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8 **UNITED STATES BANKRUPTCY COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA**
10 **LOS ANGELES DIVISION**

11 In re

12 DOWNEY REGIONAL MEDICAL
13 CENTER-HOSPITAL, INC., a California
14 non-profit public benefit corporation,

15 Debtor

16 Tax I.D. 95-1903935

Case No.: 09-bk-34714-BB

Chapter 11

**FIRST AMENDED CHAPTER 11 PLAN OF
REORGANIZATION PROPOSED BY
DOWNEY REGIONAL MEDICAL CENTER-
HOSPITAL, INC. DATED MARCH 14, 2011**

Disclosure Statement Hearing

Date: April 19, 2011

Time: 10:00 a.m.

Ctrm: Courtroom: 1475

United States Bankruptcy Court
255 E. Temple Street
Los Angeles, CA 90012

Plan Confirmation Hearing

**See Disclosure Statement for
Voting and Objecting Procedures**

Date: TBD

Time: 10:00 a.m.

Ctrm: Courtroom: 1475

United States Bankruptcy Court
255 E. Temple Street
Los Angeles, CA 90012

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1 **I. INTRODUCTION**

2 Downey Regional Medical Center-Hospital, Inc. (the “**Debtor**”), is the debtor in a
3 Chapter 11 bankruptcy case. On September 14, 2009, Debtor commenced a bankruptcy case by
4 filing a voluntary Chapter 11 petition under the United States Bankruptcy Code. Debtor operates
5 a nonprofit general acute care and teaching hospital licensed for 199 beds located in Downey,
6 California (the “**Hospital**”). This document is the Chapter 11 Plan (“**Plan**”) proposed by Debtor.
7 Sent to you in the same envelope as this document is the Disclosure Statement that has been
8 approved by the Court, and that is provided to help you understand the Plan.

9 This is a reorganization plan that provides for the emergence of Debtor as a Reorganized
10 Debtor that will continue to operate the Hospital as an independent, not-for-profit general acute
11 care hospital (the “**Standalone Alternative**”). Debtor seeks to accomplish payments to its
12 creditors under this Plan by (i) refinancing its outstanding Bond Debt, (ii) obtaining additional
13 exit funding to pay administrative and priority claims and provide working capital, and (iii)
14 repaying unsecured debt in substantial part over a period of time from funds generated from the
15 future operations of the Hospital. The Effective Date of this proposed Plan is expected to be
16 June 30, 2011.

17 To implement the Plan, Debtor proposes to obtain loans to refinance existing secured and
18 administrative priority debt and provide for working capital. The Exit Funding will consist of
19 (a) a \$27 million real estate term loan to be secured by the Hospital property and the adjacent
20 employee parking lot property, and (b) a \$20 million revolving line of credit to be secured by the
21 Hospital’s accounts receivables and other personal property, to be provided by MidCap, Debtor’s
22 DIP Lender. The Exit Funding should be sufficient to make the Effective Date Payments (as
23 defined below), as well as provide working capital of at least \$10 million. Secured Claims and
24 Administrative Claims will be paid in full on the Effective Date from the Exit Funding. Claims
25 of \$10,000 or less (or those creditors who elect to have their Claims treated in Class 4) will be
26 paid 50% of the Allowed amount on the Effective Date. The Installment Plan Payments to
27 General Unsecured Creditors in Classes 5 and 6 of up to 50% of the Allowed amount of their
28

1 Claims will be funded from funds generated from the future operations of the Hospital over a
2 period of nine years.

3 As set forth in the Disclosure Statement, during the Case, Debtor extensively explored
4 alternatives to the Standalone Alternative, including the possibility of entering into a transaction
5 to be acquired by or affiliate with other hospital groups who have been Potential Bidders.
6 However, Debtor is proposing this Plan based upon the Standalone Alternative because it
7 provides for a significantly higher return for unsecured creditors than any of the other offers
8 received by Debtor. In the event that the expected Exit Funding does not close or one of the
9 Potential Bidders improves its bid to be competitive with the Standalone Alternative, Debtor
10 reserves the right to amend the Plan to provide for the sale of substantially all of the Hospital's
11 assets or other transfer to a third party. Any such Transaction would be premised upon (a) the
12 continued operation of the Hospital as a general acute care hospital with an emergency room,
13 (b) the same classification of claims as set forth in this Plan, (c) the same general type of
14 treatment of claims, (d) similarly structured exit financing, perhaps with a capital contribution,
15 and (e) a motion to approve the Transaction to be heard in conjunction with the confirmation of
16 the Plan. Depending upon the terms of the proposed Transaction, the Court may require further
17 notice of any such amendments before voting and confirmation of the Plan.

18 **II. DEFINITIONS AND RULES OF CONSTRUCTION**

19 **A. Definitions.**

20 In addition to such other terms as are defined elsewhere in the Plan, the following
21 terms (which appear in the Plan as capitalized terms) have the following meanings as used in the
22 Plan:

23 **"503(b)(9) Bar Date"** means December 1, 2009, which was established by the Court as
24 the deadline to file requests for allowance of 503(b)(9) Claims.

25 **"503(b)(9) Claim"** means an Administrative Expense Claim arising under Bankruptcy
26 Code § 503(b)(9).

1 “**Accrued General Administrative Expenses**” means Administrative Expense Claims
2 arising from the general operations of the Hospital during the Case that are outstanding as of the
3 Effective Date; excludes Professional Fee Claims.

4 “**Administrative Expense Claim**” means a Claim for administrative costs or expenses
5 entitled to priority under Bankruptcy Code § 507(a)(2) or (b).

6 “**Acquired Assets**” means, in the event of a Transaction, all assets of Debtor and the
7 Estate acquired by Buyer.

8 “**Affiliate Lien**” means the first priority mortgage, lien and security interest in all real
9 and personal property interests held by DRMC Properties granted to Wells Fargo pursuant to the
10 HFG Cash Collateral Orders and the MidCap Cash Collateral Order.

11 “**Affiliated Transactions**” means transactions among Parent, Buyer, DRMC Properties,
12 or DRMC Memorial Foundation, pursuant to which Buyer acquires various assets from Debtor’s
13 affiliates if Debtor elects to proceed with a Transaction.

14 “**AG Consent**” means such approval by the California Attorney General as may be
15 required for the Plan, or a Transaction, if applicable.

16 “**Alliance**” means Alliance Physicians Medical Group.

17 “**Allowed Administrative Expense Claim**” means an Administrative Expense Claim
18 that is allowed.

19 “**Allowed Claim**” means a Claim, other than an Administrative Expense Claim, to
20 the extent that:

21 (a) Either: (1) a proof of Claim was timely Filed; or (2) a proof of Claim or
22 proof of Interest is deemed timely Filed either under Bankruptcy Rule 3003(b)(1)-(2) or by a
23 Final Order; or (3) a proof of Claim was not timely filed; and

24 (b) Either: (1) the Claim is not a Disputed Claim; or (2) the Claim is allowed by
25 a Final Order or under the Plan.

1 Unless otherwise specified in the Plan, an Allowed Claim does not include interest on
2 the Claim accruing after Petition Date. Moreover, all or any portion of a Claim that is
3 satisfied or released during the Case is not an Allowed Claim.

4 **"Ancillary Buildings"** means the buildings located adjacent to the Hospital that are
5 owned by DRMC Properties and are generally known as the Rehab Building and storage
6 shed, located at 11420 Brookshire Ave., Downey, CA 90241.

7 **"Apollo"** means Apollo Health Street, Inc.

8 **"Apollo Settlement"** means that certain settlement agreement entered into by Debtor
9 and Apollo as of March 30, 2009 regarding termination of the parties' contract and payment
10 by Debtor of approximately \$2.3 million to resolve disputes about amounts due to Apollo.
11 Approximately \$1.2 million of the settlement remained unpaid as of Petition Date.

12 **"AppleCare"** means AppleCare Independent Physicians' Association.

13 **"A/R Loan"** means a \$20 million revolving line of credit to be secured by the
14 Hospital's accounts receivables and other personal property, to be provided by Debtor's DIP
15 Lender as part of the Exit Funding.

16 **"Asset Purchase Agreement"** means, in the event of a Transaction, the agreement
17 among Debtor, its Parent, and Buyer regarding the Transaction.

18 **"Assumed Employee PTO Claims"** means PTO Claims for retained employees that
19 are assumed by Reorganized Debtor. In the event of a Transaction, this term shall refer to
20 PTO Claims that are "grandfathered" into Buyer's human resources system for Debtor's
21 employees in good standing who are hired by Buyer.

22 **"Avoidance Actions"** mean the causes of action held by Debtor or the Estate that
23 arise out of Bankruptcy Code §§ 510, 542, 544, 547, 548, 549, 550, 551, and 553.
24 Reorganized Debtor shall be vested with the right to pursue and recover on the Avoidance
25 Actions specified in the Supplemental Schedules to be filed on or before the Exhibit Filing
26 Date. All other Avoidance Actions shall be deemed waived and released when the Plan
27 becomes Effective.

1 **“Attorney General”** means the Attorney General of the State of California.

2 **“Ballot”** means the ballot to vote to accept or reject the Plan.

3 **“Ballot Tabulator”** means Omni Management Group, Debtor’s claims agent, or any
4 other person or entity designated by Debtor to tabulate ballots.

5 **“Ballot Deadline”** means the deadline established by the Court for the delivery of
6 executed Ballots to the Ballot Tabulator.

7 **“Bankruptcy Code”** or **“Code”** means Title 11 of the United States Code, 11 U.S.C.
8 §§ 101 *et seq.*

9 **“Bankruptcy Court”** or **“Court”** means the United States Bankruptcy Court for the
10 Central District of California, Los Angeles Division, or any other court that exercises
11 jurisdiction over the Case.

12 **“Bankruptcy Rules”** means, collectively, (a) the Federal Rules of Bankruptcy
13 Procedure and (b) the Local Rules of the Bankruptcy Court, as applicable in the Case.

14 **“Bonds”** means California Health Facilities Financing Authority Hospital Revenue
15 Bonds (Downey Community Hospital), Series 1993 in the original principal amount of
16 \$68,845,000.

17 **“Bond Debt”** means any and all amounts owed under the Bond Documents.

18 **“Bond Documents”** means the loan agreement, Indenture and other documents
19 relating to the Bonds, including, but not limited to the HFG Cash Collateral Orders and the
20 MidCap Cash Collateral Order.

21 **“Bond Funds”** means collectively, the Bond Reserve Account and other funds
22 related to the Bonds as described more fully in the HFG Cash Collateral Orders and the
23 MidCap Cash Collateral Order. As of the Effective Date, the balance of the Bond Funds is
24 estimated to be approximately \$5.4 million.

25 **“Business Day”** means a day that is not a Saturday, Sunday, or legal holiday.

1 “**Buyer**” means, in the event of a Transaction, the entity that will acquire the assets of
2 the Hospital or by member substitution take control of Debtor and continue to operate a
3 general acute care charitable hospital at the Hospital’s facilities after the Effective Date.

4 “**Capitation Provider**” means a third party provider of medical services to a patient
5 who was insured under Debtor’s former capitation contracts with physician groups and health
6 plans.

7 “**Capitation Provider Claim**” means a Claim made by a Capitation Provider
8 pursuant to a capitation agreement with Debtor.

9 “**Case**” means Debtor’s case under chapter 11 of the Bankruptcy Code.

10 “**CHFFA**” means the California Health Facilities Financing Authority.

11 “**City Lease**” means that certain ground lease dated February 8, 1983 between
12 Debtor and the City of Downey for the parcel located at 11500 Brookshire Avenue, Downey,
13 California, on which Debtor has constructed the Hospital Facility.

14 “**Claim**” means a claim — as Bankruptcy Code § 101(5) defines the term “claim” —
15 against Debtor or Debtor’s property.

16 “**Claims Objection Deadline**” means the deadline set forth in Section III.F. for
17 objections to Claims.

18 “**Class**” means a group of Claims that are substantially similar in nature.

19 “**Class 5 Claim**” means a General Unsecured Claim that is not a Convenience Class
20 Claim, a Health Plan Loan Claim, an Assumed Employee PTO Claim, or a Risk-Share
21 Claim.

22 “**Confirmation Date**” means the date of entry of the Confirmation Order.

23 “**Confirmation Documents**” means the briefs, memoranda, declarations, and other
24 writings and evidence submitted by Debtor (and in the event of a Transaction, Buyer or Buyer)
25 in support of confirmation of the Plan.

1 “**Confirmation Hearing**” means the hearing by the Court on confirmation of the Plan,
2 and in the event of a Transaction, to approve the sale of substantially all of Debtor’s assets to
3 Buyer.

4 “**Confirmation Order**” means the Court order confirming the Plan and approving the
5 Transaction.

6 “**Convenience Class**” means the class of General Unsecured Claims that are either less
7 than or equal to \$10,000, or if the claim amount is greater, if the claimant shall have made a
8 Convenience Class Election with respect to such Claim.

9 “**Convenience Class Election**” means the timely election by the holder of a General
10 Unsecured Claim in excess of \$10,000 to have such entire General Unsecured Claim be
11 treated as a claim in the Convenience Class (Class 4), in which case the portion of such
12 General Unsecured Claim in excess of \$10,000 shall be discharged in full on the Effective
13 Date.

14 “**Creditors’ Committee**” means the official committee of unsecured creditors
15 appointed under Bankruptcy Code § 1102 by the United States Trustee.

16 “**Cure Payment**” means the payment of cash or the distribution of other property (as
17 the parties may agree or the Court may order), as necessary to cure defaults under an
18 executory contract or unexpired lease of Debtor pursuant to Bankruptcy Code § 365(b).

19 “**Cymetrix**” means Cymetrix, Inc., Debtor’s former billing and collection agency that
20 was replaced during the Case.

21 “**Cymetrix Administrative Claim**” means the stipulated amount to be paid in
22 installments on account of unpaid post-petition invoices and certain contract termination
23 payments.

24 “**Debtor**” means Downey Regional Medical Center-Hospital, Inc.

