Procedures will constitute the highest or best offer for the Debtors’ applicable business or assets. As such, the Debtors’ determination to sell their businesses and assets pursuant to a competitive-bidding process as provided for in the Global Bidding Procedures is a valid and sound exercise of the Debtors’ business judgment. The Debtors believe that they have proposed a fair process for obtaining the highest and best offer for their businesses and assets pursuant to a sale transaction or chapter 11 plan process for the benefit of the Debtors’ estates and their creditors. The fairness and reasonableness of the consideration to be received by the Debtors will be demonstrated by a “market check” through the process outlined in the Global Bidding Procedures.

II. Adequate and Reasonable Notice of the Sale Transactions Will Be Provided

64. As set forth above, the Sale Notice (a) informs interested parties of the deadlines for objecting to the applicable Sale Transaction, and (b) otherwise includes all information relevant to parties interested in, or affected by, the applicable Sale Transaction.

Significantly, the form and manner of the Sale Notice will have been approved by this Court pursuant to the Bidding Procedures Order, after notice and a hearing, before it is served and, as such, the Debtors are confident that the Sale Notice will be properly vetted by the time of service thereof.

III. The Sale Transactions Should be Approved “Free and Clear” Under Section 363(f) of the Bankruptcy Code

65. Section 363(f) of the Bankruptcy Code permits the Debtors to sell assets free and clear of all liens, claims, interests, charges, and encumbrances (with any such liens, claims, interests, charges, and encumbrances attaching to the net proceeds of the sale with the same rights and priorities therein as in the sold assets). As section 363(f) is stated in the disjunctive, when proceeding pursuant to section 363(f), it is only necessary to meet one of the five conditions of section 363(f). *In re Nature Leisure Times, LLC*, No. 06-41357, 2007 WL 4554276, at *3 (Bankr. E.D. Tex. Dec. 19, 2007) (“The language of § 363(f) is in the disjunctive such that a sale free and clear of an interest can be approved if any one of the aforementioned conditions contained in § 363(f) are satisfied.”). The Debtors believe that they will be able to demonstrate at the applicable Sale Hearing that they have satisfied one or more of these conditions.

66. Additionally, the Court also may authorize the sale of a debtor’s assets free and clear of any liens pursuant to section 105 of the Bankruptcy Code, even if section 363(f) did not apply. *See In re Ditech Holding Corp.*, 606 B.R. 544, 591 (Bankr. S.D.N.Y. 2019) (“[P]lan sales can be free and clear of claims without invoking section 363(f.)”); *In re Trans World Airlines, Inc.*, No. 01–0056 (PJM), 2001 WL 1820325, at *3 (Bankr. D. Del. Mar. 27, 2001) (“[B]ankruptcy courts have long had the authority to authorize the sale of estate assets free and clear even in the absence of § 363(f.)”); *see also Volvo White Truck Corp. v. Chambersburg Beverage, Inc. (In re White Motor Credit Corp.)*, 75 B.R. 944, 948 (Bankr. N.D. Ohio 1987) (“Authority to conduct

such sales [free and clear of liens] is within the court’s equitable powers when necessary to carry out the provisions of Title 11.”).

67. The Debtors believe that one or more of the tests of section 363(f) will be satisfied with respect to the transfer of the Debtors’ businesses and assets pursuant to the applicable Sale Transaction. For example, certain of the Debtors’ creditors may ultimately consent to the sale free and clear under section 363(f)(2). In the event such creditors do not consent, a sale free and clear may proceed pursuant to section 363(f)(5) of the Bankruptcy Code because such creditors may be paid from the proceeds of the sale and the Debtors will establish at the applicable Sale Hearing that such creditors can be compelled to accept a monetary satisfaction of its claims.

IV. The Sale Transactions Have Been Proposed in Good Faith and Without Collusion, and Each Successful Bidder Will Be a “Good Faith Buyer”

68. Pursuant to section 363(m) of the Bankruptcy Code, a good-faith purchaser is one who purchases assets for value, in good faith, and without notice of adverse claims. *O’Dwyer v. O’Dwyer (In re O’Dwyer)*, 611 F. App’x 195, 200 (5th Cir. 2015); *In re TMT Procurement Corp.*, 764 F.3d 512, 521 (5th Cir. 2014) (finding that a good faith purchaser is “one who purchases the assets for value, in good faith, and without notice of adverse claims”) (quoting *Hardage v. Herring Nat’l Bank*, 837 F.2d 1319, 1323 (5th Cir. 1988)); *Mark Bell Furniture Warehouse, Inc. v. D.M. Reid Assocs., Ltd. (In re Mark Bell Furniture Warehouse), Inc.*, 992 F.2d 7, 9 (1st Cir. 1993); *In re Willemain v. Kivitz*, 764 F.2d 1019, 1023 (4th Cir. 1985); *In re Congoleum Corp.*, No. 03-51524, 2007 WL 1428477, at *2 (Bankr. D.N.J. May 11, 2007); *see also In re Abbotts Dairies of Pa., Inc.*, 788 F.2d 143, 147 (3d Cir. 1986) (to constitute lack of good faith, a party’s conduct in connection with the sale must usually amount to fraud, collusion between the buyer and other bidders or the trustee, or an attempt to take grossly unfair advantage of other bidders).

69. In other words, a party would have to show fraud or collusion between the successful bidder and the debtor-in-possession or trustee or other bidders in order to demonstrate a lack of good faith. An appropriate characterization of good faith in a bankruptcy sale is a lack of “fraud, collusion between the purchaser and other bidders or the trustee, or an attempt to take grossly unfair advantage of other bidders.” *Bleaufontaine, Inc. v. Roland International (In re Bleaufontaine, Inc.)*, 634 F.2d 1383, 1388 n.7 (5th Cir. 1981) (quoting *In re Rock Indus. Mach. Corp.*, 572 F.2d 1195, 1198 (7th Cir. 1978)).

70. The Debtors submit that Successful Bidders arising from the Auctions, will be a “good faith” purchaser within the meaning of section 363(m) and the terms of a purchase agreement with any successful bidder will be negotiated at arms’-length and in good faith without any collusion or fraud.¹⁵ The Global Bidding Procedures are designed to produce a fair, transparent, and competitive bidding process. All parties in interest will have an opportunity to evaluate and object, if necessary, to any particular party’s conduct or the satisfaction of the requirements of section 363(m) of the Bankruptcy Code. Accordingly, the Debtors will be prepared to show, at the Sale Hearing, that the applicable Successful Bidders are entitled to the full protections of section 363(m) and will seek a finding that any Successful Bidder is a good faith purchaser and is entitled to the full protections of the Bankruptcy Code.

¹⁵ Section 363(m) provides that:

The reversal or modification on appeal of an authorization under subsection (b) or (c) of this section of a sale or lease or property does not affect the validity of a sale or lease under such authorization to an entity that purchased or leased such property in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and such sale or lease were stayed pending appeal.

11 U.S.C. § 363(m).

Basis for Emergency Relief

71. The Debtors respectfully request emergency consideration of this Motion in accordance with Bankruptcy Local Rule 9013-1(i). The relief requested in the Motion is critical to preserving the Debtors' ability to receive the highest or otherwise best value for the Debtors' Assets for the benefit of the Debtors' estates. Accordingly, the Debtors respectfully request that the Court approve the relief requested in the Motion on an emergency basis.

**Debtors' Compliance with
Bankruptcy Rule 6004(a) and Waiver of Bankruptcy Rule 6004(h)**

72. To implement the foregoing successfully, the Debtors request that the Court find that notice of the Motion is adequate under Bankruptcy Rule 6004(a) under the circumstances, and waive the 14-day stay of an order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h). As explained above, the relief requested herein is necessary to avoid immediate and irreparable harm to the Debtors. Accordingly, ample cause exists to justify finding that the notice requirements under Bankruptcy Rule 6004(a) have been satisfied and to grant a waiver of the 14-day stay imposed by Bankruptcy Rule 6004(h), to the extent such notice requirements and such stay apply.

Reservation of Rights

73. Nothing contained herein is intended to be or shall be deemed as (i) an implication or admission as to the validity of any claim against the Debtors, (ii) a waiver or limitation of the Debtors' or any party in interest's rights to dispute the amount of, basis for, or validity of any claim, (iii) a waiver of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable nonbankruptcy law, (iv) a waiver of the obligation of any party in interest to file a proof of claim, (v) an agreement or obligation to pay any claims, (vi) a waiver of any claims or causes of action which may exist against any creditor or interest holder,

(vii) an admission as to the validity of any liens satisfied pursuant to this Motion, (viii) an approval, assumption, adoption, or rejection of any agreement, contract, lease, program, or policy under section 365 of the Bankruptcy Code, or (ix) an implication or admission of consent, or modification or waiver of any rights, including consent rights, of any non-debtor party with respect to any Sale Transaction. Likewise, if the Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended to be and should not be construed as an admission to the validity of any claim or a waiver of the Debtors' or any other party in interest's rights to dispute such claim subsequently.

Notice

74. Notice of this Motion will be served on any party entitled to notice pursuant to Bankruptcy Rule 2002 and any other party entitled to notice pursuant to Bankruptcy Local Rule 9013-1(d).

WHEREFORE the Debtors respectfully request entry of the Proposed Order granting the relief requested herein and such other and further relief as the Court may deem just and appropriate.

Dated: May 15, 2024
Houston, Texas

/s/ Clifford W. Carlson
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-and-

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*Proposed Attorneys for Debtors
and Debtors in Possession*

Certificate of Service

I hereby certify that on May 15, 2024, a true and correct copy of the foregoing document was served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas, and will be served as set forth in the Affidavit of Service to be filed by the Debtors' claims, noticing, and solicitation agent.

/s/ Clifford W. Carlson

Exhibit A

Bidding Procedures Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:	§	
	§	Chapter 11
	§	
STEWARD HEALTH CARE SYSTEM LLC, et al.,	§	Case No. 24-90213 (CML)
	§	
Debtors.¹	§	(Jointly Administered)
	§	
	§	

**ORDER (I) APPROVING (A) GLOBAL BIDDING PROCEDURES
FOR SALES OF THE DEBTORS' ASSETS, (B) FORM AND MANNER OF
NOTICE OF SALES, AUCTIONS, AND SALE HEARINGS, AND
(C) ASSUMPTION AND ASSIGNMENT PROCEDURES AND FORM AND
MANNER OF NOTICE OF ASSUMPTION AND ASSIGNMENT; (II) AUTHORIZING
DESIGNATION OF STALKING HORSE BIDDERS; (III) SCHEDULING
AUCTIONS AND SALE HEARINGS; AND (IV) GRANTING RELATED RELIEF**

Upon the motion, dated May 14, 2024 (the “**Motion**”),² of Steward Health Care System LLC and its debtor affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “**Debtors**”), pursuant to sections 105, 363, 365, 503, and 507 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004, 6006, 9007, 9008, and 9014, for entry of orders (i)(a) approving the bidding procedures attached hereto as **Exhibit 1** (the “**Global Bidding Procedures**”), in connection with the sale of substantially all of the Debtors’ assets (the “**Assets**”), (b) authorizing the Debtors to designate one or more stalking horse bidders (each, a “**Stalking Horse Bidder**”) and offer each such bidder certain bid protections set forth herein and in the Global Bidding Procedures (the “**Stalking Horse Bid Protections**”), (c) scheduling auctions for the Assets (each, an “**Auction**”) and hearings for the approval of proposed Sale Transactions (as

¹ A complete list of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors’ proposed claims and noticing agent at <https://restructuring.ra.kroll.com/Steward>. The Debtors’ service address for these chapter 11 cases is 1900 N. Pearl Street, Suite 2400, Dallas, Texas 75201.

² Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Motion.

defined below) (each, a “**Sale Hearing**”), (d) approving form and manner of (1) notice of Auctions, sales of the Assets (each, a “**Sale Transaction**”), and Sale Hearings substantially in the form annexed hereto as **Exhibit 2** (the “**Sale Notice**”) and (2) notice to each non-Debtor counterparty (each, a “**Counterparty**”) to an executory contract or unexpired non-residential real property lease of the Debtors (each, a “**Contract**”) regarding the potential assumption and assignment of such Contracts and the amount necessary to cure any monetary defaults under such Contracts (the “**Cure Costs**”) and the applicable proposed assignee, substantially in the form attached hereto as **Exhibit 3** (the “**Cure Notice**”), (e) approving the procedures for the assumption or assumption and assignment of certain Contracts in connection with the Sale Transactions (collectively, the “**Assigned Contracts**”) as set forth herein (the “**Assumption and Assignment Procedures**”), including the procedures for determining Cure Costs with respect thereto; and (ii)(a) authorizing the sale of the Assets as defined in each Stalking Horse Agreement (as defined herein), free and clear of all liens, claims, encumbrances, and other interests pursuant to section 363(f) of the Bankruptcy Code, (b) authorizing the assumption and assignment of the Assigned Contracts (as defined herein); and (c) granting related relief, all as more fully set forth in the Motion; and this Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §1334; and consideration of the Motion and the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); and it appearing that venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided; and such notice having been adequate and appropriate under the circumstances, and it appearing that no other or further notice need be provided; and this Court having reviewed the Motion; and upon any hearing held on the Motion; and all objections, if any, to the relief requested in the Motion having been withdrawn, resolved, or overruled; and the Court having determined that the legal and

factual bases set forth in the Motion establish just cause for the relief granted herein; and it appearing that the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors and their estates as contemplated by Bankruptcy Rule 6003 and is in the best interests of the Debtors, their respective estates, creditors, and all parties in interest; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY FOUND AND DETERMINED THAT:³

A. Statutory and Legal Predicates. The predicates for relief granted herein are sections 105, 363, 365, 503, and 507 of the Bankruptcy Code, Rules 2002, 6004, 6006, 9007, 9008 and 9014 of the Bankruptcy Rules, and Rules 2002-1 and 9013-1 of the Local Rules.

B. Global Bidding Procedures. The Debtors have articulated good and sufficient business reasons for the Court to approve the Global Bidding Procedures. The Global Bidding Procedures are fair, reasonable, and appropriate under the circumstances. The Global Bidding Procedures are reasonably designed to promote a competitive and robust bidding process to generate the greatest level of interest in the Debtors' business resulting in the highest or otherwise best offers.

C. Designation of Stalking Horse Bidders. Good and sufficient business reasons exist for the Court to authorize the Debtors to designate Stalking Horse Bidders and enter into Stalking Horse Agreements, in each case, in accordance with the terms of this Order and the Global Bidding Procedures.

³ The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

D. Stalking Horse Bid Protections. The Debtors shall be able to grant the Stalking Horse Bid Protections administrative expense claim or superpriority administrative expense claim status as determined in their sole discretion pursuant to sections 105(a), 364, 503, and 507 of the Bankruptcy Code. The Stalking Horse Bid Protections are (i) actual and necessary costs and expenses of preserving the Debtors' estates, (ii) commensurate to the real and substantial benefit conferred upon the Debtors' estates by having one or more stalking horse bidders; (iii) reasonable and appropriate, in light of comparable transactions, to the commitments to be made and the efforts to be expended by one or more stalking horse bidders; (iv) necessary to induce stalking horse bidders to continue to pursue sale transactions; and (v) subject to all parties-in-interests' rights to object and be heard with respect to approval of the applicable stalking horse bid protections.

E. Good Faith Negotiations. The Global Bidding Procedures were negotiated in good faith and at arms' length and are reasonably designed to promote participation and active bidding and ensure that the highest or best value is generated for the Assets.

F. Assumption and Assignment Procedures. The Debtors have articulated good and sufficient business reasons for the Court to approve the Assumption and Assignment Procedures. The Assumption and Assignment Procedures, including the form of Sale Notice attached hereto as **Exhibit 2** and the form Cure Notice attached hereto as **Exhibit 3**, are fair, reasonable, and appropriate. The Assumption and Assignment Procedures provide an adequate opportunity for all Contract Counterparties to raise any objections to the proposed assumption and assignment or to the proposed Cure Costs. The Assumption and Assignment Procedures comply with the provisions of section 365 of the Bankruptcy Code and Bankruptcy Rule 6006.

G. Cure Notice. The Cure Notice, the form of which is attached hereto as **Exhibit 3**, is appropriate and reasonably calculated to provide all interested parties with timely and proper notice of the Assumption and Assignment Procedures, as well as any and all objection deadlines related thereto, and no other or further notice shall be required for the Motion and the procedures described therein, except as expressly required herein.

H. Notice. All other notices to be provided pursuant to the procedures set forth in the Motion are good and sufficient notice to all parties in interest of all matters pertinent hereto. No further notice is required.

I. Relief is Warranted. The legal and factual bases set forth in the Motion establish just and sufficient cause to grant the relief requested therein.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

1. All objections to the relief granted herein that have not been withdrawn with prejudice, waived, or settled, and all reservations of rights included in such objections, are hereby overruled and denied on the merits with prejudice.

2. The Debtors are authorized to implement the Global Bidding Procedures in accordance with the following timeline (as may be modified in accordance with the Global Bidding Procedures):

Deadline	Stewardship Health & First Round Hospitals ⁴	Second Round Hospitals ⁵ & Other Assets
Cure Notice Deadline	Five (5) Business Days after Entry of Bidding Procedures Order	July 3, 2024

⁴ “**First Round Hospitals**” refers to all of the Debtors’ Hospitals besides those in Florida.

⁵ “**Second Round Hospitals**” refers to the Debtors’ Hospitals in Florida.

Deadline	Stewardship Health & First Round Hospitals⁴	Second Round Hospitals⁵ & Other Assets
Cure Objection Deadline	10 Days after Service of Initial Cure Notice	July 13, 2024*
Bid Deadline	June 24, 2024 *	July 26, 2024*
Qualified Bid and Baseline Bid Designation Date	June 26, 2024*	July 29, 2024*
Auction	June 27, 2024*	July 30, 2024*
Notice of Auction Results Deadline (if Auction held)	June 30, 2024*	August 1, 2024*
Adequate Assurance Objection Deadline and Sale Objection Deadline⁶	July 1, 2024*	August 4, 2024*
Sale Hearing	July 2, 2024*	August 5, 2024*

**Or such earlier or later date designated by the Debtors after consultation with the Consultation Parties*

3. Subject to the terms of this Order, the Global Bidding Procedures, and any Stalking Horse Agreement, the dates and deadlines set forth in this Order are subject to modification by the Debtors, after consultation with the Consultation Parties (as defined in the Global Bidding Procedures) and upon proper notice to parties in interest, without further order of this Court.

Designation of Stalking Horse Bidders

4. The Debtors are authorized to, in the exercise of their reasonable business judgment, after consultation with the Consultation Parties, designate one or more Stalking Horse Bidders for one or more of the Assets and enter into asset purchase agreements with Stalking Horse

⁶ To the extent the Debtors designate a Stalking Horse Bidder and serve the applicable Notice of Stalking Horse Bidder on the Sale Notice Parties (each as defined herein), the Adequate Assurance Objection Deadline and the Sale Objection Deadline shall be the earlier of (i) 21 days following service of the Notice of Stalking Horse Bidder and (ii) the dates here listed.

Bidders (each such agreement, a “**Stalking Horse Agreement**”) for the sale of such Assets (each such group of Assets, a “**Stalking Horse Package**”), in each case, in accordance with the terms of this Order and the Global Bidding Procedures.

5. Subject to the terms of this Order and the Global Bidding Procedures, the Debtors are authorized to offer Stalking Horse Bid Protections to each Stalking Horse Bidder, including a break-up fee and expense reimbursement (collectively, a “**Termination Payment**”); provided that all Termination Payments must be negotiated by the Debtors, after consultation with the Consultation Parties (as defined in the Global Bidding Procedures), and, without further order of the Court or the consent of the Consultation Parties (not to be unreasonably withheld, conditioned, or delayed) no break-up fee shall exceed three percent (3%) of the purchase price (including the value of assumed liabilities) in the applicable Stalking Horse Bid and the total expense reimbursements shall be subject to a cap to be agreed upon by the Debtors (after consultation with the Consultation Parties) and the applicable Stalking Horse Bidder.

6. The Debtors shall include in the Sale Notice the material terms of any Stalking Horse Agreement in effect as of the applicable Sale Notice, including the terms of any Stalking Horse Bid Protections; provided that if the Debtors already have filed with the Court and served on the Sale Notice Parties (as defined in the Motion) the Sale Notice prior to the execution of a Stalking Horse Agreement, the Debtors shall file with the Court, serve on the Sale Notice Parties, and cause to be published on the website maintained by Kroll Restructuring Administration LLC, the Debtors’ claims and noticing agent in these chapter 11 cases, located at <https://restructuring.ra.kroll.com/Steward> (the “**Kroll Website**”), an addendum to the Sale Notice setting forth the identity of the Stalking Horse Bidder and the material terms of such Stalking

Horse Agreement, including the terms of the applicable Stalking Horse Bid Protections and the Assigned Contracts in the Stalking Horse Package (each, a “**Notice of Stalking Horse Bidder**”).

7. Objections to the provision of Stalking Horse Bid Protections (each, a “**Stalking Horse Objection**”) shall (a) be in writing; (b) comply with the Bankruptcy Code, Bankruptcy Rules, and Local Rules; (c) state, with specificity, the legal and factual bases thereof; and (d) be filed with the Court and served on the Objection Notice Parties (as defined herein) within three (3) calendar days after service of the Sale Notice or the applicable Notice of Stalking Horse Bidder.

8. If a timely Stalking Horse Objection is filed and served with respect to a Stalking Horse Agreement in accordance with the Global Bidding Procedures, any Stalking Horse Bid Protections provided for under such agreement shall not be deemed approved until the Stalking Horse Objection is resolved, either by agreement of the objecting party and the Debtors, or by order of the Court resolving such objection and approving the provision of the Stalking Horse Bid Protections. The Debtors may seek entry of any such order on an expedited basis.

9. If no timely Stalking Horse Objection is filed and served with respect to an Stalking Horse Agreement in accordance with the Global Bidding Procedures, the Debtors may file with the Court, upon certification of counsel, a proposed order authorizing and approving the Debtors’ provision of Stalking Horse Bid Protections, including a Termination Payment, pursuant to the terms and provisions of the applicable Stalking Horse Agreement and the Global Bidding Procedures, which may be entered without further notice or hearing.

10. The Stalking Horse Bid Protections, to the extent earned and payable under any Stalking Horse Agreement, shall constitute an allowed administrative expense claim or

superpriority administrative expense claim, as determined in the Debtors' sole discretion, pursuant to sections 105(a), 364, 503 and 507 of the Bankruptcy Code.

11. Absent further order of the Court, no person or entity (other than any applicable Stalking Horse Bidder) shall be entitled to any expense reimbursement or break-up, "topping," termination, or other similar fee or payment by the Debtors for submitting a bid for the Assets, or in any way participating in an Auction or the Debtors' sale process.

Global Bidding Procedures

12. The Global Bidding Procedures, attached hereto as **Exhibit 1**, are hereby approved.

13. The Global Bidding Procedures are incorporated herein by reference, and shall govern the bids and proceedings related to the sale of the Debtors' businesses and assets, including, but not limited to, the Stalking Horse Packages, and the applicable Auction. The failure to specifically include or reference any particular provision of the Global Bidding Procedures in the Motion or this Order shall not diminish or otherwise impair the effectiveness of such procedures, it being the Court's intent that the Global Bidding Procedures are approved in their entirety, as if fully set forth in this Order. If there is any conflict between the terms of this Order and the Global Bidding Procedures, the terms of the Global Bidding Procedures shall govern. In the event that a Consultation Party submits a Bid in the Auction, such party shall no longer be a Consultation Party with respect to the bidding and auction relating to the assets subject to such Bid until such time as such party withdraws such Bid.

