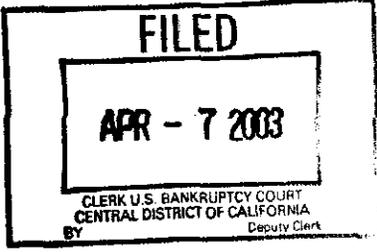


Attorney or Party Name, Address, Telephone & Fax Numbers, and California State Bar Number Marc J. Winthrop – State Bar No. 63218 Richard H. Golubow – State Bar No. 160434 Garrick . Hollander – State Bar No. 166316 <b>WINTHROP COUCHOT PROFESSIONAL CORPORATION</b> 660 Newport Center Drive, Fourth Floor Newport Beach, CA 92660 Phone: (949) 720-4100 Facsimile: (949) 720-4111	FOR COURT USE ONLY  
<b>UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA</b>	<b>CASE NO.: SA 02-17191 JB</b> Jointly Administered With Case Nos. SA 02-17194 JB through SA 02-17197 JB
In re: <b>HEALTH RESOURCES GROUP, INC., a California corporation, and its Related Entities,</b>  <div style="text-align: right;">Debtor(s).</div>	

**NOTICE OF SALE OF ESTATE PROPERTY**

<b>Sale Date: April 25, 2003</b>	<b>Time: 10:00 a.m.</b>
<b>Location: Law Offices of Winthrop Couchot PC, 660 Newport Center Drive, 4<sup>th</sup> Floor, Newport Beach, CA</b>	

Type of Sale:     Public             Private            Last date to file objections: **April 15, 2003**

Description of Property to be Sold: **(1) Substantially All of the Assets Free and Clear of Liens, Claims, And Interests Pursuant to 11 U.S.C. Section 363(f) of RSG of West Memphis, LLC; and (2) Substantially All of the Assets Free and Clear of Liens, Claims, And Interests Pursuant to 11 U.S.C. Section 363(f) of RSG of Calexico, LLC and RSG of El Centro, LLC. See summary attached hereto or refer to the Motion being filed concurrently herewith for further details.**

Terms and Conditions of Sale: **See summary attached hereto or refer to the Motion being filed concurrently herewith for further details.**

Proposed Sale Price: **RSG of West Memphis, LLC - \$550,000 cash and waiver of claims**  
**RSG of Calexico, LLC and RSG of El Centro, LLC - \$1,300,000 cash and waiver of claims**

Overbid Procedure (If Any): **See summary attached hereto or refer to the Motion being filed concurrently herewith for further details.**

If property is to be sold free and clear of liens or other interests, list date, time and location of hearing: April 29, 2003 @2:30 p.m., Courtroom 6D, 411 West Fourth Street, Santa, Ana, CA 92701.

Contract Person for Potential Bidders (include name, address, telephone, fax and/or e-mail address):

Richard H. Golubow  
Winthrop Couchot Professional Corporation  
660 Newport Center Drive, 4<sup>th</sup> Floor  
Newport Beach, CA 92660  
Tel. No. (949) 720-4100 or Facsimile No. (949) 720-4111

Date: April 4, 2003

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## Description of Property to be Sold and Terms and Conditions of Sale:

### RSG of West Memphis, LLC:

**Purchase Price.** The purchase price for the sale of the assets of West Memphis includes \$550,000 in cash (“West Memphis Purchase Price”). The West Memphis Purchase Price is payable at the Closing (as defined in the West Memphis Purchase Agreement). The West Memphis Buyer shall deliver to West Memphis by wire transfer in immediately available funds to an account designated by West Memphis on the Closing, the West Memphis Purchase Price. In connection with, and as additional consideration for the sale and purchase of the assets, the Buyer Affiliates, West Memphis, the West Memphis Members, HRG and St. Louis have entered into a Mutual Release (“West Memphis Mutual Release”) whereby all parties thereto have released claims against one another and the Buyer Affiliates have released claims against HRG’s non-debtor subsidiaries.

**Excluded Assets.** The assets shall not include any of the following assets, rights and properties of West Memphis: All cash and cash equivalents at the Closing date; all accounts receivable; the rights and obligations arising under all contracts; any balances due to or from West Memphis or member of West Memphis; all income tax refunds and tax deposits; company minute books and tax returns of West Memphis; insurance policies of West Memphis; all permits; unbilled costs and fees and any contract rights arising therefrom; and all proprietary interest in the trade names “Renal Services Group” and “RSG.”

**Liabilities Not Assumed.** The West Memphis Buyer shall not assume, shall not take subject to and shall not be liable for any liabilities prior to the close of escrow of any kind or nature.

