

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
Lafayette Division**

IN RE:

CASE NO. 16-50740

PROGRESSIVE ACUTE CARE, LLC, et al.

CHAPTER 11

DEBTORS

JOINTLY ADMINISTERED

**SUPPLEMENTAL MOTION UNDER 11 U.S.C. §§ 363(b) AND (f) AND 365 FOR:
(I) PRELIMINARY ORDER (i) APPROVING BIDDING PROCEDURES AND
STALKING HORSE BID AND FEE, (ii) PRESCRIBING NOTICE REQUIREMENTS,
AND (iii) SETTING HEARING DATE, TIME AND PLACE FOR AUCTION SALE OF
DEBTOR'S PROPERTY; AND, FOR (II) ORDER APPROVING SALE OF ASSETS AND
ASSUMPTION AND ASSIGNMENT OF CERTAIN CONTRACTS AND LEASES AND
AMOUNTS OF CURE, IF ANY, RELATING THERETO**

NOW INTO COURT, come Progressive Acute Care, LLC (“PAC”), Progressive Acute Care Avoyelles, LLC (“PAC Avoyelles”), Progressive Acute Care Oakdale, LLC (“PAC Oakdale”) and Progressive Acute Care Winn, LLC (“PAC Winn”) as debtors and debtors-in-possession (collectively, the “Debtors” or sometimes referred to as “Sellers”), which respectively hereby supplement and amend their *Motion Under 11 U.S.C. §§ 363(b) and (f) and 365 for: (I) Preliminary Order (i) Approving Bidding Procedures and Stalking Horse Bid and Fee, (ii) Prescribing Notice Requirements, and (iii) Setting Hearing Date, Time and Place for Auction of Debtors’ Property; and, for (II) Order Approving Sale of Assets and Assumption and Assignment of Certain Contracts and Leases and Amounts of Cure, if any, Related Thereto* (P-183) (the “Sale Motion”) as follows:

1.

This Court entered the Bid Procedures Order [P-226] (“the Bid Procedures Order”) on July 29, 2016, which, *inter alia*, approved certain notice requirements, approved the Stalking Horse Bid submitted by Central Louisiana Hospital Group, L.L.C. (“Purchaser” or “Stalking

Horse Bidder”), provided for an auction process if other entities submitted Qualified Bids on or before August 19, 2016 at noon CDT, and set a final hearing on the proposed sale of assets and assumption and assignment of contracts to the Successful Bidder for August 26, 2016.

2.

No other entities submitted Qualified Bids by the deadline to do so and, as a result, no auction was held and the Stalking Horse Bidder is deemed to be the Successful Bidder under the Bid Procedures Order.

3.

Shortly before the deadline for receipt of Qualified Bids, the Stalking Horse Bidder received notice and notified the Debtors of a delay of the full funding of the loan it requires to pay the entire balance of the Cash Payment required under the Stalking Horse APA, which would in turn delay the September 1, 2016 Closing, as planned by both the Stalking Horse Bidder and the Debtors.

4.

Both the Debtors and the Stalking Horse Bidder desire to close the Contemplated Transactions¹ on September 1, 2016 for a variety of reasons including, but not limited to, stemming negative cash flow for the Debtors’ estates, ease of accounting for pre-closing and post-closing accounts receivable at the end of calendar month, and transferring the employees at the Hospitals to the payroll of the Stalking Horse Bidder.

5.

The Debtors, through their investment banker, SOLIC, have been privy to conversations with representatives of the commercial bank that is to provide the Stalking Horse Bidder with funding and the USDA which would serve as a guarantor of that funding; and, reasonably

¹ As defined in the APA.

believes that the Stalking Horse Bidder can (1) obtain the funding to make all payments required of it as of Closing (including the Debtors' final payroll, certain cure payments, and other cash outlays) and (2) will likely be able to obtain final funding of the remainder of the \$10,550,000 Cash Payment due under the APA on or before September 30, 2016 .

6.

Accordingly, with the concurrence of the Committee and Business First, the senior secured creditor, the Debtors negotiated with the Stalking Horse Bidder to amend the APA in certain respects to permit the Closing of the Contemplated Transactions to occur on or about September 1, 2016, as planned, and to defer payment of the remaining balance of the purchase price for up to 45 days thereafter.

7.

After diligent, serious arms-length negotiations between the Debtors and the Stalking Horse Bidder, the parties agreed to certain proposed amendments to the APA, subject to Court approval, which are embodied in the attached Amendment to Asset Purchase Agreement ("the Amendment") attached as Exhibit "A".

8.

Essentially, the Amendment varies the terms of the original APA in the following respects only²:

- i. In lieu of the \$10,550,000 cash payment required to be paid at Closing, the Sellers will be paid \$500,000 in cash at Closing (from the Stalking Horse Bidder's deposit held by the Escrow Agent) and the balance of \$10,550,000 (subject to adjustments provided in the APA) will be paid by tender of a promissory note

² This is intended to only be a summary of the Amendment and the terms of the Amendment itself are to govern to the extent, if any, varied by this summary.

executed by Purchaser and/or its assignees in solido as to each signatory equal to \$10,050,000 (the "Wraparound Note"). All other payments due at Closing will remain unaffected by the amendments to the APA.

- ii. The Wraparound Note shall be secured by (1) mortgages granted by Purchaser (*the original Purchaser or its permitted assignees, as the case may be*) to Sellers affecting all Owned Property being conveyed by Sellers to Purchaser, (2) *a security agreement granting from Purchaser to Sellers* perfected security interests in and to all other Purchased Assets being conveyed by Sellers to Purchaser *and all of Purchaser's other assets existing at and after Closing, including all proceeds thereof*, and (3) a commercial guaranty of payment to be executed at the Closing by Allegiance Health Management guaranteeing full and timely payment of the Wraparound Note, provided guarantor's liability thereunder will be limited to \$500,000. Such mortgages and security interests shall be subject to existing mortgages and security interests of Business First Bank affecting the Owned Property and other Purchased Assets but shall have priority over any and all other consensual liens. Until the entire principal amount of the Wraparound Note and all interest accrued thereon have been paid in full, Purchaser shall not grant mortgages or security interests against any of the assets covered by the mortgages and security agreement referred to above. The Wraparound Note shall bear interest from September 1, 2016 until paid in full at a rate equal to the per diem amount (calculated at the non-default contractual rate) of interest accruing on Sellers' indebtedness to Business First Bank and interest shall be paid by Purchaser to Sellers not later than one (1) business day before each date that

Sellers are obligated to remit interest to Business First Bank. All principal and interest due under the Wraparound Note shall be fully due and payable on or before October 17, 2016. The Wraparound Note and such mortgages, security agreement and guaranty shall contain such other provisions and terms as may be reasonably requested by Sellers, including provisions for default interest and collection of attorney fees and other collection expenses in the event of default as are customary and usual in commercial banking transactions.”

- iii. The Sale Order will provide that the Purchased Assets sold to Purchaser shall be transferred to Purchaser free and clear of all Liens (other than Liens created by Purchaser and Permitted Exceptions) and claims subject to and conditioned upon Purchaser fully and timely paying the Wraparound Note.

9.

