
ASSET PURCHASE AGREEMENT

by and among

Sellers, as defined herein,

and

T.J. Regional Health, Inc. or its assignee, as Buyer

Dated: _____, 2015

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ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this "Agreement") dated _____, 2015 (the "Execution Date") is made by and among ADAIR COUNTY HOSPITAL DISTRICT, a public agency created by the Fiscal Court of Adair County, Kentucky (the "Hospital District"), ADAIR COUNTY PUBLIC HOSPITAL DISTRICT CORPORATION, a Kentucky not-for-profit corporation (the "Corporation"), (the Hospital District and the Corporation are referred to collectively herein as "Sellers" and each individually a "Seller") and T.J. REGIONAL HEALTH, INC., a Kentucky nonprofit corporation, or its assignee ("Buyer"). Capitalized terms used in this Agreement are defined or cross-referenced in Article 11.

RECITALS

WHEREAS, on July 31, 2013 (the "Petition Date"), each Seller commenced a voluntary petition for relief (collectively, the "Bankruptcy Cases") under Chapter 9 of the United States Bankruptcy Code, 11 U.S.C. § 101-1532 (the "Bankruptcy Code") in the United States Bankruptcy Court for the Western District of Kentucky (the "Bankruptcy Court"); and

WHEREAS, Sellers own and operate an acute care hospital known as "Westlake Regional Hospital" with 49 licensed acute care beds and 25 adult psychiatric beds, which is classified as an acute care hospital in the City of Columbia, Kentucky, located at 901 Westlake Drive, Columbia, Kentucky (the "Hospital"), also operate the Rural Health Clinics, and are in the business of providing the medical care and services to residents of Adair County, Kentucky, and surrounding areas (the Hospital and the Rural Health Clinics, collectively, the "Business"); and

WHEREAS, Buyer desires to purchase the Acquired Assets and assume the Assumed Liabilities from Sellers, and Sellers desire to sell, convey, assign, transfer and deliver to Buyer the Acquired Assets together with the Assumed Liabilities, all in the manner and subject to the terms and conditions set forth in this Agreement and a Confirmation Order with respect to the Sellers' Plan of Adjustment and in accordance with Chapter 9 and Sections 105, 901, 1129 and all other applicable provisions of the Bankruptcy Code.

STATEMENT OF AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and their respective representations, warranties, and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

ARTICLE 1 **PURCHASE AND SALE OF ACQUIRED ASSETS**

1.1 Acquired Assets. At the Closing, and upon the terms and conditions set forth herein, each Seller shall sell, assign, transfer and deliver to Buyer, and Buyer shall purchase from

each Seller, all of such Seller's right, title and interest in, to and under the following properties, assets and rights owned by such Seller, in each case, free and clear of all Liens, liabilities, claims, interests and encumbrances, other than Permitted Encumbrances (collectively the "Acquired Assets"):

(a) all owned real property (consisting of the real property on which the Hospital, the Medical Office Building located at 810 Jamestown Street, Columbia, Kentucky 42728 (the "MOB") and the Westlake Primary Care Center located at 810 Jamestown Street, Columbia, Kentucky 42728 (the "Westlake Primary Care Center")) are situated (the "Owned Real Property") and leased real property (together with the Owned Real Property, the "Real Property") of any Seller used in the operation of the Business, together with all fixtures and Improvements thereon, including, without limitation, the Real Property listed on Schedule 1.1(a);

(b) all machinery, equipment, furniture, office and telephone equipment, administrative supplies, maintenance and janitorial equipment, computer hardware, fixtures and fittings wherever located on the Closing Date, motor vehicles, tools, maintenance parts, spare parts used in the operation of the Business, and including, but not limited to, other similar items of tangible personal property listed on Schedule 1.1(b);

(c) all inventories of supplies, drugs, pharmaceuticals and medications, food, janitorial and office supplies, forms, consumables, disposables, linens, medical, maintenance and shop supplies, and other similar items of tangible personal property wherever located on the Closing Date that is used, owned or held primarily in the conduct of the Business (collectively, the "Inventory"), with all controlled substances in possession of Sellers on the Closing Date specifically listed on Schedule 1.1(c);

(d) all Contracts and unexpired leases ("Leases") listed on Schedule 1.1(d), including Leases of Owned Real Property to the extent such Leases are assigned to Buyer pursuant to the terms of the Assigned Contract Order in the manner provided in Section 1.5 hereof ("Assigned Contracts");

(e) all notes and accounts receivable in existence as of the Closing Date from patients, Payors, and other third parties (billed and unbilled, recorded and unrecorded, accrued and existing) arising from or in connection with the Business, together with rights to payment for services rendered through the Closing Date, but excluding any accounts receivable due the Hospital District for assessed taxes (collectively, "Receivables");

(f) except for certain prepayments made to Retained Professionals, all advance payments, deposits, prepayments, and prepaid expenses made with respect to the Acquired Assets as of the Closing Date (collectively, "Prepayments"), as listed on Schedule 1.1(f);

(g) all Licenses used to operate the Acquired Assets that are legally assignable or transferable to Buyer and are owned by the Seller as of the Closing Date, including without

limitation those Licenses listed on Schedule 1.1(g) to the extent such Licenses are legally assignable or transferable;

(h) all unexpired warranties as of the Closing Date that are legally assignable or transferable to Buyer either received from third parties with respect to the Acquired Assets, including, but not limited to, obligations to repair or replace, or to refund the sales price or any other related expenses relating to alleged defects in goods sold or services, unliquidated rights under manufacturers' or vendors' warranties, and such warranties as are set forth in any construction agreement, lease agreement, equipment purchase agreement, consulting agreement or agreement for architectural and engineering services;

(i) all intangible, intellectual and proprietary property used in or related to the Business and owned by any Seller, including without limitation, all patents and patent applications, trademarks, service marks, including without limitation the names "Westlake Regional Hospital" and "Adair County Public Hospital Corporation" and all variations, if any, thereof, inventions, trade secrets, know-how, software, computer files and data, assembly instructions, drawings, blueprints, telephone numbers, facsimile telephone numbers, e-mail addresses, confidential business information, including without limitation, those items set forth on Schedule 1.1(i), and all goodwill, rights to sue and collect with respect to any infringements and the right to receive royalties with respect to the foregoing;

(j) to the extent legally transferable, all documents, books, records, operating, employee and policy manuals and files of any Seller used primarily in the conduct of the Business, whether in hard copy, electronic copy or other form, including, without limitation, all vendor and supplier records, financial records, equipment records, and medical and administrative libraries and personnel records related to Continuing Employees (collectively, the "Business Records"), but excluding Sellers' corporate record books, minute books and Tax records, the Retained Hospital Records, the proprietary records, and the Business Records and Patient Records excluded under Section 1.2(c);

(k) to the extent legally transferable, all Active Patient Records maintained or stored as of the Closing Date pertaining to patients treated at any Seller's facility; *provided, however,* that prior to any Active Patient Records becoming a part of the Acquired Assets, each patient shall be given a reasonable opportunity to object to the transfer of such patient's Active Patient Records to Buyer, and, to the extent of such patient objections, such Active Patient Records shall become a part of the Excluded Assets;

(l) all liability insurance benefits, including rights and proceeds, arising from or relating to the Acquired Assets or Assumed Liabilities prior to the Closing Date, unless expended in accordance with this Agreement, solely to the extent that such benefits arise from or relate to an event, act or omission that occurs after the date of this Agreement and reduces the value of the Acquired Assets, or increases the amount of the Assumed Liabilities;

(m) to the extent legally transferrable, all certifications to participate in, and all provider agreements and numbers associated with, the federal reimbursement program under Medicaid and the federal reimbursement program under Medicare, including, without limitation, all agreements and provider numbers necessary to maintain the status of Westlake Regional Hospital (the "Hospital") as an Acute Care Hospital ("ACH") provider and any other governmental or quasi-governmental third party payor programs as well as any other agreement, arrangement, program or understanding with any federal, state or local governmental agency or organization or pursuant to which either Seller qualifies for payment or reimbursement for medical or therapeutic care or other goods or services rendered or supplied to any patient, as set forth on Schedule 1.1(m), (collectively, the "Assumed Provider Agreements");

(n) except as set forth in Section 1.2 below, all causes of action, lawsuits, judgments, claims, and demands of any nature available to or being pursued by any Seller with respect to the Acquired Assets or the Assumed Liabilities, whether known or unknown, contingent or noncontingent, arising by way of counterclaim or otherwise, and all proceeds thereof, and all guarantees, warranties, indemnities, and similar rights, and other intangible property related to the Acquired Assets, the Assumed Liabilities, or the Business, *provided, however,* that no cause of action, lawsuit, judgment, claim, or demand of any kind or nature whatsoever arising between any Seller, on the one hand, and Buyer, on the other hand, relating to the transactions contemplated by this Agreement and the Related Agreements, shall be deemed to be transferred to Buyer hereunder and shall be retained in its entirety by Sellers solely and exclusively;

(o) the bank accounts of Sellers listed on Schedule 1.1(o) which are depository accounts for the Receivables and all information necessary to access such accounts, to the extent such accounts can be transferred by Sellers, except that any cash or cash equivalents held in such accounts are specifically excluded;

(p) all regulatory settlements, rebates, adjustments, refunds or group appeals pursuant to Medicare, Medicaid, or Cost Reports which occur after the Closing Date; and

(q) except for the Excluded Assets, all other assets, rights, privileges (including attorney-client privileges), or interests (to the extent transferable) of Sellers that are used in the Business or located at any facility owned, leased or used by Sellers.

1.2 Excluded Assets. Notwithstanding anything to the contrary in this Agreement, the following properties and assets (the "Excluded Assets") are not included in the Acquired Assets, and Sellers shall retain and not transfer to Buyer, and Buyer shall not purchase or acquire, such Excluded Assets:

(a) except as provided in Section 1.1(e), Section 1.1(f) and Section 1.1(p), all cash, cash equivalents, bank accounts, deposit accounts, trust accounts, escrow accounts, securities accounts, and the assets and free credit balances held therein, security and performance

deposits, and other liquid assets of any Seller, wherever located and however held; including, without limitation, those specifically described on Schedule 1.2(a);

(b) the rights of any Seller to receive mail and other communications addressed to any of them with respect to Excluded Assets or Excluded Liabilities;

(c) any and all Business Records and Patient Records, whether or not maintained by Sellers, (i) which are not transferable under applicable Law, (ii) which constitute inactive Patient Records, (iii) which constitute Active Patient Records for patients who have objected to the transfer to Buyer of their Active Patient Records; (iv) which are protected by attorney-client privilege; (v) which are necessary for the Sellers to administer their plan of adjustment; or (vi) as listed on Schedule 1.2(c);

(d) except as provided in Section 1.1(p), all regulatory settlements, rebates, adjustments, refunds or group appeals which arise out of time periods prior to the Closing Date and which are paid to Sellers prior to the Closing Date; and

(e) the Lease between the Corporation, as lessor, and the Hospital District, as lessee, for the facilities used to operate the Business, which Lease shall be terminated on or before the Closing Date (the "Facilities Lease").

1.3 Assumed Liabilities. At the Closing, Buyer shall assume and pay, discharge and perform as and when due all of the following liabilities of Sellers (the "Assumed Liabilities"):

(a) all liabilities and obligations of Sellers under the Assigned Contracts arising on or after the Closing Date, including any cure costs required to be paid pursuant to Section 365 of the Bankruptcy Code in connection with the assumption and assignment of the Assigned Contracts (such cure costs are, collectively, the "Cure Costs"), provided however the Buyer shall not assume the Cure Costs associated with the Assumed Provider Agreements;

(b) all liabilities and obligations arising on or after the Closing Date relating to or arising out of the Acquired Assets;

(c) the Assumed PTO in the amount of up to \$150,000; and

(d) such other liabilities and obligations, if any, which are agreed to by Buyer and specifically described on Schedule 1.3(d).

1.4 Excluded Liabilities. Buyer is assuming only the Assumed Liabilities and is not assuming any other liability or obligation of whatever nature, whether presently in existence or arising hereafter. All such other liabilities and obligations shall be retained by and remain liabilities and obligations of Sellers (all such liabilities are, collectively, the "Excluded Liabilities"). The Excluded Liabilities include, without limitation, the following liabilities and obligations:

(a) any liabilities or obligations related to any Excluded Assets;

(b) any liabilities relating to fraud or the federal statutes relating to health care fraud and abuse and kickbacks (including 42 U.S.C. § 1320a-7b, 42 U.S.C. § 1320a-7a, the Ethics in Patient Referrals Act, as amended, 42 U.S.C. §§ 1395nn *et seq.*, and the federal Civil False Claims Act, 31 U.S.C. § 3729 *et seq.*) or related or similar statutes or the regulations promulgated pursuant to any of such statutes, and any similar applicable state Laws or regulations pertaining to fraud, kickbacks or fee splitting;

(c) any claim of CMS/Medicare/Medicaid for recoupment of amounts paid to Sellers pursuant to Medicare, Medicaid, or Costs Reports, for services rendered during time periods prior to the Closing;

(d) except for the Assumed PTO, all liabilities and obligations to any of Sellers' employees for salary, wages, benefits (including, without limitation, workers' compensation, unemployment, disability and the Affected Employee PTO Amount) and other accrued compensation through the Closing Date, including without limitation any liabilities or obligations to any employee with respect to any claims arising out of discrimination, harassment or other alleged actions for periods prior to the Closing Date; and

(e) all liabilities and obligations of Sellers of whatever nature whether presently in existence or hereafter arising, other than the Assumed Liabilities.

