
CONTRIBUTION AND SALE AGREEMENT
BY AND AMONG
METROPOLITAN HEALTH CORPORATION AND ITS AFFILIATES
AND
WYOMING MICHIGAN HOLDINGS, LLC
AND
CHS/COMMUNITY HEALTH SYSTEMS, INC.

January 22, 2015

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CONTRIBUTION AND SALE AGREEMENT

THIS CONTRIBUTION AND SALE AGREEMENT (the "Agreement") is made and entered into as of January 22, 2015 (the "Execution Date"), by and among **METROPOLITAN HEALTH CORPORATION**, a Michigan nonprofit corporation ("MHC"), **METROPOLITAN HOSPITAL**, a Michigan nonprofit corporation ("MH"), **METROPOLITAN ENTERPRISES**, a Michigan corporation ("ME"), **LAND-METRO, LLC**, a Michigan limited liability company ("LM"), and **METRO WEEKEND SERVICES, LLC**, a Michigan limited liability company ("MWS") (MHC, MH, ME, LM and MWS may be referred to individually as an "MHC Entity" and collectively as the "MHC Entities"), **METRO HEALTH HOLDINGS, LLC**, a Delaware limited liability company (the "Company"), **METRO HEALTH HOSPITAL COMPANY, LLC**, a Delaware limited liability company ("MHHC"), **METRO HEALTH CLINIC CORPORATION**, a Michigan nonprofit corporation ("MHCC") (the Company, MHHC and MHCC may be referred to individually as a "Company Entity" and collectively as the "Company Entities"), **WYOMING MICHIGAN HOLDINGS, LLC**, a Delaware limited liability company ("CHS Sub"), and **CHS/COMMUNITY HEALTH SYSTEMS, INC.**, a Delaware corporation ("CHS").

RECITALS:

A. The MHC Entities operate Metro Health Hospital, an acute care hospital located in Wyoming, Michigan (the "Hospital"), and certain other outpatient and related health care facilities and assets (the Hospital and the other health care facilities and assets shall collectively be referred to as the "Facilities").

B. The Company has been formed for the purpose of owning and operating the Facilities, and the businesses conducted at and by the Facilities.

C. As MHC's initial contribution to the capital of the Company, MHC has agreed to contribute, and to cause the MHC Entities to contribute, to the Company and the Company Entities on the Closing Date (as defined in Section 2.1), the Assets (as defined in Section 1.4), subject to and in accordance with the terms and conditions of this Agreement.

D. CHS Sub desires to purchase from MHC, and MHC desires to sell to CHS Sub, an 80% ownership interest in the Company, subject to and in accordance with the terms and conditions of this Agreement.

E. CHS is a party to this Agreement for purposes of guaranteeing the obligations of CHS Sub as set forth herein.

AGREEMENT:

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

1. FORMATION OF THE COMPANY; AGREEMENT TO PURCHASE AND SELL; CONTRIBUTION OF ASSETS.

1.1 Formation of the Company. On January 12, 2015, the Company was formed in accordance with the Delaware Limited Liability Company Act (the "Act") pursuant to the Certificate of Formation and Limited Liability Company Agreement attached hereto as Exhibit A. Subject to the terms and conditions of this Agreement, and in reliance upon the representations, warranties and covenants of CHS Sub and CHS, on the Closing Date, MHC shall contribute, and cause the MHC Entities to contribute, to the Company Entities the Assets (hereinafter defined), as described in Section 1.4.

1.2 Agreement to Purchase and Sell. Subject to the terms and conditions of this Agreement, and in reliance upon the representations, warranties and covenants of MHC set forth herein, at the Closing CHS Sub shall purchase from MHC and/or one or more of the MHC Entities an 80% ownership interest in the Company in exchange for a purchase price (the "Purchase Price") equal to 80% of the Assets Valuation. The parties hereby agree and stipulate that the Assets have a value of \$260,000,000, plus the Net Working Capital (as hereinafter defined) of MHC Entities as of the Effective Time (hereinafter defined), and minus the amount of any long-term debt or capitalized leases in respect of the Facilities that are assumed by the Company and listed on Schedule 1.2 attached hereto (the "Assets Valuation"). The Purchase Price shall be calculated as of the Closing (as hereinafter defined) based upon the Estimated Net Working Capital (as determined in accordance with Section 1.8(b)). The Purchase Price shall be adjusted after the Closing in accordance with Section 1.8 to reflect the Final Net Working Capital (as determined in accordance with Section 1.8(b)). CHS Sub shall pay the Purchase Price to MHC at the Closing as follows:

(a) CHS Sub shall wire transfer to Fifth Third Bank (the "Escrow Agent"), in immediately available funds Forty Million Dollars (\$40,000,000) to be held and distributed pursuant to the terms of an Escrow Agreement in substantially the form attached hereto as Exhibit B and incorporated herein by reference (the "Escrow Agreement"). Notwithstanding the preceding sentence, it is MHC's desire that the greatest amount of Escrow Funds, as defined herein, is eventually distributed to MHC pursuant to the terms and conditions of the Escrow Agreement and that MHC use such distribution in furtherance of its charitable and community benefit purposes, as approved by the Office of the Attorney General of the State of Michigan. The parties shall enter into the Escrow Agreement at or prior to the Closing. The amount held from time to time by the Escrow Agent pursuant to the Escrow Agreement shall be referred to herein as the "Escrow Funds."

(b) CHS Sub shall wire transfer immediately available funds to an account designated by MHC an amount equal to the Purchase Price, less the amount transferred to the Escrow Agent under Section 1.2(a) hereof.

CHS Sub and MHC agree that on the fifth (5th) anniversary of the Closing Date, the Escrow Agent shall disburse the amount of the Escrow Funds then remaining on deposit with the Escrow Agent hereunder to MHC; provided, however, that if on or prior to that date CHS Sub has in good faith given written notice of any claim or liability entitled to indemnification under Section 11 hereof, there shall remain on deposit with the Escrow Agent, and not disbursed to MHC, the

aggregate amount that would be payable to CHS Sub pursuant to Section 11 were CHS Sub to prevail in respect of any such claim or liability. If at any time any such claim or liability shall be resolved, either by mutual agreement of the parties or pursuant to a final non-appealable order of a court of competent jurisdiction, CHS Sub and MHC shall instruct the Escrow Agent to disburse the funds being held in respect of any such claim or liability in accordance with such agreement or court order.

1.3 Ownership Structure of the Company. Subject to the terms and conditions hereof, at the Closing, MHC and CHS Sub shall enter into an Amended and Restated Limited Liability Company Agreement, substantially in the form attached hereto as Exhibit C (the "LLC Agreement"), which will, among other things, provide that the membership interest of MHC in the Company shall be 20% and the membership interest of CHS Sub in the Company shall be 80%.

1.4 Contribution of Assets. Subject to the terms and conditions of this Agreement, and in reliance upon the representations, warranties and covenants of CHS Sub and CHS, as of the Closing (as defined in Section 2.1 hereof), the MHC Entities shall contribute, assign, transfer, convey and deliver to the Company Entities, and the Company Entities shall receive from the MHC Entities, all right, title and interest of the MHC Entities in and to all of the assets owned or used by the MHC Entities in connection with the operation of the Facilities (the "Assets"), other than the Excluded Assets (hereinafter defined), which Assets shall include, without limitation, the following:

(a) the owned real property described on Schedule 1.4(a) hereto, together with all improvements, any construction in progress, any other buildings and fixtures thereon, and all rights, privileges and easements appurtenant thereto (collectively, the "Owned Real Property"), and the real property leased or subleased to an MHC Entity described on Schedule 1.4(a) hereto (collectively, the "Leased Real Property") (the Owned Real Property and the Leased Real Property are referred to, collectively, as the "Real Property");

(b) all tangible personal property, including, without limitation, all major, minor or other equipment, vehicles, furniture and furnishings, the current list and general location of which are set forth on Schedule 1.4(b) hereto;

(c) all supplies and inventory located at the Facilities;

(d) assumable deposits, prepaid expenses and claims for refunds in connection with the Facilities which exist as of the Effective Time;

(e) all accounts receivable (other than Government Receivables as defined in Section 1.4(f)) arising from the rendering of services to patients at the Facilities, billed and unbilled, recorded or unrecorded, with collection agencies or otherwise, accrued and existing in respect of services rendered up to the Effective Time;

(f) all rights to receive funds attributable to patient receivables related to Medicare, Medicaid and other third-party patient claims due from beneficiaries or governmental third-party payors arising from the rendering of services to patients at the Facilities, billed and unbilled, recorded or unrecorded, accrued and existing in respect to services rendered up to the

Effective Time which by law may not be assigned (excluding settlement accounts relating to Sections 1.5(c) and 1.7(d)) (the "Government Receivables");

(g) all claims, causes of action, and judgments in favor of the MHC Entities relating to the physical condition or repair of the Assets and, to the extent assignable by the MHC Entities, all warranties (express or implied) and rights and claims assertable by (but not against) the MHC Entities related to the Assets;

(h) to the extent assignable or transferable, all financial, patient, medical staff and personnel records of the Hired Employees (as that term is defined in Section 10.10) relating to the Facilities (including, without limitation, all accounts receivable records equipment records, medical administrative libraries, medical records, patient billing records, documents, catalogs, books, records, files, operating manuals and current personnel records);

(i) all rights and interests of the MHC Entities in the contracts, commitments, leases and agreements listed on Schedule 1.4(i) hereto (the "Contracts");

(j) to the extent assignable or transferable, all Licenses (as that term is defined in Section 3.6 hereof) and permits held by any MHC Entity relating to the ownership, development, and operation of the Facilities (including, without limitation, any pending or approved governmental approvals);

(k) all rights and interest of the MHC Entities in all names, trade names, trademarks and service marks (or variations thereof) associated with the Facilities, all goodwill associated therewith, and all applications and registrations associated therewith;

(l) all assets reflected on the Financial Statements (as defined in Section 3.4), and any additions thereto up through the Effective Time less assets sold or consumed in the ordinary course of business;

(m) all goodwill associated with the Facilities and the Assets;

(n) the electronic funds transfer accounts of the Facilities (the "EFT Accounts"), but excluding any cash, cash equivalents or short-term investments held therein as of the Effective Time, and all information necessary to access the EFT Accounts;

(o) the interests of the MHC Entities in the entities set forth on Schedule 1.4(o);

(p) all assets owned by Affiliates of MHC which are used in connection with the operations of the Facilities;

(q) all other assets, other than the Excluded Assets, of every kind, character or description owned by MHC or its Affiliates and used or held for use in the operation of the Facilities or the Assets, whether or not reflected on the Financial Statements, wherever located and whether or not similar to the items specifically set forth above; and

(r) the interest of the MHC Entities in all property of the foregoing types, arising or acquired in the ordinary course of the business of the MHC Entities in respect of the Facilities between the date hereof and the Effective Time.

The MHC Entities shall convey good and marketable title to the Assets to the Company Entities free and clear of all claims, assessments, security interests, liens, restrictions and encumbrances, other than the Permitted Encumbrances (as hereinafter defined) and the Assumed Liabilities (as hereinafter defined).

1.5 Excluded Assets. Those assets of the MHC Entities described below, together with any assets described on Schedule 1.5 hereto, shall be retained by the MHC Entities (collectively, the "Excluded Assets") and shall not be conveyed to the Company Entities:

- (a) cash and cash equivalents (other than petty cash);
- (b) board-designated, temporarily and permanently restricted and trustee-held or escrowed funds (such as funded depreciation, debt service reserves, self-insurance trusts, working capital trust assets, and assets and investments restricted as to use), other donor restricted assets, beneficial interests in charitable trusts, and accrued earnings on all of the foregoing;
- (c) all amounts payable to the MHC Entities in respect of third party payors pursuant to retrospective settlements (including, without limitation, pursuant to Medicare, Medicaid and CHAMPUS/TRICARE cost reports filed or to be filed by the MHC Entities for periods prior to the Effective Time) and all appeals and appeal rights of the MHC Entities relating to such settlements, including cost report settlements, for periods prior to the Effective Time;
- (d) all records relating to the Excluded Assets and Excluded Liabilities (as defined below) to the extent that the Company Entities do not need the same in connection with the ongoing activities of the Facilities, the Assets, or the Assumed Liabilities (as defined below), as well as all records which by law the MHC Entities are required to maintain in their possession;
- (e) any reserves or prepaid expenses related to Excluded Assets and Excluded Liabilities (including, without limitation, prepaid legal expenses or insurance premiums);
- (f) all insurance policies, insurance claims, insurance proceeds arising in connection with the operation of the Facilities or the Assets prior to the Effective Time and all insurance proceeds arising in connection with the Excluded Assets and Excluded Liabilities;
- (g) all claims, rights, interests and proceeds with respect to refunds of taxes for periods ending on or prior to the Effective Time and all rights to pursue appeals of the same;
- (h) any prepaid pension costs and other assets associated with the MHC Entities' employee welfare benefit plans, pension benefit plans, and deferred compensation plans;

- (i) any intercompany obligations by and among the MHC Entities;
- (j) the contracts, commitments, leases and agreements listed on Schedule 1.5(j) hereto; and
- (k) all rights of the MHC Entities under this Agreement and its related documents.

1.6 Assumed Liabilities. In connection with the conveyance of the Assets to the Company Entities, the Company Entities agree to assume, as of the Effective Time, the future payment and performance of the following liabilities (the "Assumed Liabilities") of the MHC Entities:

- (a) all obligations accruing, arising or to be performed after the Effective Time with respect to the Contracts;
- (b) the trade accounts payable and current liabilities of the MHC Entities as of the Effective Time, but only to the extent such accounts payable and current liabilities are included in the calculation of Net Working Capital;
- (c) the capital lease obligations set forth on Schedule 1.6(c) hereto (including the current portion thereof);
- (d) obligations and liabilities as of the Effective Time in respect of accrued vacation and holiday pay of the Hired Employees, and related taxes, but only to the extent such vacation and holiday pay, and related taxes, are included in Net Working Capital;
- (e) obligations and liabilities as of the Closing Date in respect of sick time of the Hired Employees, but only to the extent such sick time is included in Net Working Capital; and
- (f) all remaining liabilities and obligations to former employees of any MHC Entity or qualified beneficiaries of the MHC Entities' group health plans who are M&A Qualified Beneficiaries (as defined in Section 10.10(d)) under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), after the MHC Entities cease to provide any group health plan to their employees, as described in and subject to the reimbursement provisions of Section 10.10(d).

1.7 Excluded Liabilities. Except for the Assumed Liabilities, the Company Entities shall not assume and under no circumstances shall the Company Entities be obligated to pay or assume, and none of the assets of the Company Entities shall be or become liable for or subject to any liability, indebtedness, commitment, or obligation of the MHC Entities, whether known or unknown, fixed or contingent, recorded or unrecorded, currently existing or hereafter arising or otherwise (collectively, the "Excluded Liabilities"), including, without limitation, the following Excluded Liabilities:

- (a) any debt, obligation, expense or liability that is not an Assumed Liability;
- (b) claims or potential claims for medical malpractice or general liability to the extent arising out of events occurring prior to the Effective Time;
- (c) those claims and obligations (if any) specified in Schedule 1.7 hereto;
- (d) any liabilities or obligations to the extent arising out of any of the Excluded Assets;
- (e) liabilities and obligations of any MHC Entity in respect of periods prior to the Effective Time (in each case, solely to the extent of any such liability accruing or related to the period prior to the Effective Time) arising under the terms of the Medicare, Medicaid, CHAMPUS/TRICARE, Blue Cross, or other third party payor programs;
- (f) federal, state or local tax liabilities or obligations of any MHC Entity in respect of periods prior to the Effective Time (in each case, solely to the extent of any such liability accruing or related to the period prior to the Effective Time) or resulting from the consummation of the transactions contemplated herein including, without limitation, any income tax, any franchise tax, any tax recapture, any sales and/or use tax, any state and local recording fees and taxes which may arise upon the consummation of the transactions contemplated herein, and any FICA, FUTA, workers' compensation, and any and all other taxes or amounts due and payable as a result of the exercise by the employees at the Facilities of such employee's right to vacation, sick leave, and holiday benefits accrued while in the employ of the MHC Entities (*provided, however*, that this clause (f) shall not apply to any and all taxes payable with respect to any employee benefits constituting Assumed Liabilities under Section 1.6 hereof);
- (g) liability for any and all claims by or on behalf of any employee of the MHC Entities to the extent arising out of or related to acts, omissions, events or occurrences prior to the Effective Time (in each case, solely to the extent of any such liability accruing or related to the period prior to the Effective Time) including, without limitation, liability for any pension, profit sharing, deferred compensation, group health or any other employee health and welfare benefit plans, liability for any equal employment opportunity or employment discrimination claim arising under federal, state or local law, rule or regulation, claims arising under the Americans with Disabilities Act ("ADA") or the Family and Medical Leave Act ("FMLA"), wage and hour claim, unemployment compensation claim, or workers' compensation claim (*provided, however*, that this clause (g) shall not apply to any and all employee benefits constituting Assumed Liabilities under Section 1.6 hereof);
- (h) any obligation or liability accruing, to the extent arising out of, or relating to any federal, state or local investigations of, or claims or actions against, any MHC Entity or any of such MHC Entity's Affiliates or any of its employees, medical staff, or agents with respect to acts or omissions occurring prior to the Effective Time (in each case, solely to the extent of any such liability accruing or related to the period prior to the Effective Time);
- (i) any civil or criminal obligation or liability accruing, to the extent arising out of, or relating to any acts or omissions occurring prior to the Effective Time of or by any MHC Entity, its Affiliates or their directors, officers, employees and agents claimed to violate

any constitutional provision, statute, ordinance or other law, rule, regulation, interpretation or order of any governmental entity;

(j) liabilities or obligations to the extent arising as a result of any breach by any MHC Entity at any time of any contract or commitment that is not assumed by any Company Entity;

(k) liabilities or obligations arising out of any breach by any MHC Entity prior to the Effective Time of any Contract;

(l) any obligation or liability asserted under the federal Hill-Burton program or other restricted grant and loan programs with respect to the ownership or operation of the Facilities or the Assets prior to the Effective Time;

(m) any debt, obligation, expense, or liability of any MHC Entity arising out of or incurred solely as a result of any transaction of such MHC Entity occurring after the Effective Time except as otherwise expressly assumed by the Company;

(n) all liabilities and obligations of any MHC Entity relating to any oral agreements, oral contracts or oral understandings with any referral sources including, but not limited to, physicians, unless reduced to writing and expressly assumed as part of the Contracts; and

(o) any liability arising by virtue of the failure to obtain a required consent of the assignment by any MHC Entity of any assumed Contract to the applicable Company Entity at Closing.

