

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:	§	Chapter 11
Senior Care Centers, LLC, <i>et al.</i> , ¹	§	Case No. 18-33967 (BJH)
Debtors.	§	(Jointly Administered)

**FIRST AMENDED JOINT PLAN OF REORGANIZATION
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

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Dated: August 2, 2019

¹ The Debtors in the Chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are set forth in the *Order (I) Directing Joint Administration of Chapter 11 Cases, and (II) Granting Related Relief* [Docket No. 569] and may also be found on the Debtors' claims agent's website at <https://omnimgt.com/SeniorCareCenters>. The location of the Debtors' service address is 600 North Pearl Street, Suite 1100, Dallas, Texas 75201.

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Article I. Definitions and Construction of Terms

A. Definitions

The following terms shall have the meanings set forth below (such meanings to be equally applicable to both the singular and plural, masculine and feminine forms of the terms defined).

“*503(b)(9) Claims*” means any Claims arising under Bankruptcy Code section 503(b)(9).

“*ABL Credit Facility Claim*” means any Claim against any Debtor arising on account of, or in connection with, the ABL Credit Facility, including any Claim arising on account of, or in connection with, the Cash Collateral Orders.

“*ABL Credit Facility*” means the Non-HUD Credit Facility and the HUD Credit Facility.

“*ABL Lenders*” means the Administrative Agent, CIT Finance LLC, Wells Fargo Bank, N.A., MB Financial Bank, N.A., Bankers Trust Company, and Compass Bank.

“*Accounts Receivable*” means, as of the Effective Date, all “accounts,” as that term is defined in section 9-102(a) of the Uniform Commercial Code, associated with, owed to, or payable to any Facility.

“*Administrative Agent*” means CIBC Bank USA, as Lead Arranger, Administrative Agent, and Lender.

“*Administrative Claim*” means any Claim against any Debtor for costs and expenses of administration of the Chapter 11 Cases pursuant to Bankruptcy Code sections 503(b), 507(a)(2), 507(b), or 1114(e)(2), including: (a) the actual and necessary costs and expenses incurred on or after the Petition Date until and including the Effective Date of preserving the Estates and operating the Debtors’ businesses; (b) Allowed Professional Fee Claims; (c) all Allowed requests for compensation or expense reimbursement for making a substantial contribution in the Chapter 11 Cases pursuant to Bankruptcy Code sections 503(b)(3), (4), and (5); (d) all fees and charges assessed against the Estates pursuant to section 1930 of chapter 123 of title 28 of the United States Code; and (e) 503(b)(9) Claims.

“*Administrative Claims Bar Date*” means the deadline for Filing requests for payment of Administrative Claims, which: (a) with respect to Administrative Claims other than Professional Fee Claims and 503(b)(9) Claims, shall be the first Business Day that is thirty (30) days after the Effective Date; (b) with respect to Professional Fee Claims, shall be the first Business Day that is forty-five (45) days after the Effective Date; and (c) with respect to 503(b)(9) Claims, was the Claims Bar Date.

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

“*Allowed*” means, with respect to any Claim or Interest, or any portion thereof, except as otherwise provided herein: (a) a Claim or Interest that is evidenced by a Proof of Claim Filed by the applicable Bar Date in accordance with the Bar Date Order or a request for payment of an

Administrative Claim Filed by the Administrative Claims Bar Date, as applicable (or a Claim or Interest for which a Proof of Claim or request for payment of Administrative Claim expressly is not or shall not be required to be Filed under the Plan, the Bankruptcy Code, or pursuant to a Final Order); (b) a Claim or Interest that is listed in the Schedules as not contingent, not unliquidated, and not disputed, and for which no Proof of Claim, as applicable, has been timely Filed; or (c) a Claim or Interest that is Allowed pursuant to the Plan or a Final Order of the Bankruptcy Court; provided, that with respect to a Claim or Interest described in clauses (a) and (b) above, such Claim or Interest shall be considered Allowed only if and to the extent that with respect to such Claim or Interest no objection to allowance or priority or a request for estimation thereof has been interposed within the applicable period of time fixed by the Plan (including the Claims Objection Deadline), the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court, or such an objection is so interposed and the Claim or Interest has been Allowed by a Final Order. Unless otherwise specified in the Plan or in an order of the Bankruptcy Court allowing such Claim or Interest, “Allowed” in reference to a Claim or Interest shall not include: (1) any interest on the amount of such Claim accruing from and after the Petition Date; (2) any punitive or exemplary damages; (3) any fine, penalty or forfeiture; or (4) any attorneys’ fees and expenses. Any Claim or Interest that has been or is hereafter listed in the Schedules as contingent, unliquidated, or disputed, and for which no Proof of Claim is or has been timely Filed, is not considered Allowed and shall be expunged without further action by the Debtors and without further notice to any party or action, approval, or order of the Bankruptcy Court. Notwithstanding anything to the contrary herein, no Claim of any Entity subject to Bankruptcy Code section 502(d) shall be deemed Allowed unless and until such Entity pays in full the amount that it owes the applicable Debtor or Reorganized Debtor, as applicable. For the avoidance of doubt, a Proof of Claim Filed after the applicable Bar Date or a request for payment of an Administrative Claim Filed after the Administrative Claims Bar Date, as applicable, shall not be Allowed for any purposes whatsoever absent entry of a Final Order allowing such late-filed Claim or Interest.

“*Amended Schedules Bar Date*” has the meaning given to such term in the Bar Date Order.

“*Assumed Executory Contracts and Unexpired Leases Schedule*” means the schedule of Executory Contracts and Unexpired Leases to be assumed by the Debtors pursuant to the Plan, Filed as part of the Plan Supplement, as may be amended, modified, or supplemented by the Debtors and the Committee from time to time prior to the Confirmation Date.

“*Avoidance Actions*” means causes of action arising under Bankruptcy Code sections 502, 510, 541, 544, 545, 547, 548, 549, 550, 551, or 553, or under related state or federal statutes and common law, including, without limitation, fraudulent transfer laws, whether or not litigation is commenced to prosecute such causes of action.

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

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

“*Bankruptcy Court Website*” means the Court’s Case Management and Electronic Case Filing system.

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

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

“*Bar Date Order*” means that certain order entered on March 28, 2019 [Docket No. 766] by the Bankruptcy Court establishing the Bar Dates.

“*Bar Date(s)*” means the Claims Bar Date, the Governmental Bar Date, the Amended Schedules Bar Date or the Rejection Damages Bar Date, as applicable; and “*Bar Dates*” means a collective reference to the Claims Bar Date, the Governmental Bar Date, the Amended Schedules Bar Date and the Rejection Damages Bar Date.

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

“*Case Website*” means the website maintained by the Voting and Claims Agent at <https://omnimgt.com/SeniorCareCenters>.

“*Cash Collateral Orders*” means the *Final Order (I) Authorizing the Use of Cash Collateral, (II) Granting Adequate Protection, (III) Modifying the Automatic Stay, and (IV) Granting Related Relief* [Docket No. 1475] and each proceeding interim order permitting the Debtors to use the cash collateral of the ABL Lenders.

“*Cash*” means the legal tender of the United States of America or the equivalent thereof.

“*Causes of Action*” means any claims, causes of action (including Avoidance Actions), demands, actions, suits, obligations, liabilities, cross-claims, counterclaims, offsets, or setoffs of any kind or character whatsoever, in each case now owned or hereafter acquired by the Debtors and/or their Estates, and in each case, whether known or unknown, contingent or non-contingent, matured or unmatured, suspected or unsuspected, foreseen or unforeseen, direct or indirect, choate or inchoate, existing or hereafter arising, under statute, in contract, in tort, in law, or in equity, or pursuant to any other theory of law, federal or state, whether asserted or assertable directly or derivatively in law or equity or otherwise by way of claim, counterclaim, cross-claim, third party action, action for indemnity or contribution or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Petition Date or during the course of the Chapter 11 Cases, including through the Effective Date.

“*Chapter 11 Case(s)*” means (a) when used with reference to a particular Debtor, the case under chapter 11 of the Bankruptcy Code commenced by such Debtor in the Bankruptcy Court,

and (b) when used with reference to all Debtors, the cases under chapter 11 of the Bankruptcy Code commenced by the Debtors in the Bankruptcy Court being jointly administered under Case No. 18-33967.

“*Claim*” means a “claim,” as that term is defined in Bankruptcy Code section 101(5), against any Debtor.

“*Claims Bar Date*” has the meaning given to such term in the Bar Date Order.

“*Claims Objection Deadline*” means the deadline for objecting to a Claim or Interest asserted against or in a Debtor, which shall be on the date that is the later of (a) 180 days after the Effective Date, and (b) such other date as may be specifically fixed by order of the Bankruptcy Court.

“*Claims Register*” means the official register of Claims maintained by the Voting and Claims Agent.

“*Class*” means a category of Holders of Claims or Interests as set forth in Article III hereof pursuant to Bankruptcy Code section 1122(a).

“*Collateral*” means any property or interest in property of the Estates subject to a Lien, charge or other encumbrance to secure the payment or performance of a Claim, which Lien, charge or other encumbrance is not subject to avoidance or otherwise invalid under the Bankruptcy Code or other applicable law.

“*Committee*” means the official committee of unsecured creditors appointed by the U.S. Trustee in the Chapter 11 Cases pursuant to Bankruptcy Code section 1102(a).

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

“*Confirmation Hearing*” means the hearing(s) before the Bankruptcy Court under Bankruptcy Code section 1128 at which the Debtors and the Committee seek entry of the Confirmation Order, as such hearing(s) may be adjourned or continued from time to time.

“*Confirmation Order*” means a Final Order of the Bankruptcy Court confirming the Plan pursuant to Bankruptcy Code section 1129.

“*Confirmation*” means the entry of the Confirmation Order by the Bankruptcy Court on the docket of the Chapter 11 Cases within the meaning of Bankruptcy Rules 5003 and 9021.

“*Consummation*” means the occurrence of the Effective Date.

“*Contempt Motion*” means the *Debtors Emergency Motion for an Order to Show Cause* [Docket No. 1213], and any pleadings relating thereto.

“*Contingent*” means, with respect to any Claim or Interest, or any portion thereof, except as otherwise provided herein, any contingent or unliquidated Claim asserted or which may be asserted against the Debtors.

“*Convenience Claim Distribution*” means Cash in the aggregate amount of \$1,000,000, which shall be used to make distributions to Holders of Allowed Convenience Class Claims.

“*Convenience Class Claim*” means any Unsecured Claim (x) asserted in an amount less than or equal to \$10,000, or (y) asserted in an amount greater than \$10,000, for which the Holder has properly made the Convenience Class Election on a properly cast Ballot.

“*Convenience Class Election*” means the election available on the Ballot to a Holder of an Allowed Unsecured Claim asserted in an amount greater than \$10,000 to opt to receive its Pro Rata share of the Convenience Class Distribution in full and complete satisfaction, discharge, and release of such Allowed Unsecured Claim; provided, that in making such election, the holder of such Allowed Unsecured Claim shall be deemed to have agreed to reduce the amount of such Allowed Unsecured Claim for purposes of voting and distributions under the Plan to \$10,000.

“*Cure Notice*” means a notice sent to counterparties to an Executory Contract or Unexpired Lease in connection with the proposed assumption or assumption and assignment of such Executory Contract or Unexpired Lease under the Plan pursuant to Bankruptcy Code section 365, the form and substance of which notice shall be approved by the Disclosure Statement Order and shall include: (a) procedures for objecting to proposed assumptions or assignments of Executory Contracts and Unexpired Leases, (b) the proposed amount to be paid on account of Cure Claims, and (c) procedures for resolution by the Bankruptcy Court of any related disputes; provided that the Schedule of Assumed Executory Contracts and Unexpired Leases and any amended Schedule of Assumed Executory Contracts and Unexpired Leases may each constitute a “Cure Notice” hereunder.

“*Cure*” or “*Cure Claim*” means any Claim (unless waived or modified by the applicable counterparty) against a Debtor based upon a Debtor’s defaults under an Executory Contract or an Unexpired Lease assumed by such Debtor under Bankruptcy Code section 365, other than a default that is not required to be cured pursuant to Bankruptcy Code section 365(b)(2).

“*D&O Cause of Action*” means a Cause of Action against the Debtors’ directors, managers, officers, employees, or other representatives

“*D&O Liability Insurance Policies*” means all unexpired directors’, managers’, and officers’ insurance policies (including any “tail policy”) of any of the Debtors with respect to directors, managers, officers, and employees of the Debtors.

“*Debtor Release*” has the meaning ascribed to such term in Article VIII.D.

“*Debtor Releasing Parties*” has the meaning ascribed to such term in Article VIII.D.

“*Debtors*” means, collectively, each of the Debtors in the above-captioned Chapter 11 Cases.

“*Disallowed*” means, with respect to any Claim or Interest, or any portion thereof, except as otherwise provided herein, a Claim or Interest, or any portion thereof, that (a) has been disallowed by a Final Order, or (b) (i) is Scheduled at zero, in an unknown amount or as contingent, disputed or unliquidated and (ii) as to which the Bar Date has been established but no Proof of Claim has been timely Filed or deemed timely Filed under applicable law.

“*Disclosure Statement Order*” means the order of the Bankruptcy Court approving the Disclosure Statement and the Solicitation.

“*Disclosure Statement*” means that certain *Disclosure Statement for the First Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code*, dated as of August 2, 2019, as amended.

“*Disputed*” means, with respect to any Claim or Interest, or any portion thereof, a Claim or Interest, or any portion thereof, that is not yet Allowed, including (a) any Claim evidenced by a Proof of Claim that, on its face, is contingent or unliquidated; (b) any Claim that is subject to an objection filed by the Claims Objection Deadline or a request for estimation, in each case that has not been withdrawn, resolved, or ruled on by a Final Order of the Bankruptcy Court; (c) any Claim or Interest scheduled by the Debtors as contingent, unliquidated or disputed, (d) any Claim or Interest evidenced by a Proof of Claim which amends a Claim or Interest scheduled by the Debtors as contingent, unliquidated or disputed, and (e) any Claim or Interest that is not an Allowed Claim or Allowed Interest or a Disallowed Claim or a Disallowed Interest.

“*Distribution Agent*” means the Debtors, Reorganized Debtors, or Unsecured Creditor Trustee, as applicable, or the Entity or Entities selected by the Debtors, Reorganized Debtors, or Unsecured Creditor Trustee, as applicable, to make or facilitate distributions contemplated under the Plan.

“*Distribution Record Date*” means the record date for purposes of determining which Holders of Allowed Claims against the Debtors are eligible to receive distributions under the Plan, which date shall be the first day of the Confirmation Hearing, or such other day that is designated in a Final Order of the Bankruptcy Court.

“*Distribution*” means Cash, property, interests in property or other value distributed to Holders of Allowed Claims, or their designated agents, under the Plan.

“*Effective Date*” means the date which is the first Business Day on which the conditions set forth in Article IX.B have been satisfied or waived.

“*Entity*” shall have the meaning set forth in Bankruptcy Code section 101(15).

“*Estate*” means the estate of any Debtor created under Bankruptcy Code sections 301 and 541 upon commencement of the applicable Debtor’s Chapter 11 Cases.

“*Exchange Act*” means the Securities Exchange Act of 1934, 15 U.S.C. §§ 78a *et seq.*, as now in effect or hereafter amended, and any similar federal, state or local law.

“*Exculpated Parties*” means collectively, and in each case in their capacity as such: (a) the Debtors and Reorganized Debtors; (b) the Committee and the members thereof; and (c) with respect to each of the foregoing Entities, each of their directors, officers, attorneys, investment bankers, accounts, consultants and other professionals as of the Effective Date.

“*Executory Contract*” means all contracts and leases to which any Debtor is a party that is subject to assumption or rejection under Bankruptcy Code section 365.

“*Exit Facility Credit Agreements*” means the credit agreements governing the Exit Facility, if any.

“*Exit Facility Documents*” means the Exit Facility Credit Agreements and related documents governing the Exit Facility.

