

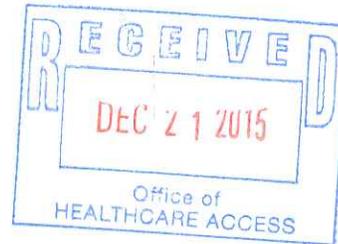


Eastern Connecticut Health Network
71 Haynes Street
Manchester, CT 06040
860.533.3414
www.echn.org

December 21, 2015

Via Hand Delivery

Kimberly R. Martone, Director of Operations
Department of Public Health - Office of Health Care Access
410 Capitol Avenue, MS# 13HCA
P.O. Box 340308
Hartford, CT 06134-0308



Re: Certificate of Need Application, Docket Number TBD
WBC Connecticut East, LLC
Transfer of Eastern Connecticut Health Network, Inc.'s Ownership Interest in WBC
Connecticut East, LLC to Prospect Medical Holdings, Inc. or an Affiliate

Dear Ms. Martone:

Enclosed is one original copy of the Certificate of Need Application filed on behalf of WBC Connecticut East, LLC for the transfer of Eastern Connecticut Health Network Inc.'s ownership interest in WBC Connecticut East, LLC to Prospect Medical Holdings, Inc. or an affiliate, including an electronic copy of the application and all attachments.

If you have any questions regarding this Certificate of Need Application, please do not hesitate to give me a call at (860) 533-3429.

Sincerely,

Dennis P. McConville
Senior Vice President and Chief Strategy Officer

cc: Peter Karl, President and Chief Executive Officer, Eastern Connecticut
Healthcare Network, Inc.
Stuart Koman, President and Chief Executive Officer, Walden Behavioral Care
Rebecca A. Matthews, Esq., Wiggin and Dana LLP
John Spees, Senior Vice President, Corporate Development, Prospect Medical
Holdings, Inc.
Michele M. Volpe, Esq., Bershtein, Volpe & McKeon, P.C.

CERTIFICATE OF NEED APPLICATION

WBC Connecticut East, LLC

**Transfer of Eastern Connecticut Health
Network, Inc.'s Ownership Interest in WBC
Connecticut East, LLC to Prospect Medical
Holdings, Inc. or an Affiliate**

OHCA Docket Number: TBD

December 21, 2015



Eastern Connecticut Health Network
71 Haynes Street
Manchester, CT 06040
860.533.3414
www.echn.org

December 21, 2015

Via Hand Delivery

Kimberly R. Martone, Director of Operations
Department of Public Health - Office of Health Care Access
410 Capitol Avenue, MS# 13HCA
P.O. Box 340308
Hartford, CT 06134-0308

Re: Certificate of Need Application, Docket Number TBD
WBC Connecticut East, LLC
Transfer of Eastern Connecticut Health Network, Inc.'s Ownership Interest in WBC
Connecticut East, LLC to Prospect Medical Holdings, Inc. or an Affiliate

Dear Ms. Martone:

Enclosed is one original copy of the Certificate of Need Application filed on behalf of WBC Connecticut East, LLC for the transfer of Eastern Connecticut Health Network Inc.'s ownership interest in WBC Connecticut East, LLC to Prospect Medical Holdings, Inc. or an affiliate, including an electronic copy of the application and all attachments.

If you have any questions regarding this Certificate of Need Application, please do not hesitate to give me a call at (860) 533-3429.

Sincerely,

Dennis P. McConville
Senior Vice President and Chief Strategy Officer

cc: Peter Karl, President and Chief Executive Officer, Eastern Connecticut
Healthcare Network, Inc.
Stuart Koman, President and Chief Executive Officer, Walden Behavioral Care
Rebecca A. Matthews, Esq., Wiggin and Dana LLP
John Spees, Senior Vice President, Corporate Development, Prospect Medical
Holdings, Inc.
Michele M. Volpe, Esq., Bershtein, Volpe & McKeon, P.C.

TABLE OF CONTENTS

<u>Document Name</u>	<u>Page Number</u>
Cover Page	1
Cover Letter	2
Table of Contents	3
Application Checklist	4
Copy of Check for CON Filing Fee	5
Affidavit – Main Form	7
Evidence of Public Notice	8
Certificate of Need Application Main Form	11
Supplemental CON Application Form: Transfer of Ownership of a Health Care Facility	43
Affidavit – Supplemental Form	44
Attachment 1 – Consent of Members Authorizing Transfer of Ownership Interest	47
Exhibits	54
Q5a Department of Public Health Licenses Department of Children and Families License	55
Q5b Key Personnel Curriculum Vitae	59
Q5f Asset Purchase Agreement (ECHN and PMH)	79
Q17a Unaudited Financial Statements for FY 2014 and FY 2015 YTD	173
Q17b Financial Worksheet B	184
S-Q1b Legal Chart Prior and Subsequent to Proposal	187

Application Checklist

Instructions:

1. Complete the following checklist and submit as the first page of the CON application:
 - Attached is a paginated hard copy of the CON application (all social security numbers must be redacted), including a completed affidavit, signed and notarized by the appropriate individuals.
 - (*New*). A completed supplemental application form specific to the proposal type, available on OHCA's website under [OHCA Forms](#) (see previous page for the list of supplemental forms).
 - Attached is the CON application filing fee in the form of a check made out to the "Treasurer State of Connecticut" in the amount of \$500.
 - Attached is evidence demonstrating that public notice has been published in a suitable newspaper that relates to the location of the proposal, 3 days in a row, at least 20 days prior to the submission of the CON application to OHCA. (OHCA requests that the Applicant fax a courtesy copy to OHCA (860) 418-7053, at the time of the publication)
 - Attached is a completed Financial Worksheet (A, B or C) available at OHCA's website under [OHCA Forms](#).
 - Submission includes one (1) original copy placed in a 3-ring binder.
 - The following have been submitted on a CD:
 1. A scanned copy of each submission in its entirety, including all attachments in Adobe (.pdf) format; and
 2. An electronic copy of the completed application forms in **MS Word** (the applications) and **MS Excel** (Financial Worksheet)

For OHCA Use Only:

Docket No.: 15-32054
OHCA Verified by: (S)

Check No.: 40579239-3
Date: 12/22/15

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK



Bank

OFFICIAL CHECK

40579239-3

RE: THE MANCHESTER MEMORIAL HOSPIT

DATE: 11/18/2014

52-0133
112

PAY TO THE ORDER OF **TREASURER OF THE STATE OF CONNECTICUT**
Five Hundred AND 00/100

\$500.00

DRAWER: TD BANK, N.A.

Jack H. [Signature]
AUTHORIZED SIGNATURE



MP



Bank

America's Most Convenient Bank®

TD Bank, N.A.
180 Deming Street
Manchester, CT 06042
T: 860-648-6940 F: 860-648-6943
www.tdbank.com

December 3, 2015

To whom it may concern,

Official check # 405792393 in the amount of \$500.00 issued on 11/18/2014 by TD Bank is a valid check and it is negotiable.

Sincerely,



Caroline Kania
Assistant Store Manager



Affidavit

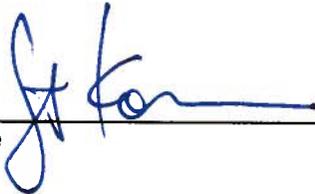
Applicant: WBC Connecticut East, LLC

Project Title: Transfer of Eastern Connecticut Health Network, Inc.'s Ownership Interest in WBC Connecticut East, LLC to Prospect Medical Holdings, Inc. or an Affiliate

I, Stuart L. Koman, President and Chief Executive Officer
(Name) (Position – CEO or CFO)

of WBC Connecticut East, LLC being duly sworn, depose and state that the (Facility Name) said facility complies with the appropriate and applicable criteria as set forth in the Sections 19a-630, 19a-637, 19a-638, 19a-639, 19a-486 and/or 4-181 of the Connecticut General Statutes.

Signature



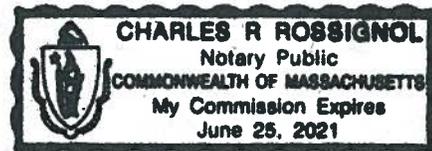
Date

12/17/15

Subscribed and sworn to before me on 12/17/15

Charles R Rossignol
Notary Public/Commissioner of Superior Court

My commission expires: 6/25/21



\$179. & up w/ky, daily \$40. cable & util inc. 860-623-0666

AUTOS



715 AUTO PARTS & ACCESSORIES

2001 MUSTANG GT CONVERT. Parts car. 4.6 V8 w/ Super charger & tranny tuned to charger. \$3,495/BO. Please Call James 860-649-0931.

BATTERIES: (2) Interstate batteries top post never used \$60. Call 860-890-4964

PUBLIC NOTICE

LIQUOR PERMIT

- New Lawns Installed
 - Retaining Walls
 - Paver Walkways & Patios
 - Mulch and Rock Beds
 - Spring/Fall Clean-Ups & Pruning
 - Quality Work Reasonable Rates
- L & L Landscaping**

FALL CLEAN-UP
Will Beat Any Rate or Quote By 20%
Gutter Cleaning

(860) 741-6239
 Ed Gaffney Home Improvement Building & remodeling all phases decks & patios kitchens painting 860-916-5183
 LIC #583571
 plaster, painting, additions, flooring, kitchens, insurance damage, termite damage.

860-749-9664
 HIC #601918
Dave's Handyman Services
 Painting Int. & Ext., Leaf Blowing, Power Washing, Fall Clean-ups, Masonry, Brush Trimming & Removal,
 Snow Blowing and Odd Jobs
 Licensed & Insured, HIC 0633966

860-214-2671
ALL HOME ELECTRICAL SERVICES
Joe Dumas

1320 CARPETS
MICHAEL CARPET INSTALLATION LLC
 Why Replace it when we can Repair it?
 Restretch, Repads, RV, Boats, Residential & Commercial, Carpet & Vinyl Installations
 25 years exp. • Fully Insured

PUBLIC NOTICE

Statute Reference: 19a-638 et seq. of the Connecticut General Statutes
 Applicant: WBC Connecticut East, LLC
 Addresses: 2400 Tamarack Avenue, South Windsor, CT 06074
 Town: South Windsor
 Proposal: WBC Connecticut East, LLC plans to file an application with the Office of Health Care Access for Certificate of Need authorization to transfer Eastern Connecticut Health Network, Inc.'s ownership interests in Evergreen Endoscopy Center, LLC to PMH ECHN, Inc. or an affiliate.
 Capital Expenditure: \$0

Journal Inquirer
 November 2, 2015
 November 3, 2015
 November 4, 2015

November 2, 2015

PUBLIC NOTICE

LEGAL NOTICE

The Ellington Inland Wetlands Agency will hold a public hearing on Monday, November 9, 2015, at 7:00 p.m. in the Town Hall Annex, 57 Main Street, Ellington, CT to hear the following:

1. #IW201510 - Quantum of Ellington, LLC owner/applicant for a permit to conduct regulated activity for construction of a road, detention basin, building lots, and related activities for a subdivision known as Crystal View Estates

TIRES: (2) M.S. MT TA size LT 255/ 75 R17". Good Condition. \$59. Call 860-568-5637

TIRES: (4) Blizzack size 225-55-R16 on Subaru wheels \$150. 860-205-4114

TIRES: (4) Michelin 255/55/16. 95% tread. Fits ranger or Mustang \$125. 860-643-2573

TIRES:(4) Ameritrack 245/70/17 good truck tires. \$150. Call 860-643-2573

TRUCK CAP '72-89 Dodge pickup fiberglass for 8 ft bed. Gd cond. \$125. 860-649-8821.

TRUCK TIRE P225/70R17 never run on road with used rim \$50 Call 860-742-8363

PUBLIC NOTICE

Statute Reference: 19a-638 et seq. of the Connecticut General Statutes
 Applicant: WBC Connecticut East, LLC
 Addresses: 2400 Tamarack Avenue, South Windsor, CT 06074
 Town: South Windsor
 Proposal: WBC Connecticut East, LLC plans to file an application with the Office of Health Care Access for Certificate of Need authorization to transfer Eastern Connecticut Health Network, Inc.'s ownership interests in Evergreen Endoscopy Center, LLC to PMH ECHN, Inc. or an affiliate.

Capital Expenditure: \$0

Journal Inquirer
 November 2, 2015
 November 3, 2015
 November 4, 2015

Sign on to
www.journalinquirer.com
 for
 your window on
 the world

CLASSIFIED
 646-7767

L & L Landscaping
 www.edimasonry.com
 860-930-3199
10% OFF
 CALL TODAY
 And Mention This Ad For

- Mulch and Rock Beds
- Spring/Fall Clean-Ups & Pruning
- Quality Work Reasonable Rates

D&S YARDWORKS LLC
 860-869-2155
 of Property Maintenance

- Installation • All Aspects
- Excavation Work • Mulch
- Weekly & Bi-Weekly Mowing
- Accepting New Clients for
- Complete Lawn Installations
- Lawn Repairs
- Spring Clean-ups

LAWN & GARDEN

HIGHLAND HOME IMPROVEMENT
 1850

MARK'S HANDYMAN SERVICES
 860-749-9664
 HIC #601918

HIGHLAND HOME IMPROVEMENT
 1850

MARK'S HANDYMAN SERVICES
 860-749-9664
 HIC #601918

MARK'S HANDYMAN SERVICES
 860-749-9664
 HIC #601918

HIGHLAND HOME IMPROVEMENT
 1850

JOE DUMAS
 Service Upgrades,
 Added Wiring &
 Emergency Repairs.
 Located in Manchester
 Serving Homeowners First
 Since 1975
 860-646-5253
 CT Lic. E-102888 Ins.

HARDY'S CHIMNEY SERVICE
 CSIA Certified
 Rebuilds, Water Leaks
 Dampers Installed,
 Caps, Liners,
 Chimney Cleaning,
 CHIMNEY SERVICE
 1365
 Vinyl Installations
 Dennis
 McCauley
 860-315-0831

Kane, Hartley & Kane, PC
972 New London Turnpike
Glastonbury, CT 06033

Journal Inquirer
November 4, 2015



**The lessons
may not have
worked.**

But selling it in
the classifieds will.

860-646-7767
Journal Inquirer

PUBLIC NOTICE

Statute Reference: 19a-638 et seq. of the Connecticut General Statutes
Applicant: WBC Connecticut East, LLC
Addresses: 2400 Tamarack Avenue, South Windsor, CT 06074
Town: South Windsor
Proposal: WBC Connecticut East, LLC plans to file an application with the Office of Health Care Access for Certificate of Need authorization to transfer Eastern Connecticut Health Network, Inc.'s ownership interests in Evergreen Endoscopy Center, LLC to PMH ECHN, Inc. or an affiliate.

Capital Expenditure: \$0

Journal Inquirer
November 2, 2015
November 3, 2015
November 4, 2015

Recently, Cox Communications was notified that effective November 16, 2015, Universal is ceasing operation. Because of this change (channels 486/1486), will no longer be available on any other cable, channel lineup, or on any other cable provider. The decision to stop distribution of WZME, channel 75, changed their program from Me-TV to Heroes and Icons. Again, this was made solely by NBCUniversal and Cox had no role in making this determination. WZME, channel 75, changed their program from Me-TV to Heroes and Icons. Again, this was made by the broadcaster, and not by Cox. For to-date channel lineup information, visit www.cox.com/channelchanges.

Journal Inquirer
November 4, 2015

A-1 TANKMASTERS, INC.
Experts in removal/installation of all size in-ground/above-ground oil and propane tanks.
FREE ESTIMATES
860-643-5134
www.a1tankmasters.com

TANK REMOVAL
3007
SNOW PLOWING
Call Jim 860-742-5805

HARMONY
Home Improvement
ROOFING • SIDING • WINDOWS & MORE.
100% FINANCING AVAILABLE
CALL NOW FOR FALL ROOFING SALE
Factory Certified with CertainTeed

Free Upgrade to Lifetime Shingles
860-645-8899
(with this ad only)

NEW ENGLAND LANDSCAPING
• Bobcat work / Mulching
• Spring / Fall Clean-ups

Chris
860-644-2595
• Sidewalk Edging
• Tree Removals
• Brush Clearing
• Seasoned Firewood

860-995-1819
Snow Plowing
Junk Removal
House Clean-outs

860-995-1819
ED BUZZ CUTTING
FALL CLEAN-UPS
TREE REMOVAL & TRIMMING UP TO 40'
BEDS & REMOVAL OF BRUSH & LEAVES
DRAINAGE, GUTTER CLEANING
RETAINING WALLS, PATIO & WALKWAYS

(860) 741-6239
Ed Gaffney Home Improvement
ment Building & remodeling all phases decks baths kitchens painting 860-916-5183

TO DO LIST SPECIALIST & SIDING LLC
The Gurb Appeal Pros
Siding, Windows, Doors & Decks, Basement Renovations.

4-1551
MAN
4-0180
554105



State of Connecticut Department of Public Health Office of Health Care Access

Certificate of Need Application Main Form *Required for all CON applications*

Contents:

- Checklist
- List of Supplemental Forms
- General Information
- Affidavit
- Abbreviated Executive Summary
- Project Description
- Public Need and Access to Health Care
- Financial Information
- Utilization

Supplemental Forms

In addition to completing this **Main Form** and **Financial Worksheet (A, B or C)**, the applicant(s) must complete the appropriate **Supplemental Form** listed below. All CON forms can be found on the OHCA website at [OHCA Forms](#).

Conn. Gen. Stat. Section 19a-638(a)	Supplemental Form
(1)	Establishment of a new health care facility (mental health and/or substance abuse) - see note below*
(2)	Transfer of ownership of a health care facility (excludes transfer of ownership/sale of hospital – see “Other” below)
(3)	Transfer of ownership of a group practice
(4)	Establishment of a freestanding emergency department
(5) (7) (8) (15)	Termination of a service: <ul style="list-style-type: none"> - inpatient or outpatient services offered by a hospital - surgical services by an outpatient surgical facility** - emergency department by a short-term acute care general hospital - inpatient or outpatient services offered by a hospital or other facility or institution operated by the state that provides services that are eligible for reimbursement under Title XVIII or XIX of the federal Social Security Act, 42 USC 301, as amended
(6)	Establishment of an outpatient surgical facility
(9)	Establishment of cardiac services
(10) (11)	Acquisition of equipment: <ul style="list-style-type: none"> - acquisition of computed tomography scanners, magnetic resonance imaging scanners, positron emission tomography scanners or positron emission tomography-computed tomography scanners - acquisition of nonhospital based linear accelerators
(12)	Increase in licensed bed capacity of a health care facility
(13)	Acquisition of equipment utilizing [new] technology that has not previously been used in the state
(14)	Increase of two or more operating rooms within any three-year period by an outpatient surgical facility or short-term acute care general hospital
Other	Transfer of Ownership / Sale of Hospital

*This supplemental form should be included with all applications requesting authorization for the establishment of a **mental health and/or substance abuse treatment facility**. For the establishment of other “health care facilities,” as defined by Conn. Gen. Stat § 19a-630(11) - hospitals licensed by DPH under chapter 386v, specialty hospitals, or a central service facility - complete *the Main Form* only.

**If termination is due to insufficient patient volume, or it is a subspecialty being terminated, a CON is not required.

General Information

Name of Applicant:

Name of Co-Applicant:

WBC Connecticut East, LLC	Not applicable
---------------------------	----------------

Connecticut Statute Reference:

C.G.S. Section 19a-638(a)(2)

	MAIN SITE	MEDICAID PROVIDER ID	TYPE OF FACILITY	MAIN SITE NAME
Main Site	Waltham	110027437	Inpatient and Residential Treatment Facility	Walden Behavioral Care
	STREET & NUMBER			
	9 Hope Avenue, Suite 500			
	TOWN	ZIP CODE		
	Waltham, MA	02453-2711		

	PROJECT SITE	MEDICAID PROVIDER ID	TYPE OF FACILITY	PROJECT SITE NAME
Project Site	South Windsor Clinic	008042410	Mental Health Day Treatment Facility Outpatient Clinic	Walden Behavioral Care
	STREET & NUMBER			
	2400 Tamarack Avenue, Suite 203			
	TOWN	ZIP CODE		
	South Windsor	06074		

Operator	OPERATING CERTIFICATE NUMBER		TYPE OF FACILITY	LEGAL ENTITY THAT WILL OPERATE OF THE FACILITY (or proposed operator)
	DPH License Number 0057 DPH License Number 0529 DCF License Number OPCC-69		Mental Health Day Treatment Facility Outpatient Clinic	WBC Connecticut East, LLC
	STREET & NUMBER			
	2400 Tamarack Avenue, Suite 203			
	TOWN	ZIP CODE		
South Windsor	06074			

Chief Executive	NAME		TITLE	
	Stuart Koman		President and Chief Executive Officer	
	STREET & NUMBER			
	51 Sawyer Road, Suite 510			
	TOWN	STATE	ZIP CODE	
	Waltham	MA	02453	
	TELEPHONE	FAX	E-MAIL ADDRESS	
(781) 647-6700	(781) 647-6755	skoman@waldenbehavioralcare.com		

Title of Attachment:

Is the applicant an existing facility? If yes, attach a copy of the resolution of partners, corporate directors, or LLC managers, as the case may be, authorizing the project.	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	Attachment 1 Resolution and Consent to Transfer Agreement
Does the Applicant have non-profit status? If yes, attach documentation.	YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>	Not Applicable
Identify the Applicant's ownership type.	PC <input type="checkbox"/> LLC <input checked="" type="checkbox"/> Corporation <input type="checkbox"/>	Other: _____
Applicant's Fiscal Year (mm/dd)	Start: <u>January 1</u> End: <u>December 31</u>	

Contact:

Identify a single person that will act as the contact between OHCA and the Applicant.

Contact Information	NAME		TITLE
	Dennis McConville		SVP and Chief Strategy Officer
	STREET & NUMBER		
	ECHN, 71 Haynes Street		
	TOWN	STATE	ZIP CODE
	Manchester	CT	06040
	TELEPHONE	FAX	E-MAIL ADDRESS
	(860) 533-3429	(860) 647-6860	dmconville@echn.org
	RELATIONSHIP TO APPLICANT		WBC Connecticut East – ECHN representative

Identify the person primarily responsible for preparation of the application (optional):

Prepared by	NAME		TITLE
	Gina Kline		Director, Planning & System Development
	STREET & NUMBER		
	ECHN, 71 Haynes Street		
	TOWN	STATE	ZIP CODE
	Manchester	CT	06040
	TELEPHONE	FAX	E-MAIL ADDRESS
	(860) 533-2970	(860) 647-6860	gkline@echn.org
	RELATIONSHIP TO APPLICANT		WBC Connecticut East – ECHN representative

Executive Summary

The purpose of the Executive Summary is to give the reviewer a conceptual understanding of the proposal. In the space below, provide a succinct overview of your proposal (this may be done in bullet format). Summarize the key elements of the proposed project. Details should be provided in the appropriate sections of the application that follow.

WBC Connecticut East, LLC (“WBC CT East”) is requesting Certificate of Need (“CON”) authorization for Eastern Connecticut Health Network Inc. (“ECHN”) to transfer its ownership interest in WBC CT East to Prospect Medical Holdings, Inc., PMH’s to-be-formed subsidiary PMH ECHN, Inc., or another affiliate of PMH (“PMH”).

Key Elements of the Proposal

- WBC CT East operates an outpatient clinic in South Windsor, Connecticut specializing in the treatment of adults and adolescents with eating disorders.
- Authorization to establish WBC CT East was received in 2011 under Docket Number 11-31731-CON, and the facility became operational in August, 2012.
- WBC CT East is a joint venture between ECHN and Walden Behavioral Care, LLC (“Walden”), a Massachusetts provider of behavioral health services.
- ECHN, which holds a 16.4% membership interest in WBC CT East, has agreed to sell to PMH substantially all of ECHN’s assets, including its ownership interest in WBC CT East (pending CON approval of OHCA Docket Number 15-32016-486) (the “ECHN-PMH Transaction”).
- The transfer of ECHN’s ownership interest in WBC CT East to PMH will have no impact on the service delivery and day-to-day operations of WBC CT East and avoids any unnecessary duplication of services as WBC CT East currently provides eating disorder services and is not proposing to add or change any services as a result of this proposal.
- The transfer of ECHN’s ownership interest will have no financial impact on the operations of WBC CT East making the proposal financially feasible for the Applicant.
- The transfer of ECHN’s ownership interest in WBC CT East is contingent upon, and expected to be consummated simultaneously with, the closing of the ECHN-PMH Transaction, pending CON approval of Docket Number 15-32016-486.

Pursuant to Section 19a-639 of the Connecticut General Statutes, the Office of Health Care Access is required to consider specific criteria and principles when reviewing a Certificate of Need application. Text marked with a “§” indicates it is actual text from the statute and may be helpful when responding to prompts.

Project Description

1. Provide a detailed narrative describing the proposal. Explain how the Applicant(s) determined the necessity for the proposal and discuss the benefits for each Applicant separately (if multiple Applicants). Include all key elements, including the parties involved, what the proposal will entail, the equipment/service location(s), the geographic area the proposal will serve, the implementation timeline and why the proposal is needed in the community.

Response:

WBC Connecticut East, LLC (“WBC CT East”) operates an outpatient clinic in South Windsor, Connecticut specializing in the treatment of adults and adolescents with eating disorders. WBC CT East is a joint venture between Eastern Connecticut Health Network, Inc. (“ECHN”) and Walden Behavioral Care, LLC (“Walden”), a Massachusetts provider of behavioral health services. WBC CT East received CON authorization to establish a partial hospital program (“PHP”) and an intensive outpatient program (“IOP”) for adults and adolescents with eating disorders on July 13, 2011 under Docket Number 11-31731-CON. It has subsequently been licensed as a Mental Health Day Treatment Facility, a Psychiatric Outpatient Clinic for Adults and an Outpatient Psychiatric Clinic for Children. WBC CT East implemented operations in South Windsor in August, 2012.

ECHN, which holds 16.4% membership interest in WBC CT East, has agreed in principal to sell substantially all of ECHN’s assets to Prospect Medical Holdings, Inc. or an affiliate (“PMH”), subject to receipt of required regulatory approvals and satisfaction of other closing conditions (the “ECHN-PMH Transaction”).¹

The proposed transfer of ECHN’s minority interest in WBC CT East to PMH ECHN is an integral component of the ECHN-PMH Transaction, which contemplates that ECHN’s ownership interest in WBC CT East be included among ECHN’s assets to be transferred to PMH.

The proposed ECHN-PMH Transaction led Walden to consider its options with respect to ECHN’s minority interest in WBC CT East. Under the conditions of the joint venture operating agreement, Walden maintains a right of first refusal related to any sale of ECHN’s membership interest in WBC CT East. Walden has indicated that it intends to waive its right of first refusal to buy ECHN’s minority interest and to consent to the transfer of ECHN’s 16.4% ownership interest in WBC CT East to PMH, subject to normal closing conditions. Upon such transfer, PMH will succeed to all of ECHN’s rights and responsibilities as a member of WBC CT East, including the right to appoint a representative to the WBC CT East Board of Managers.

WBC CT East operates under its own license and will continue to operate in the same manner following the transfer of ECHN’s minority interest to PMH. There will

¹ Please refer to OHCA Docket Number 15-32016-486 for more detailed information on the proposed Asset Purchase of ECHN and its affiliates by PMH.

be no change in operations or services offered by WBC CT East as a result of ECHN transferring its interests. WBC CT East will continue to offer the same level of care to the same communities that have historically been served by WBC CT East. The Applicant does not anticipate any changes to the patient or payer populations to be served by WBC CT East or any adverse impact on the communities' access to eating disorder treatments.

For PMH, approval of this proposal will enable PMH to maintain a relationship with WBC CT East as an affiliated provider. This benefits PMH by permitting it to provide services across the care continuum, either directly through its wholly owned entities or through ownership interest in joint ventures with other community providers.

In addition to the above benefits, by transferring ECHN's interest in WBC CT East to PMH, the value of the joint venture will continue to be included in the overall purchase price of ECHN. Approval of this proposal will support ECHN's attainment of the negotiated purchase price, which is in the best interest of the communities served by ECHN and its affiliated providers. Any proceeds from the sale remaining after the expiration of the three-year reserve period following the closing of the ECHN-PMH Transaction will be transferred to a community foundation and used to support charitable health related efforts in the wider ECHN community.²

2. Provide the history and timeline of the proposal (i.e., When did discussions begin internally or between Applicant(s)? What have the Applicant(s) accomplished so far?).

Response:

ECHN has been in the process of evaluating affiliation options over the past several years and has maintained regular communication with its joint venture partners, including Walden, throughout the affiliation process. Informal discussions with Walden regarding the potential transfer of ECHN's ownership interest in WBC CT East to a new partner began as early as 2012 after the ECHN Board of Trustees ("ECHN Board") voted to pursue an affiliation with a larger health system. Walden was informed of ECHN's decision to pursue an affiliation with PMH following an ECHN Board retreat on June 25, 2015 where the terms of a letter of intent for ECHN to be acquired by PMH were approved.

Following these discussions, WBC CT East adopted formal resolutions relating to the proposed transfer of ECHN's 16.4% ownership interest in WBC CT East to PMH and Walden executed a letter agreement confirming its intention to waive its right of first refusal in connection with such transfer. Copies of the resolutions and letter agreement have been provided as **Attachment 1**.

2 For additional detail on the purchase price and use of the asset purchase proceeds, please refer to OHCA Docket Number 15-32016-486 and the response to Question 3, item 6 on page 29 of the CON application submitted on October 13, 2015.

3. Provide the following information:

- a. utilizing [OHCA Table 1](#), list all services to be added, terminated or modified, their physical location (street address, town and zip code), the population to be served and the existing/proposed days/hours of operation;

Response:

OHCA Table 1 has been completed to show the existing services offered by WBC CT East, their physical location, the population served and the existing hours of operation.

No clinical services offered by WBC CT East will be added, modified or terminated as a result of transferring ECHN's ownership interest to PMH.

- b. identify in [OHCA Table 2](#) the service area towns and the reason for their inclusion (e.g., provider availability, increased/decreased patient demand for service, market share);

Response:

Due to the small number of eating disorder treatment services in Connecticut, WBC CT East is a statewide resource. The primary service area, where nearly 85% of patients treated over the last two years originate, consists of towns in Hartford, Tolland, New Haven and New London Counties. The secondary service area includes the towns in the remaining Connecticut counties of Litchfield, Middlesex, Windham, and Fairfield.

Please see **OHCA Table 2** for the service area towns for WBC CT East. As stated above, due to the small number of eating disorder treatment programs in the state, WBC CT East includes all 169 Connecticut towns in its service area definition.

4. List the health care facility license(s) that will be needed to implement the proposal;

Response:

WBC CT East is currently licensed by the Department of Public Health as a Mental Health Treatment Facility and a Psychiatric Outpatient Clinic for Adults. The facility is also licensed by the Department of Children and Families as an Outpatient Psychiatric Clinic for Children. The Applicant will continue to operate under the existing licenses following the transfer of ECHN's ownership interest to PMH. No additional health care facility licenses will be needed to implement the proposal.

5. Submit the following information as attachments to the application:

- a. a copy of all State of Connecticut, Department of Public Health license(s) currently held by the Applicant(s);

Response:

Please see **Exhibit Q5a** for a copy of the following licenses currently held by WBC CT East:

<u>Licensing Agency</u>	<u>License Category</u>
Department of Public Health	Mental Health Day Treatment Facility
Department of Public Health	Psychiatric Outpatient Clinic for Adults
Department of Children and Families	Outpatient Psychiatric Clinic for Children

- b. a list of all key professional, administrative, clinical and direct service personnel related to the proposal and attach a copy of their Curriculum Vitae;

Response:

Key personnel for WBC CT East related to the proposal include:

<u>Name</u>	<u>Position</u>
Stuart L. Koman, Ph.D.	President and Chief Executive Officer
James Greenblatt, MD	Chief Medical Officer Vice President of Medical Services
Paula C. Vass, MSW, LICSW	Vice President of Clinical Operations
Walter Henritze	Vice President Administration and Finance Chief Financial Officer
Rebekah Doweiko, M.Ed, LPC	Program Director WBC Connecticut East

Copies of the curriculum vitae for the individuals listed above have been included as **Exhibit Q5b**.

- c. copies of any scholarly articles, studies or reports that support the need to establish the proposed service, along with a brief explanation regarding the relevance of the selected articles;

Response:

Not applicable. WBC CT East currently provides eating disorder services in South Windsor and is not proposing to establish any new services as a result of ECHN transferring its ownership interest in WBC CT East to PMH.

- d. letters of support for the proposal;

Response:

Not applicable. Letters of support for PMH to acquire the assets of ECHN have been submitted with the conversion CON application (OHCA Docket Number 15-32016-486).

- e. the protocols or the Standard of Practice Guidelines that will be utilized in relation to the proposal. Attach copies of relevant sections and briefly describe how the Applicant proposes to meet the protocols or guidelines.

Response:

Not applicable. WBC CT East currently provides eating disorder services in South Windsor. No change in services or service delivery is expected as a result of the transfer of ECHN's ownership interest in WBC CT East to PMH. The transfer of ownership interest will in no way impact the day-to-day operations of WBC CT East so there are no protocols or Standard Practice Guidelines that are relevant to this proposal.

- f. copies of agreements (e.g., memorandum of understanding, transfer agreement, operating agreement) related to the proposal. If a final signed version is not available, provide a draft with an estimated date by which the final agreement will be available.

Response:

Please refer to **Exhibit Q5f** for a copy of the Asset Purchase Agreement between ECHN and PMH. Per the terms agreed upon in the Asset Purchase Agreement, PMH or an affiliate will purchase substantially all of the assets of ECHN, including the properties, assets and business of, or ownership interests of, ECHN affiliates and joint ventures, including, but not limited to, ECHN's ownership interest in WBC CT East. ECHN and PMH are not permitted to execute the Asset Purchase Agreement until regulatory approval has been obtained under C.G.S. §19a-486 et seq. It is anticipated that the Asset Purchase Agreement will be promptly executed following receipt of such approval.

Public Need and Access to Care

§ “Whether the proposed project is consistent with any applicable policies and standards adopted in regulations by the Department of Public Health;” (Conn.Gen.Stat. § 19a-639(a)(1))

6. Describe how the proposed project is consistent with any applicable policies and standards in regulations adopted by the Connecticut Department of Public Health.

Response:

WBC CT East currently provides eating disorder services in South Windsor. The need for these services was clearly demonstrated in 2011 (Docket Number 11-31731-CON) and remains true today. Connecticut General Statutes §19a-637 states that OHCA “shall promote the provision of quality health care in a manner that ensures access for all state residents to cost-effective services so as to avoid duplication of health services and improve the availability and financial stability of health care services through the state.”

The proposed transfer of ECHN's ownership interest in WBC CT East to PMH will have no impact on the services provided by WBC CT East in South Windsor. The cost of services will not change as a result of the project and transfer of ownership will not result in the duplication of any health services.

§ “The relationship of the proposed project to the statewide health care facilities and services plan;” (Conn.Gen.Stat. § 19a-639(a)(2))

7. Describe how the proposed project aligns with the Connecticut Department of Public Health Statewide Health Care Facilities and Services Plan, available on [OHCA's website](#).

Response:

The Connecticut Department of Public Health Statewide Health Care Facilities and Services Plan (“Plan”) is “intended to provide improved patient access to services by: providing better access to services through planned geographic distribution, enhancing primary care access and availability by identifying gaps in services and unmet need, and lowering overall cost to the health care system by limiting duplication of services.”

As stated in the response to Question 6 above, WBC CT East demonstrated the existence of an unmet need in Connecticut and received CON approval to establish a formal outpatient eating disorder program in South Windsor. The proposed transfer of ECHN's ownership interest to PMH will have no impact on the services provided by WBC CT East, thereby maintaining the patient access to outpatient eating disorder services that already exists in the region.

§ “Whether there is a clear public need for the health care facility or services proposed by the applicant;” (Conn.Gen.Stat. § 19a-639(a)(3))

8. With respect to the proposal, provide evidence and documentation to support clear public need:
- a. identify the target patient population to be served;

Response:

WBC CT East's programs in South Windsor serve adults and adolescents (age twelve to eighteen) with eating disorders. Due to the small number of eating disorder treatment programs in Connecticut, WBC CT East is a statewide resource and the target population served by the facility includes all individuals (age twelve and older) residing in Connecticut that have been diagnosed with Anorexia Nervosa, Bulimia Nervosa and Binge Eating Disorder.

- b. discuss how the target patient population is currently being served;

Response:

As an existing provider of outpatient eating disorder services, the target population is currently being served by WBC CT East. No change in services or service delivery is expected as a result of the transfer of ECHN's ownership interest in WBC CT East to PMH ECHN or an affiliate of PMH. The transfer of ownership interest will in no way impact the day-to-day operations of WBC CT East so the target population will continue to be served by WBC CT East.

- c. document the need for the equipment and/or service in the community;

Response:

The need for WBC CT East to establish a PHP and an IOP with services for adults and adolescents with eating disorders was clearly established in the CON application filed in 2012 and subsequently approved by OHCA on July 12, 2012 (Docket Number 11-31731-CON). As noted in the Final Decision, OHCA identified the following findings:

- "WBC CT East states that its proposed eating disorder services will be a state-wide resource due to the lack of comprehensive continuum of eating disorder treatment services in Connecticut, especially services for males. There is no provider in the proposed primary service area which currently offers intensive outpatient care, specialty programs for binge eating disorders, or specialty programs for adolescents or their families." (*Findings of Fact #19, page 5 of the Final Decision*)
- "OHCA finds that WBC CT East will provide a broader array of eating disorder services than is currently available in Connecticut...OHCA finds that the proposed services will be complementary to those services already available in Connecticut and will provide a valuable resource for more intensive eating disorder services as needed." (*Findings of Fact #35, page 9 of the Final Decision*)

WBC CT East has experienced significant growth since it opened its doors in 2012, and the facility in South Windsor has undergone two physical space expansions since opening to treat the increased patient demand. As discussed

above and throughout this application, the proposed transfer of ECHN's membership interest in WBC CT East to PMH will have no impact on the day-to-day operations of WBC CT East.

- d. explain why the location of the facility or service was chosen;

Response:

In 2012, WBC CT East identified its proposed location as 2400 Tamarack Avenue in South Windsor. The location was selected for a number of reasons, including its close proximity to several major highways (i.e. I-84, I-91 and Route 2) and its proximity to Manchester Memorial Hospital. WBC CT East was established at the location originally proposed in 2012 and has since expanded two times to accommodate growing patient demand. The transfer of ECHN's membership interest to PMH will have no impact on the operations of WBC CT East and the facility will continue to provide the same clinical services at its existing location in South Windsor.

- e. provide incidence, prevalence or other demographic data that demonstrates community need;

Response:

The community need for eating disorder services is demonstrated by the growth WBC CT East has experienced since it opened its doors in 2012:

	FY 2012 <i>(Start 08/2012)</i>	FY 2013	FY 2014	FY 2015* <i>(Annualized)</i>	AAGR** <i>(2012-2015)</i>
Admissions	63	201	341	368	80%
Patient Days	725	2,761	5,601	5,367	95%

* FY 2015 volumes annualized based on the first ten months of FY 2015.

** AAGR = Average Annual Growth Rate

No clinical services offered by WBC CT East will be added, modified or terminated as a result of transferring ECHN's ownership interest to PMH or an affiliate.

- f. discuss how low income persons, racial and ethnic minorities, disabled persons and other underserved groups will benefit from this proposal;

Response:

The availability of WBC CT East's comprehensive eating disorder programs in South Windsor is a benefit to underserved groups across Connecticut, including low income individuals, racial and ethnic minorities and disabled persons. Nearly 30% of patients treated by WBC CT East are Medicaid patients, and availability of these services in Connecticut reduces potential financial and geographic barriers often experienced by this subset of the patient population. No changes in access for this patient population are anticipated as a result of this proposal as the transfer of ownership will not impact the services delivered by WBC CT East.

- g. list any changes to the clinical services offered by the Applicant(s) and explain why the change was necessary;

Response:

Not applicable. There will be no changes to the clinical services offered by the Applicant as a result of this proposal.

- h. explain how access to care will be affected;

Response:

Access to outpatient eating disorder services in South Windsor will remain the same after ECHN transfers its ownership interest in WBC CT East to PMH. The services provided and the availability of those services will not be affected by this proposal.

- i. discuss any alternative proposals that were considered.

Response:

The proposed transfer of ECHN's ownership interest in WBC CT East to PMH is an integral component of the broader ECHN-PMH Transaction. As such, no alternative proposals related to the transfer of ECHN's ownership interest in WBC CT East were considered. The proposed transfer is contingent upon the closing of the ECHN-PMH Transaction and is not intended to be consummated unless and until the ECHN-PMH Transaction is consummated.

§ "Whether the applicant has satisfactorily demonstrated how the proposal will improve quality, accessibility and cost effectiveness of health care delivery in the region, including, but not limited to, (A) provision of or any change in the access to services for Medicaid recipients and indigent persons; (Conn.Gen.Stat. § 19a-639(a)(5))

- 9. Describe how the proposal will:

- a. improve the quality of health care in the region;
- b. improve accessibility of health care in the region; and
- c. improve the cost effectiveness of health care delivery in the region.

Response:

Authorization for ECHN to transfer its ownership interest in WBC CT East to PMH will have no impact on the operations of WBC CT East or the services offered by WBC CT East. WBC CT East will continue to offer the same level of care to the same communities that it has historically served. As a result, this proposal will maintain the improvements to health care quality and accessibility that were attained with the establishment of WBC CT East in 2012.

Through the transfer of ECHN's ownership interest in WBC CT East to PMH, PMH will maintain an existing relationship with Walden as an affiliated provider. This is beneficial to PMH and the communities it will serve in this area because it ensures that PMH will continue to provide services across the care continuum, either directly through its wholly owned entities or through partnerships with other community providers. The continuation of this relationship with Walden will enable patient care to be delivered in the more cost effective setting and will avoid the development of potentially duplicative services by PMH in an effort to provide patients with the appropriate level of care across the care continuum.

10. How will this proposal help improve the coordination of patient care (explain in detail regardless of whether your answer is in the negative or affirmative)?