1.8 Net Working Capital, Estimates and Audits.

(a) **Net Working Capital.** As used herein, the term "Net Working Capital" shall mean the aggregate current assets of the MHC Entities conveyed to the Company Entities pursuant to Section 1.4 hereof (excluding those Excluded Assets which would otherwise be included in current assets), minus the aggregate current liabilities of the MHC Entities assumed by the Company Entities pursuant to Section 1.6 hereof (excluding those Excluded Liabilities which would otherwise be included in current liabilities), all as determined in accordance with generally accepted accounting principles ("GAAP"). In any case with respect to the computation of Net Working Capital (i) the following shall be included in current assets: petty cash, patient accounts receivable (net of allowances for contractual adjustments and uncollectible accounts based upon an evaluation of historical collections to gross revenues), prepaid expenses, and inventories and supplies, and (ii) the following shall be included in current liabilities: accounts payable, accrued expenses, accrued vacation and holiday pay with respect to the Hired Employees, and sick time with respect to the Hired Employees.

(b) **Estimates and Adjustments.** At least ten (10) business days prior to Closing, MHC shall deliver to CHS Sub a reasonable estimate of Net Working Capital ("Estimated Net Working Capital") as of the end of the most recently ended calendar month prior to the Closing Date for which financial statements are available and containing reasonable detail and supporting documents showing the derivation of such Estimated Net Working Capital.

Subject to the mutual agreement of MHC and CHS Sub, the Estimated Net Working Capital together with the principles, specifications and methodologies for determining the Estimated Net Working Capital, shall be specified in Schedule 1.8 and shall be used for purposes of calculating the Purchase Price as of the Closing. No later than ninety (90) days after the Closing, CHS Sub shall deliver to MHC CHS Sub's determination of the Net Working Capital as of the Effective Time (following the same principles, specifications and methodologies used to determine the Estimated Net Working Capital as set forth on Schedule 1.8) (the "Final Net Working Capital"). Each party shall have full access to the financial books and records pertaining to the Assets and the Facilities to confirm or audit the Final Net Working Capital computations. Should MHC disagree with CHS Sub's determination of Final Net Working Capital, MHC shall notify CHS Sub within sixty (60) days after CHS Sub's delivery of CHS Sub's determination of Final Net Working Capital. If MHC and CHS Sub fail to agree within thirty (30) days after MHC's delivery of notice of disagreement on the amount of Final Net Working Capital, such disagreement shall be resolved in accordance with the procedure set forth in Section 1.8(c) which shall be the sole and exclusive remedy for resolving accounting disputes relative to the determination of Final Net Working Capital. Within five (5) business days after determination of the Final Net Working Capital any increase from the Estimated Net Working Capital shall be paid in cash by the Company Entities to the MHC Entities, and any decrease from the Estimated Net Working Capital shall be paid in cash to the Company Entities by the MHC Entities.

(c) ***Dispute of Adjustments.*** In the event that MHC and CHS Sub are not able to agree on the Final Net Working Capital within thirty (30) days after MHC's delivery of notice of disagreement, MHC and CHS Sub shall each have the right to require that such disputed determination be submitted to PriceWaterhouseCoopers, an independent certified public accounting firm (the "Accounting Firm"), for computation or verification in accordance with the provisions of this Agreement. The Accounting Firm shall review the matters in dispute and, acting as arbitrators, promptly shall decide the proper amounts of such disputed entries (which decision shall also include a final calculation of the Final Net Working Capital). The submission of the disputed matter to the Accounting Firm shall be the exclusive remedy for resolving accounting disputes relative to the determination of the Final Net Working Capital. The Accounting Firm's determination shall be binding upon the MHC Entities and the Company Entities. The Accounting Firm's fees and expenses shall be borne equally by the MHC Entities and the Company Entities.

1.9 *Meaningful Use Funds.*

(a) ***Matters Relating to Pre-Effective Time Meaningful Use Funds.*** The MHC Entities shall be responsible for preparing, certifying and attesting for meaningful use payments ("MU Payments") under the Health Information Technology for Economic and Clinical Health ("HITECH") Act in respect of the Facilities relating to periods ending prior to the Effective Time ("Pre-Effective Time Periods"). The Company Entities shall pay to the MHC Entities any amount received by the Company Entities or any of their Affiliates in respect of MU Payments relating to Pre-Effective Time Periods within ten (10) days of receipt thereof by the Company Entities or any of their Affiliates.

(b) ***Matters Relating to Post-Effective Time Meaningful Use Funds.*** The Company Entities shall be responsible for preparing, certifying and attesting for MU

Payments in respect of the Facilities relating to periods ending after the Effective Time ("Post-Effective Time Periods"), and shall be entitled to any MU Payments relating to Post-Effective Time Periods. The MHC Entities shall pay to the Company Entities any amount received by the MHC Entities or any of their Affiliates in respect of MU Payments relating to Post-Effective Time Periods within ten (10) days of receipt thereof by the MHC Entities or any of their Affiliates.

(c) **Straddle Periods.** For purposes of paragraphs (a) and (b) above, if the measurement period for a MU Payment that includes the Effective Time does not terminate as of the Effective Time (a "Straddle Period"), then the MU Payments for the Straddle Period shall be allocated between the MHC Entities and the Company Entities in the following manner: (i) the MHC Entities shall be entitled to receive the portion of the MU Payments attributable to the period prior to the Effective Time which shall equal the MU Payment for the entire Straddle Period, multiplied by a fraction the numerator of which is the total number of days in the Straddle Period through the Effective Time and the denominator of which is the total number of days in the Straddle Period; and (ii) the Company Entities shall be entitled to receive the portion of the MU Payments attributable to the period following the Effective Time which shall equal the MU Payments for the entire Straddle Period, multiplied by a fraction the numerator of which is the total number of days in the Straddle Period from the Effective Time to the end of the Straddle Period and the denominator of which is the total number of days in the Straddle Period.

(d) **MU Payments Reconciliation.** The parties agree that, in the event of a determination by any governmental payor that MU Payments previously received by the parties are adjusted or otherwise revised, the repayment (in case of a reduction of MU Payments previously made) or receipt (in case of an increase of MU Payments previously made) of funds relating to prior MU Payments shall, notwithstanding the prior settlement of the MU Payments in accordance with this Section 1.9, be reconciled and remitted, with reasonable promptness, to or from the appropriate party based on the application of this Section 1.9 to such adjustment to the MU Payments.

(e) **Late Payments.** In the event that any payment required to be made hereunder is not made within the time period required by this Section 1.9, the party obligated to make such payment shall also be obligated to pay interest on such payment from the date such payment should have been made to the date of payment at the rate of interest equal to 200 basis points over the prime rate as quoted in the Money Rates section of The Wall Street Journal from time to time.

1.10 Prorations. Except as otherwise provided herein (for example, in the determination of Net Working Capital) or as settled at the Closing, within ninety (90) days after the Closing Date (hereinafter defined), the MHC Entities and the Company Entities shall prorate as of the Effective Time any amounts which become due and payable on or after the Closing Date with respect to (i) the Contracts, (ii) ad valorem taxes, if any, on the Assets (which shall be prorated as of the Closing), (iii) personal property taxes on the Assets (which shall be prorated as of the Closing), and (iv) all utilities servicing any of the Assets, including water, sewer, telephone, electricity and gas service. Any such amounts which are not available within ninety (90) days after the Closing Date shall be similarly prorated as soon as practicable thereafter.

2. CLOSING.

2.1 Closing. Subject to the satisfaction or waiver by the appropriate party of all of the conditions precedent to Closing specified in Sections 7 and 8 hereof, the consummation of the transactions contemplated by and described in this Agreement (the "Closing") shall take place at the offices of Drinker Biddle & Reath LLP, 191 N. Wacker Drive, Suite 3700, Chicago, Illinois at 10:00 a.m. local time, on or before July 1, 2015, or on such other date or at such other location as the parties may mutually designate in writing (the date of consummation is referred to herein as the "Closing Date"). The Closing shall be effective as of 12:00:01 a.m., Eastern Time, on the Closing Date, or such other time as the parties may mutually designate in writing (such time, the "Effective Time").

2.2 Actions of the MHC Entities at Closing. At the Closing and unless otherwise waived in writing by CHS Sub or the Company, as applicable, the MHC Entities shall deliver to CHS Sub or the Company, as applicable, the following:

(a) Deeds containing special or limited warranty of title, fully executed by the applicable MHC Entity in recordable form, conveying to the applicable Company Entity good and marketable fee title to the Owned Real Property described in Schedule 1.4(a), and a Real Estate Transfer Valuation Affidavit for each deed in the form prescribed by the State of Michigan, subject only to the Permitted Encumbrances;

(b) A General Assignment, Conveyance and Bill of Sale, fully executed by the applicable MHC Entity, conveying to the applicable Company Entity title to all assets which are a part of the Assets;

(c) An Assignment and Assumption Agreement (the "Assignment and Assumption Agreement"), fully executed by the applicable MHC Entity, conveying to the applicable Company Entity such MHC Entity's interest in the Contracts (other than the Real Property Leases);

(d) An Assignment and Assumption of Lease (collectively the "Lease Assignment and Assumption Agreements") for each real property lease under which any MHC Entity is a tenant, subtenant, or landlord (collectively, the "Real Property Leases"), fully executed by the applicable MHC Entity, conveying to the applicable Company Entity such MHC Entity's interest in such Real Property Leases;

(e) An Assignment and Assumption of Licenses (the "License Assignment and Assumption Agreement"), fully executed by the applicable MHC Entity, conveying to the applicable Company Entity such MHC Entity's interest in all assignable Licenses (as defined in Section 3.6 hereof);

(f) All instruments and documents required by the Title Company (as defined in Section 6.3 hereof) to issue the Title Policy (as defined in Section 6.3 hereof) as described in and provided by Section 7.3 hereof;

(g) The LLC Agreement, fully executed by MHC;

(h) A Management Agreement, fully executed by the Company;

(i) Copies of resolutions duly adopted by the Board of Directors of each of the MHC Entities, 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 MHC Entity;

(j) Certificates of the President or a Vice President of each MHC Entity, certifying that each covenant and agreement of such MHC Entity to be performed prior to or as of the Closing pursuant to this Agreement has been performed in all material respects and each representation and warranty of such MHC Entity is true and correct in all material respects on the Closing Date, as if made on and as of the Closing;

(k) Certificates of incumbency for the respective officers of each MHC Entity executing this Agreement or making certifications for the Closing dated as of the Closing Date;

(l) Certificates of existence and good standing of each MHC Entity from the state in which it is incorporated or formed, dated the most recent practical date prior to the Closing;

(m) The opinion of counsel to the MHC Entities as provided by Section 7.7 hereof;

(n) All Certificates of Title and other documents evidencing an ownership interest conveyed as part of the Assets; and

(o) Such other instruments and documents as CHS Sub reasonably deems necessary to effect the transactions contemplated hereby.

2.3 Actions of CHS Sub at Closing. At the Closing and unless otherwise waived in writing by the MHC Entities, CHS Sub shall deliver to the MHC Entities the following:

(a) An amount equal to the Purchase Price, payable as specified in Section 1.2 hereof;

(b) An Assignment and Assumption Agreement, fully executed by the applicable Company Entity, pursuant to which such Company Entity shall assume the future performance of the Contracts (other than the Real Property Leases) as herein provided;

(c) The Lease Assignment and Assumption Agreements, fully executed by the applicable Company Entity, pursuant to which such Company Entity shall assume the future performance of the Real Property Leases as herein provided;

(d) A License Assignment and Assumption Agreement, fully executed by the applicable Company Entity, pursuant to which such Company Entity shall assume the future performance of the Licenses as herein provided;

(e) The LLC Agreement, fully executed by CHS Sub;

(f) A Management Agreement, fully executed by CHSPSC, LLC;

(g) Copies of resolutions duly adopted by the Board of Directors of each of CHS Sub and CHS, 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 in full force as of the Closing, by the appropriate officers of CHS Sub and CHS, respectively;

(h) Certificates of the President or a Vice President of CHS Sub, certifying that each covenant and agreement of CHS Sub to be performed prior to or as of the Closing pursuant to this Agreement has been performed in all material respects and each representation and warranty of CHS Sub is true and correct in all material respects on the Closing Date, as if made on and as of the Closing;

(i) Certificates of incumbency for the respective officers of CHS Sub and CHS executing this Agreement or making certifications for the Closing dated as of the Closing Date;

(j) Certificates of existence and good standing of CHS Sub and CHS from the state in which each is formed or incorporated, dated the most recent practical date prior to Closing;

(k) The opinion of counsel to CHS Sub and CHS as provided by Section 8.5 hereof; and

(l) Such other instruments and documents as MHC reasonably deems necessary to effect the transactions contemplated hereby.

3. REPRESENTATIONS AND WARRANTIES OF THE MHC ENTITIES. As of the date hereof, and, when read in light of any Schedules which have been updated in accordance with the provisions of Section 12.1 hereof, as of the Closing Date, the MHC Entities represent and warrant to CHS Sub and the Company the following:

3.1 Existence and Capacity. Each MHC Entity is a corporation or limited liability company, duly organized and validly existing in good standing under the laws of the State of Michigan. Each MHC Entity has the requisite power and authority to enter into this Agreement, to perform its obligations hereunder and to conduct its business as now being conducted.

3.2 Powers; Consents; Absence of Conflicts With Other Agreements, Etc. The execution, delivery, and performance of this Agreement by each MHC Entity, and all other agreements referenced herein, or ancillary hereto, to which each MHC Entity is a party, and the consummation of the transactions contemplated herein by each MHC Entity:

(a) are within its corporate powers, are not in contravention of law or of the terms of its organizational documents, and have been duly authorized by all appropriate corporate action;

(b) except as provided in Section 5.4 and Section 5.5 below, do not require any approval or consent of, or filing with, any governmental agency or authority bearing on the validity of this Agreement which is required by law or the regulations of any such agency or authority;

(c) except as set forth on Schedule 3.2, will neither conflict with, nor result in any breach or contravention of, or the creation of any lien, charge, or encumbrance under, any indenture, agreement, lease, instrument or understanding to which it is a party or by which it is bound;

(d) will not violate any statute, law, rule, or regulation of any governmental authority to which any MHC Entity or the Assets may be subject; and

(e) will not violate any judgment, decree, writ or injunction of any court or governmental authority to which any MHC Entity or the Assets may be subject.

3.3 Binding Agreement. This Agreement and all agreements to which the MHC Entities will become a party pursuant hereto are and will constitute the valid and legally binding obligations of each MHC Entity, and are and will be enforceable against each MHC Entity in accordance with the respective terms hereof or thereof.

3.4 Financial Statements. MHC has delivered to CHS Sub copies of the following financial statements of or pertaining to the MHC Entities ("Financial Statements"), which Financial Statements are maintained on an accrual basis, and copies of which are attached hereto as Schedule 3.4:

(a) Unaudited Balance Sheet dated as of September 30, 2014 (the "Balance Sheet Date");

(b) Unaudited Income Statement for the three-month period ended on the Balance Sheet Date; and

(c) Consolidated audited Balance Sheets, Income Statements, and Statements of Cash Flows for the MHC Entities for the fiscal years ended June 30, 2014, 2013 and 2012.

Such unaudited Financial Statements conform to GAAP consistently applied, except as set forth in Schedule 3.4. Such audited Financial Statements have been prepared in accordance with GAAP, applied on a consistent basis throughout the periods indicated. Such Balance Sheets present fairly in all material respects the financial condition of the MHC Entities as of the dates indicated thereon, and such Income Statements present fairly in all material respects the results of operations of the MHC Entities for the periods indicated thereon.

3.5 Certain Post-Balance Sheet Results. Except as set forth in Schedule 3.5 hereto, since the Balance Sheet Date there has not been any:

(a) material damage, destruction, or loss (whether or not covered by insurance) affecting the Facilities or the Assets;

(b) any event, change or occurrence which has or could reasonably be expected to have a Material Adverse Effect (as defined in Section 12.19);

(c) threatened employee strike, work stoppage, or labor dispute pertaining to the Facilities;

(d) sale, assignment, transfer, or disposition of any item of property, plant or equipment included in the Assets having a value in excess of Two Thousand Five Hundred Dollars (\$2,500) (other than supplies), except in the ordinary course of business with comparable replacement thereof;

(e) general increases in the compensation payable by any MHC Entity to any of its employees or any increase in, or institution of, any bonus, insurance, pension, profit-sharing or other employee benefit plan, remuneration or arrangements made to, for or with such employees;

(f) changes in the composition of the medical staffs of the Facilities, other than normal turnover occurring in the ordinary course of business;

(g) changes in the rates charged by the Facilities for their services, other than changes made in the ordinary course of business;

(h) changes in the accounting methods or practices employed by MHC or changes in depreciation or amortization policies; or

(i) transactions pertaining to the Facilities by any MHC Entity outside the ordinary course of business (other than those contemplated by this Agreement).

3.6 Licenses. The Hospital is duly licensed as a hospital pursuant to the applicable laws of the State of Michigan. The pharmacies, laboratories, and all other ancillary departments located at the Facilities or operated for the benefit of the Facilities which are required to be specially licensed are duly licensed by the Michigan Department of Licensing and Regulation and Affairs. The MHC Entities have all other licenses, registrations, permits, and approvals which are required by law to operate the Assets and the Facilities. Schedule 3.6 sets forth of all such licenses, registrations, permits and approvals owned or held by the MHC Entities relating to the ownership or operation of the Facilities or the Assets (collectively, the "Licenses"), all of which are in good standing, and none of the foregoing has been revoked or limited, or to MHC's knowledge, has been threatened to be revoked or limited.

3.7 Certificates of Need. Except as set forth on Schedule 3.7 hereto, no application for any Certificate of Need, Exemption Certificate (each as defined below) or declaratory ruling has been made by any MHC Entity with the Michigan Department of Community Health ("MDCH") or other applicable agency which is currently pending or open before such agency, and no such application (collectively, the "Applications") filed by any MHC Entity within the past three (3) years has been ultimately denied by any commission, board or agency or

withdrawn by such MHC Entity. The MHC Entities have not prepared, filed, supported or presented opposition to any Applications filed by another hospital or health agency within the past three (3) years. Except as set forth on Schedule 3.7 hereto, the MHC Entities have neither any Applications pending nor any approved Applications which relate to projects not yet completed. The MHC Entities have properly filed all required Applications which are complete and correct in all material respects with respect to any and all material improvements, projects, changes in services, zoning requirements, construction and equipment purchases, and other changes for which approval is required under any applicable federal or state law, rule or regulation. As used herein, "Certificate of Need" means a written statement issued by the MDCH evidencing community need for a new, converted, expanded or otherwise significantly modified health care facility, health service or hospice, and "Exemption Certificate" means a written statement from the MDCH stating that a health care project is not subject to the Certificate of Need requirements under applicable state law.

