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
Los Angeles, California 90067
Telephone: (310) 228-5600
Facsimile: (310) 228-5788

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

In re	Case No. LA 05-22627-TD
	Chapter 11
WATTSHealth Foundation, Inc. dba UHP Healthcare, a California not-for-profit corporation,	**NOTICE OF SECOND STIPULATION: (I) REGARDING ASSUMPTION AND ASSIGNMENT OF CONTRACTS BETWEEN DEBTOR AND UCLA PROVIDERS, INCLUDING AMOUNT OF CURE COSTS REQUIRED IN CONNECTION THEREWITH; AND (II) RESOLVING DISPUTE AS TO REMAINING CLAIMS OF SUCH PARTY**
Debtor.	
Tax I.D. No. 95-2623688	**[Hearing To Be Set If Required]**

TO THE HONORABLE THOMAS B. DONOVAN, UNITED STATES BANKRUPTCY JUDGE; THE UNITED STATES TRUSTEE; THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS; CARE 1ST HEALTH PLAN AND THE APPLICABLE CONTRACT PARTY:

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

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

DATED: April 13, 2007

GARY E. KLAUSNER,
MICHAEL H. GOLDSTEIN and
NATHAN A. SCHULTZ, Members of
STUTMAN, TREISTER & GLATT
PROFESSIONAL CORPORATION
Reorganization Counsel for
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.

EXHIBIT 1

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UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION

In re	Case No. LA 05-22627-TD
	Chapter 11
WATTSHealth Foundation, Inc. dba UHP Healthcare, a California not-for-profit corporation,	**SECOND STIPULATION AND [PROPOSED] ORDER: (I) REGARDING ASSUMPTION AND ASSIGNMENT OF CONTRACTS BETWEEN DEBTOR AND UCLA PROVIDERS, INCLUDING AMOUNT OF CURE COSTS REQUIRED IN CONNECTION THEREWITH; AND (II) RESOLVING DISPUTE AS TO REMAINING CLAIMS OF SUCH PARTY**
Debtor.	
Tax I.D. No. 95-2623688	

EXHIBIT 1

This Stipulation (the "Stipulation") is made and entered into by and between WATTSHealth Foundation, Inc. dba UHP Healthcare, debtor and debtor in possession in the above captioned chapter 11 case, (referred to collectively in all capacities, including in its capacity as a not-for-profit corporation, as a chapter 11 debtor, as a debtor in possession, as having the powers of a trustee in bankruptcy, and as the representative of its bankruptcy estate, the "Debtor"), and the Regents of the University of California on behalf of UCLA Medical Center, Santa Monica/UCLA Medical Center and UCLA Neuropsychiatric Hospital and their affiliates (collectively, "Claimant"), and is made with reference to the following facts:

A. The Debtor commenced its chapter 11 case on May 31, 2005 (the "Petition Date"). The Debtor is conducting its business as a debtor in possession.

B. The Debtor obtained approval to sell its lines of business (the "Sale"), including the assumption, and assignment to Care 1st Health Plan ("Care 1st"), of certain contracts between the Debtor and Claimant (the "Contracts") pursuant to the "Order (1) Authorizing The Sale Of The Debtor's Lines Of Business And Certain Related Assets To Care 1st Health Plan ("Care 1st") Free And Clear Of All Liens, Claims, Encumbrances And Interests, Pursuant To The Asset Purchase Agreement Dated As Of April 10, 2006 By and Between The Debtor And Care 1st . . ." [Docket No. 483] (the "Sale Order"). The Sale closed on August 31, 2006 (the "Closing Date").

C. The Debtor and the Claimant previously had certain disputes regarding the costs, and any default under the Contracts,

if any, required pursuant to sections 365(b)(1)(A) and 365(b)(1)(B) of the Bankruptcy Code to be cured and compensation provided (collectively, the "Cure") in connection with the Debtor's assumption and assignment of the Contracts.

D. The Debtor and Claimant previously agreed to resolve all of their disputes regarding (1) the portion of the Cure applicable to (a) claims with dates of service occurring prior to the Petition Date, and (b) claims with dates of service occurring subsequent to the Petition Date and prior to May 1, 2006 (the "Cut-Off Date") (the period described in clauses (a) and (b) of this sentence is referred to herein as the "Settlement Period"); and (2) any other matter arising during the Settlement Period, including without limitation, any matters that are the subject of, or related to, the Claims or the assumption and assignment of the Contracts (the "First Settlement"). The Court approved the First Settlement by order entered on January 3, 2007.

E. The Debtor and Claimant have agreed to resolve any and all of their remaining disputes regarding (1) the portion of the Cure applicable to claims with dates of service occurring subsequent to the Settlement Period through and including the Closing Date (the "Second Settlement Period"), and (2) any other matter arising prior to the Closing Date, including without limitation, any matters that are the subject of, or related to the Contracts or the assumption and assignment thereof.

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

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1. The amount of the Cure applicable to the Second Settlement Period shall be $76,713.09 (the "Second Settlement Amount").

