

ASSET PURCHASE AGREEMENT

BY AND BETWEEN

TRINITY HEALTH-MICHIGAN

AND

PRIME HEALTHCARE SERVICES –PORT HURON LLC

Dated as of November 19, 2014

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the "*Agreement*"), dated as of November 19, 2014 is by and between **Trinity Health-Michigan**, a Michigan nonprofit corporation ("*Seller*"), and **Prime Healthcare Services – Port Huron LLC**, a Delaware limited liability company ("*Purchaser*").

RECITALS

WHEREAS, Seller owns and operates a licensed acute care hospital located at 2601 Electric Avenue, Port Huron, Michigan 48060 commonly referred to as St. Joseph Mercy Port Huron (the "*Hospital*") and also has ownership interests in other healthcare entities;

WHEREAS, Seller has determined that the transactions contemplated by this Agreement are in the best interests of the communities served by the Hospital and will (i) enhance the acute care hospital services that are available both now and for the foreseeable future, (ii) provide access to quality, cost-efficient and innovative health care services to residents of the communities served, (iii) ensure that patients receive the best medical care in the most appropriate service setting by providing access to a comprehensive health care provider, and (iv) ensure the continued participation of local Port Huron residents in the decisions that affect health care;

WHEREAS, Seller and Purchaser believe that the transactions contemplated by this Agreement will allow the parties to accomplish certain compelling operational, strategic and financial objectives which will result in a long-term benefit to the health and well-being of the communities served by Hospital; and

WHEREAS, upon the terms and conditions of this Agreement, Seller desires to sell, assign, transfer, convey and deliver to Purchaser, and Purchaser desires to purchase, the Purchased Assets (as defined in Section 2.1 below) used in the operation of the Hospital.

NOW, THEREFORE, for and in consideration of the premises, and the agreements, covenants, representations and warranties hereinafter set forth, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

ARTICLE I. DEFINITIONS

1.1 **Definitions.** The following terms used in this Agreement have the following respective meanings:

"*Affiliate*" means an entity which, directly or indirectly, controls, is controlled by, or is under common control with, the referenced party. For purposes of this definition, the term "*control*" (including the correlative meanings of the terms "*controlled by*" and "*under common control with*"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of management policies of such Person.

“*Aggregate Damage*” has the meaning given it in Section 2.10(a).

“*Agreement*” has the meaning given it in the heading paragraph.

“*Approval Date*” has the meaning given it by Section 7.2(a).

“*Assigned Contracts*” has the meaning given it by Section 2.1(c).

“*Assignment and Assumption Agreement*” has the meaning given it by Section 3.2(b).

“*Balance Sheet Date*” has the meaning given it by Section 4.4.

“*Benefit Plans*” has the meaning given it by Section 4.15.

“*Business Day*” means a day other than a Saturday, Sunday or other day on which commercial banks in New York or Michigan are authorized or required by Law to close.

“*Capital Commitment Amount*” has the meaning given it by Section 12.3.

“*Casualty Notice*” has the meaning given it by Section 2.10(a).

“*Closing*” has the meaning given it by Section 3.1.

“*Closing Date*” has the meaning given it by Section 3.1.

“*Closing Date Actual Net Working Capital*” has the meaning given it by Section 3.4.

“*Closing Date Projected Net Working Capital*” has the meaning given it by Section 2.6(d).

“*COBRA*” means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, Section 4980B of the Code, Title I Part 6 of ERISA, and any similar state group health plan continuation law, together with all legislation thereunder.

“*Code*” means the Internal Revenue Code of 1986, as amended.

“*Deeds*” has the meaning given it by Section 3.3(a).

“*Disclosure Schedules*” has the meaning given it by Article IV.

“*Domain Name*” means www.mymercy.us, as well as such other domain names, websites, and social media addresses belonging or licensed to Hospital and/or its Affiliates.

“*Copyrights*” has the meaning given it in the definition for Intellectual Property.

“*Effective Time*” has the meaning given it by Section 3.1.

“*Encumbrance*” means any mortgage, deed of trust, pledge, assessment, security interest, lease, sublease, lien (including mechanic’s or materialmen’s liens and judgment liens), adverse

claim, judgment, levy, right of way, easement, covenant, charge or other encumbrance of any kind, or any conditional sale contract, title retention contract, or other contract to give or to refrain from giving any of the foregoing, including any interest of any Governmental Entity.

“*Enforceability Exceptions*” has the meaning given it by Section 4.3.

“*ERISA*” means the Employee Retirement Income Security Act of 1974, as amended to the date hereof.

“*Estimate*” has the meaning given it in Section 2.10(a).

“*Excluded Contracts*” has the meaning given it in Section 2.4(c).

“*Excluded Liabilities*” has the meaning given it in Section 2.5.

“*Financial Statements*” has the meaning given it in Section 4.4.

“*GAAP*” means United States generally accepted accounting principles and practices as in effect from time to time, as modified as described in Schedule 4.4 and applied by Seller consistently throughout the periods involved and in accordance with Seller’s prior practices and policies.

“*Governmental Entity*” means any federal, state or local court, legislative body, governmental body, municipality, political subdivision, department, agency or authority, including the Michigan Department of Community Health, the Charitable Trust Division of the Michigan Department of Attorney General, and the Medicare and Medicaid programs (including their fiscal intermediaries).

“*Hired Employees*” has the meaning given it in Section 12.1(a).

“*Hospital*” has the meaning set forth in the Recitals of this Agreement.

“*Hospital Material Adverse Effect*” means any event, circumstance, development, condition, occurrence, state of facts, change or effect that is or is reasonably likely to have (i) a material adverse effect on the business, assets, results of operations or financial condition of the Hospital taken as a whole or (ii) a material adverse effect on the ability of Seller to consummate the transactions contemplated by this Agreement; *provided, however*, in either case, “*Hospital Material Adverse Event*” shall not include any event, circumstance, development, condition, occurrence, state of facts, change or effect, directly or indirectly, resulting from or attributable to any one or more of the following: (a) any change in the United States or foreign economies or securities or financial markets in general; (b) any change that affects any industry in which the Hospital operates; (c) any change arising in connection with natural disasters or acts of nature, hostilities, acts of war, sabotage or terrorism or military actions or any escalation or material worsening of any such hostilities, acts of war, sabotage or terrorism or military actions existing or underway as of the date hereof; (d) any changes in applicable Laws, accounting rules or the interpretation thereof; (e) compliance with the terms of, or taking any action required by, this Agreement; (f) actions required to be taken by the Seller under applicable Law or contracts; (g) the public announcement of this Agreement or the consummation of the transactions

contemplated by this Agreement; and (h) the failure of the Hospital to meet or achieve financial or operating results set forth in any budget or projection.

“Hospital Partners” has the meaning set forth in Section 2.3.

“Improvements” means all buildings, structures, fixtures, landscaping, utility lines, roads, driveways, fences, parking areas, and all other improvements to the Real Property owned by Seller and located in and upon the Real Property.

“Inactive Employees” has the meaning given it by Section 12.1(a).

“Intellectual Property” means (a) inventions and discoveries, whether or not patentable, reduced to practice or made the subject of one or more pending patent applications, (b) patents and patent applications (including all reissues, divisions, continuations, continuations-in-part, extensions and reexaminations thereof) registered or applied for in the U.S. and all other nations throughout the world (collectively, *“Patents”*), national and multinational statutory invention registrations, and all improvements to the inventions disclosed in each such registration, patent or patent application, (c) trademarks, service marks, trade dress, logos, domain names (including the Domain Names), trade names and corporate names (whether or not registered) in the US and all other nations throughout the world, including all variations, derivations, combinations, registrations and applications for registration of the foregoing and all goodwill and other rights associated therewith (collectively, *“Marks”*), (d) copyrights (whether or not registered) and registrations and applications for registration thereof in the US and all other nations throughout the world, including all derivative works, moral rights, renewals, extensions, reversions or restorations associated with such copyrights, now or hereafter provided by law, regardless of the medium of fixation or means of expression, including but not limited to publications, online media and content (collectively, *“Copyrights”*), (e) computer software, (including source code, object code, firmware, operating systems and specifications), (f) trade secrets and, whether or not confidential, know-how, (g) databases and data collections, (h) copies and tangible embodiments of any of the foregoing, in whatever form or medium, (i) all rights to obtain and rights to apply for Patents, and to register Marks and Copyrights, (j) all rights in all of the foregoing and (k) all rights to sue or recover and retain damages and costs and attorneys’ fees for past, present and future infringement or misappropriation of any of the foregoing.

“Knowledge” when used in this Agreement to refer to the knowledge of Seller shall mean the actual knowledge of the President and Chief Executive Officer of Hospital, the Vice-President of Finance of Hospital, and the Chief Operating Officer/Chief Nursing Officer of Hospital without further review or inquiry.

“Law” means any applicable law, statute, rule or regulation issued by any Governmental Entity.

“Licenses and Permits” means, collectively, the Michigan Department of Community Health licenses, and other licenses, permits, certificates, registrations, consents, orders, authorizations and approvals with respect to the Hospital or the Purchased Assets.

“Loss Consultant” has the meaning given it in Section 2.10.

“*Mark*” has the meaning given it in the definition of Intellectual Property.

“*Material Contracts*” has the meaning given it in Section 4.9.

“*Material Loss*” has the meaning given it by Section 2.10.

“*Medical Records Custody Agreement*” has the meaning given it by Section 12.16.

“*Nonassignable Contract*” has the meaning given it in Section 2.9.

“*Partners at Heart*” has the meaning given it by Section 2.4(j).

“*Patent*” has the meaning given it in the definition of Intellectual Property.

“*Payable Tax Items*” has the meaning given it by Section 4.19(b).

“*Permitted Encumbrances*” means: (a) any Encumbrance approved in writing by Purchaser, (b) any Encumbrance for Taxes or other governmental charges or assessments which are not delinquent or which are being contested in good faith through appropriate proceedings, (c) any Encumbrance of any landlord, carrier, warehouseman, mechanic or materialman and any like Encumbrance arising in the ordinary course of business for sums that are not delinquent or which are being contested in good faith through appropriate proceedings and adequate reserves to pay the same as have been established in the Financial Statements to the extent required by GAAP, (d) easements and rights of way which do not interfere with the use of the Purchased Assets consistent with Seller’s current operations ; (e) Laws regulating the use or enjoyment of the Real Property, (f) all leases set forth on Schedule 2.1(c), (g) any conditions that would be disclosed by a current, accurate survey or physical inspection of the Real Property made prior to the Closing, and (h) any other Encumbrances which do not interfere with the use of the Purchased Assets consistent with Seller’s current operations,

“*Person*” means any individual, company, body corporate, association, partnership, limited liability company, joint venture, trust or Governmental Entity.

“*Prime Healthcare*” has the meaning given it in Section 6.8.

“*Projected Net Working Capital*” means: (a) the following aggregate current assets of Hospital, projected as of the Closing Date: prepaid expenses, inventory, miscellaneous/other receivables and other assets mutually agreed to by the Parties (other than accounts receivable and excluding cash, cash equivalents, investments and board designated assets) as determined consistent with past practice, minus (b) deferred revenue (liability) for the Beckman Coulter lab supplies, accrued paid time off of the Hired Employees assumed by Purchaser projected as of the Closing Date and other liabilities mutually agreed to by the Parties. The amounts included as part of the Projected Net Working Capital shall be determined in accordance with GAAP, applied on a basis consistent with past practices using the same policies, methodologies and assumptions used in connection with the preparation of the determination of Projected Net Working Capital set forth on Schedules 2.6(d)-1 and 2.6(d)-2.

“*PTR*” has the meaning given it by Section 7.2(a).

“*Purchase Price*” has the meaning given it by Section 2.6(a).

“*Purchased Assets*” has the meaning given it by Section 2.1.

“*Purchaser*” has the meaning given it in the heading paragraph.

“*Purchaser Material Adverse Effect*” means any event, circumstance, development, condition, occurrence, state of facts, change or effect that is or is reasonably likely to have a material adverse effect on the ability of Purchaser to consummate the transactions contemplated by this Agreement.

“*Purchaser Notice*” has the meaning given it by Section 2.10(c).

“*Real Property*” has the meaning given it by Section 2.1(a).

“*Returns*” has the meaning given it by Section 4.19(a).

“*Seller*” has the meaning given it in the heading paragraph.

“*Seller Cost Reports*” has the meaning given it in Section 12.4(a).

“*Survey*” has the meaning given it by Section 7.2(a).

“*Taxes*” means, collectively, federal, state and local income, payroll, withholding, excise, sales, use, real and personal property, use and occupancy, business and occupation, mercantile, real estate, capital stock and franchise or other taxes, including penalties and interest thereon and estimated taxes.

“*Title Company*” means First American Title Insurance Company – NCS Ontario.

“*Transition Services Agreement*” has the meaning given it by Section 12.13.

1.2 **Interpretation.** In this Agreement, unless the context otherwise requires: (a) references to “*Articles*” and “*Sections*” are to the Articles or Sections of this Agreement and references to “*Schedules*” and “*Exhibits*” are to the Schedules and Exhibits annexed hereto; (b) references to any party to this Agreement include references to its respective successors and permitted assigns; (c) references to judgment include any order, writ, injunction, decree, determination or award of any court or tribunal; (d) references to a Person or entity include references to any individual, company, body corporate, association, partnership, firm, joint venture, trust or Governmental Entity; (e) any of the terms defined herein may, unless the context requires otherwise, be used in the singular or the plural depending on the reference; (f) the masculine pronoun includes the feminine and the neuter, and vice versa, as appropriate in the context; and (g) with respect to any matter or thing, the terms “*including*” or “*include*” mean including but not limited to such matter or thing. The divisions of this Agreement into articles, sections and subsections and the use of captions and headings in connection therewith are solely for convenience and have no legal effect in construing the provisions of this Agreement.