“*Exit Facility*” means a revolving loan credit facility, acceptable to the Committee, in an aggregate principal amount sufficient to (a) repay in full in Cash on the Effective Date, the ABL Credit Facility Claims; (b) pay all Cures; (c) pay all other costs (including Allowed Administrative Claims that remain unpaid) associated with implementation of the Plan; and (d) provide additional liquidity to the Reorganized Debtors. Such Exit Facility shall be secured by a first priority Lien on all existing and future Accounts Receivable of the Debtors and Reorganized Debtors, as applicable.

“*Facilities*” means the skilled nursing, assisted living, and hospice facilities operated by the Debtors as of the Petition Date.

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

“*Final Decree*” means the order entered pursuant to Bankruptcy Code section 350 and Bankruptcy Rule 3022 closing the Chapter 11 Cases.

“*Final Order*” means an order or judgment of the Bankruptcy Court or any other court of competent jurisdiction that has been entered on the docket in the Chapter 11 Cases (or the docket of such other court) that is not subject to a stay and has not been modified, amended, reversed or vacated and as to which (a) the time to appeal, petition for certiorari or move for a new trial, reargument or rehearing pursuant to Bankruptcy Rule 9023 has expired and as to which no appeal, petition for certiorari or other proceedings for a new trial, reargument or rehearing shall then be pending, or (b) if an appeal, writ of certiorari, new trial, reargument or rehearing thereof has been sought, such order or judgment shall have been affirmed by the highest court to which such order was timely and properly appealed, or certiorari shall have been denied or a new trial, reargument or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari or move for a new trial, reargument or rehearing shall have expired.

“*General Unsecured Claim*” means any Unsecured Claim which is not a Convenience Class Claim.

“*Governmental Bar Date*” has the meaning given to such term in the Bar Date Order.

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

“*Granite Landlords*” means Granite Round Rock LLC, Granite Corpus Christi LLC, Granite Western Hills LLC, Granite Marlandwood East LLC, Granite Weston Inn LLC, Granite Regency LLC, Granite Marlandwood West LLC, Granite Windcrest LLC, Granite Wurzbach LLC, Granite Meadow Creek LLC, Granite Master Partners LP, Granite Bonita Glen, LLC, Georgetown Park Place, LLC, Granite Momentum LLC, Granite Valley Grande LLC, Beltline Senior Care Center, LLC, Brinker Senior Care Center, LLC, Fairpark Senior Care Center, LLC, HG Senior Care Center, LLC, Lakepointe Senior Care Center, LLC, Mullican Senior Care Center, LLC, Pleasantmanor Senior Care Center, LLC, RW Senior Care Center, LLC, Vintage Senior Care Center, LLC, Whitesboro Senior Care Center, LLC, Crestwood Senior Care Center LLC, Rowlett Senior Care Center, LLC, Granite Stonebridge Health Center LLC, Granite Sagebrook Health Center, LLC, Granite Park Bend Health Center LLC, and Granite Hearthstone Health Center, LLC.

“*Granite*” means (i) Granite Investment Group, LLC and each of its Related Parties, and (ii) each of the Granite Landlords, and each of the Related Parties of each of the Granite Landlords.

“*Harden Escrow*” means the monies in that certain escrow account established pursuant to that certain Escrow Agreement, dated as of February 1, 2018 between Harden Pharmacy, LLC and Neighborcare Pharmacy Services, Inc.

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

“*HUD Credit Agreement*” means that certain Amended and Restated Credit and Security Agreement dated June 21, 2017 (as amended, restated, modified, or supplemented from time to time) with certain Debtors and the ABL Lenders.

“*HUD Credit Facility*” means the revolving credit loan in the aggregate principal amount of \$12,500,000 provided pursuant to the HUD Credit Agreement.

“*HUD Lender Claims*” means any Secured Claim asserted by or on behalf of any HUD Lender in connection with loans made to certain landlords.

“*HUD Lender*” means each of HUD, Berkadia Commercial Mortgage, LLC, Lancaster Pollard Mortgage Company LLC, KeyBank, N.A., ORIX Real Estate Capital, LLC, and Red Capital Mortgage, LLC.

“*HUD*” means the U.S. Department of Housing and Urban Development.

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

“*Insider*” means an “insider,” as defined in Bankruptcy Code section 101(31).

“*Intercompany Claim*” means any Claim held by a Debtor against a different Debtor.

“*Intercompany Interest*” means an Interest in any Subsidiary Debtor held by a Debtor.

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

“*Interim Compensation Order*” means the order of the Bankruptcy Court establishing procedures for interim compensation and reimbursement of expenses for professionals.

“*Lien*” means “lien,” as defined in Bankruptcy Code section 101(37).

“*Local Rules*” means the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the Northern District of Texas, or any other court having jurisdiction over the Chapter 11 Cases.

“*Management Incentive Plan*” means a post-Effective Date management incentive plan, to be agreed to by the Debtors and the Committee, the material terms of which shall be included in the Plan Supplement.

“*New Board*” means the board of directors, board of managers or equivalent governing body of each of the Reorganized Debtors, as applicable, as initially comprised as set forth in the Plan, as disclosed in the Plan Supplement and as comprised thereafter in accordance with the terms of the applicable New Corporate Governance Documents.

“*New Bylaws*” means the bylaws, limited liability company agreement, or functionally equivalent document, as applicable, of each of the Reorganized Debtors, as applicable, the forms of which shall be included in the Plan Supplement.

“*New Certificates of Incorporation*” means the certificate of incorporation, certificate of formation, or functionally equivalent document as applicable, of each of the Reorganized Debtors, as applicable, the forms of which shall be included in the Plan Supplement.

“*New Common Stock*” means 100% of the membership or similar equity interests in SCC issued on the Effective Date in accordance with the Plan.

“*New Corporate Governance Documents*” means, as applicable, (a) the New Certificates of Incorporation, (b) the New Bylaws, and (c) the New Shareholders Agreement.

“*New Management*” means Michael Beal and such other individuals designated to serve in such other officer capacities, as of the Effective Date as disclosed in the Plan Supplement.

“*New Shareholders Agreement*” means the shareholders agreement (or functionally equivalent document, as applicable) of the Reorganized Debtors with respect to the New Common Stock to be effective on the Effective Date, and binding on all Holders of New Common Stock, which shall be included in the Plan Supplement.

“*Non-Debtor Releasing Parties*” shall mean (a) Holders of Claims or Interests which are Unimpaired under the Plan; (b) Holders of Claims or Interests who vote to accept the Plan; (c) Holders of Claims or Interests who vote to reject the Plan, but fail to opt out of the Third Party Release; and (d) Holders of Claims or Interests who are deemed to reject the Plan but fail to return an opt out form.

“*Non-HUD Credit Agreement*” means that certain Amended and Restated Credit and Security Agreement dated January 12, 2017 (as amended, restated, modified, or supplemented from time to time) between certain Debtors and the ABL Lenders.

“*Non-HUD Credit Facility*” means the term loan up to an aggregate principal amount of \$7,395,448.99 and a revolving credit loan in the aggregate principal amount of \$67,500,000 provided pursuant to the Non-HUD Credit Agreement.

“*Other Secured Claims*” means any Secured Claim which is not an ABL Credit Facility Claim or HUD Lender Claim.

“*Person*” means a “person” as defined in Bankruptcy Code section 101(41) and also includes any natural person, corporation, general or limited partnership, limited liability company, firm, trust, association, government, governmental agency or other Entity, whether acting in an individual, fiduciary or other capacity.

“*Petition Date*” means the date on which the Debtors commenced the Chapter 11 Cases as applicable to each particular Debtor.

“*PharMerica Funds*” means the funds subject to the monetary hold on one of the Debtors’ accounts in the amount of at least \$314,738.98 which was established pursuant to the Cash Collateral Orders to preserve PharMerica’s alleged judgment lien.

“*PharMerica*” means PharMerica Long Term-Care, LLC d/b/a PharMerica, which has asserted a judgment lien against certain of the Debtors.

“*Plan Documents*” means the Plan, the Plan Supplement, and all of the exhibits and schedules attached to each of the foregoing.

“*Plan Sponsors*” means the Debtors and the Committee.

“*Plan Supplement*” means the supplemental documents, schedules, and exhibits to the Plan (each of which shall be acceptable to the Debtors and the Committee), to be filed by the Debtors and the Committee containing substantially final forms of, among other things, the New Corporate Governance Documents, the identity of the members of the New Board, the Management Incentive Plan, the Unsecured Creditor Trust Agreement, the Unsecured Creditor Trust Transfer Agreement, the Schedule of Assumed Executory Contracts and Unexpired Leases, the Schedule of Rejected Executory Contracts and Unexpired Leases, the Schedule of Unsecured Creditor Trust Causes of Action, the Exit Facility Documents, and the Unsecured Creditor Trust Note. The Debtors and the Committee shall have the right to amend all of the documents contained in, and exhibits to, the Plan Supplement through the Effective Date.

“*Plan*” means this *First Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code*, dated as of August 2, 2019, including all exhibits, supplements, appendices, and schedules thereto, either in its present form or as the same may be amended, supplemented, or modified from time to time.

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

“*Priority Unsecured Claim*” means any Claim, other than an Administrative Claim or a Priority Tax Claim, which is entitled to priority under Bankruptcy Code section 507(a).

“*Privilege*” means any attorney-client privilege, work product protection, or other privilege, protection or immunity (a) held by (i) any or all of the Debtors or the Estates or (ii) the Committee, and (b) attaching to any documents, communications, or thing (whether written or oral), including all electronic information, relating to the Unsecured Creditor Trust Causes of Action that was created on or before the Effective Date, subject to the limitations as set forth in the Unsecured Creditor Trust Transfer Agreement.

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

“*Professional Fee Claim*” means any Administrative Claim for the compensation of a Professional and the reimbursement of expenses incurred by such Professional through and including the Confirmation Date to the extent such fees and expenses have not been previously paid.

“*Professional Fee Escrow Account*” means an interest-bearing account in an amount equal to the total Professional Fee Reserve Amount funded by the Reorganized Debtors on the Effective Date.

“*Professional Fee Escrow Amount*” means the aggregate amount of Professional Fee Claims that the Professionals estimate they have incurred or will incur in rendering services to the Debtors prior to and as of the Effective Date.

“*Professional*” means an Entity employed pursuant to a Bankruptcy Court order in accordance with Bankruptcy Code sections 327 or 1103 and to be compensated for services rendered before or on the Confirmation Date, pursuant to Bankruptcy Code sections 327, 328, 329, 330, or 331.

“*Proof of Claim*” means a proof of Claim or Interest Filed against any Debtor in the Chapter 11 Cases.

“*Reinstate*,” “*Reinstated*,” or “*Reinstatement*” means with respect to Claims and Interests, that the Claim or Interest shall be rendered Unimpaired in accordance with Bankruptcy Code section 1124.

“*Rejected Executory Contracts and Unexpired Leases Schedule*” means the schedule of Executory Contracts and Unexpired Leases to be rejected by the Debtors pursuant to the Plan, Filed as part of the Plan Supplement, as may be amended, modified, or supplemented by the Debtors and the Committee from time to time prior to the Confirmation Date.

“*Rejected Facility Lease*” means an Unexpired Lease for a Facility that has been rejected or is subject to a rejection motion.

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

“*Rejection Damages Bar Date*” has the meaning given to such term in the Bar Date Order.

“*Related Parties*” means, with respect to any Person, such Person’s current and former Affiliates, partners, subsidiaries, officers, directors, principals, employees, agents, managed funds, advisors, attorneys, accountants, investment bankers, consultants, representatives, and other professionals, together with their respective successors and assigns, in each case in their capacity as such.

“*Released Parties*” means, collectively, and in each case in their capacities as such during the Chapter 11 Cases: (a) the Debtors; (b) the following Debtors’ Professionals: H2C Analytics, LLC; Newbridge Management, LLC; Omni Management Group, Inc.; Sitrick and Company; Polsinelli PC; and Rochelle McCullough, LLP; (c) individual members of New Management; and (d) the following members of the Debtors’ Board: David Stewart, Gideon Argov, Timothy J. Hughes, and Michael Wyse.

“*Releasing Parties*” shall mean the Debtor Releasing Parties and the Non-Debtor Releasing Parties.

“*Reorganized Debtors*” means the Debtors and any successor thereto after the Effective Date.

“*Restructuring Transactions*” means, collectively, the transactions necessary or desirable to effectuate the comprehensive restructuring of the existing debt and other obligations of, and the existing Interests in, the Debtors to be consummated pursuant to the Plan as discussed in Section VI.B of the this Plan.

“*Retained Cause of Action*” means a Cause of Action that (i) arose in the ordinary course of business of the applicable Debtor or Debtors related to such Debtor or Debtors’ ordinary course receivables, (ii) is not a Waived Avoidance Action, (iii) is not listed on the Schedule of Creditor Trust Causes of Action, and (iv) is not other waived or released pursuant to the Plan or order of the Bankruptcy Court.

“*Sabra Landlords*” means Sabra Health Care REIT, Inc., Sabra Texas Holdings, L.P., Sabra Texas Holdings II, L.P., CCP Pilgrim Manor 7610 LLC, CCP Spring Lake 7611 LLC,

CCP Spring Lake VL 7611 LLC, CCP Bradford 7612 LLC, CCP Guest House 7613 LLC, CCP Alpine 7614 LLC, CCP Colonial Oaks 7615 LLC, CCP Shreveport Manor 7616 LLC, CCP Booker T. Washington 7617 LLC, and CCP Finance I LLC.

“SCC” means Senior Care Centers, LLC.

“*Schedule of Creditor Trust Causes of Action*” means the schedule of Creditor Trust Causes of Action, Filed as part of the Plan Supplement, as may be amended, modified, or supplemented by the Debtors and the Committee from time to time prior to the Confirmation Date.

“*Scheduled Administrative Claims*” means the schedule of Administrative Claims that are based on unpaid liabilities incurred by the Debtors in the ordinary course of their business after the Petition Date.

“*Scheduled*” means with respect to any Claim, the status and amount, if any, of such Claim as set forth in the Schedules.

“*Schedules*” means the schedules of assets and liabilities, the list of Holders of Equity Interests, and the statements of financial affairs Filed by the Debtors under Bankruptcy Code section 521 and Bankruptcy Rule 1007, as such Schedules may be amended, modified, or supplemented from time to time.

“*Secured Claim*” means any Claim against any Debtor: (a) secured by a Lien on property in which an Estate has an interest, which Lien is valid, perfected and enforceable pursuant to applicable law or by reason of a Bankruptcy Court order, or that is subject to setoff pursuant to Bankruptcy Code section 553, to the extent of the value of the creditor’s interest in an Estate’s interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to Bankruptcy Code section 506(a) or (b) Allowed as such pursuant to the Plan.

“*Secured Tax Claim*” means any Secured Claim that, absent its secured status, would be entitled to priority in right of payment under Bankruptcy Code section 507(a)(8) (determined irrespective of time limitations), including any related Secured Claim for penalties.

“*Securities Act*” means the Securities Act of 1933, 15 U.S.C. §§ 77c-77aa, as now in effect or hereafter amended, and any similar federal, state or local law.

“*Security*” means “security,” as defined in Bankruptcy Code section 101(49).

“*Silver Star*” means Silver Star Investments, LLC and its Related Parties.

“*Solicitation Package*” means the packages to be distributed to creditors for solicitation of votes on the Plan.

“*Solicitation*” means the solicitation of votes in connection with the Plan pursuant to Bankruptcy Code sections 1125 and 1126 and the applicable procedures approved by the Bankruptcy Court and set forth in the Disclosure Statement Order.

“*Subordinated Debt Claim*” means any Claim subject to (i) subordination under Bankruptcy Code section 510(b) or (ii) equitable subordination as determined by the Bankruptcy Court in a Final Order, including, without limitation, any Claim for or arising from the rescission of a purchase, sale, issuance, or offer of a Security of any Debtor; for damages arising from the purchase or sale of such a Security; or for reimbursement, indemnification, or contribution Allowed under Bankruptcy Code section 502 on account of such Claim.

“*Subsidiary Debtor*” means any Debtor other than SCC.

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

“*Third Party Release*” has the meaning ascribed to such term in Article VIII.F.