3.8 Medicare Participation/Accreditation. The Hospital is qualified for participation in the Medicare, Medicaid and CHAMPUS/TRICARE programs, has a current and valid provider contract with such programs, is in compliance with the conditions of participation in such programs, and has received all approvals or qualifications necessary for capital reimbursement for the Hospital. The Hospital is duly accredited, with no contingencies, by the American Osteopathic Association (the "AOA"). A copy of the most recent accreditation letter from the AOA pertaining to the Hospital has been made available to CHS Sub. All billing practices of the MHC Entities with respect to the Facilities to all third party payors, including the Medicare, Medicaid and CHAMPUS/TRICARE programs and private insurance companies, have been in material compliance with all applicable laws, regulations and policies of such third party payors and the Medicare, Medicaid and CHAMPUS/TRICARE programs, and, to MHC's knowledge, no MHC Entity nor any Facility has billed or received any payment or reimbursement in excess of amounts allowed by law. No MHC Entity has been excluded from participation in the Medicare, Medicaid or CHAMPUS/TRICARE programs, nor to MHC's knowledge is any such exclusion threatened. Based upon and in reliance upon the MHC Entities' review of (i) the "list of Excluded Individuals/Entities" on the website of the United States Health and Human Services Office of Inspector General (<http://oig.hhs.gov/fraud/exclusions.html>), and (ii) the "List of Parties Excluded From Federal Procurement and Nonprocurement Programs" on the website of the United States General Services Administration (<http://www.arnet.gov/epl/>), none of the officers, directors or managing employees of any MHC Entity has been excluded from participation in the Medicare, Medicaid or CHAMPUS/TRICARE programs. Except as set forth in a writing delivered by MHC to CHS Sub which specifically makes reference to this Section 3.8 or as set forth on Schedule 3.8, no MHC Entity has received any written notice from any of the Medicare, Medicaid or CHAMPUS/TRICARE programs, or any other third party payor programs of any pending or threatened investigations or surveys. Each MHC Entity required to be registered (each, for purposes of this paragraph, a "Registered Seller") has registered with My Quality Net (formerly QNet Exchange) and any other quality reporting data exchanges as required by The Centers for Medicare and Medicaid Services ("CMS") under its quality reporting programs (the "Quality Programs"). Each Registered Seller has submitted all quality data required under the Quality Programs to CMS or its agent for all reporting periods concluded prior to the date of this Agreement, except for any reporting period for which the respective reporting deadlines have not yet expired. All such submissions of quality data have been made in accordance with applicable

reporting deadlines and in the form and manner required by CMS. The MHC Entities have made available to CHS Sub the "validation results" for all reporting periods concluded prior to the date of this Agreement, except for any reporting period for which the respective reporting deadlines have not yet expired. No Registered Seller has received notice of any reduction in reimbursement under the Medicare program resulting from its failure to report quality data to CMS or its agent as required under the Quality Programs.

3.9 Regulatory Compliance. Except as set forth in a writing delivered by MHC to CHS Sub which specifically makes reference to this Section 3.9 or as set forth on Schedule 3.9, the MHC Entities are in compliance in all material respects with all applicable statutes, rules, regulations, and requirements of the Government Entities having jurisdiction over the Facilities and the Assets. As used herein, "Government Entity" means any government or any agency, bureau, board, directorate, commission, court, department, official, political subdivision, tribunal or other instrumentality of any government, whether federal, state or local. Each MHC Entity has timely filed all reports, data, and other information required to be filed with the Government Entities. Except as set forth in a writing delivered by MHC to CHS Sub which specifically makes reference to this Section 3.9 or as set forth on Schedule 3.9, no MHC Entity 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 (the "Stark Law"), and the False Claims Act, 31 U.S.C. §3729, et seq. To the knowledge of MHC, the MHC Entities are in compliance in all material respects with the administrative simplification provisions required under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), including the electronic data interchange regulations and the health care privacy regulations, as of the applicable effective dates for such requirements.

3.10 Equipment. Schedule 3.10 sets forth a depreciation schedule as of the Balance Sheet Date which takes into consideration all the equipment constituting any part of the Facilities and the Assets having a book value greater than Two Thousand Five Hundred Dollars (\$2,500).

3.11 Real Property. Each MHC Entity owns good and marketable fee simple title to the Owned Real Property and good, valid and subsisting leasehold title to the Leased Real Property for which such MHC Entity is a tenant. The Real Property will be conveyed to the Company Entities free and clear of any and all liens, encumbrances or other restrictions except those more particularly described in Schedule 3.11 (the "Permitted Encumbrances"). Notwithstanding the foregoing, Permitted Encumbrances in respect of the Owned Real Property shall include all general real estate taxes and assessments not yet due or payable for the year in which the Closing takes place and subsequent years (subject to customary prorations for periods prior to the Effective Time). With respect to the Real Property:

(a) The applicable MHC Entity has not received during the past five (5) years written notice of a violation of any applicable ordinance or other law, order, regulation, or requirement and has not received written notice of condemnation, lien, assessment, or the like relating to any part of the Real Property or the operation thereof, except as set forth in Schedule 3.11(a);

(b) The current zoning district information for the Owned Real Property as indicated in letters to the MHC Entities issued by the governmental entities with jurisdiction thereof is set forth on Schedule 3.11(b). To the MHC Entities' knowledge, except as described on Schedule 3.11(b), the Owned Real Property and its operation are in material compliance with all applicable zoning ordinances, and the consummation of the transactions contemplated herein will not result in a violation of any applicable zoning ordinance or the termination of any applicable zoning variance now existing;

(c) Except as described on Schedule 3.11(c), there are no outstanding purchase options, reversionary interests or rights of first refusal affecting any portion of the Owned Real Property or any interest therein;

(d) To the knowledge of the MHC Entities, and except as set forth on Schedule 3.11(d), the Owned Real Property and the Material Leased Real Property (as defined in Section 6.3) is in compliance in all material respects with the applicable provisions of the Rehabilitation Act of 1973, Title III of the Americans with Disabilities Act, and the provisions of any comparable state statute relative to accessibility (these laws are referred to collectively, as the "Accessibility Laws"), and there is no pending, or to the knowledge of the MHC Entities, threatened litigation, administrative action or complaint (whether from state, federal or local government or from any other person, group or entity) relating to compliance of any of the Real Property with the Accessibility Laws;

(e) There are no tenants or other persons or entities occupying any space in the Owned Real Property, other than pursuant to Real Property Leases described in Schedule 3.11(e)(i), and no tenants have paid rent in advance for more than one month and no improvement credit or other tenant allowance of any nature is owed to any tenant, nor is any landlord improvement work required, except as described on Schedule 3.11(e)(ii);

(f) Attached to Schedule 3.11(f) is a "rent roll" which sets forth for those Real Property Leases where an MHC Entity is landlord: (i) the names of then current tenants; (ii) the rental payments for the then current month under each of the Real Property Leases; (iii) a list of all then delinquent rental payments; (iv) a list of all concessions granted to tenants; (v) a list of all tenant deposits and a description of any application thereof, and (vi) a list of all uncured material defaults under the Real Property Leases known to the appropriate MHC Entity; and

(g) During the past five (5) years, no MHC Entity has received written notice of any existing, proposed or contemplated plans to modify or realign any street or highway, or any existing, proposed or contemplated eminent domain proceeding that would result in the taking of all or any part of the Real Property or that would materially and adversely affect the current use of any part of the Real Property.

3.12 Title. As of the Closing, the MHC Entities shall own and hold good and valid title to all of the Assets, and at the Closing, the MHC Entities will assign and convey to the Company Entities good, valid and marketable title to all of the Assets, or any part thereof, subject to no mortgage, lien, pledge, security interest, conditional sales agreement, right of first refusal, option, restriction, liability, encumbrance, or charge other than the Permitted Encumbrances and the Assumed Liabilities.

3.13 Employee Benefit Plans. Except as set forth on Schedule 3.13 hereto:

(a) The MHC Entities do not sponsor or participate in, nor have they, within the last five (5) years, sponsored or participated in any pension, profit-sharing, stock bonus, deferred compensation, or other retirement plans as defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), including any Internal Revenue Code of 1986 ("Code") Section 401(a), Section 403(b) or Section 457 plans; welfare benefit plans as defined in Section 3(1) of ERISA including group health, life, disability or similar plans; fringe benefit, cafeteria, flexible benefit, or tuition assistance plans; executive compensation agreements, bonus, or incentive plans; severance plans; vacation, holiday, sick-leave, paid-time-off, or other employee compensation plans, programs, payroll practices, policies, or agreements; or any annuity contracts, custodial agreements, trusts or other agreements related thereto (all collectively, the "Benefit Plans"). With respect to such Benefit Plans, the MHC Entities have delivered to CHS Sub accurate and complete copies of the Benefit Plans; insurance contracts or any other funding instruments; governmental rulings issued within the last five (5) years; determination, advisory, notification, or opinion letters issued within the last five (5) years; contracts with third-party administrators and other independent contractors; and summary plan descriptions, modifications, memoranda, employee handbooks, and other material written communications. All returns, reports, disclosure statements, and premium payments relating to the Benefit Plans have been timely filed, delivered, or paid, or appropriate extensions obtained, as applicable and as required by applicable law. For the purposes of Section 3.13, the MHC Entities shall refer to the MHC Entities and any entity required to be aggregated with the MHC Entities pursuant to the applicable provisions of the Code and ERISA.

(b) With respect such Benefit Plans, the MHC Entities do not currently and have not participated in or 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; sponsored or participated in any benefit plan that is a self-funded multiple employer welfare arrangement; participated in, engaged in, or been a party to any prohibited transaction for which there is no statutory exemption; had asserted against them any claim for any excise tax, interest, or penalty; or committed a breach of any responsibilities or obligations imposed upon fiduciaries. The MHC Entities do not have any liability under any Benefit Plan for which the Company Entities have or will have any liability, contingent or otherwise, under Parts I or IV of ERISA, the Code, or other applicable law.

(c) Each Benefit Plan that is a pension or other retirement plan and each related trust agreement, annuity contract, or other funding instrument is and has been since its inception qualified and tax-exempt under the provisions of Sections 401(a), 403(b), 457 or 501(a) of the Code applicable to such Benefit Plan; each such Benefit Plan is and has been since its inception in material compliance with its terms and, both as to form and in operation, with the requirements prescribed by any and all laws that are applicable to such Benefit Plan; does not have and has not had since its inception any unfunded accrued liability; has not experienced any reportable events; has not had any accumulated funding deficiencies or liquidity shortfalls; does not have any liabilities required to be disclosed that have not been disclosed; and has not been partially or fully terminated, nor has any governmental entity instituted or, to the knowledge of the MHC Entities, threatened a proceeding to terminate any such Benefit Plan or to appoint a

trustee. Each Benefit Plan that is not a pension or other retirement plan is in material compliance with its terms and, both as to form and operation, with the requirements prescribed by any and all laws that are applicable to such Benefit Plan. The MHC Entities have no knowledge of any noncompliance with applicable laws with respect to any Benefit Plan that would create any liability for the Company Entities.

(d) No Benefit Plan is currently or has been within the last three (3) years under audit, inquiry, or investigation by any governmental entity, and there are no outstanding issues with reference to the Benefit Plans pending before any governmental agency. Other than routine claims for benefits, there are no actions, mediations, audits, arbitrations, suits, claims, or investigations pending or, to the knowledge of the MHC Entities, threatened against or with respect to any of the Benefit Plans or their assets, and, to the knowledge of the MHC Entities, there are no threatened or pending claims by or on behalf of the Benefit Plans or by any employee of any MHC Entity alleging a breach of fiduciary duties or violations of law nor, to the MHC Entities' knowledge, is there any basis for such claims.

3.14 Litigation or Proceedings. Schedule 3.14 lists all pending litigation or proceedings with respect to the Facilities and the Assets. No MHC Entity is in default under any order of any court or federal, state, municipal, or other governmental department, commission, board, bureau, agency or instrumentality wherever located. Except as set forth in a writing delivered by the MHC Entities to CHS Sub which specifically makes reference to this Section 3.14 or as set forth on Schedule 3.14, there are no claims, actions, suits, proceedings, or investigations pending, or to the knowledge of the MHC Entities, threatened against or related to any MHC Entity, the Facilities or the Assets, at law or in equity, or before or by any federal, state, municipal, or other governmental department, commission, board, bureau, agency, or instrumentality wherever located.

3.15 Environmental Laws. Except as set forth on Schedule 3.15 hereto, to the knowledge of the MHC Entities (i) the Real Property is not subject to any material environmental hazards, risks, or liabilities, (ii) no MHC Entity is in violation of any federal, state or local statutes, regulations, laws or orders pertaining to the protection of human health and safety or the environment (collectively, "Environmental Laws"), including, without limitation, the Comprehensive Environmental Response Compensation and Liability Act, as amended ("CERCLA"), the Clean Air Act, as amended, the Clean Water Act, as amended, the Solid Waste Disposal Act, as amended, and the Resource Conservation and Recovery Act, as amended ("RCRA") and (iii) no MHC Entity has received any written notice alleging or asserting either a violation of any Environmental Law or a legal obligation to investigate, assess, remove, or remediate any property that is an Asset under this Agreement, including, but not limited to, the Real Property, under or pursuant to any Environmental Law. Except as set forth on Schedule 3.15 hereto, no Hazardous Substances (which for purposes of this Section 3.15 shall mean and include polychlorinated biphenyls, asbestos, and any hazardous substances, materials, constituents, or wastes which are regulated by any Environmental Law, including, without limitation, CERCLA and RCRA) have been possessed, managed, processed, released, handled, disposed of on or released or discharged from or onto, or threatened to be released from or onto, the Real Property (including groundwater) by any MHC Entity, or to the MHC Entities' knowledge, any third party, in violation of any applicable Environmental Law. Except as set forth on Schedule 3.15 hereto, to the knowledge of the MHC Entities, the physical plants

constituting a portion of the Assets do not contain regulated, friable asbestos-containing material. Without limiting the generality of the foregoing, to the knowledge of the MHC Entities: (i) all current or former underground storage tanks located on the Real Property and all information in the MHC Entities' possession relating to the capacity, uses, dates of installation and contents of such tanks located on the Real Property are identified in Schedule 3.15; (ii) there are no, nor have there ever been, any collection dumps, pits, and disposal facilities or surface impoundments located on the Real Property for the containment of Hazardous Substances except as identified in Schedule 3.15 or in the documents referenced thereon; and (iii) all existing underground storage tanks located on the Real Property have been maintained in material compliance with all Environmental Laws.

3.16 Hill-Burton and Other Liens. Except as set forth on Schedule 3.16 hereto, no MHC Entity nor any predecessor thereof has received any loans, grants or loan guarantees pursuant to the Hill-Burton Act program, the Health Professions Educational Assistance Act, the Nurse Training Act, the National Health Planning and Resources Development Act, and 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 any Company Entity to repay any of such loans, grants or loan guarantees, nor subject any Company Entity or the Assets to any lien, restriction or obligation, including any requirement to provide uncompensated care.

3.17 Taxes. During the last five (5) tax years, each MHC Entity has filed all federal, state and local tax returns required to be filed by it (all of which are true and correct in all material respects) and has duly paid or made provision for the payment of all taxes (including any interest or penalties and amounts due state unemployment authorities) which are due and payable to the appropriate tax authorities. During the last five (5) calendar years, each MHC Entity has withheld proper and accurate amounts from its employees' compensation in compliance with all withholding and similar provisions of the Code, including employee withholding and social security taxes, and any and all other applicable laws. No deficiencies for any of such taxes have been asserted or threatened in writing, and no audit on any such returns is currently under way or threatened in writing. There are no outstanding agreements by any MHC Entity for the extension of time for the assessment of any such taxes. No MHC Entity has taken any action in respect of any federal, state or local taxes (including, without limitation, any withholdings required to be made in respect of employees) which may have an adverse impact upon the Facilities or the Assets as of or subsequent to Closing. There are no liens for delinquent taxes on any of the Assets.

3.18 Employee Relations.

(a) Except as set forth on Schedule 3.18, all employees of the Facilities are employees of one of the MHC Entities. There has not been within the last three (3) years, there is not presently pending or to the MHC Entities' knowledge threatened, and no event has occurred or circumstance exists that could provide any reasonable basis for any strike, slowdown, picketing, work stoppage, lockout, unfair labor practice charge or complaint, employee grievance process, or any proceeding against or affecting any MHC Entity relating to an alleged violation of any legal requirements pertaining to labor relations, including any charge, complaint, or unfair labor practices claim filed by an employee, union, or other person with the

National Labor Relations Board or any comparable Government Entity, organizational activity, or other labor dispute against or affecting any MHC Entity or the Facilities. No collective bargaining agreement exists or is currently being negotiated by any MHC Entity; to the MHC Entities' knowledge no request, petition or application for representation or certification of a collective bargaining agent is pending; no written demand has been made for recognition by a labor organization; to the MHC Entities' knowledge, no union representation question exists; to the MHC Entities' knowledge, no union organizing activities are taking place; and no employee of any MHC Entity is represented by any labor union or organization.

(b) Each MHC Entity has complied in all material respects with all legal requirements relating to employment; employment practices; terms and conditions of employment; equal employment opportunity; nondiscrimination; immigration; wages; hours; benefits; payment of employment, social security, and similar taxes; occupational safety and health; and plant closing. No MHC Entity is liable for the payment of any compensation, damages, taxes, fines, penalties, interest, or other amounts, however designated, for failure to comply with any of the foregoing legal requirements. Except as set forth in Schedule 3.18, there are no pending or, to the MHC Entities' knowledge, threatened claims before the Equal Employment Opportunity Commission (or comparable local or state agency), complaints before the Occupational Safety and Health Administration (or comparable state agency), the Department of Labor (or comparable state agency), wage payment, wage and hour claims, unemployment compensation claims, workers' compensation claims, or the like.

(c) The MHC Entities have made available to CHS Sub the personnel records of all of the employees of each MHC Entity and the salary or wage records for such employees including records reflecting sick or extended illness, paid time off, vacation and holiday benefits that are accrued or credited but unused or unpaid. The MHC Entities have made available to CHS Sub copies of each employment, consulting, independent contractor, bonus, or severance agreement to which any MHC Entity is a party. Schedule 3.18 sets forth the employees who had an "employment loss," as such term is defined in the Worker Adjustment and Retraining Notification Act (the "WARN Act"), within the ninety (90) days preceding the Closing; in relation to the foregoing, the MHC Entities have not violated the WARN Act or any similar state or local legal requirements and the transaction will not cause any such WARN Act obligations. To the MHC Entities' knowledge, no employee of any MHC Entity is bound by any contract that purports to limit the ability of such employee to engage in or continue or perform any conduct, activity, duties or practice relating to the business of any MHC Entity.