**ARTICLE II.
BASIC TRANSACTIONS**

2.1 **Purchase of Purchased Assets.** At Closing, Seller will sell, assign and transfer to Purchaser (and, if necessary, will cause any of its Affiliates to sell, assign and transfer to Purchaser), and Purchaser will purchase, all of Seller's (or its Affiliates') right, title and interest in and to the following (collectively, the "*Purchased Assets*"):

(a) other than that certain real property described in Sections 2.4(k) and 2.4(l), all real property owned by Seller associated with the Hospital which is more particularly described on Schedule 2.1(a), together with all Improvements thereon, and all of Seller's right, title and interest in and to any rights, privileges, and easements appurtenant thereto (all collectively referred to as "*Real Property*");

(b) all furniture, furnishings, equipment, machinery, data processing hardware, vehicles and other tangible personal property owned at the Effective Time by Seller and used exclusively in connection with the operation of the Hospital, including, but not limited to, the items described in Schedule 4.10, and all other assets, tangible or intangible, rights, privileges and franchises owned at the Effective Time by Seller, other than Intellectual Property, relating exclusively to the operation or development of the Hospital;

(c) the contracts, leases, real property leases, agreements and commitments of Seller relating exclusively to the operations of the Hospital listed on Schedule 2.1(c) and specifically including Seller's contractual interest in Advanced MRI, a Joint Operating Agreement with St. John River District Hospital (the contracts to be assumed described in this Section 2.1(c) are collectively referred to herein as the "*Assigned Contracts*");

(d) subject to receipt of all required regulatory approvals and consents required by applicable governing documents, Seller's interests in the Hospital Partners described at Section 2.3;

(e) Seller's inventories of goods and supplies as of the Effective Time to be used or maintained exclusively in connection with or located in the Hospital, whether or not shown on the Financial Statements or reflected in the books and records of the Hospital;

(f) to the extent transferable, all Licenses and Permits and all Medicare and Medicaid provider numbers held as of the Effective Time by Seller, and all other rights, privileges, franchises, certificates, and applications held by Seller relating exclusively to the operations or development of the Hospital;

(g) all goodwill associated with the Hospital, and all assignable warranties (expressed or implied) relating to the Assigned Contracts or Purchased Assets and, except as otherwise provided in Section 2.4 of this Agreement, assignable rights and claims assertable by Seller related exclusively to the operation of the Hospital to the extent such claims do not relate to an Excluded Asset or an Excluded Liability;

(h) all insurance proceeds (including applicable deductibles, co-payments or self-insured requirements) arising in connection with damage to the Purchased Assets not previously repaired, replaced, or remediated by Seller, prior to the Effective Time;

(i) to the extent transferable, all hospital records (other than patient records and personnel files) whether in electronic or paper form (including, without limitation, all equipment records, medical/administrative libraries, documents, catalogs, books, records, files and operating manuals) relating exclusively to the operations of the Hospital, whether in the possession of Seller or a third party, with Seller retaining copies or being furnished copies or originals, if needed, of any of such records as it may reasonably request after closing;

(j) to the extent transferable, those mutually agreed upon personnel files and records of current Seller employees who will become Hired Employees that are located at Hospital, and such other mutually agreed upon personnel files and records of current Seller employees who will become Hired Employees that are not located at Hospital as Seller may provide on or after the Effective Time;

(k) custody of the patient records of Hospital subject to the terms and conditions of the Medical Records Custody Agreement described at Section 12.16;

(l) all other assets, tangible or intangible, rights, privileges or interests owned or held by Seller and used exclusively in the operations of the Hospital, including those items (if any) set forth in Schedule 2.1(l);

(m) all donor restricted funds or assets, if permissible, held by the Hospital for its foundation activities or otherwise, subject to the continued operation of the Hospital as provided in Section 12.12;

(n) all prepaid expenses of Seller related to Hospital and all other miscellaneous receivables set forth in Schedule 2.6(d)-2; and

(o) such other assets of Seller used exclusively in the operation of the Hospital.

2.2 Assumed Liabilities. Subject to the terms and conditions set forth in this Agreement, Purchaser shall assume and agree to pay, perform and discharge when due only the following liabilities and obligations of Seller arising out of or relating to the operation of the Purchased Assets (collectively, the "*Assumed Liabilities*"):

(a) all liabilities and obligations arising under or relating to the Assigned Contracts accruing on and after the Effective Time;

(b) all accrued paid time off of Hired Employees;

(c) all capital lease liabilities associated with the capital leases being transferred to Purchaser hereunder; and

(d) all long term asset retirement liabilities associated with all long term asset obligations being transferred to Purchaser hereunder; and

(e) all liabilities associated with Hospital's Medicare provider agreements and Medicare provider numbers being assumed by Purchaser as part of the Purchased Assets accruing on and after the Effective Time.

2.3 Assignment of Interest in Hospital Partners.

(a) Subject to the terms and conditions set forth in this Agreement and in applicable governing documents, at the Effective Time Seller will assign to Purchaser, or any Affiliate of Purchaser, any rights, interests and obligations Seller has under the governing documents of (i) Newco Ambulatory Surgery Center, L.L.P., a Michigan limited liability partnership d/b/a Lakeshore Surgery Center, L.L.P., (ii) Tri-Hospital Emergency Medical Services Corporation, a Michigan nonprofit corporation, (iii) Mercy-Physician Community PHO, L.L.C., a Michigan limited liability company, (iv) Port Huron Mercy Family Care, a Michigan nonprofit corporation, and (v) Connected Care, L.L.C. (collectively, the "*Hospital Partners*"), and will recommend that the governing bodies of such Hospital Partners amend their governance documents, as appropriate, to reflect such assignment.

(b) Subject to the terms and conditions set forth in this Agreement and in applicable governing documents, Seller will assign to a nonprofit Affiliate of Purchaser Seller's interest in MCL A Co-Tenancy Laboratory at Warde Medical Laboratory contingent on such nonprofit Affiliate of Purchaser satisfying all applicable eligibility requirements for owning such interest.

2.4 **Excluded Assets.** Other than the Purchased Assets described herein, Purchaser expressly understands and agrees that Seller is not transferring or selling to Purchaser any other assets including, without limitation, the following assets and properties of Seller (the "*Excluded Assets*"):

(a) cash and cash equivalents including (i) board restricted assets, (ii) accounts receivable from patients and third party payors, and (iii) intercompany receivables related to Hospital;

(b) Seller's interest in Tri-Hospital MRI Center, a Michigan nonprofit corporation;

(c) all contracts to which Seller is a party that are not exclusively used in the operation of the Hospital and are not otherwise Assigned Contracts (the "*Excluded Contracts*");

(d) all rights to the names "*CHE Trinity, Inc.*", "*CHE Trinity Health*", "*CHE*", "*Catholic Health East*", "*Trinity*", "*Trinity Health*", "*Trinity Health-Michigan*", "*St. Joseph Mercy Port Huron*", and "*Mercy*", subject to the non-exclusive, limited license permitting Purchaser to use certain names for a limited period as described in Section 12.14;

(e) all Intellectual Property used in the operation and development of the Hospital;

(f) all employee benefit plans (including, without limitation, retirement and pension plans) or other assets attributable thereto;

(g) all assets, properties and rights used by Seller in its businesses other than those used exclusively in connection with the Hospital;

(h) those religious artifacts, statues, icons and windows with religious motifs utilized or displayed in connection with the Hospital which Seller identifies, at Seller's sole discretion, as an Excluded Asset;

(i) all insurance policies and self-insurance funds of Seller and, except as provided in Section 2.10(d), all rights to applicable claims and proceeds thereunder;

(j)

(k) that certain real property owned by Seller and associated with Hospital located at 4170 24th Avenue, Fort Gratiot, Michigan which is the subject of a ground lease between Seller and Village at Fort Gratiot, L.L.C. (also known as The Sanctuary at Mercy Village);

(l) that certain real property owned by Seller and associated with Hospital located at 406 North Street, Yale, Michigan, which is the subject of a ground lease between Seller and John Sand, D.O.;

(m) except as provided at Section 2.1(f), all third party payor agreements and provider numbers of Seller including, without limitation, the Medicare participation agreements and related provider numbers and all Medicaid participation agreements and related provider numbers not used exclusively for the operation of the Hospital;

(n) all accounts receivable of Seller, whether billed or unbilled, recorded or unrecorded, accrued and existing, whether or not written off, as of the Effective Time with respect to the operation of the Hospital and other rights of payment for goods and services with respect to the operation of the Hospital services rendered prior to the Effective Time;

(o) the short and long-term of the Note receivable related to the Deckerville property;

(p) rights to settlement and retroactive adjustments for services rendered for cost reporting periods ending on or prior to the Effective Time arising from or against the

U.S. Government under the terms of the Medicare program or Tricare and against any state under its Medicaid program and against any third-party payor programs that settle on a cost report basis, including without limitation any payments under the “*Upper Payment Limit*” program with respect to pre-Effective Time periods;

(q) 45 of the 164 beds licensed to the Hospital, which 45 licensed beds previously were transferred to the Hospital from another hospital owned by Seller and currently are not operational;

(r) any of Seller’s interests in the Hospital Partners to the extent that such interests cannot be transferred to Buyer;

(s) Seller’s interest in MCL A Co-Tenancy Laboratory at Warde Medical Laboratory to the extent that Purchaser’s nonprofit Affiliate designated to acquire the interest does not meet applicable eligibility requirements to acquire the interest or the interest cannot otherwise be transferred to it; and

(t) the rights which accrue or will accrue to Seller under this Agreement.

2.5 Excluded Liabilities. Purchaser will not assume or be responsible to pay, perform or discharge any liabilities or obligations of Seller other than the Assumed Liabilities (collectively, the “*Excluded Liabilities*”). Excluded Liabilities include the following liabilities and obligations of Seller:

(a) any liabilities or obligations relating to or arising out of the Excluded Assets;

(b) any long term debt or liability, including third party and intercompany debt and all short term liabilities;

(c) except for liabilities arising from, or related to, the Medicare provider numbers included as Purchased Assets in Section 2.1(f) relating to the period from and after the Effective Time, any liabilities or obligations of any type or nature arising out of or relating to the Purchased Assets or the operations of the Hospital prior to the Effective Time including but not limited to payor liability, tax liabilities, government audits, environmental claims and professional liability claims based upon events occurring prior to the Effective Time;

(d) except as specifically provided in Section 2.2, any liabilities or obligations of Seller relating to acts or omissions arising prior to the Effective Time in connection with: (i) the employment; termination of employment, of any employees that provided services to Hospital; (ii) workers’ compensation claims or any other claims of any such employees; or (iii) any independent contractor agreements of Hospital;

(e) all accrued expenses of Hospital other than accrued paid time off; and

(f) any liabilities or obligations incurred in connection with the negotiation, preparation, investigation and performance of this Agreement, other documents relating

to this Agreement and the transactions contemplated hereby, including, without limitation, fees and expenses of counsel, accountants, consultants, advisors and others.

2.6 Consideration, Purchase Price and Projected Net Working Capital. Subject to the terms and conditions of this Agreement, and in reliance upon the representations and warranties of Seller set forth herein, Purchaser shall provide to Seller, as consideration for the sale, conveyance and assignment of the Purchased Assets, free and clear of any Encumbrances, other than the Permitted Encumbrances, the following consideration:

(a) An amount equal to the sum of Seventeen Million Five Hundred Thousand Dollars (\$17,500,000) *plus* the Closing Date Projected Net Working Capital subject to the “true up” process described in Section 3.4 below (“*Purchase Price*”). No later than ten (10) Business Days prior to Closing, Seller shall prepare and deliver to Purchaser a good-faith estimate of the Purchase Price with supporting detail and documentation satisfactory to Purchaser in its reasonable discretion. Such calculation will be attached hereto as Schedule 2.6(a).

(b) Such other covenants and commitments of Purchaser hereunder, including but not limited to, the Capital Commitment Amount described at Section 12.3 hereof.

(c) Payment of Purchase Price. On the Closing Date, Purchaser shall pay the Purchase Price by wire transfer of immediately available funds into an account designated by Seller by notice to Purchaser given not less than five (5) Business Days prior to the Closing Date.

(d) Projected Net Working Capital. At least ten (10) Business Days prior to Closing, Seller shall deliver to Purchaser a certificate setting forth a determination of the Projected Net Working Capital as of the Closing Date, based on the last day of the most recently ended calendar month prior to the Closing Date for which financial statements are available and any updated information available to Seller at that time (the “*Closing Date Projected Net Working Capital*”). Such determination shall be made in accordance with GAAP and consistent with the definition of Projected Net Working Capital. The certificate shall contain reasonable detail and supporting documentation with respect to such determination. By way of example, Schedule 2.6(d)-1 demonstrates the Closing Date Projected Net Working Capital using the June 30, 2014 balance sheet. Schedule 2.6(d)-2 demonstrates the Closing Date Projected Net Working Capital as of the Closing Date. Consistent with the true up process set forth at Section 3.4, the Closing Date Projected Net Working Capital will be reconciled with the Closing Date Actual Net Working Capital.

2.7 Allocation of Purchase Price. The Purchase Price shall be allocated among the Purchased Assets in the manner set forth in Schedule 2.7 (and in accordance with the requirements of Treasury Regulation §1.141-12), to be determined by mutual agreement of Seller and Purchaser before the Closing. The parties agree that this allocation will be used by them for all purposes including tax, reimbursement and other purposes. Each party, if applicable, agrees that it will report the transaction in accordance with such allocation, including under Section

1060 of the Code, and that it will not take a position inconsistent with such allocation except with the written consent of the other party hereto.

2.8 Proration. The parties will use all reasonable efforts to determine appropriate prorations as of the Closing for each of the items set forth in this Section 2.8. Purchaser and Seller shall prorate as of the Effective Time any amounts with respect to (a) the Assigned Contracts, but only to the extent the event giving rise to such obligation occurred prior to the Effective Time, or to the extent that any prepayments have been made with respect to the delivery of goods or services for periods ending on or after the Effective Time, (b) ad valorem taxes, if any, on the Purchased Assets, (c) property taxes, if any, on the Purchased Assets, and (d) if cut off statements cannot be obtained as of Closing, all utilities servicing the Hospital, including water, sewer, telephone, electricity and gas service, except that payments for ad valorem and property taxes shall initially be determined based on the previous year's taxes and shall later be adjusted to reflect the current year's taxes when the tax bills are finally rendered. The parties shall cooperate to avoid, to the extent legally possible, the payment of duplicate taxes, and each party shall furnish, at the request of the other, proof of payment of any taxes or other documentation which is a prerequisite to avoid payment of a duplicate tax. Any such amounts which are not available within ninety (90) days after the Closing Date shall be similarly prorated as soon as practicable thereafter. Seller shall pay to Purchaser, or Purchaser shall pay to Seller, as the case may be, within ten (10) Business Days after the determination thereof, any unpaid prorated amount attributable to periods prior to, or following, the Effective Time.

