

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

In re:

EBH TOPCO, LLC, *et al.*,¹

Debtors.

Chapter 11

Case No. 18-11212 (BLS)

(Jointly Administered)

**NOTICE OF BID PROCEDURES,
AUCTION, HEARING AND DEADLINES RELATING
TO THE SALE OF SUBSTANTIALLY ALL OF THE ASSETS OF THE DEBTORS**

PLEASE TAKE NOTICE that on May 23, 2018, EBH Topco, LLC, as debtors and debtors in possession (the “**Debtors**”) in the above-captioned case (the “**Bankruptcy Case**”), filed a *Motion of Debtors for Entry of (I) an Order (A) Approving Bidding Procedures in Connection with the Sale of Substantially All of the Debtors’ Assets, (B) Approving Stalking Horse Bid Protections, (C) Approving the Form and Manner of Notice thereof, (D) Scheduling an Auction and Sale Hearing, (E) Approving Procedures for the Assumption and Assignment of Contracts, and (F) Granting Related Relief; and (II) an Order (A) Approving the Asset Purchase Agreement Between the Debtors and the Successful Bidder, and (B) Authorizing the Sale of Substantially All of the Debtors’ Assets Free and Clear of Liens, Claims, Encumbrances, and Interests, (C) Authorizing the Assumption and Assignment of Contracts, and (D) Granting Related Relief* (the “**Bidding Procedures and Sale Motion**”).² The Debtors seeks to complete a sale (the “**Transaction**”) of substantially all their assets (the “**Transferred Assets**”) to a prevailing bidder or bidders (the “**Successful Bidder**”) at an auction free and clear of all liens, claims, encumbrances and other interests pursuant to Bankruptcy Code section 363 (the “**Auction**”).

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are EBH Topco, LLC (6103), Elements Behavioral Health, Inc. (7176), EBH Holding Company, Inc. (0370), EBH Big Rock, Inc. (1880), SoCal Rehab and Recovery, Inc. (3741), The Sexual Recovery Institute, Inc. (1279), Westside Sober Living Centers, Inc. (5717), Ehrman Subsidiary Corp. (3958), PROMAL2, Inc. (1377), PROMAL4, Inc. (2453), SBAR2, Inc. (9844), Promises Residential Treatment Center VI, Inc. (1112), Assurance Toxicology Services, LLC (9612), Elements Screening Services, Inc. (0055), TRS Behavioral Care, Inc. (6343), Spirit Lodge, LLC (1375), San Cristobal Treatment Center, LLC (1419), EBH Acquisition Subsidiary, Inc. (6132), EBH Services of Florida, Inc. (6802), Outpatient Services FL, Inc. (9596), EBH Northeast Services, Inc. (3551), Intensive Outpatient Services PA, Inc. (5581), Wrightsville Services, LLC (9535), NE Sober Living, Inc. (1955), Northeast Behavioral Services, Inc. (8881), The Ranch on Piney River, Inc. (0195), Outpatient Services TN, Inc. (5584), EBH Southwest Services, Inc. (5202), Elements Medical Group of Utah, Inc. (9820), Southeast Behavioral Health Services, Inc. (1267), Elements Medical Group of Mississippi, Inc. (4545), and Elements Medical Group of Arizona, Inc. (8468). The Debtors’ mailing address is 5000 Airport Plaza Dr., Suite 100, Long Beach, California 90815.

² Capitalized terms not otherwise defined herein shall have the meanings set forth in the Bidding Procedures and Sale Motion.