Response:

The coordination of care between WBC CT East and ECHN is already well established. The transfer of ECHN's ownership interest in WBC CT East to PMH will maintain this collaborative relationship after PMH's acquisition of ECHN. PMH's experience in developing and implementing its Coordinated Regional Care ("CRC") model will provide additional opportunity to improve the coordination of patient care.

For more information on PMH's CRC model, please refer to OHCA Docket Number 15-32016-486.

11. Describe how this proposal will impact access to care for Medicaid recipients and indigent persons.

Response:

The Applicant does not anticipate any changes to the patient or payer populations to be served by WBC CT East or any adverse impact on access to eating disorder treatments by Medicaid recipients or indigent persons as a result of this proposal.

*§ "Whether an applicant, who has failed to provide or reduced access to services by Medicaid recipients or indigent persons, has demonstrated good cause for doing so, which shall not be demonstrated solely on the basis of differences in reimbursement rates between Medicaid and other health care payers;"
(Conn.Gen.Stat. § 19a-639(a)(10))*

12. If the proposal fails to provide or reduces access to services by Medicaid recipients or indigent persons, provide explanation of good cause for doing so.

Response:

Not applicable. Nearly 30% of patients currently receiving services at WBC CT East are Medicaid recipients. As discussed in the response to Question 11 above, the Applicant does not anticipate any changes to the patient or payer populations to be served by WBC CT East or any adverse impact on access to eating disorder treatments by Medicaid recipients or indigent persons.

§ *“Whether the applicant has satisfactorily demonstrated that any consolidation resulting from the proposal will not adversely affect health care costs or accessibility to care.” (Conn.Gen.Stat. § 19a-639(a)(12))*

13. Will the proposal adversely affect patient health care costs in any way? Quantify and provide the rationale for any changes in price structure that will result from this proposal, including, but not limited to, the addition of any imposed facility fees.

Response:

The transfer of ECHN’s ownership interest in WBC CT East to PMH will not affect patient health care costs in any way. No clinical services offered by WBC CT East will be added, modified or terminated and no changes in the price structure are planned in connection with the proposed transfer of ECHN’s ownership interest in WBC CT East to PMH.

Financial Information

§ “Whether the applicant has satisfactorily demonstrated how the proposal will impact the financial strength of the health care system in the state or that the proposal is financially feasible for the applicant;” (Conn.Gen.Stat. § 19a-639(a)(4))

14. Describe the impact of this proposal on the financial strength of the state’s health care system or demonstrate that the proposal is financially feasible for the applicant.

Response:

The transfer of ECHN’s ownership interest in WBC CT East will not impact the day-to-day operations of WBC CT East, so no impact on the financial strength of the state’s health care system is anticipated. Since the proposal does not affect operations of WBC CT East, the transfer of ECHN’s ownership interest in WBC CT East to PMH will have no financial impact on the Applicant and is, therefore, financially feasible.

15. Provide a final version of all capital expenditure/costs for the proposal using [OHCA Table 3](#).

Response:

OHCA Table 3 has been completed, however there are no capital expenditures associated with this proposal.

16. List all funding or financing sources for the proposal and the dollar amount of each. Provide applicable details such as interest rate; term; monthly payment; pledges and funds received to date; letter of interest or approval from a lending institution.

Response:

There are no specific capital expenditures or costs associated with this proposal. As discussed in the application for the proposed ECHN-PMH Transaction (See Docket Number 15-32016-486), PMH will use cash to pay the purchase price for ECHN and the included affiliates. Details such as interest rate, term, and monthly payment amounts do not apply to either the asset purchase of ECHN or to PMH’s acquisition of ECHN’s ownership interest in WBC CT East.

17. Include as an attachment:

- a. audited financial statements for the most recently completed fiscal year. If audited financial statements do not exist, provide other financial documentation (e.g., unaudited balance sheet, statement of operations, tax return, or other set of books). Connecticut hospitals required to submit annual audited financial

statements may reference that filing, if current;

- b. completed **Financial Worksheet A (non-profit entity), B (for-profit entity) or C (§19a-486a sale)**, available on OHCA's website under [OHCA Forms](#), providing a summary of revenue, expense, and volume statistics, "without the CON project," "incremental to the CON project," and "with the CON project."
Note: the actual results reported in the Financial Worksheet must match the audited financial statement that was submitted or referenced.

Response:

WBC CT East is taxed as a partnership or pass-through entity for federal income tax purposes, and as such, it is included with Walden for reporting purposes. Therefore, there are no separate audited financial statements for WBC CT East. Please see **Exhibit 17a** for a copy of WBC CT East's internal financial statements for FY 2014 and FY 2015 through October.

Financial Worksheet B has been provided as **Exhibit 17b**.

18. Complete [OHCA Table 4](#) utilizing the information reported in the attached Financial Worksheet.

Response:

Please see **OHCA Table 4** for the projected incremental revenues and expenses as reported in Financial Worksheet B.

19. Explain all assumptions used in developing the financial projections reported in the Financial Worksheet.

Response:

Because there will be no change in operations or services offered by WBC CT East as a result of ECHN transferring its interest in WBC CT East to PMH, the assumptions utilized in developing the with and without CON scenarios in Financial Worksheet B are the same. The assumptions used to develop the financial projections through FY 2019 are:

General Assumptions

- The proposed asset purchase of ECHN by PMH (Docket Number 15-32016-486) will be approved.
- All assumptions related to this application will utilize October 1, 2016 as the commencement date of the proposal.

Revenues

- The overall net revenue payer mix for WBC CT East will remain constant at the percent distribution observed in FY 2015 through September:

Payer	Payer Mix
Non-Government	85%
Medicare	0%
Medicaid	15%
Other Government	0%

- Net patient revenue and other operating revenue for FY 2015 have been annualized based on FY 2015 actual revenues through September.
- Total net patient revenue for WBC CT East is expected to increase 10% from FY 2015 to FY 2016 as patient volume continues to ramp up following establishment of WBC CT East in FY 2012.
- After FY 2016, total net patient revenue will increase 6% each year as a result of continued volume growth and improved managed care contracting.
- Other operating revenue for FY 2016 through FY 2019 was estimated based on the average other operating revenue observed in FY 2014 and projected for FY 2015.
- Non-operating revenue, which is predominantly related to interest income, will remain constant at the average amount observed for FY 2014 and projected for FY 2015, for each year through FY 2019.

Expenses

- General operating expenses for FY 2015 were annualized based on FY 2015 actual operating expenses through September.
- General operating expenses for WBC CT East will increase 5% each year after FY 2015 through FY 2019.
- The provision for bad debts was 0.8% of gross patient revenue in FY 2014 and FY 2015, and will continue at that level through FY 2019.
- The provision for income taxes will remain constant through FY 2019 at the amount projected for FY 2015.

Full-Time Equivalent (FTEs)

- The number of FTEs is expected to increase by one (1) FTE each year through FY 2019 as a result of continued volume growth at the facility with or without approval of the proposal.

Volume Statistics

- Admissions are expected to increase 10% from FY 2015 to FY 2016 due to volume growth associated with continued program expansion, then will increase 5.5% each year through FY 2019.
- The average number of patient days per patient and the distribution of patients by service experienced in FY 2015 will remain constant through FY 2019.

20. Explain any projected incremental losses from operations resulting from the implementation of the CON proposal.

Response:

Not applicable. WBC CT East projects a gain from operations each fiscal year through FY 2019. There is no incremental impact on revenues, expenses or volumes anticipated as a result of this proposal. The transfer of ECHN's ownership interest in WBC CT East to PMH will have no impact on the service delivery and day-to-day operations of WBC CT East.

21. Indicate the minimum number of units required to show an incremental gain from operations for each projected fiscal year.

Response:

Not applicable. As noted in the response to Question 20 above, there is no incremental impact on revenues, expenses or volumes anticipated as a result of ECHN transferring its ownership interest to PMH or an affiliate. The transfer of ECHN's ownership interest in WBC CT East to PMH will have no impact on the service delivery and day-to-day operations of WBC CT East.

Utilization

§ "The applicant's past and proposed provision of health care services to relevant patient populations and payer mix, including, but not limited to, access to services by Medicaid recipients and indigent persons;" (Conn.Gen.Stat. § 19a-639(a)(6))

22. Complete [OHCA Table 5](#) and [OHCA Table 6](#) for the past three fiscal years ("FY"), current fiscal year ("CFY") and first three projected FYs of the proposal, for each of the Applicant's existing and/or proposed services. Report the units by service, service type or service level.

Response:

Please see **OHCA Table 5** and **OHCA Table 6** for the historic and projected utilization by service for WBC CT East.

23. Provide a detailed explanation of all assumptions used in the derivation/ calculation of the projected service volume; explain any increases and/or decreases in volume reported in OHCA Table 5 and 6.

Response:

As presented in the response to Question 19 above, admissions are expected to increase 10% from FY 2015 to FY 2016 due to volume growth associated with continued program expansion, then will increase 5.5% each year through FY 2019. The average number of patient days per patient and the distribution of patients by service experienced in FY 2015 will remain constant through FY 2019. The volumes projected for WBC CT East are the same with and without approval of this proposal.

24. Provide the current and projected patient population mix (number and percentage of patients by payer) for the proposal using [OHCA Table 7](#) and provide all assumptions. **Note: payer mix should be calculated from patient volumes, not patient revenues.**

Response:

The current and projected patient population mix (based on admission volume) for WBC CT East has been provided in **OHCA Table 7**. The population mix observed in FY 2015 will remain constant through FY 2019 with or without the proposal.

§ "Whether the applicant has satisfactorily identified the population to be served by the proposed project and satisfactorily demonstrated that the identified population has a need for the proposed services;" (Conn.Gen.Stat. § 19a-639(a)(7))

25. Describe the population (as identified in question 8(a)) by gender, age groups or persons with a specific condition or disorder and provide evidence (i.e., incidence, prevalence or other demographic data) that demonstrates a need for the proposed service or proposal. **Please note: if population estimates or other demographic data are submitted, provide only publicly available and verifiable information (e.g., U.S. Census Bureau, Department of Public Health, CT State Data Center) and document the source.**

Response:

WBC CT East's programs in South Windsor serve adults and adolescents (age twelve to eighteen) with eating disorders. Please refer to the response to Question 8e above for the utilization volume that demonstrates the community need for the eating disorder services currently provided by WBC CT East. No clinical services offered by WBC CT East will be added, modified or terminated as a result of transferring ECHN's ownership interest in WBC CT East to PMH.

26. Using [OHCA Table 8](#), provide a breakdown of utilization by town for the most recently completed fiscal year. Utilization may be reported as number of persons, visits, scans or other unit appropriate for the information being reported.

Response:

Please see **OHCA Table 8** for the breakdown of admissions by patient town of origin for the most recently completed fiscal year (FY 2014).

§ "The utilization of existing health care facilities and health care services in the service area of the applicant;" (Conn.Gen.Stat. § 19a-639(a)(8))

27. Using [OHCA Table 9](#), identify all existing providers in the service area and, as available, list the services provided, population served, facility ID (see table footnote), address, hours/days of operation and current utilization of the facility. Include providers in the towns served or proposed to be served by the Applicant, as well as providers in towns contiguous to the service area.

Response:

Please see **OHCA Table 9** for the existing providers of eating disorder services in Connecticut.

28. Describe the effect of the proposal on these existing providers.

Response:

The Applicant does not expect any impact on the existing providers of eating disorder services in Connecticut as a result of implementing this proposal. The transfer of ECHN's ownership interest in WBC CT East to PMH will have no impact on the service delivery and day-to-day operations of WBC CT East.

29. Describe the existing referral patterns in the area served by the proposal.

Response:

Referrals to WBC CT East's South Windsor facility are primarily from primary care physicians, acute and psychiatric hospitals, community health providers, behavioral health and human service providers, educational systems and districts, insurance companies and the families of those who need treatment.

30. Explain how current referral patterns will be affected by the proposal.

Response:

The Applicant does not expect any impact on the current referral patterns as a result of this proposal. The transfer of ECHN's ownership interest in WBC CT East to PMH will have no impact on the service delivery and day-to-day operations of WBC CT East.

§ *"Whether the applicant has satisfactorily demonstrated that the proposed project shall not result in an unnecessary duplication of existing or approved health care services or facilities;"*
(Conn.Gen.Stat. § 19a-639(a)(9))

31. If applicable, explain why approval of the proposal will not result in an unnecessary duplication of services.

Response:

Approval of the proposal will not result in unnecessary duplication of services because no services are being added. The transfer of ECHN's ownership interest in WBC CT East to PMH will have no impact on the service delivery and day-to-day operations of WBC CT East.

§ *"Whether the applicant has satisfactorily demonstrated that the proposal will not negatively impact the diversity of health care providers and patient choice in the geographic region;"*
(Conn.Gen.Stat. § 19a-639(a)(11))

32. Explain in detail how the proposal will impact (i.e., positive, negative or no impact) the diversity of health care providers and patient choice in the geographic region.

Response:

The proposed transfer of ECHN's ownership interest in WBC CT East to PMH will have no impact on the diversity of health care providers and patient choice in the geographic region. There will be no changes to operations or the clinical services offered by the Applicant as a result of this proposal.

Tables

**TABLE 1
APPLICANT'S SERVICES AND SERVICE LOCATIONS**

Service	Street Address, Town	Population Served	Days/Hours of Operation	New Service or Proposed Termination
Adult IOP and PHP Adolescent IOP and PHP	2400 Tamarack Ave Suite 203 South Windsor, CT	Adults Age 18+ Adolescents Age 12- 18	Monday – Thursday 8:30 am – 9:00 pm Friday 8:30 am – 6:00 pm Optional Saturday programming for PHP Only	<p>Not Applicable</p> <p>There will be no changes to the service offerings as a result of this proposals</p>

[\[back to question\]](#)

**TABLE 2
SERVICE AREA TOWNS**

List the official name of town* and provide the reason for inclusion.

Town*				Reason for Inclusion
Andover	East Lyme	Morris	South Windsor	Due to the small number of eating disorder treatment programs in the state, WBC CT East includes all 169 Connecticut towns in its service area definition.
Ansonia	East Windsor	Naugatuck	Southbury	
Ashford	Eastford	New Britain	Southington	
Avon	Easton	New Canaan	Sprague	
Barkhamsted	Ellington	New Fairfield	Stafford	
Beacon Falls	Enfield	New Hartford	Stamford	
Berlin	Essex	New Haven	Sterling	
Bethany	Fairfield	New London	Stonington	
Bethel	Farmington	New Milford	Stratford	
Bethlehem	Franklin	Newington	Suffield	
Bloomfield	Glastonbury	Newtown	Thomaston	
Bolton	Goshen	Norfolk	Thompson	
Bozrah	Granby	North Branford	Tolland	
Branford	Greenwich	North Canaan	Torrington	
Bridgeport	Griswold	North Haven	Trumbull	
Bridgewater	Groton	North Stonington	Union	
Bristol	Guilford	Norwalk	Vernon	
Brookfield	Haddam	Norwich	Voluntown	
Brooklyn	Hamden	Old Lyme	Wallingford	
Burlington	Hampton	Old Saybrook	Warren	
Canaan	Hartford	Orange	Washington	
Canterbury	Hartland	Oxford	Waterbury	
Canton	Harwinton	Plainfield	Waterford	
Chaplin	Hebron	Plainville	Watertown	
Cheshire	Kent	Plymouth	West Hartford	
Chester	Killingly	Pomfret	West Haven	
Clinton	Killingworth	Portland	Westbrook	
Colchester	Lebanon	Preston	Weston	
Colebrook	Ledyard	Prospect	Westport	
Columbia	Lisbon	Putnam	Wethersfield	
Cornwall	Litchfield	Redding	Willington	
Coventry	Lyme	Ridgefield	Wilton	
Cromwell	Madison	Rocky Hill	Winchester	
Danbury	Manchester	Roxbury	Windham	
Darien	Mansfield	Salem	Windsor	
Deep River	Marlborough	Salisbury	Windsor Locks	
Derby	Meriden	Scotland	Wolcott	
Durham	Middlebury	Seymour	Woodbridge	
East Granby	Middlefield	Sharon	Woodbury	
East Haddam	Middletown	Shelton	Woodstock	
East Hampton	Milford	Sherman		
East Hartford	Monroe	Simsbury		
East Haven	Montville	Somers		

* Village or place names are not acceptable.

[\[back to question\]](#)

**TABLE 3
TOTAL PROPOSAL CAPITAL EXPENDITURE**

Purchase/Lease	Cost
Equipment (Medical, Non-medical, Imaging)	\$ 0
Land/Building Purchase	\$ 0
Construction/Renovation	\$ 0
Other (specify)	\$ 0
Total Capital Expenditure (TCE)	\$ 0
Lease (Medical, Non-medical, Imaging)	\$ 0
Total Lease Cost (TLC)	\$ 0
Total Project Cost (TCE+TLC)	\$ 0

[\[back to question\]](#)

**TABLE 4
PROJECTED INCREMENTAL REVENUES AND EXPENSES**

	FY 2017	FY 2018	FY 2019
Revenue from Operations	\$ 1,916,937	\$ 2,022,337	\$ 2,133,533
Total Operating Expenses	\$ 1,626,864	\$ 1,708,207	\$ 1,793,618
Gain/Loss from Operations	\$ 290,073	\$ 314,129	\$ 339,916

[\[back to question\]](#)

**TABLE 5
HISTORICAL UTILIZATION BY SERVICE**

Service <i>Volume in Days</i>	Actual Volume (Last 3 Completed FYs)			CFY Volume*
	FY 2012 (Start 08/2012)	FY 2013	FY 2014	FY 2015
Adult Binge IOP (start 11/2013)	-	54	731	467
Adult IOP	130	826	1,532	1,322
Adult PHP	493	1,115	1,945	1,920
Adolescent IOP	102	766	772	844
Adolescent PHP (start 04/2014)	-	-	621	814
Total	725	2,761	5,601	5,367

Service <i>Number of Patients (Admissions)</i>	Actual Volume (Last 3 Completed FYs)			CFY Volume*
	FY 2012 (Start 08/2012)	FY 2013	FY 2014	FY 2015
Adult Binge IOP (start 11/2013)	-	6	38	26
Adult IOP	13	72	97	91
Adult PHP	38	88	114	131
Adolescent IOP	12	35	47	60
Adolescent PHP (start 04/2014)	-	-	45	60
Total	63	201	341	368

* FY 2015 annualized volume based on actual volume from January 1, 2015 through October, 2015.

[\[back to question\]](#)

**TABLE 6
PROJECTED UTILIZATION BY SERVICE**

Service <i>Volume in Days</i>	Projected Volume			
	FY 2016	FY 2017 <i>Year 1</i>	FY 2018 <i>Year 2</i>	FY 2019 <i>Year 3</i>
Adult Binge IOP	513	542	571	603
Adult IOP	1,455	1,534	1,619	1,708
Adult PHP	2,113	2,229	2,352	2,481
Adolescent IOP	928	979	1,033	1,089
Adolescent PHP	895	944	996	1,051
Total	5,904	6,228	6,571	6,932

Service <i>Number of Patients (Admissions)</i>	Projected Volume			
	FY 2016	FY 2017 <i>Year 1</i>	FY 2018 <i>Year 2</i>	FY 2019 <i>Year 3</i>
Adult Binge IOP	29	31	32	34
Adult IOP	100	106	112	118
Adult PHP	144	152	160	169
Adolescent IOP	66	70	73	77
Adolescent PHP	66	70	73	77
Total	405	427	451	476

[\[back to question\]](#)

**TABLE 7
APPLICANT'S CURRENT & PROJECTED PAYER MIX**

Payer	FY 2015		Projected							
			FY 2016		FY 2017		FY 2018		FY 2019	
	Patients	%	Patients	%	Patients	%	Patients	%	Patients	%
Medicare*	0	0%	0	0%	0	0%	0	0%	0	0%
Medicaid*	106	29%	117	29%	123	29%	130	29%	138	29%
CHAMPUS & TriCare	1	0%	1	0%	1	0%	1	0%	1	0%
Total Government	107	29%	118	29%	125	29%	132	29%	139	29%
Commercial Insurers	257	70%	283	70%	298	70%	315	70%	333	70%
Uninsured	3	1%	4	1%	4	1%	4	1%	4	1%
Workers Compensation	0	0%	0	0%	0	0%	0	0%	0	0%
Total Non-Government	261	71%	287	71%	302	71%	319	71%	337	71%
Total Payer Mix	368	100%	405	100%	427	100%	451	100%	476	100%

* Includes managed care activity.

[\[back to question\]](#)

**TABLE 8
UTILIZATION BY TOWN**

Town	State	Utilization FY 2014
Ashford	CT	1
Avon	CT	11
Beacon Falls	CT	3
Berlin	CT	5
Bloomfield	CT	5
Bolton	CT	10
Branford	CT	5
Bristol	CT	8
Burlington	CT	6
Canton	CT	2
Cheshire	CT	6
Colchester	CT	8
Columbia	CT	2
Coventry	CT	3
East Granby	CT	1
East Hampton	CT	3
East Hartford	CT	14
East Hartland	CT	2
East Haven	CT	2
East Lyme	CT	1
East Windsor	CT	3
Ellington	CT	4
Enfield	CT	6
Farmington	CT	6
Glastonbury	CT	10
Goshen	CT	1
Granby	CT	2
Griswold	CT	1
Guilford	CT	6
Hamden	CT	5
Hampton	CT	2
Hartford	CT	5
Hebron	CT	2
Lebanon	CT	1
Ledyard	CT	2
Lisbon	CT	2
Litchfield	CT	3
Manchester	CT	25
Mansfield	CT	7
Marlborough	CT	2
Meriden	CT	3

Town	State	Utilization FY 2014
Middletown	CT	2
New Britain	CT	3
New Hartford	CT	1
New London	CT	2
Newington	CT	1
North Branford	CT	1
North Haven	CT	1
Norwich	CT	2
Old Lyme	CT	1
Old Saybrook	CT	4
Orange	CT	3
Plainfield	CT	3
Plymouth	CT	2
Prospect	CT	2
Putnam	CT	2
Shelton	CT	3
Simsbury	CT	2
Somers	CT	2
South Windsor	CT	3
Southington	CT	20
Stafford	CT	7
Stamford	CT	2
Stonington	CT	2
Suffield	CT	2
Thompson	CT	1
Tolland	CT	11
Torrington	CT	2
Trumbull	CT	2
Vernon	CT	12
Wallingford	CT	10
Waterbury	CT	1
Watertown	CT	1
West Hartford	CT	10
Wethersfield	CT	3
Willimantic	CT	1
Windsor Locks	CT	1
Winsted	CT	2
Wolcott	CT	1
Woodstock	CT	2
Connecticut Total		333
Other States		8
Total		341

[\[back to question\]](#)

**TABLE 9
SERVICES AND SERVICE LOCATIONS OF EXISTING PROVIDERS**

Service or Program Name	Population Served	Facility ID (NPI)	Facility's Provider Name, Street Address and Town	Hours/Days of Operation	Current Utilization
Center for Discovery New England	Adults (female only)	1003297482	Wilkins Center 7 Riversville Road, Greenwich, CT	Residential Treatment Program (IOP for Adolescents Wilkins Center only)	Unknown
	Adolescents (male and female)	1083095442	4536 Congress Street Fairfield, CT		
		1134500507	1320 Mill Hill Road Southport, CT 06890		
Newport Academy	Adolescents	Unknown	Darien, CT Litchfield, CT	Residential Treatment Program (IOP and PHP)	Unknown
Silver Hill Hospital	Adults	1982658035	208 Valley Road New Caanan, CT	Residential Treatment Program	Unknown
The Institute of Living	Adults Adolescents	1639484637	Hartford Hospital 200 Retreat Avenue Hartford, CT	Unknown (PHP)	Unknown
The Renfrew Center	Adults Adolescents (females only)	1497854137	The Renfrew Center 1445 East Putnam Avenue Old Greenwich, CT	Unknown (IOP and PHP)	Unknown
WBC CT East (Applicant)	Adults Adolescents	1730442179	2400 Tamarack Ave Suite 203 South Windsor, CT	See Table 1	340 admissions (FY 2014)

[\[back to question\]](#)



Supplemental CON Application Form
Transfer of Ownership of a Health Care Facility
Conn. Gen. Stat. § 19a-638(a)(2)

Applicant: WBC Connecticut East, LLC

Project Name: Transfer of Eastern Connecticut Health Network, Inc.'s Ownership Interest in WBC Connecticut East, LLC to Prospect Medical Holdings, Inc. or an Affiliate

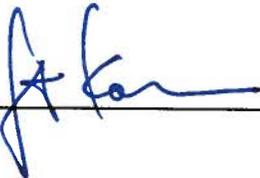
Affidavit

Applicant: WBC Connecticut East, LLC

Project Title: Transfer of Eastern Connecticut Health Network, Inc.'s Ownership Interest in WBC Connecticut East, LLC to Prospect Medical Holdings, Inc. or an Affiliate

I, Stuart L. Koman, President and Chief Executive Officer
(Name) (Position – CEO or CFO)

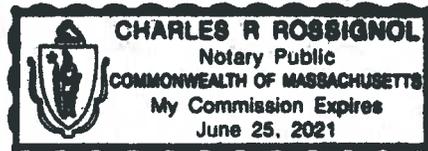
of WBC Connecticut East, LLC being duly sworn, depose and state that the (Facility Name) said facility complies with the appropriate and applicable criteria as set forth in the Sections 19a-630, 19a-637, 19a-638, 19a-639, 19a-486 and/or 4-181 of the Connecticut General Statutes.

Signature  Date 12/17/15

Subscribed and sworn to before me on 12/17/15


Notary Public/Commissioner of Superior Court

My commission expires: 6/25/21



1. Project Description and Need: Change of Ownership or Control

- a. Describe the transition plan and how the Applicants will ensure continuity of services. Provide a copy of a transition plan, if available.

Response:

Not applicable. WBC CT East currently provides eating disorder services in South Windsor. No change in services or service delivery is expected as a result of the transfer of ECHN's ownership interest in WBC CT East to PMH. The transfer of ownership interest will in no way impact the day-to-day operations of WBC CT East so there is no need to develop a transition plan to ensure continuity of services.

- b. For each Applicant (and any new entities to be created as a result of the proposal), provide the following information as it would appear **prior** and **subsequent** to approval of this proposal:
- Legal chart of corporate or entity structure including all affiliates.
 - Governance or controlling body
 - List of owners and the % ownership and shares of each.

Response:

WBC CT East is a joint venture between ECHN and Walden. Following approval of this proposal, and contingent upon the approval of the proposed ECHN-PMH Transaction (See Docket Number 15-32016-486), PMH will assume ECHN's 16.4% membership interest in WBC CT East.

	<u>Current</u>	<u>Proposed</u> ^(a)
Walden Behavioral Care, Inc.	83.6%	83.6%
Eastern Connecticut Health Network, Inc.	16.4%	0.0%
PMH ECHN, Inc. (or other affiliate of PMH)	0.0%	16.4%

(a) Assumes the hospital conversion CON application submitted by ECHN and PMH (Docket Number 15-32016-486) is approved and the ECHN-PMH Transaction is consummated.

The current corporate organizational chart and the entity structure following approval of this proposal have been provided as **Exhibit S-Q1b**.

- c. Does this proposal avoid the corporate practice of medicine? Explain in detail.

Response:

The proposal does avoid the corporate practice of medicine. The transfer of ECHN's ownership interest in WBC CT East to PMH will not change the day-to-day operations of WBC CT East. WBC CT East is a licensed health care provider and all services are provided under the direction of Walden's Chief Medical Officer and follow the *American Psychiatric Association's Practice Guidelines for the Treatment of Patients with Eating Disorders*. The manner in which these services are provided will not change as a result of this proposal.

2. Clear Public Need

- a. Is the proposal being submitted due to provisions of the Federal Sherman Antitrust Act and Conn. Gen Stat. §35-24 et seq. statutes? Explain in detail.

Response:

No. There are no specific provisions of the Federal Sherman Antitrust Act that require the proposed transfer of ECHN's ownership interest in WBC CT East to PMH. The proposed transfer is an integral component of the broader ECHN-PMH Transaction, which commits ECHN and its affiliates, subject to the satisfaction of various conditions, to the sale of substantially all of their assets to PMH, including ECHN's minority interests in WBC CT East.

- b. Is the proposal being submitted due to provisions of the Patient Protection and Affordable Care Act (PPACA)? Explain in detail.

Response:

No. There are no specific provisions of PPACA that require the proposed transfer of ECHN's ownership interest in WBC CT East to PMH, however, the overall impact of the PPACA on the health care landscape was one of the driving factors behind ECHN's decision to pursue a transaction with a larger health system (See Docket Number 15-32016-486).

Attachment 1

Consent of Members Authorizing Transfer of Ownership Interest

WBC CONNECTICUT EAST, LLC

Unanimous Written Consent of the Board of Managers and Members

December 17, 2015

The undersigned, being all of the Managers and Members of WBC Connecticut East, LLC (the "**Company**"), a limited liability company organized under the laws of the State of Connecticut, do hereby consent to the following actions, such consent to have the same force and effect as a unanimous vote of the Managers and Members at meetings duly called and held as of the date set forth above:

WHEREAS, Eastern Connecticut Health Network, Inc. and its affiliates ("**ECHN**") and Prospect Medical Holdings, Inc. and its affiliates ("**PMH**") have agreed in principle on the terms of an Asset Purchase Agreement pursuant to which ECHN will, subject to receipt of required regulatory approvals and satisfaction of other closing conditions, transfer substantially all of its assets to PMH (the "**Transaction**"); and

WHEREAS, the assets to be transferred in connection with the Transaction are proposed to include ECHN's membership interest in the Company; and

WHEREAS, the Board of Managers (the "**Board**") of the Company and the Members of the Company, acting through their authorized representatives, have determined that it is in the best interests of the Company permit the transfer by ECHN of its membership interest in the Company to PMH (the "**PMH Transfer**"), subject to additional due diligence by the parties and such other conditions upon which the parties may mutually agree, including no material change in circumstances; and

WHEREAS, the Board and the Members further agree that it is in the best interests of the Company for the Company and its representatives to assist ECHN to obtain the required regulatory approvals for the transfer of its interests in the Company to PMH.

NOW, THEREFORE, be it resolved as follows:

RESOLVED: That, subject to receipt of all required regulatory approvals, confirmatory diligence and such other conditions upon which the parties may mutually agree, including no material change in circumstances, the Company and the Members consent to and approve (i) the proposed transfer by ECHN of its interest in the Company to PMH and (ii) PMH being substituted as a successor in interest to ECHN and to all of its rights as a member of the Company.

RESOLVED: That the Company and the Members intend to waive all rights of first refusal, rights of participation (so called "tag along rights"), and rights

to notice in connection with the PMH Transfer and will so waive such rights subject to the conditions described above.

RESOLVED: That the Board and the officers of the Company are authorized to file any applications for regulatory approval deemed necessary or appropriate to effectuate the PMH Transfer, including without limitation an application for a Certificate of Need from the Office of Health Care Access.

RESOLVED: That the officers of the Company be and they hereby are, and each of them acting singly hereby is, authorized from time to time, on behalf of the Corporation, to execute, acknowledge, deliver and file any such certificates, agreements, notices, amendments, waivers, consents, indemnities and other instruments and documents, and to take such other action, as may be shown by his, her or their execution and performance thereof to be in his, her or their judgment necessary or desirable in connection with the consummation of the actions contemplated by the foregoing resolutions, the taking of any such action to be conclusive evidence that the same has been authorized by the Board.

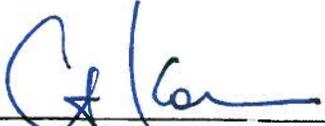
This consent may be executed in two (2) or more counterparts, each of which shall be deemed an original and all of which, together, shall constitute one and the same instrument. Facsimile execution and delivery of this consent is legal, valid and binding for all purposes.

[Signature Page Follows]

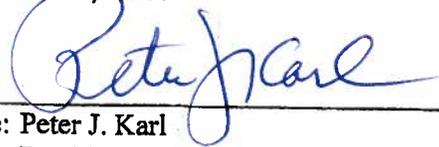
The undersigned, being all of the Managers and Members of the Company hereby execute this Written Consent as of the date first above written.

MEMBERS:

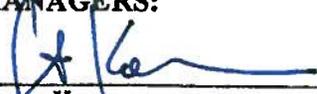
WALDEN BEHAVIORAL CARE, INC.

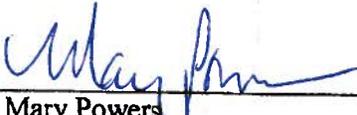
By: 
Name: Stuart Koman
Title: President

EASTERN CONNECTICUT HEALTH NETWORK, INC.

By: 
Name: Peter J. Karl
Title: President and Chief Executive Officer

MANAGERS:


Stuart Koman


Mary Powers


Paula Vass



Eastern Connecticut Health Network
71 Haynes Street
Manchester, CT 06040
860.533.3414
www.echn.org

December 17, 2015

Stuart Koman
President
Walden Behavioral Care, Inc.
51 Sawyer Road – 5th Floor
Waltham, MA 02453

Re: Acquisition of Eastern Connecticut Health Network, Inc. and affiliates by Prospect Medical Holdings, Inc. and affiliates

Dear Stu:

As you know, Eastern Connecticut Health Network, Inc. and its affiliates (“**ECHN**”) and Prospect Medical Holdings, Inc. and its affiliates (“**PMH**”) have agreed in principle on the terms of an Asset Purchase Agreement (the “**Asset Purchase Agreement**”) pursuant to which ECHN will, subject to receipt of required regulatory approvals and satisfaction of other closing conditions, transfer substantially all of its assets to PMH (the “**Transaction**”). The assets to be transferred are proposed to include ECHN’s interests in various joint ventures, including ECHN’s interest in WBC Connecticut East, LLC (“**WBC Connecticut**”), a joint venture between ECHN and Walden Behavioral Care, LLC (“**Walden**”).

In order to ensure continuity of operations and care for patients, ECHN has discussed with you the proposed transfer of ECHN’s interest in WBC Connecticut to PMH. This letter (this “**Letter Agreement**”) is intended to memorialize certain agreements reached by the parties with respect to such transfer.

1. Transfer of Interest.

(a) Walden confirms its intent, subject to the terms and conditions set forth herein, to consent to the transfer by ECHN of its ownership interest in WBC Connecticut to PMH and to PMH being substituted for ECHN as a successor in interest to ECHN and to all of ECHN’s rights as a member of WBC Connecticut (the “**PMH Transfer**”).

(b) Walden confirms its intent, subject to the terms and conditions set forth herein, to waive all rights of first refusal, rights of participation (so called “tag along rights”), and rights to notice in connection with the PMH Transfer.

(c) The obligations of Walden in this Section 1 shall be contingent upon and subject to (i) the closing of the Transaction; (ii) receipt of all required regulatory approvals; (iii) agreement by PMH to abide by the terms of the Operating Agreement of WBC Connecticut; (iv) confirmatory diligence by Walden of the financial conditions and operations of PMH; and (v) such other conditions upon which the parties may mutually agree, including no material change in circumstances.

2. Cooperation and Regulatory Approvals. Walden and ECHN shall cooperate and use commercially reasonable efforts to obtain as promptly as possible all consents, approvals and agreements of, and to give and make as promptly as practicable all notices and filings with, any governmental and regulatory authorities necessary to authorize, approve, or permit the consummation of the PMH Transfer. In furtherance thereof, Walden shall provide ECHN with any information necessary or desirable in connection with the regulatory approval process.

3. Further Actions. Each of the parties agrees to execute and deliver separate consents for the records of WBC Connecticut and to execute and deliver such further instruments, and do such further acts and things, as may be reasonably required or useful to carry out the intent and purpose of this Letter Agreement and as are not inconsistent with the terms hereof. In addition, the parties agree to cooperate with one another in the fulfillment of their respective obligations under this Agreement.

4. Term. It is expressly understood and agreed that the terms of this Letter Agreement shall be binding on the parties until such time as the Transaction is consummated or terminated in accordance with the terms of the Asset Purchase Agreement.

5. Miscellaneous. This Letter Agreement and the parties' performance hereunder are governed by the laws of the State of Connecticut without respect to principles of conflict of laws. This Letter Agreement constitutes the entire agreement between the parties and will supersede all prior agreements or proposals between them (whether written or verbal) with respect to the subject matter hereof. This Letter Agreement may not be modified except by express written agreement of the parties. The paragraph headings in this Letter Agreement are used for convenience of reference and will not be deemed to modify or affect the interpretation of this Letter Agreement. This Letter Agreement may be executed in separate, identical counterparts, each of which will be deemed an original, and all of which will be deemed one and the same instrument. If any provision of this Letter Agreement is held to be unenforceable in any respect, the enforceability of the remaining provisions of this Letter Agreement will not be affected. The provisions of this Letter Agreement that by their nature should survive, will survive termination or expiration of this Letter Agreement for any reason.

[Signature page follows.]

Please indicate your agreement with the terms and conditions of this Letter Agreement by signing below.

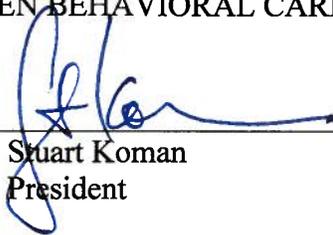
Sincerely,

EASTERN CONNECTICUT HEALTH
NETWORK, INC.

By: 
Name: Peter J. Karl
Title: President and Chief Executive Officer

Accepted and Agreed:

WALDEN BEHAVIORAL CARE, INC.

By: 
Name: Stuart Koman
Title: President

Exhibits

Exhibit Q5a

Department of Public Health Licenses
Department of Children and Families License

STATE OF CONNECTICUT
Department of Public Health
LICENSE

License No. 0057

Mental Health Day Treatment Facility

In accordance with the provisions of the General Statutes of Connecticut Section 19a-493:

WBC Connecticut East LLC of Waltham, MA, d/b/a Walden Behavioral Care is hereby licensed to maintain and operate a Mental Health Day Treatment Facility.

Walden Behavioral Care is located at 2400 Tamarack Ave, South Windsor, CT 06074 with:

Stuart L. Koman, PhD as Executive Director,
Jennifer Smith, LCSW as Director.

This license expires **June 30, 2016** and may be revoked for cause at any time.

Dated at Hartford, Connecticut, August 15, 2012. INITIAL




Jewel Mullen, MD, MPH, MPA
Commissioner

STATE OF CONNECTICUT
Department of Public Health
LICENSE

License No. 0529

Psychiatric Outpatient Clinic for Adults

In accordance with the provisions of the General Statutes of Connecticut Section 19a-493:

WBC Connecticut East LLC of Waltham, MA, d/b/a Walden Behavioral Care is hereby licensed to maintain and operate a Psychiatric Outpatient Clinic for Adults.

Walden Behavioral Care is located at 2400 Tamarack Ave, South Windsor, CT 06074 with:

Stuart L. Koman, PhD as Executive Director,
Jennifer Smith, LCSW as Director.

This license expires **June 30, 2016** and may be revoked for cause at any time.

Dated at Hartford, Connecticut, August 15, 2012. INITIAL



Jewel Mullen MD

Jewel Mullen, MD, MPH, MPA
Commissioner

STATE OF CONNECTICUT

DEPARTMENT OF CHILDREN AND FAMILIES

This is to certify, that in accordance with the provisions of Sections 17a-20 of the Connecticut General Statutes as amended, WALTER BEHAVIORAL CARE CT EAST, LLC, located at 2400 Tamarack Avenue, Suite 203, in the TOWN OF SOUTH WINDSOR, CT, is hereby licensed as an **OUTPATIENT PSYCHIATRIC CLINIC** for children to provide services to children at the location(s) listed below *.

This license is issued effective **AUGUST 15, 2014** for a period of 24 months and is conditional upon compliance with all regulations of the Department of Children and Families and may be revoked for cause at any time.

License No. **OPCC-69**

Signed in Hartford Connecticut the 1st day of October 2014.

James McPherson
James McPherson, Program Manager
Office of Legal Affairs

QUI PRO TRANSTULLI

*2400 Tamarack Ave., Suite 203, South Windsor, CT 06074

Exhibit Q5b
Key Personnel Curriculum Vitae

STUART L. KOMAN

3 St. Augustine Court
Winchester, MA 01890

W (617) 721-7298
H (617) 721-0359
F(617) 721-7396
E skoman@walden
behavioralcare.com

Summary of Experience and Qualifications

Twenty five years experience developing innovative behavioral health care services and products in private and public sectors with an emphasis on advanced clinical design and sound business planning. History of success in start-up and turn-around situations through concentrated focus on strategic and market analysis, team building, and contract negotiation. A natural leader with consistent energy, good humor, and a thorough understanding of taking advantage of windows of opportunity.

Professional Experience

2003 to Present: President and CEO, Walden Behavioral Care, LLC.

Development of 45 bed private psychiatric hospital providing inpatient partial hospital and intensive outpatient services to individuals with a wide range of psychiatric illnesses including highly specialized treatment of individuals with eating disorders. This hospital is the only new facility of its kind licensed by the Department of Mental Health in the Commonwealth of Massachusetts in over ten years and has rapidly garnered local and national attention for its unique service offerings and pleasant physical surroundings.

1997 to Present: *Principal*, Koman Associates, Winchester, Ma.

Independent consulting firm providing professional assistance to public and private entities to plan, fund, develop, and deliver behavioral health care and related services. Major projects include: development of managed care models for severely mentally ill populations; assessment of administrative and clinical readiness for implementation of Medicaid managed care; management reorganization of hospital-based and community-based systems of care; strategic planning and due diligence related to acquisition scenarios; and time limited and open ended management coaching and support.

1990-1997: *Co-founder, President and C.E.O.*, Choate Integrated Behavioral Care, Inc.,

Stoneham, MA.

- 1990: Started Choate Health Systems, Inc. - owner and operator of psychiatric hospitals.
- 1991: Started Choate Health Management, Inc. - owner and/or manager of innovative behavioral health services including acute and sub-acute alternatives to hospitalization, contract management of general hospital psychiatric programs, consultation services to providers and payers (managed care companies, HMO's, state government, private business) and unbundled care management services.
- 1992: Started Choate Psychiatric Associates, Inc.- multi-disciplinary behavioral group practice.
- 1995: Sold CHM and CPA to Merit Behavioral Care, Inc.