14. The procedures and requirements set forth in the Global Bidding Procedures, including those associated with submitting a Qualified Bid, are fair, reasonable and appropriate, and are designed to maximize recoveries for the benefit of the Debtors' estates,

creditors, and all parties in interest. For the avoidance of doubt, a Stalking Horse Bidder shall be deemed a Qualified Bidder, and a Stalking Horse Bid shall be deemed a Qualified Bid for purposes of the Global Bidding Procedures, which status cannot be abrogated by subsequent amendment or modification to the Global Bidding Procedures.

15. All parties are prohibited from (i) engaging in any collusion with respect to the submission of any bid or the Auction, (ii) coordinating or joining with any other party on a bid or bids (except as permitted by the Debtors), (iii) securing debt financing on an exclusive basis, or (iv) taking any other action intended to prevent a transparent and competitive auction process. Each Qualified Bidder participating in the Auction shall confirm in writing and on the record at the Auction that (i) it has not engaged in any of the foregoing prohibited actions and (ii) its Qualified Bid is a good faith bona fide offer that it intends to consummate if selected as a Successful Bidder. Notwithstanding the foregoing, certain joint bids may be permitted in accordance with the Global Bidding Procedures.

16. The Debtors are authorized to take all reasonable actions necessary or appropriate to implement the Global Bidding Procedures in accordance with the terms of this Order and the Global Bidding Procedures.

Objections to Sale Transactions

17. Objections to a proposed Sale Transaction, including any objection to the sale of any Assets free and clear of liens, claims, encumbrances, and interests pursuant to section 363(f) of the Bankruptcy Code and entry of a Sale Order (each, a “**Sale Objection**”) shall (a) be in writing; (b) comply with the Bankruptcy Code, Bankruptcy Rules, and Local Rules; (c) state, with specificity, the legal and factual bases thereof; and (d) be filed with the Court and served on (i) proposed counsel to the Debtors, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York,

New York 10153 (Attn: Ray C. Schrock, Esq., Candace M. Arthur, Esq., David J. Cohen, Esq.), 700 Louisiana Street, Suite 3700, Houston, Texas 77002 (Attn: Gabriel A. Morgan, Esq., Clifford W. Carlson, Esq.); (ii) counsel to any official committee of unsecured creditors appointed in the Debtors' chapter 11 cases; (iii) counsel to the DIP Lender, Prepetition MPT Secured Party, and MPT Lessor, KTBS Law LLP, 1801 Century Park E #2600, Los Angeles, California 90067 (Attn: Thomas E. Patterson, Esq., Sasha Gurvitz, Esq.); (iv) counsel to the ABL Lenders, Paul Hastings LLP, 200 Park Avenue, New York, New York 10166 (Attn: Kristopher M. Hansen, Esq., Christopher Guhin, Esq., Jeff Lowenthal, Esq., Brian Kelly, Esq.); (v) counsel to Siemens Financial Services, Inc., Otterbourg P.C., 230 Park Avenue, New York, New York 10169 (Attn: Andrew Kramer, Esq.); (vi) counsel to the Ad Hoc Committee of FILO Lenders, Milbank LLP, 55 Hudson Yards, New York, NY 10001 (Attn: Dennis Dunne, Esq., Michael Price, Esq., Andrew Harmeyer, Esq., Brian Kinney, Esq.); (vii) counsel to any applicable Stalking Horse Bidder; and (viii) the U.S. Trustee (collectively, the "**Objection Notice Parties**") by no later than the following deadlines:

- a) with respect to a Sale Transaction to a Stalking Horse Bidder (as applicable) (each, a "**Stalking Horse Bidder Sale Objection Deadline**"), the earlier of (i) 21 days following service of the applicable Notice of Stalking Horse Bidder and (ii) the Successful Bidder Sale Objection Deadline (as defined below); and
- b) with respect to the conduct of the Auction, the identity of a Successful Bidder, or a Sale Transaction with a Successful Bidder (if such Successful Bidder is not a Stalking Horse Bidder) (each, a "**Successful Bidder Sale Objection Deadline**," and together with the Stalking Horse Bidder Sale Objection Deadlines, the "**Sale Objection Deadlines**"): ⁷

⁷ Or such earlier or later date designated by the Debtors after consultation with the Consultation Parties.

Assets	Successful Bidder Sale Objection Deadline
Stewardship Assets	July 1, 2024 at 5:00 p.m. (prevailing Central Time)
First Round Hospitals	July 1, 2024 at 5:00 p.m. (prevailing Central Time)
Second Round Hospitals	August 4, 2024 at 5:00 p.m. (prevailing Central Time)
Other Assets	August 4, 2024 at 5:00 p.m. (prevailing Central Time)

18. An appropriate representative of each Successful Bidder shall appear at the applicable Sale Hearing and be prepared, if necessary, to have such representative(s) testify in support of a Successful Bid and the Successful Bidder's ability to close in a timely manner and provide adequate assurance of its future performance under any and all executory contracts and unexpired leases to be assumed and assigned to the Successful Bidder as part of the proposed transaction.

19. Any party who fails to timely file with the Court a Sale Objection will be forever barred from asserting any Sale Objection to the applicable sale, or to the consummation and performance of a sale transaction contemplated by a purchase agreement between the Debtors and a Successful Bidder, including the transfer of the Debtors' business to a Successful Bidder, free and clear of all claims and interests pursuant to section 363(f) of the Bankruptcy Code. Failure to object shall constitute consent for the purposes of section 363(f) of the Bankruptcy Code.

Noticing Procedures

20. The Sale Notice, substantially in the form annexed hereto as **Exhibit 2**, is approved, and no other or further notice of the sale of the Assets, the Auctions, the Sale Hearings, or the deadlines for Sale Objections shall be required if the Debtors serve and publish such notice, including any Notice of Stalking Horse Bidder, in the manner provided in the Global Bidding Procedures and this Order. The Sale Notice complies in all respects with applicable provisions of the Bankruptcy Code, Bankruptcy Rules, and Local Rules.

21. Within seven (7) days after entry of this Order, the Debtors shall file on the docket and serve the Sale Notice, this Order, and the Global Bidding Procedures, by first-class mail, postage prepaid, on the Sale Notice Parties (as defined in the Motion), *provided, however*, that to the extent email addresses are available for any of the Sale Notice Parties, such parties may be served by email.

22. The Sale Notice is reasonably calculated to provide interested parties with timely and proper notice of the Auctions (if any) and Sale(s) with respect to the Assets, including, without limitation: (a) the date, time, and place of the Auction(s) (if any); (b) the Global Bidding Procedures; (c) reasonably specific identification of the Assets to be sold pursuant to the Global Bidding Procedures; and (d) a description of any Sale(s) pursuant to the Global Bidding Procedures as being free and clear of liens, claims, encumbrances, and other interests (except as set forth in the applicable definitive Sale documentation), with all such liens, claims, encumbrances, and other interests attaching with the same validity and priority to the applicable Sale proceeds, and no other or further notice of any Auction(s) (if any) and Sale(s) shall be required.

23. Within one (1) calendar day of the conclusion of the applicable Auction, the Debtors shall service and publish a notice containing the results of the Auction (the “**Notice of Auction Results**”), which shall (a) identify the applicable Successful Bidder; (b) list all proposed Assigned Contracts to the applicable Successful Bidder; (c) identify any known proposed assignee(s) of proposed Assigned Contracts (if different than the applicable Successful Bidder); (d) list any known Contracts that may later be designated by the applicable Successful Bidder for assumption and assignment in connection with the applicable Sale Transaction; and (e) set forth the deadline and procedures for filing Adequate Assurance Objections (as defined herein) in response to the Notice of Auction Results.

Assumption and Assignment Procedures

24. The following Assumption and Assignment Procedures are reasonable and appropriate under the circumstances, fair to all Contract Counterparties, comply in all respects with the Bankruptcy Code, and are approved.

25. The Cure Notice, substantially in the form attached hereto as **Exhibit 3**, is reasonable, fair, and appropriate, contains the type of information required under Bankruptcy Rule 2002, and complies in all respects with applicable provisions of the Bankruptcy Code, Bankruptcy Rules, and Local Rules, and is hereby approved.

26. The Cure Notice, including any Supplemental Cure Notice (as defined below), is reasonably calculated to provide sufficient notice to the Contract Counterparties of the Debtors' proposed assumption and assignment of the Assigned Contracts in connection with any Sale Transaction and constitutes adequate notice thereof, and no other or further notice of the Debtors' proposed Cure Costs or the proposed assumption and assignment of the Assigned Contracts shall be required if the Debtors file and serve such notice in accordance with the Assumption and Assignment Procedures and this Order.

27. With respect to the Stewardship Assets and the First Round Hospitals, within five (5) Business Days after entry of this Order, the Debtors shall file the Cure Notice with the Court and serve the Cure Notice on the Contract Counterparties. With respect to the Second Round Hospitals and the Other Assets, on or before July 3, 2024, the Debtors shall file the Cure Notice with the Court and serve the Cure Notice on the Contract Counterparties. Service of the Cure Notice in accordance with this Order on all Contract Counterparties is hereby deemed to be good and sufficient notice of the proposed Cure Costs for, and the proposed assumption and

assignment of, the Assigned Contracts. As soon as reasonably practicable after filing the Cure Notice, the Debtors shall post a copy of the Cure Notice on the Kroll Website.

28. In accordance with the Global Bidding Procedures, each Bid must contain such financial and other information that allows the Debtors, after consultation with the Consultation Parties, to make a reasonable determination as to the Potential Bidder's financial and other capabilities to consummate a sale transaction including, without limitation, ability to post replacement letters of credit, as applicable, and such financial and other information setting forth adequate assurance of future performance in satisfaction of the requirements under section 365(f)(2)(B) of the Bankruptcy Code, and the Potential Bidder's willingness to perform under any contracts that are assumed and assigned to such party (such information, "**Adequate Assurance Information**").

29. The Debtors shall provide, or cause to be provided, to applicable Contract Counterparties Adequate Assurance Information on a strictly confidential basis once a Qualified Bidder is deemed a Successful Bidder. Contract Counterparties shall not use any Adequate Assurance Information for any purpose other than to (i) evaluate whether the adequate assurance requirements under Bankruptcy Code section 365(f)(2)(B) and, if applicable, Bankruptcy Code section 365(b)(3), have been satisfied, and (ii) to support any Adequate Assurance Objection (as defined herein) filed by the Contract Counterparty; *provided, that*, if a Contract Counterparty seeks to disclose confidential, non-public information included in the Adequate Assurance Information, it shall request Court authority to redact such information, unless disclosure of such confidential, non-public information is authorized by the Debtors, the Successful Bidder, and any known proposed assignee(s) of the relevant Assigned Contracts (if different from the Successful Bidder), or ordered by the Court.

30. In the event the Debtors designate a Stalking Horse Bidder in accordance with this Order, the Debtors shall use commercially reasonable efforts, on the date of service of the applicable Notice of Stalking Horse, as the case may be, or as soon as reasonably practicable thereafter, to provide or cause to be provided to all Contract Counterparties to a proposed Assigned Contract (a) a notice that sets forth a list of proposed Assigned Contracts that may be assumed by the Debtors and assigned to the Stalking Horse Bidder, and (b) Adequate Assurance Information for the Stalking Horse Bidder.

31. Objections, if any, to the proposed assumption, assignment, or assumption and assignment of Assigned Contracts, the subject of which objection is the Stalking Horse Bidder or Successful Bidder's (a) ability to provide adequate assurance of future performance or (b) the proposed form of adequate assurance of future performance with respect to such Assigned Contract (each, an "**Adequate Assurance Objection**"), must: (i) be in writing; (ii) state the name and address of the objecting party and the amount and nature of the claim or interest of such party; (iii) state with particularity the basis and nature of any objection, and, to the extent applicable, provide proposed language that, if accepted and incorporated by the Debtors, would obviate such objection; (iv) conform to the Bankruptcy Rules and the Local Rules; and (v) be filed with the Court by the following deadlines:

- a) with respect to the assumption and assignment to a Stalking Horse Bidder of any proposed Assigned Contract that was identified in and noticed pursuant to the Cure Notice (each, an "**Initial Adequate Assurance Objection Deadline**"), the earlier of (i) 21 days following service of the Notice of Stalking Horse Bidder and (ii) the Successful Bidder Adequate Assurance Objection Deadline (as defined below); and
- b) with respect to the assumption and assignment (a) to a Successful Bidder of any proposed Assigned Contract or Contract that later may be designated by a Successful Bidder for assumption and assignment, that was only identified and noticed pursuant to the Notice of Auction Results, and (b) to a Stalking Horse Bidder of any proposed Assigned Contract that was only identified in and noticed pursuant to a Supplemental Cure Notice (each, an "**Additional Adequate**

Assurance Objection Deadline,” and together with the Initial Adequate Assurance Objection Deadlines, the **“Adequate Assurance Objection Deadlines”**):⁸

Assets	Additional Adequate Assurance Objection Deadline
Stewardship Assets	July 1, 2024 at 5:00 p.m. (prevailing Central Time)
First Round Hospitals	July 1, 2024 at 5:00 p.m. (prevailing Central Time)
Second Round Hospitals	August 4, 2024 at 5:00 p.m. (prevailing Central Time)
Other Assets	August 4, 2024 at 5:00 p.m. (prevailing Central Time)

32. Objections, if any, to any proposed Cure Costs (each, a **“Cure Objection,”** and together with the Adequate Assurance Objections, the **“Contract Objections”**) must: (i) be in writing; (ii) state the name and address of the objecting party and the amount and nature of the claim or interest of such party; (iii) state with particularity the basis and nature of any objection, and, to the extent applicable, provide proposed language that, if accepted and incorporated by the Debtors, would obviate such objection; (iv) conform to the Bankruptcy Rules and the Local Rules; and (v) be filed with the Court by the following deadlines (each, a **“Cure Objection Deadline”**):

Assets	Cure Objection Deadline
Stewardship Assets	10 days after service of the Cure Notice for the Stewardship Assets
First Round Hospitals	10 days after service of the Cure Notice for the First Round Hospitals
Second Round Hospitals	July 13, 2024 at 5:00 p.m. (prevailing Central Time) ⁹
Other Assets	July 13, 2024 at 5:00 p.m. (prevailing Central Time) ¹⁰

33. If a timely Contract Objection is received and such objection cannot otherwise be resolved by the parties, such objection shall be heard at the applicable Sale Hearing or such other hearing scheduled prior to any scheduled closing of the applicable Sale Transaction.

⁸ Or such earlier or later date designated by the Debtors after consultation with the Consultation Parties.

⁹ Or such earlier or later date designated by the Debtors after consultation with the Consultation Parties.

¹⁰ Or such earlier or later date designated by the Debtors after consultation with the Consultation Parties.

34. If a Contract Objection cannot otherwise be resolved by the parties, the Debtors may, after consultation with the Consultation Parties and the applicable Successful Bidder(s), assume and assign the Contract(s) pending resolution of the Contract Objection.

35. If (a) the Debtors identify (i) additional contracts or leases to be assumed and assigned to a Successful Bidder or (ii) modifications that need to be made to a proposed Cure Cost previously stated in the Cure Notice, or (b) a Successful Bidder designates any additional contracts or leases not previously included on the Cure Notice for assumption and assignment, the Debtors may, after consultation with the Successful Bidder, at any time before the closing of the applicable Sale Transaction, file with the Court and serve by first class mail on the applicable Contract Counterparty a supplemental Cure Notice (each, a “**Supplemental Cure Notice**,” the form of which shall be substantially similar to the form of Cure Notice attached hereto as **Exhibit 3**). As soon as reasonably practicable after filing a Supplemental Cure Notice, the Debtors shall post a copy of the Supplemental Cure Notice on the Kroll Website. Any Cure Objection with respect to Cure Costs set forth in a Supplemental Cure Notice must be filed within seven (7) days of filing of that Supplemental Cure Notice. Notwithstanding anything herein to the contrary, the Debtors shall assume and assign contracts and leases to a Successful Bidder in accordance with the deadline provided in the applicable Stalking Horse Agreement.

36. If no timely Cure Objection is filed in respect of the Cure Cost identified for an Assigned Contract, the Cure Cost identified on the Cure Notice or a Supplemental Cure Notice, as applicable, will be the only amount necessary under section 365(b) of the Bankruptcy Code to cure all defaults under such Assigned Contract. Any party failing to timely file a Cure Objection shall be forever barred from objecting to the Cure Costs and from asserting any additional cure or other amounts against the Debtors, their estates, and a Successful Bidder.

37. If no timely Adequate Assurance Objection is filed with respect to the provision of adequate assurance of future performance of an Assigned Contract or a Successful Bidder, the Debtors will be deemed to have provided adequate assurance of future performance for such Assigned Contract in accordance with section 365(f)(2)(B) of the Bankruptcy Code and the Contract Counterparty shall forever be barred from asserting against the Debtors, their estates, and a Successful Bidder, any additional obligation to provide adequate assurance of future performance.

38. Further, if no timely Contract Objection is filed with respect to an Assigned Contract, the relevant Contract Counterparty shall be deemed to have consented to the assumption and assignment of the Assigned Contract to a Successful Bidder.

39. If no Contract Objection is timely received with respect to an Assigned Contract: (i) the Contract Counterparty to such Assigned Contract shall be deemed to have consented to the assumption by the Debtors and assignment to Successful Bidder of the Assigned Contract, and be forever barred from asserting any objection with regard to such assumption and assignment (including, without limitation, with respect to adequate assurance of future performance by the Successful Bidder); (ii) any and all defaults under the Assigned Contract and any and all pecuniary losses related thereto shall be deemed cured and compensated pursuant to Bankruptcy Code section 365(b)(1)(A) and upon payment of the Cure Costs set forth in the Cure Notice for such Assigned Contract; and (iii) the Contract Counterparty shall be forever barred from asserting any other claims related to such Assigned Contract against the Debtors and their estates or the Successful Bidder, or the property of any of them, that existed prior to the entry of the order resolving such Contract Objection and any sale order.

40. Absent entry of an order approving the applicable Sale Transaction, the Assigned Contracts shall not be deemed assumed or assigned, and shall in all respects be subject to further administration under the Bankruptcy Code.

41. The inclusion of a contract, lease, or other agreement on the Cure Notice or any Supplemental Cure Notice shall not constitute or be deemed a determination or admission by the Debtors or any other party in interest that such contract or other document is an executory contract or unexpired lease within the meaning of the Bankruptcy Code or that the stated Cure Cost is due (all rights with respect thereto being expressly reserved). The Debtors and the applicable counterparties reserve all of their rights, claims, defenses, and causes of action with respect to each contract or other document listed on the Cure Notice or any Supplemental Cure Notice.

Reservation of Rights

42. Except as otherwise set forth in the Global Bidding Procedures, the Debtors reserve the right to, in their reasonable discretion, in a manner consistent with their fiduciary duties and applicable law, and in consultation with the Consultation Parties, to modify the Global Bidding Procedures; waive terms and conditions set forth in the Global Bidding Procedures with respect to all Potential Bidders; extend the deadlines set forth in the Global Bidding Procedures; announce at the Auctions modified or additional procedures for conducting the Auctions; alter the assumptions set forth in the Global Bidding Procedures. Subject to the foregoing, the Debtors may provide reasonable accommodations to any Potential Bidder(s) with respect to such terms, conditions, and deadlines of the bidding and Auction process to promote further bids on the Debtors' business, in each case, to the extent not materially inconsistent with the Global Bidding Procedures, this Order, or any other order of this Court. All parties reserve their rights to seek

Bankruptcy Court relief, including on an expedited basis, with regard to the Auction, the Global Bidding Procedures, and any related items (including, if necessary, to seek an extension of the Bid Deadline). The rights of all Consultation Parties with respect to the outcome of the Auction are reserved. Notwithstanding anything herein, nothing in the Global Bidding Procedures, this Order, and/or the determination of any Bid as a Qualified Bid, shall waive, alter, or modify any rights of the MPT Lessor to approve or enter into any agreement with respect to real property owned by MPT Lessor.

Fiduciary Out

43. Nothing in the Global Bidding Procedures will require the board of directors, board of managers, or such similar governing body of a Debtor to take any action, or to refrain from taking any action, with respect to the Global Bidding Procedures, to the extent such board of directors, board of managers, or such similar governing body reasonably determines in good faith, in consultation with outside counsel, that taking such action, or refraining from taking such action, as applicable, is required to comply with applicable law or its fiduciary obligations under applicable law.

General Provisions

44. All persons or entities (whether or not Qualified Bidders) that participate in the bidding process shall be deemed to have knowingly and voluntarily (a) consented to the entry of a final order by this Court in connection with the Motion or this Order (including any disputes relating to the bidding process, the Auction and/or any sale transaction) to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution and (b) waived any right to jury trial in connection with any disputes relating to the any of the foregoing matters.

45. The Debtors are authorized to make non-substantive changes to the Global Bidding Procedures, the Assumption and Assignment Procedures, and any related documents without further order of the Court, including, without limitation, changes to correct typographical and grammatical errors.

46. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 6006(d), 7062, and 9014, or any applicable provisions of the Local Rules or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry, and no automatic stay of execution shall apply to this Order.

47. The Debtors are authorized to take all reasonable steps necessary or appropriate to carry out the relief granted in this Order.

48. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

Dated: _____, 2024
Houston, Texas

UNITED STATES BANKRUPTCY JUDGE

Exhibit 1

Global Bidding Procedures

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:	§	
	§	Chapter 11
	§	
STEWARD HEALTH CARE SYSTEM	§	Case No. 24-90213 (CML)
LLC, et al.,	§	
	§	(Jointly Administered)
Debtors.¹	§	
	§	
	§	

GLOBAL BIDDING PROCEDURES

Overview

On May 6, 2024, Steward Health Care System LLC and its debtor affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “**Debtors**”), filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”). The Debtors are authorized to continue to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

Thereafter, on [], 2024, the United States Bankruptcy Court for the Southern District of Texas entered an order (Docket No. []) (the “**Bidding Procedures Order**”),² which, among other things, authorized the Debtors to solicit bids and approved these procedures (the “**Global Bidding Procedures**”) for the consideration of the highest or best offer for all of the Debtors’ assets, on the terms and conditions set forth herein.

These Global Bidding Procedures set forth the process by which the Debtors are authorized to conduct a marketing and sale process (including pursuant to one or more Auctions (as defined below), if any) for the sale or sales (each, a “**Sale**”) of the Debtors’ assets (collectively, the “**Assets**”), through one or more transactions (each, a “**Sale Transaction**”), which Sale Transaction(s) may be effectuated through a Sale or Sales pursuant to section 363 of the Bankruptcy Code, and which Sale Transaction(s) may contemplate the Sale or Sales of one or more of the following Assets (and/or the assumption and assignment of executory contracts or leases, as applicable):³

¹ A complete list of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors’ proposed claims and noticing agent at <https://restructuring.ra.kroll.com/Steward>. The Debtors’ service address for these chapter 11 cases is 1900 N. Pearl Street, Suite 2400, Dallas, Texas 75201.

