

**MONITORING, COMPLIANCE AND ENFORCEMENT AGREEMENT AMONG
THE DEPARTMENT OF ATTORNEY GENERAL, PORTAGE HEALTH, INC.,
COPPER COUNTY APOTHECARIES, INC., LIFEPOINT HOLDINGS 2, LLC,
PORTAGE HOLDING COMPANY, LLC, AND STOUT RISIUS ROSS**

Effective upon execution of this Agreement, the Michigan Department of Attorney General ("Attorney General"), Portage Health, Inc. and Copper County Apothecaries, Inc. (collectively, "Portage"), LifePoint Holdings 2, LLC ("LifePoint"), Portage Holding Company, LLC ("Joint Venture"), and Stout Risius Ross, Inc. ("Monitor") (collectively, "the Parties" and each individually, a "Party"), agree as follows:

RECITALS

WHEREAS, Portage, LifePoint, and the Joint Venture are parties to a Contribution Agreement, dated as of August 2, 2013 (the "Contribution Agreement"), pursuant to which Portage is contributing substantially all its assets, and LifePoint is contributing immediately available funds, to the Joint Venture (the "Transaction");

WHEREAS, Section 7.3 of the Contribution Agreement provides as a condition to closing that the Joint Venture obtain the Attorney General's approval of the Transaction;

WHEREAS, the Attorney General, in its review of the Transaction, requires appropriate monitoring, reporting, and enforcement of certain Post-Closing Covenants (as hereinafter defined) set forth in the Contribution Agreement;

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

TERMS

1. Defined Terms

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

AG Enforceable Provisions: Sections 9.9 (Indigent Care), 9.10 (Capital Commitment), 9.12 (Continuation of Services), 9.16 (Restrictions on Sale of the Hospital), 9.17 (Cardiology Services), 9.18 (Psychiatric Services), 11.12 (No Third-Party Beneficiaries) and 11.16 (Entire Agreement/ Amendment) of the Contribution Agreement, as any of the aforesaid Sections may be modified by Section 6 (Attorney General as Third-Party Beneficiary) and Section 7 (Attorney General's Written Consent Required to Materially Amend Contribution Agreement) of this Agreement.

Agreement: This Monitoring, Compliance and Enforcement Agreement among the Department of Attorney General, Portage Health, Inc., Copper County Apothecaries, Inc.,

Portage Health Home Services, Inc., and Portage Health Resources, Inc., LifePoint Holdings 2, LLC, Portage Holding Company, LLC, and Stout Risius Ross, Inc.

Joint Venture Affiliate: Any corporation, limited liability company or other business entity that directly or indirectly owns, is owned by or is under common ownership with Joint Venture.

Post-Closing Covenants: Sections 9.9 (Indigent Care), 9.10 (Capital Commitment), 9.12 (Continuation of Services), 9.16 (Restrictions on Sale of the Hospital), 9.17 (Cardiology Services), and 9.18 (Psychiatric Services) of the Contribution Agreement, all subject to revision, if any, permitted by and in accordance with the Contribution Agreement.

Contribution Agreement: Contribution Agreement, dated as of August 2, 2013, by and between Portage, LifePoint and the Joint Venture.

Required Documents: The reports and documents specified on **Appendix 1** to this Agreement, being those the Parties have agreed are necessary for Monitor to perform its obligations under this Agreement.

2. Update to Ensure No Conflict of Interest

- A. Within three days prior to Closing, senior management of Joint Venture, LifePoint, and Portage must do the following:
- i. Attest in writing that no member of Portage's Board of Trustees or officers will receive any increase in salary, incentive payment or bonus, or other form of compensation from Joint Venture or Joint Venture Affiliate in return for negotiating, supporting, or entering into the Contribution Agreement or any related agreement, promise or offer; and
 - ii. Agree in writing that, except as provided below, any incentive compensation, increase in salary, bonus or other form of compensation Joint Venture or Joint Venture Affiliate may award after Closing to members of Portage's senior management, or that such persons may accept, will reward individuals solely on the basis of post-Closing performance.

Notwithstanding other provisions of this section, Joint Venture shall be permitted to make incentive payments in accordance with Portage's 2013 incentive compensation plan.

