

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re:

Chapter 11

SOUND SHORE MEDICAL CENTER
OF WESTCHESTER, et al.

Case No. 13-22840(RDD)

Debtor.

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**INTERIM ORDER PURSUANT TO SECTIONS 363(b) AND 105(a) OF THE
BANKRUPTCY CODE (I) AUTHORIZING PAYMENT OF CERTAIN
PREPETITION WAGES, EMPLOYEE BENEFITS AND EXPENSE
REIMBURSEMENT AND (II) AUTHORIZING AND DIRECTING
BANKS TO HONOR CHECKS WITH RESPECT THERETO**

Upon consideration of the motion, dated May 29, 2013 (the “**Motion**”),¹ of Sound Shore Medical Center of Westchester (“**SSMC**”) and certain of its debtor affiliates, as Chapter 11 debtors and debtors in possession (each a “**Debtor**” and collectively, the “**Debtors**”)² in these chapter 11 cases (the “**Chapter 11 Cases**”), seeking entry of an order, pursuant to sections 363(b) and 105(a), title 11, the United States Code (as amended, the “**Bankruptcy Code**”), authorizing (i) payment of all unpaid prepetition wages and salaries, (ii) payment of funds deducted from payroll, including without limitation, payroll related trust taxes, tax deposits, third party providers and processing fees, (iii) use of accrued PTO, (iv) reimbursement of employee expenses, (v) payment of employee benefits, and (vi) banks to honor any employee wage, salary and benefit checks with respect thereto, all as described more fully in the Motion; and the Court having subject matter jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157(a) and 1334(b) and the Standing Order of Referral of Cases to

¹Capitalized terms not defined herein shall have the meaning ascribed to them in the Motion.

² The debtors in these chapter 11 cases, along with the last four digits of each debtor’s federal tax identification number include: Sound Shore Health System, Inc. (1398), Sound Shore Medical Center of Westchester (0117), The Mount Vernon Hospital, Inc. (0115), Howe Avenue Nursing Home d/b/a Helen and Michael Schaffer Extended Care Center (0781), NRHMC Services Corporation (9137), The M.V.H. Corporation (1514) and New Rochelle Sound Shore Housing, LLC (). There are certain additional affiliates of the Debtors who are not debtors in these Chapter 11 Cases and have not sought relief under Chapter 11.

Bankruptcy Court Judges of the District Court for the Southern District of New York, dated July 19, 1984 (Ward, Acting C.J.); and the Motion being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and appropriate notice of the interim relief requested in the Motion having been provided under the circumstances of this case, and it appearing that no other or further notice of the Motion need be provided except as set forth herein; and upon the affidavit of John Spicer in Support Pursuant to Local Rule 1007-2 and in Support of First Day Motions, dated as of the Petition Date; and upon the record of the hearing on the Motion held by the Court on May 31, 2013; and there being no objections to the requested interim relief; and the Court having determined that the relief sought in the Motion is necessary to prevent immediate and irreparable harm to the Debtors' estates and is in the best interests of the Debtors, their estates and all parties in interest and will provide a net benefit to the Debtors after taking into account the priority scheme of the Bankruptcy Code; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED ON AN INTERIM BASIS THAT:

1. The Motion is granted on an interim basis to the extent provided herein.
2. The Debtors are authorized, but not directed, to pay all unpaid Prepetition Wages and related Withholdings, subject to the maximum permitted aggregate amounts in sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code.
3. The Debtors are authorized, but not directed, to continue the programs and policies as relate to PTO on a postpetition basis and to alter, modify, or discontinue such programs and policies as they deem necessary or appropriate in the ordinary course of business, without further notice to or order of the Court; provided, however, that nothing herein modifies

the Debtors' obligations under section 1113 of the Bankruptcy Code. Notwithstanding the foregoing, the Debtors are authorized, but not directed, to (a) to continue to honor programs and policies as relate to PTO in the ordinary course of the Debtors' during any Employee's continued postpetition employment by the Debtors, and (b) to continue to allow Employees to use their accrued prepetition and postpetition PTO Leave in the ordinary course of the Debtors' postpetition business operations during the applicable Employee's continued postpetition employment by the Debtors, provided that: (i) each Employee will be required to use any accrued postpetition time first and, thereafter, any accrued prepetition time would be applied, (ii) the Debtors are not authorized to cash out or otherwise pay any employee for unused PTO upon separation from the Debtors or otherwise, and (iii) all requests for PTO Leave must be coordinated and approved by such Employee's Supervisor(s), consistent with past practices, so as not to disrupt the Debtors' business operations. Notwithstanding the foregoing, to the extent that relief is granted in the Order authorizing the payment of any amount that is otherwise required by applicable nonbankruptcy law to be paid (*i.e.*, the payment of a trust fund tax), the Debtors shall comply with applicable nonbankruptcy law in the exercise of their discretion.

4. The Debtors are authorized, but not directed, to reimburse employees for Expenses incurred in the ordinary course of business. Any ordinary course Expense reimbursements shall not be considered payments to the Employee within Bankruptcy Code section 507(a)(4).

5. The Debtors are authorized, but not directed, to continue to allocate and distribute the Withholdings in accordance with their existing policies and prepetition practices or as required by applicable federal, state and local law, without regard to whether such amounts arose before or after the Petition Date.

6. To the extent that checks are issued to Employees or other entities in connection with the Prepetition Employee Obligations (including, but not limited to, prepetition Wages), the Banks upon which any checks are drawn in payment thereof, either before, on, or after the Petition Date are hereby authorized to honor such checks upon presentation.

7. All applicable Banks are authorized and directed, when requested by the Debtors, to receive, process, honor, and pay any and all checks drawn on the Debtors' accounts, payable under the terms of this Order, whether presented prior to or after the Petition Date. Such banks and financial institutions are authorized and directed to rely on the representations of the Debtors as to which checks are issued or authorized to be paid pursuant to this Order.

8. The Debtors are authorized, but not directed, to reissue any check, electronic payment, or other transfer that was drawn in payment of any claims arising from, or related to, the Prepetition Employee Obligations that are not cleared by a depository.

9. Any payment or transfer made or service rendered by the Debtors pursuant to this Order is not, and shall not be deemed, an admission as to the validity of the underlying obligation, a waiver of any rights the Debtors may have to dispute such obligation, or an approval or assumption of any agreement, contract, or lease under section 365 or 1113 of the Bankruptcy Code.

10. The Debtors are authorized, but not directed, to take all actions necessary to implement the relief granted in this Order.

11. Notwithstanding anything in this Order to the contrary, the payment of any claims pursuant to this Order and other honoring of the Prepetition Employee Obligations shall

neither (a) make such obligations administrative expenses of the estates entitled to priority status under sections 503 and 507 of the Bankruptcy Code nor (b) constitute approval by this Court of any employee plan or program, including, without limitation any incentive plans, under any section of the Bankruptcy Code, including section 503(c) thereof.

12. Nothing contained in this Order shall be deemed to be an assumption or adoption of any policy, procedure, or executory contract that may be described or referenced herein or in the Motion. The Debtors retain the discretion to not make the payments contemplated by this Order or the Motion for particular Employees and nothing in this Order will, in and of itself, constitute a promise or guarantee of any payment to any Employee.

13. The stay set forth in Bankruptcy Rule 6004(h) is waived.

Dated: May 31, 2013
White Plains, New York

/s/Robert D. Drain
HON. ROBERT D. DRAIN
UNITED STATES BANKRUPTCY JUDGE