

ASSET PURCHASE AGREEMENT
BY AND AMONG
FLOYD MEMORIAL HOSPITAL AND HEALTH SERVICES,
FLOYD MEMORIAL MEDICAL GROUP, LLC,
FMMG, LLC,
FMMG PAIN MGMT., LLC,
FMMG HARRISON FAMILY MEDICINE, LLC,
THE BOARD OF COMMISSIONERS OF THE COUNTY OF FLOYD,
THE FLOYD COUNTY COUNCIL,
AND
BAPTIST HEALTHCARE SYSTEM, INC.

Dated as of June 29, 2016

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is made and entered into as of June 29, 2016 by and among Floyd Memorial Hospital and Health Services, an Indiana county hospital ("FMHHS"), Floyd Memorial Medical Group, LLC, an Indiana limited liability company ("Medical Group"), FMMG, LLC, an Indiana limited liability company ("FMMG"), FMMG Pain Mgmt., LLC ("FMMG Pain Mgmt"), an Indiana limited liability company, FMMG Harrison Family Medicine, LLC, an Indiana limited liability company ("FMMG Harrison" and, collectively with FMHHS, FMMG, Medical Group, FMMG Pain Mgmt, the "Transferor"), the Board of Commissioners of the County of Floyd ("Board of Commissioners"), the Floyd County Council, on behalf of Floyd County, Indiana ("County Council"), and Baptist Healthcare System, Inc., a Kentucky, non-profit corporation ("Baptist" or "Transferee").

WHEREAS, Transferor owns and operates the Facilities (as defined herein); and

WHEREAS, Transferor has determined that the community, the Facilities and other Transferred Assets (as defined herein) can best be provided with hospital and other health care services by transferring the Facilities and Transferred Assets to Transferee, subject, however, to a prior public hearing and action by the Board of Commissioners, the County Council, and the Transferor's Board of Trustees authorizing such transfer in order to provide for the continuous operation of a general acute care hospital and related facilities in and around Floyd County, Indiana; and

WHEREAS, in reliance upon the representations, warranties and covenants of Transferor set forth herein, Transferee desires to acquire the Facilities and other Transferred Assets from Transferor, and assume, and hold Transferor and Floyd County harmless from, liabilities of the Transferor associated with the Facilities and Transferred Assets as of the Closing Date (defined herein), all as more fully set forth herein; and

WHEREAS, the Parties agree that the affiliation described herein will be based upon the following tenets:

- continuing to operate an acute care hospital and other health care facilities in and around Floyd County to serve Floyd County residents and other residents of Southern Indiana;
- continuing to maintain local governance, as provided in Section 10.11 herein;
- continuing to provide for physician involvement in decision-making;
- continuing improvement in the quality and value of health care services;
- providing high quality health care services regardless of a patient's ability to pay; and
- shared vision and values, including community service, charity care and health status improvement.

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. DEFINITIONS

1.1 Definitions.

As used herein the terms below shall have the following meanings:

"**Affiliate**" means, as to the Person in question, any Person that directly or indirectly controls, is controlled by, or is under common control with, the Person in question and any successors or assigns of such Person; and the term "control" means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person whether through ownership of voting securities, by contract or otherwise. The Joint Ventures are not Affiliates.

"**Agreement**" means this Agreement as amended or supplemented together with all Exhibits and Schedules attached or delivered with respect hereto or expressly incorporated herein by reference.

"**Appraiser**" as referenced in Section 2.6 means BKD LLP, or such other independent and qualified healthcare valuation and/or investment banking firm mutually agreeable to Transferor and Transferee.

"**Approval**" means any approval, authorization, consent, notice, qualification or registration, or any extension, modification, amendment or waiver of any of the foregoing, of or from, or any notice, statement, filing or other communication to be filed with or delivered to, any Governmental Entity or any other Person.

"**Assignment of Leases and Contracts**" means the Assignment of Leases and Contracts attached hereto as Exhibit A.

"**Assumed Contracts**" has the meaning set forth in Section 2.1.

"**Assumed Liabilities**" has the meaning set forth in Section 2.3.

"**Assumption Agreement**" means the Assumption Agreement attached hereto as Exhibit B.

"**Balance Sheet Date**" means December 31, 2015.

"**Basket**" has the meaning set forth in Section 11.2.

"**Capital Commitment**" has the meaning set forth in Section 10.10.

"Capital Expenditure" means expenditures made to acquire or extend the useful life of an asset, including, but not limited to: (i) property, (ii) plant, (iii) equipment, (iv) information technology and related development and implementation costs, (v) equity investment in the Joint Ventures and new legal entities, (vi) development and start-up costs for new service lines or business units, (vii) capital leases, (viii) operating leases with a net present value of more than \$250,000 using a minimum term that is equivalent to the useful life of the leased asset; or (ix) capital assets in which the expense is recognized over time in accordance with GAAP.

"Claims Notice" has the meaning set forth in Section 11.6(a).

"Closing" has the meaning set forth in Section 3.1.

"Closing Asset Value" has the meaning set forth in Section 2.6(a).

"Closing Date" has the meaning set forth in Section 3.1.

"CMS" means the Centers for Medicare and Medicaid Services, an agency of the U.S. Department of Health & Human Services.

"COBRA" means Section 10003 of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, as codified in the Public Health Service Act 42 U.S.C. §300bb-1 through 300bb-8.

"Code" means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

"Competing Business" has the meaning set forth in Section 10.8.

"Confidential Information" means all information of any kind concerning Transferor, obtained directly or indirectly from Transferor, in connection with the transactions contemplated by this Agreement except information (i) ascertainable or obtained from public or published meetings, information or records, (ii) received from a third party not known by Transferee to be under an obligation to Transferor to keep such information confidential, (iii) which is or becomes known to the public (other than through a breach of this Agreement), or (iv) which was in Transferee's possession prior to disclosure thereof to Transferee in connection herewith.

"Continuation of Coverage Beneficiaries" has the meaning set forth in Section 9.3(d).

"Core Services" has the meaning set forth in Section 10.12.

"County" means Floyd County, Indiana.

"Debt Instruments" has the meaning set forth in Section 7.8.

"Effective Time" means 12:01A.M. Eastern Standard Time on the day immediately following the Closing Date.

"Employee" means individuals employed by Transferor immediately prior to Closing and hired by Transferee at Closing Date.

"Encumbrance" means any claim, charge, easement, encumbrance, encroachment, security interest, mortgage, lien, pledge or restriction, whether imposed by agreement, understanding, Law, equity or otherwise.

"Environmental Condition" means any event, circumstance or conditions related in any manner whatsoever to (i) the current or past presence or spill, emission, discharge, disposal, release or threatened release of any hazardous, infectious or toxic substance or waste (as defined by any applicable Environmental Laws) or any chemicals, pollutants, petroleum, petroleum products or oil ("Hazardous Materials"), into the environment; or (ii) the on-site or off-site treatment, storage, disposal or other handling of any Hazardous Material originating on or from the Real Property; or (iii) the placement of structures or materials into waters of the United States; or (iv) the presence of any Hazardous Substance in any building, structure or workplace or on any portion of the Real Property; or (v) any violation of Environmental Laws at or on any part of the Real Property or arising from the activities of Transferor or any Transferor Entity at the Facilities involving Hazardous Materials.

"Environmental Laws" means all applicable Laws relating to pollution or the environment, including the Comprehensive Environmental Recovery, Compensation, and Liability Act, as amended, 42 U.S.C. § 9601, *et seq.*; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 9601, *et seq.*, the Clean Air Act, 42 U.S.C. § 7401, the Occupational Safety and Health Act, 29 U.S.C. § 600, *et seq.* ("OSHA"), and all other laws and regulations relating to emissions, discharges, releases, or threatened releases of pollutants, contaminants, chemicals, pesticides, or industrial, infectious, toxic or hazardous substances or wastes into the environment (including ambient air, surface water, groundwater, land surface or subsurface strata) or otherwise relating to the processing, generation, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, chemicals, or industrial, infectious, toxic, or hazardous substances or wastes.

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

"Escrow Agent" shall mean Wells Fargo Bank, National Association.

"Escrow Account" has the meaning set forth in Section 2.5(d).

"Escrow Agreement" has the meaning set forth in Section 2.5(d).

"Excluded Assets" has the meaning set forth in Section 2.2.

"Excluded Contracts" means those contracts, agreements and leases, in each case as amended to date, as set forth in Schedule 2.4.

"Excluded Liabilities" has the meaning set forth in Section 2.4.

"Facilities" means the hospital, medical office building, clinics and other health care facilities owned by Transferor and set forth on Schedule 1.1A.

"Failure to Close Escrow Account" has the meaning set forth in Section 10.4.

"Failure to Close Escrow Agreement" has the meaning set forth in Section 10.4.

"Failure to Close Escrow Amount" means the amount of Thirty Million Dollars (\$30,000,000) to be placed by Transferee into the Failure to Close Escrow Account.

"Funding Date" means September 1, 2016 or such other date as mutually agreed by the Transferor and Transferee.

"Furniture and Equipment" means all equipment (including movable equipment), vehicles, furniture or furnishings reflected in the Reference Balance Sheet or acquired since the Balance Sheet Date that are held or used by Transferor or any Transferor Entity in or ancillary to the business or operation of the Facilities (other than Excluded Assets), including all such equipment, vehicles, furniture or furnishings that have been fully depreciated for accounting purposes, together with any warranties, guarantees or other rights of recourse granted by any manufacturer, vendor, supplier, maintenance company or other person or entity with respect to the Furniture and Equipment.

"GAAP" means United States generally accepted accounting principles and practices as in effect from time to time.

"General Bill of Sale and Assignment" means the General Bill of Sale and Assignment attached hereto as Exhibit C.

"Government Patient Receivables" has the meaning set forth in Section 2.1.

"Government Programs" has the meaning set forth in Section 4.10.

"Governmental Entity" means any government or any political subdivision, agency, bureau, board, directorate, commission, council, court, department, official, tribunal or other instrumentality of any government, whether federal, state or local, domestic or foreign.

"Hazardous Materials" has the meaning set forth in the definition of Environmental Condition.

"Health Department Leasing Arrangement" has the meaning set forth in Section 10.12(c).

"Historical Financial Information" has the meaning set forth in Section 4.7.

"Hospital" means Floyd Memorial Hospital and Health Services, an Indiana county hospital governed, managed and operated by FMHHS prior to Closing.

"Hospital Administrative Board" has the meaning set forth in Section 10.11.

"Hospital Foundation" means Floyd Memorial Foundation, Inc., an Indiana non-profit corporation.

"Hospital Service Area" means the geographic boundaries of the following counties in Indiana: Floyd County, Clark County, Crawford County, Harrison County, Scott County and Washington County.

"Immaterial Contracts" means Assumed Contracts that are not Material Assumed Contracts.

"Immigration Act" means the Immigration Reform and Control Act of 1986.

"Indemnified Parties" has the meaning set forth in Section 11.3.

"Initial Asset Value" has the meaning set forth in Section 2.6(a).

"Intellectual Property" means, to the extent held or used in or ancillary to the business or operation of the Facilities, patents, trademarks, trade names, service marks, copyrights and any applications therefor, mask works, net lists, domain names, web sites, email addresses, telephone numbers, schematics, technology, know-how, trade secrets, ideas, algorithms, processes, computer software programs and applications (in both source code and object code form), and tangible or intangible proprietary information or material, except as set forth on Schedule 1.1B.

"Inventory" means all inventory and supplies held or used in the business or operation of the Facilities.

"Joint Ventures" means Northgate Surgery Center, LLC, Northgate Medical Imaging, LLC and Southern Indiana Rehabilitation Hospital, collectively.

"Law" means any constitutional provision, statute, regulation, rule, ordinance, order or other law or interpretation of any Governmental Entity.

"Leased Real Property" means all real property leased or subleased by Transferor and described on Schedule 1.1C hereto.

"Leases" means all Owned Real Property Leases and Transferor Occupied Leases.

"Limit" has the meaning set forth in Section 11.2.

"Losses" has the meaning set forth in Section 11.1.

"Material Adverse Effect" "Material Adverse Effect" shall mean, when used with respect to the Transferor, any change, event, circumstance or effect that, individually, has a materially adverse effect upon the Business, assets, financial condition, or results of operations of the Transferor taken as a whole; provided, however, that no event, occurrence, fact, condition or change, directly or indirectly arising out of or attributable to the following shall be deemed to constitute, and none of the following shall be taken into account in determining whether there has been, a Material Adverse Effect: (a) any adverse change, event, development or effect arising from or relating to (i) general business or economic conditions, including such conditions related to the business of the Transferor, (ii) national or international political or social conditions,

including the engagement by the United States in hostilities, whether or not pursuant to the declaration of a national emergency or war or the occurrence of any military or terrorist attack upon the United States, or any of its territories, possessions, or diplomatic or consular offices or upon any military installation, equipment or personnel of the United States, (iii) financial, banking or securities markets (including any disruption thereof and any decline in the price of any security or any market index), (iv) changes in applicable Laws or accounting rules (including GAAP) or the enforcement, implementation or interpretation thereof, (v) changes in law, rules, regulations, orders, or other binding directives issued by any governmental entity, (vi) the taking of any action contemplated by this Agreement and the other agreements contemplated hereby, (vii) any "act of God," including, but not limited to, weather, natural disasters and earthquakes, (viii) any failure by the Transferor to meet its internal financial projections or (ix) changes resulting from the announcement of the execution of this Agreement or the transactions contemplated hereunder including losses or threatened losses of employees, patients, suppliers, distributors or others having relationships with the Transferor; (b) any existing event, occurrence or circumstance with respect to which Transferee or any of its directors, officers, consultants, accountants or legal counsel has knowledge as of the date hereof, and (c) any adverse change in effect on, or development with respect to, the business of the Transferor which is cured by the Transferor prior to the earlier of (x) the Closing and (y) the date on which this Agreement is terminated pursuant to Section 10.2 hereof.

"Material Assumed Contracts" means Assumed Contracts that are (i) contracts with certain physicians, physician groups and other healthcare providers (as set forth on Schedule 1.1D), (ii) contracts with the Hospital's top five third party payors (that are either assumed or replaced to the reasonable satisfaction of the Transferee), (iii) contracts for construction in progress, (iv) contracts, agreements or leases which require an annual expenditure by Transferor in excess of \$300,000, in each case to which Transferor is a party and that require the consent of a third party for the assignment of such Assumed Contracts, to, and the assumption of such Assumed Contracts, by Transferee, and in each case, described on Schedule 1.1D.

"Medicaid" has the meaning set forth in Section 4.10.

"Medicare" has the meaning set forth in Section 4.10.

"Nursing Homes" has the meaning set forth in Section 2.1.

"OSHA" has the meaning set forth in the definition of Environmental Laws.

"Owned Real Property" means all real property owned by Transferor and held or used in the business or operation of the Facilities and, in each case, described on Schedule 1.1E.

"Owned Real Property Leases" means all Leases in which Transferor is a lessor.

"Payable Tax Items" has the meaning set forth in Section 4.19.

"Pension Plan" means the Floyd Memorial Hospital Retirement Plan.

"Permit" means any license, permit or certificate of need required to be issued by any Governmental Entity.

"Permitted Encumbrances" means, (i) with respect to Leased Real Property, Encumbrances which encumber the fee interest in such property, (ii) any lien for taxes not yet due and payable, (iii) any lease obligations assumed in writing by Transferee, (iv) easements, rights of way, covenants, and other restrictions of record, (v) any Encumbrances that do not materially interfere with the operations of the Transferred Assets in a manner consistent with the current use by Transferor, (vi) any Encumbrances that Transferor has indicated will not be cured as provided in Section 7.4 hereof and as to which Transferee has nevertheless elected to proceed to close, (vii) all matters that would be disclosed on an accurate survey, and (viii) all zoning, building and other governmental restrictions and regulations.

"Person" means an association, a corporation, a limited liability company, an individual, partnership, a limited liability partnership, a trust or any other entity or organization, including a Governmental Entity.

"Plan of Finance" means the plan undertaken by Transferor and Transferee for Transferee to fund the assignment, defeasance or refinancing of the Debt Instruments before or at Closing.

"Plans" has the meaning set forth in Section 4.16.

"Pre-Closing" has the meaning set forth in Section 3.1.

"Prepaid Expenses" has the meaning set forth in Section 2.1.

"Proceeding" has the meaning set forth in Section 11.5.

"PTO" shall mean accrued paid time off or leave for Employees as of the Closing Date.

"Purchase Price" has the meaning set forth in Section 2.5.

"Real Property" means the Owned Real Property and the Leased Real Property.

"Reference Balance Sheet" has the meaning set forth in Section 4.7.

"Related Agreements" mean the Escrow Agreement, the Failure to Close Escrow Agreement, the Transition Services Agreement, the Assumption Agreement, the Assignment of Leases and Contracts, the Transferor Representative Agreement and the Non-Competition Agreement.

"Returns" has the meaning set forth in Section 4.19.

"Terminated Plans" means the Plans that will be terminated at or prior to Closing, as set forth on Schedule 9.3(e)(1), whereby Transferor will remain the sponsor and administrator.

"Territory" has the meaning set forth in Section 10.8(a).

"Title Company" has the meaning set forth in Section 6.10.

"Transferee" has the meaning set forth in the Preamble hereto.

"Transferee Indemnified Party" has the meaning set forth in Section 11.1.

"Transferee Indemnitor" has the meaning set forth in Section 11.1.

"Transferor" has the meaning set forth in the Preamble hereto.

"Transferor Medical Groups" means FMMG, LLC, Medical Group, FMMG Pain Mgmt and FMMG Harrison, with each individually referred to as a Transferor Medical Group.

"Transferor Cost Reports" has the meaning set forth in Section 9.2.

"Transferor Indemnified Party" has the meaning set forth in Section 11.3.

"Transferor's knowledge" or any other reference to the knowledge of Transferor means (a) the current knowledge of the Chief Executive Officer, the Chief Financial Officer, the Chief Nursing Officer, Vice President of Operations, the Compliance Officer and Vice President of Human Resources and Development of FMHHS and not to any other persons or entities, and (b) shall mean the actual knowledge of such individual, including such knowledge that should be obtained after reasonable inquiry and investigation of the subject matter in the individual's specific area of responsibility.

"Transferor Occupied Leases" means all Leases of the Leased Real Property where Transferor is the tenant.

"Transferor Representative" has the meaning set forth in Section 12.17.

"Transferred Assets" has the meaning set forth in Section 2.1.

"Transition Patient" has the meaning set forth in Section 9.1.

"Transition Services" has the meaning set forth in Section 9.1.

"TRICARE" means the health care program of the United States Department of Defense Military Health System.

1.2 Interpretation.

In this Agreement, unless the context otherwise requires:

- (a) references to this Agreement are references to this Agreement and to the Exhibits and Schedules (as hereinafter defined);
- (b) references to Sections are references to sections of this Agreement;
- (c) references to any party to this Agreement shall include references to its respective successors and permitted assigns;
- (d) references to a judgment shall include references to any order, writ, injunction, decree, determination or award of any court or tribunal;

- (e) the terms "hereof," "herein," "hereby," and derivative or similar words will refer to this entire Agreement;
- (f) references to any document (including this Agreement) are references to that document as amended, consolidated, supplemented, novated or replaced by the parties from time to time;
- (g) unless the context requires otherwise, references to any Law are references to that Law as of the Closing Date, and shall also refer to all rules and regulations promulgated thereunder;
- (h) the word "including" means including without limitation;
- (i) references to time are references to Eastern Standard or Daylight time (as in effect on the applicable day) unless otherwise specified herein;
- (j) the gender of all words herein include the masculine, feminine and neuter, and the number of all words herein include the singular and plural;
- (k) provisions of this Agreement shall be interpreted in such a manner so as not to inequitably benefit or burden any party through "double counting" of assets or liabilities or failing to recognize benefits that may result from any matters that impose losses or burdens on any party, including in connection with the determination of Net Working Capital and the calculation of losses on casualty claims; and
- (l) the terms "date hereof," "date of this Agreement" and similar terms mean June 29, 2016.