- B. Within ninety (90) days after Closing, each Party that employs (directly or through any Affiliate) any person post-Closing, (an "Employee") who served pre-Closing as a trustee or officer of Portage, shall be responsible for providing written disclosure to the Attorney General of all agreements between each such Employee and Joint Venture or between such Employee and any Joint Venture Affiliate regarding future employment or other compensation (each a "Future Compensation Agreement") that are not disclosed in the Contribution Agreement. If any Future Compensation

Agreement has not been executed within ninety (90) days after Closing, then the disclosure required by this section must be provided within ten (10) business days after the agreement is completed.

3. Responsibilities of Joint Venture or Joint Venture Affiliate

A. Joint Venture shall have the following reporting responsibilities:

- i. Joint Venture shall annually report, in writing, to the Attorney General on the status of each of the Post-Closing Covenants. The Attorney General intends to post such report (the “Annual Report”) to its public website. By February 15 each year, Joint Venture shall submit its Annual Report to both the Attorney General and the Monitor. The first Annual Report shall be due February 15, 2015, and shall report on the period from Closing through December 31, 2014. Thereafter, each Annual Report shall report on the preceding calendar year. Joint Venture’s annual reporting requirement shall end with Joint Venture’s submission of its tenth annual report; provided, however, that upon full performance of any Post-Closing Covenant no additional Annual Report need address that particular Post-Closing Covenant.
- ii. By February 15 each year, Joint Venture shall submit to the Monitor the Required Documents.
- iii. Joint Venture shall provide the Monitor with reasonable access and cooperate with the Monitor during its review and shall participate in good faith in all Non-compliance Discussions referenced in paragraphs 4.B and 5.A hereof.
- iv. Monitor’s annual fee for the services described in this Agreement (“Monitor Fee”) will be \$20,000 for the first Monitor Report (as defined in paragraph 4.A) and \$10,000 for the second through tenth Monitor Reports, plus, for each Monitor Report, actual out-of-pocket expenses as more fully described below. The annual Monitor Fee includes all professional and administrative time and expenses required to perform Monitor’s annual obligations under this Agreement through and including issuance of each Monitor Report to the Attorney General; provided however, that Monitor’s documented reasonable out-of-pocket expenses (including transportation, lodging, meals, communications, supplies, research charges, copying, etc.) will be billed to and paid by Joint Venture at the actual amounts incurred. Joint Venture shall pay Monitor the annual Monitor Fee and reimbursement for the aforementioned out-of-pocket costs within thirty (30) days after Joint Venture’s receipt of Monitor’s invoice therefor and documentation of applicable out-of-pocket expenses. Commencing January 1, 2020, should Monitor deem that it cannot adequately perform the Monitor’s services under this Agreement for the Monitor Fee specified herein, the Parties shall negotiate in good faith to determine whether there should be an appropriate adjustment to the Monitor Fee.

- v. Any work required by the Attorney General of the Monitor beyond its annual obligations under this Agreement, including but not limited to arbitration, litigation, testimony or preparation for testimony, etc., will be billed at Monitor's then-current standard hourly rates, and the Attorney General shall pay Monitor for such other work within thirty (30) days after receipt of Monitor's invoices. Current hourly rates for the Monitor's professional staff range from \$75 to \$550. The standard hourly rates are reconsidered annually with changes effective January 1 of each year.
 - vi. Joint Venture shall develop a strategic capital plan in accord with the timeframe specified in the Contribution Agreement.
- B. Absent prior written approval of the Attorney General granting a time extension, Joint Venture's failure to submit an Annual Report or the corresponding Required Documents by the due date specified herein shall be deemed Reporting Non-compliance.
 - C. Joint Venture's material non-compliance with any of the Post-Closing Covenants shall be deemed Covenant Non-compliance.
 - D. Simultaneous with the closing of the Transaction, Joint Venture will cause a bank or other financial institution acceptable to the Attorney General (an "Acceptable Financial Institution") to issue an irrevocable, standby letter of credit with a face amount of \$250,000 ("Face Amount") naming the Attorney General as the beneficiary (the "Initial LOC"). The Initial LOC will expire September 30, 2025 (the "Term").
 - E. In the event that any Reporting Non-compliance by Joint Venture continues and remains uncured sixty (60) days after Joint Venture's receipt of written notice of Non-compliance from the Monitor specifying the alleged Non-compliance, the Attorney General may draw upon the Initial LOC in an amount equal to the Attorney General's reasonable enforcement costs in ensuring Joint Venture's compliance with the obligations under paragraph 3.B.
 - F. In the event of material Non-compliance with any Post-Closing Covenant that is not cured within the sixty-day period specified in paragraph 5.A, Joint Venture shall cause an Acceptable Financial Institution to issue to the Attorney General an additional irrevocable, standby letter of credit with a face value of \$250,000 ("Additional LOC"). The parties specifically intend that Non-compliance during any year with a specific Post-Closing Covenant shall in all cases constitute a single event of Covenant Non-Compliance.
 - G. Six (6) months after issuance of a Monitor Report finding Covenant Non-compliance, Joint Venture shall report to the Attorney General on its efforts to cure each event of Covenant Non-compliance. Joint Venture shall have one (1) year after the end of the sixty-day period specified in paragraph 5.A in which to cure each event of Covenant