Taken together, the three Choate entities grew from start-up in 1990 to approximately 40 million dollars in revenue in 1996 and served some 30,000 consumers annually through treatment programs and managed care services operating in ten states.

- 1989-1990: *President*, Charles River Health Management, Inc., Brighton, MA.
- 1987-1989: *Vice-President*, Charles River Health Management, Inc., Brighton, MA.
- 1985-1987: *Executive Director, Contracts Division*, Charles River Hospital, Wellesley, MA.

Conceived and implemented the expansion of a traditional, hospital-based behavioral treatment program into a multi-site, multi-level system of care for disadvantaged children and adolescents. Funded initially as a public sector demonstration project, this effort achieved numerous objectives: first to "privatize" a state hospital service in Massachusetts; first to develop a full continuum of care under one clinical and administrative umbrella; first to implement home health technology in a continuum of this type; first major venture of the Department of Mental Health with a proprietary hospital corporation; and first to implement consumer feedback and outcome data in the treatment and administrative design. In addition, this division (later, a corporate subsidiary) grew from its initial contract in 1985 to approximately 10 million dollars in revenue from contracts and other services in 1990 and was profitable in every year of operation.

1981-1985: *Director, Adolescent Program*, Charles River Hospital, Wellesley, MA.

Chief Psychologist and Administrator of 15-bed adolescent unit of proprietary hospital corporation. Co-designed and developed unique family treatment oriented program. Provided direct treatment in individual, family and group psychotherapy. Initiated multiple family group therapy program. Member of hospital senior management team. Initiated research program to assess consumer and referent satisfaction and implemented programmatic changes to incorporate findings in clinical design. Maintained census in excess of 95% for all years of operation.

1982-1997: *Private Practice, Clinical Psychology*, Winchester, MA.

Education

Ph.D., Clinical Psychology, Duke University, Durham, NC, 1981

Bachelor of Science, Phi Beta Kappa, Trinity College, Hartford, CT, 1976

Licensure, Certifications and Specialty Areas

Certified Health Service Provider in Massachusetts, license # 3046.

Clinical practice focus - family therapy, treatment of addictions, treatment of adolescents, pain management and hypnosis.

Published: Handbook of Adolescents and Family Therapy, Mirkin, M. and Koman, S., Gardner Press, New York, 1986.

Featured speaker in following areas:

- The future of behavioral health care: carve in vs. carve out, vertical vs. horizontal integration, and performance-based reimbursement.
- Developing systems of care in the age of managed care.
- Integrating clinical programs into a system of care.
- New roles for psychologists in the new Millenium.

Professional Affiliations

American Psychological Association

Governing Board: Committee for the Advancement of Professional Practice
Liaison to Task Force on Serious Mental Illness

Massachusetts Psychological Association

American Family Therapy Academy

American Orthopsychiatric Association

Community Activities

Chairman, Board of Directors, Twelve Step Education of New England (1998-2006):

This private, non-profit corporation develops supportive residential environments for individuals recovering from substance abuse disorders. Involved in all aspects of agency development.

Clinical Advisor/Clinical Counselor, A Better Chance (ABC), Winchester, Ma. (1994-present):

This community based non-profit corporation is a chapter of the national ABC, a residential academic program for promising but at-risk youth ages 14-18. Provision of bi-weekly group therapy for students and as needed consultation to residential advisors, host families and Board of Directors.

JAMES GREENBLATT, MD

DOB: 7/23/1957

Walden Behavioral Care
9 Hope Avenue
Waltham, MA 02453
T: (617) 620-5600
F: (781) 899-4905
jgresources@gmail.com

EDUCATION

MD	George Washington University School of Medicine Washington, DC	May 1985
BS	Bates College Lewiston, ME Major: Biology	May 1980

CLINICAL TRAINING

John Hopkins University School of Medicine Baltimore, MD	1988-1990
<ul style="list-style-type: none">• Child and Adolescent Psychiatry Fellowship• Chief Resident: July 1989- June 1990	
George Washington University Medical Center Washington, DC	1986-1988
<ul style="list-style-type: none">• Psychiatry Residency	
Sinai Hospital Baltimore, MD	1985-1986
<ul style="list-style-type: none">• Pediatric Internship	

PROFESSIONAL EXPERIENCE

Chief Medical Officer, Vice President of Medical Services Walden Behavioral Care Waltham, MA	January 2014 – Present
Medical Director of Eating Disorder Services Walden Behavioral Care Waltham, MA	October 2012 – December 2013
Medical Director	July 1993 – Present

James Greenblatt, MD - 1

Comprehensive Psychiatric Resources
Child and Adult Group Practice
Waltham, MA

Chief Medical Officer Aug. 2003 – May 2011
Walden Behavioral Care
Waltham, MA

Chief of Psychiatry Aug. 2002 – Aug. 2003
Waltham Hospital
Waltham, MA

Medical Director Sept. 2000 – Dec. 2001
Charles River Hospital
Wellesley, MA

Child Psychiatrist June 1996 – June 1998
Harvard Vanguard Medical Associates
Wellesley, MA

Medical Director: Child & Adolescent Day Treatment Program Sept. 1992 – June 1996
Holly Hill Hospital-Pathways Program
Rocky Mount, North Carolina

Medical Director: Child and Adolescent Psychiatry Sept. 1991 – Sept. 1992
Coastal Plain Hospital
Rocky Mount, North Carolina

Child Psychiatrist Aug. 1990 – Sept 1991
Aspen Hill Hospital
Flagstaff, Arizona

HONORS AND CERTIFICATIONS

Medical License (Number: 70333) 1989
Commonwealth of Massachusetts

American Board of Psychiatry and Neurology 1991

American Board of Psychiatry and Neurology Child and Adolescent 1993

ACADEMIC AFFILIATIONS

Assistant Clinical Professor Feb. 2006 – Present
Tufts University School of Medicine
Department of Psychiatry

James Greenblatt, MD - 2

Clinical Faculty Member
Harvard Medical School
Department of Psychiatry

2001 – 2003

TRAINING OF GRADUATE/POST-DOCTORAL STUDENTS

Child and Adolescent Psychiatry Clinical Rotation Supervisor Sept. 2012 – Dec. 2012
Children's Hospital: Waltham

PUBLICATIONS

Books

Greenblatt, J. M., *Answers to Appetite Control: New Hope for Binge Eating and Weight Management*, Boston, MA: James Greenblatt, 2014.

Greenblatt, J. M., *The Breakthrough Depression Solution: A Personalized 9-Step Method for Beating the Physical Causes of Your Depression*, North Branch, MN: Sunrise River Press, 2011.

Greenblatt, J. M., *Answers to Anorexia: A Breakthrough Nutritional Treatment that is Saving Lives*, North Branch, MN: Sunrise River Press, 2010.

Papers

Greenblatt JM, Sussman C, Jameson M, Yuan L, Hoffman DA, & Iosifescu DV. Retrospective chart review of a referenced EEG database in assisting medication selection for treatment of depression in patients with eating disorders. *Neuropsychiatric Disease and Treatment*, 2011;7(1): 529 – 541

Hoffman DA, Schiller M, Greenblatt JM, & Iosifescu DV. Polypharmacy Or Medication Washout: An Old Tool Revisited. *Neuropsychiatric Disease and Treatment*, 2011 [In Press]

NOTABLE DISTINCTIONS AND AWARDS

2011 IBPA *Benjamin Franklin Award* Finalist in the Nutrition/Health/Wellness Category for *Answers to Anorexia*

The Breakthrough Depression Solution translation into Japanese in Fall 2013 by Dr. Akira Chimura

James Greenblatt, MD - 3

The Breakthrough Depression Solution translation into Chinese in Fall 2013 by REDOX Biomedicine Inc.

RECENT PRESENTATIONS AND INVITED LECTURES

Presentation, *Malnutrition and Technology: Understanding Suicide Risk in Adolescents with Eating Disorders*, Massachusetts Department of Public Health, April 16, 2014.

Presentation, *Malnutrition and Suicide: Understanding Suicide Risk in Adolescent and Adults with Eating Disorders*, IAEDP Symposium 2014, March 2, 2014.

Physician Grand Rounds, *Advances in the Treatment and Prevention of Eating Disorders*, Baystate Medical Psychiatry Grand Rounds, January 7, 2014.

Seminar, *Aging: Treatment Perspectives and Challenges*, Harvard Medical School CME Conference, November 1, 2013.

Presentation, *Functional Medicine Approach for the Treatment and Prevention of Depression*, REDOX Biomedicine, October 17, 2013.

Seminar, *Integrative Medicine for the Treatment of Mood Disorders*, Japanese Society for Orthomolecular Medicine, October 13, 2013.

Seminar, *Integrative Treatments for Mental Illness*, Integrative Medicine for Mental Health Conference, September 20, 2013 to September 22, 2013.

Presentation, *Integrative Medicine for the Treatment of Depression*, Harbor Family Services 2nd Annual Conference, August 2, 2013.

Seminar, *A Biomedical Model of the Treatment and Prevention and Mental Illness*, International College of Integrative Medicine 56th Congress, March 15, 2013.

Seminar, *Traditional Psychopharmacology and Nutritional Augmentation: How They Work Together*, Harvard Medical School CME Eating Disorder Conference, December 7, 2012.

Seminar, *Integrative Medicine for Mental Health*, Integrative Medicine for Mental Health London Conference, November 18, 2012.

Seminar, *Addicted to Food: Orthomolecular Solutions to Binge Eating*, University of Toronto Medical School sponsored presentation, October 19, 2012.

Seminar, *Integrative Medicine for Mood and Anxiety Disorders*, Integrative Medicine for Mental Health Conference 2012, September 21, 2012.

James Greenblatt, MD - 4

Seminar, *Integrative Medicine for Eating Disorders*, Integrative Medicine for Mental Health Santa Fe Conference, September 21, 2012.

Seminar, *Utilizing Nutritional Strategies with the Use of Antidepressants: Augmenting their Effectiveness and Successful Tapering Off Protocols*, Integrative Medicine for Mental Health Conference 2012, September 22, 2012.

Seminar, *Addicted to Food: Integrative Protocols for Binge Eating*, Integrative Medicine for Mental Health Conference 2012, September 22, 2012.

Seminar, *Misplaced Blame: The Role of Dietary Fats in the Treatment and Prevention of Eating Disorders*, International Association of Eating Disorders Professionals Conference, September 14, 2012.

Seminar, *Inflammation and Neuropsychiatric Illness: Treatment and Testing Protocols*, 2012 Orthomolecular Medicine Today Conference: Vancouver, April 28, 2012.

Seminar, *Targeted Nutritional Therapies for the Treatment and Prevention of Anorexia Nervosa*, 2012 Nutrition Health Conference, April 17, 2012.

Seminar, *Integrative Medicine for the Treatment of Depression*, Canadian Society of Orthomolecular Medicine sponsored seminar, October 29, 2011.

Seminar, *Malnourished Minds: The Link between Nutrition and Depression*, Canadian Society of Orthomolecular Medicine sponsored seminar, October 28, 2011.

Seminar, *Nutritional Augmentation Strategies for Depression in Patients with Eating Disorders*, 2011 NEDA National Conference, October 15, 2011.

Seminar, *Malnourished Minds: Integrative Medicine for Mood Disorders*, Cross Country Education sponsored seminar series, September 13-15 and October 4-6, 2011.

Seminar, *Integrative Medicine for Mental Health*, 2nd Annual Integrative Medicine for Mental Health Conference, September 17-18, 2011.

Presentation, *Is Suicide Preventable? Examining Nutritional Markers as Risk Factors for Suicide in Patients with EDs*, 2011 MEDA Conference, May 20, 2011.

Presentation, *An Orthomolecular Approach to Suicide Prevention*, Orthomolecular Medicine Today 40th Annual International Conference, April 29, 2011.

Seminar, *Integrative Medicine for Mental Health*, Integrative Medicine for Mental Health Conference, July 10 & 11, August 14 & 15, November 6 & 7, 2010.

Seminar, *Integrative Medicine for Anxiety, Mood and Eating Disorders*, Canadian Society of Orthomolecular Medicine sponsored seminar, October 30, 2010.

Workshop, *Integrative Medicine for the Treatment of Eating Disorders*, Full day professional workshop, September 25, 2010.

Presentation, *referenced-EEG: New Directions in the Treatment of Eating Disorders*, 2010 MEDA Conference, April 30, 2010.

Presentation, *Neuroactive Peptides in Food: A New Model for the Treatment and Prevention of Eating Disorders*, AHMA/ICIM Spring Conference, March 17, 2010.

Presentation, *Nutritional and Orthomolecular Interventions in the Treatment of Anorexia Nervosa*, Orthomolecular Medicine Today 38th Annual International Conference, May 1, 2009.

Presentation, *Nutritional Interventions in the Treatment of Anorexia Nervosa*, University of Miami Integrative Medicine Symposium & Expo, April 17, 2009.

Workshop, *Malnourished Minds: Integrative and Orthomolecular Treatments for Depression*, Given at University of Miami, Medical Wellness Center, November 7, 2008.

Presentation, *Referenced EEG for Patients with Treatment Refractory Eating Disorders*, National Council for Community Behavioral Healthcare, 38th Annual National Conference, May 2, 2008.

Presentation, *Integrative Treatments for Depression*, Complementary and Alternative Medicine Symposium at University of Miami Medical School, April 29, 2008.

Physician Grand Rounds, *Eating Disorders and Substance Abuse*, Grand Rounds at Children's Hospital Boston, Division of Adolescent Medicine, Outpatient Eating Disorders Program, March 4, 2008.

Physician Grand Rounds, *Integrative Therapies in the Treatment of Depression and Mood Disorders*, Bournewood Hospital Grand Rounds, January 28, 2008.

Paula C. Vass, MSW, LICSW
89 Sherbourne Place
Waltham, MA 02451
781-684-0907(home)
339-927-1304 (cell)
781-647-6720(office)
pvass@waldenbehavioralcare.com

Education:

Masters of Business Administration, expected graduation 2015
Concentration in Management
Bentley University, Waltham, MA

Master of Social Work, 1997
Salem State College School of Social Work
Children and Family Services Concentration
Salem, MA

BS Human Services, 1993
Lasell College, Newton, MA

Experience:

Vice President of Clinical Operations 6/12 to Present
Walden Behavioral Care
Waltham, MA

- Executive Member of the Senior Management Team
- Provide direct oversight of the operational management team (nursing, admissions, social work, utilization management, expressive therapies, residential director, and ambulatory program directors)
- Management of approximately a 22million dollar budget. Increased net revenue in 2013 by 5%
- Increased census from 84% in 2012 to 95% in 2013
- Lead the development of the clinical operations throughout the organization
- Strategize with the CEO, CFO, Marketing and Human Resources for the growth and development of the organization
- Develop clinical relationships with collaborative organizations who have interest in the organization (Managed Care Organizations, Colleges, Other Clinical organizations)

Assistant Vice President of Clinical Operations 11/08 to 6/12
Walden Behavioral Care,
Waltham, MA

- Work with executive team on multiple projects (budgets, forecasting, human resources, clinical developments)

- Collaboration with Chief Medical Officer and Vice President on a daily basis regarding the clinical practices within the organization
- Assist marketing as an external representative for the organization
- Developed relationships with managed care companies to be the center of excellence
- Hired and mentored Assistant Director of Social Work
- Developed, hired and mentored Utilization review social worker
- Collaborated in the development of the adolescent track
- Directly continue to oversee admissions and social work throughout the organization
- Supervises the Partial day program, Intensive Outpatient programs and the Residential program
- Provide clinical assistance and consultation throughout the organization on a daily basis.

Director of Social Work and Admissions 8/1/05 to present

Walden Behavioral Care,
Waltham, MA

- Provide supervision to the social work staff
- Manage the social work budget
- Provide guidance, leadership and management to the social work staff
- Administer utilization review committee
- Administer clinical case conferences
- Assist in Program Development
- Manage the census of the organization
- Supervise the intake coordinator staff
- Supervise the evaluations daily that occur in the admissions office.
- Manage the budget of the admissions department

Outpatient Therapist, 4/05 to 6/09

Comprehensive Psychiatric Resources, Inc.
Waltham, MA 02451

- Provide individual therapy on an outpatient basis; specializing in eating disorders, college age population, and family treatment
- Practice within a CBT/DBT treatment model
- Consultation with various mental health providers
- Work directly with child/adult psychiatrists

Psychiatric Triage Clinician/Case Management, 11/03-3/05

Walden Behavioral Care
Waltham, MA 02451

- Evaluator of psychiatric, substance abusing and eating disorder patients
- Determine level of care for patients
- Consultations with psychiatrist and other mental health providers

- Triaging phone calls
- Completing written evaluations of each patient including diagnosis and mental status exam
- Present clinical rationale to insurance companies for preauthorization
- Provide ongoing case management for inpatient psychiatric patient, inpatient eating disorder patients and partial hospitalization patients
- Conduct concurrent insurance reviews for reimbursement
- Complete written psychosocial evaluations and treatment plans

Other Experience:

- *Clinical Psychiatric and Addictions Evaluator, 3/98 to 6/03* (hospital closure)
Deaconess Waltham Hospital, Waltham, MA
- *Supervisor, Assessment Worker, Intake Work and Case Manager 1993 to 1999*
Department of Social Services, Salem, MA

Associations:

- NASW member since 1996
- MEDA
- Provider Advisory Committee, Beacon Health Strategies

Other Academics:

- Harvard Extension, Fall 2011
Business Writing Course

Walter M. Henritze

Home: 21 Havelock Road, Worcester, MA 01602 [Phone: 508-754-7582]
Office: 51 Sawyer Road, Suite 510, Waltham, MA 02453 [Phone: 781-647-2921]

Entrepreneur & Financial Executive

Founder and executive manager for a series of successful startups ranging widely from media and communications to software and non-profit arts organizations. Increasing focus on strategic and financial management with a current emphasis on health care services. Highly organized. Technically adept. Team builder.

Professional Highlights

- Current** **Walden Behavioral Care, LLC • Chief Financial Officer • 2009 – 2012 & 2015**
In-patient & out-patient treatment for patients with eating and psychiatric disorders
Manage all aspects of financial operations, including oversight of day-to-day accounting, supervision of billing department, negotiations with outside vendors and coordination of annual audit work, as well as preparation of annual budgets and monthly reports. Directly supervise information technology department and drive technology strategic planning.
- Previous** **Pandetix, LLC • Founder, Manager & CFO • 2005 – 2009**
Performance monitoring software for business telephone systems
Set up company infrastructure and established operations; developed sales systems and marketing campaigns; acted as primary point of contact for all external contacts (banks, vendors, prospects, etc.); developed documentation and provided customer support.
- LightSpeed Productions, Inc. • Interim CFO & Business Advisor • 2003 – 2008**
Electronic media for corporate communications, broadcast and cable television
Implemented new accounting system; engaged part-time bookkeeper and established comprehensive accounting procedures; set up Section 125 Cafeteria plan; coordinated review and filing of State and Federal taxes.
- ZMedia Group Inc. • Founder, President & CEO • 1994 – 2001**
Television programs and series for broadcast and cable television
Grew company to \$2.0 million in revenue over six years; developed budgeting system for multi-million dollar television projects; supervised every aspect of financial operations.
- Wave Inc. • Founder, President & CEO • 1984 – 2001**
Electronic media and business theater for corporate communications
Grew company to \$5.0 million in revenue over 15 years; developed complete operational and financial infrastructure; hired and promoted key departmental managers; supervised every aspect of financial operations; directed sales force through primary growth years.
- Community** **Joy of Music Program, Inc. • Financial Operations Advisor • 2002 – 2015**
Music education for students of all ages, levels and abilities
- Bijou Community Cinema, Inc. • Founder & Treasurer (Past)**
Showcase for classic, independent and foreign films along with community events
- Union Station Alliance • Advisory Board Member (Past)**
Dedicated to the restoration and reuse of Worcester's Union Station
- WCUW Inc. • Board of Directors & President (Past)**
Operator of community radio station (WCUW-FM) for Worcester County
- Education** **Bachelor of Arts – Communication Arts • Clark University , Worcester MA**

Rebekah Bardwell Doweyko, M.Ed., LPC

Licensed Professional Counselor (Lic. # 002067)

99 Turkey Hill Road

Chester, CT 06412

(860) 322-4364

BekahBard@gmail.com

Summary of Skills

Successful professional record encompassing 14 years of experience including comprehensive program development, supervision, intense individual, group, couples, and family therapy; academic support, crisis counseling, utilization management and care management. Ability to demonstrate standards of practice in accordance with JCAHO, Medicaid and Medicare regulations. Additional areas of experience include: Meal Support Therapy, CBT, DBT and Art Therapy as well as impeccable documentation skills. Hand selected to participate in the Emmy Nominated HBO Documentary "THIN", syndicated Florida local TV segment, "Ask The Specialist" and CT local TV segment WHPX-TV "For The Record" with Shawn Murphy. Subject of published book titled "One Life", author of foreword for published book titled "Maintaining Recovery from Eating Disorders". Areas of concentration: Eating Disorders, Substance Abuse, Depression, Anxiety, Bipolar Disorder, Severe sexual/physical trauma, Dissociative Identity Disorder, Schizophrenia and Academic Challenges.

Professional Experience

Walden Behavioral Care *South Windsor, CT*

07/13-present

Program Director

- Responsible for all clinical and administrative oversight of Walden's partial hospitalization and intensive outpatient programs for adults and adolescents with eating disorders.
- Interviews and hires all program staff.
- Manages facility budget.
- Collaborates with ECHN and medical staff to implement program activities and treatment services.
- Complies with all organizational and regulatory agency standards.
- Oversees training of all clinical staff and interns as well as all office professional activities.
- Supervises program clinicians and staff in day-to-day operations.
- Participates in/facilitates across site treatment team, curriculum, operations, and training meetings.
- Provides outreach and consultation with other Walden programs, outpatient providers, and the surrounding communities
- Implemented new Binge Eating Program for South Windsor site.
- Developed and implemented an Alumni Support Group for S. Windsor site.

Connecticut Behavioral Health Partnership *Rocky Hill, CT*

02/11-07/13

Intensive Care Manager

07/12-07/13

- Assisted providers in treatment and discharge planning for members that have been identified as high utilizers of Inpatient Hospitalization, Inpatient Detox, or for those who are determined to need a higher touch to assist with Emergency Department discharge planning using a multidisciplinary team approach.
- Designated Eating Disorder specialist managing cases with complex Eating Disorder issues with a focus on education, utilization review, and appropriate treatment and discharge planning.
- Met with Providers and members to discuss a member's history and current course of treatment in order to collaborate on the most appropriate treatment and discharge plan.
- Provided coverage as an interim ICM for children at PRTF Boys and Girls Village.
- Lead of CORE Clinical Training program as a member of the Training and Development Committee for 2013.
- Presented on outcome of Intensive Care Management Strategic Planning Group in Town Hall Meeting.
- Conducted a Clinical Training on Eating Disorders, Clinical Documentation and ICM Referral criteria to Clinical Staff.
- Represented the Clinical Department in McKesson Rounds in order to facilitate communication between McKesson nurses and Clinical staff to ensure that our members were receiving continuity of care.
- Reviewed literature and advised Achieve Solutions Managing Editor on relevant Eating Disorder material for inclusion into Monthly Mental Health Topic for public sector.
- Region 2 Trainer for new staff.
- Participated in complex case rounds to discuss length of stay, appropriateness of interventions, recommendations, utilization of resources, treatment planning and discharge planning with M.D. in order to maintain continuity of care.
- Contributed to planning employee events as an active member of the CARES team.

- Performed clinical reviews and aftercare planning for Medicaid members including evaluation, assessment and determination of appropriate levels of care.
- Assessed effectiveness of level of care, medications, treatment planning and discharge plans.
- Collaborated with providers, specifically Yale Pediatric and Adolescent Inpatient providers to improve treatment planning and discharge plans with the outcome of decreasing length of stay according to quarterly reports.
- Collaborated with providers to determine alternate levels of care when appropriate, and to facilitate transfers to network facilities and providers whenever possible.
- Facilitated coordination of care with Intensive Care Managers to assure continuity of care.
- Evaluated clinical appropriateness of treatment using professional knowledge within VO clinical and worksite guidelines.
- Rendered certification decisions and seek consultations with Psychiatrists via consult or rounds for non-certification decisions.
- Selected to join IICAPS team with an outcome in reducing length of stay and increasing the number of providers eligible for bypass program.

Private Practice * Chester, CT and Fort Lauderdale, FL*

07/07-7/2013

Psychotherapist

- Focused Child/Adolescent/Adult/Family practice on the mission of empowering people and families to change their lives.
- Specialized in Eating Disorders and Addictions.
- Lead support group for those pre and post Bariatric Surgery
- Composed the foreward for published book “Maintaining Recovery from Eating Disorders” by Naomi Feigenbaum.
- Participated in the on-line review of abstracts for the iaedp™ (International Association for Eating Disorder Professionals) Symposium 2011.
- Educated Pine Crest High School Students on Eating Disorders.
- Educated parents at the Jewish Community Center on promoting healthy body image in the home.
- Educated the Gay and Lesbian student community at the Gay and Lesbian Community Center (GLCC) on Eating Disorders and Substance Abuse in the LGBT community.

Hollywood Pavilion IOP *Hollywood, FL*

05/09-02/11

Founder and Program Director for Intuitive Eating Program

- Founded and worked as Program Director of The Intuitive Eating Program.
- Developed Intuitive Eating Program for IOP level of care.
- Hired and trained staff and Registered Dietician for Intuitive Eating Program.
- Marketed for Eating Disorder program.
- Designed Men’s, Women’s and pre/post Bariatric surgery curriculum and support groups.
- Recipient of Service Excellence Award
- Lead weekly individual Treatment Team meetings.
- Provided group therapy in an Intensive Outpatient setting for patients with severe mental illness.
- Performed case management of Medicare patients, including ongoing assessment of goals, overall direction of treatment, handling of clinical crises, and utilization management.
- Executed Baker Acts and State mandated victim reports.
- Conducted comprehensive treatment planning, reporting and communication within a team approach including the ability to carry out peer reviews with identified insurance companies in order to advocate for the support of a patient’s treatment needs.

The Renfrew Center *Coconut Creek, FL*
Eating Disorder Specialist/Primary Therapist

12/05-05/09

- Provided intense individual, couples, and family therapy for a caseload of eight women and adolescents struggling with Eating Disorders.
- Conducted a multitude of groups in alternative therapeutic modalities to accommodate treatment spectrum including DBT, CBT, art therapy, substance abuse tracks, spirituality tracks, sexuality groups, body image, and family support groups.
- Provided academic planning support/correspondence for high-school and college-aged students who maintained enrollment despite being in treatment.
- Managed patient milieu, including ongoing assessment of goals, overall direction of treatment, and handling of any clinical crises.
- Performed state mandated victim reports.
- Trained and supervised Post-Doctoral residents, practicum students, and interns.
- Maintained comprehensive treatment planning, reporting and communication within a team approach including the ability to carry out peer reviews with identified insurance companies in order to advocate for the support of a patient's tx needs.
- Designed, presented, and implemented new Meal Support Therapy program, and Intimacy and Sexuality groups.
- Selected to participate in Family Weekend and Training Needs Performance Improvement Teams.

The Renfrew Center *Coconut Creek, FL*
IOP Therapist

11/03 - 06/07

- Facilitated psychotherapy groups for women with Eating Disorders needing intensive outpatient treatment addressing issues such as body image, trauma, identity, interpersonal relationships, self-esteem, and Eating Disorder symptomatology.
- Specialized in Eating Disorders and Substance Abuse
- Facilitated weekly Multi-Family Therapy groups.
- Provided meal support including redirecting ritualistic behaviors, monitoring conversation, and encouraging completion of the meal.
- Case management of patients included documentation, ongoing assessment of goals, and handling of any clinical crises.

The Caron Renaissance Institute of Boca Raton *Boca Raton, FL*
Substance Abuse Specialist

08/05-12/05

- Trained in and proficient in applying The Psychodynamic Approach to Addiction Treatment.
- Participated in Family Weekend, an intense three-day workshop for patients and their families.
- Provided case management and linking services in a way that provides the patient opportunities to make choices, and experience consequences, thus creating self-accountability. Individual/family therapy, grief counseling, crisis intervention, assessment/diagnosis, and treatment planning.
- Responded to emergency 24 hour a day on call services.
- Facilitated specialized groups such as Body Image, Relapse Prevention, HIV, Hepatitis C, and Life Management.
- Implemented addictions model, 12-step program, and relapse prevention.
- Provided educational in-services on various aspects of addiction and therapy covering physiological, biological, psychological approaches

The Renfrew Center *Coconut Creek, FL*
Counselor - Evening/Weekend Manager

02/03-08/05

- Supervised 20 counselors and psychiatric technicians for the purpose of maintaining consistency and accuracy for client needs, interviewing prospective employees, scheduling, chairing employee meetings, and maintaining productive employee relations.
- Provided clinical support and supervision to mental health technicians in order to facilitate quality of care and “best practice” standards that are congruent with the individualized treatment plan of each patient.
- Worked with the counseling center at Florida Atlantic University to provide education to students to promote mental health.
- Designed, presented, and implemented Real-Life Excursion group for women and adolescents with Eating Disorders, a group which continues to be a favorite among the patients, in order to facilitate the transition from inpatient treatment back into the community.
- Designed and implemented an Advocacy tradition where the higher level patients share their stories of experience, strength, and hope with other patients.
- Facilitated daily psychotherapeutic groups such as body image, assertiveness, self-esteem, advocacy, anger expression, team building, women’s issues, tools for coping, exercise, self-nurturance, and substance abuse.
- Documented and planned for continued care using the DAP format.
- Provided 1:1 care for individuals in crisis needing intervention.

Alternatives In Treatment * Boca Raton, FL*

Primary Therapist Intern

1/02-10/02

- Completed assessments of functioning, diagnoses, and development of treatment plan.
- Provided family therapy, group therapy, and psychotherapy to adults in treatment for chemical dependence.
- Negotiated with commercial insurance companies for the purpose of obtaining client reimbursement.
- Designed individualized treatment plans, integrated summaries, progress notes, discharge summaries, and aftercare plans for individual clients.
- Increased patient base by 75% over an eight month period.

Women In Distress * Fort Lauderdale, FL *

09/00-05/01

Primary Therapist Practicum Student

- Facilitated individual and group therapy for children, adolescent, and adult victims of Domestic Violence.
- Provided services such as intakes, individual and group sessions, documentation, and correspondence with The Department of Children and Families.
- Completed a 20-hour training course in Domestic Violence.
- Conducted individual counseling, crisis intervention, and on-site family therapy.
- Assisted clients through appropriate legal channels.
- Completed case-notes, patient reports, telephone contacts, agency liaison, and treatment planning.
- Presented patient cases at treatment team meetings; including high-risk assessment, medication advocacy, suicidal precautions, continuity of care, and family involvement.

The Renfrew Center * Coconut Creek, FL*

10/99 -10/01

Psychiatric Technician

- Provided services for adolescents and women with Eating Disorders, Depression, Anxiety, Trauma, and other various mental health issues.
- Responsibilities included: Admitting new patients, signing consent forms, taking weights and vital signs, monitoring meals, and facilitating group sessions.

Education, Certification, and Training

Licensed Professional Counselor-CT#-002067

Pending Certification Alcohol and Drug Counselor * Completed supervision and cluster courses required for FL certification

INTERNSHIP (01/2002 – 10/2002)

Alternatives in Treatment

PRACTICUM (09/2000 – 05/2001)

Women In Distress

Florida Atlantic University * Boca Raton, FL

Masters of Education in Mental Health Counseling GPA: 3.9

Bachelors of Arts in Psychology

Publications

- Foreword for “Maintaining Recovery From Eating Disorders” by Naomi Feigenbaum
- Therapy techniques and interventions highlighted in “One Life” by Naomi Feigenbaum
- “Relationship Do’s and Don’ts” in Psychology Today by Dr. Jamie Long

Television & Film

- Appeared in “THIN”-Emmy Nominated HBO Documentary directed by Lauren Greenfield-2005
- Selected to participate in “Ask The Specialist”-Vision Broadcast Network-2009
- Interviewed for WHPX-TV segment “For The Record with Shawn Murphy”-2014

Presentations

- Tolland County Dental Society-Eating Disorders, Dental Complications and how to support/refer for services-10/2014
- Value Options-Eating Disorders and DSM-V changes-6/2014
- SCSU Counseling Society-Eating Disorders, DSM V Diagnoses and Walden’s Services-5/2014
- ECHN Community Continuing Education-Eating Disorders: signs and symptoms and Walden’s Services-4/2014
- Middlesex Hospital-Psychiatry Residents- Eating Disorders and Walden Services-12/2013
- Manchester Memorial Hospital-Inpatient Behavioral Health Unit Staff- Eating Disorders and Walden Services-10/30/2013
- UCONN-Student Health Center Staff- Eating Disorders and Walden Services-10/10/2013
- John Dempsey- Inpatient Behavioral Health Unit Staff-Eating Disorders and Walden Services-9/2013
- Peer Specialist Staff-CTBHP-Clinical Documentation-02/2013
- Clinical Staff-CTBHP – Eating Disorders 101 and using the Eating Disorder Complex - 09/2012
- Town Hall Meeting-CTBHP-ICM strategic planning group overview- 08/2012
- Hollywood Pavilion-Intuitive Eating Program and Eating Disorder Intervention – 12/2010
- Post Bariatric Surgery patients Memorial Hospital: Binge Eating Disorder and Intuitive Eating – 02/2010
- Employee Assistance Professionals of South Florida- Eating Disorders and Intuitive Eating- 01/2010
- Pine Crest High School - *Investigating* THIN: Eating Disorders 101 - 03/2009 & 02/2010
- Jewish Community Center – Promoting Healthy Body Image in The Home – 11/2008
- Gay and Lesbian Community Center (GLCC) – Eating Disorders in Gay Men and Lesbian Women – 08/2007

Special Honors

- Awarded Connecticut Hospital Association's Community Service Award for 2013 as part of CCT of Middlesex Hospital
- Inducted into Chi Sigma Iota, The International Honor Society in Mental Health Counseling.
- Dean's List recipient

Affiliated Associations

- American Counseling Association
- International Association for Eating Disorder Professionals

Interests

- Member of Alpha Xi Delta sorority- Vice President and Rho Chi
- Scuba Diving-PADI certified
- Intramural Softball
- Figure Skating
- WAKA Kickball

Exhibit Q5f
Asset Purchase Agreement (ECHN and PMH)

ASSET PURCHASE AGREEMENT

by and between

EASTERN CONNECTICUT HEALTH NETWORK, INC.

SELLER

and

[•]

BUYER

Dated as of [•], 2015

TABLE OF CONTENTS

	Page
1. DEFINITIONS AND REFERENCES	1
1.01. Definitions.....	1
1.02. Certain References.....	13
2. SALE OF ASSETS AND RELATED MATTERS	13
2.01. Sale of Assets.....	13
2.02. Excluded Assets.....	15
2.03. Assumed Liabilities.....	17
2.04. Excluded Liabilities.....	17
2.05. Purchase Price; Purchase Price Adjustment.....	18
2.06. Prorations.....	22
3. REPRESENTATIONS OF SELLER.....	23
3.01. Organization and Qualification.....	23
3.02. Corporate Powers; Absence of Conflicts, Etc.....	23
3.03. Binding Agreement.....	23
3.04. Subsidiaries and Third Party Rights.....	23
3.05. Legal and Regulatory Compliance.....	24
3.06. Financial Statements.....	24
3.07. Undisclosed Liabilities.....	24
3.08. Recent Activities.....	24
3.09. Accounts Receivable; Inventory.....	26
3.10. Equipment.....	26
3.11. Title.....	26
3.12. Real Property.....	26
3.13. Environmental Matters and Medical Waste.....	28
3.14. Intellectual Properties and Information Systems.....	28
3.15. Insurance.....	29
3.16. Permits.....	29
3.17. Government Payment Programs; Accreditation.....	29
3.18. Agreements and Commitments.....	30
3.19. The Assumed Contracts.....	31
3.20. Transactions with Affiliates.....	32
3.21. Employees and Employee Relations.....	32
3.22. Employee Benefit Plans.....	34
3.23. Proceedings and Legal Claims.....	36
3.24. Taxes.....	36
3.25. Medical Staff; Physician Relations.....	37
3.26. Restricted Assets.....	38
3.27. Brokers and Finders.....	38
3.28. Payments.....	38
3.29. Solvency.....	38
3.30. Hospital Businesses and Joint Ventures.....	38

3.31.	Operation of the Hospital Businesses.....	39
4.	REPRESENTATIONS OF BUYER.....	40
4.01.	Organization.....	40
4.02.	Power and Authority; Due Authorization.....	40
4.03.	Consents; Absence of Conflicts, Etc.....	40
4.04.	Due Execution; Binding Agreement.....	40
4.05.	Proceedings.....	41
4.06.	Availability of Funds.....	41
4.07.	Solvency.....	41
4.08.	Brokers and Finders.....	41
4.09.	Full Disclosure.....	41
5.	COVENANTS OF THE PARTIES.....	41
5.01.	Operations.....	41
5.02.	Negative Covenants.....	42
5.03.	Employee Matters.....	44
5.04.	Access to and Provision of Additional Information.....	47
5.05.	Post-Closing Maintenance of and Access to Information.....	48
5.06.	Governmental Authority Approvals; Consents to Assignment.....	49
5.07.	Use of Controlled Substance Permits.....	50
5.08.	Connecticut Transfer Act.....	50
5.09.	No-Shop Clause.....	51
5.10.	Noncompetition.....	51
5.11.	Allocation of Purchase Price.....	52
5.12.	Further Assurances.....	52
5.13.	Casualty.....	53
5.14.	Seller's Cost Reports.....	53
5.15.	Continuation of Hospitals and Post-Care Continuum.....	54
5.16.	Charity Care and Community Obligations.....	54
5.17.	Educational Support.....	54
5.18.	Capital Commitment.....	54
5.19.	Connecticut Transactions.....	55
5.20.	Fees and Expenses.....	56
5.21.	Clinical Quality and Integration.....	56
5.22.	Insurance Ratings.....	57
5.23.	Fulfillment of Conditions.....	57
5.24.	Release of Encumbrances.....	57
5.25.	Insurance Transition Provisions.....	57
5.26.	Strategic Business Plan.....	58
5.27.	Local Board.....	58
5.28.	Compliance Program.....	58
6.	CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER.....	58
6.01.	Representations; Covenants.....	58
6.02.	Adverse Proceeding.....	58
6.03.	Pre-Closing Confirmations.....	59

6.04.	Redemption of the Bonds/Satisfaction of the Indenture	59
6.05.	Extraordinary Events.	59
7.	CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER	59
7.01.	Representations; Covenants; Schedules.....	59
7.02.	Adverse Action or Proceeding.	60
7.03.	Material Adverse Change.	60
7.04.	Pre-Closing Confirmations and Contractual Consents.	60
7.05.	Extraordinary Events.	61
7.06.	Title Insurance Policies and Surveys.	61
7.07.	Opinion of Seller’s Counsel.....	61
7.08.	The Indenture.	61
7.09.	Environmental Assessments.	61
7.10.	Hill-Burton Facilities.	62
7.11.	[Physician Organization.....	62
8.	CLOSING; TERMINATION OF AGREEMENT.....	62
8.01.	Closing.....	62
8.02.	Action of Seller at Closing.....	63
8.03.	Action of Buyer at Closing.	65
8.04.	Termination Prior to Closing; Termination Fee.....	66
9.	INDEMNIFICATION.....	67
9.01.	Indemnification by Seller.....	67
9.02.	Seller’s Limitations.	68
9.03.	Indemnification by Buyer.	68
9.04.	Buyer’s Limitations.	68
9.05.	Notice and Procedure.....	68
9.06.	Survival of Representations and Warranties; Indemnity Periods.	71
9.07.	Mitigation.....	72
9.08.	Indemnity Reserve.	72
10.	GENERAL.....	73
10.01.	Exhibits; Schedules.....	73
10.02.	Equitable Remedies.	73
10.03.	Other Owners of Assets.	74
10.04.	Dispute Resolution.....	74
10.05.	Tax and Government Payment Program Effect.....	75
10.06.	Reproduction of Documents.	75
10.07.	Consented Assignment.....	75
10.08.	Time of Essence.....	75
10.09.	Consents, Approvals and Discretion.....	75
10.10.	Choice of Law.....	76
10.11.	Benefit and Assignment.....	76
10.12.	Third Party Beneficiary.....	76
10.13.	Waiver of Breach, Right or Remedy.....	77
10.14.	Notices.	77

10.15. Misdirected Payments; Physician Loans.	78
10.16. Severability.	78
10.17. CON Disclaimer.	78
10.18. Entire Agreement; Amendment.	79
10.19. Counterparts; Transmission by Electronic Means.	79
10.20. Interest.	79
10.21. Drafting.	79
10.22. Confidentiality; Public Announcements.	79
10.23. Guarantee of Buyer’s Obligations.	80

Exhibit A	Form of Transitional Services Agreement
Exhibit B	Form of Limited Power of Attorney

Schedule 1.01(3)	Affiliates of Seller
Schedule 1.02	Persons with “Seller’s Knowledge”
Schedule 2.01(a)	Owned Real Property
Schedule 2.01(b)	Leased Real Property
Schedule 2.01(c)	Leased Personal Property
Schedule 2.01(f)	Assumed Contracts
Schedule 2.01(g)	Material Permits
Schedule 2.01(h)	Intellectual Properties
Schedule 2.02(j)	Excluded Contracts
Schedule 2.02(l)	Corporate or Trade Names
Schedule 2.02(n)	ECHN Community Healthcare Foundation Assets and Properties
Schedule 2.02(p)	Claims of Seller against Third Parties
Schedule 2.02(q)	Other Excluded Assets
Schedule 2.03	Assumed Liabilities
Schedule 3.02	Consents
Schedule 3.04	Subsidiaries and Third Party Rights
Schedule 3.05	Legal and Regulatory Compliance
Schedule 3.06	Audited and Unaudited Financial Statements
Schedule 3.08	Recent Activities
Schedule 3.08(b)	Compensation and Personnel Changes
Schedule 3.08(d)	Sold Assets
Schedule 3.10	Equipment Depreciation Schedule
Schedule 3.11	Permitted Personal Property Encumbrances
Schedule 3.12(a)	Permitted Real Property Encumbrances
Schedule 3.12(c)	Building Maintenance and Repairs
Schedule 3.12(g)	Rent Roll
Schedule 3.12(i)	Tenant Lease Encumbrances
Schedule 3.13(a)	Environmental Claims
Schedule 3.13(b)	Underground Storage Tanks & Waste Disposal Locations
Schedule 3.14	Intellectual Properties and Information Systems

Schedule 3.15	Insurance
Schedule 3.17	Unexpected Occurrences
Schedule 3.18	Contracts Related to the Hospital Businesses
Schedule 3.19(d)	Prohibitions on Competition
Schedule 3.19(e)	Employment Agreements (Change of Control)
Schedule 3.21(c)	Claims Involving Legal Requirements of Employment
Schedule 3.21(d)	Recently Terminated Employees
Schedule 3.21(e)	Non-Competition Agreements
Schedule 3.21(f)	Pending Labor Disputes
Schedule 3.21(g)	Pending Immigration Proceedings
Schedule 3.22	Employee Benefit Plans
Schedule 3.22(f)	Employee Pension Benefit Plan Reportable Event
Schedule 3.22(g)	Employee Welfare Benefit Plan
Schedule 3.23	Proceedings and Claims
Schedule 3.25(a)	Medical Staff
Schedule 3.25(b)	Material Medical Staff Disputes
Schedule 3.26	Restricted Assets
Schedule 3.30(a)	Outstanding Capital Stock of Seller's Subsidiaries
Schedule 3.30(b)	Outstanding Capital Stock of Joint Ventures
Schedule 3.30(c)	Outstanding Membership Interests
Schedule 3.31	Ten Largest Non-Governmental Payors of Hospital Businesses
Schedule 5.01	Material Hospital Business Changes
Schedule 5.01(b)	Asset Expenditures
Schedule 5.02(c)	Compensation Increases
Schedule 5.03(b)	Severance Agreements
Schedule 5.16	Charity Care and Community Obligations
Schedule 7.04(d)	Consents to Assignment of Assumed Contracts
Schedule 10.03	Certain Subsidiaries of Seller

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this “**Agreement**”), dated _____, 2015, is by and between Eastern Connecticut Health Network, Inc., a Connecticut non-stock corporation (“**Seller**”), on its behalf and on behalf of its Subsidiaries, and [●] a Connecticut corporation (“**Buyer**”), with Prospect Medical Holdings, Inc. (“**PMH**”), a Delaware corporation and the indirect owner of Buyer, joining for the limited purposes described herein.