(d) All necessary visa or work authorization petitions required to be filed by the MHC Entities have been timely and properly filed on behalf of any employees of any MHC Entity requiring a visa stamp, I-94 status document, employment authorization document, or any other immigration document to legally work for the MHC Entities in the United States and all paperwork retention requirements with respect to such applications and petitions have been met. No current employee of any MHC Entity has ever worked for such MHC Entity without employment authorization from the Department of Homeland Security or any other government agency that must authorize such employment. I-9 Forms have been timely and properly completed by the MHC Entities for all current employees of the MHC Entities. I-9 Forms have been lawfully retained and re-verified by the MHC Entities. There are no claims, lawsuits, actions, arbitrations, administrative or other proceedings, or to the MHC Entities' knowledge,

governmental investigations or inquiries pending or threatened against any MHC Entity relating to such MHC Entity's compliance with immigration laws. There have been no letters received by any MHC Entity from the Social Security Administration ("SSA") regarding the failure of such MHC Entity's employee's Social Security number to match their name in the SSA database.

3.19 *Agreements and Commitments.* Schedule 3.19 sets forth an accurate list of all material written commitments, contracts, leases, and agreements, which materially affect the Facilities or the Assets, to which any MHC Entity is a party or by which any MHC Entity, the Facilities or the Assets is bound, and which involve future payments, performance of services or delivery of goods to or by any MHC Entity in an amount or value in excess of Ten Thousand Dollars (\$10,000), including, without limitation, (a) physician agreements, (b) agreements with health maintenance organizations, preferred provider organizations, or other alternative delivery systems, (c) joint venture or partnership agreements, (d) employment contracts or any other contracts, agreements, or commitments to or with individual employees or agents, (e) contracts or commitments materially affecting ownership of, title to, use of or any interest in the Real Property (including the Real Property Leases), (f) equipment leases, (g) equipment maintenance agreements, (h) agreements with municipalities, (i) collective bargaining agreements or other contracts or commitments to or with any labor unions, labor organizations, or other employee representatives or groups of employees, (j) loan agreements, bonds, mortgages, liens, or other security agreements, (k) patent licensing agreements or any other agreements, licenses, or commitments with respect to patents, patent applications, trademarks, trade names, service marks, technical assistance, copyrights, or other like terms affecting the Facilities or the Assets, (l) contracts or commitments providing for payments based in any manner on the revenues or profits of the Facilities or the Assets, (m) agreements, licenses, or commitments relating to data processing programs, software, or source codes utilized in connection with the Facilities or the Assets, and (n) contracts or commitments, whether in the ordinary course of business or not, which involve future payments, performance of services or delivery of goods or material, to or by any MHC Entity of any amount or value in excess of Ten Thousand Dollars (\$10,000) on an annual basis. The physician agreements and other agreements with referral sources, including, without limitation, any Real Property Leases, shall be separately listed on Schedule 3.19(A) hereto.

3.20 *The Contracts.* The MHC Entities have delivered to CHS Sub an accurate list (Schedule 1.4(i)) of the Contracts. The MHC Entities have made available to CHS Sub true and correct copies of the Contracts. The MHC Entities represent and warrant with respect to each Contract that:

(a) Such Contract constitutes the valid and legally binding obligation of the MHC Entity which is a party thereto and is enforceable against such MHC Entity in accordance with its terms;

(b) Such Contract constitutes the entire agreement by and between the respective parties thereto with respect to the subject matter thereof;

(c) All obligations required to be performed by the MHC Entity under the terms of such Contract have been performed in all material respects, no act or omission by the

MHC Entity has occurred or failed to occur which, with the giving of notice, the lapse of time or both would constitute a default under the Contract, and such Contract is in full force and effect without default on the part of the MHC Entity;

(d) Except as expressly set forth on Schedule 3.20, the Contract does not require consent to the assignment and assumption of such Contract by the appropriate Company Entity; and

(e) Except as expressly set forth on Schedule 3.20, the assignment of the Contract to and assumption of such Contract by the appropriate Company Entity will not result in any penalty or premium, or variation of the rights, remedies, benefits or obligations of any party thereunder.

3.21 Supplies. All the inventory and supplies constituting any part of the Assets are substantially of a quality and quantity usable and salable in the ordinary course of business of the Facilities. Obsolete items have been written off the Financial Statements. Inventory and supplies are carried at the lower of cost or market, on a first-in, first-out basis and are properly stated in the Financial Statements. The inventory levels are based on past practices of the MHC Entities at the Facilities.

3.22 Insurance. Schedule 3.22 hereof lists the insurance policies covering the ownership and operations of the Facilities and the Assets, which Schedule reflects the policies' numbers, terms, identity of insurers, amounts, and coverage. All of such policies are in full force and effect with no premium arrearage. During the past three (3) years, the MHC Entities have given in a timely manner to their insurers all notices required to be given under their insurance policies with respect to all of the claims and actions covered by insurance, and no insurer has denied coverage of any such claims or actions. Except as set forth on Schedule 3.22, at no time during the past three (3) years has any MHC Entity (a) received any written notice or other communication from any such insurance company canceling or materially amending any of such insurance policies, and, to the MHC Entities' knowledge, no such cancellation or amendment is threatened or (b) failed to present any material claim which is still outstanding under any of such policies with respect to the Facilities or any of the Assets.

3.23 Third Party Payor Cost Reports. Each MHC Entity required to file cost reports has duly filed all such required reports for all the fiscal years through and including the most recently completed fiscal year. All of such cost reports accurately reflect the information required to be included thereon and such cost reports do not claim and neither the Facilities nor any MHC Entity has received reimbursement in any amount in excess of the amounts provided by law or any applicable agreement. Schedule 3.23 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 MHC Entity has established adequate reserves to cover any potential reimbursement obligations such MHC Entity may have in respect of any such third party cost reports, and such reserves are set forth in the Financial Statements.

3.24 Medical Staff Matters. The MHC Entities have made available to CHS Sub true, correct, and complete copies of the bylaws and rules and regulations of the medical staff of the Hospital, as well as a list of all current members of the medical staff. Except as set forth on Schedule 3.24 hereto, there are no adverse actions pending with respect to any medical staff members of the Hospital or any current applicant thereto for which a medical staff member or current applicant has requested a judicial review hearing which has not been scheduled or has been scheduled but has not been completed, and there are no pending or, to the knowledge of the MHC Entities, threatened disputes with current applicants or medical staff members of the Hospital.

3.25 Condition of Assets. The Assets and the Excluded Assets constitute the assets which are held or used by the MHC Entities in the conduct of the business and operation of the Facilities in the manner conducted as of the date of this Agreement. Schedule 3.25 lists any material defects (which shall include for this purpose all known noncompliance with applicable building and safety codes and all known life safety issues) in the buildings, structures, facilities and major equipment of which the MHC Entities have knowledge. Except as otherwise expressly provided in this Section 3.25, the Assets are being contributed to the Company "AS IS, WHERE IS, AND WITH ALL FAULTS" AND THE MHC ENTITIES HEREBY DISCLAIM ANY AND ALL WARRANTIES (BOTH EXPRESS AND IMPLIED), INCLUDING, BUT NOT LIMITED TO, THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

3.26 Intellectual Property; Computer Software. All trademarks, service marks, trade names, patents, copyrights, inventions, processes and applications therefor (whether registered or common law) currently owned by the MHC Entities are listed and described in Schedule 3.26 (collectively, the "Intellectual Property"). No proceedings have been instituted or are pending or, to the knowledge of the MHC Entities, threatened which challenge the validity of the ownership by any MHC Entity of such Intellectual Property, and the MHC Entities know of no basis therefor. No MHC Entity has licensed anyone to use such Intellectual Property and the MHC Entities have no knowledge of the use or the infringement of any such Intellectual Property by any other person. The MHC Entities, collectively, own (or possesses licenses or other rights to use) all Intellectual Property and all computer software programs and similar systems used in the operation of the Facilities and the Assets.

3.27 Experimental Procedures. During the past five (5) years, the MHC Entities have not performed or permitted the performance of any experimental or research procedures or studies involving patients in the Hospital not authorized and conducted in accordance with the procedures of the Institutional Review Board of the Hospital.

3.28 Compliance Program. The MHC Entities have made available to CHS Sub a copy of current compliance program materials related to the MHC Entities and the Facilities, including without limitation, all program descriptions, compliance officer and committee descriptions, and, to the extent they exist, ethics and risk area policy materials, training and education materials, auditing and monitoring protocols, reporting mechanisms, and disciplinary policies. Except as set forth in a writing delivered by the MHC Entities to CHS Sub which specifically makes reference to this Section 3.28 or to the extent set forth on Schedule 3.28, no MHC Entity (a) is party to any current, valid and binding Corporate Integrity Agreement with the

Office of Inspector General of the Department of Health and Human Services, (b) has any current reporting obligation pursuant to any Settlement Agreement entered into with any Government Entity, (c) to the MHC Entities' knowledge, has, at any time during the past five (5) years, been the subject of any Federal health care program investigation conducted by any federal or state enforcement agency, (d) to the MHC Entities' knowledge, has, at any time during the past five (5) years, been a defendant in any *qui tam*/False Claims Act litigation, (e) has, during the past five (5) years, been served with or received any search warrant, subpoena, civil investigative demand, or contact letter 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 the MHC Entities), and (f) has, during the past five (5) years, received any written complaints (or complaints through their compliance "hotline") from employees, independent contractors, vendors, physicians, or any other person that led to a finding that a MHC Entity violated any law or regulation. For purposes of this Agreement, the term "compliance program" refers to provider programs of the type described in the compliance guidance published by the Office of Inspector General of the Department of Health and Human Services (the "OIG").

3.29 Partial Subsidiaries.

(a) For purposes of this Agreement, the term "Partial Subsidiaries" means any and all corporations, partnerships and limited liability companies in which any MHC Entity owns or holds common stock, partnership interests or membership interests amounting to less than 100% of the total outstanding common stock, partnership interests or membership interests of such entity, and which common stock, partnership interests or membership interests will be assigned by any MHC Entity to the applicable Company Entity as part of the Assets.

(b) Schedule 3.29 sets forth for each Partial Subsidiary: (1) its name and jurisdiction of incorporation or organization; (2) the number of issued and outstanding shares of each class of its capital stock or other equity or non-equity interests and percentage ownership held by the applicable MHC Entity and which will be assigned to the applicable Company Entity; and (3) its directors and officers, general partners or managers, as the case may be.

(c) MHC has delivered to CHS Sub accurate and complete copies, as applicable, of the articles of incorporation, charter, bylaws, operating agreement, partnership agreement, or shareholders or membership agreement, as amended to date, of each Partial Subsidiary.

(d) The applicable MHC Entity has good and marketable title to all shares of the stock or other equity or non-equity interests of the Partial Subsidiaries set forth in Schedule 3.29 and except as set forth on Schedule 3.29, has the absolute right to sell, assign, transfer and deliver the same to the applicable Company Entity, free and clear of all claims, security interests, liens, pledges, charges, escrows, options, proxies, rights of first refusal, preemptive rights, mortgages, hypothecations, prior assignments, title retention agreements, indentures, security agreements or any other limitation, encumbrance or restriction of any kind.

3.30 Full Disclosure. Copies of all documents referred to in any Schedule delivered by the MHC Entities hereto have been delivered or made available to CHS Sub and constitute

true, correct and complete copies thereof and include all amendments, exhibits, schedules, appendices, supplements or modifications thereto or waivers thereunder.

4. REPRESENTATIONS AND WARRANTIES OF CHS SUB AND CHS. As of the date hereof, and, when read in light of any Schedules which have been updated in accordance with the provisions of Section 12.1 hereof, as of the Closing Date, CHS Sub and CHS represent and warrant to the MHC Entities and the Company the following:

4.1 Existence and Capacity. CHS Sub is a limited liability company, duly organized and validly existing in good standing under the laws of the State of Delaware. CHS Sub has the requisite power and authority to enter into this Agreement, to perform its obligations hereunder, and to conduct its business as now being conducted in all material respects. CHS is a corporation, duly organized and validly existing in good standing under the laws of the State of Delaware. CHS has the requisite power and authority to enter into this Agreement, to perform its obligations hereunder and to conduct its business as now being conducted. CHS Sub is an indirect, wholly-owned subsidiary of CHS.

4.2 Powers; Consents; Absence of Conflicts With Other Agreements, Etc. The execution, delivery, and performance of this Agreement by CHS Sub and CHS and all other agreements referenced herein, or ancillary hereto, to which CHS Sub or CHS is a party, and the consummation of the transactions contemplated herein by CHS Sub or CHS:

(a) are within its corporate powers, are not in contravention of law or of the terms of its organizational documents, and have been duly authorized by all appropriate corporate action;

(b) except as provided in Section 6.1 and Section 6.2 below, do not require any approval or consent of, or filing with, any governmental agency or authority bearing on the validity of this Agreement which is required by law or the regulations of any such agency or authority;

(c) will neither conflict with, nor result in any breach or contravention of, or the creation of any lien, charge or encumbrance under, any indenture, agreement, lease, instrument or understanding to which it is a party or by which it is bound;

(d) will not violate any statute, law, rule, or regulation of any governmental authority to which CHS Sub or CHS may be subject; and

(e) will not violate any judgment, decree, writ, or injunction of any court or governmental authority to which CHS Sub or CHS may be subject.

4.3 Binding Agreement. This Agreement and all agreements to which CHS Sub or CHS will become a party pursuant hereto are and will constitute the valid and legally binding obligations of CHS Sub or CHS, respectively, and are and will be enforceable against CHS Sub or CHS, respectively, in accordance with the respective terms hereof and thereof.

4.4 Availability of Funds. CHS Sub has the ability to obtain funds in cash in amounts equal to the Purchase Price by means of credit facilities or otherwise and will at the

Closing have immediately available funds in cash which are sufficient to pay the Purchase Price and to pay any other amounts payable pursuant to this Agreement and to consummate the transactions contemplated by this Agreement.

4.5 Investment Representation. CHS Sub is acquiring its ownership interest in the Company for its own account and not with a view to its distribution as such term is used in the Securities Act of 1933, as amended (the "Securities Act"). CHS Sub has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of acquiring its ownership interest in the Company and understanding the risks of, and other considerations relating to, CHS Sub's acquisition of its ownership interest in the Company. CHS Sub understands and acknowledges that its ownership interest in the Company has not been registered under the Securities Act or any state securities laws. CHS Sub acknowledges and agrees that the MHC Entities have made available to CHS Sub, its agents and representatives information about the business and financial condition of the Company and have provided CHS Sub, its agents and representatives with the opportunity to ask questions of the officers and other employees of the Company about the business and financial condition of the Company.

4.6 Certain Proceedings. There is no litigation or proceeding pending or, to the knowledge of CHS Sub or CHS, threatened, that challenges or may have the effect of preventing, delaying, making illegal or otherwise interfering with this Agreement or the consummation of the transactions contemplated herein.

4.7 Government Payment Programs. Neither CHS Sub nor CHS nor any of their Affiliates has been barred, excluded or otherwise prohibited from participation in any Medicare, Medicaid or CHAMPUS/TRICARE program or has been convicted of a criminal offense relating to any such program.

4.8 Full Disclosure. Copies of all documents referred to in any schedule delivered by CHS Sub have been delivered and made available to the MHC Entities and constitute true, correct and complete copies thereof and include all amendments, exhibits, schedules, appendices, supplements or modifications thereto.

5. COVENANTS OF THE MHC ENTITIES PRIOR TO CLOSING. Between the date of this Agreement and the Closing:

5.1 Information. The MHC Entities shall afford to the officers and authorized representatives and agents (which shall include accountants, attorneys, bankers, and other consultants) of CHS Sub full and complete access during normal business hours to and the right to inspect, at CHS Sub's sole cost and expense, the plants, properties, books, and records of the Facilities, and will furnish CHS Sub with such additional financial and operating data and other information as to the business and properties of the MHC Entities pertaining to the Facilities as CHS Sub may from time to time reasonably request without regard to where such information may be located. CHS Sub's right of access and inspection shall be exercised in such a manner as not to interfere unreasonably with the operations of the Facilities. CHS Sub agrees that no inspections shall take place and no employees or other personnel of the Facilities shall be contacted by CHS Sub without CHS Sub first providing reasonable notice to the MHC Entities and coordinating such inspection or contact with the MHC Entities.

5.2 Operations. The MHC Entities will:

- (a) carry on their business pertaining to the Facilities in substantially the same manner as presently conducted and not make any material change in personnel, operations, finance, accounting policies, or Real Property or personal property pertaining to the Facilities;
- (b) maintain the Facilities and all parts thereof in substantially the same operating condition, ordinary wear and tear excepted;
- (c) perform all of their obligations under agreements relating to or affecting the Facilities or the Assets;
- (d) keep in full force and effect present insurance policies or other comparable insurance pertaining to the Facilities; and
- (e) use reasonable commercial efforts to maintain and preserve their business organizations intact, retain their present employees at the Facilities, and maintain their relationships with physicians, suppliers, customers, and others having business relations with the Facilities.

5.3 Negative Covenants. The MHC Entities will not, without the prior written consent of CHS Sub (which consent shall not be unreasonably withheld or delayed):

- (a) amend or terminate any of the Contracts, enter into any contract or commitment, or incur or agree to incur any liability which would constitute a Contract, except as provided herein or in the ordinary course of business and in no event greater than Ten Thousand Dollars (\$10,000) per Contract or with respect to renewals or extensions of Real Property Leases for a renewal period of more than three (3) years;
- (b) enter into, amend, renew or terminate any Contract with a physician or other referral source;
- (c) increase compensation payable or to become payable or make any bonus payment to or otherwise enter into one or more bonus agreements with any employee at the Facilities, except in the ordinary course of business in accordance with existing personnel policies;
- (d) create, assume, or permit to exist any new debt, mortgage, pledge, or other lien or encumbrance upon any of the Assets, whether now owned or hereafter acquired with a total value in excess of Fifty Thousand Dollars (\$50,000) other than Permitted Encumbrances, in the ordinary course of business consistent with past practices;
- (e) sell, assign, lease, or otherwise transfer or dispose of any property, plant, or equipment except in the ordinary course of business with comparable replacement thereof, if appropriate;
- (f) take any action outside the ordinary course of business of the Facilities or the Assets;

(g) reduce inventory of the Facilities except in the ordinary course of business; or

(h) enter into any agreement which would have a Material Adverse Effect.

5.4 Governmental Approvals. The MHC Entities shall (i) use reasonable commercial efforts to obtain all governmental approvals (or exemptions therefrom) necessary or required to allow the MHC Entities to perform their obligations under this Agreement; and (ii) assist and cooperate with CHS Sub and its representatives and counsel in obtaining all governmental consents, approvals, and licenses which CHS Sub deems necessary or appropriate and in the preparation of any document or other material which may be required by any governmental agency as a predicate to or as a result of the transactions contemplated herein. The parties acknowledge that the transactions contemplated by this Agreement are subject to review by the Michigan Office of Attorney General. The MHC Entities shall diligently and in good faith seek timely to obtain the approval of or no objection by the Michigan Attorney General, and with which efforts CHS Sub shall in good faith diligently assist and cooperate.