- Non-compliance. The Attorney General may not draw upon any LOC unless the Covenant Non-compliance is not cured within that one-year period and remains uncured on the date of the next annual Monitor Report; provided, however, that the Attorney General retains the right to commence an enforcement action upon expiration of the sixty-day period specified in paragraph 5.A.
- H. If the Monitor Report regarding Joint Venture's next Annual Report documents compliance with all Post-Closing Covenants, the Additional LOC shall be returned to Joint Venture. Conversely, if the Monitor Report regarding Joint Venture's next Annual Report documents Non-compliance with any Post-Closing Covenant, the Attorney General may draw upon the Initial LOC and, if the Initial LOC is exhausted, the Additional LOC, in an amount equal to the Attorney General's actual enforcement costs with respect to the event of Covenant Non-compliance.
 - I. The Parties further expressly agree that, unless a shorter period is specified in the Contribution Agreement, the capital commitment may be fulfilled at any time during the ten-year post-Closing period and as otherwise permitted by paragraph 4.H of this Agreement and that Joint Venture's compliance therewith does not require that the capital commitment be fulfilled on a pro-rated basis each year.
 - J. If on the tenth anniversary of the Closing Joint Venture has failed to fully satisfy its capital commitment Post-Closing Covenant, Joint Venture shall immediately pay to a local charitable foundation for healthcare purposes designated by the Attorney General all funds necessary to fully satisfy Joint Venture's capital commitment Post-Closing Covenant.
 - K. If on the tenth anniversary of the Closing Joint Venture has fully satisfied all of the Post-Closing Covenants, the Additional LOC shall be returned to Joint Venture.
 - L. In the event that a final, nonappealable judgment finding Joint Venture in uncured, material Non-compliance, Joint Venture shall reimburse the Attorney General for that portion of all actual costs, including attorneys' fees, incurred by the Attorney General in procuring such judgment in excess of the Initial LOC and the Additional LOC.
 - M. Simultaneous with the execution of this Agreement, Joint Venture shall execute the Confidentiality Agreement by and between Monitor and Joint Venture attached hereto ("Confidentiality Agreement").
 - N. All the requirements of Section 3 are primarily the responsibility of Joint Venture, but are secondarily the responsibility of Joint Venture Affiliates and may be satisfied by Joint Venture Affiliates.

4. Responsibilities of Monitor

- A. Commencing on April 30, 2015 and by April 30 of each of the subsequent nine years, Monitor shall issue to both the Attorney General and Joint Venture a written report

