

UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:

WALKER COUNTY HOSPITAL CORPORATION,
d/b/a HUNTSVILLE MEMORIAL HOSPITAL,

Debtor and Debtor in Possession. ¹

Chapter 11

Case No. 19-36300

NOTICE OF DESIGNATION OF STALKING HORSE BIDDER

Walker County Hospital Corporation, d/b/a Huntsville Memorial Hospital (the “*Debtor*”), by and through its undersigned proposed counsel, files this *Notice of Designation of Stalking Horse Bidder*, pursuant to and in accordance with the *Order: (I)(A) Approving Bidding Procedures and Bid Protections, (B) Permitting Debtor to Designate Stalking Horse Purchaser(s) and Grant Bid Protections, (C) Scheduling a Hearing to Consider Approval of the Sale of Assets, (D) Approving Assumption and Assignment Procedures, (E) Approving Form and Manner of Notice of Sale, and (F) Granting Related Relief; and (II)(A) Authorizing and Approving the Sale of Substantially All Assets of the Debtor Free and Clear of Liens, Claims, Interests, and Encumbrances, (B) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (C) Granting Related Relief* (Dkt. No. 67) (the “*Bidding Procedures Order*”) and respectfully states as follows:

JURISDICTION AND VENUE

1. The United States Bankruptcy Court for the Southern District of Texas (the “*Court*”) has jurisdiction over this matter pursuant to 28 U.S.C. § 1334 and the *Amended Standing Order of Reference from the United States District Court for the Southern District of*

¹ The last four digits of the Debtor’s federal tax identification number are: 0960. The location of the Debtor’s service address is: P.O. Box 4001, Huntsville, TX 77342-4001, Attn: Steven Smith.

Texas, dated May 24, 2012. This is a core proceeding under 28 U.S.C. § 157(b)(2). The Debtor confirms its consent, pursuant to Rule 7008 of the Federal Rules of Bankruptcy Procedures (the “*Bankruptcy Rules*”), to the entry of a final order by the Court in connection with this Application to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

RELIEF REQUESTED

3. By this notice, the Debtor provides notice: (a) of its designation of Walker County Hospital District and Huntsville Community Hospital, Inc. as a Stalking Horse Bidder, pursuant to and in accordance with the Bidding Procedures Order and on the terms and conditions set forth in the Purchase Agreement and Member Substitution Agreement attached to this notice as **Exhibit A** (the “*Stalking Horse APA*”); and (b) that, subject to the Stalking Horse Objection Process, the Debtor intends to enter into the Stalking Horse APA and grant Bid Protections, as contemplated by the Stalking Horse APA and authorized by the Bidding Procedures Order.

MATERIAL TERMS OF THE STALKING HORSE APA

4. The Stalking Horse APA provides for the purchase of substantially all assets of the Debtor (the “*Proposed Purchased Assets*”), as more specifically set forth in Section 2.1 of the Stalking Horse APA.

5. The consideration to be provided to the Debtor by the Stalking Horse Bidder for the Proposed Purchased Assets is approximately **\$7,650,000** as follows:

- a. A credit bid in the amount of Three Million Dollars (\$3,000,000);
- b. Fifty Thousand Dollars (\$50,000) in cash for the Owned Real Property (other than the Vacant Lot); and

c. Four Million Six Hundred Thousand Dollars (\$4,600,000) in cash, subject to certain adjustments, for the Accounts Receivable.

6. The Stalking Horse Bidder will also assume certain liabilities, including “Transferable Accrued PTO,” and pay all cure costs.

7. The Stalking Horse APA provides for a break-up fee in the amount of **\$229,500** and an expense reimbursement in an amount up to **\$250,000**.

8. In addition, in accordance with the Stalking Horse APA, the initial overbid for the Proposed Purchased Assets would be **\$8,229,500**, with subsequent rounds of bidding being in \$100,000 increments.

ARGUMENT

9. On November 14, 2019, this Court entered the Bidding Procedures Order, approving, among other things certain bidding and auction procedures for the Proposed Purchased Assets.

10. Since entry of the Bidding Procedures Order, the Debtor has negotiated and entered into the Stalking Horse APA, which provides for the purchase of substantially all assets of the Debtor. The Stalking Horse APA currently represents the highest or otherwise best offer for the Proposed Purchased Assets, but the Stalking Horse Bidder has agreed to subject the Stalking Horse APA to higher or otherwise better offers, pursuant to the Bidding Procedures Order and as set forth in the Stalking Horse APA. The Stalking Horse APA complies with the terms of the Bidding Procedures Order.

11. Having a stalking horse purchaser for the Proposed Purchased Assets will benefit the Debtor, for the reasons set forth in the motion for entry of the Bidding Procedures Order and as set forth by this Court in the Bidding Procedures Order.

12. Under the Stalking Horse Objection Process, if no objections are filed to this notice within two (2) business days, the Debtor shall be authorized to enter into the Stalking Horse APA and grant Bid Protections as contemplated by the Stalking Horse APA and authorized by the Bidding Procedures Order.

RESERVATION OF RIGHTS

13. Nothing contained in this notice or any actions taken by the Debtor pursuant to relief granted in the Bidding Procedures Order is intended or should be construed as: (a) an admission as to the validity, priority, or amount of any particular claim against the Debtor; (b) a waiver of the Debtor's or any other party-in-interest's rights to dispute any particular claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication or admission that any particular claim is of a type specified or defined in this notice; (e) an admission that any assumed contract or lease is an executory contract or unexpired lease within the purview of section 365 of the Bankruptcy Code or a request or authorization to assume any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; or (f) a waiver or limitation of the Debtor's or any other party-in-interest's right under the Bankruptcy Code or any other applicable law.

NOTICE

14. Notice of this notice of designation of a stalking horse bidder has been provided to: (a) the Office of the United States Trustee for the Southern District of Texas; (b) the holders of the twenty (20) largest unsecured claims against the Debtor; (c) the Debtor's secured creditors; (d) counsel to any statutory committee appointed in this case; (e) the Office of the United States Attorney's Office for the Southern District of Texas; (f) the Internal Revenue Service; (g) the Office of the Attorney General for the State of Texas; (h) counsel to any Stalking Horse Bidder; (i) all parties who have expressed a written interest in some or all of the Debtor's assets; (j) all

known holders of liens, encumbrances, and other claims secured by the Debtor's assets; (k) each governmental agency that is an interested party with respect to the proposed sale of the Debtor's assets; (l) all known creditors of the Debtor; and (m) all parties that have requested or that are required to receive notice under Rule 2002 of the Bankruptcy Rules.

15. The Debtor respectfully submits that no further or other notice is required.

DATED: November 22, 2019

Respectfully submitted,

WALLER LANSDEN DORTCH & DAVIS, LLP

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Proposed Counsel for the Debtor and Debtor in Possession

Certificate of Service

I certify that on November 22, 2019, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Evan J. Atkinson
Evan J. Atkinson

Exhibit A
Stalking Horse APA

PURCHASE AGREEMENT

AND

MEMBER SUBSTITUTION AGREEMENT

BY AND AMONG

**WALKER COUNTY HOSPITAL CORPORATION,
WALKER COUNTY HOSPITAL DISTRICT,
HUNTSVILLE COMMUNITY HOSPITAL, INC.**

AND

HMH PHYSICIAN ORGANIZATION

DATED AS OF

November 22, 2019

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PURCHASE AGREEMENT AND MEMBER SUBSTITUTION AGREEMENT

This Purchase Agreement and Member Substitution Agreement is entered into as of November 22, 2019 (the "**Execution Date**"), by and among (i) Walker County Hospital Corporation, a Texas nonprofit corporation ("**Seller**"), (ii) Huntsville Community Hospital, Inc., a Texas nonprofit corporation ("**Newco**") and Walker County Hospital District, a body politic and political subdivision of the State of Texas (the "**District**") and sometimes collectively referred to herein as the "**Buyers**," and (iii) HMH Physician Organization, a Texas nonprofit health organization (the "**HMHPO**") (solely as it relates to the HMHPO representations and warranties set forth in Article IV herein). Seller, Buyers, and HMHPO are collectively referred to as the "**Parties**" and each individually as a "**Party**."

RECITALS

A. Seller operates that certain general acute care hospital identified on Exhibit 1 known as "Huntsville Memorial Hospital" (the "**Hospital**" or "**Seller Facility**") and the other businesses and assets incident thereto, and owns Seller's Purchased Assets¹ used in connection with the Seller Facility.

B. The District owns the real property that includes the buildings in which the Hospital is operated and the real property on which the Hospital is located, and leases, among other things, the building and the real property to Seller pursuant to the District Agreements.

C. Seller is the sole member of HMHPO.

D. Seller filed a voluntary petition, Case No. 19-36300-DRJ (collectively, the "**Bankruptcy Case**") pursuant to Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Texas (the "**Bankruptcy Court**").

E. The Parties acknowledge and agree that the terms of the Contemplated Transactions are the result of arm's length negotiations.

F. Seller has solicited bids for the Purchased Assets and the Healthcare Business to obtain the highest and best stalking horse offer for the Purchased Assets and the Healthcare Business.

G. On November 11, 2019, Seller filed a motion (the "**Sale Motion**") pursuant to which Seller moved the Bankruptcy Court, pursuant to Sections 105, 363, 365 and 503 of the Bankruptcy Code, Rules 2002 and 6004 of the Federal Rules of Bankruptcy Procedure, for, among other things, the entry of the Sale Procedures Order in connection with the sale of substantially all or any portion of the Purchased Assets, including the Seller Facility, pursuant to the Sale Order and the related bidding procedures approved by the Sale Procedures Order (the "**Bidding Procedures**"). Pursuant to the Sale Procedures Order and the Bidding Procedures, Seller has elected to designate District and Newco as the initial bidders for the Seller Facility and the Purchased Assets and Seller has designated the Buyers as the "**Stalking Horse Bidder**" and a "**Qualified Bidder**" under the procedures set forth in Sale Procedures Order and the Bidding Procedures;

H. In accordance with Sections 105, 363 and 365 and other applicable provisions of the Bankruptcy Code and the Bankruptcy Rules, and in particular, in accordance with Section 363(k) of the Bankruptcy Code, Seller desires to sell, transfer and assign to District, and the District intends to credit bid the District Pre-Petition Secured Claim and obtain a transfer of and purchase, for itself or for the benefit of Newco as its designee, from Seller, all of the Purchased Assets relating to the Seller Facility and for Newco

¹ Capitalized terms used in these recitals and not otherwise defined shall have the meaning ascribed to such terms in "Article I – Definitions" below

to become the member of HMHPO on the terms and conditions set forth herein, Free and Clear of all Encumbrances (other than Permitted Encumbrances), pursuant to the terms hereof and the related Transaction Documents.

NOW, THEREFORE, for and in consideration of the promises and the agreements, covenants, representations, and warranties hereinafter set forth and other good and valuable consideration, the receipt and adequacy of which are forever acknowledged and confessed, the Parties, intending to be legally bound, hereto agree as follows:

ARTICLE I - DEFINITIONS

1.1 Definitions. As used in this Agreement, the following terms have the following meanings (unless otherwise expressly provided herein):

"Accounts Receivable" means all accounts, notes, interest and other receivables of Seller, and all claims, rights, interests and proceeds related thereto, arising from the rendering of services to patients at the Seller Facility, billed and unbilled, recorded and unrecorded (including any accounts previously written off or charged off as bad debts), for services provided at or by Seller Facility whether payable by private pay patients or Third Party Payors, or by any other source, including the right to receive an amount equal to the value of all accounts receivable arising from the rendering of services and provision of medicine, drugs and supplies to patients at the Seller Facility relating to Medicare, Medicaid, TRICARE and other third party patient claims of Seller due from beneficiaries or governmental Third Party Payors.

"Acquired Avoidance Actions" has the meaning set forth in Section 2.1(o).

"Accrued PTO" means the dollar amount of all accrued but unused paid time off for vacation and sick time for each Transferred Employee (including employer FICA and any other estimated employer Taxes thereon) recorded by Seller as of immediately prior to the Closing pursuant to Seller's standard policies and as set forth on a schedule delivered to Buyer at least two (2) Business Days prior to the Closing.

"Actions" means any claim, cause of action, litigation, action, suit, arbitration, proceeding, hearing, audit or right in action.

"Actual Delivery Date" has the meaning set forth in Section 6.2(a).

"Affiliate" means, with respect to a Person, any other Person that directly or indirectly controls, is controlled by, or is under common control with, such Person. The term **"control"** used in the preceding sentence means the possession, directly or indirectly, of the power to either (a) direct or cause the direction of the management and policies of a Person whether through ownership of equity interests, or corporate membership, by contract or otherwise or (b) vote 50% or more of the securities or membership having ordinary voting power for the election of directors of a Person.

"Agreement" means this Purchase Agreement, as from time to time amended, modified or supplemented in accordance with its terms, including the Exhibits and Schedules attached hereto.

"Aggregate Disputed Amount" has the meaning set forth in Section 3.3(b).

"Allocated Portion" has the meaning set forth in Section 3.8(e).

"Alternative Transaction" means any agreement or transaction, whether pursuant to a plan or otherwise, involving (i) the sale or other transfer (in a single transaction or a series of related transactions)

of all or substantially all of the Purchased Assets, (ii) the issuance, sale or other transfer (in a single transaction or series of related transactions) of all or substantially all of the member interests of Seller or any of its successors, or (iii) a refinancing involving the Seller, with any party other than Buyers or a designee of one of the Buyers.

"**Asset Allocation Agreement**" means that certain Asset Allocation Agreement of even date herewith between the District and Newco, in the form of Exhibit 10.

"**Assigned Contract**" has the meaning set forth in Section 2.3(b).

"**Assignment and Assumption**" Assignment and Assumption of Lease has the meaning set forth in Section 3.5(b).

"**Assignment and Assumption of Lease**" has the meaning set forth in Section 3.5(c).

"**Assumed Cure Amounts**" means those Cure Amounts set forth on Schedule 2.3(b) (as updated in accordance with Section 2.3(b)) solely with respect to any Proposed Assigned Contract that becomes an Assigned Contract, but excluding any Disputed Cure Amounts.

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

"**Auction**" has the meaning set forth in Section 6.6(f).

"**Balance Sheet Date**" means June 30, 2019.

"**Bankruptcy Case**" has the meaning set forth in the recitals to this Agreement.

"**Bankruptcy Code**" means title 11 of the United States Code, Sections 101 et seq.

"**Bankruptcy Court**" has the meaning set forth in the recitals to this Agreement.

"**Bankruptcy Rules**" means the Federal Rules of Bankruptcy Procedures.

"**Bid Deadline**" has the meaning set forth in Section 2.3(b).

"**Bid Deadline Cure Amount Schedule**" has the meaning set forth in Section 2.3(b).

"**Bidding Procedures**" has the meaning set forth in the recitals to this Agreement.

"**Bill of Sale**" has the meaning set forth in Section 3.5(a).

"**Breaching Party**" has the meaning set forth in Section 10.1.

"**Break-Up Fee**" has the meaning set forth in Section 6.6(h).

"**Business Day**" means any day other than a Saturday, Sunday or day on which banks are authorized or required to be closed in Dallas, Texas.

"**Business Records**" has the meaning set forth in Section 9.3(b).

"**Buyers**" has the meaning set forth in the preamble to this Agreement.

"Buyer Confidential Information" has the meaning set forth in Section 6.7.

"Cash for AR" has the meaning set forth in Section 3.1.

"Cash for Certain Owned Real Property" has the meaning set forth in Section 3.1.

"Ceiling AR Threshold" means the Target AR Balance plus Two Hundred Fifty Thousand Dollars (\$250,000) which is equal to Six Million Three Hundred Eighty-Eight Thousand Eight Hundred Twenty-One Dollars and Eighty Cents (\$6,388,821.80).

"CHOW Period" has the meaning set forth in Section 6.11.

"Claim" or **"Claims"** shall have the meaning set forth in Section 101(5) of the Bankruptcy Code.

"Closing" has the meaning set forth in Section 3.4.

"Closing Date" has the meaning set forth in Section 3.4.

"Closing Date AR Balance" means the net book value of all Accounts Receivable as recorded in the Seller's accounting general ledger for the most available month-end reporting period prior to the Closing Date. The Closing Date AR Balance shall not include any accounts receivable of HMHPO. The Closing Date AR Balance shall include and take into account all allowances, reserves, adjustments, and estimated bad debt amounts as reflected in the Seller's books and records, regardless of whether such allowances, reserves, adjustments, and estimated bad debt amounts are system-generated or manual calculations. Calculation of the Closing Date AR Balance shall not deviate from the Seller's historical practices, methodologies and management estimates used in determining the Target AR Balance. For the avoidance of doubt, the methodologies and management's assumptions used in the calculation of all allowances, reserves, adjustments, and estimated bad debt amounts for the Closing Date AR Balance shall not vary from those used in calculating the Target AR Amount.

"Closing Date Payment" has the meaning set forth in Section 3.3(b).

"Closing of Financials" has the meaning set forth in Section 9.10.

"CMS" means the Centers for Medicare and Medicaid Services.

"Code" means the Internal Revenue Code of 1986, as amended.

"Committee" means the Committee of Unsecured Creditors appointed in the Bankruptcy Case.

"Compliance Program" has the meaning set forth in Section 4.7(b).

"Consideration for the Non A/R Assets" has the meaning set forth in Section 3.1.

"Contemplated Transactions" means the transactions contemplated herein and any other documents executed in connection with this Agreement.

"Contract" means any written contract, agreement, indenture, note, bond, sublease, lease (including any Personal Property lease or capital lease), conditional sales contract, mortgage, license, sublicense, franchise agreement, obligation, promise, undertaking, commitment, or other binding agreement, primarily pertaining to or used in connection with the Healthcare Business (in each case,

whether written or oral), along with any additional Contracts that are entered into after the date hereof but prior to the Closing.

"Cost Reports" means all cost and other reports filed pursuant to the requirements of Government Reimbursement Programs, and similar or successor programs with or for the benefit of Governmental Authorities for payment or reimbursement of amounts due from them.

"Cure Amount Escrow Account" has the meaning set forth in Section 3.3(b).

"Cure Amounts" means the amounts, if any, determined by the Bankruptcy Court to be necessary to cure all defaults and to pay all actual losses that have resulted from defaults by Seller pursuant to the Proposed Assigned Contracts (including any amounts delivered into escrow accounts to pay any claim for Cure Amounts that remain disputed as of the Closing).

"Cure Costs" means, with respect to any Contract to which the Company is a party, the amount required to be paid with respect to such Contract to cure all monetary defaults under such Contract to the extent required by Section 365(b) of the Bankruptcy Code.

"Deposit" means the sum of Two Hundred Thousand Dollars (\$200,000).

"Disclosure Schedules" means the disclosure schedules provided by Seller in connection with this Agreement.

"Disclosure Schedules Delivery Due Date" has the meaning set forth in Section 6.2(a).

"Disputed Contract" has the meaning set forth in Section 6.6(a).

"Disputed Contract Order" has the meaning set forth in Section 6.6(a).

"Disputed Cure Amounts" means the potential maximum Cure Amounts that could be payable with respect to any Disputed Contract based on objections received from non-debtor counterparties to such Disputed Contract in accordance with Section 6.6(a), in each case for which the dispute has not been fully resolved as of the Closing.

"District" has the meaning set forth in the preamble to this Agreement.

"District Agreements" means (a) that certain Lease Agreement dated as of June 13, 2013 between Seller and District, as amended by that certain First Amendment to Lease Agreement dated March 1, 2014, and that certain Second Amendment to Lease Agreement dated May 15, 2016 (collectively, the "**Lease Agreement**"), and (b) that certain Operating Agreement dated as of June 13, 2013, between Seller and District, as amended by that certain First Amendment to Operating Agreement dated May 15, 2016.

"Effective Time" has the meaning set forth in Section 3.4.

"Employee Benefit Plan" has the meaning set forth in Section 4.11(a).

"Employee Lease Agreement" has the meaning set forth in Section 9.4.

"Employee Transition Date" has the meaning set forth in Section 9.4(b).

"Encumbrances" means any and all Claims, mortgages, liens, pledges, security interests, leases, subleases, licenses, rights of way, easements, rights of first refusal, options, restrictions, covenants,

reservations or similar matters, whether or not of record, or encroachments of any nature whatsoever, or any conditional sale contracts, title retention contracts or other agreements or arrangements to give or to refrain from giving any of the foregoing, whether secured or unsecured, choate or inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, contingent or non-contingent, material or non-material, known or unknown.

"Environmental Laws" means all applicable foreign, federal, state or local Laws, governing pollution, protection of human health from exposure to Hazardous Materials or protection of the environment or natural resources, including, without limitation, any of the foregoing relating to the use, generation, transport, treatment, storage, Release or disposal of Hazardous Materials.

"Environmental Liabilities" means any obligation, expense, or Liabilities arising out of or related to (a) environmental conditions, including without limitation, (i) the presence, Release, or threat of Release of, or exposure to, Hazardous Materials first occurring, or as a result of facts, circumstances or events first existing or occurring, prior to the Closing at, on, in or under or migrating from the Seller Facility, whether into the air, soil, soil gas, ground or surface waters on-site or off-site, or (ii) arising from the off-site or on-site transportation, storage, treatment, recycling or disposal of Hazardous Materials managed or Released by or on behalf of Seller in connection with the Seller Facility or the Healthcare Business; or (b) any violation of any Environmental Law by Seller with respect to the Seller Facility prior to the Closing.

"Environmental Permits" has the meaning set forth in Section 4.18(b).

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

"ERISA Affiliate" means each trade or business (whether or not incorporated) which is treated as a single employer with Seller under Section 414 of the Code or Section 4001(b) of ERISA.

"Escrow Agent" has the meaning set forth in Section 3.2.

"Escrow Agreement" has the meaning set forth in Section 3.2.

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

"Excluded Contracts" has the meaning set forth in Section 2.2(e).

"Excluded Cure Amounts" means those Cure Amounts with respect to any Contract that does not become an Assigned Contract.

"Excluded Employee Liabilities" means each of the following to the extent occurring or related to or arising out of the period prior to the Closing Date:

(a) any and all Liabilities arising out of, relating to or resulting from any Proceeding with respect to any current or former employee or Service Provider of the Seller based on facts occurring prior to or as of the Closing Date (even if not known until after the Closing), including relating to his/her employment or services, or termination of employment or services, including as a result of the consummation of the Contemplated Transactions;

(b) any and all actual or contingent Liabilities under, arising out of, relating to or resulting from any Employee Benefit Plans;

(c) any ERISA Affiliate Liability;

(d) any and all Liabilities for any misclassification of any Person (including an employee of a Service Provider) performing services for or on behalf of Seller prior to the Closing as an independent contractor rather than as an employee; and

(e) any and all other Liabilities arising out of, relating to or resulting from the employment or prospective employment of or the termination of any relationship with any current, former or prospective Employees (including any Employee who does not accept an offer of employment with Newco or its Affiliate) or Service Providers, based on facts occurring prior to or as of the Closing (even if not known until after the Closing).

"Excluded Inventory" has the meaning set forth in Section 2.2(p).

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

"Excluded Occurrences" has the meaning set forth in Section 6.2(b).

"Execution Date" has the meaning set forth in the preamble to this Agreement.

"Execution Date Cure Amount Schedule" has the meaning set forth in the Section 2.3(b).

"Executory Contract" means any executory contract related to the Healthcare Business to which Seller is a party.

"Expense Reimbursement" has the meaning set forth in Section 6.6(h).

"Facility Employees" means the employees of Seller and any Affiliate of Seller that perform substantially all of their services at one or more of the Seller Facility, including any such employees who are on a leave of absence.

"Facility IP" means all of the Intellectual Property exclusively used in the operation of the Seller Facility, including Intellectual Property owned by Seller and Intellectual Property which is exclusively used by Seller in the operation of the Seller Facility but owned by a third party.

"Final Cure Amount Schedule" has the meaning set forth in Section 2.3(b).

"Final Order" means, unless the requirement for a Final Order is waived in writing by Buyers, an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction, as to which the time for appeal, petition for *certiorari* or move for re-argument or re-hearing has expired, and as to which no appeal, petition for *certiorari*, or other proceeding for re-argument or re hearing shall then be pending, or as to which any appeal, petition for *certiorari*, re-argument or re hearing shall have been waived in writing, in form and substance reasonably satisfactory to Seller and Buyers, or in the event that an appeal, writ of *certiorari* or re-argument or re-hearing thereof has been sought, such order of the Bankruptcy Court, or other court of competent jurisdiction, shall have been determined by the highest Court to which such order was approved to be affirmed, or *certiorari*, re-argument or re-hearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for *certiorari* or move for re-argument or re-hearing shall have expired; *provided however*, that the possibility that a motion under Section 502 of the Bankruptcy Code, Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous bankruptcy Law or applicable state court rules of civil procedure, may be, but have not been, filed with respect to such order shall not cause such order not to be a Final Order.

"Finance Team" has the meaning set forth in Section 9.10.

"Financial Statements" has the meaning set forth in Section 4.4.

"Floor AR Threshold" means the Target AR Balance minus Two Hundred Fifty Thousand Dollars (\$250,000) which is equal to Five Million Eight Hundred Eighty-Eight Thousand Eight Hundred Twenty-One Dollars and Eighty Cents (\$5,888,821.80).

"Free and Clear" means free and clear of all Encumbrances.

"Fundamental Representations" means Section 4.1(a), Section 4.2, the first sentence of Section 4.3(a), Section 4.3(b), Section 4.3(e), the last sentence of Section 4.9(a), and Section 4.20.

"Furniture and Equipment" means all furniture, fixtures, furnishings, machinery, appliances and other equipment (including medical equipment) and leasehold improvements owned by Seller, used by Seller in the conduct of the Healthcare Business, or located at the Seller Facility, including all such desks, chairs, tables, Hardware, copiers, telephone lines, telecopy machines and other telecommunication equipment (and, to the extent assignable by Seller, the telephone numbers associated therewith used in the Ordinary Course of Business), cubicles and miscellaneous office furnishings.

"GAAP" means generally accepted accounting principles in the United States, consistently applied.

"Governing Documents" means, for the Person in question, that Person's Articles of Incorporation, Certificate of Formation, Certificate of Limited Partnership, Bylaws, Partnership Agreement, Limited Liability Company Agreement or other similar documents relating to the formation and/or governance of the business and affairs of such Person.

"Governmental Authority" means any federal, state, local or municipal government, including any subdivision, court, commission or regulatory agency; any governmental or quasi-governmental authority; and any Person exercising or entitled to exercise any administrative, executive, judicial, legislative, regulatory or taxing authority.

"Government Reimbursement Programs" means any programs funded or administered by a Governmental Authority, or contractor(s) thereof, for the purposes of paying for health care services. Such programs include Medicare, each state Medicaid program, TRICARE, each other federal health care program (as defined in 42 U.S.C. § 1320a-7b(f)), and all similar or successor programs with or for the benefit of designated federal or state residents.

"Hardware" means any and all computer and computer-related hardware, including computers, file servers, facsimile servers, scanners, color printers, laser printers and networks.

"Hazardous Materials" means any petroleum or petroleum products, radioactive materials or wastes, friable asbestos, medical, pathological, infectious or biological wastes, polychlorinated biphenyls, and any pollutant, contaminant, or other chemical, material, substance or waste that is prohibited, limited or regulated under any Environmental Law due to its hazardous or toxic nature, or for which Liability can be imposed under any Environmental Law.

"Healthcare Business" means, collectively, the business operated by Seller, including Seller's ownership of the Purchased Assets and operation of the Seller Facility.

"Healthcare Laws" means, collectively, any and all Laws governing the licensure or regulation of healthcare providers, professionals, or facilities, or payors or otherwise governing or regulating the provision of, or payment for, healthcare services, the sale of controlled substances or other pharmaceuticals,

medical devices or supplies and the like. Without limiting the generality of the foregoing, Healthcare Laws include Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395hhh (the Medicare statute), including specifically, the Ethics in Patient Referrals Act, as amended, 42 U.S.C. § 1395nn; Title XIX of the Social Security Act, 42 U.S.C. §§ 1396-1396v (the Medicaid statute); the Federal Health Care Program Anti-Kickback Statute, 42 U.S.C. § 1320a-7b(b); the False Claims Act, 31 U.S.C. §§ 3729-3733 (as amended); the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; the Anti-Kickback Act of 1986, 41 U.S.C. §§ 8701-8707; the Civil Monetary Penalties Law, 42 U.S.C. §§ 1320a-7a and 1320a-7b; the Exclusion Laws, 42 U.S.C. § 1320a-7; the Health Insurance Portability and Accountability Act of 1996, 42 U.S.C. §§ 1320d-1329d-8, as amended by the Health Information Technology for Economic and Clinical Health Act, enacted as Title XIII of the American Recovery and Reinvestment Act of 2009, Public Law 111-5; the Patient Protection and Affordable Care Act; the Health Care Fraud Enforcement Act of 2009; the Federal Controlled Substances Act, 21 U.S.C. §§ 801 et seq.; the Federal Food, Drug and Cosmetic Act, 21 U.S.C. §§ 301 et seq.; any state or local statutes or regulations concerning the dispensing and sale of controlled substances; all Laws relating to the provision of, or billing or payment for health care items or services, or relating to health care information and all applicable amendments, implementing regulations, rules, ordinances, judgments, and orders; and any similar state and local statutes, regulations, rules, ordinances, judgments, and orders; and all applicable federal, state, and local licensing, certificate of need, regulatory and reimbursement statutes, corporate practice of medicine and physician fee splitting regulations, rules, ordinances, orders, and judgments applicable to healthcare service providers.

"**HHS**" means the U.S. Department of Health and Human Services.

"**HIPAA**" means the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. Sections 1320d through d-8, as amended by the Health Information Technology for Economic and Clinical Health Act.

"**HMHPO**" has the meaning set forth in the preamble to this Agreement.

"**Hospital**" has the meaning set forth in the recitals to this Agreement.

"**Huntsville Memorial Hospital**" means the name of the Hospital as referenced in Section 2.1(h), and which is an assumed name of the Seller.

"**Information Privacy or Security Laws**" means all Laws and self-regulatory guidelines that apply to Seller concerning the privacy, protection or security of Personal Information (as defined in such Laws), including, where applicable, the HIPAA, and state data breach notification Laws.

"**Intellectual Property**" means all of the following in any jurisdiction throughout the world (i) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all patents, patent applications, and patent disclosures, together with all reissues, divisions, continuations, continuations-in-part, renewals, extensions, and foreign counterparts and equivalents thereof, (ii) all trademarks, service marks, logos, trade names, corporate names, and other source identifiers whether registered or unregistered (as the case may be), as well as all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith, (iii) registrations for internet domain names, (iv) all rights protected by copyright law, including rights in registered and unregistered works of authorship, all rights to copy, distribute, modify, publicly perform, and publicly display such works, and all applications, registrations, and renewals in connection therewith, and (v) trade secrets, technologies, databases, software, and other proprietary information.

"**Interim Period**" has the meaning set forth in Section 6.1(a).

"Inventory" means all inventories of supplies, drugs, medications, food, janitorial and office supplies and other disposables and consumables located at the Seller Facility or used in connection with the operation of the Seller Facility.

"IRS" means the Internal Revenue Service.

"Knowledge of HMHPO" (and any similar expression, including the expression "**HMHPO's Knowledge**") means, as to a particular matter, the actual knowledge of Seller, as the sole member of HMHPO, and John Moore, as President of HMHPO, after reasonable inquiry of the applicable personnel of HMHPO.

"Knowledge of Seller" (and any similar expression, including the expression "**Seller's Knowledge**") means, as to a particular matter, the actual knowledge of Steve Smith, John Moore, and any other officer of Seller, in each case after reasonable inquiry of the applicable personnel of Seller, as applicable.

"Law" means any federal, state, local or other statute, law, ordinance, regulation, rule, code, decree, Order or similar requirements of any Governmental Authority.

"Lease Agreement" has the meaning set forth in the definitions of District Agreements.

"Leased Real Property" has the meaning set forth in Section 2.1(c).