2. SALE OF ASSETS AND CERTAIN RELATED MATTERS.

2.1 Sale of Transferred Assets.

Subject to the terms and conditions of this Agreement, Transferor agrees to sell, convey, transfer and deliver to Transferee and Transferee agrees to purchase at Closing, all assets of every description, whether real, personal or mixed, tangible or intangible, other than the Excluded Assets, owned or leased by the Transferor on the Closing Date and held or used in the ownership, business or operation of the Facilities, including the following items (collectively, the "Transferred Assets"): (i) all cash, checking and savings accounts, investments, debt service reserve funds, restricted investments for the benefit of the Facilities, grants and grants receivable, (ii) fee simple title to the Owned Real Property, (iii) leasehold title to the Leased Real Property, (iv) all Furniture and Equipment, (v) all Inventory, (vi) assumable prepaid expenses, prepaid debts, claims for refunds and rights to offset in respect thereof (collectively, "Prepaid Expenses"), (vii) to the extent assignable under applicable Law, all financial, patient and medical staff records held or used in the business or operation of the Facilities, (viii) all of the interest of the Transferor in all commitments, contracts, leases and agreements outstanding in respect of the Transferred Assets, other than the Excluded Contracts (collectively, the "Assumed Contracts"), (ix) all Permits and Approvals, including national provider identifiers ("NPIs") and provider numbers, issued or granted by Governmental Entities to the extent assignable that relate to the ownership, development and business or operation of the Transferred Assets, (x) all Intellectual Property rights and goodwill in and to the Transferred Assets and operations, (xi) to the extent assignable, all computers and other data processing equipment held or used primarily in the

business or operation of the Facilities, (xii) to the extent assignable, all policies of insurance and rights to unpaid insurance proceeds and to premium refunds of policies that are not assignable or are assigned to and cancelled by Transferee, (xiii) notes receivable and accounts receivable generated in connection with the business or operation of the Facilities through the Closing (other than Government Patient Receivables), including any such accounts receivable that have been charged off as bad debts, (xiv) the right to receive, consistent with Section 9.1, an amount equal to the value of all accounts receivable arising from the rendering of services and provision of medicine, drugs and supplies to patients at the Facilities through the Closing and relating to Medicare, Medicaid and other third party patient claims of Transferor due from beneficiaries or governmental third party payors ("Government Patient Receivables"), (xv) rights to settlement and retroactive adjustments, if any, for open cost reporting periods ending on or prior to the Closing Date (whether open or closed) arising from or against the U.S. Government under the terms of the Medicare program, or TRICARE and against any applicable state under its Medicaid program and against any third-party payor programs that settle on a cost report basis ("Agency Receivables"), (xvi) the rights to all refunds that may be received by Transferor or the Hospital subsequent to Closing under the CMS Recovery Audit Program, provider appeals, provider settlements and other third party payor audit or recovery programs, (xvii) all payments due to Transferor under the Disproportionate Share Hospital Program (DSH), the Upper Payment Limit Program (UPL), and the Hospital Assessment Fee and Indiana Health Coverage Programs, (xviii) all applicable payments received by Diversicare of Providence and Lincoln Hills Health Center ("Nursing Homes") subsequent to Closing related to applicable periods prior to Closing including, but not limited to, reimbursement of services under the applicable Management Agreements with the Nursing Homes and payments received under the Nursing Facility Non-State Governmental Owned or Operated Upper Payment Limit Program of the Indiana Medicaid program (otherwise known as the nursing home IGT program), (xix) all payments due to Transferor or the Hospital subsequent to Closing under the Medicare and Medicaid EHR Incentive Programs or similar programs related to the achievement of "meaningful use," (xx) to the extent transferable, all warranties, guarantees, and restrictive covenants directly or indirectly in favor of Transferor, (xxi) the bank accounts listed on Schedule 2.1(xx), (xxii) the claims of Transferor against third parties related to the Transferred Assets, (xxiii) to the extent assignable, copies of the personnel files and employment records of each Employee (as hereinafter defined), (xxiv) any rights of Transferor in connection with the assets of any of the Plans or any other amounts held in relation to any of the Plans, whether held by Transferor, a trustee, an insurance company, a third-party administrator, or otherwise, including any participant contributions, (xxv) the membership interests in FMMG and FMMG Harrison, (xxvi) the membership interests in Northgate Medical Imaging, LLC and Northgate Surgery Center, LLC, (xxvii) all interests in Southern Indiana Rehabilitation Hospital, and (xxviii) to the extent not included in any of the foregoing, (A) any assets reflected on the Reference Balance Sheet, except for assets used, consumed or disposed of in the ordinary course of business since the Balance Sheet Date, and (B) any assets purchased or otherwise acquired since the Balance Sheet Date which are not reflected on the Reference Balance Sheet but which are held or used primarily in the business or operation of the Facilities. Transferor or its designee will need access to records as necessary at no expense. Transferor shall be permitted, at its expense and as permitted under applicable Law, to retain copies of all records that it reasonably determines may be required by Transferor in the future. Transferor shall assign and convey good and marketable title to the Transferred Assets

and all parts thereof to Transferee free and clear of all Encumbrances, except for Permitted Encumbrances.

2.2 Excluded Assets.

Notwithstanding anything herein to the contrary, the following assets are not intended by the parties to be a part of the sale and purchase contemplated hereunder and are excluded from the Transferred Assets (the "Excluded Assets"): (i) any records which by Law the Transferor is required to retain in its possession, provided that Transferee may, at its expense, and to the extent permitted by Law, retain copies of such records, (ii) all assets disposed of or exhausted prior to Closing in the ordinary course of business, including Inventory, prepaid expenses and Furniture and Equipment, (iii) copies of all meeting minutes and governance records of Transferor, provided that Transferee may, at its expense, and to the extent permitted by Law, retain copies of any such minutes and records (iv) the Excluded Liabilities and the Excluded Contracts, if any, (v) Transferor's contribution to or sponsorship, administration or operation of any of the Terminated Plans and all related assets but subject to Section 2.3(g), and (vi) Transferor's rights and obligations pursuant to this Agreement.

2.3 Assumed Liabilities.

As of Closing and except as otherwise provided in Section 2.4, Transferee agrees to assume and agrees to pay, perform and discharge when due, and to hold the Transferor, the Board of Commissioners and the County Council harmless from and against, the future payment and performance, of all liabilities and obligations of Transferor relating to the ownership, business or operation of the Facilities, including the Transferred Assets (collectively, the "Assumed Liabilities"), including, without limitation, the following:

- (a) all known and unknown obligations and liabilities accruing before or after Closing and arising out of (i) the Assumed Contracts, (ii) the Facilities and (iii) the Transferred Assets;
- (b) all current liabilities of Transferor, except for the portion of the liability related to Excluded Contracts or Excluded Liabilities;
- (c) all debt of Transferor identified on Schedule 2.3(c);
- (d) any obligation or liability accruing, arising out of, or relating to acts or omissions prior to Closing, including any acts or omissions in connection with (i) the business or operation of the Transferor Facilities, (ii) the Transferred Assets or (iii) any Medicare, Medicaid or other third-party payor programs, including recapture or recoupment of previously paid or reimbursed expenses;
- (e) any other liability, fixed or contingent, known or unknown, directly attributed to the Transferred Assets arising out of periods prior to the Closing, regardless of when discovered or asserted;
- (f) those liabilities applicable to Employees and COBRA Beneficiaries as specifically set forth in Section 9.3; and

(g) except as otherwise funded through the Escrow Account pursuant to Section 6.11(c), any obligation or liability of the Hospital, fixed or contingent, known or unknown, accruing before or after Closing and related to Transferor's role as sponsor, contributor, operator or administrator of any Terminated Plan. For the avoidance of doubt, while the parties recognize that the Transferee shall not assume sponsorship of any such Terminated Plan, it is assuming any and all liabilities of the Hospital with respect to such Terminated Plan including those that stem from the termination of such Terminated Plan pursuant to Section 6.11 herein.

2.4 Excluded Liabilities.

Notwithstanding Section 2.3 above and with the exception of Section 2.3(g), Transferor agrees that Transferee will not assume or otherwise be responsible for, and none of the Transferred Assets shall be or become liable for or subject to, the following liabilities of Transferor or its Affiliates (collectively, the "Excluded Liabilities"):

- (a) any liability or obligation of Floyd County, the Board of Commissioners, the County Council or the Hospital Foundation;
- (b) any claim against or obligation of any nature whatsoever relating to any of the Excluded Assets, except for Transferor liabilities attributed to Transferor serving as sponsor, contributor, operator or administrator of the Terminated Plans as provided in Section 2.3(g); and
- (c) any liability attributed to the fraud and/or criminal acts of Transferor.

It is understood and agreed that consistent with I.C. § 16-22-3-18, Floyd County shall not have any liability for the Excluded Liabilities or any other liability, of Transferor or Transferee, known or unknown, as of the Closing or in the future and nothing herein shall be interpreted as limiting the immunity from liability of Floyd County as set forth in I.C. 16-22-3-18.

2.5 Purchase Price and Escrow.

(a) Cash Purchase Price. Subject to the terms and conditions hereof, and as consideration for the conveyance and assignment of the Transferred Assets and Transferee's assumption of the Assumed Liabilities as herein contemplated, Transferee agrees to pay to Floyd County or its designee(s) at Closing an aggregate amount equal to One Hundred Million and 00/100 Dollars (\$100,000,000); (i) less Twenty Million and 00/100 Dollars (\$20,000,000) to be deposited by Transferee into a third-party escrow account ("Escrow Account") at Closing, (ii) less an amount necessary to satisfy Transferor's reasonable, out of pocket transaction expenses and other closing costs as identified on Schedule 2.5(a) ("Transferor's Transaction Expenses"), which are estimated to be approximately Five Million and 00/100 Dollars (\$5,000,000) (collectively, the "Cash Purchase Price"). If Transferor's Transaction Expenses exceed \$5,000,000, the excess shall be itemized and submitted in writing to Transferee and Escrow Agent within ninety (90) days after Closing to be paid out of the Escrow Account by Escrow Agent. Any Transferor's Transaction Expenses that are paid prior to Closing shall be reimbursed to Transferor out of the \$5,000,000 at Closing with such funds being available to pay for Transferor post-Closing Transferor's Transaction Expenses. The Transferor shall pay at or prior to the Closing the County's reasonable legal fees and reasonable out of pocket expenses directly related to the County's review of the transaction documents and related public meetings.

(b) Financed Purchase Price. The purchase price shall also include Sixty-One Million and 00/100 Dollars (\$61,000,000), which shall be paid by Baptist to the County, each January for ten (10) years beginning January 2017 in annual amounts of Six Million One Hundred Thousand and 00/100 Dollars (\$6,100,000) (the "Financed Purchase Price", collectively with the Cash Purchase Price, the "Purchase Price"), pursuant to the form of the promissory note attached hereto as Exhibit D (the "Note"). The interest rate on the Note shall be initially established at the date of Closing using the 10-year Treasury note rate plus 50 basis points, which rate shall be variable and adjusted as of each January 1 of the ten year term of the Note. The County shall have the right to put the entire remaining amount of the Financed Purchase Price to Baptist on or after the third (3rd) payment of the Financed Purchase Price, at any time upon one (1) year prior written notice to Baptist. Baptist shall have the right to prepay the Financed Purchase Price with no prepayment penalty at any time on or after the Closing of the Transaction. Baptist shall pay each annual payment of the Financed Purchase Price and/or any final payment of the Note, whether by its terms or subject to prepayment due to a call or put, ninety-two and 32/100 percent (92.32%) to the County and seven and 68/100 percent (7.68%) to the Hospital Foundation or another foundation as mutually agreed upon, plus interest accrued through the date of such payment (the "Healthcare Allocation"). The Financed Purchase Price shall be a senior debt obligation of Baptist *pari passu* with the outstanding debt of Baptist pursuant to Baptist's Master Trust Indenture and secured by the Note.

(c) Healthcare Allocation. It is understood and agreed that Hospital Foundation or another mutually agreed upon foundation shall use the Healthcare Allocation subject to applicable law to support community healthcare needs in the Hospital Service Area. The Healthcare Allocation shall first be payable to the County and the County agrees to forward such funds to the Hospital Foundation or another mutually agreed upon foundation. The recipient foundation of the Healthcare Allocation from the County shall, as a condition of its receipt of the Healthcare Allocation, agree in writing to (i) limit use of the Healthcare Allocation to support community healthcare needs in the Hospital Service Area, and (ii) provide Transferor Representative, Transferee and County with an annual report by January 30th describing in detail the use of the Healthcare Allocation for the prior year and any additional information that the County or Transferee may reasonably request. Such obligation shall remain in effect for at least the period of the payments under the Note.

(d) Escrow Account. The Escrow Account shall be established and held by the Escrow Agent at Closing pursuant to an agreement entered into by Transferee, Transferor, Transferor Representative and Escrow Agent in substantially the form of Exhibit E ("Escrow Agreement") to secure the indemnity obligations set forth in this Agreement of the Transferor, for payments to Transferor for Transferor's Transaction Expenses not otherwise paid at Closing and for other purposes that may be clearly specified in this Agreement for the Escrow Account. The term of the Escrow Agreement shall be for six (6) months after Closing. Upon termination of the Escrow Agreement, the balance of the Escrow Account, including all accrued interest, shall be paid by the Escrow Agent to Transferee for such purposes that may include, but not be limited to, funding the Assumed Liabilities.

2.6 Post-Closing Adjustments.

(a) The "Initial Asset Value" shall be the net asset value (as reflected on the audited balance sheet of Transferor as of the Balance Sheet Date) increased by the amount of any Pension Plan liability, Transferor's Transaction Expenses (for clarification purposes, Transferor's Transaction Expenses shall not include any payment by Transferor of County's reasonable legal fees and reasonable out of pocket expenses directly related to the County's review of the transaction documents and related public meetings), and any other liability mutually agreed, as reflected in the example set forth in Schedule 2.6(a). The Initial Asset Value shall be agreed upon by Transferor and Transferee and set forth in the Funds Flow Memorandum. The "Closing Asset Value" shall be the net asset value (as reflected on the audited balance sheet of the Transferor as of the Closing Date) increased by the amount of any Pension Plan liability or the termination of the Pension Plan, Transferor's Transaction Expenses, the satisfaction of any bond-related debt at or prior to Closing outside of the ordinary course of business and any other liability mutually agreed, as reflected in the example set forth in Schedule 2.6(a), which will be subject to the audit referenced in Section 2.6(b). The Closing Asset Value shall be agreed upon by Transferor and Transferee and set forth in the Funds Flow Memorandum.

(b) Not more than one hundred twenty (120) days after the Closing Date or such later date specified by Transferor Representative as necessary to receive the partial year audit from the Appraiser, Transferee shall deliver to Transferor Representative and County Auditor a determination of the Closing Asset Value along with reasonable documentation supporting the determination. Such Closing Asset Value determination (the "Settlement Certificate") shall be audited by the Appraiser and be based on net asset changes and be made in accordance with GAAP as if the assets and liabilities remain on the books for Transferor and consistent with Transferor's past practices and subject to the methodology used for calculating the Initial Asset Value and the Closing Asset Value set forth in Schedule 2.6(a). The Settlement Certificate shall contain reasonable detail and supporting documentation therefor.

(c) Upon the calculation of the Closing Asset Value, payments, if any, shall be made as follows: (i) to the extent that the Closing Asset Value exceeds the sum (or difference) of the Initial Asset Value due to Transferee by more than \$250,000 (such excess, the "Transferee Payment Amount"), Transferee shall, within ten (10) business days after such agreement or determination, pay in immediately available funds an amount equal to the sum of (A) the Transferee Payment Amount plus (B) interest on such amount from the Closing Date computed at an annual rate equal to the prime rate of interest, as published in The Wall Street Journal on the Closing Date plus one percent (1%) (the "Interest Rate"), to be paid half to the County and half to the Hospital Foundation; and (ii) to the extent that Initial Asset Value exceeds the sum (or difference) of Closing Asset Value due to Transferor by more than \$250,000 (such excess, the "Transferor Payment Amount"), Transferor Representative shall, within ten (10) business days after such agreement or determination, direct the Escrow Agent to pay Transferee in immediately available funds from the Escrow Account an amount equal to the sum of (C) the Transferor Payment Amount plus (D) interest on such amount from the Closing Date at the Interest Rate.

3. PRE-CLOSING AND CLOSING.

3.1 Pre-Closing and Closing.

Subject to the satisfaction or waiver by the appropriate party of all the conditions precedent to Closing specified in Articles 7 and 8 hereof, the consummation of the sale and purchase of the Transferred Assets and the other transactions contemplated by and described in this Agreement (the "Closing") shall take place at the offices of Transferee's counsel at 10:00 a.m. local time after the conditions set forth in Sections 7 and 8 have been satisfied or waived or at such other date and/or at such other location as the parties hereto may mutually designate in writing (the "Closing Date"). The parties shall use commercially reasonable efforts to cause the conditions set forth in Articles 7 and 8 to be satisfied so that the Closing will occur on **September 30, 2016**, taking effect at the Effective Time. Not less than ten (10) business days prior to the anticipated Closing Date, or at another date mutually agreed to by the Parties, the Parties will hold a pre-closing meeting (the "Pre-Closing") at which all deliveries required to be made by the Parties as a condition to Closing under this Agreement that are available as of the date of the Pre-Closing will be made; provided, however, that any and all deliveries made by the Parties at the Pre-Closing will be held in escrow by the Parties, and will not be deemed to have been delivered until the Closing Date. The Pre-Closing will be held at a location to be mutually agreed upon by the parties.

3.2 Actions of Transferor at Closing.

At the Closing and unless otherwise waived in writing by Transferee or delivered at the Pre-Closing, Transferor shall deliver or cause to be delivered to Transferee the following:

- (a) Subject only to the Permitted Encumbrances, (i) deeds containing special warranty of title, duly executed and in recordable form, conveying to Transferee fee simple title to the Owned Real Property subject only to the Permitted Encumbrances, including special warranty deed in the form of Exhibit E, executed by Transferor conveying to Transferee fee simple title to the Owned Real Property on which the Hospital and related parking is located, (ii) assignments, including any required consents for leases with an annual base rent in excess of \$100,000, duly executed assigning to Transferee leasehold or subleasehold title to any Leased Real Property; (iii) an estoppel certificate substantially in the form of Exhibit G executed by all tenants for each of the Owned Real Property Leases; and (iv) and other items as mutually agreed upon and as reflected in Schedule 3.2(a);
- (b) The General Bill of Sale and Assignment in the form of Exhibit C, duly executed by Transferor, conveying to Transferee valid title to all tangible assets which are a part of the Transferred Assets and valid title to all intangible assets which are a part of the Transferred Assets, free and clear of all Encumbrances other than the Assumed Liabilities and Permitted Encumbrances;
- (c) The Assignment of Leases and Contracts in the form of Exhibit A, duly executed by Transferor, assigning Transferor's interest in the Leases and Assumed Contracts to Transferee;
- (d) The Transition Services Agreement as defined and provided by Section 9.4, duly executed by Transferor;

- (e) The Transferor Representative Agreement in the form attached as Exhibit H (the “Transferor Representative Agreement”), executed by each of Transferor and the Transferor Group Representative;
- (f) One or more duly executed limited powers of attorney for use of the Pharmacy License, Drug Enforcement Administration and other controlled substance registration numbers and DEA order forms;
- (g) Certificates of title for each vehicle included in the Transferred Assets;
- (h) Such other documents and instruments, duly executed by Transferor, as are reasonably necessary to convey, assign, transfer and deliver the Transferred Assets to Transferee, including, without limitation, transfer instruments for bank accounts, reserve fund account, lease rental account, retirement plan accounts and all other accounts of Transferor held at financial institutions, and to satisfy the conditions precedent to Transferee's obligations hereunder;
- (i) Copies of resolutions duly adopted by each of the Transferor, the Board of Commissioners and the County Council, (i) authorizing and approving their performance of the transactions contemplated hereby and the execution and delivery of this Agreement and the documents and transactions described herein, and (ii) confirming that this Agreement and the transactions described herein and in the Related Agreements are in full compliance with the applicable provisions of I.C. § 16-22-3-18 and that all applicable requirements and conditions therein have been met, and that all with each resolution certified as true and in full force as of Closing by an appropriate officer, director, trustee or commissioner of the respective entity;
- (j) A certificate of incumbency for the officers, directors, trustees, commissioners, council members and authorized representatives of each of the Transferor, County Council and the Board of Commissioners executing this Agreement and any other agreements or instruments contemplated herein, dated as of the Closing Date;
- (k) A certificate of Transferor certifying that the conditions set forth in Section 7.1 have been satisfied, all covenants of Transferor have been satisfied and that all representations and warranties of Transferor made within this Agreement and within the Schedules are accurate and complete in all material respects;
- (l) With respect to the Furniture and Equipment, a recent UCC lien search dated no earlier than fifteen (15) days prior to Closing showing no liens on Furniture and Equipment, except for Permitted Encumbrances, Assumed Liabilities and liens which shall be released at or prior to Closing;
- (m) The Escrow Agreement in the form of Exhibit E, duly executed by Transferor, Transferor Representative and Escrow Agent;
- (n) The Failure to Close Escrow Agreement in the form of Exhibit I, duly executed by FMHHS and Escrow Agent;
- (o) A flow of funds memorandum or settlement statement identifying the payment to be made at Closing (“Funds Flow Memorandum”), duly executed by Transferor;

- (p) Certificate of existence of each of FMMG and FMMG Harrison from the Secretary of State of the State of Indiana, dated the most recent practical date prior to Closing;
- (q) A non-foreign affidavit, an owner's certificate in the form of Exhibit J, Form 1099S and such other documentation reasonably requested by Title Company;
- (r) Certified copies of Articles of Dissolution for each of Medical Group (unless Transferee requests that it not be dissolved prior to Closing) and FMMG Pain Mgmt that were duly filed with the Secretary of State of Indiana at or prior to Closing; and
- (s) Such other instruments and documents as Transferee or Title Company reasonably deems necessary to effect the transactions contemplated hereby and that are subject to Transferor's control and/or can be provided by Transferor or obtained by Transferor through the best efforts of Transferor.