1.5 Matters Relating to Assumption and Assignment and Cure Costs.

(a) Sellers shall file a motion with the Bankruptcy Court (collectively, the "Assigned Contract Motion") identifying those Contracts material to the operation of the Business that may be assumed and assigned pursuant to section 365 of the Bankruptcy Code that Buyer has indicated to Sellers it may wish to assume (the "Noticed Contracts"). The Assigned Contract Motion shall identify the proposed cure cost amount for each Noticed Contract (the "Proposed Cure Cost"). Schedule 1.5(a) sets forth the Noticed Contracts with respect to which, as of the Execution Date, the Sellers had been asked to provide notice pursuant to section 365 of the Bankruptcy Code and the Proposed Cure Costs related thereto.

(b) Sellers shall use commercially reasonable efforts to obtain an Order or Orders authorizing, but not requiring or directing, Sellers to assume and assign the Noticed Contracts (the "Assigned Contract Order"). The Assigned Contract Order shall fix the Cure Cost amount required to be paid to assume and assign each Noticed Contract (the "Approved Cure Cost").

(c) At any time prior to or on the fifth day prior to the deadline to submit ballots for the plan of adjustment, Buyer may, in its sole discretion, add any Noticed Contracts to Schedule 1.1(d). Upon the addition of a Noticed Contract by Buyer, the added Noticed

Contract shall be deemed an Assigned Contract, and Sellers shall take all necessary steps to assume and assign such additional Noticed Contracts to Buyer.

(d) At any time prior to or on the fifth day prior to the deadline to submit ballots for the plan of adjustment, Buyer may, in its sole discretion, remove any previously added Noticed Contract (whenever added) from Schedule 1.1(d). Upon such removal, the removed Noticed Contract shall become an Excluded Asset.

(e) At the Closing, Sellers, from their own cash or from the purchase price paid by Buyer, shall pay any Proposed Cure Cost associated with any Assumed Provider Agreement or such lower amount as the counterparty to such Assumed Provider Agreement and the Sellers may agree, and the Buyer, from its own cash, shall pay any Proposed Cure Cost associated with any other Assigned Contract or such lower amount as the counterparty to such Assigned Contract may agree; provided, however, that in the case of capital leases of equipment currently in effect and used by Sellers in the Business (the "Equipment Leases"), Sellers shall pay any cure costs plus any additional amounts needed to completely pay the remaining principal balances of such Equipment Leases.

1.6 Non-Assignment of Contracts. Notwithstanding anything contained herein to the contrary, this Agreement shall not constitute an agreement to assign any Assigned Contract, if, notwithstanding the provisions of sections 363 and 365 of the Bankruptcy Code, an attempted assignment thereof, without the consent of any other party thereto, would constitute a breach thereof or in any way negatively affect the rights of Sellers or Buyer, as the assignee of such Assigned Contract, as the case may be, thereunder. If, notwithstanding the provisions of sections 363 and 365 of the Bankruptcy Code, such consent or approval is required but not obtained, Sellers shall cooperate with Buyer without further consideration in any reasonable arrangement designed to both (a) provide Buyer with the benefits of or under any such Assigned Contract, and (b) cause Buyer to bear all costs and obligations of or under any such Assigned Contract.

ARTICLE 2 **CONSIDERATION**

2.1 Purchase Price. The aggregate consideration for the sale, conveyance, assignment, transfer and delivery of the Acquired Assets, and the assumption by Buyer of the Assumed Liabilities shall be \$3,200,000, plus the Affected Employee PTO Amount, described at Section 5.1(h), minus the Environmental Remedial Cost described in Section 5.1(j)(ii) (as so adjusted, the "Cash Purchase Price").

2.2 Escrow.

(a) Within twenty-four (24) hours of the execution of this Agreement, the parties shall execute an escrow agreement (the "Escrow Agreement") in substantially the form of Exhibit A. In the event of any conflict between this Agreement and the Escrow Agreement, this Agreement shall prevail.

(b) On or before November 15, 2015 (five days prior to the date of a hearing on Sellers' Disclosure Statement), Buyer shall deposit with the Escrow Agent (as such term is defined in the Escrow Agreement) an amount equal to \$320,000 (the "Deposit").

2.3 Allocation of Purchase Price. The Cash Purchase Price shall be allocated among the various classes of the Acquired Assets and the Assumed Liabilities in accordance with and as provided by Section 1060 of the Code. Within thirty (30) days following the Closing, Buyer shall provide Sellers with a preliminary allocation of the Cash Purchase Price for Sellers' review and approval, which approval shall not be unreasonably withheld or delayed. The parties agree that any tax returns or other tax information they may file or cause to be filed with any Governmental Entity shall be prepared and filed consistently with such agreed upon allocation. In this regard, the parties agree that, to the extent required, they will each properly prepare and timely file Form 8594 in accordance with Section 1060 of the Code.

ARTICLE 3 CLOSING

3.1 Closing. The closing of the purchase and sale of the Acquired Assets and the assumption of the Assumed Liabilities and the consummation of any other transactions contemplated hereunder (the "Closing") shall take place at the offices of Frost Brown Todd LLC, 400 West Market Street, Suite 3200, Louisville, Kentucky 40202 (unless the parties agree to another time, date, or place) on the third (3rd) Business Day after satisfaction or waiver of the conditions set forth in Articles 6 and 7, other than those conditions that by their nature are to be satisfied at the Closing, but, subject to the fulfillment or waiver of those conditions (the "Closing Date"). The transactions to be consummated on the Closing Date shall be deemed to have been consummated as of 11:59 p.m. on the Closing Date. At the Closing, all proceedings to be taken and all documents to be executed and delivered by all parties shall be deemed to have been taken and executed simultaneously and no proceedings shall be deemed to have been taken or not taken nor documents executed or delivered until all have been taken, executed, and delivered.

3.2 Deliveries by Sellers. On or prior to the Closing Date, Sellers shall deliver to Buyer the following:

(a) The sale, conveyance, assignment, transfer and delivery by Sellers of the Acquired Assets to Buyer, as herein provided, shall be effected on the Closing Date by quit claim deeds, bills of sale, endorsements, assignments and other instruments of transfer and conveyance, excluding any representations, warranties or covenants and shall otherwise be consistent with the terms of this Agreement, reasonably satisfactory in form and substance to counsel for Buyer;

(b) Sellers shall execute and deliver an officer's certificate delivered in accordance with Section 6.7;

(c) Copies of resolutions duly adopted by the Board of Directors of each Seller, authorizing and approving its performance of the transactions contemplated hereby and

the execution and delivery of this Agreement and the documents described herein, certified as true and of full force as of the Closing, by the appropriate officers of each Seller;

(d) All consents, Orders and approvals of the Bankruptcy Court, including certified copies of the Confirmation Order and the Assigned Contract Order, reasonably satisfactory in form and substance to counsel for Buyer; and

(e) Such other instruments and documents as Buyer and Sellers deem mutually necessary to effect the transactions contemplated hereby.

3.3 Deliveries by Buyer. On or prior to the Closing Date, Buyer shall deliver to Sellers the following:

(a) Buyer shall cause the Escrow Agent to pay the Deposit to Sellers in accordance with the terms of the Escrow Agreement by wire transfer of immediately available funds to the bank account designated by Sellers in a writing delivered to Buyer on or before November 15, 2015 (five days prior to the date of a hearing on Sellers' Disclosure Statement);

(b) Buyer shall pay Sellers the Cash Purchase Price, determined in accordance with Article 2, less the Deposit, by wire transfer of immediately available funds to Sellers' bank account, designated by Sellers in a writing delivered to Buyer at least two (2) Business Days prior to the Closing Date;

(c) Buyer shall execute and deliver to Sellers an instrument of assumption of liabilities with respect to the Assumed Liabilities reasonably satisfactory in form and substance to counsel for Sellers; and

(d) Buyer shall execute and deliver to Sellers an officer's certificate in accordance with Section 7.3.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Sellers. Sellers, jointly and severally, represent and warrant to Buyer as of the Execution Date and as of the Closing Date, as follows:

(a) Corporate Organization of Sellers. The Hospital District is a public agency created in 1968 by an act of the Fiscal Court of Adair County, Kentucky to provide hospital facilities, pursuant to KRS 216.310 *et seq.* The Corporation is duly incorporated, validly existing, and in good standing as a non-profit corporation under the Laws of the Commonwealth of Kentucky. Each Seller has all requisite corporate power and authority to own its properties and assets and to conduct the Business as now conducted.

(b) Authorization and Validity. Subject to Bankruptcy Court approval, each Seller has the full power and authority to execute and deliver this Agreement and the Related Agreements and to perform its obligations hereunder and thereunder, and this Agreement and the Related Agreements will constitute the legal, valid and binding obligation of each Seller, enforceable against each of them in accordance with its terms.

(c) No Conflict or Violation. Subject to: (i) Bankruptcy Court approval; (ii) receipt of the consents listed on Schedule 4.1(d); and (iii) change of Ownership notice delivered to the Kentucky Cabinet of Health And Family Services at least thirty (30) days prior to the Closing Date, the execution, delivery and performance by Sellers of this Agreement and the Related Agreements, and the performance by Sellers of the transactions contemplated by this Agreement and the Related Agreements, do not (a) violate any provision of Sellers' governance documents, (b) violate any Law or Order, (c) result in a breach of or default (with or without notice or lapse of time or both) under any Contract to which Sellers are a party or by which they or any of their properties may be affected or bound, if the effect of such breach or default shall be a Material Adverse Effect, or (d) cause the acceleration of the maturity of the Assumed Liabilities or the creation of any Lien, charge, or encumbrance upon the Acquired Assets in a manner that shall have a Material Adverse Effect.

(d) Consents. Upon entry of the Confirmation Order and the Assigned Contract Order, and other than (i) any approval from the Kentucky Attorney General (as applicable), (ii) to the extent subject to the Assigned Contract Order, the consent of any individual physicians to the assumption and assignment of their respective employment agreements, or (iii) as set forth on Schedule 4.1(d), to Sellers' Knowledge, the execution, delivery and performance by Sellers of this Agreement and the Related Agreements, and the performance by Sellers of the transactions contemplated by this Agreement and the Related Agreements, do not require the authorization, consent or approval of any Governmental Entity or third party of such a nature that the failure to obtain the same would have a Material Adverse Effect.

(e) Brokers. No broker, finder, investment banker or other Person is entitled to any brokerage, finder's or other fee or commission in connection with this Agreement or the transactions contemplated hereby based upon any agreements or arrangements or commitments, written or oral, made by or on behalf of either Seller.

(f) Title to Acquired Assets. Subject to the entry of the Confirmation Order, at the Closing, Sellers shall obtain good and marketable title to, or a valid and enforceable right by Contract to use, the Acquired Assets, which shall be transferred to Buyer free and clear of all Liens, other than Permitted Encumbrances.

(g) Contracts. Copies of all material contracts (including all material modifications and amendments thereto) have been made available to Buyer. Except as set forth on Schedule 4.1(g), giving pro forma effect to the Confirmation Order, all of the Assigned Contracts are valid and binding agreements of Sellers and are in full force and effect in all

material respects. Upon entry of the Confirmation Order and payment of Cure Costs and/or provision of adequate assurances, Sellers shall not be in breach or default in any material respect under any Assigned Contract. To Sellers' Knowledge, as of the Execution Date and except as set forth in Schedule 4.1(g), no other party to any of the Assigned Contracts is in material breach or default thereunder.

(h) Licenses; ACH Provider Status. Sellers possess all Licenses necessary for the conduct of the Business as it is currently conducted, other than such Licenses the absence of which would not have a Material Adverse Effect. Sellers are in material compliance with all Licenses. The Hospital is currently enrolled as an ACH provider and adult psychiatric provider in the Medicare and Medicaid programs. The Hospital has at all times in all material respects met and continues to in all material respects meet all conditions of participation as an ACH provider in the Medicare and Medicaid programs and has a current and valid provider contract with such programs designating it as an ACH provider. For each Assumed Provider Agreement, Schedule 4.1(h) sets forth the effective date, the expiration date, and the provider number(s) associated with such Assumed Provider Agreement. Sellers have no uncured deficiencies which would result in the potential imposition of a fine, lost penalty, or other similar remedy. Neither Seller has been excluded from any governmental payor program or private payor program listed on Schedule 4.1(h). Each Seller is in material compliance with rules and regulations respecting each payor. No action has been taken by any government entity or recommended by any Governmental Entity to revoke, withdraw or suspend either Seller in any governmental healthcare program.

(i) Hazardous Substances. Except as disclosed on Schedule 4.1(i) or as specifically described in the Phase I Report referenced in Section 5.1(j) hereof:

- (i) There has been no treatment, disposal, or Release of Hazardous Material on the Real Property or any other site to which either Seller has sent knowingly or otherwise arranged the transportation knowingly of Hazardous Materials (other than Releases involving de minimis quantities of Hazardous Materials and other than disposal and transportation by licensed disposers or haulers of Hazardous Materials) that would: (i) constitute a violation of any Environmental Law by either Seller, or by any third party if the effect of such violation by such third party imposes a remediation obligation on the part of either Seller; (ii) trigger any release-reporting obligations of either Seller under any Environmental Law; or (iii) trigger any clean-up or remediation obligations of either Seller under any Environmental Law;
- (ii) Each Seller is in compliance with, in all material respects, all Environmental Laws that govern the Real Property;

- (iii) Each Seller has obtained all material Licenses required under the Environmental Laws for operation of the Business, and currently are in compliance in all material respects with, all such Licenses; and
- (iv) Neither Seller has received in the most recent five (5) year period any notice of any proceeding, action, or other claim or liability arising under any Environmental Laws (including, without limitation, notice of potentially responsible party status under the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §§9601 et seq. or any state counterpart) from any Person or Governmental Entity regarding the Real Property or the businesses operated from such properties, or any properties to which a Seller has sent knowingly or arranged knowingly for the transportation of Hazardous Materials.