"Liability" means any debt, Claim, obligation, duty or liability of any nature (including any unknown, undisclosed, unmatured, unaccrued, unasserted, contingent, indirect, conditional, implied, vicarious, derivative, joint, several or secondary liability), regardless of whether such debt, obligation, duty or liability would be required to be disclosed on a balance sheet prepared in accordance with GAAP and regardless of whether such debt, obligation, duty or liability is immediately due and payable.

"Licenses" means all rights, to the extent assignable or transferable pursuant to Laws (including the Bankruptcy Code), to all licenses, certificates of exemption, franchises, accreditations and registrations, permits, approvals consents and all applications thereof and waivers of any requirements pertaining thereto, if any, and other licenses or permits issued in connection with the ownership, operation or development of any portion of the Hospital and the Healthcare Business.

"Loss" or "Losses" means any and all costs, obligations, Liabilities, demands, claims, settlement payments, awards, judgments, fines, penalties, damages and reasonable out-of-pocket expenses, including court costs and reasonable attorneys' fees, whether or not arising out of a third-party claim.

"Material Adverse Effect" means any fact, condition, change, event, development or occurrence that, individually or in the aggregate, (a) would, or would be reasonably expected to, prevent or materially delay consummation of the Contemplated Transactions or (b) has or would reasonably be expected to have a material adverse effect on the condition (financial or otherwise), properties, assets, or Liabilities of Seller, HMHPO, the Healthcare Business, or the results of operation of the Purchased Assets, taken as a whole; provided, however, if the fact, condition, change, event, development or occurrence, individually or in the aggregate, results in damages or losses to the Seller, the Seller Facility, and/or the Purchased Assets in an amount equal to at least Fifty Thousand Dollars (\$50,000), then it shall be deemed to have resulted in a Material Adverse Effect. Notwithstanding the foregoing, none of the following changes, events, developments or occurrences shall be deemed to constitute or be taken into account in determining whether there has been or may be a Material Adverse Effect under clause (b): (i) any actual or proposed change in Law or accounting standards or the interpretation or implementation thereof after the effective date; (ii) any change that is generally applicable to the healthcare industry in the State of Texas; (iii) the entry into this

Agreement or the announcement, commencement, pendency or consummation of the Contemplated Transactions, (iv) any change in general business, economic, geopolitical or financial market conditions; (v) any national or international political event or occurrence, including acts of war or terrorism; (vi) any natural disaster or calamity; (vii) the filing or prosecution of the Bankruptcy Case, except in the case of clauses (i), (ii), (v), (vi), and (vii), but only to the extent such changes, events, occurrences or developments have a disproportionate effect on the Seller Facility and the Purchased Assets, taken as a whole, relative to other Persons owning and/or operating general acute care hospitals in the United States.

"Material Contracts of HMHPO" has the meaning set forth in Section 4.8(b).

"Material Contracts of Seller" has the meaning set forth in Section 4.8(a).

"Material Payors" has the meaning set forth in Section 4.19(b).

"Material Suppliers" has the meaning set forth in Section 4.19(a).

"Member Substitution Transaction" means the substitution of HMHPO's sole member from the Seller to Newco through the transaction described in Section 2.5.

"Newco" has the meaning set forth in the preamble to this Agreement.

"NPI" has the meaning set forth in Section 2.1(t).

"Objection Deadline" has the meaning set forth in Section 6.6(a).

"Order" means any award, writ, injunction, judgment, order, ruling, decision, decree, directive, or similar determination entered, issued, made or rendered by any Governmental Authority (whether judicial, administrative or arbitral).

"Ordinary Course of Business" means the ordinary and usual course of normal day-to-day operations of the Healthcare Business through the Execution Date consistent with past practice, subject, and, in respect of the period after the Execution Date, to those actions necessary in connection with the Bankruptcy Case.

"Outside Date" means the date that is the one hundred and twentieth (120th) day following the Execution Date (provided that such date may be extended unilaterally by a Party up to an additional forty-five (45) days if necessary to obtain any Required Government Approvals) if the conditions contained in Articles VII and Article VIII, as applicable, to which such Party's obligations hereunder are subject, have not been fulfilled or waived.

"Owned Real Property" has the meaning set forth in Section 2.1(b).

"Party" or **"Parties"** has the meaning set forth in the preamble to this Agreement.

"Patient Records" shall mean any Documents containing information concerning medical, health care or behavioral health services provided to, or the medical, health care or behavioral health of any individual, or that are otherwise subject to regulation under Law, including the HIPAA and all regulations promulgated pursuant thereto, including the Transaction Code Set Standards, the Privacy Rules and the Security Rules set forth at 45 C.F.R. Parts 160 and 164.

"Permits" means all Licenses, permits, franchises, privileges, certificates, rights, registrations, approvals, authorizations, consents, provider numbers, waivers, exemptions, releases, variances, certificates of authority, accreditations, or Orders issued by any Governmental Authority.

"Permitted Parties" has the meaning set forth in Section 9.3(b).

"Permitted Encumbrances" means (i) statutory liens that relate to Taxes, assessments and charges or levies imposed by a Governmental Authority; (ii) zoning regulations and other Laws affecting the Owned Real Property; (iii) easements, covenants, conditions, restrictions and other similar matters in each case filed of record on real property or leasehold estates; and (iv) liens arising as a result of the acts of any Buyer or its Affiliates.

"Person" means an individual, corporation, partnership, limited liability company, limited liability partnership, trust, association, or organization, including any Governmental Authority.

"Personal Property" has the meaning set forth in Section 2.1(e).

"Personnel Transition Period" has the meaning set forth in 9.4(a).

"Prepaid Assets" means all advance payments, prepayments, prepaid expenses and deposits which were made by or on behalf of Seller with respect to the operation of the Seller Facility.

"Proposed Assigned Contracts" has the meaning set forth in Section 2.3(b).

"Proposed Assumed Contracts" has the meaning set forth in Section 2.1(l).

"Proposed Lessor Lease" has the meaning set forth in Section 2.1(d).

"Proposed Tenant Leases" has the meaning set forth in Section 2.1(c).

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

"Purchase Price" has the meaning set forth in Section 3.1.

"Qualified Bidder" has the meaning set forth in the recitals to this Agreement.

"Qualifying Termination" has the meaning set forth in Section 9.1(c).

"Real Property" has the meaning set forth in Section 2.1(c).

"Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, depositing, disposing, dispersing, or migrating of Hazardous Materials into or through the environment or within any building, structure, Seller Facility or fixture (including the abandonment or discarding of any barrels, containers or other closed receptacles containing any Hazardous Material).

"Representatives" means, with respect to any Person, any of its Affiliates, the officers, directors, principals, employees, agents, auditors, advisors and bankers of such Person.

"Required Governmental Approvals" has the meaning set forth in Section 7.2.

"Reverse Termination Fee" has the meaning set forth in Section 9.1(c).

"**Sale Hearing**" has the meaning set forth in Section 2.3(b).

"**Sale Motion**" has the meaning set forth in the preamble to this Agreement.

"**Sale Order**" means a Final Order of the Bankruptcy Court approving, *inter alia*, (i) the sale of the Purchased Assets to the applicable Buyer free and clear of any Encumbrances (other than Permitted Encumbrances), and (ii) the assumption and assignment of the Assigned Contracts to the applicable Buyer, in the form of Sale Order attached as Exhibit 2 hereto or otherwise in form and substance satisfactory to Seller and each Buyer.

"**Sale Procedures Order**" means a Final Order of the Bankruptcy Court approving the procedures for the sale of the Purchased Assets, in the form of the Sale Procedures Order attached as Exhibit 3 hereto or otherwise in form and substance satisfactory to each of Buyer and Seller.

"**Schedule Supplement**" has the meaning set forth in Section 6.2(b).

"**Seller**" has the meaning set forth in the preamble to this Agreement.

"**Seller Agency Settlements**" has the meaning set forth in Section 2.1(p).

"**Seller Cost Reports**" has the meaning set forth in Section 9.8.

"**Seller Facility**" has the meaning set forth in the recitals to this Agreement.

"**Seller Facility Employee Benefit Plan**" has the meaning set forth in Section 4.11(a).

"**Seller Plan**" has the meaning set forth in Section 2.2(f).

"**Service Provider**" means any individual or entity that is engaged by Seller to provide personal services to Seller pursuant to a consulting or other independent contractual relationship directly related to the Healthcare Business, the Purchased Assets, or the Seller.

"**Special Warranty Deed**" has the meaning set forth in Section 3.5(f).

"**Stalking Horse Bidder**" has the meaning set forth in the recitals to this Agreement.

"**Target AR Balance**" means the net book value of all Accounts Receivable as recorded in the Seller's accounting general ledger as of September 30, 2019 which is \$6,138,821.80. The Target AR Balance shall not include any accounts receivable of HMHPO. The Target AR balance includes all allowances, reserves, adjustments, and estimated bad debt amounts as reflected in the Seller's books and records, regardless of whether such allowances, reserves, adjustments, and estimated bad debt amounts are system-generated or manual calculations.

"**Tax Returns**" means all reports, returns, declarations, statements or other information returns or statements filed or required to be filed with any Governmental Authority in connection with Taxes (including any attachments thereto or amendments thereof).

"**Taxes**" means (i) all taxes, charges, fees, levies, duties, or other similar assessments or Liabilities in the nature of a tax, including income, gross receipts, net proceeds, alternative or add-on minimum, ad valorem, value-added, excise, stamp, lease, real property, personal property (tangible or intangible), sales, use, service, transfer, excess profits, withholding (including employee's income withholding), unemployment or other social security, occupational, employment, disability, payroll, registration,

environmental, capital stock, capital gains, franchise, and escheat or unclaimed property taxes, in each case imposed by any Governmental Authority; (ii) any interest, fines, penalties, assessments or additions to tax resulting from, attributable to or incurred in connection with any tax described in clause (i) or any contest or dispute thereof; and (iii) any liability for the payment of amounts described in clauses (i) or (ii) as a result of any tax sharing, tax indemnity or tax allocation agreement or any agreement to pay or indemnify any other Person for such matters.

"Third-Party Financing" has the meaning set forth in Section 7.10.

"Third Party Payor" means any Person (other than the beneficiary) that pays for or reimburses at least a portion of the health care expenses of its beneficiaries including each Government Reimbursement Program, any entity authorized to provide health insurance (or property, casualty, or life insurance covering health benefits), any health maintenance organization, preferred provider organization, or other managed care program, and any employer authorized in accordance with Law to self-insure its workers' compensation risk.

"Title Company" means Fidelity National Title Insurance Company.

"Transaction Documents" means this Agreement, the exhibits hereto, and all Exhibits and Schedules contained in the Disclosure Schedules, the Final Order and each other agreement, certificate or instrument to be delivered to this Agreement, and any other agreements dealing with the transfer or contribution of the Purchased Assets by and between the District and Newco.

"Transferable Accrued PTO" means, with respect to each Transferred Employee, the Accrued PTO of such Transferred Employee immediately prior to the Closing Date, excluding hours, if any, in excess of 280 hours with respect to such Transferred Employee.

"Transferred Employee" has the meaning set forth in Section 9.4(b).

"Transition Services Agreement" has the meaning set forth in Section 3.5(h).

"Vacant Lot" means that certain 4.535 acre vacant tract of land located at the northwest corner of Interstate Highway 45 and Robinson Creek Parkway, Huntsville, Walker County, Texas 77340.

"WARN Act" means the Worker Adjustment and Retraining Notification Act, 29 U.S.C. §§ 2101-2109.

1.2 Other Definitions and Interpretive Matters. Unless otherwise expressly provided, for purposes of this Agreement, the following rules of interpretation shall apply:

(a) Calculation of Time Period. Other than with respect to time periods relating to pleadings or orders filed or entered in Bankruptcy Case which shall be governed by the Bankruptcy Code and the Bankruptcy Rules and applicable local rules, when calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period (or if any other date specified in this Agreement for giving any notice or taking any action) is a day other than a Business Day, then the period (or date) in question shall end on (or be deemed to be) the next succeeding Business Day. All references to times are times in Huntsville, Texas.

(b) Dollars. Any reference in this Agreement to \$ means United States dollars.

(c) Gender and Number. Any reference in this Agreement to gender includes all genders, and words imparting only the singular number include the plural and vice versa.

(d) Headings. The provision of a table of contents, the division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect or be utilized in the construction or interpretation of this Agreement. All references in this Agreement to any "Section" or "Article" are to the corresponding Section or Article of this Agreement unless otherwise specified.

(e) Herein. Words such as "herein," "hereof" and "hereunder" refer to this Agreement as a whole and not merely to a subdivision in which such words appear, unless the context otherwise requires.

(f) Including. The word "including" or any variation thereof means "including, without limitation," and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it.

(g) "Made available to Buyers." Such phrase or similar phrases means information included in a virtual data room (with unencumbered access to the recipient) and maintained by Waller Lansden Dortch & Davis, LLP to which Buyers and their Representatives have had access since June 30, 2019, and up to five (5) Business Days prior to the Execution Date.

(h) Statutes and Regulations. References to statutes shall include all regulations promulgated thereunder and references to statutes or regulations shall be construed as including all statutory and regulatory provisions consolidating, amending or replacing the statute or regulation.

(i) No Strict Construction. Buyers, on the one hand, and Seller, on the other hand, participated jointly in the negotiation and drafting of this Agreement, and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by Buyers, on the one hand, and Seller, on the other hand, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement. Without limitation as to the foregoing, no rule of strict construction construing ambiguities against the draftsman shall be applied against any Person with respect to this Agreement.

(j) Survival of Certain Covenants. Any covenant which by its terms is to be performed after the Closing shall survive the Closing until performed, notwithstanding the fact that the provision does not explicitly provide that the covenant shall survive the Closing.

ARTICLE II- PURCHASE AND SALE OF ASSETS; ASSETS AND LIABILITIES

2.1 Purchase and Sale. Subject to the terms and conditions of this Agreement (including the entry of the Sale Order) and except for the substitution of members with respect to the Member Substitution Transaction described in Section 2.5, at the Closing and effective as of the Effective Time, Seller shall sell, convey, assign, transfer and deliver to the District, for its own benefit or to be contributed and assigned to Newco as the District's designee, and the applicable Buyer shall acquire, subject to that certain Asset Allocation Agreement, all of the following assets owned, exclusively used or held for use by Seller in connection with the operation of the Seller Facility, other than the Excluded Assets (all such assets other than the Excluded Assets, the "***Purchased Assets***"), Free and Clear of all Encumbrances other than the Permitted Encumbrances, including:

- (a) all Accounts Receivable as of the Closing Date;

(b) all interests of Seller in the real property owned by Seller that is described in Schedule 2.1(b) (the "**Owned Real Property**"), including all rights of Seller in the land, buildings, fixtures, parking lots, construction in progress, and other improvements located thereon as to each parcel of real property included in such Owned Real Property;

(c) subject to Section 2.3(b), all leasehold interests (together with any amendments, renewals, guaranties or other agreements with respect thereto, the "**Proposed Tenant Leases**") of Seller used exclusively in connection with the operation of the Healthcare Business in and to the real property (the real property that is subject to the Proposed Tenant Leases being referred to as the "**Leased Real Property**"), that are described in Schedule 2.1(c) (the term "**Real Property**" means collectively the Owned Real Property and the Leased Real Property);

(d) all interests of Seller in and to all real property leases, subleases, licenses, use and other occupancy agreements relating exclusively to the operation of the Seller Facility or the Healthcare Business described in Schedule 2.1(d) (each, a "**Proposed Lessor Lease**"), excluding for all purposes, the District Agreements;

(e) (i) all Furniture and Equipment, tools, spare parts supplies, janitorial and office supplies and other disposables and consumables relating to the Healthcare Business, and (ii) all other tangible personal property identified on Schedule 2.1(e) (collectively, the "**Personal Property**");

(f) all Inventory owned by Seller and exclusively used in connection with the operation of the Seller Facility (other than (i) the portions of Inventory disposed of, or expended, as the case may be, by Seller after the Execution Date and prior to the Closing in the Ordinary Course of Business; and (ii) all Excluded Inventory);

(g) all Prepaid Assets related to the Healthcare Business other than any Prepaid Assets exclusively relating to any of the Excluded Assets;

(h) all intangible personal property owned by Seller and exclusively used in connection with the operation of the Seller Facility, including all right, title and interest in and to all Hospital Intellectual Property, including the names set forth on Schedule 2.1(h), all United States and worldwide inventions, trade secrets, know-how, whether or not patentable, mask work rights, patents, patent applications, trademarks, service marks, trade names, trade dress, copyrights, and all applications, registrations and renewals in connection with any of the above including the name Huntsville Memorial Hospital, and any other trade names, trademarks, service marks, trade dress, logos, symbols (as well as all abbreviations, variations or derivations thereof), copyrights and applications therefor of Seller or its Affiliates or worldwide web addresses not used exclusively at the Seller Facility, any promotional material, educational material, signage, stationery, supplies or other items of inventory bearing such names, marks, trade dress, logos, or symbols or abbreviations, variations or derivations thereof, and any URLs, sites, blogs or pages hosted on Seller's system websites, including associated content embodied within the foregoing;

(i) all financial, medical staff and personnel records (including those related to the preparation of Cost Reports) owned by Seller and used in connection with the operation of the Seller Facility, the Healthcare Business or the Purchased Assets (including all Patient Records (subject to a mutually agreeable medical records custodianship agreement), equipment records, construction plans and specifications, medical and administrative libraries, documents, catalogs, books, records, files, operating manuals and current personnel records) and all patient and medical records used in connection with the operation of the Purchased Assets (provided that personnel records not relating to the Transferred Employees shall not be treated as Purchased Assets);

(j) subject to Section 3.8, all of a Seller's rights to receive insurance proceeds relating to the physical condition of the Seller Facility and the Purchased Assets, to the extent not expended on the repair or restoration of the Purchased Assets prior to the Closing;

(k) the member interest in HMHPO that is owned or controlled by Seller (which substitution shall be effected through the Member Substitution Transaction);

(l) subject to Sections 2.3(b) and 6.6(a), the Contracts of Seller (i) designated in Schedule 2.1(l) as Material Contracts of Seller to be assumed by one or more Buyers or (ii) which exclusively relate to the operation of the Seller Facility but are not required to be listed in Schedule 4.8, and in any event including the Medicare and Medicaid provider agreements for the Seller Facility ((i) and (ii), collectively the "**Proposed Assumed Contracts**"), and all deposits remaining at the Closing Date related to the Assigned Contracts;

(m) to the extent assignable, all Permits held by Seller relating exclusively to the ownership, development and operation of the Seller Facility, the Healthcare Business, or the Purchased Assets;

(n) to the extent assignable, all existing warranties and guarantees (express or implied) issued to Seller in connection with the Personal Property and Inventory;

(o) all claims or causes of action, choses in action, and rights of recovery relating to or arising from the Healthcare Business, including, without limitation, all actions under Chapter 5 of Title 11 of the United States Code against any counterparties to an Assigned Contract or against the Buyers (the "**Acquired Avoidance Actions**");

(p) subject to Section 2.3(a)(iv), except for any positive amounts with respect to Medicare reimbursement for bad debts of the Seller Facility under 42 C.F.R. § 413.89 associated with services furnished prior to the Effective Time, rights to positive cost report settlements and retroactive adjustments on Seller Cost Reports in respect of time periods prior to the Closing ("**Seller Agency Settlements**");

(q) to the extent transferable, all rights of Seller under non-disclosure or confidentiality, non-compete, or non-solicitation agreements with employees and agents of Seller or with third parties to the extent relating to the Healthcare Business or the Purchased Assets (or any portion thereof);

(r) all bank deposit accounts in the name of Seller, reflected on Schedule 2.1(r);

(s) subject to Section 2.3(a)(iv), except for any positive amounts with respect to Medicare reimbursement for bad debts of the Seller Facility under 42 C.F.R. § 413.89 relating to services furnished prior to the Closing, any amounts receivable and any amounts received on or after the Closing Date with respect to any extraordinary payments and payment adjustments from any Third Party Payor, including payments and payment adjustments: (i) relating to outlier reconciliation, supplemental, disproportionate share or waiver payments, or Medicaid GME funding with respect to time periods prior to the Effective Time; (ii) relating to the Seller Cost Reports or Seller Agency Settlements (whether resulting from an appeal of a disallowance or otherwise) and other risk settlements with respect to time periods prior to the Effective Time; (iii) which result from any appeals pertaining to Medicare, Medicaid (including disproportionate share hospital program payments), TRICARE or other Third Party Payors for services furnished during periods prior to the Effective Time; (iv) relating to participation in any group purchasing organization (including any rebates or fee sharebacks for purchases made and paid for prior to the Effective Time) with respect to periods prior to the Effective Time; or (v) arising from meaningful use attestations with respect to time periods prior to the Effective Time;

(t) to the extent assignable, the national provider identifiers (the "**NPI**") and the Medicare, Medicaid, and TRICARE provider numbers and related provider agreements of Seller specifically identified on Schedule 2.1(t);

(u) the goodwill generated by or associated with Seller, the Healthcare Business, the Purchased Assets, and the Seller Facility;

(v) all telephone and facsimile numbers, post office boxes and directory listings used exclusively in connection with Seller's operation of the Healthcare Business;

(w) all policies and procedures of Seller;

(x) all intercompany receivables between Seller and HMHPO;

(y) any other tangible asset located within the Seller Facility or that is otherwise material to the operation of the Healthcare Business as of (I) the Execution Date or (II) the Closing Date, in each case not otherwise articulated in the foregoing (a) through (x) and not otherwise an Excluded Asset; and

For the avoidance of doubt, the assets owned by HMHPO shall not be sold to Buyer. They will remain assets of HMHPO at the Closing. In addition, at any time at least five (5) Business Days prior to the Closing, Buyers may, in their sole discretion by written notice to Seller, designate any of the Purchased Assets as additional Excluded Assets, which notice shall set forth in reasonable detail the Purchased Assets so designated. Notwithstanding any other provision hereof, the Liabilities of Seller under or related to any Purchased Asset excluded under this Section 2.1 will constitute Excluded Liabilities.

2.2 Excluded Assets. The following assets of Seller shall not be conveyed to Buyers and Seller shall have all rights, title and interest in or to such assets (collectively, the "**Excluded Assets**"):

(a) all intercompany receivables between Seller and any of its respective Affiliates, excluding any intercompany receivables between Seller and HMHPO;

(b) all cash and cash equivalents, securities, investments, endorsements, bond funds and other funds created by bond indentures (but not including any Prepaid Assets that are related to the Healthcare Business);

(c) the real property that is owned by Seller and described on Schedule 2.2(c);

(d) assets and Liabilities under medical malpractice risk pools and workers compensation and employee retirement programs;

(e) the Contracts of Seller that (i) relate exclusively to the Excluded Liabilities or the Excluded Assets, (ii) do not relate to either the Purchased Assets or the Seller Facility, (iii) are not Assigned Contracts, (iv) are deemed rejected Contracts, or (v) are listed on Schedule 2.2(e) (the "**Excluded Contracts**");

(f) all Employee Benefit Plans maintained by, sponsored in whole or in part by, contributed to by, or required to be contributed to by, Seller or any of its Affiliates (including, without limitation, each Seller Facility Employee Benefit Plan) or with respect to which Seller or any of its Affiliates has any actual or contingent liability (each such Employee Benefit Plan described in this Section 2.2(f), a "**Seller Plan**") and all Contracts, assets and insurance policies relating to any Seller Plan;

- (g) all minute books and organizational records relating to Seller and its Affiliates, excluding those applicable to HMHPO, and all other books and records that a Seller is required by Law to retain in its possession (provided that Seller shall provide Buyer copies of such books and records that a Seller is required by Law to retain in its possession);
- (h) except as set forth in Section 2.1(j), all insurance policies and rights thereunder;
- (i) those pharmaceuticals that cannot by Law be sold or otherwise transferred by Seller to Buyers;
- (j) all claims, rights, interests and proceeds with respect to federal, state or local Tax payments, refunds and credits (including property Tax refunds) to the extent such amounts relate to Taxes that are Excluded Liabilities;
- (k) all Contracts with Service Providers (unless otherwise designated as a Proposed Assumed Contract);
- (l) all claims, causes of action, choses in action, rights of recovery of Seller and its Affiliates, (i) that arise under Chapter 5 of Title 11 of the United States Code, other than the Acquired Avoidance Actions, and (ii) that otherwise arise under state or federal law and are not an Acquired Avoidance Action;
- (m) any writings, documents and other items that are protected from discovery by the attorney-client privilege, the attorney work product doctrine or any other cognizable privilege or protection, in each case, except to the extent related to the Assumed Liabilities;
- (n) all peer review materials related to the Medical Staff of Seller;
- (o) any assets or businesses used exclusively in the operations of any hospitals or facilities owned or operated by Seller or its subsidiaries other than the Seller Facility;
- (p) inventory that has an expiration date of less than ninety (90) days after the Closing Date ("*Excluded Inventory*");
- (q) the rights of Seller and its Affiliates under this Agreement; and
- (r) all other assets of Seller that are not Purchased Assets, including those set forth in Schedule 2.2(r).

2.3 Assumed Liabilities.

- (a) In connection with the sale or transfer of the Purchased Assets to Newco at the Closing and effective as of the Effective Time, Newco shall assume and be responsible only for Transferable Accrued PTO and the following Liabilities, obligations and duties of Seller, but only to the extent (x) relating to operation of the Seller Facility (and not to the extent arising from or related to any Excluded Asset, Excluded Liability or any breach, violation or infringement of Contract, tort or Law) and (y) arising on or after the Closing Date (all such Liabilities other than the Excluded Liabilities, collectively, the "*Assumed Liabilities*"):
 - (i) subject to Section 2.3(b), Liabilities, obligations and duties of Seller under the Assigned Contracts as and to the extent any such liability, obligation or duty arises on or after the Closing Date;

(ii) all Liabilities and obligations to the extent arising out of the operation of the Owned Real Property and Leased Real Property on or after the Closing Date;

(iii) capital lease obligations of Seller under the Assigned Contracts set forth on Schedule 2.3(a)(iii);

(iv) claims, recoupments, set-offs, adjustments and other Liabilities (accruing post-closing) relating to the Medicare and Medicaid provider agreements of the Seller Facility;

(v) the Assumed Cure Amounts; and

(vi) other specifically assumed Liabilities set forth in Schedule 2.3(a)(vi).

(b) Schedule 2.3(b) attached hereto sets forth Seller's good faith estimate as of the Execution Date (the "**Execution Date Cure Amount Schedule**") of the Cure Amount for each Proposed Assumed Contract, Proposed Tenant Lease and Proposed Lessor Lease (collectively, the "**Proposed Assigned Contracts**"). With respect to any Proposed Assigned Contract, Buyers shall have the right to designate any such Contract as an Excluded Contract that shall thereafter cease to be a Proposed Assigned Contract and be deemed to be listed on Schedule 2.2(e) and any Cure Amount in respect thereof shall be deemed an Excluded Cure Amount. Without limiting the obligations of Seller pursuant to Section 6.6(a), prior to any bid deadline ("**Bid Deadline**") set by the Bankruptcy Court to approve a sale pursuant to this Agreement (the "**Sale Hearing**"), Seller shall commence appropriate proceedings before the Bankruptcy Court and otherwise take all reasonably necessary actions requested by either Buyer to determine the actual amount of the Cure Amounts, including resolving any disputes as to Cure Amounts prior to or at the Sale Hearing, such that all Proposed Assigned Contracts may be assumed by Seller and assigned to the applicable Buyer in accordance with Section 365 of the Bankruptcy Code (each such Contract, an "**Assigned Contract**"). Seller shall deliver an updated version of Schedule 2.3(b) (i) at least two (2) Business Days prior to the Bid Deadline reflecting any change in the Cure Amounts set forth on the Execution Date Cure Amount Schedule resulting from any filed objections (the updated version of Schedule 2.3(b) delivered in accordance with this clause (i), the "**Bid Deadline Cure Amount Schedule**") and (ii) at least two (2) Business Days prior to the Closing setting forth the Assumed Cure Amount for each Proposed Assigned Contract determined in accordance with the Sale Order and the maximum claimed amount of any Disputed Cure Amount with respect to each Disputed Contract that is not resolved prior to the Sale Hearing (the updated version of Schedule 2.3(b) delivered in accordance with this clause (ii), the "**Final Cure Amount Schedule**"); provided that the Cure Amounts set forth on the Final Cure Amount Schedule shall not exceed the corresponding amount set forth on the Bid Deadline Cure Amount Schedule and Buyers shall be solely responsible for the payment of any Assumed Cure Amount in respect of an Assigned Contract. Seller shall facilitate Buyers' negotiation of any Cure Amounts with the applicable third parties. Notwithstanding anything to the contrary contained herein, at any time up to one (1) Business Day prior to the Closing Date, Buyers may move any Contract from the Excluded Contract schedule to the Proposed Assumed Contract schedule.

(c) Nothing in this Agreement shall be construed as an attempt to assign, and Buyers shall not assume any Liabilities or obligations with respect to, any Contract, lease, agreement or Permit intended to be included in the Purchased Assets that by Law is non-assignable, or that by its terms is non-assignable without the consent of the other party or parties thereto to the extent such party or parties assert in writing that such assignment is a breach of such Contract, lease or agreement or Permit as to which all the remedies for the enforcement thereof enjoyed by Seller would not, as a matter of Law, pass to the applicable Buyer as an incident of the assignments provided for by this Agreement unless the Bankruptcy Court shall have determined that such Contract, lease, agreement or Permit may be assigned notwithstanding the claim or objection of the counterparty that the Contract or Permit may not be assigned without its consent or approval. Seller shall, at the request and under the direction of a Buyer, take all reasonable actions

(including, without limitation, the appointment of such Buyer as attorney-in-fact for Seller) and do or cause to be done all such things as shall in the reasonable judgment of such Buyer be necessary or proper (i) to assure that the rights and benefits of Seller under such Contracts or Permits shall be preserved for the benefit of the applicable Buyer, and (ii) to facilitate receipt of the consideration to be received by Seller in and under every such Contract or Permit, which consideration shall be held for the benefit of, and shall be delivered to, the applicable Buyer.