3.3 Actions of Transferee at Closing.

At the Closing and unless otherwise waived in writing by Transferor or delivered to the Transferor at the Pre-Closing, Transferee shall deliver or cause to be delivered to Transferor the following:

- (a) An Assumption Agreement in the form of Exhibit D, duly executed by Transferee, pursuant to which Transferee shall assume the Assumed Liabilities (including the payment and performance thereof) as herein provided;
- (b) Assignments, duly executed, assuming from Transferor all obligations as to any Leased Real Property, effective as of the Closing Date and such other documents as are reasonably required in connection with the transfer of the Owned Real Property and the assignment of the Leased Real Property;
- (c) The Transition Services Agreement as defined and provided by Section 9.4, duly executed by Transferee;
- (d) The Escrow Agreement as defined and provided by Section 2.5(b), duly executed by Transferee;
- (e) The Failure to Close Escrow Agreement as defined and provided by Section 10.3, duly executed by Transferee;
- (f) The Note as defined and provided by Section 2.5(b), duly executed by Transferee;
- (g) Copies of resolutions duly adopted by the Board of Directors of Transferee, authorizing and approving Transferee's 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 Closing by an appropriate officer of Transferee;
- (h) A certificate of Transferee certifying that the conditions set forth in Section 8.1 have been satisfied, all covenants of Transferee have been satisfied and that all representations and

warranties of Transferee made within this Agreement are accurate and complete in all material respects;

- (i) A certificate of incumbency for the officers of Transferee executing this Agreement and any other agreements or instruments contemplated herein, dated as of the Closing Date;
- (j) Certificates of existence of Transferee from the Secretary of State of the State of Kentucky, each dated the most recent practical date prior to Closing;
- (k) Such other instruments and documents as Transferor reasonably deems necessary to effect the transactions contemplated hereby; and
- (l) The Funds Flow Memorandum duly executed by Transferee.

3.4 Additional Acts.

The Transition Services Agreement shall provide that from time to time after Closing, the Transferor Representative shall execute and deliver such other instruments of conveyance and transfer, and take such other actions as Transferee reasonably may request, to convey and transfer full right, title and interest to, vest in, and place Transferee in legal and actual possession of, any and all of the Transferred Assets. In the case of Assumed Contracts and rights which cannot be transferred effectively without the consent of third parties, Transferee and Transferor shall each use commercially reasonable efforts to obtain such consents prior to the Closing and, if not so obtained, then promptly thereafter through Transferor Representative. Transferor and Transferor Representative shall also furnish Transferee with such information and documents in its possession or under its control, or which Transferor or Transferor Representative can execute or cause to be executed, as will enable Transferee to prosecute any and all petitions, applications, claims and demands relating to or constituting a part of the Transferred Assets.

4. REPRESENTATIONS AND WARRANTIES OF TRANSFEROR.

Except as expressly set forth in Article 4 hereof, the Transferred Assets shall be transferred in their condition on the Closing Date, "AS IS," WITHOUT WARRANTIES of any kind, any and all of which warranties (both express and implied) Transferor hereby disclaims. All of the Transferred Assets shall be further subject to normal wear and tear on the land, buildings, improvements and equipment and normal and customary use of the inventory and supplies up to the Closing. As of the date hereof and as of the Closing Date (except to the extent any of the following speaks as of a specific date, such as the date hereof), Transferor represents and warrants to Transferee the following:

4.1 Capacity.

Floyd Memorial Hospital and Health Services is an Indiana county hospital under the laws of the State of Indiana. Each of FMMG and FMMG Harrison is an Indiana limited liability company duly organized and validly existing under the laws of the State of Indiana. Floyd Memorial Hospital and Health Services is the sole member of each FMMG and FMMG Harrison. None of Transferor is required to be qualified to transact business in any jurisdiction other than Indiana. Transferor is duly authorized under all applicable Laws of any Governmental

Entity having jurisdiction over the business and operation of the Transferred Assets to own its properties and conduct its business in the place and manner now conducted. The execution and delivery by Transferor of the Agreement and documents described herein, the performance by Transferor of its obligations under the Agreement and documents described herein and the consummation by Transferor of the transactions contemplated by the Agreement and documents described herein have been duly and validly authorized and approved by all necessary actions on the part of Transferor, none of which actions have been modified or rescinded and all of which actions remain in full force and effect.

4.2 Powers; Consents; Absence of Conflicts With Other Agreements, Etc.

The execution, delivery and performance of the Agreement and documents described herein by Transferor and the consummation by Transferor of the transactions contemplated by the Agreement and documents described herein, as applicable:

- (a) are not in contravention or violation of any law creating or applicable to Transferor;
- (b) except as set forth on Schedule 4.2, do not require any material Approval or Permit of, or filing or registration with, or other action by, any Governmental Entity to be made or sought by Transferor or any of its Affiliates; and
- (c) assuming Approvals and Permits set forth on Schedule 4.2 are obtained, will not conflict in any material respect with, or result in any violation of or default under (with or without notice or lapse of time or both), or give rise to a right of termination, cancellation, acceleration or augmentation of any obligation or to loss of a material benefit under, or result in the creation of any material Encumbrance (other than Permitted Encumbrances) upon any of the Transferred Assets under (a) any contract, agreement or other instrument to which Transferor or any of its Affiliates is a party applicable to any of the Facilities or Transferred Assets or (b) any Law applicable to any of the Transferred Assets; provided that no representation or warranty is given with respect to consents required to assign any of the Assumed Contracts.

4.3 Third Party and Minority Interests.

Schedule 4.3 sets forth a true and complete list of (i) any interests held by third parties in the Transferred Assets and (ii) any Transferred Assets which represent minority interests held by Transferor.

4.4 No Outstanding Rights.

Except as set forth on Schedule 4.4, there are no outstanding rights (including any right of first refusal), options, warrants, agreements or other commitments giving any Person any current or future right to require Transferor or any of its Affiliates or, following the Closing Date, Transferee, to sell or transfer to such Person or to any third party any material interest in any of the Transferred Assets.

4.5 Transferred Assets.

The Transferred Assets and the Excluded Assets constitute all assets which are held or used by Transferor or any of its Affiliates and necessary for the conduct of the business and operation of the Facilities in the manner conducted as of the date of this Agreement and are sufficient to permit Transferee to carry on such business as currently conducted by Transferor.

4.6 Binding Agreement.

This Agreement and all Related Agreements have been duly and validly authorized, executed and delivered by Transferor to Transferee and will constitute the valid and legally binding obligations of Transferor and are and will be enforceable against it in accordance with the respective terms hereof or thereof, except as enforceability may be restricted, limited or delayed by applicable bankruptcy or other laws affecting creditors' rights generally and except as enforceability may be subject to general principles of equity.

4.7 Financial Information.

(a) Schedule 4.7 hereto contains the following financial statements and financial information (collectively, the "Historical Financial Information"):

(i) audited balance sheet of the FMHHS dated as of December 31, 2015 and unaudited balance sheet of FMHHS as of the end of the month immediately prior to the Closing Date (the "Reference Balance Sheet"); and

(ii) audited income statement of FMHHS for the twelve-month period ended on December 31, 2015 and unaudited income statement of FMHHS for the period beginning immediately after the Balance Sheet Date and ending on the date of the Reference Balance Sheet.

Except as disclosed on Schedule 4.7, the financial statements included in the Historical Financial Information have been prepared in accordance with GAAP, applied on a consistent basis throughout the periods indicated, and Transferor has not changed any accounting policy or methodology in determining the obsolescence of inventory or in calculating reserves (including reserves for uncollected accounts receivable) throughout all periods presented in any material manner. Except as set forth on Schedule 4.7, the balance sheets contained in the Historical Financial Information present fairly in all material respects the financial condition of the Facilities as of the dates indicated thereon, and the income statements contained in the Historical Financial Information present fairly in all material respects the results of operations of the Facilities for the periods covered (subject, for the unaudited statements, to change resulting from audit and to customary year-end adjustments.)

(b) Except for (i) liabilities that are disclosed in this Agreement and schedules and exhibits hereto, and (ii) liabilities that were incurred after the Balance Sheet Date in the ordinary course of business, as of the date hereof, there are no material liabilities of any nature of Transferor relating to the Facilities or the other Transferred Assets and Assumed Liabilities required in accordance with GAAP, and applied consistently by FMHHS throughout the periods involved, to be disclosed on the financial statements of Transferor, except as set forth on Schedule 4.7.

4.8 Permits and Approvals.

(a) Set forth on Schedule 4.8 is a true and complete description of all material Permits and Approvals issued or granted by a Governmental Entity and owned or held by or issued to Transferor in connection with the Transferred Assets currently, and such Permits and Approvals constitute all material Permits and Approvals necessary for the conduct of the business and operation of the Facilities as currently conducted and the use of the Transferred Assets by Transferor. Transferor is the duly authorized holder of such Permits and Approvals, all of which are in full force and effect and unimpaired. Transferor shall terminate its ownership of the Nursing Homes and/or contractual relationships with Diversicare Management Services, Co., Diversicare of Providence, LLC, Oasis Healthcare Management, LLC and TMV Property, LLC prior to the Closing. Each Facility's pharmacies, laboratories and all other material ancillary departments located at such Facility or operated for the benefit of such Facility and included within the Transferred Assets, which are required to be specially licensed, are licensed by the appropriate Governmental Entity, as set forth on Schedule 4.8.

(b) Each Facility is in compliance in all material respects with all Permits and Approvals required by applicable Law. There are no provisions in, or agreements relating to, any such Permits and Approvals which precludes or limits in any material respect Transferor from operating any of the Facilities as they are currently operated. There is not now pending nor, to the knowledge of Transferor, threatened, any action by or before any Governmental Entity to revoke, cancel, rescind, modify or refuse to renew any of the Permits and Approvals.

4.9 Intellectual Property.

(a) Transferor owns or is licensed or otherwise possesses all necessary rights to use, all computer software programs, copyrights, schematics, and trade secrets used in the Facilities, and to the knowledge of Transferor, all other Intellectual Property used in the Facilities.

(b) Transferor has not received written notice of any unauthorized use, disclosure, infringement or misappropriation of any Intellectual Property rights of Transferor, any trade secret material to Transferor, or any Intellectual Property right of any third party to the extent licensed by or through Transferor, by any third party, including any employee or former employee of Transferor, relating in any way to any of the Transferred Assets. Other than in the ordinary course of business or otherwise reflected in the Historical Financial Information, to the knowledge of Transferor there are no royalties, fees or other payments payable by Transferor to any Person by reason of the ownership, use, sale or disposition of Intellectual Property related to any of the Transferred Assets.

(c) Except as set forth on Schedule 4.9, Transferor is not, nor will be as a result of the execution and delivery of this Agreement or any of the documents described herein or the performance of its obligations under this Agreement or any of the documents described herein, in material breach of any license, sublicense or other agreement relating to the Intellectual Property or, to the knowledge of Transferor, the Intellectual Property rights of any third party related to any of the Transferred Assets.

(d) Except as set forth on Schedule 4.9, Transferor does not have any patents, registered trademarks, telephone numbers, domain names, web sites, registered service marks, registered assumed or fictitious names or registered copyrights related to any of the Transferred Assets. Except as set forth on Schedule 4.18, Transferor has not been served with process in any suit, action or proceeding which involves a claim of infringement of any patents, trademarks, service marks, copyrights or violation of any trade secret or other proprietary right of any third party related to any of the Transferred Assets. To the knowledge of Transferor the business of the Facilities does not infringe any Intellectual Property or other proprietary right of any third party. Transferor has not brought any action, suit or proceeding for infringement of Intellectual Property or breach of any license or agreement involving Intellectual Property related to any of the Transferred Assets against any third party.

4.10 Participation Agreements.

(a) Hospital is eligible to receive payment without restriction under Title XVIII of the Social Security Act ("Medicare") and Title XIX of the Social Security Act ("Medicaid") and is a "provider" with valid and current provider agreements and with one or more provider numbers with the federal Medicare and all applicable state Medicaid or successor programs (the "Government Programs") through intermediaries. Schedule 4.10(a) contains a list of all NPIs and all provider numbers of Transferor and each of the Facilities, as applicable, under the Government Programs and private third party payor programs, including any insurance company or health care provider (such as a health maintenance organization, preferred provider organization, or any other managed care program), all of which are in full force and effect.

(b) Except as set forth on Schedule 4.10(b), there is no pending or, to the knowledge of Transferor, threatened proceeding or investigation under the Government Programs involving Transferor or any of the Transferred Assets. The cost reports of the Hospital for the Government Programs for the fiscal years through December 31, 2015 required to be filed on or before the date hereof have been properly filed and are complete and correct in all material respects. Except as disclosed on Schedule 4.10(b), Transferor is in material compliance with filing requirements with respect to cost reports of the Hospital and such reports do not claim, and none of the Hospital has received payment or reimbursement in excess of, the amount provided by applicable Law or any applicable agreement, except where excess reimbursement was noted on the cost report. True and correct copies of all such reports for the three (3) most recent fiscal years of Transferor for the Hospital have been made available to Transferee. Except as disclosed on Schedule 4.10(b) and except for claims, actions and appeals in the ordinary course of business, there are no material claims, actions or appeals pending before any commission, board or agency, including any fiscal intermediary or carrier or Governmental Entity with respect to any Government Program cost reports or claims filed on behalf of Transferor with respect to the Hospital, on or before the date of this Agreement, or any disallowances by any commission, board or agency in connection with any audit of such cost reports. Except as disclosed on Schedule 4.10(b) and except for those in the ordinary course of business, no validation review or program integrity review related to the Hospital, the operation of the Hospital, or the consummation of the transactions contemplated by this Agreement, or related to any of the Transferred Assets has been conducted by any commission, board, agency or Governmental Entity in connection with the Government Programs and, to the knowledge of Transferor, no such reviews are scheduled, pending or threatened against or affecting Transferor with respect to

the Hospital or any of the Transferred Assets, or the consummation of the transactions contemplated by this Agreement.

(c) Schedule 4.10(c) includes a complete and accurate list of all accounts from which cash has been taken back or, to the knowledge of Transferor, may be taken back under the CMS Recovery Audit Program.

(d) Transferor has submitted bills for the provision of services materially in accordance with all applicable laws and guidance issued by applicable Medicare contractors and/or state Medicaid agencies and materially in compliance with Transferor's billing policies and procedures.

(e) Except as otherwise disclosed in writing to Transferee, no physician who has a direct or indirect financial relationship with the Transferor, or who has an immediate family member who has a direct or indirect financial relationship with the Transferor, has made a referral to the Facilities for the furnishing of any Designated Health Service as defined in 42 CFR §411.351 for which payment otherwise may be made under Medicare except as permitted under applicable Law.

4.11 Regulatory Compliance.

(a) To the knowledge of Transferor and except as set forth on Schedule 4.11(a), Transferor is in compliance in all material respects with all applicable statutes, rules, ordinances, rulings, regulations and requirements of all applicable Governmental Entities having jurisdiction over its operations and Transferor has timely filed all material reports, data and other information required to be filed with such Governmental Entities. To the knowledge of Transferor, Transferor has provided to Transferee copies of all written agreements and documentation of all oral understandings, including, but not limited to, all provider contracts, management agreements, leases, and services contracts, which Transferee has with a physician, physician organization, healthcare facility, or other referral source.

(b) None of Transferor or any of its officers, directors, applicable agents, or employees, has been convicted of, charged with or, to Transferor's knowledge, investigated for, or, to Transferor's knowledge, has engaged in conduct that would constitute, a Medicare or other Federal Health Care Program (as defined in 42 U.S.C. § 1320a-7b(f)) related offense or convicted of, charged with or, to Transferor's knowledge, investigated for, or, to Transferor's knowledge, engaged in conduct that would constitute a violation of any Legal Requirements related to fraud, theft, embezzlement, breach of fiduciary duty, kickbacks, bribes, other financial misconduct or obstruction of a health care investigation. None of Transferor or, to Transferor's knowledge, any officer, director, applicable agent, employee, applicable independent contractor, or medical staff member of Transferor (whether an individual or entity), has been excluded from participating in any Government Program, subject to sanction pursuant to 42 U.S.C. § 1320a-7a or § 1320a-8 or been convicted of a crime described at 42 U.S.C. § 1320a-7b, nor, to Transferor's knowledge, is any such exclusion, sanction or charge threatened or pending.

(c) Transferor has developed a compliance program ("Compliance Program") and has made copies of Compliance Program materials, which include program descriptions, compliance officer and committee minutes and descriptions applicable to Transferee via the diligence data

site. Transferor (i) is not a party to a Corporate Integrity Agreement with the Office of the Inspector General of the Department of Health and Human Services (the “OIG”); (ii) has no reporting obligations pursuant to any settlement agreement entered into with any governmental entity; (iii) to Transferor’s knowledge, has not been the subject of any Government Program investigation conducted by any federal or state enforcement agency; (iv) has not been a defendant in any *qui tam*/False Claims Act litigation (other than by reason of a sealed complaint of which Transferor may have no knowledge except as set forth in Schedule 4.11(c)); (v) has not been served with or received any search warrant, subpoena, civil investigation demand, contact letter, or, to Transferor’s knowledge, telephone or personal contact by or from any federal or state enforcement agency (except in connection with medical services provided to third-parties who may be defendants or the subject of investigation into conduct unrelated to the operation of the Facilities); (vi) has not received any complaints through each of Transferor’s compliance “hotline” from employees, independent contractors, vendors, physicians or any other person that could reasonably be considered to indicate that any of Transferor has violated any applicable Law; and (vii) has not identified any overpayment received from any Governmental Program that has not been refunded to the applicable Governmental Program.

4.12 Assumed Contracts.

(a) Schedule 4.12(a) lists all commitments, contracts, leases, licenses and other agreements (including agreements for the borrowing of money or the extension of credit), whether written or oral, to which any of Transferor is a party or by which any of Transferor, the Facilities or any of the Assets are bound including the Program Agreements, including any and all amendments and other modifications thereto except for contracts, agreements, commitments, purchase orders and other arrangements not involving a physician or an immediate family member of a physician which individually involves future payments, performance of services or delivery of goods or materials, to or by Transferor of any amount or value less than Twenty Thousand Dollars (\$20,000), (the “Transferor Contracts”). Notwithstanding the foregoing, the term “Transferor Contracts” shall include, whether written or oral, all agreements: (i) pursuant to which any of Transferor has any interest as a lessor, lessee, licensor or licensee of real property; (ii) concerning payment, performance of services or delivery of goods, regardless of amount, with any referral source, including all physicians and other providers or suppliers of healthcare goods or services; (iii) with any labor union or collective bargaining group or organization; (iv) with one (1) or more directors, trustees, stockholders, partners, affiliates or officers of any of Transferor; and (v) that prohibit or restrict competition or the conduct of any lawful business by Transferor or the Facilities. Transferor has delivered to Transferee true and complete copies of all written Transferor Contracts and a true and accurate description of all oral Transferor Contracts.

(b) Except as listed on Schedule 4.12(b),

(i) each of the Transferor Contracts is in full force and effect;

(ii) each of the Transferor Contracts constitutes valid and legally binding obligations of any of Transferor or the Facilities, as applicable, and, to the knowledge of Transferor, of the other parties thereto and is enforceable in accordance with its terms against any of Transferor, as applicable, and, to the knowledge of Transferor, against the other parties

thereto, except as enforceability may be limited, restricted or delayed by applicable bankruptcy or other Legal Requirements affecting creditor's rights and debtor's relief generally and except as enforceability may be subject to general principles of equity;

(iii) Transferor is and has been in compliance in all material respects with the terms and requirements of each Transferor Contract;

(iv) To the knowledge of Transferor, each other party that has or had any obligation or liability under any Transferor Contract is and has been in compliance in all material respects with the terms and requirements of such Transferor Contract over the two year period prior to Closing;

(v) to the knowledge of Transferor and with the exception of this transaction, no event has occurred or circumstance exists that (with or without notice or lapse of time) may contravene, conflict with, or result in a violation or breach of, or give any party the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate or modify, any Transferor Contract;

(vi) Transferor has not given or received any unresolved notice or other communication (whether oral or written) regarding any actual, alleged, possible or potential violation or breach of, or default under, any Transferor Contract as of Closing;

(vii) there are no current renegotiations of or outstanding rights to renegotiate any Transferor Contract, and no party has made such written demand for such renegotiation;

(viii) no purchase commitment by Transferor that is a Transferor Contract is in excess of the ordinary business requirements of the Transferor;

(ix) the execution, delivery and performance of this Agreement by Transferor (including the assignment of any Assumed Contracts to Transferee) will not contravene, conflict with, or result in a violation or breach of any provision of, or give any party the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate or modify, any Transferor Contract.