² Capitalized terms used but not otherwise shall have the respective meanings ascribed to such terms in the Bidding Procedures Order or the Motion requesting the relief granted therein, as applicable.

³ In connection with these Global Bidding Procedures, Potential Bidders (as defined below) may also submit a bid to make an investment in connection with a chapter 11 plan.

- assets related to *Stewardship Health*, the Debtors’ risk-based payor contracting network and related primary care practices (collectively, “**Stewardship Health**,” and such assets, the “**Stewardship Assets**”);
- the Debtors’ hospital operations in Massachusetts, Arizona, Ohio, Pennsylvania, Arkansas, Louisiana, Texas, and Florida (the “**Hospitals**”); and
- certain other assets of the Debtors as determined by the Debtors in their sole discretion after consultation with the Consultation Parties (as defined below) (collectively, the “**Other Assets**”).

These Global Bidding Procedures describe, among other things: (i) the procedures for bidders to submit bids for one or more Assets; (ii) the procedures for the Debtors to designate one or more stalking horse bidders (each, a “**Stalking Horse Bidder**”); (iii) the manner in which bidders and bids become Qualified Bidders and Qualified Bids (each as defined herein); (iv) the negotiation of bids received; (v) the conduct of one or more subsequent auctions (each, an “**Auction**”); and (vi) the ultimate selection of the Successful Bidder(s) (as defined herein) and Court approval thereof (collectively, the “**Bidding and Auction Process**”). The Debtors may also consider competing bids (each, a “**Chapter 11 Plan Bid**”) in the form of a chapter 11 plan of reorganization (a “**Chapter 11 Plan Transaction**”).

The Debtors reserve the right to extend any of the bidding deadlines or other dates set forth in these Global Bidding Procedures, after consultation with the Consultation Parties without further order of the Bankruptcy Court subject to providing notice as described below.

Reservation of Rights

The Debtors reserve the right to, in their reasonable business judgment, in a manner consistent with their fiduciary duties and applicable law, and after consultation with the Consultation Parties, to modify these Global Bidding Procedures; waive terms and conditions set forth herein with respect to all Potential Bidders; accelerate or extend the date of any Bid Deadline (as defined herein) or Auction; extend or accelerate any other deadlines set forth herein; announce at any Auction modified or additional procedures for conducting the Auction; alter the assumptions set forth herein. Subject to the foregoing, the Debtors may, after consultation with the Consultation Parties, provide reasonable accommodations to any Potential Bidder(s) with respect to such terms, conditions, and deadlines of the Bidding and Auction process to promote further bids on the Debtors’ Assets.

Fiduciary Out

Nothing in these Global Bidding Procedures will require the board of directors, board of managers, or such similar governing body of a Debtor to take any action, or to refrain from taking any action, with respect to these Global Bidding Procedures, to the extent such board of directors, board of managers, or such similar governing body reasonably determines in good faith, in consultation with outside counsel, that taking such action, or refraining from taking such

action, as applicable, is required to comply with applicable law or its fiduciary obligations under applicable law.

Summary of Important Dates

Deadline	Stewardship Health & First Round Hospitals⁴	Second Round Hospitals⁵ & Other Assets
Cure Notice Deadline	Five (5) Business Days after Entry of Bidding Procedures Order	July 3, 2024
Cure Objection Deadline	10 Days after Service of Initial Cure Notice	July 13, 2024*
Bid Deadline	June 24, 2024*	July 26, 2024*
Qualified Bid and Baseline Bid Designation Date	June 26, 2024*	July 29, 2024*
Auction	June 27, 2024*	July 30, 2024*
Notice of Auction Results Deadline (if Auction held)	June 30, 2024*	August 1, 2024*
Adequate Assurance Objection Deadline and Sale Objection Deadline⁶	July 1, 2024*	August 4, 2024*
Sale Hearing	July 2, 2024*	August 5, 2024*

**Or such earlier or later date designated by the Debtors after consultation with the Consultation Parties*

⁴ “**First Round Hospitals**” refers to all of the Debtors’ Hospitals except for those in Florida.

⁵ “**Second Round Hospitals**” refers to the Debtors’ Hospitals in Florida.

⁶ To the extent the Debtors designate a Stalking Horse Bidder and serve the applicable Notice of Stalking Horse Bidder on the Sale Notice Parties (each as defined herein), the Adequate Assurance Objection Deadline and the Sale Objection Deadline shall be the earlier of (i) 21 days following service of the Notice of Stalking Horse Bidder and (ii) the dates here listed.

Marketing Process

Assets to be Sold

All of the Debtors' Assets are available for sale. A party who is interested in purchasing any of the following categories of Assets, in whole or in part, may submit one or more bids to purchase such Assets (in addition to related Assets):

- (A) the Stewardship Assets;
- (B) the First Round Hospitals;
- (C) the Second Round Hospitals; and/or
- (D) the Other Assets.

A complete list of the Hospitals available for sale pursuant to these Global Bidding Procedures is annexed hereto as Schedule 1.

Access to Diligence

To participate in the diligence process and receive access to due diligence information with respect to any of the Assets, a party must submit to the Debtors or their advisors:

- (A) an executed confidentiality agreement in form and substance satisfactory to the Debtors;
- (B) a statement and other factual support demonstrating, to the Debtors' satisfaction that the interested party has a *bona fide* interest in purchasing certain Assets;
- (C) a description of the nature and extent of any due diligence the interested party wishes to conduct and the date in advance of the applicable Bid Deadline by which such due diligence can be completed; and
- (D) sufficient information, as reasonably determined by the Debtors, to allow the Debtors, after consultation with the Consultation Parties, to reasonably determine that the interested party has, or can obtain, the financial wherewithal and any required internal corporate, legal, or other authorizations to close a Sale Transaction, including, but not limited to, current audited financial statements of the interested party, fully committed debt or equity financing, or such other form of financial disclosure reasonably acceptable to the Debtors in their discretion.

An interested party shall be a "**Potential Bidder**" if the Debtors determine in their reasonable discretion that an interested party has satisfied the above requirements. As soon as practicable, the Debtors will deliver to such Potential Bidder (i) an information package containing information and financial data with respect to the Assets in which such Potential Bidder has expressed an interest and (ii) access to the Debtors' confidential electronic data room concerning such Assets (the "**Data Room**").

Once an interested party is deemed a Potential Bidder, its identity may, in the Debtors' discretion, be disclosed to the Stalking Horse Bidder, if any, for the applicable Assets.

Each Potential Bidder shall comply with all reasonable requests for information and due diligence access by the Debtors or their advisors regarding the ability of such Potential Bidder, as applicable, to consummate its contemplated transaction.

No Potential Bidder may, without the prior written consent of the Debtors, enter into any agreement, arrangement or understanding with any person (or make any offers or have any discussions which might lead to such agreement, arrangement or understanding) with respect to jointly participating in a potential Sale Transaction. No Potential Bidder shall, without the prior written consent of the Debtors, communicate with or share the Debtors' confidential information with any potential bidding partners or financing sources, or enter into any agreement, arrangement or understanding (or have any discussions which might lead to such agreement, arrangement or understanding), whether written or oral, with any actual or potential bidding partners or financing sources that could reasonably be expected to limit, restrict, restrain, or otherwise impair in any manner, directly or indirectly, the ability of such partners or financing sources to bid for the Debtors' assets or provide financing or other assistance to any other person in any other possible transaction involving the Debtors. Except as provided herein, requests from Potential Bidders related to the Debtors' leases with Medical Properties Trust, Inc. ("MPT") shall be directed to the Debtors' advisors to coordinate with MPT. Unless the Debtors consent otherwise, any meeting, correspondence, or discussions between MPT and a Potential Bidder shall require the participation or supervision of the Debtors' advisors.

Due Diligence

Until the applicable Bid Deadline (as defined below), the Debtors will provide any Potential Bidder with reasonable access to the Data Room and any other additional information that the Debtors believe to be reasonable and appropriate under the circumstances. The Debtors will work to accommodate all reasonable requests for additional information and due diligence access from Potential Bidders.

- (A) Any party interested in submitting a bid on Stewardship Health, or any of the following Hospitals, should contact the Debtors' investment banker, **Leerink Partners LLC** (Attn: Toby King (Email: ProjectSapphire@leerink.com)):

Florida
Coral Gables Hospital
Florida Medical Center
Hialeah Hospital
Melbourne Regional Medical Center
North Shore Medical Center
Palmetto General Hospital
Rockledge Regional Medical Center
Sebastian River Medical Center

Northern Massachusetts
Carney Hospital
Holy Family Haverhill Hospital
Holy Family Methuen Hospital
Nashoba Valley Medical Center
Saint Elizabeth's Medical Center

- (B) Any party interested in submitting a bid on the following Hospitals should contact the Debtors' investment banker, **Cain Brothers** (Attn: Jim Moloney and David Morlock (Email: Project_Golden_Sun@keybank.com)):

Arizona
Florence Hospital
Mountain Vista Medical Center
Tempe St. Luke's Hospital
St. Luke's Behavioral Health
Arkansas
Wadley Regional Medical Center at Hope
Louisiana
Glenwood Regional Medical Center
Ohio
Hillside Rehabilitation Hospital
Trumbull Regional Medical Center
Pennsylvania
Sharon Regional Medical Center
Southern Massachusetts
Good Samaritan Medical Center
Morton Hospital
Saint Anne's Hospital
Texas
Odessa Regional Medical Center
Scenic Mountain Medical Center
Southeast Texas (Port Arthur)
St. Joseph's Medical Center
Wadley Regional Medical Center

- (C) Any party interested in submitting a bid on any Other Asset should contact proposed counsel to the Debtors, **Weil, Gotshal & Manges LLP** (Attn: Ray C. Schrock, Candace M. Arthur, David J. Cohen (Email: Ray.Schrock@weil.com, Candace.Arthur@weil.com, DavidJ.Cohen@weil.com)).

Unless otherwise determined by the Debtors, the availability of additional due diligence to a Potential Bidder will cease if (i) the Potential Bidder does not become a Qualified Bidder or (ii) these Global Bidding Procedures are terminated.

Neither the Debtors nor any of their representatives shall be obligated to furnish any information of any kind whatsoever relating to the Assets (i) to any person or entity who (a) is not a Potential Bidder or a Consultation Party, (b) who does not comply with the participation requirements set forth above, or (c) in the case of competitively sensitive information, is a competitor of the Debtors (except pursuant to “clean team” or other information sharing procedures reasonably satisfactory to the Debtors); provided that the Debtors shall give notice to the Consultation Parties of any person that they have designated as a competitor of the Debtors and restricted access to information as a result or (ii) to the extent not permitted by law.

Without the written consent of the Debtors, no Potential Bidder shall, directly or indirectly, initiate, solicit or maintain contact or otherwise engage in any communication with any director, officer, current or former employee of the Debtors or their affiliates, equityholders, affiliates, creditors, suppliers, distributors, vendors, customers, providers, agents, regulators, landlords or other commercial counterparty of the Debtors regarding the Debtors or their business, financial condition, operations, strategy, prospects, assets or liabilities or concerning any confidential information of the Debtors or any potential Sale Transaction or other transaction involving the Debtors.

Designation of Stalking Horse Bidders

Designation of Stalking Horse Bidders

In connection with the sale of the Assets, the Debtors may, but are not obligated to, after consultation with the Consultation Parties, designate one or more Stalking Horse Bidders (and each such bidder’s bid, a “**Stalking Horse Bid**”) for one or more of the Assets (each such group of Assets, a “**Stalking Horse Package**”) and offer each such Stalking Horse Bidder certain bid protections (the “**Stalking Horse Bid Protections**”), including a break-up fee and capped expense reimbursement (collectively, a “**Termination Payment**”) as set forth in the applicable asset purchase agreement executed by the Debtors and the applicable Stalking Horse Bidder (each, a “**Stalking Horse Agreement**”); provided that all Termination Payments must be negotiated by the Debtors, after consultation with the Consultation Parties, and no break-up fee shall, other than with a further Court order or the written consent of the Consultation Parties, exceed three percent (3%) of the purchase price (including the value of assumed liabilities) in the applicable Stalking Horse Bid and the total expense reimbursement shall be subject to a cap to be agreed between the Debtors (after consultation with the Consultation Parties) and the applicable Stalking Horse Bidder.

In the event that the Debtors, after consultation with the Consultation Parties, determine to designate a Stalking Horse Bidder, the Debtors shall promptly upon execution of a Stalking Horse Agreement, file with the Bankruptcy Court, serve on the Sale Notice Parties (as defined in the Motion), and cause to be published on the website maintained by Kroll Restructuring Administration LLC, the Debtors' claims and noticing agent in these chapter 11 cases, located at <https://restructuring.ra.kroll.com/Steward> (the "**Kroll Website**"), a notice that contains information about the Stalking Horse Bidder and the Stalking Horse Bid, including the proposed Stalking Horse Bid Protections, and attaches the proposed Stalking Horse Agreement (the "**Notice of Stalking Horse Bidder**").

Objections to and Approval of Designation of Stalking Horse Bidder

Any objections (each, a "**Stalking Horse Objection**") to the designation of a Stalking Horse Bidder, including any Stalking Horse Bid Protections to be provided pursuant to the terms and provisions of a Stalking Horse Agreement, must (a) be in writing; (b) comply with the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules; (c) state, with specificity, the legal and factual bases thereof; and (d) be filed with the Court and served on the Objection Notice Parties (as defined herein) within three (3) calendar days after service of the applicable Notice of Stalking Horse Bidder.

If a timely Stalking Horse Objection is filed and served in accordance with the preceding paragraph, the proposed designation of a Stalking Horse Bidder and Stalking Horse Bid Protections will not be approved until either the Stalking Horse Objection is resolved by agreement of the objecting party and the Debtors or by order of the Bankruptcy Court following a hearing on an expedited basis.

If no timely Stalking Horse Objection is filed and served with respect to a Stalking Horse Agreement in accordance with these Global Bidding Procedures, the Debtors shall file a Certificate of No Objection and submit a proposed order approving the Stalking Horse Bid Protections to the Court.

For all purposes under these Global Bidding Procedures, a Stalking Horse Bidder approved as such in accordance with the Bidding Procedures Order shall be a Qualified Bidder, and its Stalking Horse Bid shall be considered a Qualified Bid. Subject to the other provisions of these Global Bidding Procedures, in the event that a Stalking Horse Bid is the only Qualified Bid received by the Debtors in respect of the assets included in a Stalking Horse Package by the applicable bid deadline, the Stalking Horse Bidder may be declared the Successful Bidder.

Auction Qualification Procedures

Bid Deadlines

A Potential Bidder that desires to make a bid shall deliver electronic copies of its bid to the Bid Notice Parties (as defined herein) so as to be received no later than the following deadlines (each, a “**Bid Deadline**”):⁷

Assets	Bid Deadline
Stewardship Assets	June 24, 2024 at 5:00 p.m. (prevailing Central Time)
First Round Hospitals	June 24, 2024 at 5:00 p.m. (prevailing Central Time)
Second Round Hospitals	July 26, 2024 at 5:00 p.m. (prevailing Central Time)
Other Assets	July 26, 2024 at 5:00 p.m. (prevailing Central Time)

provided that the Debtors may, after consultation with the Consultation Parties, extend the Bid Deadlines for any reason whatsoever, in their reasonable business judgment, for all or certain Potential Bidders, without further order of the Bankruptcy Court, subject to providing notice to the Stalking Horse Bidder (as applicable), all Potential Bidders, and the Consultation Parties.

Any party that does not submit a bid by the applicable Bid Deadline will not be allowed to (i) submit any offer after such deadline for the applicable Assets or (ii) participate in the Auction for the applicable Assets; provided that the foregoing shall not preclude the Debtors from marketing to any person or auctioning, or any parties from bidding on, any Assets not included in an Auction after the applicable Bid Deadline.

Communications with Potential Bidders

There must be no communications between and amongst Potential Bidders or between Potential Bidders and the Consultation Parties regarding the Debtors unless the Debtors have previously authorized such communication in writing. The Debtors shall have the right, in their reasonable business judgment, to disqualify any Potential Bidder(s) that have communications between and amongst themselves or with the Consultation Parties unless the Debtors have previously authorized such communication in writing.

The MPT Lessors (as defined below) are authorized to discuss and negotiate directly with any Potential Bidder regarding the treatment of any lease pertaining to the real estate owned by MPT Lessors underlying the applicable Hospital or Hospitals (“**MPT Real Property**”), provided as follows:

- (A) MPT Lessors shall provide substantially concurrent copies to Cain and Leerink of any offers sent to or received from a Potential Bidder with whom an MPT Lessor has entered into a nondisclosure agreement with respect to the disposition (including, for the avoidance of doubt, the sale or lease) of MPT Real Property,

⁷ Or such earlier or later date designated by the Debtors after consultation with the Consultation Parties.

including, for the avoidance of doubt, any offers prior to the Petition Date or the entry of the Bidding Procedures Order since the Debtors launched the prepetition marketing process for their Hospitals;

- (B) Cain and Leerink shall be permitted to share information received under clauses (A), (C), and (D) with the Debtors professional advisors on a ‘professional eyes only’ basis, and brief the Transformation Committee regarding such information on a confidential basis;
- (C) MPT Lessors shall provide Cain and Leerink a weekly summary of all material conversations with Potential Bidders, which such summary may be through telephonic means, as well as a written log of Potential Bidders communicated with;
- (D) MPT Lessors will provide reasonable advance notice to the Debtors of any scheduled or outbound substantive call with a Potential Bidder of any Hospitals and the Debtors may include up to two professionals from Cain or Leerink, as applicable, as observers at such call;
- (E) Leerink and Cain shall not share or disclose any information learned during the scheduled calls with any Potential Bidder;
- (F) to the extent that a party-in-interest seeks discovery with respect to the proposals, summaries and information disclosed in conversations in clauses (B), (C) and (D), the Debtors shall reasonably cooperate with the MPT Lessors to seek a protective order with respect to commercially sensitive information;
- (G) clauses (B) through (F) shall only apply to operating Hospitals and not with respect to any closed Hospitals or Hospitals under development or construction that are not listed in these Bidding Procedures.

Form and Content of Qualified Bids

A “**Bid**” as used herein is a signed binding document from a Potential Bidder received by the applicable Bid Deadline that identifies the purchaser by its legal name (including any equity holders or other financial backers, if the Potential Bidder is an entity formed for the purpose of submitting bids or consummating a Sale Transaction), and any other party that will be participating in connection with the bid or the Sale Transaction, and includes, at a minimum, the following information:

- (A) Proposed Assets. Each Bid must clearly identify and list the particular assets and liabilities of the Debtors that the Potential Bidder seeks to acquire or assume, respectively, whether individually or in combination. If the Bid includes the acquisition of more than one Hospital or multiple assets of the Debtors, the Bid must clearly state the allocation of the purchase price among the Hospitals (or such other assets).
- (B) Proposed APA or Investment Agreement. Other than for any Chapter 11 Plan Bid, each Bid must include a copy of an asset purchase agreement reflecting the terms

and conditions of the Bid, which agreement must be marked to show any proposed amendments and modifications to the form of purchase agreement posted by the Debtors in the Data Room, and shall include all schedules and exhibits thereto (the “**Proposed APA**”). For the avoidance of doubt, a “conceptual” or “issues list”-style markup of the form asset purchase agreement would not satisfy this requirement. Each Chapter 11 Plan Bid must be accompanied by an executed investment agreement, signed by an authorized representative of such bidder, pursuant to which the bidder proposes to effectuate the Chapter 11 Plan Transaction, in the form of a recapitalization transaction effectuated pursuant to a chapter 11 plan of reorganization, and must provide for a fully-committed investment of capital.

- (C) Treatment of MPT Real Property. To the extent the real property underlying one or more of the Debtors’ Hospitals that the Potential Bidder seeks to acquire is owned by MPT Operating Partnership, L.P. or one or more of its affiliates (as applicable, individually or collectively, “**MPT Lessor**”) and is subject to a lease in favor of one of the Debtors, the Bid must indicate the proposed treatment of such real property and proposed terms of an agreement with MPT Lessor. Such proposed treatment and proposed terms may include, but is not limited to, the following: (i) the severance of the applicable real property from its current master lease, followed by the Debtors’ assumption and assignment of such severed lease; (ii) the partial termination of the master lease with respect to the applicable real property and the execution of a new lease with respect thereto; or (iii) the Potential Bidder’s purchase of the applicable real property.
- (D) Unconditional Offer; No Financial Contingency. A statement that the Bid is formal, binding, and unconditional (except for those conditions expressly set forth in the applicable Proposed APA), is not subject to any due diligence or financing contingency, and is irrevocable until the first business day following the closing of the proposed Sale Transaction, except as otherwise provided in these Global Bidding Procedures. To the extent that a Bid is not (1) accompanied by evidence of the Potential Bidder’s capacity to consummate the Sale Transaction set forth in its Bid with cash on hand (or other immediately available cash) or (2) a Credit Bid, each Bid must include committed financing documented to the Debtors’ satisfaction, that demonstrates that the Potential Bidder has received sufficient debt and/or equity funding commitments to satisfy the Potential Bidder’s purchase price and other obligations under its Bid.
- (E) Form of Consideration.
- (i) All-Cash Offer. Unless the Bid includes a Credit Bid (as described below), a statement confirming that the Bid is based on an all-cash offer, including, in the case of a bid for all or any part of a Stalking Horse Package, sufficient cash consideration to pay the applicable Termination Payment and to meet the applicable Minimum Overbid Amount (as defined herein); provided that any bid that includes a Credit Bid shall also include a cash component sufficient to pay, and earmarked exclusively for the payment of, any

applicable Termination Payment and all obligations secured by senior liens on the applicable Assets.

- (ii) Credit Bidding. In connection with the sale of all or a portion of the Assets, a person or entity may seek to credit bid all or a portion of their secured claims for their respective collateral (each such bid, a “**Credit Bid**”) pursuant to section 363(k) of the Bankruptcy Code; provided that the Credit Bid shall include cash consideration sufficient to pay in full all claims for which there are valid, perfected, and unavoidable liens on any Assets included in such Bid that are senior in priority to those of the party seeking to Credit Bid (unless such senior lien holder consents to alternative treatment) and complies with any orders of the Bankruptcy Court approving debtor-in-possession financing or use of cash collateral, and if for any portion of a Stalking Horse Package, an amount sufficient to pay the applicable Termination Payment. A Credit Bid shall not require a Deposit (as defined herein) or a commitment for financing.

(F) Purchase Price; Minimum Bid.

- (i) Stalking Horse Assets. Except as otherwise provided herein, each Bid submitted in connection with a Stalking Horse Package must (a) exceed the cash purchase price, the applicable Termination Payment, and any Minimum Overbid Amount set by the Debtors, or (b) otherwise propose an alternative transaction that provides higher or better terms than the Stalking Horse Bid, as applicable (as determined by the Debtors after consultation with the Consultation Parties).
- (ii) Bids for Individual Assets or Combination of Assets. Bidders may submit Bids for individual Assets or combinations of Assets that do not comprise an entire Stalking Horse Package, whether or not any such Assets are included in the applicable Stalking Horse Package (each, a “**Partial Bid**”). The Debtors will determine, after consultation with the Consultation Parties, whether such Bids qualify as Qualified Bids. Generally, to be considered a Qualified Bid, the Debtors, after consultation with the Consultation Parties, must conclude that a Partial Bid, when taken together with other Partial Bids, satisfies the criteria for being a Qualified Bid with respect to the Stalking Horse Package.