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

“*Trust Funding*” means the Cash payment of at least \$500,000 to the Unsecured Creditor Trust on the Effective Date.

“*U.S. Trustee Fees*” means the quarterly fees payable to the U.S. Trustee pursuant to section 1930 of Title 28 of the U.S. Code.

“*U.S. Trustee*” means the Office of the United States Trustee for the Northern District of Texas.

“*Unexpired Lease*” means a lease to which any Debtor is a party that is subject to assumption or rejection under Bankruptcy Code section 365.

“*Unimpaired*” means, with respect to a Class of Claims or Interests, a Claim or an Interest that is “unimpaired” within the meaning of Bankruptcy Code section 1124.

“*Unsecured Claim*” means any Claim which is not an Administrative Claim, ABL Credit Facility Claim, Other Secured Claim, HUD Lender Claim, Priority Unsecured Claim, Subordinated Debt Claim, or Intercompany Claim.

“*Unsecured Creditor Recovery*” means the proceeds from the Unsecured Creditor Trust.

“*Unsecured Creditor Trust Advisory Board*” means the advisory board that shall oversee the Unsecured Creditor Trust in accordance with the Unsecured Creditor Trust Agreement, the initial composition of which shall consist of three members selected by the Committee. After the Effective Date, the members of the Unsecured Creditor Trust Advisory Board shall be appointed in accordance with the terms of the Unsecured Creditor Trust Agreement.

“*Unsecured Creditor Trust Agreement*” means the trust or similar agreement that establishes the Unsecured Creditor Trust and governs the powers, duties, and responsibilities of the Unsecured Creditor Trustee, filed as part of the Plan Supplement, as may be amended,

modified, or supplemented by the Debtors and the Committee from time to time prior to the Confirmation Date.

“*Unsecured Creditor Trust Assets*” means the Trust Funding, the Unsecured Creditor Trust Causes of Action, 95% of the New Common Stock, and the Unsecured Creditor Trust Note.

“*Unsecured Creditor Trust Avoidance Action*” means an Avoidance Action against one or more of the following Persons: (a) Granite, (b) Silver Star, (c) an Insider, (d) PharMerica and the PharMerica Fund, (e) those Persons identified in the Disclosure Statement and/or a schedule to be included in the Plan Supplement as potential targets of Causes of Action, and (f) those Professionals employed Prepetition who are not Released Parties.

“*Unsecured Creditor Trust Beneficiaries*” means Holders of Allowed General Unsecured Claims who do not participate in the Convenience Class Distribution.

“*Unsecured Creditor Trust Cause of Action*” means any Cause of Action that is neither a Waived Avoidance Action nor a Retained Cause of Action nor released pursuant to the Plan or other order of the Bankruptcy Court, including, without limitation, any Cause of Action listed on the Schedule of Unsecured Creditor Trust Causes of Action, those Causes of Action described in Article VI.E, those Causes of Action described in the Disclosure Statement, the D&O Causes of Action and the Unsecured Creditor Trust Avoidance Actions.

“*Unsecured Creditor Trust Note*” means a promissory note issued by the Reorganized Debtors in favor of the Unsecured Creditor Trust, the form of which (including any related loan documents) shall be included in the Plan Supplement, which shall include the following terms: the note shall be (i) in the principal amount of up to \$10,000,000, (ii) with bullet maturity on the fifth anniversary of the Effective Date (or sooner if accelerated pursuant to its terms) with some or all interest payable in kind, and (iii) subject to approval by the Exit Facility Lender.

“*Unsecured Creditor Trust Transfer Agreement*” means the agreement respecting transfer of documents, information, and Privileges from the Debtors, the Reorganized Debtors (solely in their capacity as successors to the Debtors), and the Committee to be entered into among the Unsecured Creditor Trustee, the Debtors, and the Committee, Filed as part of the Plan Supplement, as may be amended, modified, or supplemented by the Debtors and the Committee from time to time prior to the Confirmation Date.

“*Unsecured Creditor Trust*” means a creditor recovery trust to be established on the Effective Date pursuant to the terms of the Unsecured Creditor Trust Agreement and the Plan.

“*Unsecured Creditor Trustee*” means the Person designated by the Committee to serve as the trustee of the Unsecured Creditor Trust, who shall be identified and disclosed in the Plan Supplement, and any successor thereto appointed pursuant to the Unsecured Creditor Trust Agreement.

“*Voting and Claims Agent*” means Omni Management Group, in its capacity as the solicitation, notice, claims, and balloting agent for the Debtors.

“*Voting Classes*” means Classes 4 and 5.

“*Voting Deadline*” means the date and time by which all Ballots must be received by the Voting and Claims Agent in accordance with the Disclosure Statement Order, which date is August 30, 2019 as set forth in the Disclosure Statement Order.

“*Voting Record Date*” means the date for determining which Holders of Claims in the Voting Classes are entitled to receive the Disclosure Statement and to vote to accept or reject this Plan.

“*Waived Avoidance Action*” means an Avoidance Action that is not an Unsecured Creditor Trust Avoidance Action.

B. Interpretation, Application of Definitions, and Rules of Construction

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

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

Article II. Unclassified Claims

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

A. Treatment of Administrative Claims

Except to the extent that the Holder of an Allowed Administrative Claim agrees to a less favorable treatment with the Debtors or Reorganized Debtors, as applicable, each Holder of an Allowed Administrative Claim will receive in full and final satisfaction, settlement, release, and discharge of, and in exchange for, its Allowed Administrative Claim, an amount of Cash equal to the full unpaid amount of such Allowed Administrative Claim either (1) if the Administrative Expense Claim is Allowed, on the Effective Date or as soon as practicable thereafter, or, if not then due, when such Allowed Administrative Claim is due or as soon as reasonably practicable thereafter; (2) if the Administrative Claim is not Allowed as of the Effective Date, no later than thirty (30) days after the date on which an order of the Bankruptcy Court Allowing such Administrative Claim becomes a Final Order, or as soon as reasonably practicable thereafter or, if not then due, when such Allowed Administrative Claim is due or as soon as reasonably practicable thereafter; (3) if the Allowed Administrative Claim is based on liabilities incurred by the Debtors in the ordinary course of their business after the Petition Date, pursuant to the terms and conditions of the particular transaction giving rise to such Allowed Administrative Claims, without any further action by the Holders of such Allowed Administrative Claims; (4) at such other time that is agreed to by the Debtors and the Holders of such Allowed Administrative Claim; or (5) at such other time and on such other terms set forth by an order of the Bankruptcy Court.

No later than five (5) days after the Effective Date, the Debtors or Reorganized Debtors, as applicable, shall post on the Case Website the Scheduled Administrative Claims that are based on unpaid liabilities incurred by the Debtors in the ordinary course of their business after the Petition Date. Except for Administrative Claims which are Professional Fee Claims, Priority Tax Claims, or Scheduled Administrative Claims, requests for payment of Administrative Claims must be Filed and served on the Debtors or Reorganized Debtors, as applicable, pursuant to the procedures specified in the Confirmation Order and notice of entry of the Confirmation Order no later than the Administrative Claims Bar Date. Holders of Administrative Claims that are required to, but do not, File and serve a request for payment of such Administrative Claims against the Debtors or their property and such Administrative Claims shall be deemed discharged as of the Effective Date. Objections to such requests, if any, must be Filed and served on the Debtors or Reorganized Debtors, as applicable, and the requesting party no later than sixty (60) days after the Effective Date. Notwithstanding the foregoing, no request for payment of an Administrative Claim need be filed with respect to an Administrative Claim previously Allowed.

B. Treatment of Professional Fee Claims

All requests for payment of Professional Fee Claims must be Filed no later than thirty (30) days after the Effective Date. The Bankruptcy Court shall determine the Allowed amounts of such Professional Fee Claims after notice and a hearing in accordance with the procedures

established by the Interim Compensation Order and the Bankruptcy Code. The Reorganized Debtors shall pay Professional Fee Claims in Cash in the amount the Bankruptcy Court Allows following entry of an order by the Bankruptcy Court Allowing such Professional Fee Claims, including from the funds in the Professional Fee Escrow Account.

On the Effective Date, the Reorganized Debtors shall establish the Professional Fee Escrow Account in trust for the Professionals and fund it with Cash equal to the Professional Fee Escrow Amount. Professionals shall estimate in good faith their unpaid Professional Fee Claims through the Effective Date and shall deliver such good faith estimates to the Debtors and the Committee no later than five (5) Business Days prior to the anticipated Effective Date. For the avoidance of doubt, no such estimate shall be deemed to limit the amount of the fees and expenses that are the subject of a Professional's final request for payment of Professional Fee Claims Filed with the Bankruptcy Court. If a Professional does not provide an estimate, the Debtors may estimate the unpaid and unbilled fees and expenses of such Professional. No funds in the Professional Fee Escrow Account shall be property of the Estates. Any funds remaining in the Professional Fee Escrow Account after all Allowed Professional Fee Claims have been paid will be turned over to the Reorganized Debtors.

From and after the Effective Date, any requirement that Professionals comply with Bankruptcy Code sections 327 through 331 and 1103 in seeking retention or compensation for services rendered after such date shall terminate, and the Reorganized Debtors and the Unsecured Creditor Trustee may employ and pay any professional in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court.

C. Priority Tax Claims

Except to the extent that the Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment with the Debtors or the Reorganized Debtors and the Committee and the Unsecured Creditor Trustee, as applicable, each Holder of an Allowed Priority Tax Claim will receive in full and final satisfaction, settlement, release, and discharge of, and in exchange for, its Allowed Priority Tax Claim an amount of Cash equal to the full unpaid amount of such Allowed Tax Claim on (1) the Effective Date, (2) the first Business Day after the date that is thirty (30) calendar days after the date on which such Priority Tax Claim becomes an Allowed Priority Tax Claim, or as soon thereafter as is reasonably practicable, or (3) over a period ending not later than five (5) years after the applicable petition date.

D. U.S. Trustee Fees

All U.S. Trustee Fees due and payable prior to the Effective Date shall be paid by the Debtors. On and after the Effective Date, until the earliest of a particular Debtor's case being closed, dismissed, or converted to a case under Chapter 7 of the Bankruptcy Code, the Reorganized Debtors shall pay any and all U.S. Trustee Fees when due and payable, and shall File with the Bankruptcy Court quarterly reports in a form reasonably acceptable to the U.S. Trustee.

Article III. Classification and Treatment of Claims and Interests

Pursuant to Bankruptcy Code sections 1122 and 1123(a)(1), Claims and Interests are classified for all purposes, including, without express or implied limitation, voting, confirmation and distribution pursuant to the Plan, as set forth herein. A Claim or an Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest qualifies within the description of such other Classes. A Claim or an Interest also is classified in a particular Class for the purpose of receiving distributions under the Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

The Plan contemplates the following Classes:

Class	Claim or Interest	Status	Voting Rights	Estimated Recovery
1	ABL Credit Facility Claims	Unimpaired	Deemed to Accept	100%
2	Other Secured Claims	Unimpaired	Deemed to Accept	100%
3	HUD Lender Claims	Unimpaired	Deemed to Accept	100%
4	Priority Unsecured Claims	Unimpaired	Deemed to Accept	100%
5	General Unsecured Claims	Impaired	Entitled to Vote	40-100%
6	Convenience Class Claims	Impaired	Entitled to Vote	40-100%
7	Subordinated Debt Claims	Impaired	Deemed to Reject	0%
8	Intercompany Claims	Impaired/ Unimpaired	Deemed to Reject/Accept	0%
9	Interests in Subsidiary Debtors	Impaired/ Unimpaired	Deemed to Reject/Accept	NA
10	Interests in SCC	Impaired	Deemed to Reject	0%

A. Classification and Treatment of Claims and Interests

Except to the extent that the Debtors or the Reorganized Debtors, as applicable, the Committee or Unsecured Creditor Trustee, as applicable, and a holder of an Allowed Claim or Allowed Interest, as applicable, agree in writing to less favorable treatment for such Allowed Claim or Allowed Interest, as applicable, such holder shall receive under the Plan the treatment described below in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such holder's Allowed Claim or Allowed Interest. Unless otherwise indicated, the holder of an Allowed Claim or Allowed Interest, as applicable, shall receive such treatment on the Effective Date or as soon thereafter as reasonably practicable.

(1) Class 1 – ABL Credit Facility Claims

Classification. Class 1 consists of all ABL Credit Facility Claims.

Treatment. Except to the extent that a Holder of an Allowed ABL Credit Facility Claim, the Debtors or the Reorganized Debtors, as applicable, and the Committee or the Unsecured Creditor Trustee, as applicable, agree in writing to less favorable treatment of its Allowed ABL Credit Facility Claim, each Holder of an Allowed ABL Credit Facility Claim shall receive, in

full and complete satisfaction, settlement, discharge, and release of, and in exchange for, its Allowed ABL Credit Facility Claim:

- (a) payment in full in Cash of the unpaid portion of its Allowed ABL Credit Facility Claim on the Effective Date; or
- (b) payment at such time and upon other terms as the Debtors or Reorganized Debtors, as applicable, the Committee or Unsecured Creditor Trustee, as applicable, and the Holder of such Allowed ABL Credit Facility Claim may agree.

Voting. Class 1 is Unimpaired. Holders of Allowed ABL Credit Facility Claims in Class 1 are conclusively presumed to have accepted the Plan under Bankruptcy Code section 1126(f). Holders of Allowed ABL Credit Facility Claims are not entitled to vote to accept or reject the Plan.

(2) Class 2 – Other Secured Claims

Classification. Class 2 consists of all Other Secured Claims.

Treatment. Except to the extent that a Holder of an Allowed Other Secured Claim, the Debtors or the Reorganized Debtors, as applicable, and the Committee or Unsecured Creditor Trustee, as applicable, agree in writing to less favorable treatment of its Allowed Other Secured Claim, each Holder of an Allowed Other Secured Claim shall receive, in full and complete satisfaction, settlement, discharge, and release of, and in exchange for, its Allowed Other Secured Claim:

- (a) payment in full, in Cash, of the unpaid portion of its Allowed Other Secured Claim on the following: (i) if such Allowed Other Secured Claim is Allowed as of the Effective Date, the Effective Date or as soon thereafter as reasonably practicable (or, if payment is not then due, the date such Allowed Other Secured Claim becomes due and payable, or as soon thereafter as is reasonably practicable); and (ii) if such Allowed Other Secured Claim is not Allowed as of the Effective Date, the date such Other Secured Claim is Allowed or as soon as reasonably thereafter practicable;
- (b) a distribution of such Collateral securing the Other Secured Claim;
- (c) a distribution of the proceeds of the sale or disposition of such Collateral securing the Other Secured Claim;
- (d) Reinstatement of the Other Secured Claim; or
- (e) such other treatment as the Debtors or Reorganized Debtors, as applicable, the Committee or Unsecured Creditor Trustee, as applicable, and the Holder of such Allowed Other Secured Claim may agree.

Voting. Class 2 is Unimpaired. Holders of Allowed Other Secured Claims in Class 2 are conclusively presumed to have accepted the Plan under Bankruptcy Code section 1126(f). Holders of Other Secured Claims are not entitled to vote to accept or reject the Plan.

(3) Class 3 – HUD Lender Claims

Classification. Class 3 consists of all HUD Lender Claims.

Treatment. Except to the extent that a Holder of an Allowed HUD Lender Claim, the Debtors or the Reorganized Debtors, as applicable, and the Committee or Unsecured Creditor Trustee, as applicable, agree in writing to less favorable treatment of its Allowed HUD Lender Claim, each Holder of an Allowed Other Secured Claim shall receive, in full and complete satisfaction, settlement, discharge, and release of, and in exchange for, its Allowed HUD Lender Claim:

- (a) payment in full, in Cash, of the unpaid portion of its Allowed HUD Lender Claim on the following: (i) if such Allowed HUD Lender Claim is Allowed as of the Effective Date, the Effective Date or as soon thereafter as reasonably practicable (or, if payment is not then due, the date such Allowed HUD Lender Claim becomes due and payable, or as soon thereafter as is reasonably practicable); and (ii) if such Allowed HUD Lender Claim is not Allowed as of the Effective Date, the date such HUD Lender Claim is Allowed or as soon as reasonably thereafter practicable;
- (b) a distribution of such Collateral securing the HUD Lender Claim;
- (c) a distribution of the proceeds of the sale or disposition of such Collateral securing the HUD Lender Claim;
- (d) Reinstatement of the HUD Lender Claim; or
- (e) such other treatment as the Debtors or Reorganized Debtors, as applicable, the Committee or Unsecured Creditor Trustee, as applicable, and the Holder of such Allowed HUD Lender Claim may agree.

