Company Overview

Business Description

- Headquartered in Meadowbrook, PA, Redeemer Health ("RH"), together with its Debtor[1] and non-Debtor affiliates (collectively, the "Company"), is a nonprofit Catholic health and social services system serving southeastern Pennsylvania and New Jersey.
  - RH, the parent of eleven Debtor affiliates (together with RH, the "Debtors"), is a holding company with no employees or direct operations
  - Its wholly owned subsidiary, Holy Redeemer Health System ("HRHS"), operates Holy Redeemer Hospital, a licensed 239-bed acute care facility in Abington Township, PA, providing emergency, inpatient, outpatient and ancillary services, with a focus on cancer care, women's health, cardiovascular health and orthopedics
- The Debtors divide the business into three lines:
  - **Acute Care:** Holy Redeemer Hospital and the physician practices of HRHS's wholly owned subsidiary HR Physician Services d/b/a Holy Redeemer Physician and Ambulatory Services ("HRPAS") in primary care, OB/GYN, imaging, orthopedics and oncology
  - **Home Care and Hospice:** in-home skilled nursing, therapy, palliative and hospice services in Pennsylvania and New Jersey, plus State-funded "Healthy Families" programs in Union and Cape May Counties, NJ
  - **Life Care:** senior living and skilled nursing at St. Joseph Manor (296 nursing and 62 personal care beds) and The Lafayette (304 residential units and 70 nursing beds), plus low-income and transitional housing provided through non-Debtor affiliates and joint ventures
- The Company has 54 locations and employs more than 155 physicians and 3,200 other employees.
- For FY2025 ended June 30, 2025, the Company generated $479.9 million in total revenue.

[1] Redeemer Health and certain affiliates filed for Chapter 11 protection on November 1, 2026 (the "Petition Date") in the U.S. Bankruptcy Court for the Eastern District of Pennsylvania, reporting $0 to $50 thousand in assets and $0 to $50 thousand in liabilities (affiliates report liabilities of up to $100 million to $500 million). For a complete list of Debtor entities, see organizational structure chart below.