4.13 Real Property.

(a) Except as set forth on Schedule 4.13(c), Transferor owns fee simple title to the Owned Real Property, together with all buildings, improvements and fixtures thereon and all beneficial interests and appurtenances thereto subject to the Permitted Encumbrances. A complete and accurate list of all Owned Real Property is contained on Schedule 1.1E. Transferor has valid and enforceable beneficial interests in all beneficial easements and appurtenant rights relative to the Owned Real Property (the "Beneficial Rights"). A complete and accurate list of all Beneficial Rights, which list separately identifies all Beneficial Rights relative to each of the properties comprising the Owned Real Property is contained on Schedule 4.13(a). A complete and accurate list of all Leased Real Property, which list separately identifies all Owned Real Property Leases and all Transferor Occupied Leases, and describes the parties, date of lease and any amendments and premises leased of all such Leases, is contained in Schedule 1.1C. Transferor has an enforceable leasehold interest in and under all of the Transferor Occupied Leases. Transferor is

not in material default with any of the terms and conditions of any of Leases and, to the best of Transferor's knowledge, the landlord and other parties to the Leases are not in material default with any of the terms and conditions of any of the Leases. There are no agreements or amendments, oral or written, to which Transferor is a party, pertaining to any lease or premises leased other than as set forth in the Leases. The Real Property constitutes all of the real property used by Transferor in the operation of the Facilities. Except for the Permitted Encumbrances, there exists no mortgage, lien, restriction, agreement, claim, easement, encroachment, right of way, building use restriction, exception, variance, reservation, pledge, security interest, conditional sales agreement, right of first refusal, option, obligation, liability, charge or limitation of any nature (collectively, the "Encumbrances") affecting the Owned Real Property, and Transferor is in actual possession of the premises described under the Leases. At the Closing, Transferor will transfer and convey to Transferee or its designated affiliates fee simple title in and to the Owned Real Property, free and clear of any Encumbrance, except Permitted Encumbrances. At Closing, Transferor will transfer and convey to Transferee or its designated affiliates a valid and enforceable interest in the Beneficial Rights. At the Closing, Transferor will transfer and convey to Transferee or its designated affiliates valid leasehold interests in the Leased Real Property. Neither Transferor nor any Affiliate of Transferor has created any Encumbrance (other than Permitted Encumbrances) which will materially interfere with Transferee's use of the Real Property in a manner consistent with the current use by Transferor.

(b) Transferor and its Affiliates have not received in the last five (5) years any notice that any part of the Real Property is currently in violation, which violation has not been cured, of local building codes, ordinances or zoning laws. Transferor and its Affiliates have not received any notice in the last five (5) years, which currently remains uncured that indicates that Transferor or its Affiliates has failed to obtain any Permit or other authorizations required of Transferor or its Affiliates by applicable Laws with respect to the Real Property. Transferor and its Affiliates have not received any notice or request, formal or informal, from any insurance company or board of fire underwriters (i) identifying any defects in the Real Property which would materially adversely affect the insurability of the Real Property, or (ii) requesting the performance of any work or alteration with respect to the Real Property. The Owned Real Property is in compliance in all material respects with all applicable Law, and Transferor has not received any notice of violation of any applicable Law from any governmental entity in respect of the use, occupancy, or operation of the Owned Real Property. To Transferor's Knowledge, no applicable Law prohibits, limits or conditions the use or operation of the Owned Real Property as currently used or operated. All utilities serving the Real Property are adequate to operate the Facilities in the manner they are currently operating. Transferor has not received written notice of any action to alter the zoning or zoning classification or to condemn, requisition or otherwise take all or any portion of the Real Property.

(c) Except as set forth on Schedule 4.13(c), to Transferor's knowledge, all of the mechanical and electrical systems, heating and air conditioning systems, plumbing, water and sewer systems, and all other items of mechanical equipment or appliances included in the Owned Real Property are in functional condition and good working order.

(d) Transferor and its Affiliates have not received any notices of special assessments which affect the Owned Real Property in the last five (5) years other than any special assessments that

can be identified by an examination of existing tax records as to the Owned Real Property, and, to the best of Transferor's knowledge, no such assessments are pending or contemplated.

(e) To Transferor's knowledge, no part of the Owned Real Property contains or is located within any tideland, wetland, or marshland or lies in a flood plain.

4.14 Personal Property.

Transferor presently owns and will hold on the Closing Date valid title to and ownership of all personal property, whether tangible or intangible, consisting of any part of the Transferred Assets. Except as set forth in Schedule 4.14, none of the Transferred Assets that constitute personal property owned by Transferor is subject to any Encumbrance, other than Permitted Encumbrances and Assumed Liabilities. At Closing, Transferor will convey to Transferee valid title to the Transferred Assets that constitute personal property, whether tangible or intangible, free and clear of any Encumbrance, other than Permitted Encumbrances and Assumed Liabilities.

4.15 Insurance.

Schedule 4.15 sets forth a true and complete list of all insurance policies or self-insurance funds maintained by Transferor as of the date of this Agreement covering the ownership and operation of the Transferred Assets or any of the Facilities, indicating the types of insurance, policy numbers, terms, premium, identity of insurers and amounts and coverages (including applicable deductibles and self-insured retentions). All of such policies are now and will be until the Closing in full force and effect with no premium arrearages. Except as set forth on Schedule 4.15, (i) there is no outstanding written requirement or recommendation by any insurance company that issued any such policy or by any board of fire underwriters or other similar body (including any Governmental Entity) exercising similar functions which requires or recommends any repairs or other work to be done or with respect to any of the Transferred Assets; (ii) Transferor has given to its insurer in a timely manner all notices required to be given under its insurance policies with respect to all claims and actions covered by insurance within the last five (5) years, and no insurer has denied coverage of any such claims or actions or reserved its rights with respect to or rejected any such claims; and (iii) Transferor has not as of the date of this Agreement and within five (5) years of the date of this Agreement (a) received any notice or other written communication from any such insurance company canceling or materially amending any of said insurance policies with respect to the Transferred Assets, and to the knowledge of Transferor no such cancellation or amendment is threatened, or (b) failed to give any required notice or present any claim which is still outstanding under any of said policies with respect to the Transferred Assets. To the extent assignable, such policies of insurance shall be assigned to Transferee as part of the Transferred Assets, and to the extent such policies are not assignable, such policies will be cancelled as of Closing and the unearned premiums refunded by the insurers will be turned over to Transferee. For any liability insurance policies of Transferor written on a claims-made basis that are not assignable and are cancelled, Transferor will at or prior to Closing obtain appropriate replacement insurance and tail insurance, at Transferee's expense and subject to Transferee's prior approval which approval shall not be unreasonably withheld or delayed, to cover all claims based on events occurring prior to Closing in an effort to ensure that there is no gap in insurance coverage.

4.16 Employee Benefit Plans.

(a) Schedule 4.16(a) sets forth a list of all “employee benefit plans” (collectively the “Plans”), as defined in Section 3(3) of ERISA, all specified fringe benefit plans as defined in Section 6039D of the Code, and all other bonus, incentive compensation, deferred compensation, profit sharing, stock option, severance, supplemental unemployment, layoff, salary continuation, retirement, pension, health, life insurance, disability, group insurance, vacation, holiday, sick leave, extended illness, fringe benefit or welfare plan or any other similar plan, agreement, policy or understanding (whether oral or written, qualified or non-qualified) and any trust, escrow or other funding arrangement related thereto, (i) which is currently or has been maintained or contributed to by any of Transferor or any affiliate thereof within the prior six (6) years; (ii) with respect to which any of Transferor or any affiliate thereof has any liability or obligations to any current or former officer, employee or service provider of Transferor or the spouses and dependents of any thereof, regardless of whether funded, and/or in which any current or former officer, employee or service provider of any of Transferor or any spouses and dependents thereof participate, or (iii) which could result in the imposition of liability or any obligation of any kind or nature, whether accrued, absolute, contingent, direct, indirect, known or unknown, perfected or inchoate or otherwise and whether or not now due or to become due, of any of Transferor, or any affiliate thereof. For purposes of this Section 4.16, the term “affiliate” is any person or entity which, together with Transferor would be treated as a single employer under Section 414(b), (c), (m) or (o) of the Code. Notwithstanding anything herein to the contrary, the County shall not be considered an affiliate of the Transferor.

(b) There has been no prohibited transaction or breach of fiduciary duty or other breach or violation of Law applicable to the Plans and related funding arrangements that could subject any of Transferor or any affiliate thereof to any liability. Each Plan intended to be qualified under Section 401(a) of the Code is the subject of a favorable determination letter (or, in the case of a prototype or volume submitter plan, a favorable opinion or notification letter). Except as set forth on Schedule 4.16(b), no event has occurred which could cause any Plan to become disqualified or fail to comply with the respective requirements of Section 401(a), 403(b) or 457 of the Code, as applicable, or that would make a distribution from such Plan to be ineligible to be rolled into an individual retirement account or a plan that is qualified under Section 401(a) of the Code. To the Knowledge of the Transferor, each Plan has been operated in compliance in all material respects with all applicable Legal Requirements, and operated in accordance with its terms. There is no action, audit, claim, investigation or government enforcement action pending or, to Transferor’s knowledge, threatened against any of Transferor, the Plans or any of them, other than routine claims for benefits. There is no outstanding issue with reference to the Plans pending before any governmental agency. All contributions, including salary deferrals, required to be made pursuant to the terms of any of the Plans as of the date of this Agreement have been timely made. Except as set forth on Schedule 4.16(b) and/or as referenced in Section 6.11, the consummation of the transactions contemplated hereby will not accelerate the time of vesting or payment, or increase the amount, of compensation payable to any employee, officer, former employee or former officer of any of Transferor or any affiliate thereof. To the Knowledge of the Transferor, the Transferred Assets are not, and Transferor does not reasonably expect them to become, subject to a lien imposed under the Code including liens arising by virtue of Transferor considered to be aggregated with another entity pursuant to Section 414 of the Code (“Controlled Group”).

(c) Each of Transferor and its affiliates have complied in all material respects with the applicable continuation coverage requirements of COBRA, the applicable requirements of Section 5000 of the Code, and any applicable Indiana state law equivalent with respect to all current and former employees and their beneficiaries. Schedule 4.16(c) lists all current and former employees of Transferor and their beneficiaries who are eligible for and/or have elected continuation coverage under COBRA and any Indiana state law equivalent. Except as provided on Schedule 4.16(c), no Plan provides for, and no written or oral agreement has been entered into promising or guaranteeing, the continuation of medical, dental, vision, life or disability insurance coverage (for disabilities incurred after such termination of employment) for any current or former employees of any of Transferor or their beneficiaries for any period of time beyond termination of employment (except to the extent of coverage required under COBRA or any Indiana state law equivalent).

(d) To the Knowledge of the Transferor, none of Transferor, the Facilities nor any affiliate thereof has been liable at any time for contributions to (i) a plan that is or has been at any time subject to Section 412 of the Code, Section 302 of ERISA and/or Title IV of ERISA; (ii) a multiemployer plan (as defined in Section 3(37) or Section 4001(a)(3) of ERISA); or (iii) a multiple employer welfare arrangement (as defined in Section 3(40) of ERISA).

(e) Except as set forth on Schedule 4.16(e), there are no material actions, audits or claims pending or, to Transferor's knowledge, threatened against Transferor with respect to Transferor's maintenance of the Plans, other than routine claims for benefits and other claims that are not material.

(f) To the Knowledge of the Transferor, all Plans have at all times been "governmental plans" as defined in Code Section 414(d) and Sections 3(32) and 4021(b)(2) of ERISA, and satisfy all requirements necessary to be governmental plans in all material respects.

(g) With respect to the Pension Plan, to the Knowledge of the Transferor, the funded status is accurately reflected and disclosed on Schedule 4.16(g) in a manner consistent with applicable accounting standards, and determined and disclosed as of the date of this Agreement and as of the Closing Date (in the event that all benefits have not been distributed from the Pension Plan by the Closing Date).

4.17 Employees and Employee Relations.

(a) Except as set forth on Schedule 4.17, no material changes in the basis for remuneration (e.g., compensation, bonuses, incentive programs) of employees of that Transferor have been made, promised or authorized by Transferor since the Balance Sheet Date, except in the ordinary and usual course changes. Except as set forth on Schedule 4.17, Transferor has no written employment contracts, and no agreement of any nature that provides for employment for any particular period of time or that provides any restrictions upon Transferor's right to terminate employment without any post-termination payment obligation, with any Person whomsoever relating to the Facilities. Other than in the ordinary course of business and/or as set forth on Schedule 4.17, no binding agreements have been made or entered into between Transferor and any current employee involved in any of the Facilities regarding changes in compensation, promotion or any other change in status.

(b) Except as set forth on Schedule 4.17, as of the date hereof, (i) there is no pending or, to the best of Transferor's knowledge, threatened employee strike, work stoppage or labor dispute, (ii) to the best of Transferor's knowledge, no union representation question exists relating to any employees of Transferor, no demand has been made for recognition by a labor organization by or with respect to any employees of Transferor, no union organizing activities by or with respect to any employees of Transferor are taking place, and none of the employees of Transferor is represented by any labor union or organization, (iii) no collective bargaining agreement exists or is currently being negotiated by Transferor, (iv) there is no unfair practice claim against Transferor before the National Labor Relations Board, or any strike, dispute, slowdown, or stoppage pending or, to the best of Transferor's knowledge, threatened against or involving the Facilities and within five (5) years of the date of this Agreement, none has occurred, (v) Transferor is in compliance in all material respects with all applicable Laws and contracts with respect to employment and employment practices, labor relations, terms and conditions of employment, and wages and hours, (vi) Transferor is not engaged in any unfair labor practices, (vii) there are no pending or, to the best of Transferor's knowledge, threatened complaints or charges before any Governmental Entity regarding employment discrimination, safety or other employment-related charges or complaints, wage and hour claims, unemployment compensation claims, workers' compensation claims or the like and (viii) except as otherwise provided in this Agreement, Transferee will not be subject to any claim or liability for severance pay as a result of the consummation of the transactions contemplated by this Agreement through the Closing.

4.18 Litigation or Proceedings.

(a) Schedule 4.18 contains an accurate list and summary description of all litigation and proceedings with respect to the Facilities and the Transferred Assets to which Transferor is a party, as well as settlements and conciliation agreements under which Transferor has current or future obligations with respect to the Facilities or Transferred Assets. Except to the extent set forth on Schedule 4.18, there are no claims, actions, suits, audits, compliance reports or information requests, proceedings or investigations pending or, to the knowledge of Transferor, threatened against or affecting Transferor or any of its Affiliates with respect to the Facilities.

(b) Other than as set forth on Schedule 4.18, Transferor is not subject to any outstanding judgment, order or decree with respect to the Transferred Assets.

(c) Transferor has not engaged in any transaction that would reasonably be expected to subject Transferor (or any successor in interest) to any avoidance action with respect to the Transferred Assets. Without limiting the generality of the foregoing, Transferor has not with respect to the Transferred Assets within the past twenty-four (24) months (i) received any material payments from its or their account debtors outside the ordinary and usual course, (ii) acquired or sold any asset other than for reasonably equivalent value or (iii) conducted any business with any debtor-in-possession or bankrupt estate other than in the ordinary and usual course.

4.19 Tax Matters.

Except as set forth on Schedule 4.19:

- (a) All tax returns, including employee payroll tax returns, employee unemployment tax returns, Form 1095-C, for applicable periods prior to and in all material respects and including Closing which are required to be filed by Transferor (collectively "Returns") have been filed or will be filed within the time (including any valid extensions thereof) and in the manner provided by applicable Law, and all Returns are or will be true and correct and accurately reflect in all material respects the tax liabilities of Transferor in all material respects, and all amounts shown due, if any, on such Tax Returns have been or will be paid on a timely basis;
- (b) All payroll, withholding, and all other taxes, penalties, interest, and any other statutory additions which have become or are due with respect to the Transferred Assets and any assessments received by Transferor (collectively "Payable Tax Items"), have been or by the Closing Date will be paid regarding any period ended on or prior to the Closing Date or adequately reflected on the Closing Balance Sheet, whether shown on such returns or not;
- (c) There are no tax liens on any of the Transferred Assets other than liens for real property taxes and special assessments that are not yet due and payable.
- (d) Proper and accurate amounts have been withheld by Transferor for all applicable periods prior to the Closing in compliance with the payroll tax and other withholding provisions of all applicable Laws, and all of such amounts have been duly and validly remitted to the proper taxing authority to the extent due (except to the extent any inaccuracy will not have a material impact); and
- (e) Within the past five (5) years, no notice of a claim or pending investigation has been received, or to the knowledge of Transferor, has been threatened, by any state, local or other jurisdiction, alleging that Transferor has a duty to file tax returns and pay taxes or is otherwise subject to the taxing authority of any jurisdiction, nor has Transferor received any notice or questionnaire from any jurisdiction which suggests or asserts that Transferor may have a duty to file such returns and pay such taxes, or otherwise is subject to the taxing authority of such jurisdiction.

4.20 Environmental Matters.

Except as set forth on Schedule 4.20 or in any environmental report listed therein:

- (a) Transferor has materially complied and is in material compliance with, and to Transferor's knowledge, the Owned Real Property and all improvements on the Owned Real Property are in material compliance with, all Environmental Laws.
- (b) There are no pending or, to the knowledge of Transferor, threatened actions, suits, orders, claims, legal proceedings or other proceedings based on, and Transferor has not received any formal or informal written notice of any complaint, order, directive, citation, notice of responsibility, notice of potential responsibility, or information request from any Governmental Entity or any other Person or knows or suspects any fact(s) which would reasonably be expected to form the basis for any such actions or notices arising out of or attributable to any Environmental Condition with respect to Transferor.

(c) Transferor currently has and will maintain through the Closing Date, all material Approvals and Permits required under any Environmental Law with respect to any of the Facilities. A true and complete list of such Permits, all of which are valid and in full force and effect as of the date of this Agreement, is set forth in Schedule 4.20. Transferor is in material compliance (with respect to each Facility) with and the Real Property and all improvements on the Real Property are in material compliance with, all Approvals and Permits. Except in accordance with such Approvals and Permits, there has been no release by Transferor of material regulated by such Approvals and Permits at, on, under, or from the Real Property in violation of Environmental Laws.

(d) Except as set forth on Schedule 4.20, the Owned Real Property contains no underground improvements, including treatment or storage tanks, or underground piping associated with such tanks, used currently or, to Transferor's knowledge, in the past for the management of Hazardous Materials, and Transferor has not used any portion of the Owned Real Property, and no portion of the Owned Real Property has ever been used by Transferor, as a dump, landfill, gas station, dry cleaner or storage yard.

(e) Schedule 4.20 includes all Transferor information in its possession pertaining to the environmental history of the Owned Real Property.

(f) No Encumbrance in favor of any Person relating to or in connection with any claim under any Environmental Law has been filed or has attached to the Owned Real Property, other than Permitted Encumbrances.

4.21 Immigration Laws.

Transferor is in compliance in all material respects with the terms and provisions of all applicable immigration Laws, including the Immigration Act with respect to Transferor's employees. Schedule 4.21 contains a complete and accurate list of each employee of Transferor for whom compliance with the Immigration Act by Transferor is required, identifying immigration status, type and duration of visa information. Transferor has obtained and retained a complete and true copy of each such employee's Form I-9 (Employment Eligibility Verification Form) and all other records or documents prepared, procured or retained by Transferor pursuant to the Immigration Act to the extent Transferor is required to do so under the Immigration Act. Transferor has not been cited, fined, served with a Notice of Intent to Fine or with a Cease and Desist Order (as such terms are defined in the Immigration Act), nor, to the knowledge of Transferor, has any action or administrative proceeding been initiated or threatened against Transferor, by reason of any actual or alleged failure to comply with the Immigration Act.