2.4 Excluded Liabilities. Notwithstanding any provision in this Agreement to the contrary, Buyers shall not assume, and under no circumstances shall any Buyer be obligated to pay, discharge, perform or assume any debt, obligation, expense or liability of Seller or any Affiliates thereof that is not an Assumed Liability (collectively, the "*Excluded Liabilities*"), which shall remain Liabilities of Seller, including (without limiting the generality of the foregoing), the following:

(a) any Liabilities owed by Seller to another member of the Seller Group, unless such Liability is an Assumed Liability;

(b) all trade payables, accounts payable and other current Liabilities of Seller or relating to the Seller Facility, including without limitation any patient credit balances;

(c) all Liabilities and obligations to the extent not arising out of the operation of the Seller Facility;

(d) all Liabilities and obligations relating to or arising from any Excluded Asset;

(e) all Liabilities arising out of or relating to any Seller Plan;

(f) all Liabilities, (other than Transferable Accrued PTO for all Transferred Employees, and the Liabilities specifically set forth on Schedule 2.3(a)(vi)), with respect to employment, termination of employment, compensation, severance and employee benefits of any nature owed to any Facility Employee (including without limitation, the employment agreements and severance agreements with the CNO and the HRD), or any other current or former officer, manager, director, member, employee, Service Provider or independent contractor (or any of their respective dependents or beneficiaries) of Seller or any of its Affiliates relating to or arising out of such individual's employment or service (or the termination of employment or service) with such Seller or any of its Affiliates or any of their respective predecessors, whether or not such individual becomes a Transferred Employee, including, without limitation, any obligation to pay or provide any Facility Employee or other current or former officer, manager, director, member, employee or independent contractor (or any of his or her respective dependents or beneficiaries) of Seller or any of its Affiliates any severance or change in control payments, transaction bonuses, retiree benefits, salary, wages or commissions, and including any amounts due and owing under an employment agreement;

(g) any and all Taxes of Seller or any of its respective Affiliates and any Tax related to the operations of the Seller Facility or the Purchased Assets to the extent related to, or otherwise arising out of the operations of the Seller Facility or the Purchased Assets prior to the Effective Time;

(h) any Environmental Liabilities;

(i) all Liabilities under the WARN Act with respect to plant closings or mass layoffs of employees that occur prior to the Closing;

(j) any Liability to the extent relating to any breach of contract, breach of warranty, tort, infringement, or violation of Law by Seller;

(k) any Liability to the extent arising out of events or omissions occurring prior to the Effective Time from or relating to any overpayment, duplicate payment, refunds, discounts or adjustments due to any healthcare cost reimbursement program, health plan or insurance coverage except as required by law;

(l) any Liability related to claims of medical malpractice and/or other professional liability of Seller, or any of its employees, attending physicians, agents or independent contractors to the extent arising out of events or omissions occurring prior to the Closing Date;

(m) any Liability arising out of or in connection with any Proceedings (whether instituted prior to or after Closing) to the extent arising from acts or omissions which occurred or alleged to have occurred prior to the Closing Date;

(n) any Liability related to penalties, fines, settlements, interest, costs and expenses to the extent arising out of or incurred as a result of any violation by Seller prior to the Closing Date of any Law;

(o) all Liabilities relating to amounts required to be paid by Seller hereunder;

(p) all claims, demands, Liabilities or obligations arising out of any duty or violation of any applicable Environmental Law, rules, regulations or obligations by Seller or the Healthcare Business, or related to the Purchased Assets to the extent occurring on or prior to the Closing Date;

(q) all Liabilities consisting of legal, accounting, financial advisory, valuation, investment banking and other third party advisory or consulting fees and expenses incurred by or on behalf of Seller in connection with or arising from the Bankruptcy Case or the Contemplated Transactions or the other Transaction Documents;

(r) all Liabilities existing prior to the filing of the Bankruptcy Case that are dismissed under the Bankruptcy Case;

(s) all Liabilities and obligations of Seller under this Agreement and the other Transaction Documents; and

(t) all Liabilities and obligations of Seller to any of the Affiliates;

(u) any Excluded Cure Amounts;

(v) any and all fees, costs and expenses (including legal fees and accounting fees) that have been incurred or that are incurred by Seller in connection with the Contemplated Transactions or any prior attempted sale transaction or the Bankruptcy Case, including all fees, costs and expenses incurred in connection with or by virtue of the negotiation, preparation and review of this Agreement and all Transaction Documents and the consummation of the Contemplated Transactions and the Transaction Documents; provided however this provision shall not prohibit any fees, costs or expenses from being paid from the proceeds received by or on behalf of Seller at Closing;

(w) all Excluded Employee Liabilities; or

(x) any Liabilities or other obligations set forth on Schedule 2.4(x).

2.5 Member Substitution Transaction. Subject to the terms and conditions of this Agreement, Buyer shall be substituted for Seller as the sole member of HMHPO. Seller shall obtain all required consents to amend the Articles of Incorporation of HMHPO and Bylaws of HMHPO to change the member, and to take all other necessary actions in order for the Member Substitution Transaction to become effective immediately prior to the Effective Time.

2.6 Prorations. To the extent not an Assumed Liability or not otherwise prorated pursuant to this Agreement, Seller and Buyers shall prorate (as of the Effective Time), if applicable, real estate and personal property taxes, assessments, rents, costs of utilities, other similar charges against real and personal property, insurance premiums for employee benefits, and other prepaid expenses for the Seller Facility for the month during which the Closing occurs. Not later than thirty (30) days after the Closing Date, Seller and Buyers shall reconcile all expenses to be prorated and pay each other the applicable prorated amounts.

ARTICLE III - PURCHASE PRICE; CONSIDERATION; CLOSING

3.1 Purchase Price. The consideration for the Purchased Assets shall be comprised of the following amounts (collectively the "**Purchase Price**"): (a) an offset of the District Secured Claim in the amount of Three Million Dollars (\$3,000,000) ("**Consideration for the Non A/R Assets**") plus (b) Fifty Thousand Dollars (\$50,000) in cash for the Owned Real Property (other than the Vacant Lot) ("**Cash for Certain Owned Real Property**"), (c) Four Million Six Hundred Thousand Dollars (\$4,600,000) in cash ("**Cash for AR**") (subject to adjustment pursuant to Section 3.9), plus (d) the assumption by Buyers of the Assumed Liabilities (including, *inter alia*, the Transferable Accrued PTO), plus (e) the Assumed Cure Amounts for any Assigned Contract.

3.2 Deposit. Buyer shall deposit the Deposit into an escrow account established pursuant to that certain Escrow Agreement of even date herewith among Pegasus Bank (the "**Escrow Agent**"), Seller and Buyers (the "**Escrow Agreement**") upon execution of this Agreement. In the event the Escrow Agreement has not been signed by all of the applicable Persons, Buyer shall deposit the Deposit with Seller's outside counsel to hold until the escrow account contemplated by the Escrow Agreement has been established, at which time the Deposit shall be transferred to the Escrow Agent. At the Closing, the Deposit shall be credited towards payment of the Purchase Price and released to Seller. If the Closing does not occur and this Agreement is terminated, the Deposit shall be released as provided in Section 9.1.

3.3 Cure Amounts.

(a) At the Closing, Buyers shall pay all Assumed Cure Amounts for Assigned Contracts in accordance with the Sale Order and any Disputed Cure Amounts shall be paid when resolved (if not at Closing) subject to Section 6.6(a). Buyers will have no responsibility for the Excluded Cure Amounts.

(b) At the Closing, Seller will assign and transfer the Purchased Assets to Buyers, and Buyers will pay, or shall cause to be paid, by wire transfer of immediately available funds, (x) an amount of cash equal to the net amount of the following (the "**Closing Date Payment**"): (i) the Cash for AR, plus the Increased AR Amount or minus the Decreased AR Amount, plus (ii) the Assumed Cure Amounts, less (iii) the amount of the Deposit, less (iv) the aggregate amount of the Disputed Cure Amounts ("**Aggregate Disputed Amount**") to Seller to the account set forth in wiring instructions provided by Seller at least three (3) Business Days prior to the Closing, and (y) an amount of cash equal to the Aggregate Disputed Cure Amounts into an escrow account established pursuant to the Escrow Agreement (the "**Cure Amount Escrow Account**").

(c) Seller and Buyers shall agree upon an allocation of the Purchase Price among the Purchased Assets for tax reporting and other purposes consistent with the allocation methods and principles required

by the Code. Buyers and Seller shall report, act and file all tax returns, including IRS Form 8594, with their respective federal income tax returns for the tax year in which the Closing Date occurs consistent with such agreed upon allocation.

(d) Buyers shall be entitled to deduct and withhold from any payment under this Agreement any Taxes required to be deducted and withheld by Buyers under Law, and Buyers shall pay such amounts to the appropriate Governmental Authority.

3.4 Closing. Subject to the terms and conditions of this Agreement, and provided that all of the conditions to Closing set forth in Article VII (other than those conditions which are to be satisfied at Closing, but subject to such conditions being satisfied at the Closing) are satisfied or waived, the consummation of the transactions contemplated pursuant to this Agreement (the "**Closing**") shall take place electronically on (a) January 13, 2019, or (b) such other date as Seller and Buyers may mutually agree upon (the "**Closing Date**"). The Closing shall be deemed to have occurred and to be effective as between the parties as of 12:01 a.m. (Central Standard Time) on the calendar day after the Closing Date (the "**Effective Time**"). Except as otherwise may be required by the Title Company or as agreed by Buyers and Seller, the Closing will take place remotely by electronic mail or other electronic exchange of documents, among and between the parties and/or their respective counsel.

3.5 Actions of Seller at Closing. At the Closing or within such other timeframes as specified below and unless otherwise waived in writing by both Buyers, Seller shall deliver or cause to be delivered to Buyer the following:

(a) A Bill of Sale and Assignment in the form attached as Exhibit 4 (each, a "**Bill of Sale**") executed by Seller in favor of each applicable Buyer;

(b) An Assignment and Assumption Agreement in the form attached as Exhibit 5 (each, an "**Assignment and Assumption**") executed by Seller in favor of each applicable Buyer;

(c) An Assignment and Assumption of Lease for Real Property which is leased by, or to, Seller in the form attached as Exhibit 6 (each, an "**Assignment and Assumption of Lease**") executed by Seller in favor of each applicable Buyer;

(d) The Drug Enforcement Administration (DEA) Power of Attorney in the form attached hereto as Exhibit 7 and executed by or on behalf of Seller in favor of each applicable Buyer;

(e) Certificates of existence and good standing of Seller from the state of its incorporation or formation, each dated the most recent practicable date prior to the Closing Date;

(f) A Special Warranty Deed in the form attached as Exhibit 8 (each, a "**Special Warranty Deed**") with respect to each parcel of Owned Real Property executed by Seller in favor of each applicable Buyer;

(g) An Employee Lease Agreement, executed by Seller;

(h) A Transition Services Agreement executed by Seller;

(i) Documents to reflect the Member Substitution Transaction;

(j) A non-foreign affidavit of Seller, dated as of the Closing Date, in form and substance consistent with the Treasury Regulations issued pursuant to Section 1445 of the Code stating that such Seller is not a "foreign person" as defined in Section 1445 of the Code;

(k) Certificates of title with respect to any vehicles included in the Purchased Assets duly executed by Seller;

(l) A full release of any and all liens on all property owned by HMMPO;

(m) The certificate contemplated by Section 7.6;

(n) A certified copy of the Sale Order; and

(o) Such other instruments and documents as are reasonably necessary to satisfy the conditions precedent to Buyers' obligations hereunder and such other instruments and documents as Buyers reasonably deem necessary to effect the Contemplated Transactions.

3.6 Actions of Buyers at Closing. At the Closing and unless otherwise waived in writing by Seller, Buyers shall deliver or cause to be delivered to Seller the following:

(a) The Closing Date Payment by wire transfer of immediately available funds to an account designated in writing by Seller;

(b) A Bill of Sale executed by each applicable Buyer;

(c) An Assignment and Assumption executed by each applicable Buyer;

(d) An Assignment and Assumption of Lease executed by each applicable Buyer;

(e) An Employee Lease Agreement, executed by each applicable Buyer;

(f) A Transition Services Agreement, executed by each applicable Buyer;

(g) Certificates of existence and good standing of Buyers from the state of its incorporation or formation, each dated the most recent practicable date prior to the Closing Date;

(h) An executed copy of the Member Substitution Transaction document(s), and

(i) The certificate contemplated by Section 8.4.

3.7 Real Estate Closing Matters. Seller has not made available to Buyers any Title Commitments or Surveys for the real estate reflected on Schedule 2.1(b). Buyers have obtained a Title Commitment for the Vacant Lot as reflected by Schedule 3.7 and shall obtain their own Title Commitments and Surveys for any real property that is a Purchased Asset.

3.8 Risk of Loss.

(a) The risk of loss or damage to any of the Purchased Assets, including the Owned Real Property or any personal property used in connection with the Healthcare Business by Seller, shall remain with Seller until the Effective Time and Seller shall maintain their respective insurance policies covering such property through the Effective Time.

(b) With respect to the Owned Real Property, if prior to the Closing, all or any part of such Owned Real Property is destroyed or damaged by fire or the elements or by any other cause, Seller shall assign, transfer and set over to the applicable Buyer all of Seller's right, title and interest in and to any insurance proceeds on account of such damage or destruction and, if such insurance policy proceeds are insufficient to repair, restore and/or replace the Owned Real Property, the Purchase Price shall be reduced by the amount equal to the difference between the cost to repair, restore and/or replace and the amount of such proceeds.

(c) If prior to the Closing, all or any part of a parcel of the Real Property is made subject to an eminent domain or condemnation proceeding which would in Buyer's commercially reasonable judgment materially adversely impair access to the Real Property or be materially adverse to the operations of the Real Property, notwithstanding anything to the contrary in this Agreement, Buyer may elect to (i) purchase the Seller Facility and the Closing with respect to the Seller Facility shall proceed as scheduled (provided, however, at the Closing Seller shall assign, transfer and set over to the applicable Buyer all of Seller's right, title and interest in and to any award in such eminent domain or condemnation proceeding) or (ii) not purchase the Seller Facility (and Purchased Assets solely related thereto) and, in such event, the Purchase Price shall be reduced by an amount equal to the Allocated Portion applicable to such Seller Facility.

(d) With respect to any Purchased Assets other than Owned Real Property which is destroyed or damaged by fire or the elements prior to the Closing, Seller shall assign, transfer and set over to Buyer all of Seller's right, title and interest to any insurance proceeds on account of such damage or destruction and shall reimburse Buyer for any deductible a Buyer is required to pay in connection with the receipt of such insurance proceeds.

(e) Solely for the purposes set forth in this Section 3.8 and the Purchase Price allocated to Seller Facility and its related Purchased Assets are set forth on Schedule 3.8(e) (each such amount, the "*Allocated Portion*").

3.9 Closing Adjustment for Cash for AR. If the Closing Date AR Balance is greater than the Ceiling AR Threshold, then the Cash for AR amount will be increased by an amount equal to seventy-five percent (75%) multiplied by the difference between the Closing Date AR Balance and the Ceiling AR Threshold. If the Closing Date AR Balance is less than the Floor AR Threshold, then the Cash for AR amount will be decreased by an amount equal to seventy-five percent (75%) multiplied by the difference between the Floor AR Threshold and the Closing Date AR Balance.

3.10 Sale Free and Clear. Notwithstanding the foregoing, the sale, transfer and assignment to Buyers of the Medicare providers agreements for the Seller Facility shall not be Free and Clear of (i) successor liability for any liability arising from such provider agreements or (ii) rights of setoff and recoupment under such provider agreements.

ARTICLE IV- REPRESENTATIONS AND WARRANTIES OF SELLER AND HMHPO

Except to the extent a representation or warranty speaks as of another date, as of the Execution Date and as of the Closing Date, when read in light of any corresponding sections of the Disclosure Schedules, as may be updated prior to Closing in accordance with Section 6.2, Seller and HMHPO represent and warrant to Buyer the following:

4.1 Corporate Capacity, Authority and Governmental Consents.

(a) Each of Seller and HMHPO is duly organized and validly existing in good standing under the Laws of the State of Texas and has the requisite organizational power and authority to enter into this Agreement, to perform its respective obligations hereunder and to conduct its business as now being conducted. Each of Seller and HMHPO is duly licensed or qualified to do business and is in good standing in the jurisdictions where the nature of the property owned or leased by it or the nature of the business conducted makes such qualification necessary, except where failure to so qualify would not have a Material Adverse Effect. Copies of the Governing Documents of Seller and HMHPO, each as in effect as of the date of this Agreement, have been made available to Buyers. Subject to the entry of the Sales Procedure Order and Sale Order, the execution, delivery and performance of this Agreement and all Transaction Documents to which Seller and/or HMHPO is or will become a party and the actions to be taken by each of Seller and/or HMHPO in connection with the consummation of the Contemplated Transactions:

(i) are within the organizational powers of each of Seller and/or HMHPO, are not in contravention of Law or the terms of the applicable Governing Documents;

(ii) have been duly authorized by all actions and proceedings on behalf of each Seller and HMHPO, and no other actions or proceedings on the part of Seller or HMHPO, its respective board of directors (or similar governing body) or equity holders, are necessary;

(iii) except as otherwise expressly herein provided or as set forth in Schedule 4.1(a)(iii) do not require any approval or consent of, or filing with, any Governmental Authority; and

(iv) will not violate any Law to which Seller is subject.

(b) Subject to the entry of the Sales Procedure Order and Sale Order, the execution, delivery and performance by Seller of this Agreement and all Transaction Documents to which Seller is or will become a party, consummation of the Contemplated Transactions or such Transaction Documents and compliance with the terms of this Agreement or such Transaction Documents will not result in the creation of, or require the creation of, any Encumbrance upon any properties or assets of Seller or conflict with, constitute or result in any violation or default (with or without notice or passage of time, or both) under, require the consent of any Person under, or give rise to a right of termination, modification, cancellation or acceleration of any obligation under any Permits or any Contract to which Seller is a party (including any Proposed Assumed Contracts) or any Permit.

4.2 Binding Agreement. Subject to the entry of the Sales Procedure Order and Sale Order, this Agreement and all other Transaction Documents to which Seller or HMHPO is or will become a party are and will constitute the valid and legally binding obligations of Seller and HMHPO, and are and will be enforceable against Seller and HMHPO, as applicable, in accordance with the respective terms hereof or thereof, except as enforceability may be restricted, limited or delayed by applicable bankruptcy or other Laws affecting creditors' rights generally and except as enforceability may be subject to general principles of equity.

4.3 Purchased Assets; Sole Member of HMHPO.

(a) Seller owns valid title to, or possesses valid leasehold interests in, all of the Purchased Assets. Seller has sole custody and control of all of the Purchased Assets, except with respect to any Permitted Encumbrances or as otherwise set forth on Schedule 4.3(a)(i). Schedule 4.3(a)(ii) identifies all Purchased Assets that are subject to a lease or not otherwise owned by Seller.

(b) Subject to the entry of the Sale Order, the Purchased Assets are free and clear of all Encumbrances except Permitted Encumbrances and, subject to the entry of the Sale Procedure Order or any Sale Order, Seller has the power and the right to sell, assign and transfer the Purchased Assets, free and clear of all Encumbrances except Permitted Encumbrances.

(c) Except as set forth on Schedule 4.3(c), there are no tangible or intangible assets used in the operation of the Seller Facility and owned by any Person other than Seller that are not currently leased or licensed to Seller pursuant to a Contract.

(d) Except as set forth on Schedule 4.3(d), no portion of the operations of the Seller Facility is conducted through any partnership in any joint venture or similar arrangement.

(e) Seller is the sole member of HMHPO.

4.4 Financial Statements. Attached as Schedule 4.4 are copies of the consolidated audited balance sheets and statements of income of Seller and HMHPO with respect to the operation of the Seller Facility and the operation of HMHPO for the years ended June 30, 2017 and June 30, 2018, statements of income of Seller and HMHPO with respect to the operation of the Seller Facility and HMHPO for the period ended June 30, 2018, and the unaudited balance sheet of Seller as of the Balance Sheet Date (collectively, the "**Financial Statements**"). Except as set forth on Schedule 4.4, the Financial Statements present fairly in all material respects the financial condition and results of operations of Seller, HMHPO, and the Seller Facility as of the dates and for the periods indicated therein in accordance with GAAP consistently applied throughout the periods indicated, except that the Financial Statements (i) that are not for a fiscal year-end do not reflect normal recurring year-end adjustments (that would not, individually or in the aggregate, be material in amount), (ii) do not contain footnotes that may be required by GAAP, (iii) were prepared without physical inventories, (iv) do not contain a statement of cash flow, (v) are not restated for subsequent events, (vi) may not reflect any adjustments for impairment of long-lived assets, or restructuring charges or the reclassification of assets held for sale on the applicable balance sheet, and (vii) that are balance sheets reflect the following Liabilities in intercompany Liabilities: (A) accruals in respect of Seller's self-insured employee health benefits, (B) Liabilities payable in connection with workers' compensation claims, (C) Liabilities payable pursuant to any employee welfare benefit plan (within the meaning of Section 3(1) of ERISA) maintained by Seller or any Affiliate of Seller on account of any of the Facility Employees, and (D) payroll and bonuses payable and vacation, holiday and similar accruals with respect to some but not all Facility Employees. The Financial Statements were prepared based on the historical accounting records of Seller. Federal, state and local income or franchise taxes accruals are not reflected on the balance sheets or income statements. Except as set forth on Schedule 4.4, there are no material obligations or Liabilities, whether absolute, accrued, contingent or otherwise, of Seller that would be required to be set forth on a balance sheet in accordance with GAAP except for obligations or Liabilities (a) reflected or disclosed in the Financial Statements and (b) incurred in the Ordinary Course of Business since the Balance Sheet Date.

4.5 Licenses and Accreditations. Seller and HMHPO hold all Permits required to be held by them to own, occupy and operate the Seller Facility or HMHPO, as applicable, as it is currently being operated. Schedule 4.5 sets forth a list of all such Permits that are material to the operation of the Healthcare Business and HMHPO, true and complete copies of which have been made available to Buyers, and all of which are valid and in full force and effect. Schedule 4.5 includes a brief description of such Permits, including the issuance date and the expiration date of such Permit, if applicable. All of such Permits are valid, binding and in full force and effect and neither Seller nor HMHPO are in breach in any material respect of any of the Permits set forth on Schedule 4.5, and no Action is pending, or to the Knowledge of Seller threatened, to revoke or limit any of the Permits set forth on Schedule 4.5. Seller has made available to Buyer complete and accurate copies of (a) the most recent accreditation survey reports for the Seller Facility; (b) the most recent Statement and Deficiencies and Plan of Correction on Form CMS-2567 issued by CMS or the state

survey agency on behalf of CMS for the Seller Facility; (c) the most recent state licensing report and list of deficiencies relating to any of the Permits for the Seller Facility; and (d) the most recent fire marshal's survey and deficiency list for the Seller Facility, and (e) all material plans of correction relating to each of the foregoing.

4.6 Regulatory Compliance.

(a) Except as set forth on Schedule 4.6(a), (i) Seller and HMHPO are, to the Knowledge of Seller and the Knowledge of HMHPO, as applicable, during the six (6) years preceding the date hereof, have been in compliance in all material respects with all Laws including the Healthcare Laws and (ii) Seller nor HMHPO, to the Knowledge of Seller or the Knowledge of HMHPO, as applicable, have received during the last six (6) years any written notice from any Governmental Authority regarding any actual or alleged violation of, or failure to comply with, any Laws including the Healthcare Laws.

(b) Except as otherwise set forth on Schedule 4.6(b), during the preceding six (6) years, neither Seller nor, to the Knowledge of Seller or to the Knowledge of HMHPO, any of its respective Affiliates, officers, directors, agents, or employees have been convicted of or charged with, or, to the Knowledge of Seller or the Knowledge of HMHPO, investigated by any Governmental Authority with respect to any alleged violation of any Law including the Healthcare Laws, or with respect to any activities that are cause for criminal or civil penalties or mandatory or permissive exclusion from Medicare or Medicaid.

(c) Without limiting the generality of the foregoing, Seller nor HMHPO, to the Knowledge of Seller or to the Knowledge of HMHPO, or their officers, directors, agents, or employees has, directly or indirectly (i) offered, paid or received, or made arrangements to offer, pay or receive, any remuneration, in cash or in kind, to any past, present or potential customers, past or present suppliers, patients, medical staff members, contractors or Third Party Payors of the Seller Facility or HMHPO in order to obtain business, referrals or payments from such Persons in violation of any Healthcare Laws, (ii) established or maintained any unrecorded fund or asset for any improper purpose or made any misleading, false, or artificial entries on any of its books or records for any reason; or (iii) made any payment for or agreed to make any payment for any goods, services, or property in excess of fair market value in violation of any Healthcare Laws. All of the Seller's contracts with physicians, healthcare facilities, and other persons or entities in a position to make or influence referrals to or generate business for the Seller Facility are in writing, provide for fair market value compensation and comply in all material respects with all Laws. With respect to the Seller Facility and HMHPO, none of the officers, directors, agents, managing employees (as such term is defined in 42 U.S.C. § 1320a-5(b)), employees, contractors, or members of the medical staff of Seller Facility (w) has been excluded or suspended from participation in any federal health care program (as defined in 42 U.S.C. § 1320a-7b(f)) or been disbarred, suspended or otherwise determined ineligible to participate in federal programs, nor to the Knowledge of Seller or to the Knowledge of HMHPO is any such exclusion threatened in writing; (x) has had a civil monetary penalty assessed against it under Section 1128A of the Social Security Act or any regulations promulgated thereunder; or (y) has been convicted of, charged with, or indicted for a federal health care program related offense, or convicted of, charged with, or indicted for a violation of federal or state law relating to fraud, theft, embezzlement, breach of fiduciary responsibility, financial misconduct, obstruction of an investigation or controlled substances.

(d) With respect to the Seller Facility and HMHPO, there are no pending or, to the Knowledge of Seller or the Knowledge of HMHPO, threatened disciplinary or corrective actions or appeals involving physician applicants, medical staff members or affiliated health professionals under the medical staff bylaws at the Seller Facility or the bylaws or other governing documents of HMHPO. Seller has made available to Buyer copies of the bylaws, rules and regulations of the medical staff and amendments thereto, and credentials and appeals procedures not incorporated therein, and its medical executive committee at the Seller Facility, as well as a list of all current members of the medical staff of the Seller Facility, all privilege

and membership application forms, and all contracts with physicians, physician groups or other members of the medical staff of Seller Facility and HMHPO.

(e) With respect to the Seller Facility, Seller nor HMHPO has, during the preceding six (6) years, made and are not in the process of making a voluntary self-disclosure under the Self-Referral Disclosure Protocol established by the Secretary of HHS pursuant to Section 6409 of the Patient Protection and Affordable Care Act, or under the self-disclosure protocol established and maintained by the HHS Office of the Inspector General, or to any United States Attorney or other Governmental Authority.

4.7 Compliance Program.

(a) Except as set forth on Schedule 4.7, during the preceding six (6) years, with respect to the operations of the Seller Facility, Seller nor HMHPO, none of Seller Facility, Seller or HMHPO (i) has been a party to a Corporate Integrity Agreement, Certification of Compliance Agreement or similar government-mandated compliance program or obligations; (ii) has had reporting obligations pursuant to any settlement agreement entered into with any Governmental Authority; (iii) has been served with or received any search warrant, subpoena, civil investigation demand, or contact letter from any Governmental Authority; or (iv) to the Knowledge of Seller or to the Knowledge of HMHPO, has not been a defendant in any qui tam/False Claims Act litigation.

(b) Seller has adopted and maintained a compliance program that is in all material respects consistent with the OIG's compliance program guidance for hospitals, and includes: (i) appointing a dedicated compliance officer; (ii) developing policies and procedures designed to ensure any referral source arrangement complies with applicable Healthcare Laws; (iii) conducting training sessions for employees and contractors with respect to the Compliance Program; and (iv) establishing a process to allow for anonymous reporting of compliance concerns (altogether, the "**Compliance Program**").

4.8 Material Contracts.

(a) Schedule 4.8(a) sets forth a true, correct, and complete list of the following Contracts of Seller (each, a "**Material Contract of Seller**", and collectively, the "**Material Contracts of Seller**"), in each case relating to the Seller Facility or the Purchased Assets or to which Seller is a party or is otherwise bound relating to the Healthcare Business, which list shall include the names of the parties, the name of the agreement and the date of such agreement:

- (i) Contracts involving the lease of equipment or personal property that require payments by Seller of greater than \$25,000 during the remaining term or on an annual basis;
- (ii) leases or subleases with respect to the Owned Real Property or the Leased Real Property;
- (iii) employment contracts and Contracts with independent contractors and consultants;
- (iv) Contracts with respect to any type of Intellectual Property;
- (v) collective bargaining agreements;
- (vi) partnership or joint venture agreements and Contracts involving the sharing of profits, losses, costs or liability with any other Person;

(vii) Contracts limiting the freedom of Seller to engage in any line of business, acquire any entity or compete with any Person or in any market or geographical area, including any non-competition, non-solicit or other restrictive covenant agreement;

(viii) Contracts with any hospitals, ambulatory surgery centers or other healthcare facilities;

(ix) Contracts with any physicians or other providers of healthcare services;

(x) Contracts with recipients of referrals from the Seller Facility and Contracts with sources of referrals to the Seller Facility;

(xi) Contracts (A) providing for exclusivity, preferred treatment or any similar requirement, (B) containing a "requirements" obligation requiring Seller to purchase a designated portion of any type of material, product or other supplies, (C) with a "most favored nations" clause or other similar provision or (D) with take-or-pay obligations;

(xii) Contracts with Governmental Authorities;

(xiii) Contracts with any Material Suppliers and any Material Payors;

(xiv) Contracts relating to capital expenditures that involves total remaining payments of more than \$25,000;

(xv) any other Contracts that involve payments, performance of services or provision of items in an amount exceeding \$25,000 or that cannot be canceled by Seller, without penalty on 90 days' notice or less;

(xvi) any other Contract of Seller that is otherwise material to the Healthcare Business, taken as a whole; and

(xv) each amendment, supplement, and modification in respect of any of the foregoing.

(b) Schedule 4.8(b) sets forth a true, correct, and complete list of the following Contracts of HMHPO (each, a "**Material Contract of HMHPO**", and collectively, the "**Material Contracts of HMHPO**"), to which HMHPO is a party or is otherwise bound, which list shall include the names of the parties, the name of the agreement and the date of such agreement:

(i) Contracts involving the lease of equipment or personal property that require payments by Seller of greater than \$25,000 during the remaining term or on an annual basis;

(ii) leases or subleases with respect to the Owned Real Property or the Leased Real Property;

(iii) employment contracts and Contracts with independent contractors and consultants;

(iv) Contracts with respect to any type of Intellectual Property;

(v) collective bargaining agreements;

(vi) partnership or joint venture agreements and Contracts involving the sharing of profits, losses, costs or liability with any other Person;

(vii) Contracts limiting the freedom of HMHPO to engage in any line of business, acquire any entity or compete with any Person or in any market or geographical area, including any non-competition, non-solicit or other restrictive covenant agreement;

(viii) Contracts with any hospitals, ambulatory surgery centers or other healthcare facilities;

(ix) Contracts with any physicians or other providers of healthcare services;

(x) Contracts with recipients of referrals from HMHPO and Contracts with sources of referrals to HMHPO;

(xi) Contracts (A) providing for exclusivity, preferred treatment or any similar requirement, (B) containing a "requirements" obligation requiring Seller to purchase a designated portion of any type of material, product or other supplies, (C) with a "most favored nations" clause or other similar provision or (D) with take-or-pay obligations;

(xii) Contracts with Governmental Authorities;

(xiii) Contracts with any Material Suppliers and any Material Payors;

(xiv) Contracts relating to capital expenditures that involves total remaining payments of more than \$25,000;

(xv) any other Contracts that involve payments, performance of services or provision of items in an amount exceeding \$25,000 or that cannot be canceled by Seller, without penalty on 90 days' notice or less;

(xvi) any other Contract of Seller that is otherwise material to HMHPO's operation, taken as a whole; and

(xv) each amendment, supplement, and modification in respect of any of the foregoing.

(c) the Purchased Assets or the Healthcare Business, is not a party to any oral agreement, license, lease, contract, arrangement, obligation, undertaking, indenture or commitment to which Seller or its assets is bound, except as designated as an oral contract and summarized on Schedule 4.8(a).

(d) Seller has made available to Buyer true, correct, and complete copies of all of the Material Contracts of Seller (and all amendments or other modifications thereto) and Material Contracts of HMHPO (and all amendments or other modifications thereto) and a complete summary of all material terms of each oral (i) Material Contract of Seller is set forth on Schedule 4.8(a) and (ii) Material Contract of HMHPO is set forth on Schedule 4.8(b).

(e) Except as set forth on Schedule 4.8(a) and Schedule 4.8(b), each Material Contract of Seller and Material Contract of HMHPO is a valid and binding obligation of Seller or HMHPO, as applicable, and to Seller's Knowledge or HMHPO's Knowledge, as applicable, the other parties thereto, enforceable against each of them in accordance with its terms, except, in each case, as such enforceability may be limited by

applicable bankruptcy, insolvency or other similar Laws affecting or relating to enforcement of credit rights generally or general principles of equity.

(f) Except as set forth on Schedule 4.8(a) or Schedule 4.8(b), neither Seller nor HMHPO and, to Seller's Knowledge or HMHPO's Knowledge, as applicable, no other party to any Material Contract of Seller or Material Contract of HMHPO has commenced any action against any of the parties to any Material Contract of Seller or Material Contract of HMHPO or given or received any written notice of any default or violation under any Material Contract of Seller or Material Contract of HMHPO that has not been withdrawn or dismissed except to the extent any such default or violation will be cured or dismissed as a result of the entry of the Sale Order and the payment of the applicable Cure Costs as it relates to a Material Contract of Seller.

For the avoidance of doubt, the Material Contracts of HMHPO shall not be assigned to Buyer. They will remain Contracts of HMHPO at the Closing.