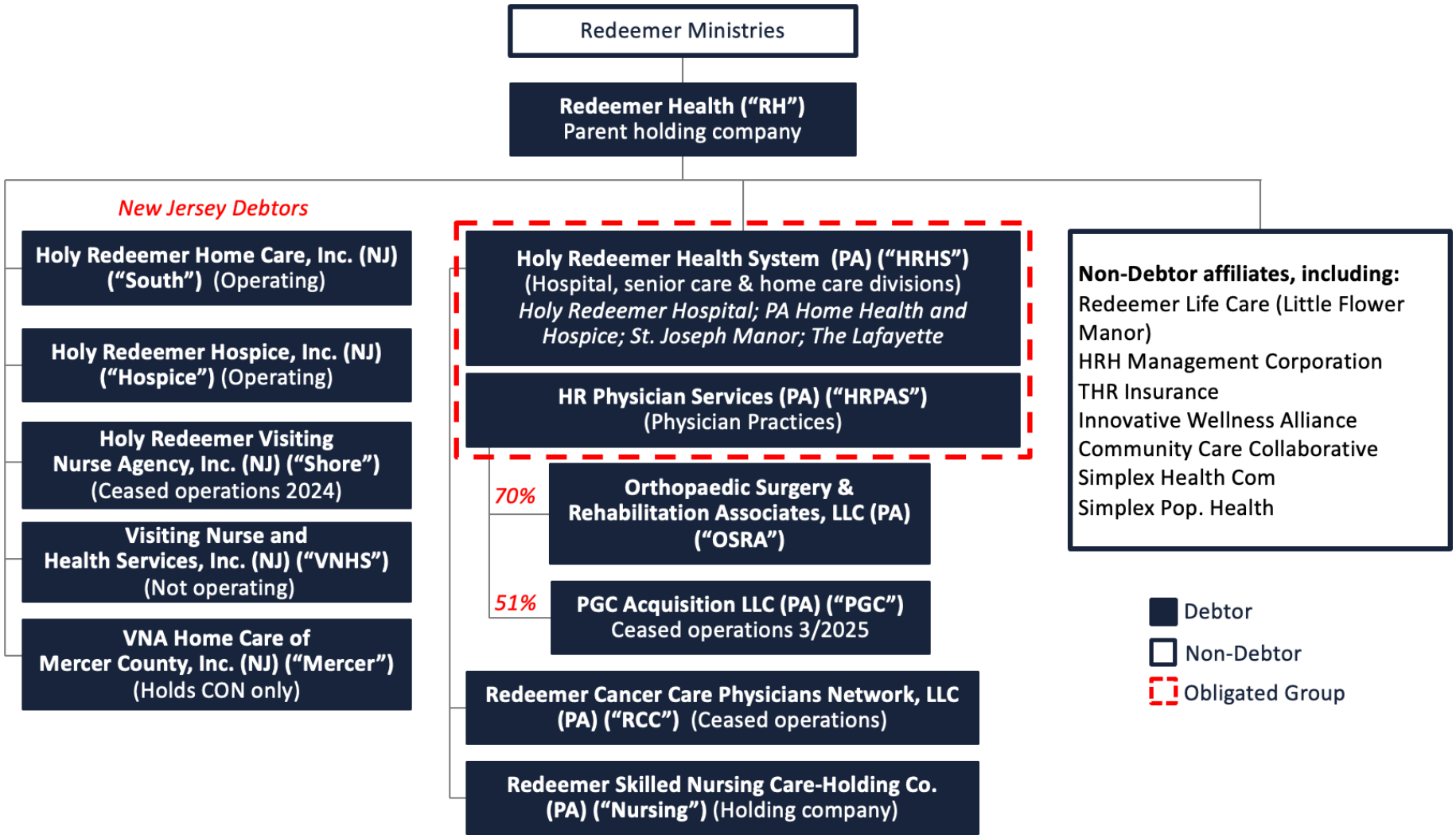
Corporate History

- **Founding and Origins:** the Company traces its roots to 1924, when 12 Sisters of the Redeemer arrived from Germany to provide home care for the sick and poor.
  - The Sisters expanded into senior care with St. Joseph Manor in 1934, acute care with Holy Redeemer Hospital in 1959 and senior living with the 1992 acquisition of The Lafayette
- **Abington Health Merger Attempt:** in June 2012, the system, then operating as Holy Redeemer Health System, signed a letter of intent to combine with the larger Abington Health.
  - Because the deal would have ended abortion services at Abington, it drew opposition from Abington physicians and community activists, and the parties called it off
  - Abington joined Jefferson Health in 2015; its flagship, now Jefferson Abington Hospital, operates a few miles away as the Company's much larger competitor
- **Recent Developments:** as U.S. membership of the congregation declined from a peak of 141 Sisters in 1938 to 16 by 2020, the Sisters transferred sponsorship in 2020 to Redeemer Ministries; the system adopted the Redeemer Health name the following year.
  - The Company posted operating losses every year since 2017
  - Around the start of 2023, it paid $7 million for a minority stake in Chestnut Hill Hospital, alongside Temple Health (majority owner and manager) and the Philadelphia College of Osteopathic Medicine, acquiring it from Tower Health
  - In August 2023, S&P downgraded the Company to BB, noting management was still seeking a strategic partner for the hospital; the search, launched in 2022, ultimately produced no buyer
- **Asset Divestitures:** since 2024, the Company has divested certain assets.
  - **October 2024:** BAYADA Home Health Care acquired its New Jersey home health and hospice operations in Elizabeth and Egg Harbor for $23 million
  - **August 2025:** the Company sold its Chestnut Hill stake to Temple for a $6.2 million note due September 2027

Organizational Structure

- The Company follows the U.S. Conference of Catholic Bishops' Ethical and Religious Directives for Catholic Health Care Services; non-Debtor Redeemer Ministries, recognized under Catholic Church law, owns RH and oversees the Catholic mission rather than finances or operations.
- RH conducts operations through eleven Debtor affiliates, with HRHS at the center:
  - **HRHS:** principal operating entity with four divisions – Holy Redeemer Hospital, PA Home Health and Hospice, St. Joseph Manor and The Lafayette; together with HRPAS, forms the Obligated Group on the Company's bonds
  - **HRPAS:** employs and contracts physicians and other providers; holds 70% of orthopedic practice Orthopaedic Surgery & Rehabilitation Associates, LLC ("OSRA") and 51% of behavioral health practice PGC Acquisition, LLC ("PGC"), which ceased operations in March 2025
  - **Other HRHS Subsidiaries:** Redeemer Cancer Care Physicians Network, LLC, a former oncology practice, no longer operates; Redeemer Skilled Nursing Care – Holding Company ("Nursing") was formed to own St. Joseph Manor and The Lafayette, but ownership was never transferred due to organizational issues, according to the Debtors
  - **New Jersey Entities:** five NJ Debtors make up the NJ home care business; only Holy Redeemer Home Care, Inc. ("South") and Holy Redeemer Hospice, Inc. ("Hospice") operate as of the Petition Date
    - Holy Redeemer Visiting Nurse Agency, Inc. sold its assets, including its certificate of need ("CON"), to BAYADA in 2024; Visiting Nurse and Health Services, Inc. has ceased operations
    - VNA Home Care of Mercer County, Inc. ("Mercer") exists only to hold its CON, which it has agreed to sell once a moratorium on such transfers is lifted