If a Bid includes one or more Assets already included in a Stalking Horse Package, but does not include all of the Assets included in such Stalking Horse Package, such Bid will not be considered to be a “Qualified Bid” unless (a) the Debtors receive one or more Bids for the remaining Assets in such Stalking Horse Package that, in combination with one or more other Bids for other Acquired Assets in the Stalking Horse Package, constitute a higher or better bid than the applicable Stalking Horse Bid; or (b) the Partial Bid includes less than all of the Assets in such Stalking Horse Package but proposes a purchase price allocable to such Assets that, together with the

liquidation or alternative value of any Assets in such Stalking Horse Package not included in the Partial Bid, constitutes a higher or better Bid than the applicable Stalking Horse Bid.

- (G) Required Approvals. A statement or evidence (i) that the Potential Bidder has made or will make in a timely manner all necessary filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, if applicable (“**HSR Filings**”), and any other antitrust law, and pay the fees associated with such filings, (ii) that the Potential Bidder has made or will make in a timely manner all necessary filings under any applicable healthcare regulatory law, rule, or regulation, and pay the fees associated with such filings, and (iii) of the Potential Bidder’s plan and ability to obtain all other governmental and regulatory approvals (or exemptions or waivers thereof) (collectively, the “**Regulatory Approvals**”) to consummate the applicable Sale Transaction and operate the business and the Assets included in its Bid from and after closing the applicable Sale Transaction and the proposed timing for the Potential Bidder to undertake the actions required to obtain such Regulatory Approvals. A Potential Bidder further agrees (i) that with respect to the Hospitals, it will consider in good faith a transition services agreement during the period pending Regulatory Approvals and (ii) that its legal counsel will coordinate in good faith with Debtor’s legal counsel to discuss and explain Potential Bidder’s regulatory analysis, strategy, and timeline for securing all such Regulatory Approvals as soon as reasonably practicable, and in no event later than the time period contemplated in the Proposed APA. To the extent the Debtors, after consultation with the Consultation Parties, are not satisfied with a Potential Bidder’s ability to secure Regulatory Approvals for a Sale Transaction on a timely basis in the context of these chapter 11 cases and the Debtors’ business needs, the Debtors shall have the right, in their reasonable judgment, to disqualify any such Potential Bidder(s).
- (H) No Entitlement to Expense Reimbursement or Other Amounts. Except as provided with respect to a Stalking Horse Bidder in a Stalking Horse Agreement, (i) a statement that the Bid does not entitle the Potential Bidder to any breakup fee, termination fee, expense reimbursement, or similar type of payment or reimbursement and (ii) a waiver of any substantial contribution administrative expense claim under section 503(b) of the Bankruptcy Code related to bidding for the Assets.
- (I) Adequate Assurance Information. Each Bid must contain such financial and other information that allows the Debtors to make a reasonable determination as to the Potential Bidder’s financial and other capabilities to consummate the applicable Sale Transaction, including, without limitation, such financial and other information setting forth adequate assurance of future performance under section 365(f)(2)(B) of the Bankruptcy Code, and the Potential Bidder’s ability to perform under any contracts that are assumed and assigned to the Potential Bidder (the “**Adequate Assurance Information**”). Adequate Assurance Information may, but shall not be required to, include (i) a corporate organizational chart or similar disclosure identifying ownership and control of the proposed assignee of the

applicable contracts and leases; (ii) financial statements, tax returns, and annual reports; (iii) any financial projections, calculations, and/or financial pro-formas prepared in contemplation of purchasing Hospitals; (iv) the number of Hospitals the proposed assignee operates and all trade names that the proposed assignee uses; (v) the proposed assignee's experience in healthcare and in operating hospitals; and (vii) a contact person for the proposed assignee.

(J) Designation of Contracts and Leases. Each Bid must identify with particularity each and every executory contract and unexpired lease, the assumption and, as applicable, assignment of which is a condition to closing the applicable Sale Transaction.

(K) Representations and Warranties. Each Bid must include the following representations and warranties:

- (i) a statement that the Potential Bidder has had an opportunity to conduct any and all due diligence regarding the applicable Assets prior to submitting its Bid;
- (ii) a statement that the Potential Bidder has relied solely upon its own independent review, investigation, and/or inspection of any relevant documents and the assets in making its Bid and did not rely on any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express or implied, by operation of law or otherwise, regarding the Assets or the completeness of any information provided in connection therewith, except as expressly stated in the representations and warranties contained in the Potential Bidder's Proposed APA ultimately accepted and executed by the Debtors;
- (iii) a statement that the Potential Bidder agrees to serve as Back-Up Bidder (as defined herein), if its Bid is selected as the next highest or next best bid after the Successful Bid with respect to the applicable Assets, until the Back-Up Termination Date (as defined herein) or as otherwise agreed to by the Debtors after consultation with the Consultation Parties;
- (iv) a statement that the Potential Bidder has not engaged in any collusion with respect to the submission of its Bid;
- (v) a statement that all proof of financial ability to consummate a Sale Transaction in a timely manner and all information provided to support adequate assurance of future performance is true and correct; and
- (vi) a statement that the Potential Bidder agrees to be bound by the terms of these Global Bidding Procedures.

A Potential Bidder must also accompany its Bid with:

- (A) a Deposit (as defined herein);

- (B) the contact information of the specific person(s) whom the Debtors or their advisors should contact in the event that the Debtors have any questions or wish to discuss the bid submitted by the Potential Bidder;
- (C) written evidence of available cash, a commitment for financing (not subject to any conditions), and such other evidence of ability to consummate the transaction contemplated by the applicable Proposed APA, which must be acceptable to the Debtors in their business judgment, including a description of each investor and any additional party or parties investing in the transaction included in the applicable bid and such party's financial position;
- (D) a copy of a board resolution or similar document demonstrating the authority of the Potential Bidder to make a binding and irrevocable bid on the terms proposed and to consummate the transaction contemplated by the Proposed APA;
- (E) a covenant to cooperate with the Debtors to provide pertinent factual information regarding the Potential Bidder's operations reasonably required to analyze issues arising with respect to any applicable antitrust laws, healthcare regulations, and other applicable regulatory requirements;
- (F) in the case of a Bid for any Stalking Horse Package, if the value of the Bid relative to the applicable Stalking Horse Agreement includes additional non-cash components (such as fewer contingencies than are in the applicable Stalking Horse Agreement), a detailed analysis of the value of any additional non-cash component of the Bid and back-up documentation to support such value; and
- (G) a signed asset purchase agreement, or if the Bid includes an asset purchase agreement or plan investment agreement that is not executed, a signed statement that such Bid is irrevocable until the first business day following the closing or closings of the applicable Sale Transaction.

The submission of a Bid by the applicable Bid Deadline shall constitute a binding and irrevocable offer to acquire the Assets reflected in such Bid.

Deposit

To qualify as a Qualified Bid (as defined herein), each Bid (other than any Credit Bid) must be accompanied by a good faith cash deposit in the amount of ten percent (10%) of the proposed purchase price (the "**Deposit**"), to be deposited, prior to the applicable Bid Deadline, with an escrow agent selected by the Debtors (the "**Escrow Agent**") pursuant to the escrow agreement to be provided by the Debtors to the Potential Bidders (the "**Escrow Agreement**").

To the extent a Qualified Bid is increased at or prior to the Auction, the Qualified Bidder must adjust its Deposit so that it equals ten percent (10%) of the purchase price proposed to be paid for each of the Assets.

Review of Bids and Designation of Qualified Bidders

The Debtors will deliver, within one (1) business day after receipt thereof, copies of all Bids to the Consultation Parties, including any sealed bids. A bid received for the Assets that is determined by the Debtors, after consultation with the Consultation Parties, to meet the requirements set forth in the preceding section will be considered a “**Qualified Bid**,” and any Stalking Horse Bidder and any bidder that submits a Qualified Bid (including any Stalking Horse Bid) will be considered a “**Qualified Bidder**.”

The Debtors may, after consultation with the Consultation Parties, amend or waive any one or more of the conditions precedent to being a Qualified Bidder at any time (provided, that without the consent of MPT (not to be unreasonably withheld, conditioned, or delayed) the Debtors may not waive the requirements of a Bid under the heading “Treatment of MPT Real Property”), in their reasonable business judgment, in a manner consistent with their fiduciary duties and applicable law, and may engage in negotiations with Potential Bidders who submitted Bids complying with the preceding section as the Debtors deem appropriate in the exercise of their business judgment, based upon the Debtors’ evaluation of the content of each Bid.

The Debtors will evaluate timely submitted bids, after consultation with the Consultation Parties, and may take into consideration the following non-binding factors:

- (A) the amount of the purchase price, Credit Bid, and/or form of consideration, as applicable, set forth in the Bid;
- (B) the Assets included in or excluded from the Bid;
- (C) the value to be provided to the Debtors under the Bid for the Assets included therein (individually and in the aggregate), including the net economic effect upon the Debtors’ estates after the payment of any applicable Termination Payment;
- (D) any benefit to the Debtors’ bankruptcy estates from any assumption or waiver of liabilities, including through a Credit Bid;
- (E) the transaction structure and execution risk, including conditions to, timing of, and certainty of closing, termination provisions, availability of financing and financial wherewithal to meet all commitments, cost to the Debtors’ bankruptcy estates to pursue such transaction, and required governmental or other approvals;
- (F) the impact on employees and employee claims against the Debtors;
- (G) the impact on patients, trade creditors, and landlords;
- (H) the impact on other Sale Transactions; and
- (I) any other factors the Debtors may reasonably deem relevant, after consultation with the Consultation Parties.

The Debtors, after consultation with the Consultation Parties, will make a determination regarding which bids qualify as Qualified Bids, and will notify Potential Bidders whether they have been selected as Qualified Bidders by no later than the following dates (the applicable date, the “**Qualified Bid Designation Date**”):⁸

Assets	Qualified Bid Designation Date
Stewardship Assets	June 26, 2024
First Round Hospitals	June 26, 2024
Second Round Hospitals	July 29, 2024
Other Assets	July 29, 2024

The Debtors reserve the right to work with any Bidder in advance of the Auctions to cure any deficiencies in a Bid that is not initially deemed a Qualified Bid. The Debtors may, after consultation with the Consultation Parties, accept a single Bid or multiple Bids for non-overlapping Assets such that, if taken together, would otherwise meet the standards for a single Qualified Bid as to a Stalking Horse Package, or any Assets or combination of Assets that the Debtors determine to auction (in which event those multiple bidders may be treated by the Debtors as a single Qualified Bidder for purposes of the applicable Auction). If a Bid is received and, in the Debtors’ judgment, after consultation with the Consultation Parties, it is not clear whether the Bid is a Qualified Bid, the Debtors may consult with the Potential Bidder and seek additional information in an effort to establish whether or not the Bid is a Qualified Bid, or to cause such Bid to be a Qualified Bid.

Any Stalking Horse Bidder shall be a Qualified Bidder and any Stalking Horse Bid shall be a Qualified Bid as to the applicable Stalking Horse Package.

Subject to any applicable Challenge (as defined in the DIP Order) or if the Bankruptcy Court determines for “cause” that a Potential Bidder cannot credit bid, any Qualified Bidder who has a valid and perfected lien on any assets of the Debtors’ estates and the right under applicable nonbankruptcy law to credit bid claims secured by such liens, shall have the right to credit bid all or a portion of the value of such Qualified Bidder’s claims pursuant to section 363(k) of the Bankruptcy Code with respect to the collateral by which such Qualified Bidder’s claim is secured.

Failure to Receive a Qualified Bid

If no Qualified Bid for any Hospital is received by the applicable Bid Deadline (or, after consultation with the Consultation Parties, prior to the applicable Bid Deadline), (i) the Debtors will not conduct the Auction for such Hospital and shall file and serve a notice indicating that no Qualified Bid has been received with respect to such Hospital, and (ii) the Debtors shall be entitled to seek approval of other alternatives with respect to the disposition of such Hospitals on an expedited basis, including closure or the applicable MPT Lessor appointing an interim

⁸ Or such earlier or later date designated by the Debtors after consultation with the Consultation Parties.

replacement operator for such Hospital on terms mutually acceptable to the Debtors and the MPT Lessor.

Pre-Auction Procedures

Determination and Announcement of Baseline Bids

After consultation with the Consultation Parties, the Debtors shall make a determination regarding:

- (A) the Assets to be auctioned by the Debtors, including any Stalking Horse Package (each, an “**Auction Package**”);
- (B) the highest or best Qualified Bid (or collection of Qualified Bids) determined for each Auction Package (each, a “**Baseline Bid**,” and such bidder or group of bidders, a “**Baseline Bidder**”) to serve as the starting point at the Auction for such Auction Package (which may or may not be the Stalking Horse Bidder for such Auction Package);
- (C) which Bids have been determined to be Qualified Bids and the Auction Package applicable to such Qualified Bid; provided that the Debtors may permit a Qualified Bidder to bid on any other Auction Package; and
- (D) the time and place for the Auction of each Auction Package.

By the applicable Qualified Bid Designation Date, the Debtors shall file notice of the foregoing on the Court’s docket and publish such notice on the Kroll Website and in the Data Room. As soon as practicable, but no later than the commencement of the Auction, the Debtors will provide copies of each Baseline Bid to the Consultation Parties.

Between the date the Debtors notify a Potential Bidder that it is a Qualified Bidder and the Auction, the Debtors may discuss, negotiate or seek clarification of any Qualified Bid from a Qualified Bidder. Without the written consent of the Debtors (after consultation with the Consultation Parties), a Qualified Bidder may not modify, amend or withdraw its Qualified Bid, except for proposed amendments to increase the purchase price or otherwise improve the terms of its Qualified Bid, during the period that such Qualified Bid remains binding as specified herein; provided that any Qualified Bid may be improved at the Auction as set forth herein.

Except as provided in the Stalking Horse Agreement, the Debtors are under no obligation to (i) select any Baseline Bid or (ii) conduct separate Auctions for any Assets, whether before or after selecting a Baseline Bid. Notwithstanding anything to the contrary contained herein, the Debtors may elect, in their reasonable discretion, and after consultation with the Consultation Parties, to adjourn any Auction.

Failure to Receive Two or More Qualified Bids

If no Qualified Bid for any Stalking Horse Package other than the applicable Stalking Horse Bid is received by the applicable Bid Deadline, the Debtors will not conduct the

Auction for such Stalking Horse Package, and shall file and serve a notice indicating that the Auction has been cancelled with respect to such Stalking Horse Package, that the applicable Stalking Horse Bidder is the Successful Bidder as to such Stalking Horse Package, and setting forth the date and time of the Sale Hearing.

With respect to Assets not included in any Stalking Horse Package, if only one Qualified Bid is received by the Bid Deadline for assets that are not the subject of another Qualified Bid, the Debtors will not conduct an Auction with respect to such Assets and shall file and serve a notice with the Bankruptcy Court indicating that no Auction will be held with respect to such Assets and the Qualified Bidder will be named the Successful Bidder for such Assets. The Debtors have authority to decide, after consultation with the Consultation Parties, whether or not to proceed with an Auction based on the Bids received.

Except as provided in a Stalking Horse Agreement, nothing herein shall obligate the Debtors to consummate or pursue any transaction with a Qualified Bidder.

Auction Procedures

If there are two or more Qualified Bids for an Auction Package, the Debtors shall conduct an Auction with respect to such Qualified Bids. The Auctions, if required, shall be scheduled on the following dates:⁹

Assets	Auction
Stewardship Assets	June 27, 2024 at 10:00 a.m. (prevailing Central Time)
First Round Hospitals	June 27, 2024 at 10:00 a.m. (prevailing Central Time)
Second Round Hospitals	July 30, 2024 at 10:00 a.m. (prevailing Central Time)
Other Assets	July 30, 2024 at 10:00 a.m. (prevailing Central Time)

The Auctions shall be conducted at (i) the offices of Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, NY 10153, or (ii) virtually, pursuant to procedures to be announced to bidders, or (iii) such other time and place as the Debtors, after consultation with the Baseline Bidder and the Consultation Parties, may notify Qualified Bidders who have submitted Qualified Bids. Only a Qualified Bidder will be eligible to participate at an Auction, subject to such limitations as the Debtors may impose in good faith, after consultation with the Consultation Parties. Professionals and/or other representatives of the Consultation Parties will be permitted to attend and observe an Auction.

At any Auction, Qualified Bidders (including any Stalking Horse Bidder) will be permitted to increase their bids. For each Baseline Bid, bidding will start at the purchase price and terms proposed in the applicable Baseline Bid, and will proceed thereafter in increments to be determined by the Debtors and announced (a “**Minimum Overbid Amount**”) after consultation with the Consultation Parties. The Debtors reserve the right to and may, after consultation with the Consultation Parties, increase or decrease the Minimum Overbid Amount at any time during

⁹ Or such earlier or later date designated by the Debtors after consultation with the Consultation Parties.

the applicable Auction for any assets. If a Stalking Horse Bidder bids at an Auction for the applicable Stalking Horse Package that is the subject of its Stalking Horse Bid, such Stalking Horse Bidder will also be entitled to a “credit” in the amount of the applicable Termination Payment to be counted towards its bid such that the cash and other consideration proposed by the applicable Stalking Horse Bidder plus the applicable Termination Payment “credit” must exceed the most recent bid by at least the Minimum Overbid Amount.

The Debtors may adopt rules, after consultation with the Consultation Parties, for an Auction at any time that the Debtors reasonably determine to be appropriate to promote the goals of the Bidding and Auction Process. At the start of an Auction, the Debtors shall describe the terms of the applicable Baseline Bid. Any rules developed by the Debtors will provide that all bids in a particular Auction will be made and received in one room (in person or virtually), on an open basis, and all other bidders participating in that Auction will be entitled to be present for all bidding with the understanding that the true identity of each bidder will be fully disclosed to all other bidders participating in that Auction and that all material terms of each Qualified Bid submitted in response to the Baseline Bid or to any successive bids made at the Auction will be fully disclosed to all other bidders throughout the entire Auction. Each Qualified Bidder will be permitted what the Debtors reasonably determine to be an appropriate amount of time to respond to the previous bid at the Auction.

The Debtors reserve the right to and may, after consultation with the Consultation Parties, reject at any time before entry of the relevant Sale Order any bid that, in the Debtors’ judgment, is (i) inadequate or insufficient; (ii) not in conformity with the requirements of the Bankruptcy Code, these Global Bidding Procedures, or the terms and conditions of the applicable Sale Transaction; or (iii) contrary to the best interests of the Debtors and their estates, except that if the Stalking Horse Bid as reflected in the applicable Stalking Horse Agreement is the only Qualified Bid for the applicable Stalking Horse Package, the foregoing provisions of this sentence will be inoperative. In doing so, the Debtors may take into account the factors set forth above regarding the form and content of Qualified Bids and the Debtors’ review of bids. No attempt by the Debtors to reject a bid under this paragraph will modify any rights of the Debtors or the Stalking Horse Bidder under applicable Stalking Horse Agreement (as may be consensually modified at any Auction).

Prior to the conclusion of an Auction, the Debtors, after consultation with the Consultation Parties, will (i) review and evaluate each bid made at the Auction on the basis of financial and contractual terms and other factors relevant to the sale process, including those factors affecting the speed and certainty of consummating a Sale Transaction; (ii) determine the highest or best offer or collection of offers for an Auction Package (as applicable to each Auction Package, a “**Successful Bid**”); (iii) except as provided in the applicable Stalking Horse Agreement, determine which Qualified Bid is the next highest or best bid for such Auction Package (as applicable to each Auction Package, the “**Back-Up Bid**”); and (iv) notify all Qualified Bidders participating in an Auction, prior to its conclusion, the successful bidder for such Auction Package (the “**Successful Bidder**”), the amount and other material terms of the Successful Bid, and the identity of the party that submitted the Back-Up Bid for such Auction Package (the “**Back-Up Bidder**”).

Each Qualified Bidder shall be required to confirm, both before and after the Auction, that it has not engaged in any collusion with respect to the submission of any bid, the bidding, or the Auction.

Post-Auction Process

A Successful Bidder shall, within one (1) business day after the close of the Auction, submit to the Debtors fully executed revised documentation memorializing the terms of the Successful Bid, which shall be in form and substance acceptable to the Debtors, after consultation with the Consultation Parties. Promptly following the submission of such documentation, the Debtors shall file with the Bankruptcy Court notice of the Successful Bid, the Successful Bidder, and, if applicable, the Back-Up Bid and the Back-Up Bidder. The Successful Bid may not be assigned to any party without the consent of the Debtors after consultation with the Consultation Parties.

Except to the extent otherwise provided in the applicable Stalking Horse Agreement or as otherwise agreed to by the Debtors after consultation with the Consultation Parties, the Back-Up Bid shall remain open and irrevocable until the earliest to occur of (i) the consummation of the transaction with the Successful Bidder and (ii) the release of such bid by the Debtors (such date, the “**Back-Up Termination Date**”). If the transaction with a Successful Bidder is terminated prior to the Back-Up Termination Date, the Back-Up Bidder shall be deemed the Successful Bidder and shall be obligated to consummate the Back-Up Bid as if it were the Successful Bid.

Notices Regarding Assumption and Assignment

The Debtors shall provide all notices regarding the proposed assumption and assignment of contracts and leases in connection with the Assumption and Assignment Procedures set forth in the Bidding Procedures Order.

Sale Objections and Sale Hearings

Objections to a proposed Sale Transaction (the “**Sale Objections**”), including any objection to the sale of any Assets free and clear of liens, claims, interests, and encumbrances pursuant to section 363(f) of the Bankruptcy Code and/or entry of a Sale Order, must be (i) filed in accordance with the Bidding Procedures Order, (ii) filed with the Bankruptcy Court, and (iii) served on the Objection Notice Parties by no later than the following deadlines:

- a) with respect to a Sale Transaction to a Stalking Horse Bidder (as applicable) (each, a “**Stalking Horse Bidder Sale Objection Deadline**”), the earlier of (i) 21 days following service of the applicable Notice of Stalking Horse Bidder and (ii) the Successful Bidder Sale Objection Deadline (as defined below); and

- b) with respect to the conduct of the Auction, the identity of a Successful Bidder, or a Sale Transaction with a Successful Bidder (if such Successful Bidder is not a Stalking Horse Bidder) (each, a “**Successful Bidder Sale Objection Deadline**,” and together with the Stalking Horse Bidder Sale Objection Deadlines, the “**Sale Objection Deadlines**”):¹⁰

Assets	Successful Bidder Sale Objection Deadline
Stewardship Assets	July 1, 2024 at 5:00 p.m. (prevailing Central Time)
First Round Hospitals	July 1, 2024 at 5:00 p.m. (prevailing Central Time)
Second Round Hospitals	August 4, 2024 at 5:00 p.m. (prevailing Central Time)
Other Assets	August 4, 2024 at 5:00 p.m. (prevailing Central Time)

The Debtors may extend the Sale Objection Deadlines, as the Debtors deem appropriate in the exercise of their reasonable business judgment and after consultation with the Consultation Parties and upon notice to each Successful Bidder(s). If a timely Sale Objection cannot otherwise be resolved by the parties, such objection shall be heard by the Bankruptcy Court at the applicable Sale Hearing.