**Purchase Price Allocation.** The parties shall allocate the West Memphis Purchase Price among the Assets and the Seller and Khan’s covenants as follows: \$150,000 of the West Memphis Purchase Price shall be allocated and paid by the Buyer directly to Khan in exchange for his covenants not to compete, not to disclose the Seller’s intellectual property and not to solicit employees set forth in Sections 6.2, 6.3 and 6.4 of the West Memphis Purchase Agreement; the Equipment<sup>1</sup> shall be valued at net book value; Inventory shall be valued at cost; 10% of the West Memphis Purchase Price shall be allocated among the remaining covenants not to compete; and the remainder of the West Memphis Purchase Price shall be allocated to good will.

### RSG of Calexico, LLC and RSG of El Centro, LLC:

**Purchase Price.** The purchase price for the sale of the assets of Calexico and El Centro includes \$1,300,000 in cash (“Calexico/El Centro Purchase Price”). The Calexico/El Centro Purchase Price is payable at the Closing. The Calexico/El Centro Buyer shall deliver to Calexico and El Centro by wire transfer in immediately available funds to an account designated by Calexico and El Centro on the Closing, the Calexico/El Centro Purchase Price. In connection with, and as additional consideration for the sale and purchase of the assets, the Buyer Affiliates, Calexico, El Centro, the Calexico Members, the El Centro Members, HRG and St. Louis have entered into a Mutual Release (“Calexico/El Centro Mutual Release”) whereby all parties thereto have released claims against one another and the Buyer Affiliates have released claims against HRG’s non-debtor subsidiaries.

**Excluded Assets.** The assets shall not include any of the following assets, rights and properties of Calexico and El Centro: all cash and cash equivalents at the Closing date; all accounts receivable; the rights and obligations arising under all contracts; any balances due to or from Calexico and El Centro or member of Calexico and El Centro; all income tax refunds and tax deposits; company minute books and tax returns of Calexico and El Centro; insurance policies of Calexico and El Centro; all permits; unbilled costs and fees and any contract rights arising therefrom; and all proprietary interest in the trade names “Renal Services Group” and “RSG.”

**Liabilities Not Assumed.** The Calexico/El Centro Buyer shall not assume, shall not take subject to and shall not be liable for any liabilities prior to the close of escrow of any kind or nature.

**Purchase Price Allocation.** The parties shall allocate the Calexico/El Centro Purchase Price among the Assets and the Seller and Reisin’s covenants as follows: \$350,000 of the Calexico/El Centro Purchase Price shall be allocated and paid by the Buyer directly to Reisin in exchange for his covenants not to compete, not to disclose the Seller’s intellectual property and not to solicit employees set forth in Sections 6.2, 6.3 and 6.4 of the Calexico/El Centro Purchase Agreement; the Equipment shall be valued at net book value; Inventory shall be valued at cost; 10% of the Calexico/El

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<sup>1</sup> All terms not otherwise defined herein have the same meaning ascribed in the West Memphis Purchase Agreement and/or Calexico/El Centro Purchase Agreement.

Centro Purchase Price shall be allocated among the remaining covenants not to compete; and the remainder of the Calexico/El Centro Purchase Price shall be allocated to good will.

### **Overbid Procedures:**

#### **RSG of West Memphis, LLC:**

The Bankruptcy Court will not consider any competing proposal ("Competing Proposal") unless the Competing Proposal (a) provides for a purchase price consideration for the West Memphis Assets of at least One Hundred Percent (100%) of the aggregate consideration being paid by the West Memphis Buyer, plus an initial overbid of no less than fifty thousand dollars (\$50,000) and subsequent overbid amounts described in (ii) below, (b) is set forth in a written agreement containing other terms and conditions that are at least as favorable to the Selling Debtors as those set forth in the West Memphis Asset Purchase Agreement, (c) is made by a person or entity financially qualified to consummate the Competing Proposal on a timely basis, (d) is made by a person or entity who has completed its due diligence review of West Memphis' books and records, and is satisfied with the results thereof, (e) is made by a person who is obligated to pay a deposit in the amount of not less than twenty-five thousand dollars (\$25,000) payable to West Memphis, which deposit shall be non-refundable if the bid is deemed to be the High Bid, as defined in (iii) below, and (f) the Competing Proposal is delivered to general insolvency counsel for West Memphis and filed with the Bankruptcy Court at least three (3) court days prior to the Sale Date. A Competing Proposal that satisfies the foregoing criteria shall be referred to as a "Qualifying Competing Proposal."