2.9 Nonassignable Contracts. To the extent that: (a) the rights of Seller under any Assigned Contract may not be assigned to Purchaser without the consent of another Person; and (b) such consent has not been obtained; then this Agreement will not constitute an agreement to assign or assume such Contract (each, a "*Nonassignable Contract*") if an attempted assignment and assumption would constitute a breach thereof or be unlawful. If any such consent is not obtained and any attempted assignment or assumption of a Nonassignable Contract would be ineffective or would impair Purchaser's rights thereunder so that Purchaser would not in effect acquire the benefit of all such rights, then: (a) the Nonassignable Contract will not be an Assigned Contract hereunder; and (b) Seller, to the maximum extent permitted by Law, will act after the Closing Date as Purchaser's agent in order to obtain, for Purchaser, the benefits thereunder (including enforcement for the account of Purchaser of such rights against the other party to the Nonassignable Contract) and will reasonably cooperate, to the maximum extent permitted by Law, with Purchaser in any other reasonable arrangement designed to provide such benefits to Purchaser.

2.10 Casualty Loss.

(a) The risk of loss or damage to any of the Purchased Assets shall remain with Seller until the Effective Time and Seller shall maintain insurance policies covering the Purchased Assets and all other property through the Effective Time. If any material part or portion of the Purchased Assets is damaged, condemned, lost or destroyed (whether by fire, theft or other casualty event) prior to the Effective Time, Seller shall notify Purchaser ("*Casualty Notice*") as soon as possible of such damage, loss or destruction. The Casualty Notice shall set forth Seller's good faith, reasonable estimate (the "*Estimate*") of the fair market value of the cost to repair, replace or restore (as

applicable) such damage, loss or destruction, net of any insurance proceeds due Seller for such loss (the “*Aggregate Damage*”).

(b) If there is damage, loss or destruction to the Purchased Assets and the Estimate of the cost to repair, replace or restore (as applicable) such damage, loss or destruction is greater than Three Million Dollars (\$3,000,000.00), net of any insurance proceeds due Seller for such loss (a “*Material Loss*”), then Purchaser may, within ten (10) Business Days after receipt of the Casualty Notice, by written notice to Seller, terminate this Agreement.

(c) If the Estimate is less than a Material Loss and Purchaser objects to the Estimate, then Purchaser shall notify Seller of such objection (the “*Purchaser Notice*”) within five (5) Business Days after receipt of the Casualty Notice. The Purchaser Notice shall indicate whether Purchaser objects to the Estimate and whether Purchaser believes that the value of the Aggregate Damage is in excess of a Material Loss. If the parties are unable to resolve their disagreement concerning the value of the Aggregate Damage within ten (10) Business Days after Seller’s receipt of the Purchaser Notice, then they shall promptly agree upon an independent valuation consultant (the “*Loss Consultant*”) who shall, as promptly as possible, determine the Aggregate Damage and confirm in writing either that the Aggregate Damage is less than a Material Loss or exceeds a Material Loss. If the Loss Consultant’s report indicates a Material Loss, then Purchaser may submit a termination notice within five (5) Business Days after the receipt of the Loss Consultant’s report. The Loss Consultant’s determination shall be final and binding on the parties. The fees and costs of the Loss Consultant shall be shared equally by Purchaser and Seller.

(d) If, prior to the Effective Time, any part or portion of the Purchased Assets is destroyed, lost or damaged, (i) to an extent that does not result in a Material Loss, or (ii) to an extent that would be a Material Loss and Purchaser fails to terminate this Agreement, then the parties shall consummate the transactions contemplated in this Agreement, subject to the other terms and conditions of this Agreement, and, at the Effective Time, Seller shall deliver possession of the Purchased Assets to Purchaser in such physical condition as the same may then exist; provided that, in such event, Seller will assign to Purchaser the right to receive any net insurance proceeds received for the property loss or damage to the Purchased Assets and reduce the cash portion of the Purchase Price by an amount equal to any deductible in connection therewith provided that Purchase utilizes such net insurance proceeds to replace, repair, or restore the damage to the Purchased Assets.

ARTICLE III. CLOSING

3.1 **Closing.** The closing of the transactions under this Agreement (the “*Closing*”) will take place at the offices of the Hospital in Port Huron, Michigan (or such other place as the parties may mutually agree) on the last day of the month immediately after all of the conditions to Closing set forth in Articles VIII and IX are either satisfied or waived (other than conditions which, by their nature, are to be satisfied on the Closing Date), or such date as Seller and

Purchaser may mutually agree upon in writing (the “*Closing Date*”). The parties agree that the transfer and sale of the Purchased Assets shall be calculated and made effective as of 12:00:01 a.m., Eastern Time, on the first day of the month immediately following the Closing Date (the “*Effective Time*”).

3.2 Actions of Purchaser at Closing. At Closing, and unless otherwise waived by Seller in writing, Purchaser will deliver to Seller the following:

(a) the Purchase Price, and all other amounts due under this Agreement delivered by wire transfer of immediately available funds;

(b) an assignment and assumption agreement substantially in the form attached hereto as Exhibit A (the “*Assignment and Assumption Agreement*”) duly executed by Purchaser, pursuant to which Purchaser shall assume Seller’s interest in the Assigned Contracts;

(c) a copy of the assignment and assumption of Seller’s interest in each Hospital Partner described in Section 2.3 duly executed by Purchaser (or the applicable Affiliate of Purchaser);

(d) a copy of the bylaws of Hospital amended as of the Effective Time to reflect the revisions contemplated by Section 12.11;

(e) copies of resolutions duly adopted by the Board of Directors of Purchaser and Prime Healthcare Services, Inc., authorizing and approving the performance of the transactions contemplated hereby and the execution and delivery of this Agreement and the other documents described herein, each certified as true, complete and in full force and effect as of the Closing Date by appropriate officers of Purchaser;

(f) certificate of a duly authorized officer of Purchaser certifying that each covenant and agreement of Purchaser to be performed prior to or as of Closing pursuant to this Agreement has been performed in all material respects;

(g) certificate of incumbency of the officers of Purchaser executing this Agreement and the other documents described herein, dated as of the Closing Date;

(h) certificate of existence and good standing of Purchaser from the State of Michigan, dated the most recent practical date prior to the Closing Date;

(i) a certificate of a duly authorized officer of Purchaser certifying that the representations and warranties of Purchaser set forth in this Agreement are true and correct in all material respects as of the Closing Date;

(j) if necessary, the Transition Services Agreement described in Section 12.13 duly executed by Purchaser;

(k) the Medical Records Custody Agreement described in Section 12.16 duly executed by Purchaser; and

(l) such other customary instruments of transfer, assumption, filings or documents, in form and substance reasonably satisfactory to Seller, as may be required to give effect to this Agreement.

3.3 Actions of Seller at Closing. At Closing, or unless otherwise stated herein or waived by Purchaser in writing, Seller will deliver to Purchaser the following:

(a) One or more Special Warranty Deeds, each known in Michigan as a Deed C with warranties against Seller's acts only (together, the "Deeds"), fully executed by Seller in recordable form, conveying with limited warranty, subject to the Permitted Encumbrances title to the Real Property owned in fee by Seller to Purchaser;

(b) a General Assignment, Conveyance and Bill of Sale substantially in the form attached hereto as Exhibit B, fully executed by Seller, conveying to Purchaser good and marketable title to all tangible assets which are a part of the Purchased Assets and valid title to all intangible assets which are a part of the Purchased Assets, free and clear of all Encumbrances other than Permitted Encumbrances;

(c) the Assignment and Assumption Agreement, fully executed by Seller, pursuant to which Seller shall convey to Purchaser Seller's interest in the Assigned Contracts;

(d) a copy of the assignment and assumption of Seller's interest in each Hospital Partner described in Section 2.3 duly executed by Purchaser (or the applicable Affiliate of Purchaser);

(e) at least ten (10) Business Days prior to Closing, UCC financing statement searches, together with evidence reasonably satisfactory to Purchaser of the full release at Closing of all Encumbrances noted thereon (or a binding written agreement in a form reasonably acceptable to Purchaser to release the same upon payment), except for the Permitted Encumbrances;

(f) copies of resolutions duly adopted by the Board of Directors of Seller, authorizing and approving Seller's performance of the transactions contemplated hereby and its execution and delivery of this Agreement and the other documents described herein, certified as true, complete and in full force and effect as of the Closing Date by appropriate officers of Seller;

(g) certificate of the appropriate officers of Seller certifying that each covenant and agreement of Seller to be performed prior to or as of Closing pursuant to this Agreement has been performed in all material respects;

(h) a certificate of incumbency of the officers of Seller executing this Agreement and the other documents described herein, dated as of the Closing Date;

(i) a certificate of existence and good standing of Seller from the State of Michigan, dated within the most practical date prior to the Closing Date;

(j) a certificate of a duly authorized officer of Seller certifying that the representations and warranties of Seller set forth in this Agreement are true and correct in all material respects, in each case, as of the Closing Date;

(k) executed notices of the sale, assignment and transfer of the Hospital, to be furnished to all third-party payors for contracts held by Seller that exclusively pertain to Hospital (e.g., no such notices shall be provided to third-party payors with which Seller has a system-wide contract or contracts held by a Hospital Partner) in a form reasonably approved by Purchaser;

(l) if necessary, the Transition Services Agreement described in Section 12.13 duly executed by Seller;

(m) the Medical Records Custody Agreement described in Section 12.16 duly executed by Seller; and

(n) such other customary instruments of transfer, assumption, filings or documents, in form and substance reasonably satisfactory to Purchaser, as may be required to give effect to this Agreement.

3.4 True Up. By no later than ninety (90) days after Closing, there shall be a dollar for dollar adjustment to the total dollar value of the Closing Date Projected Net Working Capital, compared to the actual dollar value of the net working capital on the Closing Date (the "*Closing Date Actual Net Working Capital*"). The calculation of the Closing Date Actual Net Working Capital contemplated by this Section 3.4 shall include amounts calculated in accordance with GAAP and consistent with the sample calculation of the Projected Net Working Capital Adjustment set forth on Schedule 2.6(d)-1. The difference between the Closing Date Actual Net Working Capital and the Closing Date Projected Net Working Capital shall be paid (i) to Seller if the Closing Date Actual Net Working Capital exceeds the Closing Date Projected Net Working Capital or (ii) to Purchaser if the Closing Date Actual Net Working Capital is less than the Closing Date Projected Net Working Capital.

ARTICLE IV. REPRESENTATIONS AND WARRANTIES OF SELLER

Except as set forth in the disclosure schedules delivered by Seller to Purchaser on or prior to the date hereof (and such Schedule Supplements updated through the Closing Date delivered by Seller to Purchaser as provided in Section 6.6), including any documents attached to or incorporated by reference in such disclosure schedules (the "*Disclosure Schedules*"), Seller hereby represents and warrants to Purchaser that the statements contained in this Article IV are true and correct as of the date hereof and will be true and correct as of the Closing Date. The disclosure in any Section or subsection of the Disclosure Schedules corresponding to any Section in this Article IV shall be deemed to qualify all other Sections and subsections in this Article IV.

4.1 Existence and Corporate Capacity. Seller is a nonprofit corporation which is duly organized, validly existing and in good standing under the laws of the State of Michigan. Seller has the requisite power and authority to enter into this Agreement, perform its obligations hereunder and to conduct its business as now being conducted.

4.2 **Powers; Consents; Absence of Conflicts with Other Agreements, Etc.** To Seller's Knowledge, the execution, delivery and performance of this Agreement by Seller and all other agreements referenced herein or ancillary hereto to which it is a party and the consummation of the transactions contemplated herein by Seller: (a) are within its corporate powers, are not in contravention of law or of the terms of its governing documents, or any amendments thereto and have been duly authorized by all appropriate corporate action; (b) except as otherwise expressly herein provided, do not require any approval or consent of, or filing with, any governmental agency or authority bearing on the validity of this Agreement which is required by law or the regulations known to Seller of any such agency or authority; (c) subject to any required consent, will not create any lien, charge or encumbrance affecting any Purchased Assets; (d) will not violate any statute, law, rule or regulation of any governmental authority known to Seller to which Seller or the Purchased Assets are subject; and (e) will not violate any judgment of any court or governmental authority to which Seller or the Purchased Assets is subject, other than, in the cases of clauses (b), (c), (d) and (e) above, any such matters that, individually or in the aggregate, have not had a Hospital Material Adverse Effect.

4.3 **Binding Agreement.** Assuming the due execution and delivery of this Agreement by the other parties hereto, this Agreement constitutes the valid and legally binding obligations of Seller and is enforceable against Seller in accordance with its terms, except as enforceability may be restricted, limited or delayed by applicable bankruptcy or other laws affecting creditors' rights generally and except as enforceability may be subject to general principles of equity (collectively, the "*Enforceability Exceptions*").

4.4 **Financial Statements.** Seller has delivered to Purchaser copies of the following financial statements of the Hospital on an accrual-basis (Schedule 4.4) (the "*Financial Statements*"): (a) Unaudited Balance Sheet dated as of September 30, 2014 (the "*Balance Sheet Date*"); (b) Unaudited Income Statement as of September 30, 2014; (c) Unaudited Balance Sheets and Income Statements for the fiscal year of the Hospital ended on June 30, 2014. To Seller's Knowledge, such unaudited Financial Statements materially conform to generally accepted accounting principles and practices in the United States, consistently applied, except as to the absence of footnotes and normal audit adjustments and as otherwise may be set forth in Schedule 4.4. Such Balance Sheets and such Income Statements present fairly in all material respects in accordance with foregoing accounting principles the financial condition of the Hospital as of the dates indicated thereon, and the results of operations of the Hospital for the periods indicated thereon.

4.5 **Extraordinary Liabilities.** Except as set forth in the Financial Statements, to Seller's Knowledge there are no other extraordinary liabilities of any nature of Seller relating to the Hospital or the Purchased Assets required in accordance with GAAP to be disclosed on the Financial Statements.