The Debtors submit that approval of the Amendment is in the best interest of the Debtors, their creditors, and estates because (1) it relieves the Debtors of immediate administrative expense obligations of substantially more than \$1 million with respect to payment of salaries, wages, taxes, and benefits to employees and amounts due to certain Assumed Contracts, and (2) it will permit the Debtors to avoid continued expected losses they would incur if they continue operating the three Hospitals after September 1, 2016, when it is unclear if the Debtors would have sufficient operating cash available to pay for such continued operations during that time. Furthermore, neither the Debtors nor SOLIC know of any other potential buyer or buyers that would be remotely competitive with the overall Purchase Price being paid by the Purchaser, even if part of that payment is deferred for up to 45 days until after the Closing. Finally, by requiring that the Purchaser pay interest on the Wraparound Note equal

to the amount of interest accruing on the Business First Debt, the net Purchase Price remains unchanged.

WHEREFORE, the Debtors respectfully request that this Honorable Court enter a final order (1) approving the Amendment attached hereto as Exhibit “A”; (2) approving the sale of the Purchased Assets to the Stalking Horse Bidder pursuant to Section 363(b) and 363(f) of the Bankruptcy Code, free and clear of liens, claims and encumbrances, subject to and conditioned upon Purchaser fully and timely paying the Wraparound Note, with all such liens and encumbrances to attach to the sale proceeds with the same rank and priority each had as against the Assets themselves, and (3) approving the assumption and assignment of the Assumed Contracts to the Stalking Horse Bidder, finding that the only cure amounts due or which will become due by the estimated date of closing to the other parties to the Assumed Contracts are those set forth on Exhibit “B” to the original Sale Motion, as same has been supplemented and amended, with such Stalking Horse Bidder to be responsible for paying such “cure costs” at closing; (4) that the Sale Order specifically find that the Stalking Horse Bidder is a “good faith” purchaser within the meaning of Section 363(m) of the Bankruptcy Code and, that (5) the Sale Order waive the 14-day stay under Bankruptcy Rule 6004(h); and, for such other and further relief as may be just and equitable.

Respectfully submitted by:

STEFFES, VINGIELLO & McKENZIE, L.L.C.

By: /s/ William E. Steffes
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Progressive Acute Care Avoyelles, LLC,
Progressive Acute Care Oakdale, LLC, and
Progressive Acute Care Winn, LLC, Debtors*

AMENDMENT TO ASSET PURCHASE AGREEMENT

This AMENDMENT TO ASSET PURCHASE AGREEMENT, dated as of August 24, 2016 (this "Amendment"), between Progressive Acute Care, L.L.C. ("PAC"), a South Carolina limited liability company and Progressive Acute Care Avoyelles, L.L.C. ("PAC-A"), Progressive Acute Care Winn Parish, L.L.C. ("PAC-W"), Progressive Acute Care Oakdale, L.L.C. ("PAC-O"), all Louisiana limited liability companies (the "Sellers" or the "Seller Group"), and Central Louisiana Hospital Group, LLC a Louisiana limited liability company ("Purchaser").

WHEREAS, each of Sellers has become a debtor-in-possession under title 11 of the United States Code, 11 U.S.C. § 101 et seq. (the "Bankruptcy Code"), by filing a voluntary petition for relief under chapter 11 of the Bankruptcy Code on or around May 31, 2016 (the "Petition Date"), in the United States Bankruptcy Court for the Western District of Louisiana, Lafayette Division, (the "Bankruptcy Court") and Sellers' cases have administratively consolidated as Case No. 16-50740 on the docket of the Bankruptcy Court (the "Bankruptcy Case"); and

WHEREAS, Seller Group owns and operates three hospitals (the "Hospitals") including Winn Parish Medical Center located in Winnfield, Louisiana; Avoyelles Hospital located in Marksville, Louisiana; and Oakdale Community Hospital located in Oakdale, Louisiana.

WHEREAS, Sellers and Purchaser entered into an ASSET PURCHASE AGREEMENT dated as of July 14, 2016 (the "Agreement"), a copy of which is attached hereto and made a part hereof, whereby Sellers agreed to sell and Purchaser agreed to purchase, acquire and assume from Sellers, pursuant to Sections 363 and 365 of the Bankruptcy Code, all of the Purchased Assets and Assumed Liabilities, all as more specifically provided in the Agreement, as supplemented through notices filed in the Bankruptcy Case.¹

WHEREAS, Purchaser was the Successful Bidder as defined in the Order of the Bankruptcy Court entered on July 29, 2016 (Doc. 226 in the Bankruptcy Case).

WHEREAS, Purchaser has made Sellers aware that certain unavoidable delays prevent Purchaser from tendering full payment of the Cash Payment at closing as required and contemplated by Section 3.1 of the Agreement, but Purchaser and Sellers desire that the Closing occur on or before September 1, 2016, to be effective as of 12:01 a.m. CDT on September 1, 2016 (the "Closing Date").

WHEREAS, in order to provide for the Closing by the Closing Date, subject to the approval of the Bankruptcy Court at the Sale Hearing scheduled for August 26, 2016, Sellers and Purchaser have agreed to amend the Agreement as set forth below, with all provisions of the Agreement, as amended hereby, to remain in full force and effect and to

¹ All Capitalized terms used but not defined in this Amendment shall have the meanings set forth in the Agreement unless otherwise specifically stated in this Amendment.

be performed by Sellers or Purchaser, as the case may be, as contemplated in the Agreement within the timeframes set forth therein and herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter contained, the parties hereby agree to amend the Agreement as follows:

- A. The definition of the “Sale Order” in Section 1.1 of the Agreement is hereby amended and restated to read as follows (revisions shown in *italics*)-

“Sale Order” shall be an order or orders of the Bankruptcy Court in form and substance reasonably acceptable to Purchaser and Sellers approving this Agreement and all of the terms and conditions hereof, and approving and authorizing Sellers to consummate the Contemplated Transactions. Without limiting the generality of the foregoing, such order shall find and provide, among other things, that (i) the Purchased Assets sold to Purchaser pursuant to this Agreement shall be transferred to Purchaser free and clear of all Liens and claims (other than *Assumed Liabilities* and Permitted Exceptions), such Liens *and claims* (other than *Assumed Liabilities* and Permitted Exceptions) to attach to the Purchase Price; (ii) Purchaser has acted in “good faith” within the meaning of Section 363(m) of the Bankruptcy Code; (iii) this Agreement was negotiated, proposed and entered into by the parties without collusion, in good faith and from arm’s length bargaining positions; (iv) the Bankruptcy Court shall retain jurisdiction to resolve any controversy or claim arising out of or relating to this Agreement, or the breach hereof as provided in Section 13.4 hereof; and (v) this Agreement and the Contemplated Transactions may be specifically enforced against and binding upon, and not subject to rejection or avoidance by, Sellers or any chapter 7 or chapter 11 trustee of Sellers; the Sale Order (or a separate order of the Bankruptcy Court if necessary) shall also approve the assumption and assignment of the Real Property Leases, Personal Property Leases, and other contracts to be acquired by Purchaser as set forth in Section 2.1.”

The definition of “Permitted Exceptions” in Section 1.1 of the Agreement is hereby amended to include within the defined term the existing Liens granted by any one or more of the Sellers to Business First Bank, the Liens to be granted at Closing by Purchaser to Sellers to secure the Wraparound Note (defined in Section 3.1 hereof), and any other Liens created by Purchaser.