5.5 FTC Notification. The MHC Entities shall, if and to the extent required by law, file all reports or other documents required or requested by the Federal Trade Commission ("FTC") or the United States Department of Justice ("Justice Department") under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 ("HSR Act"), and all regulations promulgated thereunder, concerning the transactions contemplated hereby, and, as instructed by counsel, comply with any requests by the FTC or Justice Department for additional information concerning such transactions, in an effort to allow the waiting period specified in the HSR Act to expire as soon as reasonably possible after the execution and delivery of this Agreement. The MHC Entities shall furnish to CHS Sub such information concerning the MHC Entities as CHS Sub needs to perform its obligations under Section 6.2 of this Agreement.

5.6 Additional Financial Information. Within five (5) business days after they are created (but in any event no later than twenty (20) days following the end of each calendar month prior to Closing), the MHC Entities shall deliver to CHS Sub true and complete copies of the unaudited balance sheets and the related unaudited statements of income (collectively, the "Interim Statements") of, or relating to, the MHC Entities for each month then ended, together with a year-to-date compilation and the notes, if any, related thereto, which shall have been prepared from and in accordance with the books and records of the MHC Entities, and shall fairly present in all material respects the financial position and results of operations of the Facilities as of the date and for the period indicated, all in accordance with GAAP consistently applied, except as set forth in Schedule 3.4.

5.7 No-Shop Clause. The MHC Entities shall not, and shall direct and use their collective best efforts to cause their respective officers, directors, employees, agents and representatives (including any investment banker, attorney or accountant retained by the MHC Entities) not to: (a) offer for sale or lease all or any significant portion of the Assets or any ownership interest in any entity owning any of the Assets, (b) solicit offers to buy all or any significant portion of the Assets or any ownership interest in any entity owning any of the Assets, (c) initiate, encourage or provide any documents or information to any third party in connection with, discuss or negotiate with any person regarding any inquires, proposals or offers

relating to any disposition of all or any significant portion of the Assets or a merger or consolidation of any entity owning any of the Assets, or (d) enter into any agreement or discussions with any party (other than CHS Sub) with respect to the sale, assignment, or other disposition of all or any significant portion of the Assets or any ownership interest in any entity owning any of the Assets or with respect to a merger or consolidation of any entity owning any of the Assets. The MHC Entities will promptly communicate to CHS Sub the substance of any inquiry or proposal concerning any such transaction.

5.8 Insurance Ratings. The MHC Entities will take all action reasonably requested by CHS Sub to enable the Company Entities to succeed to the Workers' Compensation and Unemployment Insurance ratings, and other ratings for insurance or other purposes established by the MHC Entities for the Facilities. The Company Entities shall not be obligated to succeed to any such ratings, except as they may elect to do so.

5.9 Tail Insurance. The MHC Entities shall, at their sole cost and expense, obtain "tail" insurance to insure against professional and general liabilities of the Facilities (including any employed physicians) relating to all periods prior to the Closing. The insurance shall be for an unlimited tail period, have coverage levels equal to the current policies insuring the MHC Entities, and name the Company Entities as additional named insureds.

5.10 Medical Staff Disclosure. The MHC Entities shall deliver to CHS Sub a written disclosure containing a brief description of all adverse actions taken against medical staff members of the Hospital or applicants thereof during the past three (3) years which could result in claims or actions against any Company Entity and which are not disclosed in the minutes of the meetings of the Medical Executive Committee of the medical staff of the Hospital, which have been made available to CHS Sub.

5.11 Owned Real Property Disclosure. In the event any of the occurrences enumerated in Section 3.15 should arise between the date of this Agreement and the Closing, the MHC Entities shall notify CHS Sub within a commercially reasonable period of time should any MHC Entity become aware of any lien, notice, litigation, or threat of litigation relating to any alleged or actual unauthorized release of any Hazardous Substance with respect to any part of the Owned Real Property.

5.12 Consent for Assignment of Contracts. In the event a Contract requires consent to assignment as set forth in Section 3.20, the MHC Entities will use reasonable commercial efforts to obtain any required consents prior to the Closing.

6. COVENANTS OF CHS SUB PRIOR TO CLOSING. Between the date of this Agreement and the Closing:

6.1 Governmental Approvals. CHS Sub and CHS shall (i) use reasonable commercial efforts to obtain all governmental approvals (or exemptions therefrom) necessary or required to allow CHS Sub and CHS to perform their obligations under this Agreement; and (ii) assist and cooperate with the MHC Entities and their representatives and counsel in obtaining all governmental consents, approvals, and licenses which the MHC Entities deem necessary or appropriate and in the preparation of any document or other material which may be required by

any governmental agency as a predicate to or as a result of the transactions contemplated herein. The parties acknowledge that the transactions contemplated by this Agreement are subject to review by the Michigan Office of Attorney General. The MHC Entities shall diligently and in good faith seek timely to obtain the approval of or no objection by the Michigan Attorney General, and with which efforts CHS Sub and CHS shall in good faith diligently assist and cooperate.

6.2 *FTC Notification.* CHS Sub and CHS shall, if and to the extent required by law, file all reports or other documents required or requested by the FTC or the Justice Department under the HSR Act, and all regulations promulgated thereunder, concerning the transactions contemplated hereby, and comply promptly with any requests by the FTC or Justice Department for additional information concerning such transactions, so that the waiting period specified in the HSR Act will expire as soon as reasonably possible after the execution and delivery of this Agreement. CHS Sub agrees to furnish to the MHC Entities such information concerning CHS Sub as the MHC Entities need to perform their obligations under Section 5.5 of this Agreement.

6.3 *Title Commitment.* Prior to the Closing Date, CHS Sub shall obtain and deliver to MHC current title commitments (collectively, the "Title Commitment") issued by Land Services USA, Inc., as agent for First American Title Insurance Company (the "Title Company"), together with copies of all documents referred to Schedule B of the Title Commitment. The Title Commitment shall set forth the state of title to the Owned Real Property and any Material Leased Real Property (as defined below) for which CHS Sub has determined to obtain leasehold policies, together with all exceptions or conditions to such title, including, without limitation, all easements, restrictions, rights-of-way, covenants, reservations, and all other encumbrances affecting the Owned Real Property and such Material Leased Real Property. The Title Commitment shall contain the express commitment of the Title Company to issue an Owner's Title Policy (the "Title Policy") to the Company Entities in an amount reasonably determined by CHS Sub insuring good and marketable title to the Owned Real Property, and leasehold title to any Material Leased Real Property for which CHS Sub has determined to obtain leasehold policies. For purposes of this Agreement, the term "Material Leased Real Property" means any Leased Real Property leased pursuant to a lease under which any of the MHC Entities pay annual rent in excess of \$100,000 or have an option to purchase such Leased Real Property without regard to annual rental.

6.4 *Surveys.* Prior to the Execution Date, the MHC Entities made available to CHS Sub copies of all existing surveys, if any, of the Owned Real Property in the possession of the MHC Entities. Prior to the Closing Date, CHS Sub shall obtain and deliver to MHC current as-built surveys of the Owned Real Property (collectively, the "Surveys"). The Surveys shall meet the 2011 minimum standard detail requirements of an ALTA/ASCM survey and otherwise be in form and detail satisfactory to MHC, CHS Sub and the Title Company. The Surveys shall be certified to the Title Company, CHS Sub and other parties designated by CHS Sub and to MHC and other parties designated by MHC.

7. CONDITIONS PRECEDENT TO OBLIGATIONS OF CHS SUB. Notwithstanding anything herein to the contrary, the obligations of CHS Sub to consummate the transactions described herein are subject to the fulfillment, on or prior to the Closing Date, of the following conditions precedent unless (but only to the extent) waived in writing by CHS Sub at or prior to the Closing:

7.1 Representations/Warranties. The representations and warranties of the MHC Entities contained in this Agreement shall be true in all material respects when made and, when read in light of any Schedules which have been updated in accordance with the provisions of Section 12.1 hereof, as of the Closing Date as though such representations and warranties had been made on and as of such Closing Date. Each and all of the terms, covenants, and conditions of this Agreement to be complied with or performed by the MHC Entities on or before the Closing Date pursuant to the terms hereof shall have been duly complied with and performed in all material respects.

7.2 Pre-Closing Confirmations. CHS Sub shall have obtained documentation or other evidence satisfactory to CHS Sub in its reasonable discretion that the Company Entities have:

(a) Received approval from all Government Entities whose approval is required to complete the transactions herein contemplated;

(b) Received confirmation from all applicable licensure agencies that upon the Closing all material licenses required by law to operate the Facilities as currently operated will be transferred to, or issued or reissued in the name of, the appropriate Company Entity;

(c) Obtained reasonable assurances that Medicare and Medicaid certification of the Facilities for their operation by the Company Entities will be effective as of the Closing and that the Company Entities may participate in and receive reimbursement from such programs effective as of the Closing; and

(d) Obtained such other consents and approvals as may be legally or contractually required for the consummation of the transactions described herein.

7.3 Title Policy. At the Closing, the Title Company shall be ready, willing and able to issue a pro forma of the Title Policy (or marked Title Commitment containing no additional exceptions to title to the Real Property) to the Company Entities. The Title Policy shall be issued on an ALTA Form 2006 Owner's Title Policy in an amount reasonably determined by CHS Sub and shall insure to the Company Entities good and marketable, fee simple title to the Owned Real Property and leasehold title to any Material Leased Real Property for which CHS Sub has determined to obtain leasehold coverage, subject only to (i) the Permitted Encumbrances, and (ii) taxes for the current and subsequent years "not yet due and payable." Provided that CHS Sub has obtained the Surveys as provided in Section 6.4, the Title Policy shall have all standard and general exceptions deleted so as to afford full "extended form coverage" and shall contain such endorsements thereto as CHS Sub may reasonably require in connection with its review of the Title Commitment and the Surveys.

7.4 Actions/Proceedings. No action or proceeding before a court or any other governmental agency or body shall have been instituted or threatened to restrain or prohibit the transactions herein contemplated, and no governmental agency or body shall have taken any other action with respect to the Facilities as a result of which CHS Sub reasonably and in good faith deems it inadvisable to proceed with the transactions hereunder.

7.5 Adverse Change. Since the Execution Date, there shall not have occurred any event, change or occurrence that has or could reasonably be expected to have a Material Adverse Effect, and the MHC Entities, collectively, shall not have suffered any change, loss or damage to the Assets, whether or not covered by insurance, which would have a Material Adverse Effect.

7.6 Insolvency. The MHC Entities, collectively, shall not (i) be in receivership or dissolution, (ii) have made any assignment for the benefit of creditors, (iii) have admitted in writing its inability to pay its debts as they mature, (iv) have been adjudicated a bankrupt, or (v) have filed a petition in voluntary bankruptcy, a petition or answer seeking reorganization, or an arrangement with creditors under the federal bankruptcy law or any other similar law or statute of the United States or any state, nor shall any such petition have been filed against the MHC Entities.

7.7 Opinion of Counsel to the MHC Entities. CHS Sub and the Company shall have received an opinion from counsel to the MHC Entities dated as of the Closing Date and addressed to CHS Sub and the Company, in form and substance reasonably satisfactory to counsel for CHS Sub, covering the matters set forth in Exhibit D hereto.

7.8 Material Consents. The Company Entities shall have obtained all consents, waivers and estoppels of third parties that are material to the consummation of the transactions contemplated in this Agreement (collectively, the "Material Consents") as specified in Schedule 7.8. The Material Consents shall be in form and substance reasonably satisfactory to CHS Sub.

7.9 Vesting/Recordation. The MHC Entities shall have furnished to the Company Entities, in form and substance reasonably satisfactory to CHS Sub, assignments or other instruments of transfer and consents and waivers by others, necessary or appropriate to transfer to and effectively vest in the Company Entities all right, title, and interest in and to the Assets, in proper statutory form for recording if such recording is necessary or appropriate.

7.10 Attorney General Approval. The MHC Entities shall have received all approvals from the Attorney General that are necessary or appropriate in order for the MHC Entities to consummate the transactions described herein and to sell and transfer the Assets to the Company Entities or a determination from the Attorney General that the Attorney General does not object to the consummation of the transactions contemplated in this Agreement.

7.11 Disclosure of Past Practices. The MHC Entities shall have filed with the appropriate Government Entities a disclosure of any items set forth in a writing delivered by MHC to CHS Sub which specifically makes reference to this Section 7.11 or as set forth in Schedule 7.11, provided that such disclosure shall be in form and substance reasonably acceptable to CHS Sub, and shall have been formally accepted into the appropriate Government Entity disclosure program.

7.12 Closing Deliveries. The MHC Entities shall have made the deliveries required to be made by them under Section 2.2 hereof.

8. CONDITIONS PRECEDENT TO OBLIGATIONS OF THE MHC ENTITIES. Notwithstanding anything herein to the contrary, the obligations of the MHC Entities to consummate the transactions described herein are subject to the fulfillment, on or prior to the Closing Date, of the following conditions precedent unless (but only to the extent) waived in writing by the MHC Entities at or prior to the Closing:

8.1 Representations/Warranties. The representations and warranties of CHS Sub contained in this Agreement shall be true in all material respects when made and, when read in light of any Schedules which have been updated in accordance with the provisions of Section 12.1 hereof, as of the Closing Date as though such representations and warranties had been made on and as of such Closing Date. Each and all of the terms, covenants, and conditions of this Agreement to be complied with or performed by CHS Sub on or before the Closing Date pursuant to the terms hereof shall have been duly complied with and performed in all material respects.

8.2 Governmental Approvals. All material consents, authorizations, orders and approvals of (or filings or registrations with) any Government Entity or other party required in connection with the execution, delivery and performance of this Agreement shall have been obtained or made by CHS Sub or the Company Entities when so required, except for any documents required to be filed, or consents, authorizations, orders or approvals required to be issued, after the Closing Date.

8.3 Actions/Proceedings. No action or proceeding before a court or any other governmental agency or body shall have been instituted or threatened to restrain or prohibit the transactions herein contemplated, and no governmental agency or body shall have taken any other action with respect to the Facilities as a result of which the MHC Entities reasonably and in good faith deem it inadvisable to proceed with the transactions hereunder.

8.4 Insolvency. Neither CHS Sub nor CHS shall (i) be in receivership or dissolution, (ii) have made any assignment for the benefit of creditors, (iii) have admitted in writing its inability to pay its debts as they mature, (iv) have been adjudicated a bankrupt, or (v) have filed a petition in voluntary bankruptcy, a petition or answer seeking reorganization, or an arrangement with creditors under the federal bankruptcy law or any other similar law or statute of the United States or any state, nor shall any such petition have been filed against CHS Sub or CHS.

8.5 Opinion of Counsel to CHS Sub and CHS. The MHC Entities and the Company shall have received an opinion from counsel to CHS Sub and CHS dated as of the Closing Date and addressed to the MHC Entities and the Company, in form and substance satisfactory to counsel for the MHC Entities, covering the matters set forth in Exhibit E hereto.

8.6 Attorney General Approval. The MHC Entities shall have received all approvals from the Attorney General that are necessary or appropriate in order for the MHC Entities to consummate the transactions described herein and to sell and transfer the Assets to the Company

Entities or a determination from the Attorney General that the Attorney General does not object to the consummation of the transactions contemplated in this Agreement.

8.7 Closing Deliveries. CHS Sub shall have made the deliveries required to be made by it under Section 2.3 hereof.

9. THE MHC ENTITIES' COVENANT NOT TO COMPETE. The MHC Entities hereby covenant that at all times from the Closing Date until the fifth (5th) anniversary of the Closing Date, neither the MHC Entities nor their Affiliates shall, directly or indirectly, except as a consultant or contractor to or of the Company Entities (or any Affiliate of the Company Entities), own, lease, manage, operate, control, or participate in any manner with the ownership, leasing, management, operation or control of any business which offers services in competition with the Facilities, including but not limited to any acute care hospital, specialty hospital, rehabilitation facility, diagnostic imaging center, ambulatory or other type of surgery center, home health or hospice agency, urgent care center, or physician clinic or physician medical practice (any of such uses being referred to herein as a "Competing Business"), within the Grand Rapids-Wyoming, MI Metropolitan Statistical Area (the "Restricted Area"), without the Company Entities' prior written consent (which the Company Entities may withhold in their sole and absolute discretion); *provided, however*, that the MHC Entities and their Affiliates will not be precluded from (i) participating in activities which promote health care services for residents of the communities historically served by the MHC Entities and their Affiliates, or (ii) providing financial support to or on behalf of uninsured or underinsured individuals in order for those individuals to access health care services (including from a Competing Business), so long as they do not provide financial support to another Competing Business within the Restricted Area. In the event of a breach of this Section 9, the MHC Entities recognize that monetary damages shall be inadequate to compensate the Company Entities and the Company Entities shall be entitled, without the posting of a bond or similar security, to an injunction restraining such breach, with the reasonable costs (including reasonable attorneys' fees) of securing such injunction to be borne by the breaching MHC Entity or Affiliate. Nothing contained herein shall be construed as prohibiting the Company Entities from pursuing any other remedy available to it for such breach or threatened breach. All parties hereto hereby acknowledge the necessity of protection against the competition of the MHC Entities and their Affiliates and that the nature and scope of such protection has been carefully considered by the parties. The MHC Entities further acknowledge and agree that the covenants and provisions of this Section 9 form part of the consideration under this Agreement and are among the inducements for CHS Sub entering into and consummating the transactions contemplated herein. The period provided and the area covered are expressly represented and agreed to be fair, reasonable and necessary. The consideration provided for herein is deemed to be sufficient and adequate to compensate for agreeing to the restrictions contained in this Section 9. If, however, any court determines that the foregoing restrictions are not reasonable, such restrictions shall be modified, rewritten or interpreted to include as much of their nature and scope as will render them enforceable.

10. ADDITIONAL AGREEMENTS.

10.1 Allocation of Purchase Price. The Purchase Price shall be allocated among the various classes of Assets in accordance with and as provided by Section 1060 of the Code. Within one hundred eighty (180) days of the Closing, the Company Entities shall provide the

MHC Entities with a preliminary allocation of the Purchase Price for the MHC Entities' 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 agency 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.