PLEASE TAKE FURTHER NOTICE that, on June 13, 2018 the Bankruptcy Court entered an order [Docket No. 139] (the “**Bidding Procedures Order**”) approving the bidding procedures set forth in the Bidding Procedures and Sale Motion (the “**Bidding Procedures**”), which set the key dates and times related to the sale of the Debtors’ Transferred Assets under the asset purchase agreement with the Successful Bidder. **All interested bidders should carefully read the Bidding Procedures.** To the extent that there are any inconsistencies between the Bidding Procedures and the summary description of its terms and conditions contained in this notice, the terms of the Bidding Procedures shall control.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Bidding Procedures, the Debtors must receive a Qualified Bid from interested bidders in writing, on or before **July 16, 2018 at 4:00 p.m. (prevailing Eastern Time)** or such later date as may be agreed to by the Debtors (the “**Bid Deadline**”). To be considered, Qualified Bids must be sent to the following at or before the Bid Deadline: (i) counsel for the Debtors, Polsinelli PC, 222 Delaware Avenue, Suite 1101, Wilmington, Delaware 19801, Attn: Christopher A. Ward (cward@polsinelli.com); (ii) investment bankers for the Debtors, Houlihan Lokey, 10250 Constellation Blvd., 5th Floor, Los Angeles, California 90067, Attn: Christopher Di Mauro (CDiMauro@HL.com); (iii) counsel for the Committee, Arent Fox LLP, 1301 Avenue of the Americas, New York, NY 10019, New York, New York 10019, Attn: Robert M. Hirsh (robert.hirsh@arentfox.com), and Bayard, P.A., 600 N. King Street, Suite 400, Wilmington, Delaware 19801, Attn: Justin R. Alberto (jalberto@bayardlaw.com), and (iv) counsel for the Prepetition First Lien Lender and DIP Lender, McDonald Hopkins LLP, 300 North LaSalle Street, Suite 1400, Chicago, Illinois 60654, Attn: David Agay (dagay@mcdonaldhopkins.com).

PLEASE TAKE FURTHER NOTICE that, pursuant to the terms of the Bidding Procedures, if the Debtors receive one or more Qualified Bids (other than the Credit Bid) by the Bid Deadline, the Auction will be conducted on **July 18, 2018 at 10:00 a.m.** (prevailing Eastern Time) at Polsinelli PC, 222 Delaware Avenue, Suite 1101, Wilmington, Delaware 19801, or at such other place, date and time as may be designated by the Debtors.

PLEASE TAKE FURTHER NOTICE that, pursuant to the terms of the Bidding Procedures, the Debtors have designated certain Assigned Contracts that may be assumed or assumed and assigned to the Successful Bidder. By **June 28, 2018**, the Debtors shall send a notice to each counterparty to an Assigned Contract setting forth the Debtors’ calculation of the cure amount, if any, that would be owing to such counterparty if the Debtors decided to assume or assume and assign such Assigned Contract, and alerting such nondebtor party that their contract may be assumed and assigned to the Successful Bidder (the “**Cure and Possible Assumption and Assignment Notice**”).

PLEASE TAKE FURTHER NOTICE that, pursuant to the terms of the Bidding Procedures, any counterparty that objects to the cure amount set forth in the Cure and Possible Assumption and Assignment Notice or the possible assignment of their Assigned Contract(s) must file with the Bankruptcy Court and serve an objection (a “**Cure or Assignment Objection**”) so that it is actually received on or before **4:00 p.m. prevailing Eastern Time on July 12, 2018**, by (i) counsel for the Debtors, Polsinelli PC, 222 Delaware Avenue, Suite 1101, Wilmington, Delaware 19801, Attn: Christopher A. Ward (cward@polsinelli.com), (ii) counsel

to the Prepetition First Lien Lender and DIP Lender, McDonald Hopkins LLP, 300 North LaSalle Street, Suite 1400, Chicago, Illinois 60654, Attn: David Agay (dagay@mcdonaldhopkins.com), (iii) the Office of the United States Trustee for the District of Delaware, J. Caleb Boggs Federal Building, 844 King Street, Ste. 2008 – Lockbox #35, Wilmington, DE 19801, Attn: Hannah McCollum (hannah.mccollum@usdoj.gov), (iv) counsel for the Committee, Arent Fox LLP, 1301 Avenue of the Americas, New York, New York 10019, Attn: Robert M. Hirsh (robert.hirsh@arentfox.com), and Bayard, P.A., 600 N. King Street, Suite 400, Wilmington, Delaware 19801, Attn: Justin R. Alberto (jalberto@bayardlaw.com), and (v) the Clerk of the Bankruptcy Court for the District of Delaware, 824 North Market Street, 3rd Floor, Wilmington, DE 19801. Where a counterparty to an Assigned Contract files a timely Cure or Assignment Objection asserting a higher cure amount than the amount listed in the Cure and Possible Assumption and Assignment Notice, or an objection to the possible assignment of that counterparty's Assigned Contract, and the parties are unable to consensually resolve the dispute, the amount to be paid under Bankruptcy Code section 365 (if any) or, as the case may be, the Debtors' ability to assign the Assigned Contract to the Successful Bidder will be determined at the Sale Hearing (as defined below).