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 Manchester Memorial Hospital and The Rockville General Hospital, Incorporated (collectively, the “**Hospitals**”), ECHN Eldercare Services, Inc., Visiting Nurse and Health Services of Connecticut, Inc. including its wholly owned subsidiary A Caring Hand, LLC, Clinically Integrated Network of Eastern Connecticut, LLC, Connecticut Healthcare Insurance Company, Inc., ECHN Corporate Services, Inc. including its wholly owned subsidiary Medical Practice Partners, LLC, and ECHN Enterprises, Inc., including its wholly owned subsidiary Haynes Street Property Management, LLC, and Eastern Connecticut Medical Professionals Foundation, Inc. (the entities and businesses operated by the foregoing entities, including the Hospitals, are collectively referred to as the “**Hospital Businesses**”), together with Seller’s joint venture interests in Northeast Regional Radiation Oncology Network, Inc., Evergreen Endoscopy Center, LLC, WBC Connecticut East, LLC, Aetna Ambulance Service, Inc., Metro Wheelchair Service, Inc., Ambulance Service of Manchester, LLC, Connecticut Occupational Medicine Partners, LLC, and Eastern Connecticut Physician Hospital Organization, Inc. and Seller’s Affiliates’ joint venture interests in Tolland Imaging Center, LLC, Pathology Laboratory Services, LLC, Haynes Street Medical Associates, LLC, Haynes Street Medical Associates II, LLC, Evergreen Medical Associates, LLC and Evergreen Medical Associates II LLC (the foregoing entities are collectively referred to herein as the “**Joint Ventures**”);

WHEREAS, Buyer desires to purchase substantially all of the assets, real, personal and mixed, tangible and intangible, of Seller, including the Hospital Businesses and the equity interests in the Joint 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) **Accounts Receivable** means all accounts receivable of the Hospital Businesses, accrued and unaccrued, including Government Payment Program receivables and accounts that have been written off, but excluding all Cost Report settlement amounts;

(2) **Accumulated Benefit Obligation** means the accumulated benefit obligation of Seller's defined benefit 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 10 of such financial statements (as updated for the MRP-2007 mortality tables as developed by Mercer, which are derived from the Society of Actuaries mortality study) and (ii) assuming continuation of the Seller's defined benefit pension plan and no change in its provisions after September 30, 2015 (other than the freeze of such plan to new participation);

(3) **Additional Liabilities** is defined in Section 2.05(d);

(4) **Affiliate** means any Person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with another Person where "control" means the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of securities, election or appointment of directors, by contract or otherwise. For purposes of this Agreement, any reference to Affiliates of Seller shall only mean those persons listed on Schedule 1.01(3) attached hereto;

(5) **Affiliated Group** means 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;

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

(7) **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 Subsidiary of Seller and held or used in connection with the operation of the Hospital Businesses, but (ii) excluding the Excluded Assets;

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

(9) **Assumed Excess Liabilities** is defined in Section 2.05(d);

(10) **Assumed Liabilities** means (i) the current liabilities included in Net Working Capital, but only to the extent accrued on the Closing Balance Sheets, (ii) all obligations of Seller and its Affiliates arising under the Assumed Contracts with respect to periods (or portions thereof) following the Closing Date, (iii) all participating provider agreements and provider numbers with third party payors, including contracts and provider numbers of Government Payment Programs, to the extent the same are assignable to Buyer, (iv) the Special Employee Liabilities, (v) the Extended Illness Bank

Obligations, (vi) Permitted Encumbrances, (vii) the Unfunded Pension Liabilities, (viii) the Post-Retiree Health Plan Liability and other retirement obligations described on Schedule 2.03, (ix) the Captive Insurer Liability and (x) the other liabilities and obligations agreed to be assumed by Buyer, if any, described on Schedule 2.03;

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

(12) **Audited Financial Statements** means the audited consolidated balance sheets of Seller and its 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 Saslow Lufkin & Buggy, LLP, independent certified public accountants;

(13) **Available Cash** means all unrestricted cash available to Seller as of the Closing after payment of Third Party Debt, other than the Refinancing Loan or capital leases to be assumed by Buyer, and any adjustments specified in Section 2.05 of this Agreement or any cash resulting from the application of Section 2.07, less the amount of the Indemnity Reserve described in Section 9.08.

(14) **Bond Liabilities** means those certain long-term bond liabilities and tax-exempt leases of Seller to be defeased at Closing;

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

(16) **Buyer Deductible** is defined in Section 9.04;

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

(18) **Buyer's Plan** means a retirement plan qualified under section 401(a) of the Code that is sponsored by Buyer or one of its controlled group or affiliated service group members, as defined in section 414 of the Code;

(19) **Captive Insurer Liability** means all liabilities relating to Seller's captive insurer, the Connecticut Health Insurance Company, Inc., regardless of when incurred and including all tail liability. The book value of the Captive Insurer Liability shall be based on the Financial Statements as of September 30, 2015.

(20) **Claim Notice** means written notification of a Third Party Claim by an Indemnitee to an Indemnifying Party under Article 9, 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;

(21) **Closing** is defined in Section 8.01(a);

(22) **Closing Balance Sheets** means the unaudited individual and/or combined balance sheets of Seller and its Subsidiaries as of the close of business on the Closing Date, as finally determined in accordance with Section 2.05 following the resolution of all disputes with respect thereto;

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

(24) **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;

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

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

(27) **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 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;

(28) **Controlled Group** means with respect to a party, a group consisting of each trade or business (whether or not incorporated) that, together with such party, would be deemed a “*single employer*” within the meaning of section 4001(a) of ERISA;

(29) **Cost Reports** means all cost and other reports filed pursuant to the requirements of the Government Payment Programs for payment or reimbursement of amounts due from them;

(30) **Current Seller Plan** is defined in Section 3.22(a);

(31) **Disability Obligations** mean liabilities for long-term or short-term disability benefits to employees of the Hospital Businesses. The Disability Obligations include liabilities of the Hospital Businesses for long-term or short-term disability benefits that may have commenced being paid prior to Closing and that remain ongoing after the Closing.

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

(33) **Employee Benefit Plan** means, with respect to any Person, (i) each plan, fund, program, agreement, arrangement or scheme, in each case, that is at any time sponsored or maintained, or required to be sponsored or maintained, by such Person or to which such Person makes or has made, or has or has had an obligation to make, contributions providing for employee benefits or for the remuneration, direct or indirect, of the employees, former employees, directors, officers, managers, consultants, independent contractors, contingent workers or leased employees of such Person or the dependents of any of them (whether written or oral), including each deferred compensation, bonus, incentive compensation, pension, retirement, stock purchase, stock option and other equity compensation plan, or “*welfare*” plan (within the meaning of section 3(1) of ERISA, determined without regard to whether such plan is subject to ERISA), (ii) each “*pension*” plan (within the meaning of section 3(2) of ERISA, determined without regard to whether such plan is subject to ERISA), including each Multiemployer Plan, (iii) each severance, retention or change in control plan or agreement, each plan or agreement providing health, vacation or paid time off, summer hours, supplemental unemployment benefit, hospitalization insurance, medical, dental, or legal benefit and (iv) each other employee benefit plan, fund, program, agreement or arrangement, including any of the foregoing that provides cash or non-cash benefits or prerequisites to current or former employees of such Person;

(34) **Employee Pension Benefit Plan** is defined in section 3(2) of ERISA;

(35) **Employee Welfare Benefit Plan** is defined in section 3(1) of ERISA;

(36) **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;

(37) **Environmental Claim** means any written notice (or oral notice reduced to writing by Seller) by a Person alleging potential liability (including potential liability for investigatory costs, cleanup costs, Governmental Authority response costs, natural resource damages, property damages, personal injuries, or penalties) of Seller or any Subsidiary of Seller arising out of, based on or resulting from (i) the presence, or release into the environment, of any Materials of Environmental Concern at any location, whether or not owned by Seller, or (ii) circumstances forming the basis of any violation, or alleged violation, of any Environmental Laws;

(38) **Environmental Laws** means any and all Legal Requirements relating to pollution or protection of human health or the environment (including ground water, land surface or subsurface strata), including Legal Requirements relating to emissions, discharges, releases or threatened releases of Materials of Environmental Concern, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, recycling, reporting or handling of Materials of Environmental Concern, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §9601, *et seq.*, the Resource Conservation

and Recovery Act, as amended, 42 U.S.C. §6901, *et seq.*, the Clean Air Act, 42 U.S.C. §7401, *et seq.*, the Federal Water Pollution Control Act, 33 U.S.C. §1251 *et seq.*, the Occupational Safety and Health Act, 29 U.S.C. §600, *et seq.*, and any similar state or local Legal Requirements;

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

(40) **ERISA Fiduciary** is defined in section 3(21) of ERISA;

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

(42) **Excluded Liabilities** means any and all liabilities of Seller other than the Assumed Liabilities, whether known or unknown, fixed or contingent, recorded or unrecorded, and whether arising before or after Closing, including any line of credit to which Seller is a party, the Bond Liabilities, tax-exempt leases, and any other indebtedness of Seller, any interest accrued on indebtedness of Seller, any settlements due as of Closing to third party payors;

(43) **Extended Illness Bank Obligations** means the Hired Employees' accrued or allocated paid time off that is in the form of an "*extended illness bank*" (i.e., paid time off that may be used by a Hired Employee during the term of employment, but the value of the unused portion of which is not paid in cash to the Hired Employee upon termination of employment);

(44) **Financial Statements** means the Audited Financial Statements and the Unaudited Financial Statements;

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

(46) **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;

(47) **Government Payment Programs** means federal and state Medicare, Medicaid and TRICARE programs, and similar or successor programs with or for the benefit of Governmental Authorities;

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

(49) **Hired Employees** means those employees of Seller or its Affiliates who accept Buyer's offer of employment as of the Closing Date, including those employees who are employed pursuant to an Assumed Contract;

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

(51) **Immaterial Contract** means any Contract to which Seller or any of its Subsidiaries is a party that requires either the payment by Seller or its Subsidiaries of \$50,000 or less or the provision of goods or the performance of services by Seller or any of its Subsidiaries having an annual value of \$50,000 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 Subsidiary without cause upon notice of 90 days or less, the date on which the Contract would terminate if Seller or the respective 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 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 Sections 3.18(a) through 3.18(m);

(52) **Immediate Family Member** means any individual described in the definition of “*Immediate Family Member*” found at 42 C.F.R. §411.351;

(53) **Indemnifying Party** means any Person obligated to indemnify another Person under Article 9;

(54) **Indemnitee** means any Person entitled to indemnification under Article 9;

(55) **Indemnity Notice** means written notification of a claim for indemnity under Article 9, other than a Third Party Claim, made by an Indemnitee to an Indemnifying Party pursuant to Section 9.05(b);

(56) **Indenture** is defined in Section 6.04;

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

(58) **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, and domain names, 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 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;

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

(60) **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, and proceeds from the sale thereof;

(61) **Local Board** means the advisory board of trustees of each Hospital composed of community representatives, physicians on the respective Hospital's medical staff, and the Chief Executive Officer of each respective Hospital (for avoidance of doubt, each Hospital shall have its own Local Board). The initial members of the Local Board shall include at least five members of the Seller's Board of Trustees immediately prior to Closing and five other individuals identified by the Seller prior to Closing;

(62) **Leased Real Property** means the real property described on Schedule 2.01(b), together with all buildings, improvements and fixtures thereon, leased by Seller or any Subsidiary of Seller;

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

(64) **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);

(65) **Lower Threshold Liability** is defined in Section 2.05(c);

(66) **Material Adverse Change** means a material adverse change, individually or in the aggregate, of the business, assets, liabilities, financial condition or results of operations of Seller and the Hospital Businesses, which taken as a whole (i) has or could reasonably be expected to have a material adverse effect upon the validity or enforceability of this Agreement or (ii) is or could reasonably be expected to be material and adverse to the Hospital Businesses or the Assets, but excluding the effect of (x) matters described in the Schedules, (y) changes in the economy of the United States in general, and (z) changes in Legal Requirements generally applicable to owners and operators of general acute care hospitals in the United States or in Connecticut if such change does not disproportionately affect Seller or the Hospital Businesses; provided, however, that a change resulting from the downward adjustment to the Medicare wage index or the failure of the Seller to meet its debt service coverage ratio, if waived by applicable lender(s), shall not constitute a Material Adverse Change;

(67) **Materials of Environmental Concern** means chemicals, pollutants, contaminants, wastes (including Medical Waste), toxic substances, petroleum and petroleum products listed or regulated under Environmental Laws, including hazardous wastes under the Resource Conservation and Recovery Act, as amended, 42 U.S.C. §6901, *et seq.*, hazardous substances under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §9601, *et seq.*, asbestos, polychlorinated biphenyls and urea formaldehyde, and low-level nuclear materials, special nuclear materials or nuclear-byproduct materials, all within the meaning of the Atomic Energy Act of 1954, as amended, and any rules, regulations or policies promulgated thereunder;

(68) **Medical Waste** means any substance, pollutant, material or contaminant listed or regulated under any Medical Waste Law that is generated in the diagnosis, treatment or immunization of human beings, in research pertaining thereto, or in the production or testing of biologicals, including (i) pathological waste, (ii) blood, (iii) sharps, (iv) wastes from surgery or autopsy, (v) dialysis waste, including contaminated disposable equipment and supplies, (vi) cultures and stocks of infectious agents and associated biological agents, (vii) isolation wastes, (viii) contaminated equipment, (ix) laboratory waste, and (x) various other biological waste and discarded materials contaminated with or exposed to blood, excretion, or secretions from human beings;

(69) **Medical Waste Law** means the Medical Waste Tracking Act of 1988, 42 U.S.C. §6992, *et seq.*, the U.S. Public Vessel Medical Waste Anti-Dumping Act of 1988, 33 U.S.C. §2501, *et seq.*, the Marine Protection, Research, and Sanctuaries Act of 1972, 33 U.S.C. §1401, *et seq.*, The Occupational Safety and Health Act, 29 U.S.C. §651, *et seq.*, the United States Department of Health and Human Services, National Institute for Occupational Self-Safety and Health Infectious Waste Disposal Guidelines, Publication No. 88-119, and any other federal, state, regional, county, municipal or other Legal Requirements insofar as they purport to regulate Medical Waste, or impose requirements relating to Medical Waste;

(70) **Multiemployer Plan** is defined in section 3(37) of ERISA or section 4001(a)(3) of ERISA;

(71) **Multiple Employer Plan** means an Employee Pension Benefit Plan that is not a Multiemployer Plan and for which a Person who is not a member of a Controlled Group that includes Seller or any Subsidiary is or has been a contributing sponsor;

(72) **Net Working Capital** means the amount by which (i) the value of all non-cash current assets of the Hospital Businesses acquired by Buyer, including inventory and supplies, Accounts Receivable, other receivables, 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 but exclude

Extended Illness Bank Obligations), and Net Working Capital shall be calculated in accordance with the methodology set forth on Annex A;

(73) **Notice Period** is defined in Section 9.05(a)(i);

(74) **Owned Real Property** means real property owned (legally or beneficially) by Seller or any Subsidiary of Seller, including the real property described on Schedule 2.01(a), together with all buildings, improvements and fixtures thereon owned by Seller or any Subsidiary of Seller and all appurtenances and rights thereto;

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

(76) **Permit** means each license, permit, right, franchise, concession, certificate, authorization, consent, certificate of need or other approval of a Governmental Authority owned or held by Seller or relating to the ownership or operations of the Hospital Businesses and the Assets, including applications for, and pending, Permits;

(77) **Permitted Encumbrances** means the Permitted Personal Property Encumbrances and the Permitted Real Property Encumbrances;

(78) **Permitted Personal Property Encumbrances** means those Encumbrances described on Schedule 3.11 as being Permitted Personal Property Encumbrances;

(79) **Permitted Real Property Encumbrances** means those Encumbrances identified on Schedule 3.12(a) as being Permitted Real Property Encumbrances;

(80) **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;

(81) **Post-Retiree Health Plan Liability** means the book value of the liability relating to Seller's post-retiree health benefit 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 10 of such financial statements (as updated for the MRP-2007 mortality tables as developed by Mercer, which are derived from the Society of Actuaries mortality study) and (ii) assuming continuation of the Seller's 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);

(82) **Prior Seller Plan** is defined in Section 3.22(b);

(83) **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;

- (84) **Prohibited Transaction** is defined in Section 5.09;
- (85) **Purchase Price** is defined in Section 2.05;
- (86) **Purchase Price Adjustment** is defined in Section 2.05(i);
- (87) **Reportable Event** is defined in section 4043 of ERISA;
- (88) **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;
- (89) **Seller** is defined in the preamble;
- (90) **Seller Deductible** is defined in Section 9.02;
- (91) **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;
- (92) **Special Employee Liabilities** means (i) all paid time off accruals (including vacation, holiday, and sick time benefits) of the Seller's employees (other than Extended Illness Bank Obligations), and (ii) all payments accrued as of the Closing under the Seller's long term retention payment program, culminating in 2017, but in each case only to the extent there is a recorded financial obligation for Seller associated with such liabilities and such recorded financial obligation is not included in the calculation of Net Working Capital;
- (93) **Strategic Business Plan** means the strategic plan developed prior to Closing by Buyer, in consultation with Seller, and, with respect to clinical service lines, in consultation with Seller-Affiliated physicians, as the same may be amended from time to time, *provided, however*, that the Strategic Business Plan does not include the strategic capital plan referenced in Section 5.18 herein;
- (94) **Subsidiary** means, with respect to any Person, (i) any corporation more than 50% 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 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 Subsidiaries of such Person has more than a 50% equity interest at the time and the management of which is controlled, directly or indirectly, by such Person or through one or more 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;
- (95) **Target Net Working Capital** means \$24,000,000;

(96) **Tax** means any income, unrelated business 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, unemployment, disability, real property, personal property, recording, stamp, sales, use, services, service use, transfer, registration, escheat, unclaimed property, value added, alternative or add-on minimum, estimated or other tax, assessment, charge, levy or fee of any kind whatsoever, 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;

(97) **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;

(98) **Tenant Leases** is defined in Section 3.12(i);

(99) **Third Party Claim** is defined in Section 9.05(a)(i);

(100) **Third Party Debt** means indebtedness of Seller for borrowed money other than the Refinancing Loan and any assumed capital leases. For the avoidance of doubt Third Party Debt shall not include any Assumed Liabilities;

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

(102) **Transitional Services Agreement** means the agreement between Buyer and Seller whereby Buyer will lease Hired Employees to Seller at cost 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;

(103) **Unaudited Financial Statements** means the unaudited consolidated balance sheets of Seller and its Subsidiaries as of [_____], 2015, and the unaudited consolidated statements of operations and changes in net assets and the unaudited consolidated statements of cash flows for the [_____] -month period then ended, and the financial statements described in clauses (i) and (ii) of Section 5.04(b);

(104) **Unfunded Pension Liabilities** means the unfunded pension liabilities of Seller's defined benefit pension plan, calculated as the Accumulated Benefit Obligation reduced by the fair market value of the assets of Seller's defined benefit pension plan, all as measured by an actuary chosen by Seller, as of September 30, 2015;

(105) **Upper Threshold Liability** is defined in Section 2.05(c);

(106) **WARN Act** means the Worker Adjustment and Retraining Notification Act, 29 U.S.C. §2101, *et seq.*; and

(107) **Workers' Compensation Liability** means all workers' compensation liabilities of Seller and its Affiliates, regardless of when incurred and including all tail liability. The book value of the Workers' Compensation Liability shall be based on the Financial Statements as of September 30, 2015.

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*" mean the actual knowledge of each of the Persons whose names or titles are set forth on Schedule 1.02, after due inquiry by Seller 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 in and to the Assets, free and clear of all Encumbrances other than the Permitted Encumbrances, including the following Assets:

- (a) the Owned Real Property described on Schedule 2.01(a);
- (b) the Leased Real Property described on Schedule 2.01(b);
- (c) all equipment (including medical and computer equipment located at the Hospital Businesses), vehicles, furniture and furnishings and other tangible personal properties owned or leased by Seller or used in the conduct of the Hospital Businesses; *provided* that any such leased personal property shall be described on Schedule 2.01(c);
- (d) all current assets included in Net Working Capital;
- (e) all financial, patient, medical staff, personnel and other records of the Hospital Businesses (including equipment records, medical/administrative libraries, medical records, documents, catalogs, books, records, files and operating manuals);
- (f) all rights 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), 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(j) (all such Contracts, collectively, the “**Assumed Contracts**”);
- (g) all Permits of Seller, to the extent legally assignable, relating to the ownership of the Assets and the conduct of the Hospital Businesses, including those described on Schedule 2.01(g);
- (h) the Intellectual Properties, including those Intellectual Properties described on Schedule 2.01(h), and the Information Systems;
- (i) all property of Seller, real, personal or mixed, tangible or intangible, arising or acquired between the date of this Agreement and the Closing Date;
- (j) the Investment interests in the Joint Ventures, including all transferable rights relating thereto, but only to the extent that the governing instruments of the Joint Ventures permit such transfer;
- (k) subject to Section 5.13, all insurance proceeds with respect to the Assets or the Assumed Liabilities (including insurance proceeds received by Seller or payable to Seller and all deductibles, copayments and self-insurance requirements payable by Seller) 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;
- (l) claims of Seller 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(p) and any claims relating to Excluded Assets or the Excluded Liabilities;
- (m) general intangibles of the Hospital Businesses, including goodwill;

(n) all cash and investments held by Connecticut Health Insurance Company, Inc. or held in the workers' compensation trust;

(o) Seller's provider agreements with Government Payment Programs;

(p) all proceeds of the foregoing and, except for the Excluded Assets, all other property of every kind, character or description, tangible and intangible, known or unknown, owned or leased by Seller, wherever located and whether or not reflected in the Financial Statements or similar to the properties described above; and

(q) all 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.

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) any financial, patient, medical staff, personnel and other records of the Hospital Businesses that Seller cannot transfer to Buyer due to applicable Legal Requirements by which Seller is bound;

(b) all cash, bank accounts (except for those that receive deposits from Government Payment Programs), certificates of deposit, treasury bills, treasury notes, marketable securities and other cash equivalents (including the Purchase Price payable to Seller) of Seller or the Hospital Businesses, except for those listed in Section 2.01(n);

(c) all short-term and long-term Investments, but excluding the Investment interests in the Joint Ventures;

(d) 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), beneficial interests in charitable trusts, and accrued earnings on all of the foregoing;

(e) inventory and supplies disposed of or exhausted after the date of this Agreement and on or before the Closing Date in the ordinary course of the Hospital Businesses, and Assets transferred or disposed of in accordance with Section 5.02(e);

(f) Cost Report settlement receivables for periods ended on or prior to the Closing Date and all appeals and appeal rights relating thereto;

(g) all funds held by trustees pursuant to bond indentures of Seller (including the Indenture) related to the Bond Liabilities;

(h) all deductions, benefits, claims, refunds, receivables and other rights of Seller or any Affiliate of Seller relating to Taxes in respect of periods ending on or before the Closing Date (or portions thereof) or resulting from the consummation of the transactions contemplated by this Agreement;

(i) all other current financial assets not included in Net Working Capital and all deferred expenses;

(j) all Contracts that are listed or described on Schedule 2.02(j) and all other Contracts that are not Assumed Contracts (including this Agreement and the Closing Documents);

(k) all Permits to the extent not legally assignable to Buyer or not relating to the ownership of the Assets and the conduct of the Hospital Businesses;

(l) the corporate or trade names set forth on Schedule 2.02(l) and all Intellectual Property rights relating thereto;

(m) all physician loans and receivables other than repayment obligations under Assumed Contracts;

(n) all right, title and interest of ECHN Community Healthcare Foundation in and to its assets and properties (whether owned, leased or otherwise) described on Schedule 2.02(n);

(o) all insurance proceeds received by Seller or payable to Seller (i) with respect to other Excluded Assets or the Excluded Liabilities or (ii) arising in connection with the operation of the Assets for periods prior to Closing to the extent that all material damage to any such Asset has been repaired and to the extent consistent with Section 5.13 herein;

(p) the claims of Seller against third parties described on Schedule 2.02(p), appeals and other risk settlements of the Hospital Businesses which arose during or relate to a pre-Closing period, and all rights, remedies, claims and defenses against third parties thereunder or otherwise relating solely to the Excluded Assets or to the Excluded Liabilities, whether choate or inchoate, known or unknown, contingent or otherwise;

(q) any other assets identified on Schedule 2.02(q) or excluded after the execution of this Agreement by mutual written agreement of the parties;

(r) any Investment interest in a Joint Venture that did not transfer at Closing because the governing instruments of such Joint Venture did not permit such transfer at Closing and all required consents to such transfer were not obtained from the owners or other participants in the Joint Venture; and

(s) all proceeds of the foregoing.

2.03. Assumed Liabilities. As of the Closing Date, Buyer shall assume from Seller and its Affiliates the Assumed Liabilities, including the Assumed Liabilities described on Schedule 2.03, and agrees to pay and satisfy all such Assumed Liabilities.

2.04. Excluded Liabilities. Notwithstanding anything to the contrary set forth in this Agreement, under no circumstance will Buyer assume or be obligated to pay, and from and after the Closing, none of the Assets will be or become liable for or subject to, any of the Excluded Liabilities, which Excluded Liabilities are and will remain liabilities of Seller, including the following:

- (a) all liabilities accrued on the Closing Balance Sheets, other than those included in Net Working Capital constituting Assumed Contracts;
- (b) liabilities or obligations for Taxes of the Hospital Businesses in respect of periods ending on or before the Closing Date or resulting from the consummation of the transactions contemplated by this Agreement;
- (c) liabilities or obligations for federal or state income Taxes of Seller or any Affiliate of Seller, including any amounts accrued or incurred by the Hospital Businesses as a result of being a member of a consolidated, affiliated, combined, unitary or similar group that includes such other Persons;
- (d) liabilities or obligations relating to the Excluded Assets;
- (e) liabilities or obligations associated with indebtedness for borrowed money (other than capital lease obligations under any Assumed Contract and the Refinancing Loan) ;
- (f) (i) obligations required to be performed by Seller on or before the Closing Date under the Assumed Contracts, (ii) liabilities or obligations resulting from a breach or default on or before the Closing Date of any Assumed Contracts and (iii) liabilities arising under any Contracts that are not Assumed Contracts;
- (g) liabilities or obligations arising out of or in connection with the Proceedings described on Schedule 3.23, and Proceedings and claims (whether instituted before or after Closing) relating to acts or omissions that occurred on or before the Closing Date, including those relating to peer review activities;
- (h) liabilities or obligations under the Hill-Burton Act or other restricted grant or loan programs;
- (i) liabilities and obligations to Seller's employees, Seller's Employee Benefit Plans, the Internal Revenue Service, PBGC or any other Governmental Authority arising from or relating to periods on or before the Closing Date (whether or not triggered by the transactions contemplated by this Agreement), including liabilities or obligations arising on or before the Closing Date under any Seller Employee Benefit Plan, United States Equal Employment Opportunity Commission claim, unfair labor practice, and wage and hour practice, and liabilities or obligations arising under the WARN Act,

provided that this subsection (i) shall not apply to (i) liabilities or obligations under the Employee Benefit Plans assumed by Buyer under Section 5.03(d), including but not limited to the Unfunded Pension Liabilities and the Post-Retiree Health Plan Liability, (ii) Special Employee Liabilities, (iii) Extended Illness Bank Obligations, (iv) obligations under Assumed Contracts or (v) the Worker's Compensation Liability;

(j) Cost Report settlement payables relating to all Cost Report periods ending on or before the Closing Date;

(k) liabilities or obligations of Seller, including arising out of the operation of the Hospital Businesses or ownership of the Assets, with respect to periods ending on or before the Closing Date, or resulting from the consummation of the transactions contemplated by this Agreement, including pursuant to third-party payor programs and Government Payment Programs, including recoupment rights of the Centers for Medicare & Medicaid Services ("CMS") or the Connecticut Department of Social Services and recapture of previously reimbursed charges or expenses; and

(l) penalties, fines, settlements, interest, costs and expenses arising out of or incurred as a result of any actual or alleged violation by Seller of any Legal Requirement prior to the Closing Date.

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 tender the Purchase Price, determined as follows, subject to the limitations and adjustments described in Sections 2.05(b)-(i):

(i) \$105,000,000 (One Hundred Five Million Dollars), *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 book value (including the current portion) as of the Closing of any indebtedness (including capitalized leases) assumed by Buyer and *minus*

(v) The Special Employee Liabilities, the Unfunded Pension Liabilities and the Post-Retiree Health Plan Liability, and *minus*

(vi) the amount, if any, by which the sum of the Workers' Compensation Liability and the Captive Insurer Liability exceeds the investments held by the Connecticut Health Insurance Company, Inc. and the workers' compensation trust with respect to such liabilities, and *minus*

(vii) Asbestos abatement liability as determined within five business days of closing by an independent third party mutually agreed upon by Seller and Buyer; provided, however, that the total asbestos abatement liability shall not exceed \$1,000,000 (One Million Dollars), and *minus*

(viii) In the event Seller is unable to assign and transfer to Buyer or Buyer's designee all of Seller's Investment in one or more Joint Ventures due to the inability to satisfy the requirements of the governing instruments of such Joint Ventures with respect to such transfer at Closing, an amount equal to the value listed next to the name of such Joint Venture on Schedule 2.05(a), provided, however, that the provisions of this Agreement shall not be construed as an offer to separately purchase Seller's Investment in one or more Joint Ventures, and *minus*

(ix) Any amounts paid to Seller by Buyer to reimburse Seller's out-of-pocket legal, valuation, or consulting expenses pursuant to Section 8.04(b).

(b) Notwithstanding the foregoing Section 2.05(a), if Seller obtains, prior to the Closing Date, an assumable loan in an amount not to exceed \$45,000,000 (Forty Five Million Dollars) to refinance certain of Seller's outstanding Bond Liabilities (the "**Refinancing Loan**"), the figure in Section 2.05(a)(i) shall be deemed deleted and replaced with the following: "\$115,000,000 (One Hundred Fifteen Million Dollars)." In addition, if Seller obtains the Refinancing Loan and spends less than \$10,000,000 (Ten Million Dollars) on capital projects of the kind that could be counted toward the Commitment Amount under Section 5.18, in addition to the deductions described in Section 2.05(a)(i)-2.05(a)(ix) above, the Purchase Price shall be further reduced by the difference between \$10,000,000 (Ten Million Dollars) and the amount spent on such capital projects.

(c) If Seller does not obtain the Refinancing Loan, the sum of the liabilities subtracted from the Purchase Price pursuant to Sections 2.05(a)(iii)-(a)(vii) above shall not exceed \$77,000,000 (Seventy Seven Million Dollars) (the "**Lower Threshold Liability**"). If Seller obtains the Refinancing Loan, the sum of the liabilities subtracted from the Purchase Price pursuant to Sections 2.05(a)(iii)-(a)(vii) above shall not exceed \$122,000,000 (One Hundred Twenty Two Million Dollars) (the "**Upper Threshold Liability**"), and Seller shall pay to Buyer the difference between the sum of Sections 2.05(a)(iii)-(a)(vii) (capped at the Upper Threshold Liability) and \$115,000,000 (One Hundred Fifteen Million Dollars) to the extent possible from Available Cash and the Indemnity Reserve established pursuant to Section 9.08.

(d) If (i) Seller obtains the Refinancing Loan and, as of the Closing Date, has liabilities, excluding Third Party Debt, that exceed the Upper Threshold Liability, or (ii) Seller does not obtain the Refinancing Loan, and as of the Closing Date, has liabilities, excluding Third Party Debt, that exceed the Lower Threshold Liability, Buyer shall assume such excess liabilities; provided, however, that Seller shall reimburse Buyer on a dollar-for-dollar basis for the liabilities assumed in excess of the Upper Threshold

Liability (if Seller obtains the Refinancing Loan) or the Lower Threshold Liability (if Seller does not obtain the Refinancing Loan), from the following sources:

- (i) First, from Seller's Available Cash, if any in excess of \$1,000,000 (One Million Dollars); and
- (ii) Second, from the Indemnity Reserve established pursuant to Section 9.08.

If additional liabilities remain following the reimbursement described in Section 2.05(d)(i)-(ii) above (“**Additional Liabilities**”), Buyer shall assume up to an additional \$10,000,000 (Ten Million Dollars) of such liabilities, and Seller shall have no obligation to reimburse Buyer for such assumption of liabilities, provided, however, that the Commitment Amount shall be reduced by an amount equal to the assumption of such liabilities. For these purposes Additional Liabilities shall include any increase from September 30, 2015 to the Closing Date in the following liabilities: Unfunded Pension Liabilities, the Post-Retiree Health Plan Liability and other retirement obligations described on Schedule 2.03, the Workers' Compensation Liability, the Captive Insurer Liability, and any other Assumed Liabilities measured as of September 30, 2015. Buyer may, in its sole discretion, assume liabilities in excess of this additional \$10,000,000, and such liabilities shall be referred to as the “**Assumed Excess Liabilities**” and shall be deducted from the Commitment Amount as set forth in Section 5.18(a). For the avoidance of doubt, examples of how the provisions of this Section 2.05 will be implemented are included in Schedule 2.05. Seller and Buyer shall equally share the cost of obtaining updated actuarial valuations of the Unfunded Pension Liabilities and the Post-Retiree Health Plan Liability as of the Closing.

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

(f) As further described in Sections 2.05(g) and 2.05(h) below, the Purchase Price, including an estimate of the Net Working Capital at Closing, will be calculated by Buyer and Seller at Closing from the physical count of inventory and supplies conducted pursuant to Section 2.05(g), if available, the relevant entries in the Interim Closing Balance Sheets (other than inventory and supplies if the physical inventory is available) 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. At Closing, Buyer shall pay such Purchase Price 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 defease the Bond Liabilities and to pay off all other indebtedness of Seller (other than capitalized leases assumed by Buyer).

(g) The portion of Net Working Capital constituting the value of inventory and supplies will be determined based on a physical count conducted by Seller on a date not more than five business days before the Closing Date. Seller shall give Buyer at least five business days prior notice of the date of the count and permit Buyer to monitor the

count. Seller shall count the usable items of inventory and supplies that are not damaged or obsolete, and that are of a type, quality and quantity that may be used in the ordinary course of the Hospital Businesses (having due regard for the services offered by the Hospital Businesses). Seller will conduct the count in the same manner that Seller conducted the count of, and will count the same classes and categories of items that Seller counted to determine the value of, inventory and supplies in the most recent Audited Financial Statements. Upon completion of the count, Seller shall determine the value of the inventory and supplies (determined by the lower of cost or market on a first in, first out basis). If the results of the count and the resulting value of inventory and supplies are available by Closing, then the portion of Net Working Capital attributable to inventory and supplies will be the value determined pursuant to the count (updated for actual usage and purchases between the date of the count and the Closing Date). If the results of the count or the resulting value of inventory and supplies are not available by Closing, then for purposes of the Closing, the value of the inventory and supplies will be the amount set forth in the Interim Closing Balance Sheets and the value of the inventory and supplies determined pursuant to the count (updated for actual usage and purchases between the date of the count and the Closing Date) will be set forth in the Closing Balance Sheets.

(h) 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. No more than five business days before the Closing Date, Buyer and Seller will agree on the value as of Closing of the prepaid expenses and deposits that Buyer reasonably determines will be usable after Closing.

(i) Within 90 days after the Closing Date, Buyer will deliver to Seller the Closing Balance Sheets together with any proposed revisions in the amount of the prorrations to be made pursuant to Section 2.06 (based on paid invoices delivered by Buyer to Seller after the Closing). Except as otherwise provided herein, the Closing Balance Sheets shall be prepared using the same principles and methodologies, including the determination of Accounts Receivable and doubtful accounts, as used in preparing the Interim Closing Balance Sheets. The Purchase Price will be recalculated (based on clauses (i) and (ii) below) (the “**Purchase Price Adjustment**”) to reflect (i) any such revisions in the amount of the prorrations to be made pursuant to Section 2.06, and (ii) the difference between the Net Working Capital (excluding differences in prepaid expenses and deposits calculated in accordance with Section 2.05(h) and, if a physical inventory was used to calculate the Purchase Price, in inventory and supplies) on the Interim Closing Balance Sheets and on the Closing Balance Sheets. Following the resolution of any disputes pursuant to Section 2.05(j), Seller shall pay Buyer (if the Purchase Price is adjusted downward by the Purchase Price Adjustment), 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, within five business days after its determination.

(j) Should Seller disagree with the Closing Balance Sheets prepared by Buyer, it shall notify Buyer within 30 days after Buyer’s delivery of the Closing Balance Sheets; if no notice shall be delivered by Seller to Buyer within such 30 day period,

Seller will be deemed to have agreed with the Closing Balance Sheets prepared by Buyer. If Seller disputes any entry in the Closing Balance Sheets relevant to the calculation of the Purchase Price Adjustment or disputes the value of the inventory and supplies, then Buyer and Seller shall, for 15 days after Seller notifies Buyer of its dispute, attempt to resolve such dispute among themselves and to their mutual satisfaction. If Buyer and Seller are unable to resolve such dispute within such 15 day period, then either Seller or Buyer may submit the dispute to PricewaterhouseCoopers LLP or to such other independent, certified public accounting firm as Seller and Buyer may then agree in writing, in either case acting as experts and not as arbitrators to resolve the computation or verification of the disputed Closing Balance Sheets entries in accordance with this Agreement and otherwise where applicable in accordance with GAAP consistently applied.

(k) Seller and Buyer will each pay their own respective fees and expenses (including any fees and expenses of their accountants and other representatives) in connection with the resolution of disputes pursuant to this Section 2.05. Notwithstanding the foregoing, the fees and expenses of any accounting firm incurred in connection with the resolution of such disputes will be paid by Seller and Buyer in proportion to the difference between the Purchase Price Adjustment determined by the accounting firm and the respective amounts of the Purchase Price Adjustment asserted by each such party at the time of the initial referral of the dispute to the accounting firm.

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. Promissory Note. To the extent Seller is unable to transfer to Buyer on the Closing Date Seller's Investment in one or more Joint Ventures as a result of the failure to obtain a consent or to otherwise comply with the governing instruments of such Joint Venture, Buyer shall lend to Seller an amount equal to the value of such Joint Venture(s) as such value is listed on Schedule 2.05(a). The loan described in the previous sentence shall be made pursuant to a promissory note bearing interest at 3% per annum payable solely from, and secured by, future distributions from the Joint Ventures, and further secured by the Joint Venture Investments themselves, to the extent the granting of such a security interest is permissible under the laws of the State of Connecticut and the Joint Venture agreements (the "**Joint Venture Promissory Note**"). If, after the Closing Date, one or more of Seller's Joint Venture Investments whose value is included in the Joint Venture Promissory Note is transferred to Buyer, the principal amount of the Joint Venture Promissory Note shall be reduced by an amount equal to the value set forth next to the name of such Joint Venture on Schedule 2.05(a).

3. REPRESENTATIONS OF SELLER

Subject to the exceptions described in the Schedules, Seller makes the following representations to Buyer 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 in good standing 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 Seller's powers, are not in contravention of its articles of incorporation, bylaws and other governing documents, and have been duly authorized by all appropriate corporate action;

(b) do not conflict with, result in any breach or contravention of, or permit the acceleration of the maturity of any liabilities of Seller (other than Excluded Liabilities to be satisfied as of the Closing Date), and do not create or permit the creation of any Encumbrance on or affecting any of the Assets;

(c) do not violate any Legal Requirement to which Seller, the Assets, or the Hospital Businesses may be subject other than with respect to the Excluded Liabilities to be satisfied as of the Closing Date; and

(d) assuming the receipt of all consents set forth in Schedule 3.02, do not conflict with or result in a breach or violation of any material Contract to which Seller is a party or by which it is bound and will not be terminated as of the Closing Date.

