**EXECUTION VERSION**

# ASSET PURCHASE AGREEMENT

by and between

**GREATER WATERBURY HEALTH NETWORK, INC.**

SELLER

and

**PROSPECT CT MEDICAL FOUNDATION, INC.**
**PROSPECT WATERBURY, INC.**
**PROSPECT WATERBURY HOME HEALTH, INC.**

BUYER

Dated as of September 27, 2016

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# ASSET PURCHASE AGREEMENT

This **ASSET PURCHASE AGREEMENT** (this "**Agreement**"), dated September 27, 2016, is by and between Greater Waterbury Health Network, Inc., a Connecticut non-stock corporation ("**Seller**"), on its behalf and on behalf of its Wholly Owned Subsidiaries, on the one hand, and Prospect CT Medical Foundation, Inc., a Connecticut nonstock corporation, Prospect Waterbury, Inc., a Connecticut corporation, and Prospect Waterbury Home Health, Inc., a Connecticut corporation (collectively, the "**Buyer**"), with Prospect Medical Holdings, Inc. ("**PMH**"), a Delaware corporation and the indirect owner of Buyer, joining for the limited purposes described herein, on the other hand.

## RECITALS:

**WHEREAS**, Seller desires to sell substantially all of its assets, real, personal and mixed, tangible and intangible, and operations to Buyer, including the properties, assets, and businesses of the Seller and its Wholly Owned Subsidiaries, including The Waterbury Hospital (a tax-exempt entity), an acute care teaching hospital having 357 licensed beds (the "**Hospital**"), VNA Health at Home, Inc., Greater Waterbury Management Resources, Inc. ("**GWMRI**"), and Alliance Medical Group, Inc., together with the Hospital's equity interests in Cardiology Associates of Greater Waterbury, LLC ("**CAGW**") (the entities and businesses operated by Seller and its Wholly Owned Subsidiaries, including the Hospital and CAGW, are collectively referred to as the "**Hospital Businesses**"), together with Seller's joint venture interests in Access Rehab Centers, LLC, Greater Waterbury Imaging Center Limited Partnership, Imaging Partners, LLC, Heart Center of Greater Waterbury, Inc. ("**Heart Center**"), The Harold Leever Regional Cancer Center, Inc., Waterbury Gastroenterology Co-Management Company, LLC ("**WGCC**"), and Valley Imaging Partners, LLC (the foregoing entities are collectively referred to herein as the "**Joint Ventures**"); *provided*, that, for the avoidance of doubt, the parties hereby agree and acknowledge that the term "Hospital Businesses" does not include the Joint Ventures or Converted Ventures (as such term is hereinafter defined) or any of their health care facilities, assets or businesses;

**WHEREAS**, Buyer desires to purchase substantially all of the assets, real, personal and mixed, tangible and intangible, of Seller and the Wholly Owned Subsidiaries, including the Hospital Businesses (including the equity interests in CAGW), the Joint Ventures and Converted Ventures; and

**WHEREAS**, Seller has concluded that the transactions contemplated by this Agreement are in its best interests and consistent with its charitable mission of the promotion of health care in the communities served by the Hospital Businesses.

**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, the parties, intending to be legally bound, agree as follows:

## AGREEMENT:

1. DEFINITIONS AND REFERENCES

1.01. Definitions. For purposes of this Agreement, the following definitions apply:

(1) **20-Day Period** is defined in Section 2.05(f);

(2) **Accessibility Laws** is defined in Section 3.11(b)(iv);

(3) **Accountants' Determination** is defined in Section 2.05(f);

(4) **Accounts Receivable** means all accounts, notes, interest, and other receivables of the Hospital Businesses, including, without limitation, those certain accounts, notes, or other receivables listed on Schedule 1.01(4), and all claims, rights, interests, and proceeds related thereto, including all accounts and other receivables, disproportionate share payments, and all rights to receive funds relating to upper payment limits, arising from the rendering of services to inpatients and outpatients at the Hospital Businesses, billed and unbilled, recorded and unrecorded, accrued and unaccrued, for services provided by Seller or the Wholly Owned Subsidiary, as applicable, while owner of the Assets, whether payable by private pay patients, private insurance, third party payors, Government Payment Programs, or by any other source, and accounts that have been written off, but excluding all Cost Report settlement amounts;

(5) **Accumulated Benefit Obligation** means the accumulated benefit obligation of Seller's or its Wholly Owned Subsidiary's, as applicable, defined benefit pension plan, the New England Health Care Employee Pension Fund and the Connecticut Health Care Associates Pension Plan, determined for purposes of Seller's audited financial statements as of September 30, 2015 using GAAP (i) reflecting the assumptions used for purposes of Note 9 of such financial statements (as updated for the RP-2014 mortality tables prepared by the Society of Actuaries) and (ii) assuming continuation of the Seller's or its Wholly Owned Subsidiary's, as applicable, post-retiree health benefit plan and no change in its provisions after September 30, 2015 (other than the freeze of such plan to new participation);

(6) **AEA** is defined in Section 3.12;

(7) **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 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;

(8) **Agreement** is defined in the preamble;

(9) **Arbitrating Accountants** is defined in Section 2.05(f);

(10) **Asbestos Abatement Liability** means the amount reflected in Seller's audited financial statements;

(11) **Asset Sale** is defined in Section 5.03(c);

(12) **Assets** means all assets, real property, personal and mixed property of every kind, character or description, known or unknown, tangible or intangible, owned or leased by Seller wherever located and whether or not reflected in the Financial Statements or referenced or scheduled herein, (i) including those assets owned by a Wholly Owned Subsidiary of Seller and the JV Interests, but (ii) excluding the Excluded Assets;

(13) **Assignment and Assumption Agreement** is defined in Section 9.02(c);

(14) **Assumed Contracts** is defined in Section 2.01(f);

(15) **Assumed Liabilities** is defined in Section 2.03;

(16) **Attorney General** means the Office of the Attorney General of the State of Connecticut;

(17) **Audited Financial Statements** means the audited consolidated balance sheets of Seller and its Wholly Owned Subsidiaries for the three most recently ended fiscal years, and the related consolidated statements of operations, of changes in net assets, and of cash flows for the fiscal years then ended, and the notes thereto and the report thereon of Marcum, LLP, independent certified public accountants;

(18) **Balance Sheet Date** is defined in Section 3.06(a);

(19) **Bill of Sale** is defined in Section 9.01(b);

(20) **Bond/Escrow** is defined in Section 5.03(f);

(21) **Buyer** is defined in the preamble;

(22) **Buyer Deductible** is defined in Section 10.04;

(23) **Buyer's Indemnified Persons** means Buyer and its respective stockholders, members, partners, Affiliates, directors, trustees, officers, employees, agents, representatives, successors and assigns;

(24) **Capital Amount** means Fifty-Five Million Dollars ($55,000,000) less (w) the amount of Capital Lease Obligations assumed by Buyer at Closing in excess of Three Million Dollars ($3,000,000), *provided, however*, that such reduction shall not exceed Three Million Five Hundred Thousand Dollars ($3,500,000), less (x) the Negative Amount, less (y) the Purchase Price Adjustment Shortfall, and less (z) the Unpaid Losses; *provided, however*, that in no event shall the Capital Amount be reduced in accordance with (1) clauses (x) and (y) by an amount that in the aggregate is greater than Five Million Dollars ($5,000,000), or (2) clause (z) by an amount greater than Four Million Five Hundred Thousand Dollars ($4,500,000);

(25) **Capital Lease Obligations** is defined in Section 2.03(d);

(26) **CAGW** is defined in the recitals;

(27) **Cash Balance Plan** is defined in Section 8.10;

(28) **CERCLA** is defined in Section 3.12;

(29) **CHA Claims** is defined in Section 2.01(y);

(30) **Claim Notice** means written notification of a Third Party Claim by an Indemnitee to an Indemnifying Party under Article 10, including a Third Party Claim set forth in a "Revenue Agent's Report," "Statutory Notice of Deficiency," "Notice of Proposed Assessment," or any other official written notice from a Taxing authority that Taxes are due or that a Tax audit will be conducted;

(31) **Closing** is defined in Section 9.01(a);

(32) **Closing Balance Sheets** means the unaudited individual and/or combined balance sheets of Seller and its Wholly Owned Subsidiaries as of the close of business on the Closing Date, which, for the avoidance of doubt, shall include Unfunded Pension Liabilities as a line item thereon, as finally determined in accordance with Section 2.05 following the resolution of all disputes with respect thereto;

(33) **Closing Date** means the date upon which the Closing occurs;

(34) **Closing Document** means each instrument, agreement, certificate or other document executed or delivered, or required to be executed or delivered, by a party at Closing;

(35) **CMS** means The Centers for Medicare and Medicaid Services;

(36) **COBRA** means the federal Consolidated Omnibus Budget Reconciliation Act of 1985, as amended;

(37) **Code** means the Internal Revenue Code of 1986, as amended;

(38) **Contracts** means all commitments, contracts, leases, licenses, agreements and understandings, written or oral, relating to the Assets or the operation of the Hospital Businesses to which Seller or any Wholly Owned Subsidiary of Seller is a party or by which it or any of the Assets are bound, including agreements with payers, physicians and other providers, agreements with health maintenance organizations, independent practice associations, preferred provider organizations and other managed care plans and alternative delivery systems, joint venture and partnership agreements, management, employment, retirement, retention and severance agreements, vendor agreements, real and personal property leases and schedules, maintenance agreements and schedules, agreements with municipalities and labor organizations, and bonds, mortgages and other loan agreements;

(39) **Converted Venture** is defined in Section 5.19;

(40) **Cost Reports** is defined in Section 6.06;

(41) **CTDEEP** is defined in Section 5.06;

(42) **DOL** means the United States Department of Labor;

(43) **DSH** means a Disproportionate Share Hospital that serves a significantly disproportionate number of low-income patients and receives payments from CMS to cover the costs of providing care to uninsured patients;

(44) **EBITDA** means earnings before interest, income Taxes, depreciation and amortization, the components of which shall be determined in accordance with GAAP consistently applied;

(45) **ECAF** is defined in Section 5.06;

(46) **EFT Account** is defined in Section 2.01(o);

(47) **Employee Benefit Plan** is defined in Section 3.21;

(48) **Employee Lists** is defined in Section 5.03(b);

(49) **Encumbrances** means liabilities, levies, claims, charges, assessments, mortgages, security interests, liens, pledges, conditional sales agreements, title retention contracts, easements, restrictions, rights of first refusal, options to purchase and other encumbrances (including limitations on pledging or mortgaging any of the Assets) and Contracts to create in the future any such Encumbrance or suffer any of the foregoing;

(50) **Environmental Laws** is defined in Section 3.12;

(51) **ERISA** means the Employee Retirement Income Security Act of 1974, as amended;

(52) **ERISA Affiliate** is defined in Section 3.21;

(53) **Essential Service** is defined in Exhibit C;

(54) **Establishment Real Properties** is defined in Section 5.06;

(55) **Estimated Remediation Costs** is defined in Section 5.06;

(56) **Excluded Assets** is defined in Section 2.02;

(57) **Excluded Contracts** is defined in Section 2.02(q);

(58) **Excluded Liabilities** is defined in Section 2.04;

(59) **Final Closing Statement** is defined in Section 2.05(e);

(60) **Final Determination Date** means the earliest to occur of (i) the twenty-first (21st) business day following the receipt by Seller of the Final Closing Statement and Closing Balance Sheets if Seller shall have failed to deliver the Objection Notice to Buyer within the 20-Day Period, (ii) the date on which Seller gives Buyer written notice to the effect that Seller has no objection to Buyer's determination of the amount of the actual Net Working Capital and actual Unfunded Pension Liabilities, (iii) the date on which Buyer and Seller execute and deliver a Settlement Agreement, (iv) the date as of which Buyer and Seller shall have received the Accountants' Determination, and (v) Buyer's failure to deliver the information set forth in Section 2.05(e) within the ninety (90) day period described therein.

(61) **Financial Statements** is defined in Section 3.06;

(62) **FTC** means the United States Federal Trade Commission;

(63) **GAAP** means United States generally accepted accounting principles;

(64) **Government Payment Programs** means federal and state Medicare, Medicaid, CHAMPUS and TRICARE programs, the Connecticut HUSKY Health program, and similar or successor programs with or for the benefit of Governmental Authorities;

(65) **Governmental Authority** means any executive, legislative or judicial agency, authority, board, body, commission, court, department, instrumentality or office of any federal, state, city, county, district, municipality, foreign or other government or quasi-government unit or political subdivision;

(66) **GWMRI** is defined in the recitals;

(67) **Hazardous Substances** means and includes polychlorinated biphenyls, urea formaldehyde, asbestos, low-level nuclear materials, special nuclear materials or nuclear-byproduct materials, and any substances, materials, constituents, chemicals, pollutants, contaminants, wastes (including medical waste), toxic substances, petroleum and petroleum products, or other elements or products that are included under or regulated by any Environmental Law, including, without limitation, CERCLA, RCRA and AEA;

(68) **Heart Center** is defined in the recitals;

(69) **Hill-Burton Act** means the federal Public Health Service Act, 42 U.S.C. §291, *et seq.*, as amended;

(70) **HIPAA** means the federal Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. Section 1320d, *et seq.*, as amended by the Health Information Technology for Economic and Clinical Health Act, and any current and future Legal Requirements promulgated thereunder, as amended;

(71) **Hospital** is defined in the recitals;

(72) **Hospital Businesses** is defined in the recitals;

(73) **HSR Act** means the federal Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended;

(74) **Immaterial Contract** means any Contract to which Seller or any of its Wholly Owned Subsidiaries is a party that requires either the payment by Seller or its Wholly Owned Subsidiaries of $25,000 or less or the provision of goods or the performance of services by Seller or any of its Wholly Owned Subsidiaries having a value of $25,000 or less, in either case during the period from the date of this Agreement until (i) if the Contract is terminable at any time by Seller or the respective Wholly Owned Subsidiary without cause upon notice of 90 days or less, the date on which the Contract would terminate if Seller or the respective Wholly Owned Subsidiary was to give notice of termination on the date of this Agreement, or (ii) if the Contract is not terminable at any time by Seller or the respective Wholly Owned Subsidiary without cause upon notice of 90 days or less, the expiration of the term of the Contract, *provided* that an Immaterial Contract does not include any Contract described in Section 3.17;

(75) **Indemnifying Party** means any Person obligated to indemnify another Person under Article 10;

(76) **Indemnitee** means any Person entitled to indemnification under Article 10;

(77) **Indemnity Notice** means written notification of a claim for indemnity under Article 10, other than a Third Party Claim, made by an Indemnitee to an Indemnifying Party pursuant to Section 10.05(b);

(78) **Information Systems** means the software (including object and source codes as applicable), hardware, application programs and similar systems owned, licensed or leased by Seller or its Wholly Owned Subsidiary and used in the ownership or operation of any of the Hospital Businesses, whether or not on a system-wide basis;

(79) **Intellectual Properties** means (i) all inventions (whether or not patentable or reduced to practice), all improvements thereto, and all patents, patent applications, and patent disclosures, together with all reissuances, continuations, continuations-in-part, revisions, extensions, and reexaminations thereof, (ii) all trademarks, service marks, trade dress, logos, trade names, corporate names, domain names, and all websites (together with the content therein), including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith, (iii) all copyrightable works, all copyrights, and all applications, registrations, and renewals in connection therewith, and (iv) all trade secrets and confidential business information (including ideas, research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals) that are owned, licensed or leased by Seller or its Wholly Owned Subsidiaries and used in the ownership or operation of the Hospital Businesses, together

with all rights to sue or make any claims for any past, present, or future infringement, misappropriation or unauthorized use of any of the foregoing rights, and the right to all income, royalties, damages and other payments that are now or may hereafter become due or payable with respect to any of the foregoing rights, including damages for past, present or future infringement, misappropriation or unauthorized use thereof;

(80) **Interim Closing Balance Sheets** means the unaudited individual and/or combined balance sheets of Seller and its Wholly Owned Subsidiaries as of the most recent month end available before the Closing;

(81) **Investments** means shares of capital stock of any corporation, equity interests in partnerships or limited liability companies, or other equity or debt instruments in any other Person, or membership in a not-for-profit business organization, and proceeds from the sale thereof;

(82) **IRS** means the United States Internal Revenue Service;

(83) **Joint Commission** is defined in Section 3.16;

(84) **Joint Ventures** is defined in the recitals;

(85) **JV Interests** is defined in Section 2.01(q);

(86) **Justice Department** means the United States Department of Justice;

(87) **Leased Personal Property** is defined in Section 2.01(c)(ii);

(88) **Leased Real Property** means the real property, together with all buildings, improvements and fixtures thereon, that is leased by Seller or any Wholly Owned Subsidiaries of Seller;

(89) **Legal Requirements** means, with respect to any Person, all federal, state and local statutes, laws, ordinances, codes, rules, regulations, restrictions, orders, judgments, rulings, writs, injunctions, decrees, policies, determinations or awards of any Governmental Authority having jurisdiction over such Person or any of such Person's assets or businesses;

(90) **Loan Agreement** is defined in Section 5.15;

(91) **Local Board** is defined in Section 6.12;

(92) **Losses** means any and all damages, costs, losses (including any diminution in value), liabilities, expenses or obligations (including Taxes, interest, penalties, court costs, costs of preparation and investigation, and attorneys', accountants' and other professional advisors' fees and expenses);

(93) **Material Adverse Effect** means any event, change, or occurrence that, individually or together with any other event, change, or occurrence, would reasonably be

expected to have a material adverse effect on the Assets (whether or not covered by insurance) or on the business, operations, results of operations, prospects, or condition (financial or otherwise) of the Hospital Businesses; *provided*, *however*, that the definition of "Material Adverse Effect" shall be used solely for interpreting Section 8.04 and not for interpreting the phrase "material adverse effect" or "material adverse change" as such phrases may be used in any other context elsewhere in this Agreement; and further provided, that the following will be presumed ***not to constitute a Material Adverse Effect***: (a) general economic or industry conditions generally applicable to hospitals or healthcare facilities within the United States of the State of Connecticut so long as such conditions do not disproportionately affect Seller and the Hospital Businesses; (b) changes or proposed changes to any state or federal law, reimbursement rates or policies of Governmental Authorities that are generally applicable to hospitals or to health care facilities within the United States so long as such changes do not disproportionately affect Seller and the Hospital Businesses; (c) requirements, reimbursement rates, policies, or procedures of third party payors or accreditation commissions or organization that are generally applicable to hospitals or health care facilities within the United States; (d) changes in GAAP; (e) actions specifically required of the parties pursuant to this Agreement; and (f) the "Trailing EBITDA" shall be not less than 80% of the normalized Trailing EBITDA of the same period for the prior year; *provided*, *however*, that if the "Trailing EBITDA" is less than 80% of the normalized Trailing EBITDA of the same period for the prior year, then such occurrence shall constitute a Material Adverse Effect;

(94) **Material Tangible Assets** means any equipment or other material items of tangible property and assets with an original cost in excess of $250,000;

(95) **MMA** is defined in Section 2.01(w);

(96) **Multiemployer Plan** is defined in Section 3.21;

(97) **Negative Amount** is defined in Section 2.05(d);

(98) **Net Hospital Value** is defined in Section 6.08;

(99) **Net Working Capital** means the amount by which (i) the value of all non-cash current assets of the Seller and its Wholly Owned Subsidiaries acquired by Buyer, including inventory and supplies, drugs, food, Accounts Receivable, other receivables, advance payments, prepaid expenses, and deposits (including security deposits made by Seller pursuant to Assumed Contracts), that Seller and Buyer agree will be usable after Closing, exceeds (ii) the value of all current liabilities assumed by Buyer, including trade accounts payable, accrued expenses (including payroll), advance payments on patient accounts and employee benefit accruals (as such terms are used in the Financial Statements) (for the purpose of clarity, employee benefit accruals include paid time off accruals for vacation and sick time), and Net Working Capital shall be calculated in accordance with the methodology set forth on Annex A attached hereto;

(100) **Non-Profit JVs** means Heart Center of Greater Waterbury, Inc. and The Harold Leever Regional Cancer Center, Inc.;

(101) **Notice Period** is defined in Section 10.05(a)(i);

(102) **Objection Notice** is defined in Section 2.05(f);

(103) **Owned Real Property** means real property that is owned (legally or beneficially) by Seller or any Wholly Owned Subsidiary, together with all buildings, improvements and fixtures thereon owned by Seller or any Wholly Owned Subsidiary of Seller, all construction in progress, and all appurtenances, rights, privileges and easements thereto;

(104) **PBGC** means the Pension Benefit Guaranty Corporation;

(105) **Permit** means each license, provider number, permit, right, franchise, concession, certificate, authorization, consent, waiver, certificate of waiver, certificate of need, certificate of exemption, accreditation and registration, or other approval of a Governmental Authority owned or held by Seller or its Wholly Owned Subsidiaries relating to the ownership or operations of the Hospital Businesses and the Assets, including applications for, and pending, Permits;

(106) **Permitted Encumbrances** means those Encumbrances described on Schedule 3.11(a) as being Permitted Encumbrances;

(107) **Person** means any individual, corporation (whether for-profit or not-for-profit), limited liability company, association, partnership, firm, joint venture, trust, trustee or other entity or organization, including a Governmental Authority;

(108) **Physician Recruitment Expenditures** means the costs related to the development and implementation of physician engagement strategies, including the costs related to sourcing and screening candidates, entering into and executing the terms of an agreement(s) to relocate a physician, including costs incurred in acquiring such physicians practice or assets, and any other similar expenditures relating to physician recruitment;

(109) **PMH** is defined in the preamble;

(110) **Proceeding** means any action, arbitration, audit, hearing, investigation, litigation, suit or other proceeding (whether civil, criminal, administrative, judicial or investigative, whether formal or informal, whether public or private) commenced, brought, conducted, heard or held by, before, under the authority or at the direction of any Governmental Authority;

(111) **Purchase Price** is defined in Section 2.05;

(112) **Purchase Price Adjustment** is defined in Section 2.05(g);

(113) **Purchase Price Adjustment Shortfall** is defined in Section 2.05(h);

(114) **RCRA** is defined in Section 3.12;

(115) **Real Property** means the Owned Real Property and the Leased Real Property;

(116) **Restricted Area** is defined in Section 6.03;

(117) **Revenue Procedure** is defined in Section 5.03(b);

(118) **Schedules** means the schedules referred to in this Agreement and attached hereto at the time that this Agreement is executed by each original party hereto;

(119) **Second 20-Day Period** is defined in Section 2.05(f);

(120) **Seller** is defined in the preamble;

(121) **Seller Deductible** is defined in Section 10.02;

(122) **Seller's Indemnified Persons** means Seller and Seller's members, stockholders, Affiliates, and, for all of them, their respective members, directors, trustees, officers, employees, agents, representatives, successors and assigns;

(123) **Seller's Withdrawal Liability** is defined in Section 5.03(k);

(124) **Settlement Agreement** is defined in Section 2.05(f);

(125) **State Health Agency** is defined in Section 3.15;

(126) **Surveys** is defined in Section 5.18;

(127) **Target Net Working Capital** means $6,800,000;

(128) **Tax** means any federal, state, local, or foreign income, unrelated business income, gross income, gross receipts, license, payroll, employment, excise, severance, occupation, privilege, premium, net worth, windfall profits, environmental (including taxes under Section 59A of the Code), customs duties, capital stock, franchise, profits, withholding, social security, employment, unemployment, disability, real property, personal property, recording, stamp, sales, use, services, service use, transfer, registration, escheat, property, production, ad valorem, value added, alternative or add-on minimum, estimated or other tax, assessment, charge, custom, duty, impost, levy or fee of any kind whatsoever, or other like assessment or charge, including payments or services in lieu of Taxes, interest or penalties on and additions to all of the foregoing, that are due or alleged to be due to any Governmental Authority, whether disputed or not;

(129) **Tax Return** means any return, declaration, report, claim for refund, information return, filing obligation of any Code Section 501(c)(3) organization, or statement, including schedules and attachments thereto and amendments, relating to Taxes;

(130) **Termination Fee** is defined in Section 9.04(d);

(131) **Third Party Claim** is defined in Section 10.05(a)(i);

(132) **Title Commitment** is defined in Section 5.17;

(133) **Title Company** is defined in Section 5.17;

(134) **Title Policy** is defined in Section 5.17;

(135) **Trailing EBITDA** means the normalized EBITDA of the Seller and its Wholly Owned Subsidiaries on a consolidated basis for the trailing 12-month period through the date of the most recent unaudited statements of income and cash flows of the Seller and its Wholly Owned Subsidiaries provided to Buyer pursuant to Section 5.04(b);

(136) **Transfer Act** means the Connecticut Transfer Act, 22 Conn. Gen. Stat. § 134 *et seq.*, as amended;

(137) **Transfer Act Activities** is defined in Section 5.06;

(138) **Transitional Services Agreement** means the agreement between Buyer and Seller whereby Buyer or its Affiliate will lease to Seller, at cost, employees of Seller or its Wholly Owned Subsidiaries of the Hospital Businesses who are hired by Buyer as of the Closing Date, for the orderly wind down of the benefits and administration of Seller's other post-Closing obligations (*e.g.*, finalizing Cost Reports), in substantially the form of Exhibit A attached hereto;

(139) **Unaudited Financial Statements** means the unaudited consolidated balance sheets of Seller and its Wholly Owned Subsidiaries as of June 30, 2016, and the unaudited consolidated statements of operations and changes in net assets and the unaudited consolidated statements of cash flows for the 9-month period then ended, and the financial statements described in clauses (i) and (ii) of Section 5.04(b);

(140) **Unfunded Pension Liabilities** means the unfunded pension liabilities of Seller's or its Wholly Owned Subsidiary's defined benefit pension plan, the New England Health Care Employee Pension Fund and the Connecticut Health Care Associates Pension Plan, calculated as the Accumulated Benefit Obligation reduced by the fair market value of the assets of Seller's or its Wholly Owned Subsidiary's defined benefit pension plan and of the New England Health Care Employee Pension Fund and the Connecticut Health Care Associates Pension Plan as of Closing, all as measured the actuaries currently engaged by such plans; *provided*, further, that when calculating the Accumulated Benefit Obligation for the Connecticut Health Care Associates Pension Plan, the actuary shall use a discount rate equal to seven and one-half percent (7.5%);

(141) **Unpaid Losses** is defined in Section 10.09;

(142) **WARN Act** is defined in Section 3.20(e);

(143) **WGCC** is defined in the recitals;

(144) **Wholly Owned Subsidiary** means, with respect to any Person, (i) any corporation 100% of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time stock of any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person and/or one or more Wholly Owned Subsidiaries of such Person, (ii) any partnership, limited liability company, association, joint venture or other entity in which such Person and/or one or more Wholly Owned Subsidiaries of such Person has a 100% equity interest at the time and the management of which is controlled, directly or indirectly, by such Person or through one or more Wholly Owned Subsidiaries of such Person and (iii) any entity that is organized as a not-for-profit business organization and (a) whose accounts are required in accordance with GAAP to be consolidated with the accounts of such Person or (b) whose sole member is such Person; and

(145) **WMA** is defined in Section 2.01(v).

1.02. Certain References. As used in this Agreement:

(a) references to "*this Agreement*" mean this Agreement, as amended from time to time, and all Exhibits and Schedules attached to or referenced in this Agreement;

(b) references to "*Articles*" or "*Sections*" are references to Articles and Sections of this Agreement, unless the context states or implies otherwise;

(c) references to "*include*" or "*including*" mean including without limitation and are intended to be illustrative and not restrictive of the word or phrase to which they refer;

(d) references to "*partners*" include general and limited partners of partnerships and members of limited liability companies;

(e) references to "*partnerships*" include general and limited partnerships;

(f) references to any document are references to that document as amended, consolidated, supplemented, novated or replaced by the parties thereto;

(g) references to any law are references to that law as amended, consolidated, supplemented or replaced, and all rules and regulations promulgated thereunder;

(h) references to time are references to Eastern Time;

(i) references to "*Seller's Knowledge*," "*Knowledge of Seller*," or words of similar intent or effect mean and refer to (x) all matters with respect to which Seller or any of its Wholly Owned Subsidiaries has received written notice, and (y) the knowledge of each of the Persons whose names or titles are set forth on Schedule

1.02(i), after due inquiry by Seller (or Wholly Owned Subsidiary, as applicable) of such Persons;

(j) the gender of all words includes the masculine, feminine and neuter, and the number of all words includes the singular and plural; and

(k) the Table of Contents, the division of this Agreement into Articles and Sections, and the use of captions and headings in connection therewith are solely for convenience and have no legal effect in construing this Agreement.

## 2. SALE OF ASSETS AND RELATED MATTERS

2.01. Sale of Assets. Subject to the terms and conditions of this Agreement, at Closing, Seller shall sell, and Buyer shall purchase, all right, title and interest of Seller and its Wholly Owned Subsidiaries in and to the Assets, free and clear of all Encumbrances other than the Permitted Encumbrances, including the following Assets:

(a) all Owned Real Property, including the real property described on Schedule 2.01(a);

(b) all Leased Real Property, to the extent assignable or transferrable, including the real property described on Schedule 2.01(b);

(c) all of the tangible personal property owned or leased by Seller and its Wholly Owned Subsidiaries or used in the conduct of the Hospital Businesses, including all equipment (including medical and computer equipment located at the Hospital), vehicles, furniture and furnishings and other tangible personal properties, a current list and the general location of which are set forth on Schedule 2.01(c)(i); *provided* that any such leased personal property shall be described on Schedule 2.01(c)(ii);

(d) all current assets not otherwise specifically described above or below in this Section 2.01 that are included in Net Working Capital;

(e) to the extent transferable, all financial, patient, medical staff, personnel and other records of the Hospital Businesses, including, but not limited to, all documents, records, operating manuals, files, and computer software with respect to the operation of the Hospital Businesses, including, without limitation, all patient records, medical records, employee records, financial records, equipment records, construction plans and specifications, medical and administrative libraries, operating manuals, proprietary manuals, marketing materials, policy and procedure manuals, files, documents, records, books, catalogs, data, and studies or analyses;

(f) all rights and interest, to the extent assignable or transferable, with respect to the Contracts listed or described on Schedule 2.01(f), the leases relating to the Leased Real Property listed or described on Schedule 2.01(b), and the leases relating to the leased personal property listed or described on Schedule 2.01(c), and all

Immaterial Contracts not listed or described on Schedule 2.02(q) (all such Contracts, collectively, the "**Assumed Contracts**");

(g) all Permits, to the extent legally assignable, including those Permits described on Schedule 2.01(g);

(h) the Intellectual Properties, including those Intellectual Properties described on Schedule 2.01(h), and all goodwill associated therewith, and the Information Systems;

(i) all property of Seller and its Wholly Owned Subsidiaries, real, personal or mixed, tangible or intangible, arising or acquired between the date of this Agreement and the Closing Date;

(j) all usable inventories of supplies, drugs, food, janitorial and office supplies, and other disposables and consumables located at the Hospital Businesses, or used with respect to the operation of the Hospital Businesses (the term "usable" in this clause meaning non-obsolete or slow moving and consumable within the ordinary course of business of the Hospital Businesses, consistent with past practices);

(k) all claims of Seller and its Wholly Owned Subsidiaries against third parties relating to the Assets or the Assumed Liabilities, choate or inchoate, known or unknown, contingent or otherwise, except for those claims described on Schedule 2.02(n)[1] and any claims relating to Excluded Assets or the Excluded Liabilities;

(l) general intangibles of the Hospital Businesses, including goodwill;

(m) all advance payments, prepayments, prepaid expenses, deposits, and the like that were made with respect to the operation of the Hospital Businesses and have continuing value to the Hospital Businesses as of the Closing Date, the current categories and amounts of which are set forth on Schedule 2.01(m);

(n) Seller's and its Wholly Owned Subsidiaries' provider agreements with third-party payors, including, but not limited to, Government Payment Programs;

(o) the electronic funds transfer account of the Hospital Businesses (the "**EFT Account**") (other than any cash in such EFT Account at Closing, which shall be an Excluded Asset) and all information necessary to access the EFT Account;

(p) all other bank accounts that receive deposits from Government Payment Programs; *provided*, *however*, that all funds in such accounts as of the Closing Date shall be retained by Seller;

(q) all of Seller's stock, partnership, membership, or other ownership interests, to the extent assignable or transferable and not inconsistent with Legal Requirements, in each of the Joint Ventures and Converted Ventures (the "**JV**

[1] To be determined.