4.6 **Licenses.** The Hospital is duly licensed by the State of Michigan to operate as a hospital. The ancillary departments located at the Hospital which are required to be specifically licensed are duly licensed by the appropriate state agencies. Seller has all other licenses, permits and approvals from any governmental entity which are needed or required by law to operate the business related to or affecting the Hospital other than such licenses, permits and approvals the absence of which, individually or in the aggregate, has not had and would not reasonably be

expected to have a Hospital Material Adverse Effect. Seller has delivered to Purchaser a list and summary description (Schedule 4.6) of all known material licenses and permits, franchises, certificates of need and certificate of need applications owned or held by Seller relating to the ownership, development or operations of the Hospital and the Purchased Assets.

4.7 Medicare Participation/Accreditation. The Hospital is qualified for participation in the Medicare and Medicaid programs, has a current and valid provider contract with the Medicare and Medicaid programs, is in compliance with the conditions of participation in such programs, except for instances of noncompliance that, individually or in the aggregate, have not had and would not reasonably be expected to have a Hospital Material Adverse Effect, and has received all approvals or qualifications necessary for capital reimbursement on the Purchases Assets. The Hospital is duly accredited by the Joint Commission for the three-year period ending October 24, 2016. Except as may be disclosed in Schedule 4.7 hereto, Seller has not received any written notice from either the Medicare or Medicaid programs of any pending or threatened investigations or surveys related to Hospital or the Purchased Assets. Seller has provided to Purchaser complete and correct copies of Hospital's Medicare cost reports for Hospital's fiscal year ended on June 30, 2013.

4.8 Regulatory Compliance. Except as set forth on Schedule 4.8 hereto, to Seller's Knowledge, Hospital is in material compliance with all applicable Laws, except for instances of noncompliance that, individually or in the aggregate, have not had and would not reasonably be expected to have a Hospital Material Adverse Effect. Seller has filed all reports, data and other information related to Hospital, which are required to be filed with such commissions, boards, bureaus and agencies where a failure to file would have a Hospital Material Adverse Effect on the operations of the Hospital or the Purchased Assets.

4.9 Contracts. To Seller's Knowledge, Seller has delivered to Purchaser an accurate list (Schedule 4.9) of all contracts which affect the Hospital, the Purchased Assets or the operation thereof, which both involve an annual obligation on the part of Seller of Seventy-Five Thousand Dollars (\$75,000) or more and are not cancelable within ninety (90) days ("*Material Contracts*"). To Seller's Knowledge, Seller has delivered true and correct copies of the Material Contracts to Purchaser. Except for the Material Contracts and the Excluded Contracts, there are not to Seller's Knowledge any contracts or commitments involving any obligation which affects the Purchased Assets and which both involve an annual obligation on the part of Seller of Seventy-Five Thousand Dollars (\$75,000) or more and are not cancelable within ninety (90) days.

4.10 Equipment. Seller has delivered to Purchaser a fixed asset schedule of all fixed assets used in the operation of the Hospital as of October 31, 2014 (Schedule 4.10), which takes into consideration substantially all the equipment constituting any part of the Purchased Assets. No representation is made that such schedule is comprehensive. Since the Balance Sheet Date, Seller has not sold or otherwise disposed of any item of equipment relating to the operation of the Hospital not replaced having a net book value in excess of Fifteen Thousand Dollars (\$15,000) associated with, or constituting any part of, the Purchased Assets, except in the ordinary course of business.

4.11 **Title.** As of Closing, Seller shall hold good and valid title to all tangible assets, real, personal or mixed, and all intangible assets owned by Seller that are included in the Purchased Assets, and, at Closing, Seller will convey to Purchaser good title to all such tangible properties and assets, real, personal and mixed, and Seller's interest in all leasehold estates constituting the Purchased Assets or any part thereof (other than the fee title interest in the Real Property), subject to no liens except for Permitted Encumbrances.

4.12 **Real Property.** Seller owns fee title to the Real Property described in Schedule 2.1(a) hereto, and: (a) if any liens are asserted against the Real Property by, through or under Seller or any Affiliate of Seller which are not Permitted Encumbrances, Seller shall obtain the release of such liens(s) prior to Closing or cause the Title Company to insure over such lien(s); (b) no party has been granted any license, lease or other right relating to the use or occupancy of the Real Property, or any part thereof, except Seller and except for Permitted Encumbrances; and (c) at Closing, Seller shall convey to Purchaser good and marketable fee title to the Real Property, free and clear of any lien, except for the Permitted Encumbrances.

4.13 **Quality and Condition of Assets.** Other than with respect to representations and warranties as herein provided, Seller shall transfer the Purchased Assets to Purchaser and Purchaser shall accept the Purchased Assets from Seller on an "as is, where is" basis. Schedule 4.13 describes all Life Safety Code deficiencies related to the Purchased Assets of which Seller has received written notice.

4.14 **Insurance.** Seller has delivered to Purchaser an accurate schedule (Schedule 4.14) disclosing the insurance policies or self-insurance funds of any nature maintained by Seller or Seller's Affiliates covering the ownership and operations of the Purchased Assets, which Schedule reflects the policies' numbers, terms, identity of insurers, amounts and coverage. All of such policies are now and will be until Closing in full force and effect on a claims made basis with no premium arrearages.

4.15 **Employee Benefit Plans.** Schedule 4.15 hereto sets forth a list of the material employee pension benefit plans and employee health or welfare benefits plans (as such terms are defined in ERISA, whether or not applicable thereto, collectively "*Benefit Plans*") that Seller sponsors or maintains and that currently cover employees of the Hospital. To Seller's Knowledge, all such Benefit Plans have been administered in compliance with ERISA, to the extent applicable thereto, and the applicable provisions of the Internal Revenue Code of 1986, as amended (the "*Code*"), except for instances of noncompliance that, individually or in the aggregate, have not had, and would not reasonably be expected to have, a Hospital Material Adverse Effect.

4.16 **Employee Relations.** To Seller's Knowledge, there is no pending or threatened employee strike, work stoppage or labor dispute with respect to Seller's employees assigned to the operations of Hospital. No union representation question exists respecting any of Seller's employees assigned to Hospital, no collective bargaining agreement exists or is currently being negotiated by Seller with regard to the Hospital, no demand has been made for recognition by a labor organization by or with respect to any of Seller's employees assigned to Hospital, and none of the employees of Hospital are represented by any labor union or organization to Seller's Knowledge. There is no unfair practice claim against Seller with respect to Seller's employees

assigned to Hospital before the National Labor Relations Board, or any strike, dispute, slowdown, or stoppage pending or threatened against or involving the Hospital and none has occurred. Except as set forth on Schedule 4.16, there are no pending EEOC claims, wage and hour claims, or disputed unemployment compensation or workers' compensation claims related to Seller's employees assigned to Hospital.

4.17 Litigation or Proceedings. Seller has delivered to Purchaser an accurate list and summary description (Schedule 4.17) of all material litigation or proceedings with respect to the Hospital and the Purchased Assets to which Seller is a party. Except to the extent set forth on Schedule 4.17, there are no claims, actions, suits, proceedings or investigations pending, or to Seller's Knowledge, threatened against or affecting Seller with respect to the Hospital or the Purchased Assets, at law or in equity, or before or by any Governmental Entity.

4.18 Medical Staff Matters. Seller has heretofore provided to Purchaser true, correct, and complete copies of the bylaws and rules and regulations of the medical staff of the Hospital. With regard to the medical staff of the Hospital and except as set forth on Schedule 4.18 hereto, there are no pending or, to Seller's Knowledge, threatened disputes with applicants, staff members or health professional affiliates and all appeal periods in respect of any medical staff member or applicant against whom an adverse action has been taken have expired.

4.19 Tax Liabilities.

(a) All tax returns, including, without limitation, Form 990 information returns, employee payroll tax returns and employee unemployment tax returns, for periods prior to and including Closing which are required to be filed by Seller related to the operations of the Hospital (collectively "*Returns*") have been filed or will be filed within the time and in the manner provided by law (including any valid extensions thereof), and tax liabilities of Seller shown thereon have been paid by Seller;

(b) All taxes, penalties, interest, and any other statutory additions which have become due by Seller pursuant to the Returns, and any assessments received by Seller (collectively "*Payable Tax Items*") have been paid or adequately provided for by the reserves shown in the Financial Statements of Hospital as of the Balance Sheet Date; and

(c) Except as disclosed on Schedule 4.19(c), there are no tax liens on any of the Purchased Assets, except for Permitted Encumbrances.

4.20 Solvency. Seller is solvent and Seller will not be rendered insolvent as a result of any of the transactions contemplated by this Agreement. For purposes hereof, the term "*solvency*" means that: (a) the fair salable value of Seller's tangible assets equal to the total amount of its respective liabilities (including for purposes of this definition all liabilities, whether or not reflected on a balance sheet prepared in accordance with generally accepted accounting principles, and whether direct or indirect, fixed or contingent, secured or unsecured, and disputed or undisputed); (b) Seller is able to pay its debts or obligations in the ordinary course as they mature; and (c) Seller has capital sufficient to carry on its businesses.

4.21 No Other Representations or Warranties. Except as expressly set forth in this Article IV, neither Seller nor any other party on Seller's behalf makes any other representation or

warranty, express or implied, at law or in equity, of any nature whatsoever in respect of the Hospital, the Purchased Assets, or any asset, liability or operations (and including that with respect to merchantability or fitness for any particular purpose), and any such other representations or warranties are hereby expressly disclaimed.

**ARTICLE V.
REPRESENTATIONS AND WARRANTIES OF PURCHASER**

As of the date hereof and, except as otherwise expressly provided, as of the Closing, Purchaser represents and warrants to Seller that the statements contained in this Article V are true and correct as of the date hereof and will be true and correct as of the Closing Date.

5.1 Organization and Authorization of Purchaser. Purchaser is a limited liability company duly organized, validly existing and with active status under the laws of the State of Delaware and is duly authorized to transact business in the State of Michigan. Purchaser has the requisite power and authority to enter into this Agreement and the other documents contemplated hereby and thereby, perform its obligations hereunder and thereunder.

5.2 Corporate Authority; Absence of Conflicts with Other Agreements. Purchaser's execution, delivery and performance of this Agreement and the other documents contemplated hereby and thereby to which Purchaser is a party, and the consummation by Purchaser of the transactions contemplated hereby: (a) are within the corporate power of Purchaser, are not in contravention of Law or of the terms of any governing instruments of Purchaser, as appropriate, and have been duly authorized by all appropriate corporate or limited liability company action, as appropriate; (b) will not violate, conflict with or constitute on the part of Purchaser a breach or a default under any existing Law or any agreement, indenture, mortgage or lease to which Purchaser may be subject; and (c) will not violate any order or judgment of any Governmental Entity to which Purchaser may be subject.

5.3 Binding Obligations. This Agreement and any other agreements or instruments to which Purchaser, or its Affiliates will become a party pursuant hereto constitute or will constitute the valid and legally binding obligation of Purchaser or such Affiliates and are or will be enforceable against Purchaser or such Affiliates in accordance with the terms hereof or thereof, except as enforceability against Purchaser or its Affiliates may be restricted or limited by any or all of the Enforceability Exceptions.

5.4 No Broker's Fees. Purchaser has not employed any investment banker, broker, finder, agent or other intermediary in connection with the negotiation or consummation of this Agreement or of any of the transactions contemplated hereby as to which Seller may have any liability.

5.5 Purchaser's Experience and Investigation.

(a) Purchaser has extensive knowledge and experience in financial, regulatory and business matters relating to owning and operating general acute care hospitals. Purchaser has reviewed all information it deems necessary to its satisfaction with respect to the Hospital and the Purchased Assets. Purchaser has relied solely upon its own investigation of the business, assets, risks and prospects of the Hospital and the

Purchased Assets (which it has completed prior to entering into this Agreement) and those express representations and warranties of Seller made in this Agreement or in any instrument or document delivered by Seller pursuant to Section 3.3 hereto. Purchaser acknowledges that neither the Seller nor any of its officers, directors, employees, representatives, Affiliates or agents assumes any responsibility for the accuracy or adequacy of any information heretofore or hereafter furnished to the Purchaser by or on behalf of Seller with respect to the Hospital or the Purchased Assets except as expressly provided in this Agreement and the Disclosure Schedules. Without limiting the generality of the foregoing, Purchaser understands that any cost estimates, projections or other forward-looking information provided to Purchaser by or on behalf of Seller are not and shall not be deemed to be representations and warranties of Seller, except to the extent reflected in the express representations and warranties of Seller made in this Agreement or in any instrument or document delivered by Seller pursuant to Section 3.3. Except with respect to the express representations and warranties of Seller made in this Agreement or in any instrument or document delivered by Seller pursuant to Section 3.3, Purchaser acknowledges that (a) there are uncertainties inherent in attempting to make such estimates, projections and other predictions; (b) Purchaser is familiar with such uncertainties; (c) Purchaser is taking full responsibility for making its own evaluation of the adequacy and accuracy of all estimates, projections or other predictions so furnished to it; and (d) Purchaser shall have no claim against Seller or any of its officers, directors, employees, representatives, Affiliates or agents with respect thereto.

(b) PURCHASER ACKNOWLEDGES THAT, SHOULD THE CLOSING OCCUR, PURCHASER WILL ACQUIRE THE PURCHASED ASSETS WITHOUT ANY EXPRESS, IMPLIED OR STATUTORY REPRESENTATION OR WARRANTY AS TO MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, STRICTLY IN AN "AS IS" CONDITION AND ON A "WHERE IS" BASIS, IN EACH CASE EXCEPT AND ONLY TO THE EXTENT EXPRESSLY PROVIDED OTHERWISE IN THIS AGREEMENT.

5.6 **Sufficiency of Funds.** Purchaser will have sufficient cash on hand or other sources of immediately available funds to enable it to pay the Purchase Price and consummate the transactions contemplated by this Agreement.

5.7 **Solvency.** Purchaser is solvent and will not be rendered insolvent as a result of any of the transactions contemplated by this Agreement. For purposes hereof, the term "solvency" means that: (a) the fair salable value of Purchaser's tangible assets is in excess of the total amount of its liabilities (including for purposes of this definition all liabilities, whether or not reflected on a balance sheet prepared in accordance with generally accepted accounting principles, and whether direct or indirect, fixed or contingent, secured or unsecured, and disputed or undisputed); (b) Purchaser is able to pay its debts or obligations in the ordinary course as they mature; and (c) Purchaser has capital sufficient to carry on its businesses and all businesses which it is about to engage.