- B. The first sentence of Section 2.1 of the Agreement is hereby amended and restated to read as follows (revisions shown in *italics*)-

“Purchase and Sale of Assets. On the terms and subject to the conditions set forth in this Agreement and the Sale Order, at the Closing, Purchaser shall purchase, acquire and accept from each Sellers, and each of Sellers shall sell, transfer, assign, convey and deliver to Purchaser (the “Contemplated Transactions”), all of such Sellers’s respective right, title and interest in, to and under the Purchased Assets, free and clear of any and all Liens or adverse claims other than Permitted Exceptions *subject to and conditioned upon Purchaser fully and timely paying the Wraparound Note (as defined below)*...”

- C. Section 2.1(f) of the Agreement is hereby amended so that the reference therein to Schedule 2.1(d) shall instead be deemed to be a reference to Schedule 2.1(f).
- D. Section 3.1 of the Agreement is hereby amended to read as follows (revisions in *italics*)

“Consideration. The aggregate consideration for the Purchased Assets shall be an amount in cash of \$500,000 *to be paid by delivery of the \$500,000 purchase price deposit to Sellers by the Escrow Agent at Closing plus a promissory note executed by Purchaser and its permitted assignees in solido as to each signatory in the original principal amount equal to \$10,050,000 (the “Wraparound Note”); plus (a) the assumption of all Assumed Liabilities, (b) the amount of the Sellers’ unpaid liabilities for payroll, health insurance premiums, 401(k) withholdings and payroll taxes for the payroll due to be distributed to employees by Sellers on September 1, 2016, (c) assumption of the amount accrued for the PTO Liability through Closing, and (d) assumption of the known estimated amounts due to CMS or LDH for all Medicare and Medicaid overpayments prior to Closing, net of any pending refunds for Medicare cost reports (other than the 2015 Medicare cost report) and (e) the cure amounts referred to in Section 2.5 of the Agreement (collectively (the “Purchase Price”)).* If the PTO Liability is greater than \$765,000, then the *principal amount of the Wraparound Note* shall be reduced on a dollar for dollar basis for the amount in excess of \$765,000. If the PTO Liability is less than \$565,000, then the *principal amount of the Wraparound Note* shall be increased on a dollar-for dollar basis for the amount below \$565,000. If the outstanding aggregate principal balance for all assumed Personal Property Leases exceeds \$2,000,000, then the *principal amount of the Wraparound Note* shall be reduced on dollar-for-dollar basis for the amount over \$2,000,000.

The Wraparound Note shall be secured by (1) mortgages granted by Purchaser (the original Purchaser or its permitted assignees, as the case may be) to Sellers against all Owned Property being conveyed by Sellers to Purchaser, (2) a security agreement granting from Purchaser to Sellers perfected security interests in and to all other Purchased Assets being conveyed by Sellers to Purchaser and all of Purchaser’s other assets existing at and after Closing, including all proceeds thereof, and (3) a commercial guaranty of payment to be executed at the Closing by Allegiance Health Management, Inc. guaranteeing full and timely payment of the Wraparound Note, provided guarantor’s liability thereunder will be limited to \$500,000. Such mortgages and security interests shall be subject to existing mortgages and security interests of Business First Bank affecting the Owned Property and other Purchased Assets but shall have priority over any and all other consensual liens. Until the entire principal amount of the Wraparound Note and all interest accrued thereon have been paid in full, Purchaser shall not grant mortgages or security interests against any of the assets covered by the mortgages and security agreement referred to above. The Wraparound Note shall bear interest from September 1, 2016 until paid in full at a rate equal to the per diem amount (calculated at the non-default contractual rate) of interest accruing on Sellers indebtedness to Business First Bank and interest shall be paid by Purchaser to Sellers not later than one (1) business day before each date that Sellers are obligated to remit interest to Business First Bank. All principal

and interest due under the Wraparound Note shall be fully due and payable on or before October 17, 2016. The Wraparound Note and such mortgages, security agreement and guaranty shall contain such other provisions and terms as may be reasonably requested by Sellers, including provisions for default interest and collection of attorney fees and other collection expenses in the event of default as are customary and usual in commercial banking transactions.”

- E. Section 3.3 of the Agreement is hereby amended to read as follows (revisions shown in *italics*)-

“Payment of Purchase Price. At the Closing, Purchaser shall pay the cash amounts of the Purchase Price to Sellers and tender the Wraparound Note to be secured as provided for above. Such cash amounts (the \$500,000 deposit plus the cash amounts required by clauses (b) and (e) within the definition of “Consideration”) shall be paid (or, in the case of such deposit, released) to Sellers at Closing and deposited in escrow if any such amount is required by Section 2.5.”

- F. Section 4.1 of the Agreement is hereby amended and restated to read as follows (revisions shown in *italics*)-

*“Closing Date. Subject to the satisfaction of the conditions set forth in Sections 10.1, 10.2 and 10.3 (or the waiver thereof by the party entitled to waive that condition), the closing of the Contemplated Transactions (the “Closing”) shall take place at the offices of *Darrel Ryland* (or at such other place as the parties may designate in writing) at 10:00 a.m. (Central time) on *September 1, 2016* unless another time or date, or both, are agreed to in writing by the parties hereto. The date on which the Closing shall be held is referred to in this Agreement as the “Closing Date.” Unless otherwise agreed by the parties in writing, regardless of the time at which the Closing is completed, the Closing shall be deemed effective and all right, title and interest of Sellers to be acquired by Purchaser hereunder, and all risk of loss with respect to the Business, shall be considered to have passed to Purchaser as of 12:01 a.m. (Central time) on the Closing Date.”*

- G. Section 4.2 is hereby amended and restated to read as follows (revisions shown in *italics*)-

“Deliveries by Sellers. At the Closing, Sellers each shall deliver to Purchaser:

- (a) a duly executed bill of sale in the form of Exhibit A hereto;
- (b) a duly executed assignment and assumption agreement in the form of Exhibit B;
- (c) the officer’s certificate required to be delivered pursuant to Section 10.1(a);

(d) all other instruments of conveyance and transfer, in form and substance reasonably acceptable to Purchaser, as may be necessary to convey the Purchased Assets to Purchaser, including certificates of title for the Purchased Vehicles;

(e) [acts] of sale of the Real Property owned by PAC, PAC-A, PAC-O, and PAC-W without warranty but with full substitution and subrogation of all existing warranties;

(f) the Sale Order providing that the sale is free and clear of any and all claims, liens, and encumbrances other than the Assumed Liabilities *and Permitted Exceptions; and*

(g) a bill of sale of the Medicare or Medicaid and other payor provider numbers and agreements and the managed care agreements related to physicians listed on Schedule 4.2(g), to the extent assignable, and all accounts receivable related to the physicians listed on Schedule 4.2(g), duly executed by Progressive Acute Care Physician Services- Dauterive, LLC.”