Corporate Organizational Structure

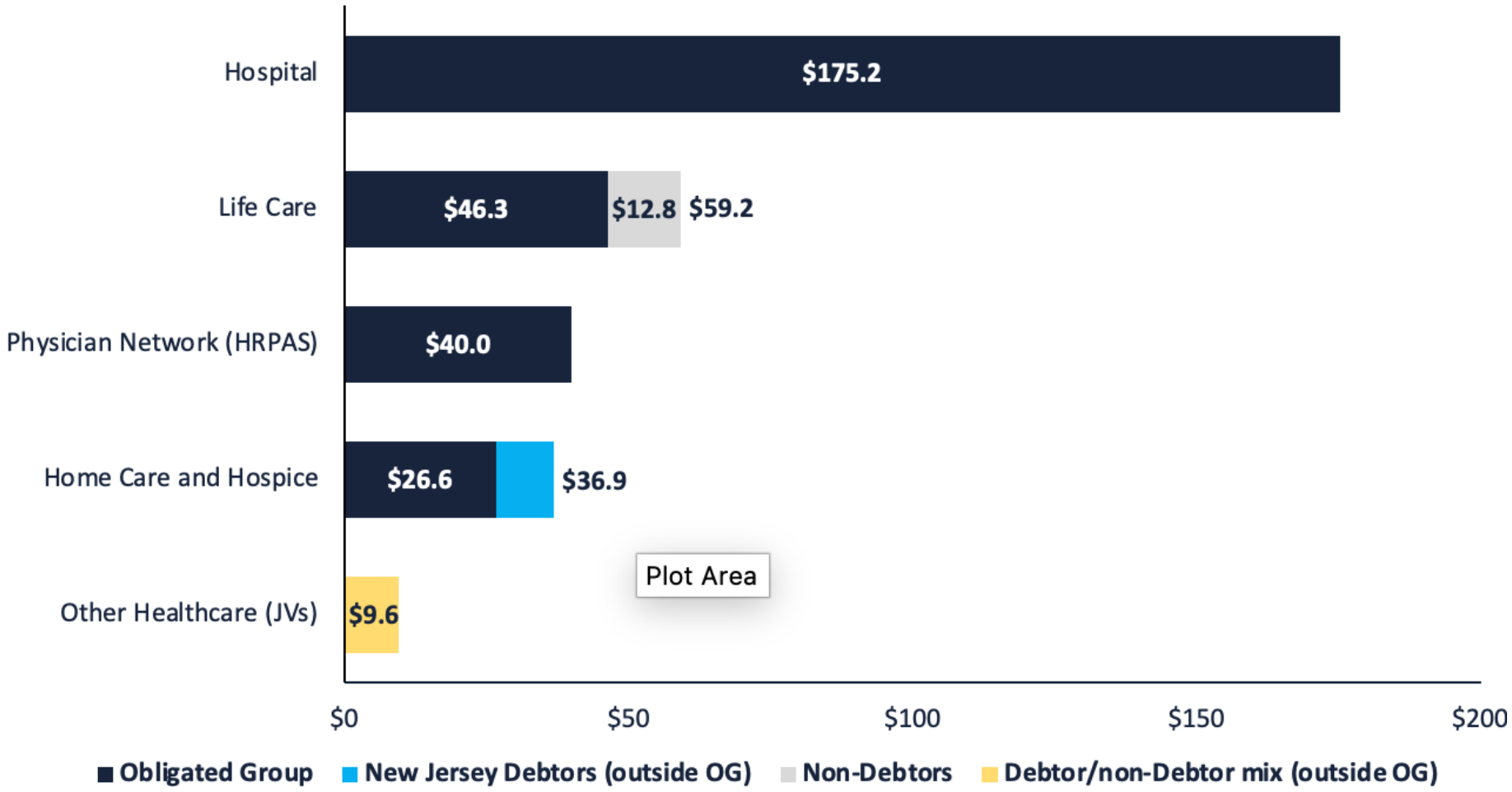


-BONDORO-

Source: Bondoro, Court filings

Redeemer Health Patient Service Revenue by Segment, Ten Months Ended April 30, 2026

($ in millions)



Source: Bondoro, Court filings, Company financials

Operations Overview (cont'd)

Patient Revenue

- In the ten months ended April 30, 2026, Redeemer Health generated $320.8 million of consolidated patient service revenue.
  - $288.1 million (89.8%) was generated at the Obligated Group Debtors, HRHS and HRPAS

The Hospital

- Holy Redeemer Hospital, an HRHS division within the Obligated Group, runs an OB/GYN program that has handled more than 11,000 deliveries since 2021 and a neonatal intensive care program in partnership with Children's Hospital of Philadelphia, and holds academic nursing affiliations with local colleges and universities.
  - In FY2025, the hospital staffed 167 beds and recorded 9,035 discharges and 35,794 emergency room visits, according to its operating reports to bondholders
  - Generated $175.2 million of patient revenue in the ten months ended April 30, 2026
- HRHS also holds an investment in Rothman Ortho Specialty Hospital, LLC, an orthopedic and sports medicine hospital in Bensalem, PA.

Life Care

- Conducted through two senior care campuses, described by the Debtors as HRHS divisions within the Obligated Group:
  - St. Joseph Manor (Meadowbrook): skilled nursing and personal care
  - The Lafayette (Northeast Philadelphia): independent living, personal care and skilled nursing
- In the ten months ended April 30, 2026, the campuses generated $46.3 million of patient revenue – $28.2 million at St. Joseph Manor and $18.2 million at The Lafayette.

Operations Overview (cont'd)

Physician Network

- Physician services are conducted through HRPAS, the other Obligated Group member, which employs and contracts the physicians and other providers staffing the hospital and other facilities.
  - Generated $40.0 million of patient revenue in the ten months ended April 30, 2026

Home Care and Hospice

- Conducted through HRHS's PA Home Health and Hospice division (within the Obligated Group) and two New Jersey Debtors outside it, South and Hospice.
  - PA Home Health and Hospice generated $26.6 million of patient revenue in the ten months ended April 30, 2026
- In New Jersey, after the 2024 sale of most home care operations to BAYADA, the Company continues to operate South and Hospice, along with state-funded "Healthy Families" programs in Union and Cape May Counties supporting new and expectant parents.
  - The New Jersey Debtors generated approximately $10.3 million of patient revenue over the same period
- In total, the home care and hospice segment generated $36.9 million of patient revenue.

Housing (Non-Debtor)

- Through the Redeemer Village entities, non-Debtor subsidiaries of HRH Management, the Company provides low-income rental housing for the elderly and disabled, with rents subsidized under HUD's Section 8 program.
  - Financed under a Pennsylvania Housing Finance Agency ("PHFA") project loan to Redeemer Village Housing, LLC, under which HRH Management has provided liquidity and asset guarantees

Operations Overview (cont'd)

Real Estate

- Real estate around Holy Redeemer Hospital is divided into condominium parcels held by HRHS and by non-Debtor HRH Management, a real estate holding subsidiary of RH.
- **HRHS:**
  - Condominium Unit 1: the hospital parcel; mortgaged to secure the Bond Debt
  - Condominium Lot 4: site of a rehabilitation center and child care center adjacent to the hospital; would be pledged to the Bondholders as additional adequate protection collateral under the proposed cash collateral order
- **HRH Management (non-Debtor):**
  - Condominium Unit 2: site of two medical office buildings adjacent to the hospital (Lot 2 in the proposed cash collateral order)
  - Other properties: professional offices and other facilities in Bucks and Montgomery Counties, PA, held directly and through non-Debtor entities
  - Redeemer Village entities: the low-income housing properties, financed by the PHFA project loan and subject to HRH Management's guarantees