ARTICLE VI.
PRE-CLOSING ACTIONS BY SELLER

6.1 **Access.** Seller will permit the officers and authorized representatives and agents of Purchaser (at Purchaser's expense) reasonable access during Hospital's normal business hours to the medical staff, employees and other personnel of the Hospital, and to the Purchased Assets and the books and records of Seller and of the Hospital relating thereto, including the right to inspect the same and conduct audits and verifications thereof, provided however, that: (a) none of the foregoing violates patient or other confidentiality requirements or impairs any other privilege or requirement of confidentiality under law or contract; (b) Purchaser first provides reasonable notice of such access and inspection and conducts the same in such a manner as not to interfere unreasonably with the operation of the Hospital or the conduct of Seller's business; and (c) no such inspections will take place, and no members of the medical staff, employees or other personnel of the Hospital will be contacted by Purchaser, without Purchaser first coordinating such inspection or contact with the Hospital's President and CEO, or her designee(s).

6.2 **Operations.** Prior to Closing, except as listed on Schedule 6.2 or otherwise with Purchaser's prior written approval (not to be unreasonably withheld, conditioned or delayed), Seller will carry on the business of the Hospital in the ordinary course and will not make any material change in the operations of the Hospital except in the ordinary course of Seller's business or with prior written approval from Purchaser. For purposes of this Section 6.2, (a) the termination, dissolution and wind-up of the Partners at Heart program; or (b) the loss of any physician employed, or contracted, by Seller, or an Affiliate, at Hospital, shall not be considered a material change in the operations of the Hospital.

6.3 **Regulatory Approvals.** Prior to Closing, Seller will reasonably cooperate with Purchaser in Purchaser's efforts to obtain, as promptly as practicable, approvals, authorizations and clearances of Governmental Entities required for Purchaser to purchase the Purchased Assets and to obtain all Licenses and Permits required to operate the Hospital as currently operated by Seller and shall use reasonable efforts to obtain, as promptly as practicable, all approvals, authorizations and clearances of Governmental Entities required by Law of Seller to consummate the transactions contemplated hereby, including, but not limited to, approval of the Michigan Department of the Attorney General. Seller shall be apprised of Purchaser's efforts in obtaining such approvals, authorizations and clearances and shall be provided with copies of all correspondence pertaining to requests and applications submitted by Purchaser, and determinations of such by Governmental Entities. Except as otherwise provided by this Agreement, Seller will bear all costs and expenses associated with obtaining all approvals, authorizations and clearances of Governmental Entities (if any) required by Law of Seller or its Affiliates to consummate the transactions contemplated hereby. By way of example only, Seller shall be responsible for its costs and expenses imposed by the Michigan Attorney General for obtaining the approval contemplated by Section 9.6 and submission of Form 855 to CMS as required by Seller.

6.4 **Additional Financial Information.** Within thirty (30) days following the end of each calendar month prior to Closing, Seller will deliver to Purchaser true and complete copies of the Unaudited Balance Sheets and the related unaudited statements of revenues and expenses

of the Hospital (if any) that have been prepared by Seller for each month then ended subsequent to the date of the Financial Statements, which will be prepared in accordance with GAAP.

6.5 **Exclusivity.** Seller will not, nor will it permit any of its Affiliates to, nor will they authorize or permit any of their respective officers, directors, partners or employees or any investment banker, financial advisor, attorney, accountant or other representative retained by them, or by any of its Affiliates to, initiate, solicit, encourage (by way of furnishing access, non-public information or otherwise), negotiate or take any other action to facilitate any inquiries or the making of any proposal which constitutes, or may reasonably be expected to lead to, any proposal or offer to acquire all or any substantial part of the business or assets of the Hospital, whether by merger, consolidation, purchase of assets, tender offer, joint venture, investment, exchange, lease or otherwise, whether for cash, securities or any other consideration or combination thereof, nor entertain, agree to, endorse, participate in any discussions or negotiations or recommend any such transaction. In the event that Seller, any of its Affiliates or any of their respective officers, directors or partners receives any bona fide proposals or offers contemplated by this Section 6.5, Seller will promptly inform Purchaser of that fact and furnish to Purchaser the specifics thereof. The restriction set forth in this Section 6.5 shall expire upon the termination of this Agreement.

6.6 **Supplement to Disclosure Schedules.** From time to time prior to the Closing, Seller shall have the right (but not the obligation) to supplement or amend the Disclosure Schedules hereto with respect to any matter hereafter arising or of which it becomes aware after the date hereof (each a "*Schedule Supplement*"), and each such Schedule Supplement shall be deemed to be incorporated into and to supplement and amend the Disclosure Schedules as of the Closing Date; provided, however, that in the event such event, development or occurrence which is the subject of the Schedule Supplement constitutes or relates to something that has had a Hospital Material Adverse Effect, then Purchaser shall have the right to terminate this Agreement for failure to satisfy the closing condition set forth in Section 10.1; provided, further, that if Purchaser has the right to, but does not elect to terminate this Agreement within five (5) Business Days of its receipt of such Schedule Supplement, then Purchaser shall be deemed to have irrevocably waived any right to terminate this Agreement with respect to such matter under any of the conditions set forth in Section 10.1 hereof.

6.7 **Closing Conditions.** Prior to Closing, Seller shall use reasonable efforts (and, to the extent necessary, will cause its Affiliates to use reasonable efforts) to cause the conditions specified in Articles VI and VIII over which Seller has reasonable control to be satisfied as soon as reasonably practicable, but in any event prior to Closing; provided, however, that Seller shall not be obligated to pay any consideration or initiate legal proceedings to obtain any approval required from a Governmental Entity.

6.8 **Consulting Services.** In an effort to effectuate a smooth transition between Seller and Purchaser, Seller agrees to engage Prime Healthcare Management, Inc., a Delaware corporation ("*Prime Healthcare*") at no cost to provide consulting services under the terms of this Agreement from the time of the execution of this Agreement until the Closing to allow and aid in improving cost effectiveness, including staffing and patient care quality metrics, consistent with Prime Healthcare's existing policies and protocols. Seller will not unreasonably withhold, condition, or delay implementation of Prime Healthcare's reasonable recommendations that are

consistent with applicable Law and the policies, procedures, rules and regulations of Seller and its sponsor.

**ARTICLE VII.
PRE-CLOSING ACTIONS BY PURCHASER**

7.1 **Regulatory Approvals.** Prior to Closing, Purchaser, as promptly as practicable, shall file all required notices to, and use all reasonable efforts to obtain the transfer or issuance, as the case may be, of all approvals, authorizations and clearances by, Governmental Entities required to purchase the Purchased Assets and to obtain all Licenses and Permits to operate the Hospital as currently operated by Seller. Except as otherwise provided by this Agreement, Purchaser will bear all costs and expenses associated with obtaining all approvals, authorizations and clearances of Governmental Entities (if any) required by Law of Purchaser or its Affiliates to consummate the transactions contemplated hereby. By way of example only, Purchaser shall be responsible for its costs and expenses imposed on Purchaser by the Michigan Attorney General in connection with obtaining the approval contemplated by Section 9.6, Michigan Department of Community Health and Michigan Board of Pharmacy as contemplated by Section 8.4 and submission of Form 855 to CMS as required by Purchaser.

7.2 **Title.**

(a) As soon as reasonably practical after the execution of this Agreement, Purchaser shall (i) request a preliminary title report (“PTR”) and all underlying documents from the Title Company and (ii) order and obtain at Purchaser’s sole cost an as-built ALTA Survey (the “Survey”) of the Real Property acceptable to the Title Company for purposes of deleting the standard survey exception and deliver complete copies of the PTR, underlying documents and the Survey thereof to Seller. Within ten (10) Business Days after Purchaser’s receipt of the PTR, legible copies of all underlying documents, and the Survey and the delivery of copies thereof to Seller (the “Approval Date”), Purchaser shall provide written notice to Seller of whether Purchaser approves or disapproves the PTR and the underlying documents and the Survey.

(b) Purchaser shall notify Seller in writing by the Approval Date of its disapproval of any defects, exceptions, liens, encroachments or encumbrances other than the Permitted Encumbrances shown in the PTR or in the related Survey. Any exceptions or defects not so disapproved by Purchaser in writing by the Approval Date shall be deemed Permitted Encumbrances.

(c) In the event of Purchaser’s disapproval of any material exceptions or material defects shown on the PTR or Survey, pursuant to this Section 7.2(c), Seller shall have ten (10) Business Days after receipt of Purchaser’s objections to give Purchaser written notice either that (i) Seller has removed any objectionable exceptions from title and provide Purchaser with evidence satisfactory to Purchaser of such removal or provide Purchaser with evidence reasonably satisfactory to Purchaser that said exceptions will be removed on or before the Closing Date, or (ii) Seller is unwilling to cause such exceptions to be removed. Seller shall have no obligation to remove or cause the Title Company to insure over the Permitted Exceptions or any of Purchaser’s objections to title

other than mortgages or deeds of trust granted by Seller, delinquent taxes and assessments relating to the period of Seller's ownership of the Real Property, judgment liens granted against Seller, and mechanic's liens arising from work performed by Seller or at Seller's direction.

(d) If Seller gives Purchaser notice under Section 7.2(c) above, Purchaser shall have five (5) Business Days to give Seller written notice of Purchaser's intent to either (i) proceed with the purchase and take the Real Property subject to such exceptions; or (ii) in the event Seller is unwilling to cause such exceptions to be removed as provided in Section 7.2(c) (ii) above, terminate this Agreement by written notice to Seller, whereupon this Agreement will be null and void, provided that to terminate this Agreement as provided herein, such rejected exceptions must materially and adversely affect Purchaser's right or ability to operate the Hospital after the Closing Date. The premium for issuance of the Title Policy shall be paid by Purchaser. If Purchaser shall fail to give Seller such notice within said five (5) Business Days, Purchaser shall be deemed to have elected to proceed with the purchase and take the Real Property subject to such exceptions.

7.3 Closing Conditions. Prior to Closing, Purchaser will use reasonable efforts to cause the conditions specified in Articles VIII and IX over which Purchaser has reasonable control to be satisfied as soon as reasonably practicable, but in any event prior to Closing.

ARTICLE VIII. CONDITIONS PRECEDENT TO PURCHASER'S OBLIGATIONS

The obligations of Purchaser hereunder are subject to satisfaction, on or before the Closing Date, of all of the conditions precedent set forth in this Article VIII, any of which may be waived in writing by Purchaser.

8.1 Representations and Warranties. The representations and warranties of Seller contained in this Agreement will be true and correct in all material respects on and as of the date hereof and as of the Closing Date, except to the extent such representations and warranties that speak only as of an earlier date (in which case they shall be true and correct in all material respects as of such date), and except where the failure of such representations and warranties to be so true and correct would not, individually or in the aggregate, have a Hospital Material Adverse Effect. In the event that there are breaches of representations and warranties made by Seller hereunder that have not had or are not reasonably likely to have a Hospital Material Adverse Effect (a) Purchaser shall not be excused from performance hereunder as a result of such breaches and shall be obligated to complete the transaction described herein, and (b) Purchaser shall not assert the breach of such representations and warranties as a basis for not consummating the transaction contemplated by this Agreement. The sole remedy of Purchaser for breaches of representations and warranties that constitute a Hospital Material Adverse Effect is set forth in Section 10.1.

8.2 Performance of Covenants. Seller shall have in all material respects performed all obligations and complied with all covenants and conditions required by this Agreement to be performed or complied with by it at or prior to the Closing Date; provided that this condition will

be deemed to be satisfied unless both (a) Seller is given written notice of such failure to perform or comply and did not or could not cure such failure to perform or comply within fifteen (15) Business Days after receipt of such notice, and (b) the respects in which such covenants and obligations have not been performed have had or are reasonably likely to have a Hospital Material Adverse Effect.

8.3 **Actions or Proceedings.** No order, ruling or judgment of any Governmental Entity will remain in effect which restrains, enjoins and/or otherwise prohibits the completion of the transactions contemplated hereby. As of the Closing Date, no action or proceeding before any Governmental Entity shall have been instituted and remain in effect which seeks to restrain or prohibit the transactions contemplated hereby.

8.4 **Approvals by Governmental Entities; Licenses and Permits.** The Parties shall have received documentation, assurances, or other satisfactory evidence from all Governmental Entities, that all Licenses and Permits required by Law to operate the Hospital in the ordinary course of business subsequent to the Closing Date, including, without limitation, all CONs necessary to transfer the Hospital to Purchaser shall have been obtained or otherwise mutually addressed by Purchaser and Seller in a separate agreement.

8.5 **Title Matters.** Subject to Section 7.2, Purchaser shall have approved in writing the PTR issued by the Title Company.

8.6 **No Hospital Material Adverse Effect.** There shall not have been a Hospital Material Adverse Effect that has not been corrected.

8.7 **Other Instruments and Documents.** Seller shall have delivered to Purchaser each of the instruments, documents, agreements, certificates and deliverables required to be delivered by it pursuant to Section 3.3 and such other customary instruments of transfer, assumption, filings or documents, in form and substance reasonably satisfactory to Purchaser as may be required to give effect to this Agreement.

ARTICLE IX. CONDITIONS PRECEDENT TO SELLER'S OBLIGATIONS

The obligations of Seller hereunder are subject to satisfaction on or before the Closing Date, of all of the conditions precedent set forth in this Article IX, any of which may be waived in writing by Seller.

9.1 **Representations and Warranties.** The representations and warranties of Purchaser contained in this Agreement will be true and correct in all material respects on and as of the Closing Date, except to the extent such representations and warranties that speak only as of an earlier date (in which case they shall be true and correct in all material respects as of such date), and except where the failure of such representations and warranties to be so true and correct would not, individually or in the aggregate, have a Purchaser Material Adverse Effect.

9.2 **Performance of Covenants.** Purchaser shall have in all material respects performed all obligations and complied with all covenants and conditions required by this Agreement to be performed or complied with by it at or prior to the Closing Date; provided that

this condition will be deemed to be satisfied unless both (a) Purchaser was given written notice of such failure to perform or comply and did not or could not cure such failure to perform or comply within fifteen (15) Business Days after receipt of such notice, and (b) the respects in which such covenants and obligations have not been performed have had a material adverse effect on the ability of Purchaser to timely consummate the transactions described herein.