- (the “Monitor Report”) either confirming that Joint Venture has satisfied each Post-Closing Covenant as of December 31 of the year to which the Monitor Report applies or specifying in reasonable detail, with supporting documentation, each event of Non-Compliance with any Post-Closing Covenant as of December 31 of the year to which the Monitor Report applies. Such Monitor Reports shall be prepared in accordance with **Appendix 2** to this Agreement (“Monitor Scope of Work”).
- B. If, at any time prior to issuance of its Monitor Report, Monitor believes that there has been an event of material Reporting Non-compliance or material Covenant Non-Compliance, Monitor shall immediately, and in no case later than seven (7) days after Monitor’s receipt of Joint Venture’s Annual Report and accompanying Required Documents, give Joint Venture written notice of such belief and a reasonable explanation of the basis for such belief. Within seven (7) days thereafter, representatives of Joint Venture and Monitor shall meet or otherwise confer regarding the alleged material Non-compliance and shall diligently cooperate to resolve any alleged Non-compliance prior to issuance of the Monitor Report on April 30. During and after such Non-compliance Discussions, Monitor shall consider in good faith all additional explanation and documentation Joint Venture may provide in an effort to establish its compliance with each Post-Closing Covenant in question and with its reporting obligations. Monitor shall include in its Monitor Report all such additional explanation and documentation provided by Joint Venture.
 - C. In the event of any dispute between Joint Venture and Monitor as to whether any Non-compliance exists or has been cured, the Attorney General’s decision on that issue shall be binding as between Joint Venture and Monitor. The foregoing notwithstanding, should the Attorney General bring an enforcement action, Joint Venture retains the right to challenge, defend and/or appeal any allegation by the Attorney General of the existence of Joint Venture’s Non-compliance or of an alleged failure to cure any Non-compliance.
 - D. Simultaneous with the execution of this Agreement, Monitor shall execute the Confidentiality Agreement.
 - E. Monitor shall invoice Joint Venture for the annual Monitor Fee on the date upon which Monitor delivers its Monitor Report to the Attorney General.
 - F. Joint Venture, Portage and LifePoint shall provide Monitor with such access as is reasonably necessary to perform its duties hereunder and Monitor shall conduct its inquiry so as to reasonably minimize disruption to Joint Venture, Portage, and LifePoint personnel and proceed expeditiously to avoid unnecessary delay in the completion of its review and the issuance of each Monitor Report.

5. Responsibilities of Attorney General

- A. If the Attorney General believes that Joint Venture has violated in any material respect one of the Post-Closing Covenants or any other material provision of this Agreement,

the Attorney General will give Joint Venture sixty (60) days' written notice of, and opportunity to cure, the alleged material violation within that sixty-day period, before commencing legal action against Joint Venture to enforce this Agreement. During such sixty-day period, representatives of Joint Venture and the Attorney General shall meet or otherwise confer regarding the alleged material violation. During and after such Non-compliance Discussions, Joint Venture shall be permitted to furnish additional explanation and documentation in an effort to establish its compliance with each Post-Closing Covenant in question and with this Agreement, and the Attorney General shall receive and consider in good faith all such additional explanation and documentation. Prior to June 30 or as otherwise agreed to by Joint Venture and the Attorney General: (i) no Monitor Report regarding the preceding year shall be published or made available to anyone other than Joint Venture, Portage, LifePoint, Monitor and the Attorney General and (ii) no civil action to enforce Joint Venture's compliance with the Post-Closing Covenants or this Agreement shall be commenced.

- B. On the date of each draw upon any the Initial LOC or any Additional LOC pursuant to paragraph 3.E or 3.F hereof, the Attorney General shall give Joint Venture written notice of such draw.
- C. The Attorney General will pay Monitor for any work required by the Attorney General of the Monitor beyond its annual obligations under this Agreement, as specified in paragraph 3.A(v) of this Agreement.

6. Attorney General as Third-Party Beneficiary

Notwithstanding any provision to the contrary contained in the Contribution Agreement, the Parties agree:

- A. The Attorney General has standing as an intended third-party beneficiary solely with respect to the AG Enforceable Provisions, with express authority to independently enforce the AG Enforceable Provisions;
- B. Not to contest the Attorney General's authority or standing to initiate an appropriate action in any state court of competent jurisdiction to enforce any of the AG Enforceable Provisions;
- C. Any action brought by the Attorney General to enforce any of the AG Enforceable Provisions must allege in good faith that Joint Venture or a Joint Venture Affiliate has violated in any material respect one of the AG Enforceable Provisions and has failed to pursue curative action within the time periods specified in this Agreement for such curative action; and
- D. Procedural terms of the Contribution Agreement do not apply to the Attorney General's exercise of its rights as third-party beneficiary with respect to the AG Enforceable Provisions. The procedure governing an action by the Attorney General as third-party beneficiary with respect to the AG Enforceable Provisions shall be governed by generally-applicable laws and court rules.

