



May 21, 2014

Billings/RCHP Healthcare Holdings, LLC
Attn: Nicholas Wolter, M.D.
2800 Tenth Avenue North
Billings, Montana 59101

LETTER OF INTENT

Dear Dr. Wolter:

The purpose of this letter of intent (this "Letter") is to set forth certain non-binding understandings and certain binding agreements by and between Community Medical Center ("Hospital") and Billings/RCHP Healthcare Holdings, LLC ("Bidder") pursuant to which Hospital intends to sell certain assets and operations of Hospital to Bidder, as more particularly described in the attached term sheet (the "Term Sheet"), incorporated herein by reference.

Paragraphs 1 through 30 of the Term Sheet (collectively, the "Non-Binding Provisions") reflect our mutual understanding of the matters described in them, but each party acknowledges that the Non-Binding Provisions are not intended to create or constitute any legally binding obligation between Hospital and Bidder, and neither Hospital nor Bidder shall have any liability to the other party with respect to the Non-Binding Provisions until a definitive agreement and other related documents (collectively, the "Definitive Agreement") are prepared, authorized, executed and delivered by and between the parties. If the Definitive Agreement is not prepared, authorized, executed, and delivered for any reason, neither party to this Letter shall have liability to the other party to this Letter based upon or relating to the Non-Binding Provisions.

Upon execution by the parties to this Letter, Paragraphs 31 to 33 of the Term Sheet (collectively, the "Binding Provisions") will constitute the legally binding and enforceable agreement of the parties in recognition of the significant costs to be borne by the parties in pursuing the transaction and further in consideration of the mutual undertakings as to the matters described herein.

The Binding Provisions may be terminated only by mutual written consent; provided, however, that the termination of the Binding Provisions shall not affect the liability of a party for breach of any of the Binding Provisions prior to the termination. This Letter shall be construed and enforced in accordance with the laws of the State of Montana. No signatory hereto shall assign this Letter to any third party.

Notwithstanding the foregoing, this Letter is intended to evidence the understandings which have been reached regarding the proposed transactions and the mutual intent of the parties to negotiate in good faith a Definitive Agreement in accordance with the terms contained in the Term Sheet. If not terminated earlier pursuant to the terms hereof or by execution of the Definitive Agreement, this Letter shall expire on August 31, 2014, unless extended in writing by the mutual agreement of the parties.

Each party acknowledges that it is a party to that certain Mutual Confidentiality and Non-Disclosure Agreement, dated September 1, 2013, and that such agreement remains in full force and effect (the "NDA"). The parties acknowledge that the terms of the NDA prohibit any party from announcing the existence of this Letter or any of its terms to any person or entity except as required in

connection with any regulatory approvals or if otherwise agreed to, in writing, by the parties hereto prior to any such disclosure.

If the terms herein are acceptable, please sign and date this Letter in the space provided below to confirm the mutual agreements set forth in the Binding Provisions and return a signed copy to the undersigned.

Sincerely,

COMMUNITY MEDICAL CENTER

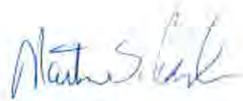
By: 
Name: Stephen G. Carlson
CEO Community Medical Center

Date: May 22, 2014

ACKNOWLEDGED AND AGREED:

BILLINGS/RCHP HEALTHCARE HOLDINGS, LLC

By: 
Name: Nicholas Wolter, M.D.
Title: CEO Billings Clinic

By: 
Name: Martin S. Rash
Title: CEO RegionalCare

Date: May 22, 2014

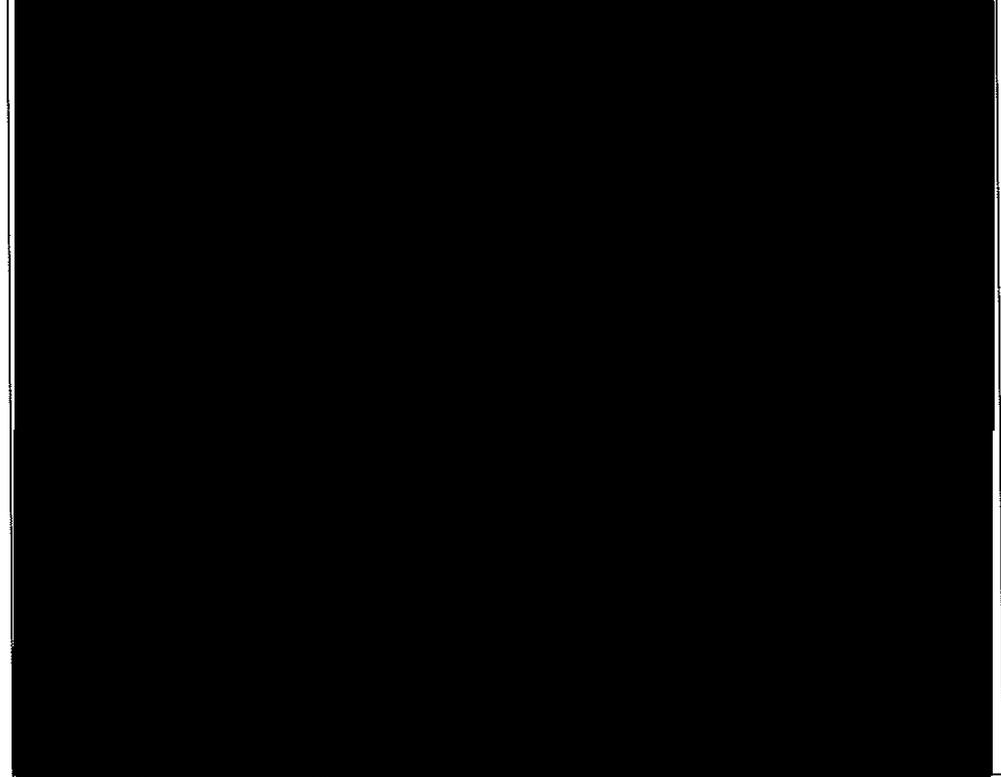
**Community Medical Center
Term Sheet for a Transaction with
Billings/RCHP Healthcare Holdings, LLC
May 21, 2014**

Non-Binding Provisions	
1. Parties	<p>a) Community Medical Center, a Montana nonprofit corporation that is exempt from federal taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and all of its controlled affiliates (collectively, "Hospital"). Hospital is the parent company of an integrated healthcare system providing acute care and general health services to residents of western Montana and Idaho (collectively, the "Business").</p> <p>b) Prior to the Closing (as defined in Paragraph 5 hereof), Hospital shall form a new foundation (the "New CMC Foundation"), a Montana nonprofit corporation that is exempt from federal taxation pursuant to Section 501(c)(3) of the Code.</p> <p>c) Billings/RCHP Healthcare Holdings, LLC, a Delaware limited liability company together with one or more of its affiliates (collectively, "Bidder").</p> <p>d) RCHP-Montana, LLC ("RCHP-Montana"), a Delaware limited liability company and wholly-owned subsidiary of RegionalCare Hospital Partners, Inc. ("RCHP"), and Billings Clinic ("Billings Clinic"), a Montana nonprofit corporation that is exempt from federal taxation pursuant to Section 501(c)(3) of the Code, are the sole members of Bidder.</p>
2. Form of Transaction	<p>Bidder intends to form a new limited liability company ("New JV") which New JV will purchase substantially all of the operating assets of the Business (the "Purchased Assets") from Hospital (the "Transaction").</p>
3. Purchased Assets and Assumed Obligations	<p>a) The Purchased Assets shall consist of all of the operating assets of Hospital other than the "Excluded Assets" identified below. The Purchased Assets will include:</p> <ul style="list-style-type: none"> i. Net working capital assets (including inventories, patient accounts receivable, other receivables, and prepaid expenses and advances); ii. owned and leased real property; iii. equipment; iv. all other property, whether tangible or intangible, of every kind, character or description owned by Hospital and used or held for use in the operation of the Business; v. patient, medical, personnel and other records of the Business; vi. licenses, permits, and trade names (to the extent transferable); vii. Hospital's rights under operating contracts and leases related to the Business; viii. interests held by Hospital in joint ventures related to the operation of the Business. ix. Hospital's interests in all property arising or acquired in the ordinary course of the Business between the date of the Letter (as defined in Paragraph 6 hereof) and the Closing (as defined in Paragraph 5 hereof). <p>b) The following shall be excluded from the Purchased Assets (the "Excluded Assets"):</p> <ul style="list-style-type: none"> i. Cash, cash equivalents and investments; ii. amounts that may result from post-Closing settlements of cost reports, appeals and other risk settlements that relate to pre-Closing periods; iii. amounts earned, accrued or paid with respect to Meaningful Use attested to