4.9 Real Property; Inventory. (a) The Owned Real Property constitutes all real property owned by Seller that is primarily used in connection with the operation of the Seller Facility. There are no tenants or other Persons occupying any space in the Owned Real Property, other than pursuant to leases or subleases to third party tenants under any Proposed Lessor Lease listed on Schedule 2.1(c). Seller has good, valid and marketable title to such Owned Real Property, free and clear of all Encumbrances except Permitted Encumbrances.

(b) Schedule 2.1(c) contains a list of all Proposed Tenant Leases. Seller has made available to Buyer true and complete copies of all of such Proposed Tenant Leases. With respect to each Proposed Tenant Lease, (i) to the Knowledge of Seller, no such Proposed Tenant Lease has been breached or canceled by the other parties thereto, (ii) except for defaults that will be cured through payment of the Cure Amounts, Seller is not in default or breach under the terms of any Proposed Tenant Lease, and (iii) Seller has not assigned, subleased or otherwise transferred to any Person any of its rights, title or interest under any Proposed Tenant Lease (other than subleases).

(c) With respect to each parcel of Real Property, except as disclosed on Schedule 4.9(c): (i) Seller has not received written notice of any pending or, to the Knowledge of Seller, threatened expropriation, condemnation or eminent domain proceedings or their local equivalent affecting or relating to such Real Property; (ii) to the Knowledge of Seller, such Real Property, and its continued use, occupancy and operation as currently used, occupied and operated, does not constitute a nonconforming use under all Laws; (iii) Seller has not received written notice from any Governmental Authority or other Person that the use and occupancy of such Real Property, as currently used and occupied, and the conduct of the Healthcare Business thereon, as currently conducted, violates in any material respect any Law; and (iv) Seller (or landlord) holds current and valid certificates of occupancy for the Seller Facility located on such Real Property.

(d) Seller represents and warrants that Seller has not performed an environmental site assessment by a third party on any of the Owned Real Property or the Leased Real Property.

(e) To the Knowledge of Seller, each parcel of Real Property is adequately served by proper utilities and other building services as necessary for its current use by Seller and, to the Knowledge of Seller, all of the buildings and structures located at each Real Property are structurally sound with no material defects that are not being addressed in the Ordinary Course of Business and are otherwise in operating condition in all material respects, ordinary wear and tear excepted.

(f) Substantially all Inventory of Seller is of a quality and quantity useable and salable in the Ordinary Course of Business of the Hospital. The Seller's inventory level is and at Closing will be maintained at normal levels in accordance with past practices of the Seller.

4.10 Insurance. Attached as Schedule 4.10 is a list and description of all insurance policies, including all self-funded plans or trusts, maintained by or for the benefit of the Healthcare Business, the Seller Facility, the Purchased Assets, and HMHPO (including coverage amounts and expiration dates) covering the ownership and operation of the Healthcare Business, indicating the types of insurance, policy numbers, terms, identity of insurers and amounts and coverages (including applicable deductibles). Seller has made available to Buyers accurate and complete copies of all of such policies to Buyer. All of such policies or similar replacement policies in the case of current policies expiring prior to the Closing Date are now and will be until the Closing in full force and effect; provided however, that all policies for the benefit of HMHPO shall remain in full force and effect after the Closing. All of such policies and plans or trusts are in full force and effect with no premium or contribution arrearage, and Seller has not received any written notice of cancellation, termination or non-renewal of any such insurance policy.

4.11 Employee Benefit Plans.

(a) Schedule 4.11(a) sets forth a list of each Employee Benefit Plan maintained by, sponsored in whole or in part by, contributed to by, or required to be contributed to by, Seller or any of its Affiliates for the benefit of any Facility Employee or any of their respective dependents, spouses, or other beneficiaries (each, a "**Seller Facility Employee Benefit Plan**"). The term "**Employee Benefit Plan**" means (i) each "employee benefit plan" as defined in Section 3(3) of ERISA (whether or not subject to ERISA), and (ii) each other retirement, pension, stock option or equity-based compensation, employee stock ownership, deferred compensation, severance pay, change in control, retention, transaction bonus, time off, bonus, commission or other incentive, health, life, disability, group insurance or other welfare or fringe benefit agreement, arrangement, plan, contract or policy.

(b) As applicable to each Seller Facility Employee Benefit Plan, Seller has made available to Buyer copies of (i) the complete plan document (and all amendments thereto) or in the case of an unwritten Seller Facility Employee Benefit Plan, a written description thereof, (ii) the current summary plan description, and (iii) the most recent IRS determination, advisory or opinion letter.

(c) Except as set forth on Schedule 4.11(c), no Seller nor any ERISA Affiliate has any actual or contingent liability with respect to (i) a "multiemployer plan" (as defined in Section 4001(a)(3) or 3(37) of ERISA), (ii) an employee pension benefit plan subject to Title IV of ERISA or the minimum funding requirements of Section 412 or 430 of the Code or Section 302 of ERISA, (iii) a "multiple employer welfare arrangement" (as defined in Section 3(40) of ERISA) or (iv) a "multiple employer plan" (as defined in Section 413(c) of the Code).

(d) Each Seller Facility Employee Benefit Plan has been maintained, operated and administered in all material respects in compliance with its terms and all Laws, including the applicable provisions of ERISA and the Code.

(e) Each Seller Facility Employee Benefit Plan that is intended to qualify under Section 401(a) of the Code has received a favorable determination, opinion or advisory letter from the IRS on which it may currently rely and nothing has occurred that would be reasonably expected to materially adversely affect the qualification of such plan.

(f) No Seller Facility Employee Benefit Plan is subject to any audit, investigation or examination by any Governmental Authority and there are no pending or, to the Knowledge of Seller,

threatened claims (except for individual claims for benefits in the normal operation of the Employee Benefit Plans) suits or proceedings involving any Seller Facility Employee Benefit Plan that are material to the Healthcare Business or operations of the Seller.

(g) Except as set forth in Schedule 4.11(g), neither the execution of, nor the consummation of the transactions contemplated by, this Agreement will, either alone or in connection with any other event, (i) result in any payment becoming due to any Facility Employee, (ii) increase any amount of compensation or benefits otherwise payable to any Facility Employee or (iii) result in the acceleration of the time of payment, funding or vesting of any benefits owed to any Facility Employee.

(h) Neither the execution of, nor the consummation of the Contemplated Transactions, either alone or in connection with any other event (including without limitation, a termination of employment) will result in the receipt or retention by any person who is a "disqualified individual" (within the meaning of Section 280G of the Code) of any payment or benefit that is or could be characterized as a "parachute payment" (within the meaning of Section 280G of the Code), determined without regard to the application of Section 280G(b)(5) of the Code.

(i) No Seller Facility Employee Benefit Plan provides death, medical, dental, vision, life insurance or other welfare benefits beyond termination of service or retirement other than coverage mandated by Law and Seller nor its ERISA Affiliates have made a written or oral representation promising the same.

4.12 Employee Relations.

(a) Schedule 4.12(a) contains: a complete and accurate list of all Facility Employees as of the date of this Agreement, which list includes each such employee's job title, job location, base salary or wage rate, bonus or other incentive compensation, date of hire, status as full-time or part-time, status as exempt or non-exempt for purposes of the Fair Labor Standards Act and similar state and local laws. No later than the Closing Date, Seller shall provide Buyer with a list of all Facility Employees who have experienced an employment loss within the meaning of the Worker Adjustment and Retraining Notification Act or similar state or local laws within ninety (90) days prior to the Closing Date.

(b) There is no pending or, to the Knowledge of Seller, threatened employee strike, lockout, work stoppage or other labor dispute concerning the Facility Employees. Except as set forth on Schedule 4.12(b), (i) no collective bargaining agreement exists or is currently being negotiated in respect of the Facility Employees; (ii) no written demand has been made in the preceding four (4) years for recognition by a labor organization by or with respect to any Facility Employees; (iii) no union organizing activities by or with respect to any Facility Employees are taking place or, to the Knowledge of Seller, have taken place during the preceding four (4) years; (iv) none of the Facility Employees is represented by any labor union or organization; and (v) no unfair labor practice charge or complaint is pending or, to the Knowledge of Seller, threatened by or on behalf of any Facility Employees.

(c) With respect to the operation of the Seller Facility and the Facility Employees, Seller is at all, and at all time during the past three (3) years have been, in compliance in all material respects with all Laws respecting labor employment and employment practices, including all Laws relating to terms and conditions of employment, wages and hours, unemployment insurance, workers' compensation, equal employment opportunity, fair employment practices, employment discrimination, retaliation, misclassification of employees and independent contractors, plant closure and mass layoff issues, collective bargaining, leaves of absence, occupational safety and health and immigration control.

(d) Except as disclosed on Schedule 4.12(d), there are no outstanding claims, suits, charges, complaints or other Actions against Seller asserted by, on behalf of, or with respect to any present or former Facility Employees or any applicant for employment at the Seller Facility pending or, to the Knowledge of Seller, threatened in writing.

(e) Except as disclosed on Schedule 4.12(e), as of the date hereof, no management or supervisory employee at any of the Seller Facility has submitted his or her resignation or, to the Knowledge of Seller, intends to resign.

4.13 Litigation and Proceedings. Except as set forth on Schedule 4.13, there are no, and in the past four (4) years there have been no, (a) Actions pending or, to the Knowledge of Seller, threatened or (b) to the Knowledge of Seller, examinations or investigations pending or threatened in writing, in each case, against Seller or involving the Seller Facility or HMHPO, at law or in equity, before or by any Governmental Authority. Seller and HMHPO are not, as of the Execution Date, subject to any Order other than Orders of the Bankruptcy Court. There is no Action pending or, to the Knowledge of Seller, threatened against Seller or its Affiliates which seeks to prevent or delay consummation of the transactions contemplated herein, seeks damages in connection with transactions contemplated herein or would impair the ability of Seller to perform its obligations under this Agreement.

4.14 Third Party Reimbursement.

(a) The Seller Facility and HMHPO are certified to participate in the Medicare, Medicaid and TRICARE programs with valid and current provider or supplier agreements under such programs. Except as set forth on Schedule 4.14(a) or as would not result in a Material Adverse Effect, the Seller Facility and HMHPO are in compliance with the terms and conditions of participation in the Medicare, Medicaid and TRICARE programs and are not subject to any pending or, to Seller's Knowledge, threatened Actions with respect to participation in such programs, other than routine audits and investigations conducted through the Medicare Recovery Audit Contractor programs.

(b) For the six (6) years preceding the Execution Date, Seller has timely filed all Cost Reports in respect of the Seller Facility; such reports accurately reflect, in all material respects, the information required to be included thereon and have been prepared and filed in all material respects in compliance with Laws; and all amounts shown on such Cost Reports as owed by the Seller Facility have been timely paid. Except as set forth on Schedule 4.14(b), there are no pending Actions, adjustments or audits relating to such Cost Reports. To the Knowledge of Seller, Seller is not subject to any pending but unassessed Medicare or Medicaid claim payment adjustments arising from the Seller Facility, except (i) to the extent Seller has established reserves for such adjustments in accordance with Seller's accounting policy for establishing any such reserves and that are reflected on the Financial Statements and (ii) such claims that have arisen in the Ordinary Course of Business.

(c) Schedule 4.14(c) sets forth is a list of all NPIs and all provider numbers of the Seller Facility and HMHPO under the Government Reimbursement Programs (including the Medicare CMS Certification Number (CCN)) and other Third Party Payor programs, all of which are in full force and effect.

(d) All billing by or on behalf of Seller to Third Party Payors has been conducted, and all claims submitted in connection with such billing have been made, in compliance in all material respects with all Laws and billing guidelines of such Third Party Payors. Except as set forth on Schedule 4.14(d), other than incidental and routine overpayments that may occur in the ordinary course of the operations of the Seller Facility and HMHPO, Seller has not billed or received any payment or reimbursement in excess of amounts allowed by Laws or the billing guidelines of any Third Party Payor. Except as set forth on

Schedule 4.14(d), other than random post-payment audits conducted in the normal course by a Third Party Payors, there is no proceeding, audit review, investigation, survey, or other action pending, or, to Seller's Knowledge, threatened, involving any Third Party Payor programs, including the participation in and the reimbursement received by Seller from any such Third Party Payor program. Seller has not committed a material violation of any Laws relating to payments and reimbursements under any Third Party Payor program, including the Medicare and Medicaid fraud and abuse provisions.

4.15 Tax Liabilities.

(a) Seller and its subsidiaries have timely filed, or will timely file, all Tax Returns, including in respect of the Purchased Assets and the operations of the Seller Facility, and each Tax Return is true, correct, and complete in all material respects.

(b) Except as set forth on Schedule 4.15(b), all Taxes shown as due on any Tax Return, and any assessments in respect of Tax Returns have been timely paid, there is no pending Tax examination or audit of, nor any action, investigation or claim asserted against Seller by any Governmental Authority in respect of Seller.

(c) Seller has not requested or obtained any extension of time within which to file any Tax Return in respect of the Purchased Assets and the operations of the Seller Facility or in which any Tax may be assessed or collected by any Governmental Authority (other than any extension which is no longer in effect).

(d) Seller has withheld and collected all material Taxes, including any sales, use, and similar Taxes, that they were required by Law to withhold and collect in respect of the Purchased Assets and the operations of the Seller Facility, and all such Taxes have been paid over to the proper Governmental Authority or, if not yet due, are being held by Seller for payment.

(e) Except as set forth on Schedule 4.15(e), there are no Encumbrances with respect to Taxes upon any of the Purchased Assets or related to the operations of the Seller Facility, other than Permitted Encumbrances.

4.16 Absence of Changes. Except as expressly required by this Agreement or as set forth on Schedule 4.16 or as required in connection with the Bankruptcy Case, Seller has not, since the Balance Sheet Date, (a) written off as uncollectible, or established any extraordinary reserve with respect to, any material account receivable or other material Liabilities of Seller; (b) amended or restated, or approved the amendment or restatement of, the Governing Documents of Seller; (c) made or changed any material tax election, entered into any settlement or compromise of any material Tax liability or surrendered any right to claim a material Tax refund; (d) settled or compromised any pending or threatened Action; (e) sold, transferred, leased, optioned or otherwise disposed of any material assets except in the Ordinary Course of Business consistent with past practice; (f) granted or incurred any obligation for any increase in the compensation or benefits of any of the Seller Facility or Employees except in the Ordinary Course of Business consistent with past practice; (g) received any written notice from any Governmental Authority of any material liability, potentially material liability or claimed material liability based on any violation of Law by a Seller; (h) instituted any material change in a Seller's accounting practices or methods; (i) established, adopted, terminated or materially amended any Seller Facility or HMMPO Employee Benefit Plan; (j) hired or terminated, or given a notice of termination to or received a notice of termination from, any Seller Facility Employee that receives annual base compensation in excess of \$100,000, or (k) agreed or committed to take any of the foregoing actions.

4.17 Intellectual Property. Except as set forth on Schedule 4.17, with respect to the Seller Facility: (a) the conduct of the Healthcare Business does not and has not infringed, misappropriated or otherwise violated any Intellectual Property of any Person; (b) Seller has not received any written notice that they are infringing on or has misappropriated or otherwise violated the Intellectual Property rights of any Person; and (c) to Seller's Knowledge, there is no infringement or misappropriation, or other violation by any Person of the Facility IP. Seller owns or holds a valid license to use all Facility IP Free and Clear of all Encumbrances other than Permitted Encumbrances and, excluding (A) the right to use any names, trade names, trademarks and service marks including the name "Huntsville Memorial Hospital" and (B) all proprietary software, data processing programs, or source codes used by Seller or its Affiliate, Facility IP constitutes all Intellectual Property currently used in the operation of the Healthcare Business in the Ordinary Course of Business. Seller maintains commercially reasonable confidentiality, security, disaster recovery and business continuity plans, procedures and facilities with respect to the operation of the Healthcare Business (including in respect of any data stored or contained in connection with the operation of the Healthcare Business) and in the last three (3) years there have been no material failures or unauthorized access of the information technology systems used in the operation of the Healthcare Business, including any data stored or transmitted therein.

4.18 Environmental Matters.

(a) The Seller Facility and the Healthcare Business and operations conducted thereon are and for the past four (4) years have been in compliance in all material respects with all applicable Environmental Laws, except for such noncompliance that has been fully and finally resolved.

(b) With respect to the Seller Facility and the Healthcare Business, Seller has obtained and possess all Permits required by applicable Environmental Laws (collectively referred to as "***Environmental Permits***").

(c) All such Environmental Permits are valid and in full force and Seller are and for the past four (4) years have been in compliance in all material respects with the terms and conditions of such Environmental Permits.

(d) Seller has not received written notice of any Action or written notice of potential responsibility alleging material liability under any Environmental Law, except for such notices or Actions that have been fully and finally resolved.

(e) There has been no Release of or exposure to Hazardous Materials on, in, at, under or migrating from the Seller Facility by Seller or, to Seller's Knowledge, any other Person, in material violation of applicable Environmental Laws or that would reasonably be expected to result in any material liability or obligation pursuant to Environmental Laws.

(f) Seller has not provided the Buyers with any environmental reports or assessments.

4.19 Material Suppliers and Material Payors.

(a) Schedule 4.19(a) sets forth the top ten (10) suppliers of the Seller Facility based on the total paid consideration to each such supplier for goods or services rendered for each of the year ended December 31, 2018, and the period beginning January 1, 2019 and ended August 31, 2019 (collectively, the "***Material Suppliers***") and the corresponding amount of such total paid consideration. All Material Suppliers continue to be suppliers of the Seller Facility.

(b) Schedule 4.19(b) sets forth the top ten (10) Third Party Payors of the Seller Facility based on the total paid consideration by each such Third Party Payor in respect of services provided at the Seller Facility during each of the year ended December 31, 2018 and the period beginning January 1, 2019 and ended August 31, 2019 (collectively, the "**Material Payors**") and the corresponding amount of such total paid consideration.

4.20 Brokers. Except as disclosed on Schedule 4.20, Seller nor or any of its respective Affiliates has employed or retained any broker, finder or agent to act on its behalf in connection with this Agreement or the transactions contemplated hereby, or incurred any liability to any broker, finder or agent for any brokerage fees, finder's fees, commissions or other amounts with respect to this Agreement or the transactions contemplated hereby.

4.21 Affiliate Transactions. Schedule 4.21 sets forth all Contracts between Seller or any of its Affiliates or Representatives, on the one hand, and Seller, on the other hand, with respect to the Seller Facility or the Purchased Assets.

4.22 Information Privacy and Security Compliance. Seller Facility has complied in all material respects with the administrative simplification provisions required under HIPAA, including the electronic data interchange regulations, the Information Privacy or Security Laws, and the health care privacy regulations, as of the applicable effective dates for such requirements. Seller has not agreed or committed to pay or otherwise provide all or any portion of any meaningful use payments to any physician or other individual employed in connection with, providing services to or otherwise associated with the Seller Facility.

4.23 Disclaimer of Warranties. Notwithstanding anything in this Agreement to the contrary, and except as expressly set forth in ARTICLE IV hereof, the Disclosure Schedules or in any Transaction Document to which Seller is a party, the Purchased Assets will be sold by Seller and purchased by Buyers "AS IS, WHERE IS AND WITH ALL FAULTS AND NONCOMPLIANCE WITH LAWS" WITH NO WARRANTY OF HABITABILITY OR FITNESS FOR HABITATION, with respect to the Owned Real Property or Leased Real Property, and WITH NO WARRANTIES, INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, with respect to the physical condition of the personal property and Inventory, any and all of which warranties (both express and implied) Seller hereby disclaims. Buyers acknowledge that Buyers have examined, reviewed and inspected all matters which in Buyers' judgment bears upon the Purchased Assets and their value and suitability for Buyers' purposes and, except as affirmatively represented and warranted by Seller, is relying solely on its own examination, review and inspection of the Purchased Assets.

ARTICLE V- REPRESENTATIONS AND WARRANTIES OF BUYERS

Except to the extent a representation or warranty speaks as of another date, as of the Execution Date and as of the Closing Date, when read in light of any corresponding sections of the Schedules to this ARTICLE V, each Buyer represents and warrants to Seller the following:

5.1 Capacity, Authority and Consents. Newco is duly organized and validly existing in good standing under the Laws of the state of Texas as a nonprofit corporation with the requisite power and authority to enter into this Agreement, to perform its respective obligations hereunder and to conduct its business as now being conducted. The District is a body politic and political subdivision of the State of Texas. The execution, delivery and performance of this Agreement and all Transaction Documents to which

each Buyer is or will become a party and the actions to be taken by each Buyer in connection with the consummation of the Contemplated Transactions:

(a) are within the powers of each respective Buyer, are not in contravention of Law or the terms of the Governing Documents of such Buyer and have been duly authorized by all appropriate action;

(b) have been duly authorized by all actions and proceedings on behalf of each Buyer, and no other actions or proceedings on the part of such Buyer, its respective boards of directors (or similar governing body) or equity holders are necessary;

(c) except as otherwise expressly herein provided or as set forth on Schedule 5.1(c) and subject to the entry of the Sale Procedure Order or any Sale Order, do not require any approval or consent of, or filing with, any third party or any Governmental Authority;

(d) except as otherwise expressly provided herein, will not result in any material breach or contravention of, nor permit the acceleration of the maturity of or termination of or constitute a default under, the terms of any material indenture, mortgage, contract, agreement or other instrument to which a Buyer is a party or otherwise bound that, in each case, could be reasonably expected to materially impair a Buyer's ability to fulfill its obligations under this Agreement; and

(e) will not violate any Law to which a Buyer is subject.

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

5.3 Litigation and Proceedings. There are no Actions pending or, to Buyer's knowledge, threatened against Buyers, or any governing Persons thereof, at Law or in equity, or before or by any Governmental Authority, that if adversely determined could be reasonably expected to materially impair Buyer's ability to fulfill its or their obligations under this Agreement.

5.4 Availability of Funds. Subject to obtaining the Third-Party Financing, Buyers have the ability to obtain funds in cash in amounts equal to the Purchase Price by means of credit facilities or otherwise and will at the Closing have immediately available funds in cash which are sufficient to pay the Purchase Price in accordance with Section 3.3(a) and to pay any other amounts payable pursuant to this Agreement and to consummate the Contemplated Transactions.

5.5 Representations of Seller. Except as expressly set forth in Article IV of this Agreement or the Disclosure Schedules or provided by Seller in any Transaction Document, each Buyer acknowledges that it is purchasing the Purchased Assets on an "AS IS, WHERE IS" basis (as more particularly described in Section 4.23), and that Buyers are not relying on any representation or warranty (expressed or implied, oral or otherwise) made on behalf of Seller other than as expressly set forth in this Agreement or the other Transaction Documents.

ARTICLE VI- COVENANTS OF THE PARTIES PRIOR TO CLOSING

6.1 Access.

(a) From and after the Execution Date until the Closing or the earlier termination of this Agreement (the "**Interim Period**"), Seller shall (i) provide Buyers and its or their Representatives reasonable access to and, as applicable, the right to inspect, the plants, properties, assets, Contracts, data, books and records of or relating to the Seller Facility and the Purchased Assets, (ii) the personnel of Seller involved in the operation or management of the Seller Facility and the Purchased Assets, and (iii) furnish Buyer with such additional financial and operating data and other information as to the Healthcare Business and properties of or relating to the Seller Facility and the Purchased Assets as reasonably requested, including copies of the updated Financial Statements following each calendar month during the Interim Period; provided however that such access shall be coordinated through such persons as may be designated in writing by Seller. Furthermore, during the Interim Period, Buyers, as coordinated by Seller and subject to Seller's reasonable input, may communicate with the Transferred Employees concerning the terms of employment for such Transferred Employees following the Closing; provided that, until the entry of the Sale Order, Buyers may only have such communications with the Transferred Employees set forth on Schedule 5.1(a); provided, further, that the failure of such persons to agree upon the terms and conditions of such employment shall not be a condition to the obligations of Buyers to consummate the Contemplated Transactions and shall not constitute a Material Adverse Effect. Notwithstanding the foregoing, all disclosures of information shall be consistent with all joint defense agreements and any other nondisclosure agreements entered into between the Parties.

(b) Buyer's right of access and inspection shall be exercised during normal business hours and in such a manner as not to interfere unreasonably with the operations of the Seller Facility. Notwithstanding the foregoing, Buyers understand that (i) with respect to documents and information deemed by Seller in good faith to be market sensitive or competitive in nature, Seller shall provide Buyers with access to such information, and Buyers shall use such information solely, in accordance with that certain Confidentiality Agreement, dated November 5, 2019, by and between Seller and Buyers, (ii) litigation and other materials (including internal/external legal audit letters or reviews, PRO information, National Data Bank reports, quality review information and other physician specific confidential information) that are deemed privileged or confidential by Seller will not be made available to Buyers, and (iii) Seller shall not be obligated to generate or produce information in any prescribed format not customarily produced by Seller.

6.2 Disclosure Schedules.

(a) The Parties acknowledge and agree that this Agreement has been executed and delivered by the Buyers without the Disclosure Schedules to this Agreement being attached hereto. The Parties shall cooperate to finalize the Disclosure Schedules to this Agreement not later than December 4, 2019 (the "**Disclosure Schedules Delivery Due Date**"), with the date that such full Disclosure Schedules have been actually delivered by the Seller to the Buyers prior to the Disclosure Schedules Delivery Due Date being referred to as the "**Actual Delivery Date**."

(b) After the Actual Delivery Date, and no later than five (5) Business Days prior to the Closing Date, Seller shall deliver to Buyers a written notice with respect to any matter first arising or occurring after the Actual Delivery Date (without any relation to any event, act, or occurrence prior to the Actual Delivery Date), that, if existing as of the Actual Delivery Date, would have been required to be set forth or described in the Article IV Schedules (a "**Schedule Supplement**"). For the avoidance of doubt, if the matter had any relation to an event, act, or occurrence prior to the Actual Delivery Date, such item shall not qualify to be on the Schedule Supplement and shall be removed from the Schedule Supplement. Any Schedule Supplement shall set forth in reasonable detail the nature and circumstances of the matter being disclosed.

If Seller provides Buyers with a Schedule Supplement relating to an event or circumstance that first occurred or arose following the Actual Delivery Date and prior to the Closing Date, such Schedule Supplement shall be deemed to have amended the Article IV Schedules and to have qualified the particular representations and warranties contained in Article IV that relate to such event or circumstance and are specifically referenced in the Schedule Supplement; provided, however, that any Schedule Supplement setting forth an event or circumstance that (a) has had, and would reasonably be expected to have, individually or in the aggregate with all other breaches of this Agreement, a Material Adverse Effect, (b) relates to a breach of any of the Fundamental Representations or any Healthcare Laws, (c) involves a Liability or potential claim in excess of \$250,000, that would become a liability of any Buyer post-Closing, or (d) involves a crime punishable as a felony (such circumstances identified in clauses (a), (b), (c), or (d), the "**Excluded Occurrences**") shall not be deemed to have amended the Article IV Schedules or to have qualified any representations and warranties contained in Article IV, including for purposes of Section 7.1. Notwithstanding the foregoing, if the events or circumstances included in such Schedule Supplement constitute an Excluded Occurrence, Buyers have the unqualified right to terminate this Agreement pursuant to Article IX hereof; provided that, in order to exercise such termination right, Buyers shall be required to deliver such notice within ten (10) Business Days after receipt of such Schedule Supplement setting forth an Excluded Occurrence.

6.3 Consents and Approvals.

(a) Seller shall use commercially reasonable efforts (i) at its sole cost and expense, to obtain all consents and approvals listed on Schedule 6.3 and any other consents and approvals necessary to consummate the Contemplated Transactions, (ii) to make, as reasonably requested by Buyers, all filings, applications, statements and reports to all Governmental Authorities that are required to be made prior to the Closing Date by or on behalf of Seller or any of its Affiliates pursuant to any Laws in connection with this Agreement and the Contemplated Transactions, and (iii) to obtain, as reasonably requested by Buyers, all required consents and approvals (if any) necessary to assign and transfer Seller's Permits to the applicable Buyer at Closing and, to the extent that one or more of Seller's Permits (including all Environmental Permits) are not transferable, to reasonably assist Buyers in obtaining replacements therefor.

(b) Each of the parties shall file or cause to be filed any notifications required to be filed with, and use commercially reasonable efforts to obtain any other authorizations, consents and approvals of, any Governmental Authority in connection with the matters contemplated by this Agreement.

(c) Seller and Buyers shall each keep the other fully advised with respect to any requests from or communications with any Governmental Authority in connection with the matters contemplated by this Agreement and shall consult with the other with respect to all filings and responses thereto.

6.4 Operating Covenants. During the Interim Period, except with the prior written consent of Buyers or as required by this Agreement or a Bankruptcy Court Order, Seller shall:

(a) carry on its businesses in respect of the Seller Facility and the Purchased Assets in the Ordinary Course of Business consistent with past practice;

(b) perform its obligations relating to or affecting the Seller Facility and the Purchased Assets in the Ordinary Course of Business consistent with past practice;

(c) keep in full force and effect current insurance policies, self-funded plans or trusts or other comparable insurance relating to or affecting the Seller Facility and the Purchased Assets;

(d) comply in all material respects with all Laws applicable to the Seller Facility and the Purchased Assets; and

(e) use its commercially reasonable efforts to: (i) maintain the Purchased Assets in the Ordinary Course of Business consistent with past practice and not remove any such Purchased Assets from the Seller Facility outside the Ordinary Course of Business; (ii) keep in force all Permits necessary for the operation of the Seller Facility and the Purchased Assets; (iii) maintain and preserve its business organizations intact and retain the current Facility Employees; and (iv) maintain the goodwill of the Healthcare Business of the Seller Facility and preserve its relationships with physicians, suppliers, customers and others having business relations with the Seller Facility.

6.5 Negative Covenants. During the Interim Period, except as required by Law or as ordered by the Bankruptcy Court, and without limiting the generality of Section 6.4, except as set forth on Schedule 6.5, Seller shall not, with respect to the Seller Facility or the Purchased Assets, without the prior written consent of Buyers (which shall not be unreasonably withheld, conditioned or delayed):

(a) amend, modify, reject or terminate (other than at its stated expiration date) any of its Contracts, or enter into any Contract or commitment, other than any such Contract or commitment that (i) is entered into in the Ordinary Course of Business, (ii) would not have been a Material Contract of Seller if it were entered into on or prior to the Execution Date and (iii) over the term of such Contract or commitment involves less than \$50,000 or can be terminated without cause by Seller on 90 days' notice or less without penalty;

(b) acquire (including by merger, consolidation, acquisition of stock or equity), or by purchasing a substantial portion of the assets of, any Person, or business or division thereof;

(c) make any change in accounting methods, principles or practices or change any of the assumptions underlying, or methods of calculating, any bad debt, contingency or other reserve;

(d) enter into any lease that would be categorized as a capital lease under GAAP, other than in the Ordinary Course of Business consistent with past practice;

(e) license, sell, transfer, acquire, abandon or permit to lapse any material Intellectual Property;

(f) waive or cancel any material claim or right, account receivable or trade account outside of the Ordinary Course of Business in excess of \$25,000 in the aggregate;

(g) enter into any commitment for capital expenditures;

(h) make any loan, advance or capital contribution to, or investment in any Person;

(i) (i) make, modify or revoke any Tax election, (ii) change its method of Tax accounting, (iii) amend any Tax Return, (iv) settle or compromise any Tax liability, claim or dispute, (v) enter into any Tax sharing agreement, (vi) surrender any right to claim a refund of Taxes or (vii) consent to any extension or waiver of the statute of limitations applicable to any Tax claim or assessment;

(j) settle any Action, or threatened Action, that (i) imposes any limitation on the conduct of the Seller Facility or the Purchased Assets or (ii) affects or would reasonably be expected to affect the Contemplated Transactions;

(k) fail to use commercially reasonable efforts to cause its current insurance policies (other than directors' and officer's policies) or any of the coverage thereunder not to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect;

(l) (i) increase the salary, wages, bonus opportunity, benefits, commission or other compensation of any Facility Employee other than increases in base salaries or hourly wage rates in the Ordinary Course of Business consistent with past practice for any Facility Employee that earns less than \$100,000 in annual compensation that do not exceed 3% per employee and which increases are not material in the aggregate, (ii) establish, adopt, terminate or materially amend any Employee Benefit Plan; (iii) hire any Facility Employee that receives (or is expected to receive) aggregate annual compensation in excess of \$100,000; or (iv) terminate or give notice of termination to any Facility Employee (other than for cause) that receives (or is expected to receive) aggregate annual compensation in excess of \$100,000.

