

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	Chapter 11
Hospital Acquisition LLC, <i>et al.</i> , ¹)	Case No. 19-10998 (BLS)
Debtors.)	Jointly Administered

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

PLEASE TAKE NOTICE that, on May 6, 2019, the debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “**Debtors**”) commenced filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

PLEASE TAKE FURTHER NOTICE that, on June 6, 2019, the Debtors filed a motion (the “**Motion**”)² [Docket No. 227] with the United States Bankruptcy Court for the District of Delaware (the “**Bankruptcy Court**”) seeking, among other things, entry of an order (the “**Bidding Procedures Order**”): (i) approving proposed bidding procedures (the “**Bidding Procedures**”) by which the Debtors will solicit and select the highest or otherwise best offer for the sale of substantially all or a portion of their assets (the “**Assets**”) through one or more sales of the Assets (each, a “**Sale Transaction**” or “**Sale**”); (ii) establishing procedures for the assumption and assignment of executory contracts and unexpired leases, including notice of proposed cure amounts (the “**Assumption and Assignment Procedures**”); (iii) approving the form and manner of notice with respect to certain procedures, protections, schedules, and agreements described herein and attached hereto, including the Debtors’ selection of one or more stalking horse bidders (each a “**Stalking Horse Bidder**”), if any, and the provision of Bid Protections to such Stalking Horse Bidder, if necessary; (iv) scheduling (a) an auction (the “**Auction**”) if the Debtors receive one or

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Hospital Acquisition LLC (3232); Hospital Acquisition Intermediate Sub LLC (9609); LifeCare Holdings LLC (f/k/a Hospital Acquisition Sub I LLC) (6612); LifeCare Behavioral Health Hospital of Pittsburgh LLC (9835); New LifeCare Hospitals LLC (7959); New LifeCare Hospitals of Dayton LLC (2592); New LifeCare Hospitals of Milwaukee LLC (2428); New LifeCare Hospitals of South Texas LLC (4237); Hospital Acquisition Sub II LLC (7920); New LifeCare Management Services LLC (4310); New LifeCare REIT 1 LLC (9849); New LifeCare Hospitals of Mechanicsburg LLC (0174); New Pittsburgh Specialty Hospital LLC (7592); LifeCare Vascular Services, LLC (5864); New LifeCare Hospitals of North Texas LLC (4279); New LifeCare Hospitals of Chester County LLC (1116); New LifeCare Hospitals of Northern Nevada LLC (4534); New San Antonio Specialty Hospital LLC (2614); New LifeCare Hospitals of North Carolina LLC (7257); New LifeCare Hospitals of Pittsburgh LLC (8759); New NextCare Specialty Hospital of Denver LLC (6416); Hospital Acquisition MI LLC (4982); LifeCare Pharmacy Services LLC (3733); New LifeCare REIT 2 LLC (1315); New LifeCare Hospitals at Tenaya LLC (6891); and New LifeCare Hospitals of Sarasota LLC (8094). The Debtors’ address is 5340 Legacy Drive, Suite 150, Plano, Texas 75024.

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

more timely and acceptable Qualified Bids and (b) a final hearing (the “*Sale Hearing*”) to approve one or more Sales of the Assets; and (v) granting related relief.

PLEASE TAKE FURTHER NOTICE that, on June 27, 2019, the Bankruptcy Court entered the Bidding Procedures Order [Docket No. 298]. Pursuant to the Bidding Procedures Order, the Debtors are authorized to enter into one or more agreements (each, a “*Stalking Horse Agreement*”) with one or more Stalking Horse Bidders regarding a Sale Transaction. In the event that the Debtors select one or more parties to serve as a Stalking Horse Bidder, upon such selection, the Debtors shall provide, to all parties on the Rule 2002 List, all parties expressing an interest in the Assets and all parties holding liens on such Assets, five (5) business days’ notice of and an opportunity to object to the designation of such Stalking Horse Bidder and disclosure of the Bid Protections set forth in the Stalking Horse Agreement, and absent objection, the Debtors may submit an order to the Court under certification of counsel approving the selection of such Stalking Horse Bidder. To the extent necessary, the Debtors’ right to seek this Court’s approval of one or more Stalking Horse Bidders, with notice and a hearing, is hereby preserved.

