

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

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

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

PLEASE TAKE NOTICE OF THE FOLLOWING:

On May 15, 2024, Steward Health Care System LLC and its debtor affiliates in the above-captioned chapter 11 cases, as debtors and debtors in possession (collectively, the “**Debtors**”) filed with the United States Bankruptcy Court for the Southern District of Texas (the “**Bankruptcy Court**”) a motion (Docket No. 281) (the “**Motion**”) seeking, among other things, entry of an order:

- a) approving the proposed global bidding procedures (the “**Global Bidding Procedures**”) in connection with the sale of substantially all of the Debtors’ assets, including the Stewardship Assets, the Hospitals, and the Debtors’ Other Assets (each as defined below) and related contracts and other assets through one or more sale transactions (each, a “**Sale Transaction**”);
- b) authorizing the Debtors to designate stalking horse bidders (each a “**Stalking Horse Bidder**,” and such bidder’s bid, a “**Stalking Horse Bid**”) and offer such bidder certain bid protections identified in the Motion (the “**Stalking Horse Bid Protections**”);
- c) scheduling Auctions of the Assets (as defined herein) and hearings for the approval of the proposed Sale Transaction(s) (the “**Sale Hearings**”);
- d) authorizing and approving the form and manner of notice for sale of the Assets, the Auctions, and the Sale Hearings;
- e) authorizing and approving the form and manner of notice to each non-Debtor counterparty to an executory contract or unexpired lease of non-residential real property of the Debtors (each, a “**Contract**”) regarding the potential assumption and assignment of such Contracts and the amount necessary to cure any monetary defaults under such Contracts (the “**Cure Costs**”);
- f) authorizing and approving procedures for the assumption or assumption and assignment of certain Contracts in connection with the Sale Transactions, as applicable (collectively, the “**Assigned Contracts**”) and the determination of Cure Costs with respect thereto;
- g) authorizing the Sale Transaction(s) including, but not limited to, the assumption and assignment of the Assigned Contracts; and
- h) granting related relief.

On June 3, 2024, the Bankruptcy Court entered the Order (I) Approving (A) Global Bidding Procedures for Sales of the Debtors’ Assets, (B) Form and Manner of Notice of Sales, Auctions, and Sale Hearings, and (C) Assumption and Assignment Procedures and Form and Manner of Notice of Assumption and Assignment; (II) Authorizing Designation of Stalking Horse Bidders; (III) Scheduling Auctions and Sale Hearings; and (IV) Granting Related Relief (Docket No. 626) (the “**Bidding Procedures Order**”).²

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

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

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

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

Important Dates and Deadlines

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

Assets	Bid Deadline
Stewardship Assets	June 24, 2024 at 5:00 p.m. (Central Time)
First Round Hospitals	June 24, 2024 at 5:00 p.m. (Central Time)
Second Round Hospitals	August 12, 2024 at 5:00 p.m. (Central Time)
Other Assets	August 12, 2024 at 5:00 p.m. (Central Time)

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

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

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

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

Assets	Auction
Stewardship Assets	June 27, 2024 at 10:00 a.m. (Central Time)
First Round Hospitals	June 27, 2024 at 10:00 a.m. (Central Time)
Second Round Hospitals	August 14, 2024 at 10:00 a.m. (Central Time)
Other Assets	August 14, 2024 at 10:00 a.m. (Central Time)

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

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

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

- a) with respect to a Sale Transaction to a Stalking Horse Bidder (as applicable) (each, a “**Stalking Horse Bidder Sale Objection Deadline**”), the earlier of (i) 21 days following

service of the applicable Notice of Stalking Horse Bidder and (ii) the Successful Bidder Sale Objection Deadline (as defined below); and

- b) with respect to the conduct of the Auction, the identity of the Successful Bidder, or a Sale Transaction with a Successful Bidder (if such Successful Bidder is not a Stalking Horse Bidder) (each, a “**Successful Bidder Sale Objection Deadline**,” and together with the Stalking Horse Bidder Sale Objection Deadlines, the “**Sale Objection Deadlines**”).⁵

Assets	Successful Bidder Sale Objection Deadline
Stewardship Assets	July 8, 2024 at 5:00 p.m. (Central Time)
First Round Hospitals	July 8, 2024 at 5:00 p.m. (Central Time)
Second Round Hospitals	August 20, 2024 at 5:00 p.m. (Central Time)
Other Assets	August 20, 2024 at 5:00 p.m. (Central Time)

