

PROTECTION OF CHARITABLE ASSETS AGREEMENT

This Agreement is effective upon execution, by and between the Michigan Department of Attorney General (“Attorney General”) and Portage Health Foundation, a Michigan nonprofit corporation (“Foundation”).

RECITALS

A. Portage Health Inc. a Michigan nonprofit corporation (“Portage”), Copper Country Apothecaries, Inc., a Michigan corporation (“CCA”), Portage Health Home Services, Inc., a Michigan nonprofit corporation (“PHH”), and Portage Health Resources, Inc., a Michigan nonprofit corporation (“PHR”) (Portage, CCA, PHH and PHR are referred to collectively as “Sellers”), LifePoint Holdings 2, LLC, a Delaware limited liability company (“LifePoint Sub”) and Portage Holding Company, LLC, a Delaware limited liability company (“Joint Venture”) are parties to a Contribution Agreement, dated August 2, 2013 (the “Contribution Agreement”) pursuant to which the Joint Venture will acquire the assets of Sellers and operate a community hospital (the “Transaction”).

B. The Foundation is an independent Michigan nonprofit directorship corporation, formerly controlled by Portage by virtue of Portage appointing the Foundation’s board of directors.

C. As part of the Transaction, certain funds will be transferred to the Foundation to be used to further the charitable purposes of the Foundation.

D. Section 7.3 of the Contribution Agreement requires the Attorney General to approve or not object to the Transaction as a condition precedent to the Closing of the Transaction.

E. In order to protect and ensure proper disposition of the charitable assets that will be transferred by Seller to the Foundation, the Attorney General requires special assurances from the Foundation as set forth in this Agreement.

For and in consideration of the premises, agreements, covenants and representations set forth herein and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree to the following:

TERMS

I. Defined Terms

All capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings set forth in the Purchase Agreement.

CCA: Copper Country Apothecaries, Inc., a Michigan corporation.

Contribution Agreement: Contribution Agreement by and between Sellers, LifePoint Sub, and Joint Venture dated August 2, 2013.

Foundation: Portage Health Foundation, a Michigan nonprofit corporation exempt from federal income tax as a Section 501(c)(3) organization.

Joint Venture: Portage Holding Company, LLC, a Delaware limited liability company.

LifePoint Sub: LifePoint Holdings 2, LLC, a Delaware limited liability company.

PHH: Portage Health Home Services, Inc., a Michigan nonprofit corporation.

PHR: Portage Health Resources, Inc., a Michigan nonprofit corporation.

Portage: Portage Hospital, Inc., a Michigan nonprofit corporation.

Transaction: The acquisition of assets by the Joint Venture of substantially all of Sellers' assets pursuant to the terms and conditions of the Contribution Agreement.

Transferred Assets: All charitable assets transferred to the Foundation by Sellers under the Charitable Donation Agreement executed by and between Foundation and Sellers of even date herewith and any distributions received by the Foundation from the Joint Venture in connection with Foundation's membership interest therein.

II. **Attorney General Approval of Amendment to Foundation Organizational Documents**

A. The Attorney General acknowledges that it has received and approved the restated Articles of Incorporation and restated Bylaws of the Foundation as currently in effect.

B. Foundation agrees that it will submit to the Attorney General for its review and approval, any proposed amendment to or restatement of the Foundation's Articles of Incorporation or Bylaws which changes the purposes of the Foundation or in any way adversely affects the administration of the Transferred Assets.

III. **Foundation Covenants**

A. The Foundation will maintain a conflict of interest policy governing its directors, officers and key employees.

B. The Foundation agrees that it will use any donor-restricted funds solely for the purpose(s) designated or approved by the donor.

C. Within three days prior to Closing, senior management of the Foundation must attest in writing that no member of the Foundation's Board of Directors or officers will receive any increase in salary, incentive payment or bonus, or other form of compensation from Buyer or any affiliate of Buyer in return for negotiating, supporting, or entering into the Contribution Agreement or any related agreement, promise or offer.