25 “**Debtor’s Counsel**” means Arnold & Porter LLP, reorganization counsel to Debtor.

26 “**Debtor’s Board**” means the board of directors of Debtor.

1 **“Defenses to Claims”** means any counterclaims, defenses, rights of setoff, rights of
2 recoupment or credits with respect to any Claims against Debtor in the Case, excluding rights of
3 setoff, recoupment, credit or other entitlement to payments due to Debtor from health insurers
4 contracted with Debtor with respect to services for patients discharged or treated after Petition
5 Date.

6 **“DIP Lender”** means MidCap, or any successor lender under the MidCap DIP Loan.

7 **“Disallowed Claim”** means a Claim, or any portion thereof, that: (a) is not listed on the
8 Debtor’s Schedules, or is listed therein as contingent, unliquidated, disputed, or in an amount
9 equal to zero, and whose holder has failed to timely File a proof of Claim; or (b) the Court has
10 disallowed pursuant to order of the Court.

11 **“Disclosure Hearing”** means the hearing(s) on the approval of the Disclosure Statement.

12 **“Disclosure Statement”** means the disclosure statement to accompany the Plan, as it
13 subsequently may be modified or amended.

14 **“Disputed”** with respect to any Claim means a Claim:

15 (a) As to which a proof of Claim is Filed or is deemed Filed under Bankruptcy Rule
16 3003(b)(1); and

17 (b) As to which:

18 1. An objection: (1) has been timely Filed; and (2) has not been denied by a
19 Final Order or withdrawn; or

20 2. That Claim is listed on the Debtor’s Schedules as disputed, contingent or
21 unliquidated, as amended as of the Effective Date.

22 For the avoidance of doubt, an Allowed Claim is not a Disputed Claim.

23 **“Disputed Administrative Claims Reserve”** means funds in an amount sufficient to pay
24 Administrative Claims that are disputed or unresolved as of the Effective Date, estimated Cure
25 Payments that have not yet been determined, and any professional fees and expenses that have
26 not yet been approved by the Court. Such amounts shall be placed by the Plan Trustee in an
27 interest-bearing account that shall be maintained until the resolution of all such Claims.

1 Trust; and (ix) the Disputed Administrative Claims Reserve, including amounts for Disputed
2 Cure Claims and Disputed Convenience Class Claims.

3 [**Equipment Loan**] means a \$[xx] million term DIP Loan provided by LeasEquip
4 and secured by a senior lien on Debtor's equipment.]

5 **Estate** means the estate created in the Case under Bankruptcy Code § 541.

6 **Excluded Assets** means, in the event of a Transaction, all assets that are excluded
7 from the sale to Buyer under the Asset Purchase Agreement and that remain assets of the
8 Estate, including any and all Avoidance Actions retained by Debtor; any Released Avoidance
9 Actions; any claims against directors or officers or against directors and officers or other
10 liability insurance policies; any offsets or Defenses to Claims; and any tangible or intangible
11 asset that Buyer designates as an Excluded Asset and any other asset that is excluded from
12 the sale to Buyer pursuant to the Asset Purchase Agreement.

13 **Exhibit Filing Date** means the date that is the last Business Day that is at least five
14 days prior to the date of the Confirmation Hearing, or such other date as may be set by the
15 Bankruptcy Court.

16 **Exit Funding** means the Real Property Loan, the A/R Loan, or such other equivalent
17 funding as may be arranged by Debtor to fund the Standalone Alternative. In the event of a
18 Transaction, this term shall refer to (a) the funds provided by Buyer or Buyer from its own
19 resources to pay the Effective Date Payments; and (b) such additional committed working capital
20 as Buyer may arrange, and (c) such other funds for capital expenditures as Buyer may be
21 required to provide by the Attorney General pursuant to the consent of the Attorney General to
22 the Transaction.

23 **Filed** means duly and properly filed with the Court and reflected on the Court's
24 official docket.

25 **Final Order** means an order or judgment of the Court entered on the Court's
26 official docket:

27 (a) that has not been reversed, rescinded, stayed, modified, or amended;

1 (b) that is in full force and effect;

2 (c) with respect to which: (1) the time to appeal or to seek review, remand,
3 rehearing, or a writ of certiorari has expired and as to which no timely filed appeal or petition
4 for review, rehearing, remand, or writ of certiorari is pending; or (2) any such appeal or
5 petition has been dismissed or resolved by the highest court to which the order or judgment
6 was appealed or from which review, rehearing, remand, or a writ of certiorari was sought;
7 and

8 (d) that has not been appealed, or that has been appealed but this condition has
9 been waived by Debtor or Buyer, as applicable.

10 **“General Unsecured Claim”** means a Claim that is not a 503(b)(9) Claim, an
11 Administrative Expense Claim, a Priority Claim, a Priority Tax Claim, a Secured Claim, or a
12 Secured Tax Claim.

13 **“Health Net”** means Health Net of California.

14 **“Health Plan Loan Claims”** means the Claims filed by Health Net and PacifiCare with
15 respect to certain prepetition loans made to Debtor or payments made to third-party providers on
16 Debtor’s behalf and at its request that are being paid pursuant to assumption and modification of
17 their provider contracts, and installment payment of their Cure Payments.

18 **“HFG”** means Healthcare Finance Group, the lender that provided debtor in possession
19 financing at the outset of the Case.

20 **“HFG Cash Collateral Orders”** means the interim order entered September 18, 2009
21 and final order entered on October 16, 2009 approving the Emergency Motion for Interim and
22 Final Orders Authorizing Debtor to Utilize Cash Collateral, Granting Adequate Protection to
23 Pre-Petition Secured Lenders, and Scheduling Final Hearing with respect to the HFG DIP Loan
24 at the outset of the Case.

25 **“HFG DIP Loan”** means the \$10 million debtor in possession loan provided by HFG.

26 **“Hospital Facility”** means Debtor’s hospital building, fixtures, and related physical plant
27 located at 11500 Brookshire Avenue, Downey, California.

1 “**Indenture**” means that certain Indenture dated as of August 1, 1993 as amended by,
2 among other things, the First Supplemental Indenture, dated as of February 26, 2004, entered
3 into between the CHFFA and Wells Fargo.

4 “**Initial Distribution**” means a partial payment to be made on account of Allowed
5 Claims in Classes 5 and 6 on the Effective Date.

6 “**Installment Plan Payments**” means the periodic payments of interest and principal to
7 be made to holders of Allowed Claims in Classes 5 and 6 pursuant to the Plan, but not including
8 the Effective Date Payments or payments to holders of Allowed Claims in Classes 1, 2A, 2B, 2C,
9 and 4.

10 “**Interest**” means the interest of Parent, the sole member of the Debtor, as defined in
11 Bankruptcy Code § 101(17).

12 “**Interest Rate**” means 3% per annum.

13 [“**LeasEquip**” means LeasEquip Incorporated, Debtor’s debtor in possession lender with
14 respect to the Equipment Loan.]

15 “**Mandatory Assumed Contract**” means managed care contracts between Debtor and
16 various health plans and approved by order of the Court or entered into during the Case that are
17 required to be assumed by Reorganized Debtor or Buyer, as set forth on the Plan Schedules to be
18 filed on the Exhibit Filing Date.

19 “**Medical Office Building**” means the medical office building owned by DRMC
20 Properties that is located adjacent to the Hospital, 11480 Brookshire Ave., Downey, CA 90241.

21 “**MidCap**” means MidCap Financial, LLC, the DIP Lender.

22 “**MidCap Cash Collateral Motion**” means the Motion for Approval of Amended Final
23 Order Authorizing the Use of Cash Collateral and Granting Adequate Protection With Respect
24 Thereto in Connection with Replacement Postpetition Financing With MidCap filed by Debtor
25 on August 31, 2010.

26 “**MidCap Cash Collateral Order**” means the final order entered on September 17, 2010
27 approving the MidCap Cash Collateral Motion.

1 “**MidCap DIP Financing Motion**” means the Motion for Final DIP Order Authorizing
2 Debtor to Obtain Replacement Postpetition Financing With MidCap filed by Debtor on
3 August 31, 2010.

4 “**MidCap DIP Loan**” means that certain First Priority Secured Priming Super-Priority
5 Debtor In Possession Credit and Security Agreement, dated as of September 20, 2010, among
6 Downey Regional Medical Center-Hospital, Inc. and MidCap Financial, LLC, as the same may
7 be refinanced or replaced from time to time, as approved by the Final DIP Order (a) Authorizing
8 Debtor to Obtain Postpetition Financing With Midcap Financial, LLC; (b) Granting
9 Superpriority Expense Claims and Security Interests; and (c) Granting Other Relief, entered on
10 September 17, 2010 [ECF Dkt. No. 810].

11 “**MidCap DIP Order**” means the final order entered on September 17, 2010 approving
12 the MidCap DIP Financing Motion.

13 “**Next Payment Date**” means, with respect to any particular Disputed Claim, the first
14 business day of the calendar quarter after such Claim has been Allowed by Final Order.

15 “**Ordinary Course Administrative Expense**” means Administrative Expense Claims
16 that will be paid as they come due after the Effective Date in the ordinary course of Reorganized
17 Debtor’s business.

18 “**PacifiCare**” means United/PacifiCare of California, Inc. and its affiliates.

19 “**PacifiCare Settlement**” means the Claims Settlement Agreement entered into between
20 Debtor and PacifiCare on March 4, 2011, as approved by the Court.

21 “**Parent**” means Downey Regional Medical Center, Inc., the sole member of Debtor.

22 “**Parent Board**” means the board of directors of Parent.

23 “**Patton Property**” means the real property owned by Debtor located at 11400 Patton
24 Road, Downey, California, which is currently used as an employee parking lot.

25 “**Petition Date**” means September 14, 2009.

26 “**Pioneer**” means Pioneer Medical Group.

1 **“Plan”** means Debtor’s Chapter 11 Plan of Reorganization Proposed by Debtor (dated
2 April 22, 2010), as amended March 14, 2011, and as it subsequently may be modified or
3 amended.

4 **“Plan Schedules”** means schedules and exhibits to be attached to and incorporated by
5 reference in the Plan, to be filed on the Exhibit Filing Date.

6 **“Plan Trust”** means the trust established for the benefit of creditors as of the Effective
7 Date pursuant to the Plan to (a) receive Plan Payments from Debtor or Buyer, as applicable;
8 (b) act as disbursing agent to make Installment Plan Payments and distributions under the Plan
9 on account of the Allowed Claims in Classes 5 and 6, other than (i) the Effective Date Payments,
10 which shall be made by Debtor or Buyer, as applicable, from the Exit Funding, and (ii) the
11 periodic payments on account of the Class 2B and 2C Claims, and assumed contracts and leases,
12 which shall be made directly by Reorganized Debtor or Buyer, as applicable; and (c) in the event
13 of a Transaction, administer, liquidate, and distribute proceeds on account of any Excluded
14 Assets, and object to Claims. The documentation establishing the Plan Trust will be filed as part
15 of the Plan Schedules to be filed on the Exhibit Filing Date. The Plan Trust shall receive
16 [\$100,000] as its initial funding as part of the Effective Date Payments.

17 **“Plan Trustee”** means Tim Yoo, the trustee for the Plan Trust. The Plan Trustee shall be
18 entitled to retain attorneys, accountants and such other professionals as may be necessary.

19 **“Potential Bidder”** means a third party that has made an offer or other serious
20 expression of interest in entering into a Transaction to acquire Debtor or its assets.

21 **“Priority Claim”** means a Claim entitled to priority against the Estate under Bankruptcy
22 Code §§ 507(a)(4), 507(a)(5), 507(a)(6) or 507(a)(7). Priority Claims do not include any Claims
23 incurred after Petition Date.

24 **“Priority Tax Claim”** means a Claim entitled to priority against the Estate under
25 Bankruptcy Code § 507(a)(8). Priority Tax Claims do not include any Claims incurred after
26 Petition Date.

1 **“Professional Fee Claim”** means a Claim under Bankruptcy Code §§ 327, 328, 330,
2 331, 503, or 1103 for compensation for professional services rendered or expenses incurred for
3 which the Estate is liable for payment.

4 **“Pro Rata”** means proportionately so that the ratio of (a) the amount of consideration
5 distributed on account of a particular Allowed Claim to (b) the Allowed Claim, is the same as the
6 ratio of (x) the amount of consideration available for distribution on account of Allowed Claims
7 in the Class in which the particular Allowed Claim is included to (y) the amount of all Allowed
8 Claims of that Class.

9 **“PTO Claims”** mean Claims asserted by Debtor’s employees that are based upon
10 accrued hours arising under Debtor’s nonworking day and paid time off policies.

11 **“Real Property”** means the real property consisting of the Hospital Facility, the
12 underlying grounds, and related fixtures.

13 **“Real Property Loan”** means a \$27 million loan, secured by a senior lien on the Real
14 Property pursuant to the City Lease and on the Patton Property, that is to be obtained as part of
15 the Exit Funding.

16 **“Rejection Claim”** means a Claim arising under Bankruptcy Code § 365 from the
17 rejection by Debtor of an unexpired lease or executory contract.

18 **“Released Avoidance Actions”** means any Avoidance Action that is not a Trust
19 Avoidance Action.

20 **“Reorganized Debtor”** means Debtor on and after the Effective Date, after giving effect
21 to the Plan. In the event that the Plan implements a Transaction, all references to Reorganized
22 Debtor shall be deemed to refer to Buyer, as applicable.

23 **“Risk-Share Claims”** means Claims held by AppleCare, Alliance, and Pioneer with
24 respect to alleged risk-sharing profit allocations arising from Debtor’s former capitation
25 agreements.