(j) Financial Information. Sellers have previously furnished to Buyer, interim unaudited financial statements dated September 30, 2015 (the "Financial Statements"). Such Financial Statements were prepared in accordance with Sellers' past practices, and fairly present the financial position, results of operations and cash flows of Sellers for the period presented.

(k) Other Liens. Except as set forth on Schedule 4.1(k), neither Seller nor any of their predecessors have received any loans, grants or loan guarantees pursuant to the Health Professions Educational Assistance Act, the Nurse Training Act or the Community Mental Health Centers Act, as amended, or similar Laws or acts relating to healthcare facilities. The transactions contemplated hereby will not result in any obligation on Buyer or any of its Affiliates to repay any of such loans, grants or, loan guarantees, nor subject Buyer, its Affiliates or the Assets to any Lien, restriction or obligation, including any requirement to provide uncompensated care.

(l) Third Party Payor Cost Reports. Each Seller has duly filed all Cost Reports for all the fiscal years through and including the fiscal ended June 30, 2015. All of such Cost Reports accurately reflect the information required to be included thereon and such Cost Reports do not claim and no Seller has received reimbursement in any amount in excess of the amounts provided by Law or any applicable agreement. Schedule 4.1(1) indicates which of such Cost Reports have not been audited and finally settled and a brief description of any and all notices of program reimbursement, proposed or pending audit adjustments, disallowances, appeals of disallowances, and any and all other unresolved claims or disputes in respect of such Cost Reports. Each Seller has established adequate reserves to cover any potential reimbursement obligations that such Seller may have in respect of any such third party Cost Reports, and such reserves are set forth in the Financial Statements.

(m) Compliance. Except as set forth in a writing delivered by Sellers to Buyer on or prior to the Execution Date which specifically makes reference to this Section 4.1(m) (the "Disclosed Condition") or to the extent set forth on Schedule 4.1(m), neither Seller (a) is a party

to a corporate integrity agreement with the Office of Inspector General of the U.S. Department of Health and Human Services, (b) has reporting obligations pursuant to any Settlement Agreement or corporate integrity agreement entered into with any Governmental Entity, (c) to the best of such Seller's Knowledge, has been the subject of any government payer program investigation conducted by any federal or state enforcement agency, (d) to the best of such Sellers' knowledge, has been a defendant in any qui tam/False Claims Act litigation, (e) has been served with or received any search warrant, subpoena, civil investigative demand, contact letter, or telephone or personal contact by or from any federal or state enforcement agency (except in connection with medical services provided to third-parties who may be defendants or the subject of investigation into conduct unrelated to the operation of the healthcare businesses conducted by Seller), or f) has received any complaints from employees, independent contractors, vendors, physicians, or any other Person that would indicate that such Seller has violated any Law or regulation.

(n) Compliance with Laws. Except as set forth on Schedule 4.1(n) or as otherwise disclosed to Buyer, (a) Sellers are in compliance with all Laws and requirements applicable to the conduct of the Business or to the ownership or use of any of the Acquired Assets; (b) except to the extent that there is no Material Adverse Effect, Sellers are in compliance with Laws, regulations and Orders, as required for participation in the Medicare and Medicaid reimbursement programs and are in compliance with the indigent care conditions, if any, contained in or related to certificates of need obtained by them; (c) except as in the Ordinary Course of Business for denials, takebacks, and Payor audits, no Seller has received any written notice with current applicability from any Governmental Entity of any violation or failure to comply with any Laws, or any alleged violation or failure to comply with any Laws; (d) neither Seller nor any of its employees have committed a violation of federal or state Laws regulating health care fraud, including but not limited to the federal Anti-Kickback Law, 42 U.S.C. §1320a-7b, the Stark I and II Laws, 42 U.S.C. §1395nn, as amended, and the False Claims Act, 31 U.S.C. §3729, et seq. during the preceding six year period or entered into any contracts, leases or other written arguments or arrangements (written or unwritten) that violate any of these Laws; and (e) there are no pending or, to Sellers' knowledge, threatened, investigations, complaints actions or proceedings seeking to limit, alter or terminate the Hospital's status as a ACH provider in the Medicare and Medicaid programs and neither Seller has taken any action, or failed to take any action, that could give rise to the right of Medicare or Medicaid to terminate the Hospital's status as an ACH provider or otherwise limit, alter or terminate the Hospital's enrollment in the Medicare and Medicaid programs.

(o) Employee Relations; Employee Benefits. With respect to the Continuing Employees:

- (i) Sellers are in compliance in all material respects with all applicable Laws respecting labor, employment, fair employment practices, terms and conditions of employment, workers' compensation, occupational safety, plant closings, and wages and hours with respect to the employees of the Business. Neither Sellers nor the

Business have effectuated (i) a "plant closing" (as defined in the WARN Act) affecting any site of employment or one or more facilities or operating units within any site of employment or facility of any of such entities or (ii) a "mass layoff" (as defined in the WARN Act) affecting any site of employment or facility of any of such entities, nor has any of such entities been affected by any transaction or engaged in layoffs or employment terminations sufficient in number to trigger application of any similar Law. None of Sellers' employees has suffered an "employment loss" (as defined in the WARN Act).

- (ii) Except as set forth on Schedule 4.1(o), there are no Plans (as defined below) contributed to, maintained or sponsored by Sellers to which Sellers are obligated to contribute or with respect to which Sellers have any material liability or potential material liability, whether direct or indirect. For purposes of this Agreement, the term "Plans" shall mean any: (i) employee benefit plans whether or not funded and whether or not terminated, (ii) employment agreements, and personnel policies or fringe benefit plans, policies, programs and arrangements, whether or not funded, and whether or not terminated, including without limitation stock bonus, deferred compensation, profit sharing, pension, severance, bonus, vacation, travel, incentive, and health, disability and welfare plans, agreements or arrangements. Within the six (6) year period ending on the Closing Date, Sellers have not sponsored, contributed to or had an obligation to contribute to a multiemployer plan, multiple employer plan, or single employer plan to which at least two or more of the contributing sponsors are not part of the same controlled group.

(p) Litigation. Except for the Bankruptcy Cases and proceedings therein, or any garnishment, domestic relation, foreclosure or collection proceedings, or as set forth on Schedule 4.1(p), there is no material action, suit, proceeding in equity or at law, arbitration, or administrative or other proceeding by or before any Person (including, without limitation, any Governmental Entity), pending, or to Sellers' Knowledge, threatened in writing against Sellers, and the Acquired Assets are not subject to any Order entered in any material lawsuit or proceeding.

(q) Physicians. Sellers shall within five (5) days of execution of this Agreement provide Buyer a list of all Physicians and a listing, if any, of adverse or corrective actions with respect to any such Physician whether brought by the Hospital's medical staff or committee thereof, governing board, state professional review organization or any Governmental Entity. Sellers shall promptly advise Buyer of any adverse or corrective action against any

Physician affecting such Physician's medical staff membership, license to practice medicine in the Commonwealth of Kentucky or participation in the Medicare and/or Medicaid programs, including, but not limited to, summary suspensions or termination of employment.

(r) Real Property.

- (i) Except as described on Schedule 4.1(r), the Real Property includes all of the real property used or necessary in the operation of the Business. Schedule 1.1(a) contains a true and correct list of each parcel of Real Property and identifies whether such real property is Owned Real Property or leased real property.
- (ii) Sellers have good and marketable fee simple title to the Owned Real Property, free and clear of all Liens other than Permitted Encumbrances.
- (iii) Except as set forth on Schedule 4.1(r), title to each parcel of the Owned Real Property will be insured pursuant to a valid title insurance policy. The Owned Real Property does not rely on any other real property for vehicular or pedestrian ingress or egress to and from such Owned Real Property (other than public roads and thoroughfares) and such Owned Real Property does not rely on any other real property for parking or other easements or rights of way except as set forth on Schedule 4.1(r). Except as set forth on Schedule 4.1(r), none of the Real Property, or the Improvements or the use thereof contravenes or violates any building, administrative, environmental, zoning, other land use, occupational safety and health or other applicable Law (whether or not permitted on the basis of prior nonconforming use, waiver or variance) in any material respect. Schedule 4.1(r) contains a true and complete list of all of the Leases relating to the Real Property and true and complete copies thereof, together with all amendments and supplements thereto and all waivers of any terms thereof, have been delivered to Buyer prior to the execution of this Agreement. Except for the aforementioned Leases, there are no other leases, subleases, occupancy or concession agreements in effect with respect to the Real Property. Each Lease, if any, is a legal, valid and binding agreement, enforceable in accordance with its terms, of Sellers and of each other Person that is a party thereto, and there is no, nor has any Seller received any notice of any, default (or any condition or event which, after notice or lapse of time or both, would constitute a default) by Seller nor by any other Person thereunder. There are no brokerage commissions due with respect to any such leased space. Sellers shall not modify, amend

or terminate any Leases prior to the Closing without Buyer's prior written consent.

- (iv) Sellers has made available to Buyer true and complete copies of all deeds, leases, mortgages, deeds of trust, certificates of occupancy, title insurance policies, title reports, surveys and similar documents, and all amendments thereof, with respect to the Real Property that are within the possession, or control, of Sellers or their respective agents (e.g., surveyors).
- (v) Except as provided in Schedule 4.1(r), the Improvements are in good operating condition and in a state of operable maintenance and repair, ordinary wear and tear excepted, and are adequate and suitable for the purposes for which they are presently being used. There are no material physical defects in the Improvements or the Real Property. Sellers have received all final sign-offs, inspections, certificates of occupancy and any other licenses, permits, approvals and consents required by applicable Governmental Authorities with respect to the completion of construction and installation of all of the Improvements and the ability of Sellers to legally use the same in the operation of the Business.
- (vi) None of the Real Property or the Improvements, or the use and operation thereof, contravenes or violates any building, zoning, subdivision, land use, administrative, occupational safety and health or other applicable Law, including Environmental Law, in any material respect (whether or not permitted on the basis of prior nonconforming use, waiver or variance). Except as set forth on Schedule 4.1(r), Sellers have received no notice from any Governmental Entity advising either Seller of (i) a violation of any such Laws (whether now existing or which will exist under Existing Laws with the passage of time) or (ii) any action which must be taken to avoid a violation thereof.
- (vii) There are no outstanding Contracts made by either Seller for the construction or repair of any improvements to the Real Property which have not been fully paid for.
- (viii) All water, sewer, gas, electric, telephone, and drainage facilities and all other utilities required by Law for the Sellers' continued use and operation of the Real Property located at 901 Westlake Drive, Columbia, Kentucky as a hospital have been installed and are in operation.

- (xi) The zoning and land use designation of the Real Property permit the operation of the Business and the Improvements in connection therewith. Seller has obtained all licenses, permits, easements, and rights-of-way, including a use permit, required from all Governmental or Regulatory Authorities having jurisdiction over the Real Property or from private parties (i) for the use and operation of the Real Property located at 901 Westlake Drive, Columbia, Kentucky as a hospital as presently conducted, (ii) for the use of the Real Property for commercial purposes, and (iii) to assure vehicular and pedestrian ingress to and egress from the Real Property.
- (xii) No Seller has received any notice from any insurance carrier of any defects or inadequacies in the Real Property, or in any portion thereof, which would adversely affect the insurability thereof or the cost of such insurance. There are no pending insurance claims relating to the Real Property.

(s) Disclosure of All Material Facts. No representation or warranty to Buyer contained herein, and no statement contained in any certificate, schedule, list or other writing furnished to any of Buyer pursuant to the provisions of this Agreement, when considered in the context of the other representations, warranties, statements and information so delivered, contains any untrue statement of a material fact or omits to state a material fact which is necessary in order to make the information given by or on behalf of Sellers to Buyer or its representatives not misleading.

(t) Insurance. Schedule 4.1(s) contains a true and complete list (including the names and addresses of the insurers, the names of the Persons to whom such policies have been issued, the expiration dates thereof, the annual premiums and payment terms thereof, whether it is a "claims made" or an "occurrence" policy and a brief description of the interests insured thereby) of all liability, property, workers' compensation and other insurance policies currently in effect that insure Sellers, the Business, Sellers' employees or the Acquired Assets. Each such insurance policy is valid and binding and in full force and effect, no premiums due thereunder have not been paid, and Sellers have not received any notice of cancellation or termination in respect to any such policy or is in default thereunder. Neither any Seller nor the Person to whom such policy has been issued has received notice that any insurer under any policy referred to in this paragraph is denying liability with respect to a claim thereunder or defending under a reservation of rights clause.

(u) Related Person Transactions. Except as set forth on Schedule 4.1(u), (i) No Related Person or Affiliate of any Seller provides or causes to be provided any assets, services or facilities used or held for use by Sellers or in connection with the Business; and neither any Seller nor the Business provides or causes to be provided any assets, services or facilities to any such Related Person or Affiliate; (ii) neither Seller has entered into or is party to

any transaction with any Related Person or Affiliate of either Seller or any Affiliate of such Person; and, (iii) neither Seller has entered into or is party to any transaction or agreement with any Physician or Medical Staff Physician other than with respect to the provision of physician services.

(v) Sellers hold all accreditations necessary or required by applicable Laws or Governmental Entity for the operation of the required assets. Sellers are in material compliance with the terms of all necessary accreditations.

(w) Sellers are in material compliance with HIPAA, including the federal privacy regulations as contained in 45 C.F.R, Part 164 (the "Federal Privacy Regulations"), the federal security standards as contained in 45 C.F.R., Part 142 (the "Federal Security Regulations") and the federal standards for electronic transactions, contained in 45 C.F.R., Parts 160 and 162, all collectively referred to as HIPAA requirements. True and complete copies of Seller's policies related to HIPAA have been provided to the Buyer.