With the exception of any matching bid by the West Memphis Buyer, any counter bid in the bidding process of the West Memphis Sale will be at least twenty-five thousand dollars (\$25,000) higher than the prior bid or counter bid.

If West Memphis terminates the Asset Purchase Agreement because the West Memphis Buyer's bid is not the High Bid, regardless of whether West Memphis consummates a transaction with the successful bidder, then the West Memphis Buyer shall be delivered a topping fee equal to twenty five thousand dollars (\$25,000), which fee shall be paid within five (5) days of the closing and shall be paid from the deposit paid by the successful bidder as part of such successful bidder's Qualifying Competing Proposal, free and clear of all claims of creditors. In the event of non-payment of the topping fee, the unpaid topping fee shall constitute an allowed administrative expense claim against the West Memphis and HRG bankruptcy estates. For purposes hereof, the topping fee payable to the West Memphis Buyer shall be credited to the bidder as part of its bid.

#### **RSG of Calexico, LLC and RSG of El Centro, LLC:**

The Bankruptcy Court will not consider any competing proposal ("Competing Proposal") unless the Competing Proposal (a) provides for a purchase price consideration for the Calexico/El Centro Assets of at least One Hundred Percent (100%) of the aggregate consideration being paid by the Calexico/El Centro Buyer, plus an initial overbid of no less than one hundred thousand dollars (\$100,000) and subsequent overbid amounts described in (v) below, (b) is set forth in a written agreement containing other terms and conditions that are at least as favorable to the Selling Debtors as those set forth in the Calexico/El Centro Asset Purchase Agreement, (c) is made by a person or entity financially qualified to consummate the Competing Proposal on a timely basis, (d) is made by a person or entity who has completed its due diligence review of Calexico/El Centro's books and records, and is satisfied with the results thereof, (e) is made by a person who is obligated to pay a deposit in the amount of not less than fifty thousand dollars (\$50,000) payable to Calexico/El Centro, which deposit shall be non-refundable if the bid is deemed to be the High Bid, as defined in (vi) below, and (f) the Competing Proposal is delivered to general insolvency counsel to Calexico/El Centro and filed with the Bankruptcy Court at least three (3) court days prior to the Sale Date. A Competing Proposal that satisfies the foregoing criteria shall be referred to as a "Qualifying Competing Proposal."

With the exception of any matching bid by the Calexico/El Centro Buyer, any counter-bid in the bidding process of the Calexico/El Centro Sale will be at least fifty thousand dollars (\$50,000) higher than the prior bid or counter-bid.

If Calexico/El Centro terminates the Asset Purchase Agreement because the Calexico/El Centro Buyer's bid is not the High Bid, regardless of whether Calexico/El Centro consummates a transaction with the successful bidder, then the Calexico/El Centro Buyer shall be delivered a topping fee equal to fifty thousand dollars (\$50,000), which fee shall be paid within five (5) days of the closing and shall be paid from the deposit paid by the successful bidder as part of such successful bidder's Qualifying Competing Proposal, free and clear of all claims of creditors. In the event of non-payment of the topping fee, the unpaid topping fee shall constitute an allowed administrative expense claim against the Calexico,

El Centro and HRG bankruptcy estates. For purposes hereof, the topping fee payable to the Calexico/El Centro Buyer shall be credited to the bidder as part of its bid.

**General Procedures for Both Sales.**

At the sales to be conducted commencing at 10:00 a.m. on April 25, 2003 (the "Sale Date") at the offices of the Debtors' general insolvency counsel, Winthrop Couchot Professional Corporation, 660 Newport Center Drive, Fourth Floor, Newport Beach, California 92660, only the Buyers and any parties who have submitted a Qualifying Competing Proposal shall be entitled to bid.

(i) Bidding will be conducted on the Sale Date with the West Memphis Buyer and/or the Calexico/El Centro Buyer always entitled to meet and match other bids, if any.

(ii) On the Sale Date, the highest and best bid shall be deemed to be the "High Bid", subject to Bankruptcy Court approval. If the West Memphis Buyer or the Calexico/El Centro Buyer's bid is not the High Bid, then the West Memphis Buyer and/or the Calexico/El Centro Buyer shall be entitled to match the High Bid and the West Memphis Buyer and/or the Calexico/El Centro Buyer's matching bid shall be deemed to be the High Bid.

(iii) At the hearing on the motion for an order authorizing the sale of substantially all assets of the estates of West Memphis, El Centro and Calexico, the Bankruptcy Court shall confirm the sale to the highest bidder that occurred on the Sale Date. The bidder whose bid is confirmed by the Bankruptcy Court to be the High Bid must pay all amounts reflected in the High Bid in cash at the Closing.