4.22 WARN Act.

Schedule 4.22 lists the full name, job title, job site and unit, date of Employment Loss, and type of Employment Loss (termination, layoff or reduction in work hours) of each employee of Transferor who has experienced an Employment Loss in the 90 days preceding the date of this Agreement. Except as set forth in this Agreement, Transferor does not presently intend to take any action that would result in an Employment Loss by any employee of any of the Transferor Entities between the date of this Agreement and the Closing Date. "Employment Loss" for this

purpose means (i) an employment termination, other than a discharge for cause, voluntary departure, or retirement, (ii) a layoff exceeding six (6) months or (iii) a reduction in hours of work of more than fifty percent (50%), and "employee" shall mean any employee, including officers, managers and supervisors, but excluding employees who are employed for an average of fewer than twenty (20) hours per week or who have been employed for fewer than six of the preceding twelve (12) months.

4.23 OSHA.

Except as set forth in Schedule 4.23, and within the past five (5) years, Transferor has not received any written notice from any Governmental Entity that past or present conditions of the Facilities or Transferred Assets violate any applicable legal requirements or otherwise will be made the basis of any claim, proceeding, or investigation, based on OSHA violations or otherwise related to employee health and safety.

4.24 Absence of Changes.

Except as set forth in Schedule 4.24, between the Balance Sheet Date and the date hereof, there has not been any transaction or occurrence in which Transferor or any of its Affiliates, in connection with the Transferred Assets, has:

- (a) suffered any material damage, destruction or loss with respect to or affecting any of the Transferred Assets;
- (b) written down or written up in any material amount the value of any Inventory (including write-downs by reason of shrinkage or markdowns), determined as collectible any material account receivable or any portion thereof which was previously considered uncollectible, or written off as uncollectible any material account receivable or any portion thereof, except for write-downs, write-ups, and write-offs in the ordinary course of business;
- (c) disposed of or permitted to lapse any right to the use of any Intellectual Property;
- (d) made any unbudgeted material Capital Expenditure or commitment for additions to property, plant, equipment, intangible or capital assets or for any other purpose, other than for emergency repairs or replacement;
- (e) sold, transferred or otherwise disposed of any of the Transferred Assets except in the ordinary course of business;
- (f) granted or incurred any obligation for any material increase in the compensation of any employee who is employed at the Facilities (including any increase pursuant to any bonus, pension, profit-sharing, retirement, or other plan or commitment) except in the ordinary course of business;
- (g) made any material change in any method of accounting or accounting principle, practice, or policy;
- (h) initiated, modified or terminated any Plan;

(i) taken any other action neither in the ordinary course of business nor provided for in this Agreement; or

(j) agreed, so as to legally bind Transferee or affect the Transferred Assets, whether in writing or otherwise, to take any of the actions set forth in this Section 4.24 and not otherwise permitted by this Agreement in any case would reasonably be expected to have a Material Adverse Effect.

4.25 Medical Staff Matters.

Schedule 4.25 includes a list of the members of the medical staffs at each the Facilities, including the name, type of membership, type and duration of clinical privileges and any limitations imposed on such privileges. Transferor has provided to Transferee copies of the bylaws and rules and regulations of the medical staffs at the Facilities. With regard to the medical staffs at the Facilities, there is no (a) pending or, to Transferor's knowledge, threatened, adverse action with respect to any medical staff members of the Facilities or any applicant thereto, or (b) pending or, to Transferor's knowledge, threatened, dispute with applicants, staff members or health professional affiliates and all appeal periods in respect of any medical staff member or applicant against whom an adverse action has been taken have expired. Transferor has provided to Transferee a written disclosure containing a brief general description of all final adverse actions taken in the six (6) months prior to the date hereof against medical staff members or applicants which could result in claims or actions against any of Transferor. Except as set forth in Schedule 4.25, there is no claim, action, suit, proceeding or investigation pending or, to Transferor's knowledge, threatened against or affecting any member of the medical staffs of the Facilities 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. Except as set forth in Schedule 4.25, no medical staff member of the Facilities has resigned under investigation or had his or her privileges revoked or suspended since January 1, 2014.

4.26 Disclosure.

No representation or warranty made by Transferee or any Affiliate of Transferee in this Agreement contains any untrue statement or omits to state a material fact necessary to make any of them, in light of the circumstances in which it was made, not misleading in a material manner.

5. REPRESENTATIONS AND WARRANTIES OF TRANSFEEE.

As of the date hereof and as of the Closing Date (except to the extent any of the following speaks as of a specific date, such as the date hereof), Transferee represents and warrants to Transferor the following:

5.1 Corporate Capacity.

Baptist is a valid existing nonprofit corporation duly organized under the laws of the Commonwealth of Kentucky.

5.2 Exempt Status.

Baptist is an organization exempt from taxation under Section 501(c)(3) of the Code. Baptist has received a determination letter of its tax-exempt status from the Internal Revenue Service. The determination has not been revoked, rescinded or modified, and no Proceeding has been instituted or, to the knowledge of Transferee, threatened to challenge the tax-exempt status of Baptist.

5.3 Corporate Powers; Consents; Absence of Conflicts With Other Agreements, Etc.

The execution, delivery and performance of this Agreement by Transferee and all other agreements referenced in or ancillary hereto to which Transferee is a party and the consummation of the transactions contemplated herein by Transferee:

(a) are within its corporate powers and are not in contravention of the terms of Transferee's articles or certificate of incorporation or bylaws and have been approved by all requisite corporate action;

(b) except as provided in I.C. 16-22-3-18, do not require any Approval or Permit of, or filing with, any Governmental Entity or other third party bearing on the validity of this Agreement with respect to Transferee, which is required by applicable Law; and

(c) will neither conflict with nor result in any material breach or contravention of, or the creation of any Encumbrance under, any indenture, agreement, lease, instrument or understanding to which Transferee is a party or by which Transferee is bound.

5.4 Binding Effect.

This Agreement and all other agreements to which Transferee will become a party hereunder are and will constitute the valid and legally binding obligations of Transferee and are and will be enforceable against Transferee in accordance with the respective terms hereof and thereof, except as enforceability against Transferee may be restricted, limited or delayed by applicable bankruptcy or other laws affecting creditors' rights generally and except as enforceability may be subject to general principles of equity.

5.5 Litigation.

There is no claim, action, suit, proceeding or investigation pending or, to the knowledge of Transferee, threatened against or affecting Transferee that has or would reasonably be expected to have a Material Adverse Effect on Transferee's ability to perform this Agreement or any aspect of the transactions contemplated hereby.

5.6 No Adverse Action.

Transferee has not initiated or taken any action that would have a Material Adverse Effect on the transactions contemplated by this Agreement, except to the extent otherwise permitted or otherwise authorized by this Agreement.

6. PRECLOSING COVENANTS OF TRANSFEROR AND TRANSFEREE.**6.1 Access and Information.**

Between the date of this Agreement and the Closing Date, to the extent permitted by applicable Law, Transferor shall afford to the authorized representatives and agents of Transferee reasonable access, during Transferor's normal business hours, to and the right to interview Transferor employees and negotiate new contracts with Transferor's physician employees, inspect the plants, properties, books and records of Transferor relating to the Facilities and the Transferred Assets, and will furnish Transferee with such additional financial and operating data and other information as to the business and properties of Transferor relating to the Transferred Assets as Transferee may from time to time reasonably request, including but not limited to, all items set forth on Schedules under Article 4 of this Agreement. Transferee's right of access and inspection shall be made in such a manner as not to interfere unreasonably with the operation of the Transferred Assets. In this regard, Transferee agrees that such inspection shall not take place, and no employees or other personnel at any Facility shall be contacted by Transferee's representatives, without first coordinating such contact or inspection with the Chief Executive Officer or Chief Financial Officer of the Transferor. Notwithstanding the foregoing, Transferee understands that (x) with respect to documents and information deemed by Transferor in good faith to be market sensitive or competitive in nature, if requested by Transferee, Transferor will provide such documents and information to Transferee's outside attorneys and accountants (who will be bound by confidentiality agreements) for their review, and any market sensitive or competitive information will not be made available to Transferee, and (y) Transferor shall not be obligated to generate or produce information in any prescribed format not customarily produced by Transferor. Transferee shall have reasonable access to the Owned Real Property for the performance of non-invasive due diligence activities, which may include but not limited to, environmental studies, topography, engineering and other studies on the Owned Real Property. Such studies would be conducted at Transferee's sole discretion and expense.

6.2 Operations.

From the date hereof until the Closing Date, except as set forth in Schedule 6.2, Transferor shall with respect to the Transferred Assets:

- (a) carry on its business related to the Transferred Assets in substantially the same manner as it has heretofore and not make any material change in personnel, operations, finance, accounting policies, or the Transferred Assets other than in the ordinary course of business consistent with past practice;
- (b) maintain the Transferred Assets and all parts thereof in as good working order and condition as at present, ordinary wear and tear excepted;
- (c) perform in all material respects all of its obligations under Assumed Contracts relating to or affecting the Transferred Assets and the Facilities' business and operation in the ordinary course of business consistent with past practice;

- (d) keep in full force and effect current insurance policies or other comparable insurance on the Transferred Assets in the ordinary course of business consistent with past practice;
- (e) maintain and preserve its business organization with respect to the Facilities intact, retain its present employees at the Facilities and maintain its relationship with physicians, medical staff, suppliers, customers and others having business relations with the Facilities in the ordinary course of business consistent with past practice;
- (f) permit and allow reasonable access by Transferee to make offers of post-Closing employment to any of Transferor's personnel, which personnel shall be allowed to accept such offers without penalty, competing offer or interference, and to establish relationships with physicians, medical staff and others having business relations with Transferor; provided that Transferee shall comply with the terms of Section 6.1 in connection with such access;
- (g) render title to the Transferred Assets free and clear of all Encumbrances (except for the Permitted Encumbrances), and to obtain appropriate consents and Approvals from all Persons and Governmental Entities necessary for the assignment to Transferee of the Transferred Assets and consummation of the transactions contemplated by this Agreement;
- (h) use its commercially reasonable efforts to promptly cure any deficiencies cited by any Governmental Entity in the most recent surveys conducted by each or develop and timely implement a plan of correction that is acceptable to any Governmental Entity;
- (i) use its commercially reasonable efforts to keep available for Transferee the services of the present officers, employees, medical staff, consultants, agents and representatives of the Facilities;
- (j) comply in all material respects with all Laws applicable to the conduct of the business and operation of the Facilities consistent with past practice;
- (k) maintain the levels and quality of Inventory existing on the date hereof consistent with past practice;
- (l) collect accounts receivable and timely pay so as not to incur late fees accounts payable in the ordinary course of business consistent with past practice;
- (m) maintain all Approvals and Permits relating to the Transferred Assets and Assumed Liabilities in good standing; and
- (n) promptly notify Transferee of any material and adverse change to the Transferred Assets, the Facilities, the representations made by Transferor in Article 4 and the covenants made to Transferor in this Article 6.

6.3 Negative Covenants.

From the date hereof to the Closing Date, except as set forth in Schedule 6.3, Transferor will not, with respect to the business or operation of the Facilities or otherwise regarding the

Transferred Assets, without the prior written consent of Transferee, which will not be unreasonably withheld or delayed:

- (a) enter into any new material contract or commitment, or incur or agree to incur any new material liability, except (i) in the ordinary course of business, and (ii) for those of the foregoing which are terminable without cause or penalty within thirty (30) days following Closing;
- (b) increase compensation payable or to become payable or make a bonus payment to or otherwise enter into one or more bonus or incentive agreements with any employee or agent or under any personal services contract, except in the ordinary course of business in accordance with existing personnel policies or to induce employees to remain through the Closing;
- (c) sell, assign or otherwise transfer or dispose of any Transferred Assets, other than inventory and supplies in the ordinary course of business;
- (d) (i) materially amend, modify, renew or terminate any Assumed Contract or permit any of the foregoing to occur except in the ordinary course of business; (ii) by action or inaction, abandon, terminate, cancel, forfeit, waive or release Transferor's material rights, in whole or in part, with respect to the Transferred Assets, or encumber any of the Transferred Assets, except for Permitted Encumbrances; or (iii) effect any merger, business combination, reorganization or similar transaction or take any other action, which could reasonably be expected to affect adversely Transferor's ability to perform in accordance with this Agreement; (iv) cancel or permit the cancellation or lapse of insurance coverage on the Transferred Assets or the Facilities which is not replaced with appropriate coverage except in the ordinary course of business; or (v) settle any dispute or threatened dispute with any Governmental Entity or third party regarding the Transferred Assets in a manner that materially and adversely affects Transferee;
- (e) except Permitted Encumbrances, create, assume or permit to exist any new Encumbrance upon any of the Transferred Assets except in the ordinary course of business;
- (f) initiate, commence, modify or terminate any Plan, except as otherwise contemplated by the terms of this Agreement;
- (g) make any Capital Expenditure commitment in excess of \$250,000;
- (h) add, modify, terminate or not renew any third party payor agreement; or
- (i) take any other action outside the ordinary course of business with regard to the Assumed Contracts, the Assumed Liabilities, the Facilities or the Transferred Assets.

6.4 Notification of Certain Matters.

- (a) At any time from the date of this Agreement to the Closing Date, Transferor shall give prompt written notice to Transferee of (i) the occurrence, or failure to occur, of any event that has caused any representation or warranty of Transferor contained in this Agreement to be untrue in any material respect, (ii) any failure of Transferor to comply with or satisfy, in any material respect, any covenant, condition or agreement to be complied with or satisfied by it under this Agreement, and (iii) any material Environmental Condition of which Transferor is aware as to

any of the Real Property or of any actions or notices described in Section 4.20. Such notice shall provide a reasonably detailed description of the relevant circumstances and shall include the amount which Transferor believes, based on facts known to it, would be payable as a result thereof.

(b) At any time from the date of this Agreement to the Closing Date, Transferee shall give prompt notice to Transferor of (i) the occurrence, or failure to occur, of any event that has caused any covenant, representation or warranty of Transferee contained in this Agreement to be untrue in any material respect and (ii) any failure of Transferee to comply with or satisfy, in any material respect, any covenant, condition or agreement to be complied with or satisfied by it under this Agreement. Such notice shall provide a reasonably detailed description of the relevant circumstances and shall include the amount which Transferee believes, based on facts known to it, would be payable as a result thereof.

6.5 Approvals.

(a) Each of Transferee and Transferor will (i) cooperate with each other and take all reasonable and necessary steps to obtain, as promptly as practicable, all Approvals and Permits of any Governmental Entities required of such party to consummate the transactions contemplated by this Agreement and (ii) provide such other information and communications to any Governmental Entity as may be reasonably requested. Transferor and Transferee shall communicate with each other in a reasonable manner, coordinate and provide each other the opportunity to comment written responses and, subject to any advisable confidentiality restrictions, provide copies of documents and correspondence relating to the transactions contemplated hereby to be submitted to any of the Governmental Entities prior to such submission.

(b) To the extent that any Approval of a third party with respect to any Assumed Contract is required in connection with the transactions contemplated by this Agreement, Transferor shall use commercially reasonable efforts to obtain such Approval prior to the Closing Date and Transferor Representative shall continue to do so after Closing for any Approvals not obtained at Closing. In addition, if any Encumbrance, other than a Permitted Encumbrance, is asserted against the Real Property through or under or pursuant to any act or omission of Transferor or any of its Affiliates after the date of this Agreement but prior to Closing, Transferor shall obtain the release of such Encumbrance prior to Closing.

(c) Without limiting the provisions of Section 6.4(a) above, Transferor and Transferee shall file, if and to the extent required by applicable law, all reports or other documents required or requested by governmental agencies or under the antitrust laws of the State of Indiana and the United States and/or concerning the transactions contemplated by this Agreement, and comply promptly with any requests by the governmental agencies for information concerning such transactions, so that governmental agencies in Indiana and the United States have been provided all information they have reasonably requested concerning such transactions. Transferor and Transferee shall furnish to the other party, as applicable, such information as the other party reasonably requires to perform its obligations pursuant to the laws of the State of Indiana and the United States and shall exchange drafts of the relevant portions of each other's report forms or other filings or responses prior to filing. Transferor and Transferee hereby acknowledge and

agree that the transactions contemplated herein are exempt from the requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, (Section 87A of the Clayton Act), 15 U.S.C. 18a, as a transfer from a political subdivision of a state (pursuant to 15 U.S.C. 18a(c)(4)).

6.6 Restricted Funds.

Transferor represents and covenants that attached hereto as Schedule 6.6 is a list of all funds received and held by or on behalf of Transferor in the nature of grants, donations, contributions, bequests or trusts, which funds are restricted or conditioned as to their use by or for the benefit of the Hospital or the Transferred Assets ("Restricted Funds"). Schedule 6.6 further indicates the amounts, source and nature of the restrictions or conditions relating to all such Restricted Funds. At Closing, such Restricted Funds shall be assigned and transferred to Transferee in accordance with all applicable Laws and subject to any limitations imposed on any such Restricted Funds; and Transferee agrees to use such Restricted Funds in accordance with the restrictions and conditions imposed thereon, as disclosed on Schedule 6.6; or if such restrictions or conditions cannot be complied with by the Transferee or such restrictions or conditions are not modified by a court so as to permit Transferee's use of such Restricted Funds, then such Restricted Funds shall be returned to donors or otherwise used or disposed of in a manner and for such purposes as are satisfactory to the donors or the court. Transferor will direct and transfer of record (whether by transfer of physical possession or otherwise) all of Transferor's right, title and interest in all bequests, trusts or other donations required to be used at or for the benefit of the Hospital or Purchased Assets of which Transferor becomes aware or receives after Closing to Transferee ("Future Donor Restricted Funds"), and such Future Donor Restricted Funds shall be the sole, exclusive and absolute property of Transferee, subject, however to the restrictions or conditions imposed by the donors. It is acknowledged and agreed that neither the Hospital Foundation nor the Floyd Memorial Hospital Auxiliary are parties to this Agreement.

6.7 Additional Financial Information.

Within thirty (30) days following the end of each calendar month prior to the Closing Date, Transferor will deliver to Transferee, copies of the unaudited balance sheets and the related unaudited income statements of Transferor for each month then ended. Such financial statements shall have been prepared in accordance with GAAP, the balance sheets contained therein shall fairly present in all material respects the financial position of the Transferor at the date of such balance sheet and the income statements contained therein shall present fairly in all material respects the results of operations of the Transferor for the period indicated (subject to audit).

6.8 Transferor Insurance.

Transferor shall obtain, at Transferee's expense, insurance for extended reporting periods or "tail" insurance, in form and substance reasonably acceptable to Transferee ("Tail Insurance"), or, if directed by Transferee and acceptable to the applicable insurer, continue existing liability policies in place, to insure against liabilities in connection with the business or operation of the Facilities and the operation of the Transferred Assets prior to Closing (including the provision of services for the Transferor or any Terminated Plan following Closing). Such liabilities shall include, but not be limited to, cyber liability, directors and officers liability and

fiduciary liability. Such Tail Insurance shall include endorsement policies for any physicians employed by any of Transferor. The Tail Insurance coverage shall be retroactive such that it covers all applicable periods prior to the Closing Date. The Tail Insurance shall contain an aggregate umbrella liability limit of a minimum of Five Million Dollars (\$5,000,000). Transferee and its affiliates shall be included as additional insured parties pursuant to the Tail Insurance. Transferee shall reasonably cooperate with Transferor in Transferor's obtaining such Tail Insurance.

6.9 No Discussion.

Baptist has expended and contemplates further expenditures of substantial time and sums of money in connection with legal, accounting and due diligence work to be performed in conjunction with the transactions contemplated pursuant to this Agreement. Until the proper termination of this Agreement, Transferor will not, whether directly or indirectly, initiate, solicit, encourage, or respond to (in any substantial way) any inquiries or proposals or enter into or continue any discussions, negotiations, understandings, arrangements or agreements relating to: (i) any sale, exchange, issuance, transfer, merger or other disposition of any significant portion of the assets which are associated with or used in connection with the operation of the Hospital; (ii) any management, lease or similar arrangement in connection with the business and operation of the Hospital; or (iii) provide any assistance, information or data to, or otherwise cooperate or have discussions with, any other person or entity in connection with any such inquiry, proposal or transaction. Transferor will promptly notify Transferee by telephone and thereafter confirm in writing, if any such discussions or negotiations are sought to be initiated with, or any such proposal or possible proposal is received by, Transferor. In the event such a proposal is received by Transferor, Transferor will promptly notify any such third party of the existence of this exclusivity covenant and of Transferor's unwillingness to discuss any other proposed transaction until this Agreement is terminated.