7. Attorney General Written Consent Required to Materially Amend Contribution Agreement

Notwithstanding any provision to the contrary contained in the Contribution Agreement, the Parties agree that in no event shall the terms of:

- A. the Contribution Agreement be amended in any material manner at or prior to the Closing without obtaining the prior written consent of the Attorney General, which shall not be unreasonably withheld; and
- B. any of the AG Enforceable Provisions be amended in any material manner after the Closing without obtaining the prior written consent of the Attorney General, which shall not be unreasonably withheld.

Portage and Joint Venture shall provide the Attorney General with a copy of each amendment of the Contribution Agreement not described in paragraph A or B above promptly after the execution of such amendment. Any pre-Closing amendment requiring the prior written consent of the Attorney General will be provided to the Attorney General not less than one (1) business day prior to its execution by the parties thereto (or such shorter period as is acceptable to the Attorney General in its reasonable discretion), and a complete, current version of the Contribution Agreement shall be provided not less than one (1) business day prior to Closing.

Any post-Closing amendment of an AG-Enforceable Provision requiring the prior written consent of the Attorney General will be provided to the Attorney General not less than fourteen (14) days prior to its execution by the parties thereto (or such shorter period as is acceptable to the Attorney General in its reasonable discretion). Any Attorney General approval of any post-Closing amendment required by this Section 7 shall be deemed to have been given if the Attorney General does not object in writing to the proposed post-Closing amendment within fourteen (14) days after the Attorney General's receipt of the proposed post-Closing amendment.

8. Notice

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

Overnight:

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

and

Department of Attorney General
Corporate Oversight Division
Charitable Trust Section attorney – Time Sensitive
525 W. Ottawa, 6th Floor

Lansing, MI 48933

OR

US Mail:

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

and

Department of Attorney General
Corporate Oversight Division
Attn: Charitable Trust Section attorney – Time Sensitive
P.O. Box 30213
Lansing, MI 48909

All written notices to any other Party required under this Agreement must be addressed to:

Portage:

Portage Health, Inc.
500 Campus Drive
Hancock, Michigan 49930
Attention: Jim Bogan

with a copy (which shall not constitute notice) to:

Locke Lord LLP
111 S. Wacker Drive
Chicago, IL 60521
Attn: David L. Kendall, Esq.

Joint Venture:

Portage Holding Company, LLC
c/o LifePoint Hospitals
103 Powell Court
Brentwood, TN 37027
Fax No.: 615-372-8572
Attention: General Counsel

with copies (which shall not constitute notice) to:

Waller Lansden Dortch & Davis, LLP
Nashville City Center
511 Union Street, Suite 2700
Nashville, TN 37219
Fax No. 615-244-6804
Attention: W. Kenneth Marlow, Esq.

and

Plunkett Cooney
38505 Woodward Avenue, Suite 2000
Bloomfield Hills, MI 48304
Fax No. 248-901-4040
Attention: Mark S. Kopson, Esq.

LifePoint:

LifePoint Hospitals
103 Powell Court
Brentwood, TN 37027
Fax No.: 615-372-8572
Attention: General Counsel

with copies (which shall not constitute notice) to:

Waller Lansden Dortch & Davis, LLP
Nashville City Center
511 Union Street, Suite 2700
Nashville, TN 37219
Fax No. 615-244-6804
Attention: W. Kenneth Marlow, Esq.

and

Plunkett Cooney
38505 Woodward Avenue, Suite 2000
Bloomfield Hills, MI 48304
Fax No. 248-901-4040
Attention: Mark S. Kopson, Esq.

Monitor:

Stout Risius Ross
4000 Town Center, 20th Floor
Southfield, MI 48075

Fax No. 248-208-8822
Attention: Jay B. Wachowicz, CFA

or to such other address, and to the attention of such other person or officer as any Party may designate by giving at least thirty (30) days notice to the other Parties; provided, however, that delivery of a copy of a notice to the persons identified above to receive a copy shall not constitute satisfaction of the notice requirements of this Section 8.

9. Remedies

The Joint Venture and LifePoint recognize that monetary damages will be inadequate for breach of the obligations contained in this contract. Subject to the provisions of Section 6 of this Agreement, in addition to any legal remedies the Attorney General may have, the Attorney General shall be entitled to specific performance, injunctive relief, and such other equitable remedies as a court of competent jurisdiction may deem appropriate for breach of the obligations contained in this contract, without the requirement to post any bond in connection therewith.