**Interests**"), but only to the extent that the governing instruments thereof and Legal Requirements permit such transfer, together with all minutes and other records relating to such entities that are in the possession of Seller as of the Closing Date; *provided, however*, that the JV Interests in Heart Center and WGCC shall not be conveyed to Seller at Closing and Seller shall dissolve Heart Center and WGCC at or prior to Closing; *provided, further*, that, notwithstanding the foregoing or anything to the contrary, Heart Center and WGCC shall constitute Joint Ventures, and the JV Interests in Heart Center and WGCC shall constitute Assets, as applicable, for the purposes of this Agreement;

(r) to the extent assignable by Seller, all warranties (express or implied) and rights and claims assertable by (but not against) Seller and its Wholly Owned Subsidiaries related to the Assets;

(s) all insurance proceeds with respect to the Assets or the Assumed Liabilities (including insurance proceeds received by Seller or its Wholly Owned Subsidiaries or payable to Seller or its Wholly Owned Subsidiaries, and all deductibles, copayments and self-insurance requirements payable by Seller or its Wholly Owned Subsidiaries) arising in connection with damage to the Assets occurring on or prior to the Closing Date, to the extent not expended for the repair or restoration of the Assets;

(t) all other property, other than the Excluded Assets, of every kind, character, or description owned by Seller or its Wholly Owned Subsidiaries, whether or not reflected on the Financial Statements, wherever located and whether or not similar to the items specifically set forth above, and all other businesses and ventures owned by Seller or its Wholly Owned Subsidiaries;

(u) the Investment interests of the Hospital in CAGW, including all transferable rights relating thereto, together with all minutes and other records relating to such entity that are in the possession of Seller or the Hospital as of the Closing Date;

(v) the Investment interests of the Hospital and GWMRI in Waterbury Medical Associates, L.L.P., a Connecticut limited liability partnership ("**WMA**"), including all transferable rights relating thereto, together with all minutes and other records relating to such entity that are in the possession of Seller, the Hospital or GWMRI as of the Closing Date;

(w) the Investment interests of the Hospital in Mattatuck Medical Associates, L.L.P., a Connecticut limited liability partnership ("**MMA**"), including all transferable rights relating thereto, together with all minutes and other records relating to such entity that are in the possession of Seller or the Hospital as of the Closing Date;

(x) [Intentionally omitted];

(y) all rights, claims, and choses in action of Seller described on Schedule 2.01(y) ("**CHA Claims**"), and any payments, awards, or other proceeds resulting therefrom; and

(z) all proceeds of the foregoing.

Seller shall convey good and marketable title to the Assets and all parts thereof to Buyer, free and clear of all claims, assessments, security interests, liens, restrictions, and encumbrances, other than the Permitted Encumbrances and the Assumed Liabilities.

2.02. Excluded Assets. Notwithstanding the generality of the definition of Assets and of the examples of Assets listed in Section 2.01, the following assets (the "**Excluded Assets**") are not a part of the sale and purchase contemplated by this Agreement and are excluded from the Assets, and Seller shall retain all of its right, title and interest therein and thereto from and after the Closing:

(a) all cash, cash equivalents, and short-term and long-term Investments, including cash in the EFT Account as of the Closing Date, but excluding the JV Interests transferred pursuant to Section 2.01;

(b) board-designated, restricted, and trustee-held or escrowed funds (such as funded depreciation, debt service reserves, self-insurance trusts, working capital trust assets, and assets and investments restricted as to use), trusts related to employee benefits, amounts reserved in connection with any unfunded Employee Benefit Plans listed in Section 3.21 that do not have a trust, trusts related to self-insurance, donor-restricted assets, beneficial interests in charitable trusts, and accrued earnings on all of the foregoing;

(c) all intercompany receivables of Seller with any of its Affiliates or Wholly Owned Subsidiaries;

(d) all other current financial assets not included in Net Working Capital;

(e) any asset that would revert to the employer upon the termination of any of the Employee Benefit Plans, including assets representing a surplus or overfunding of any such plans;

(f) all rights to refunds, credits, deposits, prepayments, or the equivalent owing to Seller from any taxing authority with respect to periods prior to the Closing Date, and the right to pursue appeals of same;

(g) the taxpayer and other identification numbers, seals, minute books, corporate records, and other documents relating to the organization, maintenance, and existence of Seller and its Wholly Owned Subsidiaries;

(h) all claims, rights, interests, and proceeds (whether received in cash or by credit to amounts otherwise due to a third party) with respect to amounts overpaid with

respect to the Hospital Businesses to any third party with respect to periods prior to the Closing Date;

(i) all bank accounts relating to the Hospital Businesses, other than the EFT Account and any other account that receives payments from Government Payment Programs;

(j) all writings and other items that are protected from discovery by the attorney-client privilege, the attorney work product doctrine, or any other cognizable privilege or protection of Seller or its Wholly Owned Subsidiaries;

(k) any Cost Report settlement receivables of Seller or its Wholly Owned Subsidiaries for periods ended on or prior to the Closing Date;

(l) any assets owned and provided by vendors of goods or services to the Hospital Businesses, possession of which will be retained by the Hospital Businesses;

(m) unclaimed property of any third party in respect of the operation of the Hospital Businesses, including, without limitation, property that is subject to applicable escheat laws;

(n) all rights, claims, and choses in action of Seller against third parties in respect of the operation of the Hospital Businesses with respect to periods prior to the Closing Date described on Schedule 2.02(n), and any payments, awards, or other proceeds resulting therefrom, but excluding the CHA Claims (which, for the avoidance of doubt, constitute Assets in accordance with Section 2.01(y));

(o) all interests in, and assets related to, Children's Center of Greater Waterbury Health Network, Inc. and Healthcare Alliance Insurance Company, Ltd.;

(p) the name "Waterbury Hospital Foundation";

(q) all rights and interests of Seller in and to the commitments, contracts, leases, and agreements other than the Assumed Contracts, including the commitments, contracts, leases and agreements set forth on Schedule 2.02(q) (collectively, the "**Excluded Contracts**");

(r) all insurance proceeds with respect to the Assets (including insurance proceeds received by Seller or its Wholly Owned Subsidiary or payable to Seller or its Wholly Owned Subsidiary) arising in connection with damage to the Assets occurring on or prior to the Closing Date, to the extent all damage to the Assets has been repaired by Seller;

(s) the portions of inventory, prepaid expenses and the like, and other Assets disposed of, expended, or canceled, as the case may be, by the Hospital Businesses prior to the Closing Date in the ordinary course of business; and

(t) any other assets identified in Schedule 2.02(t).

2.03. Assumed Liabilities. In connection with the conveyance of the Assets to Buyer, Buyer shall assume, effective as of the Closing Date, the future payment and performance of the following liabilities (the "**Assumed Liabilities**") of Seller and its Wholly Owned Subsidiaries in respect of the Hospital Businesses:

(a) all obligations accruing after the Closing Date with respect to the Assumed Contracts or the Leased Personal Property;

(b) the trade accounts payable and current liabilities of the Hospital Businesses as of the Closing Date, but only to the extent such accounts payable and current liabilities are included in the calculation of Net Working Capital;

(c) obligations and liabilities as of the Closing Date in respect of accrued paid time off benefits of employees of Seller or its Wholly Owned Subsidiaries of the Hospital Businesses who are hired by Buyer as of the Closing Date, and related Taxes, but only to the extent such accrued paid time off benefits, and related taxes, are included in Net Working Capital;

(d) the Capital Lease Obligations described on Schedule 2.03(d);

(e) Tax liabilities or obligations in respect of the Hospital Businesses and the Assets with respect to periods commencing on or after the Closing Date;

(f) the Asbestos Abatement Liability;

(g) any liability owed or due and owing with respect to periods on or after the Closing Date with respect to any Employee Benefit Plan listed on Schedule 2.03(g); and

(h) claims or potential claims for medical malpractice or general liability relating to events that occurred or arose prior to the Closing Date, but which are made or asserted against any of the Hospital Businesses, Joint Ventures or Converted Ventures for the first time after the Closing Date and where such claim (or the circumstances' surrounding such claim) could not have been properly reported by such Hospital Businesses, Joint Ventures or Converted Ventures to their respective insurance carrier(s) on or prior to the Closing Date; *provided, however*, that Buyer may, at its option, undertake a loss portfolio transfer with respect to some or all of such liabilities.

Buyer shall not be liable for (i) any claims arising from Seller's or its Wholly Owned Subsidiaries' assignment and Buyer's assumption of the Assumed Liabilities; (ii) uncured defaults in the performance of the Assumed Liabilities for periods prior to the Closing Date; (iii) unpaid amounts in respect of the Assumed Liabilities that are due as of the Closing Date (that are not reflected in Net Working Capital or the Capital Lease Obligations); and/or (iv) rights or remedies claimed by third parties under any of the Assumed Liabilities that broaden or vary the rights and remedies such third parties would have had against Seller, its Wholly Owned Subsidiaries and the Hospital Businesses if the sale and purchase of the Assets were not to occur.

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

(a) any debt, obligation, expense, or liability that is not an Assumed Liability;

(b) claims or potential claims for medical malpractice or general liability relating to events that occurred or arose prior to the Closing Date, but which are made or asserted against any of the Hospital Businesses, Joint Ventures or Converted Ventures for the first time prior to the Closing Date, and any such claim made or asserted before or after the Closing Date, where such claim (or the circumstances surrounding such claim) could have properly been reported by such Hospital Businesses, Joint Ventures or Converted Ventures to their respective insurance carrier(s) on or prior to the Closing Date;

(c) those claims and obligations (if any) specified in Schedule 2.04 hereto;

(d) any liabilities or obligations associated with or arising out of any of the Excluded Assets;

(e) liabilities or obligations associated with indebtedness for borrowed money (other than Capital Lease Obligations);

(f) liabilities and obligations of Seller or its Wholly Owned Subsidiaries in respect of the Hospital Businesses with respect to periods prior to the Closing Date arising under the terms of Government Payment Programs or other third party payor programs, and any liability arising pursuant to Government Payment Programs or other third party payor programs as a result of the consummation of any of the transactions contemplated under this Agreement, including, for the avoidance of doubt, all Medicare and Medicaid Cost Reports, DSH payments or other settlements for all periods prior to the Closing Date, and including, but not limited to, those matters set forth on Schedule 3.05(a) and Schedule 3.05(b);

(g) Taxes incurred by the Hospital Businesses with respect to periods prior to the Closing Date (*provided*, *however*, that this clause (g) shall not apply to any and all Taxes payable with respect to any employee benefits constituting Assumed Liabilities under Section 2.03(c) hereof and any Taxes constituting Assumed Liabilities under Section 2.03(e) hereof);

(h) liability for any and all claims by or on behalf of employees of Seller or its Wholly Owned Subsidiaries relating to periods prior to the Closing Date, including, without limitation, liability for any pension, profit sharing, deferred compensation, or any other employee health and welfare benefit plans, liability for any Equal Employment Opportunity Commission claim, Americans with Disability Act claim,

Family and Medical Leave Act claim, wage and hour claim, unemployment compensation claim, or workers' compensation claim, and any liabilities or obligations to former employees of Seller or its Wholly Owned Subsidiaries under COBRA (*provided*, *however*, that this clause (i) shall not apply to any and all employee benefits constituting Assumed Liabilities under Section 2.03(g) hereof);

(i) any obligation or liability accruing, arising out of, or relating to any federal, state, or local investigations of, or claims or actions against, Seller or its Wholly Owned Subsidiaries, the Hospital Businesses, or any of their employees, medical staff, agents, vendors, or representatives with respect to acts or omissions prior to the Closing Date, including, but not limited to, with respect to those matters set forth on Schedule 3.05(a) and Schedule 3.05(b);

(j) any civil or criminal obligation or liability accruing, arising out of, or relating to any acts or omissions of Seller, its Wholly Owned Subsidiaries, or their directors, officers, employees, representatives, and agents claimed to violate any Legal Requirements of any Governmental Authority arising out of acts occurring before the Closing Date, including, but not limited to, with respect to those matters set forth on Schedule 3.05(a) and Schedule 3.05(b);

(k) liabilities or obligations arising as a result of any breach by Seller or its Wholly Owned Subsidiaries or the Hospital Businesses at any time of any Excluded Contract;

(l) liabilities or obligations arising out of any breach by Seller or its Wholly Owned Subsidiaries or the Facilities prior to the Closing Date of any Assumed Contract;

(m) any obligation or liability asserted under the federal Hill-Burton Act or other restricted grant and loan programs with respect to the ownership or operation of the Hospital Businesses or the Assets;

(n) any debt, obligation, expense, or liability of Seller or its Wholly Owned Subsidiaries arising out of or incurred solely as a result of any transaction occurring after the Closing Date or for any violation by Seller or its Wholly Owned Subsidiaries of any law, regulation, or ordinance at any time (including, without limitation, those pertaining to fraud, environmental, health care regulatory, and ERISA matters);

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

(p) any liability arising out of the act of assignment of any of the Assumed Contracts to Buyer at the Closing;

(q) the obligations and liabilities arising in connection with the Transfer Act; and

(r) all workers' compensation liabilities of Seller and its Wholly Owned Subsidiaries.

2.05. Purchase Price; Purchase Price Adjustment.

(a) Subject to the terms and conditions of this Agreement, in reliance upon the representations and covenants of Seller in this Agreement, and as consideration for the sale of the Assets, Buyer shall assume the Assumed Liabilities from Seller and its Wholly Owned Subsidiaries and tender the purchase price, determined as follows (the "**Purchase Price**"), subject to the adjustments described in Section 2.05(g):

(i) $31,800,000, *plus*

(ii) the amount, if any, by which Net Working Capital on the Closing Balance Sheets exceeds the Target Net Working Capital, or *minus*

(iii) the amount, if any, by which Net Working Capital on the Closing Balance Sheets is less than the Target Net Working Capital, and *minus*

(iv) the amount of the Capitalized Lease Obligations in excess of $6,500,000, and *minus*

(v) the Unfunded Pension Liabilities, which shall be calculated as of the Closing Date, and *minus*

(vi) the Asbestos Abatement Liability, and *minus*

(vii) the amount of liabilities listed on Schedule 2.05(a)(vii).

(b) Notwithstanding the foregoing Section 2.05(a), no liabilities of Seller or its Wholly Owned Subsidiaries shall be subtracted from the Purchase Price to the extent any such liabilities are already included in Net Working Capital.

(c) The Purchase Price, including estimates at Closing of the Net Working Capital, the Unfunded Pension Liabilities and the Negative Amount, as applicable, will be calculated as follows.

(i) For purposes of determining the Purchase Price, not more than five (5) but in no event less than two (2) business days prior to the Closing, Seller shall deliver to Buyer a statement setting forth its good faith estimate as of the Closing Date of the (a) Net Working Capital, (b) Unfunded Pension Liabilities and (c) Negative Amount, as applicable, including supporting documentation of reasonable specificity and other information requested by the Buyer to verify such amounts.

(ii) The estimate of Net Working Capital at Closing will be calculated by Seller from the physical count of Seller's inventory that will be conducted five (5) business days prior to the Closing (it being agreed that Buyer shall have the

right to observe the physical count), the relevant entries in the Interim Closing Balance Sheets and the parties' mutual good faith estimate as of the Closing Date of the amount of the prorations to be made pursuant to Section 2.06. The portion of Net Working Capital constituting the value of prepaid expenses and deposits will be determined based on mutual agreement of Seller and Buyer.

(iii) The estimate of Unfunded Pension Liabilities at Closing will be calculated by Seller from the Interim Closing Balance Sheets and/or the then most recently updated actuarial analyses.

(d) At Closing, Buyer shall pay such Purchase Price (based on the estimate provided by Seller pursuant to Section 2.05(c)) by wire transfer of immediately available funds to an account designated by the Seller to Buyer prior to the Closing Date, and Seller shall immediately use whatever portion of the Purchase Price is necessary to pay off all indebtedness of Seller (other than Capitalized Lease Obligations assumed by Buyer), including the indebtedness under the Loan Agreement. Notwithstanding anything to the contrary set forth in this Agreement, in the event that the Purchase Price calculated in accordance with Section 2.05(c) or Section 2.05(e), as applicable, equals a negative number, the Purchase Price shall be deemed to equal zero, and Seller shall not be required to pay Buyer in cash with respect to such Negative Amount; *provided, however*, that the Capital Amount shall be reduced, in accordance with Section 1.01(24)(x), by an amount equal to the absolute value of such negative number (the "**Negative Amount**").

(e) Not more than ninety (90) days after the Closing, Buyer shall prepare and deliver, or cause to be prepared and delivered, to Seller, the final closing statement (the "**Final Closing Statement**") setting forth (i) its good faith determination of the actual Net Working Capital as of the Closing Date (based on the Closing Balance Sheets), (ii) a calculation showing the difference between the Net Working Capital estimated by Seller at Closing and the actual Net Working Capital as of the Closing Date, (iii) its good faith determination of the actual Unfunded Pension Liabilities as of the Closing Date (as determined by the actuaries then serving those pension plans), (iv) a calculation showing the difference between the Unfunded Pension Liabilities estimated by Seller at Closing and the actual Unfunded Pension Liabilities (as determined by the actuaries then serving those pension plans) as of the Closing Date, (v) its good faith determination of the actual Negative Amount as of the Closing Date, and (vi) a calculation showing the difference between the Negative Amount estimated by Seller at Closing and the actual Negative Amount as of the Closing Date. Except as otherwise provided herein, the Final Closing Statement and the Closing Balance Sheets shall be prepared using the same principles and methodologies, including the determination of Accounts Receivable, Unfunded Pension Liabilities, contractual allowances and doubtful accounts, as used in preparing the Audited Financial Statements, except as otherwise provided in this Agreement.

(f) Following receipt of the information set forth in Section 2.05(e), Seller will be afforded a period of twenty (20) business days (the "**20-Day Period**") to review the Final Closing Statement and the Closing Balance Sheets. At or before the end of the 20-Day Period, Seller will either (i) accept the amount of the actual Net Working Capital

and Unfunded Pension Liabilities calculated by Buyer in their entirety or (ii) deliver to Buyer a written notice (the "**Objection Notice**") containing a reasonably detailed written explanation of those items on the Final Closing Statement or the Closing Balance Sheets that Seller disputes, in which case the items specifically identified by Seller shall be deemed to be in dispute. The failure by Seller to deliver the Objection Notice within the 20-Day Period shall constitute Seller's acceptance of the amount of the actual Net Working Capital and Unfunded Pension Liabilities calculated by Buyer. If Seller delivers the Objection Notice in a timely manner, then, within a further period of twenty (20) business days from the end of the 20-Day Period (the "**Second 20-Day Period**"), the parties will attempt to resolve in good faith any disputed items and reach a written agreement (the "**Settlement Agreement**") with respect thereto. Failing such resolution, as promptly as practicable (and no event later than ten (10) business days from the end of the Second 20-Day Period), the unresolved disputed items will be referred for final binding resolution to Deloitte (the "**Arbitrating Accountants**"). In resolving any disputed item, the Arbitrating Accountants may not assign a value to any item greater than the greatest value for such item claimed by either party or less than the smallest value for such item claimed by either party. The fees and expenses of the Arbitrating Accountants shall be allocated between Buyer and Seller in proportion to the amounts by which their proposals of the actual Net Working Capital and Unfunded Pension Liabilities differed from the Arbitrating Accountants' final determination. Such determination (the "**Accountants' Determination**") shall be (i) in writing, (ii) furnished to the Buyer and Seller as soon as practicable (and in no event later than thirty (30) business days) after the items in dispute have been referred to the Arbitrating Accountants, (iii) made in accordance with GAAP, consistently applied, and (iv) non-appealable and incontestable by Buyer or Seller and each of their respective Affiliates and successors and assigns and not subject to collateral attack for any reason other than manifest error or fraud.

(g) The Purchase Price will be recalculated (based on clauses (i), (ii) and (iii) below) (the "**Purchase Price Adjustment**") to reflect (i) any such revisions in the amount of the prorations to be made pursuant to Section 2.06, (ii) the difference between the Net Working Capital (excluding differences in prepaid expenses and deposits calculated in accordance with Section 2.05(c)(ii) and, if a physical inventory was used to calculate the Purchase Price, in inventory and supplies) estimated at Closing and the actual Net Working Capital as of the Closing Date (based on the Closing Balance Sheets), and (iii) the difference between the Unfunded Pension Liabilities estimated at Closing and the actual Unfunded Pension Liabilities (based on the Closing Balance Sheets).

(h) Within five (5) business days following the Final Determination Date, Seller shall pay Buyer (if the Purchase Price is adjusted downward by the Purchase Price Adjustment and to the extent Seller has sufficient cash to make such payment), or Buyer shall pay the Seller (if the Purchase Price is adjusted upward by the Purchase Price Adjustment), as the case may be, the amount by which the Purchase Price is adjusted, by wire transfer of immediately available funds to one or more accounts designated by the recipient. If Seller is required to pay Buyer pursuant to this Section 2.05(h), but is unable to pay Buyer in full within five (5) business days following the Final Determination Date

(solely because Seller does not have sufficient cash), the Capital Amount shall be reduced, in accordance with Section 1.01(24), by an amount equal to such shortfall (the "**Purchase Price Adjustment Shortfall**"), subject to the proviso in Section 2.05(d).

2.06. Prorations. At Closing, and to the extent not included in Net Working Capital, Buyer and Seller shall prorate real estate and personal property lease payments, real estate and personal property Taxes (except that no such proration of property Taxes will be necessary in respect of the transfer of property by any Person that is a non-profit corporation that does not pay any property Taxes with respect to such property) and other assessments, and all other items of income and expense that are normally prorated upon a sale of assets of a going concern, if any. If any payment of Taxes made by Seller before Closing is credited against real estate Taxes for which Buyer will be liable, the amount of such credit will be applied as a credit against any prorations owing by Seller, to the extent available for offset, and any amounts not so applied will be paid to Seller by Buyer upon Buyer's receipt of such credit.

2.07. Disclaimer of Warranties. Subject to the representations and warranties set forth in this Agreement, including, but not limited to, those set forth in Article 3, and except as expressly set forth in the Closing Documents, the Assets transferred to the Company and any Buyer will be transferred in their physical condition at the Closing, "AS IS, WHERE IS, AND WITH ALL FAULTS AND NONCOMPLIANCE WITH LAWS," and with respect to the Real Property, land, buildings, and improvements, WITH NO WARRANTY OF HABITABILITY OR FITNESS FOR HABITATION, and with respect to the physical condition of the personal property and the inventory and supplies, WITH NO WARRANTIES, INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

## 3. REPRESENTATIONS OF SELLER

Subject to the exceptions described in the Schedules, Seller makes the following representations to Buyer and PMH on and as of the date of this Agreement and will be deemed to make them again at and as of the Closing Date:

3.01. Organization and Qualification. Seller is a non-stock corporation duly organized and validly existing under the laws of the State of Connecticut. Seller is not licensed, qualified or admitted to do business in any jurisdiction other than in the State of Connecticut and there is no other jurisdiction in which the ownership, use or leasing of Seller's assets or properties, or the conduct or nature of its business, makes such licensing, qualification or admission necessary.

3.02. Corporate Powers; Absence of Conflicts, Etc. Seller has the requisite power and authority to conduct the Hospital Businesses as now being conducted, to enter into this Agreement and to perform its obligations hereunder. The execution, delivery and performance by Seller of this Agreement and the Closing Documents to which Seller is or becomes a party, and the consummation by Seller of the transactions contemplated by this Agreement:

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

(b) except as provided in Section 5.05 below, do not require any approval or consent of, or filing with, any Governmental Authority bearing on the validity of this Agreement that is required by Legal Requirements of any such Governmental Authority;

(c) except as set forth in Schedule 3.02(c), will neither conflict with, nor result in any breach or contravention of, or the creation of any lien, charge, or encumbrance under, or permit the acceleration of the maturity of, any indenture, agreement, lease, instrument, or understanding to which it is a party or by which it is bound, except for such breaches or contraventions that may result from the failure to obtain the consent of the counterparty thereto in connection with the assignment of any Assumed Contract to the Buyer and for which Seller remains liable;

(d) will not violate any material Legal Requirements of any Governmental Authority to which it or the Assets may be subject; and

(e) will not violate any judgment, decree, writ, or injunction of any court or Governmental Authority to which it or the Assets may be subject.

3.03. Binding Agreement. This Agreement and each of the Closing Documents to which Seller is or becomes a party are (or upon execution will be) valid and legally binding obligations of Seller, enforceable against it in accordance with the respective terms hereof or thereof.

3.04. Investments and Third Party Rights. Seller holds no Investment interest in any Person involved in the ownership or operation of the Hospital Businesses or the Assets, other than those Persons identified on Schedule 3.04. Other than Seller and those Persons set forth on Schedule 3.04, there are no other Persons that own any interest in any of the Hospital Businesses. There are no Contracts with, or rights of, any Person to acquire, directly or indirectly, any material assets, or any interest therein, of Seller, including any of the Assets, other than Contracts entered into in the ordinary course of the Hospital Businesses or Contracts entered into with Buyer with respect to the transactions contemplated by this Agreement.

3.05. Legal and Regulatory Compliance.

(a) Except as set forth in a writing delivered by Seller to Buyer that specifically makes reference to this Section 3.05(a) or as set forth on Schedule 3.05(a), the operations of the Hospital Businesses are in compliance in all material respects with all applicable Legal Requirements of Governmental Authorities having jurisdiction over the Hospital Businesses and the operations of the Hospital or its related ancillary services. Seller and its Wholly Owned Subsidiaries have timely filed all reports, data, and other information required to be filed with any Governmental Authorities. Neither Seller nor its Wholly Owned Subsidiaries, nor any of its officers, directors, agents, or employees thereof, has committed a violation of federal or state laws regulating health care fraud, including but not limited to the federal Anti-Kickback Law, 42 U.S.C. §1320a-7b, the Stark Laws, 42 U.S.C. §1395nn, as amended, and the False Claims Act, 31 U.S.C. §3729, et seq. Seller and its Wholly Owned Subsidiaries are in compliance in all material

respects with the administrative simplification provisions required under HIPAA, including the electronic data interchange regulations and the health care privacy regulations. Seller and its Wholly Owned Subsidiaries have not received notice of any claim, Proceeding, or investigation alleging or based upon an alleged material violation of any Legal Requirements.

(b) Seller has provided to Buyer a copy of the Hospital's current compliance program materials, including, without limitation, all program descriptions, compliance officer and committee descriptions, ethics and risk area policy materials, training and education materials, auditing and monitoring protocols, reporting mechanisms, and disciplinary policies. Except as set forth in a writing delivered by Seller to Buyer that specifically makes reference to this Section 3.05(b) or to the extent set forth on Schedule 3.05(b), Seller (or any Wholly Owned Subsidiary thereof) (a) is not a party to a Corporate Integrity Agreement with the Office of Inspector General of the United States Department of Health and Human Services, (b) has no reporting or other continuing obligations pursuant to any settlement or other agreement entered into with any Government Authority (other than participation agreements with Government Payment Programs), (c) to the Knowledge of Seller, has not been the subject of any Government Payment Program investigation conducted by any federal or state enforcement agency within the past three (3) years, (d) has not been a defendant in any unsealed *qui tam*/False Claims Act litigation within the past three (3) years, (e) has not been served with or received, within the past three (3) years, any search warrant, subpoena, civil investigative demand, or contact letter by or from any Government Authority (except in connection with medical services provided to third parties who may be defendants or the subject of investigation into conduct unrelated to the operations of the health care businesses conducted by the Hospital Businesses), and (f) has not received any complaints within the past three (3) years from employees, independent contractors, vendors, physicians, or any other person that would indicate that Seller (or any Wholly Owned Subsidiary thereof) has violated any Legal Requirements. Schedule 3.05(b) includes a description of each audit and investigation conducted by Seller at the Hospital pursuant to its compliance program during the past three (3) years. For purposes of this Agreement, the term "compliance program" refers to provider programs of the type described in the compliance guidance published by the Office of Inspector General of the Department of Health and Human Services.

3.06. Financial Statements; Undisclosed Liabilities. Seller has delivered to Buyer copies of the following financial statements (collectively, the "**Financial Statements**"), which Financial Statements are maintained on an accrual basis, and copies of which are attached hereto as Schedule 3.06:

(a) Unaudited balance sheet dated as of June 30, 2016 (the "**Balance Sheet Date**");

(b) Unaudited income statement for the 9-month period ended on the Balance Sheet Date; and

(c) Audited Financial Statements.

Such unaudited Financial Statements conform to GAAP consistently applied, except as set forth on Schedule 3.06. Such audited Financial Statements have been prepared in accordance with GAAP, applied on a consistent basis throughout the periods indicated. Such balance sheets present fairly the financial condition of Seller as of the dates indicated thereon, and such income statements included in the Financial Statements present fairly the results of operations of Seller for the periods indicated thereon. Except and to the extent accrued or disclosed in the Financial Statements, Seller does not have any liabilities or obligations of any nature whatsoever with respect to the Hospital Businesses, Joint Ventures or Converted Ventures, or the Assets, due or to become due, accrued, absolute, contingent or otherwise, that are required by GAAP to be accrued or disclosed in Financial Statements, except for liabilities and obligations incurred in the ordinary course of business and consistent with past practice since the Balance Sheet Date, and none of which could reasonably be expected to result, individually or in the aggregate, in a material adverse effect.

3.07. Recent Activities. Except as set forth in Schedule 3.07, with respect to Seller or its Wholly Owned Subsidiaries, since the Balance Sheet Date there has not been any:

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

(b) material adverse change in the condition, financial or otherwise, of the Hospital Businesses or the Assets, including, but not limited to, the business or prospects of the Hospital Businesses or the results of operations of the Hospital Businesses;

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

(d) sale, assignment, transfer, or disposition of any item of property, plant, or equipment included in the Assets and having a net book value in excess of Seventy-Five Thousand Dollars ($75,000) (other than supplies), except in the ordinary course of business with comparable replacement thereof;

(e) sale, factor or disposition of, or agreement to sell, factor or dispose of, any accounts receivable;

(f) any general increase in the compensation payable to any of its or their employees or independent contractors or any increase in, or institution of, any bonus, severance, insurance, pension, profit-sharing or other employee benefit plan, remuneration, or arrangements made to, for, or with such employees;

(g) dividend, distribution, or extraordinary payment;

(h) change in the composition of the medical staff of the Hospital Businesses, other than normal turnover occurring in the ordinary course of business;

(i) change in the rates charged by the Hospital Businesses for their services, other than those made in the ordinary course of business;

(j) adjustment or write-off of accounts receivable or reduction in reserves for accounts receivable outside the ordinary course of business;

(k) change in the accounting methods or practices, including the methods used to estimate contractual allowances or doubtful accounts, other than those required by any changes in GAAP, or change in depreciation or amortization policies;

(l) encumbrance or lien that has been imposed on any of the Assets;

(m) cancellation or waiver of any material rights in respect of the Assets, except in the ordinary course of business;

(n) other than compensation paid in the ordinary course of employment, sale of any Assets to, or execution of any contract or agreement with, any officer, director or trustee of Seller, or with any Affiliate of any such person or entity;

(o) payment or agreement to pay to any Person any damages, fines, penalties or other amounts in excess of $25,000 individually or $100,000 in the aggregate in respect of an actual or alleged violation of any Legal Requirement; or

(p) transaction outside the ordinary course of business.

3.08. Accounts Receivable; Inventory.

(a) All Accounts Receivable constituting a part of the Assets represent and constitute bona fide indebtedness owing to Seller (or any Wholly Owned Subsidiary thereof) for services actually performed or for goods or supplies actually provided in the amounts indicated on the Financial Statements with no known Encumbrances, set-offs, deductions, compromises, or reductions (other than reasonable allowances for bad debts and contractual allowances in an amount consistent with historical policies and procedures of Seller and that are taken into consideration in the preparation of the Financial Statements). Seller has made available to Buyer a complete and accurate aging report of all such Accounts Receivable and a schedule of all Accounts Receivable that have been assigned to collection agencies or are otherwise held or assigned for collection.

(b) The inventory and supplies constituting part of the Assets are substantially of a quality and quantity usable and salable in the ordinary course of business of the Hospital Businesses. Obsolete items have been written off the Financial Statements. Inventory and supplies are carried at cost, on a first-in, first-out basis, and are properly stated in the Financial Statements in accordance with GAAP. The quantities of inventory and supplies, taken as a whole, are reasonable and justified under the normal operations of the Hospital Businesses.

3.09. Equipment. Seller has delivered to Buyer a fixed asset listing and depreciation schedule as of the Balance Sheet Date (Schedule 3.09) that takes into consideration all the equipment associated with, or constituting any part of, the Hospital Businesses and the Assets.

All major items of equipment are useable for their intended purpose in the ordinary course of business and are in working condition, subject to reasonable wear and tear.