26 **“Schedule of Assumed Agreements”** means the Plan Schedule of executory contracts
27 and unexpired leases that Debtor will assume on the Effective Date, which in the event of a
28

1 Transaction shall include all Mandatory Assumed Contracts. On or before the Exhibit Filing
2 Date, Debtor will File the initial Schedule of Assumed Agreements and serve it on the parties to
3 agreements listed on the schedule. If there is no Transaction, Debtor reserves the right to amend
4 the Schedule of Assumed Agreements at any time prior to the Effective Date to: (a) delete any
5 executory contract or unexpired lease and provide for its rejection under the Plan or otherwise, or
6 (b) add any executory contract or unexpired lease and provide for its assumption under the Plan.
7 In the event of a Transaction, up to 30 days after the Effective Date, Buyer may (i) add additional
8 executory contracts or unexpired leases to the Schedule of Assumed Agreements via
9 Supplemental or Amended Plan Schedules, or (ii) delete executory contracts or unexpired leases
10 from the Schedule of Assumed Agreements, except that Mandatory Assumed Contracts shall not
11 be deleted.

12 **“Schedule of Rejected Agreements”** means the Plan Schedule of executory contracts
13 and unexpired leases that Debtor will reject on the Effective Date. On or before the Exhibit
14 Filing Date, Debtor will File the initial Schedule of Rejected Agreements and serve it on the
15 parties to agreements listed on the schedule. If there is no Transaction, Debtor reserves the right
16 to amend the Schedule of Rejected Agreements at any time prior to the Effective Date to:
17 (a) delete any executory contract or unexpired lease from the Schedule of Rejected Agreements
18 and provide for its assumption under the Plan, subject to the right of the counterparty to object to
19 such transfer within ten business days after notice with a right to a hearing thereon, or (b) add
20 any executory contract or unexpired lease and provide for its rejection under the Plan or
21 otherwise. In the event of a Transaction, up to 30 days after the Effective Date, Buyer may
22 remove an executory contract or unexpired lease from the Schedule of Rejected Agreements and
23 add it to the Schedule of Assumed Agreements, subject to the right of the counterparty to object
24 to such transfer within ten business days after notice with a right to a hearing thereon.

25 **“Schedules”** means the Schedules of Assets and Liabilities filed by the Debtor as such
26 Schedules may have been, or may subsequently be, amended before the Effective Date.

1 3. A term that is used in this Plan and that is not defined in this Plan has the
2 meaning attributed to that term, if any, in the Bankruptcy Code or the Bankruptcy Rules.

3 4. The definition given to any term or provision in the Plan supersedes and
4 controls any different meaning that may be given to that term or provision in the Disclosure
5 Statement.

6 5. Whenever it is appropriate from the context, each term, whether stated in
7 the singular or the plural, includes both the singular and the plural.

8 6. Any reference to a document or instrument being in a particular form or on
9 particular terms means that the document or instrument will be substantially in that form or
10 on those terms.

11 7. Any reference to an existing document means the document as it has been,
12 or may be, amended or supplemented.

13 8. Unless otherwise indicated, the phrase “under the Plan” and similar words
14 or phrases refer to this Plan in its entirety rather than to only a portion of the Plan.

15 9. Unless otherwise specified, all references to Sections or Exhibits are
16 references to this Plan’s Sections or Exhibits.

17 10. The words “herein,” “hereto,” “hereunder,” and other words of similar
18 import refer to this Plan in its entirety rather than to only a particular portion hereof.

19 **III. CLASSIFICATION AND TREATMENT OF CLAIMS**

20 **A. General Overview**

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

25 **B. Summary and Classification of Claims and Interests.**

26 This Section classifies Claims and Interests – except for Administrative Expense Claims
27 and Priority Tax Claims, which are not classified – for all purposes, including voting,
28

confirmation, and distribution under the Plan. A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest falls within the Class description. To the extent that part of the Claim or Interest falls within a different Class description, the Claim or Interest is classified in that different Class.

The following table summarizes the Classes of Claims and Interests under the Plan that are Allowed Claims or Allowed Administrative Expense Claims:

CLASS	DESCRIPTION	IMPAIRED/ UNIMPAIRED	VOTING STATUS
None	Administrative Expense Claims and Priority Tax Claims	Unimpaired	Not Entitled to Vote
1	Priority Claims	Unimpaired	Not Entitled to Vote / Deemed to Accept
2A	Secured Claims of Wells Fargo and CHFFA	Unimpaired	Not Entitled to Vote / Deemed to Accept
2B	Secured Claim of Apollo	Impaired	Entitled to Vote
2C	Secured Claims of Equipment Lessors	Unimpaired	Not Entitled to Vote / Deemed to Accept
3	Assumed Employee PTO Claims	Unimpaired	Not Entitled to Vote / Deemed to Accept
4	Convenience Class Claims	Impaired	Entitled to Vote
5	General Unsecured Claims (Not Otherwise Classified)	Impaired	Entitled to Vote
6	Risk-Share Claims	Impaired	Entitled to Vote
7	Interest Holders	Unimpaired	Not Entitled to Vote

1 **NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE PLAN, NO**
2 **DISTRIBUTIONS WILL BE MADE AND NO RIGHTS WILL BE RETAINED ON**
3 **ACCOUNT OF ANY CLAIM OR INTEREST THAT IS NOT AN ALLOWED CLAIM**
4 **OR INTEREST.**

5 The treatment in this Plan is in full and complete satisfaction of the legal, contractual, and
6 equitable rights (including any liens) that each individual or entity holding an Allowed Claim
7 may have in or against Debtor, the Estate, or their respective property. This treatment supersedes
8 and replaces any agreements or rights those individuals or entities may have in or against Debtor,
9 the Estate, or their respective property. Except as otherwise provided in this Plan, all
10 distributions in respect of Allowed Claims will be allocated first to the principal amount of such
11 Allowed Claim, as determined for federal income tax purposes, and thereafter, to the remaining
12 portion of such Allowed Claim, if any.

13 **C. Unclassified Claims**

14 Certain types of claims are not placed into voting classes; instead they are unclassified.
15 They are not considered impaired and they do not vote on the Plan because they are
16 automatically entitled to specific treatment provided for them in the Bankruptcy Code. As such,
17 Debtor has not placed the following claims in a class. The treatment of these claims is provided
18 below.

19 **1. Administrative Expense Claims**

20 **a. Types of Claims Entitled to Administrative Priority**

21 Administrative Expense Claims are claims for costs or expenses of administering the
22 Debtor's Chapter 11 case which are Allowed by the Bankruptcy Court under Bankruptcy Code
23 § 507(a)(1). The Code requires that all Administrative Expense Claims that have not been paid
24 by Debtor in the ordinary course of business before the Effective Date must be paid on the
25 Effective Date of the Plan (or as soon thereafter as they are Allowed) unless a particular claimant
26 agrees to a different treatment. Administrative Expense Claims include (i) the DIP Loan;
27 (ii) Accrued General Administrative Expenses; (iii) 503(b)(9) Claims; (iv) Allowed Professional
28

1 Fee Claims, (v) Cure Payments (except for the Cure Payments owed to PacifiCare that are to be
2 paid in installments pursuant to the PacifiCare Settlement); (vi) any Adequate Protection
3 Payments (as such term is defined in the HFG Cash Collateral Orders and the MidCap Cash
4 Collateral Order) that have not otherwise been paid by the Effective Date, including Wells
5 Fargo's post-petition fees and expenses and any payments of principal, interest, or charges,
6 which amounts shall be deemed Allowed without further action by Wells Fargo, Debtor, or the
7 Court; and (vii) fees payable to the clerk of the Bankruptcy Court and the Office of the United
8 States Trustee.

9 Pursuant to Section 503(b)(9) of the Bankruptcy Code, certain Claims for payment of
10 goods used in the operation of the Hospital that had been delivered to it within 20 days before
11 Petition Date qualify as administrative priority claims, entitled to payment in full on the
12 Effective Date of the Plan. Debtor's motion to establish deadlines and procedures for 503(b)(9)
13 Claims early in the Case that proposed deadlines and treatment of such Claims was approved
14 early in the Case and a bar date was established for Filing such Claims. Debtor filed objections
15 to certain claims that asserted priority status under Section 503(b)(9) that were upheld. The
16 Allowed 503(b)(9) Claims are listed on Exhibit A and total about \$1.2 million.

17 With respect to Professional Fee Claims, the professional in question must file and serve
18 a properly noticed fee application and the Court must rule on the application. Only the amount
19 of fees Allowed by the Court will be required to be paid under this Plan.

20 Other than Ordinary Course Administrative Expenses that will be paid by Debtor or
21 Reorganized Debtor in the ordinary course of business, the Allowed Administrative Expense
22 Claims are estimated to total approximately \$22-23 million as of the Effective Date, of which
23 approximately \$[13] million is for the DIP Loan [and the Equipment Loan]; [\$1] million for the
24 503(b)(9) Claims; [\$2,051,000] for Cure Payments due on the Effective Date; [\$130,000] for
25 Wells Fargo for adequate protection cure amounts; [\$5] million for Professional Fee Claims; and
26 \$872,000 for amounts due to PIH and Cymetrix. It should be noted that the DIP Loan total does
27 not reflect any substantial incurrence of net, new debt during the case; it is effectively balance-

1 sheet neutral. The availability of the DIP Loan enabled Debtor to continue to operate while
2 paying approximately \$9-10 million in interest and principal on the Bond Debt by continuing the
3 regular monthly payments during the Case, as well as the full balance of the \$1.2 million Health
4 Net Health Plan Loan Claim and approximately \$1.5 million on account of the PacifiCare Health
5 Plan Loan Claim pursuant to the court-approved stipulated orders.

6 **b. Treatment of Administrative Priority Claims**

7 Unless otherwise agreed, or to the extent that they have not been paid during the Case or
8 are Ordinary Course Administrative Expenses that will be paid as they come due after the
9 Effective Date, all Allowed Administrative Expense Claims (including Professional Fees),
10 Allowed Cure Payments, Allowed 503(b)(9) Claims, Clerk's Office Fees, and U.S. Trustee Fees
11 will be paid in full in cash on the later of the Effective Date or the date such claims are allowed.

12 **2. Priority Tax Claims**

13 Priority Tax Claims are certain unsecured income, employment and other taxes described
14 by Bankruptcy Code § 507(a)(8). The Code requires that each holder of such a Priority Tax
15 Claim receive the present value of such claim in deferred cash payments, over a period not
16 exceeding six years from the date of the assessment of such tax.

17 For this Case, no known Priority Tax Claims exist. Debtor is a nonprofit corporation and
18 does not owe income taxes. During the Case, Debtor obtained court authority to bring wages,
19 benefits and payroll taxes current for the prepetition period, so no prepetition employment
20 related taxes remain due. Debtor has otherwise kept current on taxes. The only Priority Tax
21 Claim scheduled by Debtor related to property taxes, but it was filed as a secured claim and has
22 since been withdrawn:

23

<u>Description</u>	<u>Amount Owed</u>
No priority tax claims are on file.	\$0

24
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1 **D. Classified Claims**

2 **1. Class 1 – Priority Claims (Other than Priority Tax Claims) –**

3 Class 1 consists of Priority Claims against Debtor, other than Priority Tax Claims.
4 These Priority Claims are entitled to priority treatment in that each holder of such a claim is
5 entitled to receive cash on the Effective Date equal to the allowed amount of such claim, unless.
6 the class votes to accept deferred cash payments of a value, as of the Effective Date, equal to the
7 allowed amount of such claims.

8 The only known Priority Claims consist of wage and benefits Claims under Bankruptcy
9 Code §§ 507(a)(4) and (5) for PTO Claims that (a) were for accrued PTO Claims that were not
10 paid pursuant to the Order Authorizing Payment of Prepetition Wages, entered on September 17,
11 2009; (b) are PTO Claims that arise from the termination of employment during the Case or on
12 the Effective Date, or (c) in the event of a Transaction, are PTO Claims of Debtor's employees
13 who are hired by Buyer, but whose PTO Claims exceed the maximum amount of PTO eligible
14 for assumption under Buyer's human resources policies. Most Claims filed by employees that
15 asserted Priority status were in an "unknown" amount and remain to be determined. The face
16 amount of filed PTO Claims is about \$450,000, but many employees have applied those PTO
17 amounts to time off taken during the Case. Debtor estimates the total amount of Priority PTO
18 Claims to be less than \$200,000.

19 Excluded from this class are (a) wage claims (including severance pay) in excess of the
20 statutory limit of \$10,950, and (b) PTO Claims in excess of the statutory limit of \$10,950 for
21 benefits. Such Claims will be treated as General Unsecured Claims in Class 5. Also excluded
22 from this class are the Assumed Employee PTO Claims of Debtor's employees who are retained
23 by Reorganized Debtor or who are hired by Buyer, which will be treated as assumed obligations.

24 Certain medical services providers also asserted priority status on their proofs of Claim
25 forms in the aggregate amount of approximately \$195,000, but provided no evidence that they
26 qualify for priority. Debtor intends file objections to the priority status of those Claims before
27 the Confirmation Hearing and therefore has excluded them from the estimated Priority Claims.

The Priority Claims shall be treated as follows:

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>INSIDER</u> (Y/N)	<u>IMPAIRED</u> (Y/N)	<u>TREATMENT</u>
1	Priority unsecured claims alleged pursuant to Code §§ 507(a)(4) and (5) Total amt of claims = [\$200,000]	No	No	Paid in cash in full on later of Effective Date or when allowed

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

Classes 2A, 2B, and 2C consist of Secured Claims against Debtor. Secured Claims are claims secured by liens on property of the estate. The Secured Claims shall be treated as follows:

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>INSIDER</u> (Y/N)	<u>IMPAIRED</u> (Y/N)	<u>TREATMENT</u>
2A-1	Bond Debt Secured Claim of Wells Fargo for Tax Exempt Bonds Collateral description = Pursuant to the Indenture, a security interest in Gross Operating Revenues (as defined in the Bond Documents) and the Bond Funds; and pursuant to the HFG Cash Collateral Orders and the MidCap Cash Collateral Order, a security interest in substantially all of Debtor's assets and certain assets of Debtor's affiliates. Collateral value as of Petition Date= Fully secured as of Petition Date: Gross Operating Revenues (as	No	No	The Bond Debt shall be paid in full on the Effective Date. Debtor shall continue to make all payments on account of the Bonds, as scheduled, until the Effective Date.