	<p>prior to the Closing;</p> <ul style="list-style-type: none"> iv. assets whose use is limited or restricted; v. other long term investments; vi. commercially unreasonable contracts or contracts that raise regulatory concerns; and vii. other current and long term assets not related to Hospital's current operating activities. <p>c) New JV will assume such obligations of Hospital as is usual and customary in transactions similar to the Transaction.</p> <p>d) The allocation of the assets and liabilities between New JV and Hospital will be agreed upon by the parties in the Definitive Agreement.</p>
4. Treatment of CMC Foundation	<p>Prior to executing the Definitive Agreement (as defined in Paragraph 33 hereof), CMC Foundation, at its sole discretion, may request, as a result of the Transaction, Hospital to withdraw or otherwise give up its position as the sole member of CMC Foundation immediately prior to the Closing. In such event, CMC Foundation shall have the right to retain, and exclude from the Transaction, the assets of CMC Foundation at the time of such withdrawal and to continue to operate as an independent tax-exempt entity.</p>
5. Closing	<p>The closing of the Transaction is referred to herein as the "Closing."</p>
6. Consideration	<ul style="list-style-type: none"> a) At Closing, New JV shall pay in cash to the New CMC Foundation a purchase price (the "Cash Purchase Price") of \$67.4 million minus any long-term debt or capitalized leases (including current portions) that are assumed by New JV at the Closing, subject to possible adjustment as described in Section 6(c) below. b) At Closing, New JV shall contribute \$500,000 in cash to the University of Montana to support research efforts identified by, and associated with, the activities of the New CMC Foundation. c) The parties acknowledge that CMC and the Billings Clinic are in negotiations to form a radiation oncology joint venture ("Radiation Oncology Joint Venture"). In the event the Radiation Oncology Joint Venture is not consummated prior to Closing, the parties shall negotiate in good faith to determine an appropriate adjustment to the Purchase Price to reflect the fair market value of a 25% interest in the Radiation Oncology Joint Venture as of the Closing, and any such adjustment will at a minimum include reimbursement of 25% of expenses actually incurred and assets actually contributed by CMC in connection with the development of the proposed Radiation Oncology service line. <div style="background-color: black; width: 100%; height: 100px; margin-top: 10px;"></div>
7. Net Working Capital	<ul style="list-style-type: none"> a) The Cash Purchase Price assumes Net Working Capital (as defined below) of \$10.6 million at the Closing. Subsequent to the Closing, the Cash Purchase Price will be adjusted upward (or downward) to the extent that Net Working Capital at Closing exceeds (or is less than) such amount. b) "Net Working Capital" is comprised of inventories, patient accounts receivable, other receivables, prepaid expenses and advances that have continuing value to the operations of the Business and accounts payable, accrued salaries and expenses, accrued vacation expenses and any PTO whether recorded or unrecorded, with appropriate adjustment for such unrecorded amount.
8. Treatment of	<p>New JV will not assume, and Hospital will remain liable for all existing indebtedness</p>

