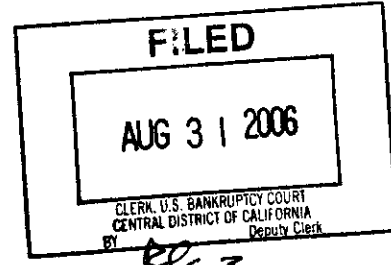


ORIGINAL

GARY E. KLAUSNER (State Bar No. 69077),
MICHAEL H. GOLDSTEIN (State Bar No. 115675) and
NATHAN A. SCHULTZ (State Bar No. 223539), Members of
STUTMAN, TREISTER & GLATT PROFESSIONAL CORPORATION
1901 Avenue of the Stars, 12th Floor
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Reorganization Counsel for
Debtor and Debtor In Possession

Debtor's Mailing Address:
3405 W. Imperial Highway, Suite 304
Inglewood, California 90303



UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION

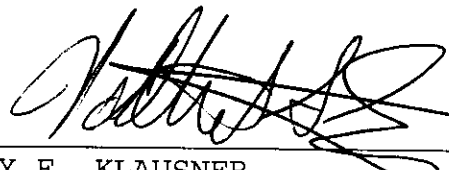
<p>In re</p> <p>WATTHealth Foundation, Inc. dba UHP Healthcare, a California not-for-profit corporation,</p> <p style="padding-left: 100px;">Debtor.</p> <p>Tax I.D. No. 95-2623688</p>	<p>) Case No. LA 05-22627-TD</p> <p>)</p> <p>) Chapter 11</p> <p>)</p> <p>) NOTICE OF STIPULATION REGARDING:</p> <p>) (I) ASSUMPTION AND ASSIGNMENT OF</p> <p>) CONTRACT(S) BETWEEN DEBTOR AND</p> <p>) SKILLED HEALTHCARE LLC,</p> <p>) INCLUDING AMOUNT OF CURE COSTS</p> <p>) REQUIRED IN CONNECTION</p> <p>) THEREWITH; AND (II) RELEASE OF</p> <p>) PRE-PETITION CLAIM(S) OF SUCH</p> <p>) PARTY</p> <p>) <u>[Hearing To Be Set If Required]</u></p>
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1 TO THE HONORABLE THOMAS B. DONOVAN, UNITED STATES BANKRUPTCY JUDGE;
2 THE UNITED STATES TRUSTEE; THE OFFICIAL COMMITTEE OF UNSECURED
3 CREDITORS; CARE 1ST HEALTH PLAN AND THE APPLICABLE CONTRACT PARTY:

4 PLEASE TAKE NOTICE that, pursuant to paragraph 16 of the
5 "Order (1) Authorizing The Sale Of The Debtor's Lines Of Business
6 And Certain Related Assets To Care 1st Health Plan ("Care 1st")
7 Free And Clear Of All Liens, Claims, Encumbrances And Interests,
8 Pursuant To The Asset Purchase Agreement Dated As Of April 10, 2006
9 By and Between The Debtor And Care 1st . . ." [Docket No. 483] (the
10 "Sale Order"), WATTHealth Foundation, Inc. dba UHP Healthcare,
11 debtor and debtor in possession in the above-captioned chapter 11
12 case (the "Debtor"), is filing a copy of the Cure Cost Settlement¹
13 attached hereto as Exhibit "1" (the "Settlement").

14 PLEASE TAKE FURTHER NOTICE that, pursuant to the Sale
15 Order, the Committee and the OUST have fifteen (15) days from the
16 date hereof to file with the Court and serve on the Debtor and the
17 Notice Parties any objection to the Settlement. If no timely
18 objection is filed and served with respect to the Settlement, then
19 the Debtor will lodge with the Court an order approving the
20 Settlement.

