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GREGORY K. JONES (State Bar No. 181072) and
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Counsel for Reorganized Debtor

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 STIPULATION: (I) REGARDING ASSUMPTION AND ASSIGNMENT OF CONTRACTS BETWEEN DEBTOR AND GOOD SAMARITAN HOSPITAL, INCLUDING AMOUNT OF CURE COSTS REQUIRED IN CONNECTION THEREWITH; AND (II) RESOLVING DISPUTE AS TO CERTAIN CLAIMS OF SUCH PARTY (CLAIM NOS. 1068 AND 1584)**
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 PLAN COMMITTEE; 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, reorganized debtor in the above-captioned chapter 11 case (the "Debtor"), is filing a copy of a 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: July 20, 2007

GARY E. KLAUSNER,
GREGORY K. JONES and
NATHAN A. SCHULTZ, Members of
STUTMAN, TREISTER & GLATT
PROFESSIONAL CORPORATION
Counsel for Reorganized Debtor

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

Exhibit 1

GARY E. KLAUSNER (State Bar No. 69077),
GREGORY K. JONES (State Bar No. 181072) and
NATHAN A. SCHULTZ (State Bar No. 223539), Members of
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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

In re	Case No. LA 05-22627-TD
	Chapter 11
WATTSHealth Foundation, Inc. dba UHP Healthcare, a California not-for-profit corporation,	**STIPULATION AND [PROPOSED] ORDER: (I) REGARDING ASSUMPTION AND ASSIGNMENT OF CONTRACTS BETWEEN DEBTOR AND GOOD SAMARITAN HOSPITAL, INCLUDING AMOUNT OF CERTAIN CURE COSTS REQUIRED IN CONNECTION THEREWITH; AND (II) RESOLVING DISPUTE AS TO CERTAIN 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 Good Samaritan Hospital and its 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 effective date of the Debtor's confirmed chapter 11 plan was May 21, 2007.

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 a certain contract between the Debtor and Claimant (the "Contract") 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. Claimant filed two general unsecured, nonpriority claims in connection with the Debtor's chapter 11 case: Claim No. 1068 in the amount of $995,814.30 and Claim No. 1584 in the amount of $5,632.78 (collectively, the "Claims").

EXHIBIT 1

D. The costs and any default under the Contract, if any, required pursuant to sections 365(b)(1)(A) and 365(b)(1)(B) of the Bankruptcy Code to be cured and the compensation to be provided in connection with the Debtor's assumption and assignment of the Contract, including, without limitation, the Claims (collectively, the "Cure"), are disputed by the Debtor.

E. The Debtor and Claimant have agreed to resolve any and all of their remaining disputes regarding the Cure, the Claims and the assumption and assignment of the Contract, except solely with respect to those certain 29 claims (the "29 Unresolved Claims") listed on Schedule A attached hereto.

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

1. Except solely with respect to the 29 Unresolved Claims, the amount of the Cure shall be $575,000.00 (the "Settlement Amount").

2. The Debtor shall pay the 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; provided, however, that the Settlement Amount shall be paid no later than July 31, 2007. Other than payment of the Settlement Amount and any Cure required in connection with the 29 Unresolved Claims, no further Cure is required for the Debtor to comply with paragraph 16 of the Sale Order.

3. Upon the Debtor's payment of the Settlement Amount in the amount set forth herein: (i) Claim No. 1068 shall be reduced to $618,314.04 (the "Amended Claim"); (ii) Claim No. 1584 shall be disallowed; (iii) other than with respect to the 29 Unresolved

EXHIBIT 1

Claims and the Amended Claim, Claimant shall have no claim against the Debtor or its chapter 11 estate, whether arising prior, or subsequent, to the Petition Date, (ii) Claimant shall not participate in any capacity under a confirmed plan in the Debtor's case or otherwise, and (iii) Claimant shall not be entitled to any distribution or dividend in connection with the Debtor's chapter 11 case.

4. The Debtor reserves all rights to object to or otherwise contest the Amended Claim and the 29 Unresolved Claims.

5. Claimant reserves all rights with respect to the 29 Unresolved Claims and the Amended Claim.

6. Claimant, in executing this Stipulation, represents and warrants that (a) Claimant is the sole and exclusive owner of the Claims, (b) Claimant has not assigned all or any portion of the Claims to any person or entity, and (c) the party signing this Stipulation on behalf of Claimant has the power and authority to do so.

7. a. Effective upon the payment of the Settlement Amount, Claimant shall release, remise and forever discharge (the "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, 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; provided, however, that the Release

shall not apply to (i) the Amended Claim, (ii) the 29 Unresolved Claims, and (iii) Claimant's right to recover unpaid amounts from the medical groups or IPA's listed in Schedule B attached hereto (the "Groups") solely with respect to the claims listed on Schedule B for which any such Group has financial responsibility.

b. As to the matters set forth herein, including without limitation, the Release, the Claimant expressly waives 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.

c. In connection with such waiver and relinquishment, the Claimant acknowledges 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, through this 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: July 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

17140v1

EXHIBIT 1

Dated: July __, 2007

Good Samaritan Hospital

By: _____
Ira Maiselman

Director, Managed Care and Contracting

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.
2. Claim No. 1068 is reduced to $618,314.04.
3. Claim No. 1584 is disallowed.

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 July 20, 2007, I served the following pleading:

NOTICE OF STIPULATION: (I) REGARDING ASSUMPTION AND ASSIGNMENT OF CONTRACTS BETWEEN DEBTOR AND GOOD SAMARITAN HOSPITAL, INCLUDING AMOUNT OF CURE COSTS REQUIRED IN CONNECTION THEREWITH; AND (II) RESOLVING DISPUTE AS TO CERTAIN CLAIMS OF SUCH PARTY (CLAIM NOS. 1068 AND 1584)

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:

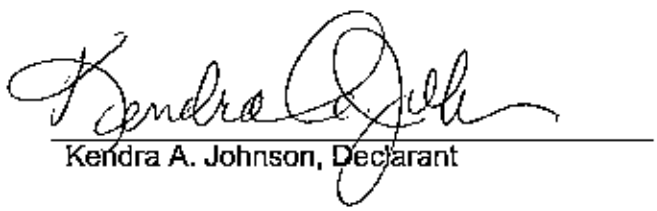
Attorneys for Creditors Committee
Steven Schwartz, Esq.
Richard Diamond, Esq.
Danning Gill Diamond & Kollitz
2029 Century Park East, Suite 300
Los Angeles, CA 90067

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

Mark Shinderman, Esq.
Munger, Tolles & Olson, LLP
355 South Grand Avenue, 35th Floor
Los Angeles, CA 90071

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

Executed on July 20, 2007, at Los Angeles, California.



Kendra A. Johnson, Declarant