3.10. Title. Except as provided in Schedule 3.10, Seller or its Wholly Owned Subsidiary, as applicable, owns and holds good and valid title to all of the Assets, free and clear of any Encumbrances other than the Permitted Encumbrances and Assumed Liabilities.

3.11. Real Property.

(a) Seller or its Wholly Owned Subsidiary, as applicable, owns good and marketable fee simple and/or leasehold title, as the case may be, to the Real Property, together with all buildings, improvements, and component parts thereon and all appurtenances and rights thereto. The Real Property will be conveyed to the Buyer free and clear of any and all Encumbrances other than the Permitted Encumbrances set forth on Schedule 3.11(a).

(b) With respect to the Real Property, except as set forth in Schedule 3.11(b):

(i) Neither Seller nor any Wholly Owned Subsidiary has received during the past five (5) years written notice of a violation of any applicable Legal Requirement;

(ii) The Owned Real Property, and, to Seller's Knowledge, Leased Real Property, and its operation are in compliance in all material respects with all applicable zoning ordinances, and the consummation of the transactions contemplated herein will not result in a violation of any applicable zoning ordinance or the termination of any applicable zoning variance now existing, and the buildings and improvements constituting the Real Property comply in all material respects with all building codes;

(iii) The Owned Real Property and, to Seller's Knowledge, Leased Real Property, is subject to no easements, restrictions, ordinances, or other limitations on title that could make such property unusable for its current use or the title uninsurable or unmarketable or that materially restrict or impair the use, marketability, or insurability of the Real Property other than the Permitted Encumbrances;

(iv) All of the Owned Real Property, and, to Seller's Knowledge, Leased Real Property, currently in use for the operations of the Hospital Businesses is in compliance in all material respects with the applicable provisions of the Rehabilitation Act of 1973, Title III of the Americans with Disabilities Act, and the provisions of any comparable state statute relative to accessibility (these laws are referred to, collectively, as the "**Accessibility Laws**"), and there is no pending, noticed, or, to the Knowledge of Seller, threatened litigation, administrative action, or complaint (whether from a state, federal, or local government or from any other person, group, or entity) relating to compliance of any of the Real Property with the Accessibility Laws;

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

(vi) All material obligations of Seller or any Wholly Owned Subsidiary as landlord required to be performed under each of the tenant leases have been performed;

(vii) Attached to Schedule 3.11(b) is a "rent roll" that sets forth for those leases where Seller or any Wholly Owned Subsidiary in respect of the Hospital Businesses is landlord, which contains: (i) the names of then current tenants; (ii) the rental payments for the then current month under each of the leases; (iii) a list of all then delinquent rental payments; (iv) a list of all concessions granted to tenants; (v) a list of all tenant deposits and a description of any application thereof, and (vi) a list of all uncured material defaults under the leases known to Seller or its Wholly Owned Subsidiaries;

(viii) Seller or any Wholly Owned Subsidiary has not received written notice of condemnation or of any special assessment relating to any part of the Real Property, of any existing or proposed plans to modify or realign any street or highway, or any existing or proposed eminent domain proceeding by any Government Authority that would result in the taking of all or any part of the Real Property or that would adversely affect the current use of any part of the Real Property;

(ix) All permanent certificates of occupancy and all other material licenses, permits, authorizations, consents, certificates, and approvals required by all Government Authorities having jurisdiction and the requisite certificates of the local board of fire underwriters (or other body exercising similar functions) have been issued for the Owned Real Property (and all individual items constituting the Owned Real Property), for their current uses, have been paid for, are in full force and effect, and will not be invalidated, violated, or otherwise adversely affected by the transfer of the Real Property to the Buyer; and

(x) To the Knowledge of Seller, water, sanitary sewer, storm sewer, drainage, electric, telephone, gas, and other public utility systems are available to the Real Property, as currently developed, and are directly connected to the lines and/or other facilities of the respective public authorities or utility companies providing such services or accepting such discharge, either adjacent to the Real Property or through easements or rights of way appurtenant to and forming a party of the Real Property; and, with respect to the Owned Real Property, to the Knowledge of Seller, such easements or rights-of-way have been fully granted, all charges therefor have been fully paid by Seller or its Wholly Owned Subsidiaries, and all charges for the aforesaid utility systems and the connection of the Owned

Real Property to such systems, including without limitation connections fees, "tie-in" charges, and other charges now or hereafter to become due and payable, have been fully paid by Seller or its Wholly Owned Subsidiaries; and the water and sanitary sewer service described above is supplied by public authority.

3.12. Environmental Laws. Except as set forth on Schedule 3.12 hereto, (i) the Owned Real Property is not subject to any material environmental hazards, risks, or liabilities, (ii) neither Seller or its Affiliates, nor its Wholly Owned Subsidiaries, is in material violation of any and all Legal Requirements pertaining to the protection of human health and safety or the environment (collectively, "**Environmental Laws**"), including, without limitation, the Comprehensive Environmental Response Compensation and Liability Act, as amended ("**CERCLA**"), the Resource Conservation and Recovery Act, as amended ("**RCRA**"), and the Atomic Energy Act of 1954, as amended ("**AEA**"), and (iii) neither Seller nor any Affiliate thereof has received notice alleging or asserting either a violation of any Environmental Law or an obligation to investigate, assess, remove, or remediate any property, including but not limited to the Owned Real Property, under or pursuant to any Environmental Law. Except as set forth on Schedule 3.12, to the Knowledge of Seller, no Hazardous Substances have been, and through the Closing Date will be, disposed of on or released or discharged from or onto, or threatened to be released from or onto, the Owned Real Property (including groundwater) by Seller, or to Seller's Knowledge, any third party, in violation of any applicable Environmental Law. Except as set forth on Schedule 3.12, neither Seller or its Wholly Owned Subsidiaries nor, to Seller's Knowledge, any prior owners, operators, or occupants of the Owned Real Property, have allowed any Hazardous Substances to be discharged, processed, or otherwise released on the Owned Real Property in a manner that is in violation of any Environmental Law, and Seller and its Wholly Owned Subsidiaries has complied in all material respects with all Environmental Laws applicable to any part of the Real Property. The Hospital Businesses contain asbestos-containing material. Schedule 3.12 lists numerous reports, correspondence, operation and maintenance manuals, and other documents related to the asbestos-containing materials. These documents do not individually or collectively constitute a comprehensive asbestos survey of the Hospital Businesses or the Owned Real Property. Without in any way limiting the generality of the foregoing, to the Knowledge of Seller: (i) all current or former underground storage tanks located on the Owned Real Property and information in Seller's possession relating to the capacity, uses, dates of installation, and contents of such tanks located on the Owned Real Property are identified in the environmental reports listed on Schedule 3.12; (ii) there are not now, nor have there ever been, any collection dumps, pits, and disposal facilities or surface impoundments located on the Owned Real Property for the containment of Hazardous Substances except as identified in Schedule 3.12; and (iii) all existing underground storage tanks have been maintained in material compliance with all Environmental Laws. Except as set forth on Schedule 3.12, Seller or its Wholly Owned Subsidiaries holds all material environmental permits required in connection with the use by Seller of the Real Property or the operation of the Hospital Businesses and, to the extent permitted by law, Seller shall cause such environmental permits to be transferred to the Buyer (with the Buyer's necessary cooperation and assistance), all of which, to Seller's Knowledge, are in good standing and are not subject to meritorious challenge. The representations and warranties made in this Section 3.12 are the exclusive representations and warranties of Seller relating to environmental matters and shall supersede any and all other Sections in this Agreement including, but not limited to, Sections 3.05, 3.11(a) and 3.15.

3.13. Intellectual Property; Information Systems. Schedule 3.13 lists and briefly describes all material Intellectual Properties currently owned or used by Seller or its Wholly Owned Subsidiaries. No proceedings have been instituted or are pending or, to the Knowledge of Seller, threatened that challenge the validity of the ownership or use by Seller or its Wholly Owned Subsidiaries of such Intellectual Properties. Neither Seller nor its Wholly Owned Subsidiaries have agreed to license to a third party any owned Intellectual Properties and have no Knowledge of the use or the infringement of any such owned Intellectual Properties by any other Person. Seller (or any Wholly Owned Subsidiary thereof) owns (or possesses adequate and enforceable licenses or other rights to use) all material Intellectual Properties and all material Information Systems used.

3.14. Insurance. Schedule 3.14 is an accurate schedule of the insurance policies or self-insurance funds maintained by Seller or its Wholly Owned Subsidiaries covering the ownership and operations of the Hospital Businesses and the Assets, including the type of insurance, policy numbers, identity of insurers, amounts, and coverage. Seller has provided to Buyer a copy of all such policies and endorsements thereto. All of such policies are in full force and effect with no premium arrearage. Seller or its Wholly Owned Subsidiary, or any Affiliates thereof, has given in a timely manner to its insurers all notices required to be given under its insurance policies with respect to all of the claims and actions covered by insurance, and no insurer has denied coverage of any such claims or actions. Seller and its Wholly Owned Subsidiaries have not (a) received any written notice or other communication from any such insurance company canceling or materially amending any of such insurance policies, and to the Knowledge of Seller, no such cancellation or amendment is threatened, or (b) failed to give any required notice or present any claim that is still outstanding under any of such policies with respect to the Hospital Businesses or any of the Assets.

3.15. Permits. Each of the Hospital Businesses is duly licensed pursuant to the applicable laws of the State of Connecticut. The pharmacies, laboratories, and all other ancillary departments located at the Hospital Businesses or operated for the benefit of the Hospital Businesses that are required to be specially licensed are duly licensed by the Connecticut Department of Public Health or other appropriate licensing agency (the "**State Health Agency**"). Seller and its Wholly Owned Subsidiaries have all material Permits that are needed or required by law to operate the business related to or affecting the Hospital Businesses or any ancillary services related thereto. Seller has delivered to Buyer an accurate list and summary description (Schedule 2.01(g)) of all such Permits owned or held by Seller or its Wholly Owned Subsidiaries relating to the ownership, development, or operation of the Hospital Businesses or the Assets, all of which are now and as of the Closing shall be in good standing, except as disclosed on Schedule 3.15. Seller and its Wholly Owned Subsidiaries have not received any written notice from any Governmental Authority relating to the threatened, pending or possible revocation, termination, suspension or limitation of any Permits relating to the Hospital Businesses or any ancillary services related thereto.

3.16. Government Payment Programs; Accreditation; Payor Cost Reports.

(a) The Hospital is qualified for participation in the Government Payment Programs, has a current and valid provider contract with such programs, is in compliance with the conditions of participation in such programs, and has received all

approvals or qualifications necessary for reimbursement for the Hospital. The Hospital is duly accredited, with no contingencies, by The Joint Commission (the "**Joint Commission**") for the three (3) year period set forth on Schedule 3.16(a). A copy of the most recent accreditation letter from the Joint Commission pertaining to the Hospital has been made available to Buyer. Seller has delivered to Buyer copies of all available accreditation survey reports, deficiency lists, statements of deficiency, and plans of correction since July 31, 2016. Seller has taken or is taking all reasonable steps to correct all material deficiencies noted therein. The billing practices employed by the Hospital Businesses with respect to all third party payors, including Government Payment Programs and private insurance companies, have been in compliance in all material respects with all applicable laws, regulations, and policies of the Government Payment Programs and applicable Contracts of such private insurance companies. Neither Seller nor its Wholly Owned Subsidiaries has billed or received any payment or reimbursement from any such payors in excess of amounts allowed by law or contract. Neither Seller nor any of its Affiliates, officers, directors, managers, employees, or controlling shareholders is excluded from participation in the Government Payment Programs, nor has Seller or any of its Wholly Owned Subsidiaries received any notice that any such exclusion is threatened. Except as set forth in a writing delivered by Seller to Buyer that specifically makes reference to this Section 3.16 or as set forth on Schedule 3.16(a), neither Seller nor its Wholly Owned Subsidiaries has received any notice from any of the Government Payment Programs or any other third party payor programs of any pending or threatened investigations or surveys, and, to the Knowledge of Seller, no such investigations or surveys are pending, threatened, or imminent. Seller has registered with the QNet Exchange ("**QNet**") as required by CMS under its Hospital Quality Initiative Program (the "**HQI Program**"). Seller has submitted all quality data required under the HQI Program to CMS or its agent, and all quality data required under the ORYX Core Measure Performance Measurement System ("**ORYX**") to the Joint Commission, for all calendar quarters concluded prior to the date of this Agreement, except for any quarter for which the respective reporting deadlines have not yet expired. All such submissions of quality data have been made in accordance with applicable reporting deadlines and in the form and manner required by CMS and the Joint Commission, respectively. Seller has not received notice of any reduction in reimbursement under the Medicare program resulting from its failure to report quality data to CMS or its agent as required under the HQI Program. Seller has provided Buyer with the HQI Program "validation results" for all calendar quarters concluded prior to the date of this Agreement, except for any quarter for which the respective reporting deadlines have not yet expired.

(b) Seller, or its Wholly Owned Subsidiary, has duly filed all required Cost Reports in respect of the Hospital Businesses for all the fiscal years through and including the fiscal year ended September 30, 2014. All amounts shown as due from Seller (or any Wholly Owned Subsidiaries thereof) in such Cost Reports were remitted with such reports and all amounts shown in the notices of program reimbursement as due have been paid. All of such Cost Reports accurately reflect the information required to be included thereon and such Cost Reports do not claim and neither the Hospital Businesses nor Seller (or any Wholly Owned Subsidiaries thereof) has

received reimbursement in any amount in excess of the amounts provided by law or any applicable agreement. Schedule 3.16(b) indicates which of such Cost Reports have not been audited and finally settled and a brief description of any and all notices of program reimbursement, proposed or pending audit adjustments, disallowances, appeals of disallowances, and any and all other unresolved claims or disputes in respect of such Cost Reports. Seller or its Wholly Owned Subsidiary has established adequate reserves in respect of the Hospital Businesses to cover any potential reimbursement obligations that may exist in respect of any such third party Cost Reports, and such reserves are set forth in the Financial Statements.

3.17. Agreements and Commitments. Schedule 2.01(f) sets forth the Assumed Contracts that will be assumed by the Buyer. Seller has also delivered to Buyer an accurate list (Schedule 3.17) of all material Contracts that materially affect the Hospital Businesses or the Assets, to which Seller or its Wholly Owned Subsidiary is a party or by which Seller, its Wholly Owned Subsidiaries, the Assets, or any portion thereof, is bound, including, without limitation, (a) physician agreements, professional service agreements or co-management agreements, (b) agreements with health maintenance organizations, preferred provider organizations, independent practice associations, accountable care organizations, or other alternative delivery systems, (c) joint venture or partnership agreements, (d) employment, severance or retention Contracts or any other Contracts to or with individual employees or agents, including with directors, trustees, officers, employees, or other agents of Seller or its Wholly Owned Subsidiaries, (e) Contracts materially affecting ownership of, title to, use of, or any interest in Owned Real Property or Leased Real Property, (f) equipment leases and other leases that are capital leases, (g) equipment maintenance agreements, (h) agreements with Governmental Authorities, (i) collective bargaining agreements or other Contracts to or with any labor unions, labor organizations, or other employee representatives or groups of employees, (j) loan agreements, bonds, mortgages, liens, or other security agreements, (k) Contracts relating to Intellectual Properties and Information Systems, or other like Contracts affecting the Hospital Businesses or the Assets, (l) Contracts providing for payments based in any manner on the revenues or profits of Seller or any Wholly Owned Subsidiary thereof, the Hospital Businesses or the Assets, (m) Contracts relating to data processing programs, software, or source codes utilized in connection with the Hospital Businesses or the Assets, (n) Contracts relating to the administration, operation or funding of any Employee Benefit Plan, and (o) Contracts, whether in the ordinary course of business or not, that involve future payments, performance of services, or delivery of goods or material, to or by Seller (or any of its Wholly Owned Subsidiaries), of any amount or value in excess of Fifty Thousand Dollars ($50,000) on an annual basis.

3.18. The Assumed Contracts. With respect to the Assumed Contracts listed on Schedule 2.01(f), Seller has made available to Buyer true and correct copies of the Assumed Contracts, and has given, and will give, the agents, employees, and representatives of Buyer access to the originals of the Assumed Contracts in its possession. Seller represents and warrants with respect to the Assumed Contracts that:

(a) The Assumed Contracts constitute valid and legally binding obligations of Seller or a Wholly Owned Subsidiary and are enforceable against Seller or such Wholly Owned Subsidiary in accordance with their terms;

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

(c) All obligations required to be performed by Seller or its Wholly Owned Subsidiary under the terms of the Assumed Contracts have been performed, no material breach has occurred under any of the Assumed Contracts, no act or omission by Seller or its Wholly Owned Subsidiary has occurred or failed to occur that, with the giving of notice, the lapse of time, or both would constitute a material default under the Assumed Contracts, and each of such Assumed Contracts is now in full force and effect;

(d) Except as expressly set forth on Schedule 3.18, none of the Assumed Contracts requires consent to the assignment and assumption of such Contracts by Buyer;

(e) Except as expressly set forth on Schedule 3.18, the assignment of the Assumed Contracts to and assumption of such Assumed Contracts by Buyer will not result in any penalty or premium, or variation of the rights, remedies, benefits, or obligations of any party thereunder; and

(f) Except as expressly set forth on Schedule 3.18, no Assumed Contract contains a prohibition on competition by Seller or any Affiliate or otherwise restricts the ability of Seller or any Affiliate to engage in any lawful business after Closing.

3.19. Transactions with Affiliates. Since September 30, 2014, Seller (or any Wholly Owned Subsidiary thereof) has not purchased, acquired or leased any property or services from, or sold, transferred or leased any property or services to, or lent or advanced any money to, or borrowed any money from, or acquired any capital stock, obligations or securities of, or made any management consulting or similar fee agreement with, any officer, director or trustee of Seller or of any Affiliate of Seller, except as set forth on Schedule 3.19 or upon terms that would have been paid or received by Seller in similar transactions with independent parties negotiated at arm's length.

3.20. Employees and Employee Relations.

(a) Except as set forth on Schedule 3.20(a), all employees of the Hospital Businesses are employees of Seller or its Wholly Owned Subsidiaries, and there has not been in the last three (3) years, there is not presently pending, there is not presently threatened (to the Knowledge of Seller), and no event has occurred or circumstance exists (to the Knowledge of Seller) that could provide the basis for, (i) any strike, slowdown, picketing, work stoppage, or employee grievance process, or (ii) any proceeding against or affecting Seller or its Wholly Owned Subsidiaries relating to an alleged violation of any Legal Requirements pertaining to labor relations, including, without limitation, any charge, complaint, or unfair labor practices claim filed by an employee, union, or other person with the National Labor Relations Board or any comparable Governmental Authority, organizational activity, or other labor dispute against or affecting Seller, its Wholly Owned Subsidiaries, the Hospital Businesses, or their premises.

(b) Except as set forth in Schedule 3.20(b), with respect to the employees of Seller or its Wholly Owned Subsidiaries: (i) no collective bargaining agreement exists or is currently being negotiated by Seller or its Wholly Owned Subsidiaries; (ii) no application for certification of a collective bargaining agent is pending; (iii) no demand has been made upon Seller or its Wholly Owned Subsidiaries for recognition by a labor organization; (iv) no union representation question exists; (v) no union organizing activities are, to the Knowledge of Seller, taking place; and (vi) none of the employees of Seller or its Wholly Owned Subsidiaries is represented by any labor union or organization.

(c) Except as set forth in Schedule 3.20(c), Seller and its Wholly Owned Subsidiaries have complied in all material respects with all Legal Requirements relating to employment, employment practices, terms and conditions of employment, equal employment opportunity, nondiscrimination, immigration, wages, hours, benefits, payment of employment, social security, and similar taxes, occupational safety and health, and plant closing; neither Seller, nor its Wholly Owned Subsidiaries, are liable for the payment of any material compensation, damages, taxes, fines, penalties, interest, or other amounts, however designated, for failure to comply with any of the foregoing Legal Requirements; there are no pending or, to the Knowledge of Seller, threatened claims before the Equal Employment Opportunity Commission (or any comparable state civil or human rights commission or other entity), complaints before the Occupational Safety and Health Administration (or any comparable state safety or health administration or other entity), wage and hour claims, unemployment compensation claims, workers' compensation claims, or the like.

(d) Schedule 3.20(d) (or as set forth in a writing delivered by Seller to Buyer that specifically makes reference to this Section 3.20(d)) states the number of employees terminated by Seller or any of its Wholly Owned Subsidiaries within ninety (90) days prior to the Closing Date, laid off by Seller or any of its Wholly Owned Subsidiaries within the six (6) months prior to the Closing Date, or whose hours of work have been reduced by more than fifty percent (50%) by Seller or any of its Wholly Owned Subsidiaries in the six (6) months prior to the Closing Date, and contains a complete and accurate list of the following information for such employees: (i) the date of termination, layoff, or reduction in work hours; (ii) the reason for termination, layoff, or reduction in work hours; and (iii) the location to which the employee was assigned. In relation to the foregoing, except as set forth in Schedule 3.20(d), neither Seller, nor its Wholly Owned Subsidiaries, has violated the Worker Adjustment and Retraining Notification Act ("**WARN Act**") or any similar state or local Legal Requirements.

(e) To the Knowledge of Seller, no officer, director, agent, employee, consultant, or independent contractor of Seller or any of its Wholly Owned Subsidiaries is bound by any contract that purports to limit the ability of such officer, director, agent, employee, consultant, or independent contractor (i) to engage in or continue or perform any conduct, activity, duties, or practice relating to the Hospital Businesses; or (ii) to assign to Seller or to any other Person any rights to any invention, improvement, or discovery. To the Knowledge of Seller, no former or

current employee of Seller or any of its Wholly Owned Subsidiaries at the Hospital Businesses is a party to, or is otherwise bound by, any contract that in any way adversely affected, affects, or will affect the ability of Buyer following Closing to conduct the Hospital Businesses as heretofore carried on by Seller prior to Closing.

(f) All necessary visa or work authorization petitions have been timely and properly filed on behalf of any employees of Seller, its Wholly Owned Subsidiaries or the Hospital Businesses requiring a visa stamp, I-94 status document, employment authorization document or other immigration document to legally work in the United States, and all paperwork retention requirements with respect to such applications and petitions have been met. To the Knowledge of Seller, no employee of Seller, its Wholly Owned Subsidiaries or the Hospital Businesses who is a foreign national has ever worked without employment authorization from the Department of Homeland Security or any other Governmental Authority that must authorize such employment and Seller have complied with applicable immigration laws with respect to the employment of foreign nationals. To the Knowledge of Seller, Seller and its Wholly Owned Subsidiaries have timely and properly completed I-9 forms for all employees hired since the effective date of the Immigration Reform and Control Act of 1986 and has lawfully retained and re-verified all such I-9 forms. There are no proceedings pending or, to Seller's Knowledge, threatened against Seller or any of its Wholly Owned Subsidiaries relating to Seller's or any Wholly Owned Subsidiary's compliance with federal immigration regulations, including compliance with federal immigration laws. Except as set forth on Schedule 3.20(f), neither Seller, nor any of its Wholly Owned Subsidiaries, has received any letter from the Social Security Administration regarding the failure of an employee's social security number to match his or her name in the Social Security Administration database, and neither Seller, nor any of its Wholly Owned Subsidiaries, has received any letter or other correspondence from the Department of Homeland Security or other Government Authority regarding the employment authorization of any employees of Seller or its Wholly Owned Subsidiaries. If Seller or any of its Wholly Owned Subsidiaries operates in a state or has Contracts with a Governmental Authority that requires or provides a safe harbor if an employer participates in the Department of Homeland Security's e-Verify electronic employment verification system, Seller or any of its Wholly Owned Subsidiaries, as applicable, has been participating in e-Verify for the entire period such participation has been required or available as a safe harbor or as long as Seller or any such Wholly Owned Subsidiary has been operating in such state or contracting with such Governmental Authority.

(g) To the Knowledge of Seller, all employees, former employees and independent contractors of Seller or its Wholly Owned Subsidiaries have been properly classified as such for all purposes under the Code and ERISA and have been properly classified as exempt or nonexempt under the Fair Labor Standards Act and any applicable state law equivalent.

3.21. Employee Benefit Plans.

(a) Schedule 3.21(a) contains a list of all benefit plans maintained by Seller and its Wholly Owned Subsidiaries within the last five (5) years with respect to its employees (whether tax-qualified or nonqualified, currently effective or terminated, written or unwritten) including, without limitation, any of the following:

(i) employee pension benefit plan (as defined in Section 3(2) of ERISA), including, without limitation, any pension, profit-sharing, or stock bonus plan (as described in Section 401(a) of the Code, and related provisions thereof), defined benefit plan or defined contribution plan (as defined in ERISA Sections 3(34) and 3(35)), governmental plan, or church plan;

(ii) annuity contracts purchased by Seller or its Wholly Owned Subsidiaries for employees of the Hospital Businesses in accordance with Code Section 403(b) including, without limitation, any group annuity contracts, individual annuity contracts, and custodial account arrangements under Code Section 403(b)(7), regardless of whether contributions are made to such annuity contracts on a pre-tax or after-tax basis;

(iii) employee welfare benefit plan (as defined in ERISA Section 3(1)) including, without limitation, any health (including, without limitation, medical, dental, or vision) plan, life-insurance plan, death benefit plan, short-term disability plan, long-term disability plan, accident plan, accidental death and dismemberment plan, long-term care plan, or employee assistance plan;

(iv) fringe benefit plan, including, without limitation, any specified fringe benefit plan (as defined in Code Section 6039D), cafeteria plan, or tuition assistance plan;

(v) executive compensation or incentive plan, including, without limitation, any bonus plan, incentive-compensation plan, deferred-compensation plan, non-qualified profit-sharing plan, stock-option plan, stock-appreciation-right plan, stock-bonus plan, stock-purchase plan, employee-stock-ownership plan, or savings plan;

(vi) post-termination benefits plan including, without limitation, any severance plan, change-in-control plan, supplemental-unemployment plan, layoff plan, salary-continuation plan, or non-qualified retirement plan; or

(vii) vacation, holiday, sick-leave, paid-time-off, or other employee compensation plan, procedure, program, payroll practice, policy, agreement, commitment, contract, or understanding;

and any such plan or other arrangement that (i) is maintained or contributed to by Seller or any other corporation or trade or business controlled by, controlling, or under common control with Seller (within the meaning of Code Section 414 or ERISA Sections 4001(a)(14) or 4001(b)) ("**ERISA Affiliate**"), or with respect to which Seller or any ERISA Affiliate has or may have any liability; or (ii) provides benefits, or describes a plan, procedure, program, payroll practice, policy,

agreement, commitment, contract, or understanding applicable to any current or former director, officer, employee, or individual service provider of Seller or any ERISA Affiliate, or the dependents of any thereof, regardless of how (or whether) liabilities for the provision of benefits are accrued or assets are acquired or dedicated with respect to the funding thereof. All such plans or arrangements that are set forth on Schedule 3.21(a) are referred to hereinafter collectively as the "**Employee Benefit Plans**."

(b) Seller has delivered to Buyer accurate and complete copies of (i) the current documents comprising each Employee Benefit Plan (or, with respect to any Employee Benefit Plan that is unwritten, a detailed written description thereof); (ii) all current trust agreements or other funding instruments related to each Employee Benefit Plan, if any; (iii) all formal rulings, letters, and opinions regarding each Employee Benefit Plan from the IRS, the DOL, PBGC, or any other Governmental Authority that pertains to each Employee Benefit Plan that have been issued within the last three (3) years and any open requests therefor; (iv) the annual reports filed with any Governmental Authority with respect to each Employee Benefit Plan during the current year and each of the three (3) preceding years, if any; (v) all current contracts with third-party administrators, consultants, and other independent contractors that relate to each Employee Benefit Plan; (vi) all current summary plan descriptions, summaries of material modifications and memoranda, and other written communications regarding each Employee Benefit Plan currently in effect, if applicable; and (vii) documents evidencing compliance with the privacy requirements under HIPAA relating to each Employee Benefit Plan, as to which such requirements apply.

(c) Except as provided on Schedule 3.21(c):

(i) Each Employee Benefit Plan (and related trust, insurance contract or fund) complies in form and in operation in all material respects with all applicable Legal Requirements, and has been administered and operated in all material respects in accordance with the terms of the Employee Benefit Plan and applicable Legal Requirements;

(ii) Neither Seller nor any ERISA Affiliate has any material liability under any Employee Benefit Plan for which Buyer has or will have any liability (other than liability for any regular annual contributions required under such Employee Benefit Plans), contingent or otherwise, under Titles I or IV of ERISA or the Code, including, without limitation, any liability with respect to any "multiemployer plan" (as defined in ERISA Sections 3(37)(A) or Section 4001(a)(3) or Code Section 414(f) ("**Multiemployer Plan**"), multiple employer plan (as described in Code Section 413(c)), or "single-employer plan" (as defined in ERISA Section 4001(a)(15)), whether or not terminated; self-insured or self-funded "multiple employer welfare arrangement" as such term is defined in ERISA Section 3(40); prohibited transaction (pursuant to Code Section 4975 or ERISA Section 406) with any Employee Benefit Plan that is not subject to an exemption under Code Section 4975 or ERISA Section 408 or the regulations

thereto; excise tax or penalty imposed under ERISA or the Code with respect to any Employee Benefit Plan; or breach of any responsibilities or obligations imposed upon fiduciaries by Title I of ERISA with respect to any Employee Benefit Plan.

(iii) Each Employee Benefit Plan that is an "employee pension benefit plan" as defined in ERISA Section 3(2) other than a Multiemployer Plan and each related trust agreement, annuity contract, or other funding instrument is and has been since its inception intended to be qualified and tax-exempt under the provisions of Code Sections 401(a) and 501(a), or, if applicable, Code Section 403(b), and, for each such Employee Benefit Plan that is not stated on a master and prototype and/or volume submitter plan on which reliance is and can be based on a favorable opinion or advisory letter without the adopting employer having requested an individual determination letter, has been determined by the IRS pursuant to an individual favorable determination letter to be so qualified and tax-exempt or an application for such determination has been made and is currently pending; has not participated in any voluntary compliance or self-correction programs established by the IRS (or the DOL with respect to any fiduciary issues), or entered into a closing agreement with the IRS with respect to the form or operation of any Employee Benefit Plan within the six (6) years preceding the Closing Date; does not have and during the six (6) years preceding the Closing Date has not had any "unfunded accrued liability," as such term is defined under ERISA Section 3(30); has not experienced any "reportable events," as such term is defined under ERISA Section 4043, for which a waiver has not been granted; has not had any "accumulated funding deficiencies," as such term is defined under ERISA Section 302(a)(2) (prior to amendment by P.L. 109-280) or Code Sections 412(a) or 4971 (whether or not waived), nor for years after amendment by P.L. 109-280 any "funding shortfalls" as defined in Code Section 430(c); does not have any liabilities required to be disclosed on any annual report (Form 5500 series) that have not been disclosed; and has not been terminated.

(iv) With respect to each Employee Benefit Plan that is not an "employee pension benefit plan," as defined in ERISA Section 3(2), such plan may be terminated at the time of Closing according to its terms without any prior notice; no commitments have been made to provide lifetime or retiree benefits under any such plan; and no persons have any vested rights under any such plan.

(v) Each Employee Benefit Plan that is a "group health plan," as defined in ERISA Section 607(1) or Code Section 5000(b)(1), and that is maintained by Seller or any ERISA Affiliate has been operated at all times during the six (6) years preceding the Closing Date in material compliance with ERISA, to the extent applicable, the Code, the Social Security Act, and HIPAA.

(vi) All required contributions to all Employee Benefit Plans and all premiums, fees, or other payments required to be made by Seller or any ERISA Affiliate in connection with any Employee Benefit Plan have either been timely made or are reflected in the financial statements on an accrual basis. All returns,

reports, and disclosure statements required to be made under the Code, ERISA, to the extent applicable, or other applicable law with respect to the Employee Benefit Plans other than a Multiemployer Plan have been timely filed or delivered.

(vii) No Employee Benefit Plan is currently or has been within the last three (3) years under audit, inquiry, or investigation by the IRS, DOL, or PBGC, and there are no outstanding issues with reference to such Employee Benefit Plans pending before any governmental agency. Other than routine claims for benefits, there are no actions, mediations, audits, arbitrations, suits, claims, or investigations pending, or to the Knowledge of Seller or any ERISA Affiliate, threatened against or with respect to any of the Employee Benefit Plans sponsored by Seller or any ERISA Affiliate or their assets, and there are no threatened or pending claims by or on behalf of such Employee Benefit Plans or by any employee of Seller or any ERISA Affiliate alleging a breach or breaches of fiduciary duties or violations of other applicable state or federal law that could result in liability on the part of either Seller, any ERISA Affiliate or such Employee Benefit Plans under any law, nor is there any basis for such a claim.

