

ADDITIONAL INQUIRIES

To Seller:

2. Did the CEO of CMC, or anyone associated with the CEO, engage in any communications with anyone associated with the buyer or on behalf of the buyer, or any entity in which the buyer has a direct or indirect interest, about the possible future employment of the CEO with any entity, including, but not limited to, the for-profit successor to CMC in Missoula?

Response to Seller Question No. 2:

Yes.

If so, who were the parties to those discussions? What was the content of those discussions? When did the discussions occur? If the future employment was agreed upon, provide the terms of that agreement.

Response to Seller Question No. 2 (2nd part):

In December of 2013 during a site visit to a RegionalCare hospital, Mr. Carlson was approached by the CEO of RegionalCare and offered the opportunity to continue his tenure as CEO of Community after the sale. The employment offer included an extension of Mr. Carlson's severance agreement with Community to three years. Finalization of the employment agreement was conditioned on both parties coming to agreement on customary terms, which included RegionalCare's right to terminate Mr. Carlson's employment at any time and Mr. Carlson's right to receive a three-year severance assuming that his termination was not "for cause". Mr. Carlson acknowledged the offer but did not accept or reject it.

After returning to Missoula from the site visit, Mr. Carlson informed CMC Board leadership of the offers that he had received from both the unsuccessful final bidder and RegionalCare to extend his severance payment to three years. Board leadership instructed Cain Brothers to approach both final bidders to confirm their severance offers, assure that both severance offers were congruent and affirm that any severance offered would not adversely affect the purchase price or create any bias in favor of either bidder. Cain's discussions with the unsuccessful final bidder and RegionalCare confirmed both bidders' agreement to extend Mr. Carlson's severance to three years, subject to Mr. Carlson remaining employed with Community until the sale was finalized.

After Community selected RegionalCare/Billings Clinic as the preferred bidder, Mr. Carlson and his personal legal counsel negotiated the final terms of Mr. Carlson's employment with the Buyer as the CEO of Community, post-sale. An offer letter was signed in October of 2014. Thereafter, when it was determined that Mr. Carlson would in fact no longer act as the CEO post-closing, Mr. Carlson and the Buyer negotiated the

terms of a new agreement providing that Mr. Carlson would still receive his three years of severance and that he would be available for transition consulting. The new agreement contains a non-disparagement clause and a non-compete covenant. The new agreement has been signed by both parties.

See also: Buyer's Response to Buyer Question No. 1 of the Attorney General's Additional Inquiries.