10.2 Termination Prior to Closing. Notwithstanding anything herein to the contrary, this Agreement may be terminated at any time: (a) on or prior to the Closing Date by mutual consent of MHC and CHS Sub; (b) on or prior to the Closing Date by CHS Sub, if satisfaction of any condition to CHS Sub's obligations under Section 7 of this Agreement becomes impossible or impractical with the use of commercially reasonable efforts (unless the failure results primarily from CHS Sub breaching any representation, warranty, or covenant herein) and such condition shall not have been waived by CHS Sub; (c) on or prior to the Closing Date by MHC, if satisfaction of any condition to the MHC Entities' obligations under Section 8 of this Agreement becomes impossible or impractical with the use of commercially reasonable efforts (unless the failure results primarily from one or more the MHC Entities breaching any representation, warranty, or covenant herein) and such condition shall not have been waived by MHC; (d) by CHS Sub or MHC if the Closing Date shall not have taken place on or before August 1, 2015 (which date may be extended by mutual agreement of CHS Sub and MHC), provided that the right to terminate this Agreement under this Section 10.2(d) shall not be available to any party if the failure of the Closing to take place by August 1, 2015 results primarily from such party's (or such party's Affiliates) breach of any representation, warranty or covenant herein; or (e) by either MHC or CHS Sub pursuant to Section 12.1 hereof. If this Agreement is terminated pursuant to this Section 10.2, this Agreement shall be null and void and all rights and obligations of the MHC Entities and CHS Sub hereunder shall terminate without any liability of any party to any other party, except that nothing herein shall prevent any party from pursuing any of its legal rights or remedies that may be granted to any party(ies) by law against the other party(ies) to this Agreement as a result of any default by the other party(ies) in the observance or in the due and timely performance of such party(ies) of any of the covenants herein contained.

10.3 Post Closing Access to Information. The MHC Entities and the Company Entities acknowledge that subsequent to Closing each party may need access to information or documents in the control or possession of the other party(ies) for the purposes of concluding the transactions herein contemplated, audits, compliance with governmental requirements and regulations, and the prosecution or defense of third party claims. Accordingly, the MHC Entities and the Company Entities agree that for a period of six (6) years after Closing each will make reasonably available to the other's agents, independent auditors, counsel, and/or governmental agencies upon written request and at the expense of the requesting party such documents and information as may be available relating to the Assets for periods prior and subsequent to Closing to the extent necessary to facilitate concluding the transactions herein contemplated, audits, compliance with governmental requirements and regulations, and the prosecution or defense of claims.

10.4 Preservation and Access to Records After the Closing. After the Closing, the Company Entities shall, in the ordinary course of business and as required by law, keep and

preserve in their original form all medical and other records of the Facilities and Assets existing as of the Closing, and which constitute a part of the Assets delivered to the Company Entities at the Closing. For purposes of this Agreement, the term "records" includes all documents, electronic data and other compilations of information in any form. The Company Entities acknowledge that as a result of entering into this Agreement and operating the Facilities they will gain access to patient and other information which is subject to rules and regulations regarding confidentiality. The Company Entities agree to abide by any such rules and regulations relating to the confidential information they acquire. The Company Entities agree to maintain the patient records delivered to the Company Entities at the Closing at the Facilities after Closing in accordance with applicable law (including, if applicable, Section 1861(v)(i)(I) of the Social Security Act (42 U.S.C. §1395(v)(1)(i)), the privacy requirements of the Administrative Simplification subtitle of HIPAA and applicable state requirements with respect to medical privacy and requirements of relevant insurance carriers, all in a manner consistent with the maintenance of patient records generated at the Facilities after Closing. Upon reasonable notice, during normal business hours, at the sole cost and expense of the MHC Entities and upon the Company Entities' receipt of appropriate consents and authorizations, the Company Entities will afford to the representatives of the MHC Entities, including their counsel and accountants, full and complete access to, and copies of, the records transferred to the Company Entities at the Closing (including, without limitation, access to patient records in respect of patients treated by the MHC Entities at the Facilities). Upon reasonable notice, during normal business hours and at the sole cost and expense of the MHC Entities, the Company Entities shall also make their officers and employees available to the MHC Entities at reasonable times and places after the Closing. In addition, the MHC Entities shall be entitled, at the MHC Entities' sole risk, to remove from the Facilities copies of any such patient records, but only for purposes of pending litigation involving a patient to whom such records refer, as certified in writing prior to removal by counsel retained by the MHC Entities in connection with such litigation and only upon the Company Entities' receipt of appropriate consents and authorizations. Any patient record so removed from the Facilities shall be promptly returned to the Company Entities following its use by the MHC Entities. Any access to the Facilities, their records or the Company Entities' personnel granted to the MHC Entities in this Agreement shall be upon the condition that any such access not materially interfere with the business operations of the Company Entities.

10.5 Tax and Medicare Effect. None of the parties (nor such parties' counsel or accountants) has made or is making any representations to any other party (nor such party's counsel or accountants) concerning any of the tax, Medicare, Medicaid or other reimbursement effects of the transactions provided for in this Agreement as each party hereto represents that each has obtained, or may obtain, independent tax, Medicare, Medicaid and reimbursement advice with respect thereto and upon which it, if so obtained, has solely relied.

10.6 Reproduction of Documents. This Agreement and all documents relating hereto, including, without limitation, (a) consents, waivers and modifications which may hereafter be executed, (b) the documents delivered at the Closing, and (c) financial statements, certificates and other information previously or hereafter furnished to the MHC Entities, CHS Sub or the Company Entities, may, subject to the provisions of Section 12.10 hereof, be reproduced by the MHC Entities, CHS Sub and the Company Entities by any photographic, photostatic, microfilm, micro-card, miniature photographic or other similar process and the MHC Entities, CHS Sub and the Company Entities may destroy any original documents so reproduced. The MHC Entities,

CHS Sub and the Company Entities agree and stipulate that any such reproduction shall be admissible in evidence as the original itself in any judicial, arbitral or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by the MHC Entities, CHS Sub and the Company Entities in the regular course of business) and that any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

10.7 Cooperation on Tax Matters. Following the Closing, the parties shall cooperate fully with each other and shall make available to the other, as reasonably requested and at the expense of the requesting party, and to any taxing authority, all information, records or documents relating to tax liabilities or potential tax liabilities of the MHC Entities or any of their Affiliates for periods ending prior to the Effective Time, and any information which may be relevant to determining the amount payable under this Agreement, and shall preserve all such information, records and documents (to the extent a part of the Assets delivered to the Company Entities at Closing) at least until the expiration of any applicable statute of limitations or extensions thereof.

10.8 Cost Reports. The MHC Entities, at their expense, shall prepare and timely file all terminating and other cost reports required or permitted by law to be filed under the Medicare and Medicaid or other third party payor programs for periods ending on or prior to the Effective Time, or as a result of the consummation of the transactions described herein (the "MHC Entities' Cost Reports"). The Company Entities shall forward to the MHC Entities any and all correspondence relating to the MHC Entities' Cost Reports within five (5) business days after receipt by the Company Entities. The Company Entities shall remit to the MHC Entities any receipts of funds relating to the MHC Entities' Cost Reports within ten (10) business days after receipt by the Company Entities and shall forward to the MHC Entities any demand for payments within three (3) business days after receipt by the Company Entities. The MHC Entities shall retain all rights to the MHC Entities' Cost Reports including any amounts receivable or payable in respect of such reports or reserves relating to such reports. Such rights shall include the right to appeal any Medicare or Medicaid determinations relating to the MHC Entities' Cost Reports. The MHC Entities shall retain the originals of the MHC Entities' Cost Reports, correspondence, work papers and other documents relating to the MHC Entities' Cost Reports. The MHC Entities will furnish copies of such cost reports, correspondence, work papers and other documents to the Company Entities upon request.

10.9 Misdirected Payments, Etc. The MHC Entities and the Company Entities covenant and agree to remit, with reasonable promptness, to the other any payments received, which payments are on or in respect of accounts or notes receivable owned by (or are otherwise payable to) the other. In addition, and without limitation, in the event of a determination by any governmental or third-party payor that payments to the MHC Entities or the Facilities resulted in an overpayment or other determination that funds previously paid by any program or plan to the MHC Entities or the Facilities must be repaid, the MHC Entities shall be responsible for repayment of said monies (or defense of such actions) if such overpayment or other repayment determination was for services rendered prior to the Effective Time and the Company Entities shall be responsible for repayment of said monies (or defense of such actions) if such overpayment or other repayment determination was for services rendered after the Effective Time. In the event that, following the Closing, the Company Entities suffer any offsets against

reimbursement under any third-party payor or reimbursement programs due to the Company Entities relating to amounts owing under any such programs by the MHC Entities, the MHC Entities shall, within five (5) business days following demand from the Company Entities, pay to the Company Entities the amounts so billed or offset. These obligations shall be in addition to any other remedies available herein.

10.10 Employee Matters.

(a) As of the Closing Date, the MHC Entities shall terminate all of their respective employees at the Facilities and the Company Entities shall offer to hire all active employees in good standing commencing as of the Closing Date in positions and at compensation levels substantially similar to those being provided by the MHC Entities immediately prior to the Closing Date. Former employees of the MHC Entities that accept employment upon offer of hire of the Company Entities shall be referred to collectively as "Hired Employees." For purposes of this subsection, "active" employees shall include (i) employees who are on maternity or paternity leave and are entitled to reemployment rights under applicable state law, (ii) employees who are on leave pursuant to the Family and Medical Leave Act and are entitled to reemployment rights under such law, and (iii) employees who are on leave due to service in the uniformed services pursuant to the Uniform Services Employment and Reemployment Rights Act of 1994 and are entitled to reemployment rights under such law. An employee in "good standing" shall mean an employee who is not suspended as of the Closing Date. Each Hired Employee shall remain in such position and at such compensation level and the applicable Company Entity shall not require the termination of any such employment for a period of at least six (6) months following the Closing Date. Notwithstanding the foregoing, the Company Entities reserve the right not to hire or continue the employment of any individual employee for six (6) months following the Closing Date for cause (which for purposes of this Section only shall mean a legitimate reason with respect to such employee's job performance or conduct), and upon reasonable advance notice to the MHC Entities (if prior to the Closing) and the employee. Nothing herein shall be deemed to affect or limit in any way normal management prerogatives of the Company Entities with respect to employees or to create or grant to any such employees third-party beneficiary rights or claims of any kind or nature. Within the period of ninety (90) days before the Closing, the MHC Entities shall not, and within the ninety (90) days following the Closing, the Company Entities shall not take any action that would result in WARN Act liability with respect to employees of the Facilities. With respect to terminations of employees following the Closing, the Company Entities shall be responsible for any notification required under the WARN Act.

(b) In respect of the Hired Employees, the Company Entities shall provide such employees with employee benefits which are substantially similar to the benefits generally offered to employees of Affiliates of the Company Entities. The Company Entities shall recognize the existing seniority and service credit with the MHC Entities of all Hired Employees for purposes of the Company Entities' retirement plans and shall provide credit under such plans for purposes of determining eligibility and vesting and the rate of benefit accrual (but not actual benefit accrual); *provided, however*, that no such credit shall be given for any new plan commenced or participated in by the Company Entities in which no prior service credit is given or recognized to or for other plan beneficiaries.

(c) The Company Entities shall recognize the existing seniority and service credit with the MHC Entities of all Hired Employees for purposes of determining benefit levels under the Company Entities' vacation, sick pay and other paid-time-off programs, and shall provide credit to all Hired Employees for their actual accumulated and unused vacation and holiday pay hours as of the Closing to the extent included in the calculation of Net Working Capital. The Company Entities shall also give credit to all Hired Employees for their accumulated and unused sick time hours on the books of the MHC Entities as of the Closing, up to a maximum of four hundred eighty (480) hours for each Hired Employee. If any Hired Employee has more than four hundred eighty (480) accumulated and unused sick time hours on the books of the MHC Entities as of the Closing, such Hired Employee shall be given credit for all such extended sick time hours in excess of four hundred eighty (480) hours in a special sick time hours reserve account (the "Sick Time Reserve Account") established for such Hired Employee. The hours in any Hired Employee's Sick Time Reserve Account may only be used in those instances where the Hired Employee has completely exhausted his or her unused sick time hours. Once a Hired Employee has utilized all of the hours in his or her Sick Time Reserve Account, there will be no more sick time hours credited to such Sick Time Reserve Account.

(d) In providing benefits to Hired Employees under the Company Entities' welfare benefit plans, the Company Entities shall recognize the Hired Employees' seniority and service credit with the MHC Entities for purposes of determining the Hired Employees' eligibility for such welfare benefit plans. The Company Entities' shall also waive any pre-existing conditions limitations in the Company Entities' welfare benefit plans that might otherwise apply to such employees, except to the extent the employees have not satisfied the pre-existing conditions limitations under the welfare benefit plans of the MHC Entities as of the Closing Date or such waiver of the pre-existing conditions is not permitted under one or more of the Company Entities' short-term or long-term disability plans provided through insurance contracts or policies. The Company Entities will credit each Hired Employee and their eligible dependents under the employee welfare benefit plans used to provide benefits to the Hired Employees with any deductibles, co-payments or other cost-sharing amounts attributable to the Hired Employee or eligible dependent under the MHC Entities' employee welfare benefit plans, as the case may be, following receipt by the Company Entities of reasonable evidence of any such deductibles, co-payments and/or other cost-sharing amounts. The MHC Entities shall provide to the Company Entities, within fifteen (15) days of Closing, the amount of such deductibles, co-payments, or other cost-sharing amounts in such electronic or other format as reasonably required by the Company Entities, and shall update any later-credited deductible, co-payment and other cost-sharing amounts on a monthly basis thereafter.

(e) As of the Closing Date, or at such later date as may be determined by the MHC Entities with reasonable advance notice to the Company Entities, the MHC Entities will cease to provide any group health plan (as defined in Code Section 5000(b)(1)) to any and all employees of the MHC Entities. As of such date, with respect to all group health plans maintained by the MHC Entities prior to the Closing, the Company Entities acknowledge and agree that they, or one or more of their Affiliates, will become a "successor employer" to each MHC Entity in connection with the asset sale for purposes of COBRA, as described in Income Tax Regulation Section 54.4980B-9 Q&A-8(c)(1). In furtherance thereof, one or more of the group health plans maintained by the Company Entities and their Affiliates will have the obligation to make COBRA continuation coverage available to "M&A Qualified Beneficiaries"

with respect to the asset sale (as described in Income Tax Regulation Section 54.4980B-9 Q&A-4(a)), beginning on the later of (a) the date of the Closing or (b) the date the MHC Entities cease to provide any group health plan to any employee (either referred to as the "Transfer Date"), as such coverage is required under Code Section 4980B(f) and as set forth in Income Tax Regulation Sections 54.4980B-1 through 54.4980B-10, relating to all group health plans maintained by the MHC Entities prior to the Closing. Schedule 10.10(d) contains the full name, the last known address, the type of coverage and the expected expiration date of the COBRA continuation coverage of each of the M&A Qualified Beneficiaries known to the MHC Entities as of the date specified therein. After the Closing, the MHC Entities will use their best efforts to provide to the Company Entities within thirty (30) days of the Transfer Date, in such feasible electronic or other format as reasonably required by the Company Entities, similar data regarding all of the other M&A Qualified Beneficiaries. The MHC Entities shall indemnify the Company Entities for any third party liability attributable to any supplementation or modification of such data by the MHC Entities after such thirty (30) day period, but such further data production shall not excuse the COBRA obligations of the Company Entities and their Affiliates to such M&A Qualified Beneficiaries upon cessation of the MHC Entities' group health plan(s).

(f) The Company Entities or their Affiliates shall use their best efforts to establish stop-loss coverage for each M&A Qualified Beneficiary as promptly as practicable after receipt of such data for each individual from the MHC Entities. Such stop-loss coverage shall have the same terms as are provided by the stop-loss coverage utilized by the Affiliates of the Company Entities for similar purposes under the group health program providing benefits to the employees of the Company Entities. The Company Entities and their Affiliates shall also provide continuation coverage to the M&A Qualified Beneficiaries as may be required under any changes in applicable law during the continuation period. The MHC Entities shall reimburse the Company Entities and their Affiliates for any claims of such M&A Qualified Beneficiaries paid from the assets of the Company Entities or their Affiliates (or through any trust maintained with respect to the plans that pay any such claims) and not reimbursed from stop-loss coverage or COBRA premiums collected with respect to M&A Qualified Beneficiaries (which shall include but not be limited to premiums collected directly from M&A Qualified Beneficiaries and premiums collected by and/or reimbursed to the Company Entities and their Affiliates from any governmental agency). If any delay in providing the M&A Qualified Beneficiary data to the Company Entities and their Affiliates beyond the thirty (30) day period after the Transfer Date renders the Company Entities and their Affiliates unable to enroll any individual whose data is delayed in stop-loss insurance coverage before such individual incurs a claim that would otherwise trigger such stop-loss insurance, then the MHC Entities' reimbursement obligations shall include reimbursing the Company Entities and their Affiliates for all of the unreimbursed cost and expense of covering such claim. Such reimbursement by the MHC Entities to the Company Entities and their Affiliates shall be determined in the aggregate with respect to all M&A Qualified Beneficiaries at the end of each "COBRA Period," which shall mean for the purposes of this Agreement the end of the 18-month period following the Closing, any subsequent 18-month period, and when such COBRA coverage is no longer provided to any such M&A Qualified Beneficiaries; provided, however, that such reimbursement shall be made within thirty (30) days of the MHC Entities' receipt of an invoice with respect to amounts expended by the Company Entities and their Affiliates, accompanied by supporting documents, if the aggregate claims for reimbursement with respect to the M&A Qualified Beneficiaries, net of

premiums and stop-loss insurance collected or collectible, exceed \$50,000 at any time during any such COBRA Period.

10.11 Governance. The Company, with guidance from the current Board of Directors of MHC, will appoint a Board of Trustees for the Hospital (the "Board of Trustees"). The Board of Trustees shall be comprised of up to 12 members to include the Chief Executive Officer of the Hospital, Chief of the Medical Staff of the Hospital, physicians from the Hospital's medical staff and members of the community served by the Hospital. The Board of Trustees shall meet on a regular basis and have the following responsibilities:

- (a) developing a local strategic plan;
- (b) adopting a vision, mission and values statement;
- (c) participating in development and review of operating and capital budgets and facility planning (the Company will have ultimate authority for budgets and planning);
- (d) participating in periodic evaluations of the Chief Executive Officer of the Hospital;
- (e) reviewing and having input into any substantive changes in hospital services;
- (f) granting medical staff membership and clinical privileges and, when necessary, taking disciplinary action consistent with the Hospital and medical staff bylaws (with the advice of counsel);
- (g) assuring medical staff compliance with accreditation requirements (with the advice of counsel);
- (h) supporting physician recruitment efforts; and
- (i) fostering community relationships and identifying service and education opportunities.