4.2 Representations, Warranties and Agreements of Buyer. Buyer hereby represents, warrants to Sellers and agrees with Sellers as follows:

(a) Organization and Corporate Power. Buyer is a nonprofit [corporation/limited liability company] organized and validly existing under the Laws of, and is authorized to exercise its corporate powers, rights and privileges and is in good standing in, the Commonwealth of Kentucky, and has full corporate power and authority to carry on its business as presently conducted and to own or lease and operate its properties and assets now owned or leased and operated by it, to own the Acquired Assets, and to perform the transactions on its part contemplated by this Agreement and all Related Agreements.

(b) Authorization and Validity. Buyer has, or on the Closing Date shall have, all requisite corporate power and authority to enter into this Agreement and any Related Agreement, and to perform its obligations hereunder and thereunder. The execution and delivery of this Agreement and each Related Agreement to and the performance of its obligations hereunder and thereunder, have been, or on the Closing Date shall be, duly authorized by all necessary corporate action by the board of directors of Buyer, and no other corporate proceedings on the part of Buyer are necessary to authorize such execution, delivery and performance. This Agreement has been, and each Related Agreement has been, or on the Closing Date shall be, duly executed by Buyer and constitute, or shall constitute, when executed and delivered, Buyer's valid and binding obligation, enforceable against Buyer in accordance with its respective terms except as may be limited by bankruptcy or other Laws affecting creditors' rights and by equitable principles.

(c) Absence of Breach. Subject to the provisions of Section 4.2(d) below regarding private party and Governmental Entity consents, the execution, delivery and performance by Buyer of this Agreement and the Related Agreements do not (a) violate any of

the provisions of the governing documents of Buyer, (b) violate any Law or cause the suspension or revocation of any License presently in effect, except where such violation, suspension, or revocation shall not have a Buyer Material Adverse Effect, or (c) result in a breach of or default (with or without notice or lapse of time or both) under any Contract to which Buyer is a party or by which it or any of its properties may be affected or bound, if the effect of such breach or default shall be a Buyer Material Adverse Effect.

(d) Consents. Except as set forth on Schedule 4.2(d), the execution, delivery and performance by Buyer of this Agreement and the Related Agreements, and the performance by Buyer of the transactions contemplated hereby and thereby, do not require the authorization, consent or approval of any Governmental Entity or third party of such a nature that a failure to obtain the same would have a Material Adverse Effect.

(e) Brokers. No broker, finder, investment banker or other Person is entitled to any brokerage, finder's or other fee or commission in connection with this Agreement or the transactions contemplated hereby based upon any agreements or arrangements or commitments, written or oral, made by or on behalf of Buyer or any of its Affiliates.

4.3 Representations Exclusive. THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT AND THE RELATED AGREEMENTS CONSTITUTE THE SOLE AND EXCLUSIVE REPRESENTATIONS AND WARRANTIES OF SELLERS TO BUYER IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT AND BY THE RELATED AGREEMENTS. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT AND IN THE RELATED AGREEMENTS, SELLERS MAKE NO REPRESENTATION OR WARRANTY, EXPRESSED OR IMPLIED, UNDER CONTRACT, AT LAW, OR IN EQUITY, IN RESPECT OF ANY OF THE PROPERTIES, ASSETS, RIGHTS, LICENSES, PERMITS, PRIVILEGES, OR FRANCHISES OF SELLERS, ANY OF THE LIABILITIES, OBLIGATIONS, OPERATIONS, AFFAIRS, OR PROSPECTS OF SELLERS, OR ANY PRESENT OR FUTURE FINANCIAL CONDITION OF SELLERS OR THEIR RESPECTIVE OPERATIONS, INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, SELLERS MAKE NO REPRESENTATION OR WARRANTY WITH RESPECT TO MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, SUITABILITY, USAGE, WORKMANSHIP, QUALITY, PHYSICAL CONDITION, OR VALUE, AND ANY AND ALL SUCH OTHER REPRESENTATIONS AND WARRANTIES ARE HEREBY EXPRESSLY DISCLAIMED. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES OF SELLERS SPECIFICALLY SET FORTH IN THIS AGREEMENT AND IN THE RELATED AGREEMENTS, ALL OF THE PROPERTIES, ASSETS, RIGHTS, LICENSES, PERMITS, PRIVILEGES, FRANCHISES, LIABILITIES, AND OBLIGATIONS OF SELLERS INCLUDED IN THE ACQUIRED ASSETS AND THE ASSUMED LIABILITIES ARE BEING ACQUIRED OR ASSUMED "AS IS, WHERE IS" ON THE CLOSING DATE AND IN THEIR PRESENT CONDITION, WITH ALL FAULTS, AND BUYER SHALL RELY ON ITS OWN

EXAMINATION AND INVESTIGATION THEREOF IN MAKING ITS ACQUISITION INVESTMENT DECISION.

ARTICLE 5 COVENANTS AND OTHER AGREEMENTS

5.1 Mutual Covenants. Each Seller covenants to Buyer and Buyer covenants to each Seller the following:

(a) General. Each of the parties shall use its commercially reasonable efforts to take all actions to do all things necessary in order to consummate and make effective the transactions contemplated by this Agreement, including without limitation, satisfaction of each party's respective obligations pursuant to Articles 6 and 7.

(b) Notices, Consents and Licenses. Upon execution of this Agreement, each party hereto shall (i) cooperate with the other and take all reasonable steps to obtain, as promptly as practicable, all consents and Licenses required of any party hereto to consummate the transactions contemplated by this Agreement and (ii) provide such other information and communications to any Governmental Entity as may be reasonably requested. Sellers shall be responsible for obtaining all consents and Licenses required for Sellers to transfer the Acquired Assets to Buyer, and Buyer shall be responsible for obtaining all consents and Licenses required for Buyer to acquire the Acquired Assets from Sellers and to operate the Acquired Assets following the Closing. Upon request, each party hereto shall cooperate with the other parties hereto in all reasonable respects in such party's efforts to obtain the consents and Licenses for which such party is responsible. The parties shall work diligently and in good faith to complete all necessary regulatory filings, applications and notices and secure all necessary consents, and approvals, if any, including, without limitation, the Kentucky Cabinet of Health and Family Services, the Office of Health Policy, the U.S. Department for Medicaid Services, the Office of Inspector General and the Center for Medicare and Medicaid Services, in order to complete the transactions contemplated under this Agreement. Sellers shall provide Buyer with prompt written notice of any written communication from any Governmental Entity to a Physician that raises the potential that he will be disqualified from receiving payments from, or providing services paid or reimbursed by, Medicaid or Medicare or which threatens liability for penalties, reimbursements or other payments in excess of \$100,000. From and after the Execution Date, the parties shall use commercially reasonable efforts to complete, prepare and obtain all materials necessary or desirable to make the filings contemplated by Section 5.1(c) immediately after the entry of the Confirmation Order.

(c) Post-Confirmation Order Filings with Kentucky Cabinet of Health and Family Services and Other Entities. After entry of the Confirmation Order, Sellers shall promptly execute and file any and all forms, notices, consents and applications with the Kentucky Cabinet of Health and Family Services, the Kentucky State Board of Pharmacy and the Centers for Medicare and Medicaid Services (the "CMS") as may be necessary for the Kentucky Cabinet of Health and Family Services, the Kentucky State Board of Pharmacy and the

CMS to timely issue or transfer any provider agreement to Buyer required for Buyer to operate the Acquired Assets immediately upon the Closing. After entry of the Confirmation Order, Buyer shall promptly execute and file any and all forms, notices, consents and applications with the Kentucky Cabinet of Health and Family Services, the Kentucky State Board of Pharmacy and the CMS as may be necessary for the Kentucky Cabinet of Health and Family Services, the Kentucky State Board of Pharmacy and the CMS to timely apply for the issuance or assumption of any provider agreement to Buyer required for Buyer to operate the Acquired Assets immediately upon the Closing. Sellers and Buyer shall submit completed Medicaid Forms CMS-855A and other necessary documentation to the CMS or the applicable Medicare Contractor advising them of the change of ownership ("CHOW") being effectuated under this Agreement at the earliest possible date. Prior to submission of any information or documentation (whether oral or written) to the CMS or the applicable Medicare Contractor by either party, Sellers and Buyer shall provide to the other a copy of the content of any anticipated submission, and Buyer and Sellers shall mutually agree to such content prior to submission.

(d) Further Assurances. From time to time, at the reasonable request of either party, whether on or after the Closing, without further consideration, either party, at its expense and within a reasonable amount of time after request hereunder is made, shall (i) execute and deliver such further instruments of assignment, transfer and assumption and take such other action as may be reasonably required to more effectively assign and transfer the Acquired Assets to, and vest the Assumed Liabilities in, Buyer, (ii) deliver or make the payment of the Cash Purchase Price to Sellers or any amounts due from one party to the other pursuant to the terms of this Agreement, or (iii) confirm Sellers' ownership of the Excluded Assets and obligations with respect to the Excluded Liabilities.

(e) Cooperation Respecting Proceedings. After the Closing, upon prior reasonable written request, each party shall cooperate with the other, at the requesting party's expense (but including only out-of-pocket expenses to third parties and not the costs incurred by any party for the compensation or other benefits paid to its officers, directors or employees), in furnishing information, testimony and other assistance in connection with any inquiries, actions, Tax or Cost Report audits, proceedings, arrangements or disputes involving either of the parties hereto (other than in connection with disputes between the parties hereto) and based upon Contracts, arrangements or acts of Sellers which were in effect or occurred on or prior to the Closing and which relate to the Business or the Acquired Assets, including, without limitation, arranging discussions with (and the calling as witness of) officers, directors, employees, agents, and representatives of Buyer or Sellers.

(f) Preservation of and Access to Certain Records.

(i) Hospital Records. As set forth in Sections 1.1(j) and 1.1(k), the Business Records and certain Patient Records concerning active patients of Sellers are Acquired Assets under this Agreement (the Business Records and such Patient Records concerning active patients are collectively referred to herein as the "Transferred

Hospital Records"). As set forth in Section 1.2(c), the Business Records and Patient Records referred to therein, are Excluded Assets under this Agreement (such records are collectively referred to herein as the "Retained Hospital Records" and, together with the Transferred Hospital Records, the "Hospital Records"). Notwithstanding anything to the contrary in this Agreement, the parties hereto shall cooperate in providing copies and access to the Hospital Records as set forth below.

- (ii) Treatment of Retained Hospital Records. Notwithstanding that the Retained Hospital Records are Excluded Assets, to the extent required by applicable Law or at Sellers' election, Sellers may choose not to remove the Retained Hospital Records or otherwise acquire possession of such records after the Closing. Unless and until removed by Sellers, Buyer shall, in accordance with applicable Laws, maintain the Retained Hospital Records at the facilities used in the Business (or at such other location reasonably selected by Buyer) at Buyer's cost, and as agent of and bailee for Sellers, until the expiration of seven (7) years from the Closing, or longer pursuant to any applicable statute of limitations period (if, at the expiration of such period, any Tax or Payor audit or judicial proceeding is in progress or the applicable statute of limitations has been extended, for any such longer period as such audit or proceeding is in progress or such statutory period is extended) (the "Document Retention Period"). Sellers shall have the right to remove, and may remove, at Sellers' expense, from time to time on or prior to the Closing Date and during the Document Retention Period any or all of the Retained Hospital Records. Sellers shall give Buyer reasonable prior notice before removing the Retained Hospital Records. After the expiration of the Document Retention Period, Buyer shall not, without at least thirty-one (31) days prior written notification to Seller, destroy any Retained Hospital Records in its possession. Within thirty (30) days after its receipt of such notice of intent to destroy, Sellers shall have the right to require Buyer to deliver any such Retained Hospital Records to Sellers, at Sellers' expense, in accordance with Sellers' reasonable instructions.
- (iii) Retention of Hospital Records. Each party shall maintain all Hospital Records in each party's possession during the Document Retention Period and provide access to the other party in accordance with this Section 5.1; *provided, however*, that in the event that Buyer transfers all or a portion of the Business to any

third party during the Document Retention Period, Buyer may transfer to such third party all or a portion of the books, records, files and documents related thereto. Each party shall adopt a record retention policy which requires that all of the Hospital Records be maintained for the Document Retention Period and destroyed only after compliance with the notice provisions of this Section 5.1 (including the passage of time), and shall inform its employees of such policy;

- (iv) Access to Documents. Sellers and Buyer shall each provide the other party, and such other party's employees, representatives and agents, upon written request and at the expense of the requesting party, access to the Hospital Records in each party's control or possession during the Document Retention Period for any lawful purposes, including, without limitation, the preparation and filing of tax returns, Cost Reports, audits, compliance with governmental requirements, investigations and regulations, and the prosecution or defense of third party claims. Such access will include the right of the requesting party to make copies or extracts thereof, at the expense of such requesting party. Access to the Hospital Records shall be during normal business hours, with reasonable prior written notice by the requesting party of the time when such access shall be needed. The requesting party and its employees, representatives and agents shall conduct themselves in such a manner so that normal business activities of the other party shall not be unduly or unnecessarily disrupted. Each party shall instruct their appropriate employees to cooperate in providing access to the Hospital Records as contemplated herein. Notwithstanding anything to the contrary in this Agreement, each party's access to, or right to copies of, the Hospital Records shall be subject to any applicable Law, accreditation standard or rule of confidentiality or privilege.
- (v) Electronic Medical Records. Each party may convert to electronic form, at such party's expense, all Hospital Records in its possession pursuant to this Agreement and may provide the other party access electronically in fulfillment of its obligations in this Section 5.1.
- (vi) Compliance with Law. With respect to any Retained Hospital Records or Transferred Hospital Records transferred to or in the possession of Buyer or Sellers pursuant to this Agreement, Buyer and Sellers shall comply with all state and federal Laws and

regulations applicable to the maintenance, use, and disclosure of medical records and individually identifiable health information, including, but not limited to, the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and regulations promulgated pursuant to HIPAA.