Workforce

- As of the Petition Date, the Debtors employ approximately 2,770 people: approximately 2,310 at HRHS, 370 at HRPAS and 90 at South and Hospice.
  - Approximately 1,575 are full-time and 1,195 part-time; none is represented by a union
  - The Debtors also engage approximately 150 independent contractors and supplement staff with nurses and other temporary workers from staffing agencies

Prepetition Obligations

Debtors' Prepetition Obligations
USD in Millions — *As of November 01, 2026*

Debt Instrument	Agent / Lender	Rate	Maturity	Borrowers	Guarantors / Obligors	Security	Amount Outstanding
Secured Debt:							
Series 2016A Revenue Bonds *($70.9 million)*	Montgomery County Higher Education and Health Authority **(Issuer)**, UMB Bank, N.A. **(Successor Master Trustee)**[1]	3% - 5%[2]	10/1/2027 - 10/1/2040[2]	HRHS, HRPAS (the "Obligated Group")[4]	Not specified	Secured by a mortgage on Condominium Unit 1, the parcel on which Holy Redeemer Hospital operates, and by a lien on certain accounts and gross receipts of the Obligated Group	$ 78.0
Series 2014A Revenue Refunding Bonds *($46.3 million)*		5%[3]	10/1/2027[3]		Not specified		
Pharmaceutical Vendor Purchase-Money Debt	Cencora (f/k/a AmerisourceBergen Drug Corporation) and subsidiaries	Not specified	Not specified	HRHS	Not specified	Purchase-money liens on certain pharmaceutical products supplied to HRHS, including related accounts, proceeds and inventory	0.0 [5]
Equipment Financing Obligations	Various equipment financing companies	Not specified	Not specified	HRHS	Not specified	Liens on certain medical equipment sold to HRHS	TBD
Total Secured Debt							**$ 78.0**
Other Obligations:							
General Unsecured Claims	Various	Not specified	Not specified	The Debtors	Not specified	Unsecured	TBD
Total Other Obligations							**TBD**
Total Debt							**$ 78.0**

1) The Debtors list eight Bondholders — Eaton Vance, First Eagle, FMR (Fidelity), Invesco, Olive Street, State Street, Van Eck, and Vanguard.
2) Per the Series 2016A official statement, the remaining bonds are serial maturities due 2027 (3%) and 2028–2032 (5%) and 5% term bonds of $21.835 million due Oct. 1, 2036 and $26.67 million due Oct. 1, 2040, with mandatory sinking fund redemptions beginning in 2033 and 2037, respectively.
3) Per the Series 2014A official statement, the Series 2014A Bonds' final 5% maturity is $5.78 million due Oct. 1, 2027, following a $5.505 million maturity that came due on Oct. 1, 2026. Court filings state that the Debtors lacked the liquidity to make a bond payment that came due in September 2026. According to Fitch, Bank of New York Mellon, then the trustee, issued a notice of default and subsequent acceleration on Oct. 1, 2026.
4) At April 30, 2026, the Obligated Group's balance sheet carried approximately $15.6 million of trustee-held funds, including debt service reserve funds, which the Master Trustee foreclosed on prior to the Petition Date. Court filings do not state whether the foreclosed trustee-held funds were applied to the missed bond payment.
5) The Debtors estimate approximately $3,700 outstanding to the Pharmaceutical Companies as of October 2026.

Source: Bondoro, Court filings

Top Unsecured Claims

30 Largest Unsecured Creditors

USD in Thousands *As of November 01, 2026*

	Creditor	Nature of Claims	Amount of Claim		Creditor	Nature of Claims	Amount of Claim
1	Rothman Orthopaedic Specialty	TRADE PAYABLES	$ 1,210.0	16	Elekta Inc	TRADE PAYABLES	262.5
2	Cooper Health System	TRADE PAYABLES	1,205.0	17	Middle States Medical Management PC	TRADE PAYABLES	260.7
3	BP Energy Retail Company LLC	TRADE PAYABLES	1,145.1	18	Intuitive Surgical Inc.	TRADE PAYABLES	251.3
4	Cardinal Health 110 LLC	TRADE PAYABLES	1,065.7	19	Carepayment Technologies Inc	TRADE PAYABLES	246.3
5	Medline Industries	TRADE PAYABLES	743.3	20	Flagship Medical Inc.	TRADE PAYABLES	230.4
6	Oracle America Inc	TRADE PAYABLES	563.4	21	American Patriot Ambulance Inc	TRADE PAYABLES	227.0
7	Radiology Affiliates of Central NJ PC	TRADE PAYABLES	535.6	22	General Healthcare Resources, Inc	TRADE PAYABLES	217.7
8	Meditech	TRADE PAYABLES	524.1	23	Advanced Micro Computer Specialists Inc.	TRADE PAYABLES	210.2
9	Athenahealth Inc	TRADE PAYABLES	512.3	24	Cliftonlarsonallen LLP	TRADE PAYABLES	209.3
10	Tulea Health Inc	TRADE PAYABLES	450.0	25	Cisco Systems Capital Corporation	TRADE PAYABLES	197.1
11	CSI Leasing Inc	TRADE PAYABLES	401.2	26	Verizon Business	TRADE PAYABLES	195.5
12	Advantage Care Rehabilitation LLC	TRADE PAYABLES	348.3	27	Tegria Service Group-US, Inc	TRADE PAYABLES	193.2
13	HNL Lab Medicine	TRADE PAYABLES	340.6	28	Wellness Pharmacy Services	TRADE PAYABLES	188.0
14	Image First Healthcare Laundry Specialists	TRADE PAYABLES	330.0	29	AMO Sales and Service Inc	TRADE PAYABLES	178.3
15	CHG Companies Inc	TRADE PAYABLES	300.8	30	Realytics Corporation	TRADE PAYABLES	171.0
						30 Largest Unsecured Claims	**$ 12,913.9**