21 DATED: August 31, 2006


22 GARY E. KLAUSNER,
23 MICHAEL H. GOLDSTEIN and
24 NATHAN A. SCHULTZ, Members of
25 STUTMAN, TREISTER & GLATT
26 PROFESSIONAL CORPORATION
27 Reorganization Counsel for
28 Debtor and Debtor in Possession

¹ Capitalized terms used, but not defined, herein shall have the meaning ascribed to such terms in the Sale Order.



1 GARY E. KLAUSNER (State Bar No. 69077),
2 MICHAEL H. GOLDSTEIN (State Bar No. 115675) and
3 NATHAN A. SCHULTZ (State Bar No. 223539), Members of
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6 Los Angeles, California 90067
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5 Reorganization Counsel for
6 Debtor and Debtor In Possession

7 Debtor's Mailing Address:
8 3405 W. Imperial Highway, Suite 304
9 Inglewood, California 90303

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

12	In re	)	Case No. LA 05-22627-TD
13)	
14		)	Chapter 11
15	WATTHealth Foundation, Inc.	)	STIPULATION REGARDING:
16	dba UHP Healthcare, a	)	(I) ASSUMPTION AND ASSIGNMENT OF
17	California not-for-profit	)	CONTRACT(S) BETWEEN DEBTOR AND
18	corporation,	)	SKILLED HEALTHCARE LLC,
19		)	INCLUDING AMOUNT OF CURE COSTS
20	Debtor.	)	REQUIRED IN CONNECTION
21		)	THEREWITH; AND (II) RELEASE OF
22		)	PRE-PETITION CLAIM(S) OF SUCH
23		)	PARTY
24	Tax I.D. No. 95-2623688)	
25)	
26)	
27)	
28)	

1 This Stipulation (the "Stipulation") is made and entered
2 into by and between WATTHealth Foundation, Inc. dba UHP
3 Healthcare, debtor and debtor in possession in the above captioned
4 chapter 11 case, (referred to collectively in all capacities,
5 including in its capacity as a not-for-profit corporation, as a
6 chapter 11 debtor, as a debtor in possession, as having the powers
7 of a trustee in bankruptcy, and as the representative of its
8 bankruptcy estate, the "Debtor"), and Skilled Healthcare LLC and
9 the companies to which it provides administrative services
10 (collectively, "Claimant")¹, and is made with reference to the
11 following facts:

12 A. The Debtor commenced its chapter 11 case on May 31,
13 2006 (the "Petition Date"). The Debtor is conducting its business
14 as a debtor in possession.

15 B. The Debtor obtained approval to sell its lines of
16 business (the "Sale"), including the assumption, and assignment to
17 Care 1st Health Plan ("Care 1st"), of one or more contracts between
18 the Debtor and Claimant (the "Contract") pursuant to the "Order (1)
19 Authorizing The Sale Of The Debtor's Lines Of Business And Certain
20 Related Assets To Care 1st Health Plan ("Care 1st") Free And Clear
21 Of All Liens, Claims, Encumbrances And Interests, Pursuant To The
22 Asset Purchase Agreement Dated As Of April 10, 2006 By and Between
23 The Debtor And Care 1st . . ." [Docket No. 483] (the "Sale Order").

24 C. On its Schedules of Assets and Liabilities (as
25 amended, the "Schedules"), the Debtor listed various non-priority,
26 general unsecured amounts owing with respect to certain of the

27 ¹ For purposes of this stipulation, references to the Claimant
28 shall include, without limitation, the facility operators listed
on Schedule A attached hereto (the "Facilities").

1 Facilities (the "Scheduled Amounts"). Claimant has asserted that,
2 in addition to the Scheduled Amounts, certain additional amounts
3 are owed by the Debtor to the Claimant (collectively with the
4 Scheduled Amounts, the "Claims"). Other than the Claims, Claimant
5 has no other pre-petition claim (as defined in the Bankruptcy Code)
6 against the Debtor.