Any party who fails to timely file with the Court a Sale Objection will be forever barred from asserting any objection to the applicable sale, or to the consummation and performance of a sale transaction contemplated by a purchase agreement between the Debtors and a Successful Bidder, including the transfer of the Debtors’ business to a Successful Bidder, free and clear of all claims and interests pursuant to section 363(f) of the Bankruptcy Code. Failure to object shall constitute consent for the purposes of section 363(f) of the Bankruptcy Code. Any objection filed after the applicable Sale Objection Deadline will not be considered by the Court.

Unless the Debtors file and serve a revised notice, hearings (each, a “**Sale Hearing**”) to approve the Sale Transaction(s) shall be held on (subject to Court availability):¹¹

Assets	Sale Hearing
Stewardship Assets	July 2, 2024
First Round Hospitals	July 2, 2024
Second Round Hospitals	August 5, 2024
Other Assets	August 5, 2024

The Sale Hearings may be adjourned or rescheduled as ordered by the Bankruptcy Court, or by the Debtors after consultation with the Consultation Parties, but without further notice to

¹⁰ Or such earlier or later date designated by the Debtors after consultation with the Consultation Parties.

¹¹ Or such earlier or later date designated by the Debtors after consultation with the Consultation Parties.

creditors and parties in interest other than by announcement by Debtors of the adjourned date at the Sale Hearing(s).

An appropriate representative of each Successful Bidder shall appear at the applicable Sale Hearing and be prepared, if necessary, to have such representative(s) testify in support of a Successful Bid and the Successful Bidder's ability to close in a timely manner and provide adequate assurance of its future performance under any and all executory contracts and unexpired leases to be assumed and assigned to the Successful Bidder as part of the proposed transaction.

Treatment and Return of Deposits

Potential Bidders

Within five (5) business days after the Qualified Bid Designation Date for the applicable Assets, the Escrow Agent shall return to each Potential Bidder that was determined not to be a Qualified Bidder for such Assets, as confirmed by the Debtors, such Potential Bidder's Deposit, plus any interest accrued thereon. Upon the authorized return of such Potential Bidder's Deposit, the bid of such Potential Bidder shall be deemed revoked and no longer enforceable.

Qualified Bidders

Without limiting the terms of any definitive termination agreement with any Qualified Bidder, the Deposit of a Qualified Bidder will be forfeited to the Debtors if (i) the applicable Qualified Bidder attempts to modify, amend, or withdraw its Qualified Bid, except as permitted by these Global Bidding Procedures, during the time the Qualified Bid remains binding and irrevocable under these Global Bidding Procedures, or (ii) the Qualified Bidder is selected as the Successful Bidder and fails to enter into the required definitive documentation or to consummate the transaction in accordance with these Global Bidding Procedures and the terms of the applicable transaction documents with respect to the Successful Bid. The Escrow Agent shall release the Deposit by wire transfer of immediately available funds to an account designated by the Debtors two (2) business days after the receipt by the Escrow Agent of a joint written notice by an authorized officer of the Debtors stating that the Qualified Bidder has breached or failed to satisfy its obligations or undertakings.

With the exception of the Deposit of a Successful Bidder and a Back-Up Bidder, the Escrow Agent shall return to any other Qualified Bidder any Deposit, plus any interest accrued thereon, five (5) business days after the execution by the Successful Bidder and the Debtors of the documentation memorializing the Successful Bid, but in no event later than ten (10) business days after the conclusion of the applicable Sale Hearing.

Notwithstanding anything to the contrary herein, the good faith deposit provided by a Stalking Horse Bidder pursuant to a Stalking Horse Agreement (including any required return of such deposit) shall be governed by the terms and conditions of the applicable Stalking Horse Agreement.

Back-Up Bidder

The Escrow Agent shall return a Back-Up Bidder's Deposit, plus any interest accrued thereon, within ten (10) business days after the occurrence of the applicable Back-Up Bid Termination Date.

The Successful Bidder

The Deposit of a Successful Bidder shall be applied against the cash portion of the purchase price of such Successful Bidder upon the consummation of the transaction proposed in the applicable Successful Bid.

Joint Notice to Escrow Agent

The Debtors and, as applicable, the Potential Bidder, Qualified Bidder, and/or Back-Up Bidder agree to execute an appropriate joint notice to the Escrow Agent for the return of any Deposit to the extent such return is required by these Global Bidding Procedures. If either party fails to execute such written notice, the Deposit may be released by an order of the Bankruptcy Court.

Notice and Consultation Parties

Bid Notice Parties

Information that must be provided to the "**Bid Notice Parties**" under these Global Bidding Procedures must be provided to the following parties:

- (i) Steward Health Care System LLC, 1900 N. Pearl Street, Suite 2400, Dallas, TX 75201 (Attn: John R. Castellano);
- (ii) proposed counsel to the Debtors, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 (Attn: Ray C. Schrock, Esq., Candace M. Arthur, Esq., David J. Cohen, Esq.), 700 Louisiana Street, Suite 3700, Houston, Texas 77002 (Attn: Gabriel A. Morgan, Esq., Clifford W. Carlson, Esq.);
- (iii) Leerink Partners LLC, 1301 6th Avenue, New York, NY 10019 (Attn: Toby King); and
- (iv) Cain Brothers, 1301 6th Avenue, New York, NY 10019 (Attn: Jim Moloney, David Morlock).

Objection Notice Parties

Information that must be provided to the “**Objection Notice Parties**” under these Global Bidding Procedures must be provided to each of the Bid Notices Parties and the following parties:

- (i) counsel to any official committee of unsecured creditors appointed in the Debtors’ chapter 11 cases (the “**Creditors’ Committee**”);
- (ii) counsel to the DIP Lender and Prepetition MPT Secured Party, KTBS Law LLP, 1801 Century Park E #2600, Los Angeles, California 90067 (Attn: Thomas E. Patterson, Esq., Sasha Gurvitz, Esq.);
- (iii) counsel to the ABL Lenders, Paul Hastings LLP, 200 Park Avenue, New York, New York 10166 (Attn: Kristopher M. Hansen, Esq., Christopher Guhin, Esq.);
- (iv) counsel to Siemens Financial Services, Inc., Otterbourg P.C., 230 Park Avenue, New York, New York 10169 (Attn: Andrew Kramer, Esq.);
- (v) counsel to the FILO Lenders, Milbank LLP, 55 Hudson Yards, New York, NY 10001 (Attn: Dennis Dunne, Esq., Michael Price, Esq., Andrew Harmeyer, Esq., Brian Kinney, Esq.); and
- (vi) counsel to the MPT Lessors, KTBS Law LLP, 1801 Century Park E #2600, Los Angeles, California 90067 (Attn: Thomas E. Patterson, Esq., Sasha Gurvitz, Esq.).

Consultation Parties

The term “**Consultation Parties**” as used in these Global Bidding Procedures shall mean (i) the Creditors’ Committee, (ii) until the repayment in full of their claims (a) the DIP Lender, (b) the ABL Lenders (as defined in the DIP Order), (c) the FILO Lenders (as defined in the DIP Order), and (d) the Prepetition MPT Secured Party (as defined in the DIP Order), and (iii) except in respect of the Stewardship Assets, the MPT Lessors.

For the avoidance of doubt, any consultation rights provided to the Consultation Parties by these Global Bidding Procedures shall not limit the Debtors’ discretion in any way and shall not include the right to veto any decision made by the Debtors in the exercise of their business judgment.

In the event that any Consultation Party or any member of the Creditors’ Committee, or an affiliate of any of the foregoing, submits a bid that is a Qualified Bid, any obligation of the Debtors to consult with the bidding party established under these Global Bidding Procedures will be waived, discharged, and released without further action; provided that the bidding party will have the same rights as any other Potential Bidder set forth above, and will retain any rights it has under existing orders regarding debtor in possession financing and/or use of cash collateral (to the extent applicable) (the “**DIP Order**”).

If a member of the Creditors' Committee submits a Qualified Bid, the Creditors' Committee will continue to have Consultation Rights; provided that the Creditors' Committee shall exclude such member from any discussions or deliberations regarding the sale of the Assets and shall not provide any confidential information regarding the sale of the Assets to such member.

Consent to Jurisdiction and Authority as Condition to Bidding

All Potential Bidders (including any Stalking Horse Bidder) shall be deemed to have (i) consented to the core jurisdiction of the Bankruptcy Court to enter any order or orders, which shall be binding in all respects, in any way related to the Global Bidding Procedures, an Auction, or the construction and enforcement of any agreement or any other document relating to the applicable Sale Transaction, (ii) waived any right to a jury trial in connection with any disputes relating to the Global Bidding Procedures, an Auction, or the construction and enforcement of any agreement or any other document relating to the Sale Transaction, and (iii) consented to the entry of a final order or judgment in any way related to the Global Bidding Procedures, an Auction, or the construction and enforcement of any agreement or any other document relating to the Sale Transaction if it is determined that the Bankruptcy Court would lack Article III jurisdiction to enter such a final order or judgment absent the consent of the parties.

Reservation of Rights

The Debtors shall have the right, in their reasonable discretion and subject to the exercise of their business judgment, after consultation with the Consultation Parties, to alter or terminate these Global Bidding Procedures, to waive terms and conditions set forth herein with respect to all potential bidders, extend the deadlines set forth herein, alter the assumptions set forth herein, provide reasonable accommodations to any Stalking Horse Bidder with respect to such terms, conditions, and deadlines of the Bidding and Auction Process to promote bids (including, without limitation, extending deadlines as may be required to comply with any additional filing and review procedures with the applicable regulators in connection with HSR Filings or any other antitrust law or healthcare law or regulation) and/or to terminate discussions with any and all prospective acquirers and investors at any time and without specifying the reasons therefor, in each case to the extent not materially inconsistent with the objectives of these Global Bidding Procedures and/or the Bidding Procedures Order.

Notwithstanding anything herein, nothing in these Global Bidding Procedures, the Bidding Procedures Order, and/or the determination of any Bid as a Qualified Bid, shall waive, alter, or modify any rights of the MPT Lessor to approve or enter into any agreement with respect to real property owned by MPT Lessor. For the avoidance of doubt, the determination that a Bid is a Qualified Bid shall not constitute consent by the MPT Lessor.

Schedule 1

Hospitals

First Round Hospitals
Arizona
Florence Hospital
Mountain Vista Medical Center
Tempe St. Luke's Hospital
St. Luke's Behavioral Health
St. Luke's Medical
Arkansas
Wadley Regional Medical Center at Hope
Louisiana
Glenwood Regional Medical Center
Northern Massachusetts
Carney Hospital
Holy Family Haverhill Hospital
Holy Family Methuen Hospital
Nashoba Valley Medical Center
Saint Elizabeth's Medical Center
Ohio
Hillside Rehabilitation Hospital
Trumbull Regional Medical Center
Pennsylvania
Sharon Regional Medical Center
Southern Massachusetts
Good Samaritan Medical Center
Morton Hospital
Saint Anne's Hospital
Texas
Odessa Regional Medical Center
Scenic Mountain Medical Center
Southeast Texas (Port Arthur)
St. Joseph Medical Center
Wadley Regional Medical Center

Second Round Hospitals
Florida
Coral Gables Hospital
Florida Medical Center
Hialeah Hospital
Melbourne Regional Medical Center
North Shore Medical Center
Palmetto General Hospital
Rockledge Regional Medical Center
Sebastian River Medical Center

Exhibit 2

Sale Notice

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:	§	
	§	Chapter 11
	§	
STEWARD HEALTH CARE SYSTEM LLC, et al.,	§	Case No. 24-90213 (CML)
	§	
Debtors.¹	§	(Jointly Administered)
	§	
	§	

**NOTICE OF SALE, GLOBAL BIDDING
PROCEDURES, AUCTION, AND SALE HEARING**

PLEASE TAKE NOTICE OF THE FOLLOWING:

On May 15, 2024, Steward Health Care System LLC and its debtor affiliates in the above-captioned chapter 11 cases, as debtors and debtors in possession (collectively, the “**Debtors**”) filed with the United States Bankruptcy Court for the Southern District of Texas (the “**Bankruptcy Court**”) a motion (Docket No. [●]) (the “**Motion**”) seeking, among other things, entry of an order:

- a) approving the proposed global bidding procedures (the “**Global Bidding Procedures**”) in connection with the sale of substantially all of the Debtors’ assets, including the Stewardship Assets, the Hospitals, and the Debtors’ Other Assets (each as defined below) and related contracts and other assets through one or more sale transactions (each, a “**Sale Transaction**”);
- b) authorizing the Debtors to designate stalking horse bidders (each a “**Stalking Horse Bidder**,” and such bidder’s bid, a “**Stalking Horse Bid**”) and offer such bidder certain bid protections identified in the Motion (the “**Stalking Horse Bid Protections**”);
- c) scheduling Auctions of the Assets (as defined herein) and hearings for the approval of the proposed Sale Transaction(s) (the “**Sale Hearings**”);
- d) authorizing and approving the form and manner of notice for sale of the Assets, the Auctions, and the Sale Hearings;

¹ A complete list of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors’ proposed claims and noticing agent at <https://restructuring.ra.kroll.com/Steward>. The Debtors’ service address for these chapter 11 cases is 1900 N. Pearl Street, Suite 2400, Dallas, Texas 75201.

- e) authorizing and approving the form and manner of notice to each non-Debtor counterparty to an executory contract or unexpired lease of non-residential real property of the Debtors (each, a “**Contract**”) regarding the potential assumption and assignment of such Contracts and the amount necessary to cure any monetary defaults under such Contracts (the “**Cure Costs**”);
- f) authorizing and approving procedures for the assumption or assumption and assignment of certain Contracts in connection with the Sale Transactions, as applicable (collectively, the “**Assigned Contracts**”) and the determination of Cure Costs with respect thereto;
- g) authorizing the Sale Transaction(s) including, but not limited to, the assumption and assignment of the Assigned Contracts; and
- h) granting related relief.

On [●], 2024, the Bankruptcy Court entered the *Order (I) Approving (A) Global Bidding Procedures for Sales of the Debtors’ Assets, (B) Form and Manner of Notice of Sales, Auctions, and Sale Hearings, and (C) Assumption and Assignment Procedures and Form and Manner of Notice of Assumption and Assignment; (II) Authorizing Designation of Stalking Horse Bidders; (III) Scheduling Auctions and Sale Hearings; and (IV) Granting Related Relief* (Docket No. [●]) (the “**Bidding Procedures Order**”).²

Assets for Sale

The Debtors are marketing for sale substantially all of their assets (the “**Assets**”) including:

- a) assets related to *Stewardship Health*, the Debtors’ risk-based payor contracting network and related primary care practices (collectively, “**Stewardship Health**,” and such assets, the “**Stewardship Assets**”);
- b) the Debtors’ hospital operations in Massachusetts, Arizona, Ohio, Pennsylvania, Arkansas, Louisiana, Texas, and Florida (the “**Hospitals**”); and
- c) certain other assets of the Debtors as determined in the Debtors’ sole discretion (collectively, the “**Other Assets**”).

A complete list of the Hospitals available for sale pursuant to the Global Bidding Procedures is annexed thereto as **Schedule 1**.

A party may submit a bid for any individual Asset (or combination of Assets), in each case, in accordance with the terms and provisions of the Global Bidding Procedures.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Global Bidding Procedures or the Bidding Procedures Order, as applicable.

Important Dates and Deadlines

Bid Deadlines

A Qualified Bidder (as defined in the Global Bidding Procedures) that desires to make a bid shall deliver a written or electronic copy of its conforming bid so as to be received no later than the following deadlines (each, a “**Bid Deadline**”):³

Assets	Bid Deadline
Stewardship Assets	June 24, 2024 at 5:00 p.m. (prevailing Central Time)
First Round Hospitals	June 24, 2024 at 5:00 p.m. (prevailing Central Time)
Second Round Hospitals	July 26, 2024 at 5:00 p.m. (prevailing Central Time)
Other Assets	July 26, 2024 at 5:00 p.m. (prevailing Central Time)

The Debtors may extend the Bid Deadlines for any reason whatsoever, in consultation with the Consultation Parties (as defined in the Global Bidding Procedures).

Designation of Stalking Horse Bidders

In connection with the sale of the Assets, the Debtors may, but are not obligated to, after consulting with the Consultation Parties, designate one or more Stalking Horse Bidders for one or more of the Assets (each such group of Assets, a “**Stalking Horse Package**”) and offer Stalking Horse Bid Protections to each such Stalking Horse Bidder, including a break-up fee and capped expense reimbursements (collectively, a “**Termination Payment**”). In the event the Debtors, in consultation with the Consultation Parties, select a party to serve as a Stalking Horse Bidder(s), upon such selection, the Debtors will seek Court approval of such Stalking Horse Bidder(s) and any Stalking Horse Bid Protections.

Objections to the provision of Stalking Horse Bid Protections (each, a “**Stalking Horse Objection**”) shall (a) be in writing; (b) comply with the Bankruptcy Code, Bankruptcy Rules, and Local Rules; (c) state, with specificity, the legal and factual bases thereof; and (d) be filed with the Court and served on the Objection Notice Parties (as defined in the Global Bidding Procedures) within three (3) calendar days after service of the Sale Notice or the applicable Stalking Horse Notice.

Auctions

With respect to each sale process, in the event that the Debtors receive one or more Qualified Bids, the Debtors shall conduct an auction (each, an “**Auction**”) with respect to such Qualified Bids. The Auctions, if required, shall be scheduled on:⁴

³ Or such earlier or later date designated by the Debtors after consultation with the Consultation Parties.

⁴ Or such earlier or later date designated by the Debtors after consultation with the Consultation Parties.

Assets	Auction
Stewardship Assets	June 27, 2024 at 10:00 a.m. (prevailing Central Time)
First Round Hospitals	June 27, 2024 at 10:00 a.m. (prevailing Central Time)
Second Round Hospitals	July 30, 2024 at 10:00 a.m. (prevailing Central Time)
Other Assets	July 30, 2024 at 10:00 a.m. (prevailing Central Time)

The Auctions shall be conducted at (i) the offices of Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, NY 10153, or (ii) virtually, pursuant to procedures to be announced to bidders, or (iii) such other time and place as the Debtors, after consultation with the Baseline Bidder and the Consultation Parties, may notify Qualified Bidders who have submitted Qualified Bids. Only a Qualified Bidder will be eligible to participate at an Auction, subject to such limitations as the Debtors may impose in good faith, after consultation with the Consultation Parties. Professionals and/or other representatives of the Consultation Parties will be permitted to attend and observe an Auction.

Assumption and Assignment of Contracts

The Assigned Contracts to be assumed or assumed and assigned to the Successful Bidder(s) in connection with the Sale Transaction(s) will be identified in one or more Cure Notices.

Sale Objection Deadlines

Objections to a proposed Sale Transaction (the “**Sale Objections**”), including any objection to the sale of any Assets free and clear of liens, claims, interests, and encumbrances pursuant to section 363(f) of the Bankruptcy Code and/or entry of a Sale Order, must be (i) filed in accordance with the Bidding Procedures Order, (ii) filed with the Bankruptcy Court, and (iii) served on the Objection Notice Parties by no later than the following deadlines:

- a) with respect to a Sale Transaction to a Stalking Horse Bidder (as applicable) (each, a “**Stalking Horse Bidder Sale Objection Deadline**”), the earlier of (i) 21 days following service of the applicable Notice of Stalking Horse Bidder and (ii) the Successful Bidder Sale Objection Deadline (as defined below); and
- b) with respect to the conduct of the Auction, the identity of the Successful Bidder, or a Sale Transaction with a Successful Bidder (if such Successful Bidder is not a Stalking Horse Bidder) (each, a “**Successful Bidder Sale Objection Deadline**,” and together with the Stalking Horse Bidder Sale Objection Deadlines, the “**Sale Objection Deadlines**”):⁵

⁵ Or such earlier or later date designated by the Debtors after consultation with the Consultation Parties.

Assets	Successful Bidder Sale Objection Deadline
Stewardship Assets	July 1, 2024 at 5:00 p.m. (prevailing Central Time)
First Round Hospitals	July 1, 2024 at 5:00 p.m. (prevailing Central Time)
Second Round Hospitals	August 4, 2024 at 5:00 p.m. (prevailing Central Time)
Other Assets	August 4, 2024 at 5:00 p.m. (prevailing Central Time)

Sale Hearings

Unless the Debtors file and serve a revised notice, the hearings to approve the Sale Transaction(s) (each, a “**Sale Hearing**”) shall be held on the following dates (subject to the availability of the Court):⁶

Assets	Sale Hearing
Stewardship Assets	July 2, 2024
First Round Hospitals	July 2, 2024
Second Round Hospitals	August 5, 2024
Other Assets	August 5, 2024

The Sale Hearings may be adjourned or rescheduled as ordered by the Bankruptcy Court, or by the Debtors in consultation with the Consultation Parties, but without further notice to creditors and parties in interest other than by announcement by Debtors of the adjourned date at the Sale Hearing(s).

The Debtors’ presentation to the Bankruptcy Court for approval of a Successful Bid(s) does not constitute the Debtors’ acceptance of the Successful Bid(s). The Debtors shall be deemed to have accepted Successful Bid(s) only when the Successful Bid(s) has been approved by order of the Court.

Nothing herein will be deemed a waiver of any rights of the Debtors or any other parties in interest to contest any rights asserted by any person in such objections, and all such rights of the Debtors are expressly preserved.

⁶ Or such earlier or later date designated by the Debtors after consultation with the Consultation Parties.

Additional Information

Until the applicable Bid Deadline, the Debtors will provide parties reasonable access to the Data Room and any other additional information that the Debtors believe to be reasonable and appropriate under the circumstances.

- (A) Any party interested in submitting a bid on Stewardship Health, or any of the following Hospitals, should contact the Debtors’ investment banker, **Leerink Partners LLC** (Attn: Toby King (Email: ProjectSapphire@leerink.com)):

Florida
Coral Gables Hospital
Florida Medical Center
Hialeah Hospital
Melbourne Regional Medical Center
North Shore Medical Center
Palmetto General Hospital
Rockledge Regional Medical Center
Sebastian River Medical Center
Northern Massachusetts
Carney Hospital
Holy Family Haverhill Hospital
Holy Family Methuen Hospital
Nashoba Valley Medical Center
Saint Elizabeth’s Medical Center

- (B) Any party interested in submitting a bid on the following Hospitals should contact the Debtors’ investment banker, **Cain Brothers** (Attn: Jim Moloney and David Morlock (Email: Project_Golden_Sun@keybank.com)):

Arizona
Florence Hospital
Mountain Vista Medical Center
Tempe St. Luke’s Hospital
St. Luke’s Behavioral Health
Arkansas
Wadley Regional Medical Center at Hope
Louisiana
Glenwood Regional Medical Center

Ohio
Hillside Rehabilitation Hospital
Trumbull Regional Medical Center
Pennsylvania
Sharon Regional Medical Center
Southern Massachusetts
Good Samaritan Medical Center
Morton Hospital
Saint Anne's Hospital
Texas
Odessa Regional Medical Center
Scenic Mountain Medical Center
Southeast Texas (Port Arthur)
St. Joseph's Medical Center
Wadley Regional Medical Center

- (C) Any party interested in submitting a bid on any Other Asset should contact proposed counsel to the Debtors, **Weil, Gotshal & Manges LLP** (Attn: Ray C. Schrock, Candace M. Arthur, David J. Cohen (Email: Ray.Schrock@weil.com, Candace.Arthur@weil.com, DavidJ.Cohen@weil.com)).