(m) sell, assign, lease, convey, mortgage, license, encumber or otherwise transfer or dispose of any Purchased Assets, property, plant or equipment used in connection with the operation of the Seller Facility except in the Ordinary Course of Business;

(n) transfer or otherwise relocate any of the Purchased Assets as located in the Seller Facility on the Execution Date, whether to other locations owned, directly or indirectly, by Seller, or to locations owned by third parties other than in the Ordinary Course of Business;

(o) seek the return of any amount deposited under any real property lease unless Seller obtains a written agreement from the applicable landlord in form and substance acceptable to Buyers specifying that Buyers will not be required to deliver a deposit in connection with the assignment of the lease or any pre-Closing defaults under the lease; or

(p) authorize, agree, resolve or consent to any of the foregoing.

6.6 Bankruptcy Court Approvals; Executory Contracts; Sale Procedures; and Stalking Horse Provisions.

(a) Within three (3) Business Days after the execution of this Agreement, Seller shall file and serve the Stalking Horse Notice as defined in and pursuant to the procedures set forth in the Sale Procedures Order and Bidding Procedures designating the Buyers as the Stalking Horse Bidder. Within one (1) Business Day after the execution of this Agreement, Seller shall serve on all non-Seller counterparties to all of the Proposed Assumed Contracts a notice specifically stating that Seller may be seeking the assumption and assignment of such Proposed Assumed Contracts and shall notify such non-Seller counterparties of the deadline for objecting to the proposed Cure Amounts stated in such notices, if any, which deadline shall not be less than five (5) Business Days prior to the Sale Hearing (such deadline, the "**Objection Deadline**"). Upon objection by any non-debtor counterparty to the Cure Amounts asserted by Seller with respect to any Proposed Assumed Contract (such contract, a "**Disputed Contract**"), Seller, in cooperation with Buyers will either settle the objection of such party or will litigate such objection under procedures approved and proscribed by the Bankruptcy Court. In no event will Seller settle such an objection with regard to any Proposed Assumed Contract without the express written consent of Buyers (with an email consent being sufficient). Upon entry of an Order determining any Cure Amount regarding any Disputed Contract after the Closing (the "**Disputed Contract Order**"), Buyers will have the option, no later than five (5) Business Days after the entry of the Disputed Contract Order, to designate the Disputed Contract as an Excluded Asset (and, for the avoidance of doubt, Buyers will not assume the Disputed Contract and will not be responsible for the associated Cure Amount (if any) or Liabilities with respect to

such Disputed Contract). If Buyers elect to assume a Disputed Contract, Seller and Buyers shall promptly thereafter deliver written instructions directing the Escrow Agent to release an amount in cash from the Cure Amount Escrow Account to the Person set forth in such notice in an amount equal to the final Cure Amount in respect of such Disputed Contract. In the event that, following the Closing, Buyers elect not to assume a Disputed Contract, Buyers and Seller shall promptly deliver written instructions directing the Escrow Agent to disburse to Buyers, to the account set forth in such notice, an amount in cash from the funds available in the Cure Amount Escrow Account equal to the Disputed Cure Amount allocated to such Disputed Contract; provided that the parties shall discuss every two (2) weeks, commencing as of the Sale Hearing and ending as of the first date following the Closing on which there are no longer funds in the Cure Amount Escrow Account, the status of Buyers' decisions with respect thereto. Once Buyers have assumed or rejected all Disputed Contracts in accordance with this Section 6.6(a) and all Cure Amounts in respect of any Disputed Contracts assumed by Buyers have been paid, Seller and Buyers shall promptly thereafter deliver written instructions directing the Escrow Agent to release all amounts (if any) remaining in the Cure Amount Escrow Account to Seller.

(b) Between the time this Agreement is executed by Buyers and the Auction is held, Seller may contact, through whatever means are reasonable, other potential buyers for the Purchased Assets and engage in discussions with such potential buyers that would be higher and better than reflected in this Agreement.

(c) The Sale Order and the Sale Procedures Order shall be substantially in the forms set forth on Exhibits 2 and 3. Seller and Buyers shall use reasonable efforts to obtain the entry of Sale Order. Seller shall promptly provide Buyers with copies of any objections to the Sale Motion. Buyers shall take such actions as are reasonably requested by Seller to assist Seller in obtaining a finding by the Bankruptcy Court that Buyers are deemed to have purchased the Seller Facility and the Purchased Assets in good faith pursuant to Section 363(m) of the Bankruptcy Code. The purchase and sale of the Purchased Assets will be in accordance with (and only in accordance with) the Sale Procedures Order, in form and substance acceptable to Buyers and Seller. Seller, nor any of its respective Affiliates shall change or modify, or request that the Bankruptcy Court change or modify, any of the dates or procedures set forth in this Agreement or the Sale Procedures Order without the prior written consent of Buyers. From and after the Execution Date hereof and until the Closing Date or the termination of this Agreement, Seller shall not take any action which is intended to (or is reasonably likely to), or fail to take any action the intent (or the reasonably likely result) of which failure to act is to, result in the reversal, voiding, modification or staying of the Sale Procedures Order or this Agreement. Seller shall also provide Buyers with written notice (and copies) of, any objection or response filed in connection with the Stalking Horse Notice or as part of the Stalking Horse Objection Process (each as defined in the Sale Procedures Order).

(d) In the event an appeal is taken, or a stay pending appeal is requested or reconsideration is sought, from the Sale Order, and Buyers have not also been served with papers related to such appeal, stay or reconsideration, Seller shall promptly notify Buyer of such appeal or stay request and shall provide to Buyers within one (1) Business Day a copy of the related notice of appeal or order of stay or application for reconsideration. Seller shall also provide Buyers with written notice (and copies) of, any other or further notice of appeal, motion or application filed in connection with any appeal from or application for reconsideration of, either of such orders and any related briefs if Buyers are not also included on such additional documents and communications.

(e) Counsel for Seller shall promptly notify counsel for Buyers in writing and, as is required by the Bankruptcy Code, all parties entitled to notice pursuant to the Bankruptcy Code, the Bankruptcy Rules and orders of the Bankruptcy Court, of all motions, notices and orders required to consummate the Contemplated Transactions, including the Sale Order, as modified by orders in respect of notice which may be issued at any time and from time to time by the Bankruptcy Court. At least three (3) Business Days

prior to filing any papers or pleadings in the Bankruptcy Case that relate primarily to this Agreement or Buyers, Seller shall provide Buyers with a copy of such papers or pleadings for review and comment. Seller shall consider such changes thereto as reasonably requested by Buyers or their Representatives.

(f) If Buyers are the highest and best bidder as reasonably determined by Seller along with such other parties as may be given the right to have input pursuant to the Sale Procedures Order at the auction which the Bankruptcy Court shall schedule pursuant to the Sale Procedures Order (the "**Auction**"), Seller shall not, directly or indirectly, take any action which is intended to, or fail to take any action the intent of such failure to act is to, result in the reversal, voiding, modification or staying of the Sale Order or this Agreement.

(g) This Agreement is subject to approval by the Bankruptcy Court. Following completion of the Auction, in the event that Buyers are designated as the highest and best bidder, Seller shall not initiate contact with, solicit or encourage submission of any inquiries, proposals or offers by, any Person in connection with any sale or other disposition of the Seller Facility or the Purchased Assets. In the event that Buyers are designated as the highest and best bidder unless otherwise directed by the Bankruptcy Court, Seller shall not, after completion of the Auction, respond to or pursue an Alternative Transaction, or perform any other acts related thereto.

(h) Within three (3) Business Days of execution of this Agreement, the Sale Procedures Order, Bidding Procedures and the Stalking Horse Notice (as defined in the Sale Procedures Order) shall be effective to provide to the Buyers stalking horse bid protections such that in the event Seller closes on one or more Alternative Transactions for all or some of the Seller Facility or the Purchased Assets to a buyer other than Buyers, Seller shall be required to pay Buyers from the proceeds of any Alternative Transaction(s) (x) a fee in the amount equal to 3% of the Purchase Price (the "**Break-Up Fee**"), and (y) up to Two Hundred Fifty Thousand Dollars (\$250,000) of the reasonable and actual out-of-pocket and third-party costs and expenses (including expenses of counsel and other outside consultants) incurred and documented by Buyers (and each of their designated Affiliate(s)) in connection with Buyers' due diligence investigation of Seller, the Seller Facility and the Purchased Assets and the negotiation, execution and delivery of this Agreement and the Contemplated Transactions (the "**Expense Reimbursement**"), and (z) the Parties shall promptly take any and all actions pursuant to the Escrow Agreement or otherwise to release to Buyers the Deposit and any interest accrued thereon. The Break-Up Fee and Expense Reimbursement are an integral part of the Contemplated Transactions and is not a penalty but rather is a reasonable amount that will compensate Buyers for the efforts and resources expended and opportunities foregone while negotiating this Agreement. The Break-Up Fee and Expense Reimbursement shall be allowed administrative expense claims of Seller pursuant to Section 364(c)(1) of the Bankruptcy Code with priority over any and all administrative expenses of any kind, including those specified in Sections 503(b) or 507(b) of the Bankruptcy Code, and, if such amounts are to be paid pursuant to this Section 6.6(h), the Expense Reimbursement and the Break-Up Fee shall be paid at the closing of an Alternative Transaction solely from the proceeds of such Alternative Transaction including the sale of the Seller Facility to another buyer; provided that, if earlier, the Expense Reimbursement shall be paid to Buyers upon Seller directly or indirectly receiving proceeds from the sale of any of its or its subsidiaries' assets following the Execution Date; and provided further that in the event the consideration for such sale to another buyer is in the form of a credit bid, the Buyers shall retain their administrative expense claim and such administrative expense claim shall be paid from general working capital of the Seller within thirty (30) days of the closing of the Alternative Transaction and the Seller shall obtain Bankruptcy Court approval of the foregoing within fifteen (15) days of the execution of this Agreement. The Sale Procedures Order shall provide, in the event of an Auction, for an initial overbid protection in an amount equal to \$100,000 and minimum bid increments thereafter of \$100,000. The Sale Procedures Order shall provide for qualified bidders to be identified by Seller that may bid for all of the Purchased Assets and shall contemplate the same transaction form and structure as contemplated by this Agreement and the Contemplated Transactions herein.

6.7 Confidentiality. Following the Closing, Seller shall, and shall cause its subsidiaries to, keep confidential and not disclose to any other Person or use for its own benefit or the benefit of any other Person any confidential information, proprietary information, technology, know-how, trade secrets (including all results of research and development), industrial designs, customer lists, franchises, inventions or other intellectual property regarding Buyer, the Seller Facility, the Purchased Assets or the operation thereof ("**Buyer Confidential Information**") in its possession or control. The obligations of Seller under this Section 6.7 shall not apply to Buyer Confidential Information which (a) is or becomes generally available to the public without breach of the commitment provided for in this Section 6.7; (b) is required to be disclosed by Law; provided, however, that, in any such case, Seller shall notify Buyers (to the extent permitted by Law) prior to disclosure and agrees that Buyers may take appropriate measures to preserve the confidentiality of such Buyer Confidential Information; (c) is received by Seller on a non-confidential basis from a source other than Buyers or their respective subsidiaries or Representatives not in violation of a confidentiality obligation to Buyers or their respective subsidiaries; (d) is independently developed by Seller, or its respective Affiliates or Representatives without reference to or use of any Buyer Confidential Information; or (e) is or was disclosed in connection with the Bankruptcy Case.

6.8 Public Announcements. Prior to the Closing, no Party shall issue or release or make any news release, public statement or other similar public announcement, written or oral, whether relating to this Agreement or any of the other Transaction Documents or the existence of any arrangement between the Parties, without the prior written consent of the other Party whether or not named in such news release, public statement or other similar public announcement, except (x) the Parties shall no later than the submission of this Agreement to the Bankruptcy Court issue a joint press release, together with a communication to the Facility Employees in connection with the execution and delivery of this Agreement in form and substance agreed by the Parties prior to the Execution Date, and (y) any Party may issue or release or make any such news release, public statement or other similar public announcement (including a copy of this Agreement and any Transaction Document) as may be required by Law, by the rules or regulations of any stock exchange or in connection with the Bankruptcy Case. Notwithstanding the foregoing, in no event shall the foregoing be construed to restrict or prevent any Party or its Affiliates from making any internal announcements (including announcements to financing sources) regarding the Contemplated Transactions. Any subsequent release, public statement or other similar public announcement by a Party that solely contains information included in a prior release, public statement or other similar public announcement made by such Party in accordance with this Section 6.8 shall be deemed consented to by the other Parties.

6.9 Change of Name. As of the Closing Date, Seller shall take all action necessary to change its name to a name that is not similar to, or confusing with, the name "Walker County Hospital" and the fictitious name, "Huntsville Memorial Hospital" and shall terminate its right to use such trade names so as to permit Buyers to use such trade names as of Closing. Additionally, Seller shall take such actions and execute such documents as may be necessary for Buyers to make appropriate assumed name filings in order to evidence and protect Buyers' right to use such trade names in connection with the operation of the Hospital after Closing.

6.10 Refunds and Remittances. After the Closing: (a) if Seller or any of its Affiliates receive any refund or other amount that is a Purchased Asset, a payment under a Government Reimbursement Program or otherwise for services or goods provided by Buyers or any of their Affiliates after the Effective Time, or is otherwise properly due and owing to Buyers in accordance with the terms of this Agreement, Seller shall promptly remit, or shall cause to be remitted, such amount to Buyer; and (b) if Buyers or any of their Affiliates receive any refund or other amount that is an Excluded Asset or is otherwise due and owing to Seller or any of its Affiliates in accordance with the terms of this Agreement, Buyers shall promptly remit, or shall cause to be remitted, such amounts to Seller.

6.11 Billing Pending Change of Ownership. The Parties will work collaboratively to effectuate the transfer of the Medicare and Medicaid provider numbers to Newco as set forth herein. The time period post-Closing but prior to the effective date of the assignment of the Medicare and Medicaid provider number to Newco (as determined by a tie-in notice and approval letter being issued to Newco by Medicare and a new Texas Provider Identifier being issued to Newco by Medicaid permitting Newco acknowledging that Buyer may be reimbursed for claims submitted by Newco using Newco's identification information) shall be referred to as the "**CHOW Period.**" During the CHOW Period, Newco will continue to bill under Seller's Medicare provider number; however, Newco shall not bill under Seller's Medicaid provider number during the CHOW Period. Newco shall bear the risk of all damage, loss, cost and expense associated in any way with billing under Seller's Medicare provider number during the CHOW Period. Newco shall indemnify and defend Seller and its Representatives and hold each of Seller and its Representatives harmless, against and with respect to any and all liabilities, obligations, judgments, penalties, interest, violations, fees, fines, losses, damages, deficiencies, liens and encumbrances to the extent caused by, resulting from or in connection with any act or omission of Newco or its Representatives that occurs during the CHOW Period; except to the extent caused in whole or in part by Seller. The rights and obligations pursuant to this Section 6.11 shall survive any termination of this Agreement.

6.12 Seller's Existence Post-Closing. If the Seller intends to file a plan of liquidation following the Closing, and the Seller intends to destroy or otherwise dispose of records, it agrees to provide ten (10) days' notice to the Buyers of the intent and, to the extent Buyers desire to delay or prevent such disposal, Buyers may, at their sole expense, take possession of such records.

ARTICLE VII- CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYERS

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

7.1 Representations and Warranties; Covenants.

(a) The Fundamental Representations made by Seller and HMHPO in this Agreement or in the other Transaction Documents shall be true and correct in all respects as of the Execution Date and the Closing Date, as though made as of the Closing Date (except for representations and warranties which address matters only as of a specific date, which representations and warranties shall continue as of the Closing Date to be true and correct as of such specific date). The representations and warranties made by Seller and HMHPO in this Agreement or in the other Transaction Documents, shall be true and correct (without giving effect to any "materiality," "in all material respects," "Material Adverse Effect" or similar qualifiers) as of the Execution Date and the Closing Date when read in light of the Article IV Schedules that are updated prior to the Closing Date in accordance with Section 6.2, as though made on the Closing Date (except for representations and warranties which address matters only as of a specific date, which representations and warranties shall continue as of the Closing Date to be true and correct as of such specific dates), except to the extent that the failure to be so true and correct has not had, and would not reasonably be expected to have, a Material Adverse Effect.

(b) All of the covenants, agreements and other obligations in this Agreement to be complied with or performed by Seller on or before the Closing Date pursuant to the terms hereof shall have been duly complied with and performed in all material respects (without giving effect to any "materiality," "in all material respects," "Material Adverse Effect" or similar qualifiers).

7.2 Required Governmental Approvals and Consents. Buyers shall have obtained documentation or other evidence reasonably satisfactory to Buyers that the Parties have obtained from applicable

Governmental Authorities the approvals and consents set forth on Schedule 7.2 to effect the transactions set forth in this Agreement and to enable Buyers to operate the Seller Facility and Purchased Assets (the "**Required Governmental Approvals**").

7.3 Title and Survey. The Title Company shall be irrevocably committed to issue both the Title Policy insuring the applicable Buyers' valid and enforceable leasehold title in and to the Leased Real Property and good and marketable fee simple title to the Owned Real Property, subject to no Encumbrances other than the Permitted Encumbrances, together with such endorsements to such Title Policy as the applicable Buyer deems necessary in its reasonable discretion. Further, the Surveys shall not reflect any Encumbrance other than Permitted Encumbrances and shall otherwise be acceptable to the Title Company for purposes of providing "survey coverage" in the Title Policy.

7.4 Actions and Proceedings. No Governmental Authority shall have issued any Order or enacted any Law that is then in effect and that enjoins, restrains, makes illegal or otherwise prohibits the consummation of the Contemplated Transactions, and no Action, claim or investigation seeking to enjoin, restrain or prohibit the consummation of the Contemplated Transactions shall be pending.

7.5 Material Adverse Effect. There shall not have been any Material Adverse Effect since the Balance Sheet Date.

7.6 Closing Certificate. Seller shall have delivered to Buyers a certificate dated as of the Closing Date and executed by an authorized officer of Seller to the effect that each of the conditions specified in Section 7.1 and Section 7.5 are satisfied in all respects.

7.7 Bankruptcy Court Approval. The Sale Order shall have been entered by the Bankruptcy Court.

7.8 Closing Deliveries. Seller shall have executed and delivered, or caused to have been executed and delivered, to Buyers the documents and items described in Section 3.5.

7.9 Exclusivity. Seller's exclusive right to file and solicit acceptance of a plan of reorganization shall not have been terminated.

7.10 Financing Contingency. One or more of the Buyers shall have in place financing with terms and conditions that are satisfactory to the Buyers ("**Third-Party Financing**").

7.11 No Dismissal or Conversion. The Bankruptcy Case shall not have been dismissed or converted to a case under chapter 7 of the Bankruptcy Code.

7.15 Trustee Rejection. A trustee shall not have been appointed for Seller and rejected the Contemplated Transactions.

ARTICLE VIII- CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER

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

8.1 Representations and Warranties; Covenants.

(a) The representations and warranties of Buyers contained in this Agreement shall be true and correct in all respects (without giving effect to any "materiality," "in all material respects," "material adverse

effect" or similar qualifiers) as of the Execution Date and as of the Closing Date (except for representations and warranties which address matters only as of a specific date, which representations and warranties shall continue as of the Closing Date to be true and correct as of such specific date), except to the extent the failure of such representations and warranties to be true and correct would not materially and adversely affect Buyers' ability to consummate the Contemplated Transactions.

(b) All of the covenants, agreements and other obligations in this Agreement to be complied with or performed by Buyers on or before the Closing pursuant to the terms hereof shall have been duly complied with and performed in all material respects (without giving effect to any "materiality," "in all material respects," "material adverse effect" or similar qualifiers).

8.2 Pre-Closing Confirmations. Seller shall have obtained documentation or other evidence reasonably satisfactory to Seller that the Parties have obtained the Required Governmental Approvals.

8.3 Actions and Proceedings. No Governmental Authority shall have issued any Order or enacted any Law that is then in effect and that enjoins, restrains, makes illegal or otherwise prohibits the consummation of the Contemplated Transactions, and no Action, claim or investigation seeking to enjoin, restrain or prohibit the consummation of the Contemplated Transactions shall be pending.

8.4 Closing Certificate. Buyers shall have delivered to Seller a certificate dated as of the Closing Date and executed by an authorized officer of each of Buyer to the effect that each of the conditions specified in Section 8.1 is satisfied in all respects.

8.5 Closing Deliveries. Buyers shall have executed and delivered, or caused to have been executed and delivered, to Seller the documents and items described in Section 3.6.

8.6 Cure Amounts. Any and all Assumed Cure Amounts shall have been paid by or on behalf of Buyers, except for (i) those Assumed Cure Amounts that are to be paid in full at the Closing (and subject to the payment of such Assumed Cure Amounts at the Closing) and (ii) any Disputed Cure Amounts.

ARTICLE IX - ADDITIONAL AGREEMENTS

9.1 Termination Prior to Closing.

(a) Notwithstanding anything herein to the contrary, this Agreement may be terminated and the Contemplated Transactions may be abandoned at any time prior to the Closing:

(i) by the mutual written consent of Seller and Buyers;

(ii) by either Buyer, if Seller breaches or fails to perform in any respect any of its representations, warranties, agreements, covenants or other obligations contained in this Agreement and such breach or failure to perform would, if the Closing otherwise were to occur on the date of written notice of such breach or failure to perform, give rise to the failure of a condition set forth in Section 7.1;

(iii) by Seller, if Buyers breach or fail to perform in any respect any of their respective representations, warranties, agreements, covenants or other obligations contained in this Agreement and such breach or failure to perform would, if the Closing otherwise were to occur on the date of written notice of such breach or failure to perform, give rise to the failure of a condition set forth in Section 8.1;

(iv) by Seller or either Buyer after the Outside Date, provided that the right to terminate this Agreement under this Section 9.1(a)(iv) shall not be available to a Party if the breach of or inaccuracy in any representation or warranty or breach of or failure to perform any covenant, agreement or other obligation of such Party set forth in this Agreement has been the cause of or resulted in the failure of the Closing to occur on or prior to such date;

(v) by Seller or Buyers, if there is in effect a Final Order of a Governmental Authority of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement;

(vi) by Seller or Buyers in the event the Bankruptcy Court approves an Alternative Transaction;

(vii) by Seller or Buyers, if the Bankruptcy Court enters an Order that precludes consummation of the Contemplated Transactions on the terms and conditions set forth in this Agreement, as this Agreement may be modified or amended by the Parties;

(viii) by either Buyer pursuant to Section 6.2 hereof; and

(ix) by Seller or either Buyer in the event that the Parties, in their sole unfettered discretion, are unable to agree upon the form and/or content of the Disclosure Schedules on or before the Disclosure Schedules Delivery Due Date.

The Party seeking to terminate this Agreement pursuant to this Section 9.1(a) (other than Section 9.1(a)(i)) shall give prompt written notice of such termination to the other Parties.

(b) In the event of any termination of this Agreement by either Buyer or Seller as provided in Section 9.1(a), this Agreement shall forthwith become void, and there shall be no liability on the part of any Party or any of its Affiliates to any other Person resulting from, arising out of, relating to, or in connection with this Agreement or any other document related to the Contemplated Transactions herein, except that 11.11 (General Provisions) and this Section 9.1 shall survive any termination of this Agreement and each Party shall be entitled to all remedies available at Law or in equity in connection with any breach of any such provision.

(c) If this Agreement is terminated by Seller pursuant to Section 9(a)(iii) at such time when Buyers are not otherwise entitled to terminate this Agreement pursuant to Section 9.1(a) (a "**Qualifying Termination**"), the Parties shall promptly take any and all actions pursuant to the Escrow Agreement or otherwise to release to Seller the Deposit and any interest accrued thereon as a reverse termination fee (the "**Reverse Termination Fee**"). If this Agreement is terminated and such termination is not a Qualifying Termination, then Seller will not be entitled to the Reverse Termination Fee and the Parties shall promptly take any and all actions pursuant to the Escrow Agreement or otherwise to release to Buyers the Deposit and any interest accrued thereon.

(d) Notwithstanding anything in this Agreement to the contrary, (i) in no event shall Buyers be required to pay or cause to be paid the Reverse Termination Fee on more than one occasion and (ii) in no event shall Seller be entitled to both (x) receive the Reverse Termination Fee and (y) specific performance of Buyers' obligation to pay the Purchase Price and effect the Closing.

(e) Notwithstanding anything in this Agreement to the contrary, (i) in the event that Buyers fail to effect the Closing for any reason or no reason or otherwise breach this Agreement (or any representation, warranty, covenant or agreement herein) prior to the Closing or otherwise fail to perform

hereunder prior to the Closing (whether willfully, intentionally, unintentionally or otherwise), then Seller's right (subject to the terms, conditions and limitations hereof) to terminate this Agreement pursuant to Sections 9.1(a)(iii), 9.1(a)(iv) or 9.1(a)(v) and, solely in the case of a Qualifying Termination, receive the Reverse Termination Fee pursuant to Section 9.1(c), shall be the sole and exclusive right and remedy (whether at law, in equity, in contract, in tort or otherwise) of Seller, its respective successors and permitted assigns, and any Person claiming by, through or on behalf of any of them (it being expressly agreed that no other Person shall have any right or remedy in such circumstances) against any Person, arising out of or relating to (A) this Agreement, (B) any breach by Buyers of any representation, warranty, covenant, obligation or agreement in this Agreement or Buyers' failure to perform under this Agreement, (C) the failure of Buyers to consummate the Closing, or (D) the transactions contemplated by this Agreement and (ii) upon payment of the Reverse Termination Fee in accordance with Section 9.1(c), Seller, nor its respective successors and permitted assigns, or any Person claiming by, through or on behalf of any of them (it being expressly agreed that no other Person shall have any right or remedy in such circumstances) shall have any right or remedy (whether at law, in equity, in contract, in tort or otherwise) with respect to any of the matters described in clauses (A) through (D) of the immediately preceding subsection (i).

(f) Notwithstanding anything to the contrary in this Agreement, in the event that Seller is paid the Reverse Termination Fee in accordance with Section 9.1(c), the receipt of the Reverse Termination Fee by Seller shall not be deemed a penalty, but shall be deemed to be liquidated damages for any and all losses or damages suffered or incurred by Seller, and any other Person with respect to the matters described in clauses (A) through (D) of Section 9.1(e), and Seller nor any other Person shall have any other right or remedy (whether at law, in equity, in contract, in tort or otherwise) against Buyers or any other Person (it being expressly agreed that no other Person shall have any right or remedy in such circumstances).

(g) The provisions of Sections 9.1(b) through 9.1(f) and this Section 9.1(g) are intended to be for the benefit of, and shall be enforceable by, Buyers and any other Person against whom any right or remedy is sought. The Parties agree that the agreements contained in this Section 9.1 are an integral part of this Agreement and the transactions contemplated hereby and, without these agreements, the parties would not enter into this Agreement. In light of the difficulty of accurately determining actual damages with respect to the foregoing matters, the Reverse Termination Fee constitutes a reasonable estimate of the losses that will be suffered if this Agreement is terminated or the transactions contemplated by this Agreement are otherwise abandoned or not consummated and constitutes liquidated damages (and not a penalty).

9.2 Post-Closing Filings and Access to Information.

(a) After the Closing, each Party shall promptly deliver to the other Party, upon reasonable request of such other Party, copies of any post-Closing filings, financial statements or reports regarding the Seller Facility, the Purchased Assets, the Assumed Liabilities, the Excluded Assets or the Excluded Liabilities that may be reasonably necessary for such other Party to prepare and deliver any filings or reports required to be delivered to any Governmental Authority as a result of the consummation of the transactions described herein, in each case at the sole cost and expense of the requesting Party.

(b) After the Closing, Buyers' Parent and each Buyer shall permit, for a period of not less than four (4) years, each Seller, any direct or indirect successor of such Seller, and their respective professionals, and the Committee and its professionals (collectively, the "**Permitted Parties**") access to all books and records that are in connection with or that otherwise relate to the Purchased Assets and the operations of the Seller Facilities prior to the Closing that are in the control or possession of Buyers' Parent or any of the Buyers or any of their respective Affiliates, agents or representatives (collectively, the "**Business Records**") for purposes of (i) pursuing, assessing, settling or otherwise dealing with any Excluded Assets or Excluded Liabilities, (ii) pursuing, assessing, defending, settling or otherwise dealing with (including, without

limitation, exercising rights and remedies with respect to) any claim, action or cause of action, including without limitation, any objection or motion, that any Permitted Party has the right to pursue, (iii) performing and/or otherwise dealing with any obligations of Sellers pursuant to this Agreement, including the Excluded Liabilities, (iv) assisting any one or more of the Permitted Parties in connection with or otherwise relating to the claims reconciliation process relating to any Seller Including, without limitation, with respect to claims against any Person, including without limitation, assessing, resolving, settling and/or otherwise dealing with priority, administrative and unsecured claims against any Seller that accrue prior to the Closing Date, and (v) without limiting the generality of the immediately preceding clauses (i) through (iv), otherwise administering Seller's bankruptcy estates including, without limitation, the preparation and confirmation of a plan of reorganization or liquidation relating to Seller and the preparation of the accompanying disclosure statement, and compliance with any subpoena, document requires, or Order of any court compelling any Permitted Party to produce documents to third parties, winding down Seller's bankruptcy estates, preparing or filing Tax returns and causing audits to be performed and/or for any other reasonable purpose.

(c) The right of access for the Permitted Parties shall include, without limitation, (i) the right of such Permitted Party to copy at the Permitted Party's premises or the location of the Purchased Assets at the requesting Permitted Party's expense, such documents and records as the Permitting Party may request in furtherance of any of the purposes referred to in Section 9.2(b) and (ii) the applicable Buyer's copying and delivering, at the Permitted Party's cost, to such Permitted Party such documents and records as may be requested, but only to the extent such Permitted Party furnishes Buyers with a reasonable written description of the materials to be copied. Buyers shall not dispose of or destroy any of the Business Records before the fourth (4th) anniversary of the Closing Date and shall provide the Permitted Parties and the Bankruptcy Court pursuant to a filing in the Bankruptcy Case at least ninety (90) days written notice before doing so and shall provide each Permitted Party that requests copies of any Business Records within such ninety (90) day period copies of all requested Business Records at the cost of the requesting Permitted Party.

(d) Buyers shall use commercially reasonable efforts to make reasonably available to Permitted Parties employees of Buyers to assist Seller in connection with the administration of Seller's bankruptcy estates, including without limitation, in connection with Excluded Assets and/or Excluded Liabilities.

(e) The Parties acknowledge that subsequent to the Closing, Buyers may need access to information or documents in the control or possession of Sellers for purposes of concluding the transactions herein contemplated, audits, compliance with Laws, and the prosecution or defense of third party claims. Each Party shall cooperate with the other in connection with the handling of any such post-closing matters as may reasonably be requested.

9.3 Employee Matters.

(a) Hospital Personnel. The employees of Seller shall remain employees of Seller until (i) the end of the work day that is sixty (60) days after the Closing Date, or (ii) the end of the work day on February 29, 2020, whichever is the later date (the "**Personnel Transition Period**"). At Closing, Newco shall enter into an employee lease agreement in form and substance satisfactory to each of Newco and Seller (the "**Employee Lease Agreement**"). The Employee Lease Agreement shall provide that Newco will pay Seller in advance for all costs Seller will incur for such employees during the Personnel Transition Period related to compensation, benefits, and employment taxes, including, but not limited to, wages, payroll taxes, payroll processing fees, health insurance benefits, medical claims submitted to Seller's self-insured health insurance plan, and pension plan contributions that are incurred and due and owing for that Personnel Transition Period. Seller shall provide an invoice to Newco not later than ten (10) days prior to the applicable payroll period and Newco shall pay by wire transfer of immediately available funds such invoice not later than two

(2) business days prior to the applicable payroll period or such other payment arrangement as the Parties may agree.