D. The Attorney General may appoint one member to the Foundation's Board of Directors (the "Attorney General Designee"). The Attorney General Designee's term shall begin upon appointment and shall continue until such time as he or she resigns or is removed by the sitting Attorney General. In the event of a vacancy in the Attorney General Designee position, the vacancy shall not be filled except by appointment of the sitting Attorney General.

IV. **Transfer of the Transferred Assets**

A. After the Closing Date, the Foundation agrees not to transfer the Transferred Assets without prior approval of the Attorney General, except as follows:

1. To make grants, scholarships, donations, program or mission related investments and other similar expenditures in furtherance of the Foundation's charitable healthcare-related purposes;
2. To make payments in the ordinary course of business in order to satisfy the operating and administrative expenses of the Foundation, including without limitation:
 - a. payroll and benefits;
 - b. office and occupancy expenses;
 - c. supplies and office furnishings;
 - d. information technology expenses;
 - e. fundraising expenses; and
 - f. professional services.

B. The Attorney General acknowledges and agrees that the Foundation may make any required payments to any State, Federal or local government in the ordinary course of business.

C. The Attorney General acknowledges and agrees that the Foundation shall not be subject to any restriction or approval of the Attorney General with respect to any funds or assets held by the Foundation prior to the Closing Date ("Pre-Closing Foundation Assets"), or funds or assets received after the Closing Date, unless such funds or assets received after the Closing Date are received as a result of the Foundation's membership interest in Joint Venture ("Post-Closing Foundation Assets"), except as set forth in Section XIV hereof. The Attorney General acknowledges and agrees that the Pre-Closing Foundation Assets and Post-Closing Foundation Assets are not covered by the terms of this Agreement.

V. **Order of Michigan Court Replaces Unreasonably Withheld Attorney General Approval**

In the event the Foundation believes in good faith that the Attorney General has unreasonably withheld written approval of an action under Sections II B or IV A above, the Foundation may seek an order from a Michigan court of competent jurisdiction permitting the action. The Foundation shall provide the Attorney General with twenty-one (21) days written notice prior to any hearing and shall provide the court with a copy of this Agreement with any pleadings.

VI. **Notice**

A. To the Attorney General

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
Attn: 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
Charitable Trust Section
Attn: Charitable Trust Section Attorney – Time Sensitive
P.O. Box 30213
Lansing, MI 48909

B. To the Foundation

All written notices to the Foundation under this Agreement must be addressed to:

Portage Health Foundation
500 Campus Drive
Hancock, MI 49930

And Clark Hill PLC
500 Woodward Avenue, Suite 3500
Detroit, MI 48226

Attention: Duane L. Tarnacki

or at such other address as the Foundation shall have designated by notice in writing given in the manner set forth above to the Attorney General.

VII. **Remedies**

The Foundation recognizes that monetary damages will be inadequate for breach of the obligations contained in 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 Agreement, without the requirement to post any bond in connection therewith.

VIII. **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 Agreement; (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.

IX. **Amendment**

This Agreement may be amended only by a writing executed by authorized representatives of the Attorney General and the Foundation.

X. **Waiver**

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

XI. **Execution**

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

XII. **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, his designee, agents or employees, or against any other party to this Agreement for any matter whatsoever arising out of the Agreement, in any courts other than a court of competent jurisdiction of the State of Michigan. In addition to each party consenting to the jurisdiction of Michigan courts, each party waives any objection to venue laid therein and any defense or inconvenient forum regarding the maintenance of any action or proceeding so brought.

XIII. Entire Agreement

This Agreement, together with other written contracts related to the Transaction and to which the Attorney General and the Foundation are parties, 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.

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

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

XV. Authority to Bind Principal

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

[Signature page follows].

In Witness Whereof, a designee of the Attorney General and a duly authorized representative of the Foundation have executed this Agreement as of the day and year first above written.

Michigan Department Of Attorney General

Dated: _____

Bill Schuette, Attorney General or designee

Portage Health Foundation

Dated: _____

Lennon Mattila Hughes, Chairperson