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>INSIDER (Y/N)</u>	<u>IMPAIRED (Y/N)</u>	<u>TREATMENT</u>
	<p>defined in the Bond Documents) valued in excess of \$30 million; Bond Funds on deposit in the current amount of \$5,371,772</p> <p>Priority of security interest = First</p> <p>Principal owed as of 6/30/11 = est. \$[16.1] million</p> <p>Prepetition Arrearage Amt = \$0</p> <p>Post-pet. Arrearage Amt = approx. \$350,000 attorney's and trustee fees</p> <p>Total claim amount = est. \$[16.5] million (subject to offset by application of \$[5.4] million in Bond Funds, for net claim of \$[11.1] million; additional fees and costs may accrue through the Effective Date)</p>			
2A-2	<p>Bond Debt Claim of CHFFA for expenses relating to Tax Exempt Bonds</p> <p>Collateral Description and value same as for Class 2A-1</p> <p>Prepetition Amount due: \$6,186 on account of various expenses relating to administration of the Bond Debt</p>	No	No	The Bond Debt shall be paid in full on the Effective Date.
2B	<p>Secured claim of Apollo</p> <p>Collateral description = Accounts receivable</p>	No	Yes	The Apollo debt shall be paid in full and will be: (i) assumed and

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>INSIDER</u> (Y/N)	<u>IMPAIRED</u> (Y/N)	<u>TREATMENT</u>
	<p>Collateral value as of Petition Date = in excess of \$5 million</p> <p>Priority of security int. = Second/Junior</p> <p>Principal owed = Approx. \$1.2 million</p> <p>Pre-pet. Arrearage amount = approx. \$200,000 of principal</p> <p>Post-pet. arrearage amount = approx. \$986,000 of principal</p> <p>Total claim amount = \$1,201,920, plus such interest, attorneys' fees, and expenses as may be Allowed</p>			<p>granted a first priority lien on the Dolan Property; and</p> <p>(ii) paid in equal quarterly payments on a fully amortized basis over a two-year period, including interest at the Interest Rate, beginning with the first payment due on Effective Date.</p> <p>If the Dolan Property is sold, the proceeds of such sale shall be applied to repay the Apollo Claim.</p>
2C-1 ¹	<p>Secured claim of Bank of the West</p> <p>Filed amt = \$1,780,407</p> <p>Collateral description = DR Filmless Imaging System and Alaris System Equipment</p> <p>Collateral value = \$1,300,000 (based upon contract stipulated loss value)</p>	No	No	<p>These security interests were recorded with respect to equipment leases that expire 12/25/2012.</p> <p>Leases will either be assumed and paid according to</p>

¹ UCC-1 liens were filed with respect to certain other leased equipment: by Philips Medical Capital with respect to digital diagnostic and x-ray equipment; and by U.S. Bank with respect to the Advia Immunoassay System. These leases expired by their terms during the Case, and Debtor exercised its buy-out options. No further amounts are due. Debtor has requested that appropriate UCC termination notices be filed, and that Philips withdraw its proof of claim.

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>INSIDER</u> (Y/N)	<u>IMPAIRED</u> (Y/N)	<u>TREATMENT</u>
	Priority of security int. = First Prepetition Arrearage Amt. = \$0 Post-pet. arrearage Amt = \$0 Est. total claim amt. as of 6/1/11 = \$467,000 (including all remaining lease payments, net after payments during Case)			their terms, or the early purchase option will be exercised in June 2011 according to its terms. No cure payments are due.
2C-2	Secured Claim of Cisco Systems Filed amt = \$786,750.92 Collateral description = Computer servers and related equipment Collateral value est = \$800,000 (as of Petition Date) Priority of security int. = First Pre-pet. Arrearage Amt. = \$51,000 Post-pet. arrearage Amt = \$[0] Total claim amount as of 6/1/11 = \$214,500 (including all remaining lease payments and arrearages, net after payments during Case)	No	No	These security interests were recorded with respect to equipment leases that expire 8/31/2012. These leases will be assumed and paid by their terms. To the extent a cure amount is determined to be due, it will be paid in full on the Effective Date.

3. Class 3 – Assumed Employee PTO Claims

Class 3 Assumed Employee PTO Claims are certain PTO Claims for accrued nonworking days and paid time off (“**PTO**”) of Hospital employees in good standing as of the Effective

1 Date. Under Debtor’s human resources policies, employees may have accumulated PTO that the
2 employees were able to roll forward from year to year, or cash out at retirement or departure.
3 Reorganized Debtor will assume the PTO Claims for retained employees. In the event of a
4 Transaction, Buyer will treat each DRMC Employee who becomes an employee of Buyer as if
5 such employee commenced employment with Buyer on the date that he or she commenced his or
6 her employment with Buyer for purposes of determining such employee’s seniority as an
7 employee of Buyer as compared to other DRMC Employees who become employees of Buyer.
8 Buyer will honor PTO Claims for hired employees up to the maximum amount permitted to be
9 accrued pursuant to Buyer or Buyer’s human resources policies. The Assumed Employee PTO
10 Claims shall be treated as follows:

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>INSIDER (Y/N)</u>	<u>IMPAIRED (Y/N)</u>	<u>TREATMENT</u>
3	Assumed Employee PTO Claims Filed Amt of claims = \$450,000 Est. Assumed Amt = Approximately \$3.8 million	No	No	For all employees that are retained as employees of the Hospital, PTO will be allowed to be used on the same terms and conditions as before Petition Date.

21 **4. Class 4 – Convenience Class Claims**

22 Class 4 consists of Convenience Class Claims, meaning those General Unsecured Claims
23 that are either less than or equal to \$10,000, or if the claim amount is greater, the claimant elects
24 to reduce its Claim to \$10,000 pursuant to the Convenience Class Election, and thus accept a
25 maximum of \$5,000 as payment in full.

1 Debtor estimates that approximately 680 claimants with Claims less than or equal to
 2 \$10,000 would naturally fall within the Convenience Class. In addition, approximately 85
 3 additional claimants with Claims between \$10,000 and \$20,000 can be expected to elect
 4 treatment as Convenience Class Claims because \$5,000 would be immediate cash and would be
 5 more attractive than what they would otherwise receive as Installment Plan Payments over a
 6 period of years as part of Class 5. Thus, approximately 765 out of a total of approximately 960
 7 Filed or scheduled Claims (not counting Priority Employee Claims or Assumed Employee PTO
 8 Claims in Class 3) would be likely to be immediately paid and resolved through the Convenience
 9 Class upon the Effective Date. It is possible that holders of Claims greater than \$20,000 will
 10 also elect treatment in Class 4 to obtain the benefit of an immediate cash payment. There is no
 11 limit on the number or amount of Claims that may be the subject of a Convenience Class
 12 Election. Satisfaction and elimination of so many small Claims – constituting approximately
 13 80% of the total number of non-employee Claims – will greatly simplify the administration of
 14 the Installment Plan Payments and significantly reduce the expenses of post-Effective Date
 15 administration.

16 The Convenience Class Claims shall be treated as follows:

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>INSIDER</u> (Y/N)	<u>IMPAIRED</u> (Y/N)	<u>TREATMENT</u>
4	Convenience Class Claims Total amt of claims = Est. Allowed amount of \$2.3 million, assuming all claimants with Claims between \$1 and \$20,000 elect Class 4 treatment	May include insider expense reimbursement claims	Yes	To be paid 50% of allowed amount of claim up to a maximum of \$5,000 (estimated payment of \$1.2 million), on the Effective Date or as soon as practicable thereafter. There shall be no limitation on the number of Convenience Class members.

5. Class 5 – General Unsecured Claims Not Otherwise Classified

Class 5 consists of General Unsecured Claims that are not Priority Claims, Assumed Employee PTO Claims, Convenience Class Claims, Risk-Share Claims, or Health Plan Loan Claims. The Class 5 Claims shall be treated as follows:

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>INSIDER</u> (Y/N)	<u>IMPAIRED</u> (Y/N)	<u>TREATMENT</u>
5	<p>General Unsecured Claims (Not Otherwise Classified)</p> <p>Total amt of claims = Approximately \$29 million for Trade, Rejection, Litigation, Capitation Provider, and other Claims not separately classified</p>	May include some insider compensation claims	Yes	<p>Class 5 Claims shall be paid:</p> <p><u>Initial Distribution:</u> 5% in cash (about \$1.5 million) payable on the Effective Date or, for Disputed Claims, payment to be made on the Next Payment Date after the Claim is Allowed.</p> <p><u>Installment Plan Payments:</u> (i) Interest-only annual cash payments at the Interest Rate, commencing on the first anniversary of the Effective Date; (ii) Quarterly Pro Rata principal payments in the aggregate amount of \$540,000, commencing in the 39th month and continuing until the 108th month after the Effective Date, for a total distribution of 50% of the Allowed amount of the Class 5 Claims, not to exceed \$12.5 million in the aggregate (including the Initial Distribution and the principal Installment Plan Payments).</p>

6. Class 6 – Risk-Share Claims

Class 6 consists of certain disputed General Unsecured Claims held by AppleCare, Alliance, and Pioneer with respect to alleged risk-sharing profit allocations arising from Debtor’s former capitation agreements. Debtor has asserted formal or informal offsets and counterclaims as to each of these Risk Share Claims. Debtor has reached a written agreement with Pioneer and a verbal understanding with AppleCare on allowance and treatment of their Risk-Share Claims in accordance with the terms set forth herein. Debtor believes that a similar settlement with Alliance can also be reached. It is Debtor’s understanding that, during the Case, AppleCare acquired Alliance, but Alliance’s Claim was retained by the Alliance equity holders. A motion to approve the Pioneer settlement is will be filed shortly; additional motions are expected to be filed with respect to the other Risk-Share Claims, to be heard concurrently with the Disclosure Hearing.

Good, ongoing relationships with the holders of the Risk Share Claims are of critical importance to Debtor, as the physician members of these three medical groups are a major source of patients admitted to the Hospital. For that reason, their Claims are separately classified from the General Unsecured Claims and treated more favorably, to encourage them to help increase revenues by sending patients to the Hospital

The Risk-Share Claims shall be treated as follows:

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>INSIDER</u> (Y/N)	<u>IMPAIRED</u> (Y/N)	<u>TREATMENT</u>
6	Risk-Share Claims held by AppleCare, Alliance, and Pioneer Filed amt = \$18.5 million Est. Allowed amt = \$[8.4] million	No	Yes	Class 6 Claims shall be paid: <u>Initial Distribution:</u> 5% in cash [\$420,000] payable on the Effective Date or, for Disputed Claims, payment to be made on the Next Payment Date after the Claim is Allowed

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>INSIDER</u> (Y/N)	<u>IMPAIRED</u> (Y/N)	<u>TREATMENT</u>
				<u>Installment Plan Payments:</u> (i) Interest-only annual cash payments at the Interest Rate, commencing on the first anniversary of the Effective Date; (ii) Quarterly Pro Rata principal payments in the aggregate amount of \$540,000, commencing in the 15 th month and continuing until the 38 th month after the Effective Date, for a total distribution of 48.5% of the Allowed amount of the Class 6 Claims, not to exceed \$4.074 million in the aggregate (including the Initial Distribution and the principal Installment Plan Payments).

7. Class of Interest Holders

Interest holders are the parties who hold ownership interest (i.e., equity interest) in the Debtor. As a non-profit corporation under California law, Debtor has no Interest holders in the usual sense. Instead, Debtor’s non-profit Parent is its sole corporate member. Parent will not receive any distribution on account of its interest in Debtor, but will retain its interest in Debtor unless a member substitution Transaction is implemented through the Plan.

E. Means of Funding and Implementing the Plan

Debtor intends to emerge from Chapter 11 as a reorganized, standalone nonprofit community hospital. The key components of the Plan funding and implementation consist of:
 (i) obtaining a loan secured by the Real Property in the net amount of \$27 million², and a loan

² Debtor has received a term sheet and letter of intent from Clearlake Capital Partners II (Master), L.P. (“**Clearlake**”) regarding the Real Property Loan (as defined below), that would be sufficient to support this component of the funding for the Plan. Debtor intends to bring a

1 secured by accounts receivable in the amount of \$20 million that together will provide sufficient
2 funds to pay the Bond Debt and other Effective Date Payments in full; (ii) completing the
3 renegotiation of Debtor's contracts with the major insurance companies, so as to increase
4 revenues (which process may be completed before the Effective Date); and (iii) paying creditors
5 partly in cash on the Effective Date and partly in installment payments over a period of years.
6 Debtor's projections demonstrate that the Plan is feasible, because the bankruptcy process will
7 have enabled Debtor to (a) operate under the protection of bankruptcy until the credit markets
8 recovered sufficiently to permit Debtor to obtain the Exit Financing, (b) negotiate significantly
9 improved contract rates with its major health plans where the alternative was rejection of the
10 contracts using the bankruptcy powers, (c) overhaul many of its financial, billing and collections
11 systems and practices to improve its revenue cycle, and (d) resolve major disputes with the
12 Health Plan Loan Claim and Risk Share Claim holders among others, thereby reducing Debtor's
13 outstanding debt by tens of millions of dollars. The combination of the refinancing, improved
14 revenues, and reduced debt will generate sufficient cash flow to pay the Installment Plan
15 Payments.

16 In the event of a Transaction, which Debtor believes is the less likely scenario, the Exit
17 Funding shall be provided by provided by Buyer in an amount adequate to pay the Effective Date
18 Payments; and shall include such additional committed working capital as Buyer may arrange
19 and such other funds for capital expenditures as Buyer may be required to provide by the
20 Attorney General pursuant to the consent of the Attorney General to the Transaction.

21 **1. Funding for the Plan**

22 **a. The Effective Date Payments**

23 The Exit Funding will (i) provide funds to or on behalf of the Debtor on the Effective
24 Date in an amount equal to the following: (a) all principal, interest and other amounts, if any,
25 due or outstanding under the MidCap DIP Loan [and the Equipment Loan], as of the

26 _____
27 motion to approve the terms of the Real Property Loan (either based on the Clearlake term sheet
28 or a proposal received from another lender) in connection with the Confirmation Hearing.

