

**PROTECTION OF CHARITABLE ASSETS AGREEMENT BETWEEN
THE DEPARTMENT OF ATTORNEY GENERAL
AND
THE DETROIT MEDICAL CENTER**

The Michigan Department of Attorney General (“Attorney General”) and The Detroit Medical Center (“DMC,” pre-Closing or “Legacy DMC,” post-Closing) agree as follows:

RECITALS

DMC, and Affiliates of DMC, (“Seller”), VHS of Michigan, Inc. and Affiliates of VHS of Michigan, (“Buyer”), and Vanguard Health Systems, Inc. (“Vanguard”), as Guarantor of Buyer’s performance, are parties to a Purchase and Sale Agreement pursuant to which DMC is selling substantially all assets used in the operation of its health care system to Buyer.

The Purchase and Sale Agreement requires the Attorney General to approve or not object to the transaction. In order to protect and ensure proper disposition of the substantial charitable assets held by DMC, the Attorney General requires special assurances from DMC.

The Attorney General believes the conditional approval of the sale can be issued with the assurances provided in this contract, because they do not directly involve promissory actions by Buyer or Vanguard and the resolution of these matters does not result in any condition that is materially burdensome to the operation of the Hospital Businesses.

For consideration, the receipt and sufficiency of which is acknowledged, the parties enter into this contract.

TERMS

1. Defined Terms

All capitalized terms used in this contract and not otherwise defined herein shall have their meanings as defined in the Purchase and Sale Agreement.

DMC: The Detroit Medical Center, a Michigan non-profit corporation, as it exists prior to Closing.

Legacy DMC: While the precise name of this entity has not yet been finalized, this term refers to the continuation of DMC as a charitable entity after Closing. Legacy DMC and its successors and assigns will have primary responsibility for monitoring Buyer’s compliance with the covenants in Article 12 of the Purchase and Sale Agreement. Legacy DMC is designated to hold the Excluded Assets and Excluded Liabilities and is responsible for preserving and protecting DMC charitable assets.

Purchase and Sale Agreement: Purchase and Sale Agreement dated June 10, 2010, as amended, between Seller, and Buyer, and Vanguard Health Systems, Inc., a Delaware corporation, as Guarantor.

2. Attorney General Written Approval of All Charity and Foundation Articles of Organization and Bylaws

In order to ensure proper administration of the approximately \$140 million in donor-restricted charitable assets excluded from the Purchase and Sale Agreement, Legacy DMC agrees to obtain the Attorney General's review and written approval, which shall not be unreasonably withheld, for:

- a. Any amendments to, or restatements of, Legacy DMC's articles of incorporation and bylaws; and
- b. Any future changes to such articles of incorporation or bylaws that could in any way affect the administration or disposition of such donor-restricted charitable assets.

3. Charity and Foundation Initial Items of Concern, Resolution Subject to Attorney General Approval

- A. Legacy DMC will make a proposed budget through at least January of 2021, including all known accounts receivable and accounts payable necessary for carrying out the oversight, monitoring, and enforcement obligations prescribed in the Purchase and Sale Agreement;
- B. Legacy DMC will establish a conflict of interest policy governing its trustees, officers, or otherwise dedicated representatives;
- C. Prior to transferring assets to other charitable organizations, Legacy DMC shall enter into transfer agreements with all such organizations (including, but not limited to Children's Hospital of Michigan Foundation; Del Harder Rehabilitation Fund; and Detroit Community Health Foundation). Such transfer agreements shall require the recipient or recipients to provide necessary funding to Legacy DMC, if needed, to enable Legacy DMC to carry out its oversight, monitoring, and enforcement obligations prescribed in the Purchase and Sale agreement and other agreements with the Attorney General;
- D. Legacy DMC will not enter into a transfer agreement with any charitable organization whose articles of incorporation and bylaws:
 - i. describe a non-charitable purpose;
 - ii. direct that organization to provide a benefit to any non-charitable entity; or
 - iii. describe a purpose inconsistent with the purposes of any donor-restricted assets considered for transfer to that organization.

- E. Prior to execution, all transfer agreements are subject to review and written approval by the Attorney General, which shall not be unreasonably withheld.

4. Attorney General Written Approval of Significant Increase in Transfer of Assets

Prior to the execution of transfer agreements described in section 3 above, Legacy DMC shall not distribute or transfer assets it holds after Closing (including but not limited to donor-restricted assets excluded from the Purchase and Sale Agreement, the \$4.5 million Legacy DMC will receive at Closing for operating expenses, and assets held by the Del Harder Rehabilitation Fund), except as follows:

- a. Legacy DMC may make grants, for expenditure during calendar year 2011 only, for charitable programs and projects consistent with donor restrictions, with the understanding and agreement that such grants shall not be used to accomplish asset transfers to other organizations, in contravention of sections 3.c – 3.e., above. This exception does not permit the award of grants to the Childrens Hospital of Michigan Foundation, Del Harder Rehabilitation Fund, or Detroit Community Health Foundation.
- b. Legacy DMC may continue to make payments in the ordinary course of business in order to satisfy the reasonable operating expenses of Legacy DMC, including reasonable amounts for the following:
 - i. payroll and benefits
 - ii. office and occupancy expenses
 - iii. insurance
 - iv. information technology expenses
 - v. fundraising expenses
 - vi. professional services

Legacy DMC shall provide the Attorney General with contemporaneous written notice regarding any transfer of assets described in subsection (b) in excess of \$50,000.