6.10 Title Insurance and Survey.

Transferee shall have received commitments from a title insurance company reasonably acceptable to Transferee ("Title Company") to issue as of the Closing Date an ALTA owner's policy of title insurance, with extended coverage and zoning endorsements, for the Owned Real Property, in each case in amounts equal to the reasonable value assigned to such Owned Real Property by Transferee and in the customary form prescribed for use in the State of Indiana (collectively, the "Title Policy"). Transferee shall, within twenty (20) business days from the date Transferee receives such commitments, notify Transferor in writing of any title exceptions or defects pertaining to such Owned Real Property to which Transferee objects and provide copies of documentation as to such matter. Not less than thirty (30) days after receiving Transferee's notice, Transferor shall notify Transferee in writing of any such exceptions to title or defects in title which Transferor is unable or unwilling to cause to be removed or insured against prior to or at Closing. With respect to such exceptions or defects and prior to the Funding Date, Transferee shall elect, by giving written notice to Transferor within ten (10) days thereafter, whether to (x) terminate this Agreement or (y) consummate the Closing with respect to all Transferred Assets and Assumed Liabilities. Transferor agrees to deliver any information and documentation as may be reasonably required by Title Company under the requirements section of the title insurance commitment or otherwise in connection with the issuance of the

Title Policy, provided that such information or documentation is in Transferor's control or can be provided by Transferor and/or obtained by Transferor through the best efforts of Transferor. Transferor also agrees to provide an affidavit of title and/or such other information as Transferee's title insurance company may reasonably require in order for the title insurance company to insure over the "gap" (i.e., the period of time between the effective date of the Title Company's last check-down of title to such Owned Real Property and the Closing Date) and to use commercially reasonable efforts to cause the title insurance company to delete all standard exceptions from the final title insurance policy. Transferee shall also have received an as-built ALTA survey of the Real Property reasonably acceptable to Transferee reflecting all improvements visible on the grounds and all easements and rights of way of record or on the grounds and all real property subject to the Beneficial Rights ("Survey"). The Survey shall be certified to Transferee and to the Title Company. The costs of such Title Policy and Survey shall be borne entirely by Transferee.

6.11 Pension Plan.

(a) Transferor represents that on or before June 28, 2016, Transferor's actuary has calculated the plan liabilities on a termination basis, including administrative costs, and the plan assets value for the Pension Plan as of the nearest date prior to June 28, 2016, for which such plan assets value date was available, based on reasonable actuarial assumptions and Transferor shall provide such calculations to Transferee.

(b) Transferor represents that on or before June 28, 2016, the Board of Trustees of the Hospital has appointed three (3) or more persons to serve as members of a committee to act on behalf of the Hospital before and after the Closing with respect to the Pension Plan (the "Pension Committee") and identify the Pension Committee members to Transferee. The Pension Committee shall be considered a Transferor Representative (as defined in Section 12.17) solely with respect to the Pension Plan, with the powers and authority provided under Section 12.17, and shall have the duties, powers and authority assigned to the Retirement Committee under the Pension Plan, to administer the termination and wind down of the Pension Plan and the distribution of Pension Plan benefits before or as soon as possible following the Closing Date. The Board of Trustees of the Hospital also shall authorize and direct the Pension Committee to file an application with the Internal Revenue Service for a favorable determination letter on the termination of the Pension Plan, to respond to requests for information from the Internal Revenue Service relating to the determination letter application, and to execute one or more technical amendments to the Pension Plan if required by the Internal Revenue Service as a condition of the Internal Revenue Service for issuance of a favorable determination letter on the termination of the Pension Plan. If a member of the Pension Committee is unable or unwilling to continue to act and, as a result, the number of members of the Pension Committee drops to fewer than three (3) members, the member(s) of the Pension Committee prior to the outgoing member(s) of the Pension Committee ceasing to serve in that role shall appoint one or more new members of the Pension Committee.

(c) Transferor shall take all actions that are necessary or appropriate to terminate the Pension Plan as a "governmental plan" within the meaning of Section 414(d) of the Code and Sections 3(32) and 4021(b)(2) of ERISA, with a Pension Plan termination date that is not later September 1, 2016. Except as otherwise provided in Section 6.11(c), Transferor shall cause the Pension

Committee to implement and complete the distribution of all Pension Plan benefits to or on behalf of members (participants), beneficiaries and alternate payees of the Pension Plan not later than the day before the Closing Date. For these purposes, implementing and completing distributions of Pension Plan benefits not later than the day before the Closing Date includes, without limitation, (i) completing an automatic rollover to an IRA selected by the Pension Committee of a lump sum distribution on behalf of a member who is not receiving pension benefits at the time of distribution and does not timely return to the Pension Committee a properly completed cash or rollover distribution election, even if such member has not been located by the Pension Committee, (ii) making cash (not rollover) distributions if permitted by law, as well as (iii) completing the purchase of an annuity from an insurance carrier for each member, beneficiary or alternate payee who is then receiving, or who has elected to receive or who has been deemed to have been elected to receive, periodic pension benefits and who has not timely elected an available lump sum distribution in lieu of future periodic pension benefits. Transferor agrees to use its best efforts and professional diligence, and to cause the Pension Committee to use its best efforts and professional diligence, to implement and complete the distribution of all Pension Plan benefits not later than the day before the Closing Date. As the sole exception to the timing of distributions covenant in this Section 6.11(c), if, due to unforeseen circumstances and despite the best efforts and professional diligence of Transferor and the Pension Committee, certain distributions of Pension Plan benefits which have been initiated are not fully completed (not perfected) by the day before the Closing Date, Transferor agrees to cause the Pension Committee to take the remaining steps necessary to fully complete such distributions of Pension Plan benefits as soon as administratively possible on or after the Closing Date. Transferor represents and warrants to Transferee that (i) the Board of Trustees of the Hospital has adopted resolutions on or prior to June 10, 2016 approving the termination of the Pension Plan, a termination amendment to the Pension Plan and has authorized a restatement of the Pension Plan; and (ii) the Pension Committee filed or will file an application with the Internal Revenue Service on or prior to July 15, 2016 for a favorable determination letter on the termination of the Pension Plan. Transferor and the Pension Committee shall not take any actions with respect to the administration or operation of the Pension Plan that could result in the Pension Plan ceasing to be a "governmental plan" within the meaning of Section 414(d) of the Code and Sections 3(32) and 4021(b)(2) of ERISA, or that would violate applicable state and/or federal law. Reasonable fees and expenses related to the Pension Plan's termination, including any additional contributions needed to fully fund the Pension Plan for the payment of benefits shall be paid by Transferor from the Escrow Account and Transferee agrees to authorize Escrow Agent to make such payments.

(d) In connection with the Pension Committee's obligations under this Section, Transferee will provide the Pension Committee with reasonable access to the knowledge of individuals in Transferee's employ who assisted in the administration of the Pension Plan prior to the Closing Date and reasonable access to any records relating to the Pension Plan that remain with the Transferor after the Closing Date; provided, however, nothing in this Section 6.11 or any other provision of this Agreement, or otherwise, is intended, and shall not be construed, to make the Transferee an administrator or sponsor of, or a contributor to, the Pension Plan, or to otherwise obligate Transferee to maintain the Pension Plan or fulfill the Pension Committee's obligations hereunder. Transferee's post-Closing obligations with respect to the Pension Plan are addressed in Sections 2.3(g), 2.4(b) and 11.

7. CONDITIONS PRECEDENT TO OBLIGATIONS OF TRANSFEREE.

The obligations of Transferee hereunder are subject to the satisfaction, on or prior to the Funding Date, of the following conditions unless agreed in writing by Transferee to be completed prior to the Closing Date or waived in writing by Transferee:

7.1 Compliance With Covenants.

Transferor shall have in all material respects performed all obligations and complied with all covenants and conditions required by this Agreement to be performed or complied with by it at or prior to the Funding Date.

7.2 Pre-Closing Confirmations.

Transferee shall have obtained documentation or other evidence reasonably satisfactory to Transferee that Transferee has:

- (a) received all required Approvals and Permits from all Governmental Entities whose approval is required to consummate the transactions herein contemplated and for Transferee to lawfully own and operate the Facilities with valid Medicare and Medicaid provider agreements, except for any such Approvals and Permits the failure of which to obtain would not have a Material Adverse Effect on the business, financial condition or results of operations of the Transferred Assets, taken as a whole. Such Approvals and Permits shall include, without limitation, approval of the transactions herein contemplated by the Board of Commissioners and the County Council;
- (b) received all legally or contractually required consents to the assignments and assumptions of the Material Assumed Contracts and estoppel certificates from lessors and lessees of the Transferor confirming that rent has been paid through a current date and that they are unaware of any default under such leases;
- (c) received all legally or contractually required consents to the assignments and assumptions of all of Transferor's interests in each of the Joint Ventures and/or transition of the Joint Ventures in a manner consistent with Baptist's reasonable expectations which are described in Schedule 7.2(c);
- (d) entered into a written agreement between Transferor and the Floyd County Health Department to memorialize the Health Department Leasing Arrangement in a form reasonably acceptable to Transferee;
- (e) received written confirmation reasonably acceptable to Transferee that Transferor had fulfilled all of its obligations in Section 10.13 with respect to the Nursing Homes;
- (f) received written confirmation reasonably acceptable to Transferee that Transferor had fulfilled its obligations with respect to the real estate matter described in Schedule 7.2(f), subject to Transferee requesting for Transferor to undertake such matter; and

(g) received written confirmation reasonably acceptable to Transferee that Transferor has fulfilled its obligations with respect to the Plan matters described in Schedule 7.2(g), subject to Transferee requesting for Transferor to undertake such matters.

7.3 Action/Proceeding.

No court or any other Governmental Entity shall have issued an order restraining or prohibiting the transactions herein contemplated; and no Governmental Entity shall have commenced or threatened in writing to commence any action or suit before any court of competent jurisdiction or other Governmental Entity that seeks to restrain or prohibit the consummation of the transactions herein contemplated or otherwise seeks a remedy which would materially and adversely affect the ability of Transferee to enjoy the full use and enjoyment of the Transferred Assets.

7.4 Title Policies and Survey.

The Title Company shall be irrevocably committed to issue the Title Policy insuring Transferee's fee simple title in and to the Owned Real Property and Transferee's interest in the Beneficial Rights, showing no exceptions other than the Permitted Encumbrances together with such endorsements to such Title Policy as Transferee deems necessary in its sole discretion and at its sole cost. Further, the Survey shall not reflect any Encumbrance other than the Permitted Encumbrances and shall otherwise be acceptable to the Title Company for purposes of providing "survey coverage" in the Title Policy. Transferor shall have executed and delivered the Title Company's required form of Owner's Certificate attached as Exhibit O so that the Title Company may issue an "extended coverage" Title Policy free of the Schedule B-2 pre-printed exceptions, except for matters shown on the Survey.

7.5 Representations and Warranties.

The representations and warranties of Transferor set forth herein shall be true and correct in all material respects on the Funding Date (unless an earlier date is expressly specified herein with respect to any particular representation or warranty).

7.6 Material Adverse Effect.

There shall have been no Material Adverse Effect to the business, operational or financial condition of the Transferor or the Transferred Assets (taken as a whole) from the Balance Sheet Date through the Funding Date.

7.7 Insurance.

Transferee shall have received a true and correct copy of the Tail Insurance policies required pursuant to Section 6.8.

7.8 Bonds.

Each of Transferee and Transferor shall have received evidence satisfactory to each of them, in its sole discretion, that Transferee and, as applicable, Transferor, have performed their

respective obligations with regard to the Plan of Finance in Schedule 7.8 for the assumption, refinancing or defeasance of the debt instruments identified in the Plan of Finance (collectively, the “Debt Instruments”); and all conditions and requirements specified in the Plan of Finance have been satisfied.

7.9 Dissolution of Medical Group and FMMG Pain Mgmt.

Unless Transferee requests otherwise, Transferor shall have (i) ceased operations and wound-up all affairs of Medical Group and FMMG Pain Mgmt, and (ii) provided Transferee with written confirmation from the Indiana Secretary of State’s office that Articles of Dissolution have been duly filed and accepted for each of Medical Group and FMMG Pain Mgmt, in accordance with Indiana law.

7.10 Disclosure of Past Practices.

Transferor shall have filed with the CMS or the OIG, as appropriate, a disclosure (the “Self-Disclosure”) of matters identified on Schedule 4.11, if any, that specifically reference this Section 7.10, provided that such disclosure shall be in a form and substance reasonably acceptable to Transferee.

8. CONDITIONS PRECEDENT TO OBLIGATIONS OF TRANSFEROR.

The obligations of Transferor hereunder are subject to the satisfaction, on or prior to the Funding Date, of the following conditions unless agreed in writing by Transferor to be completed prior to the Closing Date or waived in writing by Transferor:

8.1 Compliance With Covenants.

Transferee shall have in all material respects performed all obligations and complied with all covenants and conditions required by this Agreement to be performed or complied with by it at or prior to the Funding Date.

8.2 Action/Proceeding.

(a) No court or any other Governmental Entity shall have issued an order restraining or prohibiting the transactions herein contemplated; no Governmental Entity shall have commenced or threatened in writing to commence any action or suit before any court of competent jurisdiction or other Governmental Entity that seeks to restrain or prohibit the consummation of the transactions contemplated hereby or impose material damages or penalties in connection therewith.

(b) The Excluded Contracts, if any, shall have been terminated and/or otherwise addressed in a manner reasonably acceptable to Transferor.

8.3 Representations and Warranties.

The representations and warranties of Transferee set forth herein shall be true and correct in all material respects on the Funding Date (unless a different date is expressly specified herein

with respect to any particular representation or warranty).

8.4 Pre-Closing Confirmations.

Transferor shall have obtained documentation or other evidence reasonably satisfactory to Transferor that Transferor has received all required Approvals and Permits from all Governmental Entities whose approval is required to consummate the transactions herein contemplated, except for any such Approvals and Permits the failure to obtain would not have a Material Adverse Effect on the business, financial condition or results of operations of the Transferred Assets, taken as a whole. Such Approvals and Permits shall include, without limitation, approval of the transactions herein contemplated by the Board of Commissioners and the County Council.

9. TRANSITIONAL ARRANGEMENTS.

9.1 Collection Procedure for Government Patient Receivables.

Transferor hereby appoints Transferee, and Transferee agrees to act, as Transferor's collection agent with respect to the Government Patient Receivables relating to the rendering of services and provision of medicine, drugs and supplies by Transferor ("Transition Services") to patients admitted to a Facility on or before the Closing Date but from whom payment has not been received ("Transition Patients"). In connection therewith, on or before the Closing Transferee shall establish a "lock box" at a financial institution selected by Transferee, and after the Closing Transferor shall deposit in such lock box cash, checks, drafts or other similar items of payment allocable to Transferor's Government Patient Receivables. Transferor hereby assigns all such amounts deposited by Transferee, as collection agent, into the lock box to Transferee in full satisfaction of Transferor's obligation pursuant to Section 2.1(xiii) hereof to transfer to Transferee an amount equal to the value of Transferor's Government Patient Receivables arising from the rendering by Transferor of Transition Services up to the Closing.

9.2 Transferor's Cost Reports; RAC Communications.

(a) Transferor will timely prepare (or cause to have prepared) all cost reports relating to Transferor for periods ending on or prior to the Closing Date or required as a result of the consummation of the transactions set forth herein, including terminating cost reports for the Medicare, Medicaid and TRICARE programs (the "Transferor Cost Reports"). Transferee shall assist, or shall arrange for assistance to, Transferor for the preparation of the Transferor Cost Reports and shall bear the fees and expenses associated with the preparation of the Transferor Cost Reports. Transferee shall forward to Transferor any and all correspondence relating to Transferor Cost Reports within five (5) business days after receipt by Transferee. Transferee shall be entitled to any funds relating to Transferor Cost Reports and if Transferor receives any such funds, it will promptly forward them to Transferee within five (5) business days after receipt by Transferor; and Transferee shall be responsible for any demands for payment relating to such Transferor Cost Reports and if Transferor receives any such demands for payment, it will forward to Transferee such demand for payments within five (5) business days after receipt by Transferor.

(b) Transferee shall be entitled to any refunds relating to the CMS Recovery Audit Program and if Transferor receives any such funds, it will promptly forward them to Transferee within five (5) business days after receipt by Transferor. Transferee shall be responsible for any demands for payment under the CMS Recovery Audit Program and if Transferor receives any such demands for payment, it will forward to Transferee such demand for payments within five (5) business days after receipt by Transferor. Transferor shall also forward to Transferee within five (5) business days after receipt by Transferor all other communications received by Transferor from either the Recovery Auditor or Medicare Administrative Contractor or otherwise relating to the Recovery Audit Program.

9.3 Employees.

(a) As of the Closing Date, Transferor shall terminate all employees of the Facilities, and, subject to the applicant's successful completion of Transferee's standard pre-employment screening and complying with Transferee's human resources policies and procedures, Transferee shall offer employment to all of the non-contracted employees of the Transferor, which shall be at their existing rates of compensation for all non-executive and non-contractual employees. Transferee shall employ a sufficient number of Employees for at least a 90-day period following the Closing Date with the intent as not to constitute a "plant closing" or "mass layoff" (as those terms are used in the Worker Adjustment and Retraining Notification Act, 29 U.S. Stat. § 2101 et. seq.) with respect to any of the Facilities. Transferee shall be liable and responsible for any notification required under such Action (or under any similar state or local Law) and shall indemnify Transferor from any claims arising out of a breach of this covenant. Transferee shall be responsible for, and hereby assumes, any and all liabilities and obligations resulting from (x) the termination of any such employee as set forth in this Section 9.3(a) and (y) any claims by any employee of Transferor who was not offered employment with Transferee based on allegations that the failure to be offered employment violated applicable Law, including labor Laws.

(b) The term "Employee" as used in this Agreement means an employee of the Transferor who accepts employment with Transferee as of the Closing Date. Employees who qualify and are successfully screened will generally be retained as employees-at-will (except to the extent that such Employees are parties to Assumed Contracts providing for other employment terms, in which case such Employees shall be retained in accordance with the respective terms of such contracts), and Transferee shall provide Employees with competitive employee benefits generally comparable in the aggregate to those currently provided by the Transferor under and in accordance with the terms of the respective benefit plans and programs maintained by Baptist and/or its Affiliates. Transferee shall recognize the years of service and provide service credit to all individuals employed as a regular full-time or part-time Employees as of the Closing Date consistent with Transferor's past practice for recognizing such service and, for all other staff (including PRN and temporary staff), such years of service, and service credit shall be based on Transferee's existing practices for purposes of determining benefit service anniversaries and vesting periods, including calculation of Transferee's service-based formula to determine the applicable tier to be used in Transferee's retirement accumulation plan, and for purposes of any employee benefit plan or program maintained by Baptist and/or its Affiliates in which such Employee participates or is eligible to participate, including any qualified or non-qualified retirement or savings plan, health and welfare plan, or vacation, paid time off, sick leave, holiday, or severance plan or policy. Participation shall begin as soon as administratively

feasible after the Closing Date for all Employees (and their eligible spouses and dependents) who, given their service credit as defined above, have met the age and service requirements for participation in the respective plan or program maintained by Transferee and/or its Affiliates. Additionally, each Employee may elect (i) to have all of his/her accrued unused paid time off paid out to such Employee upon such Employee's termination with the Transferor as part of such Employee's final paycheck for the last pay period, or (ii) to carry over or receive credit for his/her accrued unused paid time off for use with respect to such Employee's employment with Transferee. Transferee shall assume Transferor's extended illness bank (EIB) and carry over any accrued hours. Transferee will maintain the Transferor's health and welfare Plans identified on Schedule 9.3(e)(2) through the 2016 Plan year. Notwithstanding anything contained herein to the contrary and except as set forth in Section 9.3(f), nothing contained herein shall be construed to restrict Transferee's future ability after the Closing to amend, modify or terminate future benefit offerings as it sees fit in its sole discretion.

(c) Transferee will maintain the Transferor's health Flexible Spending Account benefit and/or dependent care Flexible Spending Account benefit (collectively, "FSA") under the Transferor's cafeteria plan ("Transferor's FSA") for its 2016 plan year. Transferee may offer Employees the opportunity to become participants in the FSA maintained by Baptist and/or its Affiliates ("Transferee's FSA") for any future plan year. At or prior to Closing, Transferor will provide Transferee with a current list of the Transferor's FSA participants reflecting their effective dates of participation during the 2016 plan year, withholding elections, year to date contributions, year to date claims submitted, year to date claims reimbursed and FSA account balances. As soon as practicable after Closing, but in all events within thirty (30) days following the Closing Date, Transferor will update such information on Transferor's FSA to Transferee as of the Closing Date.