Indebtedness	(including capital leases) with such amounts to be paid in full at Closing out of the Cash Purchase Price.
9. Capital Commitment	<p>a) For a period of ten (10) years after the Closing, New JV shall commit to fund routine capital expenditures averaging not less than three percent (3%) of the Business' annual net patient revenue (the "Routine CapEx Commitment").</p> <p>b) New JV shall commit to the Business at least \$60 million during the first ten (10) years after the Closing to fund strategic initiatives including but not limited to capital initiatives, subject to deferral based on mutually agreed upon exceptions, including for example, exigent financial circumstances and regulatory requirements (the "Strategic Initiatives Commitment"). The priorities for the expenditure of the Strategic Initiatives Commitment shall be determined by New JV after consultation and input from the Local Board as provided in Paragraph 10 hereof.</p> <p>c) For the avoidance of doubt, such expenditures shall not include expenditures for provider recruitment.</p>
10. Local Governance	<p>a) As of the Closing, New JV will establish a ten (10) member non-fiduciary Board of Trustees (the "Local Board") for the Business. The Local Board will be comprised of four (4) physicians, five (5) community leaders and the local Chief Executive Officer of the Business, <i>ex officio</i>.</p> <p>b) The initial members of the Local Board shall be appointed in consultation with Hospital.</p> <p>c) The Local Board shall be self-perpetuating consistent with the Local Board's bylaws.</p> <p>d) In general, financial, strategic and other decisions of the Local Board will require approval by New JV.</p> <p>e) The Local Board will provide recommendations to New JV regarding the establishment of hospital policies, the maintenance of patient care quality and provision of clinical service and community service planning in a manner responsive to local community needs.</p> <p>f) Subject to certain limited exceptions, the duties of the Local Board will include the following:</p> <ol style="list-style-type: none"> i. Ensure compliance with all accreditation requirements including but not limited to credentialing and other medical staff matters; ii. Provide oversight for institutional planning, make recommendations for new clinical services, participate in an annual review of the Business' strategic and financial plan and goals; iii. Review and have input into any substantive changes in the services provided by the Business. iv. Review and recommend approval of operating and capital budgets as well as make recommendations with respect to the expenditure of the Strategic Initiatives Commitment made by New JV in the Definitive Agreement (as defined in Paragraph 33 hereof); v. Make recommendations with respect to quality assessment and improvement programs; vi. Provide oversight of risk management programs relating to patient care and safety; vii. Foster community relationships and identify community service opportunities; viii. Review disaster plans that deal with both internal (e.g., fire) and external disasters; and ix. Evaluate recruitment needs to ensure adequate medical staff capacity to continue to meet community needs.
11. JV Governance	<p>a) Effective as of the Closing, the governing documents of New JV will be amended as necessary to provide the following:</p>

	<ul style="list-style-type: none"> i. The Board of Directors of New JV (the “New JV Board”) will be comprised of seven (7) members; ii. RCHP-Montana will appoint four (4) voting members to the New JV Board all of whom will be appointed by RCHP-Montana in its capacity as a member of Bidder; iii. Billings Clinic will appoint two (2) voting members to the New JV Board as long as Billings Clinic owns an interest in New JV directly or indirectly as a member of Bidder; iv. The New CMC Foundation will appoint an independent member of the Missoula community as a voting member to the New JV Board, such individual shall be a representative of the community served by the Hospital and as such shall not be employed by either New JV or the New CMC Foundation; v. In the event New JV acquires or merges with other health systems in the future or otherwise implements an organizational or corporate reorganization and such organization continues to operate the Business, the New CMC Foundation shall continue to appoint at least one (1) voting member to the New JV Board; vi. Any proposed future amendment to the governing documents of New JV limiting the rights of the New CMC Foundation set forth in this Paragraph 11 shall require the consent of the New CMC Foundation.
<p>12. Billings Clinic Governance</p>	<p>Effective as of the Closing and subject to the provisions of <u>Section 12(d)</u> hereto, the bylaws of Billings Clinic (the “BC Bylaws”) will be amended, as necessary, to provide for the following terms and conditions.</p> <ul style="list-style-type: none"> a) The Billings Board of Directors (the “BC Board”) will be comprised of the number of members provided under the current BC Bylaws, but one (1) voting member will be appointed by the New CMC Foundation (such appointee, the “CMC Appointee”). The initial CMC Appointee shall be approved by the Billings Clinic Board of Directors (the “BC Board”). b) The individual serving as the CMC Appointee (i) must be approved, and may be removed, by the BC Board, with such approval / removal being in the BC Board’s reasonable discretion; (ii) must be a community member and not employed by the New JV, Bidder, RCHP or the New CMC Foundation, and (iii) is responsible to attend and participate in the BC Board activities in a manner consistent with prudent governance practices and the Bylaws. c) During such period that there is a CMC Appointee on the BC Board, any proposed future amendment to the Bylaws limiting the rights of the CMC Appointee shall require the consent of the New CMC Foundation. Any other amendments to the Bylaws may be made as provided therein. d) There will no longer be a CMC Appointee to the BC Board (i) if New JV no longer owns or controls the Business; (ii) if Billings Clinic evolves in size and scope (including Billings Clinic’s affiliates) necessitating the creation of a system board and the BC Board decides to convert the BC Board seat occupied by the CMC Appointee into a board seat on such system board, all as reasonably determined by the BC Board; or (iii) if the Billings Clinic no longer has a membership interest with voting rights in New JV. Following the 10th anniversary date of the closing, the BC Board will evaluate whether to extend the ability of the New CMC Foundation to appoint a CMC Appointee to the BC Board, taking into consideration the most appropriate forum for CMC’s participation within the Billings Clinic organization and its affiliated health system.