(g) Remittances and Receivables.

(i) Remittances. All remittances, mail and other communications relating to the Excluded Assets or Excluded Liabilities received by Buyer or its Affiliates at any time after the Closing shall be promptly turned over by Buyer to the addressee thereof, or if the addressee is no longer affiliated with Sellers, to Sellers, and pending such delivery, Buyer shall have no interest in the same and shall hold such remittances, mail and other communications in trust for the benefit of Sellers. All remittances, mail and other communications relating to the Acquired Assets or the Assumed Liabilities received by Sellers, or any of their Affiliates at any time after the Closing shall be promptly turned over by Sellers, or Affiliate to Buyer, and pending such delivery, Sellers shall have no interest in the same and shall hold such remittances, mail and other communications in trust for the benefit of Buyer.

(ii) Receivables. Notwithstanding anything contained in this Agreement to the contrary, this Agreement shall not constitute an agreement to assign any Receivable the assignment of which is either prohibited by Law or by the terms of any Contract with a Payor without the consent of such Payor. Any payments received by Sellers after the Closing Date from patients, Payors, clients, customers, or others who are the obligors on Receivables transferred to Buyer as a part of the Acquired Assets on the Closing Date shall be paid over to Buyer within ten (10) days after receipt by Sellers.

(h) Employee Matters

(i) Continuing Employees. Effective with the entry of the Confirmation Order, Sellers shall provide Buyer with access to all records of employees employed by any Seller upon the terms and conditions set forth in this Agreement. Buyer shall be entitled to conduct one-on-one meetings with select employees employed by any Seller on or after the entry of the Confirmation Order at such times as Buyer shall reasonably request, and at such location as shall be reasonably acceptable to Buyer and Sellers. In connection

therewith, Sellers shall provide Buyer with access to complete personnel files of all employees employed by any Seller, provided such access and disclosure does not violate any Laws. Following entry of the Confirmation Order, the parties may mutually agree that Sellers provide Buyer with space at the Real Property upon which Buyer may establish an information center to be staffed and equipped by Buyer at its sole cost and expense. After entry of the Confirmation Order, Buyer shall also be entitled to make general distributions to all employees employed by any Seller of newsletters, brochures and other information relating to this transaction and their operations and the operations of their Affiliates. Such distributions may include distributions through the information center or by direct mail to those employees. Within five (5) days before the Closing, Buyer shall provide Sellers (i) a written list of all employees of Sellers that Buyer intends to hire immediately after the Closing (collectively, the "Continuing Employees"); and (ii) a written list of all employees that Buyer does not intend to hire as of and after the Closing (collectively, the "Affected Employees"). Except with respect to the Assumed PTO, Buyer shall not be liable for any severance, vacation pay, or accrued compensation relating to any Continuing Employees or Affected Employees for services rendered prior to the Closing Date. While it is the current intention of Buyer to hire the Continuing Employees on an at-will basis following the Closing, the parties acknowledge and agree that Buyer shall have the right to terminate any such Continuing Employee at any time at or after the Closing. Neither Seller shall interfere or compete with Buyer with respect to the employment of any Continuing Employee by Buyer after the Closing, and shall cooperate with Buyer with respect to the employment of Employees by Buyer.

- (ii) WARN Act. Sellers shall provide to Buyer, (i) within twenty (20) days but no later than ten (10) days before the Closing; and (ii) on the Closing Date, a list of all full time employees (as such term is defined under the WARN Act) of Sellers whose employment has been terminated during the ninety (90) day period prior to the Closing Date.
- (iii) Assumed PTO. Within five (5) days after Sellers' receipt of Buyer's notice regarding the Continuing Employees and the Affected Employees required at Section 5.1(h)(i), Sellers shall provide Buyer with an estimate of the amount of accrued paid time off that Sellers would owe each Continuing Employee and

Affected Employee at Closing (the "PTO Estimate"). The aggregate amount of the PTO Estimate shall not exceed \$150,000. At Closing, (i) Buyer shall credit each Continuing Employee with the amount of paid time off set forth on the PTO Estimate with respect to that Continuing Employee (the "Assumed PTO"), and (ii) the Purchase Price shall be increased by the aggregate amount of accrued paid time off with respect to the Affected Employees set forth on the PTO Estimate (the "Affected Employee PTO Amount").

(i) Use of Controlled Substance Permits. To the extent permitted by applicable Law, Buyer 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 Sellers relating to controlled substances and the operations of pharmacies and laboratories, until Buyer is able to obtain such Licenses and registrations for itself. In furtherance thereof, Sellers shall execute and deliver to Buyer at or prior to the Closing a limited power of attorney with respect to Licenses and registrations of Sellers relating to controlled substances and the operations of pharmacies and laboratories.

(j) Environmental Matters. The parties agree to the following with respect to environmental matters affecting the Owned Real Property.

(i) Environmental Reports; Remedial Costs. The parties acknowledge that a full Phase I Environmental Site Assessment (the "Phase I Report") has been commissioned to evaluate the presence or potential presence of Hazardous Material contamination on the Owned Real Property and the presence of asbestos-containing materials on the Owned Real Property. The parties hereby agree that, to the extent the Phase I Report, results in a recommendation that a Phase II Environmental Site Assessment (the "Phase II Report") be conducted with respect to any portion of the Owned Real Property, Buyer is authorized to commission such an assessment at Sellers' expense. The parties further agree that, to the extent, the Phase II Report results in evidence that Hazardous Materials have caused conditions in the Owned Real Property that require or required remedial action in order to comply with Environmental Laws (including, but not limited to, intrusive testing at the site of the UST, testing for presence of asbestos at the Hospital and appropriate remedial actions), Buyer and Sellers shall, in good faith, work together to determine a reasonable estimate of the costs to undertake such remedial action (the "Environmental Remedial Cost"). To the extent the remedial actions have not been taken and paid for by Seller prior to the

Closing, any unpaid Environmental Remedial Cost shall be deducted from the Cash Purchase Price pursuant to Section 2.1.

- (ii) Storage Tank. The Sellers, at their cost, shall register the 12,000 gallon underground storage tank ("UST") located at the Hospital with KDP Underground Storage Tank Branch, conduct intrusive testing at the site of the UST, shall remove the UST from the Real Property and take appropriate remedial actions with respect to the UST and shall replace the UST with an above-ground 12,000 gallon storage tank suitable for storage of fuel oil or diesel, all prior to Closing. This is a condition to the Buyer's obligation to close the transaction. To the extent such actions have not been taken or paid for by Sellers as of Closing, and Buyer, in its sole discretion, is willing to proceed with the Closing, the cost of same shall be included in the Environmental Remedial Cost.

5.2 Additional Covenants of Sellers.

(a) Conduct Pending Closing. Prior to consummation of the transactions contemplated hereby or the termination of this Agreement pursuant to its terms, unless Buyer shall otherwise consent in writing, Sellers shall conduct the Business and otherwise deal with the Acquired Assets only in the usual and Ordinary Course of Business materially consistent with practices followed prior to the execution of this Agreement, except for (a) actions which arise from or are related to the anticipated transfer of the Acquired Assets, (b) the effectuation of ongoing compliance programs, (c) actions contemplated by this Agreement, the transactions contemplated hereby and the Related Agreements, or (d) actions disclosed on any Schedule to this Agreement. Prior to Closing or termination of this Agreement, Sellers shall promptly inform Buyer of any material events or changes relating to the operation of the Business, consult with Buyer regarding the Business as reasonably requested by Buyer and shall promptly respond to Buyer regarding the Business or the Acquired Assets. Without limiting the generality of the foregoing, and except as required pursuant to the terms of this Agreement, from the Execution Date until the Closing or termination of this Agreement, Sellers shall not with respect to the Business, except in the Ordinary Course of Business or pursuant to preexisting Contracts, Orders, agreements, policies, or as disclosed (whether orally or in writing):

- (i) incur any indebtedness other than in the Ordinary Course of Business;
- (ii) amend their governance documents;
- (iii) pay or increase any bonuses, salaries, or other compensation to any director, officer, employee, consultant or independent contractor or enter into any employment, severance or similar contract with any director, officer, employee, consultant or independent contractor;

- (iv) adopt or increase the payments to or benefits under, any profit sharing, bonus, deferred compensation, savings, insurance, pension, retirement or other employee benefit plan for or with any employees;
- (v) except as maybe necessary for the continued operation of the Business, acquire any material assets (other than in connection with customary retirement and replacement programs) or sell (other than sales of Inventory in the Ordinary Course of Business), lease or otherwise dispose of any material asset or property (other than retirements of assets in accordance with their respective useful lives or the normal policies and procedures of Sellers) or mortgage, pledge, or impose any material Lien or other encumbrance on any material asset or property constituting a part of the Acquired Assets, other than Permitted Encumbrances;
- (vi) enter into any material contract which would be an Assigned Contract or any material amendment, modification or termination (partial or complete) of any Assigned Contract or grant any waiver under or give any consent with respect to any Assigned Contract;
- (vii) knowingly or intentionally cancel or waive any claims or rights with a value, individually or in the aggregate, in excess of Ten Thousand Dollars (\$10,000);
- (viii) change its significant accounting principles, except as required by GAAP or applicable Laws;
- (ix) merge or consolidate with, or make any material capital investment in, any material loan to, any material advance to, or material acquisition of the securities or assets of, any other Person;
- (x) settle or agree to settle any litigation relating to the Acquired Assets, except with respect to claims having a value of less than Ten Thousand Dollars (\$10,000) individually or in the aggregate;
- (xi) incur, create or suffer to exist any Liens (other than Permitted Encumbrances) that shall not be removed at or prior to Closing;
- (xii) enter into any agreement which would be an Assumed Provider Agreement or any material amendment, modification or termination (partial or complete) of any Assumed Provider Agreement or grant any material waiver under or give any material consent with respect to any Assumed Provider Agreement;

- (xiii) take any action that would constitute or result in the breach of any term, condition or provision of, or constitute a default under (with or without notice or lapse of time or both), or give rise to any right of acceleration, termination or cancellation with respect to any Assigned Contract, License or Assumed Provider Agreement.
- (xiv) transfer, abandon, cancel or terminate before the natural expiration of its term any Assigned Contract or License included in the Acquired Assets.

Notwithstanding anything in this Agreement to the contrary, nothing in this Section 5.2 shall (i) obligate Sellers to make expenditures other than in the Ordinary Course of Business and consistent with practices of the recent past or to otherwise suffer any economic detriment outside the Ordinary Course of Business, (ii) preclude any Seller from instituting or completing any program designed to promote compliance or to comply with Laws or other good business practices respecting the Business, or (iii) preclude Sellers from transferring, selling, or otherwise dealing in any manner with any of the Excluded Assets. In addition to the foregoing, Sellers agree to use commercially reasonable efforts to maintain and preserve business relationships intact, including maintaining their relationships with physicians or medical staff.

(b) Access and Information. Sellers shall afford Buyer, and its counsel, accountants and other representatives of Buyer, reasonable access, unless such access is otherwise restricted pursuant to this Agreement, throughout the period from the Execution Date to the Closing Date, to the Acquired Assets and the employees, personnel and medical staff associated therewith and all the properties, books, Contracts, commitments, Cost Reports and records respecting the Business and the Acquired Assets (regardless of where such information, may be located) which Seller possesses or to which it has access. Such access shall be afforded to Buyer during normal business hours and only in such manner so as not to disturb patient care or to interfere in any material respect with the normal operations of the Business. Sellers' covenants under this Section 5.2 are made with the understanding that Buyer shall use all such information in compliance with all Laws and for the sole purpose of consummating the transactions. The foregoing notwithstanding, Buyer acknowledges and agrees that Buyer's access to the books and records of the Business and the Acquired Assets shall not include access to, and Sellers shall not have any obligation to deliver to Buyer, any information concerning any alleged dispute or any pending litigation, investigation or proceeding involving Sellers or any of their respective Affiliates that is protected by or subject to the attorney-client privilege, or the disclosure of which is restricted by an agreement entered into in connection with such dispute, litigation, investigation or proceeding or an order entered by any court; moreover, Buyer shall not have access to any records the disclosure of which, in the opinion of Sellers' legal counsel, would be prohibited by any Law, accreditation standards, or rule or agreement (express or implied) of confidentiality, except that Buyer may be granted access to such records to the extent they are appropriately redacted and in conformity with such other reasonable procedures as may

be required to conform to any such requirements of Law, accreditation standards or rule or agreement of confidentiality.

(c) Updating. At least five (5) Business days before the Closing, Sellers shall notify Buyer of any changes or additions to any of Sellers' Schedules to this Agreement by the delivery of updates thereof, if any, promptly upon Sellers becoming aware of such change or addition (each, a "Schedule Supplement"). Any disclosure in any such Schedule Supplement shall not be deemed to have cured any inaccuracy in or breach of any representation or warranty contained in this Agreement, including for purposes of the termination rights contained in this Agreement or of determining whether or not the conditions set forth in Article 6 have been satisfied.

(d) Maintenance of Licensed Status. Prior to consummation of the transactions contemplated hereby or the termination or expiration of this Agreement pursuant to its terms, Sellers shall at all times maintain the status of Hospital as a licensed provider under all Assumed Provider Agreements pursuant to which it has been licensed. Sellers shall take no action or omit to take action that would cause the revocation, limitation or any material change to the Hospital's licenses to such Assumed Provider Agreements.