9.3 **Actions or Proceedings.** No order, ruling, or judgment of any Governmental Entity will remain in effect which restrains, enjoins and/or otherwise prohibits the completion of the transactions contemplated hereby. As of the Closing Date, no action or proceeding before any Governmental Entity shall have been instituted and remain in effect which seeks to restrain or prohibit the transactions contemplated hereby.

9.4 **Approvals by Governmental Entities; Licenses and Permits.** The Parties shall have received documentation, assurances, or other satisfactory evidence from all Governmental Entities, that all Licenses and Permits required by Law to operate the Hospital in the ordinary course of business subsequent to the Closing Date, including, without limitation, all CONs necessary to transfer the Hospital to Purchaser shall have been obtained or otherwise mutually addressed by Purchaser and Seller in a separate agreement.

9.5 **Other Instruments and Documents.** Purchaser will have delivered to Seller each of the instruments, documents, agreements, certificates and deliverables required to be delivered to it pursuant to Section 3.2 and such other customary instruments of transfer, assumption, filings or documents, in form and substance reasonably satisfactory to Seller as may be required to give effect to this Agreement.

9.6 **Approval by Michigan Attorney General.** The transaction contemplated pursuant to this Agreement shall have been approved and/or otherwise consented to in writing by the Charitable Trust Division of the Michigan Department of Attorney General.

9.7 **Corporate Approvals.** The receipt of all corporate approvals necessary to effectuate this Agreement and the transactions contemplated by this Agreement has been obtained by Seller.

9.8 **Canonical Approvals.** The receipt of all canonical approvals for Seller to consummate the transactions contemplated by this Agreement shall have been received.

ARTICLE X. TERMINATION

10.1 **Termination.** This Agreement may be terminated and the transactions contemplated hereby abandoned prior to the Closing (a) upon the mutual written consent of Purchaser and Seller; (b) by either Purchaser or Seller if Closing shall not have occurred on or before December 31, 2015, provided that the party electing to terminate this Agreement shall not then be in breach of this Agreement and shall have used all reasonable and good faith efforts to close the transaction; (c) by either Purchaser or Seller in the event that (i) there shall be any Law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited, or (ii) any Governmental Entity shall have issued an order restraining or enjoining the transactions contemplated by this Agreement, and such order shall have become

final and non-appealable; (d) by Purchaser, if (without any breach by Purchaser of any of its obligations hereunder) compliance with any condition set forth in Article VIII becomes impossible, and such failure of compliance is not waived by Purchaser; (e) by Seller, if (without any breach by Seller of any of its obligations hereunder) compliance with any condition set forth in Article IX becomes impossible, and such failure of compliance is not waived by Seller; or (f) by Purchaser pursuant to the terms of Sections 2.6(b) or 7.2(d).

10.2 Effect of Termination. In the event of any termination of this Agreement, as provided by Section 10.1, this Agreement will thereupon become void and of no effect, no party will have any liability to any other party arising out of such termination, and no party will have any further rights or obligations hereunder, except for the obligations of the parties contained in this Section 10.2 and in Section 12.6 (Confidentiality), Section 12.7 (Costs of Transaction), Section 13.1 (Notice), Section 13.3 (Governing Law), Section 13.4 (Public Disclosure) and Section 13.10 (Entire Agreement) and any related definitional provisions set forth in this Agreement.

ARTICLE XI. REMEDIES; DAMAGES LIMITED

11.1 No Survival Period. The parties intend to shorten the statute of limitations and agree that no claims or causes of action may be brought (a) at any time against the Seller based upon, directly or indirectly, any of the representations or warranties contained in this Agreement or, (b) after the Closing or any termination of this Agreement, based upon, directly or indirectly, any agreements contained in Articles VI or VII. None of the covenants or other agreements contained in this Agreement shall survive the Effective Time other than those which by their terms contemplate performance after the Effective Time, including, without limitation those set forth in Article XII, and each such surviving covenant and agreement shall survive the Effective Time for the period contemplated by its terms.

11.2 Limitation on Damages. NOTWITHSTANDING ANYTHING TO THE CONTRARY ELSEWHERE IN THIS AGREEMENT, NO PARTY TO THIS AGREEMENT (OR ANY OF ITS AFFILIATES) SHALL, IN ANY EVENT, BE LIABLE TO THE OTHER PARTY (OR ANY OF ITS AFFILIATES) FOR SPECIAL, CONSEQUENTIAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, COSTS, EXPENSES, CHARGES OR CLAIMS.

11.3 Specific Performance. Notwithstanding the right of each party to terminate this Agreement pursuant to Section 10.1, in the event of a breach by either party of its obligation to consummate the transactions contemplated by this Agreement or a breach by either party of a covenant prior to or following the Closing, the non-breaching party shall be entitled to specific performance to force the breaching party to consummate the transactions contemplated by this Agreement or to enforce the covenant, such relief to be without the necessity of posting a bond, cash or otherwise (unless required by applicable Law).

**ARTICLE XII.
FURTHER COVENANTS**

12.1 Certain Employee Matters.

(a) Immediately prior to the Closing and except as otherwise mutually agreed by the parties, Purchaser shall offer to employ, on an “*at will*” basis, all of the employees of Seller who are assigned to the operations of Hospital, and who are eligible to be hired upon satisfactory completion of Purchaser’s customary pre-employment screening procedures as set forth on Schedule 12.1(a)-1, as of the Closing Date, including employees on vacation, paid time off, family leave, military leave, short-term disability or other types of leave (excluding employees with employment agreements, which Purchaser shall assume) in positions and at compensation levels consistent with those being provided by Seller immediately prior to Closing. All such employees who accept the Purchaser’s offer of employment shall be referred to herein each as a “*Hired Employee*” and, collectively, as the “*Hired Employees*”. The Purchaser will ensure that the level of benefits of each of the Hired Employees immediately following the Closing is comparable, in the aggregate, to those provided the Hired Employee immediately preceding the Closing. Notwithstanding the foregoing, an employee who is on a short-term or long-term disability leave, military leave or other authorized leave of absence as of the date immediately prior to the Effective Time is not required to be employed by Purchaser as of the Effective Time but any right to re-employment of such an employee pursuant to the terms of this Agreement or Law shall be the obligation of Purchaser or an Affiliate of Purchaser (as applicable) and such individuals shall become Hired Employees as of the date they return to work prior to the expiration of their authorized leave or the last date required by Law. Schedule 12.1(a)-2 provides a list of employees of Seller who are on short-term or long-term disability or on leave of absence pursuant to the Seller’s policies or Law (each, an “*Inactive Employee*” and collectively “*Inactive Employees*”), provides the date such absence began, and provides the date, if known, that the employee is expected to return to work. The list of Inactive Employees on Schedule 12.1(a)-2 will be updated as of the Effective Time. In the event that a Hired Employee is terminated without cause within one (1) year after the Effective Time, Purchaser, or an Affiliate of Purchaser, as applicable, shall provide severance benefits to such terminated Hired Employee on terms consistent with the Purchaser severance benefits plan or policy as amended from time to time or the CHE Trinity Inc. Severance Pay Plan as in effect on the Closing Date, whichever would provide the better benefits.

(b) Purchaser shall give credit to all Hired Employees for their respective paid time off and unused holidays accrued through the Effective Time. Notwithstanding the foregoing, Purchaser shall have the right to amend or modify the future accrual of such benefits after the Effective Time, provided that any change to such benefits is consistent with the level of paid leave benefits provided to other similarly situated employees of Purchaser.

(c) With respect to any employee benefit plan maintained by Purchaser or an Affiliate of Purchaser (collectively, “*Purchaser Benefit Plans*”) for the benefit of any Hired Employee, effective as of the Effective Time (or such later time as an Inactive

Employee may become a Hired Employee), Purchaser shall, or shall cause its Affiliate to, recognize all service of the Hired Employees with Seller or an Affiliate of Seller, as if such service were with Purchaser, for vesting, eligibility and accrual purposes (other than accrual under any defined benefit pension plan) with no gaps in coverage. For purposes of determining eligibility for medical, dental, vision, and group term life insurance coverage and the amount or level of paid time off, vacation, and sick leave time to which a Hired Employee is entitled, Purchaser or an Affiliate of Purchaser will recognize the existing seniority of Hired Employees in effect at the Effective Time (or such later time as an Inactive Employee may become a Hired Employee), and provide prior service credit for the Hired Employees' period of service for Seller or an Affiliate of Seller as of the Effective Time. Notwithstanding the foregoing, such service credit will be granted only to the extent service with Purchaser or a Purchaser Affiliate is recognized under any such plan, program, policy or arrangement, and will not be granted to the extent doing so would result in duplicative benefits to a Hired Employee for the same period of service, or to the extent such service is prior to a specific date before which service would not have been credited for other employees under the Purchaser Benefit Plans. In addition, the Purchaser Benefit Plans will waive pre-existing condition limitations which might otherwise apply to a Hired Employee, except to the extent a Hired Employee had not satisfied such limitations under the welfare benefit plans maintained by Seller or an Affiliate of Seller, as the case may be, as of the Effective Time. The Purchaser Benefit Plans shall also credit, if legally and contractually permissible, each Hired Employee and his or her covered dependents with year to date deductibles and out-of-pocket expenses incurred under any medical, dental or similar health insurance or health benefit plan maintained at the Effective Time by Seller or a Seller Affiliate, as the case may be, toward satisfaction of applicable deductibles and out-of-pocket expenses under a Purchaser Benefit Plan providing medical, dental or similar health benefits, as the case may be. Purchaser shall provide, or shall cause to be provided, COBRA continuation coverage (or any other Law equivalent) solely to a Hired Employee (and such individual's qualified beneficiaries) whose qualifying event (as defined by Treasury Regulation Section 54.4980B-4) occurs on or after the Effective Time. Seller shall provide, or shall cause to be provided, COBRA continuation coverage (or any other Law equivalent) to any other individual whose qualifying event occurs prior to the Effective Time or occurs in connection with this Agreement.

(d) As soon as practicable following the Effective Time, Seller or its Affiliates shall permit the Hired Employees to be treated as having severed employment for purposes of being entitled to a distribution from any Code Section 403(b) or 401(k) savings plan and to permit any such Hired Employee to elect to receive a distribution or to rollover his or her account balance in such savings plan to a Purchaser Benefit Plan if the Purchaser Benefit Plan permits such a rollover, that is a similar tax-qualified savings plan (including a transfer of outstanding participant loans in-kind, if the Purchaser Benefit Plan will accept a rollover of a plan loan in-kind) or to any other plan or account eligible to receive a rollover distribution, all in accordance with the terms of Seller's or its Affiliate's savings plan, and in compliance with the applicable requirements of Section 403(b) or 401(k) of the Code. The names of Hired Employees who have loans and amounts of such loans as of a date not more than ninety (90) days prior to the Effective Time under any such Benefit Plan of Seller or its Affiliates are set forth in

Schedule 12.1(d) of the Disclosure Schedules, and, to the extent permitted by Seller's Benefit Plans, such loans will not become due as of the Effective Time.

(e) In addition, the Hired Employees shall be credited under the health care flexible spending account and dependent care flexible spending account portion of a Purchase Benefit Plan that is a Code Section 125 plan with the amounts available for reimbursement under the health care flexible spending account and dependent care flexible spending account portion of Seller's or its Affiliate's Code Section 125 plan equal to such positive or negative amounts as were credited for the plan year under which such flexible spending accounts with respect to such person immediately prior to the Effective Time ("Assumed Section 125 Plan Balance"), subject to provision of documentation supporting such amounts being provided to Purchaser and payment to Purchaser of any net positive balance of all such Hired Employees assumed Section 125 Plan Balanced in the aggregate. Purchaser shall honor and give effect under its Code Section 125 plan to any health care flexible spending account and dependent care flexible spending account elections made by Hired Employees under Seller's or its Affiliate's Code Section 125 plan for the plan year in which the Effective Time occurs, except as such elections may be superseded by an election made by a Hired Employee following the Effective Time pursuant to the terms of the Purchaser's Section 125 plan.

(f) This Section 12.1 shall be binding upon and inure solely to the benefit of each of the Parties to this Agreement, and nothing in this Section 12.1, express or implied, shall confer upon any other person, including but not limited to any Hired Employee, any rights or remedies of any nature whatsoever under or by reason of this Section 12.1.

(g) After the Effective Time Purchaser shall continue to withhold funds from the wages of any Hired Employees with respect to any garnishment agreements relating to the Hired Employees and remit to recipients such funds in accordance with the garnishment agreements, including any garnishment agreements between Seller and the Hired Employees.

(h) Subject to review of the agreements, Purchaser will assume and honor employment agreements entered into prior to the Closing Date so long as they were entered into in the ordinary course of business and provide for compensation and other benefits which are within industry norms.

(i) Effective as of the Effective Time, Seller shall cease to serve and Purchaser shall commence to serve as the sponsoring and petitioning employer for U.S. immigration law purposes with respect to the Hired Employees. As a result, Purchaser shall therefore assume all immigration-related obligations and liabilities that have arisen or will hereafter arise in connection with the submission of petitions, applications or other filings to certain bureaus within the U.S. Department of Homeland Security (U.S. Citizenship and Immigration Services, Immigration and Customs Enforcement, and Customs and Border Protection), the U.S. Department of Labor or the U.S. Department of State (including any U.S. embassy or consular post) requesting the grant of employment-based nonimmigrant and immigrant visa benefits on behalf of the Hired Employees.

Seller and Purchaser intend that Purchaser (by hiring the Hired Employees formerly employed by Seller, and agreeing, as a sponsoring employer, to assume the immigration-related obligations and liabilities described above) shall be considered the successor in interest to the Seller solely and exclusively for purposes of the obligations and liabilities related to the employment of the such workers.

(j) Unless otherwise mutually agreed by the parties, Purchaser agrees that the Hired Employees will include, but not be limited to, the current Chief Executive Officer of the Hospital, and other employees of an Affiliate of Seller, who may be employed directly by such Affiliate of Seller, rather than by Seller but who provide services to Hospital as listed in Schedule 12.1(i) hereto.