13. Commitment to Quality, Safety, and Patient Satisfaction	<p>After the Closing, New JV shall operate the Business with a commitment to quality, safety and patient satisfaction, including maintaining Joint Commission accreditation and participation in the Medicare, Medicaid, and TriCare programs.</p>
14. Commitment to Teaching Programs	<p>New JV shall maintain and continue to support Hospital's current residency training programs and will seek to expand the training of residents at the Business in a reasonable and appropriate manner in order to support the recruitment and retention of physicians in Hospital's community.</p>
15. Billings Clinic Brand	<p>a) Promptly following the Closing, the parties intend for the relationship to be publicized with appropriate branding across the full spectrum of the Business' marketing communications and across the spectrum of care at the Business. New JV and Billings Clinic will work closely with the Local Board to develop a brand identity for the Business, including the level and timing of co-branding with the Billings Clinic brand, while attempting to preserve the Hospital identity as determined by the Local Board, all in a manner reasonably consistent with the concepts provided in Bidder's correspondence to the CMC Board. Any use of the Billings Clinic brand will be subject to the parties entering appropriate commercially reasonable license agreements (the "License Agreements").</p> <p>b) The incorporation of the Billings Clinic brand will continue for as long as Billings Clinic remains a member of New JV subject to the terms of the License Agreements.</p>
16. Billings Clinic Integration	<p>Within a reasonable time after Closing, New JV and Billings Clinic will develop a transition plan regarding how Billings Clinic and New JV will work together on integration issues, including the development of physician leadership, in a manner reasonably consistent with the concepts provided in Bidder's correspondence to the Hospital Board.</p>
17. Limitations on Change of Control or Sale	
18. Right of First Refusal	<p>Hospital or its designee will maintain in perpetuity a right of first refusal to purchase the Business under essentially the same terms and conditions provided to or by New JV if Bidder or New JV agrees to: (i) sell, convey or otherwise transfer all or substantially all of the assets of the Business to, or (ii) enter into a merger or other form of a transfer or change of control transaction with, any third party. Hospital shall have 60 days to exercise its right and 120 days thereafter to close, subject to extensions necessary to accommodate any regulatory approvals. For the avoidance of doubt, the foregoing restriction shall not apply to (i) any transaction in which the net revenues of the Business represent less than fifty</p>