Source: Bondoro, Court filings

Events Leading to Bankruptcy

Overview of Distress

- The Company attributes its distress to rising labor and supply costs, reimbursement challenges, changing utilization and increased competition.
  - Despite operating leanly, cutting administrative positions and transferring viable programs to other operators, it has struggled for several years to meet expenses and service its debt
  - Before the filing, the Company held discussions with other Philadelphia-area health systems but reached no agreement, the Philadelphia Business Journal reported

Hospital and HRPAS Financial Deterioration

- According to the Debtors, the hospital and its physician network have lost between $31.6 million and $48.9 million a year over the past five years, with unaudited FY2026 producing the largest losses at both HRHS and HRPAS; RH's other services can no longer offset the losses.
- In the ten months ended April 30, 2026, the hospital's operating loss widened to $18.6 million, $5.6 million more than a year earlier.
  - On a consolidated basis, the Company lost $34.6 million against a budgeted loss of $17.1 million, a $17.5 million shortfall
  - The hospital alone came in $19.9 million below its budgeted $1.3 million operating gain, more than the entire consolidated shortfall, driven primarily by a $21.1 million revenue miss
- Over the same period, HRPAS lost $19.4 million, led by women's health (~36%, $6.9 million) and hospital-based physicians (~27%, $5.3 million).
  - HRPAS's loss widened $6.2 million year over year, driven mainly by hospital-based physicians (loss up $3.2 million) and primary care, which swung from a $1.4 million gain to a $1.8 million loss

Hospital and HRPAS Financial Deterioration (cont'd)

Hospital & HRPAS Operating Gain/(Losses) - Ten Months Ended April 30, 2026		
($ in thousands)	YTD Actual FY26	YTD Actual FY25
Hospital	**$ (18,630)**	**$ (13,057)**
Hospital Based Physicians	(5,289.0)	(2,105.0)
Oncology	(90.0)	(2,067.0)
Primary Care	(1,762.0)	1,412.0
Womens Health	(6,934.0)	(7,151.0)
Imaging	(2,991.0)	(2,559.0)
Ortho	(1,446.0)	(241.0)
Other	(811.0)	(395.0)
Administration	(30.0)	(1.0)
HRPAS Total	**$ (19,353)**	**$ (13,107)**

Competitive Landscape

- According to the Debtors, the hospital's market has declined over the past several years, and because of its scale, it cannot compete effectively with larger hospital systems in the area.
  - The Inquirer pointed to stiff competition from Jefferson Health's nearby Abington hospital, which generated $774 million of net patient revenue in FY2025, approximately 3.4x Holy Redeemer's, according to the Pennsylvania Health Care Cost Containment Council ("PHC4")
- Holy Redeemer's discharges fell approximately 4%, from 8,656 in FY2020 to 8,272 in FY2025, per Medicare cost reports.
  - Over the same period, Abington's discharges rose approximately 23%, from 28,794 to 35,357, and Pennsylvania general acute care hospital discharges grew approximately 3.9% in each of FY2024 and FY2025, per PHC4
- The hospital's FY2025 operating margin of −6.78% was well below the −2.05% average for PHC4's Region 8 (20 suburban Philadelphia hospitals), fifth-lowest in the region.
  - Its FY2023–FY2025 three-year average total margin was −6.37%, versus a regional average of −2.53% and 1.58% at Jefferson Abington

Ratings Downgrades and the Turnaround Plan

- Holy Redeemer's credit ratings fell as its losses mounted:
  - **S&P:** lowered to BB from BB+ in August 2023, then to B+ in July 2024, citing multiyear operating losses well above budget and an expected miss of the Obligated Group's 1.1x debt service coverage covenant for FY2024
  - **Fitch:** downgraded to BB− from BB+ in June 2024 and to B+ in June 2025 with a negative rating watch, removed in November 2025 after the Company avoided a second consecutive covenant breach
  - **Moody's:** cut to B1 from Ba2 in October 2024, citing ongoing operating cash flow losses, declining cash and a likely FY2024 coverage covenant breach
- In January 2025, the Company adopted a $46 million multiyear plan targeting recurring savings of approximately $13.2 million in FY2025 and $31.0 million in FY2026.
  - Levers: emergency department throughput, revenue cycle improvements, vendor renegotiations and sales of non-core assets
- The improvement leaned on one-time gains: the FY2025 operating loss narrowed to $16.7 million from $53.2 million, partly due to the $23 million sale of two New Jersey home care businesses and the $3.55 million sale of three office buildings.
  - Moody's moved its outlook to stable in December 2025 and affirmed B1, but its projected ~2% FY2026 operating cash flow margin rested partly on approximately $15 million of one-time asset sales

Liquidity Erosion and Delayed Vendor Payments

- The Obligated Group's unrestricted cash and investments fell from $195.4 million at June 30, 2020 to $63.2 million at June 30, 2024, per its operating reports to bondholders.
  - The balance held at $71.1 million at June 30, 2025 and $71.5 million at April 30, 2026, partially due to deferred payments and collections from affiliates
  - Over the ten months ended April 30, 2026, the Obligated Group generated $8.8 million of cash flow from operating and nonoperating activities, supported by a $9.1 million reduction in amounts due from affiliates and growth of $8.8 million in accounts payable and $7.2 million in accrued expenses

Obligated Group Liquidity vs. Debt Outstanding								
($ in thousands)	06/30/2020	06/30/2021	06/30/2022	06/30/2023	06/30/2024	06/30/2025	03/31/2026	04/30/2026
Total Unrestricted Cash and Investments	195,443	194,155	135,324	99,443	63,174	71,111	75,196	71,487
Total Debt Outstanding[(1)]	124,137	118,680	111,773	105,106	98,589	91,425	85,747	85,700
Liquid Assets to Debt	1.57x	1.64x	1.21x	0.95x	0.64x	0.78x	0.88x	0.83x

(1) Current portion of long-term debt plus long-term debt, net of current portion, plus capital lease obligations, less deferred financing costs.