- c. Notwithstanding any provision to the contrary contained in this contract, in no event shall the terms of this contract be interpreted to restrict Legacy DMC from making any payments to Buyer, Vanguard or any Affiliate thereof, that are required under the Purchase and Sale Agreement, including, without limitation, forwarding to Buyer or its Affiliates any funds due pursuant to the terms of sections 13.3 or 13.4 of the Purchase and Sale Agreement.
- d. Legacy DMC may transfer assets not otherwise covered under this section if the Attorney General first provides his specific written approval.

5. Order of Michigan Court Replaces Unreasonably Withheld Attorney General Written Approval

If Legacy DMC believes in good faith that the Attorney General has unreasonably withheld written approval of an action under sections 2 or 3, above, Legacy DMC may seek an order from a Michigan court of competent jurisdiction permitting the action. Legacy DMC shall provide the Attorney General with 21 days written notice prior to hearing and must provide the court with a copy of this contract with its pleadings.

6. Written Notice to Attorney General Necessary for Payments to Governmental Entities

Notwithstanding the terms of section 3 above, the parties acknowledge that Legacy DMC may make necessary payments to the State and Federal government upon demand in the normal course of business, and Legacy DMC agrees to provide the Attorney General with contemporaneous written notice of such payments.

7. Legacy DMC's Post-Closing Report on Donor-Restricted and Endowment Funds

Within 30 days after Closing, or as soon as practicable thereafter using reasonable efforts, Legacy DMC will provide the Attorney General a listing of all donor-restricted and endowment funds held by Legacy DMC and each charitable entity controlled by Legacy DMC, together with the name of the fund, the purpose, restriction or other limitations on the fund, the value of the fund at the last date of determination, and the location of information regarding the fund, including donor, use and financial history, are maintained.

8. Notice

All written notices to the Attorney General required under this contract must be addressed to:

Overnight:

Attorney General
525 W. Ottawa – 7th Floor
Lansing, MI 48933

and

Consumer Protection Division
Attn: Division Chief – Time Sensitive
525 W. Ottawa, -- 1st Floor
Lansing, MI 48933

OR

US Mail:

Attorney General
P.O. Box 30212
Lansing, MI 48909

and

Consumer Protection Division
Attn: Division Chief– Time Sensitive
P.O. Box 30213
Lansing, MI 48909

9. Remedies

Legacy DMC recognizes that monetary damages will be inadequate for breach of the obligations contained in this contract. In addition to any legal remedies the Attorney General may have, the Attorney General shall be entitled to specific performance, injunctive relief, and such other equitable remedies as a court of competent jurisdiction may deem appropriate for breach of the obligations contained in this contract, without the requirement to post any bond in connection therewith.

10. Severability

If any provision of this contract is held or determined to be illegal, invalid, or unenforceable and if the rights or obligations of any party under this contract will not be materially and adversely affected thereby: (a) such provisions will be fully severable; (b) this contract will be construed and enforced as if such illegal, invalid, or unenforceable provision has never comprised part of this contract; (c) the remaining provisions of this contract will remain in full force and effect and will not be affected by the severance of the illegal, invalid, or unenforceable provision; and (d) in lieu of such illegal, invalid, or unenforceable provision, there will be added automatically as part of this contract a legal, valid, and enforceable provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible.

11. Amendment

This contract may be amended only by a writing executed by each of the parties.

12. Waiver

Any waiver by any party of any breach by another party shall not be deemed to be waiver against a different party or waiver of any prior, subsequent, or continuing breach.

13. Execution

This contract may be executed in any number of counterparts, all of which taken together constitute one contract, and any of the parties may execute this contract by signing any one counterpart.

14. Governing Law and Jurisdiction

This contract shall be subject to, applied, and interpreted according to the laws of the State of Michigan. No action shall be commenced against the Department of Attorney General or the Attorney General, his designee, agents or employees, or against any other party to this contract for any matter whatsoever arising out of the contract, in any courts other than a court of competent jurisdiction of the State of Michigan. In addition to each party consenting to the jurisdiction of Michigan courts, each party waives any objection to venue laid therein and any defense or inconvenient forum regarding the maintenance of any action or proceeding so brought.

15. Entire Agreement

This contract, together with other contracts relating to the Purchase and Sale Agreement to which the Attorney General is a party, represent the entire agreement between the parties and supersede all proposals or other prior agreements, oral or written, and all other communications between the parties relating to the matters described herein.

16. No Effect on Authority of Attorney General or Court Jurisdiction.

The Attorney General's rights and privileges provided in this contract are in addition to the Attorney General's existing powers. Nothing in this contract shall be construed to impair or restrict the authority of the Attorney General or the jurisdiction of any court with respect to any matter.

17. Authority to Bind Principal

Each individual who signs this contract covenants that he has power to bind the principal.

Dated: _____
Stephen R. D'Arcy, DMC Chair of the Board of Trustees

Dated: _____
Michael A. Cox, Attorney General