<p>19. Maintenance of Clinical Services</p>	<p>Subject to mutually agreed upon criteria for retaining services to be set forth in the Definitive Agreement, including exceptions related to commercial reasonableness and financial viability of programs, changes in the delivery of healthcare services, exigent financial circumstances and regulatory requirements, New JV shall agree to maintain essential clinical services at not less than current levels (“Essential Services”) at the Business’ current acute care hospital for a period of ten (10) years after the Closing. Essential Services shall include the following services lines and departments: ICU, NICU, med/surg, pediatrics, orthopedic, mother/baby, rehabilitation, labor and delivery, inpatient and outpatient surgery, recovery, laboratory, electrodiagnostics, stress testing, cath lab, CT scan, diagnostic imaging, ECHO, endoscopy, pharmacy, respiratory therapy, emergency, pediatrics specialty clinic, departments of Community Physician Group, Community Care Center (chemotherapy and radiation therapy), IVO – infusion therapy, CMC cardiology, outreach, nuclear medicine, trauma (level III), wound care clinic, childbirth education classes, pediatric surgery, sterile supply, and materials management.</p>
<p>20. Charity Care and Community Obligations</p>	<p>Bidder acknowledges that Hospital has historically provided significant levels of care for indigent and low-income patients and has also provided care through a variety of community-based health programs. New JV shall adopt, maintain, and adhere to Hospital’s current policies on charity and indigent care or adopt other policies and procedures that are at least as favorable to the indigent and uninsured as Hospital’s existing policies and procedures, subject to appropriate revision in the event of changes to governmental or other programs related to the provision of services to the indigent and uninsured. New JV shall also continue to provide care through community-based health programs, including cooperation with local organizations that sponsor healthcare initiatives to address identified community needs and improve the health status of the elderly, poor, and other at-risk populations in the community.</p>
<p>21. Medical Staff Matters</p>	<p>a) New JV intends to involve the Business’ physicians in the strategic and capital planning process for the Business, insuring that the critical needs of the medical staff are met and that strategic initiatives and investments are prioritized to best meet the needs of medical staff physicians and their patients.</p> <p>b) New JV shall commit to provide the necessary resources to effectively recruit and retain a quality medical staff consistent with a recruitment plan to be mutually agreed to by the parties prior to the Closing, which the parties expect will contemplate the recruitment of an additional 60 providers (including at least 40 physicians) over a three (3) to five (5) -year period covering a broad range of specialties including, but not limited to, cardiology, emergency medicine, surgery, oncology, obstetrics / gynecology, hospitalists, neurology, neurosurgery, and ENT.</p> <p>c) In furtherance, and not in limitation, of the Subparagraph (b) above, New JV will commit a minimum of \$40 million (the “Provider Recruitment Commitment”) during the first ten (10) years after the Closing to recruit providers consistent with the mutually agreed upon recruitment plan. New JV will commit approximately half of the Provider Recruitment Commitment to achieve the goals of Subparagraph (b) above during the first three (3) to five (5) years after the Closing, subject to deferral based for exigent financial circumstances and regulatory requirements after reasonable consultation with the Local Board.</p>
<p>22. Employee Matters</p>	<p>Subject to compliance with applicable laws, regulations and approvals and other confirmatory due diligence:</p> <p>a) New JV shall extend offers of employment at comparable wages and benefits, with no downward pay adjustments for at least 12 months after the Closing, to all Hospital employees who are actively employed and in good standing at the Closing subject to customary pre-employment screenings.</p> <p>b) New JV shall commit to honor all existing severance agreements between Hospital and Hospital’s employees.</p> <p>c) Hospital employees shall retain their current seniority and vesting in Hospital’s or any</p>

	<p>successor benefit programs.</p> <p>d) Hospital employees retained by New JV shall retain their current seniority for purposes of determining vacation accruals after the Closing.</p> <p>e) As of the Closing, New JV shall provide the employees retained by New JV with a retirement plan, vacation, sick leave, holidays, health insurance, life insurance, and other employee benefits generally consistent with the current benefit plans in effect at the Hospital or those benefit plans in effect at other acute care hospitals operated by RCHP. There shall be no waiting periods or pre-existing condition limitations for any benefit plan offered by New JV to current Hospital employees.</p> <p>f) New JV agrees to honor any existing collective bargaining agreements.</p>
23. Option	<p>a) Hospital and the New CMC Foundation shall have the option (the "Option") for the New CMC Foundation to hold approximately a 2% membership interest in New JV. If Hospital and the New CMC Foundation exercise the Option by giving written notice prior to the Closing to New JV, the Cash Purchase Price will be reduced pro rata in consideration for such retained membership interest.</p> <p>b) If at any time any then current member (the "Selling Party") of New JV agrees to sell or transfer its interest in New JV to an unaffiliated third party, the New CMC Foundation shall have a tag along right to sell its interest in New JV to such unaffiliated third party under essentially the same terms and conditions provided to or by the Selling Party. The New CMC Foundation shall have 60 days to exercise its right. The foregoing restriction shall not apply to a change of control (including merger or consolidation) of any then current member of New JV.</p> <p>c) At any time following the second anniversary of the Closing, the New CMC Foundation shall have a right to put its entire interest in New JV to RCHP at the then fair market value of its membership interest applying traditional valuation methods without taking into consideration any illiquidity and minority discounts.</p>
24. Treatment of Contracts	<p>a) New JV shall accept assignment of and assume all obligations arising after the Closing under contracts, operating leases, physician arrangements and other operating obligations of the Business, with no offset against the Cash Purchase Price; provided, however, that New JV shall not be obligated to assume commercially unreasonable contracts or contracts that raise regulatory concerns.</p> <p>b) Prior to the signing of the Definitive Agreement (as defined in Paragraph 33 hereof), the parties shall work together in good faith to obtain the necessary approvals to admit the New JV to any joint ventures to which the Hospital is a party on the same terms as the Hospital. The Definitive Agreement will contain terms and conditions to ensure appropriate resolution of such matters in the event that the necessary approvals are not obtained prior to Closing.</p>
25. Indemnification	<p>a) Subject to the limitations set forth in Subparagraph c.) below, New JV shall defend, indemnify and hold harmless the New CMC Foundation and its affiliates, and their respective officers, directors and employees (collectively, "Seller Indemnified Parties"), from and against any and all losses, liabilities, damages, costs (including, without limitation, court costs and costs of appeal) and expenses (including, without limitation, reasonable attorneys' fees and fees of expert consultants and witnesses) ("Losses") that such Seller Indemnified Party incurs as a result of (i) any misrepresentation or breach of warranty by New JV under the Definitive Agreement (as defined in Paragraph 33 hereof), (ii) any breach by New JV of, or any failure by New JV to perform, any covenant or agreement of, or required to be performed by New JV under the Definitive Agreement, or (iii) any of the assumed liabilities.</p> <p>b) Subject to the limitations set forth in Subparagraph c.) below, the New CMC Foundation shall defend, indemnify and hold harmless New JV and its affiliates, and their respective officers, directors and employees (collectively, "New JV Indemnified Parties"), from and against any and all Losses that such New JV Indemnified Party incurs as a result of (i) any misrepresentation or breach of warranty by Hospital under the Definitive Agreement, (ii) any breach by Hospital of, or any failure by Hospital to perform, any covenant or agreement of, or required to be performed by Hospital under the Definitive Agreement, or (iii) any of the excluded liabilities.</p>