10. Severability

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

11. Amendment

This Agreement may be amended only by a writing executed by each of the Parties; provided, however, that any amendment proposed after the dissolution and winding up of Portage shall not require execution by or on behalf of Portage.

12. Waiver

Any waiver by any Party of any breach of this Agreement by another Party shall not be deemed to be waiver against a different Party or waiver of any subsequent or continuing breach.

13. Execution

This contract may be executed in any number of counterparts, all of which taken together constitute one contract, and any of the Parties may execute this contract by signing any one counterpart. The exchange of copies of this Agreement and of signature pages by facsimile transmission or Portable Document Format (PDF) shall constitute effective execution and delivery of this Agreement as to the Parties and may be used in lieu of the original Agreement for all purposes. Signatures of the Parties transmitted by facsimile and PDF shall be deemed to be their original signatures for any purposes whatsoever.

14. Governing Law and Jurisdiction

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

15. Entire Agreement

This Agreement, together with Appendices 1 and 2 hereto and other written agreements relating to the Contribution Agreement to which the Attorney General is a party, represent the entire agreement among the Parties and supersede all proposals or other prior agreements, oral or written, and all other communications among the Parties relating to the matters described herein.

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

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

17. Authority to Bind Principal

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

Incorporated Appendices

Appendix 1 – Required Documents
Appendix 2 – Monitor Scope of Work

Signatures appear on next page.

In Witness Whereof, the Parties hereto execute this Agreement as of the date first written above.

Portage Health, Inc.

By: _____

Its: _____
Dated: _____

Copper County Apothecaries, Inc.

By: _____

Its: _____
Dated: _____

LifePoint Holdings 2, LLC

By: _____

Its: _____
Dated: _____

Portage Holding Company, LLC

By: _____

Its: _____
Dated: _____

Stout Risius Ross, Inc.

By: _____

Its: _____
Dated: _____

Attorney General

By: _____
Bill Schuette, Attorney General, or his designee

Dated: _____

The following reports and documents specified in this **Appendix 1** have been agreed upon by the Parties as necessary for the Monitor to perform its obligations under the Agreement. The following documents are separated by the Post-Closing Covenants that are to be monitored. In addition to the annual written report (“Annual Report”) submitted by the Joint Venture to both the Attorney General and the Monitor on February 15 of each year, the following documents will be provided on an annual basis, also on February 15 of each year. The first Annual Report, due on February 15, 2015 from the Joint Venture, will report on the period from Closing through December 31, 2014. Thereafter, each Annual Report shall report on the preceding calendar year. The documents detailed in this Appendix 1 as Required Documents do not constitute an all-inclusive list. It is expected that the Monitor will request additional documents throughout the monitorship process as needed to accomplish the Scope of Work outlined in Appendix 2.

Section 9.9: Indigent Care

1. Documents that detail the annual reporting process for charity care required on IRS form 990 (including any documents provided to outside consultants). Information should include any processes identified and completed (i.e., documents detailing internal procedures used to compile the information that crosswalks with the policy for indigent care).

Section 9.10: Capital Commitment

1. Current capital plan in place
2. Annual capital spend for the past 2 years for categories considered in the strategic master capital plan (“Capital Plan”)
 - a. Physician recruitment and retention
 - b. Increasing the number and scope of medical service offerings
 - c. Investments in information systems
 - d. New equipment (purchased or leased)
 - e. Facilities repair and maintenance, excluding routine expenses
 - f. Facility renovations
 - g. New facilities
 - h. New or renovated medical office space
 - i. Information systems
 - j. Other capital improvements

Section 9.12: Continuation of Services

Section 9.17: Cardiology Services

Section 9.18: Psychiatric Services

1. A listing of “Specialty Clinics” as defined by the agreement
2. Report, by CPT code by department, for the past three (3) years indicating the quantity of procedures performed and the associated dollar amounts charged and received