(k) In connection with the transfer to Purchaser of the mutually agreed upon personnel files of the Hired Employees, Purchaser agrees to comply with the requirements of Law regarding the disclosure to third parties of employee personnel files and to provide notice to all Hired Employees of the disclosure by Seller to Purchaser of the file information and/or to secure a waiver of such notice from each Hired Employee in the employment application forms completed by such employees for Purchaser. Further the Purchaser agrees to indemnify and hold the Seller and its Affiliates harmless with respect to any and all liability, including penalties and fines, damages of any kind, reasonable attorneys' fees and costs, resulting from or associated with any claims, causes of action, charges or other actions related to the disclosure and transfer of the Seller's personnel records for the Hired Employees to the Purchaser.

12.2 Medical Staff. Immediately following the Closing, there will be no change or modification to the current medical staff membership of, or staff privileges for, physicians in good standing on the medical staff of the Hospital; provided, however, that the consummation of the transactions contemplated hereby will not limit the ability of the governing body or medical executive committee of the Hospital to grant, withhold or suspend medical staff appointments or clinical privileges in accordance with the terms and provisions of the medical staff by laws of the Hospital. More particularly, in order to ensure a smooth transition for the medical staff of the Hospital, Purchaser shall cause the governing body of the Hospital to take the following actions (and will not unilaterally make, or cause the governing body of the Hospital to unilaterally make, changes or modifications to such actions for a period of one (1) year after the Effective Time) to be effective on and after the Effective Time: (a) appoint all of the physicians who are on the medical staff of the Hospital immediately prior to the Closing to the medical staff, in their then-current categories; (b) grant all of such physicians their then current clinical privileges; (c) establish the same medical staff sections and departments as were established by Seller and were in effect immediately prior to Closing; (d) appoint to the positions of Chiefs and Assistance Chiefs of Section and Department Chairmen the physicians who hold the positions immediately prior to the Closing; (e) take no action to change any of the staff committees or their functions that existed immediately prior to the Closing; (f) take no action to change any of the staff officers or committee members who held those positions immediately prior to the Closing; (g) adopt the then current bylaws and incorporated documents, rules, and regulations of the medical staff of the Hospital to the extent consistent with Law; and (h) adopt the then currently proposed changes to the bylaws and incorporated documents, rules, and regulations of the medical staff, if then approved by the Hospital's medical staff.

12.3 Capital Commitment. During the three (3) year period immediately following the Closing, Purchaser will make or cause to be made capital expenditures for the benefit of the Hospital in an amount not less than Twenty Million Dollars (\$20,000,000) (the “*Capital Commitment Amount*”). For purposes of the Capital Commitment Amount, expenditures for capital improvements shall include expenditures for physician recruitment and retention, increasing the number and scope of medical service offerings, investments in information systems, new equipment (purchased or leased), facilities repair and maintenance spending (excluding routine operating costs), facility renovations, new facilities, new or renovated medical office space, information systems and other capital improvements. Such expenditures for capital improvements for which the Capital Commitment Amount may be expended shall be subject to the prior review and approval of the advisory board for the Hospital, as defined in Section 12.11.

12.4 Cost Reports.

(a) Seller will prepare and file all cost reports and all other required reports (including any short period or “*stub*” reports) relating to all Medicare, Medicaid, Tricare and other third-party payor reports related to Hospital in respect to cost reporting years through June 30, 2014 plus the period between June 30, 2014 through the Effective Time (“*Seller Cost Reports*”). Purchaser shall be responsible to prepare and file all cost reports and other required reports (including any short period or “*stub*” reports) relating to all Medicare, Medicaid, Tricare and other third-party payor reports related to Hospital in respect to all periods subsequent to the Effective Time.

(b) Seller shall retain any amounts received related to the Seller Cost Reports. In the event Purchaser receives any amounts related to the Seller Cost Reports or any appeal thereof, Purchaser shall transfer any such funds to Seller with twenty (20) days following receipt of such funds.

12.5 Taxes.

(a) Seller shall be responsible for the preparation and filing of the federal, state and local tax returns and information filings of Seller with respect to the Hospital for the periods ending on or prior to the Effective Time. Purchaser shall be responsible for the preparation and filing of federal, state and local tax returns with respect to the Hospital for periods ending after the Effective Time.

(b) Seller shall be responsible for payment of federal, state and local Taxes with respect to the Hospital attributable to periods ending on or prior to the Effective Time, except for any Taxes included in Projected Net Working Capital. Purchaser shall be responsible for payment of federal, state and local taxes with respect to the Hospital attributable to periods ending after the Effective Time.

(c) After the Closing, the parties shall cooperate fully with each other and shall make available to each other, as reasonably requested, all information, records or documents relating to tax liabilities or potential tax liabilities attributable to the Hospital for all periods prior to, on, or after the Closing and shall preserve all such information, records and documents related to such tax liabilities at least until the expiration of any

applicable statute of limitations or extensions thereof. Consistent with Section 12.9, the parties shall also make available to each other, as reasonably required, personnel responsible for preparing or maintaining information, records and documents in connection with tax matters.

(d) In the event that Purchaser or Seller receives written notice from an appropriate taxing authority of any pending or threatened examination, claim, settlement, proposed adjustment or related matter with respect to the Taxes of Seller that could affect Seller or any Affiliate of the Seller, or if Seller or any Affiliate of Seller receives written notice from an appropriate taxing authority of any such matters that could affect Purchaser, Seller, or any of their respective subsidiaries or Affiliates, the party receiving notice shall notify in writing the potentially affected party within twenty (20) days thereof.

(e) In the case of any audit, examination or other proceeding with respect to Taxes for which Seller is or may be liable pursuant to this Agreement, Purchaser shall promptly inform Seller, and Purchaser shall execute or cause to be executed powers of attorney or other documents necessary to enable Seller to take all actions reasonably deemed necessary by Seller with respect to such audit, examination or proceeding to the extent such audit, examination or proceeding may affect the amount of Taxes for which Seller is liable pursuant to this Agreement. Seller shall have the right to control any such audit, examination or proceeding, and, if there is a reasonable basis therefor, to initiate any claim for refund, file any amended return or take any other action that they deem appropriate with respect to such Taxes.

12.6 Confidentiality. Notwithstanding execution of this Agreement, the Confidentiality Agreement between Seller and Prime Healthcare Services, Inc. dated as of April 29, 2014 shall remain in effect until the later of (a) the Effective Time, or (b) termination of this Agreement.

12.7 Costs of Transaction. Whether or not the transactions contemplated hereby are consummated, and except as otherwise expressly provided in this Agreement, each party will bear its own fees, expenses and disbursements, and those of its Affiliates, agents, representatives, accountants, counsel and investment bankers, incurred in connection with the subject matter hereof.

12.8 Preservation of Books and Records. Until the later to occur of (a) the final adjudication (including, the running of any applicable appeal periods) of any dispute or investigation arising out of the business, operations or affairs of the Hospital before the Closing Date, or (b) 60 days following the running of applicable statutes of limitations, Purchaser will maintain all books and records of the Hospital constituting a part of the Purchased Assets which relate to the use, operations or maintenance of the Purchased Assets or Hospital prior to the Closing Date, and Seller or its assignee will maintain pursuant to its normal record retention policies all such books and records not constituting a part of the Purchased Assets, in each case to the extent reasonably necessary in connection with any tax, Medicare or Medicaid or other liability or matter for any period ending before the Closing Date.

12.9 Further Assurances; Cooperation. After the Closing, Seller shall execute and deliver to Purchaser any and all other assignments, consents, approvals, conveyances, documents and instruments reasonably requested by Purchaser for the purpose of more effectively assigning, transferring and conveying the Purchased Assets to Purchaser in accordance with the terms of this Agreement. The parties will use their respective commercially reasonable efforts to pursue and perform all acts, applications, authorizations and consents necessary or appropriate to the fulfillment of the provisions of this Agreement and will cooperate with each other and execute any and all documents reasonably incident thereto. In addition, following the Closing Date, each party will, upon reasonable notice, during normal business hours, at the expense of the requesting party, only to the extent reasonably necessary to facilitate the transactions contemplated hereby, audits, compliance with governmental requirements and regulations and the prosecution or defense of third-party claims, and only to the extent that it does not unreasonably interfere with its business operations: (a) afford to the representatives of the other, including its counsel and accountants, reasonable access to such records and information as may be available relating to the Purchased Assets and the Hospital for periods prior to and subsequent to the Effective Time, and full and complete access to its officers and employees; and (b) reasonably cooperate with, and use all reasonable efforts to cause its officers and employees to reasonably cooperate with the other and with appropriate Governmental Entities and third parties, in furnishing information, evidence, testimony and other reasonable assistance.

12.10 Use of Controlled Substance Permits. To the extent permitted by applicable law, Purchaser shall have the right, for a period not to exceed one hundred twenty (120) days following the Closing Date, to operate under the licenses and registrations of Seller relating to controlled substances and the operations of pharmacies and laboratories, until Purchaser is able to obtain such licenses and registrations for itself. Seller shall not be obligated to renew any such license which expires during such period. In furtherance thereof, Seller shall execute and deliver to Purchaser at or prior to the Closing, a limited power of attorney substantially in the form of Exhibit C hereto. Purchaser shall promptly apply for such licenses and registrations in its own name as soon as reasonably possible after the date of this Agreement and shall diligently pursue such applications. Purchaser shall indemnify and hold Seller and its directors, officers and employees harmless from and against any and all losses incurred by Seller and its directors, officers and employees resulting from or arising out of the use of such licenses and registrations by Purchaser.

12.11 Governance. Purchaser shall constitute and maintain an advisory board for the operation of the Hospital, subject to the authority of Purchaser's corporate board, comprised of physicians, community members, and Hospital executives to provide oversight and guidance regarding the operation of the Hospital.

12.12 Maintenance of Acute Care Hospital. Purchaser shall maintain the Hospital as an acute care hospital with an open and accessible emergency department for a period of no less than five (5) years after Effective Time.

12.13 Transition Services. Purchaser agrees to allow a limited number of the Hired Employees to assist Seller post-Closing, at such times as are reasonably requested, in providing (a) any requisite post-Closing notices, (b) audits for any fiscal year-ends or stub periods occurring before the Effective Time, and (c) disposing of any other post-Closing claims or

matters related to the transactions contemplated herein. As of Closing, Purchaser and Seller or one of Seller's Affiliates shall enter into a mutually agreeable transition services agreement ("*Transition Services Agreement*"), pursuant to which Seller or its Affiliates shall provide certain services to Purchaser for a mutually agreed upon period.

12.14 **Name.** Purchaser agrees that, within ninety (90) days after the Effective Time, Purchaser will effectuate a change in the name "*St. Joseph Mercy Port Huron*," and all other assumed names and signage used by the Hospital. Purchaser shall have no right to include the words "*CHE Trinity, Inc.*", "*CHE Trinity Health*", "*CHE*", "*Catholic Health East*", "*Trinity*", "*Trinity Health*", "*Trinity Health-Michigan*", "*St. Joseph Mercy Port Huron*", or "*Mercy*" in such changed name or otherwise.

12.15 **Charity Care Policy and Community Benefit.** Purchaser shall adopt a charity care policy effective as of the Closing Date that is no less favorable than Seller's charity care policy existing immediately prior to the Effective Time. Additionally, Purchaser will continue to operate for the benefit of the community and provide treatment for indigent patients and support programs that benefit the community, each in a manner at least as favorable as those in place at Hospital on the date immediately preceding the Effective Time. Such support obligation specifically includes continuing support for the indigent care clinic operated by Hospital and commonly known as The Peoples' Clinic for Better Health.

12.16 **Medical Records Custody Agreement.** Pursuant to a mutually agreed upon medical records custody agreement ("*Medical Records Custody Agreement*"), (i) Seller shall grant Purchaser custody of certain patient records of Hospital. Purchaser agrees that all records relating to patients shall be retained by Purchaser after the Effective Time in accordance with applicable Law and Purchaser's record retention policies. Subject to applicable Law, such records shall be made available upon request to Seller as necessary to comply with applicable Law or in connection with any pending or future claims in which it is a party.

ARTICLE XIII. IN GENERAL

13.1 **Notice.** Any notice, demand or communication required, permitted or desired to be given hereunder must be in writing and will be deemed effectively delivered when personally delivered; when actually received by recognized overnight courier; or five (5) Business Days after being deposited in the United States mail, with postage prepaid thereon, by certified or registered mail, return receipt requested, addressed as follows:

If to Seller: CHE Trinity Health
20555 Victor Parkway
Livonia, Michigan 48152-7018
Attention: SVP, M&A and Partnership Development

with a copy to: CHE Trinity Health
20555 Victor Parkway
Livonia, Michigan 48152-7018
Attention: General Counsel

If to Purchaser: Prime Healthcare Services – [Subsidiary], LLC
3300 East Guasti Road
Ontario, California 91761
Attn: President of Operations II

with a copy to: Prime Healthcare Services
3300 East Guasti Road
Ontario, California 91761
Attn: General Counsel

or to such other address, or to the attention of such other Person, as any party may designate by notice delivered in like manner.

13.2 **Schedules, Exhibits and Other Instruments.** Each Schedule and Exhibit, provided hereunder and each written disclosure required hereby is incorporated by reference into this Agreement and will be considered a part hereof as if set forth herein in full.

13.3 **Governing Law; Venue.** This Agreement shall be governed by and construed in accordance with the internal laws of the State of Michigan applicable to agreements made and to be performed entirely within such State, without regard to the conflicts of law principles of such State, and any Deeds shall be governed and construed in accordance with the laws of the State of Michigan. Venue shall only be proper in the courts of the State of Michigan located in Oakland County and the United State District Court for the Eastern District of Michigan.

13.4 **Public Disclosure.** Except for: (a) necessary disclosures to such party's directors, officers, employees, counsel, accountants, bankers and other agents; (b) disclosures deemed to be required by Purchaser or Seller, upon the advice of counsel, under any Laws, and after reasonable prior notice to the other party; (c) disclosures made with the mutual written consent of Purchaser and Seller; and (d) disclosures pursuant to any approval process of the Michigan Department of the Attorney General, each party will keep the existence and the provisions of this Agreement confidential both prior and subsequent to the Closing Date, and no party will make any press release with respect to the transactions contemplated hereby except as provided in (c) herein.

13.5 **Benefit.** This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective legal representatives, successors and permitted assigns. This Agreement is not intended to benefit any Person other than Purchaser, Seller and their respective Affiliates.