10.12 Indigent Care Policies. The Company shall adopt and maintain as the indigent care policies for the Hospital the charity care policies attached as Exhibit F. The Company shall cause the Hospital to treat any patient who presents to the Hospital's emergency room and who has a medical emergency or who, in the judgment of a staff physician, has an immediate emergency need. No patient will be turned away because of age, race, gender or inability to pay. The Company shall cause the Hospital to provide services to patients covered by the Medicare and Medicaid programs. This covenant shall be subject in all respects to changes in legal requirements or governmental guidelines or policies (such as implementation of the Patient Protection and Affordable Care Act, as amended, or universal healthcare coverage).

10.13 Capital Expenditures. During the first five (5) years following the Closing Date, the Company shall fund the capital expenditures as reflected in MHC's five-year capital plan, attached as Exhibit G, the costs of which are estimated by MHC to be in the range of

\$100,000,000 to \$125,000,000. As used in this Section 10.13, "capital expenditures" shall mean expenditures for new equipment, equipment replacement, facility renovations, new facilities, medical office space, development of new services, information systems, physician recruitment, physician practice acquisitions, and other capital improvements, including commitments incurred pursuant to operating or capital leases, or other off balance sheet financing mechanisms. As part of the Company's capital expenditures commitment, the Company currently intends to budget \$20,000,000 for physician recruitment and physician practice acquisitions. If an event substantially disrupts the completion of any capital expenditure project such as delays due to fires, floods, storms, freezes or other acts of nature, acts of terrorism, unavoidable casualty, governmental acts or restrictions, including any delay in the receipt of any necessary governmental permits or approvals, or any other event which is beyond the reasonable control of the Company, then the five (5) year time frame shall be extended by the number of days the capital expenditures are delayed as a result of the event, provided that the Company makes all commercially reasonable efforts to complete the capital expenditure projects in a timely manner. During the first seven (7) years following the Closing Date, the Company shall continue to use EPIC software for its clinical and patient financial services systems.

10.14 Continuation of Services. The Company shall continue to operate the Hospital as a general acute care hospital and continue, in all material respects, all essential services (as specified in Exhibit H) provided at the Hospital as of the Closing Date, unless (i) qualified physicians are unavailable to support such essential service for a reasonable period of time, (ii) such changes are necessary or appropriate based on community needs, (iii) changes in the regulatory environment make it unduly burdensome for the Company to maintain such essential services, or (iv) the continued provision of any of the essential services has resulted and will continue to result in a material financial deterioration of the financial performance of such essential service at the Hospital as compared to the financial performance of such essential service at the Hospital as of the Effective Time, all as determined by the Board of Trustees.

10.15 Use of Controlled Substance Permits. To the extent permitted by applicable law, the Company Entities shall have the right, for a period not to exceed one hundred eighty (180) days following the Closing Date, to operate under the licenses and registrations of the MHC Entities relating to controlled substances and the operations of pharmacies and laboratories, until the Company Entities are able to obtain such licenses and registrations for themselves. In furtherance thereof, each MHC Entity holding such licenses or registrations shall execute and deliver to the appropriate Company Entity at or prior to the Closing one or more limited powers of attorney substantially in the form of Exhibit I hereto.

10.16 Grandfathering of Medical Staff. As a result of the acquisition of the Assets by the Company Entities, without the consent of the medical staff of the Hospital, there will be no change or modification to the current staff privileges for physicians on the medical staff of the Hospital; *provided, however*, that the consummation of the transactions contemplated hereby will not limit the ability of the Board of Trustees or medical executive committee of the Hospital to grant, withhold or suspend medical staff appointments or clinical privileges in accordance with the terms and provisions of the medical staff bylaws of the Hospital, or to adopt new medical staff bylaws of the Hospital.

10.17 Healthcare Education and Community Services. The Company shall continue healthcare education and other community services currently offered at or by the Facilities. The Company shall use commercially reasonable efforts to continue the teaching mission of the Hospital in substantially the same manner as had been conducted by MH prior to Closing, and to that end will use commercially reasonable efforts to continue the residency teaching programs currently operated at the Hospital, subject to the continuation of the current arrangements with the programs' medical schools or other sponsors and no significant adverse change in graduate medical education funding and reimbursement. The Company will continue to explore opportunities for medical student education and the clinical training of residents at the Hospital, and will seek to continue to evaluate programs to address teaching and cost effectiveness. The Board of Directors of the Company shall review the teaching mission of the Hospital on an annual basis and shall be responsible for making any material changes to the residency teaching program.

10.18 Clinical Strategic Partners. The Company intends to have agreements with one or more clinical strategic partners to assist with the expansion of services at the Hospital to make the Hospital more competitive in its service area especially as the delivery of, and reimbursement for healthcare services continues to change as health reform progresses. Working with the Board of Trustees and medical staff leadership through a joint committee, the Board of Directors of the Company will direct the development of a strategic plan that identifies growth and development initiatives for the full portfolio of clinical services which is based on a recommendation of such joint committee and the Board of Trustees. The strategic plan will include consideration for the Hospital to have clinical collaborations with one or more clinical strategic partners. Any resulting clinical relationships or, if applicable, branding programs, shall be approved by the Board of Directors of the Company and shall be outlined in separate agreements between such clinical strategic partner(s) and the Company reflecting the specific services or rights to be provided and the fair market value compensation, where applicable, to such clinical strategic partners for such services or rights.

10.19 Quality Reporting. The MHC Entities shall submit all quality data required under the Quality Programs to CMS or its agent for any reporting period with reporting deadlines between the date of this Agreement and the Effective Time. If a reporting period ends prior to the Effective Time, but the reporting deadline for such reporting period ends after the Effective Time, the MHC Entities shall prepare and submit the quality data for the Facilities required under the Quality Programs in accordance with applicable filing deadlines and in the form and manner required by CMS, or, at the sole option of the Company Entities, the MHC Entities shall transmit such quality data to the Company Entities in a form mutually agreeable to the Company Entities and the MHC Entities or allow the Company Entities access to such data, to enable the Company Entities to submit quality data for the Facilities required under the Quality Programs for such reporting period. If the Effective Time falls between the first and last day of a reporting period, the MHC Entities shall cooperate with the Company Entities to ensure that all quality data required to be submitted for the Facilities under the Quality Programs for the portion of the reporting period during which the MHC Entities owned the Facilities can be aggregated with the quality data for the portion of the reporting period during which the Company Entities owned the Facilities, to enable the Company Entities and/or the MHC Entities to submit the quality data for the Facilities required under the Quality Programs in accordance with applicable filing deadlines and in the form and manner required by CMS.

10.20 Access to Records Including as to Recovery and Audit Information. If any entity, governmental agency or person makes a claim, inquiry or request to the Company Entities or the MHC Entities relating to the MHC Entities' operation of the Facilities prior to the Effective Time (including but not limited to a notice to the Company Entities or the MHC Entities from a person responsible for retroactive payment denials, including recovery audit contractors) of their intent to review the MHC Entities' claims with respect to the operation of the Facilities prior to the Effective Time, or otherwise seeks information pertaining to the MHC Entities, the Company Entities shall: (a) comply with all requests from such entity or person in a timely manner; (b) comply with all other applicable laws and regulations; (c) forward to the MHC Entities all communications and/or documents sent to such person or entity or received from such person or entity within five (5) business days of the Company Entities' delivery or receipt of such communications and/or documents and (d) provide the MHC Entities and their agents and attorneys upon reasonable request with reasonable access to records, information and personnel necessary for any appeal or challenge regarding any such retroactive payment denials (with the understanding that the MHC Entities shall be solely responsible for handling any appeals). For the avoidance of doubt, any claims made by any entity, governmental agency or person relating to the operation of the Facilities prior to the Effective Time shall constitute Excluded Liabilities under this Agreement, and the MHC Entities shall be responsible for handling any appeals or challenges regarding any retroactive payment denials relating to the operation of the Facilities prior to the Effective Time.

11. INDEMNIFICATION.

11.1 Indemnification by the MHC Entities. Subject to the limitations set forth in Section 11.4 hereof, the MHC Entities shall jointly and severally defend, indemnify and hold harmless CHS Sub, the Company Entities and their Affiliates, and their respective officers, directors or employees, from and against any and all losses, liabilities, damages, costs (including, without limitation, court costs and costs of appeal) and expenses (including, without limitation, reasonable attorneys' fees and fees of expert consultants and witnesses) that such person incurs as a result of or with respect to (i) any misrepresentation or breach of warranty by the MHC Entities under this Agreement, (ii) any breach by the MHC Entities of, or any failure by the MHC Entities to perform, any covenant or agreement of, or required to be performed by, the MHC Entities under this Agreement, other than a breach under Section 11.1(i), (iii) any of the Excluded Liabilities, or (iv) any claim made by a third party with respect to the operation of the Facilities prior to the Effective Time.

11.2 Indemnification by CHS Sub. Subject to the limitations set forth in Section 11.4 hereof, CHS Sub shall defend, indemnify and hold harmless the MHC Entities, the Company Entities and their Affiliates, and their respective officers, directors or employees, from and against any and all losses, liabilities, damages, costs (including, without limitation, court costs and costs of appeal) and expenses (including, without limitation, reasonable attorneys' fees and fees of expert consultants and witnesses) that such person incurs as a result of or with respect to (i) any misrepresentation or breach of warranty by CHS Sub under this Agreement, or (ii) any breach by CHS Sub of, or any failure by CHS Sub to perform, any covenant or agreement of, or required to be performed by, CHS Sub under this Agreement other than a breach under Section 11.2(i).

11.3 Indemnification by the Company Entities. The Company Entities shall jointly and severally defend, indemnify and hold harmless the MHC Entities, CHS Sub and their Affiliates, and their respective officers, directors or employees, from and against any and all losses, liabilities, damages, costs (including, without limitation, court costs and costs of appeal) and expenses (including, without limitation, reasonable attorneys' fees and fees of expert consultants and witnesses) that such person incurs as a result of or with respect to (i) any breach by the Company Entities of, or any failure by the Company Entities to perform, any covenant or agreement of, or required to be performed by, the Company Entities under this Agreement, (ii) any of the Assumed Liabilities, or (iii) any claim made by a third party with respect to the operation of the Facilities following the Effective Time.

11.4 Limitations. The MHC Entities and CHS Sub shall be liable under Section 11.1(i) or Section 11.2(i) (i.e., for misrepresentations and breaches of warranties), as applicable, only when total indemnification claims exceed [REDACTED] (the "Basket Amount"), after which the MHC Entities or CHS Sub, as applicable, shall be liable only for the amount in excess of the Basket Amount. No party shall be liable for any indemnification pursuant to Section 11.1(i) or Section 11.2(i), as applicable, for any claims for misrepresentations and breaches of warranty which are the basis upon which any other party shall have failed to consummate the transactions described herein pursuant to Section 8.1 or Section 7.1, as applicable, or which are based upon misrepresentations and breaches of warranty which have been waived pursuant to the initial paragraph of Section 8 or Section 7, as applicable.

[REDACTED] Notwithstanding anything to the contrary, the limitations contained in this Section 11.4 shall not apply to any indemnification claims arising under Section 11.1(i) or Section 11.2(i) as a result of the intentional misrepresentation or fraud of the MHC Entities or CHS Sub, respectively.

11.5 Notice and Control of Litigation. If any claim or liability is asserted in writing by a third party against a party entitled to indemnification under this Section 11 (the "Indemnified Party") which would give rise to a claim under this Section 11, the Indemnified Party shall notify the person giving the indemnity (the "Indemnifying Party") in writing of the same within fifteen (15) calendar days of receipt of such written assertion of a claim or liability. The Indemnifying Party shall have the right to defend a claim and control the defense, settlement, and prosecution of any litigation. If the Indemnifying Party, within ten (10) days after notice of such claim, fails to commence defense of such claim, the Indemnified Party shall (upon further written notice to the Indemnifying Party) have the right to undertake the defense, compromise, or settlement of such claim on behalf of and for the account and at the risk of the Indemnifying Party, subject to the right of the Indemnifying Party to assume the defense of such claim at any time prior to settlement, compromise, or final determination thereof. Anything in this Section 11.5 notwithstanding, (i) if there is a reasonable probability that a claim may materially and adversely affect the Indemnified Party other than as a result of money damages or other money payments, the Indemnified Party shall have the right, at its own cost and expense, to defend, compromise, and settle such claim, and (ii) the Indemnifying Party shall not, without the written consent of the Indemnified Party, settle or compromise any claim or consent to the entry

of any judgment which does not include as an unconditional term thereof the giving by the claimant to the Indemnified Party of a release from all liability in respect of such claim. The foregoing rights and agreements shall be limited to the extent of any requirement of any third-party insurer or indemnitor. All parties agree to cooperate fully as necessary in the defense of such matters. Should the Indemnified Party fail to notify the Indemnifying Party in the time required above, the indemnity with respect to the subject matter of the required notice shall be limited to the damages that would have resulted absent the Indemnified Party's failure to notify the Indemnifying Party in the time required above after taking into account such actions as could have been taken by the Indemnifying Party had it received timely notice from the Indemnified Party.

11.6 Notice of Claim. If an Indemnified Party becomes aware of any breach of the representations or warranties of the Indemnifying Party hereunder or any other basis for indemnification under this Section 11 (except as otherwise provided for under Section 12.3), the Indemnified Party shall notify the Indemnifying Party in writing of the same within thirty (30) days after becoming aware of such breach or claim, specifying in detail the circumstances and facts which give rise to a claim under this Section 11. Should the Indemnified Party fail to notify the Indemnifying Party within the time frame required above, the indemnity with respect to the subject matter of the required notice shall be limited to the damages that would have nonetheless resulted absent the Indemnified Party's failure to notify the Indemnifying Party in the time required above after taking into account such actions as could have been taken by the Indemnifying Party had it received timely notice from the Indemnified Party.

11.7 Certain Provisions Regarding Indemnification.

(a) All amounts payable by one party in indemnification of the other shall be considered an adjustment to the Purchase Price.

(b) If the MHC Entities shall have indemnification obligations pursuant to this Section 11 and CHS Sub requests that such indemnification obligations be funded out of the Escrow Funds, then MHC shall execute written instructions pursuant to the Escrow Agreement to provide for the release of funds to cover such indemnification obligations.

12. MISCELLANEOUS.

12.1 Schedules and Other Instruments.

(a) The parties hereto acknowledge that, as of the date hereof, the Schedules and Exhibits contemplated by this Agreement have not been completed nor agreed to by the parties. Accordingly, any other provisions herein to the contrary notwithstanding, consummation of this Agreement shall be conditioned upon the completion, to the satisfaction of each party, of final forms of the Schedules and Exhibits contemplated by this Agreement. The parties agree to use their respective good faith best efforts to produce completed Schedules and Exhibits, to be prepared by one party, as applicable (a "Preparing Party"), and approved by the other party (an "Approving Party"), within thirty (30) days after the date of this Agreement. Following the date of this Agreement, if an Approving Party does not object in writing to the Preparing Party within ten (10) business days after a draft of a Schedule or Exhibit has been submitted to it (the

“Review Date”), the Approving Party shall be deemed to have approved such Schedule or Exhibit. If the parties are unable to agree on the form of any Schedule or Exhibit to be delivered hereunder by the Review Date, then this Agreement may be terminated by either party upon notice to the other party (the “Termination Notice”) after the Review Date, whereupon the other party shall be entitled, for a period of ten (10) days after its receipt of the Termination Notice, to cure the matter that has triggered such Termination Notice. Upon agreement as to the Schedules and Exhibits to this Agreement, each such Schedule and Exhibit shall be considered a part hereof as if set forth herein in full. Notwithstanding anything contained herein to the contrary, the parties acknowledge and agree that Schedule 1.4(a) and Schedule 3.11 cannot be completed until CHS Sub has received and reviewed the Title Commitment and the Surveys, which will not occur within thirty (30) days after the date of this Agreement. Accordingly, (i) CHS Sub will use its good faith commercially reasonable efforts to obtain the Title Commitments, legible copies of all documents referred to in Schedule B of the Title Commitments and the Surveys within sixty (60) days after the Execution Date and will deliver them to MHC in each case promptly upon receipt thereof by CHS Sub, and (ii) the parties agree to use their respective good faith best efforts to produce completed Schedule 1.4(a) and Schedule 3.11, as approved by both parties in accordance with the process for approving Schedules and Exhibits set forth in this Section, within thirty (30) days after the latest of CHS Sub’s receipt of (i) the Title Commitment (including any revisions thereto based upon the Title Company’s review of the Surveys), (ii) legible copies of all documents referred to in Schedule B of the Title Commitment, and (iii) the Surveys.

(b) If any amendment or modification to a Schedule or Exhibit is proposed after completion and approval of the Schedules and Exhibits as contemplated by Section 12.1(a) above, the Approving Party shall have ten (10) business days to review any modification or amendment to a Schedule or Exhibit proposed by the Preparing Party. If the Approving Party determines in its reasonable discretion that it should not consummate the transactions contemplated by this Agreement because of any material and adverse modification or amendment to such Schedule or Exhibit, then the Approving Party may terminate this Agreement on or before the Closing by giving a Termination Notice to the Preparing Party, whereupon the Preparing Party shall be entitled, for a period of ten (10) days after its receipt of the Termination Notice (the “Cure Period”), to cure the matter that has triggered such Termination Notice. If the Cure Period extends beyond the Closing, the Approving Party and Preparing Party shall agree to extend the date of Closing until such Cure Period has elapsed.

12.2 Additional Assurances. The provisions of this Agreement shall be self-operative and shall not require further agreement by the parties except as may be herein specifically provided to the contrary; *provided, however*, at the request of a party, the other party or parties shall execute such additional instruments and take such additional actions as the requesting party may deem necessary to effectuate this agreement. In addition and from time to time after Closing, the MHC Entities shall execute and deliver such other instruments of conveyance and transfer, and take such other actions as CHS Sub or the Company reasonably may request, more effectively to convey and transfer full right, title, and interest to, vest in, and place the Company Entities in legal and actual possession of, any and all of the Facilities and the Assets. The MHC Entities shall also furnish the Company Entities with such information and documents in their possession or under their control, or which the MHC Entities can execute or cause to be executed, as will enable the Company Entities to prosecute any and all petitions, applications,

claims, and demands relating to or constituting a part of the Facilities or the Assets. Additionally, the MHC Entities shall cooperate and use their best efforts to have their present directors, officers, and employees cooperate with the Company Entities on and after Closing in furnishing information, evidence, testimony, and other assistance in connection with any action, proceeding, arrangement, or dispute of any nature with respect to matters pertaining to all periods prior to Closing in respect of the items subject to this Agreement.