Appendix 2 – Monitor’s Scope of Work

Overview

Portage Health, Inc. and Copper County Apothecaries, Inc. (collectively, “Portage”), LifePoint Holdings 2, LLC (“LifePoint”), and Portage Holding Company, LLC (“Joint Venture”) entered into a Contribution Agreement dated as of August 2, 2013 (“Contribution Agreement”), pursuant to which Portage is contributing substantially all of its assets, and Lifepoint is contributing immediately available funds, to the Joint Venture. The Attorney General requires appropriate monitoring, reporting, and enforcement of certain Post-Closing Covenants set forth in the Contribution Agreement. The parties have agreed to retain Stout Risius Ross, Inc. as the independent Monitor (“Monitor”). As outlined in the Monitoring, Compliance, and Enforcement Agreement, the Monitor is required to issue an annual report for a period of ten (10) years, commencing with the first report on April 30, 2015 and by April 30 of each of the subsequent nine (9) years.

The following details the scope of work expected to be carried out by the Monitor.

Monitor’s Mandate and Scope of Expected Work

As discussed above, and in more detail below, the Monitor has been asked to monitor and report on certain Post-Closing Covenants set forth in the Contribution Agreement. Those provisions include the following:

- Section 9.9 – Indigent Care
 - For purposes of the Monitor’s fee, the Monitor’s analysis of Indigent Care is limited to an analysis and conclusion as to Buyer’s adherence to the Hospital’s existing policies for the treatment of indigent patients subject to the current laws, rules, and regulations that exist as of the date of this contract. Should such laws, rules, and regulations be significantly changed subsequent to the date of this contract thereby expanding the Monitor’s scope of work, Monitor, LifePoint, and the Attorney General will negotiate in good faith a revision to the Monitor’s fee.
- Section 9.10 – Capital Commitment
- Section 9.12 – Continuation of Services
- Section 9.16 – Restrictions on Sale of the Hospital
- Section 9.17 – Cardiology Services
- Section 9.18 – Psychiatric Services

Each of the Post-Closing Covenants is subject to revision that is permitted by and in accordance with the Contribution Agreement. In order to monitor and report on compliance with the Post-Closing Covenants discussed above, certain documents are requested by the Monitor, as outlined in **Appendix 1**. The documents requested in **Appendix 1** are required to be provided by the Joint Venture by February 15 of each year. In addition, the Joint Venture will submit an annual written report (“Annual Report”) to the Attorney General and the Monitor, on the status of each of the Post-Closing Covenants, on February 15 of each year.

Commencing on April 30, 2015, and by April 30 of each of the subsequent nine (9) years, the Monitor will issue to both the Attorney General and Joint Venture a written report (the “Monitor Report”) either confirming that Joint Venture has satisfied each Post-Closing Covenant as of December 31 of the year to which the Monitor Report applies or specifying each event of Non-Compliance with any Post-Closing Covenant as of December 31 of the year to which the Monitor Report applies.

In preparation of the Monitor Report, the Monitor expects to:

- Conduct meetings and interviews with the Joint Venture’s and Portage’s employees (potentially on-site / to be agreed upon mutually by the Monitor and both the Joint Venture and the Attorney General in each annual period);
- Accept input, if any, from the Portage Health Foundation or its successor;
- Review the Joint Venture’s files, books, and records utilized to prepare its Annual Report;
- Review the Joint Venture’s Annual Report;
- Conduct analyses, including financial analyses, of the documents received related to **Appendix 1**; and
- Prepare an annual Monitor Report.

The Monitor expects to perform the majority of their procedures between the time period of February 15 and March 31 each year to minimize disruption to the Joint Venture’s operations. After conducting the Monitor’s procedures, the Monitor will submit a draft Monitor Report to the Joint Venture at least thirty (30) days prior to the annual Monitor Report date of April 30 for the Joint Venture to respond with any confidential or inaccuracy objections they may have.

The Monitor outlines the following preliminary schedule for the completion of the initial review:

- August 2, 2013 – Contribution Agreement is signed
- November 4, 2013 – Initial Call with Joint Venture to understand documents
- February 15, 2015 – Initial Annual Report from Joint Venture and Appendix 1 documents received by the Monitor
- February 15-March 31, 2015 – Monitor’s Scope of Work Performed
- March 31, 2015 – Draft Report submitted to Joint Venture
- April 30, 2015 – Initial Monitor Report submitted to Joint Venture and Attorney General