Copies of the Motion, the Bidding Procedures Order, and the Global Bidding Procedures may be obtained free of charge at the website dedicated to the Debtors' chapter 11 cases maintained by their claims and noticing agent and administrative advisor, Krull Restructuring Administration LLC, located at <https://restructuring.ra.krull.com/Steward>.

Reservation of Rights

The Debtors shall have the right, in their reasonable discretion and subject to the exercise of their business judgment, after consultation with the Consultation Parties, to alter or terminate the Global Bidding Procedures; waive terms and conditions set forth therein; extend the deadlines set forth therein; alter the assumptions set forth therein; provide reasonable accommodations to any Stalking Horse Bidder with respect to such terms, conditions, and deadlines to promote bids (including, without limitation, extending deadlines as may be required to comply with any additional filing and review procedures with the applicable regulators in connection with HSR Filings (as defined in the Global Bidding Procedures) or any other antitrust law or healthcare law or regulation) and/or to terminate discussions with any and all prospective acquirers and investors at any time and without specifying the reasons therefor, in each case to the extent not materially inconsistent with the objectives of the Global Bidding Procedures and/or the Bidding Procedures Order.

FAILURE TO ABIDE BY THE GLOBAL BIDDING PROCEDURES, THE BIDDING PROCEDURES ORDER, OR ANY OTHER ORDER OF THE BANKRUPTCY COURT IN THESE CHAPTER 11 CASES MAY RESULT IN THE REJECTION OF YOUR BID.

THE FAILURE OF ANY PERSON OR ENTITY TO FILE AND SERVE AN OBJECTION IN ACCORDANCE WITH THE BIDDING PROCEDURES ORDER BY THE SALE OBJECTION DEADLINES SHALL FOREVER BAR SUCH PERSON OR ENTITY FROM ASSERTING ANY OBJECTION TO THE MOTION, THE ORDER APPROVING THE APPLICABLE SALE TRANSACTION, THE PROPOSED SALE TRANSACTION, OR THE DEBTORS' CONSUMMATION OF THE STALKING HORSE AGREEMENT OR ANY OTHER AGREEMENT EXECUTED BY THE DEBTORS AND A SUCCESSFUL BIDDER AT THE AUCTIONS.

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Dated: [], 2024
Houston, Texas

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*Proposed Attorneys for Debtors
and Debtors in Possession*

Exhibit 3

Cure Notice

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:	§	
	§	Chapter 11
	§	
STEWARD HEALTH CARE SYSTEM	§	Case No. 24-90213 (CML)
LLC, et al.,	§	
	§	(Jointly Administered)
Debtors.¹	§	
	§	
	§	

**NOTICE OF CURE COSTS AND POTENTIAL
ASSUMPTION AND ASSIGNMENT OF EXECUTORY
CONTRACTS AND UNEXPIRED LEASES IN CONNECTION WITH SALE**

PLEASE TAKE NOTICE OF THE FOLLOWING:

On May 15, 2024, Steward Health Care System LLC and its debtor affiliates in the above-captioned chapter 11 cases, as debtors and debtors in possession (collectively, the “**Debtors**”) filed with the United States Bankruptcy Court for the Southern District of Texas (the “**Bankruptcy Court**”) a motion (Docket No. [●]) (the “**Motion**”) seeking, among other things, entry of an order:

- a) approving the proposed global bidding procedures (the “**Global Bidding Procedures**”) in connection with the sale of substantially all of the Debtors’ assets, including Stewardship Health, the Hospitals, and the Debtors’ Other Assets (each as defined in the Global Bidding Procedures) and related contracts and other assets through one or more sale transactions (each, a “**Sale Transaction**”);
- b) authorizing the Debtors to designate stalking horse bidders (each a “**Stalking Horse Bidder**,” and such bidder’s bid, a “**Stalking Horse Bid**”) and offer such bidder certain bid protections identified in the Motion (the “**Stalking Horse Bid Protections**”);
- c) scheduling Auctions of the Assets (as defined herein) and hearings for the approval of the proposed Sale Transaction(s) (the “**Sale Hearings**”);
- d) authorizing and approving the form and manner of notice for sale of the Assets, the Auctions, and the Sale Hearings;

¹ A complete list of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors’ proposed claims and noticing agent at <https://restructuring.ra.kroll.com/Steward>. The Debtors’ service address for these chapter 11 cases is 1900 N. Pearl Street, Suite 2400, Dallas, Texas 75201.

- e) authorizing and approving the form and manner of notice to each non-Debtor counterparty to an executory contract or unexpired lease of non-residential real property of the Debtors (each, a “**Contract**”) regarding the potential assumption and assignment of such Contracts and the amount necessary to cure any monetary defaults under such Contracts (the “**Cure Costs**”);
- f) authorizing and approving procedures for the assumption or assumption and assignment of certain Contracts in connection with the Sale Transactions, as applicable (collectively, the “**Assigned Contracts**”) and the determination of Cure Costs with respect thereto;
- g) authorizing the Sale Transaction(s) including, but not limited to, the assumption and assignment of the Assigned Contracts; and
- h) granting related relief.

On [●], 2024, the Bankruptcy Court entered the *Order (I) Approving (A) Global Bidding Procedures for Sales of the Debtors’ Assets, (B) Form and Manner of Notice of Sales, Auctions, and Sale Hearings, and (C) Assumption and Assignment Procedures and Form and Manner of Notice of Assumption and Assignment; (II) Authorizing Designation of Stalking Horse Bidders; (III) Scheduling Auctions and Sale Hearings; and (IV) Granting Related Relief* (Docket No. [●]) (the “**Bidding Procedures Order**”).²

Cure Costs

In accordance with the Assumption and Assignment Procedures and the Bidding Procedures Order, the Debtors shall, in connection with a Sale Transaction with a Successful Bidder (as defined in the Global Bidding Procedures) at the Auction, assume and assign to the Successful Bidder (or its designated assignee, as applicable) certain contracts and leases of the Debtors.

Each of the contracts and leases that may potentially be assumed and assigned in connection with a Sale Transaction with a Successful Bidder and the Debtors’ calculation of the Cure Costs with respect thereto are set forth on **Exhibit A** annexed hereto.

The inclusion of any contract or lease on **Exhibit A** does not constitute an admission that a particular contract or lease is an executory contract or unexpired lease within the meaning of the Bankruptcy Code or require or guarantee that such contract or lease ultimately will be assumed or assigned. All rights of the Debtors and the counterparties with respect thereto are reserved.

Notwithstanding the inclusion of any lease or contract on **Exhibit A**, a Successful Bidder is not bound to accept assignment of such Contract, and may amend the schedule of Assigned Contracts to remove any contract or lease to the extent provided in their purchase agreement with the Debtors.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Global Bidding Procedures or the Bidding Procedures Order, as applicable.

If: (a) the Debtor identifies (i) additional contracts or leases to be assumed and assigned to a Successful Bidder, or (ii) modifications that need to be made to a proposed Cure Cost previously stated in the Assignment and Cure Notice; or (b) a Successful Bidder designates any additional contracts or leases not previously included on this Assignment and Cure Notice for assumption and assignment, the Debtor shall file with the Court and serve by first class mail on the applicable Contract Counterparty a supplemental Assignment and Cure Notice (a “**Supplemental Cure Notice**”).

Adequate Assurance Objections

Objections, if any, to the proposed assumption and assignment of a Contract identified on **Exhibit A** based on the Stalking Horse Bidder or Successful Bidder’s (a) ability to provide adequate assurance of future performance or (b) the proposed form of adequate assurance of future performance with respect to such Assigned Contract (each, an “**Adequate Assurance Objection**”), must: (i) be in writing; (ii) state the name and address of the objecting party and the amount and nature of the claim or interest of such party; (iii) state with particularity the basis and nature of any objection, and, to the extent applicable, provide proposed language that, if accepted and incorporated by the Debtors, would obviate such objection; (iv) conform to the Bankruptcy Rules and the Local Rules; and (v) be filed with the Court by the following deadlines:

- a) with respect to the assumption and assignment to a Stalking Horse Bidder of any proposed Assigned Contract that was identified in and noticed pursuant to the Cure Notice (each, an “**Initial Adequate Assurance Objection Deadline**”), the earlier of (i) 21 days following service of the Notice of Stalking Horse Bidder and (ii) the Successful Bidder Adequate Assurance Objection Deadline (as defined below); and
- b) with respect to the assumption and assignment (a) to a Successful Bidder of any proposed Assigned Contract or Contract that later may be designated by a Successful Bidder for assumption and assignment, that was only identified and noticed pursuant to the Notice of Auction Results, and (b) to a Stalking Horse Bidder of any proposed Assigned Contract that was only identified in and noticed pursuant to a Supplemental Cure Notice (each, an “**Additional Adequate Assurance Objection Deadline**,” and together with the Initial Adequate Assurance Objection Deadlines, the “**Adequate Assurance Objection Deadlines**”):³

Assets	Additional Adequate Assurance Objection Deadline
Stewardship Assets	July 1, 2024 at 5:00 p.m. (prevailing Central Time)
First Round Hospitals	July 1, 2024 at 5:00 p.m. (prevailing Central Time)
Second Round Hospitals	August 4, 2024 at 5:00 p.m. (prevailing Central Time)
Other Assets	August 4, 2024 at 5:00 p.m. (prevailing Central Time)

³ Or such earlier or later date designated by the Debtors after consultation with the Consultation Parties.

Cure Objections

Objections, if any, to any proposed Cure Costs (each, a “**Cure Objection**,” and together with the Adequate Assurance Objections, the “**Contract Objections**”) with respect to the Contracts identified on **Exhibit A** must: (i) be in writing; (ii) state the name and address of the objecting party and the amount and nature of the claim or interest of such party; (iii) state with particularity the basis and nature of any objection, and, to the extent applicable, provide proposed language that, if accepted and incorporated by the Debtors, would obviate such objection; (iv) conform to the Bankruptcy Rules and the Local Rules; and (v) be filed with the Court and served on the Objection Notice Parties by the following deadlines (each, a “**Cure Objection Deadline**”):

Assets	Cure Objection Deadline
Stewardship Assets	10 days after service of the Cure Notice for the Stewardship Assets
First Round Hospitals	10 days after service of the Cure Notice for the First Round Hospitals
Second Round Hospitals	July 13, 2024 at 5:00 p.m. (prevailing Central Time) ⁴
Other Assets	July 13, 2024 at 5:00 p.m. (prevailing Central Time) ⁵

Any Cure Objection with respect to Cure Costs set forth in a Supplemental Cure Notice must be filed within seven (7) days of filing of that Supplemental Cure Notice.

IF NO TIMELY CONTRACT OBJECTION IS FILED WITH RESPECT TO AN ASSIGNED CONTRACT OR A SUCCESSFUL BIDDER: (I) THE CONTRACT COUNTERPARTY TO SUCH PROPOSED ASSIGNED CONTRACT SHALL BE DEEMED TO HAVE CONSENTED TO THE ASSUMPTION BY THE DEBTOR AND ASSIGNMENT TO THE SUCCESSFUL BIDDER, AS APPLICABLE, OF THE ASSIGNED CONTRACT, AND BE FOREVER BARRED FROM ASSERTING ANY OBJECTION WITH REGARD TO SUCH ASSUMPTION AND ASSIGNMENT (INCLUDING, WITHOUT LIMITATION, WITH RESPECT TO ADEQUATE ASSURANCE OF FUTURE PERFORMANCE BY THE SUCCESSFUL BIDDER OR BIDDERS); (II) ANY AND ALL DEFAULTS UNDER THE ASSIGNED CONTRACT AND ANY AND ALL PECUNIARY LOSSES RELATED THERETO SHALL BE DEEMED CURED AND COMPENSATED PURSUANT TO BANKRUPTCY CODE SECTION 365(B)(1)(A) AND UPON PAYMENT OF THE CURE COSTS SET FORTH IN THE CURE NOTICE FOR SUCH ASSIGNED CONTRACT; (III) THE DEBTOR WILL BE DEEMED TO HAVE PROVIDED ADEQUATE ASSURANCE OF FUTURE PERFORMANCE FOR SUCH ASSIGNED CONTRACT IN ACCORDANCE WITH SECTION 365(F)(2)(B) OF THE BANKRUPTCY CODE AND THE CONTRACT COUNTERPARTY SHALL FOREVER BE BARRED FROM ASSERTING AGAINST THE DEBTOR, ITS ESTATE,

⁴ Or such earlier or later date designated by the Debtors after consultation with the Consultation Parties.

⁵ Or such earlier or later date designated by the Debtors after consultation with the Consultation Parties.

AND A SUCCESSFUL BIDDER, ANY ADDITIONAL OBLIGATION TO PROVIDE ADEQUATE ASSURANCE OF FUTURE PERFORMANCE; AND (IV) THE CONTRACT COUNTERPARTY SHALL BE FOREVER BARRED FROM ASSERTING ANY OTHER CLAIMS RELATED TO SUCH ASSIGNED CONTRACT AGAINST THE DEBTOR AND ITS ESTATE OR THE SUCCESSFUL BIDDER, OR ITS PROPERTY, THAT EXISTED PRIOR TO THE ENTRY OF THE ORDER RESOLVING SUCH CONTRACT OBJECTION AND ANY SALE ORDER.

Sale Hearings

The Debtors will seek to assume and assign the Assigned Contracts at the hearings to approve the Sale Transaction(s). Unless the Debtors file and serve a revised notice, the hearings to approve the Sale Transaction(s) (each, a “**Sale Hearing**”) shall be held on the following dates (subject to the availability of the Court):⁶

Assets	Sale Hearing
Stewardship Assets	July 2, 2024
First Round Hospitals	July 2, 2024
Second Round Hospitals	August 5, 2024
Other Assets	August 5, 2024

Objections, if any, that cannot otherwise be resolved by the parties, will be heard either at a hearing scheduled prior to the Sale Hearing or the Sale Hearing, as determined by the Debtor in accordance with the Bidding Procedures Order.

Additional Information

Copies of the Motion, the Bidding Procedures Order, the Global Bidding Procedures, and the Stalking Horse Agreement(s), if any, may be obtained free of charge at the website dedicated to the Debtor’s chapter 11 case maintained by the Debtor’s claims and noticing agent, Kroll Restructuring Administration, LLC, located at <https://cases.ra.kroll.com/Steward>.

[Remainder of page intentionally left blank.]

⁶ Or such earlier or later date designated by the Debtors after consultation with the Consultation Parties.

Dated: [], 2024
Houston, Texas

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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re: STEWARD HEALTH CARE SYSTEM LLC, et al., Debtors.¹	§ § § § § § §	Chapter 11 Case No. 24-90213 (CML) (Jointly Administered)
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**ORDER (I) AUTHORIZING AND APPROVING
(A) THE SALE OF THE DEBTORS’ ASSETS FREE
AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES, AND INTERESTS
AND (B) THE ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY
CONTRACTS AND UNEXPIRED LEASES; AND (II) GRANTING RELATED RELIEF**

Upon the *Emergency Motion of Debtors for Entry of Order (I) Approving (A) Global Bidding Procedures for Sales of the Debtors’ Assets, (B) Form and Manner of Notice of Sales, Auctions, and Sale Hearings, and (C) Assumption and Assignment Procedures and Form and Manner of Notice of Assumption and Assignment; (II) Authorizing Designation of Stalking Horse Bidders; (III) Scheduling Auctions and Sale Hearings; and (IV) Granting Related Relief*, dated May 15, 2024 (Docket No. [●]) (the “**Motion**”),² filed by the above-referenced debtors and debtors in possession (collectively, the “**Debtors**”) seeking, among other things, entry of an order (this “**Order**”) (i) authorizing the sale of the Assets (as defined in the APA) free and clear of all Liens, Claims, Encumbrances, and Interests (as defined herein) except as otherwise provided in that certain [*Asset Purchase Agreement*], dated as of [●], 2024 (together with all other agreements, documents, instruments, deliverable thereunder or attached thereto or reference therein, and as

¹ A complete list of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors’ proposed claims and noticing agent at <https://restructuring.ra.kroll.com/Steward>. The Debtors’ service address for these chapter 11 cases is 1900 N. Pearl Street, Suite 2400, Dallas, Texas 75201.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion or the APA (as defined herein), as applicable.

may be amended, modified, or supplemented, the “**APA**”) by and among the Debtors and [●] (the “**Buyer**”, and such sale, the “**Sale Transaction**”), with liens to attach to the proceeds of the Sale Transaction, (ii) authorizing the assumption and assignment of certain executory contracts and unexpired leases identified on schedule [●] of the APA, as may be modified or amended in accordance with the APA and this Order (the “**Assigned Contracts**”); and (iii) granting related relief, all as more fully set forth in the Motion; and upon consideration of [●] (collectively, the “**Sale Declarations**”); and the Court having jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. § 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that proper and adequate notice of the Motion and hearing thereon has been given and that no other or further notice is necessary; and the Court having entered the *Order (I) Approving (A) Global Bidding Procedures for Sales of the Debtors’ Assets, (B) Form and Manner of Notice of Sales, Auctions, and Sale Hearings, and (C) Assumption and Assignment Procedures and Form and Manner of Notice of Assumption and Assignment; (II) Authorizing Designation of Stalking Horse Bidders; (III) Scheduling Auctions and Sale Hearings; and (IV) Granting Related Relief* (Docket No. [●]) (the “**Bidding Procedures Order**”); and the Debtors having held an Auction for the Assets on [●], 2024; and the Debtors having determined that the highest or otherwise best offer for the Assets was made by the Buyer (such offer, the “**Successful Bid**”); and the Debtors having filed and served the *[Notice of Successful Bidder]* (Docket No. [●]) naming the Buyer the Successful Bidder for the Assets; and upon the Buyer and the Debtors having agreed to the terms of the APA with respect to the Sale Transaction; and the Court having conducted a hearing on [●],

2024 (the “**Sale Hearing**”) to consider the relief requested in the Motion as set forth in this Order; and all parties in interest having been heard or having had the opportunity to be heard regarding the Motion, the Sale Transaction, the APA, and all relief set forth herein; and all objections, if any, to the Motion having been withdrawn, resolved, or overruled on the merits; and upon the record of the Sale Hearing and all of the proceedings had before this Court; and the Court having determined that the legal and factual basis set forth in the Motion establish just cause for the relief granted herein; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors and their respective estates; and the Court having found that proper and adequate notice of the Motion and hearing thereon has been given and that no other or further notice is necessary, it is **HEREBY FOUND AND DETERMINED THAT:**

A. **Findings and Conclusions.** The findings and conclusions set forth herein constitute the Court’s findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

B. **Jurisdiction.** The Court has jurisdiction to hear and determine the Motion and to grant the relief requested in the Motion pursuant to 28 U.S.C. § 1334 and the Amended Standing Order of Reference from the United States District Court for the Southern District of Texas, dated May 24, 2012. Without limiting the generality of the foregoing, this Court has exclusive *in rem* jurisdiction over the Assets pursuant to 28 U.S.C. § 1334(e), as such Assets are property of the Debtors’ chapter 11 estates, and, as a result of such jurisdiction, this Court has all

necessary power and authority to grant the relief contained herein. This is a core proceeding within the meaning of 28 U.S.C. § 157(b), and as such, this Court has the authority to enter a final order.

C. **Venue.** Venue of these chapter 11 cases and the Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409.

D. **Statutory Predicates.** The statutory and legal predicates for the relief requested in the Motion are sections 105, 363, and 365 of the Bankruptcy Code, and Rules 2002, 6004, 6006, 9007, 9008, and 9014 of the Bankruptcy Rules, and the Complex Case Procedures.

E. **Global Bidding Procedures and Designation of Stalking Horse Bidder.** On [●], 2024, the Court entered the Bidding Procedures Order approving, among other things, (i) the Global Bidding Procedures (as defined in the Motion); (ii) authorizing the Debtors to designate one or more stalking horse bidders (each, a “**Stalking Horse Bidder**” and, each such bidder’s bid, a “**Stalking Horse Bid**”) and offer each such Stalking Horse Bidder certain bid protections as set forth in the Global Bidding Procedures (collectively, the “**Stalking Horse Bid Protections**”); (iii) scheduling Auctions of the Assets, (iv) scheduling Sale Hearings to consider the sale of the applicable Assets, (v) authorizing and approving (1) notice of Auctions, sales of the Assets, and the Sale Hearings, substantially in the form attached to the Bidding Procedures Order as Exhibit 2 (the “**Sale Notice**”); and (2) notice to each non-Debtor counterparty (each, a “**Counterparty**”) to an executory contract or unexpired non-residential real property of the Debtors (each, an “**Assigned Contract**”) that the Debtors propose to assume and assign to a particular Successful Bidder setting forth the Debtors’ calculations of the amount necessary to cure any monetary defaults under such Assigned Contract (the “**Cure Costs**”), substantially in the form attached to the Bidding Procedures Order as Exhibit 3 (the “**Cure Notice**”); (iv) authorizing and approving procedures for the assumption and assignment of the Assigned Contracts and

determination of Cure Costs with respect thereto (collectively, the “**Assumption and Assignment Procedures**”); and (v) granting related relief. The Global Bidding Procedures were substantively and procedurally fair to all parties and all potential bidders and afforded notice and a full, fair and reasonable opportunity for any person to make a higher or otherwise better offer to purchase the Assets. The Debtors conducted the sale process of the Assets without collusion and in accordance with the Global Bidding Procedures.