- Consolidated unrestricted cash and investments rose from $117.0 million at the start of FY2026 to $124.4 million in December before easing to $119.1 million at April 30, masking weaker underlying cash generation.
  - Consolidated cash flow from operating and nonoperating activities totaled $14.5 million for the ten months, but $24.1 million came from a rise in self-insurance and patient care liabilities; excluding it, cash flow would have been approximately negative $9.6 million
- Liquidity constraints forced the Debtors to delay vendor payments between June 30, 2025 and April 30, 2026:
  - Consolidated accounts payable rose approximately 50%, from $12.2 million to $18.3 million
  - The Obligated Group's accounts payable roughly doubled, from $8.6 million to $17.4 million

Default and Acceleration

- Due to insufficient liquidity, the Debtors failed to make the bond payment due September 1, and an October 1 payment also went unpaid; the default was disclosed to bondholders in early October.
  - The Philadelphia Business Journal reported that Bank of New York Mellon, as trustee, was accelerating all outstanding obligations
  - On October 9, Moody's cut the rating to Caa3 from B1, citing the missed payments and acceleration
- Later that month, the Bondholders replaced Bank of New York Mellon with UMB Bank, N.A. as Master Trustee, and trustee-held funds, including debt service reserve funds, were foreclosed on before the Petition Date.

Chapter 11 Filing

Overview

- The Debtors intend to seek a going-concern sale of the hospital and physician network, with a wind-down plan if none is possible, and to preserve the post-acute and life care operations, many of which are conducted through non-Debtor entities.

Cash Collateral

- The cases will be funded with cash collateral, together with the Debtors' board-designated endowment and operating revenues; according to the Debtors, without cash collateral the Obligated Group Debtors would face imminent shutdown and liquidation.
- Two groups of secured creditors hold interests in the cash collateral:
  - **Bondholders:** through the Master Trustee, hold a lien on the Obligated Group's accounts and gross receipts and a mortgage on Condominium Unit 1, securing approximately $77 million
  - **Pharmaceutical Companies:** Cencora and its subsidiaries ASD Specialty Healthcare, LLC and Integrated Commercialization Solutions, LLC hold purchase money liens on pharmaceutical products supplied to HRHS and related accounts, proceeds and inventory
  - The proposed orders rank the Pharmaceutical Companies ahead of the Bondholders only on the pharmaceutical collateral; the Bondholders' lien covers the rest of the Obligated Group's cash and receivables
- The Master Trustee has not consented to the use of cash collateral except on the terms of the proposed interim bond order, which would provide:
  - **Rollover Lien and Superpriority Claim:** a replacement lien on existing and future bond collateral, junior only to valid senior liens (including the Pharmaceutical Companies'), plus a section 507(b) superpriority claim ahead of all other claims against the Obligated Group Debtors except those of the Pharmaceutical Companies and other first-priority lienholders, pari passu with administrative expenses

Cash Collateral (cont'd)

- **Supplemental Lien:** a new lien on HRHS's Condominium Lot 4 and, if HRH Management's Lot 2 is sold together with Obligated Group assets, the net sale proceeds, to the extent permitted by HRH Management's liquidity guarantee to The Royal Bank of Canada and related loan documents; ranks behind prior liens and excludes avoidance actions other than section 542 claims
- **Sale Milestones:** within 14 days of the Petition Date, file an investment banker retention application and a bid procedures motion reasonably acceptable to the Master Trustee; milestones may be extended or waived in its sole discretion, and a miss is a Termination Event on five business days' notice
- **Sale Proceeds and Credit Bid:** net proceeds from any sale of bond collateral paid to the Master Trustee at closing; the Master Trustee has the right to credit bid
- **Budget Variance:** weekly testing on a rolling four-week basis; the proposed interim bond order allows a 15% aggregate unfavorable variance on operating disbursements, while the motion, the Pharmaceutical Companies' order and the proposed final order provide for 10%
- **Charitable Assets:** any disposition of bond collateral constituting charitable assets requires notice to, and consent of, the Attorneys General of Pennsylvania, the City of Philadelphia and/or New Jersey, as applicable
- **November 3 Objection:** the Master Trustee says the proposed adequate protection is insufficient, though it does not oppose interim use of its cash collateral at this stage if adequate protection is provided

- A separate interim order would grant the Pharmaceutical Companies replacement liens on their HRHS collateral, junior only to U.S. Trustee and clerk fees.
- Redeemer Health, which is not in the Obligated Group, received a bequest of approximately $10 million before the Petition Date.
  - According to the Debtors, the bequest is not bond collateral and will fund operations and professional fees under the Budget; the Master Trustee disputes that position

Initial Budget

- The Obligated Group Debtors' 13-week budget projects available cash of approximately $14.1 million at the end of January.
  - The balance depends on a $17.2 million release of board-designated funds in week four and approximately $3.6 million of intercompany funding from the bequest
  - Without the release, ending cash would be approximately negative $3 million, and without both sources, approximately negative $6.6 million