	<p>c) No party shall be liable for any indemnification pursuant to Subparagraphs a.i) or b.i) (i.e. for misrepresentations and breaches of warranties), as applicable, (i) for any individual claim that is less than \$50,000 and (ii) unless and until the aggregate amount of all such eligible claims for indemnification by the party seeking indemnification exceeds \$500,000 (the "Threshold Amount"), in which event the liable party shall be responsible only for the portion of the claims exceeding the Threshold Amount. The liability of New JV and the New CMC Foundation for indemnification under Subparagraphs a.i) or b.i) above, respectively, shall be limited to an amount equal to Eight Million Dollars (\$8,000,000). The liability of the New CMC Foundation for other indemnification under Subparagraph b) above, other than for claims relating to intentional misrepresentation or fraud, shall be limited to an amount equal to the Cash Purchase Price. No party will be entitled to indemnification in respect of any consequential, incidental, indirect, special or punitive damages of such other party, or any loss of future revenue, income or profits, or any diminution of value or multiples of earnings damages relating to the breach or alleged breach of representation, warranty or covenant, whether or not the possibility of such damages has been disclosed to the other party in advance or could have been reasonably foreseen by such other party.</p>
26. Medicare Provider Number	New JV will assume Hospital's Medicare acute-care hospital provider number.
27. Tail Insurance	As of the Closing, Hospital shall obtain and pay for appropriate tail insurance policies, with coverage levels reasonably satisfactory to New JV, to insure against the professional and general liabilities of the Business relating to all periods prior to Closing.
28. Transition	<p>a) Subject to applicable regulatory requirements, New JV shall have the opportunity to provide limited input to significant business activities of Hospital after execution of the Definitive Agreement and prior to the Closing including, but not limited to:</p> <ul style="list-style-type: none"> i. Capital expenditures in excess of \$1.0 million not included in Hospital's routine annual capital and operating budgets. ii. New contracts in excess of \$250,000 in annual expense or any contract with a physician, physician group or other possible referral source regardless of dollar amount. iii. Changes in title or assignment of specified senior executives. iv. Changes in salaries, bonuses, benefits payable to employees other than in the ordinary course of business. v. Any other activity not in the ordinary course of business. <p>b) In addition, Hospital and New JV shall work together to obtain any governmental or other approvals necessary for the consummation of the Transaction.</p>
29. Closing	<p>a) The Closing shall take place as soon as practicable after all required regulatory and other approvals for the Transaction have been obtained, unless otherwise mutually agreed by the parties to the Letter. The Closing will be subject to mutually agreed closing conditions, including but not limited to (i) completion of a satisfactory due diligence review of the Purchased Assets and the Business, (ii) receipt of surveys, title insurance commitments and environmental and engineering surveys reasonably satisfactory to New JV, (iii) receipt of all necessary regulatory approvals and permitted license transfers, (iv) delivery of documents of conveyance and assignment, (v) expiration of the "waiting period" under the HSR Act (as defined in Paragraph 31 hereof), and (vi) the absence of a "Material Adverse Change" (as defined below) shall have occurred.</p> <p>b) "Material Adverse Change" shall mean an event, change or circumstance which, individually or together with any other event, change or circumstance, would be reasonably expected to have a material adverse effect, either individually or in the aggregate, on the business, assets, liabilities, financial condition or results of operations of the Business whether such effect would be realized before or after the Closing; provided, however, that a Material Adverse Change shall not be deemed to result from: (i) changes in financial or operating performance due to or caused by the announcement</p>