1 Effective Date; and (b) the other Effective Date Payments; and (ii) provide sufficient
2 working capital and funds for capital expenditures.

3 The Effective Date Payments are estimated as follows: (i) the principal, interest and
4 other amounts, if any, then outstanding under the DIP Loan or the Replacement DIP Loan, as
5 the case may be, estimated at \$11 million [and the Equipment Loan in the estimated amount
6 of \$2 million]; (ii) the estimated \$[11.1] million net balance due on the Bonds after
7 application of the Bond Reserves; (iii) all Administrative Expense Claims estimated at an
8 aggregate of \$6.7 million (other than 503(b)(9) Claims, listed separately below, and Ordinary
9 Course Administrative Expenses, that have been paid by Debtor in the ordinary course of
10 business or that will be paid by Reorganized Debtor after the Effective Date), consisting of
11 (w) any accrued general administrative expenses, (x) accrued professional fees and expenses,
12 (y) any Adequate Protection Payments (as such term is defined in the Order Regarding Use
13 of Cash Collateral and Adequate Protection entered on September 17, 2010) that have not
14 otherwise been paid by the Effective Date, including Wells Fargo's fees and expenses and
15 any payments of principal, interest, or charges necessary to bring the Bonds current as of the
16 Effective Date, and (z) 503(b)(9) Claims (estimated at \$1 million); (iii) all Allowed Priority
17 Claims (not quantified, but estimated at \$200,000); (iv) 50% of the Convenience Claims,
18 totaling about \$1,150,000; (v) Cure Payments required to be paid on the Effective Date
19 (estimated \$2,051,000); (vi) Initial Distributions to Allowed Claims in Classes 5 and 6
20 (estimated at \$2 million); (vii) initial funding for the Liquidation Trust (\$100,000); and
21 (viii) the Disputed Administrative Claims Reserve, including amounts for Disputed Cure
22 Claims (estimated at \$_____).

23 The Effective Date Payments shall be paid from the proceeds of the Exit Funding.

24 **b. Working Capital Financing**

25 The Exit Funding will provide an estimated \$10 million in working capital for its
26 operation of the Hospital Facility after the Effective Date. In the event of a Transaction, Buyer
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1 shall either provide or arrange for a third party lender to provide sufficient working capital to
2 satisfy any requirement of the Attorney General.

3 **c. Payments to Class 2 Secured Creditors**

4 The Class 2A Bonds shall be paid in full on the Effective Date. Class 2B, Apollo, shall
5 be assumed and provided with a first priority lien on the real property commonly known as
6 11441 Dolan Road, Downey, California (appraised at \$1.8 million) and be fully amortized and
7 paid over two years in quarterly payments by Reorganized Debtor, with the first payment due on
8 the Effective Date. Class 2C equipment leases will be assumed, replacement liens shall be
9 granted in the collateral, and the leases paid according to their terms by Reorganized Debtor.

10 **d. Installment Plan Payments for Classes 5 and 6**

11 From and after the Confirmation Date, Reorganized Debtor will (i) pay Apollo directly
12 with respect to the Apollo Claim, (ii) pay the contract counter parties directly with respect to the
13 equipment lease and other assumed contract obligations as they come due, (iii) honor the
14 Assumed PTO Claims as PTO is used by employees in the ordinary course of business, and
15 (iv) pay the Installment Plan Payments to the Plan Trustee as they come due. Prepayments in
16 whole or in part are permitted and shall not constitute nor require modification of the Plan,
17 provided that prepayments shall be made Pro Rata with respect to Claims in Classes 5 and 6.

1 incurred pursuant to the Plan. A retainer of \$100,000 for the Plan Trustee and any professionals
2 retained by the Plan Trustee shall be included in the Administrative Expense Claims to be paid
3 by Reorganized Debtor. The Plan Trustee may surcharge the Installment Plan Payments
4 received from Reorganized Debtor to the extent necessary to pay reasonable and necessary fees
5 and expenses in excess of the retainer. Any funds received by the Plan Trustee shall be
6 maintained in segregated, interest bearing bank accounts.

7 The Plan Trustee is authorized and encouraged to retain professionals of Debtor or the
8 Committee, based upon their knowledge and expertise with respect to matters affecting the
9 administration of the Plan Trust and its assets. For the appropriate functions of the Plan Trust,
10 the Plan Trustee shall have reasonable access to all books, records, and employees of Debtor for
11 the functions of the Plan Trust. In the event of a Transaction, Buyer shall provide the foregoing
12 and access to former employees of Debtor that are hired by Buyer, provided however, that to the
13 extent Buyer incurs costs in providing access to books and records, or to the extent such
14 employees are required to assist or otherwise spend time with, for or on behalf of the Plan
15 Trustee, the Plan Trustee shall pay or reimburse Buyer for the cost of such access to books and
16 records or of such employee's time and costs pursuant to a Transition Services Agreement to be
17 negotiated between Buyer, Debtor, and the Plan Trustee. The Plan Trustee shall also have the
18 authority and obligation to enforce the terms of the Plan if payments to the Plan Trustee are not
19 made as required under the Plan.

20 **F. Objections to Claims**

21 Prior to the Effective Date, Debtor will seek to resolve as many disputes or objections to
22 Claims as possible. After the Effective Date, Reorganized Debtor will have the authority and
23 obligation to review, compromise, and object to any Claims. Reorganized Debtor will: (i) have
24 the authority, without Bankruptcy Court approval, to compromise, release or settle any Claim
25 where the Claim has an asserted face value of \$200,000 or less; (ii) have authority, without
26 Bankruptcy Court approval but with consent and upon notice to the Plan Administrator, to
27 compromise, release or settle any Claim where the Claim has an asserted face value of \$201,000

1 to \$500,000; and (iii) be required to seek an order of the Bankruptcy Court approving the
2 compromise, release or settlement of any Claim that has an asserted value of greater than
3 \$500,000, with notice and opportunity for hearing required with respect to such compromise,
4 release or settlement.

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

6 Under the terms of Debtor's various insurance policies, Debtor may owe deductible
7 amounts on account of any Allowed Claims that have arisen prior to the Confirmation Date
8 involving personal injury, medical malpractice, or wrongful death ("**Insured Claims**"). Holders
9 of Insured Claims shall be enjoined by the injunction established by the Confirmation Order
10 from commencing or continuing any action to collect such Claim except in conformity with the
11 Bankruptcy Code's claim adjudication procedures, as Debtor is self-insured for both deductible
12 amounts and the costs of defense up to \$250,000 per occurrence.

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

14 The following procedures set forth in the Plan apply to distributions made pursuant to the
15 Plan whether by (i) Debtor (or Buyer, if applicable) as to the Effective Date Payments, or (ii) the
16 Plan Trustee as to all post-Effective Date distributions received from Reorganized Debtor or
17 Buyer (each of Reorganized Debtor, the Plan Trustee, or Buyer, a "**Distributing Party**"). In
18 connection with the Plan, to the extent applicable, the Distributing Party shall comply with all
19 tax withholding and reporting requirements imposed on it by any governmental unit, and all
20 distributions pursuant to the Plan shall be subject to such withholding and reporting
21 requirements.

22 **1. Manner of Cash Payments Under the Plan**

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

1 on account of the undeliverable distributions. The bank account will be maintained in the name
2 of the Distributing Party, but it will be accounted for separately.

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

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

11 **5. Estimation of Disputed Claims for Distribution Purposes**

12 Debtor (on or before the Effective Date), or the Reorganized Debtor, or Buyer (in the
13 event of a Transaction) may move for a Court order estimating any Disputed Claim. The
14 estimated amount of any Disputed Claim so determined by the Court shall constitute the
15 maximum recovery that the holder thereof may recover after the ultimate liquidation of its
16 Disputed Claim, irrespective of the actual amount ultimately Allowed.

17 **6. Cancellation of Bonds and Bond Documents**

18 As of the Effective Date, the Bonds shall be deemed cancelled without further action by
19 any party, and the Bonds and related Bond Documents shall continue in effect solely to the
20 extent they relate to and are necessary to (i) allow applicable distributions pursuant to this Plan,
21 (ii) permit Wells Fargo to be compensated for fees and reimbursed for expenses of its
22 professionals, assert its charging lien, and enforce its indemnity and other rights and protections
23 with respect to and pursuant to the Bond Documents, (iii) permit Wells Fargo to set one or more
24 record dates and distribution dates with respect to the distribution of funds to beneficial holders
25 of the Bonds, (iv) permit Wells Fargo to appear in the Case with respect to matters relevant to
26 the Bonds, (v) otherwise continue to govern relationships of Wells Fargo and the holders of the
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1 Bonds, and (vi) permit Wells Fargo to perform any functions that are necessary in connection
2 with the foregoing clauses (i) through (v).

3 **I. Full Satisfaction**

4 The Distributing Party shall make, and each holder of a Claim shall receive, the
5 distributions provided for in the Plan for full satisfaction and discharge of such Claim.

6 **J. Setoff, Recoupment, and Other Rights**

7 Reorganized Debtor will retain all rights with respect to setoff, recoupment, assertion of
8 counterclaims or withholdings against the distributions to be made pursuant to this Plan on
9 account of any claims that Debtor or the Estate (or the Plan Trust as successor to the Estate) may
10 have against the entity holding an Allowed Claim; provided, however, that neither the failure to
11 effect such a setoff or recoupment, nor the allowance of any Claim against Debtor, nor any
12 partial or full payment during the Cases or after the Effective Date in respect of any Allowed
13 Claim, shall constitute a waiver or release by Debtor or the Estate of any claim that they may
14 possess against such holder.

15 **K. Conditions to Effectiveness**

16 The Plan shall not become binding unless and until the Effective Date occurs. The
17 Effective Date is the first Business Day (a) that is at least fourteen days after the Confirmation
18 Date; (b) on which no stay of the Confirmation Order is in effect; and (c) on which all of the
19 following conditions have been satisfied as set forth below or waived:

20 **1. Conditions**

- 21 a) The Confirmation Order shall have become a Final Order;
- 22 b) The Exit Funding shall be in full force and effect and all conditions therein
23 to the obligations of the parties to the Exit Funding will have been satisfied or waived as
24 set forth in the Exit Funding documents (and Debtor shall not waive such condition
25 without the express written consent of the Bond Trustee); and
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1 c) All other documents, agreements, writings and undertakings required
2 under the Plan shall be executed and ready for consummation, including the Transaction
3 Documents, if a Transaction is to be implemented.

4 Debtor shall mail a "Notice of Occurrence of Effective Date" to all creditors and interest
5 holders of record as of the date of entry of the Confirmation Order.

6 **2. Waiver of Conditions**

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

15 **L. Authorization of Entity Action**

16 Each of the matters provided for under this Plan involving the entity structure of Debtor
17 or entity action to be taken by or required of Debtor shall, as of the Effective Date, be deemed to
18 have occurred and be effective as provided herein, and shall be authorized, approved and, to the
19 extent taken prior to the Effective Date, ratified in all respects without any requirement of further
20 action by creditors or directors of Debtor.

21 **M. Reservation of Fair and Equitable (Cram Down) Power**

22 Debtor reserves the right to confirm this Plan as to any impaired Class that does not
23 accept the Plan by the requisite number of votes pursuant to the fair and equitable power of
24 Bankruptcy Code § 1129(b).

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1 **IV. TREATMENT OF MISCELLANEOUS ITEMS**

2 **A. Assumption of Executory Contracts and Unexpired Leases**

3 **1. Assumptions**

4 On the Effective Date, Reorganized Debtor shall assume the Apollo debt and all
5 executory contracts and unexpired leases of Debtor listed on the Schedule of Assumed
6 Agreements and the Schedule of Post-Petition Assumed Agreements (collectively, the
7 “**Assumption Schedules**”), to be filed by the Exhibit Filing Date. Any contract or lease not
8 included on the Assumption Schedules shall be deemed to have been rejected pursuant to
9 Bankruptcy Code §365. Subject to the requirement to assume certain Mandatory Assumed
10 Contracts, Debtor reserves the right to amend the Assumption Schedules at any time prior to the
11 Effective Date to: (a) delete any executory contract or unexpired lease and provide for its
12 rejection under the Plan or otherwise, or (b) add any executory contract or unexpired lease and
13 provide for its assumption under the Plan. Debtor will provide notice of any amendment to the
14 Assumption Schedules to the party or parties to the agreement affected by the amendment. The
15 Confirmation Order will constitute a Court order approving the assumption, on the Effective
16 Date, of all executory contracts and unexpired leases identified on the Schedule of Assumed
17 Agreements.

18 **2. Cure Payments**

19 Any monetary amounts by which each executory contract and unexpired lease to be
20 assumed is in default shall be satisfied, pursuant to Bankruptcy Code § 365(b)(1), by payment of
21 the default amount (as set forth in the Debtor’s books and records), a schedule of which will be
22 Filed and served by the Exhibit Filing Date, in full in cash on the later of the Effective Date or
23 when such Cure Claim is Allowed, or on such other terms as the parties to each such executory
24 contract or unexpired lease may otherwise agree. In this Case, prior to confirmation of the Plan,
25 some known Cure Claims will have already been paid or resolved by stipulation, including the
26 Cure Claims of Health Net and PacifiCare, and most others have already been determined by
27 stipulation or agreement. In the event of a dispute regarding (a) the amount of any Cure
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1 Payments, (b) the ability of Reorganized Debtor to provide “adequate assurance of future
2 performance” (within the meaning of Bankruptcy Code § 365) under the contract or lease to be
3 assumed, or (c) any other matter pertaining to assumption, the cure payments required by
4 Bankruptcy Code § 365(b)(1) shall be made following the entry of a Final Order resolving the
5 dispute and approving the assumption. Pending the Bankruptcy Court’s ruling on such motion,
6 the executory contract or unexpired lease at issue shall be deemed assumed by Reorganized
7 Debtor as of the Effective Date, unless otherwise ordered by the Bankruptcy Court.