Voting. Class 3 is Unimpaired. Holders of Allowed HUD Lender Claims in Class 3 are conclusively presumed to have accepted the Plan under Bankruptcy Code section 1126(f). Holders of Other Secured Claims are not entitled to vote to accept or reject the Plan.

(4) Class 4 – Priority Unsecured Claims

Classification. Class 4 consists of all Priority Unsecured Claims.

Treatment. Except to the extent that a Holder of an Allowed Priority Unsecured Claim, the Debtors or the Reorganized Debtors, as applicable, and the Committee or Unsecured Creditor Trustee, as applicable, agree in writing to less favorable treatment of its Allowed Priority Unsecured Claim, each Holder of an Allowed Priority Unsecured Claim shall receive, in full and

complete satisfaction, settlement, discharge, and release of, and in exchange for, its Allowed Priority Unsecured Claim:

- (a) payment in full, in Cash, on the later of (1) the Effective Date; or (2) the date such Priority Unsecured Claim is Allowed;
- (b) payment in the ordinary course of business between the Debtors or the Reorganized Debtors, as applicable, and the Holder of such Allowed Priority Unsecured Claim; or
- (c) payment at such time and upon other terms as the Debtors or Reorganized Debtors, as applicable, the Committee or Unsecured Creditor Trustee, as applicable, and the Holder of such Allowed Priority Unsecured Claim may agree.

Voting. Class 4 is Unimpaired. Holders of Allowed Priority Unsecured Claims in Class 4 are conclusively presumed to have accepted the Plan under Bankruptcy Code section 1126(f). Holders of Priority Unsecured Claims are not entitled to vote to accept or reject the Plan.

(5) Class 5 – General Unsecured Claims

Classification. Class 5 consists of all General Unsecured Claims.

Treatment. Except to the extent that a Holder of an Allowed General Unsecured Claim, the Debtors and the Committee or the Unsecured Creditor Trustee, as applicable, agree in writing to less favorable treatment of its Allowed General Unsecured Claim, each Holder of an Allowed General Unsecured Claim shall receive, in full and complete satisfaction, settlement, discharge, and release of, and in exchange for, its Allowed General Unsecured Claim its Pro Rata share of the Unsecured Creditor Recovery.

Voting. Class 5 is Impaired. Holders of Allowed General Unsecured Claims in Class 5 are entitled to vote to accept or reject the Plan.

(6) Class 6 – Convenience Class Claims

Classification. Class 6 consists of all Convenience Class Claims.

Treatment. Except to the extent that a Holder of an Allowed Convenience Class Claim, the Debtors or the Reorganized Debtors, as applicable, and the Committee or Unsecured Creditor Trustee, as applicable, agree in writing to less favorable treatment of its Allowed Convenience Class Claim, each Holder of an Allowed Convenience Class Claim shall receive, in full and complete satisfaction, settlement, discharge, and release of, and in exchange for, its Allowed Convenience Class Claim, its Pro Rata share of the Convenience Claim Distribution.

Voting. Class 6 is Impaired. Holders of Allowed Convenience Class Claims in Class 6 are entitled to vote to accept or reject the Plan.

(7) Class 7 – Subordinated Debt Claims

Classification. Class 7 consists of all Subordinated Debt Claims.

Treatment. Holders of Subordinated Debt Claims shall not receive any distribution on account of such Subordinated Debt Claims, and such Subordinated Debt Claims shall be discharged, cancelled, releases, and extinguished as of the Effective Date, and shall be of no further force or effect.

Voting. Class 7 is Impaired. Holders of Allowed Subordinated Debt Claims in Class 7 are deemed to have rejected the Plan pursuant to Bankruptcy Code section 1126(g) and are not entitled to vote to accept or reject the Plan.

(8) Class 8 – Intercompany Claims

Classification. Class 8 consists of all Intercompany Claims.

Treatment. Each Allowed Intercompany Claim shall be discharged, cancelled, released, and extinguished as of the Effective Date or, at the Debtors' or the Reorganized Debtors' option, with the consent of the Committee or Unsecured Creditor Trustee, shall be Reinstated or compromised; *provided*, that the treatment of the Allowed Intercompany Claims shall be effectuated in a tax efficient manner. Holders of Intercompany Claims will not receive any distribution on account of such Intercompany Claims.

Voting. Class 8 is either (i) Unimpaired, in which case the holders of Allowed Intercompany Claims in Class 8 are conclusively presumed to have accepted the Plan pursuant to Bankruptcy Code section 1126(f), or (ii) Impaired, in which case holders of Allowed Intercompany Claims in Class 8 are deemed to have rejected the Plan pursuant to Bankruptcy Code section 1126(g) and are not entitled to vote to accept or reject the Plan.

(9) Class 9 – Intercompany Interests

Classification. Class 9 consists of all Intercompany Interests.

Treatment. Each Allowed Intercompany Interest shall be Reinstated or, with respect to any Debtor that is dissolved pursuant to Article VI.B(8), shall be cancelled to the extent necessary and appropriate to effectuate such dissolution. Holders of Intercompany Interests shall not receive any distribution on account of such Intercompany Interests.

Voting. Class 9 is either (i) Unimpaired, in which case the holders of Allowed Intercompany Interest in Class 8 are conclusively presumed to have accepted the Plan pursuant to Bankruptcy Code section 1126(f), or (ii) Impaired, in which case holders of Allowed Intercompany Claims in Class 8 are deemed to have rejected the Plan pursuant to Bankruptcy Code section 1126(g) and are not entitled to vote to accept or reject the Plan.

(10) Class 10 – Interests in SCC

Classification. Class 10 consists of all Interests in SCC.

Treatment. Holders of Interests in SCC shall not receive any distribution on account of such Interests, and such Interests in SCC shall be discharged, cancelled, releases, and extinguished as of the Effective Date, and shall be of no further force or effect.

Voting. Class 10 is Impaired. Holders of Allowed Interests in SCC, in Class 10, are deemed to have rejected the Plan pursuant to Bankruptcy Code section 1126(g) and are not entitled to vote to accept or reject the Plan.

B. Special Provision Governing Unimpaired Claims

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

C. Elimination of Vacant Classes

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

D. Intercompany Interests and Claims

To the extent Reinstated under the Plan, holders of Allowed Intercompany Interests or Allowed Intercompany Claims are not receiving distributions on account of their Allowed Intercompany Interests or Allowed Intercompany Claims, but rather for the purposes of administrative convenience, for the ultimate benefit of the holders of the New Common Stock, and in exchange for the Debtors' and Reorganized Debtors' agreement under the Plan to make certain distributions to the holders of the Allowed Claims. For the avoidance of doubt, to the extent Reinstated pursuant to the Plan, on and after the Effective Date, all Allowed Interest Interests shall be owned by the same Reorganized Debtor that corresponds with the Debtor that owned such Allowed Intercompany Interests prior to the Effective Date.

Article IV. Acceptance or Rejection of the Plan

A. Deemed Acceptance of the Plan

ABL Credit Facility Claims (Class 1), Other Secured Claims (Class 2), HUD Lender Claims (Class 3), Priority Unsecured Claims (Class 4), and certain Intercompany Claims (Class 8) and Intercompany Interests (Class 9) are Unimpaired by the Plan. Pursuant to Bankruptcy Code section 1126(f), the Holders of Claims in such Classes are conclusively presumed to have accepted the Plan and the votes of such Holders will not be solicited.

B. Deemed Rejection of the Plan

Subordinated Debt Claims (Class 7), certain Intercompany Claims (Class 8), certain Intercompany Interests (Class 9), and Interests in SCC (Class 10) are Impaired by the Plan and

shall receive no distribution under the Plan on account of such Interests. Pursuant to Bankruptcy Code section 1126(g), Holders of Subordinated Debt Claims, certain Intercompany Claims, certain Intercompany Interests, and Interests in SCC are conclusively presumed to have rejected the Plan and the votes of such Holders will not be solicited.

C. Voting Classes

As a result of the provisions of Article III, only the votes of Holders of Claims in Classes 5 and 6 will be solicited with respect to the Plan.

D. Acceptance by Impaired Classes

In accordance with Bankruptcy Code section 1126(c), and except as otherwise provided in Bankruptcy Code section 1126(e), an Impaired Class of Claims shall have accepted the Plan if the Holders of at least two-third in dollar amount and more than one-half in number of Claims, who have actually timely and properly cast ballots to vote to accept or reject the Plan, accept the Plan.

E. Confirmation Pursuant to Bankruptcy Code sections 1129(a)(10) and 1129(b)

The Debtors and the Committee seek Confirmation of the Plan pursuant to Bankruptcy Code section 1129(b) with respect to Classes 7, 8, 9, and 10, as the Holders of Claims and Interests in Classes 7 and 10, and certain Claims and Interests in Classes 8 and 10 are presumed to have rejected the Plan. The Debtors and the Committee also seek Confirmation of the Plan pursuant to any other Classes of Claims or Interests which vote to reject the Plan. The Debtors and the Committee reserve the right to modify the Plan to the extent that Confirmation pursuant to Bankruptcy Code section 1129(b) requires modification.

Article V. Treatment of Executory Contracts and Unexpired Leases

A. Assumption of Executory Contracts and Unexpired Leases

Except as otherwise provided herein, as of the Effective Date, all Executory Contracts and Unexpired Leases listed on the Schedule of Assumed Executory Contracts and Unexpired Leases will be deemed: (i) assumed by the applicable Debtor in accordance with, and subject to the provisions and requirements of Bankruptcy Code sections 365 and 1123; and (ii) if so indicated on the Schedule of Assumed Executory Contracts and Unexpired Leases, assigned to the other party identified as the assignee for each assumed Executory Contract and Unexpired Lease. The entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such assumption and assignment pursuant to Bankruptcy Code sections 365 and 1123. The Debtors reserve the right to reject any executory contrary or unexpired lease until the Confirmation Date.

B. Cure of Defaults

Any monetary amounts by which each executory contract and unexpired lease to be assumed is in default shall be satisfied, pursuant to Bankruptcy Code section 365(b)(1), by payment of the default amount in Cash on the Effective Date or on such other terms as the parties

to each such executory contract or unexpired lease may otherwise agree. In the event of a dispute regarding (a) the amount of any cure payments, (b) the ability of the Reorganized Debtors or any assignee to provide "adequate assurance of future performance" (within the meaning of Bankruptcy Code section 365) under the contract or lease to be assumed, or (c) any other matter pertaining to assumption, the cure payments required by Bankruptcy Code section 365(b)(1) shall be made following the entry of a Final Order resolving the dispute and approving the assumption. Pending the Bankruptcy Court's ruling on such motion, the executory contract or unexpired lease at issue shall be deemed assumed by the Debtors unless otherwise ordered by the Bankruptcy Court. The Debtors reserve the right to reject any executory contract or unexpired lease not later than thirty (30) days after the entry of a Final Order resolving any such dispute.

At least fourteen (14) days before the Confirmation Hearing, the Debtors will provide for notices of proposed assumption and proposed cure amounts to be sent to applicable third parties and for procedures for objecting thereto and resolution of disputes by the Bankruptcy Court. Any objection by a counterparty to an Executory Contract or Unexpired Lease to a proposed assumption or related cure amount must be Filed, served, and actually received by the Debtors at least seven (7) days before the Confirmation Hearing. Any counterparty to an Executory Contract or Unexpired Lease that fails to object timely to the proposed assumption or cure amount will be deemed to have consented to such assumption or proposed cure amount.

If the Bankruptcy Court determines that the Allowed Cure Claim with respect to any Executory Contract or Unexpired Lease is greater than the amount set forth in the applicable Cure Notice, the Debtors or Reorganized Debtors, as applicable, may add such Executory Contract or Unexpired Lease to the Schedule of Rejected Executory Contracts and Unexpired Leases, in which case such Executory Contract or Unexpired Lease will be deemed rejected as the Effective Date.

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

C. Rejection of Executory Contracts and Unexpired Leases

Except as otherwise provided herein, or in any contract, instrument, release, indenture or other agreement, or document entered into in connection with the Plan, as of the Effective Date, each Debtor shall be deemed to have rejected each Executory Contract and Unexpired Lease to which it is a party, unless such Executory Contract or Unexpired Lease: (1) was previously assumed or rejected; (2) was previously expired or terminated pursuant to its own terms; (3) is the subject of a motion or notice to assume filed on or before the Confirmation Date; or (4) is designated specifically or by category as an Executory Contract or Unexpired Lease on the Schedule of Assumed Executory Contracts and Unexpired Leases. For the avoidance of doubt, any Executory Contract or Unexpired Lease which does not appear on the Schedule of Rejected Executory Contracts and Unexpired Leases and which is not subject to one of the four conditions

for assumption of Executory Contracts and Unexpired Leases listed in this paragraph shall be deemed rejected.

The Confirmation Order shall constitute an order of the Bankruptcy Court under Bankruptcy Code sections 365 and 1123(b) approving the assumptions and assignments or rejections described above as of the Effective Date. Unless otherwise indicated, all assumptions and assignments or rejections of Executory Contracts and Unexpired Leases in the Plan will be effective as of the Effective Date. Each Executory Contract and Unexpired Lease assumed and assigned pursuant to the Plan or by Bankruptcy Court order, shall vest in and be fully enforceable by the applicable assignee in accordance with its terms, except as such terms may have been modified by order of the Bankruptcy Court. To the maximum extent permitted by law, to the extent any provision in any Executory Contract or Unexpired Lease assumed pursuant to the Plan restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by, the assumption of such Executory Contract or Unexpired Lease (including, without limitation, any “change of control” provision), then such provision shall be deemed modified such that the transactions contemplated by the Plan shall not entitle the non-Debtor party thereto to terminate such Executory Contract or Unexpired Lease or to exercise any other default-related rights with respect thereto.

D. Rejection Claims

Any counterparty to a contract or lease that is identified on the Schedule of Rejected Executory Contracts and Unexpired Leases or is otherwise rejected by the Debtors must file and serve a proof of Claim on the applicable Debtor that is party to the contract or lease to be rejected no later than thirty (30) days after the later of (i) the Confirmation Date, or (ii) the effective date of rejection of such executory contract or unexpired lease.

E. Reservation of Rights

Neither the exclusion nor inclusion of any contract or lease in the Plan Supplement, nor anything contained in the Plan, shall constitute an admission by the Debtors that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that the Reorganized Debtors have any liability thereunder. In the event of a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtors shall have ninety (90) days following entry of a Final Order resolving such dispute to alter the treatment of such contract or lease as otherwise provided herein.

Article VI. Means for Implementation

A. Substantive Consolidation; Closing Chapter 11 Cases of Subsidiary Debtors

Except as otherwise expressly provided in the Plan, each Debtor shall continue to maintain its separate corporate existence for all purposes other than the treatment of Claims under the Plan and distributions from the Unsecured Creditor Trust. On the Effective Date, (1) all Unsecured Creditor Trust Assets (and all proceeds thereof) and all liabilities of each of the Debtors shall be deemed merged or treated as though they were merged into and with the assets and liabilities of each other, (2) subject to Article III.A(7), all Intercompany Claims among the Debtors shall be eliminated and there shall be no distributions on account of such Intercompany

Claims, (3) any obligation of a Debtor and any guarantee thereof by any other Debtor shall be deemed to be one obligation, and any such guarantee shall be eliminated, (4) each Claim filed or to be filed against more than one Debtor shall be deemed filed only against one consolidated Debtor and shall be deemed a single Claim against and a single obligation of the Debtors, and (5) any joint or several liability of the Debtors shall be deemed one obligation of the Debtors. On the Effective Date, and in accordance with the terms of the Plan, all Claims based upon guarantees of collection, payment or performance made by one Debtor as to the obligations of another Debtor shall be released and of no further force and effect. Such substantive consolidation shall not (other than for purposes relating to the Plan) affect the legal and corporate structures of the Reorganized Debtors.