(e) Medical Professional Liability Insurance and Tail Insurance. Sellers shall maintain in force at least until Closing either a medical professional liability insurance policy which is a an "occurrence" or a "claims made policy" from a commercial insurance carrier with an A.M. Best rating of not less than A-plus, and minimum coverage of at least \$1,000,000 per claim with no aggregate limit. To the extent such medical professional liability insurance policy is a "claims made policy," Sellers will obtain prior to the Closing at their sole expense an extended reporting endorsement effective as of the Effective Time (i.e. "tail coverage") to the "claims made policy," covering any claims which may have accrued or arisen on or before the Closing Date, in form and substance acceptable to Buyer (the "Tail Policy"). The Tail Policy shall be obtained from a commercial insurance carrier with an A.M. Best rating of not less than A-plus and shall remain in place for at least five years after Closing. The minimum coverage of the Tail Policy shall be \$1,000,000 per claim with no aggregate limit. Buyer shall be named as an additional insured on the Tail Policy. Sellers shall provide Buyer with a certificate evidencing such coverage at the Closing (the "Tail Policy Certificate").

(f) Non-Competition; Non-Solicitation.

(i) Following a period of 20 years after the Closing (the "Restricted Period"), so long as Buyer or its Affiliate maintains licensure for, and operates, a hospital at Westlake Regional Hospital in Columbia, Kentucky or at another location in Adair County, Kentucky, Sellers shall not, and shall not permit any of their Affiliates to, directly or indirectly, (i) engage in or assist others in engaging in any business that would be directly or indirectly competitive with the Business as a hospital (the "Restricted

Business") in Adair County, Kentucky (the "Territory"); (ii) have an interest in any Person that engages directly or indirectly in the Restricted Business in the Territory in any capacity, including as a partner, shareholder, member, employee, principal, agent, trustee or consultant; or (iii) cause, induce or encourage any material actual or prospective client, customer, supplier or licensor of the Business (including any existing or former client or customer of Sellers and any Person that becomes a client or customer of the Business after the Closing), or any other Person who has a material relationship with the Business, to terminate or modify any such actual or prospective relationship.

- (ii) Sellers acknowledge that the restrictions contained in this Section 5.2(f) are reasonable and necessary to protect the legitimate interests of Buyer and constitute a material inducement to Buyer to enter into this Agreement and consummate the transactions contemplated by this Agreement. In the event that any covenant contained in this Section 5.2(f) should ever be adjudicated to exceed the time, geographic, product or service or other limitations permitted by applicable Law in any jurisdiction, then any court is expressly empowered to reform such covenant, and such covenant shall be deemed reformed, in such jurisdiction to the maximum time, geographic, product or service or other limitations permitted by applicable Law. The covenants contained in this Section 5.2(f) and each provision hereof are severable and distinct covenants and provisions. The invalidity or unenforceability of any such covenant or provision as written shall not invalidate or render unenforceable the remaining covenants or provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such covenant or provision in any other jurisdiction.

5.3 Additional Covenants of Buyer.

(a) Submission to Regulation. Buyer shall submit to regulation by the Kentucky Cabinet of Health and Family Services, the Kentucky Attorney General's office, and any other Governmental Entity of the Commonwealth of Kentucky to the same extent as such Governmental Entity currently regulates Sellers in connection with the ownership and operation of the Business, it being agreed that this covenant shall terminate and have no further effect upon Closing or a termination pursuant to Article 8. Buyer shall not make filings with any state Governmental Entity or take any other action in connection with any action, proceeding, or investigation or Law relating to any other businesses conducted by Sellers or any of their

respective Affiliates that also are subject to regulation by any of such state Governmental Entities.

(b) Resale Certificate. Buyer shall furnish to Sellers any resale certificate or certificates or other similar documents reasonably requested by Sellers to comply with or obtain an exemption from pertinent excise, sales and use tax Laws.

(c) Access to Information Following Closing. After Closing, each party shall, and shall cause its employees, representatives and advisors to, afford to the other party, including its advisors, reasonable access to all Hospital Records and any other books, records, files and documents in such party's possession in accordance with Section 5.1 of this Agreement. In addition, on and after the Closing Date, each party shall generally cooperate with the other party and, without limiting the foregoing, make reasonably available to the other party, employees, medical staff, representatives, agents, and advisors requested by the other party in connection with any action, proceeding, or investigation, including to provide testimony, to be deposed, to act as witnesses and to assist counsel.

(d) Cost Reports and Audit Contests. After the Closing and for the shorter of (i) two (2) years and (ii) the period of time necessary to conclude any pending or potential audit or contest of any Cost Reports with respect to the Business transferred at the Closing that include periods ending on or before the Closing Date, Buyer shall (a) keep and preserve all financial books and records delivered to Buyer by Sellers and utilized in preparing such Cost Reports, including, without limitation, accounts payable invoices, Medicare logs and billing information in accordance with Section 5.1(g)(ii), and (b) within a reasonable time after Buyer's receipt of the same, forward to Sellers all information received from Payors relating to periods prior to and as of the Closing Date including, without limitation, Cost Report settlements, notices of program reimbursements, demand letters for payment and proposed audit adjustments. Sellers shall provide assistance to Buyer in preparing all necessary returns and reports relating to the conduct of the Business prior to the Closing Date, including, without limitation, Cost Reports and excise tax and information returns. Upon reasonable written notice by Sellers, Sellers (or their agents) shall be entitled, during regular business hours, to have access to, inspect and make copies of all such books and records. Upon the reasonable request of Sellers, Buyer shall assist Sellers in obtaining information reasonably necessary or desirable in connection with any audit or contest of such reports. To the extent required to meet its obligations under this Section 5.3(f), Buyer shall provide the reasonable support of its employees.

(e) Adequate Assurances Regarding Assigned Contracts and Required Orders. With respect to each Assigned Contract, Buyer shall provide adequate assurance of the future performance of such Assigned Contract by Buyer. Buyer shall promptly take all actions as are reasonably requested by Sellers to assist in obtaining entry of the Confirmation Order, including, without limitation, furnishing affidavits, financial information or other documents or information for filing with the Bankruptcy Court and making Buyer's Related Persons available to testify before the Bankruptcy Court.

(f) Compliance. Prior to the Closing, Buyer will adopt and maintain a compliance program similar to programs described in the compliance guidance published by the Office of Inspector General ("OIG") of the U.S. Department of Health and Human Services. Neither Buyer nor any of its Affiliates are a party to a corporate integrity agreement with the OIG and have no reporting obligations pursuant to any settlement agreement entered into regarding any governmental health care program.

ARTICLE 6 **BUYER'S CONDITIONS TO CLOSING**

The obligations of Buyer to consummate the transactions under this Agreement shall be subject to the fulfillment at or prior to the Closing of the following conditions, unless, except for Section 6.6, Buyer waives in writing such fulfillment:

6.1 Performance of Agreement. Sellers shall have performed in all material respects their respective agreements and obligations contained in this Agreement required to be performed on or prior to the Closing.

6.2 Confirmation Order. The Bankruptcy Court shall have entered an Order confirming the Plan of Adjustment and providing for the sale of the Sellers' assets to Buyer on terms that are consistent with this Agreement and reasonably acceptable to Buyer (the "Confirmation Order"). The Confirmation Order shall be in full force and effect, and no Order staying, reversing, modifying, vacating or amending the Confirmation Order shall be in effect on the Closing Date.

6.3 Accuracy of Representations and Warranties. The representations and warranties of Sellers set forth in Section 4.1 shall be accurate in all respects as of the Closing (as updated by the revising of Schedules contemplated by Section 5.2(c)) as if made as of such time (except for those representations and warranties which speak as of a specific time, which shall have been true in all respects as of such time), except where any inaccuracy or inaccuracies would not result in a Material Adverse Effect.

6.4 Absence of Liability. Buyer shall have received evidence reasonably satisfactory to it that it will not have any liability for any Disclosed Condition and no Physician shall have received any written communication from any Governmental Entity that raises the potential that he will be disqualified from receiving payments from, or providing services paid or reimbursed by, Medicaid or Medicare or which threatens such Physician with liability for penalties, reimbursements or other payments in excess of \$100,000.

6.5 CMS/Medicare/Medicaid and ACH Provider Status. Buyer shall have obtained written assurances, documentation or other evidence, in form and substance satisfactory to Buyer, that it shall be able on the Closing Date (i) to obtain the assignment of Sellers' Medicare provider number, Medicare Provider Agreement and to maintain the status of the Hospital as an

ACH provider and adult psychiatric provider, and (ii) to obtain the assignment of the Medicaid provider agreement, Medicaid provider number and all material Payor Contracts. CMS/Medicare and Medicaid shall have provided Buyer with written assurances, documentation or other evidence, in form and substance satisfactory to Buyer, to the effect that any and all claims of CMS/Medicare and Medicaid for recoupment against Sellers for payments to Sellers or for Cost Reports for services rendered by Sellers up to the Closing Date shall be satisfied from payments to be made by Sellers under the Plan of Adjustment and CMS/Medicare and Medicaid have no further claim for recoupment against Sellers or against Buyer, for payments to Sellers or for Cost Reports for services rendered by Sellers up to the Closing Date. Any amounts required to be paid to CMS/Medicare/Medicaid in consideration of the delivery of such written assurances, documentation or other evidence shall be paid by Sellers, not Buyer.

6.6 Kentucky Law Requirements. All notices required to have been given under Chapter 216B of the KRS shall have been given, any approvals required to have been obtained, if any, under Chapter 216B of the KRS shall have been obtained and any application time period under such sections shall have been satisfied. The Kentucky Cabinet of Health and Family Services shall have approved the transfer of the Sellers' assets and Licenses to Buyer and Buyer's operation of Westlake Regional Hospital after the Closing Date.

6.7 Officers' Certificate. Buyer shall have received from Sellers an officer's certificate, executed on Sellers' behalf by their chief executive officer, president, chief financial officer or treasurer (in his or her capacity as such) dated the Closing Date and stating that to the knowledge of such individual, the conditions in this Article 6 have been satisfied.

6.8 No Violation of Orders. No Order by any Governmental Entity shall be in effect that prevents the sale and purchase of the Acquired Assets or any of the other transactions contemplated by this Agreement.

6.9 No Litigation. There shall not be pending, or threatened in writing by any Governmental Entity, any suit, action, or proceeding, challenging or seeking to restrain, prohibit, alter, or materially delay, the sale and purchase of the Acquired Assets, or any of the other transactions contemplated by this Agreement, or seeking to obtain from Buyer or any of its Affiliates, in connection with the sale and purchase of the Acquired Assets to be acquired by Buyer, any material damages.

6.10 Closing Deliveries Sellers shall have made the deliveries contemplated under Section 3.2.

6.11 Minimum Value of Sellers' Collectible Accounts Receivables on the Closing Date. The Sellers' collectible accounts receivable shall have a minimum value of \$900,000 on the Closing Date, in the reasonable determination of the Buyer.

6.12 Confidentiality, Non-Competition and Non-Solicitation Agreement from Chief Executive Officer. The Sellers' Chief Executive Officer shall have executed and delivered to

Buyer a confidentiality, non-competition and non-solicitation agreement in form and substance acceptable to Buyer, providing in substance that such individual shall not work for any healthcare company other than Buyer within 50 miles of Westlake Regional Hospital, 901 Westlake Drive, Columbia, Kentucky, within five (5) years following the Closing Date.

6.13 Confidentiality, Non-Competition and Non-Solicitation Agreement from Sellers. Each Seller shall have executed and delivered to Buyer a confidentiality, non-competition and non-solicitation agreement in form and substance in form and substance acceptable to Buyer, providing in substance that neither Seller shall operate or fund a hospital operation in Adair County, Kentucky for 20 years following the Closing Date, so long as the Buyer maintains the licensure for, and operates, a hospital at 901 Westlake Drive, Columbia, Kentucky.

6.14 Reduction in Number of Full-Time Positions. TBD

6.15 Termination of Facilities Lease. . The Facilities Lease shall have been terminated on the Closing Date.

6.16 Administrative Expenses. The Administrative Expenses of the Sellers' bankruptcy cases shall not be a liability or responsibility of the Buyer.

6.17 Title Insurance Policy. Sellers shall have received with respect to each parcel of the Owned Real Property (being the real property on which the Hospital, the MOB and the Westlake Primary Care Center are situated) a title commitment, with respect to an ALTA Form 2006 Owner's Policy of Title Insurance to be issued by the Title Company insuring marketable fee title of the Buyer as to the Owned Real Property as of the Closing, subject only to (i) Taxes and assessments not yet due and payable, (ii) zoning and other ordinances, (iii) encumbrances and restrictions of record which do not materially impair the Buyer's ability to continue to use the Real Property as it is currently utilized in the operation of Sellers' Business; and (iv) those matters that would be disclosed by an accurate survey of the Real Property. Buyer shall be responsible for payment of the title examination fee and the premium for the Owner's Policy of Title Insurance and any endorsements required by Buyer.

6.18 Satisfaction of Condition of Section 5.2(j)(ii) Regarding Underground Storage Tank. Sellers shall have satisfied the condition of Section 5.2(j)(ii) regarding removal of the Underground Storage Tank and its replacement with an above-ground storage tank._

ARTICLE 7 **SELLERS' CONDITIONS TO CLOSING**

The obligation of Sellers to consummate the transactions shall be subject to the fulfillment at or prior to the Closing of the following conditions unless, except for Sections 7.4 and 7.6, Sellers waive in writing such fulfillment.

7.1 Performance of Agreement. Buyer shall have performed in all material respects all obligations required under this Agreement or any Related Agreement which are to be performed by Buyer on or before the Closing.