2. The Debtor shall pay the Second Settlement Amount to the Claimant on or before ten (10) days after the date that the Court enters an order approving this stipulation pursuant to paragraph 16 of the Sale Order. Other than payment of the Second Settlement Amount, no further Cure is required for the Debtor to satisfy the Cure and comply with the paragraph 16 of the Sale Order.

3. Upon the Debtor's payment of the Second Settlement Amount in the amount set forth herein, Claimant (i) shall have no claim against the Debtor or its chapter 11 estate, whether arising prior, or subsequent, to the Petition Date, (ii) shall not participate in any capacity under a confirmed plan in the Debtor's case or otherwise, and (iii) shall not be entitled to any distribution or dividend in connection with the Debtor's chapter 11 case.

4. Claimant, in executing this Stipulation, represents and warrants that the party signing this Stipulation on behalf of Claimant has the power and authority to do so.

5. Claimant shall have the right to allocate the Settlement Amount among the Regents of the University of California on behalf of UCLA Medical Center, Santa Monica/UCLA Medical Center and UCLA Neuropsychiatric Hospital, and the Debtor shall have no rights, or liability to Claimant, with respect to any such allocation.

6. a. Effective upon the payment of the Second Settlement Amount, the Claimant shall release, remise and forever discharge (the "Claimant Release") the Debtor, and its successors, assigns, past and present attorneys, accountants, representatives, affiliates, parents, subsidiaries, officers, directors and employees, jointly and severally, from any and all claims, demands, claims for relief, causes of action, debts, losses and liabilities of every type and nature whatsoever arising during the Second Settlement Period, whether known or unknown, whether suspected or unsuspected, whether fixed or contingent, whether matured or unmatured, whether direct or indirect, or consequential, and whether asserted or unasserted ("Potential Claims").

b. Effective upon the payment of the Second Settlement Amount, the Debtor shall release, remise and forever discharge (the "Debtor Release", and collectively with the Claimant Release, the "Releases") the Claimant, and its successors, assigns, past and present attorneys, accountants, representatives, affiliates, parents, subsidiaries, officers, directors, employees and stockholders, jointly and severally, from any and all Potential Claims.

c. As to the matters set forth herein, including without limitation, the Releases, the Claimant and the Debtor expressly waive any and all rights under Section 1542 of the Civil Code of the State of California, which provides as follows:

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

d. In connection with such waiver and relinquishment, each of the Claimant and the Debtor acknowledge that it is aware that it may hereafter discover claims presently unknown or unsuspected, or facts in addition to or different from those which it now knows or believes to be true. Nevertheless, it is the intention of the Claimant and the Debtor, through the Release, to release all matters that are subject to this Release, and all claims relative thereto, which now exist, may exist, or heretofore have existed.

Dated: April 13, 2007

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

By: Sione Ayers
Sione Ayers
Chief Administrative Officer for Debtor and Debtor in Possession

Dated: _____, 2007

Regents of the University of California

By: _____
Eric K. Behrens
University Counsel for the Regents of the University of California

d. In connection with such waiver and relinquishment, each of the Claimant and the Debtor acknowledge that it is aware that it may hereafter discover claims presently unknown or unsuspected, or facts in addition to or different from those which it now knows or believes to be true. Nevertheless, it is the intention of the Claimant and the Debtor, through the Release, to release all matters that are subject to this Release, and all claims relative thereto, which now exist, may exist, or heretofore have existed.

Dated: _____, 2007

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

By: _____
Sione Ayers
Chief Administrative Officer for Debtor and Debtor in Possession

Dated: 4/9, 2007

Regents of the University of California

By: _____
Eric K. Behrens
University Counsel for the Regents of the University of California

ORDER

The Court having read and considered the foregoing stipulation between the parties, and good cause appearing to approve the stipulation, it is hereby

ORDERED THAT:

1. The foregoing stipulation is approved.

DATED:

THE HONORABLE THOMAS B. DONOVAN
UNITED STATES BANKRUPTCY JUDGE

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 April 13, 2007, I served the following pleading:

NOTICE OF SECOND STIPULATION: (I) REGARDING ASSUMPTION AND ASSIGNMENT OF CONTRACTS BETWEEN DEBTOR AND UCLA PROVIDERS, INCLUDING AMOUNT OF CURE COSTS REQUIRED IN CONNECTION THEREWITH; AND (II) RESOLVING DISPUTE AS TO CERTAIN CLAIMS 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 the Regents of the Univ. of CA on behalf of UCLA Medical Center, Santa Monica/UCLA Medical Center and UCLA Neuropsychiatrjc Hospital
Lawrence Peitzman/David Shemano/Susy Li
Peitzman Weg & Kempinsky LLP
10100 Santa Monica Blvd, Suite 1450
Los Angeles, CA 90067

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

Executed on April 13, 2007, at Los Angeles, California.

Cheryl R. Woods

Cheryl R. Woods, Declarant