(b) Effective the first (1st) day following the end of the Personnel Transition Period (the "**Employee Transition Date**"), Newco shall, consistent with reasonable personnel policies, procedures and requirements of Newco, (a) employ those individuals who are employees of the Seller as of the Employee Transition Date, which employment will be effective on said date, or such other time as agreed by the Parties (the "**Transferred Employee**"), and (b) establish competitive benefits packages for said personnel; provided, however, any employee of Seller who is on general leave not protected by the Family Medical Leave Act (FMLA), the Americans for Disabilities Act (ADA), the Uniformed Services Employment and Reemployment Act, the Texas workers' compensation statute, and any other Federal or state law protecting the employment of employees on leave, as applicable, will not be retained by Newco. It is understood and agreed that the Transferred Employees shall receive credit for the time they have been employed by the Seller prior to the date of this Agreement for purposes of determining their relative benefits and other personnel matters on an ongoing basis.

(c) Seller will, and will cause its respective Affiliates to, waive any non-competition, non-solicitation, confidentiality and other restrictive covenant that exists for the benefit of Seller or its respective Affiliates, to which any Transferred Employee is subject that would prevent such Transferred Employee from being employed by Newco or any of its respective Affiliates or that otherwise would restrict any Transferred Employee from performing his or her duties or responsibilities for Newco or any of its respective Affiliates.

(d) Notwithstanding anything to the contrary contained herein, nothing herein shall obligate Seller to maintain any health or other Seller Plan following the Employee Transition Date.

(e) Seller and Newco agree to use the "Alternate Procedure" as described in IRS Revenue Procedure 2004-53, I.R.B. 2004-34, with respect to the Transferred Employees.

(f) With respect to each Transferred Employee, Buyers shall assume Seller's or its Affiliates' liability to each Transferred Employee solely for such Transferred Employee's Transferable Accrued PTO. Such Transferred Accrued PTO with respect to each Transferred Employee that has been assumed by Buyers will be credited to the Transferred Employee and administered and used by the Transferred Employees in accordance with Newco's employee policies and procedures. Except for the Transferable Accrued PTO assumed by Newco pursuant to this Agreement (which will not exceed more than 280 hours of PTO accrued for any Transferred Employee), neither Buyer shall assume any obligations of Seller or any of its respective Affiliates related to any Employee Benefit Plan.

(g) This Section 9.4 shall be binding upon and inure solely to the benefit of each of the Parties to this Agreement, and nothing in this Section 9.4 or this Agreement, express or implied, shall confer upon any Transferred Employee or any other Person any rights or remedies of any nature whatsoever under this Section 9.4. Nothing contained herein, express or implied, shall be construed to establish, amend or modify any benefit plan, program, agreement or arrangement, nor shall this Section 9.4 be deemed to limit the right of Buyer or any of its Affiliates from modifying, terminating or amending any Buyer Benefit Plan. The Parties acknowledge and agree that no provision of this Agreement shall create any right in any employee, any Transferred Employee or any other Person to any continued employment or compensation or benefits of any nature or kind whatsoever, or otherwise interfere with the right of Newco or any of its respective Affiliates to terminate the employment of any Person at any time and for any reason. Seller and Buyers, and its respective Affiliates, shall cooperate to effect the foregoing provisions of this Section 9.4.

9.4 Transition Services. In order to enable Buyer to effectuate an orderly transition of the Seller Facility during the Personnel Transition Period, and to facilitate Seller's ability to provide the services set forth in the Employee Lease Agreement, Seller shall continue to provide (through third party vendors) certain services used by Seller to Buyer solely during the Personnel Transition Period, unless agreed to by Seller in its sole discretion. The costs of providing such services shall be paid by Buyer pursuant to a transition services agreement (a "**Transition Services Agreement**") to be entered into among the parties at Closing.

9.5 Medical Staff. To ensure continuity of care in the applicable community, Buyers agree that the medical staff members of the Seller Facility who are in good standing as of the Closing Date shall maintain medical staff privileges at the Seller Facility as of the Closing. After the Closing, the medical staff will be subject to the Medical Staff Bylaws of the Seller Facility then in effect, as amended from time to time.

9.6 Refunds and Remittances. After the Closing: (a) if Seller or any of its Affiliates receive any refund or other amount that is a Purchased Asset or is otherwise properly due and owing to Buyers in accordance with the terms of this Agreement, Seller promptly shall remit, or shall cause to be remitted, such amount to Buyers; and (b) if Buyers or any of their Affiliates receive any refund or other amount that is an Excluded Asset or is otherwise properly due and owing to Seller or any of its Affiliates in accordance with the terms of this Agreement, Buyers promptly shall remit, or shall cause to be remitted, such amount to Seller. Seller shall cooperate with Buyers to execute appropriate Lock Box agreements and bank account sweep instructions to facilitate the transfer of Accounts Receivable to Buyers following the Closing as reasonably requested by Buyers and consistent with applicable Healthcare Laws.

9.7 Assurances.

(a) Subject to Section 2.3(c), at any time or from time to time following the Closing Date, if (a) any of the Parties or its respective Affiliates becomes aware that any of the Purchased Assets has not been transferred to the applicable Buyer or that any of the Excluded Assets has been transferred to a Buyer, or (b) Seller or any of its respective Affiliates receives or otherwise possesses any asset (including cash, accounts and notes receivable) that should have been transferred to a Buyer under this Agreement, such Person shall promptly notify the other and the Parties shall, as soon as reasonably practicable, ensure that such property is transferred with any necessary prior third-party consent or approval, to:

(i) the applicable Buyer, in the case of any Purchased Asset which was not transferred at the Closing or otherwise as set forth above, at the sole cost and expense of Seller; or

(ii) Seller, in the case of any Excluded Asset which was transferred at the Closing, at the sole cost and expenses of Seller.

Prior to any such transfer, the Person in receipt of or then possessing such asset shall hold such asset in trust for such other Person, shall exercise, enforce and exploit, only at the direction of and for the benefit of such other Person, any and all claims, rights and benefits arising in connection with such asset, shall promptly pay, assign and remit to such other Person when received all monies and other consideration relating to such asset in the period after the Closing Date, and, to the extent applicable, provide the Person that should possess such asset pursuant to the terms of this Agreement a royalty-free license to use or shall otherwise be able to obtain the benefits from the asset and shall hold such asset in trust for such other Person.

(b) In the event (i) either Buyers request that Seller or any of its respective Affiliates or (ii) Seller requests that Buyers provides any customary transition services or other services consistent with the past practice of Seller (or any of its Affiliates) and the Seller Facility, in each case reasonably necessary to the transition the operation of the Seller Facility, Seller or Buyers (as applicable) shall provide (or cause

Seller or Buyers to provide) such transition services to the requesting Party during the six (6) month period following the Closing. In the event any such additional services are provided, the requesting Party shall pay, or cause to be paid, the providing Party or its designee a reasonable market rate for the performance of any such services and Buyers and Seller shall work together in good faith to determine such market rate.

9.8 Terminating Cost Reports.

(a) Buyers, at Buyers' expense, shall prepare and timely file all Cost Reports and related filings (including requests to reopen any such Cost Reports) relating to the periods ending on or prior to the Closing Date or required as a result of the consummation of the transactions contemplated herein (the "***Seller Cost Reports***"). Buyers shall possess the originals of the Seller Cost Reports, correspondence, work papers and other documents relating to the Seller Cost Reports and the Seller Agency Settlements, and furnish copies of such documents to Seller upon reasonable request.

(b) Seller, upon reasonable notice, during normal business hours and at the sole cost and expense of Buyers, shall cooperate with Buyers in regard to the preparation, filing, handling and appeals of the Seller Cost Reports. Such cooperation shall include the coordination with Buyers pursuant to adequate notice of Medicare and Medicaid exit conference or meetings.

9.9 Waiver of Bulk Sales Law Compliance. Buyers hereby waive compliance by Seller with the requirements, if any, of Article 6 of the Uniform Commercial Code as in force in any state in which the Purchased Assets are located and all other similar laws applicable to bulk sales and transfers.

9.10 Closing Of Financials. Buyers shall use commercially reasonable efforts to cause the individual(s) acting as the chief financial officer of the Seller Facility after the Effective Time or such other person(s) as may be responsible for financial closings and reconciliations (the "***Finance Team***") to complete (or take such action as shall be necessary for Buyers or Seller to complete) the standardized closing of Seller's financial records for the Seller Facility through the Closing Date including, without limitation, the closing of general ledger account reconciliations (collectively, the "***Closing of Financials***"). Buyers shall use commercially reasonable efforts to cause the Finance Team to use its good faith efforts to complete the Closing of Financials by no later than the date which is thirty (30) days after the Closing Date. The Finance Team and other appropriate personnel shall be reasonably available to Seller for the period ending thirty (30) days after the Closing Date as reasonably requested during normal business hours by Seller.

9.11 Non-Solicitation. Until the two (2) year anniversary of the Closing, Seller shall not, and shall cause its respective Affiliates not to, solicit or hire any employees of Buyers or any of its respective Affiliates (including any Transferred Employees); provided, that nothing in this Section 9.11 shall prohibit Seller or any of its respective Affiliates from (x) soliciting any such employee as a result of a general solicitation to the public or general advertising (so long as not specifically directed at such employees) or (y) the solicitation or hiring of any individual whose employment with Buyers or its Affiliates has been terminated for at least six (6) months at the time of such solicitation or hiring.

9.12 License of Seller Name and Logo. Buyers hereby grants Seller a perpetual license at no cost to use the Intellectual Property following the Closing (a) in the case caption for any filings in the Bankruptcy Case, and (b) in connection with the billing and collection of the Accounts Receivable, if necessary.

ARTICLE X – SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS

10.1 Survival. All covenants and agreements contained in this Agreement or any other Transaction Document which by their terms are to be performed in whole or in part, or which prohibit actions, at or subsequent to the Closing shall survive the Closing hereunder until the expiration of the applicable statute

of limitations or for such shorter period explicitly specified therein. The party that breaches such covenants and agreements (the "**Breaching Party**") shall be liable to, and shall hold harmless, the other party after the Closing for any Losses suffered or incurred by such other party as the result of the breach of such covenants and agreements by such Breaching Party. Subject to the foregoing, and excluding in the case of fraud or intentional misconduct, all representations and warranties contained in this Agreement or in any certificates delivered at Closing, shall not survive the Closing and shall thereupon terminate.

10.2 Results of Investigation. Notwithstanding anything to the contrary contained herein, but subject to the items properly listed and qualified to be listed in the Schedule Supplement, the right to indemnification, payment, reimbursement, or other remedy based upon any such representation, warranty, covenant, or obligation will not be affected by any investigation conducted or any knowledge acquired at any time, whether before or after the execution and delivery of this Agreement or the Closing Date, with respect to the accuracy or inaccuracy of, or compliance with, such representation, warranty, covenant, or obligation.

ARTICLE XI - GENERAL PROVISIONS

11.1 Additional Assurances. The provisions of this Agreement shall be self-operative and shall not require further agreement by the Parties except as may be herein specifically provided to the contrary; provided, however, at the request and expense of a Party, the other Party or Parties shall execute such additional instruments and take such additional action as the requesting Party may reasonably deem necessary to effectuate this Agreement. In addition and from time to time after the Closing Date, Seller and Buyers shall each execute and deliver such other instruments of conveyance and transfer, and take such other actions as any Party may reasonably request, to more effectively convey and transfer full right, title and interest to, vest in, and place Buyer in legal and actual possession of the Purchased Assets.

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

11.3 Legal Expenses. In the event a Party elects to incur legal expenses to enforce or interpret any provision of this Agreement by judicial proceedings, the prevailing Party will be entitled to recover such legal expenses in addition to any other relief to which the prevailing Party shall be entitled.

11.4 Choice of Law; Venue.

(a) This Agreement and all disputes or controversies arising out of or relating to this Agreement or the Contemplated Transactions (in contract or tort) shall be governed by and construed in accordance with the laws of the State of Texas, without regard to conflicts of law principles.

(b) WITHOUT LIMITING ANY PARTY'S RIGHT TO APPEAL ANY ORDER OF THE BANKRUPTCY COURT, THE PARTIES HEREBY AGREE THAT ANY AND ALL CLAIMS, ACTIONS, CAUSES OF ACTION, SUITS, AND PROCEEDINGS RELATING TO THE TRANSACTION DOCUMENTS SHALL BE FILED AND MAINTAINED ONLY IN THE BANKRUPTCY COURT, AND THE PARTIES HEREBY CONSENT TO THE JURISDICTION OF SUCH COURT; provided, however, that if the Bankruptcy Case has closed or the Bankruptcy Court lacks jurisdiction for whatever reason, the Parties agree to unconditionally and irrevocably submit to the exclusive jurisdiction of the state or federal courts situated in Walker County, Texas and any appellate court from any decision thereof, for the resolution of any such claim or dispute. The Parties hereby irrevocably waive, to the fullest extent permitted by Law, any objection which they may have now or hereafter have to the laying

of venue of any such dispute brought in such court or any defense of inconvenient forum for the maintenance of such dispute. Each Party agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment.

(c) Each Party hereby consents to process being served by any party to this Agreement in any legal proceeding by delivery of a copy thereof in accordance with the provisions of Section 11.9.

(d) EACH PARTY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, MATTER OR PROCEEDING REGARDING THIS AGREEMENT, THE CONTEMPLATED TRANSACTIONS OR ANY PROVISION HEREOF.

11.5 Benefit, Assignment and Third Party Beneficiaries. Subject to provisions herein to the contrary, this Agreement shall inure to the benefit of and be binding upon the Parties and its respective legal representatives, successors and assigns; provided, however, that no Party may assign this Agreement without the prior written consent of the other Party except that (a) Buyers may assign this Agreement and/or any of its rights hereunder to a wholly owned (directly or indirectly) subsidiary of Buyers or any purchaser of substantially all of Buyers' business and (b) Buyers may collaterally assign their rights, but not their obligations, under this Agreement to any party that provides funding for the transactions hereunder as additional security for Buyers' obligations to such party without the prior written consent of Seller. Notwithstanding anything to the contrary contained herein, the Parties acknowledge that Buyers may assign ownership and title to certain of the Purchased Assets to certain designees of Buyers, such that more than one entity may own the Purchased Assets at Closing. This Agreement is intended solely for the benefit of the Parties and is not intended to, and shall not, create any enforceable third party beneficiary rights except as expressly provided herein.

11.6 Cost of Transaction. Except as may be provided to the contrary elsewhere herein: (a) Buyers shall pay the fees, expenses and disbursements incurred by Buyers and their Representatives in connection with the subject matter hereof and any amendments hereto; (b) Seller shall pay the fees, expenses and disbursements incurred by Seller and its Representatives in connection with the subject matter hereof and any amendments hereto; and (c) Buyers shall pay the costs of any Title Commitments, Title Policy, surveys and environmental site assessments, and any amounts due to a Governmental Authority to effect the change of ownership of the Seller Facility contemplated hereby.

11.7 Waiver of Breach. The waiver by any Party of a breach or violation of any provision of this Agreement shall not operate as, or be construed to constitute, a waiver of any subsequent breach of the same or any other provision hereof. Any agreement on the part of either Party to any such waiver shall be valid only if set forth in a written instrument executed and delivered by a duly authorized officer on behalf of such Party.

11.8 Notice. Any notice, demand or communication required, permitted or desired to be given hereunder shall be in writing and deemed effectively given or made (a) when personally delivered, (b) on the date sent when delivered by electronic means (so long as written notice of such transmission is sent within two (2) Business Days thereafter by another delivery method hereunder) (unless not delivered on a Business Day or delivered after 5:00 p.m. Central Time on a Business Day, in which case such delivery shall be deemed effective on the next succeeding Business Day), (c) one (1) Business Day following the date sent if sent by overnight courier with signed receipt, or (d) when delivered by registered United States mail, with postage prepaid and return receipt requested, addressed to the addresses below or to such other address as any Party may designate, with copies thereof to the respective counsel thereof as notified by such Party.

Buyers: Huntsville Community Hospital, Inc.

c/o Community Hospital Corporation
7800 North Dallas Parkway, Ste. 200
Plano, Texas 75024

Walker County Hospital District
P. O. Box 1267
Huntsville, TX 77342
Attention: Ann Karr-Woodard, Chairman

With a copy to: Community Hospital Corporation
7800 North Dallas Parkway, Ste. 200
Plano, Texas 75024
Attention: SVP/General Counsel

Morgan Lewis & Bockius LLP
1717 Main Street, Suite 3200
Dallas, TX 75201
Attention: Janice Z. Davis and Sandra Vrejan
Email: janice.davis@morganlewis.com and
sandra.vrejan@morganlewis.com

Seller: Walker County Hospital Corporation
1411 11th Street
Huntsville, TX 77340
Attention: Steve Smith, Chief Executive Officer
Walter Woodward, Chairman

With a copy to: Waller Lansden Dortch & Davis, LLP
Nashville City Center
511 Union Street, Suite 2700
Nashville, TN 37219
Attention: Blake Roth and Andrea Cunha
Email: blake.roth@wallerlaw.com and andrea.cunha@wallerlaw.com

11.9 Severability. In the event any provision of this Agreement is held to be invalid, illegal or unenforceable for any reason and in any respect, such invalidity, illegality, or unenforceability shall in no event affect, prejudice or disturb the validity of the remainder of this Agreement, which shall be and remain in full force and effect, enforceable in accordance with its terms.

11.10 Entire Agreement, Amendments and Counterparts. This Agreement supersedes all previous contracts, agreements and understandings between the Parties regarding the subject matter hereof and, together with the Transaction Documents and the Exhibits and Schedules hereto, constitutes the entire agreement existing between or among the Parties respecting the subject matter hereof and no Party shall be entitled to benefits other than those specified herein. As between or among the Parties, no oral statements or prior written material not specifically incorporated herein shall be of any force and effect, and neither Party is relying on any such oral statements or prior written material. All prior representations or agreements, whether written or oral, not expressly incorporated herein are superseded and no changes in or additions to this Agreement shall be recognized unless and until made in writing and signed by all Parties. This Agreement may be executed in counterparts, each and all of which shall be deemed an original and all of which together shall constitute but one and the same instrument. Signatures received via facsimile or

other electronic transmission shall be accepted as originals. Notwithstanding any oral agreement or course of conduct of the Parties or its Representatives to the contrary, no Party shall be under any legal obligation to enter into or complete the Contemplated Transactions unless and until this Agreement shall have been executed and delivered by each Party.

11.11 Disclosure Generally. Notwithstanding anything to the contrary contained in the Disclosure Schedules or in this Agreement, the information and disclosures contained in any Article IV Schedule shall be deemed to be disclosed and incorporated by reference in any other Schedule as though fully set forth in such Article IV Schedule for which applicability of such information and disclosure is reasonably apparent on its face. The fact that any item of information is disclosed in any Article IV Schedule shall not be construed to mean that such information is required to be disclosed by this Agreement. Such information and the dollar thresholds set forth therein shall not be used as a basis for interpreting the terms "material" or "Material Adverse Effect" or similar terms in this Agreement.

11.12 Time of Essence. Time is of the essence with regard to all dates and time periods set forth or referred to in this Agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Parties have caused this Asset Purchase Agreement to be executed by their authorized officers as of the Execution Date.

SELLER:

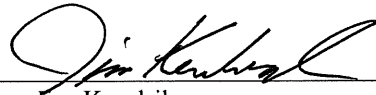
**WALKER COUNTY HOSPITAL CORPORATION,
a Texas nonprofit corporation**

By: 

Name: Steven L. Smith

Title: Chief Executive Officer

BUYERS:
HUNTSVILLE COMMUNITY HOSPITAL, INC.,
a Texas nonprofit corporation

By: 
Name: Jim Kendrick
Title: President ~~XXXXXX~~

WALKER COUNTY HOSPITAL DISTRICT,
a body politic and a subdivision of the State of Texas

By: _____
Name: Anne Karr-Woodard
Title: Chairman of the Board of Managers

BUYERS:
HUNTSVILLE COMMUNITY HOSPITAL, INC.,
a Texas nonprofit corporation

By: _____
Name: Jim Kendrik
Title: President & CEO

WALKER COUNTY HOSPITAL DISTRICT,
a body politic and a subdivision of the State of Texas

By: Anne Karr-Woodard
Name: Anne Karr-Woodard
Title: Chairman of the Board of Managers

HMHPO:

HMH PHYSICIAN ORGANIZATION,
a Texas nonprofit health organization

(solely as it relates to the representations and warranties
of HMHPO in Article IV herein)

By: _____

Name: John Moore

Title: President

Exhibit 1

Seller Facility

Huntsville Memorial Hospital, located at 110 Memorial Hospital Drive, Huntsville, TX 77340.

Exhibit 2

Sale Order

[To be filed.]

Exhibit 3

Sale Procedures Order



ENTERED
11/14/2019

UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:

WALKER COUNTY HOSPITAL CORPORATION,
d/b/a HUNTSVILLE MEMORIAL HOSPITAL,

Debtor and Debtor in Possession.¹

Chapter 11

Case No. 19-36300

Re: Docket No. 12

ORDER: (I)(A) APPROVING BIDDING PROCEDURES AND BID PROTECTIONS, (B) PERMITTING DEBTOR TO DESIGNATE STALKING HORSE PURCHASER(S) AND GRANT BID PROTECTIONS, (C) SCHEDULING A HEARING TO CONSIDER APPROVAL OF THE SALE OF ASSETS, (D) APPROVING ASSUMPTION AND ASSIGNMENT PROCEDURES, (E) APPROVING FORM AND MANNER OF NOTICE OF SALE, AND (F) GRANTING RELATED RELIEF; AND (II)(A) AUTHORIZING AND APPROVING THE SALE OF SUBSTANTIALLY ALL ASSETS OF THE DEBTOR FREE AND CLEAR OF LIENS, CLAIMS, INTERESTS, AND ENCUMBRANCES, (B) AUTHORIZING THE ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES, AND (C) GRANTING RELATED RELIEF

Upon consideration of the *Debtor’s Emergency Motion for Orders: (I)(A) Approving Bidding Procedures and Bid Protections, (B) Permitting Debtor to Designate Stalking Horse Purchaser(s) and Grant Bid Protections, (C) Scheduling a Hearing to Consider Approval of the Sale of Assets, (D) Approving Form and Manner of Notice of Sale, and (E) Granting Related Relief; and (II)(A) Authorizing and Approving Sale of Substantially All Assets of Walker County Hospital Corporation Free and Clear of Liens, Claims, Interests, and Encumbrances, (B) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (C) Granting Related Relief* (Dkt. No. 12) (the “*Motion*”); and this Court having considered the Motion, the Declarations, the arguments of counsel and the evidence presented at the hearing to consider the Motion, and the entire record; and due and sufficient notice of the

¹ The last four digits of the Debtor’s federal tax identification number are: 0960. The location of the Debtor’s service address is: P.O. Box 4001, Huntsville, TX 77342-4001, Attn: Steven Smith.

Motion, hearing to consider the Motion, and the relief sought in the Motion having been given under the particular circumstances; and it appearing that no other or further notice need be provided; and the Court having reviewed the Motion and all objections to the Motion (the “*Objections*”); and it appearing that the relief requested in the Motion is in the best interest of the Debtors, their estate, their creditors and other parties in interest; and after due deliberation and good and sufficient cause appearing for the relief sought, it is hereby

FOUND AND DETERMINED THAT:

I. Determination with Respect to the Findings of Fact and Conclusions of Law.

A. The findings of fact and conclusions of law set forth in this order constitute the Court’s findings of fact and conclusions of law pursuant to Rule 7052 of the Bankruptcy Rules, made applicable to this case pursuant to Rule 9014 of the Bankruptcy Rules. To the extent any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such. Any findings of fact or conclusions of law stated by the Court on the record at the hearing to consider the Motion are incorporated in this order, to the extent they are not inconsistent with this order.

II. Jurisdiction, Final Order, and Statutory Predicates.

B. This Court has jurisdiction to hear and determine the Motion and over the Debtor, its estate, and the Debtor’s assets that are the subject of the relief sought in the Motion. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue of this case and the Motion in the Southern District of Texas is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

C. The statutory and legal predicates for the relief requested in the Motion are sections 105(a), 363(b), (f), and (m), 365, 503, and 507 of the Bankruptcy Code, Rules 2002, 6004, 6006, 9008, and 9014 of the Bankruptcy Rules, and Local Rules 2002-1 and 9013-1.

D. This order constitutes a final and appealable order, within the meaning of 28 U.S.C. § 158(a). Notwithstanding Rules 6004(h) and 6006(d) of the Bankruptcy Rules, and to any extent necessary under Rule 9014 of the Bankruptcy Rules and Rule 54(b) of the Federal Rules of Civil Procedure, as made applicable by Rule 7054 of the Bankruptcy Rules, the Court expressly finds that there is no just reason for delay in the implementation of this order, and expressly directs entry of judgment as set forth in this order.

III. Notice of Proposed Bidding Procedures, Assumption Procedures, and Sale of Proposed Purchased Assets.

E. Actual written notice of the Motion and a reasonable opportunity to object or be heard with respect to the Motion and the relief granted in this order have been afforded to all known interested persons and entities, including, but not limited to, the Notice Parties.

F. As evidenced by the affidavits of service previously filed with the Court, proper, timely, adequate and sufficient notice of the Motion, Bidding Procedures, and Assumption Procedures has been provided in accordance with sections 102(1), 363, and 365 of the Bankruptcy Code, Rules 2002, 6004, 6006, and 9014 of the Bankruptcy Rules, and Local Rules 2002-1 and 9013-1. The notice provided was adequate, sufficient, and appropriate under the circumstances, and no other or further notice of the Motion, Bidding Procedures, or Assumption Procedures is necessary or required, other than as set forth in this order.

G. The Notice of Auction and Sale Hearing and Notice of Potential Assumption are reasonably calculated to provide all interested parties with timely and proper notice of the proposed sale of the Proposed Purchased Assets, including, without limitation: (i) the date, time, and place of the Auction, if any; (ii) the Bidding Procedures governing participation in the Auction; (iii) the deadline for filing objections to the sale of the Proposed Purchased Assets; (iv) the date, time, and place of the hearing to consider the sale of the Proposed Purchased Assets; (v) instructions for

obtaining copies of any stalking horse purchase agreement; (vi) clearly identifying the sale of the Proposed Purchased Assets is free and clear of any and all liens, claims, interest, and other encumbrances, other than as set forth in any stalking horse purchase agreement; and (v) the proposed assumption and assignment of certain contracts and leases, and the procedures and deadlines for objecting to any assumption and assignment.

H. The Assumption and Assignment Procedures will provide any Qualified Bidder and each counterparty to a potentially assumed executory contract or unexpired lease with proper notice of the potential assumption and assignment of any executory contract or unexpired lease and any Cure Costs to be paid, and the procedures set forth with regard to any such Cure Costs satisfy section 365 of the Bankruptcy Code and Rule 6006 of the Bankruptcy Rules.

I. The disclosures made by the Debtor concerning the Motion, Bidding Procedures and Assumption Procedures were good, complete, and adequate.

J. Notice of the Motion, Bidding Procedures, and Assumption Procedures was adequate, fair, and equitable under the circumstances, and complied in all respects with section 102(1) of the Bankruptcy Code, Rules 2002, 6004, and 6006 of the Bankruptcy Rules, and Local Rules 2002-1 and 9013-1.

IV. The Bidding Procedures and Bid Protections.

K. The terms of the Bidding Procedures and Bid Protections are reasonably calculated to induce a Potential Bidder to seek Stalking Horse Bidder status and are within the market standards.

L. The Bidding Procedures are reasonably designed to maximize the value to be achieved for the Proposed Purchased Assets.

M. The Debtor has demonstrated that, subject to the terms of this Order, the Bid Protections in the form of (i) a break-up fee in the amount of up to Three Percent (3%) of the

Stalking Horse Bidder's initial Purchase Price; (ii) expense reimbursement not to exceed \$250,000; and (iii) an initial overbid at least greater than \$100,000 higher than the sum of the Purchase Price plus break-up fee plus expense reimbursement (collectively, the "***Bid Protections***"), are actual and necessary costs and expenses of preserving the Debtor's estate, within the meaning of sections 503(b) and 507(a) of the Bankruptcy Code, and are of substantial benefit to the Debtor's estate by inducing any Stalking Horse Bidder to enter into an asset purchase agreement and subject its offer to higher and better bids, thereby ensuring the Debtor receives the highest or otherwise best possible bid for the Proposed Purchased Assets.

N. Good and sufficient business reasons exist for this Court to: (i) approve the Bidding Procedures, in the form attached to this order as **Exhibit 1**; (ii) approve the amounts of the Bid Protections, subject to the terms of this order and as set forth in any applicable asset purchase agreement and the Bidding Procedures; (iii) schedule the auction and hearing to consider the results of the auction and sale of the Proposed Purchased Assets; and (iv) establish the Assumption and Assignment Procedures, to fix cure amounts to be paid pursuant to section 365 of the Bankruptcy Code, in connection with the assumption and assignment of executory contracts and unexpired leases.

O. The Debtor has articulated good and sufficient reasons for this Court to approve the Bidding Procedures and Assumption and Assignment Procedures.

P. The entry of this order is in the best interests of the Debtor, its estate, creditors of the Debtor's estate, and other parties in interest.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED THAT:

1. All objections to the relief granted in this order that have not been withdrawn, waived, or settled as announced to the Court at the hearing to consider the Motion or by stipulation

filed with the Court, and all reservations of rights, are hereby overruled on the merits or otherwise have been satisfied or adequately provided for pursuant to this order.

2. The Debtor, in consultation with any statutory committee and DIP Lender (together, the “*Consultation Parties*”), is authorized to designate one or more Stalking Horse Bidders and provide Bid Protections, subject to and in accordance with the Stalking Horse Objection Process (as defined below). If the Debtor designates one or more Stalking Horse Bidders, it must do so before November 22, 2019 (the “*Deadline to Designate Stalking Horse Bidder*”). To the extent the Debtor designates a Potential Bidder as a Stalking Horse Bidder, the Debtor shall file on the docket a notice: (a) identifying the Stalking Horse Bidder; (b) identifying the Proposed Purchased Assets that are subject to such Stalking Horse Bidder’s asset purchase agreement; (c) attaching a copy of such Stalking Horse Bidder’s asset purchase agreement; and (d) describing the key terms of the asset purchase agreement, including the Bid Protections provided to such Stalking Horse Bidder, if any (the “*Stalking Horse Notice*”). Notwithstanding anything in this order or the Bidding Procedures to the contrary, all parties in interest (including the Consultation Parties) shall have two (2) business days to object to the Stalking Horse Notice (the “*Stalking Horse Objection Period*”). If no objections are filed prior to the expiration of the Stalking Horse Objection Period, the Debtor shall be authorized to enter into the asset purchase agreement with the applicable Stalking Horse Bidder and grant any of the Bid Protections included in such Stalking Horse Bidder’s asset purchase agreement without further order of this Court. If an objection is filed during the Stalking Horse Objection Period, Court approval will be necessary to provide Bid Protections to the Stalking Horse Bidder, which approval may be sought prior to the Auction or at the Sale Hearing (collectively, the “*Stalking Horse Objection Process*”).

3. The Debtors' template Asset Purchase Agreement, substantially in the form attached to this Order as **Exhibit 2**, is approved. The Expense Reimbursement and the Break-Up Fee shall only be paid at the closing and from proceeds of an Alternative Transaction.

4. Any Stalking Horse Bidder approved pursuant to and in accordance with the Stalking Horse Objection Process, and the Pre-Petition Lender, and DIP Lender shall constitute Qualified Bidders for all purposes and in all respects under the Bidding Procedures.

5. The Bidding Procedures, substantially in the form attached to this order as **Exhibit 2**, are approved in their entirety and are incorporated in this order as if fully set forth at length in this paragraph; and, the Debtor is authorized to take any and all actions necessary or appropriate to implement the Bidding Procedures.