8 **3. Objections to Assumption**

9 Other than a party to a Mandatory Assumed Contract (which shall be deemed to have
10 consented to assumption), any entity who is a party to an executory contract or unexpired lease
11 that will be assumed under the Plan must File with the Court and serve upon interested parties a
12 written statement and supporting declaration stating the basis for any objection to assumption.
13 This statement and declaration must be Filed and served by no later than the last business day
14 that is ten days prior to the Confirmation Hearing. Any entity that fails to timely File and serve
15 such a statement and declaration will be deemed to waive any and all objections to the proposed
16 assumption of its contract or lease. In the absence of a timely objection by an entity who is a
17 party to an executory contract or unexpired lease, the Confirmation Order shall constitute a
18 conclusive determination as to the amount of any cure and compensation due under the
19 executory contract or unexpired lease, and that Reorganized Debtor has demonstrated adequate
20 assurance of future performance with respect to such executory contract or unexpired lease.

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

22 In accordance with the procedures set forth in Section IV.A.2 relating to the Cure
23 Payments, payment of the Cure Payments with respect to executory contracts or unexpired leases
24 that will be assumed under the Plan shall be deemed to satisfy, in full, any prepetition or
25 postpetition arrearage or other Claim asserted in a Filed proof of Claim or listed in the
26 Schedules, irrespective of whether the Cure Payment is less than the amount set forth in such
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1 proof of Claim or the Schedules. Upon the tendering of the Cure Payment, such Claim shall be
2 disallowed, without further order of the Court or action by any party.

3 **B. Rejection of Executory Contracts and Unexpired Leases**

4 **1. Rejected Agreements**

5 On the Effective Date, Debtor will reject all executory contracts and unexpired leases set
6 forth on the Schedule of Rejected Agreements. The Confirmation Order will constitute a Court
7 order approving the rejection, on the Effective Date, of the executory contracts and unexpired
8 leases not assumed under the Plan.

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

10 Any Rejection Damage Claim or other Claim for damages arising from the rejection
11 under the Plan of an executory contract or unexpired lease must be Filed and served upon
12 counsel to the Plan Trustee within 30 days after the mailing of notice of the occurrence of the
13 Effective Date. Any such Claims that are not timely Filed and served will be forever barred and
14 unenforceable against Debtor, the Plan Trust, the Estate, Reorganized Debtor, and their
15 respective property, and entities holding these Claims will be barred from receiving any
16 distribution under the Plan on account of such untimely claims.

17 **3. Postpetition Contracts and Leases**

18 Except as set forth in the Schedule of Postpetition Contracts and Leases or as
19 otherwise expressly provided in the Plan or the Confirmation Order, all contracts, leases,
20 and other agreements that Debtor entered into after Petition Date will be assumed by
21 Reorganized Debtor.

22 **C. Changes in Rates Subject to Regulatory Commission Approval**

23 This Debtor is not subject to governmental regulatory commission approval of its rates.

24 **D. Retention of Jurisdiction**

25 The Court will retain jurisdiction to the extent provided by law.
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1 **V. EFFECT OF CONFIRMATION OF PLAN**

2 **A. Discharge**

3 This is a reorganization plan. The rights afforded in the Plan and the treatment of all
4 Claims shall be in exchange for and in complete satisfaction, discharge, and release of all Claims
5 of any nature whatsoever arising prior to the Effective Date, including any interest accrued on
6 such Claims from and after the Petition Date (except as otherwise ordered by the Court), against
7 the Debtor, the Estate and their property.

8 Except as otherwise provided in the Plan or the Confirmation Order, the Plan and
9 Confirmation Order shall: (a) on the Effective Date, discharge and release the Debtor, the Estate,
10 the Reorganized Debtor, and their property to the fullest extent permitted by Bankruptcy Code
11 §§ 524 and 1141 from all Claims, including all debts, obligations, demands, liabilities, and
12 Claims that arose before the Effective Date, and all debts of the kind specified in Bankruptcy
13 Code §§ 502(g), 502(h), or 502(i), regardless of whether or not (i) a proof of Claim based on
14 such debt is Filed or deemed Filed, (ii) a Claim based on such debt is allowed pursuant to
15 Bankruptcy Code § 502, or (iii) the holder of a Claim based on such debt or Interest has or has
16 not accepted the Plan; (b) void any judgment underlying a Claim discharged hereunder; and
17 (c) preclude all entities from asserting against the Debtor, the Estate, the Reorganized Debtor, or
18 their respective property any Claims based upon any act or omission, transaction, or other
19 activity of any kind or nature that occurred prior to the Effective Date.

20 Except as otherwise provided in the Plan or the Confirmation Order, on and after the
21 Effective Date, all entities who have held, currently hold, or may hold a debt or Claim against the
22 Debtor, the Estate, the Reorganized Debtor, or their respective property that is based upon any
23 act or omission, transaction, or other activity of any kind or nature that occurred prior to the
24 Effective Date, that otherwise arose or accrued prior to the Effective Date, or that is otherwise
25 discharged pursuant to the Plan, shall be permanently enjoined from taking any of the following
26 actions on account of any such discharged debt, Claim, or Interest (the “**Permanent**
27 **Injunction**”): (a) commencing or continuing in any manner any action or other proceeding
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1 against the Debtor, the Estate, the Reorganized Debtor, or their respective property that is
2 inconsistent with the Plan or the Confirmation Order; (b) enforcing, attaching, collecting, or
3 recovering in any manner any judgment, award, decree, or order against the Debtor, the Estate,
4 the Reorganized Debtor, or their respective property other than as specifically permitted under
5 the Plan, as approved by the Confirmation Order; (c) creating, perfecting, or enforcing any lien
6 or encumbrance against the Debtor, the Estate, the Reorganized Debtor, or their respective
7 property; and (d) commencing or continuing any action, in any manner, in any place that does
8 not comply with or is inconsistent with the provisions of the Plan, the Confirmation Order, or the
9 discharge provisions of Bankruptcy Code § 1141. Any entity injured by any willful violation of
10 such Permanent Injunction shall recover actual damages, including costs and attorneys' fees,
11 and, in appropriate circumstances, may recover punitive damages, from the willful violator.

12 In the event of a Transaction, this Plan shall be considered a liquidating plan, and no
13 discharge will be entered.

14 **B. Exculpation: No Liability for Solicitation or Prosecution of Confirmation**

15 None of Debtor, the Estate, the Creditors' Committee, Wells Fargo, Apollo, the DIP
16 Lender, the Exit Lenders, Buyer (in the event of a Transaction), or any of the foregoing parties'
17 respective members, officers, directors, employees, advisors, professionals or agents shall have
18 or incur any liability to any holder of a Claim for any act or omission occurring on or after
19 Petition Date in connection with, related to, or arising out of the Case, the pursuit of
20 confirmation of the Plan, the consummation or administration of the Plan, or property to be
21 distributed under the Plan, except for willful misconduct or gross negligence, and in all respects,
22 Debtor, the Estate, Wells Fargo, Apollo, the Creditors' Committee, the lenders and agent under
23 the Exit Funding, Buyer (in the event of a Transaction), or any of the foregoing parties'
24 respective members, officers, directors, employees, advisors, professionals or agents shall be
25 entitled to rely on the advice of their respective counsel with respect to their duties and
26 responsibilities during the Case under the Plan.

1 **C. Revesting of Property in Debtor**

2 Except as provided in Sections III.D.2 and V.E. of the Plan, and except as provided
3 elsewhere in the Plan, the confirmation of the Plan revests the assets of the Estate in the
4 Reorganized Debtor, free and clear of all Claims, liens, encumbrances, and Interests, except as
5 expressly provided in the Plan, except for the Trust Assets that will be transferred to the Plan
6 Trust. From and after the Effective Date, Reorganized Debtor may operate its business and use,
7 acquire and dispose of property without supervision by the Court and free of any restrictions of
8 the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the
9 Plan and the Confirmation Order. The Plan Trust shall remain subject to the jurisdiction of the
10 Bankruptcy Court.

11 **D. Transfer of Acquired Assets to Buyer in the Event of a Transaction**

12 In the event of a Transaction, and except as provided in Sections III.D.2 above and V.F
13 below, and except as expressly provided elsewhere in the Plan, the confirmation of the Plan
14 transfers all of the Acquired Assets to Buyer, free and clear of all Claims, liens, encumbrances,
15 and Interests, except as expressly provided in the Plan. From and after the Effective Date, Buyer
16 may operate the business and use, acquire and dispose of Acquired Assets without supervision
17 by the Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than
18 those restrictions expressly imposed by the Plan and the Confirmation Order.

19 **E. Transfer of Excluded Assets to the Plan Trust in the Event of a Transaction**

20 In the event of a Transaction, confirmation of the Plan transfers all of the Excluded
21 Assets to the Plan Trust for the benefit of holders of General Unsecured Claims (except for
22 rejected contracts and leases and any equipment associated therewith, which shall be turned over
23 to the lessor or lender, as appropriate), subject to the continuing supervision of this Court.

24 **F. Preservation of Restricted Funds for Charitable Purposes**

25 Pursuant to Bankruptcy Code § 1123(b) and all other applicable law and subject to the
26 AG Consent, Reorganized Debtor (or Buyer, as applicable) shall be vested with and shall retain
27 any and all restricted funds formerly held by Debtor. All such funds shall be held in charitable
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1 trust and may be used only for the restricted purposes permitted under applicable law. Debtor
2 estimates that the amount of such funds was approximately \$610,000 as of Petition Date, and
3 approximately [\$_____] as of the date of this Disclosure Statement, as the funds have continued to
4 be used for their restricted purposes during the course of this Case.

5 **G. Preservation and Assignment of Rights of Action**

6 Except as expressly released or otherwise expressly provided in the Plan, pursuant to
7 Bankruptcy Code § 1123(b), Reorganized Debtor shall retain and may enforce the Avoidance
8 Actions specified in the Plan Schedules to be filed on the Exhibit Filing Date. Any and all
9 Avoidance Actions that are not so specified shall be deemed waived and released upon the
10 Effective Date. Any and all other any claims or causes of action, any Defenses to Claims,
11 including counterclaims, rights of setoff, rights of recoupment, credits, recharacterization, or
12 rights of subordination with respect to any Claim asserted against the Estate shall be vested in
13 and be retained and may be enforced by Reorganized Debtor.

14 In the event of a Transaction, any and all claims or causes of action against Buyer and its
15 affiliates are waived and released.

16 **H. Modification of Plan**

17 Subject to such notice as the Court may require, Debtor may modify the Plan at any time
18 before confirmation, including the substitution of a Transaction instead of the Standalone
19 Alternative, if circumstances develop that warrant modification or amendment to the Plan.
20 However, the Court may require a new disclosure statement and/or re-voting on the Plan if
21 Debtor materially modifies the Plan before confirmation.

22 Debtor may also seek to modify the Plan at any time after confirmation so long as (1) the
23 Plan has not been substantially consummated and (2) if the Court authorizes the proposed
24 modifications after notice and a hearing. An early payoff of the Installment Plan Payments shall
25 not be deemed to require modification of the Plan. However, in the event of a Transaction,
26 Debtor may not modify the Plan to effect any change in the Transaction or any change in the
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1 rights held by, or relief granted to, the Buyer pursuant to the Transaction Documents and the
2 Confirmation Order.

3 **I. Dissolution of Creditors' Committee**

4 No later than the Effective Date, the Creditors' Committee shall be released and
5 discharged from the rights and duties arising from or related to the Case, except with respect to
6 final applications for professionals' compensation. The professionals retained by the Creditors'
7 Committee and the members thereof shall not be entitled to compensation or reimbursement of
8 expenses for any services rendered or expenses incurred after the Effective Date, except for
9 services rendered and expenses incurred in connection with any applications by such
10 professionals or Creditors' Committee members for allowance of compensation and
11 reimbursement of expenses pending on the Effective Date or timely Filed after the Effective Date
12 as provided in the Plan, as approved by the Court.

13 **J. Post-Confirmation Status Report**

14 Within 120 days of the entry of the order confirming the Plan, Debtor (if the Effective
15 Date has not occurred) or Reorganized Debtor (if it has) shall file a status report with the Court
16 explaining what progress has been made toward consummation of the confirmed Plan. The
17 status report shall be served on the United States Trustee, the twenty largest unsecured creditors,
18 and those parties who have requested special notice. Further status reports shall be filed every
19 120 days and served on the same entities.

20 **K. Quarterly Fees**

21 Quarterly fees accruing under 28 U.S.C. § 1930(a)(6) to date of confirmation shall be
22 paid to the United States Trustee on or before the Effective Date of the Plan. Quarterly fees
23 accruing under 28 U.S.C. § 1930(a)(6) after confirmation shall be paid to the United States
24 Trustee in accordance with 28 U.S.C. § 1930(a)(6) until entry of a final decree, or entry of an
25 order of dismissal or conversion to chapter 7.

1 **L. Post-Confirmation Conversion/Dismissal**

2 A creditor or party in interest may bring a motion to convert or dismiss the Case under
3 § 1112(b), after the Plan is confirmed, if there is a default in performing the Plan. If the Court
4 orders the Case converted to Chapter 7 after the Plan is confirmed, then all property that had
5 been property of the Chapter 11 estate, and that has not been disbursed pursuant to the Plan, will
6 revert in the Chapter 7 estate, and the automatic stay will be reimposed upon the reverted
7 property only to the extent that relief from stay was not previously granted by the Court during
8 this Case. In the event of a Transaction, conversion or dismissal of the Case will not affect the
9 rights granted Buyer under the Plan, the Asset Purchase Agreement or the Confirmation Order,
10 and Acquired Assets transferred thereunder shall remain assets of the Buyer.

11 The order confirming the Plan may also be revoked under very limited circumstances.
12 The Court may revoke the order if the order of confirmation was procured by fraud and if the
13 party in interest brings an adversary proceeding to revoke confirmation within 180 days after the
14 entry of the order of confirmation.

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M. Final Decree

Once the estate has been fully administered as referred to in Bankruptcy Rule 3022, Reorganized Debtor, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the Case.