If the Bankruptcy Court does not approve the substantive consolidation of all of the Estates for the purposes set forth herein: (1) the Plan shall be treated as a separate plan of reorganization for each Debtor not substantively consolidated, and (2) the Debtors shall not be required to resolicit votes with respect to the Plan.

The Plan shall serve as, and shall be deemed to be, a motion for entry of an order substantively consolidating the Chapter 11 Cases for the limited purposes set forth herein. If no objection to substantive consolidation is timely filed and served by any Holder of an Impaired Claim on or before the deadline to object to the confirmation of the Plan, or such other date as may be fixed by the Bankruptcy Court and the Debtors meet their burden of introducing evidence to establish that substantive consolidation is merited under the standards of applicable bankruptcy law, the Confirmation Order, which shall be deemed to substantively consolidate the Debtors for the limited purposes set forth herein, may be entered by the Bankruptcy Court. If any such objections are timely filed and served, a hearing with respect to the substantive consolidation of the Chapter 11 Cases and the objections thereto shall be scheduled by the Bankruptcy Court, which hearing shall coincide with the Confirmation Hearing.

In addition, if the Bankruptcy Court approves the substantive consolidation, the Plan shall serve as, and shall be deemed to be, a motion, pursuant to Bankruptcy Code sections 105(a) and 350(a) and Bankruptcy Rule 3022, for entry of a Final Decree closing, as of the later of (i) the Effective Date and (ii) the date that the Confirmation Order becomes final and non-appealable, the Chapter 11 Cases of each of the Subsidiary Debtors. If no objection to entry of such a Final Decree is timely filed and served on or before the deadline to object to the confirmation of the Plan, or such other date as may be fixed by the Bankruptcy Court, and the Debtors meet their burden of introducing evidence to establish that the Final Decree is merited under the standards of applicable bankruptcy law, the Confirmation Order, which shall be deemed to be a Final Decree with respect to the Subsidiary Debtors, may be entered by the Bankruptcy Court. If any such objections are timely filed and served, a hearing with respect to the Final Decree and closing of the Chapter 11 Cases of the Subsidiary Debtors, and the objections thereto, shall be scheduled by the Bankruptcy Court, which hearing shall coincide with the Confirmation Hearing.

B. Financing and Restructuring Transactions

On the Effective Date, or as soon thereafter as reasonably practicable, the Reorganized Debtors shall take all actions as may be necessary or appropriate to effectuate the Restructuring Transactions, including: (1) the execution, delivery, and filing, as applicable, of any appropriate

agreements or other documents of merger, consolidation, restructuring, conversion, disposition, transfer, dissolution, or liquidation, each containing terms that are consistent in all material respects with the terms of the Plan, and that satisfy the requirements of applicable law; (2) the execution, delivery, and filing, as applicable, of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, debt, or obligation, each on terms consistent in all material respects with the terms of the Plan; (3) the execution, delivery, and filing, as applicable, of appropriate certificates or articles of incorporation, reincorporation, merger, consolidation, conversion, or dissolution pursuant to applicable state law; (4) such other transactions that are required to effectuate the Restructuring Transactions in the most tax efficient manner, as determined by the Debtors; and (5) the execution, delivery, and filing, if applicable, of the New Corporate Governance Documents, and any documentation related to the New Common Stock or the Restructuring Transactions.

(1) Assumption of Executory Contracts and Unexpired Leases

On the Effective Date, the Debtors will assume the Executory Contracts and Unexpired Leases listed on the Schedule of Assumed Executory Contracts and Unexpired Leases pursuant to Bankruptcy Code section 1123(b)(2). Such Schedule of Assumed Executory Contracts and Unexpired Leases shall include, among other things, Unexpired Leases for Facilities.

(2) Sources and Uses of Consideration for Plan Distributions

On the Effective Date, all Cash necessary for the Reorganized Debtors to make payments required pursuant to the Plan will be funded with Cash on hand, including Cash from operations and the proceeds of the Exit Facility and the Harden Escrow. Any Cash payments to be made pursuant to the Plan after the Effective Date will be made by the Reorganized Debtors, the Unsecured Creditors Trustee or a Distribution Agent. The Reorganized Debtors will be entitled to transfer funds between and among themselves as they determine to be necessary or appropriate to enable the Reorganized Debtors to satisfy their obligations under the Plan.

(3) Exit Facility

The Debtors have received several term sheets from potential lenders for the Exit Facility and continue to negotiate. However, the Debtors are able to report that the Exit Facility will be a revolving line of credit in the principal amount of approximately \$20-22 million at 4-6% interest. The Exit Facility will contain a HUD and a non-HUD component. The Exit Facility will contain other terms and conditions consistent with asset based lending, such as: an availability of 85%; an accordion to increase the commitment amount to \$35 million; a first priority lien on Accounts Receivable; and certain financial covenants. The Debtors will file the Exit Facility Documents as part of the Plan Supplement.

The Confirmation Order shall include approval of the Exit Facility and authorization for the Reorganized Debtors to enter into and execute the Exit Facility Documents and such other documents as may be required to effectuate the treatment afforded to the lenders under the Exit Facility pursuant to the Exit Facility Documents. The Reorganized Debtors may use the Exit Facility for any purpose permitted thereunder, including the funding of obligations under the Plan and satisfaction of ongoing working capital needs.

On the Confirmation Date, (1) the Reorganized Debtors are authorized to execute and deliver the Exit Facility Documents and perform their obligations thereunder including, without limitation, the payment or reimbursement of any fees, expenses, losses, damages, or indemnities, and (2) subject to the occurrence of the Effective Date the Exit Facility Documents shall constitute the legal, valid, and binding obligations of the Reorganized Debtors and be enforceable in accordance with their respective terms.

(4) Unsecured Creditor Trust Note

The Confirmation Order shall include approval of the Unsecured Creditor Trust Note and authorization for the Reorganized Debtors to enter into and execute the Unsecured Creditor Trust Note and such other documents as may be required to effectuate the treatment afforded to the Unsecured Creditor Trust under the Unsecured Creditor Trust Note and related documents.

On the Confirmation Date, (1) the Reorganized Debtors are authorized to execute and deliver the Unsecured Creditor Trust Note and related documents and perform their obligations thereunder including, without limitation, the payment or reimbursement of any fees, expenses, losses, damages, or indemnities; and (2) subject to the occurrence of the Effective Date the Unsecured Creditor Trust Note and related documents shall constitute the legal, valid, and binding obligations of the Reorganized Debtors and be enforceable in accordance with their respective terms.

(5) Issuance of New Common Stock

On the Effective Date, the Reorganized Debtors shall be authorized to and shall issue the New Common Stock in accordance with the terms of the Plan without the need for any further corporate action. Each share of New Common Stock issued and distributed pursuant to the Plan shall be duly authorized, validly issued, and fully paid and non-assessable. Each distribution and issuance shall be governed by the terms and conditions set forth herein applicable to such distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, which terms and conditions shall bind each Entity receiving such distribution or issuance.

On the Effective Date, the Reorganized Debtors and the Unsecured Creditors Trustee shall enter into the New Shareholders Agreement, substantially in the form to be included in the Plan Supplement. The New Shareholders Agreement will be binding on the beneficial holders of interests in the Unsecured Creditors Trust.

(6) Retained Causes of Action

In accordance with Bankruptcy Code section 1123(b), the Debtors shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Retained Causes of Action, whether arising before or after the Petition Date, and such rights to commence, prosecute, or settle such Retained Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. The Reorganized Debtors may pursue such Retained Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Debtors. No Person may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Retained Causes of Action against it as any indication that the

Debtors or the Reorganized Debtors will not pursue any and all available Retained Causes of Action against it. The Debtors or the Reorganized Debtors, as applicable, expressly reserve all rights to prosecute any and all Retained Causes of Action against any Entity, except as otherwise expressly provided in the Plan. Unless any Retained Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Court order, including, pursuant to Article VIII hereof, the Debtors or Reorganized Debtors, as applicable, expressly reserve all Retained Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Retained Causes of Action upon, after, or as a consequence of the Confirmation or Consummation.

In accordance with Bankruptcy Code section 1123 and except as otherwise provided herein, any Retained Causes of Action which a Debtor may hold against any entity shall vest in the applicable Reorganized Debtor. The applicable Reorganized Debtors, through their authorized agents or representatives, shall retain and may exclusively enforce any and all such Retained Causes of Action. The Reorganized Debtors shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Retained Causes of Action, and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Court.

(7) Dissolution of Certain Entities

The Debtors and the Committee shall identify, in the Plan Supplement, Debtor entities that will be Reorganized Debtors. All other Debtors that are not Reorganized Debtors shall be dissolved; *provided, however*, that the Debtors and the Committee may supplement such list before the Effective Date consistent with the list of Rejected Facilities.

C. Corporate Action

On the Effective Date, or as soon thereafter as is reasonably practicable, all actions as may be necessary or appropriate to effect any transactions described in, approved by, contemplated by, or necessary to effectuate the Restructuring Transactions shall be deemed authorized and approved by the Bankruptcy Court in all respects, including, as applicable: (1) the adoption, execution, delivery and/or filing of the New Corporate Governance Documents; (2) the selection of the directors, managers, and officers of the Reorganized Debtors; (3) the authorization, issuance, delivery, and distribution of the New Common Stock; (4) rejection, assumption, or assumption and assignment, as applicable, of the Executory Contracts and Unexpired Leases; (5) the entry into the Exit Facility Documents; (6) the adoption of the Management Incentive Plan; (7) the entry into the Unsecured Creditor Trust Agreement, Unsecured Creditor Trust Transfer Agreement, Unsecured Creditor Trust Note, and related documents; and (8) all other actions that may be required under applicable law.

On the Effective Date, all matters provided for in the Plan involving the corporate structure of the Reorganized Debtors in connection with the Plan shall be deemed to have

occurred and shall be in effect, without any requirement of further action by the officers or directors of the Debtors or Reorganized Debtors.

On or before the Effective Date (as applicable), the appropriate officers of the Debtors or Reorganized Debtors shall be authorized and directed to issue, execute, and deliver the agreements, documents, securities, and instruments contemplated by the plan (or necessary or desirable to effectuate the Restructuring Transactions) in the name and on behalf of the Reorganized Debtors.

D. Continued Corporate Existence

Except as otherwise provided in the Plan or any agreement, instrument, or other document incorporated in the Plan or the Plan Supplement, on the Effective Date, each Reorganized Debtor shall continue to exist after the Effective Date as a separate corporation, limited liability company, partnership, or other form of Entity, as the case may be, with all the powers of a corporation, limited liability company, partnership, or other form of Entity, as the case may be, pursuant to the applicable law in the jurisdiction in which each applicable Debtor is incorporated or formed and pursuant to the respective certificate of incorporation and bylaws (or other analogous formation documents) in effect before the Effective Date, except to the extent such certificate of incorporation and bylaws (or other analogous formation documents) are amended or amended and restated by the Plan, the New Corporate Governance Documents, or otherwise, and to the extent such documents are amended or amended and restated, such documents are deemed to be amended or amended and restated pursuant to the Plan and require no further action or approval (other than any requisite filings required under applicable state, provincial, or federal law).

E. Vesting of Assets

Except as otherwise expressly provided in the Plan, the Confirmation Order, or any agreement, instrument, or other document incorporated in the Plan or the Plan Supplement, pursuant to Bankruptcy Code sections 1123(a)(5), 1123(b)(3), 1141(b) and (c), and any other applicable provisions of the Bankruptcy Code, on and after the Effective Date, all property and assets of the Estates of the Debtors, including all claims, rights, and Causes of Action of the Debtors, and any other assets or property acquired by the Debtors or the Reorganized Debtors during the Chapter 11 Cases or under or in connection with the Plan, other than the Unsecured Creditor Trust Assets, shall automatically, without the notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, rule or any requirement of further action, vote or other approval or authorization of the security holders, equity owners, members, managers, officers or directors of the Debtors, the Reorganized Debtors or the other applicable Entity or by any other person (except for those expressly required pursuant hereto or by the Plan Documents), vest in the Reorganized Debtors free and clear of all Claims, Liens, charges, and other encumbrances, subject to the Restructuring Transactions and Liens, if any, which survive the occurrence of the Effective Date as described in this Plan. On and after the Effective Date, the Reorganized Debtors may operate their respective businesses and use, acquire, and dispose of their respective property, without notice to, supervision of or approval by the Bankruptcy Court and free and clear of any restrictions of the Bankruptcy Code or the Bankruptcy Rules, other than restrictions expressly imposed by this Plan or the Confirmation Order.

On the Effective Date, except as otherwise provided in the Plan and Confirmation Order, the Unsecured Creditor Trust Assets shall automatically vest in the Unsecured Creditor Trust, free and clear of all Claims, Liens, and other encumbrances. Confirmation of this Plan effects no settlement, compromise, waiver, or release of any Unsecured Creditor Trust Assets, including, without limitation, the Unsecured Creditor Trust Causes of Action. The non-disclosure or non-discussion of any particular Unsecured Creditor Trust Cause of Action is not and shall not be construed as a settlement, compromise, waiver, or release of any such Unsecured Creditor Trust Cause of Action. **The Unsecured Creditor Trust and the Unsecured Creditor Trustee reserve any and all Unsecured Creditor Trust Causes of Action, whether such Unsecured Creditor Trust Causes of Action arose before, on or after the Petition Date, the Confirmation Date, the Effective Date, the Record Date and/or any Distribution Date, including, without limitation, those Unsecured Creditor Trust Causes of Action that the Debtors, the Unsecured Creditor Trustee, or the Unsecured Creditor Trust may have against (a) any D&O Liability Insurance Policies; (b) the Debtors' prepetition officers and directors,¹ including, without limitation, Andrew Kerr, Michael Brandley and the officers and directors identified in the Disclosure Statement or the Plan Supplement; (c) payments to the Debtors' officers, directors, and senior management and the relatives of the Debtors' officers, directors and senior management prior to the Petition Date, including, without limitation, those persons and payments identified in the Debtors' schedules of assets and liabilities, the Disclosure Statement or the Plan Supplement; (d) Granite, (e) Silver Star, (f) PharMerica and/or the PharMerica Funds; (g) any Insiders; (h) those persons repaid for "bridge loans" or "payday loans" prior to the Petition Date, including, without limitation, those persons identified in the Debtors' schedules of assets and liabilities, the Disclosure Statement or the Plan Supplement; (i) the Debtors' prepetition Professionals,² including, without limitation, BDO and the Debtors' accounting firm BKD; and (j) any contempt claims relating to or arising under the Contempt Motion. The entry of the Confirmation Order shall not constitute *res judicata* or otherwise bar, estop or inhibit any actions by the Debtors, the Unsecured Creditor Trust or the Unsecured Creditor Trustee relating to any Unsecured Creditor Trust Causes of Action referred to in this Article VI.E, the Plan Supplement, the Disclosure Statement or otherwise. Except as specifically set forth herein, the Unsecured Creditor Trustee shall constitute the representative of the Estates for purposes of retaining, asserting and/or enforcing the Unsecured Creditor Trust Causes of Action under Bankruptcy Code section 1123(b)(3)(B). On the Effective Date, the Unsecured Creditor Trustee shall be substituted as a party of record in all pending litigation brought by, on behalf of, or against the Debtors without need for further order of the Bankruptcy Court to the extent such litigation constitutes an Unsecured Creditor Trust Cause of Action. For the avoidance of doubt, the Unsecured Creditor Trustee shall be substituted for the Committee with respect to all pending litigation and/or discovery to which the Committee is a party, including, but not limited, the discovery described in or related to the Motion of the Official Committee of Unsecured Creditors of Senior Care Centers, LLC, *et al.* for Entry of an Order Authorizing the Examination of Granite Investment Group, LLC, Silver Star Investments, LLC, the Granite Board Appointees and the Granite Landlords Pursuant to Rule 2004 of the Federal Rules of Bankruptcy Procedure filed in the Chapter 11 Cases at docket number 644, and the Unsecured Creditor Trustee shall be authorized to**

¹ Except for those who are Released Parties.