PLEASE TAKE FURTHER NOTICE that pursuant to the Bidding Procedures Order, if the Debtors receive two or more timely and acceptable Qualified Bids for the same Assets, the Debtors will conduct the Auction on **August 6, 2019 at 10:00 a.m. (prevailing Central Time)** at the offices of counsel for the Debtors, Akin Gump Strauss Hauer & Feld LLP, 2300 N. Field Street, Suite 1800, Dallas, TX 75201, or such other place and time as the Debtors shall notify all Qualified Bidders, the Consultation Parties and all other parties entitled to attend the Auction. Any party that wishes to take part in this process and submit a bid for the Assets must submit its Bid in accordance with the Bidding Procedures by **August 1, 2019 at 5:00 p.m. (prevailing Eastern Time)** (the “*Bid Deadline*”). Only the Debtors, the Consultation Parties, the Stalking Horse Bidder(s) (if any), any other Qualified Bidder and/or other party as the Debtors may determine to include in their discretion, in each case, along with their representatives and advisors, shall be entitled to attend the Auction (such attendance to be in person), and only Qualified Bidders will be entitled to make Overbids at the Auction; *provided, however*, creditors of the Debtors and representatives of the U.S. Trustee may attend the Auction if they send written notice by email by the Bid Deadline to the Debtors’ counsel (salberino@akingump.com, sschultz@akingump.com, keide@akingump.com, and mbcleary@ycst.com) of their intention to attend the Auction and in such notice identify the representatives who will attend; *provided, further, however*, the Debtors may limit the number of attendees per creditor to a reasonable number. **All interested or potentially affected parties should carefully read the Bidding Procedures and the Bidding Procedures Order.**

PLEASE TAKE FURTHER NOTICE that the Debtors have the right to adjourn or cancel the Auction at or prior to the Auction.

PLEASE TAKE FURTHER NOTICE that the Sale Hearing to consider approval of the sale of the Assets to the Successful Bidder(s) at the Auction, free and clear of all liens, claims, interests, and encumbrances in accordance with Bankruptcy Code section 363(f), will be held before the Honorable Brendan L. Shannon, United States Bankruptcy Judge for the District of Delaware, at the Bankruptcy Court, 824 N. Market Street, 6th Floor, Courtroom 1, Wilmington, Delaware 19081 on August 13, 2019 at 10:00 a.m. (prevailing Eastern Time). The Sale Hearing may be adjourned from time to time without further notice to creditors or

other parties in interest other than by announcement of the adjournment in open court or by notice filed on the docket of these chapter 11 cases.

PLEASE TAKE FURTHER NOTICE that objections to the Sales(s), if any (other than objections related to adequate assurance of future performance), must be filed and served so as to be actually received by the Objection Recipients no later than **August 1, 2019 at 5:00 p.m. (prevailing Eastern Time)**. The Objection Recipients are: (i) counsel to the Debtors, (a) Akin Gump Strauss Hauer & Feld LLP, 2001 K Street, N.W., Washington, DC 20006, Attn: Scott L. Alberino, Esq. (salberino@akingump.com) and Kevin M. Eide, Esq. (keide@akingump.com) and 2300 N. Field Street, Suite 1800, Dallas, TX 75201, Attn: Sarah Link Schultz, Esq. (sschultz@akingump.com) and (b) Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 North King Street, Wilmington, Delaware 19801, Attn: M. Blake Cleary, Esq. (mbcleary@ycst.com); (ii) the Office of the United States Trustee for the District of Delaware, 844 King Street, Suite 2207, Wilmington, Delaware, 19801, Attn: Benjamin A. Hackman, Esq. (Benjamin.A.Hackman@usdoj.gov); (iii) counsel to the DIP Lender, King & Spalding LLP, 1185 Avenue of the Americas, New York, New York 10036, Attn: Arthur Steinberg, Esq. (asteinberg@kslaw.com) and Scott Davidson, Esq. (sdavidson@kslaw.com); (iv) counsel to the Prepetition Priming Term Loan Lenders, Ropes & Gray LLP, 1211 Avenue of the Americas, New York, NY 10036, Attn: Matthew M. Roose, Esq. (matthew.roose@ropesgray.com); (v) counsel to the Prepetition Priming Term Facility Agent, Thompson Hine LLP, 335 Madison Avenue, 12th Floor, New York, NY 10017, Attn: John H. Bae, Esq. (john.bae@thompsonhine.com); (vi) counsel to the Prepetition Second Term Facility Agent, Shearman & Sterling LLP, 599 Lexington Avenue, New York, NY 10022, Attn: Ned S. Schodek, Esq. (ned.schodek@shearman.com) and Jordan Wishnew, Esq. (jordan.wishnew@shearman.com); (vii) counsel to the Committee, (a) Greenberg Traurig LLP, 77 West Wacker Drive, Suite 3100, Chicago, IL 60601, Attn: Nancy A. Peterman, Esq. (petermann@gtlaw.com) and David D. Cleary, Esq. (clearyd@gtlaw.com) and (b) Bayard, P.A., 600 North King Street, Suite 400, Wilmington, DE 19801, Attn: Justin R. Alberto, Esq. (jalberto@bayardlaw.com) and Erin R. Fay, Esq. (efay@bayardlaw.com); and (viii) all parties that have requested notice in these chapter 11 cases.