6. As set forth in the Bidding Procedures, the deadline for submitting bids for the Proposed Purchased Assets is **December 16, 2019 at 4:00 p.m. (prevailing Central time)** (the "***Bid Deadline***"); provided, however, no bid shall be deemed a Qualified Bid until such time as the Debtor determines, in its reasonable business judgment, that such bid meets the requirements set forth in the Bidding Procedures.

7. If the Debtor timely receives one or more Qualified Bids, the Debtor shall conduct an auction (the "***Auction***") on **December 18, 2019 at 10:00 a.m. (prevailing Central time)** at a location within ten (10) miles of this Court or the Debtor's principal place of business as designated by the Debtor upon written notice to all parties entitled to participate in the auction under the Bidding Procedures; provided, however, if more than one Qualified Bid is not received by the Bid Deadline, then the Debtor shall not be required to conduct an auction and may promptly seek this Court's approval of the sale of the Proposed Purchased Assets.

8. Each Qualified Bidder participating in the Auction shall be required to certify it has not engaged in any collusion with respect to the potential purchase of the Proposed Purchased Assets.

9. At such time as the Debtor determines the Successful Bid(s) in accordance with the Bidding Procedures, the Debtor shall file on this Court's docket in this Chapter 11 Case a notice disclosing the identity of the Successful Bidder(s) and, if the Debtor deems there to be one, the identity of the Back-up Bidder(s) (the "***Successful Bidder Notice***").

10. The hearing to consider approval of the sale of the Proposed Purchased Assets (the "***Sale Hearing***") shall be conducted on **December 20, 2019 at 11:30 a.m. (prevailing Central time)** before the Honorable David R. Jones, United States Bankruptcy Judge for the Southern District of Texas, Bob Casey United States Courthouse, 515 Rusk Avenue, Courtroom 400, Houston, Texas 77002; provided, that, the Sale Hearing may be adjourned by this Court or by the Debtor from time to time without further notice other than by announcement in open court or through the filing of a notice on this Court's docket.

11. The deadline to object to the remaining relief requested in the Motion, including entry of the Sale Order, is **December 19, 2019 at 3:00 p.m. (prevailing Central time)** (the "***Sale Objection Deadline***").

12. Any party opposing the remaining relief sought in the Motion must file an objection prior to the Sale Objection Deadline, and such objection must: (i) be in writing; (ii) conform to the applicable provisions of the Bankruptcy Code, Bankruptcy Rules, and Local Rules; (iii) state with particularity the legal and factual basis for the objection and the specific grounds for objecting; and (iv) filed with this Court and served **so as to be actually received** no later than the Sale Objection Deadline by the Objection Notice Parties.

13. Not later than two (2) business days after entry of this order, the Debtor shall cause: (a) notice substantially in the form attached to this order as **Exhibit 3** (the “*Notice of Auction and Sale Hearing*”) and a copy of this order to be sent by first-class mail, postage prepaid, to the Notice Parties; and (b) the Notice of Auction and Sale Hearing to be posted on the case website maintained by the Debtor’s claims and noticing agent, Epiq Corporate Restructuring, LLC (“*Epiq*”).

14. On or before November 22, 2019, the Debtor shall serve by first-class mail, postage prepaid, a notice of potential assumption, assignment, and/or transfer of executory contracts and unexpired leases to which the Debtor is party, substantially in the form attached to this order as **Exhibit 4** (the “*Notice of Potential Assumption*”) on all non-Debtor parties to the executory contracts and unexpired leases.

15. Upon filing the Successful Bidder Notice with this Court, the Debtor shall serve the Successful Bidder Notice on all parties that received service of the Notice of Potential Assumption.

16. Unless the non-Debtor party to an executory contract or unexpired lease files an objection to (a) its cure amount or (b) the proposed assumption, assignment, and/or transfer of such executory contract or unexpired lease to any Stalking Horse Bidder by **December 12, 2019 at 4:00 p.m. (prevailing Central time)** (the “*Assumption and Assignment Objection Deadline*”) and serves such objection **so as to be actually received** by the Objection Notice Parties by no later than the Assumption and Assignment Objection Deadline, such non-Debtor party shall be (x) forever barred from objecting to the cure amount and from asserting against the Debtor, any Stalking Horse Bidder, or any Successful Bidder any additional cure or other amounts with respect to such executory contract or unexpired lease, and any Stalking Horse Bidder and any Successful Bidder shall be entitled to rely upon such cure amounts and (y) deemed to have consented to the

assumption, assignment, and/or transfer of such executory contract or unexpired lease to any Stalking Horse Bidder and shall be forever barred and estopped from asserting or claiming against any party that any additional amounts are due, defaults exist, conditions to assumption, assignment, and/or transfer must be satisfied, or that any right or benefit under such executory contract or unexpired lease cannot or will not be available to any Stalking Horse Bidder; provided, however, notwithstanding the foregoing, in the event the Successful Bidder is a party other than any Stalking Horse Bidder, all objections to adequate assurance of future performance shall be reserved and preserved until the Sale Objection Deadline and shall be resolved at the Sale Hearing and the failure to object on such basis by the Sale Objection Deadline shall be deemed as consent to the assumption, assignment, and/or transfer of each Executory Contract and Unexpired Lease to the Successful Bidder.

17. If a contract counterparty files an Assumption and Assignment Objection in a manner consistent with the Assumption and Assignment Procedures, and the Debtor and the contract counterparty, in consultation with any Stalking Horse Bidder or Successful Bidder, are unable to consensually resolve the dispute prior to the Sale Hearing, the amount to be paid or reserved with respect to such objection will be determined at the Sale Hearing, such later hearing date that the Debtor determines in its discretion, in consultation with the Successful Bidder(s), or such other date determined by this Court. With respect to any Assumption and Assignment Objection that remains outstanding as of the Closing, the maximum claimed cure amount will be deposited into escrow to support the payment of the final cure amount at such time as the Assumption and Assignment Objection is resolved.

18. No later than five (5) calendar days prior to the closing of the transaction(s) for the sale of the Proposed Purchased Assets, the Debtor shall serve the Notice of Assumption and

Assignment, substantially in the form attached to this order as **Exhibit 5**, identifying the executory contracts and unexpired leases that will be assumed and assigned to the Successful Bidder(s).

19. The Successful Bidder(s) may determine to exclude any executory contract or unexpired lease from the list of Proposed Purchased Assets, in accordance with the applicable asset purchase agreement; provided, that, if any executory contracts or unexpired leases are excluded from the applicable list of Proposed Purchased Assets, the Debtor shall notify the non-Debtor party or parties to any such executory contracts or unexpired leases of such exclusion, by written notice as soon as practicable after such determination, which may be after the Sale Hearing.

20. The notices attached to this Order as **Exhibit 3**, **Exhibit 4**, and **Exhibit 5** are approved in their entirety.

21. The Bid Protections, as set forth in the Bidding Procedures, are expressly approved, and the Debtor is authorized and directed to promptly pay, as they become due, any amounts owed to any Stalking Horse Bidder on account of such Bid Protections, in accordance with the Bidding Procedures.

22. The obligation of the Debtor to pay the Bid Protections shall: (a) constitute administrative expense claims against the Debtor's estate; (b) be entitled to administrative expense priority status under sections 503(b)(1)(A) and 507(a)(2) of the Bankruptcy Code; (c) survive the termination of any Stalking Horse Bidder's asset purchase agreement; and (d) be paid by the Debtor to the Stalking Horse Bidder in cash, on the terms of and in accordance with the Stalking Horse Bidder's asset purchase agreement.

23. No Qualified Bidder, other than a Stalking Horse Bidder, will be entitled to, whether as part of the Auction or otherwise, a break-up fee, expense reimbursement, termination fee, or any other similar form of compensation, and by submitting its Bid is agreeing to refrain

from and waive any assertion or request for reimbursement on any basis, including under section 503(b) of the Bankruptcy Code.

24. **Failure to timely file an objection in accordance with this order shall forever bar the assertion of any objection to the Motion, entry of the Sale Order, or consummation of the sale of the Proposed Purchased Assets, and such failure shall be deemed to constitute consent to entry of the Sale Order and consummation of the sale of the Proposed Purchased Assets.**

25. The stays provided by Rules 6004(h) and 6006(d) of the Bankruptcy Rules are waived, and this order shall be effective immediately upon its entry.

26. This Court retains jurisdiction over any and all matters related to or arising from the interpretation or implementation of this order.

Signed: November 14, 2019.



DAVID R. JONES
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 1 TO BIDDING PROCEDURES ORDER
BIDDING PROCEDURES

UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:

WALKER COUNTY HOSPITAL CORPORATION,
d/b/a HUNTSVILLE MEMORIAL HOSPITAL,

Debtor and Debtor in Possession.¹

Chapter 11

Case No. 19-36300

Re: Docket Nos. []

**BIDDING PROCEDURES FOR THE SALE OF SUBSTANTIALLY ALL
ASSETS OF WALKER COUNTY HOSPITAL CORPORATION**

The above-captioned debtor and debtor in possession (the “**Debtor**”) has filed a chapter 11 case pending in the United States Bankruptcy Court for the Southern District of Texas (the “**Bankruptcy Court**”), which is administered as case number 19-36300.

On November [], 2019, the Bankruptcy Court entered the *Order: (I)(A) Approving Bidding Procedures and Bid Protection, (B) Permitting Debtor to Designate Stalking Horse Purchaser(s) and Grant Bid Protections, (C) Scheduling a Hearing to Consider Approval of the Sale of Assets, (D) Approving Assumption and Assignment Procedures, (E) Approving Form and Manner of Notice of Sale, and (F) Granting Related Relief; and (II)(A) Authorizing and Approving the Sale of Substantially All Assets of the Debtor Free and Clear of Liens, Claims, Interests, and Encumbrances, (B) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (C) Granting Related Relief* (Dkt. No. []) (the “**Bidding Procedures Order**”),² pursuant to which the Bankruptcy Court approved the following procedures (the “**Bidding Procedures**”) relating to the sale of the Proposed Purchased Assets. These Bidding

¹ The last four digits of the Debtor’s federal tax identification number are: 0960. The location of the Debtor’s service address is: P.O. Box 4001, Huntsville, TX 77342-4001, Attn: Steven Smith.

² Capitalized terms used in these Bidding Procedures but not otherwise defined shall have the meanings ascribed to them in the Bidding Procedures Order.

Procedures set forth the process by which the Debtor is authorized to conduct an auction (the “*Auction*”) for one or more sales of the Proposed Purchased Assets, in accordance with and as described in these Bidding Procedures.

I. Submissions to the Debtor.

All submissions to the Debtor required to be made under these Bidding Procedures must be directed to each of the following persons, unless otherwise provided (collectively, the “*Bid Notice Parties*”):

- a. **The Debtor.** Steven Smith, P.O. Box 4001, Huntsville, TX 77342-4001, steven.l.smith@huntsvillememorial.com.
- b. **The Debtor’s Counsel.** Ryan K. Cochran, Blake D. Roth & Courtney K. Stone, Waller Lansden Dortch & Davis, LLP, 511 Union Street, Suite 2700, Nashville, Tennessee 37219, ryan.cochran@wallerlaw.com, blake.roth@wallerlaw.com, courtney.stone@wallerlaw.com.
- c. **The Debtor’s Financial Advisor.** Healthcare Management Partners, LLC, 1033 Demonbreun Street, Suite 300, Nashville, Tennessee 37203, Attn: Tyler Brasher (tbrasher@hcmpllc.com) and Anthony Jordan (ajordan@hcmpllc.com).
- d. **Counsel to the Debtor’s Senior Secured Lender.** (a) Vedder Price P.C., 222 North LaSalle Street, Chicago, IL 60601, Attn: Michael M. Eidelman (meidelman@vedderprice.com) and David L. Kane (dkane@vedderprice.com) and (b) Porter Hedges, LLP, 1000 Main Street, 36th Floor, Houston, TX 77002, Attn: John F. Higgins (jhiggins@porterhedges.com).

II. Potential Bidders.

The Debtor and its advisors have identified, and may in the future identify, parties they believe potentially may be interested in consummating (and potentially may have the financial resources necessary to consummate) a competing transaction. To participate in the bidding process or otherwise be considered for any purpose under these Bidding Procedures, a person or entity interested in consummating a sale for any or all of the Proposed Purchased Assets (each, a “*Potential Bidder*”) must deliver or have previously delivered:

- a. an executed confidentiality agreement on terms acceptable to the Debtor (a “*Confidentiality Agreement*”); and
- b. the most current audited and latest unaudited financial statements (collectively, the “*Financials*”) of the Potential Bidder (or, if the Potential Bidder is an entity formed for the purpose of acquiring the Proposed Purchased Assets, (i) Financials of the equity holder(s) of the Potential Bidder or such other form of financial disclosure as is acceptable to the Debtor and its advisors, (ii) a written commitment acceptable to the Debtor and its advisors of the equity holder(s) of the Potential Bidder to be responsible for the Potential Bidder’s obligations in connection with the proposed transaction, and (iii) copies of any documents evidencing any financing commitments necessary to consummate the transaction.

III. Qualified Bidders.

- a. A “*Qualified Bidder*” is a Potential Bidder: (i) whose Financials, or the Financials of its equity holder(s), as applicable, demonstrate the financial capability to consummate a sale for any portion of the Proposed Purchased Assets, as determined in the Debtor’s reasonable business judgment; and (ii) whose Bid (as defined below) is a Qualified Bid (as defined below). On or before the date that is one (1) Business Day after the Bid Deadline (defined below), the Debtor’s advisors will notify each Potential Bidder in writing whether such Potential Bidder is a Qualified Bidder, and shall provide a copy of each Qualified Bid to counsel to MidCap and counsel to any Stalking Horse Bidder. Any Stalking Horse Bidder shall be deemed a Qualified Bidder that has submitted a Qualified Bid at all times.
- b. For the avoidance of doubt, two or more Potential Bidders may submit a Bid for any or all of the Proposed Purchased Assets, provided that such Bid(s), when taken as a whole (collectively, a “*Joint Bid*”), is determined by the Debtor, in accordance with Section III(a) of these Bidding Procedures, to constitute a Qualified Bid; provided, however, that any Joint Bid must comply with section 363(n) of the Bankruptcy Code and Potential Bidders must first seek the Debtor’s permission before they contact each other. In addition, any Potential Bidder may submit a Bid for any or all of the Proposed Purchased Assets, provided that such Bid is determined by the Debtor, in accordance with Section III(a) of these Bidding Procedures, to constitute a Qualified Bid.
- c. If any Potential Bidder is determined by the Debtor not to be a Qualified Bidder, the Debtor will refund such Potential Bidder’s Deposit (as defined below) and all accumulated interest thereon on or within three (3) Business Days after the Bid Deadline.
- d. Between the date the Debtor notifies a Potential Bidder that it is a Qualified Bidder and the Auction, the Debtor may discuss, negotiate, or seek clarification of any Qualified Bid from a Qualified Bidder. Except as otherwise set forth in any stalking horse purchase agreement, without the written consent of the Debtor, a Qualified Bidder may not modify, amend, or withdraw its Qualified Bid, except for proposed

amendments to increase the consideration contemplated by, or otherwise improve the terms of, the Qualified Bid, during the period that such Qualified Bid remains binding as specified in these Bidding Procedures; provided that any Qualified Bid may be improved at the Auction as set forth in these Bidding Procedures. Any improved Qualified Bid must continue to comply with the requirements for Qualified Bids set forth in these Bidding Procedures. Bids must remain open offers capable of being accepted until entry of the Sale Order or, in the case of a Backup Bid, until the Successful Bidder or Backup Bidder closes on a sale of the applicable Proposed Purchased Assets.

- e. Any disputes related to these Bidding Procedures shall be resolved by the Bankruptcy Court.

IV. **Due Diligence.**

a. **Diligence Provided to Potential Bidders.**

Only Potential Bidders that have entered into a Confidentiality Agreement shall be eligible to receive due diligence information and access to the Debtor's electronic data room and to additional non-public information regarding the Proposed Purchased Assets. **No Potential Bidder will be permitted to conduct any due diligence without entering into a Confidentiality Agreement.** The Debtor will provide to each Potential Bidder that has entered into a Confidentiality Agreement reasonable due diligence information, as requested by such Potential Bidder in writing, as soon as reasonably practicable after such request, and the Debtor shall post all written due diligence provided to any Potential Bidder to the Debtor's electronic data room. For all Potential Bidders, the due diligence period will end on the Bid Deadline and subsequent to the Bid Deadline the Debtor shall have no obligation to furnish any due diligence information.

The Debtor shall not furnish any confidential information relating to the Proposed Purchased Assets, the Debtor's liabilities, or the sale of any or all of the Proposed Purchased Assets ("**Confidential Sale Information**") to any person, except to a Potential Bidder that has entered into a Confidentiality Agreement or to such Potential Bidder's duly-authorized representatives, in each case, to the extent provided in the applicable Confidentiality Agreement. The Debtor and its

advisors shall coordinate all reasonable requests from Potential Bidders for additional information and due diligence access; provided that the Debtor may decline to provide such information to Potential Bidders who, at such time and in the Debtor's reasonable business judgment have not established, or who have raised doubt, that such Potential Bidder intends in good faith to, or has the capacity to, consummate the sale of all or a portion of the Proposed Purchased Assets.

The Debtor also reserves the right to withhold from Potential Bidders any diligence materials that the Debtor determines are sensitive or otherwise not appropriate for disclosure to a Potential Bidder who the Debtor determines is a competitor of the Debtor or is affiliated with any competitor of the Debtor. Neither the Debtor nor its representatives shall be obligated to furnish information of any kind whatsoever to any person that is not approved by the Debtor as a Potential Bidder.

All due diligence requests must be directed to Tyler Brasher (tbrasher@hcmpllc.com) and Anthony Jordan (ajordan@hcmpllc.com).

b. Diligence Provided by Potential Bidders.

Each Potential Bidder shall comply with all reasonable requests for additional information and due diligence access requested by the Debtor or its advisors regarding the ability of the Potential Bidder to consummate a transaction for all or a portion of the Proposed Purchased Assets. Failure by a Potential Bidder to comply with such reasonable requests for additional information and due diligence access may be a basis for the Debtor to determine that such Potential Bidder is not a Qualified Bidder or that a bid made by such Potential Bidder is not a Qualified Bid.

The Debtor and its advisors and representatives shall be obligated to maintain in confidence any confidential information in accordance with any applicable confidentiality agreement, except as otherwise set forth in these Bidding Procedures. Each recipient of confidential information

agrees to use, and to instruct their advisors and representatives to use, such confidential information only in connection with the evaluation of Bids during the bidding process or otherwise in connection with the Chapter 11 Case or in accordance with the terms of any applicable confidentiality agreement.

Notwithstanding the foregoing and the provisions contained in any applicable Confidentiality Agreement, the Debtor and the Debtor's advisors may disclose confidential information (a) with the prior written consent of such bidder and the Debtor or (b) as otherwise required or allowed by any applicable confidentiality agreement with respect to a particular Potential Bidder or other agreement, law, court or other governmental order, or regulation, including, as appropriate, to regulatory agencies.

V. Bid Requirements.

A proposal, solicitation, or offer (each, a "***Bid***") by a Potential Bidder that is submitted in writing and satisfies each of the following requirements (collectively, the "***Bid Requirements***"), as determined by the Debtor in its reasonable business judgment shall constitute a "***Qualified Bid.***" For the avoidance of doubt, notwithstanding the following, any stalking horse purchase agreement will be deemed a Qualified Bid for all purposes and at all times. The form of a Bid must include a proposed asset purchase agreement (a "***Bid Purchase Agreement***") duly executed by the Potential Bidder and must also include a redline comparing the Bid Purchase Agreement to the template asset purchase agreement attached to the Bidding Procedures Order or applicable stalking horse purchase agreement. The Bid Requirements are as follows:

- a. **Assets.** Each Bid must provide for the purchase of all or a portion of the Proposed Purchased Assets, and must clearly state (i) which Proposed Purchased Assets the Potential Bidder is agreeing to purchase and (ii) whether the Potential Bidder intends to operate all or a portion of the Debtor's business as a going concern, or to liquidate the business.

- b. **Assumption of liabilities.** Each Bid must expressly identify the liabilities it proposes to (i) assume or (ii) satisfy with cash consideration.
- c. **Purchase Price.** Each Bid must clearly set forth the purchase price to be paid (the “*Purchase Price*”). The Bid must propose a Purchase Price for all or a portion of the Proposed Purchased Assets, including any assumption of liabilities, that has a value that equals or exceeds the sum of the following (a “*Minimum Bid*”): (i) the net value to the Debtor’s estate provided by any applicable stalking horse purchase agreement; (ii) the amount of any applicable Bid Protections; and (iii) \$100,000, subject to the adjustments set forth in the Bid Purchase Agreement; provided, however, in the event that a Bid is for a combination of Proposed Purchased Assets different from those set forth in any stalking horse purchase agreement, such consideration shall reasonably represent a premium, as determined by the Debtor, to an approximate allocation of the applicable stalking horse purchase agreement; provided, further, that in determining the value of any such Bid, the Debtor will not be limited to evaluating the dollar value of the consideration but may also consider other factors, including the speed, certainty, and value of the proposed transaction. Subject to the immediately preceding sentence, the Purchase Price contained in a Bid may be structured in whatever form the Potential Bidder desires (e.g., a Potential Bidder may propose an all cash Bid). Unless prior written consent is obtained from the DIP Lender, the Purchase Price must have a cash component attributable to the DIP Collateral that is sufficient to pay the outstanding DIP Obligations in full.
- d. **Deposit.** With a Bid, a Potential Bidder must submit by wire transfer of immediately available funds, a cash deposit in the amount equal to Two Hundred Thousand Dollars (\$200,000), to be held in an interest-bearing escrow account to be identified and established by the Debtor (the “*Deposit*”).
- e. **Same or better terms.** Each Bid must be on terms that are not more burdensome to the Debtor than the terms of the template asset purchase agreement attached to the Bidding Procedures Order or any applicable stalking horse purchase agreement, as determined by the Debtor. Each Bid must include duly executed, non-contingent transaction documents necessary to effectuate the sale contemplated by the Bid and shall include a schedule of executory contracts and unexpired leases proposed to be assumed by the Debtor and assigned to the Potential Bidder (“*Assumed Contracts*”), and a copy of the Bid Purchase Agreement clearly marked against the template asset purchase agreement attached to the Bidding Procedures Order or any applicable stalking horse purchase agreement to show all changes requested by the Potential Bidder, including those related to the respective Purchase Price and assets to be acquired by such Potential Bidder, as well as all other material documents integral to such bid and a written commitment demonstrating to the satisfaction of the Debtor that the Potential Bidder will be able to close the transaction proposed in its Bid on the terms and conditions set forth therein (the “*Qualified Bid Documents*”).
- f. **Contingencies; No financing or diligence outs.** A Bid shall not be conditioned on (i) obtaining financing, (ii) shareholder, board of directors, or other internal approval, or (iii) the outcome of completion of a due diligence review by the Potential Bidder. Notwithstanding the foregoing, a Bid may be subject to (i) the

accuracy at the closing of the sale of specified representations and warranties or (ii) the satisfaction at the closing of the sale of specified conditions, which shall not be more burdensome to the Debtor, as determined by the Debtor, than those set forth in the template asset purchase agreement attached to the Bidding Procedures Order or any applicable stalking horse purchase agreement.

- g. **Identity.** Each Bid must fully disclose the identity of each entity that will be bidding or otherwise participating in connection with such Bid (including each equity holder or other financial backer of the Potential Bidder if such Potential Bidder is an entity formed for the purpose of consummating a sale of the Proposed Purchased Assets), and the complete terms of any such participation. Under no circumstances shall any undisclosed principals, equity holders, or financial backers be associated with any Bid. Each Bid must also include contact information for the specific persons and counsel whom the Debtor and its advisors should contact regarding such Bid. Each Bid must also disclose any past or present connections or agreements with the Debtor, any Stalking Horse Bidder, any other Potential Bidder or Qualified Bidder and its affiliates, and/or any officer or director of the foregoing (including any current officer or director of the Debtor).
- h. **Demonstrated financial capacity.** A Potential Bidder must have, in the Debtor's reasonable business judgment, the necessary financial capacity to consummate the proposed transactions required by its Bid and provide adequate assurance of future performance under all contracts proposed to be assumed by such Bid. Each Bid must be accompanied by reasonable evidence of the Potential Bidder's ability to operate the business related to the applicable Proposed Purchased Assets and include a packet of information, including financial information that will be provided to the non-Debtor counterparties to Assumed Contracts sufficient to demonstrate adequate assurance of future performance.
- i. **Committed financing.** To the extent that a Bid is not accompanied by evidence of the Potential Bidder's capacity to consummate the sale set forth in its Bid with cash on hand, each Bid must include executed unconditional committed financing from a qualified source documented to the satisfaction of the Debtor, which demonstrates that the Potential Bidder has received sufficient debt and/or equity funding commitments to satisfy the Potential Bidder's Purchase Price and other obligations under its Bid. Such funding commitments or other financing must be unconditional and must not be subject to any internal approvals, syndication requirements, diligence, or credit committee approvals, and shall have covenants and conditions acceptable to the Debtor.
- j. **Binding and irrevocable.** A Qualified Bid must include a signed writing stating that: (i) the Qualified Bid is irrevocable until the later of (a) two (2) Business Days after the closing of the sale to a person or entity other than the Potential Bidder and (b) thirty (30) days after the conclusion of the Sale Hearing (as defined below); and (ii) the Qualified Bidder agrees to serve as a Backup Bidder upon the terms and conditions set forth in these Bidding Procedures, if such Qualified Bidder is not a Successful Bidder.

- k. **Expenses; Disclaimer of fees.** Except with respect to any Stalking Horse Bidder, each Bid (other than any stalking horse purchase agreement) must disclaim any right to receive a break-up fee, expense reimbursement, termination fee, or any other similar form of compensation. For the avoidance of doubt, no Potential Bidder (other than a Stalking Horse Bidder) will be permitted to request at any time, whether as part of the Auction or otherwise, a break-up fee, expense reimbursement, termination fee, or any other similar form of compensation, and by submitting its Bid is agreeing to refrain from and waive any assertion or request for reimbursement on any basis, including under section 503(b) of the Bankruptcy Code.
- l. **Authorization.** Each Bid must contain evidence that the Potential Bidder has obtained authorization or approval from its board of directors (or a comparable governing body acceptable to the Debtor) with respect to the submission of its Bid and the consummation of the transactions contemplated in such Bid.
- m. **As-Is, Where-Is.** Each Bid must include a written acknowledgement and representation that the Potential Bidder: (i) has had an opportunity to conduct any and all due diligence regarding the Proposed Purchased Assets prior to submitting the Bid; (ii) has relied solely upon its own independent review, investigation, and/or inspection of any documents and/or the Proposed Purchased Assets in making its Bid; and (iii) did not rely upon any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express, implied by operation of law, or otherwise, regarding the Proposed Purchased Assets or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in the Bid.
- n. **Adherence to Bidding Procedures.** By submitting its Bid, each Potential Bidder is agreeing to abide by and honor the terms of these Bidding Procedures and agrees not to submit a Bid or seek to reopen the Auction after conclusion of the Auction. Each Bid must expressly state that the Potential Bidder agrees to serve as a Backup Bidder (as defined below) if such bidder's Qualified Bid is selected as the next highest or otherwise next best bid after the Successful Bid.
- o. **Regulatory Approvals and Covenants.** A Bid must set forth each regulatory and third-party approval needed to consummate the transaction contemplated by such Bid and the time period within which the Potential Bidder expects to receive such regulatory and third-party approvals (and in the case that receipt of any such regulatory or third-party approval is expected to take more than thirty (30) days following execution and delivery of the asset purchase agreement, those actions the Potential Bidder will take to ensure receipt of such approvals as promptly as possible). A Bid must also state that all necessary filings under applicable regulatory, antitrust, and other laws will be made and that payment of the fees associated therewith shall be made by the Potential Bidder.
- p. **Consent to Jurisdiction.** Each Potential Bidder must submit to the jurisdiction of the Bankruptcy Court and waive any right to a jury trial in connection with any

disputes relating to Debtor's qualification of Bids, the Auction, the construction and enforcement of these Bidding Procedures, any sale documents, and the closing of any sale of any or all of the Proposed Purchased Assets, as applicable.

- q. **Bid Deadline.** Each Bid must be transmitted via email (in .pdf or similar format) so as to be **actually received** on or before **4:00 p.m. (prevailing Central Time) on December 16, 2019** (the "***Bid Deadline***") by the Bid Notice Parties.
- r. **Credit Bidding.** Notwithstanding anything else contained in the Bidding Procedures, the DIP Lender shall have the right, subject in all respects to the Bankruptcy Code and other applicable law, to credit bid all or any portion of their allowed secured claims at the Auction pursuant to Bankruptcy Code section 363(k) or other applicable law, in accordance with the applicable provisions of the documents governing such debt obligations; provided that such Bid otherwise complies with these Bidding Procedures, the Bankruptcy Code and such credit bidding rights shall be subject to entry of a final postpetition financing order and any challenge rights preserved therein. Similarly, any Qualified Bidder, including a Stalking Horse Bidder, who has a valid and perfected lien on any assets of the Debtor's estate shall have the right to credit bid all or a portion of the value of such Qualified Bidder's secured claim, subject to and in accordance with section 363(k) of the Bankruptcy Code.
- s. **Option to Select Stalking Horse with Bid Protections.** Subject to the provisions set forth in the Bidding Procedures, the Debtor, in consultation with any statutory committee and DIP Lender (together, the "***Consultation Parties***"), is authorized to designate one or more Stalking Horse Bidders and provide Bid Protections, subject to and in accordance with the Stalking Horse Objection Process (as defined below). If the Debtor designates one or more Stalking Horse Bidders, it must do so before November 22, 2019 (the "***Deadline to Designate Stalking Horse Bidder***"). Absent further order of the Court, the Stalking Horse Agreement shall limit the break-up fees to an amount no greater than 3% of the Stalking Horse Bidder's initial Purchase Price and expense reimbursement in an amount not to exceed \$250,000 (together with the Minimum Overbid Increment, the "***Bid Protections***"). In the event that the Debtors determine that the Bid Protections must exceed the amounts set forth herein, the Debtors shall request that the Court hold a hearing on the approval of any such greater Bid Protections on an expedited basis. In the event that the Debtor selects one or more parties to serve as a Stalking Horse Bidder, upon such selection, the Debtor shall provide, to all parties on the Rule 2002 List, all parties expressing an interest in the Proposed Purchased Assets and all parties holding liens on such Proposed Purchased Assets, two (2) business days' notice of and an opportunity to object to the designation of such Stalking Horse Bidder and disclosure of the Bid Protections set forth in the Stalking Horse Agreement (the "***Stalking Horse Objection Period***"), and absent objection, the Debtor shall be authorized to enter into the asset purchase agreement with the applicable Stalking Horse Bidder and grant any of the Bid Protections included in such Stalking Horse Bidder's asset purchase agreement without further order of the Court. To the extent necessary, the Debtor's right to seek the Court's approval of one or more Stalking Horse Bidders,

with notice and a hearing, are preserved by the Bidding Procedures. Any Stalking Horse Agreement executed by the Debtor and the transactions contemplated thereby will be deemed a Qualified Bid for all purposes, and any party to a Stalking Horse Agreement executed by the Debtor will be deemed to be Qualified Bidder. If an objection is filed during the Stalking Horse Objection Period, Court approval will be necessary to provide Bid Protections to the Stalking Horse Bidder, which approval may be sought prior to the Auction or at the Sale Hearing (collectively, the “*Stalking Horse Objection Process*”).