13.6 **Waivers and Consents.** Any waiver of any provision of this Agreement and any consent given hereunder must be in writing signed by the party sought to be bound. The waiver by any party of a breach or violation of any provision of Agreement will not operate as, or be construed to constitute, a waiver of any subsequent breach or violation of the same or any other provision hereof. No delay or failure on the part of any party in exercising or enforcing any right, power or privilege hereunder will operate as a waiver thereof nor will any single or partial

exercise of any right, power or privilege preclude any other or further exercise of any other right, power or privilege.

13.7 **Severability.** In the event any provision of this Agreement is held to be invalid, illegal or unenforceable for any reason and in any respect, such invalidity, illegality or unenforceability will in no event affect, prejudice or disturb the validity of the remainder of this Agreement, which will be and remain in full force and effect, and enforceable in accordance with its terms.

13.8 **Inferences.** Inasmuch as this Agreement is the result of negotiations between sophisticated parties of equal bargaining power represented by counsel, no inference in favor of or against any party will be drawn from the fact that any portion of this Agreement has been drafted by or on behalf of such party.

13.9 **Counterparts.** This Agreement, and any document or instrument required or permitted hereunder, may be executed in counterparts, each of which will be deemed an original and all of which together will constitute but one and the same instrument.

13.10 **Entire Agreement.** This Agreement, including the Recitals, Exhibits, and Schedules, and any other agreement which is incorporated herein by reference including the agreements and documents contemplated by Article III, supersede all previous agreements and constitute the entire agreement of whatsoever kind or nature existing among the parties representing the within subject matter, and no party will be entitled to benefits other than those specified herein. The parties specifically acknowledge that in entering into and executing this Agreement, the parties rely solely upon the representations, warranties and agreements contained herein and therein and no others. All prior representations or agreements, whether written or oral, not expressly referenced herein are superseded.

13.11 **Assignment.** No party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other party to this Agreement.

13.12 **Time of Essence.** With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their authorized officers, all as of the date and year first above written.

PURCHASER:

**PRIME HEALTHCARE SERVICES –
PORT HURON LLC**

Name: Troy Schell
Title: General Counsel/Secretary

SELLER:

TRINITY HEALTH-MICHIGAN

Name: Garry C. Faja
Title: President/CEO-Saint Joseph Mercy
Health System

LIST OF SCHEDULES AND EXHIBITS

Schedule 2.1(a)	Real Property
Schedule 2.1(c)	Assigned Contracts
Schedule 2.1(l)	Assets Used Exclusively by Hospital
Schedule 2.6(a)	Good Faith Calculation of Purchase Price
Schedule 2.6(d)-1	Projected Net Working Capital (Based on 6.30.14)
Schedule 2.6(d)-2	Projected Net Working Capital (As of Closing Date)
Schedule 2.7	Allocation of Purchase Price
Schedule 4.4	Financial Statements
Schedule 4.6	Licenses
Schedule 4.7	Medicare/Medicaid Notice of Investigations
Schedule 4.8	Exceptions to Material Compliance
Schedule 4.9	Contracts With Annual Obligation Over \$75,000
Schedule 4.10	Equipment
Schedule 4.13	Life Safety Code Deficiencies
Schedule 4.14	Insurance
Schedule 4.15	Employee Benefit Plans
Schedule 4.16	Employee Relations/Pending Claims
Schedule 4.17	Litigation/Proceedings
Schedule 4.18	Medical Staff Matters/Disputes
Schedule 4.19(c)	Tax Liabilities
Schedule 6.2	Exceptions to Operations in the Ordinary Course
Schedule 12.1(a)-1	Purchaser's Pre-Employment Screening Procedures
Schedule 12.1(a)-2	Inactive Employees
Schedule 12.1(d)	Hired Employees With Outstanding Loans
Schedule 12.1(i)	Other Hospital Service Providers
Exhibit A	Assignment and Assumption Agreement
Exhibit B	General Assignment, Conveyance and Bill of Sale Regarding Good and Marketable Title
Exhibit C	Use of Controlled Substance Permits: Limited Power of Attorney

SCHEDULE 2.1(a)
REAL PROPERTY

TO BE PROVIDED BY CLOSING

SCHEDULE 2.1 (c)
ASSIGNED CONTRACTS

TO BE PROVIDED BY CLOSING

SCHEDULE 2.1(1)
ASSETS USED EXCLUSIVELY BY HOSPITAL

TO BE PROVIDED BY CLOSING

SCHEDULE 2.6(a)
GOOD FAITH CALCULATION OF PURCHASE PRICE

TO BE PROVIDED BY CLOSING

**SCHEDULE 2.6(d)-1
PROJECTED NET WORKING CAPITAL
(BASED ON 6.30.14)**

Projected Working Capital Calculation - EXAMPLE WORKSHEET
Port Huron
As of June 30, 2014

Current Assets based upon 6/30/2014 Balance Sheet:

Inventory	\$ 1,731,952
Prepays and Other assets	152,711
Misc A/R	19,993
Other A/R	341,100
Current Assets	<u>2,245,756</u>

Current Liabilities:

Deferred Revenue - Beckman	198,000	Free capital from lab contract amortized through 2/2018
PTO Accrual	1,042,081	
Current Liabilities	<u>1,240,081</u>	

Projected Net Working Capital	\$ 1,005,675	Positive = Example Payment to CHE Trinity Health at Closing
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Long Term Assets and Long Term Liabilities to be Assumed by Prime - EXAMPLE WORKSHEET

Port Huron
As of June 30, 2014

Capital Lease Assets Assumed by Prime:

Capital Lease Asset - LT	\$ 365,828	
Capital Lease Asset - LT Accum Depr	(50,835)	
Subtotal Capital Lease Asset	<u>314,993</u>	
Capital Lease Liability - ST only	(86,111)	Short term portion included in current liabilities
Capital Lease Liability - LT only	(232,819)	
Subtotal Capital Lease Liability	<u>(318,930)</u>	

Asset Retirement Obligations Assumed by Prime:

Asset Retirement Obligation LT asset	62,132
Asset Retirement Obligation LT asset Accum Dep	(58,668)
Subtotal Asset Retirement Obligation - Asset	<u>3,464</u>
Asset Retirement Obligation Liability - LT	(416,332)

Investments Assumed by Prime:

PHO Investment	462,139
Tri Hospital Ambulance Venture	1,579,113

LT IT, PPE and CIP Assumed by Prime:

Other LT TIS assets	5,136,117
Property, Plant and Equipment	25,636,487

Donor Restricted Assets Assumed by Prime:

Donor restricted assets*	1,291,148
Temporarily restricted net assets (equity)	(567,212)
Permanently restricted net assets (equity)	(723,936)
Net donor restricted assets	<u>0</u>

* Donor restricted assets to be transferred as long as restrictions allow

Port Huron
Consolidated Balance Sheet
As of June 30, 2014
(\$ in whole dollars)

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	Prime Balance	CHE TH Balance	Total Consolidated June 30, 2014
ASSETS			
Current assets:			
Cash and investments			
118600		12,166,493	12,166,493
		(28,604)	(28,604)
Net patient accounts receivable			
181110		5,766,228	5,766,228
		450,100	450,100
181410		-	-
		18,335	18,335
Other Est. receivables from third-party payors, net			
Intercompany receivables			
118800		107,813	107,813
119500		132,878	132,878
	19,993	645,602	665,795
119654		687,163	687,163
119679		707,895	707,895
Other receivables			
	341,100		341,100
Inventories			
	1,731,952		1,731,952
Prepaid expenses and other			
	152,711		152,711
Total current assets			
	\$ 2,245,756	\$ 20,654,103	\$ 22,899,859
Assets limited or restricted as to use:			
107410		314,643	314,643
107800		23,414	23,414
107810		199,660	199,660
Other Assets limited as to use by Board			
	1,291,148	13,956,245	13,956,245
Assets limited as to use by Donors			
131400	Capital Lease	365,828	365,828
132400	Capital Lease-Accum Depr	(58,835)	(58,835)
131510	Other Fixed Assets - ARO	82,132	82,132
132510	Other Fixed Assets - ARO Accum Depr	(58,668)	(58,668)
Other Property Plant and Equipment and CIP			
	25,636,487		25,636,487
164010	Investment in MCL (Michigan Cotenancy Lab)	107,119	107,119
165010	PHO Investment	482,139	482,139
165030	Tri Hospital Ambulance Venture	1,579,113	1,579,113
165060	MRI- Tri Hospital	848,507	848,507
169100	Long Term TIS (Shared) Assets	5,136,117	5,136,117
167100	LT Sec Borrowings Rec	115,450	115,450
167200	LT Allow on Sec Borrowing	(36,944)	(36,944)
Other long-term assets			
		368,130	368,130
Total assets			
	\$ 36,669,217	\$ 36,550,327	\$ 73,219,544

Port Huron
Consolidated Balance Sheet
As of June 30, 2014
(\$ in whole dollars)

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LIABILITIES AND NET ASSETS			
Current liabilities:			
2630	Capital lease oblig - current	86,111	86,111
267600	ST unamortized disc/prim exler	(8,148)	(8,148)
267110	Loan Program Payable ST	89,388	89,388
Intercompany notes payable			
200300	Corporate Card Liability	630,409	630,409
	Accounts payable, external	13,520	13,520
202605	IC MI Co-tenancy Lm Payable	1,908,627	1,908,627
201100	IC A/P UAPC vendor payments	42,544	42,544
	Accounts Payable, IC	146,353	146,353
227610	Deferred Revenue-Partners at Heart JOA	199,215	199,215
	Deferred Revenue-Partners at Heart JOA	28,333	28,333
Deferred Revenue - Unical Sys			
		198,000	198,000
Accrued Expenses			
210220	Accrued Vacation Pay	28,167	28,167
219610	Accrued Severance	1,042,081	1,042,081
	Other Salaries, wages and related liabilities	501,439	501,439
223610	RAC Payable FY 10	915,819	915,819
	Other Estimated payables to third party payors, net	332,000	332,000
	Total current liabilities	2,207,713	2,207,713
		1,326,192	7,031,379
			8,357,571

		Prime Balance	CHE TH Balance	Total Consolidated June 30, 2014
277000	Unamort disc/prim - external		(15,409)	(15,409)
277110	Loan Program Payable LT		116,450	116,450
2790	Capital lease obligation - LT	232,819		232,819
Intercompany notes payable				
			29,999,409	29,999,409
2408	Def comp corp 457/451 liab		314,643	314,643
242810	LT Asset Retirement Obligation-ARO	418,332		418,332
	Total liabilities	1,975,343	37,445,472	39,420,816
Net Assets:				
	Unrestricted net assets, control interest		32,381,653	32,381,653
	Temporarily restricted net assets, control interest	567,212		567,212
	Permanently restricted net assets, control interest	723,935		723,935
	Noncontrolling interest net assets	145,928		145,928
	Total net assets	1,437,075	32,381,653	33,798,729
	Total liabilities and net assets	\$ 3,412,418	\$ 69,607,125	\$ 73,219,545

Total Assets less liabilities and net assets \$ (3,256,799) \$ 33,256,798 \$? Rounding: pass

SCHEDULE 2.6(d)-2
PROJECTED NET WORKING CAPITAL
(AS OF CLOSING DATE)

SCHEDULE 2.7
ALLOCATION OF PURCHASE PRICE

TO BE PROVIDED BY CLOSING

SCHEDULE 4.4
FINANCIAL STATEMENTS

TO BE PROVIDED BY CLOSING

**SCHEDULE 4.6
LICENSES**

TO BE PROVIDED BY CLOSING

SCHEDULE 4.7
MEDICARE/MEDICAID NOTICE OF INVESTIGATIONS

TO BE PROVIDED BY CLOSING

SCHEDULE 4.8
EXCEPTIONS TO MATERIAL COMPLIANCE

TO BE PROVIDED BY CLOSING

SCHEDULE 4.9
CONTRACTS WITH ANNUAL OBLIGATION OVER \$75,000

TO BE PROVIDED BY CLOSING

**SCHEDULE 4.10
EQUIPMENT**

TO BE PROVIDED BY CLOSING

SCHEDULE 4.13
LIFE SAFETY CODE DEFICIENCIES

TO BE PROVIDED BY CLOSING

**SCHEDULE 4.14
INSURANCE**

TO BE PROVIDED BY CLOSING

**SCHEDULE 4.15
EMPLOYEE BENEFIT PLANS**

TO BE PROVIDED BY CLOSING

SCHEDULE 4.16
EMPLOYEE RELATIONS/PENDING CLAIMS

TO BE PROVIDED BY CLOSING

**SCHEDULE 4.17
LITIGATION/PROCEEDINGS**

TO BE PROVIDED BY CLOSING

**SCHEDULE 4.18
MEDICAL STAFF MATTERS/DISPUTES**

TO BE PROVIDED BY CLOSING

**SCHEDULE 4.19(c)
TAX LIABILITIES**

TO BE PROVIDED BY CLOSING

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SCHEDULE 6.2
EXCEPTIONS TO OPERATIONS IN THE
ORDINARY COURSE OF BUSINESS

TO BE PROVIDED BY CLOSING

SCHEDULE 12.1(a)-1
PURCHASER'S PRE-EMPLOYMENT SCREENING PROCEDURES

Purchaser's Pre-Employment Screening Procedures include the following:

- 10-Panel Drug Screen
- Physical to ensure employees can perform the essential functions of their position
- Employee Health Screening: Fit Testing for a Respirator, medical questionnaires to establish employee being free from infectious diseases
- 2 Step TB Test (or chest X-Ray if they test positive or have history of positive PPD)
- Background Check
 - Includes check of criminal history, educational background (if required for the position), Driving History (if required for the position), sanctions checks
 - Minimum of 2 employment verifications
 - Verifications of all licensure, certifications, qualifications related to the position
- Completion of I-9 and E-Verify to establish eligibility to work in the United States

**SCHEDULE 12.1(a)-2
INACTIVE EMPLOYEES**

TO BE PROVIDED BY CLOSING

SCHEDULE 12.1(d)
HIRED EMPLOYEES WITH OUTSTANDING LOANS

TO BE PROVIDED BY CLOSING

SCHEDULE 12.1(i)
OTHER HOSPITAL SERVICE PROVIDERS

TO BE PROVIDED BY CLOSING

EXHIBIT A

Assignment and Assumption Agreement

EXHIBIT B

**General Assignment, Conveyance and Bill of Sale
Regarding Good and Marketable Title**

EXHIBIT C

**Use of Controlled Substance Permits:
Limited Power of Attorney**