² Except for those who are Released Parties.

commence and/or continue any discovery related to Unsecured Creditor Trust Causes of Action, including pursuant to Bankruptcy Rule 2004.

F. Charter, Bylaws, and New Corporate Governance Documents

On the Effective Date, or as soon thereafter as is reasonably practicable, the Debtors' respective certificates of incorporation and bylaws (and other formation and constituent documents relating to limited liability companies) shall be amended or amended and restated as may be required to be consistent with the provisions of the Plan, the New Corporate Governance Documents and the Exit Facility Documents. The New Corporate Governance Documents shall, among other things: (1) authorize the issuance of the New Common Stock; and (2) be modified or deemed to be modified to include a provision pursuant to and only to the extent required by Bankruptcy Code section 1123(a)(6), prohibiting the issuance of non-voting equity Securities. After the Effective Date, each Reorganized Debtor may amend and restate its certificate of incorporation and other formation and constituent documents as permitted by the laws of its respective jurisdiction of formation and the terms of such documents.

G. Directors and Officers

On the Effective Date, all managers, directors, and other members of the existing boards or governance bodies of the Debtors, as applicable, shall cease to hold office or have any authority from and after such time to the extent not expressly included in the roster of the applicable New Board.

New Board. The initial composition of the New Board shall be SCC's chief executive officer and two other members selected by the Committee, and thereafter shall be determined in accordance with the New Corporate Governance Documents. Pursuant to Bankruptcy Code section 1129(a)(5), the identity of the members of the initial New Board will be disclosed in the Plan Supplement

Management. Michael Beal shall be the Chief Executive Officer of the Reorganized Debtors and shall designate individuals to serve in such other officer capacities, as necessary, as of the Effective Date, which additional officers, if any, shall be disclosed in the Plan Supplement. All officers of the Reorganized Debtors shall be subject to the ordinary rights and powers of the applicable New Board to remove or replace them in accordance with the New Corporate Governance Documents.

H. Management Incentive Plan

On or as soon as practicable following the Effective Date, the New Board shall adopt the Management Incentive Plan. As part of this Management Incentive Plan, up to twenty percent (20%) of the New Common Stock in the Reorganized Debtors shall be reserved for the Reorganized Debtors' management team.

I. Exemption from Registration Requirements

The offering, issuance, and distribution of all shares of New Common Stock under the Plan will be exempt from, among other things, the registration and prospectus delivery

requirements under the Securities Act or any similar federal, state, or local laws in reliance upon Bankruptcy Code section 1145 to the maximum extent permitted and applicable and, to the extent that reliance on such section is either not permitted or not applicable, the exemption set forth in section 4(a)(2) of the Securities Act.

J. Cancellation of Notes, Instruments, Certificates, and Other Documents

Except for the purpose of evidencing a right to a distribution under this Plan and except as otherwise set forth in this Plan, or in any Plan Document, on the Effective Date, all agreements, instruments, and other documents evidencing any prepetition Claim or Interest and any rights of any holder in respect thereof shall be deemed cancelled and of no force or effect. The holders of or parties to such cancelled instruments, Securities, and other documentation will have no rights arising from or related to such instruments, Securities, or other documentation or the cancellation thereof, except the rights provided for pursuant to this Plan.

K. General Settlement of Claims and Interests

Unless otherwise set forth in the Plan, pursuant to Bankruptcy Code sections 363 and 1123 and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, on the Effective Date, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims and Interests and controversies resolved by the Plan. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates, and holders of Claims and Interests and is fair, equitable, and within the range of reasonableness.

L. Section 1146(a) Exemption

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

any other Person with authority over any of the foregoing), wherever located and by whomever appointed, shall comply with the requirements of Bankruptcy Code section 1146(c), shall forego the collection of any such tax or governmental assessment, and shall accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

M. Unsecured Creditor Trust

(1) Creation of Unsecured Creditor Trust

On the Effective Date, the Reorganized Debtors (solely in their capacity as successors to Debtors) and the Unsecured Creditor Trustee shall execute the Unsecured Creditor Trust Agreement and the Unsecured Creditor Trust Transfer Agreement, and shall take all steps necessary to establish the Unsecured Creditor Trust in accordance with the Plan, which shall be for the benefit of the Holders of Claims that receive beneficial interests in the Unsecured Creditor Trust. Additionally, on the Effective Date the Debtors shall transfer and/or assign and shall be deemed to transfer and/or assign to the Unsecured Creditor Trust all of their rights, title and interest in and to all of the Unsecured Creditor Trust Assets, and in accordance with Bankruptcy Code section 1141, the Unsecured Creditor Trust Assets shall automatically vest in the Unsecured Creditor Trust free and clear of all Claims and Liens, subject only to (a) the beneficial interests in the Unsecured Creditor Trust, and (b) the expenses of the Unsecured Creditor Trust as provided for in the Unsecured Creditor Trust Agreement.

The Unsecured Creditor Trust shall be governed by the Unsecured Creditor Trust Agreement and administered by the Unsecured Creditor Trustee and the Unsecured Creditor Trust Advisory Board. The powers, rights, responsibilities and compensation of Unsecured Creditor Trustee and Unsecured Creditor Trust Advisory Board shall be specified in the Unsecured Creditor Trust Agreement. The Unsecured Creditor Trustee shall hold and distribute the Unsecured Creditor Trust Assets in accordance with the Plan and the Unsecured Creditor Trust Agreement. Other rights and duties of the Unsecured Creditor Trustee, the Unsecured Creditor Trust Advisory Board and the Holders of Claims that receive beneficial interests in Unsecured Creditor Trust shall be as set forth in the Unsecured Creditor Trust Agreement.

After the Effective Date, the Debtors and the Reorganized Debtors shall have no interest in the Unsecured Creditor Trust Assets. To the extent that any Unsecured Creditor Trust Assets cannot be transferred to the Unsecured Creditor Trust because of a restriction on transferability under applicable non-bankruptcy law that is not superseded or preempted by Bankruptcy Code section 1123 or any other provision of the Bankruptcy Code, such Unsecured Creditor Trust Assets shall be deemed to have been retained by the Reorganized Debtors and the Unsecured Creditor Trust shall be deemed to have been designated as a representative of the Reorganized Debtors pursuant to Bankruptcy Code section 1123(b)(3)(B) to enforce and pursue such Unsecured Creditor Trust Assets on behalf of the Reorganized Debtors for the benefit of the Holders of Claims that receive beneficial interests in Unsecured Creditor Trust. Notwithstanding the foregoing, all net proceeds of such Unsecured Creditor Trust Assets shall be transferred to the Unsecured Creditor Trust to be distributed in accordance with this Plan.

(2) Transfer of Assets and Causes of Action to Unsecured Creditor Trust

Subject to definitive guidance from the IRS or a court of competent jurisdiction to the contrary, the Unsecured Creditor Trust is intended to be treated as a “liquidating trust” for U.S. federal income tax purposes pursuant to Treasury Regulation section 301.7701-4(d), and the Unsecured Creditor Trustee will take this position on the Unsecured Creditor Trust’s tax return accordingly. The beneficiaries of the Unsecured Creditor Trust shall be treated as the grantors of the Unsecured Creditor Trust and as the deemed owners of the Unsecured Creditor Trust Assets. For U.S. federal income tax purposes, the transfer of assets to the Unsecured Creditor Trust will be deemed to occur as (a) a first-step transfer of the Unsecured Creditor Trust Assets to the holders of Class 5 Claims and, to the extent the Unsecured Creditor Trust Assets are allocable to disputed Claims, to the disputed claims reserve described in the subsequent paragraph, and (b) a second-step transfer by such holders and, to the extent relevant with respect to the disputed claims reserve, to the Unsecured Creditor Trust. As a result, the transfer of the Unsecured Creditor Trust Assets to the Unsecured Creditor Trust should be a taxable transaction, and the Debtors should recognize gain or loss equal to the difference between the tax basis and fair value of such assets. As soon as possible after the transfer of the Unsecured Creditor Trust Assets to the Unsecured Creditor Trust, the Unsecured Creditor Trustee shall make a good faith valuation of the Unsecured Creditor Trust Assets. This valuation will be made available from time to time, as relevant for tax reporting purposes. Each of the Debtors, Unsecured Creditor Trustee, and the holders of Claims receiving beneficial interests in the Unsecured Creditor Trust shall take consistent positions with respect to the valuation of the Unsecured Creditor Trust Assets, and such valuations shall be utilized for all U.S. federal income tax purposes. The Unsecured Creditor Trust shall in no event be dissolved later than 5 years from the creation of such Unsecured Creditor Trust unless the Bankruptcy Court, upon motion within the 6-month period prior to the 5th anniversary (or within the 6-month period prior to the end of an extension period), determines that a fixed period extension (not to exceed 5 years with a private letter ruling from the IRS or an opinion of counsel satisfactory to the Unsecured Creditor Trustee that any further extension would not adversely affect the status of the trust as a liquidating trust for United States federal income tax purposes) is necessary to facilitate or complete the recovery and liquidation of the Unsecured Creditor Trust Assets.

With respect to amounts, if any, in a reserve for disputed claims, it is expected that such account will be treated as a “disputed ownership fund” governed by Treasury Regulation Section 1.468B-9, that any appropriate elections with respect thereto shall be made, and that such treatment will also be applied to the extent possible for state and local tax purposes. Under such treatment, a separate federal income tax return shall be filed with the IRS for such disputed claims reserve and will be subject to tax annually on a separate entity basis. Any taxes (including with respect to interest, if any, earned in the account, or any recovery on the portion of assets allocable to such account in excess of the disputed claims reserve’s basis in such assets) imposed on such account shall be paid out of the assets of the respective account (and reductions shall be made to amounts disbursed from the account to account for the need to pay such taxes). Holders of Claims receiving beneficial interests in the Unsecured Creditor Trust will be bound by such election, if made by the Unsecured Creditor Trustee, and, as such, will, for U.S. federal income tax purposes (and, to the extent permitted by law, for state and local income tax purposes), report consistently therewith.

(3) The Administration of the Unsecured Creditor Trust and Powers of the Unsecured Creditor Trustee

The Unsecured Creditor Trust shall be administered by the Unsecured Creditor Trustee with oversight by the Unsecured Creditor Trust Advisory Board pursuant to the Unsecured Creditor Trust Agreement. In the event of any inconsistency solely between this Article VI.M of the Plan and the Unsecured Creditor Trust Transfer Agreement, the Unsecured Creditor Trust Transfer Agreement shall control, with the Plan controlling in all other cases. All compensation for the Unsecured Creditor Trustee and other costs of administration for the Unsecured Creditor Trust shall be paid by the Unsecured Creditor Trust in accordance with this Plan and the Unsecured Creditor Trust Agreement. The Unsecured Creditor Trust Agreement generally will provide for, among other things: (a) the payment of the expenses of the Unsecured Creditor Trust, including the cost of pursuing the Unsecured Creditor Trust Causes of Action; (b) the retention of counsel, accountants, financial advisors, or other professionals and the payment of their reasonable compensation; (c) the investment of Cash by the Unsecured Creditor Trustee within certain limitations, including those specified in the Plan; (d) the orderly liquidation of the Unsecured Creditor Trust Assets; and (e) litigation of any Unsecured Creditor Trust Causes of Action, which may include the prosecution, settlement, abandonment, or dismissal of any such Unsecured Creditor Trust Causes of Action.

The Unsecured Creditor Trustee, on behalf of the Unsecured Creditor Trust, may employ, without further order of the Bankruptcy Court, professionals to assist in carrying out its duties hereunder and may compensate and reimburse the reasonable expenses of those professionals without further order of the Bankruptcy Court from the Unsecured Creditor Trust Assets in accordance with the Plan and the Unsecured Creditor Trust Agreement.

The Unsecured Creditor Trust Agreement may include reasonable and customary provisions that allow for indemnification by the Unsecured Creditor Trust. Any such indemnification shall be the sole responsibility of the Unsecured Creditor Trust and payable solely from the Unsecured Creditor Trust Assets, and the Debtors or the Reorganized Debtors shall have no obligations related to such indemnification.

In furtherance of and consistent with the purpose of the Unsecured Creditor Trust and the Plan, the Unsecured Creditor Trustee, for the benefit of the Unsecured Creditor Trust, shall (a) hold the Unsecured Creditor Trust Assets for the benefit of the Unsecured Creditor Trust Beneficiaries, (b) make distributions of proceeds of the Unsecured Creditor Trust Assets as provided in the Unsecured Creditor Trust Agreement, and (c) have the power and authority to prosecute and resolve any Unsecured Creditor Trust Causes of Action. The Unsecured Creditor Trustee shall be responsible for all decisions and duties with respect to the Unsecured Creditor Trust and the Unsecured Creditor Trust Assets, except as otherwise provided in the Unsecured Creditor Trust Agreement. In all circumstances, the Unsecured Creditor Trustee shall act in the best interests of the Unsecured Creditor Trust Beneficiaries.

Subject to the provisions of the Unsecured Creditor Trust Agreement, the Unsecured Creditor Trustee may settle, compromise, abandon, or withdraw any Unsecured Creditor Trust Cause of Action on any grounds or terms it deems reasonable, without further order of the Bankruptcy Court. The Unsecured Creditor Trustee may also settle or compromise any Disputed

Claim, or withdraw any objection thereto, on any grounds or terms it deems reasonable, without further order of the Bankruptcy Court.

(4) Waived Avoidance Actions

Notwithstanding anything in the Plan to the contrary, on the Effective Date, all Waived Avoidance Actions shall be waived and released by the Debtors and the Reorganized Debtors and their Estates.

Article VII. Provisions Governing Distributions

A. Distributions for Claims and Interests Allowed as of the Effective Date

Except as otherwise provided herein or as ordered by the Bankruptcy Court, the Reorganized Debtors, Distribution Agent, or the Unsecured Creditor Trustee shall make distributions under the Plan on account of Allowed Claims and Allowed Interests on the Effective Date, *provided, however*, that (1) Allowed Administrative Claims with respect to liabilities incurred by the Debtors in the ordinary course of business shall be paid or performed in the ordinary course of business in accordance with the terms and conditions of any controlling agreements, course of dealing, course of business, or industry practice, and (2) Allowed Priority Tax Claims and Allowed Other Secured Claims shall be paid in accordance with Article II.C and Article III.A(2) respectively.

B. Delivery of Distributions

(1) Record Date

The Reorganized Debtors, Distribution Agent, and Unsecured Creditor Trustee will have no obligation to recognize the transfer of, or the sale of any participation in, any Allowed Claim that occurs after the close of business on the Distribution Record Date, and will be entitled for all purposes herein to recognize and distribute only to those Holders of Allowed Claims that are Holders of such Claims, or participants therein, as of the close of business on the Distribution Record Date. The Reorganized Debtors, Distribution Agent, and Unsecured Creditor Trustee shall instead be entitled to recognize and deal for all purposes under this Plan with only those record holders stated on the Claims Register as of the close of business on the Distribution Record Date.

(2) Distribution Agent

All distributions made under the Plan that are to be made on the Effective Date shall be made by the Debtors or Unsecured Creditor Trustee as Distribution Agent or any other duly appointed Distribution Agent, unless otherwise specified herein.

(3) Distribution Process

Unless the Holder of an Allowed Claim, the Debtors or the Reorganized Debtors, as applicable, and the Committee or Unsecured Creditor Trustee, as applicable, agrees to a different distribution date or except as otherwise provided herein or as ordered by the Bankruptcy Court,

distributions to be made on account of Claims that are Allowed as of the Effective Date shall be made on the Effective Date or as soon as thereafter practicable. Any payment or distribution required to be made under this Plan on a day other than a Business Day shall be made on the next succeeding Business Day.

(4) Fractional, Undeliverable, and Unclaimed Distributions

Fractional Distributions. Whenever any distribution of fractional shares of New Common Stock would otherwise be required pursuant to the Plan, the actual distribution shall reflect a rounding of such fraction to the nearest share (up or down), with half shares or less being rounded down. Whenever any payment of Cash of a fraction of a dollar pursuant to the Plan would otherwise be required, the actual payment shall reflect a rounding of such fraction to the nearest whole dollar (up or down), with half dollars or less being rounded down.