	<p>of the Transaction or seasonal changes; (ii) changes or proposed changes to any law or regulation, reimbursement rates or policies of governmental agencies or bodies that are generally applicable to hospitals or health care facilities; (iii) requirements, reimbursement rates, policies or procedures of third party payors or accreditation commissions or organizations that are generally applicable to hospitals or health care facilities; (iv) general business, industry or economic conditions, including such conditions related to the Business; (v) local, regional, national or international political or social conditions, including the engagement by the United States in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack; (vi) changes in financial, banking or securities markets (including any disruption thereof and any decline in the price of any security or any market index); or (vii) changes in GAAP.</p>
30. Termination Provisions	<p>The Definitive Agreement shall include mutually agreeable terms and conditions providing for termination of the Definitive Agreement by either party as a result of a party's failure to close, or inability to close, the Proposed Transaction. As soon as practicable after the date hereof, Buyer will provide reasonable assurances to Seller of Buyer's ability to satisfy its financial obligations at Closing.</p>
Binding Provisions	
31. Expenses	<p>a) Each party shall bear its respective legal, accounting and other expenses and costs in connection with the Transaction.</p> <p>b) New JV and Hospital shall split the cost of title insurance upon the real property to be leased and the cost of a survey of such property, as well as all recording taxes and fees payable in respect of the Transaction.</p> <p>c) New JV shall pay the filing fee, if any, required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act") and all expenses of inspecting the Purchased Assets, including the cost of any environmental surveys.</p>
32. Press Release	<p>Except as otherwise required by law, all press releases or other public communications of any sort relating to the Transaction, and the method of the release for publication thereof, will be subject to the prior approval of all parties.</p>
33. Legal Effect, Exclusivity and Diligence	<p>a) This Term Sheet is subject to and contingent upon due diligence review and the negotiations, approval, and execution of all necessary definitive agreements and related documents ("Definitive Agreement"). Upon execution of the Letter, Bidder and Hospital will negotiate in good faith the terms and conditions of the Definitive Agreement.</p> <p>b) Bidder contemplates the expenditure of substantial time and sums of money in connection with legal, accounting and operational due diligence to be performed in conjunction with the proposed Transaction prior to the execution of the Definitive Agreement. For purposes of inducing Bidder to execute the Letter, during the period from the date of acceptance thereof until the expiration or termination of the Letter as provided therein, Hospital shall not, directly or indirectly, without Bidder's prior written consent, solicit, initiate or participate in negotiations with any corporation, partnership, limited liability company, other entity or person (other than Bidder) contemplating a transaction involving all or a material part of the Business or Purchased Assets, directly or indirectly, whether by sale of membership interest, member substitution, merger, consolidation, sale of assets, lease, affiliation, joint venture or other form of transaction. In the event such a proposal is received by Hospital, Hospital will promptly notify in writing any such third party of the existence of this exclusivity covenant and of Hospital's unwillingness to discuss any other proposed transaction concerning the Business or the Purchased Assets until the Letter expires or is terminated. Hospital shall simultaneously notify Bidder that such notice has been given by Hospital.</p> <p>c) As part of Hospital's due diligence on Bidder, Bidder shall in reasonable detail describe its strategy for the Business post-Closing including, but not limited to, steps to reduce expenses at the Business through implementation of best practices and reduction of overhead.</p>

	<p>d) Upon execution of the Letter by both parties (the "Execution Date"), Bidder and Hospital will conduct and cooperate in reasonable confirmatory due diligence regarding the Transaction, including without limitation the Business, the Purchased Assets and parties to the Transaction. Bidder and Hospital intend that the period of confirmatory diligence shall be concluded on June 30, 2014. Bidder and Hospital further intend that the Definitive Agreement be approved and executed on or about July 15, 2014.</p>
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