Date: March 14, 2011

Downey Regional Medical Center-Hospital, Inc.
Plan Proponent

/s/ Lisa Hill Fenning
Lisa Hill Fenning
Arnold & Porter LLP

Counsel for Downey Regional Medical Center-
Hospital, Inc.
Debtor in Possession

EXHIBIT A

503(B)(9) CLAIMS

POC No	Company Name	Address	City	State	Zip	POC Amount		
264	CAREER STAFF UNLIMITED	ATTN: RICHARD KOPECKY PO BOX 39159	DOWNEY, CA	90239		\$116,606.00		
461	DOWNEY ACUTE CARE MEDICAL GROUP	ATTN: RICHARD KOPECKY PO BOX 39159	DOWNEY, CA	90239		\$1,100.00		
224	HEALING HEALTHCARE SYSTEMS, INC.	700 SMITHRIDGE DR., STE. A102	RENO, NV	89502		\$2,472.00		
299	HEALTHTALENT	29219 CANWOOD ST., SUITE #220	AGOURA HILLS, CA	91301		\$7,623.00		
231	KEVIN S. PARK, M.D.	11525 BROOK SHIRE AVE., #201	DOWNEY, CA	90241		\$500.00		
228	KOUROSH K. SHAMLOU, M.D., INC.	11525 BROOKSHIRE AVE., STE 201	DOWNEY, CA	90241		\$500.00		
235	MC STRATEGIES, INC.	245 PEACHTREE CENTER AVE. STE. 1900	ATLANTA, GA	30303		\$3,250.00		
227	RICHARD B. CHAMBERS, M.D.	11525 BROOKSHIRE AVE. #201	DOWNEY, CA	90241		\$500.00		
165	SOUTHLAND MANAGEMENT GROUP, INC.	C/O RALPH ASCHER	3300 EAST SOUTH ST., STE 307	LAKEWOOD, CA	90805	\$35,625.00		
258	VANCE C. EBERLY, M.D.	11525 BROOKSHIRE AVE. #201	DOWNEY, CA	90241		\$500.00		
88	AD INDUSTRIES, INC	ATTN: BARBARA BECK	12160 SHERMAN WAY	NO. HOLLYWOOD, CA	91605	\$1,810.02		
94	CAL PARTITIONS, INC.	ATTN: A.E. ANDERSON	23814 PRESIDENT AVE	HARBOR CITY, CA	90710	\$463.22		
81	DOWNEY PARTY RENTALS	ATTN: KITTY THOMPSON	10900 PARAMOUNT BLVD.	DOWNEY, CA	90241	\$1,621.32		
111	GD MANAGEMENT GROUP LLC	DBA: MANAGEWARE	ATTN: GEOFFREY DANIELS	24601 STAGG ST	WEST HILLS, CA	91304	\$1,551.12	
104	HOLLYWOOD PREBYTERIAN MEDICAL CENTER	1300 N. VERMONT AVE	LOS ANGELES, CA	90027		\$7,595.00		
238	MARION PETTEWAY	2000 COUNTRY CIR.	SPARKS, NV	89434		\$704.50		
170	MES, INC	ATTN: LORENA ZUEHL	1968 E. US HWY 90	SEGUIN, TX	78155	\$299.11		
99	MINUTE MAN DELIVERY	ATTN: TAMMY TANJI	P.O. BOX 3759	GARDENA, CA	90247-7459	\$1,101.93		
414	ORTHOPEDIC ALLIANCE	26157 JEFFERSON AVE.	MURRIETA, CA	92562		\$108,035.00		
411	PALL MEDICAL	ATTN: APRIL DEBEAUVENET	25 HARBOR PARK DR.	PORT WASHINGTON, NY	11050	\$356.91		
156	PROFESSIONAL X-RAY EQUIPMENT SERVICE	P.O. BOX 536	TORRANCE, CA	90508-0536		\$590.21		
87	TED PUSKAS & ASSOC.	952-P AVENIDA CARMEL	LAGUNA WOODS, CA			\$1,862.71		
390	TILLER CONSTRUCTORS INC	306 W. KATELLA AVE 3A	ORANGE, CA	92867		\$69,536.00		
117	TITAN TRANSPORTATION, INC	8282 PHLOX STREET	DOWNEY, CA	90241		\$65.00		
146	TRANSLOGIC CORPORATION	DBA SWISS LOG HEALTHCARE SOLUTIONS	ATTN: LAWRENCE PELO	10825 E 47TH AVE	DENVER, CO	80239		
101	UMDS	ATTN: JENIFER JONES	P.O. BOX 60250	LOS ANGELES, CA	90060	\$919.66		
260	CHILDRENS HOSPITAL LOS ANGELES	ATTN: SANJUANO PEREZ	4650 SUNSET BLVD.	LOS ANGELES, CA	90027	\$77,901.08		
263	GREATER EL MONTE HOSPITAL	ATTN: LORI KEENOY	1701 SANTA ANITA AVENUE	SOUTH EL MONTE, CA	91733	\$8,991.00		
253	HANGER PROSTHETICS & ORTHOTICS	ATTN: KATHY TOWNSEND	3602 INLAND EMPIRE BL., #C130	ONTARIO, CA	91764	\$1,375.00		
254	HANGER PROSTHETICS & ORTHOTICS	ATTN: KATHY TOWNSEND	7700 IMPERIAL HWY #E2	DOWNEY, CA	90242	\$169,907.23		
261	IV LEAGUE INC.	6076 BRISTOL PKWY STE #104	CULVER CITY, CA	90230		\$1,155,169.03		
176	MEDIX AMBULANCE SERVICE, INC.	ATTN: JANET SEAL	26021 PALA DR.	MISSION VIEJO, CA	92691	\$1,170.72		
266	MONTEREY PARK HOSPITAL	ATTN: LORI KEENAY	900 S ATLANTIC BLVD.	MONTEREY PARK, CA	91754	\$21,414.75		
211	PIONEER SURGICAL TECHNOLOGY, INC.	C/O MARY KAY SHAVER, ESQ.	VARNUM LLP	BRIDGEWATER PLACE	P.O. BOX 352	GRAND RAPIDS, MI	49501-0352	\$8,220.00
161	PRIORITY ONE MEDICAL TRANSPORT	ATTN: DEBORAH STEINBACHER	740 S. ROCHESTER AVE. SUITE E	ONTARIO, CA	91761	\$900.50		
265	SAN GABRIEL VALLEY MEDICAL CENTER	ATTN: LORI KEENAY	438 WEST LAS TUNAS DRIVE	SAN GABRIEL, CA	91776	\$8,325.00		
267	WHITTIER HOSPITAL MEDICAL CENTER	ATTN: LORI KEENAY	9080 COLIMA RD.	WHITTIER, CA	90615	\$294,162.78		
102	A W C COMMERCIAL	WINDOW COVERINGS	ATTN: CAROL MARTIN	325 WEST WILLIAMSON	FULLERTON, CA	92832	\$127.07	
142	AADCO MEDICAL INC	2279 VT RTE66, CATAMOUNT COMMERCIAL PK	P.O. BOX 410	RANDOLPH, VT	05060-0110	\$1,267.14		
90	ABC PRINTING	ATTN: CATHY SHIN	11823 E. SOUTH ST.	CERRITOS, CA	90703	\$285.35		
162	ADVANCED CHEMICAL TECHNOLOGY	ATTN: CAROL MCKENNON	8728 UTICA AVENUE	RANCHO CUCAMONGA, CA	91730	\$8,479.31		
128	ADVANCED STAINLESS & ALLOYS, INC.	ATTN: M. L. SPRAGUE JR.	8266 PHLOX STREET	P.O. BOX 97	DOWNEY, CA	90242	\$874.00	
126	ALTO DEVELOPMENT CORP	DBA A & E MEDICAL CORP	ATTN: LIZ CAMPBELL	P.O. BOX 758	FARMINGDALE, NJ	07727	\$804.44	
169	ALTURA COMMUNICATION SOLUTIONS	ATTN: LINDA PITTMAN	1335 S ACACIA AVE	FULLERTON, CA	92831	\$15,712.69		
113	AMB ENTERPRISES INC DBA TRAC	6708 FOOTHILL BLVD #207	TUJUNGA, CA	91042		\$5,400.77		
95	AMERICAN GAGE	1440 S. STATE COLLEGE BLVD	#E2	ANAHEIM, CA	92806	\$462.00		
50	AMERICAN RED CROSS	ATTN: LORI POLACHEK	OFFICE OF THE GENERAL COUNSEL	2025 E. STREET N.W.	WASHINGTON, DC	20006	\$107,707.00	
219	AMO SALES AND SERVICES, INC.	ATTN: GEORGE BUTORAE	1700 E ST ANDREW PLACE	SANTA ANA, CA	92705	\$6,830.00		
177	ANACOM MEDTEK	ATTN: BRIAN YAP	1240 S. CLAUDINA ST.	ANAHEIM, CA	92805	\$1,120.20		
249	ARMED FORCES INSTITUTE OF PATHOLOGY	6825 16TH ST., N.W.	BLDG. 54, ROOM G013	WASHINGTON, DC	20306-6000	\$968.30		
185	ARMSTRONG MEDICAL INDUSTRIES INC.	ATTN: KYLE GROVE	575 KNIGHTSBRIDGE PARKWAY	LINCOLNSHIRE, IL	60069	\$777.46		
250	ATRIUM MEDICAL CORPORATION	5 WENTWORTH DRIVE	HUDSON, NH	03051		\$1,437.92		
115	B & K ELECTRIC WHOLESALE	ATTN: CLIFF NEHAMEN	1225 SO. JOHNSON DR	CITY OF INDUSTRY, CA	91745	\$1,043.66		
256	BAXTER HEALTHCARE	ATTN: GAIL DALESANDRO - DFG/3W	1 BAXTER PARKWAY	DEERFIELD, IL	60015	\$17,064.54		
188	BECKMAN COULTER, INC.	ATTN: JILLIAN L.NOLAN	C/O THE BERNSTEIN LAW FIRM	707 GRANT STREET, 2200 GULF TOWER	PITTSBURGH, PA	15219	\$2,576.77	
123	BETTER BEVERAGES, INC.	ATTN: VANESSA BARRAGAN	10624 MIDWAY AVE	CERRITOS, CA	90703	\$110.96		
180	BIOSEAL INC.	ATTN: GEORGE LOPEZ	167 ORANGETHORPE AVE	PLACENTIA, CA	92870	\$3,622.89		
89	BRYAN EXHAUST	ATTN: CALEB MCDANIEL	2808 N. NAOMI ST	BURBANK, CA	91504	\$229.00		