H. Section 4.3 of the Agreement is hereby amended and restated to read as follows (revisions in *italics*)-

“Deliveries by Purchaser. At the Closing, Purchaser shall deliver to Sellers:

(a) *the cash amounts of the Purchase Price and any cure amounts to be escrowed pursuant to Section 2.5, as set forth in Section 3.3 hereof and with duly executed Wraparound Note and related mortgages, security agreement and guaranty as required herein;*

(b) a duly executed assignment and assumption agreement in the form attached hereto as Exhibit B hereto;

(c) evidence reasonably acceptable to PAC of Purchaser’s deposit in escrow of such amounts (if any) required by Section 2.5;

(d) the officer’s certificate required to be delivered pursuant to Section 10.2(a);

(e) an officer’s certificate certifying (i) Purchaser’s certificate of formation, (ii) Purchaser’s bylaws or operating agreement, as applicable, (iii) Purchaser’s good standing, (iv) the incumbency and signature of the authorized individuals executing the Asset Purchase Documents on behalf of Purchaser, and (v) resolutions that the shareholders and directors or members and managers, as applicable, of Purchaser have authorized the execution, delivery and performance by Purchaser of this Agreement and the Purchaser Documents and have ratified the Contemplated Transactions; and

(f) such other documents, instruments and certificates as Sellers may reasonably request.”

- I. Section 5.4 of the Agreement is hereby amended *and restated* to read as follows (revisions in *italics*)-

Title to Purchased Assets. Except as set forth in Schedule 5.4, and other than the real property subject to the Real Property Leases, intellectual property licensed to Sellers and the personal property subject to the Personal Property Leases, Sellers own each of the Purchased Assets, and Purchaser will be vested with good title to such Purchased Assets, free and clear of all Liens, other than *Assumed Liabilities and Permitted Exceptions*, to the extent permissible under section 363(f) of the Bankruptcy Code.”

- J. Section 10.3(b) of the Agreement is hereby amended to read as follows-

“the Bankruptcy Court shall have entered the Sale Order;”

- K. No other Revisions. Subject to the revisions specifically set forth in this Amendment, all provisions and requirements of the Agreement remain in full force and effect and shall be performed by Sellers or Purchaser, as the case may be, as contemplated in the Agreement as amended hereby within the timeframes set forth therein and herein.

- L. Counterparts. This Amendment may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Amendment and all of which, when taken together, will be deemed to constitute one and the same agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Supplement to be executed by their respective officers thereunto duly authorized, as of the date first written above.

	SELLER:
	Progressive Acute Care, LLC By: _____ Name: Michael Hurlburt Its: COO and Chairman of the Board
	Progressive Acute Care Avoyelles, LLC By: _____ Name: Michael Hurlburt Its: Authorized Representative
	Progressive Acute Care Oakdale, LLC By: _____ Name: Michael Hurlburt Its: Authorized Representative
	Progressive Acute Care Winn, LLC By: _____ Name: Michael Hurlburt Its: Authorized Representative
	PURCHASER:
	Central Louisiana Hospital Group, LLC By: _____ Name: Rock Bordelon Its: Manager

Asset Purchase Agreement

by and among

**PROGRESSIVE ACUTE CARE, L.L.C.
PROGRESSIVE ACUTE CARE AVOYELLES, L.L.C.
PROGRESSIVE ACUTE CARE WINN PARISH, L.L.C.
AND
PROGRESSIVE ACUTE CARE OAKDALE, L.L.C.**

and

CENTRAL LOUISIANA HOSPITAL GROUP, LLC

Dated as of July 14, 2016.

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- 4.2(g) Physician Leasing
- 5.3 Consents
- 5.4 Title to Purchased Assets
- 5.5 Real Property
- 5.7 Intellectual Property
- 5.8 Material Contracts
- 5.9 Employee Benefits
- 5.10 Labor and Collective Bargaining Agreement
- 5.11(a) Compliance With Laws
- 5.11(b) Compliance With Laws
- 5.12 Financial Advisors
- 6.3(a) Consents
- 6.3(b) No Conflicts
- 8.2 Exceptions to Conduct of Business
- 10.3(d) Required Governmental Consents
- 12.3 Purchase Price Allocation

EXHIBITS

- Exhibit A Bill of Sale
- Exhibit B Assignment and Assumption Agreement

ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT, dated as of July 13, 2016 (this “Agreement”), between Progressive Acute Care, L.L.C. (“PAC”), a South Carolina limited liability company and Progressive Acute Care Avoyelles, L.L.C. (“PAC-A”), Progressive Acute Care Winn Parish, L.L.C. (“PAC-W”), Progressive Acute Care Oakdale, L.L.C. (“PAC-O”), all Louisiana limited liability companies the “Sellers” or the “Seller Group”, and Central Louisiana Hospital Group, LLC a Louisiana limited liability company (“Purchaser”).

WHEREAS, each of Sellers has become a debtor-in-possession under title 11 of the United States Code, 11 U.S.C. § 101 et seq. (the “Bankruptcy Code”), by filing a voluntary petition for relief under chapter 11 of the Bankruptcy Code on or around May 31, 2016 (the “Petition Date”), in the United States Bankruptcy Court for the Western District of Louisiana, Lafayette Division, (the “Bankruptcy Court”) and Sellers’ cases have administratively consolidated as Case No. 16-50740 on the docket of the Bankruptcy Court (the “Bankruptcy Case”); and

WHEREAS, Seller Group owns and operates three hospitals (the “Hospitals”) including Winn Parish Medical Center located in Winnfield, Louisiana; Avoyelles Hospital located in Marksville, Louisiana; and Oakdale Community Hospital located in Oakdale, Louisiana.

WHEREAS, Sellers desire to sell, transfer and assign to Purchaser, and Purchaser desires to purchase, acquire and assume from Sellers, pursuant to Sections 363 and 365 of the Bankruptcy Code, all of the Purchased Assets and Assumed Liabilities, all as more specifically provided herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter contained, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS

1.1 Certain Definitions.

For purposes of this Agreement, the following terms shall have the meanings specified in this Section 1.1:

“Affiliate” means, with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person, and the term “control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities, by contract or otherwise. Without limiting

the generality of the foregoing, the members of Seller and any Person under common control with a member shall be considered an Affiliate of Sellers.

“Bidding Procedures Order” means an order of the Bankruptcy Court, in form and substance reasonably acceptable to Purchaser and Sellers, that, among other things, (i) establishes procedures for the submission of Competing Bids (ii) approves the Break-Up Fee and Expense Reimbursement on the terms and conditions set forth in Section 7.1 hereof and (iii) authorizes and schedules a public auction for the sale of the Purchased Assets and establishes procedures with respect to such auction.

“Business” means the ownership of the Hospitals.

“Business Day” means any day of the year on which national banking institutions in Louisiana are open to the public for conducting business and are not required or authorized to close.

“CMS” means the Centers for Medicare and Medicaid Services of the U.S. Department of Health and Human Services.

“Code” means the Internal Revenue Code of 1986, as amended.

“Contract” means any written contract, indenture, note, bond, lease, license or other agreement, other than a real property lease, a personal property lease or an Intellectual Property License.

“Copyrights” means all copyrights and registrations and applications therefore and works of authorship, and mask work rights that are used by Sellers in connection with the Business as of the date hereof.

“Creditors’ Committee” means the official committee of unsecured creditors of Sellers, if any, appointed in connection with the Bankruptcy Case.

“LDH” means the Louisiana Department of Health.