7 D. The Claims, the costs, and any default under the
8 Contracts, if any, required pursuant to sections 365(b)(1)(A) and
9 365(b)(1)(B) of the Bankruptcy Code to be cured and compensation
10 provided (collectively, the "Cure") in connection with the Debtor's
11 assumption and assignment of the Contracts are disputed by the
12 Debtor.

13 E. The Debtor and the Claimant have agreed to resolve
14 all of their disputes regarding the Cure and the Claims, including
15 without limitation, any matters that are the subject of, or related
16 to, the assumption and assignment of the Contract.

17 NOW, THEREFORE, the parties do hereby stipulate and agree
18 as follows:

19 1. The amount of the Cure shall be \$245,667.61 (the
20 "Settlement Amount").

21 2. The Debtor shall pay the Settlement Amount to the
22 Claimant on or before the later of (a) thirty (30) days after the
23 closing of the Sale, and (b) ten (10) days after the date that the
24 Court enters an order approving this stipulation pursuant to
25 paragraph 16 of the Sale Order. Other than payment of the
26 Settlement Amount, no other payment, or performance, by the Debtor
27 or Care 1st is required by way of Cure for the Contract.

28

1 3. Upon the Debtor's payment of the Settlement Amount
2 in the amount set forth herein, the Claims shall be disallowed in
3 their entirety, and Claimant shall not be entitled to any
4 distribution or dividend in connection with the Debtor's chapter 11
5 case in connection therewith.

6 4. Upon the Debtor's payment of the Settlement Amount
7 in the amount set forth herein, Claimant shall have no claim
8 against the Debtor or its chapter 11 estate, whether arising prior
9 to, or subsequent to the Petition Date, and shall not participate
10 in any capacity under a confirmed plan in the Debtor's case or
11 otherwise.

12 5. Claimant, in executing this Stipulation, represents
13 and warrants that:

14 (a) Claimant is the sole and exclusive owner of the
15 Claims;

16 (b) Claimant has not assigned all or any portion of
17 the Claims to any person or entity; and

18 (c) The party signing this Stipulation on behalf of
19 Claimant has the power and authority to do so.

20 6. a. Effective upon the payment of the Settlement
21 Amount, the Claimant shall release, remise and forever discharge
22 (the "Release") the Debtor, and its successors, assigns, past and
23 present attorneys, accountants, representatives, affiliates,
24 parents, subsidiaries, officers, directors, employees and
25 stockholders, jointly and severally, from any and all claims,
26 demands, claims for relief, causes of action, debts, losses and
27 liabilities of every type and nature whatsoever, whether known or
28 unknown, whether suspected or unsuspected, whether fixed or

1 contingent, whether matured or unmatured, whether direct or
2 indirect, or consequential, and whether asserted or unasserted.

3 b. As to the matters set forth herein, including
4 without limitation, the Release, the Claimant expressly waives any
5 and all rights under Section 1542 of the Civil Code of the State of
6 California, which provides as follows:

7 A general release does not extend to claims which
8 the creditor does not know or suspect to exist in
9 his favor at the time of executing the release,
10 which if known by him must have materially
11 affected his settlement with the debtor.

12 c. In connection with such waiver and relinquishment,
13 the Claimant acknowledges that it is aware that it may hereafter
14 discover claims presently unknown or unsuspected, or facts in
15 addition to or different from those which it now knows or believes
16 to be true. Nevertheless, it is the intention of the Claimant,
17 through this Release, to release all matters that are subject to
18 this Release, and all claims relative thereto, which now exist, may
19 exist, or heretofore have existed.