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. Subsidiaries 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. Schedule 3.04 indicates for each Person identified thereon whether it is currently active or inactive and whether it, together with its consolidated Subsidiaries, has total assets of \$10,000 or more. Schedule 3.04 also indicates, for each Joint Venture, the percentage of equity interests owned by Seller or its Affiliate in such Joint Venture and the name of, and percentage of equity interests owned by, third parties in such

Joint Venture. 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. Except as otherwise provided in this Agreement and other than as set forth on Schedule 3.05, Seller and all of its officers, directors, agents, or employees comply in all material respects with, and have complied in all material respects with, all Legal Requirements, and Seller has timely filed all material reports, data and other information required to be filed with Governmental Authorities. Seller has not received notice of any currently pending or threatened Proceeding against it alleging or based upon an alleged violation of any Legal Requirements. Neither Seller nor any Affiliate of Seller is party to or otherwise bound by (i) a corporate integrity agreement with the Office of Inspector General of the United States Department of Health and Human Services or written agreement with such Governmental Authority to establish or maintain a corporate integrity program applicable to any of the Hospital Businesses or (ii) a settlement or other agreement with any other Governmental Authority, other than participation agreements with Medicare and Medicaid, that imposes continuing obligations on any of the Hospital Businesses or contains obligations that have not been fully discharged.

3.06. Financial Statements. Attached as Schedule 3.06 are copies of the Audited Financial Statements and the Unaudited Financial Statements. The Financial Statements fairly present the financial condition and results of operations of Seller and the Hospital Businesses as of the respective dates thereof and for the periods therein referred to, all in accordance with GAAP, subject, in the case of the Unaudited Financial Statements, to normal recurring year-end adjustments (the effect of which will not, individually or in the aggregate, have a Material Adverse Change) and the absence of notes (which, if presented, would not differ materially from those included in the Audited Financial Statements), and the Financial Statements reflect the consistent application of such accounting principles throughout the periods involved.

3.07. Undisclosed Liabilities. 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 or the Assets, due or to become due, accrued, absolute, contingent or otherwise, that are required by GAAP to be accrued or disclosed in audited financial statements, except for liabilities and obligations incurred in the ordinary course of business and consistent with past practice since the date of the Unaudited Financial Statements, which are not, individually or in the aggregate, expected to result in a Material Adverse Change.

3.08. Recent Activities. Since September 30, 2014 and except as set forth on Schedule 3.08:

- (a) no material damage, destruction or loss (whether or not covered by insurance) has occurred affecting the Assets;

(b) except in the ordinary course of the Hospital Businesses or as set forth on Schedule 3.08(b), consistent with past practice and existing personnel policies of Seller, Seller has not (i) increased or agreed to increase the compensation payable to any employees who work in the Hospital Businesses, (ii) agreed to make any bonus or severance payment to any of the employees who work in the Hospital Businesses or (iii) employed any additional management personnel in respect of the Hospital Businesses;

(c) no labor dispute, enactment or promulgation of a state or local Legal Requirement, or other event or condition, has occurred that has materially adversely affected any of the Hospital Businesses or reasonably could be expected to have such an effect on the Hospital Businesses;

(d) other than as set forth on Schedule 3.08(d), Seller has not sold or factored, or agreed to sell or factor, any Accounts Receivable, and Seller has not sold, distributed or otherwise disposed of any other Assets except in the ordinary course of the Hospital Businesses and, for equipment having an original cost in excess of \$25,000, with a comparable replacement thereof;

(e) to Seller's knowledge, no Encumbrance has been imposed on any of the Assets;

(f) Seller has not canceled or waived any material rights in respect of the Assets, except in the ordinary course of the Hospital Businesses;

(g) other than in connection with the freeze of Seller's defined benefit pension plan and post-retiree health plan, there has been no change in any accounting method, policy or practice of Seller with respect to the Hospital Businesses;

(h) other than compensation paid in the ordinary course of employment or ordinary course professional services agreements disclosed to Buyer, Seller has not paid any amount to, sold any Assets to, or entered into any Contract with any officer, director, or trustee of Seller or its Affiliates, or with any Affiliate of any such Person;

(i) Seller has not paid or agreed to pay to any Person any damages, fines, penalties or other amounts in respect of an actual or alleged violation of any Legal Requirement excluding routine workers' compensation claims in amounts no greater than \$100,000;

(j) Other than ordinary course plan benefit design changes, Seller has not instituted any new, or terminated or amended any existing, Employee Benefit Plan, except for amendments required to comply with applicable Legal Requirements and the freeze of Seller's defined benefit pension plan and post-retiree health plan;

(k) Seller has not entered into or agreed to enter into any transaction outside the ordinary course of the Hospital Businesses (other than the transactions contemplated by this Agreement); and

(l) no Material Adverse Change has occurred and no event or circumstance has occurred that could reasonably be expected to result, individually or in the aggregate, in a Material Adverse Change.

3.09. Accounts Receivable; Inventory.

(a) The Accounts Receivable, to the extent uncollected, are valid and existing and represent monies due for goods sold and delivered and services performed in bona fide commercial transactions, have been billed or are billable, and are not subject to any Encumbrances. Except as reflected or reserved for in the Financial Statements, no refunds, discounts or setoffs are payable or assessable with respect to the Accounts Receivable.

(b) All Assets consisting of inventory and supplies are carried at the lower of cost or market on a first-in, first-out basis and are properly stated in the Audited Financial Statements as of the dates thereof. All items of inventory and supplies are of a quality usable or saleable in the ordinary course of business, except for those items that are obsolete, below standard quality or in the process of repair and for which adequate reserves have been provided in the Financial Statements. The quantities of inventory and supplies, taken as a whole, are reasonable and justified under the normal operations of the Hospital Businesses.

3.10. Equipment. Schedule 3.10 includes a depreciation schedule as of a recent date that lists all items of equipment associated with, or constituting any part of, the Assets. To Seller's knowledge, and excluding information technology equipment and systems, all major items of Seller's equipment (e.g., heating systems, magnetic resonance imaging units, ultrasound units, robotic surgery and similar equipment) are usable for their intended purposes in the ordinary course of the Hospital Business and are in working condition, subject to reasonable wear and tear.

3.11. Title. Except as provided in Schedule 3.11 and subject to Section 10.03, Seller owns and holds good and valid title to all of the Assets, free and clear of any Encumbrances other than the Encumbrances described on Schedule 3.11. At Closing, Seller will convey to Buyer good and valid title to all Assets, free and clear of any Encumbrances other than the Permitted Encumbrances.

3.12. Real Property.

(a) Seller owns fee simple title to the Owned Real Property, free and clear of any Encumbrances other than the Encumbrances described on Schedule 3.12(a). The Owned Real Property described on Schedule 2.01(a) comprises all of the real property owned by Seller or any Subsidiary of Seller that is associated with or utilized in the operation of the Hospital Businesses. At Closing, Seller will convey to Buyer good and marketable fee simple title to all Owned Real Property, free and clear of any Encumbrances other than the Permitted Real Property Encumbrances.

(b) Seller has not received notice of condemnation or similar Proceedings relating to the Owned Real Property or any part thereof.

(c) Except as set forth on Schedule 3.12(c), to Seller's knowledge, the buildings standing on the Owned Real Property are structurally sound and in need of no material maintenance or repairs, except for ordinary, routine maintenance. All essential utilities (including water, sewer, gas, electricity and telephone service) are available to the Owned Real Property, and, to Seller's knowledge, no conditions exist that are reasonably likely to result in the termination or reduction of the current access from the Owned Real Property to existing roadways. To Seller's knowledge, no part of the Owned Real Property contains, is located within or abuts any flood plain, navigable water or other body of water, tideland, wetland, marshland or other area that is subject to special state, federal or municipal regulation, control or protection (other than Legal Requirements pertaining to zoning or other land use restrictions customarily applicable to all real estate within the applicable jurisdiction).

(d) Except for tenants in possession of the Owned Real Property under Contracts described on Schedule 3.18, no Person other than Seller possesses, or claims possession of, adverse or not, any Owned Real Property, whether as lessee, tenant at sufferance, trespasser or otherwise.

(e) No tenant is entitled to any rebate, concession, or free rent, other than as reflected in the Contract with such tenant; no commitments have been made to any tenant for repairs or improvements other than for normal repairs and maintenance in the future or improvements required by the tenant Contract; and no rents due under any of the Contracts with tenants have been assigned or hypothecated to, or encumbered by, any Person other than in connection with financing. All material obligations of Seller as landlord required to be performed under each of the tenant Contracts have been performed.

(f) All Owned Real Property and, to Seller's knowledge, Leased Real Property currently in use for the operation of the Hospital Businesses is in compliance in all material respects with all applicable Legal Requirements, and all material Permits and requisite certificates of the local board of fire underwriters (or other material body exercising a similar function) have been issued for the Owned Real Property and Leased Real Property.

(g) (i) Seller has provided to Buyer accurate and complete copies of those leases of which Seller or one of its Subsidiaries is landlord (collectively, the "**Space Leases**"), and (ii) attached as Schedule 3.12(g) is a "rent roll" that sets forth the following information, if any, for each of the Space Leases: (A) the names of the current tenants; (B) the rental payments for the then current month under each of the Space Leases; (C) a list of all then delinquent rental payments; (D) a list of all outstanding concessions granted to tenants; (E) a list of all tenant deposits and a description of any application thereof; (F) the dates that each of the Space Leases commenced and will expire; (G) the square footage of any such space leased pursuant to the Space Leases; (H) any renewal options available to tenants under the Space Leases; and (I) a list of all uncured material defaults under the Space Leases known to Seller.

(h) There are no tenants or other Persons occupying any space in the Owned Real Property, other than pursuant to the Space Leases.

(i) Seller has (A) a valid leasehold estate in all of the Leased Real Property, free and clear of any Encumbrances other than the Encumbrances described on Schedule 3.12(i) pursuant to the leases described on Schedule 2.01(b) (the “**Tenant Leases**”), and (B) provided accurate and complete copies of each of the Tenant Leases to Buyer. The Leased Real Property comprises all of the real property leased by Seller or any Subsidiary of Seller that is associated with or utilized in the operation of the Hospital Businesses.

3.13. Environmental Matters and Medical Waste.

(a) Seller has all material Permits required under applicable Environmental Laws for the operation of the Hospital Businesses, and all such Permits are listed on Schedule 2.01(g). Other than as listed on Schedule 3.13(a), no Environmental Claim is pending, or to Seller’s knowledge, threatened by any Person against Seller or, to Seller’s knowledge, any other Person the liability for which Seller has retained or assumed, either contractually or by operation of law. To Seller’s knowledge, no activities, circumstances, conditions, events or incidents, including the release, emission, discharge or disposal of any Materials of Environmental Concern, have occurred that could reasonably be expected to form the basis of any Environmental Claim by any Person against Seller or any other Person the liability for which Seller has retained or assumed, either contractually or by operation of law.

(b) Without in any way limiting the generality of the foregoing, (i) all on-site and off-site locations where Seller stores, disposes or arranges for the disposal of material quantities or volumes of Materials of Environmental Concern for the Hospital Businesses are identified on Schedule 3.13(b), (ii) all Contracts dealing with the removal, storage, disposal and handling of Materials of Environmental Concern of the Hospital Businesses are with vendors who are, to Seller’s knowledge, properly licensed, (iii) all underground storage tanks, and the capacity and contents of such tanks, located on Owned Real Property are identified on Schedule 3.13(b) and (iv) to Seller’s knowledge, no polychlorinated biphenyls are used or stored at any Owned Real Property.

(c) Seller and the Hospital Businesses have complied in all material respects with all Medical Waste Laws.

3.14. Intellectual Properties and Information Systems. Seller owns or is licensed to use, free and clear of royalty and other payment obligations, claims of infringement or other Encumbrances, each of the Intellectual Properties and the Information Systems. Seller is not, in any material respect, in conflict with or in violation or infringement of, and has not received any notice alleging any conflict with or violation or infringement of, any rights of any other Person with respect to any such Intellectual Properties or Information Systems. To Seller’s knowledge, no other Person is in conflict with or in violation or infringement of Seller’s rights in such Intellectual Properties or Information Systems. Schedule 3.14 identifies those Intellectual Properties and Information Systems used in the conduct of the Hospital Businesses that are owned by or licensed directly to Seller (other than the Intellectual Properties and Information

Systems owned by Seller, for which no copyright registration or application has been made and none of which is, individually or in the aggregate, material to the Hospital Businesses) and those Intellectual Properties and Information Systems that are owned by or licensed to third parties who provide information technology services to Seller pursuant to Contracts described in Section 3.18(c).

3.15. Insurance. Schedule 3.15 describes all insurance arrangements, including self-insurance, in place for the benefit of the Assets and the conduct of the Hospital Businesses (other than Current Seller Plans described in Schedule 3.22). Seller has provided to Buyer a true and complete copy of all such policies and endorsements thereto. With respect to third party insurance, Schedule 3.15 sets forth the name of each insurer, whether such insurer is an Affiliate of Seller, and the number, coverage, limits, term and premium for each policy of insurance purchased or held by Seller covering the ownership and operation of the Assets and the Hospital Businesses. Except as set forth on Schedule 3.15, all of such policies are now, and until Closing will remain, valid, outstanding, in full force and effect, and enforceable with no premium arrearages. Since September 30, 2011, Seller has not been denied, or reduced, or requested a reduction in the scope or amount of, any insurance or indemnity bond coverage. No insurance carrier has canceled or reduced, or given written notice of its intention to cancel or reduce, any insurance coverage and, to Seller's knowledge, there exist no reasonable grounds to cancel or void any such policies or the coverage provided thereby. Except as set forth on Schedule 3.15, since September 30, 2011, Seller has not made any claims against any excess insurance coverage set forth on Schedule 3.15 or any predecessor excess insurance policies applicable during such time period.

3.16. Permits. Schedule 2.01(g) describes all material Permits relating to the ownership of the Assets and the conduct of the Hospital Businesses, all of which are in good standing and not subject to meritorious challenge. Seller has not received any written notice from any Governmental Authority relating to the threatened, pending or possible revocation, termination, suspension or limitation of any of such material Permits. Each Hospital is duly licensed as an acute care hospital by the appropriate Governmental Authorities, and all departments or other business units, including the other Hospital Businesses, that are required to be separately licensed are duly licensed by the appropriate Governmental Authorities. The Hospitals and all departments or business units, including the Hospital Businesses, comply in all material respects with the applicable licensing requirements. Each Hospital has complied in all material respects with the requirements and conditions of all certificates of need (including applications therefor, non-review letters and implemented and unimplemented certificates of need if not lapsed and unexpired).

3.17. Government Payment Programs; Accreditation. Each Hospital has a current and valid provider Contract with the Government Payment Programs and/or their fiscal intermediaries, administrative contractors or paying agents and complies in all material respects with the conditions of participation therein. Each Hospital is entitled to receive and is receiving payment under the Government Payment Programs for services rendered to qualified beneficiaries and, to Seller's knowledge, except as reflected in the Audited Financial Statements, is not subject to any withholds or offsets in respect thereof. Seller has timely filed all Cost Reports due for Cost Report periods through September 30, 2014, and Cost Reports have been audited and notices of program reimbursement have been issued for all Cost Report periods

through September 30, 2010. All amounts shown as due from Seller in the Cost Reports were remitted with such reports and all amounts shown in the notices of program reimbursement as due have been paid. Except to the extent liabilities and contractual adjustments of each Hospital under the Government Payment Programs have been properly reflected and adequately reserved in the Financial Statements in the ordinary course of business, neither Hospital has to its knowledge received nor submitted any claim for payment in excess of the amount provided by Legal Requirements or applicable Contract, and Seller has not received notice of any dispute or claim by any Governmental Authority, fiscal intermediary or other Person regarding the Government Payment Programs or each Hospital's participation therein that remains outstanding or unresolved. All Medicare and Medicaid incentive payments for meaningful use of certified electronic health record technology received by Seller under The American Recovery and Reinvestment Act of 2009 were awarded based on truthful attestations made by Seller or its Affiliates, and no such incentive payments were remitted due to any knowingly fraudulent, negligent or unlawful act or omission of Seller or its Affiliates. 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 materially 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. Each Hospital is duly accredited, with no contingencies except as disclosed on Schedule 3.17, by the Joint Commission and Seller's certification for participation in the Medicare program is based on such Joint Commission accreditation. A copy of the most recent accreditation letter from the Joint Commission pertaining to each Hospital has been made available to Buyer. Seller has delivered to Buyer copies of all accreditation survey reports, deficiency lists, statements of deficiency, and plans of correction since September 30, 2011. Seller has taken or is taking all reasonable steps to correct all material deficiencies noted therein. Schedule 3.17 includes a list and description of all unexpected occurrences involving death or serious physical or psychological injury since September 30, 2011.

3.18. Agreements and Commitments. Schedule 3.18 identifies the Contracts related to the Hospital Businesses in the categories below:

- (a) Contracts that relate to the ownership or use of, title to or interest in Owned Real Property or Leased Real Property;
- (b) Contracts with (i) a physician or physician group, (ii) an Immediate Family Member of a physician on the medical staff of the Hospitals or (iii) any Person that provides marketing services for Seller or its Subsidiaries;
- (c) Contracts relating to Intellectual Properties and Information Systems;

- (d) collective bargaining agreements or other Contracts with labor unions or other employee representatives or groups;
- (e) Contracts with directors, trustees, officers, employees, or other agents of Seller or its Subsidiaries;
- (f) requirements or exclusive Contracts and Contracts that prohibit or limit competition or the conduct by Seller or any Subsidiary of any lawful business;
- (g) Contracts with any health plan, health provider, independent practice association or similar Person providing for capitation or risk-sharing arrangements;
- (h) Contracts relating to the administration, operation or funding of any Employee Benefit Plan;
- (i) Contracts between Seller and any of the Joint Ventures;
- (j) Contracts with Governmental Authorities;
- (k) Contracts providing for payments based in any manner on the revenue or profits of Seller or any Subsidiary thereof, the Hospital Businesses or the Assets;
- (l) loan agreements, indentures, bonds, mortgages, liens, or other security agreements (excluding those that will be terminated at Closing);
- (m) equipment leases and other leases that are capital leases; and
- (n) all other Contracts which require payment by Seller of amounts in excess of \$50,000 annually after the date of this Agreement, unless Seller may terminate the Contract, without cause, within ninety (90) days and all payments due by Seller under the Contract through such termination equal, in the aggregate, less than \$50,000 (including any penalty or termination fee).

3.19. The Assumed Contracts. With respect to the Assumed Contracts listed on Schedule 2.01(f):

- (a) the Assumed Contracts constitute lawful, valid and legally binding obligations of Seller and, to Seller's knowledge, each other party thereto and are enforceable against Seller and, to Seller's knowledge, against each other party thereto, in accordance with their terms;
- (b) each Assumed Contract (together with all amendments and supplements thereto listed on Schedule 2.01(f)) is in full force and effect and constitutes the entire agreement between the parties thereto;
- (c) all material obligations required to be performed under the Assumed Contracts by Seller, and, to Seller's knowledge, each other party thereto, have been performed, and no event has occurred or failed to occur that constitutes, or with the

giving of notice, the lapse of time or both would constitute, a material default by Seller under the Assumed Contracts that has or would reasonably be expected to have a material impact on the Hospital Businesses;

(d) except as set forth on Schedule 3.19(d), 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; and

(e) except as set forth on Schedule 3.19(e), the assignment of any Assumed Contract to, and assumption of such Assumed Contract by, Buyer will not give a third party the right to terminate such Assumed Contract, or result in the payment of any penalty or premium to, or change in the rights, remedies, benefits or obligations of, any party thereunder.

3.20. Transactions with Affiliates. Except as disclosed in the Financial Statements of the Seller, since September 30, 2013, Seller 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 upon terms that would have been paid or received by Seller in similar transactions with independent parties negotiated at arm's length.

3.21. Employees and Employee Relations.

(a) Seller has delivered 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 Affiliates (indicating in the list whether each employee is classified as exempt or nonexempt by Seller), 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 Affiliates (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).

(b) To Seller's knowledge, all employees, former employees and independent contractors of Seller and its Subsidiaries are 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 Legal Requirement.

(c) Except as set forth in Schedule 3.21(c), Seller is in compliance 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; Seller is not 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 Governmental Authority), complaints before the Occupational Safety and Health Administration (or any comparable state safety or health administration or other Governmental Authority), wage and hour claims, unemployment compensation claims, workers' compensation claims, or the like.

(d) Schedule 3.21(d) states the number of employees terminated by Seller and its Affiliates within 90 days prior to the Closing Date, laid off by Seller within the six months prior to the Closing Date, or whose hours of work have been reduced by more than 50% by Seller in the six 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 and (ii) the location to which the employee was assigned. In relation to the foregoing, except as set forth in Schedule 3.21(d), Seller has not violated the 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 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 business of Seller in respect of the Hospital Businesses or the Assets; or (ii) to assign to Seller any rights to any invention, improvement, or discovery. Except as set forth on Schedule 3.21(e), to the knowledge of Seller, no former or current employee of Seller 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 Seller did prior to Closing.

(f) Except as set forth on Schedule 3.21(f), (i) no employee strike, work stoppage or slowdown, labor dispute, grievance or unfair labor practice at the Hospital Businesses is pending or, to Seller's knowledge, threatened, (ii) no employees of Seller are represented by, or have made demand for recognition of, a labor union or employee organization, and, to Seller's knowledge, no other union organizing or collective bargaining activities by or with respect to any employees of Seller are taking place and (iii) no complaint, charge or claim is pending, or, to Seller's knowledge, threatened to be brought or filed, with any Governmental Authority or arbitrator relating to the employment or termination of employment of any individual by Seller or the Hospital Businesses.

(g) All necessary visa or work authorization petitions have been timely and properly filed on behalf of any employees of Seller 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 who is a foreign national has ever worked for Seller without employment authorization from the Department of Homeland Security or any other Government Authority that must authorize such employment, and Seller has complied in all material respects with all applicable immigration laws and other Legal Requirements with respect to the employment of foreign nationals. To the knowledge of Seller, Seller has 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 relating to Seller's compliance with Legal Requirements relating to immigration, except as set forth on Schedule 3.21(g). Seller has not received any letters or other correspondence 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 Seller has not received any letters or other correspondence from the Department of Homeland Security or other Governmental Authorities regarding the employment authorization of any employees of Seller. Seller does not participate in the Department of Homeland Security's e-Verify electronic employment verification system.

3.22. Employee Benefit Plans.

(a) Schedule 3.22 lists each Employee Benefit Plan that Seller or any member of the Controlled Group that includes Seller maintains or to which it contributes (including employee elective deferrals) (each, a "**Current Seller Plan**").

(b) Each Current Seller Plan (and related trust, insurance contract or fund) complies in form and in operation in all material respects with applicable Legal Requirements, and has been administered and operated in all material respects in accordance with the terms of the Current Seller Plan and applicable Legal Requirements. All required reports and descriptions (including form 5500 annual reports, summary annual reports and summary plan descriptions) have been filed or distributed appropriately with respect to each Current Seller Plan. Seller has delivered to Buyer copies of the plan documents and summary plan descriptions, most recent determination letters received from the Internal Revenue Service, most recent form 5500 annual report, and all related trust, insurance and funding Contracts that implement each Current Seller Plan. No Governmental Authority has audited any Current Seller Plan or any other Employee Benefit Plan that Seller or any member of the Controlled Group that includes Seller has maintained, or to which it has contributed or been required to contribute (each, a "**Prior Seller Plan**"), during the five (5) years preceding the date of this Agreement, and Seller has not received any notice that such an audit will or may be conducted.

(c) Each Current Seller Plan that is an Employee Pension Benefit Plan intended to be qualified under section 401(a) of the Code has a current favorable determination letter or opinion or approval letter from the Internal Revenue Service that the plan is so qualified and its trust is exempt from federal income taxation under section 501(a) of the Code, or the remedial amendment period for such Employee Pension Benefit Plan to be submitted to the Internal Revenue Service for such a

determination letter or opinion or approval letter has not yet expired. All contributions (including employer contributions and employee salary reduction contributions) to each such Employee Pension Benefit Plan that are due to be paid have been paid, and all Seller contributions to any Employee Pension Benefit Plan that is a defined contribution plan in respect of periods ending on the Closing Date will be accrued on the Closing Balance Sheets. To Seller's knowledge, nothing has occurred that could reasonably be expected to cause the revocation of such determination letter from the Internal Revenue Service or the unavailability of reliance on such opinion or approval letter from the Internal Revenue Service, as applicable. To Seller's knowledge, nothing has occurred with respect to any Current Seller Plan that has subjected or could reasonably be expected to subject Seller, or, with respect to any period on or after the Closing Date, Buyer or any of its Affiliates, to a penalty under Section 502 of ERISA or to an excise tax under the Code. To Seller's knowledge, with respect to any Current Seller Plan, no event has occurred or is reasonably expected to occur that has resulted in or would subject the Seller or, with respect to any period on or after the Closing Date, Buyer or any of its Affiliates, to a tax under Section 4971 of the Code or the assets of any of the foregoing persons to a lien under Section 430(k) of the Code.

(d) The requirements of part 6 of subtitle B of Title I of ERISA and of section 4980B of the Code have been met in all material respects with respect to each Current Seller Plan that is an Employee Welfare Benefit Plan, and all premiums or other payments that are due have been paid with respect to each such Employee Welfare Benefit Plan.

(e) There have been no "*prohibited transactions*," as defined in section 406 of ERISA and section 4975 of the Code, with respect to any Current Seller Plan that would subject Seller or any member of the Controlled Group that includes Seller to any material liability. No ERISA Fiduciary has any material liability for breach of fiduciary duty or any other failure to act or comply in connection with the administration or investment of the assets of any Current Seller Plan. No Proceeding with respect to the administration or the investment of the assets of any Current Seller Plan (other than routine claims for benefits) is pending or, to Seller's knowledge, threatened and, to Seller's knowledge, there exists no basis for any such Proceeding. To Seller's knowledge, no "*party in interest*" (as defined in section 3(14) of ERISA) and no "*disqualified person*" (as defined in the Code) has any interest in any assets of any Current Seller Plan that is an Employee Benefit Pension Plan other than as a beneficiary by virtue of such Person's participation in the plan.

(f) Except as provided on Schedule 3.22(f), no Current Seller Plan that is an Employee Pension Benefit Plan has been completely or partially terminated or the subject of a Reportable Event, and no Proceeding by the PBGC to terminate any such Employee Pension Benefit Plan has been instituted or, to Seller's knowledge, threatened. Seller has not incurred, and, to Seller's knowledge, Seller will not incur, any material liability to the PBGC (other than PBGC premium payments) or otherwise under Title IV of ERISA (including any withdrawal liability) or under the Code with respect to any Current Seller Plan or Prior Seller Plan that is or was an Employee Pension Benefit Plan.

(g) Neither Seller nor any member of a Controlled Group that includes Seller contributes to, has contributed to, or has been required to contribute to any Multiple Employer Plan or any Multiemployer Plan or has any liability (including withdrawal liability) under any Multiple Employer Plan or any Multiemployer Plan. Except as provided on Schedule 3.22(g), neither Seller nor any member of a Controlled Group that includes Seller maintains or contributes, has maintained or contributed, or has been required to maintain or contribute to any Employee Welfare Benefit Plan providing medical, health or life insurance or other welfare-type benefits for current or future retired or terminated employees, their spouses or their dependents (other than in accordance with section 4980B of the Code).

3.23. Proceedings and Legal Claims. Schedule 3.23 contains a list and summary description of each Proceeding and legal claim (including *qui tam* Proceedings and legal claims) pending or, to Seller's knowledge, threatened against or otherwise affecting the Assets, the Hospital Businesses, Seller or any Affiliate of Seller (together with the reserve amount, if any, included in the Financial Statements for each uninsured Proceeding or legal claim). All such Proceedings and legal claims are or will be fully insured (except for applicable deductibles or self-insurance retentions) and no carrier has issued a "*reservation of rights*" letter or otherwise denied its obligation to insure and defend Seller against covered Losses arising therefrom. None of the Proceedings or legal claims described on Schedule 3.23, if determined adverse to Seller, could reasonably be expected to result, individually or in the aggregate, in a Material Adverse Change.

3.24. Taxes.

(a) Seller has filed all Tax Returns required to be filed by or on behalf of Seller on or prior to the date of this Agreement (taking into account applicable extensions), all such Tax Returns are accurate in all material respects and Seller has duly paid or made provision in the Financial Statements for the payment of all Taxes shown as due and payable on such Tax Returns.

(b) Seller has withheld proper amounts from its employees' compensation in compliance with all applicable withholding and similar provisions of the Code and any and all other applicable Legal Requirements, and has withheld and paid, or caused to be withheld and paid, all Taxes on monies paid by it to independent contractors, creditors and other Persons for which withholding or payment is required by Legal Requirements.

(c) No deficiencies for any Taxes relating to the Assets or the Hospital Businesses 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 for the extension of time for the assessment of any Taxes (other than ordinary course extensions of time within which to file Tax Returns).

(d) To Seller's knowledge, no Governmental Authority intends to assess any additional Taxes on Seller for any period for which Tax Returns have been filed. No Governmental Authority has disputed in writing any Tax liability of Seller. No claim has

ever been made in writing by a Governmental Authority in a jurisdiction where Seller does not file Tax Returns that Seller is or may be subject to Tax in that jurisdiction, and no Encumbrances exist against Seller or the Assets in connection with any failure (or alleged failure) of Seller to pay any Tax that is due and payable.

(e) No waiver of a statute of limitations in respect of Taxes or agreement to extend the time with respect to a Tax assessment or deficiency is currently in effect, in each case with respect to Seller (other than ordinary course extensions of time within which to file Tax Returns).

(f) Seller is not a party to any Tax allocation or sharing Contract. Seller is not and has not been a member of an Affiliated Group filing a consolidated federal income Tax Return.

(g) Each of Seller and its Subsidiaries that is a corporation exempt from federal and state income Tax has received a favorable letter of determination from the Internal Revenue Service and the State of Connecticut regarding such Tax status and, to Seller's knowledge, nothing has occurred, whether by action or failure to act, that could reasonably be expected to cause the loss of such exemption (except with respect to the transactions contemplated by this Agreement).

(h) To Seller's knowledge, Seller has no liability for the Taxes of any other Person (other than a Subsidiary under Internal Revenue Service regulation 1.1502-6), as a transferee or successor, by Contract or otherwise.

3.25. Medical Staff; Physician Relations.

(a) Seller has delivered to Buyer a copy of the bylaws, policies, rules and regulations of the medical staff and medical executive committees of each Hospital. As set forth on Schedule 3.25(a), Seller has also delivered to Buyer a list, current as of the date of this Agreement, that sets forth (i) the name and age of each member of the medical staff of each Hospital (active, associate, consulting, courtesy or other), (ii) the degree (M.D., D.O., etc.), title, specialty and board certification, if any, of each such medical staff member, (iii) the names of the medical staff members (current and former) of each Hospital in respect of whom Seller has made a report to the National Practitioners Data Bank during the last three years, and (iv) the number of current medical staff members of each Hospital in respect of whom any committee of the medical staff of such Hospital has recommended adverse action with respect to any member of the medical staff of such Hospital that is not yet final.

(b) Except as set forth on Schedule 3.25(b), no material disputes between Seller and any medical staff member of either Hospital are pending or, to Seller's knowledge, threatened and all appeal periods in respect of any medical staff member against whom an adverse action has been taken by Seller have expired. To the knowledge of Seller, no current member of the medical staff of either Hospital has been excluded from participation in any Government Payment Program.

3.26. Restricted Assets. Except as set forth on Schedule 3.26, none of the Assets is subject to any restriction or limitation concerning the purchase, improvement or use of such Assets or the conduct of the Hospital Businesses, including restricted or conditioned grants or donations and monies received under the Hill-Burton Act.

3.27. Brokers and Finders. 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.

3.28. 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. Seller has not, 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, to Seller's knowledge, any officer, director or trustee of Seller 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 conducts or has conducted any of the Hospital Businesses.

3.29. Solvency. As of immediately after Closing, Seller will not, as a result of the transactions contemplated by this Agreement, be rendered insolvent or otherwise unable to pay its debts as they become due. Seller has no intention of filing a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or any portion of Seller's property and, to Seller's knowledge, no other Person has filed or threatened to file such a petition against Seller.

3.30. Hospital Businesses and Joint Ventures.

(a) Each of Seller's Subsidiaries is a corporation duly organized under the laws of the State of Connecticut with full corporate power to carry on its business as it is now being conducted with the exception of Connecticut Health Insurance Company, which is organized with full corporate power to carry on its business as it is now being conducted under the laws of the Cayman Islands. Each of Seller's Subsidiaries is duly licensed, qualified or admitted to do business and is in good standing in the State of Connecticut, which is the only jurisdiction in which the ownership, use or leasing of their respective assets or properties, or the conduct or nature of their respective businesses, makes such licensing, qualification or admission necessary. All of the issued and outstanding shares of capital stock of Seller's Subsidiaries that are stock corporations are owned as specified on Schedule 3.30(a). All of the issued and outstanding shares of capital stock of Seller's Subsidiaries that are stock corporations have been duly and validly authorized, were validly issued and are fully paid and non-assessable. There are no outstanding rights (including preemptive rights), options, warrants or agreements for the transfer by Seller of any shares of capital stock of Seller's Subsidiaries that are stock corporations and no authorization for any such rights, options, warrants or agreements has been given. Seller has delivered to Buyer a copy of the articles of incorporation and bylaws and other agreements, instruments and documents relating to the creation,

ownership and governance of Seller's Subsidiaries and has provided to Buyer a copy of, or access to, the minute books of Seller's Subsidiaries.

(b) To Seller's knowledge, for each Joint Venture that is a for-profit or nonprofit corporation, it (i) is a corporation duly organized under the laws of the state of its incorporation, (ii) has full corporate power to carry on its business as it is now being conducted, and (iii) is duly licensed, qualified or admitted to do business and is in good standing in the state of its incorporation, which is the only jurisdiction in which the ownership, use or leasing of their respective assets or properties, or the conduct or nature of their respective businesses, makes such licensing, qualification or admission necessary. To Seller's knowledge, all of the issued and outstanding shares of capital stock of the corporate Joint Ventures that are stock corporations are owned as specified on Schedule 3.30(b). To Seller's knowledge, all of the issued and outstanding shares of capital stock of the corporate Joint Ventures that are stock corporations have been duly and validly authorized, were validly issued and are fully paid and non-assessable. To Seller's knowledge, there are no outstanding rights (including preemptive rights), options, warrants or agreements for the transfer by Seller of any shares of capital stock of the corporate Joint Ventures and no authorization for any such rights, options, warrants or agreements has been given. Seller has delivered to Buyer a copy of the articles of incorporation and bylaws and other agreements, instruments and documents relating to the creation, ownership and governance of the corporate Joint Ventures in Seller's possession.

(c) To Seller's knowledge, for each Joint Venture that is a limited liability company, it (i) is organized under the laws of the state of its incorporation, (ii) has full limited liability company power to carry on its respective business as it is now being conducted, and (iii) is duly licensed, qualified or admitted to do business and is in good standing in the state of its incorporation, which is the only jurisdiction in which the ownership, use or leasing of its respective assets or properties, or the conduct or nature of its respective businesses, makes such licensing, qualification or admission necessary. To Seller's knowledge, all of the issued and outstanding membership interests of the limited liability company Joint Ventures are owned as specified on Schedule 3.30(c), have been duly and validly authorized, were validly issued and are fully paid and non-assessable. To Seller's knowledge, except as set forth in the operating agreements of the limited liability company Joint Ventures, the transfers to Buyer of the membership interests in the limited liability company Joint Ventures are not subject to any preemptive rights or third party approvals. Seller has delivered to Buyer a copy of the articles of organization and operating agreements and other agreements, instruments and documents relating to the creation, ownership and governance of the limited liability company Joint Ventures in Seller's possession.

3.31. Operation of the Hospital Businesses. The Assets, together with the Excluded Assets, constitute all assets, properties, goodwill and businesses necessary to operate the Hospital Businesses in the manner in which they have been operated since September 30, 2014, except for property, plant and equipment sold or disposed of since such date in the ordinary course of business. Schedule 3.31 sets forth a list of the ten largest non-governmental payors of the Hospital Businesses, determined on the basis of net patient revenues from services provided

during the year ended September 30, 2014. Since September 30, 2013, no payor listed on Schedule 3.31 has terminated its contract with or materially reduced reimbursement rates to, or has notified Seller in writing of its determination to terminate its contract with or to materially reduce reimbursement rates to, the Hospital Businesses.

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. 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.

4.02. Power and Authority; Due Authorization. Buyer has full power and authority to (a) execute and deliver this Agreement and the Closing Documents to which it is or becomes a party, (b) perform its obligations under this Agreement and such Closing Documents and (c) 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.

4.03. Consents; Absence of Conflicts, Etc. 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:

- (a) are within its corporate powers, are not in contravention of its certificate of formation and operating agreement and have been approved by all required limited liability company and member action;
- (b) do not violate any Legal Requirement to which it is subject; and
- (c) 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.

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, actions, suits, 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 has the ability to obtain funds in cash in amounts equal to the Purchase Price and necessary to perform its obligations hereunder that are to be performed as of Closing by means of credit facilities or otherwise and will at Closing have immediately available funds in cash which will be sufficient to pay the Purchase Price and to perform its obligations hereunder that are required to be performed as of Closing under this Agreement.

4.07. Solvency. Buyer has no intention of filing a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or any portion of Buyer's property and, to the knowledge of Buyer, no other Person has filed or threatened to file such a petition against Buyer.

4.08. Brokers and Finders. Neither Buyer nor any Affiliate of Buyer, nor any officer, director, employee or agent thereof, has engaged or is liable for the payment of any fee to any finder or broker in connection with the transactions contemplated hereunder.

4.09. Full Disclosure. The representations of Buyer in this Agreement do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

5. 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 to:

(a) conduct the Hospital Businesses in substantially the same manner as it has heretofore and not make any material change in personnel, operations, finances, accounting policies, or real or personal property of the Hospital Businesses except as set forth on Schedule 5.01;

(b) except as set forth on Schedule 5.01(b), maintain the Assets in working condition in the ordinary course of business, ordinary wear and tear excepted, and make all normal, planned and budgeted capital expenditures related to the Assets and/or the Hospital Businesses, *provided* that Seller may (i) make, in its discretion, necessary expenditures in the ordinary course from its designated capital needs fund and provide advance notice to Buyer of any individual expenditure greater than \$250,000 and (ii) consult with and solicit Buyer's input on individual capital expenditures (or a series of related capital expenditures) not paid from its designated capital needs fund that exceed \$250,000;

(c) comply in all material respects with all Legal Requirements and perform, when due, in all material respects all obligations under Contracts;

(d) deliver to Buyer title to the Assets free and clear of all Encumbrances (except for the Permitted Encumbrances) and to obtain appropriate releases, consents, estoppels, certificates, opinions and other instruments as Buyer may reasonably request;

(e) keep in full force and effect present insurance policies or other comparable insurance benefiting the Assets and the conduct of the Hospital Businesses and maintain sufficient liquid reserves reasonably estimated to be sufficient to meet all deductible, self-insurance and copayment requirements of such policies; and

(f) maintain and preserve its business organizations and operations intact, retain the present employees at the Hospital Businesses (subject to the right of Seller to discharge any employee in the ordinary course of the Hospital Businesses), and maintain in the ordinary course its relationships with physicians, suppliers, patients and other Persons doing business with Seller at 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 to:

(a) excluding capital expenditures, amend or terminate any Assumed Contract, or enter into any Contract, except in the ordinary course of the Hospital Businesses consistent with past practices, *provided* that Seller shall obtain Buyer's consent on any new Contract (or a series of related Contracts) that has required payments by Seller that exceed \$1,000,000 annually, unless such Contract may be terminated without cause upon no more than 90 days written notice and such termination will not result in any penalty or fee (and excluding any waivers or amendments relating to Bond Liabilities that will be defeased or repaid at Closing);

(b) enter into any tertiary or quaternary affiliation with a third-party healthcare provider other than an agreement for hospitalist services;

(c) other than as set forth on Schedule 5.02(c), increase compensation payable or to become payable to, make a bonus or severance payment to, or otherwise enter into one or more bonus or severance Contracts with any employee, contractor or agent of any of the Hospital Businesses except in the ordinary course of the Hospital Businesses consistent with past practices in accordance with existing personnel policies or pursuant to Contract requirements in force on the date of this Agreement;

(d) create, assume or voluntarily consent to any new Encumbrance upon any of the Assets other than pursuant to the Refinancing Loan;

(e) sell or otherwise transfer or dispose of any item of property, plant, equipment or other Asset including any interest in a Joint Venture, except in the ordinary course of the Hospital Businesses consistent with past practices with comparable replacement thereof, and with respect to a an interest in a Joint Venture, except as may be

required under the governing instruments of the Joint Venture and necessary to satisfy a closing condition in Section 7 that has not been waived by Buyer;

(f) take any action other than execution of this Agreement, which would trigger any right of first refusal, or any similar right to purchase, with respect to any Investment interest in a Joint Venture except as necessary to satisfy a closing condition in Section 7 that has not been waived by Buyer;

(g) distribute any assets, other than Excluded Assets, to any Affiliate of Seller other than its Subsidiaries that are transferring Assets pursuant to this Agreement;

(h) make necessary expenditures in the ordinary course from its designated capital needs fund of more than \$100,000 per expenditure without providing advanced notice to Buyer of such expenditure and will not make individual capital expenditures (or a series of related capital expenditures) that are outside the ordinary course in excess of \$100,000 individually or \$500,000 in the aggregate if such capital expenditures are not included in Seller's annual operating or capital budgets that have been provided to Buyer;

(i) add, modify, or discontinue the provision of any material clinical service by the Hospital Businesses other than entering into an agreement with a third party for the provision of hospitalist services, 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 without consent of Buyer, which will not be unreasonably withheld or delayed;

(j) create, incur, assume, guarantee or otherwise become liable for any liability or obligation except in the ordinary course of the Hospital Businesses consistent with past practices in excess of \$250,000, other than Seller's customary annual line of credit renewal with TD Bank in the currently issued amount, or agree to do any of the foregoing including, enter into and consummate the Refinancing Loan, provided however, that Buyer shall not withhold its consent for the Refinancing Loan so long as the Refinancing Loan is on commercially reasonable terms given Seller's credit profile with an interest rate that is no greater than the current rate payable on the Bond Liabilities and with no assumption fee;

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

(l) amend, change or modify the title or duties of the chief executive officer of Seller;

(m) sell or factor any Accounts Receivable;

(n) 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 GAAP or applicable Legal Requirements;

(o) except with respect to the previously planned freeze of Seller's defined benefit pension plan and post-retiree health plan, terminate, amend or otherwise modify in any material respect any Employee Benefit Plan, except for normal course annual changes and amendments required to comply with this Agreement or applicable Legal Requirements; or

(p) amend or agree to amend the articles of incorporation or the bylaws or articles of formation or operating agreement (or comparable organizational documents) of Seller or any Subsidiary thereof or otherwise take any action relating to any liquidation or dissolution of Seller or any Subsidiary thereof, except as expressly contemplated by this Agreement, provided that Seller may merge any one or more of the Subsidiaries into each other or into the Seller in connection with the proposed transaction;

(q) amend or agree to amend the governing documents of any Joint Venture, except immaterial amendments or amendments required to comply with applicable Legal Requirements or reasonably necessary to assign and transfer to Buyer or Buyer's designee Seller's Investment in, or for Buyer to become a partner, member or shareholder of, such Joint Venture or to restructure such joint Venture to permit Buyer to participate in such Joint Venture; or

(r) take any action outside the ordinary course of the Hospital Businesses other than modifying its bond documents as needed.