7.2 Accuracy of Representations and Warranties. The representations and warranties of Buyer made in Section 4.2 of this Agreement, in each case, shall be true and correct in all material respects as of the Execution Date and as of the Closing as though made by Buyer again as of the Closing, except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall be true and correct on and as of such earlier date.

7.3 Kentucky Law Requirements. All notices required to have been given under Chapter 216B of the KRS shall have been given, any approvals required to have been obtained under Chapter 216B of the KRS shall have been obtained and any application time period under such sections shall have been satisfied.

7.4 No Violation of Orders. No Order by any Governmental Entity shall be in effect that (a) prevents the sale and purchase of the Acquired Assets or any of the other transactions contemplated by this Agreement.

7.5 Confirmation Order. The Bankruptcy Court shall have entered the Confirmation Order. The Confirmation Order shall be in full force and effect, and no Order staying, reversing, modifying, vacating or amending the Confirmation Order shall be in effect on the Closing Date

7.6 Closing Deliveries. Buyer shall have made the deliveries contemplated under Section 3.3.

ARTICLE 8 **TERMINATION**

8.1 Termination. This Agreement may be terminated only in accordance with this Section 8.1. This Agreement may be terminated at any time before the Closing as follows:

(a) By mutual consent of Sellers and Buyer;

(b) By Sellers, by notice to Buyer, if Sellers have previously provided Buyer with notice of any material inaccuracy of any representation or warranty contained in Section 4.2, or of a material failure to perform any covenant or agreement of Buyer contained in this Agreement or any Related Agreement to which Buyer is party, in any event which would result in the failure to satisfy any of the conditions of Closing in Article 7 and Buyer has failed, within three (3) Business Days after such notice, to remedy such inaccuracy or perform such covenant or provide reasonably adequate assurance to Sellers of Buyer's ability to remedy such inaccuracy or perform such covenant such that the relevant condition in Article 7 shall be satisfied at the

Closing; *provided, however*, that Sellers shall not have the right to terminate this Agreement under this Section 8.1(b) if any Seller is then in material breach of this Agreement;

(c) By Buyer, by notice to Sellers, if Buyer has previously provided Sellers with notice of any material inaccuracy of any representation or warranty of Sellers contained in Section 4.1, a material failure to perform any covenant or agreement of Sellers contained in this Agreement or any Related Agreement to which Sellers are party, in any event such would result in the failure to satisfy any of the conditions of Closing in Article 6, and Sellers have failed, within three (3) Business Days after such notice, to remedy such inaccuracy or perform such covenant or provide reasonably adequate assurance to Buyer of Sellers' ability to remedy such inaccuracy or perform such covenant such that the relevant condition in Article 6 shall be satisfied at the Closing; *provided, however*, that Buyer shall not have the right to terminate this Agreement under this Section 8.1(c) if Buyer is then in material breach of this Agreement;

(d) By Buyer, if a Debtor Material Adverse Effect occurs;

(e) By Buyer, if either of the Sellers fail to support the Plan of Adjustment or to use commercially reasonable efforts to obtain confirmation of the Plan of Adjustment;

(f) By Buyer, if CMS/Medicare/Medicaid fail to reach agreement with the Sellers regarding a release of the Sellers and the Buyer for any claims (whether claims based on violations of applicable Medicare/Medicaid Laws or based upon overpayments) which have been asserted or could have been asserted for actions of the Sellers up to the Closing;

(g) By Buyer, if the Kentucky Cabinet of Health and Family Services shall fail to consent to the Buyer's acquisition of the Business;

(h) By Buyer, by notice to Sellers, if the Disclosure Statement has not been approved the Bankruptcy Court on or before November 20, 2015;

(i) By Buyer, by notice to Sellers, if the Confirmation Order has not been entered by the Bankruptcy Court on or before December 18, 2015; or

(j) By Buyer, at any time subsequent to 12:00 noon Central time on January 31, 2016 by notice to the other party, if the Closing has not occurred by such date; *provided, however*, that Buyer shall not have the right to terminate this Agreement under this Section 8.1(j) if such party is then in material breach of this Agreement; or

(k) By Sellers, if Sellers can demonstrate that all of Buyer's closing conditions set forth in Article VI hereof have been satisfied by 12 noon Central time on January 31, 2016, Sellers have given written notice thereof to Buyer, and the Closing has not occurred within ten (10) days after the date of such written notice from Sellers to Buyer.

8.2 Effect of Termination.

(a) In the event of termination pursuant to Section 8.1, this Agreement shall become null and void and have no effect (other than Article 8, Article 9 and Article 10, which shall survive termination), with no liability on the part of Sellers, Buyer, or their respective Affiliates or respective Related Persons, with respect to this Agreement or any Related Agreement, except for any liability provided for in this Article 8.

(b) If this Agreement is terminated pursuant to Section 8.1(a) or 8.1(c), through 8.1(j) then, within two (2) Business Days after such termination, the Deposit shall be returned to Buyer, without interest.

(c) If this Agreement is terminated pursuant to Section 8.1(b) or 8.1(k) then all right, title and interest to the Deposit shall automatically vest in Sellers.

8.3 Exclusive Remedy; Waiver. Prior to the Closing, the parties' sole and exclusive remedies for any claim arising out of or in connection with this Agreement shall be termination in accordance with, and obtaining the remedies provided in, this Article 8. The failure by either Sellers or Buyer to pursue or foreclose on any right or remedy against the other party, by itself, shall not constitute a waiver, and any waiver under this Article 8 shall be effective only if made in writing.

ARTICLE 9
SURVIVAL AND REMEDIES

9.1 Survival. Except for the Surviving Representations, none of the representations and warranties of each Seller and of Buyer made in this Agreement shall survive the Closing Date, and all of such representations and warranties shall be extinguished by the Closing. All covenants and agreements of the parties contained in this Agreement shall survive the Closing.

9.2 Remedies. In the event of breach of this Agreement by a party, the non-breaching party shall be entitled to seek damages at law or injunctive or equitable relief.

ARTICLE 10
PROVISIONS OF GENERAL APPLICATION

10.1 Notices. Any and all notices required or permitted pursuant to the provisions of this Agreement shall be in writing and given to a party by one of the methods provided below, and shall be effective and deemed to provide such party sufficient notice under this Agreement on the earliest of the following: (a) at the time of personal delivery, if delivery is in person; (b) at the time of transmission by facsimile or electronic mail, addressed to the other party at its facsimile number or electronic mail address specified herein, with confirmation of receipt made by printed confirmation sheet verifying successful transmission of the facsimile or electronic mail; (c) one (1) Business Day after deposit with an express overnight courier; or (d) three (3) Business Days after deposit in the United States or foreign mail by certified mail (return receipt requested). All notices shall be sent with postage and/or other charges prepaid and properly addressed or directed to each party at the address or electronic destination set forth below, or to such other address or electronic destination as any party may designate by one of the indicated means of notice herein.

If to Sellers, addressed to:

Adair County Public Hospital District Corporation
Adair County Hospital District
901 Westlake Drive
Columbia, Kentucky 42728
Attention: Neal Gold, CEO
Facsimile: ()
Telephone: (270) 384-4753
Email:

with a copy to counsel for Seller, which shall not constitute notice, to:

Seiller Waterman, LLC
462 S. Fourth Street, Suite 2200
Louisville, Kentucky 40202
Attention: David M. Cantor, Esq.
Facsimile: (502) 583-2100
Telephone: (502) 584-7400
Email: cantor@derbycitylaw.com

If to Buyer, addressed to:

T.J. Regional Health, Inc. or its assignee
1301 N. Race Street
Glasgow, Kentucky 42141

Attention: Bud Wethington, CEO
Facsimile: ()
Telephone: (270) 651-4444
Email: bwethington@tjsamson.org

With a copy to counsel for Buyer, which shall not constitute notice, to:

Frost Brown Todd LLC
400 West Market Street, Suite 3200
Louisville, Kentucky 40202
Attention: John S. Egan, Esq.
Facsimile: (502) 581-1087
Telephone: (502) 589-5400
Email: jegan@fbtlaw.com

10.2 Press Releases and Public Announcements. No party shall issue any press release or public announcement relating to the subject matter of this Agreement without the prior written approval of the other party; *provided, however*, that the parties shall use their respective best efforts to consult with the other party in advance of any disclosure required by applicable Law but the agreement of the other parties hereto shall not be required with respect to any public disclosure a party believes in good faith is required by applicable Law; *provided, further*, to the extent this Agreement has been filed in a pleading in the Bankruptcy Cases, this restriction shall no longer be applicable.

10.3 Expenses. Except as otherwise provided in this Agreement, Sellers and Buyer shall pay their own expenses in connection with this Agreement and the transactions contemplated hereby, including, without limitation, any legal and accounting fees, whether or not the transactions contemplated hereby are consummated. Buyer shall pay the cost of all surveys, title insurance policies and title reports ordered or requested by Buyer.

10.4 Successors and Assigns. The rights under this Agreement shall not be assignable or transferable nor the duties delegable by either party without the prior written consent of the other, and nothing contained in this Agreement, express or implied, is intended to confer upon any Person, other than the parties hereto and their permitted successors-in-interest and permitted assignees, any rights or remedies under or by reason of this Agreement unless so stated to the contrary. This Agreement shall inure to the benefit of and is binding upon each party's permitted successors-in-interest and permitted assigns, which shall include, in the case of any Seller, any trustee, liquidating trustee, or disbursing agent appointed in accordance with the terms of any Plan of Adjustment confirmed pursuant to 11 U.S.C. §1129. Notwithstanding anything herein to the contrary, after the Closing, Buyer may assign its rights under this Agreement to any successor-in interest or assign, including by means of a merger or a sale of substantially all of its assets.

10.5 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which shall constitute the same agreement. The signature of any of the parties may be delivered and made by facsimile, portable document format (pdf) or other electronic means capable of creating a printable copy, and each such signature shall be treated as original signatures for all purposes.

10.6 Headings. Article and Section headings used herein are for convenience only and are not a part of this Agreement and shall not be used in its interpretation.

10.7 Entirety of Agreement Amendments. This Agreement (including the Schedules and Exhibits hereto), the Related Agreements, and the other documents and instruments specifically provided for in this Agreement and in the Related Agreements contain the entire understanding between and among the parties concerning the subject matter of this Agreement, the Related Agreements, and such other documents and instruments and, except as expressly provided for herein, supersede all prior and contemporaneous understandings and agreements, whether oral or written, between or among them with respect to the subject matter hereof and thereof. There are no representations, warranties, agreements, arrangements or understandings, oral or written, between or among the parties hereto relating to the subject matter of this Agreement, the Related Agreements, and such other documents and instruments which are not fully expressed herein or therein, and there are no conditions precedent to the effectiveness of this Agreement. This Agreement may be amended, supplemented, or modified only by an agreement in writing signed by each of the parties hereto. All Exhibits and Schedules attached to or delivered in connection with this Agreement are integral parts of this Agreement as if fully set forth herein.

10.8 Construction of Agreement. The parties acknowledge that each party has reviewed this Agreement and has sought and obtained the legal advice of counsel of its choice, and the parties and their respective legal counsel have together negotiated the final terms of this Agreement. Accordingly, all rules of construction that would otherwise require that any ambiguities be resolved against the drafting party are not applicable and shall not be employed in the interpretation of this Agreement. Any reference to any Law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation. Any reference to the singular in this Agreement shall also include the plural and vice versa. The phrase "to which any Sellers are a party," or similar construction, is intended to limit the applicable listing of any items, properties, assets, or Contracts to only those items that a Sellers actually owns or to which any Sellers are actually a party, as the case may be, and is meant to exclude any listed property or Contract otherwise.

10.9 Waiver. The failure of a party to insist, in any one or more instances, on performance of any of the terms, covenants or conditions of this Agreement shall not be construed as a waiver or relinquishment of any rights granted hereunder or of the future performance of any such term, covenant or condition, but the obligations of the parties with

respect thereto shall continue in full force and effect. No waiver of any provision or condition of this Agreement by a party shall be valid unless in writing signed by such party or operational by the terms of this Agreement. A waiver by one party of the performance of any covenant, condition, representation or warranty of the other party shall not invalidate this Agreement, nor shall such waiver be construed as a waiver of any other covenant, condition, representation or warranty. A waiver by any party of the time for performing any act shall not constitute a waiver of the time for performing any other act or the time for performing an identical act required to be performed at a later time.

10.10 Governing Law; Jurisdiction. This Agreement shall be construed, performed and enforced in accordance with, and governed by, the Laws of the Commonwealth of Kentucky (without giving effect to the principles of conflicts of laws thereof), except to the extent that the Laws of such State are superseded by the Bankruptcy Code or other applicable federal Law. For so long as Sellers are subject to the jurisdiction of the Bankruptcy Court, the parties irrevocably elect, as the sole judicial forum for the adjudication of any matters arising under or in connection with the Agreement, and consent to the exclusive jurisdiction of, the Bankruptcy Court.

10.11 Severability. If any term or other provision of this Agreement is deemed by any court or other tribunal of competent jurisdiction to be invalid, illegal or incapable of being enforced under any rule of Law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the greatest extent possible.

10.12 Time Is of the Essence. Time is hereby expressly made of the essence with respect to each and every term and provision of this Agreement. The parties acknowledge that each shall be relying upon the timely performance by the other of its obligations hereunder as a material inducement to each party's execution of this Agreement.

10.13 Disclosure Schedules. Any disclosure made under any specific disclosure Schedule to this Agreement is intended to apply to and qualify disclosures contained under any one or more other disclosure Schedules to this Agreement to the extent that such disclosure contains sufficient information to make it reasonably apparent that it would apply to such other disclosure Schedule or Schedules.