(d) Transferee agrees to provide continuing health benefit coverage under Transferor's continuation of coverage program, and after the termination of Transferor's continuation of coverage program, then under Transferee's or its Affiliate's continuation of coverage program, to any Continuation of Coverage Beneficiaries with respect to the Transferor's applicable Plans. The term "Continuation of Coverage Beneficiaries" as used in this Agreement means employees or former employees of the Transferor (and their eligible spouses and dependents) identified on Schedule 9.3(d) who are receiving or are entitled to receive COBRA continuation coverage prior to Closing under an applicable Plan or who become entitled to receive COBRA continuation coverage under an applicable Plan with respect to the transactions contemplated by this Agreement. Notwithstanding the foregoing, in the event that Transferor (Floyd County or any other entity on behalf of Transferor) (each a "COBRA Indemnitee") shall be obligated to provide COBRA continuation coverage to any Continuation of Coverage Beneficiaries, Transferee shall reimburse each such COBRA Indemnitee for any and all expenses incurred thereby (including, claims incurred under a self-insured group health plan, administrative fees, insurance or reinsurance premiums, etc.) by such COBRA Indemnitee under any group health plans of such COBRA Indemnitee in excess of the premiums collected from the Continuation of Coverage Beneficiaries and any actual reinsurance recoveries to the extent attributable to COBRA continuation coverage provided to the Continuation of Coverage Beneficiaries, and each such COBRA Indemnitee shall invoice Transferee monthly with respect to such expenses and Transferee shall be obligated to make full payment of each such invoice within thirty (30) days of the date of receipt of such invoice and, if Transferee should fail to timely pay, Transferee shall

also be obligated to pay interest with respect to the unpaid amounts at the rate of ten percent (10%) per annum.

(e) For the avoidance of doubt, and consistent with the provisions of Sections 2.1 and 2.3(e) herein, for periods on and after the Closing, (1) Transferor shall cease to maintain, sponsor or contribute to each of the Plans identified in Schedule 9.3(e)(1) and shall cease to retain any liability or obligations under such Plans, and (2) Transferee shall assume sponsorship of the Plans identified on Schedule 9.3(e)(2) that will not have been terminated prior to the Closing (until termination thereof at the discretion of the Transferee) and any liability and obligation related to the Plans (whether or not such Plans were terminated prior to Closing) shall be an Assumed Liability, except as provided by Section 2.4(b), above.

(f) Notwithstanding any other provision of this Agreement to the contrary, after the Closing Date, the Transferee shall pay severance consistent with Schedule 9.3(f), in the event that any of such Employees initially hired by Transferee are terminated by the Transferee during the first nine (9) months after the Closing Date, except if such termination is for cause or voluntary resignation.

9.4 Transition Services Agreement.

The Parties shall enter into a Transition Services Agreement substantially in the form attached hereto as Exhibit K, under which Transferee agrees to provide administrative and other services necessary to assist Transferor post-Closing to wind-up its operations. The Transition Services Agreement shall include a comprehensive plan and timeline for the wind down of the Transferor and shall also address the role of the Transferor Representative in connection with the wind down of the Transferor and interaction with the Transferee post-Closing. The transition services shall be provided at no charge to Transferor.

9.5 Hospital Medical Staff.

At Closing, Transferee will (i) adopt the Hospital's medical staff bylaws, rules and regulations subject to confirmation that such bylaws, rules and regulations conform with applicable laws and regulations and national and regional norms (provided that the foregoing shall not prevent Transferee from proposing new Bylaws); and (ii) begin working with the medical staff and medical executive committee to review the Hospital's existing bylaws and the medical staff bylaws, rules and regulations of a Baptist hospital Affiliate in an effort to develop a single set of bylaws for the Baptist Health Floyd Hospital for medical staff approval, recognizing that there are some material differences in classifications and delineation of privileges. The goal would be to complete this process and have new bylaws in place within six (6) to twelve (12) months after Closing. Transferee agrees that the Hospital's medical staff members and other practitioners with clinical privileges in good standing as of the Closing shall maintain such medical staff membership and clinical privileges immediately following the Closing and Transferee will honor the respective terms of appointment of such Members and practitioners. The foregoing will not limit the ability of Transferee to (A) modify the bylaws rules and regulations to comply with applicable laws and regulations, or (B) grant, withhold, or suspend medical staff appointment or clinical privileges in accordance with the terms of the Baptist Health Floyd Hospital's medical staff bylaws after the Closing.

10. ADDITIONAL AGREEMENTS.

10.1 Allocation of Purchase Price.

(a) The Purchase Price will be allocated among the Transferred Assets in the manner required by the Code. The fair market values and the allocation will be agreed to by Transferee and Transferor prior to the Closing Date

(b) Transferee will provide to Transferor copies of Form 8594 and any required exhibits thereto, consistent with the allocations in Section 10.1(a). In this regard, the parties agree that, to the extent required, all tax returns or other tax information they may file or cause to be filed with any Governmental Entity shall be prepared and filed consistently with such allocation.

10.2 Termination Prior to the Funding Date/Effect of Termination.

(a) Anything herein to the contrary notwithstanding, except as set forth in Section 10.2(c) and subject to Section 10.2(d), this Agreement and the transactions contemplated by this Agreement may be terminated at any time prior to the time of the funding on the Funding Date: (i) by mutual consent in writing of Transferee and Transferor; (ii) by Transferee by written notice to Transferor if any event occurs or condition exists which causes one or more conditions to the obligations of Transferee to consummate the transactions contemplated by this Agreement as set forth in Article 7 to not be satisfied prior to the Funding Date; (iii) by Transferee by written notice to Transferor in the event Transferee has not completed its due diligence activities to Transferee's sole and complete satisfaction; (iv) by Transferee if Transferor is in breach of any provision of this Agreement that has not been cured within thirty (30) days after written notice is provided to Transferor of such breach; (v) by Transferee pursuant to Section 6.10 or Section 12.18; (vi) by Transferor if Transferee is in breach of any provision of this Agreement that has not been cured within thirty (30) days after written notice is provided to Transferee of such breach; or (vii) by Transferor by written notice to Transferee if any event occurs or condition exists which causes one or more conditions to the obligation of Transferor to consummate the transactions contemplated by this Agreement as set forth in Article 8 to not be satisfied.

(b) In the event that this Agreement shall be terminated pursuant to Section 10.2(a), all further obligations of the parties under this Agreement shall terminate without further liability of any party to another, with the exception of provisions that expressly survive termination and Section 10.2(d), Section 12.2, Section 12.3, Section 12.4, Section 12.6, Section 12.7, Section 12.8, Section 12.10 and Section 12.14.

(c) Anything herein to the contrary notwithstanding, the Transferor and Transferee hereby acknowledge and agree that this Agreement may not be terminated at any time by either party after the time of funding on the Funding Date or after the Funding Date, except by Transferee (i) pursuant to Section 10.3, or (ii) for any of the reasons specified in Section 10.2(a)(ii)-(v) and subject to Section 10.4.

(d) In the event that this Agreement is terminated by Transferee after the Funding Date for any of the reasons specified in Section 10.2(a)(ii)-(v) or for any other reason, or the Closing does

not occur for any reason, other than termination by Transferee pursuant to Section 10.3, on or after the Funding Date and before October 31, 2016, the Transferor shall be immediately entitled to the Failure to Close Escrow Amount and such Failure to Close Escrow Amount shall be released from the Escrow Agent to the Transferor immediately upon wire transfer to Transferor in accordance with the Failure to Close Escrow Agreement. In the event that the Closing occurs prior to October 31, 2016, Transferee shall be immediately entitled to the Failure to Close Escrow Amount and such Failure to Close Escrow Amount together with accrued interest shall be released from the Escrow Agent to the Transferee immediately upon wire transfer to Transferee in accordance with the Failure to Close Escrow Agreement.

(e) In the event that the Closing does not occur by December 31, 2016, then either Transferor or Transferee shall have the right to terminate this Agreement at any time; provided, that the right to terminate this Agreement under this Section 10.2(e) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of the Closing to occur by such date, and any such termination shall not impact Transferor's right to receive the Failure to Close Escrow Amount.

10.3 Termination Prior to the Closing Date/Effect of Termination.

This Agreement and the transactions contemplated by this Agreement may be terminated by Transferee at any time prior to Closing if FMHHS is terminated from participation in the Medicare, Medicaid, or Tricare programs such that FMHHS can no longer provide services to Medicare, Medicaid, or Tricare beneficiaries. In the event this Agreement is terminated pursuant to this Section 10.3 after the Funding Date and prior to the Closing Date, Escrow Agent shall promptly remit the principal and all accrued interest in the Failure to Close Escrow Account to Transferee.

10.4 Failure to Close Escrow Account.

The Failure to Close Escrow Account shall be established and funded by Transferee with the Failure to Close Escrow Amount and held by the Escrow Agent on the business day prior to the Funding Date pursuant to a mutually agreed upon escrow agreement ("Failure to Close Escrow Agreement") to secure the obligations of the Transferee pursuant to this Agreement. The Failure to Close Escrow Amount and Failure to Close Escrow Account are integral and material parts of this Agreement, and the Parties would not have entered into the Agreement without the certainty of both. The Failure to Close Escrow Amount is a termination fee. It is intended to compensate Transferor for expenses Transferor will incur if the contemplated transaction is terminated (except as provided under Section 10.3) or fails, for any reason, to close after the Funding Date. These are expenses that Transferor would not have incurred but for this Agreement. The fee is reasonable and not excessive. Transferor and Transferee each waives the right to and otherwise agrees that it may not and will not challenge and/or otherwise resist the Failure to Close Escrow Amount and/or terms of the Failure to Close Escrow Account, including claiming that the Failure to Close Escrow Amount is an improper penalty or disproportionate to the loss likely to be incurred and/or attempting to enjoin the release of the Failure to Close Escrow Amount.

10.5 Post-Closing Access to Information.

Transferee and Transferor acknowledge that, subsequent to Closing, Transferee and Transferor may each need access to information, documents or computer data in the control or possession of the other, and Transferor may need access to the Transferred Assets or the Facilities for the purpose of concluding the transactions contemplated herein and for audits, investigations, compliance with governmental requirements, regulations and requests, and the prosecution or defense of third party claims. Accordingly, Transferee agrees that it will make available to Transferor and its agents, independent auditors and or Governmental Entities such documents and information as may be available relating to the Transferred Assets and Facilities in respect of periods prior to Closing and will permit Transferor to make copies of such documents and information. Transferor agrees that it will make available to Transferee and its agents, independent auditors and or Governmental Entities such documents and information as may be available relating to the Transferred Assets and Facilities in respect of periods prior to Closing and will permit Transferee to make copies of such documents and information.

10.6 Reproduction of Documents.

This Agreement and all documents relating hereto may be copied or reproduced by Transferor and by Transferee, and Transferor and Transferee may destroy any original documents so reproduced. Transferor and Transferee 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 Transferor or Transferee in the regular course of business) and that any facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

10.7 Consented Assignment.

Prior to Closing, Transferor shall use best efforts to obtain consents to assignment to those Assumed Contracts for which consent to assignment is contractually required, and Transferee will use its commercially reasonable efforts to assist Transferor. It shall be a condition precedent to Transferee's obligations pursuant to Section 7.2 that such consents to the assignment of each Material Assumed Contract shall have been obtained prior to the Funding Date. If such consent to assignment of a Material Assumed Contract is not obtained but Transferee nonetheless elects to proceed with funding the Pension Plan Escrow, then the condition precedent that the consent to the assignment of such Material Assumed Contract be obtained shall be deemed to have been waived by Transferee, Transferor shall assign such Material Assumed Contract to Transferee at Closing, and Transferee shall hold Transferor and the County harmless from any claim predicated on the failure to have obtained such consent to assignment or otherwise.

10.8 Non-Competition.

(a) In partial consideration of Transferee's agreement to assume and agree to pay the Purchase Price and pay, perform and discharge when due, and hold the Transferor, the Board of Commissioners and the County Council harmless from and against the Assumed Liabilities,

including, without limitation all known and unknown obligations and liabilities accruing under or arising out of the Assumed Contracts, the Facilities and the Transferred Assets and Baptist's agreement to guarantee the obligations of Transferee hereunder, each of the Transferor, the Board of Commissioners and the County Council agree that without the Transferee's prior written consent, (x) during the period commencing on the Closing Date and ending on the tenth (10th) anniversary of the Closing Date and so long as Transferee continues to operate a general acute care hospital in Floyd County, Indiana, they shall not (i) engage in the operation of any Competing Business within the geographic boundaries of Floyd County, Indiana (the "Territory"), or (ii) acquire, lease, own or be a shareholder, partner, member or equity holder of, exercise management control over, provide consulting services for, or acquire or maintain a controlling interest in, any Competing Business that is located in the Territory. For purposes of this Section, the term "Competing Business" means the business of hospitals, ambulatory surgical centers, medical clinics, imaging facilities, clinical labs, diagnostic clinics, nursing facilities, home health agencies, hospices, physician practices, behavioral health centers and any and all other healthcare facilities and services, with the exception of ambulance services.

(b) Notwithstanding the foregoing, the Board of Commissioners and the County Council may (i) sponsor or conduct public health and preventative health programs to promote the health and well-being of the Floyd County community, such as health fairs and vaccination and immunization programs, where Transferee will have a reasonable first opportunity to provide such services sponsored or conducted by the Board of Commissioners and the County Council if a third party is involved to do so; and (ii) operate a public health department for the benefit of Floyd County, Indiana residents, and the engaging in such noncompetitive community welfare programs is not prohibited under this Agreement.

(c) Transferor, the Board of Commissioners and the County Council recognize that the covenants in this Section 10.8, and the territorial, time and other limitations with respect thereto, are reasonable and properly required for the adequate protection of the acquisition of the Transferred Assets by Transferee, and agree that such limitations are reasonable with respect to its activities, business and public purpose. Transferor, the Board of Commissioners and the County Council agree and acknowledges that the violation of the covenants or agreements in this Section 10.8 would cause irreparable injury to Transferee and that the remedy at law for any violation or threatened violation thereof would be inadequate and that, in addition to whatever other remedies may be available at law or in equity, Transferee shall be entitled to temporary and permanent injunctive or other equitable relief without the necessity of proving actual damages or posting bond. The parties hereto also waive any requirement of proving actual damages in connection with the obtaining of any such injunctive or other equitable relief. In addition to any injunctive relief or specific performance, Transferee may pursue such other remedies to which it may be entitled under applicable Law.

(d) It is the intention of each party hereto that the provisions of this Section 10.8 shall be enforced to the fullest extent permissible under the Laws and the public policies of the State of Indiana, but that the unenforceability (or the modification to conform with such Laws or public policies) of any provisions hereof shall not render unenforceable or impair the remainder of this Agreement. Accordingly, if any term or provision of this Section 10.8 shall be determined to be illegal, invalid or unenforceable, either in whole or in part, this Agreement shall be deemed amended to delete or modify, as necessary, the offending provisions and to alter the balance of

this Agreement in order to render the same valid and enforceable to the fullest extent permissible as aforesaid. Further, each of the provisions in this Section 10.8 shall be construed independent of any other provision of this Agreement and shall survive the termination of this Agreement. If any provision of this Section 10.8 (or any element thereof) shall be determined to be overbroad as to geographical area, activity, or time covered, then the said geographical area, activity, or time covered may be either stricken or reduced by a court of competent jurisdiction to the extent such court deems reasonable, and this Section 10.8 may then be enforced as to such remaining portions and such reduced geographic area, activity, or time.

10.9 Hospital Name.

The name of the Hospital after the Closing shall be "Baptist Health Floyd" or such other name as selected by Transferee.

10.10 Capital Commitment.

(a) During the seven (7) year period following the Closing of the Transaction, Baptist will, subject to Section 10.10(c), spend or Commit (as defined herein) to spend not less than \$140,000,000 in Capital Expenditures benefitting both (i) the Facilities or the Transferred Assets; and (ii) the Hospital's Service Area, as a strategic investment in the future of healthcare in the Hospital Service Area in a manner consistent with the strategic plan for Southern Indiana as approved by Baptist Healthcare System, Inc. Board of Directors developed in coordination with the Hospital Administrative Board (the "Capital Commitment"). \$40,000,000 of the Capital Commitment will be committed to information technology (including, but not limited to, implementation of Epic and other related systems and hardware replacement), and any such funds not used for information technology shall be used for the remainder of the Capital Commitment. "Commit" shall mean entering into a legally binding obligation through resolutions adopted by a party's governing body, a contractual obligation or other means under applicable law.

(b) Until the Capital Commitment has been satisfied, Transferee shall provide Transferor Representative and County with an annual report by September 30 reasonably describing Transferee's Capital Expenditures for Transferee's prior fiscal year and the Capital Expenditures planned for Transferee's current fiscal year, and related budget and progress to date towards satisfying the Capital Commitment (each a "Capital Commitment Report"). The Capital Commitment Report shall include a description of Capital Expenditures related to information technology and the status of the \$40,000,000 commitment related to information technology identified in Section 10.10(a). Once the Capital Commitment has been satisfied in full by Transferee, Transferee shall provide a final Capital Commitment Report to the County and the Transferor Representative within ninety (90) days thereafter. Transferee may request an extension from the County with regard to the period of time required to satisfy the Capital Commitment, which will be evaluated and approved or denied in the sole discretion of the County. Unless the County agrees otherwise on or prior to September 30, 2023, if Transferee does not meet the Capital Commitment and fails to spend (or fails to Commit prior to September 30, 2023 to spend and actually spends on or prior to August 31, 2024), the entire Capital Commitment within the seven (7) year and eleven month period, any difference between the Capital Commitment and the actual amount spent (or Committed and spent in accordance with

this Section 10.10(b)) shall be paid to the County by the later of November 30, 2024 or ninety (90) days after the determination of the amount of the difference.

(c) The Capital Commitment shall be reduced if and to the extent (i) a Governmental Entity finally determines after all applicable appeals, that the Pension Plan is not a “government plan” within the meaning of Section 414(d) of the Code and Sections 3(32) and 4021(b)(2) of ERISA and such termination results in the aggregate liability attributed to the Pension Plan to be more than an estimate of Sixty-Four Million Seven Hundred Ten Thousand and 00/100 Dollars (\$64,710,000), which amount shall be updated based on actual numbers available as of Closing; and/or (ii) after the date of this Agreement and prior to Closing, a material part or portion of the Transferred Assets is or has been damaged, condemned, lost or destroyed and such damage, condemnation, loss or destruction is uninsured and exceeds an aggregate amount of Ten Million and 00/100 Dollars (\$10,000,000). The reduction will be based on the amount that the liability is above \$64,710,000 for Section 10.10(c)(i) or above \$10,000,000 for Section 10.10(c)(ii).

10.11 Hospital Administrative Board.

(a) Baptist will appoint a Hospital Administrative Board (“Hospital Administrative Board”) consisting of approximately eleven (11) members appointed by Baptist. In addition, the Baptist Chief Executive Officer or his designee will be an *ex-officio*, non-voting member of the Hospital Administrative Board. The President of the Hospital Medical Staff shall serve as one of the eleven (11) voting members of the Hospital Administrative Board. For a period of ten (10) years after the Closing, at least two-thirds of the Board Members must be residents of either the Hospital Service Area or Jefferson County, Kentucky, but at least five (5) Board members must be residents of Floyd County. The current Board of FMHHS has nominated persons for the Transferee Board of Directors to consider as the initial Hospital Administrative Board for eight (8) of the eleven (11) Board seats, as identified on Schedule 10.9. At least two Hospital Administrative Board members will include Baptist executives and/or current or former Baptist governing board members.

(b) The initial Hospital Administrative Board is identified on Schedule 10.9 and shall be staggered for one (1), two (2), three (3), and four (4) year terms. Members of the Hospital Administrative Board, other than members of the initial Board, shall serve four (4) year terms (“Term”). Members of the Hospital Administrative Board may serve two (2) consecutive Terms (the “Term Limit”). Board members shall be eligible for additional Terms beyond the Term Limit after one (1) year off the Board.

(c) In addition to those specific responsibilities of the Hospital Administrative Board required by The Joint Commission, the Hospital Administrative Board will: (a) participate in the development and review of strategic plans for the Baptist Health Floyd Hospital, Facilities and the Transferred Assets (which would include, among other matters, a physician recruitment plan); (b) participate in the development and review of capital and operating budgets for the Baptist Health Floyd Hospital; (c) grant medical staff privileges; (d) oversee medical staff issues and quality of patient care plans and performance; (e) identify new service and educational opportunities; (f) approve any material reduction of any Core Services (as identified in Section 10.10); and (g) undertake other responsibilities as delegated to the Hospital Administrative Board by Transferee from time to time.

(d) Baptist's Chief Executive Officer will confer with the Hospital Administrative Board about the selection and removal of the Hospital President prior to any such selection or removal.

10.12 Continuation of Services and Payment for Park.

(a) For the respective periods reflected on Schedule 10.12(a), Transferee will use best efforts to continue to provide certain healthcare services and programs provided by Transferor as of the Closing Date, as set forth on Schedule 10.12(a) (the "Core Services"). For example, if a physician is no longer available to provide a Core Service and the Core Service cannot be provided without the physician, Transferee will use best efforts to recruit a new physician, but if Transferee is not able to recruit a physician despite such best efforts, then Transferee may discontinue the Core Service upon prior written notice to the Hospital Administrative Board. In the event that Transferee decides to voluntarily discontinue any Core Service provided at the Baptist Health Floyd Hospital or Facilities, as applicable, during the applicable periods specified in Schedule 10.12(a) following the Closing, such voluntary discontinuation must be approved by the Hospital Administrative Board.