(viii) Seller and its Wholly Owned Subsidiaries do not have any contracts, agreements, plans, or arrangements under which the contemplated transaction will result in any (i) payments (whether of separation pay or otherwise) becoming due from Seller or any ERISA Affiliate to any current or former employee, director, or consultant, or (ii) vesting, acceleration of payment, or increase in the amount of any benefit payable to or in respect of any such current or former employee, director, or consultant of Seller or any ERISA Affiliate that will, in turn, result in any liability to Buyer.

3.22. Proceedings and Legal Claims. Seller has delivered to Buyer an accurate list and summary description (Schedule 3.22) of all pending or, to the Knowledge of Seller, threatened Proceedings and legal claims with respect to the Seller, each Wholly Owned Subsidiary, the Hospital Businesses, and the Assets. Neither Seller nor any Wholly Owned Subsidiary is in default under any order of any Governmental Authority wherever located. Except as set forth in a writing delivered by Seller to Buyer that specifically makes reference to this Section 3.22 or as set forth on Schedule 3.22, there are no claims, Proceedings, or investigations pending or, to the Knowledge of Seller, threatened against the Seller, any Wholly Owned Subsidiary, the Hospital Businesses or the Assets, at law or in equity, or before or by any Governmental Authority wherever located. With respect to insured claims, no carrier has issued a "reservation of rights" letter or otherwise denied its obligation to insure and defend Seller, or any of its Wholly Owned Subsidiaries, against covered losses arising therefrom.

3.23. Taxes.

(a) Seller and its Wholly Owned Subsidiaries have filed on a timely basis, or validly extended the time for filing, all federal, state, and local Tax Returns. All Tax Returns are true and correct in all material respects and accurately reflect in all material respects the Tax liabilities of Seller and its Wholly Owned Subsidiaries. All

amounts shown due on the Tax Returns have been or will be paid on a timely basis (including any interest or penalties and amounts due state unemployment authorities) to the appropriate tax authorities.

(b) Seller and its Wholly Owned Subsidiaries, as applicable, have withheld all proper amounts from the compensation of its employees in compliance with all withholding and similar provisions of the Code, including employee withholding and social security taxes, and any and all other applicable laws. All such amounts have been duly and validly remitted to the proper taxing authority. Further, Seller and its Wholly Owned Subsidiaries have withheld and paid, or caused to be withheld and paid, all Taxes on monies paid by them to independent contractors, creditors and other Persons for which withholding or payment is required by applicable Legal Requirements.

(c) No deficiencies for any Taxes relating to the Seller or its Wholly Owned Subsidiaries have been asserted or, to the Knowledge of Seller, threatened, and no audit on any Tax Returns is currently under way or, to the Knowledge of Seller, threatened. There are no outstanding agreements by Seller or its Wholly Owned Subsidiaries for the extension of time for the assessment of any Taxes. Seller and its Wholly Owned Subsidiaries have not taken any action in respect of any Taxes that may have a material adverse effect upon the Hospital Businesses or the Assets as of or subsequent to Closing.

(d) To Seller's knowledge, no Government Authority intends to assess any additional Taxes for any period for which Tax Returns have been filed. No claim has ever been made by a Government Authority in a jurisdiction where Seller or any Wholly Owned Subsidiary does not file Tax Returns that such entity is or may be subject to Tax in that jurisdiction. Neither Seller nor any of its Wholly Owned Subsidiaries has received written notice of Tax liens on any of the Assets.

(e) Seller is not a party to any Tax allocation or sharing contract. Seller is not, and has not been, a member of any affiliated group within the meaning of Section 1504 of the Code or any similar group defined under a similar provision of state, local or foreign law filing a consolidated federal income Tax Return.

(f) Each of Seller and its Wholly Owned Subsidiaries that is a corporation exempt from federal and state income Tax has received a favorable letter of determination from the IRS and the State of Connecticut regarding such Tax status and nothing has occurred, whether by action or failure to act, that could reasonably be expected to cause the loss of such exemption.

(g) Neither Seller, nor its Wholly Owned Subsidiaries, has any liability for the Taxes of any other person or entity (other than a subsidiary under IRS regulation 1.1502-6), as a transferee or successor, by contract or otherwise.

3.24. Medical Staff; Physician Relations. Seller has provided to Buyer true, correct, and complete copies of the bylaws and rules and regulations of the medical staff of the Hospital,

as well as a list of all current members of the medical staff. Except as set forth in Schedule 3.24, there are no adverse actions with respect to any medical staff members of the Hospital or any applicant thereto for which a medical staff member or applicant has requested a judicial review hearing that has not been scheduled or has been scheduled but has not been completed, and there are no pending or, to the Knowledge of Seller, threatened disputes with applicants, staff members, or health professional affiliates, and Seller knows of no basis therefor, and all appeal periods in respect of any medical staff member or applicant against whom an adverse action has been taken have expired. No member of the medical staff of the Hospital has been excluded from participation in any Government Payment Program.

3.25. Restricted Assets. Except as set forth on Schedule 3.25 hereto, neither Seller, its Wholly Owned Subsidiaries nor any of their predecessors has received any loans, grants, or loan guarantees pursuant to the Hill-Burton Act program, the Health Professions Educational Assistance Act, the Nurse Training Act, the National Health Planning and Resources Development Act, and the Community Mental Health Centers Act, as amended, or similar laws or acts relating to health care facilities. The transactions contemplated hereby will not result in any obligation on Buyer or any of its Affiliates to repay any of such loans, grants, or loan guarantees, nor subject Buyer, its Affiliates, or the Assets to any lien, restriction, or obligation, including any requirement to provide uncompensated care.

3.26. Brokers and Finders. Except for Cain Brothers, which is representing Seller, neither Seller nor any Affiliate, officer, trustee, director, employee or agent acting on behalf thereof has engaged any finder or broker in connection with the transactions contemplated hereunder.

3.27. Payments. None of the Hospital Businesses has, to Seller's Knowledge, made any request for payment from a Government Payment Program in respect of health care services furnished by or directed or prescribed by any physician or other Person who at such time was excluded from participation in such Government Payment Program. Neither Seller nor any of its Wholly Owned Subsidiaries has, directly or indirectly, paid or delivered, or agreed to pay or deliver, any money or item of property, however characterized, to any Person in violation of any Legal Requirement. Neither Seller nor any of its Wholly Owned Subsidiaries, nor to Seller's Knowledge, any officer, director or trustee of Seller or any Wholly Owned Subsidiary has received, or will receive as a result of the consummation of the transaction contemplated by this Agreement, any rebate, kickback or other improper or illegal payment from any Person with whom Seller or any Wholly Owned Subsidiary conducts or has conducted any of the Hospital Businesses.

3.28. Joint Ventures.

(a) Schedule 3.28 sets forth for each Joint Venture, and as of the Closing Date, also for each Converted Venture: (i) its name and jurisdiction of incorporation or organization; (ii) the number of authorized shares of each class of its capital stock or other equity or non-equity interests; (iii) the number of issued and outstanding shares of each class of its capital stock or other equity or non-equity interests, the names of the holders thereof, and the number of shares or other equity or non-equity interests held by each such holder; (iv) the number of shares of its capital stock or other equity

interests held in treasury; and (v) its directors and officers, general partners, or managers, as the case may be. Seller does not hold any equity interest in any entity other than its Wholly Owned Subsidiaries and the Joint Ventures, and as of the Closing Date, the Converted Ventures.

(b) Subject to Section 5.19, each Joint Venture: (i) if it is a for profit or nonprofit corporation, is duly incorporated and validly existing under the laws of the state of its incorporation and is duly qualified and in good standing as a foreign corporation in the jurisdiction of its principal place of business if not incorporated therein; (ii) if it is a limited liability company, is duly organized, validly existing, and, if applicable, in good standing under the laws of the state of its organization and is duly qualified and, if applicable, in good standing as a foreign limited liability company in the jurisdiction of its principal place of business if not organized therein; and (iii) if it is a partnership, trust, or other entity, is duly formed, validly existing, and, if applicable, in good standing in the jurisdiction of its principal place of business if not formed therein. To the Knowledge of Seller, each Joint Venture, and as of the Closing Date, each Converted Venture, has full corporate, limited liability company, partnership, trust, or other applicable power and authority and all licenses and permits (including authorizations to do business in any applicable state) necessary to carry on the businesses in which it is engaged and in which it presently proposes to engage, and to own and use the properties owned and used by it. To the Knowledge of Seller, each Joint Venture, and as of the Closing Date, each Converted Venture, has not materially violated any Legal Requirement or material Contract or agreement.

(c) Seller has delivered to Buyer accurate and complete copies, as applicable, of the articles of incorporation, charter, bylaws, operating agreement, partnership agreement, or shareholder or membership agreement, as amended to date and in its possession, of each Joint Venture, and as of the Closing date, of each Converted Venture. Except as set forth on Schedule 3.28 hereto, all of the issued and outstanding shares of capital stock or other equity or non-equity interests of each Joint Venture, and as of the Closing Date, of each Converted Venture, that have been issued to Seller (or any Wholly Owned Subsidiary thereof) have been duly authorized and are validly issued, fully paid, and nonassessable. To the Knowledge of Seller, none of the Joint Ventures, and as of the Closing Date, none of the Converted Ventures, is in default under or in violation of any provision of its articles of incorporation, charter, bylaws, operating agreement, partnership agreement, or shareholders or membership agreement.

(d) Except as set forth in Schedule 3.28, to the Knowledge of Seller, (i) there is no outstanding subscription, option, convertible or exchangeable security, preemptive right, warrant, call, or agreement (other than this Agreement) relating to the stock or other equity or non-equity interests of the Joint Ventures, and as of the Closing Date, the Converted Ventures, or other obligation or commitment of any Joint Venture, and as of the Closing Date, of any Converted Ventures, to issue any shares of capital stock or other equity interests; and (ii) there are no voting trusts or other agreements, arrangements, or understandings applicable to the exercise of voting or any other rights with respect to any shares of Joint Venture stock or other equity or

non-equity interests, and as of the Closing Date, to any shares of Converted Venture stock or other equity or non-equity interests. Seller (or any Wholly Owned Subsidiary thereof) has good, marketable, and indefeasible title to all shares of the stock or other equity or non-equity interests of the Joint Ventures, and as of the Closing Date, of the Converted Ventures, set forth in Schedule 3.28 and, except as set forth on Schedule 3.28, has the absolute right to sell, assign, transfer, and deliver the same to the Buyer, free and clear of all claims, security interests, liens, pledges, charges, escrows, options, proxies, rights of first refusal, preemptive rights, mortgages, hypothecations, prior assignments, title retention agreements, indentures, security agreements, or any other limitation, encumbrance, or restriction of any kind.

(e) Except as set forth in Schedule 3.28, to the Knowledge of Seller, the Joint Ventures, and as of the Closing Date, the Converted Ventures, do not control, directly or indirectly, or have any direct or indirect equity participation in any corporation, limited liability company, partnership, trust, or other business association.

3.29. Quality and Condition of Assets. The Assets and the Excluded Assets constitute all assets that are held or used by Seller or its Wholly Owned Subsidiaries for the conduct of the Hospital Businesses in the manner conducted as of the date of this Agreement. Except as set forth in Schedule 3.29, to the Knowledge of Seller, all buildings, structures, facilities, and Material Tangible Assets included in the Assets are free from material defects and are usable in the regular and ordinary course of business, and conform in all material respects to all applicable Legal Requirements relating to their use and operation by Seller or its Wholly Owned Subsidiaries.

3.30. Experimental Procedures. Seller (or any Wholly Owned Subsidiary thereof) has not performed or permitted the performance of any experimental or research procedures or studies involving patients of the Hospital Businesses not authorized and conducted in accordance with the procedures of the Institutional Review Board of the Hospital.

3.31. Full Disclosures. This Agreement, the Schedules hereto, and all Closing Documents furnished and to be furnished to Buyer and their representatives by Seller pursuant hereto, when taken in their entirety, do not and will not include any untrue statement of a material fact. Copies of all documents referred to in any Schedule hereto in the possession of Seller have been delivered or made available to Buyer and its representatives and constitute true, correct, and complete copies thereof and include all amendments, exhibits, schedules, appendices, supplements, or modifications thereto or waivers thereunder.

## 4. REPRESENTATIONS OF BUYER

Buyer makes the following representations to Seller on and as of the date of this Agreement and will be deemed to make them again at and as of the Closing Date:

4.01. Organization.

(a) Buyer is a corporation duly organized and validly existing and in good standing under the laws of Connecticut. Buyer is, or by Closing will be, qualified to do business in the State of Connecticut. Buyer has full power and authority to own, lease

and operate its properties and to conduct its business as presently conducted and as proposed to be conducted immediately following the Closing. Buyer has neither conducted any business prior to the date of this Agreement nor will conduct any business, other than in contemplation of the consummation of the transactions contemplated by this Agreement, prior to the Closing. Buyer has made available to Seller a true and complete copy of its organizational documents.

(b) PMH is a corporation duly organized and validly existing and in good standing under the laws of Delaware. PMH has full power and authority to own, lease and operate its properties and to conduct its business as presently conducted and as proposed to be conducted immediately following the Closing.

4.02. Power and Authority; Due Authorization.

(a) Buyer has full power and authority to (i) execute and deliver this Agreement and the Closing Documents to which it is or becomes a party, (ii) perform its obligations under this Agreement and such Closing Documents and (iii) consummate the transactions contemplated by this Agreement. The execution and delivery by Buyer of this Agreement and the Closing Documents to which it is or becomes a party, the performance by Buyer of its obligations under this Agreement and such Closing Documents, and the consummation by Buyer of the transactions contemplated by this Agreement have been duly authorized on behalf of Buyer by all necessary corporate action.

(b) PMH has full power and authority to (i) execute and deliver this Agreement and the Closing Documents to which it is or becomes a party, (ii) perform its obligations under this Agreement and such Closing Documents and (iii) consummate the transactions contemplated by this Agreement. The execution and delivery by PMH of this Agreement and the Closing Documents to which it is or becomes a party, the performance by PMH of its obligations under this Agreement and such Closing Documents, and the consummation by PMH of the transactions contemplated by this Agreement have been duly authorized on behalf of PMH by all necessary corporate action.

4.03. Consents; Absence of Conflicts, Etc.

(a) The execution, delivery and performance by Buyer of this Agreement and the Closing Documents to which it is or becomes a party at the Closing, and the consummation of the transactions contemplated by this Agreement:

(i) are within its corporate powers, are not in contravention of its certificate of incorporation, shareholders agreement, and bylaws and have been approved by all required corporate action;

(ii) do not violate any Legal Requirement to which it is subject;

(iii) do not conflict with, result in a breach or violation of or require any consent to be obtained or notice to be given under any material agreement to which it is a party or by which it is bound;

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

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

(b) The execution, delivery and performance by PMH of this Agreement and the Closing Documents to which it is or becomes a party at the Closing, and the consummation of the transactions contemplated by this Agreement:

(i) are within its corporate powers, are not in contravention of its certificate of incorporation, shareholders agreement, and bylaws and have been approved by all required corporate action;

(ii) do not violate any Legal Requirement to which it is subject;

(iii) do not conflict with, result in a breach or violation of or require any consent to be obtained or notice to be given under any material agreement to which it is a party or by which it is bound;

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

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

4.04. Due Execution; Binding Agreement. This Agreement has been duly and validly executed and delivered by Buyer. Each Closing Document to which Buyer will be a party will be duly and validly executed and delivered by Buyer at the Closing. This Agreement constitutes, and each of the Closing Documents to which Buyer will be a party will constitute (upon execution and delivery thereof by Buyer at the Closing), the valid and legally binding obligations of Buyer, enforceable against it in accordance with the terms hereof and thereof.

4.05. Proceedings. There are no claims, Proceedings, or investigations pending or, to Buyer's knowledge, threatened that: (a) adversely affect or seek to prohibit, restrain, or enjoin the execution and delivery of this Agreement, (b) adversely affect or question the validity or enforceability of this Agreement, (c) question the power or authority of Buyer to carry out the transactions contemplated by, or to perform its obligations under, this Agreement, or (d) would result in any change that would adversely affect in any material respect the ability of Buyer to perform any of its obligations hereunder.

4.06. Availability of Funds. Buyer will have and will apply at the time of Closing sufficient cash or other immediately available funds necessary to enable Buyer to consummate the transactions contemplated hereby in accordance with the terms hereof.

## 5. PRE-CLOSING COVENANTS OF THE PARTIES

5.01. Operations. Until the Closing Date and except as otherwise expressly provided in this Agreement or agreed to in writing by Buyer, Seller will, and will require its Affiliates and Wholly Owned Subsidiaries to:

(a) carry on its business pertaining to the Hospital Businesses in substantially the same manner as presently conducted and not make any material change in personnel, operations, finance, accounting policies, or real or personal property pertaining to the Hospital Businesses;

(b) maintain the Hospital Businesses and all parts thereof in good operating condition, ordinary wear and tear excepted;

(c) perform all of its material obligations under agreements relating to or affecting the Hospital Businesses or the Assets;

(d) comply in all material respects with all applicable laws and other Legal Requirements;

(e) keep in full force and effect present insurance policies or other comparable insurance pertaining to the Hospital Businesses; and

(f) use its commercially reasonable efforts to maintain and preserve its business organizations intact, retain its present employees of the Hospital Business, and maintain its relationships with physicians, suppliers, customers, and others having business relations with the Hospital Businesses.

5.02. Negative Covenants. Until the Closing Date and except as otherwise expressly provided in this Agreement or agreed to by Buyer in writing, Seller will not, and will not permit any Affiliate or Wholly Owned Subsidiary to:

(a) amend or terminate any of the Assumed Contracts, enter into any Contract or commitment, or incur or agree to incur any liability, except as provided herein or in the ordinary course of business and in no event greater than Seventy-Five Thousand Dollars ($75,000) per item;

(b) enter into any Contract or commitment with physicians or other referral sources;

(c) increase compensation payable or to become payable or make any bonus payment to or otherwise enter into one or more bonus agreements with any employee of the Hospital Businesses, except increases in compensation or bonus payments or agreements that are otherwise made in the ordinary course of business consistent with past practices and in accordance with existing personnel policies;

(d) create, assume, or permit to exist any new debt, mortgage, pledge, or other lien or encumbrance upon any of the Assets in an amount in excess of Seventy-Five Thousand Dollars ($75,000) whether now owned or after acquired;

(e) acquire (whether by purchase or lease) or sell, assign, lease, or otherwise transfer or dispose of any property (including Real Property), plant, or equipment having a net book value in excess of Seventy-Five Thousand Dollars ($75,000), except in the ordinary course of business;

(f) purchase capital assets other than in accordance with the approved capital budget of Seller previously provided to Buyer;

(g) add, modify, or discontinue the provision of any material clinical service by the Hospital Businesses, open a new location for the provision of any material clinical service, or close the location at which any such material clinical service is currently provided;

(h) hire or terminate the employment of any employee of the Hospital Businesses at the level of manager or higher (including, without limitation, any officer of the Hospital Businesses);

(i) sell or factor any Accounts Receivable;

(j) cancel, forgive, release, discharge or waive any Person's obligation to pay or to perform obligations in respect of any Assets, or agree to do any of the foregoing, except in the ordinary course of the business of the Hospital Businesses consistent with past practices;

(k) change any accounting method, policy or practice or reduce any reserves in the Financial Statements, except (i) reductions in reserves pertaining to Government Payment Programs or third party payors made in the ordinary course of business consistent with past practices and (ii) changes required by changes in GAAP or applicable Legal Requirements;

(l) terminate, amend or otherwise modify in any material respect any Employee Benefit Plan, except for amendments required to comply with this Agreement or applicable Legal Requirements;

(m) amend or agree to amend the governing documents of any Joint Venture, except (x) immaterial amendments or amendments required to comply with applicable Legal Requirements or to assign and transfer to Buyer the Seller's ownership interest in, or for Buyer to become a partner or member of, the Joint Venture, or (y) as contemplated by Section 5.19 hereof; or

(n) take any action outside the ordinary course of business of the Hospital Businesses or their related ancillary services.

5.03. Employee Matters.

(a) As of the Closing Date, Seller shall terminate all of its employees at the Hospital Businesses, and Buyer shall offer employment to all active employees in good standing as of the Closing Date who satisfy customary pre-employment screening procedures, in positions similar to those then being provided by Seller. Nothing herein shall be deemed to affect or limit in any way normal management prerogatives of Buyer with respect to employees or to create or grant to any such employees third party beneficiary rights or claims of any kind or nature. In respect of the employees employed by Buyer as of the Closing Date, and except as limited by the terms of applicable collective bargaining agreements, Buyer shall provide such employees with regionally competitive wages and employee benefits comparable to the wages and benefits generally offered to employees of other hospitals owned and operated by Buyers as of the Closing Date and shall honor prior length of service for purposes of determining eligibility and vesting in its benefit plans; *provided, however*, that no such prior service credit need be given in respect of any new plan commenced or participated in by Buyer and generally applicable to other hospitals owned and operated by Buyer in which no prior service credit is given to or recognized for other plan beneficiaries. In extending such benefits, Buyer shall give such employees credit for the satisfaction of pre-existing condition limitations in its welfare benefit plans to the same extent that such employees have satisfied such limitations under the current welfare benefit plans of Seller. Notwithstanding anything to the contrary contained in this Section 5.03, Buyer shall not have any obligation to offer employment to, or continue to employ, any employee (x) at the Hospital Businesses who has been excluded from participation in federal health care programs, or (y) whose name is not set forth on the Employee Lists.

(b) Not later than fifteen (15) days prior to the Closing, Seller shall deliver to Buyer (i) a list (as of the most recent practicable date) of names, positions, current annual salaries or wage rates, target or actual bonuses, other compensation arrangements, and paid time off or extended illness bank credits of all full-time and part-time non-physician employees of Seller and its Wholly Owned Subsidiaries (indicating in the list whether each employee is classified as exempt or nonexempt by Seller or such Wholly Owned Subsidiary), and (ii) a separate list (as of the most recent practicable date) of names, positions, current annual salaries or wage rates, target or actual bonuses, other compensation arrangements, and paid time off or extended illness bank credits of all full-time and part-time physician employees of Seller and its Wholly Owned Subsidiaries (indicating in both lists whether each employee is part-time or full-time, whether such employee is employed under written Contract, the immigration status of any such employee who is eligible for employment based solely on a temporary work permit and, if such employee is not actively at work, the reason therefor) (collectively, the "**Employee Lists**").

(c) Buyer and Seller intend that the sale of Assets contemplated by this Agreement (the "**Asset Sale**") shall constitute a bona fide arm's-length sale of assets to an unrelated buyer under Section 4204 of ERISA, 29 U.S.C. §1384, and that such Asset Sale shall not result in a complete or partial withdrawal from the Multiemployer Plans by Seller. Buyer and Seller intend that the Asset Sale will not cause the imposition of withdrawal liability on Seller, and agree to take any and all actions

required or desirable so that no withdrawal liability is imposed as a result of the Asset Sale. It is the parties understanding that no withdrawal liability will occur with respect to the New England Health Care Employees Pension Fund as a result of the Asset Sale. If withdrawal liability will occur with respect to the New England Health Care Employees Pension Fund, then the remaining provisions of this Section 5.03 shall apply to that Multiemployer Plan. For the avoidance of doubt, the remaining provisions of this Section 5.03 shall apply (i) to the New England Health Care Employees Pension Fund, if withdrawal liability will occur with respect to such Multiemployer Plan, and (ii) in any event, to the Connecticut Health Care Associates Pension Fund.

(d) Buyer shall be obligated to contribute and shall contribute to the Multiemployer Plan, for the plan year in which the Closing Date occurs and the subsequent five (5) plan years, for at least substantially the same number of contribution base units (as defined in Section 4001(a)(11) of ERISA, 29 U.S.C. §1301) for which Seller had an obligation to contribute to the Multiemployer Plan before the Closing Date.

(e) The parties hereto shall cooperate and jointly apply to the Multiemployer Plan before the first day of the first plan year beginning immediately after the Closing to obtain an exemption or variance from the sale contract language of Section 4204(a)(1)(C) of ERISA, to the extent an exemption or variance is available with respect to same.

(f) Unless an exemption or variance from the requirements of Section 4204(a)(1)(B) of ERISA is timely obtained, Buyer shall provide to the Multiemployer Plan, for the first plan year beginning after the Closing Date, and for each of the four (4) plan years thereafter (for a total of five (5) plan years), a corporate surety bond or escrow account (or letter of credit or other security that is acceptable to the Multiemployer Plan) that complies with Section 4204(a)(1)(B) of ERISA (the "**Bond/Escrow**"), in an amount equal to the greater of:

(i) the average annual contribution required to be made to the Multiemployer Plan by Seller under the Multiemployer Plan for the three (3) plan years preceding the plan year in which the Closing Date occurs; or

(ii) the annual contribution required to be made to the Multiemployer Plan by Seller under the Multiemployer Plan for the plan year immediately preceding the plan year in which the Closing Date occurs.

(g) Any Bond/Escrow shall provide that it shall:

(i) be paid to the Multiemployer Plan if Buyer fully or partially withdraws for any reason (or ceases to have an obligation to contribute) from the Multiemployer Plan at any time during the first five (5) plan years commencing with the first plan year beginning after the Closing Date, or fails to make any

required contribution to the Multiemployer Plan when due, at any time during the first five (5) plan years beginning after the Closing Date; and

(ii) be released or returned to Buyer under all other circumstances.

(h) The cost of the Bond/Escrow shall be borne by Buyer. Seller, upon request, will reasonably cooperate with Buyer in obtaining an exemption or variance for Buyer from the Bond/Escrow requirements of Section 4204(a)(1)(B) of ERISA, to the extent a regulatory exemption is available. Buyer, upon request, will reasonably cooperate with Seller in obtaining an exemption or variance for Seller from the sale/contract requirements of Section 4204(a)(1)(C) of ERISA, to the extent a regulatory exemption is available.

(i) To the extent required under Section 4204(a)(1)(C) of ERISA, if Buyer withdraws from the Multiemployer Plan in a complete withdrawal or a partial withdrawal during the period of five (5) plan years commencing with the first plan year beginning after the Closing Date, Seller will be secondarily liable to the Multiemployer Plan for any withdrawal liability amount that Seller would have had to the Multiemployer Plan as of the Closing Date but for the application of Section 4204 of ERISA, if the liability of the Buyer with respect to the Multiemployer Plan is not paid; *provided*, *however*, that the preceding language will be void and of no effect if the parties obtain an exemption or variance from the requirements of Section 4204(a)(1)(C) of ERISA.

(j) If all or substantially all of Seller's assets are distributed, or if Seller is liquidated before the end of the five (5) plan year period, Seller, except as otherwise agreed to by the Multiemployer Plan, shall provide a bond or amount in escrow equal to the value of the withdrawal liability at the time of Closing.

(k) If any party hereto fails to abide by and/or satisfy any obligation under this Section 5.03, or if complete or partial withdrawal liability is otherwise assessed by the Multiemployer Plan for any reason before the end of the five (5) plan year period, then to the extent that there is any withdrawal liability imposed by the Multiemployer Plan, Seller shall hold harmless and indemnify Buyer for the present value of the withdrawal liability that would have been imposed on Seller but for Section 4204 of ERISA (the "**Seller's Withdrawal Liability**"). Buyer shall similarly hold harmless and indemnify Seller for any withdrawal liability amount in excess of Seller's Withdrawal Liability.

(l) Buyer and Seller agree to cooperate with the Multiemployer Plan to accomplish this Asset Sale without triggering withdrawal liability.

(m) Buyer covenants and agrees to require any subsequent purchaser of the Hospital Business and/or all of the assets of the Hospital Business to apply the procedures of Section 4204(a) of ERISA to the Multiemployer Plan. This Section 5.03(m) shall remain in effect for a period of five (5) years commencing with the first plan year beginning after the Closing Date.

5.04. Access to and Provision of Additional Information.

(a) Seller shall afford to the officers and authorized representatives and agents (which shall include accountants, attorneys, bankers, and other consultants) of Buyer full and complete access to and the right to inspect the plants, properties, books, and records of the Hospital Businesses, and will furnish Buyer with such additional financial and operating data and other information as to the business and properties of Seller pertaining to the Hospital Businesses as Buyer may from time to time reasonably request without regard to where such information may be located. Buyer's right of access and inspection shall be exercised in such a manner as not to interfere unreasonably with the operations of the Hospital Businesses and the delivery of patient care. Buyer agrees that no inspections shall take place and no employees or other personnel of the Hospital Businesses shall be contacted by Buyer without Buyer's first providing reasonable notice to Seller and coordinating such inspection or contact with Seller.

(b) Within two (2) business days after they are created (but in any event no later than fifteen (15) days following the end of each calendar month prior to Closing), Seller shall deliver or cause to be delivered to Buyer true and complete copies of the management prepared unaudited balance sheets and the related unaudited statements of income of, or relating to, Seller and its Wholly Owned Subsidiaries in respect of the Hospital Businesses for each month then ended, which presentation shall be true, correct, and complete in all material respects, shall have been prepared from and in accordance with the books and records of Seller and its Wholly Owned Subsidiaries in respect of the Hospital Businesses, and shall fairly present the financial position and results of operations of Seller and its Wholly Owned Subsidiaries in respect of the Hospital Businesses as of the date and for the period indicated, all in accordance with GAAP consistently applied, except that such financial statements need not include required footnote disclosures. To the extent permitted by law, Seller shall notify Buyer in writing and shall keep Buyer informed of any unexpected emergency or other materially adverse unanticipated change in the business of any of the Hospital Businesses and of any governmental complaints, investigations, or adjudicatory proceedings (or governmental communications indicating that the same may be contemplated) or of any other such matter.

(c) Until the Closing Date, to the extent permitted by law, Seller shall confer regularly with Buyer, as reasonably requested by Buyer, and answer Buyer's reasonable questions regarding matters relating to the conduct of the Hospital Businesses and the status of transactions contemplated by this Agreement. Seller shall notify Buyer of any material changes in the operations, financial condition or prospects of the Hospital Businesses and of any material complaints, grievances, investigations, hearings or adjudicatory proceedings (or communications indicating that the same may be contemplated) concerning the Hospital Businesses and shall keep Buyer reasonably informed of the status of such matters.

(d) With respect to any individually identifiable health information disclosed by Seller to Buyer pursuant to this Section, Buyer and Seller shall comply with HIPAA and with any other Legal Requirements that govern or pertain to the

confidentiality, privacy, security of, and electronic transactions involving, health care information.

(e) For the avoidance of doubt, Buyer shall not, and nothing contained in this Section shall give Buyer, directly or indirectly, the right to, control or direct the Hospital Businesses (or any portion thereof) prior to the Closing.

5.05. Governmental Approvals.

(a) Seller's Obligations.

(i) Seller shall (a) use its commercially reasonable efforts to obtain all governmental approvals (or exemptions therefrom) necessary or required to allow Seller to perform its obligations under this Agreement (including, without limitation, approvals of the applications to the Attorney General and Commissioner of Public Health of the State of Connecticut relating to the sale of the Assets by Seller to Buyer and/or any other projects or activities in the community that Buyer, in its reasonable discretion, deems necessary as a predicate for the transactions contemplated herein); and (b) assist and cooperate with Buyer and its representatives and counsel in obtaining all governmental consents, approvals, and licenses that Buyer deems necessary or appropriate and in the preparation of any document or other material that may be required by any Governmental Authority as a predicate to or as a result of the transactions contemplated herein (including, without limitation, approvals of the applications to the Attorney General and Commissioner of Public Health of the State of Connecticut relating to the sale of the Assets by Seller to Buyer and/or any other projects or activities in the community that Buyer, in its reasonable discretion, deems necessary as a predicate for the transactions contemplated herein).

(ii) Seller shall, if and to the extent required by Legal Requirements, file all reports or other documents required or requested of it by the FTC or the Justice Department under the HSR Act, and all regulations promulgated thereunder, concerning the transactions contemplated hereby, and comply promptly with any requests by the FTC or Justice Department for additional information concerning such transactions, so that the waiting period specified in the HSR Act will expire as soon as reasonably possible after the execution and delivery of this Agreement. Seller agrees to furnish to Buyer such information concerning Seller as Buyer needs to perform its obligations under Section 5.05(b)(ii) of this Agreement.

(b) Buyer's Obligations.