“Documents” means all files, Patient Records, documents, instruments, papers, books, reports, records, tapes, microfilms, photographs, letters, budgets, forecasts, ledgers, journals, title policies, customer lists, regulatory filings, operating data and plans, technical documentation (design specifications, functional requirements, operating instructions, logic manuals, flow charts, etc.), user documentation (installation guides, user manuals, training materials, release notes, working papers, etc.), marketing documentation (sales brochures, flyers, pamphlets, web pages, etc.), and other similar materials related exclusively to the Business and the Purchased Assets in each case whether or not in electronic form.

“Employees” means all individuals, as of the date hereof, whether or not actively at work as of the date hereof, who are employed by PAC-A, PAC-O, and PAC-W in the conduct of the Business, together with individuals who are hired in respect of the conduct of the Business after the date hereof and prior to the Closing, except that

“Employees” shall not include individuals who regularly perform administrative functions for Sellers relating to both the Business and in any material respect any of the Other Businesses and shall not include any officer of Sellers or employees of PAC.

“Environmental Law” means any foreign, federal, state or local statute, regulation, ordinance, or rule of common law currently in effect relating to the protection of human health and safety or the environment or natural resources including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. App. § 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Clean Water Act (33 U.S.C. § 1251 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.) the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. § 136 et seq.), and the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.), and the regulations promulgated pursuant thereto.

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

“Excluded Contracts” means the Contracts relating to the Business set forth on Schedule 1.1(a).

“Final Order” means an order of the Bankruptcy Court: (a) as to which the time to appeal, petition for writ of certiorari, or otherwise seek appellate review or to move for reargument, rehearing, reconsideration or stay has expired and as to which no appeal, petition for writ of certiorari, or other appellate review, or proceedings for reargument, rehearing, reconsideration or stay shall then be pending; or (b) as to which any right to appeal, petition for certiorari, or move for reargument, rehearing or stay shall have been waived in writing by all parties with such right; or (c) in the event that an appeal, writ of certiorari, or other appellate review or reargument, rehearing, reconsideration or stay thereof has been sought, which order shall have been affirmed by the highest court to which such order was appealed or from which writ of certiorari or other appellate review or reargument, rehearing, reconsideration or stay was sought, and as to which the time to take any further appeal, to petition for writ of certiorari, to otherwise seek appellate review, and to move for reargument, rehearing, reconsideration or stay shall have expired; *provided, however*, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, may be filed with respect to such order shall not cause such order not to be a Final Order.

“FMP” or “Full Medicaid Pricing,” also referred to as “Full Medicaid Payment,” means supplemental payments to which one or more of the Hospitals is entitled to receive from the Louisiana Medicaid managed care organizations.

“Furniture and Equipment” means all furniture, fixtures, furnishings, hospital beds, machinery, appliances and other equipment and leasehold improvements owned by Sellers, used by Sellers in the conduct of the Business and located in the Ordinary Course of Business at the Owned Property or the property subject to the Real Property Leases, including all such desks, chairs, tables, Hardware, copiers, telephone lines,

telecopy machines and other telecommunication equipment (and, to the extent assignable by Sellers, the telephone numbers associated therewith used in the Ordinary Course of Business and not used in any of Sellers' Other Businesses), cubicles and miscellaneous office furnishings.

“GAAP” means generally accepted accounting principles in the United States as of the date hereof.

“Governmental Body” means any government or governmental or regulatory body thereof, or political subdivision thereof, whether foreign, federal, state, or local, or any agency, instrumentality or authority thereof, or any court or arbitrator (public or private).

“Hardware” means any and all computer and computer-related hardware, including, but not limited to, computers, file servers, facsimile servers, scanners, color printers, laser printers and networks.

“Healthcare Regulatory Consents” shall mean in respect of Sellers or Purchaser, as the case may be, such consents, approvals, authorizations, waivers, Orders, licenses or Permits of any Governmental Body as shall be required to be obtained and such notifications to any Governmental Body as shall be required to be given by such party in order for it to consummate the Contemplated Transactions in compliance with all applicable Law relating to health care or healthcare services of any kind and shall include, without limitation, obtaining any such consents, approvals, authorizations, waivers, Orders, licenses or Permits, or notices to, the LDH and DEA.

“Indebtedness” of any Person means, without duplication, (i) the principal of and premium (if any) in respect of (A) indebtedness of such Person for money borrowed and (B) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable; (ii) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement (but excluding trade accounts payable and other accrued current liabilities arising in the Ordinary Course of Business); (iii) all obligations of such Person under leases required to be capitalized in accordance with GAAP; (iv) all obligations of such Person for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction; (v) all obligations of the type referred to in clauses (i) through (iv) of any Persons for the payment of which such Person is responsible or liable, directly or indirectly, as obligor, guarantor, surety or otherwise, including guarantees of such obligations; and (vi) all obligations of the type referred to in clauses (i) through (v) of other Persons secured by any Lien on any property or asset of such Person (whether or not such obligation is assumed by such Person).

“Intellectual Property Licenses” means (i) any grant by Sellers to a third Person of any right to use any of the Purchased Intellectual Property owned by Sellers and (ii) any grant to Sellers of a right to use in connection with the Business any intellectual

property rights owned by any other Person, to the extent, and only to the extent, such right is transferable by Sellers (taking into consideration the provisions of Section 8.3).

“IRS” means the Internal Revenue Service.

“Knowledge of Sellers” (and “Seller’s Knowledge”) means the actual or imputed knowledge of those officers of Sellers identified on Schedule 1.1(b).

“Law” means any federal, state, local or foreign law, statute, code, ordinance, rule or regulation.

“Legal Proceeding” means any judicial, administrative or arbitral actions, suits, proceedings (public or private) or claims or any proceedings by or before a Governmental Body.

“Liability” means any debt, liability or obligation (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due), and including all costs and expenses relating thereto which may by law or contract be recovered from any obligor thereon.

“Lien” means any lien, encumbrance, pledge, mortgage, deed of trust, security interest, claim, lease, charge, option, right of first refusal, easement, servitude, proxy, voting trust or agreement and transfer restriction under any agreement.

“Marks” means all trademarks, service marks, trade names, service names, brand names, all trade dress rights, logos, Internet domain names and corporate names and general intangibles of a like nature, together with the goodwill associated with any of the foregoing, and all applications, registrations and renewals thereof.

“Material Adverse Effect” means (i) a material adverse effect on the assets, properties, operations or financial condition of the Business (taken as a whole), or (ii) a material adverse effect on the ability of Sellers to consummate the Contemplated Transactions or to perform their obligations under this Agreement, other than an effect resulting from an Excluded Matter. “Excluded Matter” means any one or more of the following: (i) the effect of any change in the United States or foreign economies or securities or financial markets in general; (ii) the effect of any change that generally affects any industry in which Sellers operate (including a general adverse change in medical reimbursement rates); (iii) the effect of any change arising in connection with earthquakes, hostilities, acts of war, sabotage or terrorism or military actions or any escalation or material worsening of any such hostilities, acts of war, sabotage or terrorism or military actions existing or underway as of the date hereof; (iv) the effect of any action taken by Purchaser or its Affiliates with respect to the Contemplated Transactions or with respect to Seller, including their respective employees; (v) any matter of which Purchaser is aware on the date hereof; (vi) the effect of any changes in applicable Laws or accounting rules; or (vii) any effect resulting from the public announcement of this Agreement, compliance with terms of this Agreement or the consummation of the Contemplated Transactions; or (viii) any effect resulting from the filing of the Bankruptcy Case and reasonably anticipated effects thereof or Sellers’ compliance with the Bankruptcy Code.