(b) Transferee shall continue to provide health care services to inmates of the Floyd County Jail for at least ten (10) years immediately following the Closing Date on the same terms and conditions as exist on the Closing Date.

(c) Transferee shall provide or make available the same space that Transferor provides the Floyd County Health Department as of the date of this Agreement free of charge for at least ten (10) years immediately following the Closing Date (the "Health Department Leasing Arrangement").

(d) Transferee shall also contribute, within thirty (30) days after Closing, a one-time payment of Two Million Three Hundred Thousand and 00/100 Dollars (\$2,300,000) to the New Albany Township Little League towards the construction and development of baseball and softball fields ("Fields") in the Kevin Hammersmith Memorial Park ("Park") in New Albany, Indiana. As a condition to such contribution, Baptist shall have the right to name the Fields or have its name displayed in a prominent manner with regard to the Fields, which shall be memorialized in a written agreement reasonably satisfactory to Baptist evidencing such rights.

10.13 Nursing Homes.

Prior to the Funding Date, Transferor will assign or otherwise terminate its rights and obligations under that certain Health Care Facility Sublease Agreement effective as of February 1, 2015 between Transferor and Diversicare of Providence, LLC, and under that certain Management Agreement dated as of February 1, 2015, between Transferor and Diversicare Management Services, Co., and all related agreements, such that as of Closing, neither Transferor nor Transferee will have any interest whatsoever in, and duties or obligations with respect to, Diversicare; provided, however, that Transferee shall have the right to receive all payments received by Diversicare subsequent to Closing related to periods prior to Closing. Prior to the Funding Date, Transferor will assign or otherwise terminate its rights and obligations under that certain Lease Agreement between Transferor and TMV Property, LLC, effective as of September 1, 2012, and under that certain Management Agreement, between Transferor and

Oasis Healthcare Management, LLC, effective as of September 1, 2012, and all related agreements, such that as of the Closing, neither Transferor nor Transferee will have any interest whatsoever in and duties or obligations with respect to, Lincoln Hills Health Center; provided however, that Transferee will have the right to receive all payments received by Lincoln Hills Health Center subsequent to Closing related to periods prior to Closing. Transferor will use commercially reasonable efforts to (i) obtain a release Transferor from liability associated with the Nursing Homes and the aforementioned contracts, and (ii) have any assignees of the aforementioned contractual arrangements indemnify and hold Transferor and Transferee from liability associated with the ownership, operation and management of the Nursing Homes arising after the effective dates of the respective assignment.

10.14 Restriction on Sale

Neither Transferee nor any Affiliate shall sell, except to an Affiliate or a successor in interest of substantially all of the assets of Transferee, substantially all of the Transferred Assets, for a period of five (5) years after the Closing Date without the prior written consent of the Board of Commissioners and the County Council.

10.15 Deletion of County Property Reversion Requirement.

The Board of Commissioners and County Council acknowledge that they are receiving the applicable portions of the Purchase Price as set forth above. Accordingly, Transferor, the Board of Commissioners and the County Council hereby unconditionally and irrevocably agree (i) to amend and delete the provisions referenced in I.C. §16-22-3-18(f) as applicable to Transferee; and (ii) that Transferee's governing documents are not required to include the limitations and restrictions set forth in I.C. §16-22-3-18(f).

10.16 No Contingent Liability.

It is the intent of the parties that there is no contingent liability to Floyd County for Transferor or the Transferee after the Closing Date.

11. INDEMNIFICATION AND REMEDIES.

11.1 Indemnification by Transferor.

Subject to and to the extent provided in this Article 11, Transferor shall indemnify and hold harmless Transferee and its respective members, shareholders, partners, directors, officers, employees, agents and affiliates (each, a "Transferee Indemnified Party") from, against and for any damages, claims, costs, losses, liabilities, expenses or obligations (including reasonable attorneys' fees and associated expenses) whether or not involving a third-party claim (collectively, "Losses") incurred or suffered by a Transferee Indemnified Party as a result of or arising from: (a) any breach of or inaccuracy in any representation or warranty made by Transferor in this Agreement; (b) any breach of a covenant, obligation or agreement of Transferor in this Agreement; (c) except as provided in Section 2.3(g), the Terminated Plans; and (d) the Excluded Liabilities and the Excluded Assets.

11.2 Limitations on Liability of Transferor.

Transferor shall have no liability with respect to Losses arising pursuant to Section 11.1(a) unless and until the aggregate amount of such Losses exceeds Five Hundred Thousand and 00/100 Dollars (\$500,000) (the "Basket"), at which time, Transferor shall be responsible for all aggregate Losses (from the first dollar) up to the Limit (as hereinafter defined). The maximum aggregate liability of Transferor for Losses arising pursuant to Section 11.1(a) shall be an amount equal to the Escrow Account (the "Limit"). Notwithstanding anything contained herein to the contrary, neither the Basket nor the Limit shall apply to any Losses related to any fraud or intentional misrepresentation in connection with this Agreement or the transactions contemplated herein.

11.3 Indemnification by Transferee.

Subject to and to the extent provided in this Article 11, Transferee ("Transferee Indemnitor") shall indemnify and hold harmless Transferor and its trustees (and each trustee in his or her capacity as trustee of Transferor or any Plan or as Transferor Representative), directors, officers and employees of Transferor (and each in his/her capacity as a director, officer or employee of Transferor or as a member of a Transferor committee, including the Pension Committee) (each, a "Transferor Indemnified Party" and, together with the Transferee Indemnified Parties, the "Indemnified Parties") from, against and for any Losses incurred or suffered by a Transferor Indemnified Party as a result of or arising from: (a) any breach of or inaccuracy in any representation or warranty made by Transferee in this Agreement; (b) any breach of a covenant, obligation or agreement made by Transferee in this Agreement; (c) the Assumed Liabilities; (d) the Assumed Contracts for events arising after Closing and (e) any action of, or failure to act by, any such Transferor Indemnified Party where such action or failure to act was undertaken in good faith in connection with his or her role on behalf of Transferor on any Transferor committee (or as Transferor Representative) or on the Board of the Transferor for periods before and after the Closing.

11.4 Limitations on Liability of Transferee.

Transferee Indemnitor shall not have any liability with respect to Losses arising pursuant to Section 11.3(a) unless and until the aggregate amount of such Losses exceeds the Basket, at which time, Transferee Indemnitor shall be responsible for all aggregate Losses (from the first dollar) up to the Limit. Notwithstanding anything contained herein to the contrary, neither the Basket nor the Limit shall apply to any Losses related to any fraud or intentional misrepresentation in connection with this Agreement or the transactions contemplated herein.

11.5 Procedure for Indemnification – Non Third-Party Claims.

The Transferee Indemnified Parties or Transferor Indemnified Parties shall each be referred to as an "Indemnified Party." Whenever any claim shall arise for indemnification hereunder not involving a demand, claim, action or proceeding made or brought by a third party, including without limitation a government agency (a "Proceeding"), the Indemnified Party shall notify the indemnifying party promptly after such Indemnified Party has actual knowledge of the facts constituting the basis for such claim. The notice to the indemnifying party shall specify, if

known, the amount or an estimate of the amount of the liability arising therefrom.

11.6 Procedure for Indemnification – Third-Party Claims.

(a) Promptly after receipt by an Indemnified Party of notice of the commencement of any Proceeding, such Indemnified Party will, if a claim is to be made against an indemnifying party pursuant to this Article 11, give notice to the indemnifying party of the commencement of the Proceeding, but the failure to notify the indemnifying party will not relieve the indemnifying party of any liability that it may have to the Indemnified Party, except to the extent that the indemnifying party demonstrates that the defense of such action is prejudiced by the Indemnified Party's failure to provide such notice.

(b) If any Proceeding is brought against an Indemnified Party and such Indemnified Party gives notice to the indemnifying party ("Claims Notice") of the commencement of such Proceeding, the indemnifying party will, unless the Proceeding involves Taxes, be entitled to participate in such Proceeding and, to the extent that it wishes (unless (i) the indemnifying party is also a party to such Proceeding and the Indemnified Party determines in good faith that joint representation would be inappropriate, or (ii) the indemnifying party fails to provide reasonable assurances to the Indemnified Party of its financial capacity to defend such Proceeding and provide indemnification with respect to such Proceeding), to assume the defense of such Proceeding with counsel satisfactory to the Indemnified Party and, after notice from the indemnifying party to the Indemnified Party of its election to assume the defense of such Proceeding, the indemnifying party will not, as long as it diligently conducts such defense, be liable to the Indemnified Party under this Section 11.6 for any fees of other counsel or any other expenses with respect to the defense of such Proceeding, in each case subsequently incurred by the Indemnified Party in connection with the defense of such Proceeding, other than reasonable costs of investigation. If the indemnifying party assumes the defense of a proceeding, (A) it will be conclusively established for purposes of this Agreement that the claims made in the Proceeding are within the scope of and subject to indemnification in accordance with this Article 11; and (B) no compromise or settlement of such claims may be effected by the indemnifying party without the Indemnified Party's consent unless (I) there is no finding or admission of any violation of legal requirements or any violation of the rights of any person and no effect on any other claims that may be made against the Indemnified Party; (II) the sole relief provided is monetary damages that are paid in full by the indemnifying party; and (III) the Indemnified Party will have no liability with respect to any compromise or settlement of such claims effected without its consent. If notice is given to an indemnifying party of the commencement of any Proceeding and the indemnifying party does not, within ten (10) days after the Indemnified Party's notice is provided, give notice to the Indemnified Party of its election to assume the defense of such Proceeding, the indemnifying party will be bound by any determination made in such Proceeding or any compromise or settlement effected by the Indemnified Party.

(c) Notwithstanding the foregoing, if an Indemnified Party determines in good faith that there is a reasonable probability that a Proceeding may adversely affect it or its affiliates other than as a result of monetary damages for which it would be entitled to indemnification under this Agreement, the Indemnified Party may, by notice to the indemnifying party, assume the exclusive right to defend, compromise or settle such Proceeding, but the indemnifying party will

not be bound by the determination of a Proceeding so defended or any compromise or settlement effected without its consent (which may not be unreasonably withheld). If the indemnifying party does not assume the defense of any claim or litigation, any Indemnified Party may defend against such claim or litigation in such manner as it may deem appropriate, including the settlement of such claim or litigation, after giving notice of the same to the indemnifying party, on such terms as the Indemnified Party may deem appropriate. The indemnifying party will promptly reimburse the Indemnified Party in accordance with the provisions hereof.

11.7 Payment.

All indemnification hereunder shall be effected by payment of cash or delivery of immediately available funds to an account designated by the Indemnified Party in the amount of the indemnification liability. Any undisputed indemnification payments shall be made within ten (10) days of the date on which the amount of a Loss is identified in writing to the indemnifying party. The parties agree and acknowledge that the Escrow Account shall be the sole source of funds to be used in satisfying the indemnity obligations of Transferor hereunder.

11.8 Survival.

The covenants and agreements of the parties set forth herein shall continue to be fully effective and enforceable and survive Closing for the greater of (i) the period of time associated with such covenant or agreement, or (ii) six (6) months. The representations and warranties of Transferor and Transferee shall survive and continue to be fully effective and enforceable following the Closing for six (6) months and shall thereafter be of no further force and effect. If there is an outstanding Claims Notice at the end of a survival period, such applicable period shall not end in respect of such claim until such claim is resolved.

12. GENERAL.

12.1 Consents, Approvals and Discretion.

Except as herein expressly provided to the contrary, whenever this Agreement requires any consent or approval to be given by either party or either 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.

12.2 Legal Fees and Costs.

In the event either party elects to incur legal expenses to enforce or interpret any provision of this Agreement, the prevailing party will be entitled to recover such legal expenses, including reasonable attorney's fees, costs and necessary disbursements, in addition to any other relief to which such party shall be entitled.

12.3 Choice of Law.

(a) To the extent permitted by applicable law, the parties agree that this Agreement shall be governed by and construed in accordance with the laws of the State of Indiana, without giving effect to any choice or conflict of law provision or rule thereof.

(b) In the event of a breach of any party's obligation to consummate this Agreement or breach of any covenant by any party to this Agreement, the non-breaching party shall be entitled to enforce this Agreement as to such matters by injunctive relief and by specific performance, such relief to be without the necessity of posting a bond, cash or otherwise (unless required by applicable law).

12.4 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 assign this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld; provided, however, that a party hereto may assign its interest in this Agreement to an Affiliate, but in such event, the assignor shall be required to remain obligated hereunder in the same manner as if such assignment had not been effected.

12.5 Accounting Date.

The transactions contemplated hereby shall be effective for accounting purposes as of the Effective Time, unless otherwise agreed in writing by Transferor and Transferee. The parties will use commercially reasonable efforts to cause the Closing to be effective as of a month end.

12.6 No Brokerage.

Except as to Transferor's relationship with H2C for which Transferor is solely liable, Transferor and Transferee represent to each other that no broker has in any way been contracted in connection with the transactions contemplated hereby. Each of Transferor and Transferee agrees to indemnify the other party from and against 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 indemnifying party.

12.7 Cost of Transaction.

Whether or not the transactions contemplated hereby shall be consummated and except as otherwise provided herein, the parties agree as follows:

(a) Except as provided otherwise elsewhere herein, Transferor will pay the fees, expenses and disbursements of Transferor and its agents, representatives, accountants, and counsel incurred in connection with the subject matter hereof and any amendments hereto; and

(b) Except as provided otherwise elsewhere herein, Transferee shall pay the fees, expenses and disbursements of Transferee and its agents, representatives, accountants, and counsel incurred in connection with the subject matter hereof and any amendments hereto.

12.8 Public Announcements; Confidentiality.

It is understood by the parties hereto that subject to Indiana Code section 5-14-3 *et seq.* and any other applicable Laws, the information, documents and instruments delivered to

Transferee by Transferor or Transferor's agents and the information, documents and instruments delivered to Transferor by Transferee or Transferee's agents are of a confidential and proprietary nature. Each of the parties hereto agrees that both prior and subsequent to Closing they will maintain the confidentiality of all such confidential information, documents or instruments delivered to them 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 only disclose such information, documents and instruments to their duly authorized officers, directors, representatives and agents. Each of the parties hereto further agrees that if the transactions contemplated hereby are not consummated, they will return all such documents and instruments and all copies thereof in their possession to the other party to this Agreement. Each of the parties hereto recognizes that any breach of this Section would result in irreparable harm to the other parties to this Agreement and their Affiliates and that therefore either Transferor or Transferee 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, however, shall prohibit the use of such confidential information, documents or information for such governmental filings as are (i) required by Law or (ii) in the mutual opinion of Transferee's counsel and Transferor's counsel otherwise appropriate.

12.9 Waiver of Breach.

The waiver by either party of 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 other provision hereof.

12.10 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 telegraphic or other electronic means (including telecopy and telex) or overnight courier, 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:

Transferor:

with copies to:

Ice Miller LLP
One American Square, Suite 2900
Indianapolis, IN 46282
Attn: Kevin C. Woodhouse

Transferor Group Representative:

County Council: Floyd County Council
311 Hauss Square
New Albany, IN 47150
Attn: President

with copies to: Church Church, Hittle & Antrim
10765 Lantern Road, Suite 201
Fishers, IN 46038
Attn: Nicole Buskill

County Commissioners: Floyd County Commissioners
311 Hauss Square
New Albany, IN 47150
Attn: President

with copies to: Barnes & Thornburg LLP
11 South Meridian Street
Indianapolis, IN 46204-3535
Attn: Jim Gutting

Transferee: Baptist Healthcare System, Inc.
2701 Eastpoint Parkway
Louisville, KY 40223
Attn: President

with copies to: Baptist Healthcare System, Inc.
2701 Eastpoint Parkway
Louisville, KY 40223
Attn: Vice President and Chief Legal Counsel

or to such other address, and to the attention of such other person or officer as any party may designate.

12.11 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, unless doing so would result in an interpretation of this Agreement that is manifestly unjust.

12.12 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.

12.13 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.

12.14 No Third-Party Beneficiaries.

Except as otherwise provided herein, the terms and provisions of this Agreement are intended solely for the benefit of Transferee and Transferor 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, except that Floyd County shall be a third party beneficiary of and have the ability to enforce applicable provisions of this Agreement.

12.15 Entire Agreement; Amendment.

This Agreement supersedes all previous contracts and constitutes the entire agreement of whatsoever kind or nature existing between or among the parties representing 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 statement 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 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. Facsimile and portable document format (pdf) signatures shall be treated as original signatures for purposes of this Agreement.

12.16 Knowledge.

Whenever any statement herein or in any schedule, exhibit, certificate or other documents delivered to any party pursuant to this Agreement is made "to [its] knowledge" or words of similar intent or effect of any party or its representative, such person shall make such statement only if such facts and other information which, as of the date the representation is given, are actually known to the party making such statement, which, with respect to Persons that are corporations, means the knowledge of its executive officers, after reasonable inquiry and investigation. Transferor, the list of such persons, is set forth above under the definition of "Transferor's Knowledge."

12.17 Transferor Representative.

Each of Transferor hereby appoints _____ (the "Transferor Representative") as the agent of each of Transferor for all purposes relating to or in connection with any transaction contemplated by or relating to the Agreement and to be carried out after the Closing including: (i) making decisions with respect to the determination of the Closing Asset Value; (ii) granting any consent or approval on behalf of each of Transferor pursuant to the Agreement; (iii)

negotiating, compromising and resolving disputes with the Transferee that arise under the Agreement including disputes regarding indemnification claims by any party and (iv) submitting requests for distribution of amounts from the Escrow Account to satisfy post-closing liabilities of Transferor. Transferor agrees to promptly pay the costs and expenses incurred by the Transferor Representative in connection with the foregoing in the manner specified in a written notice from Transferor Representative which costs shall be paid out of the Escrow Account. Transferor hereby appoints the Transferor Representative as their true and lawful attorney-in-fact and agent, with full powers of substitution and re-substitution, in the name of each of Transferor, place and stead, in any and all capacities (other than as agent for service of process), in connection with the transactions contemplated by the Agreement, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done; such appointment as attorney-in-fact is coupled with an interest. If at some point after the Closing the Transferor Representative is unable or unwilling to continue to act as the Transferor Representative, the Hospital Administrative Board shall, with Transferee approval, which approval shall not be unreasonably withheld or delayed, appoint a new Transferor Representative prior to the current Transferor Representative ceasing to serve in that role.

12.18 Schedules.

The information set forth in the Schedules with respect to any section of this Agreement shall also be deemed to qualify each other section of this Agreement to which such information is applicable (regardless of whether or not such other section is qualified by referenced to a Schedule). At any time prior to ten (10) days prior to the Funding Date, Transferor shall be entitled to deliver to the Transferee updates to the Schedules, provided that (i) such updates are clearly marked as such, and (ii) any changes to the Schedules are clearly identified. The delivery by Transferor of updated or substitute Schedules shall not prejudice any rights of the Transferee or any other Transferee Indemnified Party under this Agreement, including the right to claim that the representations and warranties of Transferor were or are untrue as of the applicable date. If, on or prior to the Funding Date such updates or substitutes to the Schedules reflect, individually or in the aggregate, matters that constitute a Material Adverse Effect to the business or operations of the Facilities or the Transferred Assets, taken as whole, Transferee shall have the option to terminate the Agreement prior to the Funding Date in accordance with the provisions of Article 10. Except as otherwise set forth above, in the event Transferee elects not to terminate this Agreement as a result of an update to the Schedules and elects to consummate the transactions contemplated hereby, the updated or substitute Schedules shall replace, in whole or in part as the case may be, the Schedules previously delivered hereunder for all purposes.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their authorized officers or representatives, all as of the date and year first above written. This Agreement may be executed in in multiple original counterparts and delivered by facsimile or email transmission.

TRANSFEROR:

FLOYD MEMORIAL HOSPITAL AND HEALTH SERVICES

By: _____

Title: _____

FLOYD MEMORIAL MEDICAL GROUP, LLC

By: _____

Title: _____

FMMG, LLC

By: _____

Title: _____

FMMG PAIN MGMT., LLC

By: _____

Title: _____

FMMG HARRISON FAMILY MEDICINE, LLC

By: _____

Title: _____

TRANSFeree / BAPTIST:

BAPTIST HEALTHCARE SYSTEM, INC.

By: _____

Title: _____

BOARD OF COMMISSIONERS:

**BOARD OF COMMISSIONERS OF THE
COUNTY OF FLOYD**

By: _____

Title: _____

COUNTY COUNCIL:

THE FLOYD COUNTY COUNCIL

By: _____

Title: _____

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