Undeliverable and Unclaimed Distributions. If the distribution to any Holder of an Allowed Claim is returned to the Reorganized Debtors, Distribution Agent, or Unsecured Creditor Trustee as undeliverable or is otherwise unclaimed, no further distributions shall be made to such Holder unless and until the Reorganized Debtors, the Distribution Agent, or Unsecured Creditor Trustee is notified in writing of such Holder's then current address. Any Holder of an Allowed Claim that does not assert a claim pursuant to this Plan for an undeliverable or unclaimed distribution within one (1) year after the Effective Date shall be deemed to have forfeited its claim for such undeliverable or unclaimed distribution and shall be forever barred and enjoined from asserting any such claim for an undeliverable or unclaimed distribution against the Debtors or their Estates, the Reorganized Debtors or their property or the Unsecured Creditors Trustee or Unsecured Creditors Trust. In such cases, any Cash for distribution on account of such claims for undeliverable or unclaimed distributions shall become the property of the Estates, the Reorganized Debtors or the Unsecured Creditors Trust, as applicable, free of any restrictions thereon and notwithstanding any federal or state escheat laws to the contrary. Nothing contained in this Plan shall require any Distribution Agent, including, but not limited to, the Reorganized Debtors or the Unsecured Creditor Trustee, to attempt to locate any Holder of an Allowed Claim.

(5) Minimum Distributions

The Reorganized Debtors, Distribution Agent, or Unsecured Creditor Trustee shall not be required to make distributions valued at less than \$50.00.

C. Interest on Claims

Unless otherwise explicitly provided for in the Plan, the Confirmation Order, or other order of the Bankruptcy Court, or required by applicable bankruptcy or non-bankruptcy law, postpetition interest shall not accrue or be paid on any Claims, and no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim.

D. Claims and Interests Paid or Payable by Third Parties

(1) Claims and Interests Paid by Third Parties

A Claim or Interest shall be reduced in full, and such Claim or Interest shall be Disallowed without an objection to such Claim or Interest having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court, to the extent that the holder of such Claim or Interest receives payment in full on account of such Claim or Interest from a party that is not a Debtor, a Reorganized Debtor or the Unsecured Creditor Trust. To the extent a holder of a Claim or Interest receives a distribution on account of such Claim or Interest and receives payment from a party that is not a Debtor, a Reorganized Debtor or the Unsecured Creditor Trust on account of such Claim or Interest, such holder shall repay, return, or deliver any distribution held by or transferred to such holder to the applicable Reorganized Debtor or the Unsecured Creditor Trust, as applicable, to the extent such holder's total recovery on account of such Claim or Interest from the third party and under the Plan exceeds the amount of such Claim or Interest as of the date of any such distribution under the Plan.

(2) Claims and Interests Payable by Insurance Carriers

No distributions under the Plan shall be made on account of an Allowed Claim or Allowed Interest that is payable pursuant to one of the Debtors' insurance policies until the holder of such Allowed Claim or Allowed Interest has exhausted all remedies with respect to such insurance policy. To the extent that one or more of the Debtors' insurers agrees to satisfy in full a Claim or Interest, then immediately upon such insurers' agreement, such Claim or Interest may be expunged to the extent of any agreed upon satisfaction on the Claims Register by the Notice and Claims Agent without an objection to such Claim or Interest having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

E. Setoffs

Except as otherwise expressly provided for herein, each Debtor, Reorganized Debtor or the Unsecured Creditor Trustee, as applicable, pursuant to the Bankruptcy Code (including section 553), applicable non-bankruptcy law, or as may be agreed to by the holder of a Claim, may, but shall not be required to, set off against any Allowed Claim and the distributions to be made pursuant to the Plan on account of such Allowed Claim (before any distribution is made on account of such Allowed Claim), any Claims, rights, and Causes of Action of any nature whatsoever that such Debtor, Reorganized Debtor or the Unsecured Creditor Trustee, as applicable, may hold against the holder of such Allowed Claim, to the extent such Claims, rights, or Causes of Action against such holder have not been otherwise compromised or settled on or prior to the Effective Date (whether pursuant to the Plan or otherwise); provided, however, that neither the failure to effectuate such a setoff nor the allowance of any Claim pursuant to the Plan shall constitute a waiver or release by such Reorganized Debtor or the Unsecured Creditor Trustee of any such Claims, rights, and Causes of Action that such Reorganized Debtor or the Unsecured Creditor Trust may possess against such holder. In no event shall any holder of Claims be entitled to setoff any such Claim against any Claim, right, or Cause of Action of any Debtor, Reorganized Debtor or the Unsecured Creditor Trust (as applicable) unless such holder has Filed a motion with the Bankruptcy Court requesting the authority to perform such setoff on

or before the Confirmation Date, and notwithstanding any indication in any Proof of Claim or otherwise that such holder asserts, has, or intends to preserve any right of setoff pursuant to Bankruptcy Code section 553 or otherwise.

F. Allocation Between Principal and Accrued Interest

Except as otherwise provided herein, the aggregate consideration paid to holders with respect to their Allowed Claims shall be treated pursuant to the Plan as allocated first to the principal amount of such Allowed Claims (to the extent thereof) and, thereafter, to interest, if any, on such Allowed Claim accrued and unpaid through the Effective Date.

G. Provisions for Resolving Disputed Claims

(1) Disputed Claims Process

Subject to the next two paragraphs, only the Debtors, the Reorganized Debtors, or the Unsecured Creditor Trustee may object to the allowance of any Claim or Administrative Claim. Such objections shall be served and filed on or before the later of (a) one hundred eighty (180) days after the Effective Date, or (b) such later date as may be fixed by the Bankruptcy Court, without any limitation of the Debtors, the Reorganized Debtors, or the Unsecured Creditor Trustee to seek additional extensions of time.

The Unsecured Creditor Trustee, and only the Unsecured Creditor Trustee, shall be responsible for all aspects of the Claims resolution process related to Claims to be satisfied from the Unsecured Creditor Trust, including the objection to the allowance of any General Unsecured Claim. The Reorganized Debtors shall cooperate with the Unsecured Creditor Trustee and provide access to and preserve all books and records which shall be necessary for the reconciliation of such Claims at no cost to the Unsecured Creditor Trust.

After the Effective Date, (i) the Reorganized Debtors, with the consent of the Unsecured Creditor Trustee, shall be accorded the power and authority to allow or to settle and compromise any Claim (other than a General Unsecured Claim) without notice to any other party, or approval of, or notice to the Bankruptcy Court, and (ii) the Unsecured Creditor Trustee shall be accorded the power and authority to allow or to settle and compromise any General Unsecured Claim without notice to any other party, or approval of, or notice to the Bankruptcy Court. For the avoidance of doubt, if the Reorganized Debtors object to a Claim on the grounds that such Claims should be re-classified as a General Unsecured Claim, the Reorganized Debtors shall not be permitted to settle such claim objection without the consent of the Unsecured Creditor Trustee.

(2) Estimation of Claims

Subject to subsection (1) of this Article VII.G, the Debtors, the Reorganized Debtors, or the Unsecured Creditor Trustee may at any time request that the Bankruptcy Court estimate any Contingent Claim or Disputed Claim pursuant to Bankruptcy Code section 502(c), regardless of whether an objection was previously filed with the Bankruptcy Court with respect to such Claim, or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to

any Claim, including, without limitation, during the pendency of any appeal relating to such objection. In the event that the Bankruptcy Court estimates any Contingent Claim or Disputed Claim, the amount so estimated shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the amount of such Claim, the Reorganized Debtors or the Unsecured Creditor Trustee, as applicable, may pursue supplementary proceedings to object to the allowance of such Claim. The aforementioned objection, estimation, and resolution procedures are intended to be cumulative and rather than procedures that are exclusive of the others.

(3) Amendments to Claims

On or after the Effective Date, except as provided in the Plan or the Confirmation Order, a Claim may not be Filed or amended without the prior authorization of the Bankruptcy Court and the Reorganized Debtors or Unsecured Creditor Trustee, as applicable, and any such new or amended Claim Filed shall be deemed Disallowed in full and expunged without any further action, order, or approval of the Bankruptcy Court.

(4) Distributions for Disputed Claims

If an objection, motion to estimate or other challenge to a claim is filed, no payment or distribution provided under this Plan shall be made on account of such Claim unless and until (and only to the extent that) such Claim becomes an Allowed Claim.

To the extent that a Disputed Claim ultimately becomes an Allowed Claim, distributions (if any) shall be made to the Holder of such Allowed Claim in accordance with the provisions of this Plan. As soon as practicable after the date on which the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, the Reorganized Debtors, Distribution Agent, or Unsecured Creditor Trustee, as applicable, shall provide the Holder of such Claim the distribution (if any) to which such Holder is entitled under this Plan as of the Effective Date, without any interest to be paid on account of such Claim unless required by the Bankruptcy Code.

Article VIII. Effect of Plan Confirmation

A. Binding Effect

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

B. Injunction

Except as otherwise provided herein or in the Confirmation Order, all Entities that have held, hold, or may hold Claims or Interests that have been satisfied or released pursuant to the Plan shall be permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Reorganized Debtors, or the Exculpated Parties, or any of their respective properties or Estates: (a) commencing or continuing in any manner any action or other proceeding of any kind on account of, in connection with or with respect to any such Claims or Interests; (b) enforcing, attaching, collecting, or recovering in any manner or by any means any judgment, award, decree, or order on account of, in connection with or with respect to any such Claims or Interests; (c) creating, perfecting, or enforcing any Lien or encumbrance of any kind on account of, in connection with or with respect to any such Claims or Interests; (d) asserting any right of setoff, subrogation, or recoupment of any kind on account of, in connection with or with respect to any such Claims or Interests, unless such Entity has Filed, on or before the Confirmation Date, a motion with the Bankruptcy Court requesting the right to perform such setoff, notwithstanding any indication that such entity asserts, has, or intends to preserve any right of setoff pursuant to applicable law or otherwise; and (e) commencing or continuing in any manner any action or other proceeding of any kind on account of, in connection with or with respect to any such Claims or Interests discharged, released, exculpated, or settled pursuant to the Plan or that is otherwise inconsistent with the provisions of the Plan.

C. Exculpation

Notwithstanding anything to the contrary in the Plan or Confirmation Order, on the Confirmation Date and effective as of the Effective Date, and to the fullest extent permitted by applicable law, no Exculpated Party shall have or incur liability for, and each Exculpated Party is hereby released and exculpated from, any cause of action, claim or other assertion of liability for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the Filing of the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, administration, implementation or Filing of, as applicable, Plan, the Plan Supplement, the Disclosure Statement, the Exit Facility, the Exit Facility Documents, the New Corporate Governance Documents, the Creditor Trust Agreement, the Creditor Trust Note, or any other contract, instrument, release or other agreement or document created or entered into in connection with any of the foregoing, the pursuit of Confirmation, the pursuit of Consummation, the issuance of securities pursuant to the Plan, or the distribution of property under the Plan, except for claims related to any act or omission that is determined in a Final Order by a court of competent jurisdiction to have constituted actual fraud, gross negligence or willful misconduct. Notwithstanding anything to the contrary herein, the Exculpated Parties shall, in all respects, be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. The Exculpated Parties have, and upon completion of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the Solicitation of, and distribution of consideration pursuant to, the Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the Solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan. With respect to any Exculpated Party that is not also an Estate fiduciary, such exculpation shall be as provided for by Bankruptcy Code section 1125(e).

D. Releases by the Debtors

Pursuant to Bankruptcy Code section 1123(b), and notwithstanding anything to the contrary in the Plan or Confirmation Order, on the Confirmation Date and effective as of the Effective Date, for good and valuable consideration provided by each of the Released Parties, the adequacy of which is hereby confirmed, and to the fullest extent permitted by applicable law, in exchange for their cooperation, the Released Parties shall be deemed released and discharged by the Debtors, the Reorganized Debtors, and their Estates (the “**Debtor Releasing Parties**”) from any and all claims, interests, obligations, debts, rights, suits, damages, causes of action, remedies, and liabilities whatsoever, including any derivative claim asserted on behalf of any Debtor and/or Reorganized Debtor, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that the Debtors, the Reorganized Debtors, their Estates, or their Affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Interest or other entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Reorganized Debtors, the Restructuring Transactions, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, preparation, implementation or administration of the Plan, the Plan Supplement, the Disclosure Statement, the Exit Facility, the Exit Facility Documents, the New Corporate Governance Documents, or any other Plan Documents, any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date (the “**Debtor Release**”).

Entry of the Confirmation Order shall constitute the Bankruptcy Court’s approval, pursuant to Bankruptcy Rule 9019, of the Debtor Release, which includes by reference each of the related provisions and definitions contained in the Plan, and further, shall constitute the Bankruptcy Court’s finding that the Debtor Release is: (1) in exchange for the good and valuable consideration provided by the Released Parties; (2) a good faith settlement and compromise of the claims released by the Debtor Release; (3) in the best interests of the Debtors and all holders of Claims and Interests; (4) fair, equitable, and reasonable; (5) given and made after due notice and opportunity for hearing; and (6) a bar to any of the Debtors, the Reorganized Debtors, or the Debtors’ Estates asserting any claim, cause of action or other assertion of liability released pursuant to the Debtor Release.

For the avoidance of doubt, the Debtor Release shall not operate to waive, release, or otherwise impair: (i) any Causes of Action arising from willful misconduct, actual fraud, or gross negligence of such applicable Released Party as determined by a Final Order of the Court or any other court of competent jurisdiction, including, without limitation, the Unsecured Creditor Trust Causes of Action; and/or (ii) the Rights of such Debtor Releasing Party to enforce this Plan and the contracts, instruments, releases, indentures, and other agreements or documents delivered under or in connection with this Plan or assumed pursuant to this Plan or assumed pursuant to Final Order of the Court.

E. Releases by Third Parties

Notwithstanding anything to the contrary in the Plan or Confirmation Order, on the Confirmation Date and effective as of the Effective Date, and to the fullest extent permitted by applicable law, each Non-Debtor Releasing Party shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released and discharged the Released Parties from any and all claims, interests, obligations, debts, rights, suits, damages, causes of action, remedies, and liabilities whatsoever, including any derivative claim asserted on behalf of any Debtor and/or Reorganized Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that such Releasing Party would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Reorganized Debtors, the Restructuring Transactions, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Releasing Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, preparation, implementation or administration of the Plan, the Disclosure Statement, the Plan Supplement, the Exit Facility, the Exit Facility Documents, the New Corporate Governance Documents, or any other Plan Documents, any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date (the “**Third Party Release**”).

Entry of the Confirmation Order shall constitute the Bankruptcy Court’s approval, pursuant to Bankruptcy Rule 9019, of the Third Party Release, which includes by reference each of the related provisions and definitions contained herein, and, further, shall constitute the Bankruptcy Court’s finding that the Third Party Release is: (1) consensual; (2) essential to the Confirmation of the Plan; (3) given in exchange for the good and valuable consideration provided by the Released Parties; (4) a good-faith settlement and compromise of the claims released by the Third Party Release; (5) in the best interests of the Debtors and their Estates; (6) fair, equitable, and reasonable; (7) given and made after due notice and opportunity for hearing; and (8) a bar to any of the Releasing Parties asserting any claim or cause of action released pursuant to the Third Party Release.

For the avoidance of doubt, the Third Party Release shall not operate to waive, release, or otherwise impair: (i) any Causes of Action arising from willful misconduct, actual fraud, or gross negligence of such applicable Released Party as determined by a Final Order of the Court or any other court of competent jurisdiction, including, without limitation, the Unsecured Creditor Trust Causes of Action; (ii) any of the indebtedness and obligations of the Debtors and/or the Reorganized Debtors under this Plan and the contracts, instruments, releases, indentures, and other agreements and documents delivered under or in connection with this Plan or assumed pursuant to this Plan or assumed pursuant to Final Order of the Bankruptcy Court; (iii) the rights of such Non-Debtor Releasing Party to enforce this Plan and the contracts, instruments, releases, indentures, and other agreements and documents delivered under or in connection with this Plan or assumed pursuant to this Plan or assumed pursuant to Final Order of the Bankruptcy Court; and/or (iv) any objections with respect to any Professional’s final fee application or accrued Professional Fee Claims in these Chapter 11 Cases.