(i) Buyer shall (a) use its commercially reasonable efforts to obtain all governmental approvals (or exemptions therefrom) necessary or required to allow Buyer to perform its obligations under this Agreement (including, without limitation, approvals of the applications to the Attorney General and Commissioner of Public Health of the State of Connecticut relating to the sale of

the Assets by Seller to Buyer and/or any other projects or activities in the community that Buyer, in its reasonable discretion, deems necessary as a predicate for the transactions contemplated herein), and (b) assist and cooperate with Seller and its representatives and counsel in obtaining all governmental consents, approvals, and licenses that Seller deems necessary or appropriate and in the preparation of any document or other material that may be required by any Governmental Authority as a predicate to or as a result of the transactions contemplated herein (including, without limitation, approvals of the applications to the Attorney General and Commissioner of Public Health of the State of Connecticut relating to the sale of the Assets by Seller to Buyer and/or any other projects or activities in the community that Buyer, in its reasonable discretion, deems necessary as a predicate for the transactions contemplated herein). Buyer shall pay all of the costs of any fees due in respect of filings made to the Attorney General and Commissioner of Public Health of the State of Connecticut, including, without limitation, fees required to be paid by Buyer pursuant to CT Gen Stat § 19a-486c(c) and CT Gen Stat § 19a-486d(a) shall remain the obligation of Buyer.

(ii) Buyer shall, if and to the extent required by Legal Requirements, file or cause to be filed all reports or other documents required or requested of it by the FTC or the Justice Department under the HSR Act, and all regulations promulgated thereunder, concerning the transactions contemplated hereby, and comply promptly with any requests by the FTC or Justice Department for additional information concerning such transactions, so that the waiting period specified in the HSR Act will expire as soon as reasonably possible after the execution and delivery of this Agreement. Buyer agrees to furnish to Seller such information concerning Buyer as Seller needs to perform its obligations under Section 5.05(a)(ii) of this Agreement. Buyer shall pay the costs of any fees due in respect of filings required by the HSR Act.

5.06. Connecticut Transfer Act. Certain components of the Real Property (including the Hospital) may constitute, in whole or in part, "Establishments" as the term is defined in the Transfer Act (collectively, the "**Establishment Real Properties**"). Accordingly, Seller and Buyer shall prepare an appropriate Transfer Act Form and accompanying Environmental Condition Assessment ("**ECAF**") for each Establishment Real Property to satisfy the requirements of the Transfer Act in connection with the transaction contemplated herein. Seller shall execute as transferor and Buyer shall execute as transferee and Certifying Party (as all such terms are defined in the Transfer Act). Within ten (10) days after the Closing Date, Buyer shall (i) file the fully executed Transfer Act Form and ECAF with the Connecticut Department of Energy and Environmental Protection ("**CTDEEP**"); (ii) pay the initial filing fee and any and all subsequent Transfer Act fees (which shall be reimbursed by Seller); and (iii) provide written confirmation to Seller that the Transfer Act filing has been completed (with a copy of such filing). In order to evaluate the potential scope and cost of Transfer Act obligations that may be required, prior to the Closing, Buyer shall have the right to perform limited Phase II assessments with respect to the Real Property. Buyer or its designee shall conduct and complete, at Buyer's sole expense, any actions required (as determined by Buyer in its reasonable discretion) as a result of the filing of the Transfer Act Form and the ECAF, to comply with the Transfer Act,

and, if appropriate, to obtain written approval from CTDEEP or a "verification" from a "Licensed Environmental Professional" that the Hospital Businesses have been remediated in full compliance with the Connecticut Remediation Standard Regulations (collectively "**Transfer Act Activities**"). Buyer shall complete all Transfer Act Activities as soon as practicable, but in any event within any deadline defined by or pursuant to the Transfer Act (as the same may be extended). Seller shall pay Buyer for all costs and expenses that Buyer incurs in connection with Transfer Act Activities in an amount not to exceed One Hundred Thousand Dollars ($100,000) (the "**Estimated Remediation Costs**"). Seller and Buyer agree to execute and deliver all documents reasonably requested by the other to comply with the Transfer Act. All undefined terms in this Section 5.06 shall have the meanings set forth in the Transfer Act.

5.07. No-Shop Clause. Seller agrees that, from and after the date of the execution and delivery of this Agreement by Seller until the termination of this Agreement, neither Seller, nor any Affiliate of Seller will, without the prior written consent of Buyer: (i) offer for sale the Assets (or substantially all of the Assets) or any ownership interest in any entity owning any of the Assets, (ii) solicit offers to buy all or substantially all of the Assets or any ownership interest in any entity owning any of the Assets, (iii) hold discussions with any party (other than Buyer) looking toward such an offer or solicitation or looking toward a merger, consolidation, joint venture, or similar transaction involving any entity owning any of the Assets, or (iv) enter into any agreement with any party (other than Buyer) with respect to the sale or other disposition of the Assets (or substantially all of the Assets) or any ownership interests in any entity owning any of the Assets or with respect to any merger, consolidation, joint venture, or similar transaction involving any entity owning any of the Assets. Seller will promptly communicate to Buyer the substance of any inquiry or proposal concerning any such transaction.

5.08. Casualty. If, on or before the Closing Date, any of the Real Property used by the Hospital Businesses is destroyed or damaged by fire, theft, vandalism or other cause or casualty and as a result thereof any material part of such Real Property, in the aggregate, is rendered unsuitable for their primary intended use for at least six (6) months, Buyer may elect, by giving written notice to Seller within ten (10) business days after having actual notice of the occurrence of such destruction or damage and the extent of the loss, to: (i) terminate this Agreement in accordance with Section 9.04(a)(v), (ii) consummate the transaction in spite of such destruction or damage, but reduce the Purchase Price by the fair market value of the Assets destroyed or damaged (determined as of the date immediately before the destruction or damage) or, if greater, the estimated cost to restore, repair or replace such Assets, in which event Seller will retain all right, title and interest in and to insurance proceeds payable on account of such destruction or damage, or (iii) consummate the transaction in spite of such destruction or damage without any reduction in the Purchase Price, in which event Seller shall pay, transfer and assign to Buyer at Closing the insurance proceeds (or the right to receive the insurance proceeds) payable on account of such destruction or damage, plus any deductibles or copayments required under the applicable insurance policy in respect of such claim. In the absence of an agreement among the parties regarding the amount of any Purchase Price reduction for purposes of clause (ii) above (if applicable), an MAI appraiser mutually selected by the parties and paid equally by Seller, on the one hand, and Buyer, on the other hand, will determine any reduction in Purchase Price pursuant to such clause (ii).

5.09. Consents to Assignment.

(a) Seller shall (or shall cause its Wholly Owned Subsidiaries to) promptly apply for and use commercially reasonable efforts to obtain before Closing all consents required to assign the Assumed Contracts to Buyer at Closing, provided that Seller and its Wholly Owned Subsidiaries shall not be required to make any payments or economic concessions to landlords or other counterparties to obtain such consents.

(b) To obtain one or more of the consents and approvals described in this Section, Buyer may be required by applicable Legal Requirement or practical necessity to enter into a contract that supersedes or replaces an existing Contract between Seller (or its Wholly Owned Subsidiary) and a third party. Such new contract may require Buyer to assume, for the benefit of such third party, certain obligations and liabilities of Seller (or its Wholly Owned Subsidiary) that are Excluded Liabilities. Alternatively, Buyer may be required by Legal Requirements to assume, or may be deemed as a matter of law to have assumed, obligations and liabilities of Seller (or its Wholly Owned Subsidiary) that are Excluded Liabilities. If Buyer enters into a replacement contract or assumes such Excluded Liabilities, then – as between Seller and Buyer – such contract or assumption of Excluded Liabilities will not affect the contractual rights and remedies provided in this Agreement in respect of such contract or Excluded Liabilities, including Buyer's rights to indemnification from Seller (subject to the limitations set forth in Article 10), or otherwise diminish Seller's obligations to Buyer or enlarge Seller's liabilities to Buyer (or diminish Seller's defenses or limitations on liability) under this Agreement and will under no circumstances be claimed by Seller as a defense (whether of waiver, estoppel, consent, operation of law, or otherwise) against Buyer's assertion of any claim under this Agreement against Seller, and the rights and obligations of the parties to each other under this Agreement will be determined as if such replacement contract did not exist or such assumption of Excluded Liabilities was not required.

5.10. Insurance Ratings. Seller will take all action reasonably requested by Buyer to enable Buyer to succeed to the workers' compensation and unemployment insurance ratings, and other ratings for insurance or other purposes established by Seller or its Affiliates for the Hospital Businesses. Buyer shall not be obligated to succeed to any such ratings, except as Buyer may elect to do so.

5.11. Efforts to Close.

(a) Seller shall use its commercially reasonable efforts to proceed toward the Closing and to satisfy the conditions to Closing, consistent with the other terms contained herein. Seller shall notify Buyer as soon as practicable of any event or matter that comes to its attention that may reasonably be expected to prevent or materially delay the conditions to the obligations of Seller being met.

(b) Buyer shall use its commercially reasonable efforts to proceed toward the Closing and to satisfy the conditions to Closing, consistent with the other terms contained herein. Buyer shall notify Seller as soon as practicable of any event or matter that comes to the attention of Buyer that may reasonably be expected to prevent or materially delay the conditions to Buyer's obligations being met.

5.12. Release of Encumbrances. Seller shall use all commercially reasonable efforts to cause all Encumbrances on the Assets, other than the Permitted Encumbrances, to be released and discharged at or before Closing.

5.13. [Intentionally Omitted.]

5.14. Medical Staff Disclosure. Seller shall deliver to Buyer a confidential written disclosure containing a brief description of all adverse actions taken against medical staff members or applicants in the past three (3) years that, to the Knowledge of Seller, could result in claims or actions against Seller, its Wholly Owned Subsidiaries or the Hospital Businesses and that are not disclosed in the minutes of the meetings of the Medical Executive Committee of the medical staff of the Hospital Businesses, which have been provided to Buyer.

5.15. Satisfaction of Bond Obligations. At its sole cost and expense, Seller shall do all things necessary, desirable, and appropriate to cause the complete and valid payment or, if necessary, defeasance of its obligations under that certain Loan Agreement and Security Agreement dated as of December 1, 2010 by and between Seller, the Hospital, RBS Citizens, National Association, and the State of Connecticut Health and Educational Facilities Authority (the "**Loan Agreement**"), which secures the State of Connecticut Health and Educational Facilities Authority Revenue Bonds, Waterbury Hospital Issue, Series D, such that all liens and mortgages secured by the Loan Agreement shall be released at the time of the Closing.

5.16. New and Existing Collective Bargaining Agreement.

(a) Seller is currently party to three collective bargaining agreements:

(i) The "Nurses CBA" is between the Seller and Connecticut Health Care Associates and covers registered nurses and licensed practical nurses with effective dates from October 1, 2013 through September 30, 2017. Neither the Buyer nor the Seller expect that the Nurses CBA shall be renegotiated prior to the Closing. The Seller shall not enter into any modification of the Nurses CBA prior to the Closing without the express written consent of the Buyer. The Buyer shall accept the terms of the Nurses CBA, as adjusted with regard to pension benefits and hire bargaining unit employees as set forth in the Letter of Agreement on Successorship contained in the Nurses CBA. The Buyer shall provide the Union a written notice of such acceptance at least thirty (30) days prior to the Closing in accordance with said Letter of Agreement on Successorship.

(ii) The "Technical Unit CBA" is between the Seller and Connecticut Health Care Associates and covers technical employees with effective dates from December 9, 2015 through September 30, 2018. Neither the Buyer nor the Seller expect that the Technical Unit CBA shall be renegotiated prior to the Closing. The Seller shall not enter into any modification of the Technical Unit CBA prior to the Closing without the express written consent of the Buyer. The Buyer shall accept the terms of the Technical Unit CBA and hire bargaining unit employees as set forth in the Letter of Agreement on Successorship contained in the Technical Unit CBA. The Buyer shall provide the Union a written notice of such

acceptance at least thirty (30) days prior to the Closing in accordance with said Letter of Agreement on Successorship.

(iii) The "Service & Maintenance CBA" is between the Seller and New England Health Care Employees Union, District 1199 with effective dates from March 1, 2016 through February 28, 2017. Neither the Buyer nor the Seller expect that the Service & Maintenance CBA shall be renegotiated prior to the Closing. The Seller shall not enter into any modification of the Service & Maintenance CBA prior to the Closing without the express written consent of the Buyer. The Buyer shall accept the terms of the Service & Maintenance CBA and hire bargaining unit employees as set forth in the Letter of Agreement on Successorship contained in the Service & Maintenance CBA. The Buyer shall provide the Union a written notice of such acceptance at least thirty (30) days prior to the Closing in accordance with said Letter of Agreement on Successorship.

(b) If, prior to the Closing, any bargaining obligations arise to the Seller to a bargaining unit not covered by any of the three existing collective bargaining agreements, Seller shall immediately notify Buyer. The Seller shall keep Buyer apprised of, and consult with Buyer regarding, the status of negotiations for a collective bargaining agreement for any such additional bargaining unit. Seller shall not, without the Buyer's written consent, enter into any collective bargaining agreement covering any such unit that contains terms that the Buyer reasonably believes will impact Buyer's ability to operate the Hospital after the Closing. Buyer shall not interfere with Seller's bargaining obligations under the National Labor Relations Act.

5.17. Title Commitment. Buyer shall obtain a current title commitment (the "**Title Commitment**") issued by Commonwealth Land Title Insurance Company (the "**Title Company**"), together with legible copies of all exceptions to title referenced therein. The Title Commitment shall set forth the state of title to the Owned Real Property, together with all exceptions or conditions to such title, including, without limitation, all easements, restrictions, rights-of-way, covenants, reservations, and all other encumbrances affecting the Owned Real Property that would appear in an owner's title policy, if issued. The Title Commitment shall contain the express commitment of the Title Company to issue an Owner's Title Policy (the "**Title Policy**") to Buyer in an amount equal to the amount being allocated by the parties to the Owned Real Property insuring good and marketable title to the Owned Real Property subject only to the Permitted Encumbrances with the standard printed exceptions endorsed or deleted as agreed by Buyer.

5.18. Surveys. Seller shall deliver copies of all existing surveys of the Real Property, in its possession, to Buyer. Buyer may obtain, at its sole cost and expense, current as-built surveys of the Real Property (the "**Surveys**"). The Surveys shall meet the requirements of an ALTA/ASCM survey and otherwise be in form and detail satisfactory to Buyer. Unless otherwise agreed by Buyer, the Surveys shall (i) be currently dated; (ii) show the location on the Real Property of all improvements, fences, evidences of abandoned fences, lakes, ponds, creeks, streams, rivers, easements, roads, and rights-of-way; (iii) identify all easements and rights-of-way by reference to the recording information applicable to the documents creating such

easements or rights-of-way; (iv) show any encroachments onto the Real Property from any adjacent property, any encroachments from the Real Property onto adjacent property, and any encroachments into any easement or restricted area within the Real Property; (v) locate all existing improvements (such as buildings, power lines, fences, and the like); (vi) locate all dedicated public streets or other roadways providing access to the Real Property, including all curb cuts and all alleys; (vii) locate all set-back lines and similar restrictions covering the Real Property or any part thereof and any violations of such restrictions; and (viii) show thereon a legal description of the boundaries of the Real Property by metes and bounds or other appropriate legal description. Each Survey shall contain the surveyor's certification to Buyer, Seller, and the Title Company that (i) the Survey was made on the ground; (ii) there are no visible or recorded easements, discrepancies, conflicts, encroachments, or overlapping of improvements except as shown on the Survey; (iii) the Survey correctly shows all visible or recorded easements or rights of way across the Real Property or any other easements or rights of way of which the surveyor has been advised, including, without limitation, those matters affecting title reflected in the Title Commitment; (iv) the Survey correctly shows the location of all buildings, structures, and other improvements situated on the Real Property; (v) the Survey conforms to all applicable minimum guidelines for surveys of comparable property as set forth in applicable laws, regulations, or professional standards; (vi) all streets abutting the Real Property and all means of ingress to and egress from the Real Property have been completed, dedicated, and accepted for public maintenance by the relevant municipal body; (vii) except as shown thereon, the Real Property is not located within the 100 year flood plain or other flood hazard area; (viii) the Survey is a true, correct, and accurate representation of the Real Property; and (ix) such other matters as may be required by the Title Company to allow it to issue the Title Policy.

5.19. Conversion of Non-Profit JVs. If requested by Buyer, each party shall cooperate with, and shall permit and use commercially reasonable efforts to cause its respective representatives and counsel to cooperate with, the other party to take all necessary, proper or advisable actions to consummate the conversion of each of the Non-Profit JVs into for-profit entities. Upon the consummation of each such conversion, the new for-profit entity shall be referred to herein as a "**Converted Venture**."

## 6. ADDITIONAL COVENANTS

6.01. Post-Closing Maintenance of and Access to Information.

(a) After Closing, each party may need access to books, records, documents or other information in the control or possession of the other party for purposes of concluding the transactions contemplated by this Agreement, preparing Tax Returns or conducting Tax audits, obtaining insurance, complying with Government Payment Programs and other Legal Requirements, and prosecuting or defending third party claims. Accordingly, each party shall keep and maintain in the ordinary course of business all books, records (including patient medical records), documents and other information in the possession or control of such party for a period of at least five (5) years after the Closing and otherwise in accordance with all applicable Legal Requirements and record retention policies maintained by such party. In addition, to facilitate the foregoing purposes, each party shall also make such books, records,

documents and other information available for inspection and copying upon the reasonable request and at the expense (for out-of-pocket costs) of the other party.

(b) Upon Buyer's receipt of appropriate consents and authorizations, Seller may remove and copy from the Hospital Businesses, at Seller's sole risk and expense, any patient or other records that relate to events or periods before Closing for purposes of pending Proceedings involving matters to which such records refer, as certified in writing before removal by counsel retained by Seller in connection with such Proceedings. Seller shall promptly return any records so removed to Buyer following their use.

(c) Each party shall cooperate with, and shall permit and use commercially reasonable efforts to cause its former and present directors, officers and employees to cooperate with, the other party after Closing in furnishing information, evidence, testimony and other assistance in connection with any Proceeding or claim with respect to (i) the ownership of the Assets or the conduct of the Hospital Businesses or (ii) the Excluded Liabilities.

(d) The exercise by any party of the rights granted in this Section shall not unreasonably interfere with the conduct of business of the other party and nothing in this Section requires any party to maintain or release to any other Persons any medical or other records except in accordance with applicable Legal Requirements and record retention policies.

(e) Buyer agrees to abide by all applicable laws relating to the confidential information it acquires. Buyer agrees to maintain the patient records delivered to Buyer at the Closing at the Hospital Businesses after Closing in accordance with applicable Legal Requirements (including, if applicable, Section 1861(v)(i)(I) of the Social Security Act (42 U.S.C. §1395(v)(l)(i)), the privacy and security requirements of HIPAA, including, but not limited to, the Administrative Simplification subtitle of HIPAA, and applicable state requirements with respect to medical privacy and security and requirements of relevant insurance carriers, all in a manner consistent with the maintenance of patient records generated by the Hospital Businesses after the Closing.

6.02. Use of Controlled Substance Permits. To the extent permitted by applicable Legal Requirements, Buyer shall have the right, for a period not to exceed 120 days following the Closing Date, to operate the Hospital Businesses under the licenses and registrations of Seller and its Wholly Owned Subsidiaries relating to controlled substances and the operations of pharmacies and laboratories, until Buyer is able to obtain such licenses and registrations for the Hospital Businesses. In furtherance thereof, Seller shall execute and deliver to Buyer at or prior to the Closing limited powers of attorney (on behalf of itself and its Wholly Owned Subsidiaries, as applicable) substantially in the form of Exhibit B hereto. Buyer or its Affiliates shall apply for all such licenses and registrations as soon as reasonably practicable before and after the Closing Date and shall diligently pursue such applications. Buyer shall indemnify and hold harmless Seller and its Wholly Owned Subsidiaries, and their officers, trustees and employees for all claims, liabilities and costs arising from or relating to use of such licenses and registration after the Closing Date.

6.03. Noncompetition. Seller hereby covenants that at all times from the Closing Date until the fifth (5th) anniversary of the Closing Date, Seller and its Affiliates shall not, directly or indirectly, except as a member, consultant, or contractor to or of Buyer (or any Affiliate of Buyer), own, lease, manage, operate, control, or participate in any manner with the ownership, leasing, management, operation, or control of any business that offers services in competition with the Hospital Businesses, including but not limited to any acute care hospital, specialty hospital, rehabilitation facility, diagnostic imaging center, inpatient or outpatient psychiatric or substance abuse facility, ambulatory or other type of surgery center, nursing home, skilled nursing facility, home health or hospice agency, or physician clinic or physician medical practice, within a thirty (30) mile radius of the Hospital (the "**Restricted Area**"), without Buyer's prior written consent (which Buyer may withhold in its sole and absolute discretion); *provided*, *however*, that (i) Seller and its Affiliates will not be precluded from participating in the following activities that promote health care services for residents of the communities historically served by Seller and its Affiliates through the Hospital: development, ownership, and operation of indigent or charity care clinics and services; preventative care programs and services and educational programs; health screening services; child care services; and other similar services or programs intended to better serve the health care needs of the community's indigent population in the Restricted Area that are not directly competitive with services provided by Buyer, and (ii) Seller and its Affiliates will not be precluded from participating in activities that are otherwise described in Schedule 6.03 of this Agreement. In the event of a breach of this Section 6.03, Seller recognizes that monetary damages shall be inadequate to compensate Buyer, and Buyer shall be entitled, without the posting of a bond or similar security, to an injunction restraining such breach, with the costs (including attorneys' fees) of securing such injunction to be borne by Seller. Nothing contained herein shall be construed as prohibiting Buyer from pursuing any other remedy available to it for such breach or threatened breach. All parties hereto hereby acknowledge the necessity of protection against the competition of Seller and its Affiliates and that the nature and scope of such protection has been carefully considered by the parties. Seller further acknowledges and agrees that the covenants and provisions of this Section 6.03 form part of the consideration under this Agreement and are among the inducements for Buyer entering into and consummating the transactions contemplated herein. The period provided and the area covered are expressly represented and agreed to be fair, reasonable, and necessary. The consideration provided for herein is deemed to be sufficient and adequate to compensate for agreeing to the restrictions contained in this Section 6.03. If, however, any court determines that the foregoing restrictions are not reasonable, such restrictions shall be modified, rewritten, or interpreted to include as much of their nature and scope as will render them enforceable.

6.04. Allocation of Purchase Price; Cooperation on Tax Matters.

(a) Within a reasonable time after Closing, Buyer shall provide Seller a proposed allocation of the Purchase Price among the Hospital Businesses and the Assets. Such allocation will be in accordance with Section 1060 of the Code. Buyer's proposed allocation will become final and binding on the parties 45 days after Buyer provides the proposed allocation to Seller unless Seller objects to the proposed allocation, in which case Seller shall propose an alternative allocation. The parties shall use good faith efforts to resolve their differences within 60 days after Seller gave its objection to Buyer. If a final resolution is not reached within 60 days after Seller

has submitted its objection in writing, each of Buyer and Seller shall make their own independent allocation of the total consideration among the Hospital Businesses and the Assets. If Seller and Buyer reach agreement upon the allocation (or Seller does not object to Buyer's proposed allocation), Seller and Buyer will be bound by the agreed allocation and (for federal and state Tax purposes) account for and report the transactions contemplated by this Agreement in accordance with such allocation, and will not voluntarily take any position (whether in Tax Returns, Tax audits or other Proceedings) inconsistent with such allocation. Seller and Buyer shall exchange Internal Revenue Service Forms 8594 (including supplemental forms, if required) to report the transactions contemplated by this Agreement to the IRS in accordance with such allocation.

(b) Following the Closing, the parties shall cooperate fully with each other and shall make available to the other, as reasonably requested and at the expense of the requesting party, and to any taxing authority (to the extent required by Legal Requirements), all information, records, or documents in their possession relating to the Assets, the Hospital Businesses, and the Assumed Liabilities as is reasonably necessary for the preparation and filing of any Tax Return, claim for refund of Taxes, or other filings relating to Taxes, or in connection with any audit or other proceeding instituted by any taxing authority. In the case of any audit, examination, or other proceeding with respect to Taxes for which Seller is or may be liable pursuant to this Agreement, Buyer shall promptly inform Seller, and Buyer shall execute or cause to be executed powers of attorney or other documents necessary to enable Seller to take all actions reasonably deemed necessary by Seller with respect to such audit, examination, or proceeding to the extent such audit, examination, or proceeding may affect the amount of Taxes for which Seller is liable pursuant to this Agreement. Seller shall have the right to control any such audit, examination, or proceeding, and, if there is a reasonable basis therefor, to initiate any claim for refund, file any amended return, or take any other action that it deems appropriate with respect to such Taxes.

6.05. Further Assurances. After the Closing, upon request of Buyer, Seller shall do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such further acts, deeds, assignments, transfers, conveyances, powers of attorney, confirmations and assurances as Buyer may reasonably request to more effectively convey, assign and transfer to and vest in Buyer full legal right, title and interest in and actual possession of the Assets and the Hospital Businesses, to confirm Seller's capacities and abilities to perform its post-Closing covenants under this Agreement and the Closing Documents, and to generally carry out the purposes and intent of this Agreement. Seller shall also furnish Buyer with such information and documents in its possession or under its control, or which Seller can execute or cause to be executed, as will enable Buyer to prosecute any and all petitions, applications, claims and demands relating to or constituting a part of the Assets and Hospital Businesses. After the Closing, upon request of Seller, Buyer shall do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such further acts, deeds, assignments, transfers, conveyances, powers of attorney, confirmations and assurances as Seller may reasonably request to more effectively convey, assign and transfer to Buyer each of the Assumed Liabilities, to confirm Buyer's capacities and abilities to perform its post-Closing covenants under this

Agreement and the Closing Documents, and to generally carry out the purposes and intent of this Agreement.

6.06. Seller's Cost Reports. Seller, at its expense, shall prepare and timely file all terminating and other cost reports required or permitted by law to be filed under the Government Payment Programs or other third party payor programs and the State Health Agency for periods ending on or prior to the Closing Date, or as a result of the consummation of the transactions described herein (the "**Cost Reports**"). Buyer shall provide Seller with access to all records and data necessary for completion of Cost Reports. Buyer shall forward to Seller any and all correspondence relating to Cost Reports within five (5) business days after receipt by Buyer. Buyer shall remit any receipts of funds relating to Cost Reports within ten (10) business days after receipt by Buyer and shall forward to Seller any demand for payments within five (5) business days after receipt by Buyer. Seller shall retain all rights to the Cost Reports including any amounts receivable or payable in respect of such reports or reserves relating to such reports. Such rights shall include the right to appeal any determinations by Government Payment Programs relating to Cost Reports. Seller shall retain the originals of Cost Reports, correspondence, work papers and other documents relating to Cost Reports; *provided*, *however*, that Seller shall make certain that the Hospital Businesses retain copies of such Cost Reports, correspondence, work papers and other documents in order that they are available to Buyer following the Closing Date.

6.07. Continuation of Hospital and Post-Care Continuum. For a period of at least five (5) years after Closing, Buyer (i) will continue to provide at the Hospital Businesses essential clinical and other services described on Exhibit C, and (ii) will not merge, dissolve, consolidate, sell or otherwise dispose of the Hospital without the consent of Seller or its designee (other than to an Affiliate of Buyer or PMH); *provided, however*, that this clause (ii) shall not prohibit Buyer from entering into or engaging in (x) any merger, sale or other transaction that does not relate solely or principally to the Hospital, or that relates to a broader group of facilities or assets than the Hospital, or (y) any corporate-level transactions involving PMH's assets, stock or securities, including mergers, recapitalizations or reorganizations.

6.08. Sale of Hospital Within Three Years. In the event of a sale of all of the Hospital Businesses for cash, whether by merger, sale, or other transaction, at any time prior to the third (3rd) anniversary of the Closing, for a purchase price in excess of (a) the Purchase Price paid by Buyer for the Assets, *plus* (b) the amount of any expenditures made by Buyer or its Affiliates with respect to the Hospital Businesses and their affiliated businesses in the Greater Waterbury region in such period, *plus* (c) any losses generated by the Hospital Businesses and its affiliated businesses in such period (such amount, the "**Net Hospital Value**"), then Buyer agrees to convey to Seller or its designee immediately upon closing of such transaction by wire transfer of immediately available funds in an amount equal to twenty percent (20%) of the difference between (i) the Net Hospital Value and (ii) the cash purchase price paid to Buyer in connection with such subsequent sale transaction. Notwithstanding anything to the contrary this Section shall not apply to (x) any sale required by a Governmental Authority, (y) any merger, sale or other transaction that does not relate solely or principally to the Hospital, or relates to a broader group of facilities or assets than the Hospital Businesses, or (z) any corporate-level transactions involving PMH's stock or securities, including mergers, recapitalizations or reorganizations.

6.09. Charity Care and Community Obligations. Seller has historically provided significant levels of care for indigent and low-income patients. Subject to changes in Legal Requirements or governmental guidelines or policies, Buyer will ensure that the Hospital maintains and adheres to Seller's current policies on charity care, attached as Schedule 6.09 for at least five (5) years from Closing. During all times that Buyer owns and operates the Hospital, Buyer will operate the Hospital's charity care program in accordance with Legal Requirements, and will continue to provide medically necessary services to the surrounding communities served by Seller. For a period of at least five (5) years after the Closing, Buyer shall (i) participate in the Medicare and Medicaid programs and accept all Medicare and Medicaid patients, (ii) accept all emergency patients without regard to ability to pay, (iii) maintain an open medical staff; (iv) provide public health programs of educational benefit to the community, and (v) generally promote public health, wellness, and welfare to the community by operating the Hospital with quality standards consistent with other hospitals owned by PMH, subject, in each case, in all respects to changes in governmental law, policy or regulation.

6.10. Capital Commitment. After the Closing, Buyer agrees to spend or commit in a binding contract to spend (or cause or permit its Affiliates or third parties to spend or commit in a binding contract to spend) not less than the Capital Amount in the seven (7) years following the Closing Date on capital projects, including routine and non-routine capital expenditures, at, or for the benefit of, the Hospital Businesses and/or the acquisition, development and improvement of hospital, ambulatory or other health care services in the greater Waterbury, Connecticut community, and which shall include, for the avoidance of doubt, expenditures relating to the implementation of PMH's coordinated regional care model (CRCM) and Physician Recruitment Expenditures.

6.11. Confidentiality; Public Announcements.

(a) Except as required by Legal Requirements or in order to coordinate the defeasance of tax-exempt debt, Seller (and its Affiliates and Wholly Owned Subsidiaries) and Buyer (and its Affiliates) shall keep this Agreement and the Closing Documents and their contents confidential and not disclose the same to any Person (except the parties' attorneys, accountants or other professional advisors who need to know such contents for the purpose of advising such party in connection with the transactions contemplated hereby, and except to the applicable Governmental Authorities in connection with any required notification or application for approval or a license or exemption therefrom) without the prior written consent of the other party.

(b) At all times before and after the Closing, Seller, on the one hand, and PMH and Buyer, on the other hand, will consult with the other before issuing or making any reports, statements or releases to the public with respect to this Agreement or the transactions contemplated by this Agreement and will use good faith efforts to obtain the other party's prior approval of the text of any public report, statement or release to be made by or on behalf of such party. If either party is unable to obtain the prior approval of its public report, statement or release from the other party and such report, statement or release is, in the opinion of legal counsel to such party, necessary to discharge such party's disclosure obligations under applicable Legal Requirements,

then such party may make or issue the legally required report, statement or release and promptly furnish the other party a copy thereof.

6.12. Local Board. After Closing, Buyer shall form a local community advisory board comprised of between nine (9) and twelve (12) members (the "**Local Board**"). The Local Board shall include as members thereof the following individuals who shall serve in an *ex officio* capacity: (a) Chief of Medical Staff and (b) Head of Clinical Quality. In addition, a member of the board of directors of Prospect Waterbury, Inc. shall serve as a member of the Local Board and shall be selected to serve in such capacity by the board of directors of Buyer. For three (3) years following the Closing Date, one (1) community representative, to be selected by Buyer in consultation with the Mayor of Waterbury, shall serve as a voting member of the Local Board with rights and obligations consistent with other voting members under the Local Board bylaws. The Local Board shall, among other things, (i) make recommendations and suggestions to Buyer regarding the mission, vision and value statements with respect to the Hospital and the Hospital Businesses; (ii) make recommendations and suggestions with respect to medical staff credentialing, disciplinary action of staff physicians, and compliance with accreditation requirements; (iii) provide input on policies and clinical programs; (iv) provide input in the development and review of strategic plans; (v) provide input on operating and capital budgets; (vi) provide input and support physician recruitment efforts; (vii) provide input on succession plans for executive leadership at the Hospital; (viii) promote community health initiatives, fostering community relationships and identifying service and education opportunities; and (ix) monitor the commitment to maintain and improve quality indicators.