20 Dated: Aug 30, 2006

WATTHealth Foundation, Inc. dba
UHP Healthcare,
a California non-for-profit
corporation

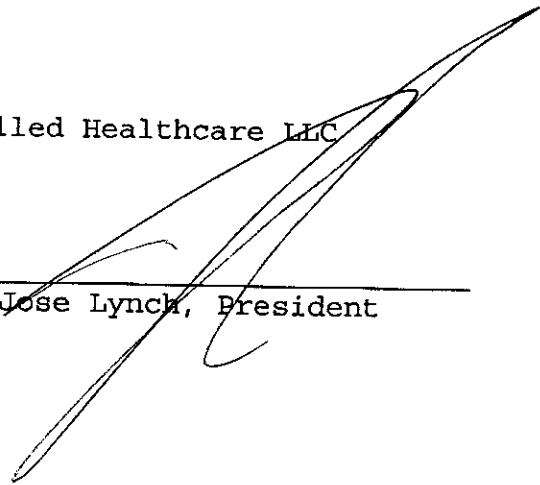
21 By: Alan D. Bloom
22 Alan D. Bloom
23 General Counsel for Debtor and
24 Debtor in Possession
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Dated: _____, 2006

Skilled Healthcare LLC

By: _____
Jose Lynch, President



SCHEDULE A

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- Alexandria Care Center, LLC fka Alexandria Care Center, Inc.
- Alta Care Center, LLC dba Alta Gardens Care Center fka Palm Grove
- Anaheim Terrace Care Center, LLC
- Bay Crest Care Center, LLC
- Brier Oak on Sunset, LLC fka Brier Oak on Sunset, Inc.
- Carehouse Healthcare Center, LLC
- Devonshire Care Center, LLC
- Elmcrest Care Center, LLC fka Elmcrest Care Center, Inc.
- Fountain View Subacute and Nursing Center, LLC fka Fountain View Subacute and Nursing Center, Inc.
- Hancock Park Rehabilitation Center, LLC fka Hancock Park Rehabilitation Center, Inc.
- Montebello Care Center, LLC
- Rio Hondo Subacute and Nursing Center, LLC Rio Hondo Subacute and Nursing Center, Inc.
- Royalwood Care Center, LLC
- Sharon Care Center, LLC
- St. Elizabeth Healthcare and Rehabilitation Center, LLC
- Sycamore Park Care Center, LLC fka Sycamore Park Care Center, Inc.
- The Earlwood, LLC
- Woodland Care Center, LLC

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DECLARATION OF SERVICE

I am over the age of 18 years and not a party to the within action. I am employed in an office that employs a member of the bar of this court, at whose direction the within service was made. My business address is Stutman, Treister & Glatt, Professional Corporation, 1901 Avenue of the Stars, 12th Floor, Los Angeles, California 90067-6013.

On August 31, 2006, I served the following pleading:

NOTICE OF STIPULATION REGARDING: (I) ASSUMPTION AND ASSIGNMENT OF CONTRACT(S) BETWEEN DEBTOR AND SKILLED HEALTHCARE LLC, INCLUDING AMOUNT OF CURE COSTS REQUIRED IN CONNECTION THEREWITH; AND (II) RELEASE OF PRE-PETITION CLAIM(S) OF SUCH PARTY

on the interested parties in this action by placing true copies thereof, enclosed in sealed envelopes, with first class postage thereon fully prepaid, in the United States mail at Los Angeles, California addressed as follows:

Attorneys for Creditors Committee
Steven Schwartz, Esq.
Richard Diamond, Esq.
Danning Gill Diamond & Kollitz
2029 Century Park East, Suite 300
Los Angeles, CA 90067

U.S. Trustee
Patricia Beary, Esq.
Office of the U.S. Trustee
725 South Figueroa Street, 26th Floor
Los Angeles, CA 90017

Attorneys for Care 1st Health Plan
Keith C. Owens and Richard F. Seiden
Foley & Lardner LLP
2029 Century Park East, 35th Floor
Los Angeles, CA 90067-3021

Attorneys for Skilled Healthcare, LLC
Zachary S. Larson
Associate Counsel
Skilled Healthcare, LLC
27442 Portola Parkway, Suite 200
Foothill Ranch, CA 92610

I declare under penalty of perjury that the foregoing is true and correct.

Executed on August 31, 2006, at Los Angeles, California.



Cheryl R. Woods, Declarant