Investment Banker Retention

- The Debtors retained SSG Capital Advisors as investment banker several months before the Petition Date to facilitate the sale process.
  - SSG previously advised Philadelphia's St. Christopher's Hospital for Children on its 2019 Chapter 11 sale, where the hospital's doctors had repeatedly called for a nonprofit operator
  - St. Christopher's cancelled its auction to negotiate with a Tower Health and Drexel University venture, which bought the hospital for $50 million over a competing bid from for-profit KPC Global, returning it to nonprofit ownership

Marketing Process and Potential Buyers

- According to the Debtors, four major healthcare systems, three local and one national, have signed NDAs and are conducting diligence; certain non-Obligated Group assets, including Mercer's CON, have been marketed for more than a year.
- The Inquirer sought comment from Jefferson Health, Penn Medicine, Temple University Health System and Trinity Health; Penn Medicine and Jefferson declined to comment and Temple and Trinity did not immediately respond.
  - Three are Philadelphia-based and one, Trinity Health, is national, matching the Debtors' description, although none has confirmed its involvement

Marketing Process and Potential Buyers (cont'd)

- Each potential buyer already has a presence near Holy Redeemer or a relationship with the Company:
  - **Jefferson Health:** Holy Redeemer's closest competitor; owns Jefferson Abington Hospital, a few miles away, and Jefferson Einstein Montgomery, both in Montgomery County; its parent owns Rothman Ortho Specialty Hospital in Bensalem, in which HRHS holds an investment
  - **University of Pennsylvania Health System (Penn Medicine):** expanding into Holy Redeemer's suburban region; acquired Chester County Hospital in 2013 and Doylestown Health in Bucks County in April 2025, both within PHC4's Region 8
  - **Temple University Health System:** majority owner and manager of Chestnut Hill Hospital, in which Redeemer held a minority stake until 2025, and obligor on the $6.2 million note Redeemer received for that stake
  - **Trinity Health:** a national Catholic health system based in Livonia, MI, operating Mercy Fitzgerald, Nazareth and St. Mary Medical Center in Langhorne through Trinity Health Mid-Atlantic, which describes itself as the largest Catholic health system serving Greater Philadelphia; the only national system among the four and shares Holy Redeemer's religious affiliation

Regulatory Approvals

- A sale or closure of the hospital will require approvals beyond the bankruptcy court:
  - **Department of Health:** a hospital must give the Pennsylvania Department of Health 90 days' written notice before closing and before a change of ownership, and its license transfers only if the Department finds the new owners to be responsible persons
    - When Hahnemann University Hospital announced its closure in 2019, the Department ordered it to halt until it filed proper notice and a closure plan

Regulatory Approvals (cont'd)

- **Canon Law:** as a Catholic ministry, the Company may need the Holy See's permission, required for sales of church property above set thresholds, which in the U.S. begin at $3.5 million for entities subject to a diocesan bishop
  - Approval can take months: Mercy Health System of Maine received Vatican approval approximately six months after signing a letter of intent
  - It can also shape the outcome: in 2012, the Vatican declined to approve a Mercy hospital sale in Arkansas to a for-profit buyer; after the deal also failed to win FTC support, Mercy sold the hospital to St. Vincent Health System, an affiliate of Catholic Health Initiatives, in 2014

First-Day Relief

- **Wages Motion (Doc. 8):** seeks to pay approximately $16.6 million of prepetition obligations for ~2,770 employees and ~150 independent contractors.
  - Includes ~$8.4 million of wages and selected incentives, $1.5 million owed to independent contractors, $4.6 million of medical, dental and vision benefits, $1 million of workers' compensation and $650,000 of payroll taxes
- **Cash Management Motion (Doc. 10):** seeks to continue the cash management system, including 42 bank accounts and a central HRHS concentration account at Wells Fargo through which substantially all Debtor and non-Debtor payroll and expenses are paid, along with ordinary-course intercompany transfers within any approved budget.
  - Also seeks to pay ~$15,000 of prepetition bank fees and ~$70,000 outstanding on a corporate credit card program
- **Utilities Motion (Doc. 11):** proposes an adequate assurance deposit of ~$305,500, roughly half of average monthly utility expense, into a segregated account within 20 days of the Petition Date.

First-Day Relief (cont'd)

- **Insurance Motion (Doc. 12):** seeks to continue the insurance program (~$14.6 million of annual premiums, including ~$12.8 million for healthcare comprehensive and excess liability coverage) and pay related prepetition obligations.
  - Also seeks to honor a First Insurance Funding premium financing agreement covering ~$532,000 of annual premiums on nine policies and to maintain 12 surety bonds totaling ~$10 million
- **KERP Motion (Doc. 22):** seeks approval of a key employee retention plan of approximately $708,000 for 29 non-insider employees in three tiers:
  - **Tier 1** – seven employees leading emergency and surgical services, pharmacy, patient safety, health information management, human resources and IT: 20% of base salary (~$245,000)
  - **Tier 2** – 20 employees overseeing clinical service lines and corporate support functions, including cancer care, imaging, finance, long-term care and home care: 15% (~$452,000)
  - **Tier 3** – two administrative employees in provider credentialing and hospital administrative support: 10% (~$12,000)
  - Payments due within 30 days after the earlier of a plan's effective date or 12 months after the Petition Date; participants who leave before then forfeit unless terminated without cause, or they die or become disabled
  - The Debtors also seek administrative expense priority for all KERP payments