For the further avoidance of doubt, no Governmental Unit shall be deemed to be a Non-Debtor Releasing Party. Further, no provision of the Disclosure Statement, this Plan, or the Confirmation Order shall (a) preclude any governmental regulatory agency from enforcing its police or regulatory powers or (b) enjoin, limit, impair, or delay any governmental regulatory agency from pursuing, in the appropriate forum, any Claims, causes of action, proceedings, or investigations against any non-debtor person or entity.

If a Non-Debtor Releasing Party wishes to pursue a claim or cause of action against any Released Party, such Entity must first petition this Court for a determination of whether this release applies to such Entity. If the Court determines that such Entity's claim is not released by this provision, such Entity must bring any claim or cause of action in the United States Bankruptcy Court for the Northern District of Texas or must obtain leave of this Court to bring such claim or cause of action before a court of another jurisdiction.

F. Discharge of Claims and Termination of Interests

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

Article IX. Conditions Precedent to Confirmation and Effective Date

A. Conditions Precedent to Confirmation

The following is the list of conditions precedent to Confirmation of the Plan:

- (1) the Bankruptcy Court shall have entered an order approving the Disclosure Statement as containing adequate information and such order shall have become a Final Order that has not been stayed or modified or vacated on appeal;

- (2) a form of Unsecured Creditor Trust Agreement and the New Corporate Governance Documents shall be agreed upon by the Debtors and the Committee;
- (3) the proposed Unsecured Creditor Trustee, the members of the Unsecured Creditor Trust Advisory Board and the members of the New Board are identified and disclosed;
- (4) the Plan Supplement is filed; and
- (5) the Confirmation Order shall have been entered by the Bankruptcy Court confirming the Plan in form and substance acceptable to the Debtors and the Committee, and such order shall have become a Final Order that has not been stayed or modified or vacated on appeal;

B. Conditions Precedent to Effective Date

It shall be a condition to the Effective Date that the following conditions shall have been satisfied or waived pursuant to Section IX.D of this Plan:

- (1) the Conditions precedent to Confirmation contained in Section IX.A are met;
- (2) the Unsecured Creditor Trust Agreement, the Unsecured Creditor Trust Transfer Agreement, and Unsecured Creditor Trust Note shall each be executed and the Unsecured Creditor Trustee shall have been appointed and accepted such appointment;
- (3) the Exit Facility Documents shall have been executed and delivered by all of the Entities that are parties thereto, and all conditions precedent (other than any conditions related to the occurrence of the Effective Date) to the consummation of the Exit Facilities shall have been waived or satisfied in accordance with the terms thereof and the closing of the Exit Facilities shall occur concurrently with the occurrence of the Effective Date;
- (4) all conditions precedent to the issuance of the New Common Stock, other than any conditions related to the occurrence of the Effective Date shall have occurred;
- (5) the New Corporate Governance Documents shall have been duly filed with the applicable authorities in the relevant jurisdiction;
- (6) all governmental and material third-party approvals and consents, including Bankruptcy Court approval, necessary in connection with the transactions contemplated by the Plan shall be in full force and effect (which, in the case of an order of judgment of any Court, shall mean a Final Order), and all applicable waiting periods shall have expired without any action being taken or threatened by any competent authority that would restrain, prevent or otherwise impose materially adverse conditions on such transactions; and

- (7) all documents and agreements necessary to implement the Plan shall have (a) been tendered for delivery, and (b) been effected or executed by all Entities party thereto, or will be deemed executed and delivered by virtue of the effectiveness of the Plan as expressly set forth herein, and all conditions precedent to the effectiveness of such documents and agreements shall have been satisfied or waived pursuant to the terms of such documents or agreements.

C. Waiver of Conditions Precedent

The conditions to Confirmation and Effective Date set forth in this Article IX may be waived only by consent of the Debtors and the Committee without any notice to other parties in interest or the Bankruptcy Court and without any formal action other than proceeding to confirm and/or consummate the Plan. The failure to satisfy any condition before the Confirmation Date or the Effective Date may be asserted by the Debtors or the Committee as a reason not to seek Confirmation or declare an Effective Date, regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any action or inaction by the Debtors or the Committee, in their respective sole discretion). The failure of the Debtors or the Committee, in their respective sole discretion, to exercise any of the foregoing rights shall not be deemed a waiver of any other rights and each such right shall be deemed an ongoing right, which may be asserted at any time.

D. Effect of Nonoccurrence of Conditions

If the Effective Date does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Interest or Class of Claims or Interests), assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in the Plan or the Disclosure Statement shall: (a) constitute a waiver or release of any Claims or Interests; (b) prejudice in any manner the rights of the Debtors, the Committee, or any other Person or Entity; or (c) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtors, the Committee, or any other Person or Entity.

Article X. Retention of Jurisdiction

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction, to the fullest extent permissible under law, over all matters arising out of and related to the Chapter 11 Cases for, among other things, the following purposes:

- (1) to hear and determine all matters relating to the assumption or rejection of executory contracts or unexpired leases and the allowance of Cure amounts and Claims resulting therefrom;
- (2) to hear and determine any motion, adversary proceeding, application, contested matter, or other litigated matter pending on or commenced after the Confirmation Date;

- (3) to Allow, Disallow, determine, liquidate, classify, estimate, or establish the priority, secured or unsecured status, or amount of any Claim against or Interest in a Debtor, including the resolution of any request for payment of any Claim or Interest and the resolution of any and all objections to the secured or unsecured status, priority, amount, or allowance of Claims and Interests
- (4) to ensure that distributions to holders of Allowed Claims and Allowed Interests are accomplished pursuant to the provisions of the Plan and adjudicate any and all disputes arising from or relating to distributions under the Plan;
- (5) to hear and determine all requests for compensation and reimbursement of expenses to the extent allowed by the Bankruptcy Court under Bankruptcy Code sections 330 or 503;
- (6) to hear and determine any application to modify the Plan in accordance with Bankruptcy Code section 1127, to remedy any defect or omission or reconcile any inconsistency in the Plan, the Disclosure Statement or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;
- (7) to hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan, the Confirmation Order, any transactions or payments contemplated hereby or any agreement, instrument or other document governing or relating to any of the foregoing;
- (8) to issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Person or Entity with the occurrence of the Effective Date or enforcement of the Plan, the Confirmation Order or any other order of the Bankruptcy Court, except as otherwise provided herein;
- (9) to issue orders as may be necessary to construe, enforce, implement, execute, and consummate the Plan;
- (10) to enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated;
- (11) to hear and determine matters concerning state, local, and federal taxes in accordance with Bankruptcy Code sections 346, 505, and 1146;
- (12) to determine any other matters that may arise in connection with or are related to the Plan, the Disclosure Statement, the Disclosure Statement Order, the Confirmation Order, any of the Plan Documents or any other contract, instrument, release or other agreement or document related to the Plan, the Disclosure Statement or the Plan Supplement;
- (13) to resolve any disputes concerning whether a Person or Entity had sufficient notice of the Chapter 11 Cases, the Bar Date, or the Confirmation Hearing for the

purpose of determining whether a Claim or Interest is discharged hereunder, or for any other purpose;

- (14) to enforce, interpret, and determine any disputes arising in connection with any stipulations, orders, judgments, injunctions, exculpations, and rulings entered in connection with the Chapter 11 Cases (whether or not the Chapter 11 Cases have been closed);
- (15) to hear and determine all disputes involving the existence, nature or scope of the Debtors' discharge;
- (16) to hear and determine any rights, Claims or Causes of Action held by or accruing to the Debtors or the Reorganized Debtors pursuant to the Bankruptcy Code or pursuant to any federal or state statute or legal theory;
- (17) to enforce all orders, judgments, injunctions, releases, exculpations, indemnifications and rulings entered in connection with the Chapter 11 Cases with respect to any Person;
- (18) to take any action and issue such orders as may be necessary to construe, enforce, or implement the Exit Facility;
- (19) to hear any other matter related to the Plan and not inconsistent with the Bankruptcy Code; and
- (20) to enter a Final Decree closing the Chapter 11 Cases.

Article XI. Miscellaneous Provisions

A. Amendment or Modification of the Plan

Alterations, amendments, or modifications of the Plan may be proposed in writing jointly by the Debtors and the Committee at any time before the Confirmation Date; provided that the Plan, as altered, amended, or modified, satisfies the conditions of Bankruptcy Code sections 1122 and 1123 and the Debtors and the Committee shall have complied with Bankruptcy Code section 1125. The Debtors and the Committee may jointly modify the Plan at any time after Confirmation and before substantial consummation, provided that the Plan, as modified, meets the requirements of Bankruptcy Code sections 1122 and 1123 and the circumstances warrant such modifications. A Holder of a Claim that has accepted the Plan shall be deemed to have accepted such Plan as modified if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim of such Holder.

B. Plan Supplement

Draft forms of certain documents, agreements, instruments, schedules and exhibits specified in the Plan shall, where expressly so provided for in the Plan, be contained in the Plan Supplement filed from time to time. Unless otherwise expressly provided in the Plan, the Debtors and the Committee may file any Plan Supplement until ten (10) days prior to the Voting

Deadline and may alter, modify or amend any Plan Supplement in accordance the Plan. Holders of Claims or Interests may obtain a copy of the Plan Supplement on the Case Website or the Bankruptcy Court's Website.

C. Additional Documents

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

D. Governing Law

Except to the extent that the Bankruptcy Code, Bankruptcy Rules or other federal law is applicable, or to the extent the Plan, an exhibit or a schedule hereto, a Plan Document or any settlement incorporated herein provide otherwise, the rights, duties and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Texas, without giving effect to the principles of conflict of laws thereof.

E. Time

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

F. Severability

If any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court, at the request of the Debtors, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

G. Revocation

The Debtors and the Committee reserve the right to jointly revoke and withdraw the Plan prior to the entry of the Confirmation Order. If the Debtors and the Committee jointly revoke or withdraw the Plan, the Plan shall be deemed null and void, and nothing contained herein shall be deemed to constitute a waiver or release of any claims by or against the Debtors, any other

Person, or to prejudice in any manner the rights of such parties in any further proceedings involving the Debtors.

H. Dissolution of the Committee

On the Effective Date, the Committee shall dissolve automatically and all members thereof (solely in their capacities as such) shall be released and discharged from all rights, duties and responsibilities arising from, or related to, the Chapter 11 Cases; provided, however, that the Committee shall continue to exist and its Professionals shall continue to be retained and entitled to reasonable and documented compensation, without further order of the Bankruptcy Court, with respect to: (a) the preparation and prosecution of any final fee applications of the Committee's Professionals and requests for reimbursement of the Committee members, and (b) prosecuting or participating in any appeal of the Confirmation Order or any request for consideration thereof. Upon the resolution of (a) and (b), the Committee shall be immediately dissolved, released and discharged.

I. Reservation of Rights

The Plan shall have no force or effect unless and until entry by the Bankruptcy Court of the Confirmation Order. None of the Filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by any Debtor with respect to the Plan, the Disclosure Statement, or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of any Debtor or the Committee with respect to the holders of Claims or Interests prior to the Effective Date.

J. Reservation of Rights in Favor of Governmental Units

Notwithstanding anything in the Amended Chapter 11 Plan, the Amended Disclosure Statement, the Confirmation Order, the Plan Supplement, or any other plan document,

- (1) nothing shall discharge, release, preclude, or enjoin (a) any liability of the Debtors to any Governmental Unit that is not a Claim; (b) any Claim of a Governmental Unit arising on or after the Effective Date; (c) any police or regulatory liability of any entity to a Governmental Unit, including, without limitation, any police or regulatory liability that such entity would be subject to as the post-Effective Date owner or operator of property; (d) any Claim of or liability to a Governmental Unit on the part of any Person or Entity other than the Debtors; or (e) any obligations preserved or established in any order entered by the Bankruptcy Court in any Debtor's case;
- (2) nothing shall enjoin or otherwise bar a Governmental Unit from asserting or enforcing, outside this Bankruptcy Court, any liability described in the preceding clause; and
- (3) nothing shall authorize the transfer of any representative payee applications, representative payee status, Social Security beneficiary trust accounts, NPIs, provider agreements, licenses, permits, registrations, or other governmental

authorizations or approvals without compliance with all applicable legal requirements under non-bankruptcy law governing such transfers.

For the avoidance of doubt, the United States of America shall not grant any exculpation as provided in Article VIII.C, and the United States of America's rights, claims and defenses of setoff or recoupment, if any, are expressly preserved, as are the Debtors' defenses and rights thereto.

The Debtors and Reorganized Debtors shall abide by and comply with all: (a) U.S. Department of Health and Human Services' and the Centers for Medicare & Medicaid Services' statutes, regulations, rules, procedures, and policies, including, without limitation, the Debtors' Medicare provider agreements; (b) U.S. Social Security Administration's statutes, regulations, rules, procedures, and policies, including, without limitation, the Debtors' representative payee applications; (c) U.S. Department of Housing and Urban Development's statutes, regulations, rules, procedures, and policies, including, without limitation, the Debtors' Regulatory Agreements, the HUD addenda to all leases executed by the Debtors, and the intercreditor agreements executed by the Debtors, certain HUD Lenders and the ABL Lenders; and (d) all other applicable Federal statutes, regulations, rules, procedures, and policies.

K. Claims Agent

The Voting and Claims Agent shall be relieved of such duties on the date of the entry of the Final Decree or upon written notice by the Reorganized Debtors or Unsecured Creditor Trustee.

L. Successors and Assigns

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

M. Service of Documents

Any pleading, notice, or other document shall be in writing and, unless otherwise provided herein, shall be served on:

Debtors/Reorganized Debtors

Senior Care Centers, LLC
600 North Pearl Street, Suite 1100
Dallas, Texas 75201
Attention: Kevin O'Halloran

Counsel to Debtors

Polsinelli PC

600 3rd Avenue, 42nd Floor
New York, New York 10016
Attention: Jeremy R. Johnson

Polsinelli PC

2950 N. Harwood, Suite 2100
Dallas, Texas 75201
Attention: Trey A. Monsour

Counsel to the Committee

Greenberg Traurig, LLP

77 West Wacker Drive, Suite 3100
Chicago, Illinois 60601
Attention: Nancy A. Peterman

Greenberg Traurig, LLP

1000 Louisiana Street, Suite 1700
Houston, Texas 77002
Attention: Shari L. Heyen

United States Trustee

Office of the United States Trustee

1100 Commerce Street, Room 976
Dallas, Texas 75242
Attention: Meredyth A. Kippes

N. Entire Agreement

Except as otherwise indicated, on the Effective Date, the Plan supersedes all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations with respect to the subject matter of the Plan, all of which will have become merged and integrated into the Plan on the Effective Date.

O. Inconsistency

To the extent the Confirmation Order and/or the Plan is inconsistent with the Disclosure Statement or any other agreement entered into between the Debtors and any third party, the Plan shall control the Disclosure Statement and any previous agreements and the Confirmation Order shall control the Plan.

P. Votes Solicited in Good Faith

Upon entry of the Confirmation Order, the Debtors and the Committee will be deemed to have solicited votes on the Plan in good faith and in compliance with the Bankruptcy Code, and pursuant to Bankruptcy Code sections 1125 and 1126, and any applicable non-bankruptcy law, rule, or regulation governing the adequacy of disclosure in connection with the solicitation. Accordingly, the Debtors, the Reorganized Debtors, the Committee and each of their respective

Related Parties shall be entitled to, and upon the Confirmation Date are hereby granted, the protections of Bankruptcy Code section 1125(e).

Dated: August 2, 2019
Dallas, Texas

/s/

Kevin O'Halloran
Chief Restructuring Officer
Senior Care Centers, LLC

/s/

●
Chairperson
Official Committee of Unsecured Creditors