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

Assets	Sale Hearing
Stewardship Assets	July 11, 2024 at 1:00 p.m. (Central Time)
First Round Hospitals	July 11, 2024 at 1:00 p.m. (Central Time)
Second Round Hospitals	August 22, 2024 at 1:00 p.m. (Central Time)
Other Assets	August 22, 2024 at 1:00 p.m. (Central Time)

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

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

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

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

(A) Any party interested in submitting a bid on Stewardship Health, or any of the following Hospitals, should contact the Debtors’ investment banker, **Leerink Partners LLC** (Attn: Toby King (Email: ProjectSapphire@leerink.com)): **Florida:** Coral Gables Hospital, Florida Medical Center, Hialeah Hospital, Melbourne Regional Medical Center, North Shore Medical Center, Palmetto General Hospital, Rockledge Regional Medical Center, Sebastian River Medical Center; **Northern Massachusetts:** Carney Hospital, Holy Family Haverhill Hospital, Holy Family Methuen Hospital, Nashoba Valley Medical Center, Saint Elizabeth’s Medical Center.

(B) Any party interested in submitting a bid on the following Hospitals should contact the Debtors’ investment banker, **Gain Brothers** (Attn: Jim Moloney and David Morlock (Email: Project_Golden_Sun@keybank.com)): **Arizona:** Florence Hospital, Mountain Vista Medical Center, Tempe St. Luke’s Hospital, St. Luke’s Behavioral Health; **Arkansas:** Wadley Regional Medical Center at Hope; **Louisiana:** Glenwood Regional Medical Center; **Ohio:** Hillside Rehabilitation Hospital, Trumbull Regional Medical Center; **Pennsylvania:** Sharon Regional Medical Center; **Southern Massachusetts:** Good Samaritan Medical Center, Morton Hospital, Saint Anne’s Hospital; **Texas:** Odessa Regional Medical Center, Scenic Mountain Medical Center, Southeast Texas (Port Arthur), St. Joseph’s Medical Center, Walley Regional Medical Center.

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

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

Reservation of Rights. The Debtors shall have the right, in their reasonable discretion and subject to the exercise of their business judgment, and subject in all respects to the notice, consultation, and consent rights set forth in paragraph 3 of the Bidding Procedures Order and any consent rights expressly set forth in the Global Bidding Procedures, after consultation with the Consultation Parties, to alter or terminate these Global Bidding Procedures, to waive terms and conditions set forth therein with respect to all potential bidders, extend the deadlines set forth herein, alter the assumptions set forth therein, provide reasonable accommodations to any Stalking Horse Bidder with respect to such terms, conditions, and deadlines of the Bidding and Auction Process (as defined in the Global Bidding Procedures) to promote bids (including, without limitation, extending deadlines as may be required to comply with any additional filing and review procedures with the applicable regulators in connection with HSR Filings or any other antitrust law or healthcare law or regulation) and/or to terminate discussions with any and all prospective acquirers and investors at any time and without specifying the reasons therefor, in each case to the extent not materially inconsistent with the objectives of the Global Bidding Procedures and/or the Bidding Procedures Order; provided, that absent further Court order, the Debtors may not eliminate the consent, consultation, or notice rights of any party hereunder.

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

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

Dated: June 5, 2024, Houston, Texas, */s/ Clifford W. Carlson*, WEIL, GOTSHAL & MANGES LLP, Gabriel A. Morgan (24125891), Clifford W. Carlson (24090024), Stephanie N. Morrison (24126930), 700 Louisiana Street, Suite 3700, Houston, Texas 77002, Telephone: (713) 546-5000, Facsimile: (713) 224-9511, Email: Gabriel.Morgan@weil.com, Clifford.Carlson@weil.com, Stephanie.Morrison@weil.com -and- WEIL, GOTSHAL & MANGES LLP, Ray C. Schrock (admitted pro hac vice), Candace M. Arthur (admitted pro hac vice), David J. Cohen (admitted pro hac vice), 767 Fifth Avenue, New York, New York 10153, Telephone: (212) 310-8000, Facsimile: (212) 310-8007, Email: Ray.Schrock@weil.com, Candace.Arthur@weil.com, David.J.Cohen@weil.com, Attorneys for Debtors and Debtors in Possession

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

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

³ Or such earlier date with the consent of the Creditors’ Committee, or such later date designated by the Debtors after consultation with the Consultation Parties.

⁴ Or such earlier date with the consent of the Creditors’ Committee, or such later date designated by the Debtors after consultation with the Consultation Parties.

⁵ Or such earlier date with the consent of the Creditors’ Committee, or such later date designated by the Debtors after consultation with the Consultation Parties.

⁶ Or such earlier date with the consent of the Creditors’ Committee, or such later date designated by the Debtors after consultation with the Consultation Parties.