6.13. Misdirected Payments, etc. Seller and Buyer covenants and agrees to remit, with reasonable promptness, to the other any payments received, which payments are on or in respect of accounts or notes receivable owned by (or are otherwise payable to) the other. In addition, and without limitation, in the event of a determination by any governmental or third-party payor that payments to Seller or the Hospital Businesses resulted in an overpayment or other determination that funds previously paid by any program or plan to Seller or the Hospital Businesses must be repaid, Seller shall be responsible for repayment of said monies (or defense of such actions) if such overpayment or other repayment determination was for services rendered on or prior to the Closing Date, and the Buyer shall be responsible for repayment of said monies (or defense of such actions) if such overpayment or other repayment determination was for services rendered after the Closing Date. In the event that, following Closing, the Buyer suffers any offsets against reimbursement under any third-party payor or reimbursement programs due to Buyer, relating to amounts owing under any such programs by Buyer or any of its Affiliates, Seller shall immediately upon written demand from the Buyer pay to the Buyer the amounts so billed or offset.

6.14. Medical Staff Matters. Buyer shall adopt current bylaws and hearing procedures and otherwise work together with the Local Board and medical staff of the Hospital to preserve the existing staff membership and the current privileges of each physician, as well as the medical staff leadership.

6.15. CHA Claims. The Parties agree that the decision whether to pursue or settle the CHA Claims and all matters relating to the conduct and pursuit of the CHA Claims after the Closing Date shall be within the sole and absolute discretion of Buyer, and Seller hereby

irrevocably waives any right to challenge or otherwise make any claim against Buyer with respect to Buyer's pursuit, settlement or conduct of the CHA Claims. Seller agrees to cooperate reasonably with Buyer in pursuing the CHA Claims after the Closing Date, at the sole expense of Buyer, and Buyer will assume all costs of pursuing or settling the CHA Claims. Seller agrees to execute any documents, agreements or powers of attorney reasonably necessary or desirable to Buyer in connection with effectuating the foregoing provisions.

6.16. Additional Payment. The Parties agree that the funds deposited in escrow pursuant to Section 8.13 of this Agreement shall be used to fund the Connecticut Health Care Associates Pension Plan in accordance with the joint escrow instructions.

## 7. CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER

Notwithstanding anything herein to the contrary, the obligations of Seller to consummate the transactions described herein are subject to the fulfillment, on or prior to the Closing Date, of the following conditions precedent unless (but only to the extent) waived in writing by Seller at the Closing:

7.01. Representations; Warranties. Each of the representations and warranties of Buyer contained in this Agreement that is qualified as to materiality was true and correct in all respects when made and shall be true and correct as of the Closing Date as though such representations and warranties had been made on and as of such Closing Date, and each of the representations and warranties of Buyer contained in this Agreement that is not qualified as to materiality was true and correct in all material respects when made and shall be true and correct in all material respects as of the Closing Date as though such representations and warranties had been made on and as of such Closing Date. Each and all of the terms, covenants, and conditions of this Agreement to be complied with or performed by Buyer on or before the Closing Date pursuant to the terms hereof shall have been duly complied with and performed in all material respects.

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

7.03. Actions; Proceedings. No Proceeding before a court or any other Government Authority, unless resolved, shall have been instituted or threatened to restrain or prohibit the transactions herein contemplated, and no Government Authority shall have taken any other action or made any request of any party hereto as a result of which Seller reasonably and in good faith deems it inadvisable to proceed with the transactions hereunder.

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

7.05. Closing Documents. All Closing Documents required to be delivered to Seller pursuant to Article 9 shall have been delivered to Seller.

8. CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER

Notwithstanding anything herein to the contrary, the obligations of Buyer to consummate the transactions described herein are subject to the fulfillment, on or prior to the Closing Date, of the following conditions precedent unless (but only to the extent) waived in writing by Buyer at the Closing:

8.01. Representations; Warranties. Each of the representations and warranties of Seller contained in this Agreement that is qualified as to materiality was true and correct in all respects when made and shall be true and correct as of the Closing Date as though such representations and warranties had been made on and as of such Closing Date, and each of the representations and warranties of Seller contained in this Agreement that is not qualified as to materiality was true and correct in all material respects when made and shall be true and correct in all material respects as of the Closing Date as though such representations and warranties had been made on and as of such Closing Date. Each and all of the terms, covenants, and conditions of this Agreement to be complied with or performed by Seller on or before the Closing Date pursuant to the terms hereof shall have been duly complied with and performed in all material respects.

8.02. Pre-Closing Confirmations. Buyer shall have obtained documentation or other evidence satisfactory to Buyer in their sole discretion that Buyer has:

(a) Received satisfactory approval from all Government Authorities whose approval is required to complete the transactions herein contemplated (including, without limitation, satisfactory approvals, with conditions acceptable to Buyer in its sole discretion, of the applications to the Attorney General and Commissioner of Public Health of the State of Connecticut relating to the sale of the Assets by Seller to Buyer and/or any other projects or activities in the community that Buyer, in its reasonable discretion, deems necessary as a predicate for the transactions contemplated herein);

(b) Received confirmation from all applicable licensure agencies that, upon the Closing, either (i) all Permits required by law to operate the Hospital Businesses as currently operated will be transferred to, or issued or reissued in the name of, Buyer, or (ii) Buyer will be permitted to operate the Hospital Businesses as currently operated from and after the Closing until such time as all appropriate Permits are issued or reissued in the name of Buyer;

(c) Obtained reasonable assurances that Medicare and Medicaid certification of the Hospital Businesses, including the Hospital, for their operation by Buyer will be effective as of the Closing and that Buyer may participate in and receive reimbursement from such programs effective as of the Closing;

(d) Reasonably assured itself that all waiting periods under the HSR Act have been terminated or expired and that any additional approvals required from the Justice Department and/or the FTC relating to the transactions contemplated herein have been obtained and are in form and substance satisfactory to Buyer in its reasonable discretion;

(e) Obtained reasonable assurances that the material grants and grant programs listed on Schedule 8.02(e) shall continue after the Closing; and

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

8.03. Actions; Proceedings. No Proceeding before a court or any other Governmental Authority, unless resolved, shall have been instituted to restrain or prohibit the transactions herein contemplated, and no Governmental Authority shall have taken any other action or made any request of any party hereto as a result of which Buyer reasonably and in good faith deems it inadvisable to proceed with the transactions hereunder.

8.04. Adverse Change. Since the date hereof, no event or condition has occurred or exists that could reasonably be expected to cause a Material Adverse Effect.

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

8.06. Consents to Assignments. Consents (including consents to assignments), waivers, and estoppels of third parties, for those certain contracts and leases set forth on Schedule 8.06 from the counterparties to such contracts and leases, shall have been obtained, received by Buyer, and are in form and substance reasonably satisfactory to Buyer.

8.07. Vesting; Recordation. Seller shall have furnished to Buyer, in form and substance satisfactory to Buyer, assignments or other instruments of transfer and consents and waivers by others, necessary or appropriate to transfer to and effectively vest in Buyer all right, title, and interest in and to the Assets, in proper statutory form for recording if such recording is necessary or appropriate.

8.08. Title Insurance Policies and Surveys. Buyer has received the Title Policy and the Surveys.

8.09. Loan Agreement. The Loan Agreement shall have been satisfied, discharged and terminated and all Encumbrances created by or in connection with the Loan Agreement shall have been released.

8.10. Waterbury Hospital Cash Balance Retirement Plan. Seller shall have taken all steps necessary to freeze the Waterbury Hospital Cash Balance Retirement Plan (the "**Cash Balance Plan**") effective as of the Closing Date so that no benefits, other than those required pursuant to a collective bargaining agreement, will accrue for any participant in the Cash Balance Plan after the Closing Date, including providing any notice of such freeze as required under applicable laws.

8.11. Closing Documents. All Closing Documents required to be delivered to Buyer pursuant to Article 9 shall have been delivered to Buyer.

8.12. Negative Amount. The estimated Negative Amount at Closing, as calculated by Seller in accordance with Section 2.05(c), shall not exceed Five Million Dollars ($5,000,000).

8.13. Escrow. Seller shall have delivered by wire transfer the amount of Three Million Dollars ($3,000,000) to an escrow agent, mutually agreed upon by the parties, to be held and disbursed in accordance with escrow instructions that shall be agreed to by the parties in writing.

## 9. CLOSING; TERMINATION OF AGREEMENT

9.01. Closing.

(a) Consummation of the sale and purchase of the Assets and the other transactions contemplated by this Agreement (the "**Closing**") will take place at Epstein Becker & Green, P.C., 1 Gateway Center, Newark, New Jersey 07102 at 10:00 a.m. on the third (3rd) business day following satisfaction or waiver of the conditions to Closing set forth in Article 7, 8 and 9, or at such time or place as the parties may mutually agree. The Closing shall be effective for all purposes as of 12:01 a.m. on the day of the Closing Date.

(b) At the Closing, Seller shall deliver, or cause to be delivered, to Buyer, each of the Closing Documents and other items set forth in Section 9.02, all in forms reasonably acceptable to Buyer and its counsel, and such Closing Documents, as appropriate, shall be duly executed by, and acknowledged on behalf of, Seller. At the Closing, Buyer shall deliver, or cause to be delivered, to Seller, each of the Closing Documents and the consideration set forth in Section 9.03, all in forms reasonably acceptable to Seller and its counsel, and such Closing Documents, as appropriate, shall be duly executed by, and acknowledged on behalf of, Buyer and, where applicable, PMH.

(c) All proceedings to be taken and all documents to be executed and delivered by all parties at the Closing will be deemed to have been taken, executed and delivered simultaneously, and no proceedings will be deemed taken nor any documents executed or delivered until all have been taken, executed and delivered. At the conclusion of the Closing, all Closing Documents shall be released to the recipients thereof and Seller shall deliver (or cause to be delivered) to Buyer control and possession of the Assets.

9.02. Action of Seller at Closing. At the Closing, Seller shall deliver to Buyer:

(a) Special Warranty Deed, fully executed by Seller in recordable form, conveying to Buyer good and marketable fee title to the Owned Real Property, and Assignment and Assumption of Leases, fully executed by Seller in recordable form, assigning to Buyer leasehold title to the Leased Real Property, in each case subject only to current Taxes not yet due and payable as of the Closing Date and the Permitted Encumbrances;

(b) A General Assignment, Conveyance, and Bill of Sale, fully executed by Seller, conveying to Buyer good and marketable title to all tangible assets that are a part of the Assets and valid title to all intangible assets that are a part of the Assets, free and clear of all liabilities, claims, liens, security interests, and restrictions other than the Assumed Liabilities and the Permitted Encumbrances (the "**Bill of Sale**");

(c) An Assignment and Assumption Agreement, fully executed by Seller, conveying to Buyer Seller's interest in the Assumed Contracts (the "**Assignment and Assumption Agreement**");

(d) All instruments, documents, and affidavits required by the Title Company to issue the Title Policy as described in and provided by Section 5.17 hereof that are consistent with the Connecticut Standards of Title;

(e) the Transitional Services Agreement, fully executed by Seller;

(f) Copies of resolutions duly adopted by the Board of Trustees of Seller, authorizing and approving the performance of the transactions contemplated hereby and the execution and delivery of this Agreement and the documents described herein, certified as true and of full force as of the Closing, by the appropriate officers or other representatives of Seller;

(g) A certificate of the President or a Vice President of Seller certifying that each covenant and agreement of Seller to be performed prior to or as of the Closing pursuant to this Agreement has been performed and each representation and warranty of Seller is true and correct on the Closing Date, as if made on and as of the Closing;

(h) Certificates of incumbency for the officers or representatives of Seller executing this Agreement and any other agreements or instruments contemplated herein or making certifications for the Closing, dated as of the Closing Date;

(i) Certificates of existence of Seller from the state in which it is incorporated, dated the most recent practical date prior to the Closing;

(j) All Certificates of Title and other documents evidencing an ownership interest conveyed as part of the Assets, including, without limitation, all JV Interests (subject to Section 2.01(q)), and Investment interests in CAGW, WMA and MMA;

(k) An affidavit stating that Seller is not a "foreign person" as defined in Section 1445(f)(3) of the Code, as amended;

(l) All necessary state and local real estate conveyance Tax forms duly executed by Seller;

(m) Final execution copy of the Transfer Act Form III and ECAF, as more fully described in Section 5.06;

(n) Limited powers of attorney to permit Buyer to utilize Seller's DEA registration numbers, in substantially the form of Exhibit B attached hereto, fully executed by Seller; and

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

9.03. Action of Buyer at Closing. At the Closing, Buyer shall deliver to Seller:

(a) The Purchase Price due to Seller as adjusted in accordance with Section 2.05;

(b) Copies of resolutions duly adopted by the Board of Directors of PMH and Buyer authorizing and approving the performance of the transactions contemplated hereby and the execution and delivery of this Agreement and the documents described herein, certified as true and in full force as of the Closing, by the appropriate officers of PMH and Buyer;

(c) A certificate of the President or a Vice President of Buyer certifying that each covenant and agreement of Buyer to be performed prior to or as of the Closing pursuant to this Agreement has been performed and each representation and warranty of Buyer is true and correct on the Closing Date, as if made on and as of the Closing;

(d) A certificate of incumbency for the respective officers of PMH and Buyer executing this Agreement and any other agreements or instruments contemplated herein or making certifications for the Closing, dated as of the Closing Date;

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

(f) Such other instruments and documents as Seller reasonably deems necessary to effect the transactions contemplated hereby;

(g) The Transitional Services Agreement, fully executed by Buyer;

(h) Final execution copy of the Transfer Act Form III and ECAF with a $3,000 initial filing fee, as more fully described in Section 5.06; and

(i) Such other Closing Documents as Seller deems reasonably necessary to consummate the transactions contemplated by this Agreement.

9.04. Termination Prior to Closing.

(a) Notwithstanding anything herein to the contrary, this Agreement may be terminated at any time: (i) by mutual consent of Seller and Buyer; (ii) by Buyer, by written notice to Seller, if any event occurs or condition exists that causes Seller to be unable to satisfy one or more conditions to the obligations of Buyer to consummate the

transactions contemplated by this Agreement as set forth in Article 8; (iii) by Seller, by written notice to Buyer, if any event occurs or condition exists that causes Buyer to be unable to satisfy one or more conditions to the obligations of Seller to consummate the transactions contemplated by this Agreement as set forth in Article 7; (iv) by Seller or Buyer, if the Closing Date shall not have taken place on or before December 31, 2016 (*provided, however*, that, Buyer shall have the right, exercisable upon prior written notice to Seller, to extend such date by up to an additional thirty (30) days if all conditions to Closing (other than those that by their terms are to be satisfied by the actions to be taken at the Closing) have been satisfied other than the receipt of approvals from all governmental authorities whose approval is required to complete the transactions herein contemplated, but only if Buyer is diligently pursuing such remaining governmental approvals or contesting in good faith any of the terms or conditions of such approvals, including, without limitation, pursuing any changes in respect of the conditions imposed on the operation of the Hospital or the related businesses or any other modifications set forth in such approval); *provided*, *however*, that no party may terminate this Agreement if the failure of Closing to occur by such date resulted from a material breach of this Agreement by such party; or (v) by Buyer, pursuant to Section 5.08.

(b) If this Agreement is validly terminated pursuant to Section 9.04(a), this Agreement will be null and void, and there will be no liability on the part of any party pursuant to this Agreement, except that (i) upon termination of this Agreement pursuant to Section 9.04(a), Seller will remain liable to Buyer and Buyer will remain liable to Seller for any breach of their respective obligations existing at the time of such termination, and each party may seek such remedies or damages against the other with respect to any such breach as are provided in this Agreement or as are otherwise available at law or in equity, (ii) the termination fee provisions of Section 9.04(d), the expense allocation provisions of Section 11.21 and the confidentiality provisions of Section 6.11 shall remain in full force and effect and survive any termination of this Agreement.

(c) Upon termination of this Agreement, each party's existing rights of access to the books and records of the other party shall terminate, and each party shall promptly return every document furnished it by the other party (or any Affiliate of such other party) in connection with the transactions contemplated hereby, whether obtained before or after execution of this Agreement, and all copies thereof, and will destroy all copies of any analyses, studies, compilations or other documents prepared by it or its representatives to the extent they contain any information with respect to the business of the other parties hereto or their Affiliates, and will cause its representatives to whom such documents were furnished to comply with the foregoing.

(d) In the event that this Agreement is terminated by:

(i) Buyer for any reason other than pursuant to Section 9.04(a)(ii) or Section 9.04(a)(iv);

(ii) by Seller pursuant to Section 9.04(a)(iii) due to the occurrence of any event or existence of any condition that causes Buyer to be unable to satisfy the conditions to the obligations of Seller to consummate the transactions contemplated by this Agreement as set forth in Sections 7.01, 7.04 or 7.05 (*provided,* that, with respect to Section 7.05, all closing conditions have been satisfied or waived, other than the conditions that by their terms are to be satisfied by actions to be taken at the Closing, provided that such actions are, as of the time of such termination, capable of being satisfied at the Closing); or

(iii) by Seller pursuant to Section 9.04(a)(iv) and at the time of such termination (x) all the conditions to the obligations of Buyer to consummate the transactions contemplated by this Agreement as set forth in Section 8 have been satisfied (other than the conditions that by their terms are to be satisfied by actions to be taken at the Closing, provided that such actions are, as of the time of such termination, capable of being satisfied at the Closing), and (y) Seller is in compliance in all material respects with the terms of this Agreement,

then Buyer shall, within five (5) business days after receipt of written notice of such termination, pay to Seller by wire transfer of immediately available funds to an account designated by Seller a fee equal to One Million Dollars ($1,000,000) (the "**Termination Fee**").

(e) This Section 9.04 shall survive any termination of this Agreement.

## 10. INDEMNIFICATION

10.01. Indemnification by Seller. Subject to the conditions and limitations, and solely to the extent provided in this Article 10, Seller shall indemnify, defend and hold harmless Buyer's Indemnified Persons, and each of them, from and against any Losses incurred or suffered by Buyer's Indemnified Persons, directly or indirectly, as a result of or arising from:

(a) any inaccuracy in or breach of any representation or warranty of Seller set forth in this Agreement or in any Closing Document to which Seller is a party, whether or not Buyer's Indemnified Persons relied thereon or had knowledge thereof;

(b) any claim asserted against Buyer or Buyer's Affiliates that, if meritorious, would constitute or give rise to a breach of any of Seller's representations and warranties as the direct cause of such claim;

(c) the nonfulfillment or breach of any covenant of Seller set forth in this Agreement or in any Closing Document to which Seller is a party;

(d) the Excluded Liabilities; and

(e) any claim made by a third party with respect to the operation of the Hospital Businesses prior to the Closing Date.

10.02. Seller's Limitations. Seller will have no liability under Section 10.01(a) and no claim will accrue against Seller under Section 10.01(a) unless and until the total amount of Losses that would otherwise be indemnifiable by Seller in respect of claims arising under Section 10.01(a) exceeds $150,000 (the "**Seller Deductible**") in the aggregate, at which time Buyer's Indemnified Persons shall be entitled to indemnification for all Losses under Section 10.01(a) in excess of the Seller Deductible, *provided* that there shall be no minimum Loss requirement, and liability of Seller shall arise for all Losses, in respect of Losses resulting from Seller's intentional misrepresentation or fraud, *provided, further*, that Seller's liability for indemnification under Section 10.01(a) shall be limited to an amount equal to $3,000,000.

10.03. Indemnification by Buyer. Subject to the conditions and limitations, and solely to the extent, provided in this Article 10, Buyer shall indemnify, defend and hold harmless Seller's Indemnified Persons, and each of them, from and against any Losses incurred or suffered by Seller's Indemnified Persons, directly or indirectly, as a result of or arising from:

(a) the inaccuracy in or breach of any representation or warranty of Buyer set forth in this Agreement or in any Closing Document to which Buyer is a party, whether or not Seller's Indemnified Persons relied thereon or had knowledge thereof;

(b) the nonfulfillment or breach of any covenant of Buyer in this Agreement or in any Closing Document to which Buyer is a party;

(c) the Assumed Liabilities; and

(d) the ownership by Buyer of the Assets or the operation by Buyer of the Hospital Businesses after the Closing Date.

10.04. Buyer's Limitations. Buyer will have no liability under Section 10.03(a) and no claim will accrue against Buyer under Section 10.03(a) unless and until the total amount of Losses that would otherwise be indemnifiable by Buyer in respect of claims arising under Section 10.03(a) exceeds $150,000 (the "**Buyer Deductible**") in the aggregate, at which time Seller's Indemnified Persons shall be entitled to indemnification for all Losses under Section 10.03(a) in excess of the Buyer Deductible, *provided* that there shall be no minimum Loss requirement, and liability of Buyer shall arise for all Losses, in respect of Losses resulting from any intentional misrepresentation or fraud by Buyer, *provided, further*, that Buyer's liability for indemnification under Section 10.03(a) shall be limited to an amount equal to $3,000,000.

10.05. Notice and Procedure. All claims for indemnification by any Indemnitee against an Indemnifying Party under this Article shall be asserted and resolved as follows:

(a) Third Party Claims.

(i) If the basis for any claim for indemnification against an Indemnifying Party pursuant to this Article 10 is a claim or demand made against an Indemnitee by a Person other than Buyer's Indemnified Person or Seller's Indemnified Person (a "**Third Party Claim**"), the Indemnitee shall deliver a Claim Notice with reasonable promptness to the Indemnifying Party (with copies of all relevant written documentation, including papers served, if any, and a

reasonable summary of any relevant oral discussions with such third party) specifying the nature of and alleged basis for the Third Party Claim and, to the extent then feasible and known, the alleged amount or the estimated amount of the Third Party Claim. If the Indemnitee fails to deliver the Claim Notice (and related materials) to the Indemnifying Party within 60 days after the Indemnitee receives notice of such Third Party Claim, the Indemnifying Party will not be obligated to indemnify the Indemnitee with respect to such Third Party Claim if and only to the extent that the Indemnifying Party's ability to defend the Third Party Claim or otherwise minimize the Losses for which the Indemnifying Party must indemnify the Indemnitee has been prejudiced by such failure. The Indemnifying Party will notify the Indemnitee within 15 days after receipt of the Claim Notice by the Indemnifying Party (the "**Notice Period**") whether the Indemnifying Party elects, at the sole cost and expense of the Indemnifying Party, to assume the defense of the Indemnitee against the Third Party Claim.

(ii) If the Indemnifying Party notifies the Indemnitee within the Notice Period that the Indemnifying Party elects to assume the defense of the Indemnitee against the Third Party Claim, then the Indemnifying Party will defend, at its sole cost and expense, the Third Party Claim by all appropriate proceedings, which proceedings will be diligently prosecuted by the Indemnifying Party to a final conclusion or settled, at the discretion of the Indemnifying Party (with the consent of the Indemnitee, which consent shall not be unreasonably withheld with respect to any settlement that does not include any non-monetary relief). The Indemnifying Party will have full control of such defense and proceedings, including any compromise or settlement thereof; *provided* that, prior to the Indemnitee's receipt of the Indemnifying Party's notice that it elects to assume such defense, the Indemnitee may file, at the sole cost and expense of the Indemnitee, any motion, answer or other pleading that the Indemnitee reasonably deems necessary to protect its interests and that is not prejudicial to the Indemnifying Party (it being understood that, except as provided in this Section 10.05(a)(ii), if an Indemnitee takes any such action that is prejudicial to the Indemnifying Party, the Indemnifying Party will be relieved of its obligations hereunder with respect to that portion of the Third Party Claim (or the Losses attributable thereto) prejudiced by the Indemnitee's action); and *provided, further*, that, if requested by the Indemnifying Party, the Indemnitee shall reasonably cooperate, at the sole cost and expense of the Indemnifying Party, with the Indemnifying Party and its counsel in contesting any Third Party Claim that the Indemnifying Party elects to contest or, if related to the Third Party Claim, in making any counterclaim or cross-claim against any Person (other than the Indemnitee or its Affiliates). The Indemnitee may participate in, but not control, any defense or settlement of any Third Party Claim assumed by the Indemnifying Party pursuant to this Section 10.05(a)(ii) and, except in respect of cooperation requested by the Indemnifying Party as provided in the preceding sentence, the Indemnitee will bear its own costs and expenses with respect to such participation. Notwithstanding the foregoing, the Indemnifying Party may not assume the defense of the Third Party Claim on behalf of the Indemnitee if (1) the Persons against whom the Third Party Claim is made, or any impleaded Persons,

include both one or more of Buyer's Indemnified Persons and one or more of Seller's Indemnified Persons, and (2) representation of all of such Persons by the same counsel creates an actual or potential conflict of interest that, after giving effect to any waivers made by such Persons, would breach or violate the ethical rules applicable to such counsel, in which case the Indemnitee shall have the right to defend the Third Party Claim on its own behalf and to employ counsel at the expense of the Indemnifying Party.

(iii) If the Indemnifying Party fails to notify the Indemnitee within the Notice Period that the Indemnifying Party intends to defend the Indemnitee against the Third Party Claim, or if the Indemnifying Party gives such notice but fails to diligently prosecute or settle the Third Party Claim, or if the Indemnifying Party is precluded by the last sentence of Section 10.05(a)(ii) from assuming the defense of such Third Party Claim, then (A) the Indemnitee will defend the Third Party Claim by all appropriate proceedings, which proceedings will be diligently prosecuted by the Indemnitee to a final conclusion or settled at the discretion of the Indemnitee (*provided*, *however*, that no Indemnifying Party shall be liable to any Indemnitee for any Losses arising from any settlement that is made or entered into without an Indemnifying Party's prior, written consent, such consent not to be unreasonably withheld or delayed) and (B) the out-of-pocket costs and expenses reasonably incurred in good faith by the Indemnitee in the defense of such Third Party Claim will be paid by the Indemnifying Party. The Indemnitee will have full control of such defense and proceedings, including any compromise or settlement thereof (subject to the proviso in the first sentence of this clause (iii)), *provided* that, if requested by the Indemnitee, the Indemnifying Party shall reasonably cooperate, at the sole cost and expense of the Indemnifying Party, with the Indemnitee and its counsel in contesting the Third Party Claim which the Indemnitee is contesting or, if related to the Third Party Claim in question, in making any counterclaim or cross-claim against any Person (other than the Indemnifying Party or its Affiliates).

(b) First Party Claims.

(i) If any Indemnitee has a claim against any Indemnifying Party that is not a Third Party Claim, the Indemnitee shall deliver an Indemnity Notice with reasonable promptness to the Indemnifying Party specifying the nature of and specific basis for the claim and, to the extent then feasible, the amount or the estimated amount of the claim. If the Indemnifying Party does not notify the Indemnitee within 60 days following its receipt of the Indemnity Notice that the Indemnifying Party disputes its obligation to indemnify the Indemnitee hereunder, the claim will be presumed to be a liability of the Indemnifying Party hereunder.

(ii) Upon receipt of any Indemnity Notice, the Indemnifying Party will be entitled to request in writing and receive from the Indemnitee a reasonable extension of the 60-day period in which to respond pursuant to Section 10.05(b)(i) for the purpose of investigating the claims made therein or the proper amount thereof. The Indemnitee, to the extent requested by the Indemnifying Party, shall

reasonably cooperate, at the sole cost and expense of the Indemnifying Party, with the Indemnifying Party's investigation of such claims or the proper amount thereof.

(c) Resolution of Disputes. If the Indemnifying Party timely disputes, or is deemed to have disputed, its liability with respect to a claim described in a Claim Notice or an Indemnity Notice, the Indemnifying Party and the Indemnitee shall proceed promptly and in good faith to negotiate a resolution of such dispute within 60 days following receipt by the Indemnifying Party of the Claim Notice or Indemnity Notice and, if such dispute is not resolved through negotiations during such 60-day period, it shall be attempted to be resolved pursuant to Section 11.04 and, if not resolved thereby, by other appropriate legal process.

(d) Payment of Indemnifiable Losses. Subject to the terms of any final order entered by a court of competent jurisdiction, the Indemnifying Party shall pay the amount of any indemnifiable Losses to the Indemnitee within 10 days following the later to occur of (i) the date on which such indemnifiable Losses are incurred or sustained by the Indemnitee or (ii) the date on which the Indemnifying Party has acknowledged its liability for such indemnifiable Losses. Indemnifiable Losses not paid when so due shall accrue interest from (and including) the date on which such indemnifiable Losses were incurred or sustained by the Indemnitee until (but excluding) the date on which such amount is paid, at the interest rate provided in Section 11.19.

(e) Certain Disclaimers. Any estimated amount of a claim submitted in a Claim Notice or an Indemnity Notice shall not be conclusive of the final amount of such claim, and the giving of a Claim Notice when an Indemnity Notice is properly due, or the giving of an Indemnity Notice when a Claim Notice is properly due, shall not impair such Indemnitee's rights hereunder. Notice of any claim comprised in part of Third Party Claims and claims that are not Third Party Claims shall be appropriately bifurcated and given pursuant to each of Section 10.05(a)(i) and Section 10.05(b)(i), as applicable.

10.06. Survival of Representations and Warranties; Indemnity Periods. All of the representations, warranties, covenants, and agreements made by the parties in this Agreement or pursuant hereto in any certificate, instrument, or document shall survive the consummation of the transactions in the manner described herein, and may be fully and completely relied upon by Seller, Buyer, and PMH, as the case may be, notwithstanding any investigation heretofore or hereafter made by any of them or on behalf of any of them, and shall not be deemed merged into any instruments or agreements delivered at the Closing or thereafter. Each party acknowledges that no representations or warranties are made except as specifically set forth herein. Notwithstanding anything in this Section 10.06 that may be to the contrary, any claim, demand, or cause of action with respect to a breach of any representation or warranty made in this Agreement (other than representations or warranties contained in Sections 3.01 (Organization and Qualification), 3.02 (Corporate Powers; Absence of Conflicts, Etc), 3.03 (Binding Agreement), 3.04 (Investments and Third Party Rights), 3.10 (Title), 3.28 (Joint Ventures), 4.01 (Organization), 4.02 (Power and Authority; Due Authorization), 4.03 (Consents; Absence of

Conflicts, Etc.), 4.04 (Due Execution; Binding Agreement), which shall survive indefinitely, and the representations or warranties contained in Sections 3.05 (Legal and Regulatory Compliance), 3.12 (Environmental Laws), 3.16 Government Payment Programs; Accreditation; Payor Cost Reports), 3.21 (Employee Benefit Plans), 3.25 (Restricted Assets), and 3.23 (Taxes), which shall survive the longer of five (5) years or 90 days after the expiration of the applicable statute of limitations pertaining to the underlying claim, including extensions and waivers), must be made or brought, if at all, within eighteen (18) months after the Closing Date. For the avoidance of doubt, this Section 10.06 shall not affect any rights to bring claims after eighteen (18) months based on (a) any covenant or agreement of the parties that contemplates performance after the Closing, (b) the obligations of Seller under Sections 10.01(c), (d) and (e) (Indemnification by Seller), (c) the obligations of Buyer under Sections 10.03(b), (c) and (d) (Indemnification by Buyer), or (e) the obligations of the parties under Section 10.07 (Mitigation).

10.07. Mitigation. Each Indemnitee shall take all commercially reasonable steps to mitigate its Losses upon and after becoming aware of any event or condition that has given rise to any Losses for which it may be indemnified pursuant to this Agreement. The amount of Losses for which an Indemnitee may make an indemnification claim pursuant to this Agreement shall be reduced by any amounts actually recovered by the Indemnitee under insurance policies or other collateral sources (such as contractual indemnities of any Person that are contained outside of this Agreement or the Closing Documents) with respect to such Losses. Each Indemnitee must use commercially reasonable efforts to obtain recovery under such insurance policies or other collateral sources. To the extent that any payment received by an Indemnitee under any insurance policy or other collateral source was not previously taken into account to reduce the amount of indemnifiable Losses paid to such Indemnitee, such Indemnitee shall promptly pay over to the Indemnifying Party the amount so recovered or realized (after deducting therefrom the full amount of the expenses incurred by the Indemnitee in procuring such recovery or realization), but such amount paid over to the Indemnifying Party shall not exceed the sum of (a) the amount previously paid by the Indemnifying Party to the Indemnitee in respect of such matter plus (b) the amount expended by the Indemnifying Party in pursuing or defending any Third Party Claim arising out of such matter. Notwithstanding the foregoing, no Indemnitee shall be required to seek recovery under any insurance policy issued by, or other collateral source that is, an Affiliate of the Indemnitee.