10.14 No Third Party Beneficiaries. . Notwithstanding anything in this Agreement to the contrary, nothing in this Agreement shall, or shall be deemed to, create any rights in favor of any Person not a party hereto or to constitute an employment agreement or condition of employment for any employee of Sellers or any Affiliate of Sellers or any Continuing Employee

or Affected Employee. Notwithstanding the foregoing, any assignee of the Buyer shall be a third party beneficiary of the Buyer's rights under this Agreement.

ARTICLE 11

DEFINED TERMS

For purposes of this Agreement, the following terms shall have the following meanings:

"Affiliate(s)" of a specified Person shall mean any corporation, limited liability company, partnership, sole proprietorship or other Person which directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with the Person specified. The term "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person.

"Active Patient Records" shall mean Patient Records of any patient, within two (2) years prior to the date of this Agreement.

"Business Day" shall mean any day other than Saturday, Sunday and any day that is a legal holiday or a day on which banking institutions are authorized by Law or other governmental action to close.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Contract(s)" shall mean any contract, agreement, lease or sublease, license or sublicense, instrument, note, indenture, commitment or undertaking, whether in written form or otherwise.

"Cost Report" shall mean any cost report required to be filed, as of the end of a provider cost year or for any other required period, with cost-based Payors with respect to cost reimbursement.

"Debtor Material Adverse Effect" means, as determined by Buyer in its sole discretion, (i) discovery of environmental contamination on the real property of Debtors that the Debtors are unable to cure prior to Closing, or (ii) any change, effect, event or condition that has had or would be reasonably be likely to have a material adverse change in, or material adverse effect upon, the assets or operations of the Sellers since September 15, 2015 or the Buyer's anticipated operation of the Business after the Closing or that would prevent the Sellers from consummating the sale of their assets to Buyer.

"Disclosure Statement" shall mean the disclosure statement of the Sellers filed by the Sellers in connection with their Plan of Adjustment.

"Environmental Law" shall mean any Law regulating Hazardous Materials, the environment, natural resources, pollution, environmental protection, waste management, industrial hygiene, health, or safety.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"Exhibit" shall mean any exhibit to this Agreement.

"GAAP" shall mean United States generally accepted accounting principles as in effect from time to time.

"Governmental Entity" shall mean any agency, division, subdivision, or governmental or regulatory authority or any adjudicatory body thereof, of the United States or any state, county, or political subdivision thereof.

"Hazardous Materials" shall mean any chemicals, materials, substances, or items in any form, whether solid, liquid, gaseous, semisolid, or any combination thereof, whether waste materials, raw materials, chemicals, finished products, by-products, or any other materials or articles, which are regulated by or form the basis of liability under any Environmental Laws, including, without limitation, any hazardous waste, medical waste, biohazardous waste, industrial waste, solid waste, hazardous substance, pollutant, hazardous air pollutant, contaminant, asbestos, polychlorinated biphenyls, petroleum, formaldehyde, industrial solvents, flammables, explosives, and radioactive substances.

"Improvements" shall mean, the buildings, improvements and structures owned by Sellers existing on the Real Property, and all privileges, rights, appurtenances, easements, rights of way, right, title and interest, if any, in adjacent streets and alleys, hereditaments, water, mineral, oil, and gas rights, development rights, air rights, and rights to claims for adverse possession on adjacent properties, and all improvements, structures and fixtures, in each case, as same are located upon or used or connected with the beneficial use of the Real Property.

"Plan of Adjustment" shall mean the joint plan of adjustment filed by the Sellers in their Bankruptcy Cases, providing for the sale of the Sellers' assets to Buyer and the adjustment of the Sellers' debts under Chapter 9 of the Bankruptcy Code.

"Law(s)" shall mean all statutes, rules, regulations, ordinances, orders, codes, permits, licenses and agreements with or of federal, state, local and foreign governmental and regulatory authorities and any order, writ, injunction, subpoena, settlement agreement or decree issued or approved by any court, arbitrator or Governmental Entity or in connection with any judicial or administrative proceeding.

"License(s)" shall mean required certificates of need, certificates of exemption, franchises, accreditations, registrations, licenses, permits and other consents or approvals issued by Governmental Entity or accreditation organizations necessary to operate the Business.

"Lien(s)" shall mean any mortgage, pledge, security interest, encumbrance, lien (statutory or other), conditional sale agreement, claim or liability.

"Loss" or "Losses" means any and all damages, fines, penalties, deficiencies, losses, costs and expenses (which term shall include, without limitation interest, Bankruptcy Court costs, reasonable fees of attorneys, paralegals, accountants and other experts or other reasonable expenses of litigation or other proceedings or investigations or of any claim, default or assessment or costs of environmental investigation, monitoring, containment, clean-up, removal, restoration, remedial work or natural resource damages (collectively, the "Costs and Expenses" or the "Cost and Expense")).

"Material Adverse Effect" shall mean any event, occurrence, condition, circumstance, effect or change that would be (or could reasonably be expected to be) materially adverse to the business, assets, condition (financial or otherwise), operating results, or operations of the Business, none of the following shall, in each case, be deemed to constitute a Material Adverse Effect and none shall be considered in determining whether a Material Adverse Effect has occurred: (i) changes affecting generally the industries or markets in which Sellers conduct the Business, (ii) any adverse effect on the Business, the Acquired Assets or the Assumed Liabilities, taken as a whole, or the operations, properties, assets, and/or condition (financial or otherwise) relating to the Business, the Acquired Assets or the Assumed Liabilities, taken as a whole, resulting from the execution or announcement or pendency of the transactions contemplated by this Agreement or other communication by Buyer of its plans or intentions (including in respect of employees) with respect to any of the Business, the Acquired Assets or the Assumed Liabilities, (iii) the consummation of the transactions contemplated hereby or any actions by Buyer or Sellers taken pursuant to this Agreement or in connection with the transactions contemplated hereby, (iv) changes in general economic or political conditions or the financing or capital markets in general; (v) changes in Laws, rules, regulations or Orders of any Governmental Entity or any Person or changes in accounting requirements or principles; (vi) any natural disaster, force majeure events or any acts of terrorism, sabotage, military action or war (whether or not declared) or any escalation or worsening thereof; (vii) any failure, in and of itself, by the Business to meet any financial projections or forecasts (it being understood that any change in Sellers underlying, or contributing to, such failure may be taken into account in determining whether there exists a Material Adverse Effect on Sellers); or (viii) changes in GAAP.

"Medicaid" means the Federal healthcare program providing medical assistance to persons of limited income and resources, under Title XIX of the Social Security Act of 1935, as amended.

"Medicare" means the Federal healthcare program providing medical assistance to elderly persons. under Title XVIII of the Social Security Act of 1935, as amended.

"Order" shall mean any applicable statute, rule, regulation, executive order, decree, temporary restraining order, judgment, preliminary or permanent injunction or other order enacted, entered, promulgated, enforced or issued by any Governmental Entity.

"Ordinary Course of Business" shall mean the ordinary course of the Business consistent with past custom and practice (including with respect to quantity and frequency).

"Patient Records" shall mean any and all written or electronically or magnetically stored files, charts, lists, medical histories, and other similar data maintained with respect to any Person treated or medically consulted with in accordance with the Business.

"Payor(s)" shall mean Medicare, Medicaid, or any other third party payor (including an insurance company and self-insured employer), or any health care provider (such as a health maintenance organization, preferred provider organization, peer review organization, or any other managed care program).

"Permitted Encumbrances" shall mean: (a) Liens for Taxes, assessments and Governmental Entity or other similar charges that are not yet due and payable; (b) easements, licenses, restrictions and other matters of record which do not adversely affect the operation of the Business in question as currently operated; (c) any state of facts a survey or other visual inspection would show that do not adversely affect the operation of the Business in question as currently operated; (d) Liens arising from the Assumed Liabilities; and (e) Liens that will attach to the proceeds of the sale under this Agreement pursuant to the Seller's Plan of Adjustment.

"Person" shall mean any individual, corporation (including a nonprofit corporation), partnership, limited liability company, joint venture, trust, estate, association, organization, or other business entity and any governmental body, agency, or regulatory authority.

"Physician" means any physician or physician extender who during 2015 provided services to the Sellers and the Sellers' patients for which such physician and the Sellers were paid or reimbursed, in the aggregate from all sources, more than \$100,000.

"Related Agreement(s)" shall mean each other related certificate, instrument and agreement required pursuant to this Agreement and to which either Sellers or Buyer are parties thereto.

"Related Person" shall mean, with respect to any Person, all past, present and future directors, officers, members, managers, stockholders, employees, controlling persons, agents, professionals, attorneys, accountants, investment bankers or representatives of any such Person.

"Release" shall mean any release, spill, emission, leaking, pumping, emptying, dumping, injection, deposit, disposal, discharge, dispersal, leaching, or migration of Hazardous Materials into or within the environment.

"Retained Professional" shall mean all professionals retained pursuant to an Order entered by the Bankruptcy Court.

"Rural Health Clinics" shall mean the following facilities operated by Sellers:

- (i) Westlake Family Practice, a health facility located at 902 Westlake Drive, Suite 101, Columbia, Adair County, Kentucky 42728, and licensed in Kentucky as a rural health clinic, license #900219;
- (ii) Westlake Primary Care Center, a health facility located at 810 Jamestown Street, Columbia, Adair County, Kentucky 42728, and licensed in Kentucky as a rural health clinic, license #900036;
- (iii) Edmonton Primary Care Center, a health facility located at 112 Sartin, Drive, Lot 1, Edmonton, Metcalfe County, Kentucky, 42129, and licensed in Kentucky as a rural health clinic, license #900028; and
- (iv) Westlake Primary Care of Russell County Rural Health, a health facility located at 2465 Lakeway Drive, Russell Springs, Russell County, Kentucky 42728, and licensed in Kentucky as a rural health clinic, license #900121.

"Schedule" shall mean any schedule to this Agreement.

"Sellers' Knowledge" shall mean the actual conscious knowledge of Sellers' current Chief Executive Officer.

"Surviving Representations" shall mean those representatives and warranties made pursuant to Sections 4.1 (m) and (n) of this Agreement.

"Taxes" or "Tax" shall mean (i) all federal, state, county and local sales, use, excise, property, recordation, transfer, and conveyance taxes, (ii) all state, county and local taxes, levies, fees, assessments or surcharges (however designated, including privilege taxes, room or bed taxes and user fees) which are based on the gross receipts, net operating revenues or patient days of a Sellers' facility for a period ending on, before or including the Closing Date or a formula taking any one of the foregoing into account, and (iii) any interest, penalties and additions to tax attributable to any of the foregoing.

"WARN Act" shall mean the Worker Adjustment and Retraining Notification Act, 29 U.S.C. 2101 *et seq.*

In addition to those terms defined above, the following terms shall have the respective meanings given thereto in the Sections indicated below:

<u>Defined Term</u>	<u>Section</u>
Absent Employees	5.1(h)(i)

ACH	1.1(m)
Acquired Assets	1.1
Affected Employee	5.1(h)
Agreement	Preamble
Approved Cure Cost	1.5(b)
Assigned Contract Motion	1.5(a)
Assigned Contract Order	1.5(b)
Assigned Contracts	1.1(d)
Assumed Accrued Benefits	1.3(c)
Assumed Liabilities	1.3
Assumed Provider Agreements	1.1(m)
Assumed PTO	5.1(h)(iii)
Bankruptcy Cases	Recitals
Bankruptcy Code	Recitals
Bankruptcy Court	Recitals
Break-Up Fee	8.2(d)
Business	Recitals
Business Records	1.1(j)
Buyer	Preamble
Buyer Plan	5.1(h)(iv)
Buyer's Cure Cost	1.5(e)
Cash Purchase Price	2.1
Closing	3.1
Closing Date	3.1
COBRA	5.1(h)(iii)
Confirmation Order	6.2
Continuing Employee	5.1(h)
CMS	5.1(c)
Cure Costs	1.3(a)
Deposit	2.2(b)
Disclosed Condition	4.1(m)
Document Retention Period	5.1(f)(ii)
Environmental Remedial Cost	5.1(j)(ii)
Escrow Agent	2.2(b)
Escrow Agreement	2.2(a)
Excluded Assets	1.2
Excluded Liabilities	1.4
Execution Date	Preamble
Financial Statements	4.1(j)
HIPAA	5.1(f)(vi)
Hired Employees	5.1(h)(i)
Hospital	1.1(m)
Hospital Records	5.1(f)(i)

Inventory	1.1(c)
Leases	1.1(d)
MOB	1.1(a)
Noticed Contracts	1.5(a)
OBP	5.1(c)
ODH	5.1(c)
ODJFS	5.1(c)
OIG	5.3(k)
KRS	5.1(b)
Owned Real Property	1.1(a)
Petition Date	Recitals
Plans	4.1(o)
Prepayments	1.1(f)
Proposed Cure Cost	1.5(a)
Real Property	1.1(a)
Receivables	1.1(e)
Continuing Employees	5.1(h)(i)
Retained Hospital Records	5.1(f)(i)
Seller(s)	Preamble
Seller Plan	5.1(h)(iv)
Sellers' Cure Cost	1.5(f)
Transferred Hospital Records	5.1(f)(i)
WARN Act	5.1(o)(i)
Westlake Primary Care Center	1.1(a)

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have duly executed this Agreement on the date first above written.

SELLERS:

ADAIR COUNTY HOSPITAL DISTRICT

By: _____

Name: _____

Title: _____

ADAIR COUNTY PUBLIC HOSPITAL DISTRICT CORPORATION

By: _____

Name: _____

Title: _____

BUYER:

T.J. REGIONAL HEALTH, INC. or its assignee

By: _____

Name: _____

Title: _____