F. **Notice and Opportunity to Object.** As evidenced by the certificate of service previously filed with the Court (Docket No [●]), and as demonstrated by the evidence presented at the Sale Hearing, proper, timely, adequate, and sufficient notice of the Motion, the contracts to be potentially assumed and assigned in connection with the Sale Transaction, including the Assigned Contracts, the Auction, the Sale Hearing, the Sale Transaction, and the deadlines related thereto was provided in accordance with sections 102(1), 363, and 365 of the Bankruptcy Code, and Bankruptcy Rules 2002, 6004, 6006, and 9014 and in compliance with the Bidding Procedures Order, to each party entitled to such notice, including, as applicable: (a) the Office of the United States Trustee for the Southern District of Texas; (b) counsel to the DIP Lender, Prepetition MPT Secured Party, and MPT Lessors, KTBS Law LLP, 1801 Century Park E #2600, Los Angeles, California 90067 (Attn: Thomas E. Patterson, Esq. and Sasha M. Gurvitz, Esq.); (c) counsel to the ABL Lenders, Paul Hastings LLP, 200 Park Avenue, New York, New York 10166 (Attn: Kristopher M. Hansen, Esq., Christopher Guhin, Esq., Jeff Lowenthal, Esq., Brain Kelly, Esq.); (d) counsel to Siemens Financial Services, Inc., Otterbourg P.C., 230 Park Avenue, New York, New York 10169 (Attn: Andrew Kramer, Esq.); (e) counsel to the FILO Lenders, Milbank LLP, 55 Hudson Yards, New York, NY 10001 (Attn: Dennis Dunne, Esq., Michael Price, Esq., Andrew Harmeyer, Esq., Brian Kinney, Esq.); (f) proposed counsel to the

Official Committee of Unsecured Creditors appointed in the Debtors' chapter 11 cases, [●] (Attn: [●]); (g) counsel to the Buyer, [●]; (h) the Debtors' 30 largest unsecured creditors (on a consolidated basis); (i) all entities known to have asserted any Lien, Claim, Encumbrances, Interest in or against the Assets; (j) all entities that have, to the best of the Debtors' management and advisors' knowledge, expressed written interest in consummating the Sale Transaction with respect to the Assets within the past twelve (12) months; (k) all other known parties with any interest in the Assets; (l) all known creditors of the Debtors, including contract counterparties; (m) the Securities and Exchange Commission; (n) the Internal Revenue Service; (o) all other applicable government agencies to the extent required by the Bankruptcy Rules or the Local Rules; (p) all state attorneys' general in states where the Assets are located; (q) municipalities in which the Assets are located; (r) all affected federal, state, and local regulatory and taxing authorities; (s) those parties entitled to notice pursuant to Local Rule 9013-1(d); and (t) those persons who have formally appeared in these chapter 11 cases and requested service pursuant to Bankruptcy Rule 2002. With respect to entities whose identities are not reasonably ascertained by the Debtors, publication of the Sale Notice (as defined below) once in the [●] on [●], 2024 and on the website maintained by Kroll Restructuring Administration LLC, the Debtors' claims and noticing agent in these chapter 11 cases, located at <https://restructuring.ra.kroll.com/Steward> on [●], 2024, as evidenced by the *Certificate of Publication* at Docket No. [●], was, and is deemed, sufficient and reasonably calculated under the circumstances to reach such entities. *See Certificate of Publication* (Docket No. [●]). The notices described above and in the Motion and Bidding Procedures Order were good, sufficient, and appropriate under the circumstances and reasonably calculated to reach and apprise all known and unknown holders of the Liens, Claims, Encumbrances, and Interests, and no other or further notice of the Motion, the Auction, the Sale,

the Sale Hearing, the potential assumption and assignment of the Assigned Contracts, or the related Cure Costs is, or shall be, required.

G. Service and publication of the Sale Notice (as defined below) was provided to all parties in interest, including those with alleged approval or consent right or anti-assignment provision (including a provision that purports to give termination rights to a contract counterparty on account of the sale, disposition, transfer, or closure by the Debtors of the Debtors' property or assets) contained in an Assigned Contract (“**Consent Rights**”) with a reasonable and adequate opportunity to object.

H. The Sale Notice, substantially in the form attached to the Bidding Procedures Order as Exhibit 2, provided all interested parties with timely and proper notice of the Sale, Bid Deadline, Auction, and Sale Hearing. A reasonable opportunity to object and/or to be heard regarding the relief granted by this Order has been afforded to those parties entitled to notice pursuant to the Bankruptcy Code and the Bankruptcy Rules. Accordingly, no further notice of the Motion or the Sale Hearing is necessary or required.

I. The Debtors served the Cure Notice, substantially in the form attached to the Bidding Procedures Order as Exhibit 3, and, if applicable, the Supplemental Cure Notice (as defined in the Motion) on all parties required to receive such notice under the Bidding Procedures Order, and such parties have been afforded a reasonable and fair opportunity to file an objection to the assumption and/or assignment of any Assigned Contracts, including any proposed Cure Costs set forth on the Cure Notice (each, a “**Cure Objection**”) and to the provision of adequate assurance of future performance by the Buyer (each, an “**Adequate Assurance Objection**”, and together with a Cure Objection, a “**Contract Objection**”).

J. The notice described in the foregoing paragraphs is good, sufficient, and appropriate under the circumstances, and no other or further notice of the Motion, the Global Bidding Procedures, the assumption and/or assignment of the Assigned Contracts, the Auction, the Sale Hearing, the Sale Transaction, the Cure Costs, the deadlines to submit Contract Objections, the deadline to submit objections to the Sale Transaction, and all other deadlines related thereto is or shall be required.

K. **Assets Property of the Estate.** The Assets sought to be sold and assigned by the Debtors to the Buyer pursuant to the APA are property of the Debtors' estates and title thereto is vested in the Debtors' estates.

L. **Sufficiency of Marketing.** As demonstrated by the Motion, the Sale Declarations, and the evidence set forth at the Sale Hearing, the Debtors and their professionals adequately marketed the Assets and conducted the marketing and sale process as set forth in and in accordance with the Motion and the Global Bidding Procedures and conducted a fair and open sale process. The sale process and the Global Bidding Procedures were non-collusive, duly noticed, and provided a full, fair, and reasonable opportunity for any entity to make an offer to purchase the Assets, and the process conducted by the Debtors pursuant to the Bidding Procedures Order obtained the highest or otherwise best value for the Assets, and there was no other transaction available or presented that would have yielded a higher or better result for the Assets. Based upon the record of these proceedings, all creditors and other parties in interest and all prospective Bidders have been afforded a reasonable and fair opportunity to bid for the Assets, or file a Contract Objection and/or an objection to the Sale Transaction. The marketing process undertaken by the Debtors and their professionals and each of their respective agents and other

representatives with respect to the Assets has been adequate and appropriate and reasonably calculated to maximize the value for the benefit of all of the Debtors' stakeholders in all respects.

M. **Highest or Otherwise Best Offer.** Pursuant to the APA and as further described below, the Buyer has offered to purchase the Assets in exchange for \$[●] million in cash (subject to certain adjustments) and (ii) the assumption of the Assumed Liabilities (as defined in the APA).

N. The Debtors determined, in a valid and sound exercise of their business judgment and after a robust and extensive marketing process, the transactions contemplated by the APA represented the highest or otherwise best bid. Therefore, the Buyer's bid was designated the Successful Bid for the Assets. The Global Bidding Procedures have been complied with in all respects by the Debtors and the Buyer and afforded a full, fair, and reasonable opportunity for any entity or person to make a higher or otherwise better offer for the Assets.

O. The Debtors have demonstrated that (i) the Successful Bid as reflected in the APA is the highest or otherwise best offer for the Assets, (ii) the APA and the closing thereon presents the best opportunity to realize the maximum value of the Assets, and (iii) the Debtors' entry into the APA and consummation of the Sale Transaction (the "**Closing**", and the date of such Closing, the "**Closing Date**") is a sound exercise of the Debtors' business judgment.

P. **APA.** On [●], 2024, the Debtors filed the *Notice of Filing of Asset Purchase Agreement by and among the Debtors and the [Buyer]* (Docket No. [●]). A copy of the APA is attached hereto as **Exhibit 1**.

Q. **Business Justification; Fiduciary Duties.** The Debtors have demonstrated that entry into and consummation of the APA constitute the exercise by the Debtors of sound business judgment, and such acts are in the best interests of the Debtors, their estates, and creditors,

and all parties in interest. The Court finds that the Debtors have articulated good and sufficient business reasons justifying the sale of the Assets to the Buyer pursuant to the terms and conditions set forth in the APA.

R. The Debtors have demonstrated that it is an exercise of their sound business judgment to assume and assign the Assigned Contracts to the Buyer in connection with the consummation of the Sale Transaction, and the assumption and assignment of the Assigned Contracts is in the best interests of the Debtors, their estates, their creditors, and other parties in interest. The Assigned Contracts being assigned to the Buyer are an integral part of the Sale Transaction and, accordingly, their assumption and assignment is reasonable and an enhancement to the value of the Debtors' estates.

S. The Debtors' decision to enter into the APA and consummate the Sale Transaction constitutes a proper exercise of the fiduciary duties of the Debtors and their directors, managers, and officers. Because the entry into and consummation of the APA constitutes the exercise by the Debtors of sound business judgment, the Debtors, their respective current and former members, managers, officers, directors, employees, advisors, professionals or agents, shall have or incur no liability to the estates or any holder of a Claim against or Interest in the Debtors for any act or omission in connection with, related to, or arising out of the negotiations of the APA or the consummation of the Sale Transaction contemplated thereunder, other than liability of the Debtors arising out of or relating to any willful misconduct or fraud, in each case as determined by a court of competent jurisdiction.

T. **Corporate Authority.** The Debtors (i) have full corporate or other organizational power and authority to execute the APA and all other documents contemplated thereby, (ii) have all of the power and authority necessary to consummate the Sale Transaction,

and (iii) have taken all corporate or other organizational action necessary to authorize and approve the APA and any actions required to be performed by the Debtors to consummate the Sale Transaction. No further consents or approvals of the Debtors are required for the Debtors to consummate the Sale Transaction.

U. **Arm's-Length Sale and Buyer's Good Faith.** The APA was negotiated and is undertaken by the Debtors and the Buyer at arm's length, without collusion or fraud, and in good faith within the meaning of section 363(m) of the Bankruptcy Code. The Buyer (i) recognizes that the Debtors were free to deal with any other party interested in acquiring the Assets, (ii) complied with the Bidding Procedures Order in all respects, and (iii) willingly subjected its bid to the competitive Global Bidding Procedures with respect to the Assets. All payments to be made by the Buyer and other agreements or arrangements entered into by the Buyer in connection with the Sale Transaction have been disclosed, and the Buyer has not violated section 363(n) of the Bankruptcy Code by any action or inaction. As a result of the foregoing, the Buyer is a "good faith" Buyer within the meaning of section 363(m) of the Bankruptcy Code, and as such, is entitled to all of the protections afforded thereby, including in the event this Order or any portion thereof is reversed or modified on appeal.

V. **No Fraudulent Transfer.** The total consideration provided by the Buyer pursuant to the APA constitutes reasonably equivalent value and fair consideration under the Bankruptcy Code, the Uniform Fraudulent Transfer Act, the Uniform Fraudulent Conveyance Act, and any other applicable law, and may not be avoided under section 363(n) of the Bankruptcy Code or any other applicable law. The APA was not entered into, and the Sale Transaction is not being consummated, for the purpose of hindering, delaying or defrauding creditors of the Debtors under the Bankruptcy Code or under the laws of the United States, any state, territory, possession

thereof, or the District of Columbia, or any other applicable law. Neither the Debtors nor the Buyer has entered into the APA or is consummating the Sale Transaction with any fraudulent or otherwise improper purpose.

W. **Free and Clear Transfer Required by Buyer.** The Buyer would not have entered into the APA and would not consummate the Sale Transaction, thus adversely affecting the Debtors, their estates, their creditors, their employees, and other parties in interest, if the sale of the Assets was not free and clear of the Liens, Claims, Encumbrances, and Interests (other than Assumed Liabilities and as otherwise provided in the APA) or if the Buyer would be liable for such Liens, Claims, Encumbrances, and Interests, including, without limitation and as applicable, liabilities that are not expressly assumed by the Buyer as set forth in the APA or pursuant to this Order.

X. The transfer of the Assets and the Sale Transaction is a legal, valid, and effective transfer of all of the legal, equitable, and beneficial right, title, and interest in and to the Assets free and clear of the Liens, Claims, Encumbrances, and Interests, except for Assumed Liabilities and as otherwise provided in the APA.

Y. **Satisfaction of Section 363(f) Standards.** The Debtors are authorized to sell the Assets free and clear of the Liens, Claims, Encumbrances, and Interests, other than Assumed Liabilities and as otherwise provided in the APA (with such Liens, Claims, Encumbrances, and Interests attaching to the proceeds with the same nature, validity, priority, extent, perfection, and force and effect that the Liens, Claims, Encumbrances, and Interests encumbered the Assets immediately prior to the entry of this Order) because, with respect to each creditor or other person or entity asserting a Lien, Claim, or Interest, one or more of the standards set forth in section 363(f)(1)-(5) of the Bankruptcy Code has been satisfied. Each creditor or other

person or entity asserting a Lien, Claim, Encumbrances, or Interest in the Assets (i) has, subject to the terms and conditions of this Order, consented to the Sale Transaction or is deemed to have consented to the Sale Transaction, (ii) could be compelled in a legal or equitable proceeding to accept money satisfaction of such Lien, Claim, Encumbrance, or Interest, or (iii) otherwise falls within the provisions of section 363(f) of the Bankruptcy Code. Those holders of the Liens, Claims, Encumbrances, and Interests who did not object (or who ultimately withdrew their objections, if any) to the Sale Transaction or the Motion are deemed to have consented to the Motion and Sale Transaction pursuant to section 363(f)(2) of the Bankruptcy Code. Creditors or other persons or entities asserting a Lien, Claim, Encumbrance, or Interest in or against the Assets could be compelled in a legal or equitable proceeding to accept money satisfaction of such Lien, Claim, Encumbrance, or Interest.

Z. **No Successor Liability.** Neither the Buyer nor any of its affiliates are successors to the Debtors or their estates by reason of any theory of law or equity, and neither the Buyer nor any of its affiliates shall assume or in any way be responsible for any liability or obligation of any of the Debtors and/or their estates except to the extent explicitly provided in the APA. Without limiting the generality of the foregoing, and except as otherwise expressly provided herein or in the APA, the Buyer or any of its affiliates shall not be liable for any claims against the Debtors or any of their predecessors or affiliates, and the Buyer shall have no successor or vicarious liabilities of any kind or character, including, without limitation, under any theory of antitrust, environmental, successor, or transfer liability, labor law, de facto merger, mere continuation, or substantial continuation, whether known or unknown as of Closing, now existing or hereafter arising, whether fixed or contingent, whether asserted or unasserted, whether legal or equitable, whether liquidated or unliquidated, including, without limitation, liabilities on account

of warranties, intercompany loans, receivables among the Debtors and their affiliates, environmental liabilities, any taxes arising, accruing, or payable under, out of, in connection with, or in any way relating to the operation of any of the Assets prior to the Closing. The Buyer is not, and the consummation of the Sale Transaction will not render the Buyer, a mere continuation, and the Buyer is not holding itself out as a mere continuation, of any of the Debtors or their respective estates, enterprise, or operations, and there is no continuity or common identity between the Buyer and the Debtors. Accordingly, the Sale Transaction does not amount to a consolidation, merger, or de facto merger of the Buyer with or into any of the Debtors or their estates and the Buyer is not, and shall not be deemed to be, a successor to any of the Debtors or their estates as a result of the consummation of the Sale Transaction.

AA. **Assigned Contracts.** Each and every provision of the Assigned Contracts or applicable non-bankruptcy law that purports to prohibit, restrict, or condition, or could be construed as prohibiting, restricting, or conditioning assignment of any Assigned Contract has been or will be satisfied or is otherwise unenforceable under section 365 of the Bankruptcy Code. All counterparties of the Assigned Contracts that did not or do not timely file an objection to the assumption and assignment of the Assigned Contract(s) to which they are a counterparty are deemed to consent to the assumption and assignment by the Debtors of their Assigned Contract to the Buyer, and the Buyer shall enjoy all of the rights and benefits under each such Assigned Contract as of the applicable date of assumption and assignment without the necessity of obtaining such non-Debtor party's consent to the assumption or assignment thereof. All counterparties of the Assigned Contracts for which the deadline to file a Contract Objection has not passed as of the date of entry of this Order, and that did not or do not timely file such an objection prior to the applicable deadline, shall be deemed to consent to the assumption and assignment by the Debtors

of their Assigned Contract to the Buyer effective as of the Closing Date, and the Buyer shall enjoy all of the rights and benefits under each such Assigned Contract as of the applicable date of assumption and assignment without the necessity of obtaining such non-Debtor party's consent to the assumption or assignment thereof. If a Cure Objection or Adequate Assurance Objection timely filed with respect to an Assigned Contract cannot be resolved by the parties, the Debtors may, after consultation with the Consultation Parties and the Buyer, assume and assign the applicable Contract(s) or Lease(s) pending resolution of the Cure Objection in accordance with the Bidding Procedures Order. Upon the assignment and sale to the Buyer in accordance with the terms of the APA, the Assigned Contracts shall be deemed valid and binding, in full force and effect in accordance with their terms, subject to the provisions of this Order, and shall be assigned and transferred to the Buyer, notwithstanding any provision in the Assigned Contracts prohibiting or otherwise restricting assignment or transfer, and the Debtors, their estates, or any of their affiliates, predecessors, successors, or assigns, shall have no further liability or obligation under the Assigned Contracts. To the extent any Assigned Contract is not an executory contract within the meaning of section 365 of the Bankruptcy Code, it shall be transferred to the Buyer in accordance with the terms of the APA and, other than with respect to Assumed Liabilities, the Buyer shall have no liability or obligation for any (i) defaults or breaches under such agreement that relate to acts or omissions that occurred in the period, or otherwise arose, prior to the Closing Date and (ii) claims, counterclaims, offsets, or defenses (whether contractual or otherwise, including, any right of recoupment) with respect to such Assigned Contract, that relate to any acts or omissions that arose or occurred prior to the Closing Date.

BB. Cure Costs and Adequate Assurance. Pursuant to the APA, the Cure Costs will be paid by the Buyer in accordance with the terms of the APA. The Buyer has

demonstrated adequate assurance of future performance of each Assigned Contract within the meaning of section 365 of the Bankruptcy Code that is assumed by the Buyer or any of its permitted assignees to which such Assigned Contract is assumed and assigned by the Debtors, including a promise to perform the Debtors' obligations under such Assigned Contract for periods at or after the Closing (as defined in the APA). The Cure Costs are deemed the amounts necessary to "cure" (within the meaning of section 365(b)(1) of the Bankruptcy Code) all "defaults" (within the meaning of section 365(b) of the Bankruptcy Code) under such Assigned Contracts that are assumed. The Buyer's payment of Cure Costs in accordance with the terms of the APA and promise under the APA to perform the obligations under the Assigned Contracts as of the Closing, after the Closing Date, shall constitute adequate assurance of future performance under such Assigned Contracts. Any objections to the Cure Costs, to the extent not otherwise resolved, are hereby overruled. To the extent that any counterparty failed to timely object to its Cure Cost or to raise any other alleged default or breach of contract, such counterparty is deemed to have consented to such Cure Cost and to the assignment of its respective Assigned Contract(s) to the Buyer and to have waived any other defaults or breaches. The Court finds that with respect to all Assigned Contracts, the payment of the Cure Costs as provided in the APA is reasonable and appropriate and is deemed to fully satisfy the Debtors' obligations under sections 365(b) and 365(f) of the Bankruptcy Code. Accordingly, all of the requirements of sections 365(b) and 365(f) of the Bankruptcy Code have been satisfied for the assumption by the Debtors, and the assignment by the Debtors to the Buyer, of each Assigned Contract to be assumed and assigned to the Buyer as of Closing.

CC. **Assets Assignable.** Each and every provision of the documents governing the Assets or applicable non-bankruptcy law that purports to prohibit, restrict, or condition, or

could be construed as prohibiting, restricting, or conditioning assignment of any of the Assets, if any, have been or will be satisfied or are otherwise unenforceable under sections 363 or 365 of the Bankruptcy Code, as applicable.

DD. **Time of the Essence.** Time is of the essence in consummating the Sale Transaction and each of the transactions contemplated thereby. In order to maximize the value of the Assets, it is essential that the Sale Transaction and each of the transactions contemplated thereby occur within the time constraints set forth in the APA. Good and sufficient reasons for approval of the APA have been articulated by the Debtors. Upon the entry of this Order, the Debtors and the Buyer, being a good faith Buyer under section 363(m) of the Bankruptcy Code, may close the Sale Transaction and each of the transactions contemplated by the APA at any time after entry of this Order and subject to the terms and conditions of the APA.

EE. **No Sub Rosa Plan.** The APA and the Sale Transaction do not constitute a *sub rosa* chapter 11 plan. The APA neither impermissibly restructures the rights of the Debtors' creditors nor impermissibly dictates a chapter 11 plan for the Debtors.

FF. **Final Order; Immediate Effect.** This Order constitutes a final order within the meaning of 28 U.S.C. § 158(a). Notwithstanding Bankruptcy Rules 6004(h) and 6006(d), and to any extent necessary under Bankruptcy Rule 9014 and Rule 54(b) of the Federal Rules of Civil Procedure, as made applicable by Bankruptcy Rule 7054, the Court expressly finds that there is no just reason for delay in the implementation of this Order, and, sufficient cause having been shown, waives any such stay, and expressly directs entry of judgment as set forth herein.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED THAT:

1. **Objections Overruled.** All objections, if any, with regard to the relief sought in the Motion that have not been withdrawn, waived, settled, or otherwise dealt with herein are hereby overruled on the merits, with prejudice. All objections to the entry of this Order or to the relief granted herein that were not timely filed are hereby forever barred.

2. **Approval of Sale Transaction.** Pursuant to sections 105, 363, and 365 of the Bankruptcy Code, the Motion is granted and the relief requested therein with respect to the Sale Transaction is granted and approved in its entirety, and the APA is hereby approved. The Debtors have satisfied all requirements of sections 363(b) and 363(f) of the Bankruptcy Code, and all other requirements and standards applicable to a sale outside the ordinary course of business, free and clear of the Liens, Claims, Encumbrances, and Interests.

3. Pursuant to sections 105(a), 363(b), 363(f), and 365 of the Bankruptcy Code, the Debtors are authorized to take any and all reasonable actions necessary to consummate the Sale Transaction, including the sale, transfer, and assignment of all of the Debtors' right, title, and interest in, to, and under the Assets to the Buyer free and clear of the Liens, Claims, Encumbrances, and Interests (other than Assumed Liabilities and as otherwise provided in the APA) in accordance with the terms of the APA and the terms of this Order. The relevant Debtors, as well as their directors, managers, officers, employees, and agents, are authorized to execute, deliver, and perform their obligations under and comply with the terms of the APA and to consummate the Sale Transaction, including by taking any and all actions as may be reasonably necessary or desirable to implement the Sale Transaction and each of the transactions contemplated thereby pursuant to and in accordance with the terms and conditions of the APA and this Order. For the avoidance of doubt, all persons and entities are prohibited and enjoined from taking any

action to adversely affect or interfere with the ability of the Debtors to transfer the Assets to the Buyer in accordance with the APA and this Order.

4. The relevant Debtors, their affiliates, and their respective directors, managers, officers, employees, and agents, are authorized to execute and deliver, and authorized to perform under, consummate, and implement all additional notices, assumptions, conveyances, releases, acquittances, instruments and documents that may be reasonably necessary or desirable to implement the APA, including the transfer and, as applicable, the assignment of all the Assets, the assumption of the Assumed Liabilities, and the assumption and assignment of all the Assigned Contracts, and to take all further actions as may be necessary or appropriate to the performance of the obligations contemplated by the APA without further order of this Court.

5. The Debtors are further authorized, but not directed, to pay, without further order of the Court, whether before, at or after Closing, any expenses or costs required to be paid to consummate the Sale Transaction or for the Debtors to perform their obligations solely in accordance with the APA.

6. Each and every federal, state, local, or foreign government or governmental or regulatory authority, agency, board, bureau, commission, court, department, or other governmental entity is hereby directed to accept any and all documents and instruments necessary and appropriate to consummate the transactions contemplated by the APA subject to the payment of any filing or other fee imposed under non-bankruptcy law.