10.08. Calculation of Losses. Solely for the purpose of calculating the amount of any Losses arising out of or resulting from any breach of any representation or warranty contained in this Agreement (and not for determining the existence of any breach of any representation or warranty contained in this Agreement), any reference to a “material", “materiality” or “Material Adverse Effect” or other correlative terms in such representation or warranty shall be disregarded.

10.09. Seller’s Failure to Pay for Certain Losses. If any Buyer’s Indemnified Persons are entitled to indemnification for Losses pursuant to Section 10.01, and notice for indemnification of such Losses is provided by Buyer, in accordance with Section 10.05, prior to the third (3rd) anniversary after the Closing Date (including before the Closing Date), then to the extent that such Losses are not satisfied in full (“**Unpaid Losses**”), the Capital Amount shall be reduced by the aggregate amount of Unpaid Losses in accordance with Section 1.01(24).

## 11. GENERAL

11.01. Exhibits; Schedules. Each Exhibit and Schedule to this Agreement shall be considered a part hereof as if set forth herein in full.

11.02. Equitable Remedies. Each party acknowledges and agrees that its breach of this Agreement, or its failure to perform its obligations pursuant to this Agreement in accordance with its specific terms, would cause the other party to suffer irreparable damage or injury that would not be fully compensable by money damages, or the exact amount of which may be impossible to determine, and, therefore, such other party would not have an adequate remedy available at law. Accordingly, each party agrees that the other party shall be entitled to seek specific performance, injunctive and/or other equitable relief from any court of competent jurisdiction (without the necessity of posting bond) as may be necessary or appropriate to enforce specifically this Agreement and the terms and provisions hereof and to prevent or curtail any breach (or threatened breach) of the provisions of this Agreement. Such equitable remedies shall not be the exclusive remedy of any party for any such breach or failure to perform by another party, but shall be in addition to all other remedies available to such party at law or in equity (the availability of which remedies shall be, after the Closing, subject to the applicable limitations set forth in Article 10).

11.03. Other Owners of Assets. Buyer, Seller and its undersigned Wholly Owned Subsidiaries acknowledge that certain Assets may be owned by Wholly Owned Subsidiaries of Seller and not Seller. Notwithstanding the foregoing, and for purposes of all representations, warranties, covenants, and agreements contained herein, Seller agrees, and, as evidenced by their acknowledgement to this Agreement, its undersigned Wholly Owned Subsidiaries agree and acknowledge, that (i) its obligations with respect to any Assets shall be joint and several with any Wholly Owned Subsidiary of Seller that owns or controls such Assets, (ii) the representations and warranties herein, to the extent applicable, shall be deemed to have been made by, on behalf of and with respect to such Wholly Owned Subsidiaries of Seller in their ownership capacity, and (iii) it has the legal capacity to cause, and it shall cause, any of its Wholly Owned Subsidiaries that owns or controls any Assets to meet all of Seller's obligations under this Agreement with respect to such Assets. Seller hereby waives any defense to a claim made by Buyer or its Affiliates under this Agreement based on the failure of any Person who owns or controls the Assets to be a party to this Agreement.

11.04. Dispute Resolution. The parties hereby agree that, prior to pursuing any other legal remedy, any controversy or claim arising out of this Agreement shall be attempted to be resolved through the following procedures:

(a) In the event of a controversy or claim arising under this Agreement, either party may give the other party written notice of such dispute pursuant to Section 11.14, and promptly thereafter the parties will each select two or more senior executives to negotiate in good faith in an effort to resolve the controversy or claim. The senior executives shall meet at such location as from time to time may be mutually agreed by the parties and such meetings shall be in person to the extent practicable.

(b) If the parties are unable to resolve the controversy or claim as provided in Section 11.04(a) within 30 days of the written notice of the controversy or claim, then either party may notify the other party that it wants to pursue non-binding mediation in an attempt to resolve the controversy or claim. The parties shall jointly appoint a mutually acceptable mediator to mediate the dispute or, if the parties are unable to agree on a mutually acceptable mediator within 15 days after receipt of written notice requesting mediation, then the parties shall request assistance from the American Arbitration Association in finding a mutually acceptable mediator. Each party shall bear its own costs incurred in the mediation and shall bear one-half the costs and expenses of the mediator and any similar parties that may assist in the mediation. The parties agree to participate in good faith in the mediation and negotiations related thereto for a period of 30 days, unless a longer period is otherwise agreed.

11.05. Tax and Government Payment Program Effect. None of the parties (nor such parties' counsel or accountants) has made or is making in this Agreement any representation to any other party (or such party's counsel or accountants) concerning any of the Tax or Government Payment Program effects or consequences on the other party of the transactions provided for in this Agreement. Each party represents that it has obtained, or may obtain, independent Tax and Government Payment Program advice with respect thereto and upon which it, if so obtained, has solely relied.

11.06. Reproduction of Documents. This Agreement and all documents relating hereto, including consents, waivers and modifications that may hereafter be executed, the Closing Documents, financial statements, certificates and other information previously or hereafter furnished to any party, may be reproduced by any party by any photographic, microfilm, electronic or similar process. The parties stipulate that any such reproduction, when rendered in physical form and constituting an identical representation of the original, 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 in the ordinary course of business).

11.07. Consented Assignment. Notwithstanding anything in this Agreement to the contrary, this Agreement shall not constitute an agreement to assign any Assumed Contract, claim or other right if the assignment or attempted assignment thereof without the consent of another Person would (i) constitute a breach thereof, (ii) be ineffective or render the Assumed Contract, claim or right void or voidable, or (iii) in any material way affect the rights of Seller thereunder (or the rights of Buyer thereunder following any such assignment or attempted assignment). In any such event, until the requisite consent is obtained, Seller shall cooperate in any reasonable arrangement designed to provide for Buyer the benefits under any such Assumed Contract, claim or right, including enforcement of any and all rights of Seller against the other Person arising out of the breach or cancellation by such other Person or otherwise but shall not be required to commence litigation. After Closing, the parties shall continue to use commercially reasonable efforts to obtain the consent to the assignment of such Assumed Contract, claim or right; *provided*, *however*, that such obligation shall be of no further force and effect if Seller and Buyer determine that such consent or approval will not be forthcoming.

11.08. Time of Essence. Time is of the essence in the performance of this Agreement, *provided* that, if the day on or by which a notice must or may be given, or the performance of any party's obligation is due, is a Saturday, Sunday or other day on which banks in Manchester, Connecticut are permitted or required to be closed, then the day on or by which such notice must or may be given, or that such performance is due, shall be extended to the first day thereafter that is not a Saturday, Sunday or other day on which banks in Waterbury, Connecticut are permitted or required to be closed. The parties will use commercially reasonable efforts to file as soon as practicable and pursue all necessary regulatory approvals required in connection with this Agreement.

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

11.10. Choice of Law. This Agreement and all matters arising out of or relating to this Agreement shall be governed by and construed in accordance with the laws of the State of Connecticut without regard to any conflicts of laws rules (whether of the State of Connecticut or any other jurisdiction). Any litigation or proceedings among the parties arising out of or relating to this Agreement shall be commenced in a court of the State of Connecticut or the federal district court of Connecticut.

11.11. Benefit and Assignment. Subject to the 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; *provided* however that no party may assign this Agreement without the prior written consent of the other party. Notwithstanding the foregoing, (i) Buyer may designate one or more Affiliates to purchase any or all of the Assets, including the Hospital Businesses, provided that PMH shall unconditionally guarantee any and all obligations of such Affiliates pursuant to Section 11.22, and (ii) Buyer and PMH shall be permitted to grant a security interest in and collaterally assign and transfer all their rights, interests and benefits, but not their obligations, under this Agreement to any entity providing financing to Buyer and/or Buyer's Affiliates at any time and from time to time without obtaining the written consent of Seller.

11.12. Third Party Beneficiary. This Agreement (including provisions regarding employee and employee benefit matters) and the Closing Documents are intended solely for the benefit of the parties to this Agreement (and their respective successors and permitted assigns) and (solely in their capacities as Indemnified Persons) Buyer's Indemnified Persons and Seller's Indemnified Persons, and are not intended to confer third-party beneficiary rights upon any other Person (or, in the case of Buyer's Indemnified Persons and Seller's Indemnified Persons, to such Persons in any other capacity). Any reference in this Agreement to one or more Employee Benefit Plans of Buyer includes provisions, if any, in such plans permitting their termination or amendment and any covenant in this Agreement to provide any Employee Benefit Plan shall not be deemed or construed to limit Buyer's right to terminate or amend such plan of Buyer in accordance with its terms.

11.13. Waiver of Breach, Right or Remedy. The waiver by any party of (a) any breach or violation by the other party of any provision of this Agreement, (b) any condition to the obligations of such party to consummate the transactions contemplated by this Agreement, or (c) any other right or remedy permitted the waiving party in this Agreement, (i) shall not waive or be construed to waive any prior or subsequent breach or violation of the same provision or any subsequent exercise of the same right or remedy, (ii) shall not waive or be construed to waive a breach or violation of any other provision, any other closing condition or any other right or remedy, and (iii) to be effective, must be in writing and signed by the party entitled to the benefit of the provision, condition, right or remedy to be waived, and may not be presumed or inferred from any party's conduct. The election of any one or more available remedies by a party shall not constitute a waiver of the right to pursue other available remedies.

11.14. Notices. Any notice, demand or communication required, permitted or desired to be given hereunder must be in writing and shall be deemed effectively given (i) on the date tendered by personal delivery, (ii) on the date received by fax or other electronic means, (iii) on the date tendered for delivery by nationally recognized overnight courier, or (iv) three (3) days after the date tendered for delivery by United States mail, with postage prepaid thereon, certified or registered mail, return receipt requested, in any event addressed as follows:

If to Buyer: c/o Prospect Medical Holdings, Inc.
Prospect Medical Holdings, Inc.
3415 South Sepulveda Boulevard, 9th Floor
Los Angeles, CA 90034
Attn: General Counsel
Fax: 310-943-4501
Email: ellen.shin@prospectmedical.com

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

Epstein Becker & Green, P.C.
1 Gateway Center
Newark, NJ 07102
Attn: Gary W. Herschman
Email: GHerschman@ebglaw.com
Attn: David E. Weiss
Email: DWeiss@ebglaw.com

If to Seller: Greater Waterbury Health Network, Inc.
Attn: President
Fax: 203-573-6161
Email: dstromstad@wtbyhosp.org

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

Carmody Torrance Sandak & Hennessey, LLP
707 Summer Street, Suite 300
Stamford, CT 06901

Attn: Ann Zucker, Esq.
Fax: 203.252.2686
Email: azucker@carmodylaw.com

or to such other address or fax number, and to the attention of such other Person, as any party may designate in writing in conformity with this Section.

11.15. Severability. If any provision of this Agreement is held or determined to be illegal, invalid or unenforceable under any present or future law in the final judgment of a court of competent jurisdiction, then, if the rights or obligations of any party under this Agreement would not be materially and adversely affected thereby: (a) such provision will be fully severable; (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement; (c) the remainder of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement; and (d) instead of such illegal, invalid or unenforceable provision, there will be deemed to be added to this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

11.16. CON Disclaimer. This Agreement shall not be deemed to be an acquisition or obligation of a capital expenditure or of funds within the meaning of the certificate of need statute of any state, until the appropriate Governmental Authority shall have granted a certificate of need or the appropriate approval or ruled that no certificate of need or other approval is required.

11.17. Entire Agreement; Amendment. Except as set forth in Section 11.21(a), this Agreement supersedes all previous contracts, agreements and understandings and constitutes the entire agreement of whatsoever kind or nature existing between or among the parties respecting the within subject matter and no party shall be entitled to benefits with respect to the Assets or the Hospital Businesses other than those specified in this Agreement. As between or among the parties, any oral or written representation, warranty, covenant, agreement or statement not expressly incorporated in this Agreement, whether given before or on the date of this Agreement, shall be of no force and effect unless and until made in writing and signed by the parties on or after the date of this Agreement. The representations, warranties and covenants set forth in this Agreement shall survive the Closing and remain in full force and effect as provided in Section 10.06, and shall survive the execution and delivery of, and shall not be merged with or into, the Closing Documents and all other agreements, instruments or other documents described, referenced in or contemplated by this Agreement. Each representation, warranty and covenant in this Agreement has independent legal significance and if any party has breached any representation, warranty or covenant in any respect, whether there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative level of specificity) that such party has not breached shall not detract from or mitigate the party's breach of the first representation, warranty or covenant. This Agreement may not be amended or supplemented except in a written instrument executed by each of the parties.

11.18. Counterparts; Transmission by Electronic Means. 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. This Agreement, and any executed counterpart of a signature page to this Agreement, may be transmitted by fax or e-mail (attaching a .pdf (portable document format) copy thereof), and such delivery of an executed counterpart of a signature page to this Agreement by fax or e-mail shall be effective as delivery of a manually executed counterpart of this Agreement. At the Closing, the Closing Documents may be executed, and the signature pages thereto delivered, in like manner.

11.19. Interest. Any monies required to be paid by any party to another party pursuant to this Agreement shall be due on the date or at the time for payment specified in this Agreement, and monies not paid when due shall accrue interest from and after the due date to, but not including, the date full payment is made at an annual rate equal to the average prime rate of Bank of America, N.A. during such period.

11.20. Drafting. No provision of this Agreement shall be interpreted for or against any Person on the basis that such Person was the draftsman of such provision, and no presumption or burden of proof shall arise favoring or disfavoring any Person by virtue of the authorship of any provision of this Agreement.

11.21. Fees and Expenses.

(a) Except as otherwise expressly set forth in this Agreement and the Letter of Intent, dated April 30, 2015, by and between Seller and PMH, whether or not the transactions contemplated by this Agreement are consummated, (i) Buyer or its Affiliates shall bear and pay all expenses incurred by or on behalf of Buyer in connection with Buyer's due diligence investigation of the Assets and the Hospital Businesses, the preparation and negotiation of this Agreement and Buyer's performance of its obligations pursuant to this Agreement, including counsel, accounting, brokerage and investment advisor fees and disbursements, and (ii) Seller shall bear and pay all expenses incurred by or on behalf of Seller, or its Affiliates or Wholly Owned Subsidiaries, in connection with the preparation and negotiation of this Agreement and Seller's performance of its obligations pursuant to this Agreement, including counsel, accounting, brokerage and investment advisor fees and disbursements.

(b) Seller shall pay all costs reasonably necessary for Seller to remove all Encumbrances on the Assets that are not Permitted Encumbrances and all expenses incurred by Seller in obtaining any third party consents or approvals necessary to assign to Buyer any Assumed Contracts (it being understood that Seller shall have no obligation to make any monetary payment to a third party beyond any nominal review fee of not more than $1,000 or accept any material concession in the terms of any Contract in order to obtain any such consents or approvals).

(c) Buyer shall pay the following: (i) all third party fees and expenses reasonably incurred by Buyer for Buyer's land title surveys and environmental, engineering and other inspections, studies, tests, reviews and analyses undertaken by or on behalf of Buyer for the benefit of Buyer, (ii) all transfer Taxes, sales and use and similar Taxes arising out of the transfer of the Assets (whether or not originally arising

with or assessed to Seller or its applicable Wholly Owned Subsidiary) and (iii) the premium for Buyer's title insurance policies described in Section 8.08.

(d) If any party incurs legal fees or expenses in connection with any Proceeding to enforce any provision of this Agreement and is the prevailing party in the Proceeding, such party will be entitled to recover from the non-prevailing party in the Proceeding the legal fees and expenses reasonably incurred by such party in connection with the Proceeding, including attorneys' fees, costs and necessary disbursements, in addition to any other relief to which such party is entitled.

11.22. Guarantee of Buyer's Obligations. PMH, as principal obligor and not merely as a surety, hereby unconditionally guarantees full, punctual and complete performance by Buyer of all of Buyer's obligations under this Agreement and each of the Closing Documents subject to the terms hereof and thereof and so undertakes to Seller that, if and whenever Buyer is in default, PMH will on demand duly and promptly perform or procure the performance of Buyer's obligations. The foregoing guarantee is a continuing guarantee and will remain in full force and effect indefinitely (in light of the fact that, as provided in Section 10.06, certain representations, warranties, covenants and indemnification obligations of Buyer survive the Closing indefinitely) and will be reinstated with respect to any sum paid to Seller that must be restored by Seller upon the bankruptcy, liquidation or reorganization of Buyer. PMH obligations under this Section 11.22 shall not be affected or discharged in any way by any Proceeding with respect to Buyer under any federal or state bankruptcy, insolvency or debtor relief laws (or any order, judgment, ruling, writ, injunction or decree entered or made in connection therewith) or any other fact, development, occurrence or circumstance affecting the legal capacity of Buyer or the enforceability of this Agreement or any of the Closing Documents against Buyer in accordance with their respective terms.

11.23. Liquidated Damages.

(a) The parties acknowledge that: (i) the agreements contained in Section 9.04(d) are an integral part of the transactions contemplated by this Agreement; (ii) without these agreements, the parties would not enter into this Agreement; (iii) it would be extremely difficult and impracticable, if not impossible, to ascertain with any degree of certainty the amount of damages that would be suffered by Seller in the circumstances in which the Termination Fee is payable; and (iv) the Termination Fee is not a penalty, but rather is liquidated damages in a reasonable amount, negotiated as the parties' reasonable estimate of Seller's damages in the circumstances in which the Termination Fee is payable. Notwithstanding anything to the contrary in this Agreement, Seller's right to receive payment of the Termination Fee pursuant to Section 9.04(d) shall be the sole and exclusive remedy of Seller or any of its Affiliates against Buyer, PMH or any of their respective Affiliates or any of their respective stockholders, partners or members for any and all losses that may be suffered based upon, resulting from or arising out of the circumstances giving rise to such termination, and upon payment of the Termination Fee in accordance with Section 9.04(d), none of Buyer, PMH or any of their respective Affiliates or any of their respective stockholders, partners or members shall have any further liability or obligation relating to or arising out of this Agreement or the transactions contemplated by this Agreement.

(b) If Buyer fails to pay the Termination Fee pursuant to Section 9.04(d) when due and, in order to obtain such payment, Seller commences a suit or suits that result in a judgment or judgments against Buyer for the Termination Fee, then Buyer shall pay to Seller its costs and expenses (including attorneys' fees and expenses) in connection with such suit and the collection and enforcement of such judgment(s), together with interest on the amount of the Termination Fee from the date such payment was required to be made until the date of payment at the "prime rate" of Bank of America, N.A. in effect on the date such payment was required to be made.

[*Signature Page Follows*]

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

**GREATER WATERBURY HEALTH NETWORK, INC.**

By: _____

Name: Darlene Stromstad
Title: President and Chief Executive Officer

**PROSPECT CT MEDICAL FOUNDATION, INC.**

By: _____

Name: Samuel S. Lee
Title: President

**PROSPECT WATERBURY, INC.**

By: _____

Name: Samuel S. Lee
Title: President

**PROSPECT WATERBURY HOME HEALTH, INC.**

By: _____

Name: Samuel S. Lee
Title: President

**PROSPECT MEDICAL HOLDINGS, INC.**
(only with respect to Section 11.22)

By: _____

Name: Samuel S. Lee
Title: Chief Executive Officer



[*Acknowledgement Page Follows*]

Each of the undersigned Wholly Owned Subsidiaries of Seller hereby joins this Agreement to acknowledge that Seller has executed this Agreement on its behalf and that, with respect to the Assets or Hospital Businesses owned or operated by it, it is subject to and bound by the same obligations, representations, and warranties as Seller as provided under Section 11.03.

**ACKNOWLEDGED BY**:

**THE WATERBURY HOSPITAL**

By: _____

Name: Darlene Stromstad

Title: President and Chief Executive Officer

**VNA HEALTH AT HOME, INC.**

By: _____

Name: Sandra Iadarola

Title: Chairperson

**GREATER WATERBURY MANAGEMENT RESOURCES, INC.**

By: _____

Name: Mark Holtz

Title: President

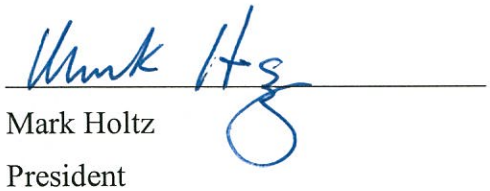
**ALLIANCE MEDICAL GROUP, INC.**

By: _____

Name: David MacDonald

Title: President

**CARDIOLOGY ASSOCIATES OF GREATER WATERBURY, LLC**

By: 

Name: Mark Holtz

Title: President

Exhibit A

Form of Transitional Services Agreement

*See attached.*

# TRANSITION SERVICES AGREEMENT

This Transition Services Agreement (this "Agreement") is made and entered into as of the 1st day of October, 2016, by and between Greater Waterbury Health Network, Inc. (together with affiliates and successors, collectively, "OLDCO") and Prospect Waterbury, Inc. (together with affiliates and successors, collectively, "Prospect").

**W I T N E S S E T H**

WHEREAS, at a closing held on the date hereof pursuant to that certain Asset Purchase Agreement, dated September 27, 2016,by and among, Inter Alia, Prospect and OLDCO (the "Purchase Agreement"), Prospect has acquired substantially all of the assets of OLDCO; and

WHEREAS, Prospect has employed substantially all of the former employees of OLDCO;

WHEREAS, following the closing under the Purchase Agreement, Greater Waterbury Health Network, Inc. and certain of its affiliates will change their respective names to new names that are not confusingly similar to the names being used by Prospect;

WHEREAS, OLDCO, requires certain post-closing services to wind down its business, administer the assets not sold to Prospect and discharge the liabilities of OLDCO not assumed by Prospect; and

WHEREAS, Prospect is willing to provide those certain services to OLDCO for such purposes during the term of this Agreement.

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Term. The term of this Agreement shall commence on the date hereof and shall continue for a period of 36 months (the "Term"). The Term may be extended for a mutually agreeable period if necessary to complete any ongoing Transition Services (hereinafter defined).

2. Transition Services. During the Term, Prospect shall arrange for services to be provided to OLDCO in the manner detailed in Exhibit A (the "Transition Services").

a. Prospect will provide the Transition Services in good faith and with due care consistent with the care Prospect exercises in performing like services for itself. Prospect shall provide the Transition Services in a manner that will permit the timely filing of all governmental forms and filings in order to permit the orderly wind-down of OLDCO. OLDCO acknowledges and agrees that Prospect does not regularly provide the Transition Services to third parties as part of its business, and, except as specifically stated elsewhere herein, Prospect

does not otherwise warrant or assume any responsibility for its performance of the Transition Services.

b. Prospect shall have no obligation to provide any Transition Services in any instance where such Transition Services would create a conflict of interest between Prospect and OLDCO. Prospect at its sole discretion, shall be permitted to identify instances of conflicts of interest between Prospect and OLDCO.

c. OLDCO shall have no obligation to accept any Transition Services in any instance where such Transition Services would create a conflict of interest between Prospect and OLDCO. OLDCO at is sole discretion, shall be permitted to decline any Transition Services from Prospect in instances where a conflict of interest is identified by OLDCO.

d. OLDCO shall initially appoint James Moylan as representative of OLDCO following the Closing (the "Representative"). The Representative shall be the principal contact person and shall have the authority and be responsible for making decisions on behalf of OLDCO under this Agreement. The Representative shall be authorized to sign documents (including checks) on behalf of OLDCO and take all other appropriate and necessary actions on behalf of OLDCO.

e. Each party shall make available to the other party any information required or reasonably requested by that other party regarding performance of Transition Services, and shall be responsible for timely providing that information and for the accuracy and completeness of that information. The parties shall cooperate with each other in good faith in all matters relating to the provision and receipt of Transition Services. The parties shall cooperate with each other in making such information available as needed in the event of any and all internal and external audits. If this Agreement is terminated in whole or in part, the parties shall cooperate with each other in all reasonable respects in order to effect an efficient transition and to minimize disruption to the business of both parties.

3. Charges; Payment Terms.

a. OLDCO shall, for each Transition Service performed, reimburse Prospect for any reasonable documented out-of-pocket expenses that are incurred by Prospect in connection with Prospect's provision of the Transition Services ("Expenses"). Prospect shall provide OLDCO with an invoice for all Transition Services provided at the rates described on Exhibit B, and Expenses incurred by Prospect in connection therewith, during the Term, that are payable by OLDCO pursuant to this Agreement, together with all appropriate supporting documentation (each, an "Invoice").

b. OLDCO shall, subject to Section 2.05(l)(i) of the Purchase Agreement, pay in full to Prospect all fees and Expenses as set forth in the Invoice within thirty (30) days after receipt of the Invoice.

c. If Prospect terminates any of the Transition Services prior to the expiration of the Term, OLDCO shall be responsible for payment only for the Transition Services provided through the date on which such Transition Services are terminated.

d. If OLDCO exhausts its funds such that it can no longer pay for the Transition Services, Prospect shall continue to provide those Transition Services that are necessary for the timely filing of all governmental forms and filings in order to permit the orderly wind-down of OLDCO and shall not seek payment from OLDCO for such Transition Services.

4. Indemnification.

a. Each party assumes liability for and shall indemnify and hold harmless the other party, its officers, directors, trustees, employees, and agents, from and against any and all losses, damages, penalties, liabilities, claims, actions, suits, costs, and expenses, including reasonable attorneys' fees, whether in law or in equity, of any kind or nature whatsoever, imposed upon, incurred by, or asserted against the other party relating to or arising out of any negligent or other wrongful act or omission of such party, its employees or agents, or any breach of this Agreement by such party.

b. Neither party shall have liability for consequential, exemplary, indirect, special, incidental or punitive damages, including loss of profits, revenues, data or use, incurred by the other party, whether based on contract, tort or any other legal theory, arising out of or related to this Agreement or the Transition Services provided hereunder.

c. Notwithstanding anything contained herein to the contrary, any liability of a party under this Agreement shall in no event exceed the aggregate amount of fees paid to Prospect by OLDCO hereunder, except in the case of such party's gross negligence or reckless or intentional act or omission.

d. The provisions of this Section 4 shall survive the termination of this Agreement.

5. Confidentiality.

a. "Confidential Information" is defined as all information, data and materials furnished or made available by a party to another party in connection with this Agreement, including, without limitation, the identity of patients, the content of any medical records, financial and tax information, and information regarding Medicare and Medicaid claims submission and reimbursements.

b. The party receiving the Confidential Information (the "Receiving Party") from the party who owns or holds in confidence such Confidential Information (the "Owning Party") may use the Confidential Information solely for the purpose of performing its obligations or enforcing its rights under this Agreement.

c. The Receiving Party shall not disclose any of the Confidential Information except to those persons having a need to know for the purpose of performing the Receiving Party's obligations or enforcing its rights under this Agreement. Each party shall take appropriate action, by instruction to or agreement with its affiliates, employees, agents and

subcontractors, to maintain the confidentiality of the Confidential Information. The Receiving Party shall promptly notify the Owning Party in the event that the Receiving Party learns of an unauthorized release of Confidential Information.

d. The Receiving Party shall have no obligation with respect to (i) Confidential Information made available to the general public without restriction by the Owning Party or by an authorized third party; (ii) Confidential Information known to the Receiving Party independently of disclosures by the Owning Party under this Agreement; (iii) Confidential Information independently developed by the Receiving Party; or (iv) Confidential Information that the Receiving Party may be required to disclose pursuant to subpoena or other lawful process; provided, however, that the Receiving Party notifies the Owning Party in a timely manner to allow the Owning Party to protect its interests.

e. Upon the termination or expiration of this Agreement, each party shall (a) immediately cease to use the other party's Confidential Information and (b) return to the other party such Confidential Information and all copies thereof within ten (10) days of the termination, unless otherwise provided in this Agreement.

f. The parties acknowledge that monetary remedies may be inadequate to protect rights in Confidential Information and that, in addition to legal remedies otherwise available, injunctive relief is an appropriate judicial remedy to protect such rights. The provisions of this Section 5 shall survive the termination of this Agreement.

6. Protected Health Information.

a. Each of Prospect and OLDCO shall comply with all federal and state laws and regulations, regarding the confidentiality of protected health information. Simultaneously herewith, the parties shall enter into a Business Associate Agreement in accordance with the applicable provisions of the Administrative Simplification section of the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. § 1320, and the requirements of the regulations promulgated thereunder (45 C.F.R. Parts 160, 162, and 164) as amended by the Health Information Technology for Economic and Clinical Health Act found in the American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, Title XIII (2009, aka HITECH), including regulations promulgated thereunder, as amended, and guidance issued pursuant thereto (collectively "HIPAA"). In addition, each of Prospect and OLDCO acknowledges that in receiving or otherwise dealing with any records or information from the other about patients receiving treatment for alcohol or drug abuse, Prospect and OLDCO respectively and their respective staffs are bound by the provisions of the federal regulations governing Confidentiality of Alcohol and Drug Abuse Patient Records, 42 C.F.R. Part 2, as amended from time to time.

b. To the extent that any records maintained or stored by either Prospect or OLDCO pursuant to this Agreement contain Personal Information (as herein defined) about their respective personnel or patients, they shall comply with Rhode Island General Laws 11-49.2-1 et seq. ("Identity Theft Protection Act of 2005"). "Personal Information" shall mean: (a) first name or first initial and last name in combination with any one or more of the following data elements

when either the name or the data elements are not encrypted: (i) Social Security number; (ii) driver's license or Identification Card Number; or (iii) account number, credit or debit card number in combination with any required security code, access code or password that would permit access to an individual's financial account. In the event of a breach of the security of the system involving such records, Prospect or OLDCO, as the case may be, shall immediately notify the other via telephone and in writing and shall comply fully with the Identity Theft Protection Act of 2005. For purposes of this paragraph, the term breach of the security system shall mean: (a) the unauthorized acquisition of unencrypted computerized data that compromises the security, confidentiality or integrity of personal information; or (b) any other unauthorized use or acquisition of, or access to, Personal Information. The provisions of this paragraph shall survive the termination of this Agreement.

7. Record Retention. Until the expiration of four years after the termination of this Agreement, the Parties upon request shall make available to the Secretary, United States Department of Health and Human Services, the U.S. Comptroller General or any of their duly authorized representatives, this Agreement and all other books, documents, and records necessary to certify the nature and extent of the costs incurred by the Parties under this Agreement. If a party purchases such services through a subcontract worth Ten Thousand Dollars ($10,000) or more over twelve (12) month period with a related organization, the subcontract shall also contain a clause permitting access by said Secretary, Comptroller General, and their respective representatives to the books and records of the related organization. Each party shall promptly notify the other via telephone and in writing if such access is requested.

8. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Connecticut without regard to its conflict of law provisions. Each party hereby consents to jurisdiction in the State of Connecticut should suit to enforce this contract become necessary. If either party hereto shall bring suit to enforce the terms and provisions hereof or to recover damages for breach, the prevailing party shall be entitled to recover from the other party all costs, expenses and attorneys' fees incurred in connection with the exercise by the prevailing party of its rights and remedies hereunder.

9. Termination.

a. This Agreement may be terminated by OLDCO immediately upon the occurrence of any of the following events:

i. the failure of Prospect to cure any material default hereunder after thirty days' notice;

ii. the loss or suspension of any license necessary for Prospect to fulfill its obligations hereunder;

iii. the loss of Prospect's liability insurance;

iv. Prospect is restricted from participating in the Medicare or Medicaid programs;

v. a "bankruptcy event." For purposes of this Section 9, "bankruptcy event" shall mean if a receiver, liquidator or trustee is appointed for Prospect or if Prospect is adjudicated a bankrupt or insolvent, or if any petition for bankruptcy, reorganization or arrangement pursuant to state or federal bankruptcy law is filed by or against, consented to, or acquiesced in by Prospect or if any proceeding for the dissolution or liquidation of Prospect is instituted; however, if such action was involuntary, upon the same not being discharged, stayed or dismissed within 60 days.

b. OLDCO may terminate this Agreement prior to the expiration of the Term by giving Prospect at least thirty (30) days prior written notice of termination. Subject to Section 3.d., Prospect may terminate this Agreement prior to the expiration of the Term upon at least 60 days' notice in the event that OLDCO has failed to pay any Invoice when due, unless the Expenses reflected on such Invoice are being disputed in good faith by OLDCO.