PLEASE TAKE FURTHER NOTICE that a hearing will be held to approve the sale of the Transferred Assets to the Successful Bidder (the "**Sale Hearing**") before the Honorable Brendan L. Shannon, U.S. Bankruptcy Court for the District of Delaware, 824 Market Street, Wilmington, Delaware 19801, 6th Floor, Courtroom 1, on **July 19, 2018 at 10:00 a.m.** (prevailing Eastern Time), or at such time thereafter as counsel may be heard or at such other time as the Bankruptcy Court may determine. The Sale Hearing may be adjourned from time to time without further notice to creditors or parties in interest other than by announcement of the adjournment in open court on the date scheduled for the Sale Hearing or on the agenda for such Sale Hearing. Objections to the sale of the Transferred Assets to the Successful Bidder must be filed and served so that they are received no later than 4:00 p.m. (prevailing Eastern Time) on **July 12, 2018** by (i) counsel for the Debtors, Polsinelli PC, 222 Delaware Avenue, Suite 1101, Wilmington, Delaware 19801, Attn: Christopher A. Ward (cward@polsinelli.com), (ii) counsel to counsel to the Prepetition First Lien Lender and DIP Lender, McDonald Hopkins LLP, 300 North LaSalle Street, Suite 1400, Chicago, Illinois 60654, Attn: David Agay (dagay@mcdonaldhopkins.com), (iii) the Office of the United States Trustee for the District of Delaware, J. Caleb Boggs Federal Building, 844 King Street, Ste. 2008 – Lockbox #35, Wilmington, DE 19801, Attn: Hannah McCollum (hannah.mccollum@usdoj.gov), (iv) counsel for the Committee, Arent Fox LLP, 1301 Avenue of the Americas, New York, New York 10019, Attn: Robert M. Hirsh (robert.hirsh@arentfox.com), and Bayard, P.A., 600 N. King Street, Suite 400, Wilmington, Delaware 19801, Attn: Justin R. Alberto (jalberto@bayardlaw.com), and (v) the Clerk of the Bankruptcy Court for the District of Delaware, 824 North Market Street, 3rd Floor, Wilmington, DE 19801.

PLEASE TAKE FURTHER NOTICE that the Debtors are seeking to waive the fourteen-day stay period under Bankruptcy Rules 6004(h) and 6006(d) in order for the Sale to close immediately upon entry of the Sale Order by this Court.

PLEASE TAKE FURTHER NOTICE that this notice is subject to the full terms and conditions of the Bidding Procedures and Sale Motion, the Bidding Procedures Order and the

Bidding Procedures, which shall control in the event of any conflict, and the Debtors encourage parties in interest to review such documents in their entirety. A copy of the Bidding Procedures and Sale Motion, the Bidding Procedures and the Bidding Procedures Order may be obtained (i) by contacting counsel for the Debtors, Polsinelli PC, 222 Delaware Avenue, Suite 1101, Wilmington, Delaware 19801, Attn: Christopher A. Ward (cward@polsinelli.com), or (ii) for a fee via PACER at <http://www.deb.uscourts.gov>.

Dated: Wilmington, Delaware
June 14, 2018

POLSINELLI PC

/s/ Christopher A. Ward

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*Proposed Counsel to the Debtors and
Debtors in Possession*