Initial Budget

DRAFT Redeemer 13-Week DIP Forecast
Obligated Group Debtors
$ in 000s

#	Week Number / Week Ended	1 11/6	2 11/13	3 11/20	4 11/27	5 12/4	6 12/11	7 12/18	8 12/25	9 1/1	10 1/8	11 1/15	12 1/22	13 1/29	Total Post
1.	Receipts - Obligated Group Debtors														
2.	Operating Receipts	$ 6,827	$ 6,827	$ 6,827	$ 6,827	$ 6,281	$ 6,144	$ 6,144	$ 6,008	$ 6,008	$ 6,008	$ 6,008	$ 6,008	$ 6,008	$ 81,922
3.	ASC Reimbursement	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.	MA Modernization Receipts	3,349	-	-	-	-	-	-	-	-	-	-	-	-	3,349
5.	Other Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.	**Total, Receipts - Obligated Group Debtors**	**$ 10,176**	**$ 6,827**	**$ 6,827**	**$ 6,827**	**$ 6,281**	**$ 6,144**	**$ 6,144**	**$ 6,008**	**$ 6,008**	**$ 6,008**	**$ 6,008**	**$ 6,008**	**$ 6,008**	**$ 85,272**
7.	Operating Disbursements - Obligated Group Debtors														
8.	Payroll, Benefits, & Employee Insurance	$ (6,300)	$ (3,825)	$ (5,690)	$ (3,075)	$ (5,690)	$ (3,075)	$ (5,690)	$ (3,075)	$ (5,690)	$ (3,075)	$ (5,690)	$ (3,075)	$ (5,690)	$ (59,639)
9.	Corporate Insurance Payments	-	(2,281)	(94)	(566)	(44)	-	(94)	(566)	(44)	-	(94)	-	(2,237)	(6,018)
10.	Pharmaceuticals and Medical Supplies	-	(3,366)	(1,338)	(1,338)	(1,269)	(1,269)	(1,269)	(1,269)	(1,269)	(1,269)	(1,269)	(1,269)	(1,269)	(17,460)
11.	Other Operating Disbursements	-	(3,560)	(2,530)	(1,780)	(1,785)	(1,785)	(1,785)	(1,785)	(1,785)	(1,785)	(1,785)	(1,785)	(1,785)	(23,937)
12.	MA Modernization Payments	-	-	-	-	(1,348)	-	-	-	-	-	(1,348)	-	-	(2,695)
13.	Capital Expenditures	-	(60)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(390)
14.	**Total, Operating Disbursements - Obligated Group Debtors**	**$ (6,300)**	**$ (13,091)**	**$ (9,682)**	**$ (6,788)**	**$ (10,166)**	**$ (6,159)**	**$ (8,868)**	**$ (6,724)**	**$ (8,818)**	**$ (6,159)**	**$ (10,216)**	**$ (6,159)**	**$ (11,011)**	**$ (110,140)**
15.	Restructuring Items - Obligated Group Debtors														
16.	Debtor Professional Fees	$ -	$ (731)	$ (559)	$ (167)	$ (235)	$ (396)	$ (167)	$ (167)	$ (167)	$ (488)	$ (167)	$ (167)	$ (167)	$ (3,575)
17.	UCC Professional Fees	-	-	(88)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(587)
18.	Utility Adequate Assurance	-	-	(295)	-	-	-	-	-	-	-	-	-	-	(295)
19.	U.S. Trustee Fees	-	-	-	-	-	-	-	-	-	-	-	-	(360)	(360)
20.	KEIP / KERP	-	-	-	-	-	-	-	-	-	-	-	-	(689)	(689)
21.	Intercompany Transfers (with Non-Obligated)	-	-	-	21	-	-	-	21	-	-	-	21	-	64
22.	**Total, Restructuring Items - Obligated Group Debtors**	**$ -**	**$ (731)**	**$ (942)**	**$ (195)**	**$ (285)**	**$ (446)**	**$ (217)**	**$ (195)**	**$ (217)**	**$ (538)**	**$ (217)**	**$ (195)**	**$ (1,265)**	**$ (5,443)**
23.	Cash Roll-Forward - Obligated Group Debtors														
24.	Beginning Cash	$ 24,123	$ 31,499	$ 25,235	$ 21,996	$ 39,169	$ 35,234	$ 35,169	$ 32,395	$ 31,650	$ 28,790	$ 28,589	$ 24,331	$ 24,151	$ 24,123
25.	(+/-) Weekly Net Cash Flow	3,876	(6,996)	(3,797)	(156)	(4,170)	(460)	(2,941)	(912)	(3,027)	(689)	(4,425)	(346)	(6,269)	(30,311)
26.	*(+) Intercompany Funding from Bequest*	-	731	559	167	235	396	167	167	167	488	167	167	167	3,575
27.	*(+) Release of Board-Designated Funds*	-	-	-	17,162	-	-	-	-	-	-	-	-	-	17,162
28.	*(+) Outstanding Checks Voided at Petition*	3,500	-	-	-	-	-	-	-	-	-	-	-	-	*3,500*
29.	*(-) Cash Not Available for Use*	(3,314)	(3,314)	(3,314)	(3,511)	(3,511)	(3,511)	(3,511)	(3,709)	(3,709)	(3,709)	(3,709)	(3,906)	(3,906)	(3,906)
30.	**Ending Available Cash - Obligated Group Debtors**	**$ 28,185**	**$ 21,921**	**$ 18,682**	**$ 35,657**	**$ 31,722**	**$ 31,658**	**$ 28,884**	**$ 27,941**	**$ 25,081**	**$ 24,880**	**$ 20,622**	**$ 20,245**	**$ 14,143**	**$ 14,143**

Notes:
Beginning cash is reported net of outstanding checks.

Source: Court Filings