5.03. Employee Matters.

(a) Subject to the exclusions set forth in this Section and in reliance upon the representations of Seller in Sections 3.21 and 3.22, Buyer will offer, or cause its Affiliates to offer, to employ as of the Closing Date substantially all employees of Seller and its Affiliates who work at the Hospital Businesses, including but not limited to employees on approved leaves of absence as of the Closing Date for any reason including without limitation by reason of a military leave, family or medical leave, illness, injury, disability or similar situation (provided employment shall not commence until such employees return from such approved leave), on the same terms and conditions with respect to job duties, titles and responsibilities that are applicable to such employees on the date of such offer. Buyer will offer the Hired Employees salaries equal to their salaries as of the Closing Date and Employee Benefit Plans that are consistent with Employee Benefit Plans offered to similarly-situated employees at other hospitals operated by Buyer in similar markets. Notwithstanding the foregoing, Buyer will, and will cause its Affiliates to, in all events provide each Hired Employee terms and conditions of employment, including compensation and employee benefits, sufficient to avoid Seller or its Affiliates from incurring any liability under the WARN Act or any comparable Legal Requirement due to actions or omissions of Buyer and its Affiliates related to the Hired Employees at any time on or after the Closing Date.

(b) Seller acknowledges that all employment offers are for “at will” employment only and are subject to the satisfactory completion of Buyer’s usual and customary hiring practices, including employee background checks and pre-employment screenings. Nothing in this Section or elsewhere in this Agreement may be deemed to limit or otherwise affect in any manner the right of Buyer or any Affiliate of Buyer to terminate at will the employment of any Hired Employee or, subject to Buyer’s covenants in Section 5.03(a) and (c), to change individual features or plans in the employment compensation and benefits package of the Hired Employees, provided that Buyer will assume and honor all written severance agreements between Seller and Seller’s employees existing as of Closing that are provided to Buyer prior to the date hereof, as set forth on Schedule 5.03(b).

(c) Following the Closing Date, each Employee Benefit Plan sponsored by Buyer or any Affiliate of Buyer in which the Hired Employees are eligible to participate shall credit the Hired Employees with their periods of employment with Seller or any Affiliate of Seller for all purposes (other than benefit accrual under any defined benefit pension plan), including, but not limited to, application of any preexisting condition limitation or eligibility period otherwise applicable to the Hired Employees and their eligible dependents. In addition, if prior to the Closing Date a Hired Employee or his or her covered dependents paid any amounts towards a deductible or out-of-pocket maximum in Seller’s medical and health plan’s current fiscal year, such amounts shall be applied toward satisfaction of the deductible or out-of-pocket maximum in the current fiscal year of Buyer’s medical and health plan that covers Hired Employees on and after the Closing Date. Buyer will give all Hired Employees credit for their vacation, holiday, personal time and sick pay (whether in such form or in the forms of so-called “paid time off” or an “extended illness bank”) to the extent the same constitute Assumed Liabilities. With respect to the Hired Employees, Buyer will assume the Workers’ Compensation Liability that exists as of Closing and any such claims filed on or after Closing with respect to periods prior to Closing. Except as provided in subsection (b) above, this subsection (c), subsection (e) below, or Schedule 2.03, or as otherwise required by Legal Requirements, Buyer will not assume or otherwise become liable for, and Seller will remain solely responsible for, (i) Seller’s Employee Welfare Benefit Plans and (ii) any other obligations to former or currently retired employees or their dependents. Buyer will make available group health plan continuation coverage required under COBRA to employees and former employees of Seller who are eligible for COBRA, provided that, with respect to COBRA beneficiaries whose qualifying events occurred on or prior to the Closing Date, Seller will reimburse Buyer for all claims of such COBRA beneficiaries paid by Buyer and its Affiliates in excess of the sum of (A) COBRA premiums collected from the COBRA beneficiaries; and (B) amounts reimbursed from stop loss insurance, determined in the aggregate with respect to all such individuals on the first anniversary of the Closing Date and again at the end of the COBRA period for all such COBRA beneficiaries. Buyer agrees to accept rollovers of eligible rollover distributions (within the meaning of Code section 402(c)(4)), including to the extent applicable rollovers of any outstanding loans made as part of a direct rollover, made by Hired Employees from Seller’s Employee Pension Benefit Plans to Buyer’s Plans.

(d) Seller has frozen its defined benefit pension plan known as the “Eastern Connecticut Health Network, Inc. Pension Plan amended and restated as of December 31, 2013” to new participation and future accruals and has frozen the post-retiree health plan to new participation. With respect to the post-retiree health plan, Buyer agrees to maintain post-retiree health coverage for the group of employees and former employees eligible for such coverage as of the Closing. With respect to the post-retiree health plan, Buyer agrees to maintain post-retiree health coverage for the group of employees and former employees eligible for such coverage as of the Closing and shall not amend or terminate the post-retiree health plan unless the members of such group are provided another retiree medical benefit or cash payment of equivalent value (as calculated using reasonable assumptions determined in consultation with an actuary at the time of the determination).

(e) As of the Closing, Buyer agrees to assume, administer, and become the sponsor of Seller’s defined benefit pension plan known as the “Eastern Connecticut Health Network, Inc. Pension Plan amended and restated as of December 31, 2013” and Seller’s post-retiree health plan and assume all collective bargaining agreements of Seller that pertain to the Hospital Businesses.

(f) Between the date of this Agreement and Closing, Buyer may run newspaper advertisements, in the name of any of the Hospital Businesses or in the name of Buyer, to recruit employees for the Hospital Businesses to commence on or after the Closing Date.

(g) At Closing, Seller shall deliver to Buyer a list setting forth the names of all employees of the Hospital Businesses whose employment was terminated between the date of this Agreement and the Closing Date.

(h) This Section 5.03 shall not apply to employees employed by Seller under Assumed Contracts, including but not limited to the collective bargaining agreements described in subsection (d) above. Buyer shall offer employment to all such employees, subject to the satisfactory completion of Buyer’s usual and customary hiring practices, including employee background checks and pre-employment screenings, and employment of such employees will be governed by the terms and conditions of the Assumed Contracts, if any, relating to the employment of such employees.

(i) On or prior to the Closing Date, Seller will be responsible for compliance with the WARN Act and all similar state and local Legal Requirements with respect to the employees of the Hospital Businesses, and for all obligations or liabilities arising thereunder as a result of any action (or failure to act) of Seller on or prior to the Closing Date, and after the Closing Date, Buyer will be responsible for compliance with the WARN Act and all similar state and local Legal Requirements with respect to the Hired Employees, and for all obligations or liabilities arising thereunder as a result of any action (or failure to act) of Buyer after the Closing Date.

5.04. Access to and Provision of Additional Information.

(a) Except to the extent prohibited by applicable Legal Requirements (including antitrust laws), until the Closing Date, Seller shall (i) give Buyer reasonable access to and the right to inspect, during normal business hours and upon reasonable prior notice, Seller's Assets and books and records relating to the Hospital Businesses, (ii) give Buyer reasonable access to Seller's employees and medical staff members providing services at or for the Hospital Businesses and (iii) give Buyer such additional financial, operating and other data and information (including auditors' workpapers) regarding the Hospital Businesses as Buyer may reasonably request and that is reasonably available to Seller. Buyer shall exercise its rights under this Section 5.04(a) in such a manner as to cause the least possible interference with the normal operations of the Hospital Businesses.

(b) Seller will deliver to Buyer:

(i) within 25 days after the end of each calendar month before the Closing Date, copies of the unaudited balance sheet and the related unaudited statements of income and cash flows of the Hospital Businesses for each such month then ended and for the fiscal year-to-date then ended, in consolidating and consolidated format;

(ii) within 35 days after the end of each fiscal quarter ending on or before the Closing Date, copies of the unaudited balance sheet and the related unaudited statements of income and cash flows of the Hospital Businesses for the fiscal quarter then ended and for the fiscal year-to-date then ended; and

(iii) promptly after prepared, copies of any other financial or operating statements, reports or analyses prepared by or for management relating to the Hospital Businesses.

(c) Until the Closing Date, 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, 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 the 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, and with any other federal or state 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. 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 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) To the extent Seller remains in existence and maintains sufficient operational control over relevant functions and pursuant to the Transitional Services Agreement, for seven years after the Closing Date, Seller will give Buyer, within 30 days

after request, an updated claims history, including losses paid and open reserves, for all claims relating to the conduct of the Hospital Businesses on or before the Closing Date.

5.06. Governmental Authority Approvals; Consents to Assignment.

(a) Until the Closing Date, Seller and Buyer shall (i) promptly apply for, and use commercially reasonable efforts to obtain before Closing, all consents, approvals, authorizations and clearances of Governmental Authorities required to consummate the transactions contemplated by this Agreement, including approvals of the applications to the Attorney General and the Office of Health Care Access of the Connecticut Department of Public Health, (ii) provide such information and communications to Governmental Authorities as the other party or such Governmental Authorities may reasonably request, and (iii) assist and cooperate with the other party to obtain all Permits, including approvals of the applications to the Attorney General and the Office of Health Care Access of the Connecticut Department of Public Health, that the other party deems necessary or appropriate, and to prepare any document or other information reasonably required of it by any such Governmental Authority to consummate the transactions contemplated by this Agreement, *provided* that no party may be required without the party's consent (x) to pay any sum to Governmental Authorities other than filing fees or past due amounts, or (y) to agree to divest assets or limit the conduct of the business.

(b) Until the Closing Date, each party shall file, if and to the extent required by applicable Legal Requirements, all reports and other documents required or requested by Governmental Authorities under the HSR Act concerning the transactions contemplated by this Agreement, and shall promptly comply with any requests by the Governmental Authorities for additional information concerning such transactions, so that the waiting period specified in the HSR Act will expire as soon as reasonably possible. Each party shall furnish to the other party such information as the other party reasonably requires to comply with its obligations under the HSR Act and shall exchange drafts of the relevant portions of each other's report forms before filing. The parties shall also share equally the costs of any fees due in respect of filings required by the HSR Act.

(c) Seller shall 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 shall not be required to make any payments or economic concessions to landlords to obtain such consents.

(d) 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 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 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 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 9), 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.

5.07. 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 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 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 Affiliates, 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.

5.08. Connecticut Transfer Act. Certain components of the Real Property (including the Hospitals) 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 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 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 subject to and in accordance with the provisions of Section 7.09 hereof. 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 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 Facilities 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). Notwithstanding the foregoing, Seller shall pay Buyer for all costs and expenses that Buyer incurs in connection with Transfer Act Activities. 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 5.08 shall have the meanings set forth in the Transfer Act. Notwithstanding anything to the contrary in this Agreement, the parties agree that any and all fees, expenses and other costs to be paid by Seller under this Section 5.08 shall be paid first from funds held as part of the Indemnity Reserve established pursuant to Section 9.08.

5.09. No-Shop Clause. Until termination of this Agreement, Seller shall not, and shall not permit any Affiliate of Seller or any other Person acting for or on behalf of Seller or any Affiliate of Seller to, without the prior written consent of Buyer: (a) offer for sale, lease or other disposition all or substantially all of the Assets or any material portion thereof, or any ownership interest in any entity owning any of the Assets, whether by virtue of an asset sale transaction, a lease transaction, affiliation transaction, or a change of control, change of membership, merger, consolidation or other combination transaction with respect to Seller or any entity owning any of the Assets (collectively, a “**Prohibited Transaction**”), or negotiate in respect of an unsolicited offer therefor; (b) solicit offers to acquire all or substantially all of the Assets, or any material portion thereof, or offers to acquire any ownership interest in an entity owning any of the Assets, in a Prohibited Transaction; (c) enter into any Contract with any Person with respect to the disposition of all or substantially all of the Assets, or any material portion thereof, or the sale of any ownership interest in an entity owning any of the Assets, in a Prohibited Transaction; or (d) furnish or permit or cause to be furnished any information to any Person that Seller knows or has reason to believe is in the process of considering a Prohibited Transaction. If Seller, any Affiliate of Seller, or any Person acting for or on behalf of any of the foregoing receives from any Person (other than Buyer or its representatives) any offer, inquiry or informational request referred to above, Seller will promptly advise such Person, by written notice, of this Section.

5.10. Noncompetition. For a period of five years after the Closing Date, Seller shall not, directly or indirectly, and Seller shall cause its Affiliates not to, in any capacity: (i) own, lease, manage, operate, control, be employed by, maintain or continue any interest whatsoever or participate in any manner with the ownership, leasing, management, operation, or control of any business or enterprise that offers services in competition with the Hospital Businesses, including 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, wellness center, urgent care center, ambulatory service, nursing home, skilled nursing facility, home health or hospice agency, or physician clinic or physician medical practice, within a 30 mile radius of either Hospital (the “**Restricted Area**”); (ii) employ or solicit the employment of any Hired Employee, other than no more than five (5) individuals employed solely for winding down operations, unless (x) such employee resigns voluntarily (without any solicitation from Seller or any of its Affiliates), (y) Buyer consents in writing to such employment or solicitation, or (z) such employee is terminated by Buyer or its Affiliate after the Closing Date; (iii) induce, cause or attempt to induce or cause any Person (including any physician employee or medical staff member) to replace or terminate any contract for the provision or arrangement of health care services from the Hospital Businesses with products or services of any other Person after the Closing Date; or (iv) request, induce or cause any physician employee or medical staff member to terminate any contract with or change practice patterns at the Hospital Businesses. Notwithstanding the foregoing, however, (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 Hospitals: 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 to be provided by Buyer or its Affiliates. In the event of a breach of this Section, 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 Buyer 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 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. 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.

5.11. Allocation of Purchase Price. 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 Internal Revenue Service in accordance with such allocation.

5.12. 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. If any interest in a Joint Venture has not been transferred at Closing as a result of the failure to obtain a consent or to otherwise comply with the governing instruments of such Joint Venture, then Seller shall use commercially reasonable efforts following the Closing to obtain such consent or otherwise comply with the governing instruments of the Joint Venture to permit the transfer of such interest to Buyer as soon as practical following the Closing. 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.

5.13. Casualty. If, on or before the Closing Date, any of the Hospital Businesses are destroyed or materially damaged by fire, theft, vandalism or other cause or casualty and as a result thereof any material part of such Hospital Business is rendered unsuitable for its primary intended use and the cost of repair would exceed \$1,000,000, Buyer may elect, by giving written notice to Seller within 15 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 8.04(a), (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 less any reasonable out-of-pocket costs incurred in collecting the proceeds or in securing or repairing the property (or the right to receive the insurance proceeds) payable on account of such destruction or damage, and Buyer shall receive a credit for any deductibles or copayments required under the applicable insurance policy in respect of such claim. Notwithstanding the foregoing, Buyer and Seller acknowledge and agree that the Purchase Price shall not be reduced by an amount that would preclude Seller from paying, or providing for payment of, all of its liabilities in full.

5.14. Seller's Cost Reports. Pursuant to the Transitional Services Agreement, Seller will prepare and timely file all Cost Reports required to be filed after Closing for periods ending on or before the Closing Date, including terminating Cost Reports required as a result of the consummation of the transactions described in this Agreement. Buyer will provide information to Seller and reasonably assist Seller in the preparation and filing of the terminating Cost Reports and the Purchase Price will be allocated in the terminating Cost Reports in a manner consistent with the allocation for Tax purposes described in Section 5.11. Buyer will forward to Seller any and all correspondence, remittances and demands relating to Seller's Cost Reports within ten business days after receipt by Buyer. Seller retains all rights to its Cost Reports, including any

payables resulting from or reserves relating to the Cost Reports and the right to appeal any Medicare determinations relating to the Cost Reports.

5.15. Continuation of Hospitals and Post-Care Continuum. For at least 3 (three) years after Closing, Buyer will (i) continue operating the Hospitals in their current locations as acute care hospitals with emergency departments, and (ii) maintain an ownership interest in Seller's current post-acute care continuum of care network (e.g., VNA/home care, sub-acute and long-term lines of service) and require any joint venture involving such post-acute care continuum of care network to maintain the applicable service line for such three-year period. During such periods that Buyer operates the Hospitals, Buyer agrees to maintain Seller's commitment to quality, safety, and patient satisfaction, including maintaining appropriate enrollment, certifications, and accreditations necessary to receive reimbursement under Government Payment Programs.

5.16. Charity Care and Community Obligations.

(a) Seller has historically provided significant levels of care for indigent and low-income patients and has also provided support for community volunteer services and care through a variety of community-based health programs. Subject to changes in Legal Requirements or governmental guidelines or policies, Buyer will ensure that each Hospital maintains and adheres to Seller's current policies on charity care, indigent care, community volunteer services and community benefits attached as Schedule 5.16 or adopt other policies and procedures that are at least as favorable to the indigent and uninsured in the aggregate as Seller's existing policies.

(b) During all times that Buyer owns and operates the Hospitals, Buyer will strive to provide care through community-based health programs, including by cooperating with local organizations that sponsor health care initiatives to address community needs and improve the health status of the elderly, poor, and at-risk populations in the community.

5.17. Educational Support. Buyer agrees to maintain and support financially the University of New England medical student and other health professions teaching programs established by Seller, in addition to Seller's graduate medical education programs, while operating at a level to not exceed the Indirect Medical Education and Direct Graduate Medical Education caps that may be established by CMS.

5.18. Capital Commitment.

(a) Post-Closing, Buyer, in consultation with Seller, the Local Board and potentially an outside consultant, will develop a strategic capital plan with respect to the Hospital Businesses (which for purposes of this Section 5.18 includes the Joint Ventures). In accordance with such strategic capital plan, Buyer agrees to spend within five years of Closing 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) within five years of Closing not less than \$75,000,000 (the "**Commitment Amount**") at Seller facilities on (i) capital projects, including routine and non-routine capital expenditures for the improvement of

Seller's facilities and/or the acquisition, development, expansion and improvement of hospital, ambulatory or other health care services (such as implementation of a comprehensive and system-wide electronic medical record such as the Epic system), (ii) de novo development, expansion, or acquisition of a department, program, service or facility (whether for inpatient or outpatient services), (iii) upgrades or renovations generally, (iv) deferred maintenance items, and (v) capital expended in support of the recruitment of the Hospitals' medical staff located in the Hospitals' service area, limited to physician practice acquisitions, loan security agreements and real estate acquisition or development (including any associated medical equipment) in support of physician practice acquisitions. Buyer shall provide a written report to Seller on an annual basis that verifies its compliance with the capital commitment, which Seller may share publically. For the purposes of determining whether the Commitment Amount has been expended or committed to be expended, (x) only operating leases for (i) buildings or the fit-out or build-out of space used in the provision or support of medical services or (ii) medical equipment with a useful life of more than one year, shall count towards the Commitment Amount, (y) capital leases, and those operating leases that are permitted to be counted toward the Commitment Amount under Sections 5.18(a)(x)(i)-(ii), shall be valued at the net present value of any lease commitments, and (z) solely with respect to expenditures for equipment not currently owned or leased by the Hospital Businesses or space that is renovated, acquired or newly leased (with respect to incremental Buyer improvements) or obtained after Closing consistent with Section 5.18, it shall not be a prerequisite that the applicable expenditure be classified as a capital expenditure for accounting purposes. Notwithstanding the foregoing, (i) if Seller obtains the Refinancing Loan, the Commitment Amount shall be reduced by the portion of such loan spent on capital projects, and (ii) regardless of whether Seller obtains the Refinancing Loan, if Buyer assumes any Assumed Excess Liabilities, the Commitment Amount shall be further reduced by the amount of such Assumed Excess Liabilities and as otherwise described in Section 2.05(d).

(b) Notwithstanding the above capital commitment, in the event that any Legal Requirement is enacted or imposed by the State of Connecticut after Closing that discriminates against, or adversely affects a disproportionate number of for-profit hospitals and causes the Hospital Businesses to suffer a decline in EBITDA of more than ten (10) percent in any year, on a consolidated basis, then, Buyer may defer in its discretion the above capital commitment beyond the five-year period provided in Section 5.18(a) but only to the extent of the decline in EBITDA resulting from the discriminatory Legal Requirement. To the extent Buyer desires to defer the capital commitment as a result of a discriminatory Legal Requirement, (i) Buyer shall make available to the public reasonably detailed information to support Buyer's position (provided that in no event shall Buyer be required to disclose any information that is subject to a confidentiality or other similar arrangement) and (ii) Buyer shall consult with the Local Board to determine an alternate mutually agreeable timeframe to complete the capital commitment that is reasonable and appropriate in light of the changed circumstances caused by the new Legal Requirement.

5.19. Connecticut Transactions. If at any time prior to Closing, Buyer or any of its Affiliates enter into an agreement with another Connecticut hospital that seeks to consummate

transactions similar to the transactions described herein, then Buyer shall promptly inform Seller of such fact, subject to such hospital's approval of waiving any nondisclosure obligation in a confidentiality agreement between such hospital and Buyer, or an Affiliate of Buyer.

5.20. Fees and Expenses.

(a) Except as otherwise expressly set forth in this Agreement, 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 or its Affiliates shall bear and pay all expenses incurred by or on behalf of Seller 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 Subsidiary) and (iii) the premium for Buyer's title insurance policies described in Section 7.06.

(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.

5.21. Clinical Quality and Integration. For at least three (3) years after Closing, Buyer shall (i) collaborate with the Local Board and remaining former hospital staff of Seller on clinical quality matters of the Hospital Businesses to share best practices, establish clinical quality goals and measure progress, and (ii) to the extent consistent with antitrust Legal Requirements, consult with physicians on the medical staff of each Hospital, including at least

some independent (*i.e.*, non-employed) physicians, in managed care contracting and clinical integration with respect to the Hospital Businesses.

5.22. Insurance Ratings. Seller will take all commercially reasonable actions requested by Buyer to enable Buyer, at Buyer's expense, to succeed to the workers' compensation and unemployment insurance ratings of Seller and the Hospital Businesses for insurance purposes. Buyer shall not be obligated to succeed to any such rating, except as it may elect to do so or as is otherwise required to do so by Legal Requirements.

5.23. Fulfillment of Conditions. If all of the conditions to a party's obligation to consummate the transactions contemplated by this Agreement at the Closing are satisfied (or waived by that party in its sole discretion), such party will execute and deliver at Closing each Closing Document that such party is required by this Agreement to execute and deliver at Closing. Each party will use all commercially reasonable efforts to satisfy each condition to the obligations of the other party to consummate the transactions contemplated by this Agreement, to the extent that satisfaction of any such condition is within the control of such party.

5.24. 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.

5.25. Insurance Transition Provisions.

(a) With respect to the Disability Obligations, Buyer and Seller acknowledge and agree that no tail insurance shall be required in connection with the Disability Obligations because Seller is fully insured with respect to the Disability Obligations.

(b) Other than with respect to the Accumulated Benefit Obligation, the Post-Retiree Health Plan Liability, the Captive Insurer Liability and the Workers' Compensation Liability, on or before the Closing Date, Seller will purchase and obtain an unlimited extended claims reporting provision for all primary and excess insurance policies, including but not limited to coverage for directors, trustees and officers of Seller and its Affiliates, in force as of the date of this Agreement that cover Seller, its Affiliates and each physician employee of Seller or its Affiliates (or for which Seller otherwise has an obligation to provide such insurance), and that are written on a claims-made insuring agreement. Such extended claim endorsements must name Buyer (and other Affiliates of Buyer designated by Buyer prior to the Closing) as named insureds thereunder.

(c) Notwithstanding anything in this Agreement to the contrary and to the extent in the best interests of Seller, Seller may choose in its sole discretion to retain the Captive Insurer Liability, the Workers' Compensation Liability or both and, at or prior to Closing, purchase its own tail insurance policy or policies with respect to the Captive Insurer Liability, the Workers' Compensation Liability or both. To the extent Seller elects to retain the Captive Insurer Liability, the Workers' Compensation Liability or both, Seller shall provide written notice to Buyer of such election, and Buyer will be relieved of its obligations set forth in this Agreement with respect to any liability or liabilities that Seller elects to retain as set forth in such written notice, and there shall be

no reduction in the Purchase Price pursuant to Section 2.05(a)(vi) for any liabilities so retained.

5.26. Strategic Business Plan. After Closing, Buyer will use commercially reasonable efforts to execute and implement the Strategic Business Plan in accordance with its terms, as the Strategic Business Plan may be modified by Buyer, in consultation with the Local Board, from time to time.

5.27. Local Board. The Local Board shall, among other things, serve as a resource for Buyer with respect to Buyer's investment of the Capital Commitment (see Section 5.18 herein), maintenance and implementation of the Strategic Business Plan, be responsible for medical staff credentialing at the Hospitals, maintain and oversee the quality assurance program at the Hospitals and oversee and manage the accreditation process for the Hospitals.

5.28. Compliance Program. The Buyer and its Affiliates have established and implemented corporate compliance and ethics programs to ensure that high ethical and conduct standards are met in the conduct of their business. Buyer shall extend after Closing its corporate compliance and ethics programs to the Hospital Businesses.

6. CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER

The obligations of Seller to consummate the transactions contemplated by this Agreement, including by taking the actions specified in Section 8.02, are subject to the satisfaction on or before Closing of the following conditions, unless waived by Seller:

6.01. Representations; Covenants.

(a) Each of the representations and warranties of Buyer in this Agreement that is qualified as to materiality was true and correct on and as of the date of this Agreement, each of the other representations and warranties of Buyer was true and correct in all material respects on and as of the date of this Agreement, each of the representations and warranties of Buyer in this Agreement that is qualified as to materiality is true and correct on and as of the Closing Date, and each of the other representations and warranties of Buyer in this Agreement is true and correct in all material respects on and as of the Closing Date.

(b) Each of the covenants to be complied with or performed by Buyer on or before Closing (other than actions to be taken at the Closing, including the delivery of the Closing Documents described in Section 8.03) has been complied with and performed in all material respects.

6.02. Adverse Proceeding. No Proceeding by any Governmental Authority (including the Attorney General) has been instituted or threatened to restrain or prohibit the transactions contemplated by this Agreement, no Governmental Authority (including the Attorney General) has taken any other action or made any request of Seller or Buyer as a result of which Seller reasonably and in good faith deems it inadvisable to proceed with the transactions contemplated by this Agreement, and no order is in effect restraining, enjoining or otherwise preventing consummation of the transactions contemplated by this Agreement.

6.03. Pre-Closing Confirmations. Seller has received all consents, approvals, licenses and other authorizations of Governmental Authorities, on terms reasonably satisfactory to Seller, including (i) the certificate of need approval by the Office of Health Care Access of the Connecticut Department of Public Health, (ii) confirmation that the Bond Liabilities have been satisfied, and (iii) approval for the conversion of the Hospitals to a for-profit entity by the Attorney General (including receipt of a fairness evaluation or fairness opinion satisfactory to the Seller and the Attorney General) and approval of the transfer or disposition of all donor restricted funds of the Hospitals and all Subsidiaries in a manner acceptable to the Attorney General, required for Seller to consummate the transactions contemplated by this Agreement and that all applicable waiting periods under the HSR Act shall have expired or been terminated.

6.04. Redemption of the Bonds/Satisfaction of the Indenture. All actions required to be taken and all conditions required to be satisfied in connection with the defeasance or redemption of all outstanding tax-exempt debt issued by or on behalf of Seller, including the Bond Liabilities, and the satisfaction, discharge, release, and termination of all trust indentures, tax-exempt equipment loans and related documents (collectively, the “**Indenture**”) associated with such tax-exempt debt, and all Encumbrances created by or in connection with the Indenture, have been, or at Closing will be, taken and satisfied. The Indenture and all Encumbrances created by or in connection with the Indenture shall have been satisfied, discharged and terminated, and Seller shall have received an opinion from counsel to the Connecticut Health and Education Facilities Authority to the effect that all Bond Liabilities have been defeased or prepaid, together with evidence satisfactory to Buyer of the discharge of all Encumbrances on the Assets under the Indenture.

6.05. Extraordinary Events. Buyer (a) is not in receivership or dissolution, (b) has not made any assignment for the benefit of creditors, (c) has not admitted in writing its inability to pay its debts as they mature, (d) has not been adjudicated a bankrupt, (e) has not 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 Legal Requirement of the United States or any state (and no such petition has been filed against Buyer), or (f) has not entered into any contract to do any of the foregoing on or after the Closing Date.

7. CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER

The obligations of Buyer to consummate the transactions contemplated by this Agreement, including by taking the actions specified in Section 8.03, are subject to the satisfaction on or before Closing of the following conditions, unless waived by Buyer:

7.01. Representations; Covenants; Schedules.

(a) Each of the representations and warranties of Seller in this Agreement that is qualified as to materiality was true and correct on and as of the date of this Agreement, each of the other representations and warranties of Seller in this Agreement was true and correct in all material respects on and as of the date of this Agreement, each of the representations and warranties of Seller in this Agreement that is qualified as to materiality is true and correct on and as of the Closing Date, and each of the other representations and warranties of Seller in this Agreement is true and correct in all

material respects on and as of the Closing Date (other than the representation in Section 3.08(l) which shall be true and correct in all respects).

(b) Each of the covenants to be complied with or performed by Seller on or before Closing (other than actions to be taken at the Closing, including the delivery of the Closing Documents described in Section 8.02) has been complied with and performed in all material respects.

(c) Each of Seller's Schedules, Exhibits and other instruments required under this Agreement has been updated or delivered by Seller, and approved by Buyer, all in accordance with Section 10.01.

7.02. Adverse Action or Proceeding. No Proceeding by any Governmental Authority (including the Attorney General) has been instituted or threatened to restrain or prohibit the transactions contemplated by this Agreement, no Governmental Authority (including the Attorney General) has taken any other action or made any request of Seller or Buyer as a result of which Buyer reasonably and in good faith deems it inadvisable to proceed with the transactions contemplated by this Agreement, and no order is in effect restraining, enjoining or otherwise preventing consummation of the transactions contemplated by this Agreement.

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

7.04. Pre-Closing Confirmations and Contractual Consents. Buyer has obtained documentation or other evidence reasonably satisfactory to Buyer that:

(a) All Permits required to operate the Hospital Businesses will be transferred to or issued in the name of Buyer as of the Closing Date, without the imposition of any condition that is materially burdensome to the operation of the Hospital Businesses after Closing;

(b) The applicable Hospital Businesses that participate in the Government Payment Programs as of the date of this Agreement will be qualified effective as of Closing to participate in the Government Payment Programs in which they participate as of the date of this Agreement and will be entitled to receive payment under such Government Payment Programs for services rendered to qualified beneficiaries of such Government Payment Programs immediately after the Closing Date with respect to the Hospitals, and within a reasonable period of time after the Closing Date with respect to the other applicable Hospital Businesses;

(c) All other consents, approvals, licenses and other authorizations of Governmental Authorities, including the certificate of need approval by the Office of Health Care Access of the Connecticut Department of Public Health and approval for the conversion of the Hospitals to a for-profit entity by the Attorney General, required for Buyer to consummate the transactions contemplated by this Agreement and all other material consents, approvals, licenses and other authorizations of Governmental

Authorities required for Buyer to operate the Hospital Businesses after Closing shall have been received on terms reasonably satisfactory to Buyer;

(d) Seller has delivered to Buyer copies of consents to assignment of the Assumed Contracts, and certain other consents, waivers and estoppels, that are listed on Schedule 7.04(d);

(e) Seller has obtained approvals from its Board of Trustees, corporators and, to the extent required, the governing boards of its Subsidiaries; and

(f) All applicable waiting periods under the HSR Act have expired or been terminated.

7.05. Extraordinary Events. Seller (a) is not in receivership or dissolution, (b) has not made any assignment for the benefit of creditors, (c) has not admitted in writing its inability to pay its debts as they mature, (d) has not been adjudicated a bankrupt, (e) has not 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 Legal Requirement of the United States or any state (and no such petition has been filed against it), and (f) has not entered into any Contract to do any of the foregoing on or after the Closing Date.

7.06. Title Insurance Policies and Surveys. Buyer has received:

(a) One or more commitments from a recognized national title insurance company chosen by Buyer to issue as of the Closing Date ALTA extended coverage owner's title insurance policies for the Owned Real Property, in amounts reasonably acceptable to Buyer, in form reasonably acceptable to Buyer and with such endorsements as Buyer may reasonably require, at Buyer's sole cost and expense; and

(b) ALTA land title surveys of the Owned Real Property, in form reasonably satisfactory to Buyer and the title insurance company, from a firm designated by Buyer and certified to Buyer and the title insurance company, at Buyer's sole cost and expense.

7.07. Opinion of Seller's Counsel. Buyer has received an opinion from counsel to Seller, dated as of the Closing Date and addressed to Buyer, in a form reasonably satisfactory to Buyer.

7.08. The Indenture. The Indenture and all Encumbrances created by or in connection with the Indenture, specifically the Bond Liabilities and other tax-exempt debt, shall have been satisfied, discharged and terminated, and Buyer shall be entitled to rely on the opinion of Seller's bond counsel described in Section 6.04.

7.09. Environmental Assessments. Buyer shall, at its election, have received a Phase I environmental site assessment in a form reasonably satisfactory to Buyer, on each parcel of Owned Real Property and, at Buyer's option, any portion of the premises forming a part of the Leased Real Property (each, a "**Phase I Assessment**," collectively, the "**Phase I Assessments**"). Buyer shall not be permitted to conduct any Phase II environmental site assessments, or other intrusive or destructive testing on or relating to the Owned Real Property or Leased Real

Property (each, a “Phase II Assessment,” collectively, the “Phase II Assessments”) unless pursuant to information contained in the applicable Phase I Assessment and subject to the prior approval of Seller (including any conditions which Seller may impose on such investigations, and, if Seller so requires, memorialized in an environmental access agreement between Buyer and Seller), in Seller’s sole discretion. Notwithstanding the foregoing, if, after review of any Phase I Assessment, the parties reasonably determine that the subject real property is an Establishment Real Property (as defined in Section 5.08 hereof) and reasonably identifies any “areas of concern” (“AOCs”) warranting additional investigation pursuant to the Transfer Act, then, in order to obtain a preliminary (but not definitive) understanding of the nature and extent of any contamination potentially associated with such AOC, Buyer shall have the right to perform a limited Phase II Assessment of each such AOC pursuant to a scope of work approved by Seller in advance, which approval (including any conditions which Seller may reasonably impose on such investigation) shall not be unreasonably withheld, conditioned or delayed. Buyer shall pay the full costs of any Phase I Assessment(s) and any Phase II Assessment(s) that may occur pursuant to this Section 7.09. Notwithstanding any other provision hereof to the contrary, Buyer shall not provide Seller with copies of any Phase II Assessment(s) (or any of the data contained therein) unless requested by Seller. To the extent any Phase II Assessments are performed in accordance with this provision, Buyer shall be reasonably satisfied with same.

7.10. Hill-Burton Facilities. No Encumbrance affects any of the Assets or Hospital Businesses relating to or arising under the Hill-Burton Act.

7.11. [Physician Organization. Simultaneous with the Closing, Eastern Connecticut Medical Professionals Foundation, Inc. shall amend its Bylaws and Certificate of Incorporation, as necessary, to specify that Buyer (or its designee) is its sole corporate member. Eastern Connecticut Medical Professionals Foundation, Inc. shall continue to employ on the Closing Date those physicians and other licensed “Providers,” as defined in Section 33-182aa of the Connecticut General Statutes, that it employs immediately prior to the Closing Date.]

7.12. Additional Liabilities. Seller shall not have Additional Liabilities as described in Section 2.05(d) in excess of \$10,000,000 (Ten Million Dollars), unless Buyer in its sole discretion agrees to assume such liabilities in accordance with Section 2.05(d).

8. CLOSING; TERMINATION OF AGREEMENT

8.01. 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 [_____] at 10:00 a.m., or at such other place and time as the parties may mutually agree, on _____, 2015, or if at such time any conditions to Closing set forth in Articles 6 and 7 have not been satisfied (or waived by the parties entitled to the benefit thereof), on the third business day following satisfaction or waiver of such conditions, 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 immediately following 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 8.02, 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 8.03, 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.

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

(a) special warranty deeds, duly executed by Seller in recordable form, conveying to Buyer fee simple title to the Owned Real Property, free and clear of Encumbrances other than the Permitted Real Property Encumbrances;

(b) assignment and assumption agreements duly executed by Seller conveying to Buyer all of Seller's right, title and leasehold interest in and to the Leased Real Property;

(c) bills of sale and assignment duly executed by Seller conveying to Buyer good and valid title to all personal property Assets, free and clear of Encumbrances other than the Permitted Personal Property Encumbrances;

(d) assignments duly executed by Seller conveying to Buyer Seller's interests in the Assumed Contracts;

(e) 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;

(f) an original or certified copy of the tail insurance policies required by Section 5.25 and receipts evidencing payment of the premiums therefor;

(g) a copy of resolutions duly adopted by the board of directors of Seller authorizing and approving the execution and delivery of this Agreement and the Closing Documents and the consummation of the transactions contemplated herein and therein, certified as in full force and effect as of the Closing Date by an appropriate officer of Seller;

(h) a certificate of a duly authorized officer of Seller certifying that (i) each of the representations and warranties of Seller in this Agreement that is qualified as to materiality was true and correct on and as of the date of this Agreement, (ii) each of the other representations and warranties of Seller in this Agreement was true and correct in all material respects on and as of the date of this Agreement, (iii) each of the representations and warranties of Seller in this Agreement that is qualified as to materiality is true and correct on and as the Closing Date, (iv) each of the other representations and warranties of Seller in this Agreement was true and correct in all material respects on and as of the Closing Date and (v) each of the covenants to be complied with or performed by Seller on or before Closing (other than actions to be taken at the Closing, including the delivery of the Closing Documents described in this Section 8.02) has been complied with and performed in all material respects;

(i) a certificate of incumbency for the officers of Seller executing this Agreement and the Closing Documents;

(j) a certificate of existence and good standing for Seller and each of its Subsidiaries from the State of Connecticut, dated no earlier than 15 days prior to the Closing Date;

(k) stock certificates and certificates or other appropriate instruments of transfer of the ownership interests in the Joint Ventures, duly endorsed for transfer to Buyer, and, to the extent obtained prior to Closing, any amendment to the operating agreement, bylaws or other governing documents of each Joint Venture that Buyer determines, in its reasonable discretion, is necessary to fully effectuate the transfer of the ownership interest in the Joint Ventures to Buyer;

(l) a statement pursuant to section 1.1445-2(b)(2)(iv) of the Treasury Regulations under the Code, executed on behalf of Seller or any Affiliate conveying an interest in Owned Real Property to Buyer or its Affiliates, certifying that such entity is not a foreign corporation and is not otherwise a foreign Person;

(m) all certificates of title and other documents evidencing an ownership interest conveyed as part of the Assets, including for all motor vehicles;

(n) all necessary state and local real estate conveyance tax forms duly executed by Seller;

(o) final execution copy of the Transfer Act Form III and ECAF with a \$3,000 filing fee, as more fully described in Section 5.08;

(p) UCC termination statements or other releases for all Encumbrances on the Assets not constituting Permitted Encumbrances, which termination statements and releases will be effective as of Closing;

(q) the opinion of counsel to Seller as provided in Section 7.07;

(r) owner's affidavits, certificates, rent rolls and other documentation that may be reasonably necessary to consummate the transactions contemplated by this Agreement and obtain the title policies required to be issued hereunder;

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

(t) such other Closing Documents as Buyer deems reasonably necessary to consummate the transactions contemplated by this Agreement.

8.03. 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) an assumption agreement duly executed by Buyer pursuant to which Buyer assumes the Assumed Liabilities, as well as any documents Seller may reasonably require to effectuate Buyer's assumption of certain of Seller's Employee Benefit Plans pursuant to Section 5.03(e);

(c) a copy of resolutions duly adopted by the boards of directors, members or managers of PMH and Buyer, as appropriate, authorizing and approving the execution and delivery of this Agreement and the Closing Documents and the consummation of the transactions contemplated herein and therein, certified as in full force and effect as of the Closing Date by an appropriate officer of PMH and Buyer;

(d) a certificate of a duly authorized officer of Buyer certifying that each of the representations and warranties of Buyer in this Agreement that is qualified as to materiality was true and correct on and as of the date of this Agreement, that each of the other representations and warranties of Buyer in this Agreement was true and correct in all material respects on and as of the date of this Agreement, that each of the representations and warranties of Buyer in this Agreement that is qualified as to materiality is true and correct on and as of the Closing Date, that each of the other representations and warranties of Buyer in this Agreement is true and correct in all material respects on and as of the Closing Date, and that each of the covenants to be complied with or performed by Buyer on or before Closing (other than actions to be taken at the Closing, including the delivery of the Closing Documents described in this Section) has been complied with and performed in all material respects;

(e) a certificate of incumbency for the officers of [Buyer's ultimate parent] and Buyer executing this Agreement and the Closing Documents;

(f) a certificate of existence and good standing of Buyer from the State of [], dated no earlier than 15 days prior to the Closing Date;

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

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

8.04. Termination Prior to Closing; Termination Fee.

(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 7; (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 6; (iv) by Seller or Buyer, if the Closing Date shall not have taken place on or before December 31, 2016 (as such date may be extended by mutual agreement of Seller and Buyer); *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; (v) by Buyer, pursuant to Section 5.13 hereof, or (vi) by Seller pursuant to Section 10.11(b).