POC No				Addr5	POC Amount
236	C.R. BARD, INC.	C/O BRIAN L. BURLEW	700 CENTRAL AVENUE	MURRAY HILL, NJ 07974	\$12,424.40
195	CALPEC ENGINEERING, INC.	2500 E. COLORADO BLVD., SUITE 250	PASADENA, CA 91107		\$17,670.00
233	CARDINAL HEALTH 200, LLC	ATTN: DENENE BYRD	C/O DEBRA WILLET	700 CARDINAL PLACE DUBLIN, OH 43017	\$195,044.38
234	CARDINAL HEALTH 411, INC.	ATTN: DENENE BYRD	C/O DEBRA WILLET	7000 CARDINAL PLACE DUBLIN, OH 43017	\$243,685.33
232	CARDINAL HEALTH 414, LLC	ATTN: DENENE BYRD	C/O DEBRA WILLET	7000 CARDINAL PLACE DUBLIN, OH 43017	\$150.00
184	CARSTENS INC	ATTN: DANIEL INGERSOLL	PO BOX 99110	CHICAGO, IL 60693	\$1,410.10
116	CERTIFIED NURSING REGISTRY, INC.	ATTN: CRISTINA SY	18826 ALDRIDGE PLACE	ROWLAND HEIGHTS, CA 91748	\$5,349.00
367	COAST TO COAST UROLOGICAL ASSOC.	ATTN: IVONNE M. SULLIVON	P. O. BOX 490	CENTERTVILLE, MA 02632	\$765.69
157	COR-O-VAN RECORDS MANAGEMENT, INC	ATTN: IWONA SARTAN - JOCELYN STOCK	12375 KERRAN ST.	POWAY, CA 92064	\$1,137.65
96	CP HEALTH GROUP INC	ATTN: CHRIS FONTANA	1365 LOGAN AVE	COSTA MESA, CA 92626	\$1,019.50
225	CURBELL ELECTRONICS INC	ATTN: MARY ANN GRANICA	7 COBHAM DRIVE	ORCHARD RANCH, NY 14127	\$446.09
145	DIAGNOSTICA STAGO INC	ATTN: MARY ANN GRANICA	5 CENTURY DRIVE	PARSIPPANY, NJ 07054	\$33,151.98
173	DOWNEY PLAZA PHARMACY	ATTN: LORAIN M. ROSKELLEY	11480 BROOKSHIRE AVE. #102	DOWNEY, CA 90241	\$222.26
125	EMERY PRATT COMPANY	ATTN: PAMELA A. SHATTUCK	1966 W M 21	DWOSSO, MI 48867	\$50.10
182	EMSAR CALIFORNIA	ATTN: PAMELA A. SHATTUCK	PO BOX 93052	PHOENIX, AZ 85070	\$1,552.17
251	F.F.F. ENTERPRISES, INC.	ATTN: JOHANNA EVANS	41093 COUNTY CENTER DR.	TEMECULA, CA 92562	\$6,735.25
229	FITZGERALD'S FLOWERS & GIFTS	ATTN: FERDINAND SUMABAY	7435 FLORENCE AVE.	DOWNEY, CA 90240	\$185.47
193	FOCUS DIAGNOSTICS, INC.	ATTN: FERDINAND SUMABAY	11331 VALLEY VIEW ST.	CYPRESS, CA 90630	\$43,093.16
108	GARCIA-BENTLEY CONSTRUCTION INC.	ATTN: PENNY GARCIA	640 AVENUE B	REDONDO BEACH, CA 90277	\$20,780.00
213	GENZYME GENETICS	ATTN: CHRISTINE M SADOWSKI	3400 COMPUTER DRIVE	WESTBORO, MA 01581	\$2,550.00
131	GRAPHIC CONTROLS LLC	ATTN: GAIL TOY	PO BOX 1271	BUFFALO, NY 14240	\$485.82
214	GREATRAKE, MCBRIDE & ASSOC., INC.	ATTN: JOAN MCBRIDE	13881 MAUVE DR.	SANTA ANA, CA 92705	\$17,489.00
215	HC INTEGRATED SYSTEMS, INC.	ATTN: DARIO CAMZALEZ	14175 TELEPHONE AVE # E	CHINO, CA 91710	\$655.00
223	HERZOG SURGICAL, INC	ATTN: SUE RAMIREZ	5901 ROSEBUD LANE	SACRAMENTO, CA 95841	\$816.19
212	HIGHLAND PLASTICS	ATTN: AURORA RODRIGUEZ	3650 DULLES DRIVE	MIRA LOMA, CA 91752	\$969.01
135	IMD, INC.	ATTN: AURORA RODRIGUEZ	P.O. BOX 510 * 560 HWY 39	HUNTSVILLE, UT 84317	\$2,167.50
252	INSITE ONE INC	ATTN: AURORA RODRIGUEZ	135 N. PLAINS INDUSTRIAL RD	WALLINGFORD, CT 06492	\$18,511.80
132	IPRINT TECHNOLOGIES	ATTN: AURORA RODRIGUEZ	980 MAGNOLIA AVE #5	LARKSPUR, CA 94939	\$25,507.00
134	IVANS, INC	ATTN: AURORA RODRIGUEZ	5405 CYPRESS CTR DR	TAMPA, FL 33609	\$761.40
78	J. R. MEDICAL, INC	ATTN: AURORA RODRIGUEZ	18003 SKY PARK CIR #H	IRVINE, CA 92614	\$2,745.46
237	JA NEURODIAGNOSTICS MEDICAL SERVICES	ATTN: JOSE ARVIZU	468 W 4TH ST # 308	SAN PEDRO, CA 90731	\$13,755.00
166	JCH WIRE & CABLE	ATTN: MERCEDES SERNA	4527 LOSEE RD.	NORTH LAS VEGAS, NV 89081	\$3,933.97
92	JDL PACKAGING SYSTEM	ATTN: MERCEDES SERNA	2480 BRAYTON AVE	SIGNAL HILL, CA 90755	\$104.93
239	JOHNSON & JOHNSON HEALTH CARE SYSTEMS INC.	ATTN: MERCEDES SERNA	C/O DAVID W. DYKHOUSE, ESQ.	PATTERSON BELKNAP WEBB & TYLER LLP	1133 AVENUE OF THE AMERICAS NEW YORK, NY 10036-6710
240	JOHNSON & JOHNSON HEALTH CARE SYSTEMS INC.	ATTN: MERCEDES SERNA	C/O DAVID W. DYKHOUSE, ESQ.	PATTERSON BELKNAP WEBB & TYLER LLP	1133 AVENUE OF THE AMERICAS NEW YORK, NY 10036-6710
100	KAND MEDICAL, INC.	ATTN: MERCEDES SERNA	ATTN: DUNCAN B. WALLACE	1341 DISTRIBUTION WAY #17	VISTA, CA 92081
154	KENNETH RASMUS	ATTN: DUNCAN B. WALLACE	8813 STAMPS RD.	DOWNEY, CA 90240	\$2,860.00
247	KING MEDICAL SUPPLY OF CALIFORNIA	ATTN: DUNCAN B. WALLACE	20816 HIGGINS CT	TORRANCE, CA 90501	\$2,047.00
300	LANGUAGE LINE SERVICES	ATTN: ANGEL SANTOS	1 LOWER RAGSDALE DR.	MONTEREY, CA 93940	
130	LIFENET HEALTH	ATTN: ANGEL SANTOS	1864 CONCERT DR.	VIRGINIA BEACH, VA 23453	\$863.50
183	LUDLIM MEASUREMENTS INC	ATTN: ANGEL SANTOS	P.O. BOX 810	SWEETWATER, TX 79556	\$736.31
140	MACBRUD CORPORATION	ATTN: SHIRLEY OSPINA	P.O. BOX 770640	MIAMI, FL 33177	\$1,144.00
158	MARKETLAB INC.	ATTN: SHIRLEY OSPINA	6850 SOUTHBELT DR.	CALEDONIA, MI 49316	\$3,724.08
172	MEDICAL CHEMICAL CORP.	ATTN: LINDA CULPEPPER	19430 VAN NESS AVE.	TORRANCE, CA 90501	\$972.08
230	MINDRAY DS USA INC	ATTN: PETER CHRISTOFOROU	CREDIT DEPARTMENT	300 MAC ARTHUR BLVD	MAHWAH, NJ 07430
85	MK BATTERY	ATTN: LYN B. SMITH	1631 S. SINCLAIR ST.	ANAHEIM, CA 92806	\$537.55
122	MORTARA INSTRUMENT, INC.	ATTN: BRIAN BRENEGAN	7865 N. 86TH ST.	MILWAUKEE, WI 53224	\$918.39
141	NATIONWIDE POWER SOLUTIONS, INC.	ATTN: J. HALLINGSTAD	7390 EASTGATE RD, STE 140	HENDERSON, NV 89011-4024	\$15,988.65
187	NET ELECTRONICS	ATTN: LLOYD PINSKY	8224 E. FIRESTONE BLVD.	DOWNEY, CA 90241	\$939.69
220	OSTEOMED LP	ATTN: R PHILLIP BOYD	3885 ARAPAHO ROAD	ADDITION, TX 75001	\$30,237.00
197	OVERGAARD CONSTRUCTION INSPECTION	ATTN: R PHILLIP BOYD	ATTN: CANDICE SEALS	24911 AVE. STANFORD, STE. 104	SANTA CLARITA, CA 91355-1278
144	PINESTAR TECHNOLOGY INC	ATTN: CANDICE SEALS	P O BOX 824	GREENVILLE, PA 16125	\$2,339.75
114	PROFESSIONAL INDEXES AND FILES	ATTN: JEFF TICEHURST	16102 ORANGE AVENUE	PARAMOUNT, CA 90723	\$31,785.32
175	RADIATION DETECTION CO.	ATTN: JEFF TICEHURST	ATTN: REGINA HOLDEN	8095 CAMINO ARROYO	GILROY, CA 95020
218	RAMCO REFRIGERATION AND	ATTN: REGINA HOLDEN	AIR CONDITIONING, INC.	3921 E. MIRALOMA AVE	ANAHEIM, CA 92806
198	RAMCO REFRIGERATION AND AIR CONDITIONING, INC.	ATTN: REGINA HOLDEN	AIR CONDITIONING, INC.	3921 E. MIRALOMA AVE	ANAHEIM, CA 92806
133	RC MEDICAL, INC.	ATTN: LARA SCHORTMAN	12 ELLEN DRIVE	P.O. BOX 833	TOLLAND, CT 06084
168	REICHERT INC	ATTN: DAVID NOVAK	3362 WALDEN AVENUE	DEPEW, NY 14043	\$4,086.12
91	ROCKVIEW FARMS	ATTN: DAVID LOPEZ	P.O. BOX 668	DOWNEY, CA 90241	\$8,225.41
153	SAFE CHECK EAST, INC.	ATTN: AVA KANARAS	2761 BIGGS HIGHWAY	NORTHEAST, MD 21901	\$2,330.00
118	SHAMROCK SCIENTIFIC SPECIALTY INC.	ATTN: SHARON JONES	P.O. BOX 143	34 DAVIS DRIVE	BELLWOOD, IL 60104
196	SHARN, INC.	ATTN: SHARON JONES	4517 GEORGE RD, STE. #200	TAMPA, FL 33634	\$1,858.34
164	SONO SERVICES & ASSOCIATES, INC.	ATTN: YOLANDA M. KILICHOWSKI	2289 RANCHO CORONA DR.	CORONA, CA 92882	\$747.00
136	SOUTHLAND SURGICAL LASER RENTAL	ATTN: JOE ALDENFIFER	2301 E. 28TH ST. #307	SIGNAL HILL, CA 90755	\$950.00
98	SOUTHWESTERN CLEAN FUELS	ATTN: WILLIAM A. DAVIS	ENVIRONMENTAL COMPLIANCE	ATTN: GLEN FERNANDEZ	125 E. WHEELER AVE., SUITE F
105	SPECIAL RESPIRATORY CARE, INC.	ATTN: GLEN FERNANDEZ	DBA: SRC MEDICAL	18327 NAPA STREET	ARCADIA, CA 91006
148	SPECTRA CORP	ATTN: DON REITER	ATTN: TERI HARP	STE 360	NORTHDRIDGE, CA 91325
155	STRYKER SALES CORP.	ATTN: TERI HARP	C/O EDITH A. LANDMAN	2251 E. PARIS AVE; STE B	DALLAS, TX 75251
205	SYSCO FOOD SERVICES OF LOS ANGELES, INC.	ATTN: EDITH A. LANDMAN	C/O RAFFI KHATCHADOURIAN	HEMAR, ROUSSO & HEALD, LLP	GRAND RAPIDS, MI 49546
259	TISSUE BANKS INTERNATIONAL	ATTN: SUSAN E. FRANKLIN	815 PARK AVENUE	15910 VENTURA BLVD., 12TH FL.	ENCINO, CA 91436
167	TMI, INC.	ATTN: SUSAN E. FRANKLIN	18002 COWAN #200	IRVINE, CA 92416	\$48,644.54
174	TOSHIBA AMERICA MEDICAL SYST	ATTN: BRENDA NARAGON	2441 MICHELLE AVENUE	BALTIMORE, MD 21201	\$42,175.00
146	TRANSLGIC CORPORATION	ATTN: BRENDA NARAGON	DBA SWISS LOG HEALTHCARE SOLUTIONS	ATTN: LAWRENCE PELO	10825 E 47TH AVE

POC No	Company	Address1	Address2	Address3	Address5	POC Amount
255	TRI-ANIM HEALTH SERVICES, INC.	13170 TELFAIR AVENUE	SUNNYVALE, CA 91342			\$4,500.27
159	TRL SYSTEMS, INC.	ATTN: JOHN JANOSIK	4405 EAST AIRPORT DR. #105		ONTARIO, CA 91761	\$4,315.00
103	ULRICH MEDICAL USA, INC.	754 SPIRIT 40 PARK DRIVE	CHESTERFIELD, MO 63005			\$8,994.96
152	US ENDOSCOPY GROUP	5976 HEISLEY RD	MENTOR, OH 44060			\$2,424.40
110	V.S.S. COMPRESSOR SERVICE	ATTN: GREGORY E. BOYD	16220 GARFIELD AVE		PARAMOUNT, CA 90723	
110	V.S.S. COMPRESSOR SERVICE	ATTN: GREGORY E. BOYD	16220 GARFIELD AVE		PARAMOUNT, CA 90723	
127	WALTERS WHOLESALE ELECTRIC CO.	ATTN: DENIS L. EVERT	2825 TEMPLE AVENUE		SIGNALL HILL, CA 90755	\$7,290.32
181	WHITNEY PRODUCTS, INC.	ATTN: VINAY SHAH	6153 MULFORD ST. C		NILES, IL 60714-3427	\$1,537.20
138	WILLIS PLUMBING INC.	ATTN: WILLY PHILLIPS	3861 W. IMPERIAL HWY		INGLEWOOD, CA 90303	\$5,840.00
248	WORLDPOINT ECC	1326 S WOLF RD	WHEELING, IL 60090			\$322.78
147	YORK MEDICAL PHYSICS	ATTN: AMY L. YORK	23810 VIA DEL RIO-UNIT B		YORBA LINDA, CA 92887	\$555.00
						\$1,499,881.84

In re: Downey Regional Medical Center-Hospital, Inc. Debtor(s).	CHAPTER: 11 CASE NUMBER: 2:09-bk-34714-BB
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NOTE: When using this form to indicate service of a proposed order, **DO NOT** list any person or entity in Category I. Proposed orders do not generate an NEF because only orders that have been entered are placed on a CM/ECF docket.

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 16501 Ventura Boulevard, Suite 440, Encino, California, 91436-2068.

A true and correct copy of the foregoing document described as **FIRST AMENDED CHAPTER 11 PLAN OF REORGANIZATION PROPOSED BY DOWNEY REGIONAL MEDICAL CENTER-HOSPITAL, INC. DATED MARCH 14, 2011** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(D), and (b) in the manner indicated below:

I. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF") - Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s) ("LBR"), the foregoing document will be served by the court via NEF and hyperlink to the document. On March 14, 2011 I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email addressed indicated below:

Service information continued on attached page

II. SERVED BY U.S. MAIL OR OVERNIGHT MAIL (indicate method for each person or entity served):

On March 14, 2011 I served the following person(s) and/or entity(ies) at the last known address(es) in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States Mail, first class, postage prepaid, and/or with an overnight mail service addressed as follow. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

III. SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL (indicate method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on March 14, 2011 I served the following person(s) and/or entity(ies) by personal delivery, or (for those who consented in writing to such service method) by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Hon. Sheri Bluebond
United States Bankruptcy Court
255 E. Temple Street, Ctrm. 1475
Los Angeles, CA 90012

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

03/14/2011

Date

Mario Diaz

Type Name

/s/ Mario Diaz

Signature

In re: Downey Regional Medical Center-Hospital, Inc.	Debtor(s).	CHAPTER: 11 CASE NUMBER: 2:09-bk-34714-BB
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ADDITIONAL SERVICE INFORMATION (if needed):

By Court NEF

Ralph Ascher – ralphascher@aol.com
Vanessa L. Au – vanessaau@paulhastings.com
Richard D. Burstein – rburstein@ebg-law.com
Bruce J. Borrus – bborrus@riddellwilliams.com
Mark Bradshaw – mbradshaw@shbllp.com
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In re Downey Regional Medical Center-Hospital, Inc.
Case No. 2:09-bk-34714-BB
2002 Service List

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