12.3 Consented Assignment. Anything contained herein to the contrary notwithstanding, this Agreement shall not constitute an agreement to assign any claim, right, contract, license, lease, commitment, sales order, or purchase order if an attempted assignment thereof without the consent of the other party thereto would constitute a breach thereof or in any material way affect the rights of any MHC Entity thereunder, unless such consent is obtained. The MHC Entities and the Company Entities shall use reasonable commercial efforts to obtain any third party consents to the transactions contemplated by this Agreement. If such consent is not obtained, or if an attempted assignment would be ineffective or would materially affect the rights thereunder of any MHC Entity so that such Company Entity would not in fact receive all such rights, such MHC Entity and Company Entity shall cooperate in good faith in any reasonable arrangement designed to provide for the Company Entity the benefits under any such claim, right, contract, license, lease, commitment, sales order, or purchase order, including, without limitation, enforcement of any and all rights of such MHC Entity against the other party or parties thereto arising out of the breach or cancellation by such other party or otherwise.

12.4 Consents, Approvals and Discretion. Except as herein expressly provided to the contrary, whenever this Agreement requires any consent or approval to be given by a party, or whenever a party must or may exercise discretion, the parties agree that such consent or approval shall not be unreasonably withheld or delayed and such discretion shall be reasonably exercised.

12.5 Legal Fees and Costs. In the event a party elects to incur legal expenses to enforce or interpret any provision of this Agreement by judicial proceedings, the prevailing party will be entitled to recover such legal expenses, including, without limitation, reasonable attorneys' fees, costs, and necessary disbursements at all court levels, in addition to any other relief to which such party shall be entitled.

12.6 Choice of Law. The parties agree that this Agreement shall be governed by and construed in accordance with the laws of the State of Michigan without regard to conflict of laws principles.

12.7 Benefit/Assignment. Subject to provisions herein to the contrary, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective legal representatives, successors, and assigns. No party may transfer or assign this Agreement without the prior written consent of the other parties, which consent shall not be unreasonably withheld.

12.8 No Brokerage. Except as set forth on Schedule 12.8, the MHC Entities and CHS Sub each represent and warrant to the other that such parties have not engaged a broker in connection with the transactions described herein. Each party agrees to be solely liable for and obligated to satisfy and discharge all loss, cost, damage, or expense arising out of claims for fees or commissions of brokers employed or alleged to have been employed by such party.

12.9 Cost of Transaction. Whether or not the transactions contemplated hereby shall be consummated, the parties agree as follows: (i) the MHC Entities shall pay the fees, expenses, and disbursements of the MHC Entities and their agents, representatives, accountants, and legal counsel incurred in connection with the subject matter hereof and any amendments hereto; and (ii) CHS Sub shall pay the fees, expenses, and disbursements of CHS Sub and its agents, representatives, accountants and legal counsel incurred in connection with the subject matter hereof and any amendments hereto. The MHC Entities shall pay any applicable real estate transfer taxes. The Company (after Closing) shall pay for the filing fees pursuant to the HSR Act, the Title Policy, the Surveys, state and local recording fees and similar costs, and costs allocated to the Company by the terms of this Agreement with respect to the transactions contemplated by this Agreement.

12.10 Confidentiality. It is understood by the parties hereto that the information, documents, and instruments delivered by a party to the other parties hereto are of a confidential and proprietary nature. Each of the parties hereto agrees that both prior and subsequent to the Closing it will maintain the confidentiality of all such confidential information, documents, or instruments delivered to it by each of the other parties hereto or their agents in connection with the negotiation of this Agreement or in compliance with the terms, conditions, and covenants hereof and will only disclose such information, documents, and instruments to its duly authorized officers, members, directors, representatives, and agents (including consultants, attorneys, and accountants of each party) and applicable governmental authorities in connection with any required notification or application for approval or exemption therefrom. Each of the parties hereto further agrees that if the transactions contemplated hereby are not consummated, it will return all such documents and instruments and all copies thereof in its possession to the other parties to this Agreement. Each of the parties hereto recognizes that any breach of this Section 12.10 would result in irreparable harm to the other parties to this Agreement and their Affiliates (as defined in Section 12.18 below) and that therefore any party to this Agreement shall be entitled to an injunction to prohibit any such breach or anticipated breach, without the necessity of posting a bond, cash, or otherwise, in addition to all of their other legal and equitable remedies. Nothing in this Section 12.10, however, shall prohibit the use of such confidential information, documents, or information for such governmental filings as in the opinion of a party's counsel are required by law or governmental regulations or are otherwise required to be disclosed pursuant to applicable state law.

12.11 Public Announcements. No party hereto shall release, publish, or otherwise make available to the public in any manner whatsoever any information or announcement regarding the transactions herein contemplated without the prior written consent of the other parties, except for information and filings reasonably necessary to be directed to governmental agencies to fully and lawfully effect the transactions herein contemplated or required in connection with securities and other laws.

12.12 Waiver of Breach. The waiver by any party of a breach or violation of any provision of this Agreement shall not operate as, or be construed to constitute, a waiver of any subsequent breach of the same or any other provision hereof.

12.13 Notice. Any notice, demand, or communication required, permitted, or desired to be given hereunder shall be deemed effectively given when personally delivered, when received

by receipted overnight delivery, or five (5) days after being deposited in the United States mail, with postage prepaid thereon, certified or registered mail, return receipt requested, addressed as follows:

The MHC Entities:

Prior to the Closing Date:

Metropolitan Health Corporation
5900 Byron Center Avenue SW
Wyoming, MI 49509
Attention: President & Chief Executive Officer

With a simultaneous copy to:

Drinker Biddle & Reath LLP
191 N. Wacker Dr., Ste. 3700
Chicago, IL 60606-1698
Attention: Douglas B. Swill

After the Closing:

Metropolitan Health Corporation
5900 Byron Center Avenue SW
Wyoming, MI 49509
Attention: President & Chief Executive Officer

With a simultaneous copy to:

Drinker Biddle & Reath LLP
191 N. Wacker Dr., Ste. 3700
Chicago, IL 60606-1698
Attention: Douglas B. Swill

CHS Sub:

Wyoming Michigan Holdings, LLC
c/o CHSPSC, LLC
4000 Meridian Boulevard
Franklin, Tennessee 37067
Attention: Senior Vice President - Development

With a simultaneous copy to:

CHSPSC, LLC
4000 Meridian Boulevard
Franklin, Tennessee 37067
Attention: General Counsel

The Company Entities: Metro Health Holdings, LLC
c/o CHSPSC, LLC
4000 Meridian Boulevard
Franklin, Tennessee 37067
Attention: Chief Executive Officer

With a simultaneous copy to: CHSPSC, LLC
4000 Meridian Boulevard
Franklin, Tennessee 37067
Attention: General Counsel

or to such other address, and to the attention of such other person or officer as any party may designate, with copies thereof to the respective counsel thereof as notified by such party.

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

12.15 Gender and Number. Whenever the context of this Agreement requires, the gender of all words herein shall include the masculine, feminine, and neuter, and the number of all words herein shall include the singular and plural.

12.16 Divisions and Headings. The divisions of this Agreement into sections and subsections and the use of captions and headings in connection therewith are solely for convenience and shall have no legal effect in construing the provisions of this Agreement.

12.17 Survival. All of the representations, warranties, covenants, and agreements made by the parties in this Agreement or pursuant hereto in any certificate, instrument, or document shall survive the consummation of the transactions described herein, and may be fully and completely relied upon by the MHC Entities, CHS Sub or the Company Entities, as the case may be, notwithstanding any investigation heretofore or hereafter made by any of them or on behalf of any of them, and shall not be deemed merged into any instruments or agreements delivered at the Closing or thereafter. Notwithstanding anything in this Section 12.17 which may be to the contrary, any claim, demand, or cause of action with respect to a breach of any representation or warranty made in this Agreement (other than representations or warranties contained in Section 3.1, Section 3.2, Section 3.3, Section 3.12, Section 4.1, Section 4.2 and Section 4.3, which shall survive indefinitely, and the representations or warranties contained in Section 3.8, Section 3.9, Section 3.13, Section 3.15, Section 3.17 and Section 3.23, which shall survive until the longer of five (5) years or 90 days after the expiration of the applicable statute of limitations relating to the underlying claim, including extensions and waivers), must be made or brought, if at all, within two (2) years after the Closing Date. For the avoidance of doubt, this Section 12.17 shall not affect any rights to bring claims after two (2) years based on (w) any covenant or agreement of the parties which contemplates performance after the Closing, (x) the obligations of the MHC Entities under Section 11.1(ii), Section 11.1(iii) or Section 11.1(iv), (y) the obligations

of CHS Sub under Section 11.2(ii), or (z) the obligations of the Company Entities under Section 11.3(i), Section 11.3(ii), or Section 11.3(iii).

12.18 Affiliates. As used in this Agreement, the term "Affiliate" means, as to the entity in question, any person or entity that directly or indirectly controls, is controlled by or is under common control with, the entity in question and the term "control" means possession, directly or indirectly, of the power to direct or cause the direction of the management policies of an entity, whether through ownership of voting securities, by contract or otherwise.

12.19 Material Adverse Effect. As used in this Agreement, the term "Material Adverse Effect" means an event, change or circumstance which, individually or together with any other event, change or circumstance would be reasonably expected to have a material adverse effect on the condition, financial or otherwise, of the Assets, the business of, or the results of operations of, the Facilities, but excluding the effect of (i) changes in the economy of the United States or the Grand Rapids-Wyoming, MI Metropolitan Statistical Area and (ii) changes in any government or private payor programs generally applicable to operators of acute care hospitals in the State of Michigan.

12.20 Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHTS IT MAY HAVE TO DEMAND THAT ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT OR THE RELATIONSHIPS OF THE PARTIES HERETO BE TRIED BY JURY. THIS WAIVER EXTENDS TO ANY AND ALL RIGHTS TO DEMAND A TRIAL BY JURY ARISING FROM ANY SOURCE INCLUDING, BUT NOT LIMITED TO, THE CONSTITUTION OF THE UNITED STATES OR ANY STATE THEREIN, COMMON LAW OR ANY APPLICABLE STATUTE OR REGULATIONS. EACH PARTY HERETO ACKNOWLEDGES THAT IT IS KNOWINGLY AND VOLUNTARILY WAIVING ITS RIGHT TO DEMAND TRIAL BY JURY.

12.21 Accounting Date. The transactions contemplated hereby shall be effective for accounting purposes as of 12:01 a.m. on the Closing Date, unless otherwise agreed in writing by the MHC Entities, CHS Sub and the Company Entities. The parties will use commercially reasonable efforts to cause the Closing to be effective as of a month end.

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

12.23 No Third Party Beneficiaries. The terms and provisions of this Agreement are intended solely for the benefit of the MHC Entities, CHS Sub and the Company Entities, and their respective permitted successors or assigns, and it is not the intention of the parties to confer, and this Agreement shall not confer, third-party beneficiary rights upon any other person.

12.24 Enforcement of Agreement. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement was not performed in accordance with its specific terms or was otherwise breached. It is accordingly agreed that the

parties shall be entitled to an injunction or injunctions (without the need to post bond or other security) to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of competent jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

12.25 Force Majeure. Whenever a period of time is prescribed herein for action to be taken by a party, such party shall not be liable or responsible for, and there shall be excluded from the computation for any period of time, any delays due to strikes, riots, acts of God, shortages of labor or materials, war, governmental laws, regulations or restrictions, or any other cause of any kind whatsoever which is beyond the reasonable control of such party.

12.26 Entire Agreement/Amendment. This Agreement supersedes all previous contracts or understandings, including any offers, letters of intent, proposals or letters of understanding, and constitutes the entire agreement of whatsoever kind or nature existing between or among the parties respecting the within subject matter, and no party shall be entitled to benefits other than those specified herein. As between or among the parties, no oral statements or prior written material not specifically incorporated herein shall be of any force and effect. The parties specifically acknowledge that in entering into and executing this Agreement, the parties rely solely upon the representations and agreements contained in this Agreement and no others. All prior representations or agreements, whether written or verbal, not expressly incorporated herein are superseded, and no changes in or additions to this Agreement shall be recognized unless and until made in writing and signed by all parties hereto. This Agreement may be executed in two or more counterparts, each and all of which shall be deemed an original and all of which together shall constitute but one and the same instrument.

12.27 CHS Guaranty. CHS hereby unconditionally and absolutely guarantees the prompt performance and observation of CHS Sub for each and every obligation, covenant and agreement of CHS Sub arising out of, connected with, or related to, this Agreement or any ancillary documents hereto and any extension, renewal and/or modification thereof. The obligation of CHS under this Section 12.27 is a continuing guaranty and shall remain in effect, and the obligations of CHS shall not be affected, modified or impaired upon the happening from time to time of any of the following events, whether or not with notice or consent of CHS:

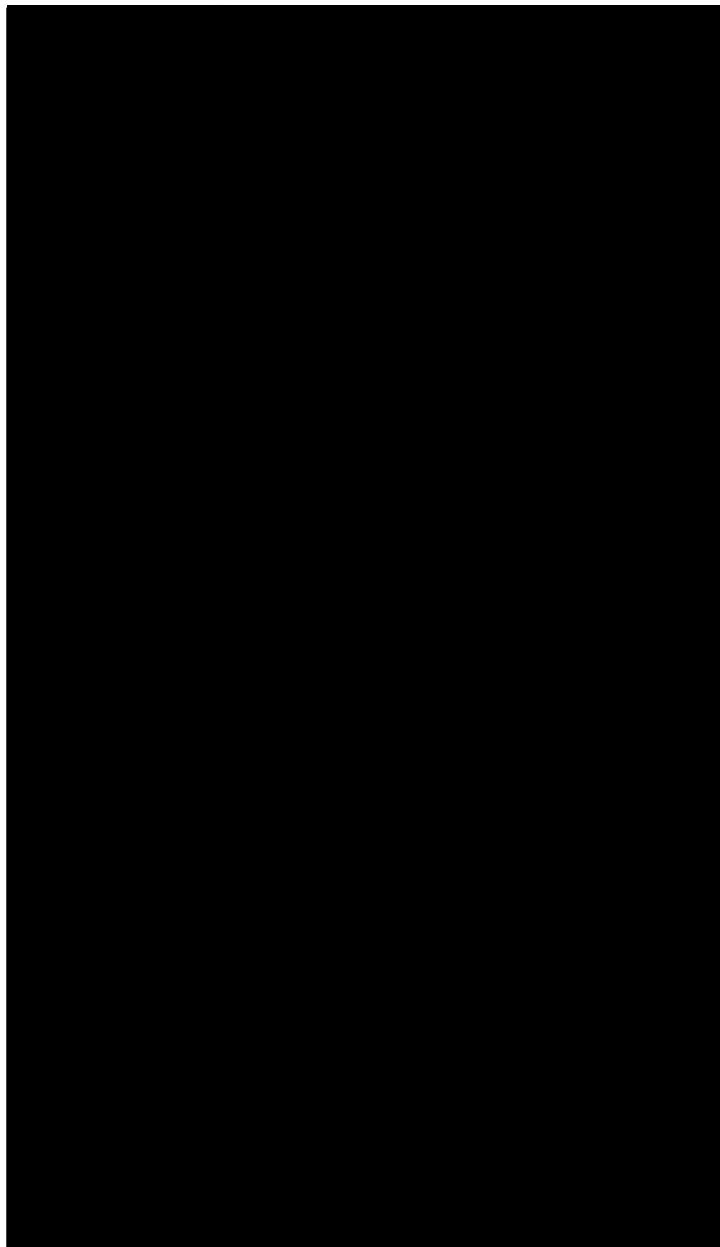
(a) The compromise, settlement, release, change, modification, amendment (except to the extent of such compromise, settlement release, change, modification or amendment) of any or all of the obligations, duties, covenants, or agreements or any party under this Agreement or any ancillary documents hereto; or

(b) The extension of the time for performance of payment of money pursuant to this Agreement, or of the time for performance of any other obligations, covenants or agreements under or arising out of this Agreement or any ancillary documents hereto or the extension or the renewal thereof.

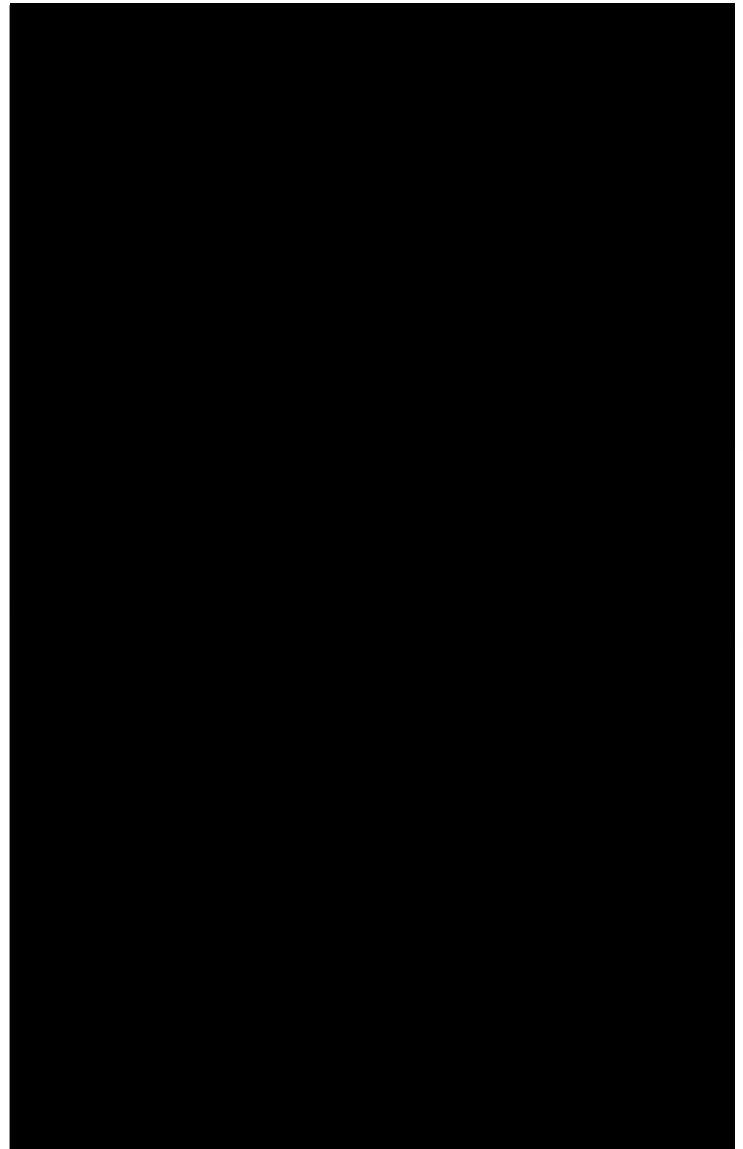
12.28 Risk of Loss. Notwithstanding any other provision hereof to the contrary, the risk of loss in respect of casualty to the Assets shall be borne by the MHC Entities prior to the time of Closing and by the Company Entities thereafter.

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

METROPOLITAN HEALTH CORPORATION



METRO WEEKEND SERVICES, LLC



WYOMING MICHIGAN HOLDINGS, LLC