(b) For the avoidance of doubt, this Section 8.04(b) shall not be effective unless and until the Certificate of Need (“CON”) application has been filed with the State of Connecticut. Upon the filing of the CON application with the State of Connecticut, Seller shall present its invoices for reasonable out-of-pocket legal, valuation and consulting expenses incurred by Seller after the execution of that Letter of Intent between Buyer and Seller dated June 25, 2015 up to the time of the filing of the CON application (the “**CON Preparation Period**”). Within 10 days of receipt of such invoices, Buyer shall reimburse Seller for such reasonable out-of-pocket legal, valuation and consulting expenses up to \$1,000,000 (One Million Dollars). If, however, the out-of-pocket legal, valuation and consulting expenses incurred by Seller during the CON Preparation Period total less than \$1,000,000 (One Million Dollars), then Seller may present Buyer with additional invoices for out-of-pocket legal, valuation and consulting expenses incurred by Seller after the filing of the CON but prior to the closing of the transaction, and Buyer shall reimburse Seller for such additional out-of-pocket legal, valuation, and consulting expenses within 10 days of receipt of such invoices; provided, however, that the total amount of the invoices reimbursed by Buyer for out-of-pocket legal, valuation and consulting expenses paid by Seller during the CON Preparation Period and thereafter shall not in the aggregate exceed \$1,000,000 (One Million Dollars). In the event that the transaction closes, the total amount paid by Buyer to Seller pursuant to this Section 8.04(b) shall be credited against the Purchase Price as shown in Section 2.05(a)(ix). In the event that the transaction does not close because Buyer breaches its obligations under this Agreement or refuses to accept regulatory conditions placed on the transaction by the Attorney General and the Office of Health Care Access of the Connecticut Department of Public Health, Seller shall be entitled to retain all amounts it receives pursuant to this Section 8.04(b). In the event that the transaction does not close as a result of (i) a breach by Seller of the provisions of Section 5.23 where such breach is willful and intentional by Seller or (ii) the failure of any material regulatory approval to issue despite the good faith efforts of the parties to cooperate with each other and regulators as part of the regulatory process, then Seller shall refund to Buyer all amounts paid to Seller under this Section 8.04(b).

(c) If this Agreement is validly terminated pursuant to Section 8.04(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 8.04(a), subject to Section 8.04(b), 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 and (ii) the expense allocation provisions of Section 5.20 and the confidentiality provisions of Section 10.22 shall remain in full force and effect and survive any termination of this Agreement.

(d) 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. This Section 8.04 shall survive any termination of this Agreement.

9. INDEMNIFICATION

9.01. Indemnification by Seller. Subject to the conditions and limitations, and solely to the extent provided in this Article 9, 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, *provided* that, in determining whether there has been any such inaccuracy or breach, any qualification as to materiality included in any representation or warranty shall not be taken into account;

(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;

(e) any actual damages (including reasonable attorneys' fees) resulting from claims by any creditor of Seller relating to a claim in existence as of the Closing Date that the transfer of any of the Assets constitutes a fraudulent conveyance or transfer, or is

avoidable under applicable state or federal insolvency, bankruptcy, bulk sales, fraudulent conveyance or creditors' rights Legal Requirements; and

(f) any liabilities, costs or expenses incurred by Buyer or its Affiliates in connection with the Transfer Act Activities contemplated by Section 5.08.

9.02. Seller's Limitations. Seller will have no liability under Section 9.01(a) and no claim will accrue against Seller under Section 9.01(a) unless and until the total amount of Losses that would otherwise be indemnifiable by Seller in respect of claims arising under Section 9.01(a) exceeds \$675,000 (the "**Seller Deductible**") in the aggregate, at which time Buyer's Indemnified Persons shall be entitled to indemnification for all Losses under Section 9.01(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.

9.03. Indemnification by Buyer. Subject to the conditions and limitations, and solely to the extent, provided in this Article 9, 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, *provided* that, in determining whether there has been any such inaccuracy or breach, any qualification as to materiality included in any representation or warranty shall not be taken into account;

(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.

9.04. Buyer's Limitations. Buyer will have no liability under Section 9.03(a) and no claim will accrue against Buyer under Section 9.03(a) unless and until the total amount of Losses that would otherwise be indemnifiable by Buyer in respect of claims arising under Section 9.03(a) exceeds \$675,000 (the "**Buyer Deductible**") in the aggregate, at which time Seller's Indemnified Persons shall be entitled to indemnification for all Losses under Section 9.03(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.

9.05. 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 9 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 9.05(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 9.05(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 9.05(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 9.05(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 resolved pursuant to Section 10.04 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 ten 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 10.20.

(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 9.05(a)(i) and Section 9.05(b)(i), as applicable.

9.06. Survival of Representations and Warranties; Indemnity Periods. Notwithstanding any right of Buyer to investigate Seller and the Hospital Businesses or any right of any party to investigate the accuracy of the representations and warranties of the other party in this Agreement, or any actual investigation by or knowledge of a party, Seller has, on the one hand, and Buyer has, on the other hand, the right to rely fully upon the representations and warranties of the other in this Agreement. The representations, warranties and covenants of Seller and Buyer in this Agreement respectively will survive the Closing (a) indefinitely with respect to matters covered by Sections 2.04, 3.01, 3.02, 3.03, 3.11, 4.01, 4.02, 4.04, 8.04(b), 8.04(c),

8.04(d), 9.01(b)-(e), 9.03(b)-(d), 10.15, 10.20, 10.22 and 10.23, (b) until the expiration of all applicable statutes of limitations (including all periods of extension) with respect to matters covered by Sections 3.05, 3.07, 3.11, 3.12(a), 3.13, 3.17, 3.22, 3.24 and 3.28, and (c) until the second anniversary of the Closing Date in the case of all other representations and warranties, except that:

(i) the right to indemnification with respect to any claim relating to a breach or default of any representation and warranty whose survival expires in accordance with clause (b) or (c) above will continue to survive if a Claim Notice or an Indemnity Notice with respect to such claim has been given on or before the expiration of such representation or warranty until the claim for indemnification has been satisfied or otherwise resolved as provided in this Article;

(ii) in the event of intentional misrepresentation or fraud in the making of any representation and warranty, all representations and warranties that are the subject of the intentional misrepresentation, fraud or intentional nonfulfillment or breach shall survive until the expiration of all applicable statutes of limitations (including all periods of extension) with respect to claims made for such intentional misrepresentation, fraud or intentional nonfulfillment or breach; and

(iii) covenants to be performed or complied with after the Closing Date will survive the Closing until 60 days after the end of the term specified in each covenant, or, if no term is specified, indefinitely.

9.07. 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.

9.08. Indemnity Reserve. Subject to any adjustment as described in Section 2.05(d), Seller agrees to maintain an indemnity reserve in the amount of \$4,500,000 (Four Million Five Hundred Thousand Dollars) for a period of three years after the Closing so that Buyer will have

meaningful financial recourse against Seller for indemnification claims; provided, however, that (a) if, as of the third anniversary of the Closing Date, Buyer has pending indemnification claims, then Seller shall maintain an indemnity reserve in the amount of Buyer's Indemnified Person's bona fide claims until final resolution of such matters, and (b) if Buyers has not yet received written approval from CTDEEP or a "verification" from a "Licensed Environmental Professional" as contemplated by Section 5.08 that the Establishment Real Properties have been remediated in full compliance with the Connecticut Remediation Standard Regulations, then the indemnification reserve shall be extended for an additional period until such written approval has been received by Buyer. Notwithstanding the foregoing, in no circumstance shall the indemnification reserve established by this Section 9.08 be extended beyond the fifth anniversary of the closing date.

10. GENERAL

10.01. Exhibits; Schedules.

(a) Each Schedule and Exhibit to this Agreement shall be considered a part hereof as if set forth herein in full. From the date hereof until Closing, Seller shall update its Schedules such that all of its representations and warranties are true and accurate as of the Closing Date. Any other provision herein to the contrary notwithstanding, all Schedules, Exhibits, or other instruments provided for herein and not delivered at the time of execution of this Agreement or that are incomplete at the time of execution of this Agreement shall be delivered or completed within ten (10) days after the date hereof or ten (10) days prior to the Closing, whichever is sooner. It shall be deemed a condition precedent to the obligations of Buyer that each of the Schedules, Exhibits and related documents, instruments, books and records shall meet with the approval of Buyer. If Buyer, in its reasonable discretion, determines that it should not consummate the transactions contemplated by this Agreement because of any information contained in a Schedule, Exhibit, or other instrument that is delivered to Buyer after the execution of this Agreement, then Buyer may terminate this Agreement on or before the Closing by giving written notice thereof to Seller.

(b) Nothing in the Schedules shall be deemed adequate to disclose an exception to a representation or warranty made in this Agreement unless the Schedule identifies the exception with reasonable particularity and, without limiting the generality of the foregoing, the mere listing of a document as an exception to any representation and warranty shall not be deemed to disclose the contents of such document as an exception to any representation or warranty (but shall be adequate to disclose the existence of the document itself).

10.02. Equitable Remedies. Subject to Section 8.04(b), 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 9).

10.03. Other Owners of Assets. Buyer, Seller and its undersigned Subsidiaries acknowledge that certain Assets may be owned by 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 Subsidiaries agree and acknowledge, that (i) its obligations with respect to any Assets shall be joint and several with any 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 Subsidiaries of Seller in their ownership capacity, and (iii) it has the legal capacity to cause, and it shall cause, any of its 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. Notwithstanding the foregoing, the parties acknowledge and agree that Seller shall not make pursuant to this Agreement, and this Section 10.03 shall not otherwise suggest, any representation, warranty or other commitment as to the Subsidiaries of Seller listed on Schedule 10.03.

10.04. 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 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 notice of such dispute pursuant to Section 10.14 hereof, 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 10.04(a) within 30 days of the 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 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.

10.05. 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.

10.06. 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).

10.07. 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 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 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. After Closing, the parties shall continue to use commercially reasonable efforts to obtain the consent to the assignment of such 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.

10.08. 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 Manchester, 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.

10.09. 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.

10.10. 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.

10.11. Benefit and Assignment; Change in Control of PMH.

(a) 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 10.23, 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.

(b) If PMH undergoes a "Change in Control" prior to the Closing PMH shall (i) provide 30 days' advance notice to Seller of such Change in Control, and (ii) Seller shall have the right to terminate this Agreement without penalty, including that Seller shall not be required to pay any consulting fees to PMH or Buyer pursuant to any consulting agreement entered into by Seller and PMH or Buyer. For purposes of this Section 10.11(b), the term "Change in Control" means (i) a sale of all or substantially all the assets of PMH, (ii) any merger, consolidation or acquisition of PMH by or into another corporation, entity or person, or (iii) any change in the direct or indirect ownership of more than fifty percent (50%) of the voting capital stock of PMH in one or more related transactions. Notwithstanding the foregoing, a Change in Control shall not include a transfer of 50% or more of the shares of PMH in connection with one or more public offerings of its shares. A transfer of 50% or more of the shares of PMH in connection with one or more transactions involving the sale of PMH shares to one or more private equity firms shall require the prior written consent of Seller, which consent shall not unreasonably be withheld.

10.12. 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 (except as otherwise provided in Section 5.03(d)).

10.13. 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.

10.14. 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 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: [BUYER]
c/o Prospect Medical Holdings, Inc.
10780 Santa Monica Blvd. , Suite 400
Los Angeles, CA 90025
Attn: General Counsel
Fax: 310-943-4501
Email: ellen.shin@prospectmedical.com

If to Seller: Eastern Connecticut Health Network, Inc.
General Counsel
Eastern Connecticut Health Network
71 Haynes Street
Manchester, Connecticut 06040
Attn: Joyce Tichy
Fax:
Email: jtichy@echn.org

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

Ropes & Gray LLP
Prudential Tower

800 Boylston Street
Boston, MA 02199-3600
Attn: Anne Ogilby
Fax: 617-235-0234
Email: anne.ogilby@ropesgray.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.

10.15. Misdirected Payments; Physician Loans. After Closing, (a) Seller shall remit to Buyer with reasonable promptness any monies received by Seller (or its Affiliates) constituting or in respect of the Assets and Assumed Liabilities, and (b) Buyer shall remit to Seller with reasonable promptness any monies received by Buyer (or its Affiliates) constituting or in respect of the Excluded Assets and Excluded Liabilities. If any funds previously paid or credited to Seller or the Hospital Businesses in respect of services rendered on or before the Closing Date have resulted in an overpayment or must be repaid, Seller shall be responsible for the repayment of said monies (and the defense of such actions), except to the extent that such credit or repayment obligation was included in the calculation of Net Working Capital as shown on the Closing Balance Sheets in which case Seller shall not be liable for any such repayment. If Buyer suffers any deduction to or offset or withhold against amounts due Buyer of funds previously paid or credited to Seller or the Hospital Businesses in respect of services rendered on or before the Closing Date (other than in respect of overpayments addressed by the preceding sentence), Seller shall pay to Buyer the amounts so deducted, offset or withheld within five business days after demand therefor, except to the extent that the amount of such deduction, offset or withholding was included in the calculation of Net Working Capital as shown on the Closing Balance Sheets. Any amounts payable pursuant to this Agreement that are due Buyer by Seller or one of its Affiliates, or due Seller by Buyer or one of its Affiliates, may be offset against monies or other funds owed by the party entitled to receive payment to the party required to make payment (other than such owed amounts that are being disputed in good faith). Seller shall use, and cause its Affiliates to use, good faith efforts to collect any and all loans and other amounts due from physicians and their Affiliates that constitute Excluded Assets.

10.16. 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.

10.17. 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 agencies shall have granted a certificate

of need or the appropriate approval or ruled that no certificate of need or other approval is required.

10.18. Entire Agreement; Amendment. 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 9.06, 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.

10.19. 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.

10.20. 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.

10.21. 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.

10.22. Confidentiality; Public Announcements.

(a) Except as required by Legal Requirements or in order to coordinate the defeasance of tax-exempt debt, Seller and Buyer (and their respective 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.

10.23. 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 9.06, 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's obligations under this Section 10.23 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.

[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.

**EASTERN CONNECTICUT HEALTH NETWORK,
INC.**

By: _____

Title: _____

[BUYER]

By: _____

Title: _____

[Acknowledgement Page Follows]

Each of the undersigned 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 10.03.

ACKNOWLEDGED BY:

THE MANCHESTER MEMORIAL HOSPITAL

By: _____

Title: _____

**THE ROCKVILLE GENERAL HOSPITAL,
INCORPORATED**

By: _____

Title: _____

ECHN ELDERCARE SERVICES, INC.

By: _____

Title: _____

**VISITING NURSE AND HEALTH SERVICES OF
CONNECTICUT, INC.**

By: _____

Title: _____

A CARING HAND, LLC

By: _____

Title: _____

ECHN ENTERPRISES, INC.

By: _____

Title: _____

**HAYNES STREET PROPERTY MANAGEMENT,
LLC**

By: _____

Title: _____

ECHN CORPORATE SERVICES, INC.

By: _____

Title: _____

MEDICAL PRACTICE PARTNERS, LLC

By: _____

Title: _____

**CLINICALLY INTEGRATED NETWORK OF
EASTERN CONNECTICUT, LLC**

By: _____

Title: _____

**CONNECTICUT HEALTHCARE INSURANCE
COMPANY, INC.**

By: _____

Title: _____

**EASTERN CONNECTICUT MEDICAL
PROFESSIONALS FOUNDATION, INC.**

By: _____

Title: _____

Exhibit A

Form of Transitional Services Agreement

See attached.

Exhibit B

Form of Limited Power of Attorney

See attached.

Schedule 1.02

Persons with "Seller's Knowledge"

Peter Karl	President and Chief Executive Officer
Dennis McConville	Senior Vice President and Chief Strategy Officer
Michael Veillette	Senior Vice President and Chief Financial Officer
Joel J. Reich, M.D.	Senior Vice President, Medical Affairs and Chief Medical Officer

Exhibit Q1 a

Unaudited Financial Statements for FY 2014 and FY 2015 YTD

WBC Connecticut East
Profit & Loss
January through December 2014

	Jan - Dec 14
Ordinary Income/Expense	
Income	
CTEeast - Program Fees	
CTE - Adol IOP [1 Day]	-
CTE - Adol IOP [EDS]	308,800.00
CTE - Adol PHP [EDS]	403,650.00
CTE - Adult & Adol [NO SHOW]	50.00
CTE - Adult IOP [BED]	255,850.00
CTE - Adult IOP [EDS]	536,200.00
CTE - Adult PHP [EDS]	1,264,250.00
CTE - Crisis & Comp [EVAL]	47,000.00
CTEeast - Program Fees - Other	1,150.00
Total CTEeast - Program Fees	2,816,950.00
Other Fees Income	
Patient Services	925.00
Total Other Fees Income	925.00
Write-offs & Adjustments	
Contractual Adjustments	(1,196,159.49)
Total Write-offs & Adjustments	(1,196,159.49)
Total Income	1,621,715.51
Cost of Goods Sold	
Direct Expense - Programs	
Dietary	8,972.42
DOCS Coverage	64,950.00
Program Services	7,737.50
Program Supplies	4,446.32
Total Direct Expense - Programs	86,106.24
Indirect Expense - Programs	
Equipment -[Expensed]	
Office and Non Medical Equipmen	196.78
Equipment -[Expensed] - Other	149.99
Total Equipment -[Expensed]	346.77
Furnishings - [Expensed]	786.78
Housekeeping	481.10
Medical Records and Supplies	304.59
Miscellaneous - CT	1,181.95
Office Lease - Copier	3,716.41
Office Supplies	
Office Supplies - ADOL IOP	44.89

WBC Connecticut East
Profit & Loss
 January through December 2014

	<u>Jan - Dec 14</u>
Office Supplies - Other	7,639.64
Total Office Supplies	<u>7,684.53</u>
Professional Development	3,034.71
Rent Expense	139,015.33
Repairs and Maintenance	10.62
Telecom Expense	2,432.74
Travel Expense	12,842.54
Total Indirect Expense - Programs	<u>171,838.07</u>
Payroll - Expense - Programs	
Administrative Asst	44,909.62
Asst. Program Director	12,359.42
Marketing Staff	25,175.60
Mental Health Counsler	87,971.09
Nutrition	50,942.86
Payroll Taxes	55,699.94
Program Director	100,274.63
PTO ACCRUAL - Programs	2,625.30
PTO Payout	2,461.27
Social Worker	311,831.22
Total Payroll - Expense - Programs	<u>694,250.95</u>
Total COGS	<u>952,195.26</u>
Gross Profit	669,520.25
Expense	
Advertising and Promotion	550.00
Bad Debt Expense	23,493.32
Bank Service Charges	3,590.09
Business Development - CTE	25,702.72
Business Licenses and Permits	460.00
Contributions	125.00
Human Resources	1,722.90
Insurance Expense	
Dental Insurance	3,913.25
Health Insurance	68,867.68
Life Insurance	3,568.93
Workers Comp	3,685.00
Total Insurance Expense	<u>80,034.86</u>
Marketing - CT	15,790.53
Meals and Entertainment	2,591.44
Payroll Bonus Expense	5,000.00

WBC Connecticut East
Profit & Loss
January through December 2014

	Jan - Dec 14
Payroll Service Fees	7,700.75
Postage	5,127.25
Professional Fees	
Accounting Fees	4,590.00
Legal Services	2,951.00
Total Professional Fees	7,541.00
Reference Materials	50.00
Taxes	
Property	1,185.30
State	771.82
Total Taxes	1,957.12
Total Expense	181,436.98
Net Ordinary Income	488,083.27
Other Income/Expense	
Other Income	
Interest Income	344.36
Other Income	29.60
Total Other Income	373.96
Other Expense	
Depreciation Expense	
Depreciation - Comp. Equipment	9,897.67
Depreciation - Furn. & Fixtures	10,480.90
Depreciation - LHI	24,861.30
Total Depreciation Expense	45,239.87
Management Fee (12%)	207,826.44
Provision for Taxes	
Provision for Taxes - Federal	-
Provision for Taxes - State	3,705.00
Total Provision for Taxes	3,705.00
Total Other Expense	256,771.31
Net Other Income	(256,397.35)
Net Income	231,685.92

WBC Connecticut East
Balance Sheet
As of December 31, 2014

	Dec 31, 14
ASSETS	
Current Assets	
Checking/Savings	
Citizens - CTE Operating	449,707.98
Petty Cash	
Petty Cash - South Windsor	500.00
Total Petty Cash	500.00
Total Checking/Savings	450,207.98
Other Current Assets	
Allowance For Doubtful Accounts	(16,500.00)
Claims - Accounts Rec - Softaid	369,913.63
Claims - Contractual Reserve	(155,400.00)
Due From Affiliate- WBC Waltham	2,866.74
Due From Affiliate - WCER	325.00
Total Other Current Assets	201,205.37
Total Current Assets	651,413.35
Fixed Assets	
Accumulated Depreciation	
Accum Depr - Computer Equipment	(20,396.02)
Accum Depr - Furn. & Fixtures	(21,198.20)
Accum Depr - LHI	(49,532.42)
Total Accumulated Depreciation	(91,126.64)
Computer Equipment	33,805.96
Furniture & Fixtures	52,733.61
Leasehold Improvements	167,495.21
Total Fixed Assets	162,908.14
Other Assets	
WBC, Inc. Trademark (Intangible)	1,133,333.00
Total Other Assets	1,133,333.00
TOTAL ASSETS	1,947,654.49
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	35,710.48
Total Accounts Payable	35,710.48
Other Current Liabilities	
Accrued Expenses	

WBC Connecticut East
Balance Sheet
As of December 31, 2014

	Dec 31, 14
Accrued Exp - Consulting	(1,000.00)
Accrued Exp - Rent	(11,496.07)
Total Accrued Expenses	(12,496.07)
Accrued Payroll	(1,945.22)
Accrued PTO	4,269.51
Current Income Taxes Payable	
Current CT IT Payable	(27.00)
Total Current Income Taxes Payable	(27.00)
Due To Affiliate - WBC Waltham	269,884.73
Loan Payable - Walden Behaviora	295,000.00
Payable to ECHN - Pre-Occupancy	11,308.00
Payable To WBC - Pre Occupancy	11,308.00
Payroll Liabilities	
Flexible Spending Account	1,594.49
Payroll Liabilities - Other	(619.19)
Total Payroll Liabilities	975.30
Refunds Due	
Insurance Refunds Due	3,765.00
Self Payment Refunds Due	20.00
Total Refunds Due	3,785.00
Total Other Current Liabilities	582,062.25
Total Current Liabilities	617,772.73
Total Liabilities	617,772.73
Equity	
Members Equity	
Members Equity - ECHN	222,580.00
Members Equity - WBC, INC	1,133,285.49
Total Members Equity	1,355,865.49
Retained Earnings	(257,669.65)
Net Income	231,685.92
Total Equity	1,329,881.76
TOTAL LIABILITIES & EQUITY	1,947,654.49

WBC Connecticut East
Profit & Loss
 January through October 2015

	Jan - Oct 15
Ordinary Income/Expense	
Income	
CTEeast - Program Fees	
CTE - Adol IOP [1 Day]	-
CTE - Adol IOP [EDS]	281,200.00
CTE - Adol PHP [EDS]	445,900.00
CTE - Adult & Adol [NO SHOW]	-
CTE - Adult IOP [BED]	135,100.00
CTE - Adult IOP [EDS]	386,050.00
CTE - Adult PHP [EDS]	1,040,000.00
CTE - Crisis & Comp [EVAL]	43,000.00
CTEeast - Program Fees - Other	-
Total CTEeast - Program Fees	2,331,250.00
Other Fees Income	
Patient Services	200.00
Total Other Fees Income	200.00
Write-offs & Adjustments	
Contractual Adjustments	(935,709.15)
Total Write-offs & Adjustments	(935,709.15)
Total Income	1,395,740.85
Cost of Goods Sold	
Direct Expense - Programs	
Dietary	11,605.39
DOCS Coverage	57,000.00
Program Services	7,451.15
Program Supplies	3,737.96
Total Direct Expense - Programs	79,794.50
Indirect Expense - Programs	
Equipment -[Expensed]	
Office and Non Medical Equipmen	1,305.96
Equipment -[Expensed] - Other	1,169.01
Total Equipment -[Expensed]	2,474.97
Furnishings - [Expensed]	
Housekeeping	1,217.96
Medical Records and Supplies	1,800.00
Miscellaneous - CT	924.36
Office Lease - Copier	9,485.11
Office Supplies	
Office Supplies - ADOL IOP	191.26
Office Supplies - Other	4,727.33
	4,727.33

WBC Connecticut East
Profit & Loss
January through October 2015

	<u>Jan - Oct 15</u>
Total Office Supplies	4,918.59
Professional Development	4,459.06
Rent Expense	141,682.30
Repairs and Maintenance	193.39
Telecom Expense	1,578.04
Training	46.35
Travel Expense	<u>11,050.37</u>
Total Indirect Expense - Programs	181,720.50
Payroll - Expense - Programs	
Administrative Asst	47,131.84
Asst. Program Director	63,890.15
Marketing Staff	28,557.82
Mental Health Counsler	86,490.47
Nutrition	44,288.57
Payroll Taxes	49,051.65
Program Director	85,384.14
PTO Payout	-
Social Worker	<u>215,439.41</u>
Total Payroll - Expense - Programs	<u>620,234.05</u>
Total COGS	<u>881,749.05</u>
Gross Profit	513,991.80
Expense	
Bad Debt Expense	(33.34)
Bank Service Charges	2,437.28
Bonus Accrual	5,000.00
Business Development - CTE	1,505.75
Business Licenses and Permits	1,560.00
Contributions	400.00
Human Resources	
H.R. Training	395.09
Human Resources - Other	<u>4,203.19</u>
Total Human Resources	4,598.28
Insurance Expense	
Dental Insurance	3,445.20
Health Insurance	66,252.17
Life Insurance	3,290.81
Workers Comp	<u>7,322.18</u>
Total Insurance Expense	80,310.36
Marketing - CT	19,246.53
Meals and Entertainment	1,788.23

WBC Connecticut East
Profit & Loss
January through October 2015

	<u>Jan - Oct 15</u>
Payroll Service Fees	9,771.15
Postage	1,934.55
Professional Fees	
Accounting Fees	3,911.99
Legal Services	474.00
Total Professional Fees	<u>4,385.99</u>
Taxes	
Property	2,639.74
State	584.28
Total Taxes	<u>3,224.02</u>
Total Expense	<u>136,128.80</u>
Net Ordinary Income	377,863.00
Other Income/Expense	
Other Income	
Interest Income	245.99
Other Income	20.00
Total Other Income	<u>265.99</u>
Other Expense	
Depreciation Expense	
Depreciation - Comp. Equipment	7,265.85
Depreciation - Furn. & Fixtures	10,202.16
Depreciation - LHI	26,843.78
Total Depreciation Expense	<u>44,311.79</u>
Management Fee (12%)	167,488.90
Provision for Taxes	
Provision for Taxes - Federal	124,422.97
Provision for Taxes - State	44,008.51
Total Provision for Taxes	<u>168,431.48</u>
Total Other Expense	<u>380,232.17</u>
Net Other Income	<u>(379,966.18)</u>
Net Income	<u><u>(2,103.18)</u></u>

WBC Connecticut East
Balance Sheet
As of October 31, 2015

	Oct 31, 15
ASSETS	
Current Assets	
Checking/Savings	
Citizens - CTE Operating	315,541.44
Petty Cash	
Petty Cash - South Windsor	500.00
Total Petty Cash	500.00
Total Checking/Savings	316,041.44
Other Current Assets	
Allowance For Doubtful Accounts	(16,500.00)
Claims - Accounts Rec - Softaid	161,981.74
Claims - Accounts Rec - TIER	213,459.42
Claims - Contractual Reserve	(132,041.81)
Due From Affiliate- WBC Waltham	10,192.15
Due From Affiliate - WCER	325.00
Due From Manchester, CT	16,336.99
Due From Rockville Hospital	27,073.13
Total Other Current Assets	280,826.62
Total Current Assets	596,868.06
Fixed Assets	
Accumulated Depreciation	
Accum Depr - Computer Equipment	(27,661.87)
Accum Depr - Furn. & Fixtures	(31,400.36)
Accum Depr - LHI	(76,376.20)
Total Accumulated Depreciation	(135,438.43)
Computer Equipment	33,805.96
Furniture & Fixtures	66,337.17
Leasehold Improvements	205,980.22
Total Fixed Assets	170,684.92
Other Assets	
WBC, Inc. Trademark (Intangible)	1,133,333.00
Total Other Assets	1,133,333.00
TOTAL ASSETS	1,900,885.98
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	28,120.56
Total Accounts Payable	28,120.56

WBC Connecticut East
Balance Sheet
As of October 31, 2015

	<u>Oct 31, 15</u>
Other Current Liabilities	
Accrued Expenses	
Accrued Exp - Accounting	(843.97)
Accrued Exp - Consulting	5,825.00
Accrued Exp - Rent	<u>(14,403.22)</u>
Total Accrued Expenses	(9,422.19)
Accrued Payroll	14,009.04
Accrued PTO	4,269.51
Current Income Taxes Payable	
Current CT IT Payable	
Current CT IT Payable - 2015	<u>28,658.73</u>
Total Current CT IT Payable	28,658.73
Current Federal IT Payable	<u>124,422.97</u>
Total Current Income Taxes Payable	153,081.70
Due To Affiliate - WBC Waltham	351,691.83
Payable to ECHN - Pre-Occupancy	11,308.00
Payable To WBC - Pre Occupancy	11,308.00
Payroll Liabilities	
Flexible Spending Account	1,812.54
Payroll Liabilities - Other	<u>(619.19)</u>
Total Payroll Liabilities	1,193.35
Refunds Due	
Insurance Refunds Due	7,393.00
Self Payment Refunds Due	<u>154.60</u>
Total Refunds Due	<u>7,547.60</u>
Total Other Current Liabilities	<u>544,986.84</u>
Total Current Liabilities	<u>573,107.40</u>
Total Liabilities	573,107.40
Equity	
Members Equity	
Members Equity - ECHN	222,580.00
Members Equity - WBC, INC	<u>1,133,285.49</u>
Total Members Equity	1,355,865.49
Retained Earnings	(25,983.73)
Net Income	<u>(2,103.18)</u>
Total Equity	<u>1,327,778.58</u>
TOTAL LIABILITIES & EQUITY	<u><u>1,900,885.98</u></u>

Exhibit Q1 b
Financial Worksheet B

FOR-PROFIT

Applicant Name: WBC Connecticut East, LLC

Please provide one year of actual results and three years of projections of **Total Entity** revenue, expense and volume statistics without, incremental to and with the CON proposal in the following reporting format:

Financial Worksheet (B)

LINE	Total Entity:	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	
		FY 2014	FY 2015	FY 2016	FY 2016	FY 2016	FY 2017	FY 2017	FY 2017	FY 2018	FY 2018	FY 2018	FY 2019	FY 2019	FY 2019
	Description	Actual	Projected	Projected	Projected										
		Results	Results	W/out CON	Incremental	With CON									
A. OPERATING REVENUE															
1	Total Gross Patient Revenue	\$2,816,950	\$2,797,500	\$3,077,250	\$0	\$3,077,250	\$3,246,499	\$0	\$3,246,499	\$3,425,056	\$0	\$3,425,056	\$3,613,434	\$0	\$3,613,434
2	Less: Allowances	\$1,196,159	\$1,122,851	\$1,235,136	\$0	\$1,235,136	\$1,303,069	\$0	\$1,303,069	\$1,374,737	\$0	\$1,374,737	\$1,450,348	\$0	\$1,450,348
3	Less: Charity Care	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Less: Other Deductions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Net Patient Service Revenue	\$1,620,791	\$1,674,649	\$1,842,114	\$0	\$1,842,114	\$1,943,430	\$0	\$1,943,430	\$2,050,319	\$0	\$2,050,319	\$2,163,086	\$0	\$2,163,086
5	Medicare	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Medicaid	\$249,280	\$252,642	\$277,906	\$0	\$277,906	\$293,191	\$0	\$293,191	\$309,317	\$0	\$309,317	\$326,329	\$0	\$326,329
7	CHAMPUS & TriCare	\$350	\$420	\$462	\$0	\$462	\$487	\$0	\$487	\$514	\$0	\$514	\$542	\$0	\$542
8	Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Total Government	\$249,630	\$253,062	\$278,368	\$0	\$278,368	\$293,678	\$0	\$293,678	\$309,831	\$0	\$309,831	\$326,871	\$0	\$326,871
9	Commercial Insurers	\$1,366,911	\$1,420,147	\$1,562,162	\$0	\$1,562,162	\$1,648,081	\$0	\$1,648,081	\$1,738,725	\$0	\$1,738,725	\$1,834,355	\$0	\$1,834,355
10	Uninsured	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	Self Pay	\$4,250	\$1,440	\$1,584	\$0	\$1,584	\$1,671	\$0	\$1,671	\$1,763	\$0	\$1,763	\$1,860	\$0	\$1,860
12	Workers Compensation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Total Non-Government	\$1,371,161	\$1,421,587	\$1,563,746	\$0	\$1,563,746	\$1,649,752	\$0	\$1,649,752	\$1,740,488	\$0	\$1,740,488	\$1,836,215	\$0	\$1,836,215
	Net Patient Service Revenue^a (Government+Non-Government)	\$1,620,791	\$1,674,649	\$1,842,114	\$0	\$1,842,114	\$1,943,430	\$0	\$1,943,430	\$2,050,319	\$0	\$2,050,319	\$2,163,086	\$0	\$2,163,086
14	Less: Provision for Bad Debts	\$23,493	\$23,331	\$25,664	\$0	\$25,664	\$27,075	\$0	\$27,075	\$28,565	\$0	\$28,565	\$30,136	\$0	\$30,136
	Net Patient Service Revenue less provision for bad debts	\$1,597,298	\$1,651,318	\$1,816,450	\$0	\$1,816,450	\$1,916,355	\$0	\$1,916,355	\$2,021,754	\$0	\$2,021,754	\$2,132,951	\$0	\$2,132,951
15	Other Operating Revenue	\$925	\$240	\$583	\$0	\$583	\$583	\$0	\$583	\$583	\$0	\$583	\$583	\$0	\$583
17	Net Assets Released from Restrictions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	TOTAL OPERATING REVENUE	\$1,598,223	\$1,651,558	\$1,817,033	\$0	\$1,817,033	\$1,916,937	\$0	\$1,916,937	\$2,022,337	\$0	\$2,022,337	\$2,133,533	\$0	\$2,133,533
B. OPERATING EXPENSES															
1	Salaries and Wages	\$643,551	\$696,937	\$731,784	\$0	\$731,784	\$768,373	\$0	\$768,373	\$806,791	\$0	\$806,791	\$847,131	\$0	\$847,131
2	Fringe Benefits	\$145,158	\$155,234	\$162,996	\$0	\$162,996	\$171,146	\$0	\$171,146	\$179,703	\$0	\$179,703	\$188,688	\$0	\$188,688
3	Physicians Fees	\$64,950	\$68,400	\$71,820	\$0	\$71,820	\$75,411	\$0	\$75,411	\$79,182	\$0	\$79,182	\$83,141	\$0	\$83,141
4	Supplies and Drugs	\$21,156	\$30,323	\$31,839	\$0	\$31,839	\$33,431	\$0	\$33,431	\$35,103	\$0	\$35,103	\$36,858	\$0	\$36,858
5	Depreciation and Amortization	\$45,240	\$53,174	\$55,833	\$0	\$55,833	\$58,624	\$0	\$58,624	\$61,556	\$0	\$61,556	\$64,633	\$0	\$64,633
6	Provision for Bad Debts-Other ^b	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Malpractice Insurance Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	Lease Expense	\$142,732	\$181,401	\$190,471	\$0	\$190,471	\$199,994	\$0	\$199,994	\$209,994	\$0	\$209,994	\$220,494	\$0	\$220,494
10	Other Operating Expenses	\$300,419	\$290,145	\$304,652	\$0	\$304,652	\$319,884	\$0	\$319,884	\$335,879	\$0	\$335,879	\$352,673	\$0	\$352,673
	TOTAL OPERATING EXPENSES	\$1,363,206	\$1,475,614	\$1,549,394	\$0	\$1,549,394	\$1,626,864	\$0	\$1,626,864	\$1,708,207	\$0	\$1,708,207	\$1,793,618	\$0	\$1,793,618
	INCOME/(LOSS) FROM OPERATIONS	\$235,017	\$175,944	\$267,638	\$0	\$267,638	\$290,073	\$0	\$290,073	\$314,129	\$0	\$314,129	\$339,916	\$0	\$339,916
	NON-OPERATING INCOME	\$374	\$320	\$350	\$0	\$350									
	Income before provision for income taxes	\$235,391	\$176,264	\$267,988	\$0	\$267,988	\$290,423	\$0	\$290,423	\$314,479	\$0	\$314,479	\$340,266	\$0	\$340,266

FOR-PROFIT

Applicant Name: WBC Connecticut East, LLC

Please provide one year of actual results and three years of projections of **Total Entity** revenue, expense and volume statistics without, incremental to and with the CON proposal in the following reporting format:

Financial Worksheet (B)

LINE	Total Entity:	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	
		FY 2014	FY 2015	FY 2016	FY 2016	FY 2016	FY 2017	FY 2017	FY 2017	FY 2018	FY 2018	FY 2018	FY 2019	FY 2019	FY 2019
		Actual	Projected	Projected	Projected										
	Description	Results	Results	W/out CON	Incremental	With CON									
	Provision for income taxes ^c	\$3,705	\$4,000	\$4,000	\$0	\$4,000	\$4,000	\$0	\$4,000	\$4,000	\$0	\$4,000	\$4,000	\$0	\$4,000
	NET INCOME	\$231,686	\$172,264	\$263,988	\$0	\$263,988	\$286,423	\$0	\$286,423	\$310,479	\$0	\$310,479	\$336,266	\$0	\$336,266
C.	Retained Earnings, beginning of year	(\$257,670)	(\$25,984)	(\$28,507)	\$0	(\$28,507)	\$235,481	\$0	\$235,481	\$521,904	\$0	\$521,904	\$832,384	\$0	\$832,384
	Retained Earnings, end of year	(\$25,984)	(\$28,507)	\$235,481	\$0	\$235,481	\$521,904	\$0	\$521,904	\$832,384	\$0	\$832,384	\$1,168,649	\$0	\$1,168,649
	Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	D. PROFITABILITY SUMMARY														
1	Hospital Operating Margin	14.7%	10.7%	14.7%	0.0%	100.0%	15.1%	0.0%	15.1%	15.5%	0.0%	15.5%	15.9%	0.0%	15.9%
2	Hospital Non Operating Margin	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3	Hospital Total Margin	14.5%	10.4%	14.7%	0.0%	14.7%	15.1%	0.0%	15.1%	15.5%	0.0%	15.5%	15.9%	0.0%	15.9%
	E. FTEs	14	14	15	0	15	16	0	16	17	0	17	18	0	18
	F. VOLUME STATISTICS^d														
1	Patients	341	330	363	0	363	383	0	383	404	0	404	426	0	426
2	Patient Days	5,601	5,367	5,904	0	5,904	6,228	0	6,228	6,571	0	6,571	6,932	0	6,932

^a Total amount should equal the total amount on cell line "Net Patient Revenue" Row 14.

^b Provide the amount of any transaction associated with Bad Debts not related to the provision of direct services to patients. For additional information, refer to FASB, No.2011-07, July 2011.

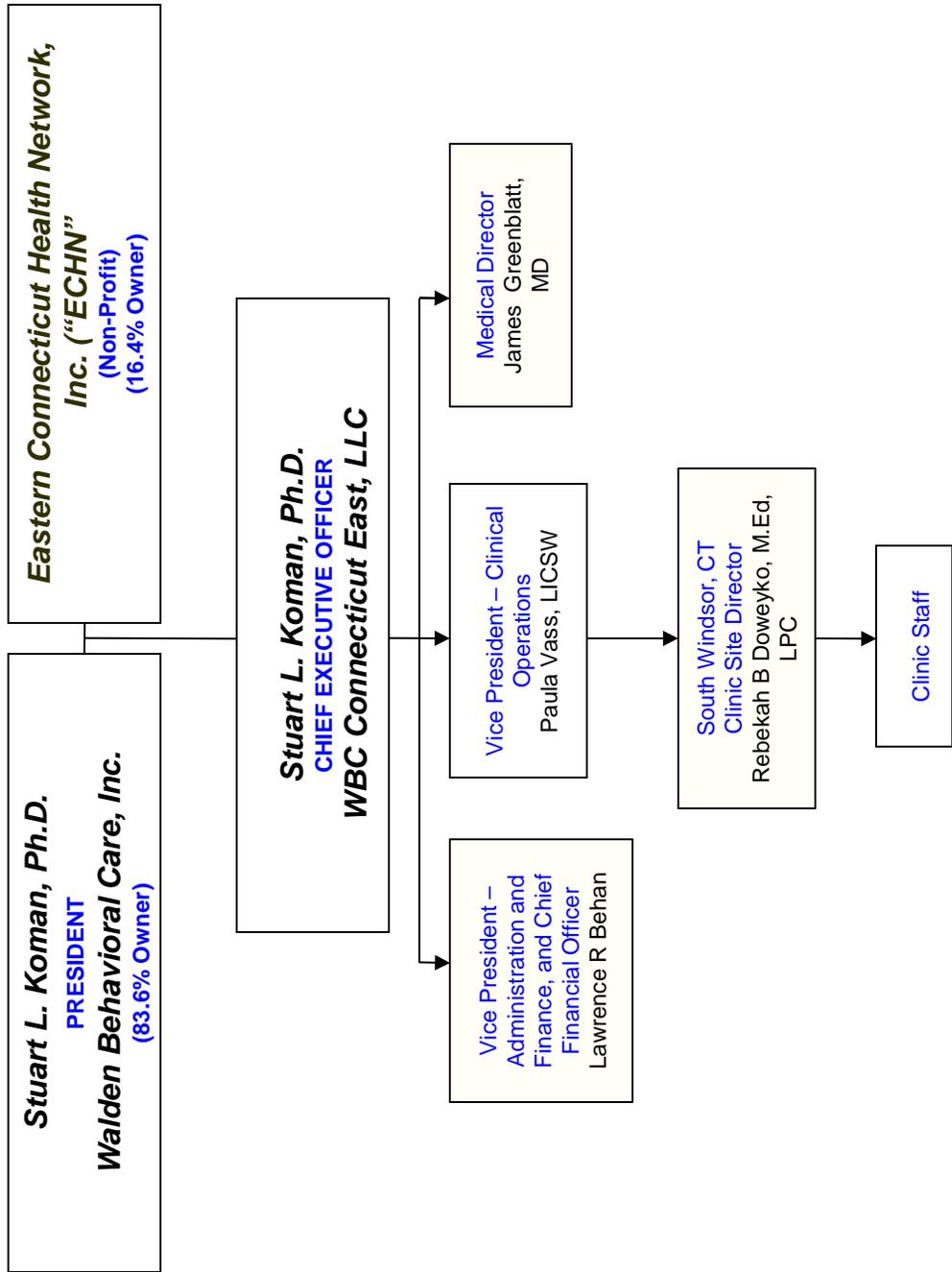
^c Provide the amount of income taxes as defined by the Internal Revenue Services for for-profit entities. [NOTE: Per IRS regulations, WBC Connecticut East is a "disregarded entity" and all federal tax income obligations pass through to the company's owners.]