10. Miscellaneous.

a. Any notice or other communication under this Agreement shall be in writing and shall be deemed to have been given: (a) upon actual delivery, if delivered by hand; (b) the first business day following deposit with any nationally recognized overnight carrier; or (c) three (3) days after deposit in the United States mail, postage prepaid, certified or registered mail, return receipt requested. Each such notice shall be sent to the parties, marked to the attention of the signatories to this Agreement, at the following addresses:

If to Prospect: Prospect Waterbury, Inc.
64 Robbins Street
Waterbury, CT 06708
**Attention: CEO**

With a copy to: Prospect Medical Holdings, Inc.
3415 South Sepulveda Boulevard, 9th Floor
Los Angeles, California 90034
**Attention: Legal Department**

If to OLDCO: Legacy GWHN, Inc.
c/o Carmody Torrance et al
50 Leavenworth Street
Waterbury CT 06702
**Attention: James Moylan**

b. The parties agree that the relationship between them shall be that of independent contractors. Neither party shall hold itself out as the employee, agent, joint venturer or partner of the other. Neither party has the authority to bind the other in any way. Prospect is responsible for paying or withholding, as required, federal, state, and local employment taxes including, without limitation, FICA and FUTA, for its employees.

c. This Agreement contains the entire agreement of the parties with respect to the matters set forth herein and may not be amended except in writing signed by all of parties hereto.

d. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. A party shall not assign its rights and obligations under this Agreement without the other party's prior written consent, which shall not be unreasonably withheld.

e. No delay or failure by either party to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right at any time, or from time to time thereafter. The waiver of any breach of any term or condition of this Agreement shall not be deemed to constitute the continuing waiver of the same or any other term or condition.

f. If any part of this Agreement should be held to be void or unenforceable, such part shall be treated as severable, leaving valid the remainder of this Agreement, notwithstanding the part or parts found to be void or unenforceable.

g. Headings in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.

h. This Agreement may be executed by facsimile signature and in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

**[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]**

IN WITNESS WHEREOF, the parties have executed this Transition Services Agreement as of the date first written above.

GREATER WATERBURY HEALTH NETWORK, INC.

By: _____
Name: _____
Title: _____

PROSPECT WATERBURY, INC.

By: _____
Name: _____
Title: _____

# EXHIBIT A

## Services

The services to be provided by Prospect to OLDCO may include but not be limited to:

**Accounting:**

- Monthly financial close
- Management of cash and investment activities as necessary
- Preparation of tax returns
- Monthly reconciliation of balance sheet accounts
- Financial audits including 403b
- Assistance with the final preparation and submission of the *Cy Pres* Application
- Assist with appealing and resolving RAC appeals

**Accounts Payable:**

- Entry and payment of invoices as necessary
- Creation of 1099s through February of 2017
- Assistance with reconciliation of outstanding checks

**Payroll:**

- Filing of payroll tax reports as necessary
- Creation of W-2's for pre-transition employees
- Management of outstanding checks
- Employee support - providing information to employees for historical payroll data, historical W-2 requests and payroll slips

**Human Resources:**

- Response to prior plan inquiries

**Miscellaneous:**

- Assist in Preparation of 990 tax returns
- Assist in Preparation of the Community Needs Assessment (990 reporting requirement)
- Insurance management
- Assist in the planning of and transition to Post-Agreement operations
- Assist in developing a plan for Post-Agreement office space
- Assist with record retention planning
- Assist with necessary reporting to regulatory authorities
- Assist with any OHCA or AG mandated reporting

**Information Services**:

- Assist with support of OLDCO systems, including backup, for all necessary applications, and custom reports as needed

- Maintain and protect all data to meet OLDCO's data retention requirements
- Support all audits/reviews of data

**Legal/Risk Management:**

- Assist with operational issues
- Assist with resolution of outstanding claims and suits, including prior workers compensation claims
- Assist with the withdrawal of the hospital from HAIC, if necessary

## EXHIBIT B

Rates

1. Scott Bowman – One Hundred Fifteen Dollars ($115.00) per hour
2. Kathy Buckley – Eighty-Five Dollars ($85.00) per hour
3. Prospect personnel at the level of Vice President and above shall be provided at the rate of One Hundred Fifty Dollars ($150) per hour.
4. All other Prospect personnel shall be provided at the rate of Ninety Dollars ($90) per hour.

## *BUSINESS ASSOCIATE AGREEMENT*

This Business Associate Agreement ("Agreement") is entered into and made effective as of October 1, 2016 (the "Effective Date") by and between Prospect Waterbury, Inc. and its subsidiaries (collectively "Prospect"), on the one hand, and Greater Waterbury Health Network, Inc., and its subsidiaries and successors (collectively, "OLDCO"), on the other.

## *RECITALS*

A. Prospect and OLDCO have entered into various agreements, including a Transition Services Agreement, (collectively the "Underlying Contracts") pursuant to which the parties may disclose certain information to one another pursuant to the terms of the Underlying Contracts, some of which may constitute Protected Health Information ("PHI" or "Protected Information") (defined below).

B. Prospect and OLDCO intend to protect the privacy and provide for the security of PHI disclosed to one another and are committed to complying with the patient privacy requirements set forth in California law, the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), the Health Information Technology for Economic and Clinical Health Act, Public Law 111-005 ("HITECH Act"), and all regulations promulgated by the U.S. Department of Health and Human Services under HIPAA and the HITECH Act, including the requirements set forth in the HIPAA Final Omnibus Rule issued on January 25, 2013, ("HIPAA Regulations").

C. As part of the HIPAA Regulations, the Privacy, Security, Breach Notification, and Enforcement Rules (defined below as "HIPAA Rules") require the parties to enter into an agreement containing specific requirements concerning the disclosure of PHI, as required by Code of Federal Regulations ("C.F.R.), Title 45, Parts 160 and 164.

In consideration of the mutual promises contained herein and the exchange of information pursuant to this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

### 1. *DEFINITIONS*

All capitalized terms used herein but not otherwise defined in this Agreement shall have the same meaning as in the HIPAA Rules.

a. **Breach** shall have the meaning given to such term under the HIPAA Rules.

b. **Business Associate** ("BA") shall have the meaning given to such term under the HIPAA Rules, as set forth in 42 U.S.C. § 17938 and 45 C.F.R. § 160.103, and, in reference to this Agreement, shall mean either Prospect or OLDCO, depending on which party is receiving the protected information, and the subcontractors, agents, and person(s) or entities under the party's control.

c. **Covered Entity** ("CE") shall have the meaning given to such term under the HIPAA Rules, as set forth in C.F.R. § 160.103. Both Prospect and OLDCO are Covered Entities and may provide protected information to the other party, which will sit in the role as the Business Associate.

d. **Data Aggregation** shall have the meaning given to such term under the HIPAA Rules, as set forth 45 C.F.R. § 164.501.

e. **Designated Record Set** shall have the meaning given to such term under HIPAA Rules, as set forth in 45 C.F.R. § 164.501.

f. **Electronic Protected Health Information or EPHI** means Protected Health Information that is maintained in or transmitted by electronic media, as defined in the HIPAA Rules.

g. **Electronic Health Record** shall have the meaning given to such term in the HIPAA Rules and as set forth in 42 U.S.C. § 17921.

h. **Health Care Operations** shall have the meaning given to such term under the HIPAA Rules, including, but not limited to, the meaning set forth in 45 C.F.R. § 164.501.

i. **HIPAA Rules** shall mean the Privacy, Security, Breach Notification, and Enforcement Rules at 45 CFR Part 160 and 164.

j. **Protected Health Information or PHI** shall have the meaning given to such term under the HIPAA Rules, including 45 C.F.R. § 160.103, which includes any information, whether oral or recorded in any form or medium: (i) that relates to the past, present or future physical or mental condition of an individual; the provision of health care to an individual; or the past, present or future payment for the provision of health care to an individual; and (ii) that identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual. Protected Health Information includes Electronic Protected Health Information.

k. **Protected Information** shall mean PHI provided by CE to BA or created or received by BA on CE's behalf.

l. **Subcontractor** means a person to whom a business associate delegates a function, activity, or service, other than in the capacity of a member of the workforce of such business associate, pursuant to 45 C.F.R. § 160.103.

m. **Unsecured PHI** shall have the meaning given to such term under 42 U.S.C. § 17932(h), 45 C.F.R. § 164.402 and guidance issued pursuant to the HITECH Act including, but not limited to that issued on April 17, 2009 and published in 74 Federal Register 19006 (April 27, 2009), by the Secretary of the U.S. Department of Health and Human Services ("Secretary").

## 2. *OBLIGATIONS OF BUSINESS ASSOCIATE*

a. **Permitted Access, Use or Disclosure.** The parties shall neither permit the unauthorized or unlawful access to, nor use or disclose, PHI other than as permitted or required by the Underlying Contracts, this Agreement or as permitted or required by law. The parties shall not access, use or disclose Protected Information in any manner that would constitute a violation of HIPAA, the HITECH Act, the HIPAA Regulations, or applicable state law if so accessed, used or disclosed by CE. However, the parties may access, use or disclose Protected Information (i) for the proper management and administration of BA; (ii) to carry out the legal responsibilities of BA; (iii) as required by law; (iv) for Data Aggregation purposes for the Health Care Operations of CE; (v) for the public health activities and purposes set forth at 45 C.F.R. § 164.512(b); or (vi) to the extent such Protected Information is de-identified in accordance with the standards set forth under 45 C.F.R. § 164.514, provided the parties have each other's written consent in advance of any such use or disclosure, which consent may be withheld in CE's sole discretion. If either party permits a third party to use or access Protected Information or otherwise discloses Protected Information to a third party, the party must obtain, prior to making any such disclosure, (i) reasonable written assurances from such third party that such Protected Information will be held confidential as provided pursuant to this Agreement and only disclosed as required by law or for the purposes for which it was disclosed to such third party, and (ii) a written agreement from such third party to immediately notify the other party of any Breaches of confidentiality of the Protected Information, to the extent it has obtained knowledge of such Breach.

b. **Prohibited Uses and Disclosures under HITECH**. Notwithstanding any other provision in this Agreement, the parties to this Agreement shall comply with the following requirements: (i) a party shall not use or disclose Protected Information for fundraising or marketing purposes, except as provided under the Agreement and consistent with the requirements of 42 U.S.C. 17936, 45 C.F.R. § 164.522(a)(vi); (ii) a party shall not disclose Protected Information to a health plan for payment or health care operations purposes if the patient has requested this special restriction, and has paid out of pocket in full for the health care item or service to which the PHI solely relates, 42 U.S.C. § 17935(a); (iii) a party shall not directly or indirectly receive remuneration in exchange for Protected Information, except with the prior written consent of CE and as permitted by the HIPAA Rules and HITECH Act, 42 U.S.C. § 17935(d)(2), 45 C.F.R. 164.502(a)(5)(ii); however, this prohibition shall not affect payment for services provided pursuant to the Agreement.

c. **Appropriate Safeguards**. The parties shall implement appropriate safeguards as are necessary to prevent the access, use or disclosure of Protected Information other than as permitted by the Underlying Contracts or this Agreement. The parties shall comply, where applicable, with the Security Rule with respect to EPHI, including but not limited to 45 C.F.R. §§ 164.308, 164.310, and 164.312 and the policies and procedures and documentation requirements of the HIPAA Security Rule set forth in 45 C.F.R. § 164.316, and shall use administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of EPHI.

d. **Mitigation**. The parties agree to mitigate, to the extent practicable, any harmful effect that is known as a result of use or disclosure of PHI not authorized by the Underlying Contracts, this Agreement or applicable federal or state rules or regulations governing the use, access, maintenance or disclosure of protected health information.

e. **Reporting of Improper Access, Use or Disclosure**. The parties shall promptly report to the other party in writing of any access, use or disclosure of Protected Information exchanged between one another, not permitted by the Underlying Contracts, this Agreement, the HIPAA Rules or any corresponding state privacy or security requirements as well as any security incident of which it becomes aware. The parties shall, following the discovery of any Breach of Unsecured PHI, notify the other in writing of such breach without unreasonable delay and in no case later than ten (10) calendar days after discovery. The party responsible for the improper use or disclosure agrees to pay the actual, reasonable costs of the required notifications.

f. **Business Associate's Subcontractors**. The receiving party of any protected information shall ensure that any Subcontractors that create, maintain or transmit Protected Information, agree in writing to the same restrictions and conditions that apply to the party with respect to such PHI. To the extent a party creates, maintains, receives or transmits Electronic PHI on behalf of the other party, the receiving party shall implement the safeguards required by paragraph 2.c. above with respect to EPHI and shall ensure that any Subcontractor to whom it provides Protected Information agrees in writing to implement the same safeguards.

g. **Access to Protected Information**. To the extent the receiving party maintains a Designated Record Set on behalf of the other party, it shall make Protected Information maintained by it or its Subcontractors in Designated Record Sets available to the other party for inspection and copying within fifteen (15) days of a request by the other party to enable the other party to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 C.F.R. § 164.524. If the receiving party maintains an Electronic Health Record, the receiving party shall provide such information in electronic format to enable the CE to fulfill its obligations under the HIPAA Rules (and the HITECH Act as set forth in 42 U.S.C. § 17935(e)).

h. **Amendment of PHI.** To the extent a party maintains a Designated Record Set on behalf of the other party, within fifteen (15) days of receipt of a request from the other party or an individual for an amendment of Protected Information or a record about an individual contained in a Designated Record Set, the party and/or its Subcontractors shall make any amendments that the other party directs or agrees to in accordance with the HIPAA Rules.

i. **Accounting Rights**. Within fifteen (15) days of notice by a party of a request for an accounting of disclosures of Protected Information, each party and its Subcontractors shall make available to the requesting party the information required to provide an accounting of disclosures to enable the party to fulfill its obligations under the HIPAA Rules, including, but not limited to, 45 C.F.R. § 164.528 and 42 U.S.C. § 17935(c), as determined by the requesting party. The provisions of this subparagraph 2.i. shall survive the termination of this Agreement.

j. **Governmental Access to Records**. The parties shall make their internal practices, books and records relating to the use and disclosure of Protected Information available

to the other party and to the Secretary of the U.S. Department of Health and Human Services (the "Secretary") for purposes of determining the party's compliance with the HIPAA Rules. Each party shall immediately notify the other party of any requests made by the Secretary and provide the other party with copies of any documentation it provides in response to such requests.

k. **Compliance with Privacy Rule.** To the extent that a party carries out the other party's obligations under the Privacy Rule, the party shall comply with the requirements of the Privacy Rule that apply to the other party in the performance of such obligations.

l. **Minimum Necessary**. Each party and their respective Subcontractors shall request, use and disclose only the minimum amount of Protected Information necessary to accomplish the purpose of the request, use or disclosure. The parties understand and agree that the definition of "minimum necessary" shall be the meaning set forth in the HIPAA Rules. The parties agree to make their respective uses, disclosures and requests for Protected Information consistent with the other party's minimum necessary policies and procedures, to the extent such policies and procedures are provided to one another.

m. **Business Associate's Insurance**. The parties shall each obtain insurance for themselves and their respective employees, agents and independent contractors in an amount not less than One Million Dollars ($1,000,000) per occurrence and Two Million Dollars ($2,000,000) annual aggregate of Commercial General Liability insurance and Two Million Dollars ($2,000,000) per occurrence and Four Million Dollars ($4,000,000) annual aggregate of Errors and Omissions insurance. The Errors and Omissions insurance shall cover, among other things, Breaches. Upon request, the parties shall exchange certificates of insurance or other written evidence of the insurance policy or policies required herein prior to execution of this Agreement (or as shortly thereafter as is practicable) and as of each annual renewal of such insurance policies during the period of such coverage. Further, in the event of any material modification, termination, expiration, non-renewal or cancellation of any of such insurance policies, the party shall give written notice to the other party not more than ten (10) days following the party's receipt of such notification. If a party fails to procure, maintain or pay for the insurance required under this section, the other party shall have the right, but not the obligation, to obtain such insurance. In such event, the party shall promptly reimburse the other party for the cost thereof upon written request, and failure to repay the same upon demand by the party shall constitute a material breach of this Agreement.

## 3. *TERMINATION*

a. **Term.** The term of this Agreement shall be effective as of the Effective Date and shall terminate upon the later of (1) the termination or expiration of the Underlying Contracts; or (2) when all of the PHI provided by CE to BA, or created or received by BA on behalf of CE, is destroyed or returned to CE.

b. **Termination**.

i. **Material Breach**. A breach by either party of any provision of this Agreement, as determined by the other party, shall constitute a material breach of the Agreement

and shall provide grounds for termination of the Agreement, any provision in the Agreement to the contrary notwithstanding, with or without an opportunity to cure the breach. If termination of the Agreement is not feasible, the party may report the problem to the Secretary.

ii. **Material Breach by either CE**. If either party knows of a pattern of activity or practice of the other party that constitutes a material breach or violation of the other party's obligations under the Underlying Contracts, the Agreement or other arrangement, the party shall notify the other party of the pattern or activity or practice and take reasonable steps to assist the other party in curing or ending the breach or violation. If the steps are unsuccessful, the party may be required terminate the Agreement or other arrangement.

c. **Effect of Termination**. Upon termination of the Agreement for any reason, the parties shall, at the option of the other party, return or destroy all Protected Information or its Subcontractors still maintain in any form, and shall retain no copies of such Protected Information. If return or destruction is not feasible, as determined by a party, the other party shall continue to extend the protections of this Agreement to such information, and limit further use of such PHI to those purposes that make the return or destruction of such PHI infeasible. If a party elects destruction of the PHI, the party shall certify in writing to the other party that such PHI has been destroyed.

**4.** ***INDEMNIFICATION; LIMITATION OF LIABILITY***. To the extent permitted by law, a party shall indemnify, defend and hold harmless the other party and its directors, officers, employees, parent, subsidiaries, agents and affiliates from any and all liability, claim, lawsuit, injury, loss, expense or damage resulting from or relating to the acts or omissions of the indemnifying party in connection with the representations, duties and obligations of the indemnifying party under this Agreement. Any limitation of liability contained in the Agreement shall not apply to the indemnification requirement of this provision. This provision shall survive the termination of the Agreement.

**5.** ***ASSISTANCE IN LITIGATION***. Each party shall make itself and any Subcontractors assisting a party in the performance of its obligations pursuant to the Underlying Contracts available, at no cost to the other party, to testify as witnesses, or otherwise, in the event of litigation or administrative proceedings being commenced against a party, its directors, officers, agents, employees or affiliates based upon a claim of violation of the HIPAA Rules or HITECH Act, or other California or federal laws related to security and privacy, except where the party or its Subcontractor is named as an adverse party.

**6.** ***COMPLIANCE WITH STATE LAW.*** Nothing in this Agreement shall be construed to require or permit either party to use or disclose Protected Information without a written authorization from an individual who is a subject of the Protected Information, or without written authorization from any other person, where such authorization would be required under state law for such use or disclosure.

**7.** ***AMENDMENT TO COMPLY WITH LAW***. The parties acknowledge that state and federal laws relating to data security and privacy are rapidly evolving and that amendment of this Agreement may be required to provide for procedures to ensure compliance with such develop-

ments. The parties specifically agree to take such action as is necessary to implement the standards and requirements of HIPAA, the HITECH Act, and other applicable laws relating to the security or confidentiality of PHI. The parties understand and agree that they must receive satisfactory written assurance from the other party that it will adequately safeguard all Protected Information. Upon the request of either party, the other party agrees to promptly enter into negotiations concerning the terms of an amendment to this Agreement embodying written assurances consistent with the standards and requirements of HIPAA, the HITECH Act or any other applicable law. A party may terminate the Agreement upon thirty (30) days written notice if (i) the other party does not promptly enter into negotiations to amend the Agreement or Agreement when requested by a party pursuant to this section or (ii) the other party does not enter into an amendment to the Underlying Contracts or Agreement providing assurances regarding the safeguarding of PHI that the other party, in its sole discretion, deems sufficient to satisfy the standards and requirements of applicable laws.

**8.** ***NO THIRD-PARTY BENEFICIARIES***. Nothing express or implied in this Agreement is intended to confer, nor shall anything herein confer upon any person other than the parties to this Agreement and their respective successors or assigns, any rights, remedies, obligations or liabilities whatsoever.

**9.** ***INTERPRETATION***. The provisions of this Agreement shall prevail over any provisions in the Underlying Contracts that may conflict or appear inconsistent with any provision in this Agreement. This Agreement and the Underlying Contracts shall be interpreted as broadly as necessary to implement and comply with HIPAA, the HITECH Act, and any other state or federal rules concerning PHI. The parties agree that any ambiguity in this Agreement shall be resolved in favor of a meaning that complies and is consistent with the HIPAA Rules. Except as specifically required to implement the purposes of this Agreement, or to the extent inconsistent with this Agreement, all other terms of the Agreement shall remain in force and effect.

**10.** ***NOTICES.*** All notices hereunder shall be in writing and delivered by a confirmed facsimile, personally, by certified or registered mail, return receipt requested, or by overnight courier, and shall be deemed to have been duly given when delivered by fax, personally or when deposited in the United States mail, postage prepaid, or deposited with the overnight courier addressed as follows:

**If to Prospect**

**Prospect Waterbury, Inc.**
**Attn: Chief Executive Officer**
64 Robbins Street
Waterbury, CT 06708
Fax: [_____]

and

**Prospect Medical Holdings, Inc.**
**Attn: Legal Department**
3415 South Sepulveda Blvd, Suite 400, Los Angeles, CA 90034
Fax: (310) 943-4501

**If to OLDCO**

**Legacy Waterbury Hospital, Inc.**
**Attn: James Moylan**
c/o Carmody Torrance et al
50 Leavenworth Street
Waterbury CT 06702

or to such other persons or places as either party may from time to time designate by written notice to the other.

**11.** ***ENTIRE AGREEMENT OF THE PARTIES.*** This Agreement supersedes any and all prior and contemporaneous business associate agreements or addenda between the parties and constitutes the final and entire agreement between the parties hereto with respect to the subject matter hereof. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, oral or otherwise, with respect to the subject matter hereof, have been made by either party, or by anyone acting on behalf of either party, which is not embodied herein. No other agreement, statement or promise, with respect to the subject matter hereof, not contained in this Agreement shall be valid or binding.

**12.** ***REGULATORY REFERENCES***. A reference in this Agreement to a section of regulations means the section as in effect or as amended, and for which compliance is required.

**13.** ***COUNTERPARTS.*** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

**IN WITNESS WHEREOF**, the parties hereto have duly executed this Agreement as of the Effective Date referenced above.

| **PROSPECT WATERBURY, INC.** | **GREATER WATERBURY HEALTH NETWORK, INC.** |
| --- | --- |
| By: _____ | By: _____ |
| Name: | Name: |
| Title: | Title: |

Exhibit B

Form of Limited Power of Attorney

*See attached.*

**THE WATERBURY HOSPITAL**
(a Connecticut nonstock corporation)

# LIMITED POWER OF ATTORNEY

The Waterbury Hospital, a Connecticut nonstock corporation ("Registrant"), operates under the certain licenses and registrations relating to controlled substances and the operation of pharmacies and laboratories set forth on Exhibit A hereto (collectively, the "Licenses and Registrations"). This Limited Power of Attorney is being delivered pursuant to that certain Asset Purchase Agreement, dated as of September 27, 2016, by and among Registrant, Prospect Waterbury, Inc., a Connecticut corporation ("Corporation"), and certain other parties (the "Purchase Agreement").

1. To the extent permitted by applicable law:

(a) I, Darlene Stromstad, am authorized to sign the current applications for DEA registration on behalf of the Registrant under the Controlled Substances Act or Controlled Substances Import and Export Act, and have made, constituted, and appointed, and by these present, do hereby make, constitute, and appoint Corporation as my true and lawful attorney-in-fact to act for me in my name, place, and stead, to execute applications for Forms 222 and to sign orders for Schedule II controlled substances, whether these orders be on Form 222 or electronic, in accordance with 21 U.S.C. § 828 and Part 1305 of Title 21 of the Code of Federal Regulations, for the Limited Period described in Section 3 below. I hereby ratify and confirm all that Corporation must lawfully do or cause to be done by virtue hereof.

(b) Corporation further grants this Limited Power of Attorney to Aaron Burton ("Pharmacist-In-Charge") to act as the true and lawful agent and attorney in-fact of Corporation, and to act in the name, place, and stead of Corporation, to execute applications for Forms 222 and to sign orders for Schedule II controlled substances, whether these orders be on Form 222 or electronic, in accordance with 21 U.S.C. § 828 and Part 1305 of Title 21 of the Code of Federal Regulations, as is necessary for the treatment of pharmacy patients. Corporation hereby ratifies and confirms all that said Pharmacist-In-Charge must lawfully do or cause to be done by virtue hereof.

(c) Corporation shall have the right, for the Limited Period described in Section 3 below, to operate under all of the Licenses and Registrations, until it is able to obtain all requisite licenses and registrations for itself.

2. Registrant recognizes that it remains legally responsible for Licenses and Registrations issued to it, during the period in which this Limited Power of Attorney is in effect. Therefore, Registrant grants this Limited Power of Attorney to Corporation based upon the following covenants and warranties of Corporation: (a) Corporation shall follow and abide by and comply with all federal and state laws governing the regulation of controlled substances, and the operation of the pharmacies, laboratories, blood banks and blood collection facilities set forth on Exhibit A hereto at all times while utilizing this Limited Power of Attorney and shall indemnify and hold Registrant harmless from and against any claims arising out of Corporation's failure to do so; and (b) Corporation, or its designee, shall make application for and pursue its own licenses

and registrations relating to controlled substances, and the operation of pharmacies, laboratories, blood banks and blood collection facilities that are required by law as soon as practicable.

3. This Limited Power of Attorney shall remain in effect for a period not to exceed one hundred twenty (120) days following the closing date of the Purchase Agreement (the "Limited Period").

4. Registrant may revoke this Limited Power of Attorney at any time by executing the Notice of Revocation, attached hereto at Exhibit B.

5. This Limited Power of Attorney may be executed in multiple counterparts, each and all of which shall be deemed an original and all of which together shall constitute one and the same instrument. A signature delivered by facsimile or PDF will be sufficient for all purposes among the parties hereto and shall be deemed to have the same legal effect as delivery of an original.

**[SIGNATURE PAGE FOLLOWS]**

**IN WITNESS WHEREOF**, Registrant and Corporation have executed this Limited Power of Attorney as of the _____ day of _____, 2016 to be effective as of 12:01 a.m. Eastern Time on the 1st day of October, 2016.

**REGISTRANT**:

WITNESS

THE WATERBURY HOSPITAL

_____

By: _____
Name: Darlene Stromstad
Title: President & Chief Executive Officer

WITNESS

**CORPORATION**:

_____

PROSPECT WATERBURY, INC.

By: _____
Name: Samuel S. Lee
Title: President

(*Limited Power of Attorney Signature Page – The Waterbury Hospital)*

I, _____, hereby affirm that I am the person named herein as attorney-in-fact pursuant to Section 1(b) of the Limited Power of Attorney and that the signature affixed hereto is my signature.

_____
Name:
Pharmacist-In-Charge

Witness: _____

Witness: _____

(*Limited Power of Attorney Signature Page – Pharmacist-In-Charge – The Waterbury Hospital)*

# EXHIBIT A

| ***Location*** | ***License/Registration*** | ***License/Registration #*** |
|---|---|---|
| The Waterbury Hospital | U.S. Drug Enforcement Agency Controlled Substance Registration | #AW2383153 |
| The Waterbury Hospital | Controlled Substance Registration | #CSP-0004347-Hosp |
| See at right | Connecticut Laboratory Licenses | #HP-0255(Approved Public Laboratory)<br>#DS-0536 (Thomaston)<br>#07D0100126 (Main Lab License)<br>#CL-0734 (Naugatuck)<br>#HP-0255 (Waterbury Hospital Lab License) |
| See at right | Connecticut Blood Bank and Blood Collection Facility Registrations | #DS-1079 (Chase Outpatient Center)<br>#DS-0043 (Grandview)<br>#DS-0611 (Middlebury Edge)<br>#DS-0672 (Southbury)<br>#DS-0536 (Thomaston)<br>#DS-0578 (Watertown)<br>#BB-1008 (General Blood Banking Operations) |
| See at right | CMS Laboratory – CLIAs | #07D0950241 (Naugatuck Lab)<br>#07D0100126 (Waterbury Hospital) |

**EXHIBIT B**

The Limited Power of Attorney, executed on _____ ____, 2016, is hereby revoked by the undersigned, who is authorized to sign the current applications for the Licenses and Registrations. Written notice of this revocation has been given to the attorney-in-fact this same day.

By: _____
Name:
Title:

Witness: _____

Witness: _____

Exhibit C

Essential Clinical and Other Services

Buyer shall provide the following essential clinical and other services: (a) Emergency Department/Services (including trauma services), (b) General Medicine, (c) Behavioral Health Services, (d) Inpatient and Outpatient Surgery, (e) Radiology and Diagnostic Services, (f) Obstetrics and Gynecology (including those reproductive services currently provided at the Hospital), (g) Cardiology Services including Open Heart Services (subject to the receipt by Buyer of any and all required certificate of need approvals, licensure, registration, accreditation and certification necessary to provide such services in Connecticut), (h) Intensive Care Services, and (i) Neonatal Intensive Care Services (each, an "**Essential Service**"); *provided, however*, that if any of the following contingencies occurs with regard to any particular Essential Service, the Buyer may suspend, terminate, discontinue or materially and substantially modify, limit, or reduce (as applicable) the Essential Service:

(i) The medical staff of the facilities then owned or operated by the Buyer do not include qualified physicians necessary to support the provision of the Essential Service;

(ii) An Essential Service experiences a significant decrease in patient volumes for any reason not within the reasonable control of the Buyer, including technological obsolescence, changes in method, techniques or sites for delivery of the Essential Service, pharmaceutical advancements, failure of the Essential Service to qualify for reimbursement under Medicare (or any successor program) or a material portion of other payors, demographic and other market changes, or other competitive/marketplace factors; or

(iii) The actual or projected volume or clinical staffing for an Essential Service is or will be insufficient to achieve or maintain the level of quality for such Essential Service that is at least equal to, or better than, the level of quality at which the Essential Service is provided at any other general acute care community hospital in the region.

# Annex A

Calculation Methodology for Net Working Capital

**Annex A**

**An example of the methodology for calculating the net working capital (Greater Waterbury Health Network, Inc.)**

| | Balance Sheet as of 8/31/2016 (Ownership Adjusted) | Pro Forma | |
|---|---|---|---|
| | | Retained by Surviving Entity | Purchased/ Assumed by Prospect |
| **WC Current Assets** | | | |
| Cash and Cash Equivalents | $ 24,213,063 | $ 24,204,984 | $ 8,079 |
| Short-term Investments | $ 1,614,621 | $ 1,614,621 | $ - |
| Net Accounts Receivable - Patients | $ 29,795,257 | $ 118,304 | $ 29,676,953 |
| Accounts Receivable - Malpractice | $ 143,176 | $ 143,176 | $ - |
| Grants Receivable | $ 2,127,270 | $ - | $ 2,127,270 |
| Unexpended Grants | $ (3,849,276) | $ - | $ (3,849,276) |
| Workers' Comp Excess Receivable | $ 3,762,073 | $ 3,762,073 | $ - |
| Other Accounts Receivable | $ 1,439,580 | $ - | $ 1,439,580 |
| Inventories | $ 3,405,527 | $ - | $ 3,405,527 |
| Prepaid Insurance | $ 530,246 | $ 385,025 | $ 145,221 |
| Prepaid Other Expense | $ 1,788,118 | $ 16,010 | $ 1,772,108 |
| Due From Affiliates | $ (717,423) | $ (717,423) | $ - |
| **Total WC Current Assets** | **$ 64,252,232** | **$ 29,526,770** | **$ 34,725,462** |
| **WC Current Liabilities** | | | |
| CP of Sodexo Liability | $ 184,674 | $ 184,674 | $ - |
| CP of Accrued Workers' Comp | $ 2,411,328 | $ 2,411,328 | $ - |
| CP of Accrued Malpractice | $ 9,636 | $ 8,576 | $ 1,060 |
| CHCA Pension Contribution (1) | $ (3,000,000) | $ - | $ (3,000,000) |
| CP of Accrued Pension Liability (2) | $ (3,867,000) | $ - | $ (3,867,000) |
| Other Accounts Payable and Accrued Expenses | $ 26,618,260 | $ 139,480 | $ 26,478,780 |
| **Total WC Current Liabilities** | **$ 22,356,899** | **$ 2,744,059** | **$ 19,612,840** |
| **Net Working Capital** | | | **$ 15,112,622** |

Source: Excel File "GWHN-Net Proceeds Opening BS - August 2016.xlsx"
Tab 2 "Net Proceeds - 08.31.2016"

(1) Not included in source file listed above
(2) Included in Other Accounts Payable and Accrued Expenses