The Debtor reserves the right to work with any Potential Bidder in advance of the Auction to cure any deficiencies in a Bid that is not initially deemed to be a Qualified Bid. The Debtor may accept a single Qualified Bid or multiple Bids for non-overlapping material portions of the Proposed Purchased Assets that, if taken together in the aggregate, would otherwise meet the standards for a single Qualified Bid. The Debtor may also permit otherwise Qualified Bidders who submitted Bids by the Bid Deadline for a material portion of the Proposed Purchased Assets but who are not identified as a component of a single Qualified Bid consisting of multiple Bids, to participate in the Auction and to submit higher and/or otherwise better Bids that in subsequent rounds of bidding may be considered, together with other Bids for non-overlapping portions of the Debtor’s assets, as part of such a single Qualified Bid.

VI. Auction.

If the Debtor receives more than one Qualified Bid, the Debtor will conduct an Auction to determine the Successful Bidder(s) for the Proposed Purchased Assets. The Debtor shall notify any Stalking Horse Bidder if one or more Qualified Bids are received and provide the identity of the Qualified Bidders making any such Qualified Bids. (To the extent that a Stalking Horse Bidder has not previously received a copy of any Qualified Bid, the Debtor shall provide a copy thereof, or copies thereof, as the case may be, to the Stalking Horse Bidder prior to the commencement of the Auction.) If the Debtor does not receive more than one Qualified Bid, the Debtor will not

conduct an Auction and shall designate the sole Qualified Bid as the Successful Bid for the Proposed Purchased Assets.

If the Debtor has received more than one Qualified Bid, prior to the commencement of the Auction, the Debtor will notify each Qualified Bidder of the highest or otherwise best Qualified Bid, as determined in the Debtor's sole business judgment (the "**Baseline Bid**") for the Proposed Purchased Assets and provide copies of the applicable Qualified Bid Documents supporting the Baseline Bid to each Qualified Bidder. The determination of which Qualified Bid constitutes the Baseline Bid and which Qualified Bid constitutes the Successful Bid shall take into account any factors the Debtor reasonably deems relevant to the value of the Qualified Bid to the Debtor's estate, which may include, among other things: (a) the number, type, and nature of any changes to the template asset purchase agreement, any stalking horse purchase agreement or Bid Purchase Agreement, if any, requested by the Qualified Bidder, including the type and amount of Proposed Purchased Assets sought to be acquired and obligations sought to be assumed in the Qualified Bid; (b) the amount and nature of the total consideration; (c) the likelihood of the Qualified Bidder's ability to close the applicable purchase of the Proposed Purchased Assets and the timing of such transaction; (d) the net economic effect of any changes to the value to be received by the Debtor's estate from the transaction contemplated by the Qualified Bid Documents; and (e) the tax consequences of such Qualified Bid (collectively, the "**Bid Assessment Criteria**"). Only Qualified Bidders will be entitled to make any subsequent bids at the Auction. At least one (1) Business Day prior to the Auction, each Qualified Bidder who has timely submitted a Qualified Bid must inform the Debtor whether it intends to attend the Auction and all Qualified Bidders wishing to attend the Auction must have at least one individual representative with authority to bind such Qualified Bidder in attendance at the Auction in person.

The Auction, if necessary, will be conducted on **December 18, 2019 at 10:00 a.m. (prevailing Central time)** at a location within ten (10) miles of this Court or the Debtor's principal place of business as designated by the Debtor upon written notice to all parties entitled to participate in the auction under the Bidding Procedures. The Auction, if necessary, shall be conducted in a timely fashion according to the following procedures:

a. The Debtor shall conduct the Auction.

The Debtor and its professionals shall direct and preside over the Auction. At the start of the Auction, the Debtor shall describe the terms of any Baseline Bid. All subsequent incremental Bids made shall be Overbids (defined below) and shall be made and received on an open basis, and all material terms of each Overbid shall be fully disclosed to all other Qualified Bidders who submitted Qualified Bids. The Debtor shall maintain a written transcript of all Bids made and announced at the Auction, including the Baseline Bid, all applicable Overbids, the Successful Bid(s), and Backup Bid(s).

The Auction will be conducted openly and all creditors will be permitted to attend. The Qualified Bidders may appear at the Auction in person or through duly authorized representatives.

b. Terms of Overbids.

“Overbid” means any bid made at the Auction by a Qualified Bidder³ subsequent to the Debtor's announcement of the Baseline Bid. Each Overbid must comply with the following conditions:

- (i). **Minimum Overbid Increment**. The initial Overbid, if any, shall provide for total consideration to the Debtor with a value that exceeds the value of the consideration under the applicable Baseline Bid by an incremental amount that is not less than the \$100,000 (a ***“Minimum Overbid Increment”***). All subsequent Overbids, if any, shall provide for total consideration to the Debtor with a value that exceeds the value of the consideration under the Prevailing Highest Bid (as defined below) in the

³ Or Qualified Bidders, in the event of a Joint Bid.
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given round by an incremental amount that is not less than the Minimum Overbid Increment.

- (ii). **Conclusion of Each Overbid Round.** Upon the solicitation of each round of applicable Overbids, the Debtor may announce a deadline (as the Debtor may, in its reasonable business judgment, extend from time to time, the “***Overbid Round Deadline***”) by which time any Overbids must be submitted to the Debtor.
- (iii). **Overbid Alterations.** An applicable Overbid may contain alterations, modifications, additions, or deletions of any terms of the Bid no less favorable to the Debtor’s estate than any prior applicable Bid or Overbid, as determined in the Debtor’s reasonable business judgment, but shall otherwise comply with the terms of these Bidding Procedures. Any Overbid must comply with the conditions for a Qualified Bid.
- (iv). **Announcing Highest Bid.** Subsequent to each Overbid Round Deadline, the Debtor shall announce whether the Debtor has identified in the initial applicable Overbid round, an Overbid or Overbids as being higher or otherwise better than the applicable Baseline Bid(s) for the Proposed Purchased Assets, or in subsequent rounds, the Overbid(s) previously designated by the Debtor as the prevailing highest or otherwise best Bid for the Proposed Purchased Assets (the “***Prevailing Highest Bid***”). The Debtor shall describe to all Qualified Bidders the material terms of any new Overbid designated by the Debtor as the Prevailing Highest Bid(s) as well as the value attributable by the Debtor to such Prevailing Highest Bid(s).

c. Consideration of Overbids.

The Debtor reserves the right, in its discretion, to adjourn the Auction one or more times to, among other things: (i) facilitate discussions among the Debtor and any Qualified Bidders; (ii) allow Qualified Bidders to consider how they wish to proceed; (iii) provide Qualified Bidders the opportunity to provide the Debtor with such additional evidence as the Debtor, in its reasonable business judgment, may require, including that the Qualified Bidder has sufficient internal resources or has received sufficient non-contingent debt and/or equity funding commitments to consummate the proposed transaction at the prevailing Overbid amount; and (iv) to provide the Debtor with an opportunity to consider how to value each Overbid. The full amount of the Bid Protections shall be included as value of any bid made by any Stalking Horse Bidder in each round

of bidding at the Auction, including for purposes of comparing the value of a Qualified Bidder's Overbid to the bid of a Stalking Horse Bidder in any round of bidding.

d. Closing the Auction.

- (i). The Auction shall continue until there is only one Bid or Joint Bid, as applicable, that the Debtor determines, in its reasonable business judgment, is the highest or otherwise best Bid for the Proposed Purchased Assets. Such Bid or Joint Bid, as applicable, shall be declared the "**Successful Bid**," and such Qualified Bidder (or Qualified Bidders, in the event of a Joint Bid) the "**Successful Bidder(s)**," at which point the Auction will be closed. The Debtor shall notify the Qualified Bidders of the Successful Bid within one Business Day following such selection. The Auction shall not close unless and until all Qualified Bidders have been given a reasonable opportunity to submit an Overbid at the Auction to the then Prevailing Highest Bid. Such acceptance by the Debtor of the Successful Bid is conditioned upon approval by the Bankruptcy Court of the Successful Bid.
- (ii). The Debtor shall not consider any Bids or Overbids submitted after the conclusion of the Auction, and any such Bids or Overbids shall be deemed untimely and shall under no circumstances constitute a Qualified Bid.
- (iii). As soon as reasonably practicable after closing the Auction, the Debtor shall file on the docket, but not serve, a notice with the Court identifying the Successful Bidder(s) and Backup Bidder(s).

e. No Collusion; Good-Faith Offer.

Each Qualified Bidder participating at the Auction will be required to confirm on the record at the Auction that: (i) it has not engaged in any collusion with respect to the bidding; and (ii) its Bid is a good-faith offer and it intends to consummate the transaction contemplated by such Bid if selected as the Successful Bidder(s). All Potential Bidders and all Qualified Bidders will immediately disclose to the Debtor and the United States Trustee any discussions regarding employment of or offers to retain or employ any officer or insider of the Debtor.

VII. Backup Bidder(s).

- a. Notwithstanding anything in these Bidding Procedures to the contrary, if an Auction is conducted, the Qualified Bidder with the next-highest or otherwise second-best Bid for all or a portion of the Proposed Purchased Assets at the Auction, as determined by the Debtor in its discretion (the "**Backup Bid**"), shall be

required to serve as a backup bidder (the “**Backup Bidder**”), and each Qualified Bidder shall agree and be deemed to agree to be the Backup Bidder if so designated by the Debtor.

- b. The identity of the Backup Bidder(s) and the amount and material terms of the Backup Bid(s) shall be announced by the Debtor at the conclusion of the Auction at the same time the Debtor announces the identity of the Successful Bidder(s). The Backup Bidder(s) shall be required to keep the Backup Bid(s) open and irrevocable, until the closing of the sale with the Successful Bidder(s). Each Backup Bidder’s Deposit shall be held in escrow until the closing of the transaction with the Successful Bidder(s) and shall thereafter be returned within five (5) Business Days.
- c. If a Successful Bidder fails to consummate the approved transactions contemplated by its Successful Bid, the Debtor may select the applicable Backup Bidder as the Successful Bidder, and such Backup Bidder shall be deemed a Successful Bidder for all purposes. The Debtor will be authorized, but not required, to consummate all transactions contemplated by the Backup Bid without further order of the Bankruptcy Court or notice to any party. In such case, the defaulting Successful Bidder’s Deposit shall be forfeited to the Debtor. The Debtor specifically reserves the right to seek all available remedies against any defaulting Successful Bidder(s), including with respect to specific performance.
- d. Notwithstanding anything to the contrary in this section or the Bidding Procedures Order, if a Stalking Horse Bidder is required to serve as Backup Bidder, the terms and conditions of such service shall be governed by the applicable stalking horse purchase agreement.

VIII. Reservation of Rights.

Without prejudice to the rights of any Stalking Horse Bidder under the terms their stalking horse purchase agreement, the Debtor reserves its rights to modify these Bidding Procedures in the Debtor’s reasonable business judgment in any manner that will best promote the goals of the bidding process, or impose, at or prior to the Auction, additional customary terms and conditions on the sale of the Proposed Purchased Assets, including, without limitation: (a) extending the deadlines set forth in these Bidding Procedures; (b) adjourning the Auction at the Auction and/or adjourning the Sale Hearing in open court without further notice; (c) adding procedural rules that are reasonably necessary or advisable under the circumstances for conducting the Auction; (d) canceling the Auction; and (e) rejecting any and all bids or Bids.

IX. Sale Hearing.

A hearing to consider approval of the Sale of the Proposed Assets to the Successful Bidder(s) (the “*Sale Hearing*”) is currently scheduled to take place at [] (**prevailing Central time) on [December 19], 2019**, before the Honorable David R. Jones at the Bankruptcy Court, Bob Casey United States Courthouse, 515 Rusk Avenue, Courtroom 400, Houston, Texas 77002.

Subject to the rights and remedies of any Stalking Horse Bidder as set forth in their applicable stalking horse purchase agreement, the Sale Hearing may be continued or adjourned to a later date by the Debtor without further notice other than an announcement at, the Sale Hearing or through the filing of a notice on the Court’s docket. No further notice of any such continuance or adjournment will be required to be provided to any party (including any Stalking Horse Bidder).

At the Sale Hearing, the Debtor shall present the Successful Bid(s) to the Bankruptcy Court for approval.

X. Bid Protections.

To provide an incentive and to compensate any Stalking Horse Bidder for performing the substantial due diligence and incurring the expenses necessary and entering into a corresponding asset purchase agreement, with the knowledge and risk that arises from participating in the sale and subsequent bidding process, the Debtor has agreed to pay any Stalking Horse Bidder, under the conditions and in the amount set forth in the Bidding Procedures Order:

Bid Protections. Pursuant to the terms of the Bidding Procedures Order and these Bidding Procedures, and in accordance with the Stalking Horse Objection Process, in the event any Stalking Horse Bidder is not the Successful Bidder for the subject Proposed Purchased Assets (or otherwise does not purchase the subject Proposed Purchased Assets as a Backup Bidder) and is not in default under the applicable asset purchase agreement, the Stalking Horse Bidder is to be provided an expense reimbursement for its actual, reasonable and documented expenses not to exceed \$250,000 and a

break-up fee in an amount not to exceed 3% of the Stalking Horse Bidder's initial Purchase Price.

Subject to the Bidding Procedures Order and the Stalking Horse Objection Process, the Debtor has agreed that its obligations to pay the Bid Protections from the consideration received from the consummation of a transaction with a Successful Bidder that is not a Stalking Horse Bidder, shall survive termination of any Stalking Horse Bidder's asset purchase agreement, and shall be payable under the terms of such asset purchase agreement and the Bidding Procedures Order.

Any Stalking Horse Bidder shall have standing to appear and be heard on all issues related to the Auction, including the right to object to the conduct of the Auction and interpretation of these Bidding Procedures.

XI. Return of Deposit.

The Deposit of the Successful Bidder(s) shall be applied to the Purchase Price of the transaction at closing. The Deposits for each Qualified Bidder shall be held in one or more interest-bearing escrow accounts on terms acceptable to the Debtor in its reasonable business judgment and shall be returned (other than with respect to the Successful Bidder(s) and the Backup Bidder) on or within five (5) Business Days after the Auction.

If any Successful Bidder fails to consummate the sale because of a breach by such Successful Bidder, the Debtor will not have any obligation to return the applicable Deposit deposited by the Successful Bidder (except as otherwise set forth in any Stalking Horse Bidder's asset purchase agreement, as to any Stalking Horse Bidder), which may be retained by the Debtor as liquidated damages, in addition to any and all rights, remedies, or causes of action that may be available to the Debtor (and subject to any Stalking Horse Bidder's asset purchase agreement, as to any Stalking Horse Bidder), and the Debtor shall be free to consummate the sale with the

applicable Backup Bidder without the need for an additional hearing or order of the Bankruptcy Court, in which case the Backup Bidder's Deposit shall be applied to the Purchase Price.

XII. Fiduciary Out.

Nothing in these Bidding Procedures shall require the Debtor's boards of directors to take any action, or to refrain from taking any action, with respect to these Bidding Procedures, to the extent the Debtor's boards of directors determine, based on the advice of counsel, that taking such action, or refraining from taking such action, as applicable, is required to comply with applicable law or their fiduciary obligations under applicable law; provided that in the event of any such action, all rights and remedies of any Stalking Horse Bidder in these Bidding Procedures, any Stalking Horse Bidder's asset purchase agreement, and/or applicable law shall be reserved and preserved.

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Exhibit 4

Bill of Sale

**FORM
OF
BILL OF SALE AND ASSIGNMENT
(District)**

THIS BILL OF SALE AND ASSIGNMENT ("Bill of Sale") is entered into as of _____, 201_, between Walker County Hospital Corporation, a Texas nonprofit corporation ("Seller") and Walker County Hospital District, a body politic and political subdivision of the State of Texas (the "District").

RECITALS

A. Seller, the District and Huntsville Community Hospital, Inc., a Texas nonprofit corporation ("HCH", and collectively with District, the "Buyers"), entered into that certain Purchase Agreement dated November ___, 2019 ("Purchase Agreement"), whereby Seller agreed to sell to Buyers and Buyers agreed to purchase from Seller, the Purchased Assets.

B. Pursuant to and subject to the terms of the Asset Allocation Agreement between the District and HCH, the Purchased Assets-District are being purchased by District, and the Purchased Assets-HCH are being purchased by HCH.

C. The Parties are entering into this Bill of Sale to satisfy a condition to the Closing of the transactions contemplated by the Purchase Agreement.

NOW, THEREFORE, in consideration of the foregoing premises, the mutual covenants and other agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and the District, intending to be legally bound, hereby agree as follows:

1. Capitalized Terms. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in that certain Purchase Agreement.

2. Sale and Assignment. Seller hereby irrevocably and unconditionally sells, assigns, conveys, transfers and delivers to the District, its successors and assigns forever, all of Seller's right, title and interest to the Purchased Assets-District (other than the Owned Real Property, which is conveyed by Seller to the District pursuant to the Special Warranty Deed) (collectively the "Transferred Assets"), free and clear of all Encumbrances other than Permitted Encumbrances, to have and to hold the same and each and all thereof unto the District, its successors and assigns forever, to its own use and benefit forever. For the avoidance of doubt, the Excluded Assets are not Transferred Assets.

3. Additional Conveyance Instruments. Notwithstanding the foregoing, this Bill of Sale is not applicable to Seller's sale, assignment, conveyance, transfer or delivery of (a) the Owned Real Property, the conveyance of which is governed by one or more deeds being delivered by Seller or its Affiliates to District in connection with the Closing or (b) the Assigned Contracts, the assignment of which is governed by the assignment and assumption agreements being delivered by Seller or its Affiliates to the applicable Buyer in connection with the Closing.

4. Further Assurances. Seller covenants that it will do or cause to be done all such further acts, and shall execute and deliver, or cause to be executed and delivered, all transfers, assignments and conveyances, evidences of title, notices and assurances reasonably necessary or appropriate to assure fully to the District and its respective successors or permitted assigns, all of the properties, rights, titles, interests, estates, remedies, powers and privileges relating to the Transferred Assets intended to be conveyed to the District pursuant to the transactions contemplated by the Purchase Agreement.

5. Entire Agreement. This Bill of Sale supersedes any and all prior agreements, either oral or written, between Seller and the District with respect to the subject matter of this Bill of Sale (including any term sheet or similar agreement or document relating to the transaction contemplated hereby) other than any such agreements contemplated by the Purchase Agreement, or the other transaction documents entered into pursuant to the terms and conditions of the Purchase Agreement (the "Transaction Documents"). This Bill of Sale, together with the Purchase Agreement and other Transaction Documents, constitutes the entire agreement between Seller and the District with respect to the subject matter hereof.

6. Waiver. No waiver of any term or condition of this Bill of Sale shall be valid or enforceable unless and until made in writing and signed by Seller and the District. A waiver on one occasion shall not be deemed to be a waiver of the same or any other breach, provision or requirement on any other occasion.

7. Amendment. This Bill of Sale may be modified or amended only by a written instrument duly executed by Seller and the District.

8. Counterparts and Facsimile Signatures. This Bill of Sale may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement, binding on Seller and the District. Facsimile signatures or a PDF copy of the signature of any party on this Bill of Sale shall be deemed to be original signatures for all purposes.

9. No Third Party Beneficiary. The terms and provisions of this Bill of Sale are intended solely for the benefit of Seller and the District and their respective permitted successors and assigns or delegates, and it is not the intention of Seller and the District to confer, and, this Bill of Sale shall not confer, third party beneficiary rights upon any other Person or entity.

10. Binding Effect. Subject to provisions herein to the contrary, this Bill of Sale shall inure to the benefit of and be binding upon Seller and the District and their respective legal Representatives, successors and permitted assigns and delegates.

11. Governing Law. Seller and the District agree that this Bill of Sale shall be governed by and construed in accordance with the applicable laws of the State of Texas without giving effect to any choice or conflicts of law provision or rule thereof that would result in the application of the applicable Laws of any other jurisdiction other than the applicable Laws of the United States of America, where applicable. SELLER AND THE DISTRICT IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY AND ALL RIGHTS TO TRIAL BY JURY IN CONNECTION WITH ANY PROCEEDING ARISING OUT OF OR RELATING TO THIS BILL OF SALE.

12. Construction. Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural, and pronouns stated in the masculine, the feminine or the neuter gender shall include the masculine, feminine and neuter. No provision of this Bill of Sale shall be interpreted for or against Seller or the District on the basis that such party was the draftsman of such provision, each Seller and the District having participated equally in the drafting hereof, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Bill of Sale.

13. Headings. The divisions of this Bill of Sale into sections and the use of the captions and headings in connection therewith are solely for convenience and shall have no legal effect in construing the provisions of this Bill of Sale.

14. Severability; Invalid Provisions. If any provision of this Bill of Sale is held to be illegal, invalid or unenforceable under any present or future Law and if the rights or obligations of Seller or the District under

this Bill of Sale will not be materially and adversely affected thereby, (a) such provision will be fully severable, (b) this Bill of Sale will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Bill of Sale will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom; and (d) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Bill of Sale a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

15. Conflicts Between Agreements. This Bill of Sale is made pursuant to the Purchase Agreement and is subject to the terms and conditions thereof. If any conflicts exist between this Bill of Sale and the Purchase Agreement, the Purchase Agreement shall control.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Bill of Sale or caused this Bill of Sale to be executed by their duly authorized representatives as of the date first above written.

SELLER:

**WALKER COUNTY HOSPITAL
CORPORATION, a Texas nonprofit corporation**

By: _____
Name: Steve Smith
Title: CEO

DISTRICT:

**WALKER COUNTY HOSPITAL DISTRICT,
a body politic and a subdivision of the State of
Texas**

By: _____
Name: Anne Karr-Woodard
Title: Chairman of the Board of Managers

**FORM
OF
BILL OF SALE AND ASSIGNMENT
(HCH)**

THIS BILL OF SALE AND ASSIGNMENT ("Bill of Sale") is entered into as of _____, 201_, between Walker County Hospital Corporation, a Texas nonprofit corporation ("Seller") and Huntsville Community Hospital, Inc., a Texas nonprofit corporation ("HCH").

RECITALS

A. Seller, the District, and HCH entered into that certain Purchase Agreement and Member Substitution Agreement dated November __, 2019 ("Purchase Agreement"), whereby Seller agreed to sell to Buyers and Buyers agreed to purchase from Seller, the Purchased Assets.

B. Pursuant to and subject to the terms of the Asset Allocation Agreement between the District and HCH, the Purchased Assets-District are being purchased by District, and the Purchased Assets-HCH are being purchased by HCH.

C. The Parties are entering into this Bill of Sale to satisfy a condition to the Closing of the transactions contemplated by the Purchase Agreement.

NOW, THEREFORE, in consideration of the foregoing premises, the mutual covenants and other agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and HCH hereby agree as follows:

1. Capitalized Terms. Capitalized terms used but not otherwise defined herein (including the Recitals section) shall have the meanings ascribed thereto in that certain Purchase Agreement.

2. Sale and Assignment. Seller hereby irrevocably and unconditionally sells, assigns, conveys, transfers and delivers to the HCH, its successors and assigns forever, all of Seller's right, title and interest to the Purchased Assets-HCH (other than Purchased Assets that are Assigned Contracts, which are specifically identified in the Purchase Agreement to be sold, conveyed, transferred or delivered to Buyer at the Closing pursuant to an instrument other than this Bill of Sale) (collectively the "Transferred Assets"), free and clear of all Encumbrances other than Permitted Encumbrances, to have and to hold the same and each and all thereof unto HCH, its successors and assigns forever, to its own use and benefit forever. For the avoidance of doubt, the Excluded Assets are not Transferred Assets.

3. Additional Conveyance Instruments. Notwithstanding the foregoing, this Bill of Sale is not applicable to any Seller's sale, assignment, conveyance, transfer or delivery of (a) the Owned Real Property, the conveyance of which is governed by one or more deeds being delivered by Seller or its Affiliates to the District in connection with the Closing or (b) the Assigned Contracts, the assignment of which is governed by the assignment and assumption agreements being delivered by Seller or its Affiliates to the applicable Buyer in connection with the Closing.

4. Further Assurances. Seller covenants that it will do or cause to be done all such further acts, and shall execute and deliver, or cause to be executed and delivered, all transfers, assignments and conveyances, evidences of title, notices and assurances reasonably necessary or appropriate to assure fully

to HCH and its respective successors or permitted assigns, all of the properties, rights, titles, interests, estates, remedies, powers and privileges relating to the Transferred Assets intended to be conveyed to HCH pursuant to the transactions contemplated by the Purchase Agreement.

5. Entire Agreement. This Bill of Sale supersedes any and all prior agreements, either oral or written, between Seller and HCH with respect to the subject matter of this Bill of Sale (including any term sheet or similar agreement or document relating to the transaction contemplated hereby) other than any such agreements contemplated by the Purchase Agreement, or the other transaction documents entered into pursuant to the terms and conditions of the Purchase Agreement (the "Transaction Documents"). This Bill of Sale, together with the Purchase Agreement and other Transaction Documents, constitutes the entire agreement between Seller and HCH with respect to the subject matter hereof.

6. Waiver. No waiver of any term or condition of this Bill of Sale shall be valid or enforceable unless and until made in writing and signed by Seller and HCH. A waiver on one occasion shall not be deemed to be a waiver of the same or any other breach, provision or requirement on any other occasion.

7. Amendment. This Bill of Sale may be modified or amended only by a written instrument duly executed by Seller and HCH.

8. Counterparts and Facsimile Signatures. This Bill of Sale may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement, binding on Seller and HCH. Facsimile signatures or a PDF copy of the signature of any party on this Bill of Sale shall be deemed to be original signatures for all purposes.

9. No Third Party Beneficiary. The terms and provisions of this Bill of Sale are intended solely for the benefit of Seller and HCH and their respective permitted successors and assigns or delegates, and it is not the intention of Seller and HCH to confer, and, this Bill of Sale shall not confer, third party beneficiary rights upon any other Person or entity.

10. Binding Effect. Subject to provisions herein to the contrary, this Bill of Sale shall inure to the benefit of and be binding upon Seller and HCH and their respective legal Representatives, successors and permitted assigns and delegates.

11. Governing Law. Seller and HCH agree that this Bill of Sale shall be governed by and construed in accordance with the applicable laws of the State of Texas without giving effect to any choice or conflicts of law provision or rule thereof that would result in the application of the applicable Laws of any other jurisdiction other than the applicable Laws of the United States of America, where applicable. SELLER AND HCH IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY AND ALL RIGHTS TO TRIAL BY JURY IN CONNECTION WITH ANY PROCEEDING ARISING OUT OF OR RELATING TO THIS BILL OF SALE.

12. Construction. Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural, and pronouns stated in the masculine, the feminine or the neuter gender shall include the masculine, feminine and neuter. No provision of this Bill of Sale shall be interpreted for or against Seller or HCH on the basis that such party was the draftsman of such provision, each Seller and HCH having participated equally in the drafting hereof, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Bill of Sale.

13. Headings. The divisions of this Bill of Sale into sections and the use of the captions and headings in connection therewith are solely for convenience and shall have no legal effect in construing the provisions of this Bill of Sale.

14. Severability; Invalid Provisions. If any provision of this Bill of Sale is held to be illegal, invalid or unenforceable under any present or future Law and if the rights or obligations of Seller or HCH under this Bill of Sale will not be materially and adversely affected thereby, (a) such provision will be fully severable, (b) this Bill of Sale will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Bill of Sale will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom; and (d) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Bill of Sale a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

15. Conflicts Between Agreements. This Bill of Sale is made pursuant to the Purchase Agreement and is subject to the terms and conditions thereof. If any conflicts exist between this Bill of Sale and the Purchase Agreement, the Purchase Agreement shall control.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Bill of Sale or caused this Bill of Sale to be executed by their duly authorized representatives as of the date first above written.

SELLER:

**WALKER COUNTY HOSPITAL CORPORATION,
a Texas nonprofit corporation**

By: _____
Name: Steve Smith
Title: CEO

HCH:

**HUNTSVILLE COMMUNITY HOSPITAL,
a Texas nonprofit corporation**

By: _____
Name: Anne Karr-Woodard
Title: Chairman of the Board of Managers

Exhibit 5

Assignment and Assumption Agreement

[To be filed.]

Exhibit 6

Assignment and Assumption of Lease for Real Property

[To be filed.]

Exhibit 7

Drug Enforcement Administration (DEA) Power of Attorney

**LIMITED POWER OF ATTORNEY
FOR USE OF PHARMACY LICENSES,
DEA AND OTHER REGISTRATION NUMBERS
AND DEA FORMS AND ELECTRONIC ORDERS**

Walker County Hospital Corporation, a Texas nonprofit corporation ("**Registrant**") operates an acute care hospital located at 110 Memorial Hospital Drive, Huntsville, Texas 77340 (the "**Hospital**"). In connection with the Hospital, the Registrant is licensed to operate a pharmacy under the laws of the State of Texas under Pharmacy License Number 24242; and is also authorized under DEA registration number BH9461271 to sign the current applications for registration and licensure as the registrant under the Controlled Substances Act (21 U.S.C. §801 et seq.) or the Controlled Substances Import and Export Act of the United States (21 U.S.C. §951 et seq.).

This Limited Power of Attorney for Pharmacy Licenses and DEA Forms and Electronic Orders (this "**Limited POA**") is effective as of the Effective Time, as defined in that certain Purchase Agreement and Member Substitution Agreement dated _____, 201__, among Registrant, Agent (as defined below) and Walker County Hospital District, a body politic and political subdivision of the State of Texas (the "**District**").

Registrant has made, constituted, and appointed, and hereby makes, constitutes and appoints Huntsville Community Hospital, Inc., a Texas nonprofit corporation ("**Agent**") and **Phillip Wayne King** (the "**Pharmacist**," and collectively with Agent, the "**Permitted Group**") as Registrant's agent and true and lawful attorney-in-fact for the limited purposes of utilizing Registrant's DEA registration and DEA order forms, and pharmacy licenses, pharmacy health care entity licenses, and any other registrations required under the laws of the United States or the State of Texas, to the extent permissible under applicable laws, to continue pharmacy operations located at the Hospital (the "**Pharmacy**"). The Permitted Group may act in this capacity until such time as Agent or its designee obtains a new pharmacy license, DEA registration, and any other such registrations, as required by law for the Pharmacy, but in no event shall this Limited POA continue more than ninety (90) calendar days after the effective date of the transaction, unless, despite Agent's good faith efforts, the issuance of new pharmacy licenses, DEA registrations and such other registrations for the Pharmacy is delayed by the applicable government agency. Registrant further grants this Limited POA to Agent to act as the true and lawful agent and attorney-in-fact of Registrant, and to act in the name, place, and stead of Registrant, to execute applications for books of official order forms, to sign such orders and order forms in requisition for Schedules, I, II, III, IV, and V controlled substances, whether these orders be on written forms or electronic, in accordance with Section 308 of the Controlled Substances Act (21 U.S.C. §828) and part 1305 of Title 21 of the Code of Federal Regulations, and to carry out the controlled substance activities of the Pharmacy under Registrant's DEA registration.

Registrant recognizes that it remains legally responsible for the Pharmacy and controlled substance licenses and DEA and other registrations issued to it, during the period in which this Limited POA is in effect. Therefore, Registrant grants this Limited POA based upon the following covenants and warranties of Agent: (a) the Permitted Group shall follow and abide by and comply with all federal and state laws governing the regulation of controlled substances and pharmacy practice at all times while utilizing this Limited POA; and (b) Agent, or its designee, shall make application for and pursue its own pharmacy and controlled substance licenses and DEA and other registrations which are required for the distribution of pharmaceuticals, including but not limited to controlled substances, at the Pharmacy, as soon as practicable after the Effective Date.

This Limited POA may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement, binding on all of the parties hereto.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Registrant and Agent have executed this Limited POA as of the date first written above.

REGISTRANT:

WALKER COUNTY HOSPITAL
CORPORATION, a Texas nonprofit corporation

By: _____
Name: _____
Title: _____

AGENT:

HUNTSVILLE COMMUNITY HOSPITAL, INC.,
a Texas nonprofit corporation

By: _____
Name: _____
Title: _____

WITNESSES:

1. _____
2. _____

WITNESSES:

1. _____
2. _____

PHARMACIST:

PHILLIP WAYNE KING

Signature: _____

Exhibit 8

Special Warranty Deed

[To be filed.]

Exhibit 9

Asset Allocation Agreement

[To be filed.]