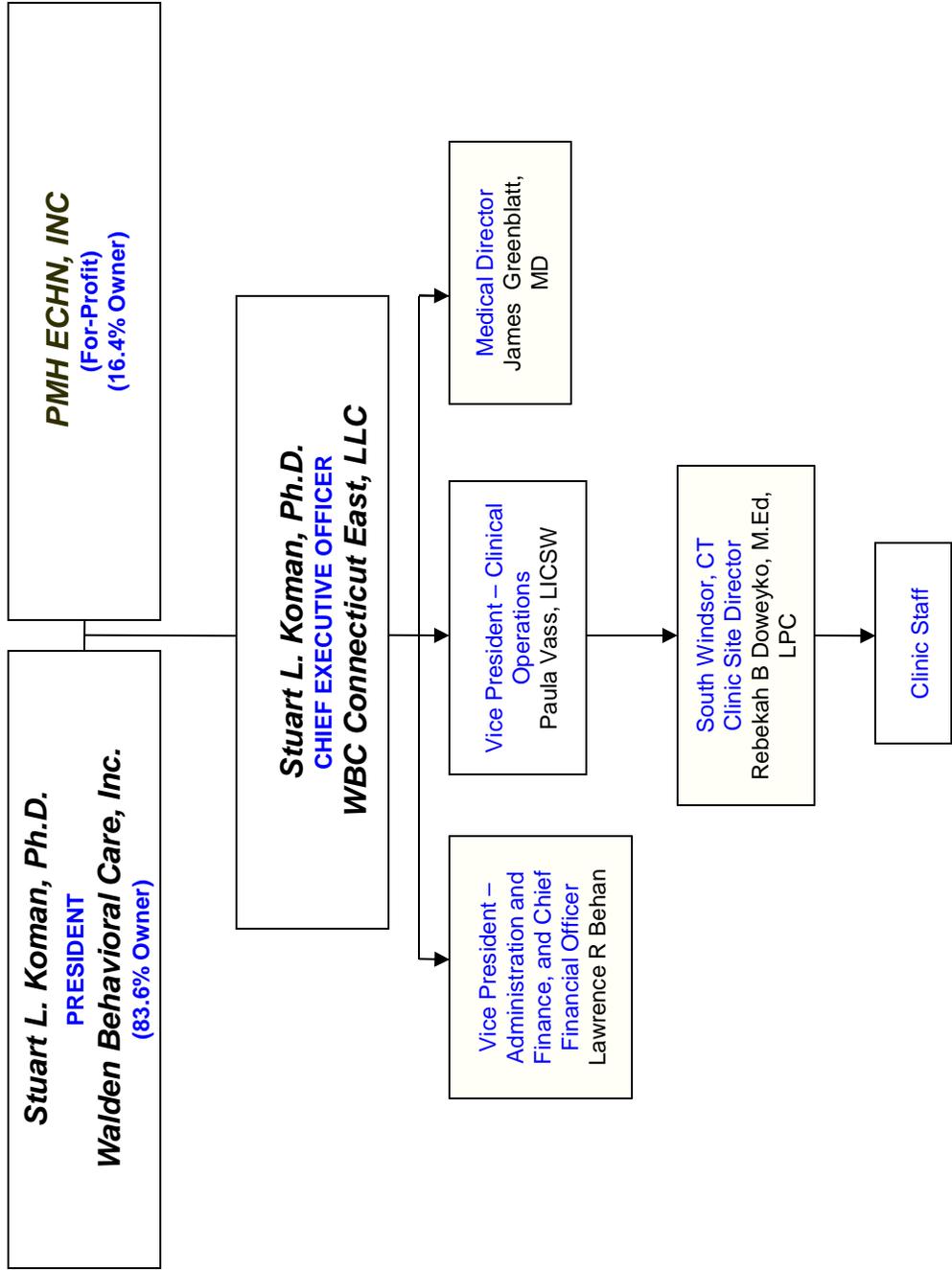
^d Provide projected inpatient and/or outpatient statistics for any new services and provide actual and projected inpatient and/or outpatient statistics for any existing services which will change due to the proposal.

Exhibit S-Q1b

Legal Chart Prior and Subsequent to Proposal

CURRENT ORGANIZATIONAL CHART – WBC Connecticut East LLC





Greer, Leslie

From: Greci, Laurie
Sent: Tuesday, January 19, 2016 1:44 PM
To: 'dmccconville@echn.org'
Cc: Greer, Leslie; Lazarus, Steven; Riggott, Kaila
Subject: CON Application Docket Number 15-32054-CON for Transfer of Ownership of ECHN's 16% Share of WBC CT East to Prospect Medical Holdings
Attachments: 15-32054 completeness email letter.docx; 15-32054 attachment to completeness letter.docx

Dear Mr. McConville,

Please see the attached request for additional information regarding CON application 15-32054-CON concerning the transfer of ownership of Eastern Connecticut Health Network's 16% Share of WBC Connecticut East, LLC to Prospect Medical Holdings, Inc. Please contact me if you have any questions. Responses are due by **Monday, March 21, 2016**.

Regards,

Laurie Greci

Office of Health Care Access
Connecticut Department of Public Health
410 Capitol Avenue, MS#13HCA, Hartford, CT 06134
Tel: 860-418-7001
Fax: 860-418-7053
mailto: laurie.greci@ct.gov
Web: www.ct.gov/ohca



January 19, 2016

Via Email Only

dmcconville@echn.org
Mr. Dennis McConville
Senior Vice President and Chief Strategy Officer
Eastern Connecticut Health Network
71 Haynes St.
Manchester, CT 06040

RE: Certificate of Need Application; Docket Number: 15-32054-CON
Transfer of Ownership of Eastern Connecticut Health Network's 16% Share of WBC
Connecticut East, LLC to Prospect Medical Holdings, Inc.
Certificate of Need Completeness Letter

Dear Mr. McConville:

On December 21, 2015, the Department of Public Health ("DPH"), Office of Health Care Access ("OHCA") received the Certificate of Need ("CON") application from WBC Connecticut East, LLC, ("WCE"), Eastern Connecticut Health Network, Inc. ("ECHN") and Prospect Medical Holdings, Inc. ("PMH") for the transfer ownership of 16% of WCE from ECHN to PMG at no associated capital expenditure.

OHCA requests additional information pursuant to Connecticut General Statutes §19a-639a(c). *Please electronically confirm receipt of this email as soon as you receive it.* Provide responses to the questions below in both a Word document and PDF format at the earliest convenience as an attachment to a responding email.

Repeat each question before providing your response and paginate and date your response, i.e., each page in its entirety. Information filed after the initial CON application submission (e.g., completeness response letter, prefile testimony, late file submissions and the like) must be numbered sequentially from the Applicant's document preceding it. Begin your submission using **Page 190** and reference "**Docket Number: 15-32054-CON.**"

- 1) ECHN is the business entity that is selling its 16% interest in WCE to PMH. Therefore, ECHN and PMH are **co-applicants**. As co-applicants, ECHN and PMH are each required to submit the following information and documents:
 - a. General Application information contained on pages 2 and 3 of the CON Main Form (attached to this email) for each co-applicant;
 - b. A notarized affidavit from each co-applicant on page 4 of the attached CON Main Form; and
 - c. With your acknowledgment and to satisfy the requirement for the submission of financial statements from each applicant, OHCA will incorporate by reference those submitted under Docket Number 15-32016-486.

- 2) The public notice for the Applicants' proposal must be resubmitted for publication in the The Day (New London). As shown below, the notice submitted in the CON application referenced "Evergreen Endoscopy Center, LLC" rather than "WBC Connecticut East, LLC."

PUBLIC NOTICE

Statute Reference: 19a-638 et seq. of the Connecticut General Statutes
Applicant: WBC Connecticut East, LLC
Addresses: 2400 Tamarack Avenue, South Windsor, CT 06074
Town: South Windsor
Proposal: WBC Connecticut East, LLC plans to file an application with the Office of Health Care Access for Certificate of Need authorization to transfer Eastern Connecticut Health Network, Inc.'s ownership interests in Evergreen Endoscopy Center, LLC to PMH ECHN, Inc. or an affiliate.
Capital Expenditure: \$0

Journal Inquirer
November 2, 2015
November 3, 2015
November 4, 2015

Please note that pursuant to Section 19a-639a(c) of the Connecticut General Statutes, you must submit your response to this request no later than sixty days from the date of this email transmission. Therefore, please provide your written responses to OHCA no later than Monday, March 21, 2016, otherwise your application will be automatically considered withdrawn. ***Please email your responses to all of the following email addresses: OHCA@ct.gov; laurie.greci@ct.gov; and kaila.riggott@ct.gov.*** If you have any questions concerning this letter, please feel free to contact me at (860) 418-7001 or (860) 418-7045.

Sincerely,

Laurie Greci
Associate Research Analyst

General Information

Name of Applicant:

Name of Co-Applicant:

--	--

Connecticut Statute Reference:

--

Main Site	MAIN SITE	MEDICAID PROVIDER ID	TYPE OF FACILITY	MAIN SITE NAME
	STREET & NUMBER			
	TOWN		ZIP CODE	

Project Site	PROJECT SITE	MEDICAID PROVIDER ID	TYPE OF FACILITY	PROJECT SITE NAME
	STREET & NUMBER			
	TOWN		ZIP CODE	

Operator	OPERATING CERTIFICATE NUMBER	TYPE OF FACILITY	LEGAL ENTITY THAT WILL OPERATE OF THE FACILITY (or proposed operator)	
	STREET & NUMBER			
	TOWN		ZIP CODE	

Chief Executive	NAME		TITLE		
	STREET & NUMBER				
	TOWN		STATE	ZIP CODE	
	TELEPHONE		FAX	E-MAIL ADDRESS	

Title of Attachment:

Is the applicant an existing facility? If yes, attach a copy of the resolution of partners, corporate directors, or LLC managers, as the case may be, authorizing the project.	YES <input type="checkbox"/> NO <input type="checkbox"/>	
Does the Applicant have non-profit status? If yes, attach documentation.	YES <input type="checkbox"/> NO <input type="checkbox"/>	
Identify the Applicant's ownership type.	PC <input type="checkbox"/> LLC <input type="checkbox"/> Corporation <input type="checkbox"/>	Other: _____
Applicant's Fiscal Year (mm/dd)	Start _____	End _____

Contact:

Identify a single person that will act as the contact between OHCA and the Applicant.

Contact Information	NAME		TITLE		
	STREET & NUMBER				
	TOWN		STATE		ZIP CODE
	TELEPHONE		FAX		E-MAIL ADDRESS
	RELATIONSHIP TO APPLICANT				

Identify the person primarily responsible for preparation of the application (optional):

Prepared by	NAME		TITLE		
	STREET & NUMBER				
	TOWN		STATE		ZIP CODE
	TELEPHONE		FAX		E-MAIL ADDRESS
	RELATIONSHIP TO APPLICANT				

Affidavit

Applicant: _____

Project Title: _____

I, _____, _____
(Name) (Position – CEO or CFO)

of _____ being duly sworn, depose and state that the (Facility Name) said facility complies with the appropriate and applicable criteria as set forth in the Sections 19a-630, 19a-637, 19a-638, 19a-639, 19a-486 and/or 4-181 of the Connecticut General Statutes.

Signature

Date

Subscribed and sworn to before me on _____

Notary Public/Commissioner of Superior Court

My commission expires: _____

Greer, Leslie

From: Mcconville, Dennis P <dmccconville@echn.org>
Sent: Tuesday, January 19, 2016 2:39 PM
To: Greci, Laurie
Cc: Greer, Leslie; Lazarus, Steven; Riggott, Kaila
Subject: Re: CON Application Docket Number 15-32054-CON for Transfer of Ownership of ECHN's 16% Share of WBC CT East to Prospect Medical Holdings

Thank you Laurie,

Dennis

On Jan 19, 2016, at 1:45 PM, Greci, Laurie <Laurie.Greci@ct.gov<<mailto:Laurie.Greci@ct.gov>>> wrote:

Dear Mr. McConville,

Please see the attached request for additional information regarding CON application 15-32054-CON concerning the transfer of ownership of Eastern Connecticut Health Network's 16% Share of WBC Connecticut East, LLC to Prospect Medical Holdings, Inc. Please contact me if you have any questions. Responses are due by Monday, March 21, 2016.

Regards,

Laurie Greci

Office of Health Care Access
Connecticut Department of Public Health
410 Capitol Avenue, MS#13HCA, Hartford, CT 06134
Tel: 860-418-7001
Fax: 860-418-7053
mailto: laurie.greci@ct.gov<<mailto:laurie.greci@ct.gov>>
Web: www.ct.gov/ohca<<http://www.ct.gov/ohca>>

<image001.jpg>

<15-32054 completeness email letter.docx>

<15-32054 attachment to completeness letter.docx>

"This message originates from Eastern Connecticut Health Network. The information contained in this message may be privileged and confidential. If you are the intended recipient, you must maintain this message in a secure and confidential manner. If you are not the intended recipient, please notify the sender immediately and destroy this message. Thank you."

Greer, Leslie

From: Kline, Gina C <gkline@echn.org>
Sent: Tuesday, January 19, 2016 3:16 PM
To: Greci, Laurie
Cc: Greer, Leslie; Lazarus, Steven; Riggott, Kaila; Mcconville, Dennis P
Subject: FW: CON Application Docket Number 15-32054-CON for Transfer of Ownership of ECHN's 16% Share of WBC CT East to Prospect Medical Holdings
Attachments: 15-32054 completeness email letter.docx; 15-32054 attachment to completeness letter.docx

Laurie,

Dennis forwarded me your email with the additional information request regarding CON application 15-32054-CON.

Question #2 asks that we resubmit the public notice to The Day (New London), however the original notice was run in the Journal Inquirer as WBC Connecticut East is located in South Windsor. By way of this communication, I am requesting clarification and authorization to resubmit the correct public notice the Journal Inquirer.

Please confirm that the Journal Inquirer is the correct newspaper for the corrected notice to appear.

Thank you!
-Gina

Gina C. Kline, MHS

Director, Planning and System Development
Eastern Connecticut Health Network (ECHN)
71 Haynes Street
Manchester, CT 06040
(860)533-2970
gkline@echn.org

From: "Greci, Laurie" <Laurie.Greci@ct.gov>
Date: January 19, 2016 at 1:43:31 PM EST
To: "Mcconville, Dennis P" <dmconville@echn.org>
Cc: "Greer, Leslie" <Leslie.Greer@ct.gov>, "Lazarus, Steven" <Steven.Lazarus@ct.gov>, "Riggott, Kaila" <Kaila.Riggott@ct.gov>
Subject: CON Application Docket Number 15-32054-CON for Transfer of Ownership of ECHN's 16% Share of WBC CT East to Prospect Medical Holdings

Dear Mr. McConville,

Please see the attached request for additional information regarding CON application 15-32054-CON concerning the transfer of ownership of Eastern Connecticut Health Network's 16% Share of WBC Connecticut East, LLC to Prospect Medical Holdings, Inc. Please contact me if you have any questions. Responses are due by **Monday, March 21, 2016**.

Regards,

Laurie Greci

Office of Health Care Access
Connecticut Department of Public Health
410 Capitol Avenue, MS#13HCA, Hartford, CT 06134
Tel: 860-418-7001
Fax: 860-418-7053
mailto: laurie.greci@ct.gov
Web: www.ct.gov/ohca

"This message originates from Eastern Connecticut Health Network. The information contained in this message may be privileged and confidential. If you are the intended recipient, you must maintain this message in a secure and confidential manner. If you are not the intended recipient, please notify the sender immediately and destroy this message. Thank you."

Greer, Leslie

From: Kline, Gina C <gkline@echn.org>
Sent: Friday, February 05, 2016 2:00 PM
To: User, OHCA; Greci, Laurie; Riggott, Kaila
Cc: Mcconville, Dennis P; Matthews, Rebecca; mmv@bvmlaw.com; 'jonathan.spees@prospectmedical.com'; Frank Saidara (frank.saidara@prospectmedical.com); SKoman@waldenbehavioralcare.com; Rossignol, Charles (CRossignol@waldenbehavioralcare.com)
Subject: CON Docket Number 15-32054-CON Response to Completeness Letter
Attachments: 15-32054 WBC CT East Response FINAL 02052016.pdf; 15-32054 WBC CT East Response to Completeness Questions FINAL 02052016.docx

Please find attached the Applicants' response to the January 19, 2016 Completeness Letter for Docket Number 15-32054-CON

Please let me know if it is necessary for us to submit one original hardcopy of the document or if this electronic submission is sufficient to satisfy the request for additional information.

Thank you!
-Gina

Gina C. Kline, MHS

Director, Planning and System Development
Eastern Connecticut Health Network (ECHN)
71 Haynes Street
Manchester, CT 06040
(860)533-2970
gkline@echn.org

"This message originates from Eastern Connecticut Health Network. The information contained in this message may be privileged and confidential. If you are the intended recipient, you must maintain this message in a secure and confidential manner. If you are not the intended recipient, please notify the sender immediately and destroy this message. Thank you."

WBC Connecticut East, LLC

Transfer of Ownership of Eastern Connecticut Health Network's 16% Share of WBC Connecticut East, LLC to Prospect Medical Holdings, Inc.

Docket Number: 15-32054-CON

Response to Completeness Letter dated January 19, 2016

Page 193

WBC Connecticut East, LLC ("WBC CT East"), Eastern Connecticut Health Network, Inc. ("ECHN") and Prospect Medical Holdings, Inc. ("PMH") (collectively the "Applicants") received correspondence from the Office of Health Care Access ("OHCA") requesting additional clarification for certain items identified in the Application submitted on December 21, 2015. The Applicants' response to OHCA's request for additional information has been provided below:

- 1) ECHN is the business entity that is selling its 16% interest in WBC CT East to PMH. Therefore, ECHN and PMH are **co-applicants**. As co-applicants, ECHN and PMH are each required to submit the following information and documents:
 - a. General Application information contained on pages 2 and 3 of the CON Main Form (attached to this email) for each co-applicant;
 - b. A notarized affidavit for each co-applicant indicated on page 4 of the attached CON Main Form;
 - c. With your written acknowledgment and to satisfy the requirement for the submission of financial statements from each applicant, OHCA will incorporate by reference those submitted under Docket Number 15-32016-486.

Response:

Please see **Exhibit A** for the requested General Application Information for ECHN and PMH.

Please see **Exhibit B** for the notarized affidavits ECHN and PMH for both the Main Form and the Supplement Form.

Please refer to Exhibit I on page 2311 of Docket Number 15-32016-486 for a copy of the financial worksheets completed for the applicants related to this proposal.

WBC Connecticut East, LLC

Transfer of Ownership of Eastern Connecticut Health Network's 16% Share of WBC Connecticut East, LLC to Prospect Medical Holdings, Inc.

Docket Number: 15-32054-CON

Response to Completeness Letter dated January 19, 2016

Page 194

- 2) The public notice for the Applicants' proposal must be resubmitted for publication in The Day (New London). As shown below, the notice submitted in the CON application referenced "Evergreen Endoscopy Center, LLC" rather than "WBC Connecticut East, LLC".

PUBLIC NOTICE

Statute Reference: 19a-538 et seq. of the Connecticut General Statutes
Applicant: WBC Connecticut East, LLC
Addresses: 2400 Tamarack Avenue, South Windsor, CT 06074
Town: South Windsor
Proposal: WBC Connecticut East, LLC plans to file an application with the Office of Health Care Access for Certificate of Need authorization to transfer Eastern Connecticut Health Network, Inc.'s ownership interests in Evergreen Endoscopy Center, LLC to PMH ECHN, Inc. or an affiliate.
Capital Expenditure: \$0

Journal Inquirer
November 2, 2015
November 3, 2015
November 4, 2015

Response:

WBC Connecticut East, LLC is located in South Windsor, Connecticut. Per the documentation posted to OHCA's website¹, the newspaper with substantial circulation in the town where the project is to be located (South Windsor) is the Journal Inquirer.

Please refer to **Exhibit C** for a copy of the revised public notice that was rerun in the Journal Inquirer on January 21, 2016, January 22, 2016 and January 23, 2016.

¹ <http://www.ct.gov/dph/lib/dph/ohca/conapplications/newspaperslist.pdf>

Greer, Leslie

From: Carney, Brian
Sent: Monday, March 14, 2016 10:32 AM
To: dmccconville@echn.org
Cc: Greer, Leslie; Riggott, Kaila
Subject: 15-32051-CON and 15-32054-CON Deemed Complete
Attachments: 32051_201603141031.pdf; 32054_201603141015.pdf

Mr. McConville,

Please see attached letters deeming complete the above referenced applications.

Sincerely,
Brian A. Carney

Brian A. Carney, MBA
Associate Research Analyst
Office of Health Care Access
CT Department of Public Health
410 Capitol Avenue, MS #13HCA
P.O. Box 340308
Hartford, CT 06134-0308

Phone: (860) 418-7014
Fax: (860) 418 7053
Email: brian.carney@ct.gov
Web: www.ct.gov/ohca



STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH



Raul Pino, M.D., M.P.H.
Commissioner

Dannel P. Malloy
Governor
Nancy Wyman
Lt. Governor

Office of Health Care Access

March 14, 2016

Via Email Only

dmcconville@echn.org

Mr. Dennis McConville
Senior Vice President and Chief Strategy Officer
Eastern Connecticut Health Network
71 Haynes St.
Manchester, CT 06040

RE: Certificate of Need Application; Docket Number: 15-32054-CON
Transfer of Ownership of Eastern Connecticut Health Network's 16% Share of WBC Connecticut
East, LLC to Prospect Medical Holdings, Inc.
Certificate of Need Completeness Letter

Dear Mr. McConville:

This letter is to inform you that, pursuant to Section 19a-639a (d) of the Connecticut General Statutes, the Office of Health Care Access has deemed the above-referenced application complete as of March 4, 2016.

If you have any questions concerning this letter, please feel free to contact Kaila Riggott or me at (860) 418-7001.

Sincerely,

A handwritten signature in blue ink that reads "Brian A. Carney".

Brian A. Carney
Associate Research Analyst



Phone: (860) 509-8000 • Fax: (860) 509-7184 • VP: (860) 899-1611
410 Capitol Avenue, P.O. Box 340308
Hartford, Connecticut 06134-0308
www.ct.gov/dph

Affirmative Action/Equal Opportunity Employer

Greer, Leslie

From: Mcconville, Dennis P <dmconville@echn.org>
Sent: Monday, March 14, 2016 11:04 AM
To: Carney, Brian
Cc: Greer, Leslie; Riggott, Kaila
Subject: RE: 15-32051-CON and 15-32054-CON Deemed Complete

Thank you Brian,

Dennis

Dennis P. McConville
Senior Vice President, Chief Strategy Officer
Eastern Connecticut Health Network, Inc.
(860) 533-3429 (office)
(860) 647-6860 (fax)
dmconville@echn.org



From: Carney, Brian [<mailto:Brian.Carney@ct.gov>]
Sent: Monday, March 14, 2016 10:32 AM
To: Mcconville, Dennis P
Cc: Greer, Leslie; Riggott, Kaila
Subject: 15-32051-CON and 15-32054-CON Deemed Complete

Mr. McConville,

Please see attached letters deeming complete the above referenced applications.

Sincerely,
Brian A. Carney

Brian A. Carney, MBA
Associate Research Analyst
Office of Health Care Access
CT Department of Public Health
410 Capitol Avenue, MS #13HCA
P.O. Box 340308
Hartford, CT 06134-0308

Phone: (860) 418-7014
Fax: (860) 418 7053
Email: brian.carney@ct.gov
Web: www.ct.gov/ohca

Greer, Leslie

From: Greer, Leslie
Sent: Thursday, May 26, 2016 2:56 PM
To: 'dmccconville@echn.org'
Cc: Carney, Brian; Riggott, Kaila; Hansted, Kevin; Martone, Kim
Subject: OHCA CON Decisions
Attachments: 32051 Final Decision.pdf; 32054 Final Decision.pdf

Tracking:	Recipient	Delivery
	'dmccconville@echn.org'	
	Carney, Brian	Delivered: 5/26/2016 2:56 PM
	Riggott, Kaila	Delivered: 5/26/2016 2:56 PM
	Hansted, Kevin	Delivered: 5/26/2016 2:56 PM
	Martone, Kim	Delivered: 5/26/2016 2:56 PM

Mr. McConville,
Attached are two CON decisions for applications submitted to the Office of Health Care Access.

Leslie M. Greer
Office of Health Care Access
Connecticut Department of Public Health
410 Capitol Avenue, MS#13HCA, Hartford, CT 06134
Phone: (860) 418-7013 Fax: (860) 418-7053
Website: www.ct.gov/ohca



STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH

Raul Pino, M.D., M.P.H.
Commissioner



Dannel P. Malloy
Governor
Nancy Wyman
Lt. Governor

Office of Health Care Access

Certificate of Need Final Decision

Applicants:

WBC Connecticut East, LLC
2400 Tamarack Avenue, Suite 203, South Windsor, CT 06074

Eastern Connecticut Health Network, Inc.
71 Haynes Road, Manchester, CT 06040

Prospect Medical Holdings, Inc.
10780 Santa Monica Blvd., Suite 400, Los Angeles, CA 90025

Docket Number: 15-32054-CON

Project Title: Transfer of ownership of Eastern Connecticut Health Network's 16.4% Share of WBC Connecticut East, LLC to Prospect Medical Holdings, Inc.

Project Description: WBC Connecticut East, LLC ("WBC"), Eastern Connecticut Health Network, Inc. ("ECHN") and Prospect Medical Holdings, Inc. ("PMH"), or collectively ("Applicants"), seek authorization to transfer ownership of 16.4% of WBC from ECHN to PMH, with no associated capital expenditure.

Procedural History: The Applicants published notice of their intent to file a Certificate of Need ("CON") application in *The Journal Inquirer* (Manchester) on November 2, 3 and 4, 2015. On December 21, 2015, the Office of Health Care Access ("OHCA") received the CON application from the Applicants. Due to an incorrect reference in the original newspaper notice, OHCA requested that the Applicants re-notice the proposal. The revised notice appeared in *The Journal Inquirer* (Manchester) on January 21, 22 and 23, 2016. The application was deemed complete on March 4, 2016. OHCA received no responses from the public concerning the proposal and no hearing requests were received per Connecticut General Statutes ("Conn. Gen. Stat.") § 19a-639a(e). Deputy Commissioner Brancifort considered the entire record in this matter.

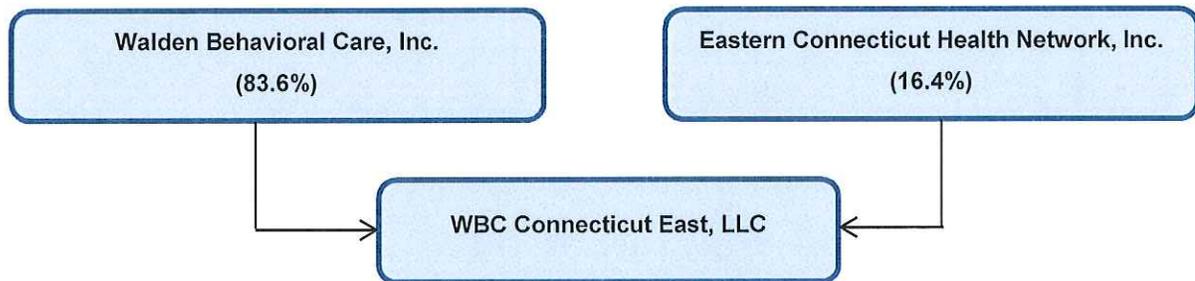


Phone: (860) 418-7001 • Fax: (860) 418-7053
410 Capitol Avenue, MS#13HCA
Hartford, Connecticut 06134-0308
www.ct.gov/dph

Affirmative Action/Equal Opportunity Employer

Findings of Fact and Conclusions of Law

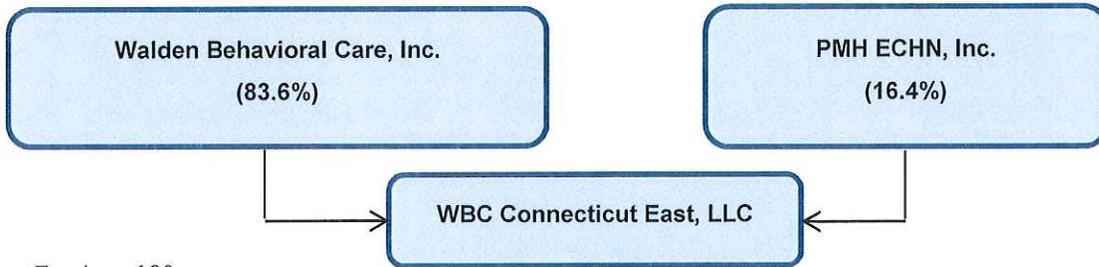
1. WBC is a mental health treatment facility located at 2400 Tamarack Avenue, Suite 203, South Windsor, Connecticut and a health care facility or institution as defined by Conn. Gen. Stat. § 19a-630. Ex. A, p. 16
2. WBC is licensed as a mental health day treatment facility and a psychiatric clinic for adults by the Department of Public Health and as an outpatient psychiatric clinic for children by the Department of Children and Families. Ex A, pp. 56-58
3. WBC became operational in August 2012 and specializes in the outpatient treatment of adults and adolescents ages 12 to 18 with eating disorders. Ex. A, p. 16
4. Walden Behavioral Care, Inc. is a behavioral health care provider based in Massachusetts, while ECHN is a not-for-profit health care system that owns and operates Manchester Memorial Hospital, Rockville General Hospital and various other entities. Ex. A, pp. 16, 86
5. PMH is a health care services company (based in Los Angeles, California) that owns and operates thirteen acute care and behavioral hospitals and a network of specialty and primary care clinics throughout California, Texas and Rhode Island. OHCA Docket Number 15-32016-486, Exhibit A, p. 25
6. As indicated in the organizational chart below, WBC is a joint venture between Walden Behavioral Care, Inc. (83.6%) and ECHN (16.4%).



Ex. A, pp.16, 188

7. As submitted in OHCA Docket 15-32016-486 and in accordance with an asset purchase agreement, PMH or an affiliate will purchase ECHN and substantially all of its assets, including its ownership interest in WBC. Ex. A, p. 16
8. Contingent upon the approval of the proposed ECHN-PMH transaction, PMH will assume ECHN's 16.4% ownership interest in WBC. Ex. A, p. 16
9. Walden Behavioral Care, Inc. has waived its right of first refusal to buy ECHN's minority interest and has consented to the transfer of ECHN's ownership interest in WBC to PMH. Ex. A, p. 17

10. Following adoption of the proposal, PMH ECHN will own 16.4% of WBC:



Ex. A, p. 180

11. WBC operates under its own license and will continue to operate in the same manner following the ownership change. There will be no change in the clinical services offered or any anticipated change to the existing patient population served. Ex. A, pp. 17-18
12. Due to the small number of eating disorder treatment programs in the state, WBC includes all 169 Connecticut towns in its service area definition. The current service area is not expected to change as a result of the proposal. Ex. A, pp. 19, 36
13. WBC has experienced significant and steady growth in utilization since its August 2012 inception.

**TABLE 1
 WBC HISTORICAL UTILIZATION**

	FY 2012 ¹	FY 2013	FY 2014 ²	FY 2015 ³
Admissions:				
Adults	51	166	249	248
Adolescents	12	35	92	120
Total	63	201	341	368
Patient Days:				
Adults	623	1,995	4,208	3,709
Adolescents	102	766	1,393	1,658
Total	725	2,761	5,601	5,367

¹ Services began in August 2012

² Adolescent Partial Hospitalization Program initiated April 2014

³ Annualized based on the first ten months of the fiscal year

Ex. A, pp. 24, 38

14. Admissions are expected to increase 10% from FY 2015-16 due to the growth in volume associated with continued program expansion, then by 5.5% for the next three years due to overall patient demand for eating disorder treatment.

**TABLE 2
WBC PROJECTED UTILIZATION**

	FY 2016	FY 2017	FY 2018	FY 2019
Admissions:				
Adults	273	289	304	321
Adolescents	132	140	146	154
Total*	405	427	451	476
Patient Days:				
Adults	4,081	4,305	4,542	4,792
Adolescents	1,823	1,923	2,029	2,140
Total	5,904	6,228	6,571	6,932

*Totals may not add due to rounding
Ex. A, pp. 32, 39

15. Medicaid patients account for 29% of the patient population. The Applicants do not anticipate any changes to the patient population or payer mix as a result of this proposal.

**TABLE 3
CURRENT & PROJECTED PAYER MIX**

Payer	FY2015 ¹		Projected by Fiscal Year							
			2016		2017		2018		2019	
	Patients	%	Patients	%	Patients	%	Patients	%	Patients	%
Medicare*	0	0%	0	0%	0	%	0	0%	0	%
Medicaid**	106	29%	117	29%	123	29%	130	29%	138	29%
CHAMPUS & TriCare	1	0%	1	%	1	0%	1	0%	1	0%
Total Government	107	29%	118	29%	124	29%	131	29%	139	29%
Commercial	257	70%	283	70%	298	70%	315	70%	333	70%
Uninsured	3	1%	4	1%	4	1%	4	1%	4	1%
Workers Compensation	0	0%	0	0%	0	0%	0	0%	0	0%
Total Non-Government	261	71%	287	71%	302	71%	319	71%	337	71%
Total Payer Mix	368	100%	405	100%	427	100%	451	100%	476	100%

¹ For period Jan to Sep 2015 (actual).

**Includes managed care activity

Ex. A, pp. 27, 40

16. The proposal has no associated capital expenditure. Ex. A, p. 37
17. There are no planned changes in the price structure at WBC as a result of the transfer of ECHN's ownership interest to PMH. Ex. A, p. 27
18. The ownership change will have no immediate financial impact on WBC. Operational gains are projected in each fiscal year from FY 2016 through FY 2019.

TABLE 5
WBC'S PROJECTED GAIN FROM OPERATIONS

	FY 2016	FY 2017	FY 2018	FY 2019
Revenue from Operations	\$1,817,033	\$1,916,937	\$2,022,337	\$2,133,533
Total Operating Expenses	\$1,549,394	\$1,626,864	\$1,708,207	\$1,793,618
Gain from Operations	\$267,638	\$290,073	\$314,129	\$339,916

Ex. A, pp. 28,185

19. OHCA is currently in the process of establishing its policies and standards as regulations. Therefore, OHCA has not made any findings as to this proposal's relationship to any regulations not yet adopted by OHCA. (Conn. Gen. Stat. § 19a-639(a)(1))
20. This CON application is consistent with the Statewide Health Care Facilities and Service Plan. (Conn. Gen. Stat. § 19a-639(a)(2))
21. The Applicants have established that there is a clear public need for the proposal. (Conn. Gen. Stat. § 19a-639(a)(3))
22. The Applicants have demonstrated that the proposal is financially feasible. (Conn. Gen. Stat. § 19a-639(a)(4))
23. The Applicants have satisfactorily demonstrated that the proposal will maintain quality, accessibility and cost effectiveness of health care delivery in the region. (Conn. Gen. Stat. § 19a-639(a)(5))
24. The Applicants have shown that there would be no change in the provision of health care services to the relevant populations and payer mix, including access to services by Medicaid recipients and indigent persons. (Conn. Gen. Stat. § 19a-639(a)(6))
25. The Applicants have satisfactorily identified the population to be affected by this proposal. (Conn. Gen. Stat. § 19a-639(a)(7))
26. The Applicants' historical provision of treatment in the service area supports this proposal. (Conn. Gen. Stat. § 19a-639(a)(8))
27. The Applicants have satisfactorily demonstrated that this proposal would not result in an unnecessary duplication of existing services in the area. (Conn. Gen. Stat. § 19a-639(a)(9))
28. The Applicants have demonstrated that there will be no reduction in access to services by Medicaid recipients or indigent persons. (Conn. Gen. Stat. § 19a-639(a)(10))

29. The Applicants have demonstrated that the proposal will not negatively impact the diversity of health care providers and patient choice in the region. (Conn. Gen. Stat. § 19a-639(a)(11))
30. The Applicants have satisfactorily demonstrated that the proposal will not result in any consolidation that would affect health care costs or accessibility to care. (Conn. Gen. Stat. § 19a-639(a)(12))

Discussion

CON applications are decided on a case by case basis and do not lend themselves to general applicability due to the uniqueness of the facts in each case. In rendering its decision, OHCA considers the factors set forth in § 19a-639(a) of the Statutes. The Applicants bear the burden of proof in this matter by a preponderance of the evidence. *Jones v. Connecticut Medical Examining Board*, 309 Conn. 727 (2013).

WBC is a licensed mental health day treatment facility and outpatient psychiatric clinic located in South Windsor. It began operations in August 2012 and specializes in the outpatient treatment of adults and children with eating disorders. *FF1-FF3*. WBC is a joint venture between Walden Behavior Care, Inc. (83.6%) and ECHN (16.4%). *FF6* ECHN proposes to sell substantially all its assets, including its interest in WBC, to PMH or an affiliate of PMH in accordance with an asset purchase agreement. *FF7*

Walden Behavior Care, Inc. has agreed to waive its right of first refusal to buy ECHN's minority interest in WBC and have consented to the PMH transfer. *FF9* WBC operates under its own license and will continue to operate in the same manner following the ownership change. There will be no change in the clinical services offered by WBC, or any anticipated change to the existing patient population served. *FF11* Medicaid patients account for nearly 30% of WBC's patient population. *FF15*

Since its August 2012 inception, patient volumes at WBC have experienced significant and steady growth. Admissions are expected to increase 10% from FY 2015-16 due to the growth in volume associated with continued program expansion. Due to the small number of eating disorder programs in the state, the demand for services is expected to continue to increase by approximately 5% yearly from FY 2017 through FY 2019. *FF12-14*

As a result of these combined factors, the Applicants have satisfactorily demonstrated that quality and access to eating disorder treatment in the region will be maintained for all relevant patient populations.

There are no planned changes in the price structure at WBC following the transfer of ECHN's ownership interest to PMH. *FF17* WBC projects operational gains of \$267,638, \$290,073, \$314,129 and \$339,916, respectively, in FYs 2016-2019. *FF18* Therefore, the Applicants have satisfactorily demonstrated that the proposal will not adversely affect health care costs and is financially feasible.

Overall, the continued operation of WBC will support the financial strength of the health care system in Connecticut while ensuring that access to quality care is maintained for the population currently being served, including the Medicaid population. Accordingly, the Applicants have demonstrated that their proposal is consistent with the Statewide Health Care Facilities and Services Plan.

Order

Based upon the foregoing Findings and Discussion, the Certificate of Need application for WBC Connecticut East, LLC, ("WBC"), Eastern Connecticut Health Network, Inc. ("ECHN") and Prospect Medical Holdings, Inc. ("PMH") to transfer ownership of 16.4% of WBC from ECHN to PMH at no associated capital expenditure is hereby APPROVED.

All of the foregoing constitutes the final order of the Office of Health Care Access in this matter.

By Order of the
Department of Public Health
Office of Health Care Access

May 26, 2016
Date

Janet M. Brancifort
Janet M. Brancifort, MPH, RRT
Deputy Commissioner

Greer, Leslie

From: Mcconville, Dennis P <dmccconville@echn.org>
Sent: Thursday, May 26, 2016 2:57 PM
To: Greer, Leslie
Cc: Carney, Brian; Riggott, Kaila; Hansted, Kevin; Martone, Kim
Subject: RE: OHCA CON Decisions

Thank you Leslie,

Dennis

From: Greer, Leslie [<mailto:Leslie.Greer@ct.gov>]
Sent: Thursday, May 26, 2016 2:56 PM
To: Mcconville, Dennis P
Cc: Carney, Brian; Riggott, Kaila; Hansted, Kevin; Martone, Kim
Subject: OHCA CON Decisions

Mr. McConville,
Attached are two CON decisions for applications submitted to the Office of Health Care Access.

Leslie M. Greer
Office of Health Care Access
Connecticut Department of Public Health
410 Capitol Avenue, MS#13HCA, Hartford, CT 06134
Phone: (860) 418-7013 Fax: (860) 418-7053
Website: www.ct.gov/ohca



"This message originates from Eastern Connecticut Health Network. The information contained in this message may be privileged and confidential. If you are the intended recipient, you must maintain this message in a secure and confidential manner. If you are not the intended recipient, please notify the sender immediately and destroy this message. Thank you."