“Medicaid” means the healthcare assistance program established by Title XIX of the Social Security Act (42 U.S.C. Sections 1396 et seq., as amended) and applicable Louisiana statutes and administered by LDH.

“Medicare” means the health insurance program for the aged and disabled established by Title XVIII of the Social Security Act (42 U.S.C. Sections 1395 et seq., as amended) and administered by CMS.

“Order” means any order, injunction, judgment, decree, ruling, consent, approval, writ, assessment or arbitration award of the Bankruptcy Court or other Governmental Body.

“Ordinary Course of Business” means the ordinary and usual course of normal day-to-day operations of the Business through the date hereof consistent with past practice, subject, however, in respect of the period after the Petition Date, to those actions necessary and incident to the Bankruptcy Case and to comply with the Bankruptcy Code.

“Owned Property” means the property and improvements set forth on Schedule 1.1(c).

“Patents” means all patents and applications therefore owned by the Sellers, including continuations, divisionals, continuations-in-part, or reissues of patent applications and patents issuing thereon.

“Patient Records” shall mean any Documents containing information concerning medical or behavioral health services provided to, or the medical or behavioral health of any individual, or that are otherwise subject to regulation under the Health Insurance Portability and Accountability Act of 1996 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 any approvals, authorizations, consents, licenses, permits, provider numbers, certificates of need, certificates of exemption, franchises, accreditations, registrations or certificates of a Governmental Body or other regulatory entity.

“Permitted Exceptions” means; (i) all defects, exceptions, restrictions, easements, encroachments, covenants, reservations, declarations, state of facts depicted in surveys and rights of way disclosed in policies of title insurance, surveys and other related documentation that have been made available to Purchaser (ii) statutory liens for current Taxes, assessments or other governmental charges not yet delinquent or the amount or validity of which is being contested in good faith by appropriate proceedings provided an appropriate reserve is established therefore; (iv) zoning, entitlement and other land use and environmental regulations or designations by any Governmental Body provided that such regulations or designations have not been violated; (vi) title of a lessor under a capital or operating lease;.

“Person” means any individual, corporation, limited liability company, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Body or other entity.

“Personal Property Leases” means any lease by Sellers of personal property, including Equipment, used (i) primarily in connection with the Business and (ii) not used to a material degree in any of Sellers’s Other Businesses.

“PTO Liability” means the value, as of the Closing, of all accrued paid time off hours for all Sellers’ employees being hired by the Purchaser based on current wage rates calculated as shown on Schedule 1.1(d).

“Purchased Intellectual Property” means all intellectual property rights (other than rights under an Intellectual Property License) owned by Sellers and used by Sellers (i) primarily in connection with the Business and (ii) not used to a material degree in any of Sellers’s Other Businesses, including any in the form of or arising from or in respect of Patents, Marks, Copyrights, Software or Technology.

“Real Property Leases” means any lease by Sellers of immovable property and improvements thereon used (i) primarily in connection with the Business and (ii) not used to a material degree in any of Sellers’ other businesses.

“Release” means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, or leaching into the indoor or outdoor environment, or into or out of any property.

“Sale Motion” means the motion or motions of Sellers, in form and substance reasonably acceptable to Purchaser and Sellers, seeking approval and entry of the Sale Order.

“Sale Order” shall be an order or orders of the Bankruptcy Court in form and substance reasonably acceptable to Purchaser and Sellers approving this Agreement and all of the terms and conditions hereof, and approving and authorizing Sellers to consummate the Contemplated Transactions. Without limiting the generality of the foregoing, such order shall find and provide, among other things, that (i) the Purchased Assets sold to Purchaser pursuant to this Agreement shall be transferred to Purchaser free and clear of all Liens (other than Liens created by Purchaser and Permitted Exceptions) and claims, such Liens and claims to attach to the Purchase Price; (ii) Purchaser has acted in “good faith” within the meaning of Section 363(m) of the Bankruptcy Code; (iii) this Agreement was negotiated, proposed and entered into by the parties without collusion, in good faith and from arm’s length bargaining positions; (iv) the Bankruptcy Court shall retain jurisdiction to resolve any controversy or claim arising out of or relating to this Agreement, or the breach hereof as provided in Section 13.4 hereof; and (v) this Agreement and the Contemplated Transactions may be specifically enforced against and binding upon, and not subject to rejection or avoidance by, Sellers or any chapter 7 or chapter 11 trustee of Sellers; the Sale Order (or a separate order of the Bankruptcy Court if necessary) shall

also approve the assumption and assignment of the Real Property Leases, Personal property Leases, and other contracts to be acquired by Purchaser as set forth in Section 2.1

“Software” means, except to the extent generally available for purchase from a third Person, any and all (i) computer programs, including any and all software implementations of algorithms, models and methodologies, whether in source code or object code, (ii) databases and compilations, including any and all data and collections of data, whether machine readable or otherwise, (iii) descriptions, flow-charts and other work product used to design, plan, organize and develop any of the foregoing, screens, user interfaces, report formats, firmware, development tools, templates, menus, buttons and icons, and (iv) all documentation including user manuals and other training documentation related to any of the foregoing.

“Tax Authority” means any state or local government, or agency, instrumentality or employee thereof, charged with the administration of any law or regulation relating to Taxes.

“Taxes” means (i) all federal, state, local or foreign taxes, charges or other assessments, including, without limitation, all net income, gross receipts, capital, sales, use, ad valorem, value added, transfer, franchise, profits, inventory, capital stock, license, withholding, payroll, employment, social security, unemployment, excise, severance, stamp, occupation, property and estimated taxes, and (ii) all interest, penalties, fines, additions to tax or additional amounts imposed by any taxing authority in connection with any item described in clause (i).

“Tax Return” means all returns, declarations, reports, estimates, information returns and statements required to be filed in respect of any Taxes.

“Technology” means, collectively, all designs, formulae, algorithms, procedures, methods, techniques, ideas, know-how, research and development, technical data, programs, subroutines, tools, materials, specifications, processes, inventions (whether patentable or unpatentable and whether or not reduced to practice), apparatus, creations, improvements, works of authorship and other similar materials, and all recordings, graphs, drawings, reports, analyses, and other writings, and other tangible embodiments of the foregoing, in any form whether or not specifically listed herein, and all related technology, that are used in, incorporated in, embodied in, displayed by or relate to, or are used or useful in the Business, other than any in the form of Software.

1.2 Terms Defined Elsewhere in this Agreement. Other terms used in this Agreement have meanings set forth in the sections where such terms are defined.

1.3 Other Definitional and Interpretive Matters.

(a) Unless otherwise expressly provided, for purposes of this Agreement, the following rules of interpretation shall apply:

(i) Calculation of Time Periods. 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 is a non-Business Day, the period in question shall end on the next succeeding Business Day.

(ii) Dollars. Any reference in this Agreement to \$ shall mean U.S. dollars.

(iii) Exhibits/Schedules. All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Schedule or Exhibit but not otherwise defined therein shall be defined as set forth in this Agreement.

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

(v) 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 construing or interpreting this Agreement. All references in this Agreement to any "Section" are to the corresponding Section of this Agreement unless otherwise specified.