7. **Sale and Transfer of Assets Free and Clear.** Pursuant to sections 105(a), 363(b), 363(f), and 365(b) of the Bankruptcy Code, the Debtors are authorized to transfer, and upon the Closing shall transfer to the Buyer all of the Debtors' right, title, and interest in and to, and possession of, the Assets, which shall be immediately vested in the Buyer, and, to the extent

provided in the APA, such title to the Assets shall be transferred to the Buyer free and clear of the Liens, Claims, Encumbrances, and Interests (other than Assumed Liabilities and as otherwise provided in the APA), including:

- (a) liens (including, without limitation, mechanics', materialmens', and other consensual and non-consensual liens and statutory liens) mortgages, restrictions, hypothecations, charges, indentures, loan agreements, instruments, leases, licenses, options, deeds of trust, security interests, conditional sale or other title retention agreements, property interests, pledges, judgments, demands, encumbrances, easements, and servitudes;
- (b) interests, obligations, liabilities, causes of action, demands, guaranties, options, restrictions, and contractual or other commitments;
- (c) rights, including, without limitation, rights of first refusal, rights of offset (except for offsets exercised prior to the Petition Date), contract rights, and recovery;
- (d) decrees of any court or foreign or domestic government entity (to the extent permitted by law);
- (e) charges or restrictions of any kind or nature, including, without limitation, any restriction on the use, transfer, receipt of income or other exercise of any attributes of ownership of the Assets, including, without limitation, consent of any Person to assign or transfer any of the Assets;
- (f) debts arising in any way in connection with any agreements, acts, or failures to act, of the Debtors or any of the Debtors' predecessors or affiliates;
- (g) claims (as that term is defined in the Bankruptcy Code), including claims for reimbursement, contribution claims, derivative, vicarious, transferee, or successor liability claims, indemnity claims, exoneration claims, alter-ego claims, product liability claims, employee retirement or benefit plan claims, severance claims, retiree healthcare or life insurance claims, environmental claims (to the fullest extent allowed by applicable law), including claims that may be secured or entitled to priority under the Bankruptcy Code, tax claims, reclamation claims, and pending litigation claims;
- (h) matters of any kind or nature whatsoever, whether at law or in equity and whether known or unknown, choate or inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, recorded or unrecorded, perfected or unperfected, allowed or disallowed, contingent or non-contingent, liquidated or unliquidated, matured or un-matured, material or nonmaterial, disputed or undisputed, whether arising prior to or during the Debtors'

bankruptcy cases, and whether imposed by agreement, understanding, law, equity, or otherwise;

in each case, whether in law or in equity, known or unknown, choate or inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, recorded or unrecorded, perfected or unperfected, allowed or disallowed, contingent or non-contingent, liquidated or unliquidated, matured or unmatured, material or non-material, disputed or undisputed, direct or indirect, and whether arising by agreement, understanding, law, equity or otherwise, and whether occurring or arising before, on or after the Petition Date, or occurring or arising prior to the Closing (each, a “**Lien, Claim, Encumbrance, or Interest,**” and collectively, the “**Liens, Claims, Encumbrance, and Interests**”). Except to the extent an Assumed Liability or as otherwise provided in the APA, the Liens, Claims, Encumbrances, and Interests shall attach to the proceeds with the same nature, validity, priority, extent, perfection, and force and effect that such Liens, Claims, Encumbrances, and Interests encumbered the Assets immediately prior to the entry of this Order, subject to any Claims, defenses, and objections, if any, that the Debtors or their estates may possess with respect thereto.

8. **Binding Effect of Order.** This Order and the APA shall be binding in all respects upon the Debtors, their estates, all creditors of, and holders of equity interests in, the Debtors, any holders of the Liens, Claims, Encumbrances, and Interests in, against, or on all or any portion of the Assets (whether known or unknown), the Buyer and all successors and assigns of the Buyer, notwithstanding the dismissal of any of the Debtors’ cases or any subsequent appointment of any trustees, examiners, “responsible persons,” or other fiduciaries in these chapter 11 cases or upon a conversion to case under chapter 7 of the Bankruptcy Code, and the APA shall not be subject to rejection or avoidance under any circumstances. If any order under section 1112 of the Bankruptcy Code is entered, such order shall provide, or be deemed to provide (in

accordance with sections 105 and 349 of the Bankruptcy Code) that this Order, including the rights granted to the Buyer hereunder, shall remain effective and, notwithstanding such dismissal, shall remain binding on parties in interest. To the extent of any conflict between this Order and the APA, the terms of this Order shall control.

9. **No Material Modifications.** The APA and any related agreements, documents, or other instruments in effect as of the date hereof may be modified, amended, or supplemented in accordance with the terms thereof without further order of this Court; *provided, however,* that any such modification, amendment, or supplement does not have a material adverse effect on the Debtors or their estates. For the avoidance of doubt, all other modifications, amendments, or supplements that have a material adverse effect on the Debtors' estates or their creditors shall require Court approval.

10. **No Bulk Sales.** No bulk sales law or any similar law of any state or other jurisdiction shall apply in any way to the Sale Transaction, the Motion, and this Order.

11. **Valid Transfer.** Effective upon the Closing, the transfer to the Buyer of the Debtors' right, title, and interest in the Assets pursuant to the APA shall be, and hereby is deemed to be, a legal, valid and effective transfer of the Debtors' right, title, and interest in the Assets, and vests with or will vest in the Buyer all right, title, and interest of the Debtors in the Assets, free and clear of the Liens, Claims, Encumbrances, and Interests, other than Assumed Liabilities and as otherwise provided in the APA.

12. **Good Faith Buyer.** The Sale Transaction contemplated by the APA is undertaken by the Buyer in good faith, as that term is used in section 363(m) of the Bankruptcy Code, and the Buyer has acted without collusion in undertaking the Sale Transaction contemplated by the APA. Accordingly, the reversal or modification on appeal of the authorization provided

herein to consummate the Sale Transaction shall not affect the validity of the sale of the Assets to the Buyer (including the assumption and assignment by the Debtors of any of the Assigned Contracts), unless such authorization is duly stayed pending such appeal. The Buyer is a Buyer in good faith of the Assets, and is entitled to all of the protections afforded by section 363(m) of the Bankruptcy Code.

13. The APA and the transactions contemplated thereby cannot be avoided under section 363(n) of the Bankruptcy Code. None of the Debtors, the Buyer, or any of their respective affiliates, officers, directors, members, partners, principals, or shareholders (or equivalent) or any of their respective current and former members, managers, officers, directors, employees, advisors, professionals, agents, predecessors, successors or assigns have engaged in any conduct that would cause or permit the APA or the consummation of the transactions contemplated thereby to be avoided, or costs or damages to be imposed, under section 363(n) of the Bankruptcy Code.

14. **Governmental Authorization to Effectuate Sale and Assignments.** Each and every federal, state, and governmental agency or department, and any other person or entity, is hereby directed to accept any and all documents and instruments in connection with or necessary to consummate the Sale Transaction. Except as otherwise provided in this Order, to the greatest extent available under applicable law upon the Closing, the Buyer shall be authorized, as of the Closing, to operate under any license, permit, registration, and governmental authorization or approval of the Debtors with respect to the Assets, and all such licenses, permits, registrations, and governmental authorizations and approvals are deemed to have been, and hereby are, deemed to be transferred to the Buyer as of the Closing. No governmental unit may revoke or suspend any lawful right, license, trademark, or other permission relating to the use of the Assets sold,

transferred, or conveyed to the Buyer on account of the filing or pendency of these chapter 11 cases or the consummation of the Sale Transaction. For the avoidance of doubt, the Sale Transaction authorized herein shall be of full force and effect, regardless of whether the Debtors or any of their affiliates lack good standing in any jurisdiction in which such entity is formed or is authorized to transact business.

15. **Authorization to Assign.** Notwithstanding any provision of any contract governing the Assets, including any Assigned Contract to be assumed and assigned to the Buyer as of the Closing pursuant to section 365(f) of the Bankruptcy Code or applicable non-bankruptcy law that prohibits, restricts, or conditions the assignment of the Assets, including any Assigned Contract, at the Closing, the Debtors are authorized in accordance with sections 105(a), 363, and 365 of the Bankruptcy Code to (i) assign the Assets to the Buyer and (ii) assume and assign the Assigned Contracts to the Buyer as of the Closing, in each case, which assignments shall take place on and be effective as of the Closing or such other date after the Closing Date, in each case, as provided in this Order, the APA, the Bidding Procedures Order, or as otherwise provided by a separate order of this Court.

- (a) There shall be no accelerations, assignment fees, increases, or any other fees charged to the Buyer or the Debtors as a result of the assignment of the Assets or the assumption and assignment of the Assigned Contracts.
- (b) The Debtors have met all of the requirements of section 365(b) of the Bankruptcy Code for each of the Assigned Contracts that are to be assumed and assigned to the Buyer as of Closing (or as otherwise provided in the Bidding Procedures Order). Notwithstanding the foregoing, unless required by the Buyer under the APA for the Debtors to assume and assign any Assigned Contract, no Debtor shall be required by the Court to assume and assign any Assigned Contract, and, if no such assumption and assignment occurs, no Cure Costs shall be due and no adequate assurance of future performance shall be required with respect to any such Assigned Contract.
- (c) The Debtors' assumption and assignment of the Assigned Contracts is subject to the consummation of the Sale Transaction with the Buyer. To the extent that a Contract Objection by a counterparty to any Assigned Contract

is not resolved prior to the Closing, the Buyer, may, without any further approval of the Court or notice to any party, elect to (i) not have the Debtors assume and assign such Assigned Contract to it, or (ii) have the Debtors postpone the assumption of such Assigned Contract until the resolution of such Contract Objection; provided, however, that the Debtors, the Buyer, and the relevant non-Debtor counterparty under each Assigned Contract shall have authority to compromise, settle, or otherwise resolve any objections without further order of, or notice to, this Court.

16. **Assigned Contracts.** As of the Closing, subject to the provisions of this Order and in accordance with the APA, the Buyer shall succeed to the entirety of the Debtors' rights and obligations in the Assigned Contracts.

- (a) Upon Closing, (i) all defaults (monetary and non-monetary) under the Assigned Contracts shall be deemed cured and satisfied in full through the payment of the Cure Costs, (ii) no other amounts will be owed by the Debtors, their estates, or, other than the Assumed Liabilities, the Buyer with respect to amounts first arising or accruing during, or attributable or related to, the period before Closing with respect to the Assigned Contracts, and (iii) any and all persons or entities shall be forever barred and estopped from asserting a Claim against the Debtors, their estates, the Buyer, or the Assets that any additional amounts are due or defaults exist under the Assigned Contracts that arose or accrued, or relate to or are attributable to the period before the Closing (other than Claims against the Buyer with respect to the Assumed Liabilities). The Buyer's promise, and any payment by Sellers, pursuant to the terms of the APA to pay the Cure Costs and the Buyer's promise to perform the Debtors' obligations under the Assigned Contracts for the period on or after the Closing shall constitute adequate assurance of Buyer's future performance under the Assigned Contracts being assigned to it as of the Closing within the meaning of sections 365(b)(1)(C) and (f)(2)(A)-(B) of the Bankruptcy Code.
- (b) Upon assumption of those Assigned Contracts to be assumed by the Debtors and assigned to the Buyer as of the Closing, such Assigned Contracts shall be deemed valid and binding, in full force and effect in accordance with their terms, subject to the provisions of this Order, and shall be assigned and transferred to the Buyer, notwithstanding any provision in such Assigned Contract or other restrictions prohibiting assignment or transfer. To the extent any Assigned Contract is assumed and assigned to the Buyer under this Order, such assumption and assignment will not take effect until the Closing. Furthermore, other than the Assigned Contracts, no other contract shall be deemed assumed by the Debtors and assigned to the Buyer pursuant to section 365 of the Bankruptcy Code. The failure of the Debtors or the Buyer to enforce at any time one or more terms or conditions of any Assigned Contract shall not be a waiver of such terms or conditions, or of

the Debtors' and the Buyer's rights to enforce every term and condition of such Assigned Contract.

- (c) The Debtors may assume and assign to the Buyer an Assigned Contract in part and to one or more other successful bidders in part so long as such buyers have cured any monetary defaults under such Assigned Contract and have each provided adequate assurance of future performance.
- (d) All counterparties to the Assigned Contracts shall cooperate and expeditiously execute and deliver, upon the reasonable request of the Buyer, and shall not charge the Debtors or the Buyer for, any instruments, applications, consents, or other documents which may be required or requested by any public or quasi-public authority or other party or entity to effectuate the applicable transfers in connection with the Sale Transaction.

17. Notwithstanding the foregoing, the Debtors may amend the list of Assigned Contracts to add or remove any Assigned Contract to or from such list in accordance with the terms of this Order, the APA, and the Bidding Procedures Order.

18. All Cure Costs that have not been waived shall be determined in accordance with the Bidding Procedures Order or this Order and paid by the Buyer in accordance with the terms of the APA. Assumption and payment of the Cure Costs shall be in full satisfaction and cure of any and all defaults under the Assigned Contracts and is deemed to fully satisfy the Debtors' obligations under sections 365(b) and 365(f) of the Bankruptcy Code. Upon the assumption by a Debtor and the assignment to the Buyer of any Assigned Contract, and the payment of any applicable Cure Costs, each non-Debtor counterparty to such Assigned Contract is forever barred, estopped, and permanently enjoined from (i) asserting against the Debtors or the Buyer, their affiliates, estates, successors, or assigns, or the property of any of them, any default existing as of the Closing, and (ii) exercising any rights or remedies against any Debtor or the Buyer based on an asserted default that occurred on, prior to, or as a result of, the Closing, including the type of default specified in section 365(b)(1)(A) of the Bankruptcy Code. The Buyer has provided adequate assurance of future performance under the Assigned Contracts within the

meaning of sections 365(b)(1)(c) and 365(f)(2)(B) of the Bankruptcy Code. Accordingly, all of the requirements of sections 365(b) and 365(f) of the Bankruptcy Code have been satisfied for the assumption by the Debtors, and the assignment by the Debtors to the Buyer, of each of the Assigned Contracts.

19. To the extent a non-Debtor counterparty to an Assigned Contract fails to timely object to a Cure Cost, such Cure Cost has been and shall be deemed to be finally determined and any such non-Debtor counterparty shall be prohibited from challenging, objecting to, or denying the validity and finality of the Cure Cost at any time. Consistent with the Bidding Procedures Order, the non-Debtor counterparty to an Assigned Contract is forever bound by the applicable Cure Cost and, upon payment of such Cure Cost as provided herein and in the APA, is hereby enjoined from taking any action against the Buyer with respect to any claim for cure under such Assigned Contract. To the extent no timely Contract Objection has been filed and served on the Objection Notice Parties (as defined in the Motion) with respect to an Assigned Contract, the non-Debtor counterparty to such Assigned Contract is deemed to have consented to the assumption and assignment of such Assigned Contract to the Buyer.

20. Without limiting the foregoing, each person or entity who holds a Consent Right will be (i) forever barred from objecting to the transfer, sale, assumption, and assignment of the Debtors' right, title, and interest in, to and under the Assets to be sold or the Assigned Contracts to be assumed and assigned in connection with the Sale Transaction, free and clear of the Liens, Claims, Encumbrances, and Interests, including any Consent Rights (other than Assumed Liabilities and as otherwise provided in the APA), (ii) deemed to consent to and approve the transfer, sale, and/or assumption and assignment of the Debtors' right, title, and interest in, to and under such Assets free and clear of the Liens, Claims, Encumbrances, and Interests, including any

Consent Rights (other than Assumed Liabilities and as otherwise provided in the APA); and (iii) deemed to waive any termination right arising from the sale, disposition, transfer or closure by the Debtors of the Debtors' property or assets.

21. **Contract Objections.** If a non-Debtor counterparty to any Assigned Contract files a Contract Objection to the assumption and assignment of such Assigned Contract to the Buyer, then such contract shall be deemed a “**Disputed Contract.**” The Debtors shall be authorized to resolve or settle any Contract Objection to the assumption and assignment of Disputed Contracts in accordance with the terms of the APA and this Order, including with respect to Cure Costs and/or adequate assurance of future performance under the Assigned Contracts without need for any further order or action from this Court.

22. **No Successor Liability.** The Buyer has given substantial consideration under the APA, which consideration shall constitute valid, valuable, and sufficient consideration for the absolution from any potential claims of successor liability of the Buyer to the greatest extent allowed by applicable law and neither the Buyer nor any of its affiliates shall be deemed to: (a) be a legal successor, or otherwise deemed to be a successor, to any of the Debtors under any theory of law or equity; (b) have, de factor or otherwise, merged with or into any or all of the Debtors or their estates; (c) have a common identity or a continuity of enterprise with the Debtors; or (d) be a mere continuation or substantial continuation, or be holding itself out as a mere continuation, of the Debtors or any business, enterprise, or operation of the Debtors. Upon the Closing, to the maximum extent available under applicable law, the Buyer's acquisition of the Assets shall be free and clear of any “successor liability” claims and other types of transferee liability of any nature whatsoever, whether known or unknown and whether asserted or unasserted at the time of Closing (other than, to the extent applicable, any Assumed Liabilities or as otherwise provided in the APA),

and the Assets shall not be subject to any Liens, Claims, Encumbrances, and Interests arising under or in connection with any Excluded Asset or Excluded Liability. The operations of the Buyer and its affiliates shall not be deemed a continuation of the Debtors' business as a result of the acquisition of the Assets.

23. **Surrender of Possession.** Any and all Assets in the possession or control of any person or entity, including any vendor, supplier, or employee of the Debtors shall be transferred to the Buyer free and clear of the Liens, Claims, Encumbrances, and Interests (other than Assumed Liabilities and as otherwise provided in the APA), with such Liens, Claims, Encumbrances, and Interests attaching to the proceeds with the same nature, validity, priority, extent, perfection, and force and effect that such Liens, Claims, Encumbrances, and Interests encumbered the Assets immediately prior to the entry of this Order, and shall be delivered to the Buyer and deemed delivered at the time of Closing (or such other time as provided in the APA), with such costs of delivery allocated in accordance with the APA.

24. **Retention of Jurisdiction.** The Court retains jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order, the APA, the Sale Transactions, and the Bidding Procedures Order.

25. **Immediate Effect.** Notwithstanding Bankruptcy Rules 6004(h) and 6006(d), this Order shall be effective and enforceable immediately upon entry and its provisions shall be self-executing. In the absence of any person or entity obtaining a stay pending appeal, the Debtors and the Buyer are free to close the Sale Transaction under the APA at any time pursuant to the terms thereof.

26. **Failure to Specify Provisions.** The failure to specifically reference any particular provisions of the APA or other related documents in this Order shall not diminish or

impair the effectiveness of such provisions, it being the intent of the Court that the APA and other related documents be authorized and approved in their entirety.

27. **Release of Liens, Claims, Encumbrances, and Interests.** Effective upon the Closing Date, this Order (i) is and shall be effective as a determination that all Liens, Claims, Encumbrances, or Interests (other than Assumed Liabilities and as otherwise provided in the APA) of any kind or nature whatsoever existing as to the Assets prior to the Closing Date have been unconditionally released, discharged, and terminated (with such Liens, Claims, Encumbrances, or Interests attaching to the proceeds with the same nature, validity, priority, extent, perfection, force and effect that such claims, encumbrances, liens or liabilities encumbered the Assets immediately prior to the entry of this Order) and that the conveyances described herein have been effected, (ii) is and shall be binding upon and shall govern the acts of all entities, including all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies or units, governmental departments or units, secretaries of state, federal, state and local officials and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to the Assets conveyed to the Buyer (all such entities being referred to as “**Recording Officers**”), and all recorded claims, encumbrances, liens or liabilities (other than the Assumed Liabilities and as otherwise provided in the APA) against the Assets shall be deemed stricken from such entities records, official and otherwise. All Recording Officers are authorized and specifically directed to strike recorded encumbrances, claims, liens, pledges, and other interests against the Assets recorded prior to the date of this Order. A certified copy of this Order may be filed with the appropriate Recording Officers to evidence cancellation of any recorded

encumbrances, claims, liens, pledges, and other interests against the Acquired Assets recorded prior to the date of the Closing. All Recording Officers are hereby directed to accept for filing any and all of the documents and instruments necessary, advisable or appropriate to consummate the transactions contemplated by the APA, subject to the payment of any filing or other fee imposed under non-bankruptcy law.

28. **Approval to Release Liens, Claims, Encumbrances, or Interests.** All entities, including without limitation all trustees or collateral agents, are authorized and directed to file and/or execute lien releases, including financing statement terminations, mortgage releases or other documents or agreements evidencing release of Liens, Claims, Encumbrances, and Interest in or against the Assets (other than Assumed Liabilities and as otherwise provided in the APA). If any person or entity that has filed financing statements, mortgages, mechanic's liens, or other documents or agreements evidencing Liens, Claims, Encumbrances, and Interest in or against the Assets (other than Assumed Liabilities and as otherwise provided in the APA) shall not have delivered to the Debtors before the Closing Date, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of liens and easements, and any other documents necessary for the purpose of documenting the release of all Liens, Claims, Encumbrances, and Interests in or against the Assets (other than Assumed Liabilities and as otherwise provided in the APA) that the person or entity has or may assert with respect to the Assets, the Debtors and the Buyer are hereby authorized to execute and file such statements, instruments, releases, and other documents on behalf of such person or entity with respect to the Assets. The Buyer is hereby authorized to file, register, or otherwise record a certified copy of this Order, which, once filed, registered, or otherwise recorded, shall constitute conclusive evidence of the release of Liens, Claims, Encumbrances, and Interests in or against the

Assets (other than Assumed Liabilities and as otherwise provided in the APA). This Order is deemed to be in recordable form sufficient to be placed in the filing or recording system of each and every federal, state, or local government agency, department, or office.

29. **No Effect on Governmental Regulatory Authority.** Nothing in this Order or the APA authorizes the transfer or assignment of any governmental (a) license, (b) permit, (c) registration, (d) authorization, or (e) approval, or the discontinuation of any obligation thereunder, without compliance with all applicable legal requirements and approvals under police or regulatory law. Nothing in this Order divests any tribunal of any jurisdiction it may have under police or regulatory law to interpret this Order or to adjudicate any defense asserted under this Order. For the avoidance of doubt, the matters preserved by this paragraph are subject to all rights and defenses available under applicable law.

30. Nothing in this Order or related documents discharges, releases, precludes, or enjoins: (i) any liability to any governmental unit as defined in 11 U.S.C. § 101(27) (“**Governmental Unit**”) that is not a Claim; (ii) any Claim of a Governmental Unit arising on or after the Closing Date; (iii) any liability to a Governmental Unit under police and regulatory statutes or regulations that any entity would be subject to as the owner or operator of property after the Closing Date; or (iv) any liability to a Governmental Unit on the part of any Person other than the Debtors. Further, nothing in this Order shall enjoin or otherwise bar a Governmental Unit from asserting or enforcing, outside this Court, any liability described in the preceding sentence.

31. **Satisfaction of Conditions Precedent.** Neither the Buyer or the Debtors shall have an obligation to close the Sale Transaction until all conditions precedent in the APA to each of their respective obligations to close the Sale Transaction have been satisfied or waived in accordance with the terms of the APA.

32. **Provisions Non-Severable.** The provisions of this Order are non-severable and mutually dependent.

Dated: _____, 2024
Houston, Texas

UNITED STATES BANKRUPTCY JUDGE

Exhibit 1

Asset Purchase Agreement