PLEASE TAKE FURTHER NOTICE that any objections relating to the Auction process (an “**Auction Objection**”) must be filed and served so as to be actually received by the Objection Recipients and counsel to any Successful Bidder(s) by **August 8, 2019 at 5:00 p.m. (prevailing Eastern Time)** (the “**Auction Objection Deadline**”).

PLEASE TAKE FURTHER NOTICE that any objections to a Successful Bidder’s proposed form of adequate assurance of future performance must be filed and served on the Objection Recipients by the later of (i) the Auction Objection Deadline, and (ii) if applicable, the Supplemental Designated Contract Objection Deadline, and will be resolved at the Sale Hearing or the Supplemental Designated Contract Hearing, as applicable.

CONSEQUENCES OF FAILING TO TIMELY ASSERT AN OBJECTION:

ANY PARTY OR ENTITY WHO FAILS TO TIMELY FILE AND SERVE A SALE OBJECTION ON OR BEFORE THE SALE OBJECTION DEADLINE, OR RAISE AN AUCTION OBJECTION ON OR BEFORE THE AUCTION OBJECTION DEADLINE, IN ACCORDANCE WITH THE ENTERED BIDDING PROCEDURES ORDER MAY BE FOREVER BARRED FROM ASSERTING ANY OBJECTION TO THE SALE, INCLUDING WITH RESPECT TO THE

TRANSFER OF THE TRANSFERRED ASSETS OF THE DEBTOR ESTATES FREE AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES AND OTHER INTERESTS EFFECTED THEREUNDER.

PLEASE TAKE FURTHER NOTICE that this Notice is subject to the terms and conditions of the Motion and the Bidding Procedures Order, with such Bidding Procedures Order controlling in the event of any conflict, and the Debtors encourage parties in interest to review such documents in their entirety. Parties interested in receiving more information regarding the sale of the Assets and/or copies of any related document, including the Motion or the Bidding Procedures Order, may make a written request to: counsel for the Debtors, Akin Gump Strauss Hauer & Feld LLP, 2001 K Street, N.W., Washington, DC 20006, Attn: Scott L. Alberino, Esq. (salberino@akingump.com) and Kevin M. Eide, Esq. (keide@akingump.com) and 2300 N. Field Street, Suite 1800, Dallas, TX 75201, Attn: Sarah Link Schultz, Esq. (sschultz@akingump.com). In addition, copies of the Motion, the Bidding Procedures Order and this Notice may be examined by interested parties (i) free of charge at the website established for these chapter 11 cases by the Debtors' Court-approved claims agent, Prime Clerk LLC, at <https://cases.primeclerk.com/HospitalAcquisition>, or (ii) on the Court's electronic docket for the Debtors' chapter 11 cases, which is posted on the Internet at www.deb.uscourts.gov (a PACER login and password are required and can be obtained through the PACER Service Center at www.pacer.psc.uscourts.gov).

Dated: July 2, 2019
 Wilmington, Delaware

<p><u>/s/ M. Blake Cleary</u> YOUNG CONAWAY STARGATT & TAYLOR, LLP M. Blake Cleary (No. 3614) Jaime Luton Chapman (No. 4936) Joseph M. Mulvihill (No. 6061) Betsy L. Feldman (No. 6410) Rodney Square 1000 North King Street Wilmington, Delaware 19801 Telephone: (302) 571-6600 Facsimile: (302) 571-1253</p>	<p>AKIN GUMP STRAUSS HAUER & FELD LLP Scott Alberino (admitted <i>pro hac vice</i>) Kevin M. Eide (admitted <i>pro hac vice</i>) 2001 K Street, N.W. Washington, DC 20006 Telephone: (202) 887-4000 Facsimile: (202) 887-4288</p> <p>Sarah Link Schultz (admitted <i>pro hac vice</i>) 2300 N. Field Street, Suite 1800 Dallas, Texas 75201 Telephone: (214) 969-2800 Facsimile: (214) 969-4343</p>
<p>COUNSEL FOR DEBTORS AND DEBTORS IN POSSESSION</p>	