(vi) Herein. The words such as "herein," "hereinafter," "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.

(b) The parties hereto have been advised by counsel, and have 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 in its entirety by the parties hereto 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.

ARTICLE II

PURCHASE AND SALE OF ASSETS; ASSUMPTION OF LIABILITIES

2.1 Purchase and Sale of Assets. On the terms and subject to the conditions set forth in this Agreement and the Sale Order, at the Closing, Purchaser shall purchase, acquire and accept from each Sellers, and each of Sellers shall sell, transfer, assign, convey and deliver to Purchaser (the "Contemplated Transactions"), all of such Sellers's respective right, title and interest in, to and under the Purchased Assets, free and clear of any and all Liens or adverse claims other than Permitted Exceptions. "Purchased Assets" shall mean the following assets of Sellers (but excluding Excluded Assets as defined in Section 2.2 below) existing as of the Closing:

(a) all rights of Sellers to each Owned Property except the Excluded Owned Properties listed in Section 2.2(d) and, subject to Section 2.5, each Real Property Lease, together with all improvements and fixtures thereto and other appurtenances and rights in respect thereof;

(b) (i) the Furniture and Equipment, (ii) the tools, spare parts, supplies and other tangible personal property owned by Sellers, used by Sellers in the conduct of the Business and located in the Ordinary Course of Business at the Owned Property or the property subject to the Real Property Leases (excluding, however, any tangible personal property identified on Schedule 2.1(b)) and (iii) the vehicles identified on Schedule 2.1(b)(iii) (the “Purchased Vehicles”) and (iv) subject to Section 2.5, the Personal Property Leases identified in Schedule 2.1(b)(iv), other than any identified on Schedule 2.2(g) to be Excluded Assets;

(c) (i) the Purchased Intellectual Property, (ii) the rights of Sellers as licensor under the Intellectual Property Licenses identified in Schedule 2.1(c) and, subject to Section 2.5, all rights of Sellers as licensee under any Intellectual Property Licenses used by Sellers (the “Purchased Intellectual Property Licenses”);

(d) any accounts receivable owned by Sellers, excluding i) any payments due for the Hospitals’ 2015 CMS Medicare cost reports and ii) amounts due for any FMP payments attributable to services rendered by the Hospitals for periods prior to September 1, 2016;

(e) all bank accounts of the Sellers, all cash, cash equivalents, bank deposits or similar cash items of Sellers as of the Closing Date (reserving to Sellers all cash and bank deposits held by Sellers as of 5:00 PM the day before the Closing Date), all securities owned by Sellers as of the Closing Date including all pre-petition deposits (including customer deposits and security deposits for rent, electricity, telephone or other utilities and deposits posted under any Purchased Contract);

(f) subject to Section 2.5, the Contracts set forth on Schedule 2.1(d) (the “Purchased Contracts”) inclusive of, but not limited to (i) the Sellers’s CPSI contract and contracts relating to equipment leases and medical records storage (ii) the Seller’s professional liability insurance policies;

(g) subject to the provisions of Section 8.8, all Documents that are used in, held for use in or intended to be used in, or that arise primarily out of, the Business, including patient medical records, Documents relating to the services provided by the Business, the marketing of the Business’s services (including advertising and promotional materials), Purchased Intellectual Property, personnel files for and files including credit information and supplier lists;

(h) all Permits used by Sellers in the Business to the extent assignable;

(i) all of Sellers’s Medicare or Medicaid and other payor provider numbers and agreements to the extent assignable;

(j) all rights of Sellers, to the extent transferable, under or pursuant to all warranties, representations and guarantees made by suppliers, manufacturers and contractors to the extent relating to services provided to Sellers after the Closing or to the extent affecting any Purchased Assets, other than any warranties, representations and guarantees pertaining to any Excluded Assets; and

(k) all goodwill and other intangible assets associated with the Business, including customer and supplier lists and the goodwill associated with the Purchased Intellectual Property;

(l) any claim, right or interest of Sellers in or to any refund, rebate, abatement or other recovery for Taxes, together with any interest due thereon or penalty rebate arising therefrom, for any Tax period (or portion thereof).

2.2 Excluded Assets. Nothing herein contained shall be deemed to sell, transfer, assign or convey the Excluded Assets to Purchaser, and each Seller shall retain all of its respective right, title and interest to, in and under the Excluded Assets. “Excluded Assets” shall mean all assets, properties, interests and rights of each Seller other than the Purchased Assets as set forth below:

(a) all cash, cash equivalents, bank deposits or similar cash items of Seller as of 5:00 PM and any and all post-petition deposits on the day before the Closing Date

(b) the Excluded Contracts;

(c) any payments due for the Hospitals’ 2015 CMS Medicare cost reports

(d) FMP payments attributable to services rendered by the Hospitals prior to September 1, 2016;

(e) The building and real property located at 140 Hospital Drive, Oakdale, Louisiana 71463 (collectively the “Excluded Owned Properties”)

(f) the Tangible Personal Property listed on Schedule 2.2(f);

(g) the Personal Property Leases identified on Schedule 2.2(g);

(h) any intellectual property rights of any Sellers other than the Purchased Intellectual Property; it being understood that Sellers shall not convey, and Purchaser shall not acquire, pursuant to this Agreement any right in or to any website or e-mail address owned or used by Sellers (whether or not used in the Business);

(i) any other books and records that Sellers are required by Law to retain or that Sellers determines are necessary or advisable to retain including, without limitation, Tax Returns, financial statements, and corporate or other entity filings; provided, however, that Purchaser shall have the right to make copies at its expense of any

portions of such retained books and records that relate to the Business as conducted before the Closing (except as prohibited by Law) or that relate to any of the Purchased Assets;

(j) any documents relating to proposals to acquire the Business by Persons other than Purchaser;

(k) any rights, claims, counterclaims, demands or causes of action of Seller against third parties relating to assets, properties, Business or operations of Seller, including any actions under chapter 5 of the Bankruptcy Code or applicable state law, arising out of events occurring prior to the Closing Date or arising out of the Closing, other than any arising under or pursuant to any warranties, representations and guarantees referred to in Section 2.1(j) or related in any way to any Purchased Asset, Assumed Liability, any Purchased Contract or any Contract assumed by Purchaser

(l) the amounts described in Section 3 and all other rights of each Seller under this Agreement, the Seller Documents and the Contemplated Transactions.

2.3 Assumption of Liabilities. On the terms and subject to the conditions set forth in this Agreement and the Sale Order, at the Closing, Purchaser shall assume, effective as of the Closing, and shall timely pay, perform and discharge in accordance with their respective terms all liabilities of Seller set forth below (collectively, the “Assumed Liabilities”). The Assumed Liabilities will be the following:

(a) subject to Section 2.5, all Liabilities of Seller under the Purchased Contracts, Personal Property Leases, Real Property Leases, Permits and Purchased Intellectual Property Licenses;

(b) all Liabilities under Sellers’s Medicare and Medicaid providers numbers and related provider agreements;

(c) all Liabilities from or related to any overpayments, duplicate payments, refunds, discounts or adjustments due to Medicare, Medicaid or any third-party payor programs which, as of the Closing Date, has been identified to be \$957,124;

(d) the Sellers’ unpaid liabilities for payroll, health insurance premiums, 401(k) withholdings and payroll taxes prior to Closing for the payroll period from August 13 to August 31, 2016;

(e) the PTO Liability; and

(f) all pre-closing professional liability claims.

2.4 Excluded Liabilities. Purchaser will not assume or be liable for any Excluded Liabilities. “Excluded Liabilities” shall mean those liabilities not set forth above including but not limited to the following Liabilities of Sellers:

(a) all Liabilities arising out of Excluded Assets, including Contracts to which Sellers are a party or by which it is bound that are not Purchased Contracts;

(b) workers' compensation claims or other employee benefit claims against Sellers of Employees that relate to the period ending on the Closing Date, irrespective of whether such claims are made prior to or after the Closing;

(c) accounts payable incurred in the Ordinary Course of Business existing on the Closing Date and not paid by Seller in the Ordinary Course of Business by the Closing Date (including, for the avoidance of doubt, (i) invoiced accounts payable and (ii) accrued but uninvoiced accounts payable);

(d) all Liabilities disclosed in the Financial Statements;

(e) except as otherwise provided in Section 2.8 and Article XII, all Liabilities for Taxes of Sellers relating to the Purchased Assets for any Tax periods (or portions thereof) ending on or before the Closing Date; and

(f) all Liabilities relating to amounts required to be paid by Sellers hereunder.

2.5 Cure Amounts. Except as otherwise permitted by the next sentence of this paragraph, at the Closing and pursuant to Section 365 of the Bankruptcy Code, Sellers shall assume and assign to Purchaser, and Purchaser shall assume from Sellers, the Purchased Contracts, Personal Property Leases, Real Property Leases, Purchased Intellectual Property Licenses, and CMS provider numbers. The cure amounts, if any, as determined by the Bankruptcy Court, necessary to cure all defaults, if any, and to pay all actual pecuniary losses, if any, that have resulted from any defaults on the part of Sellers under the Purchased Contracts, Personal Property Leases, Real Property Leases, Purchased Intellectual Property Licenses, and CMS provider numbers shall be paid by Purchaser (or Purchaser shall have delivered into escrow on terms reasonably acceptable to Sellers amounts sufficient to pay any claim therefore that remains disputed as of the Closing such amount as the Bankruptcy Court may determine) at or before the Closing, such that all Purchased Contracts, Personal Property Leases, Real Property Leases, Permits and Purchased Intellectual Property Licenses, and CMS provider numbers may be assumed by Sellers and assigned to Purchaser in accordance with section 365 of the Bankruptcy Code, and Sellers shall have no liability for any such cure amount. This Agreement shall not constitute an agreement to assign any Purchased Contracts, Personal Property Leases, Real Property Leases, Permits and Purchased Intellectual Property Licenses and CMS provider numbers if, after giving effect to the provisions of sections 363 and 365 of the Bankruptcy Code, an attempted assignment thereof, without obtaining a consent from any applicable third party, would constitute a breach thereof or in any way negatively affect the rights of Sellers or Purchaser, as the assignee, and no breach of this Agreement shall have occurred by virtue of such nonassignment. If, after giving effect to the provisions of sections 363 and 365 of the Bankruptcy Code, such third party consent is required but not obtained, Sellers shall, at Purchaser's sole cost and expense, cooperate with Purchaser in any reasonable arrangement, including Purchaser's provision of credit support, designed to provide Purchaser the benefits and obligations of or under any such Purchased Contract, Personal Property Lease, Real Property Lease, Permit and Purchased Intellectual Property License; provided, however, that nothing in this Section 2.5 shall (i) require Sellers to make any

expenditure or incur any obligation on its own or on Purchaser's behalf or (ii) prohibit Sellers from ceasing operations or winding up its affairs following the Closing. Any assignment to Purchaser of Purchased Contracts, Personal Property Leases, Real Property Leases, Permits and Purchased Intellectual Property Licenses and CMS provider numbers that shall, after giving effect to sections 363 and 365 of the Bankruptcy Code, require the consent of any third party for such assignment as aforesaid shall be made subject to such consent being obtained.

2.6 Further Conveyances and Assumptions.

(a) From time to time following the Closing, Sellers, including the Sellers' bankruptcy estate, and Purchaser shall, and shall cause their respective Affiliates to, execute, acknowledge and deliver all such further conveyances, notices, assumptions, releases and acquaintances and such other instruments, and shall take such further actions, as may be reasonably necessary or appropriate to assure fully to Purchaser and its respective successors or assigns, all of the properties, rights, titles, interests, estates, remedies, powers and privileges intended to be conveyed to Purchaser under this Agreement and the Seller Documents and to assure fully to Sellers and its Affiliates and their successors and assigns, the assumption of the liabilities and obligations intended to be assumed by Purchaser under this Agreement and the Seller Documents, and to otherwise make effective the Contemplated Transactions; provided, however, that nothing set forth in this Section 2.6(a) shall prevent or prohibit Sellers from ceasing operations or winding up its affairs after the Closing.

(b) In the event that Purchaser or its Affiliates receives any Excluded Assets (or any payments or proceeds related thereto) following the Closing or Sellers or any of its Affiliates receives any Purchased Asset, Purchaser or Sellers shall promptly deliver such assets (or any payments or proceeds related thereto) to the other party.

2.7 Bulk Sales Laws. Purchaser hereby waives compliance by Sellers with the requirements and provisions of any "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the sale and transfer of any or all of the Purchased Assets to Purchaser.

2.8 Sales and Transfer Taxes. Purchaser shall pay all Sales Taxes and Transfer Taxes due in connection with this sale of assets.

ARTICLE III

CONSIDERATION

3.1 Consideration. The aggregate consideration for the Purchased Assets shall be an amount in cash equal to \$10,550,000 (the "Cash Payment") plus (a) the aggregate value outstanding on the assumed Personal Property Leases, (b) the amount of the Sellers' unpaid liabilities for payroll, health insurance premiums, 401(k) withholdings and payroll taxes at Closing, (c) the amount accrued for the PTO Liability through Closing, and (d) the

known estimated amounts due to CMS or LDH for all Medicare and Medicaid overpayments prior to Closing, net of any pending refunds for Medicare cost reports (other than the 2015 Medicare cost report) (collectively (the “Purchase Price”). If the PTO Liability is greater than \$765,000, then the Cash Payment shall be reduced on a dollar for dollar basis for the amount in excess of \$765,000. If the PTO Liability is less than \$565,000, then the Cash Payment shall be increased on a dollar-for-dollar basis for the amount below \$565,000. If the outstanding aggregate principal balance for all Assumed Personal Property Leases exceeds \$2,000,000, then the Cash Payment shall be reduced on dollar-for-dollar basis for the amount over \$2,000,000.

3.2 Purchase Price Deposit. Upon the execution of this Agreement, Purchaser shall immediately deposit with Steffes, Vingiello & McKenzie, LLC, in its capacity as escrow agent (the “Escrow Agent”), pursuant to that certain Escrow Agreement, dated as of the date hereof, by and among Purchaser, Sellers and the Escrow Agent (the “Escrow Agreement”), an amount equal to \$500,000 by wire transfer of immediately available funds (the “Escrowed Funds”), to be released by the Escrow Agent and delivered to either Purchaser or Sellers, in accordance with the provisions of the Escrow Agreement. Pursuant to the Escrow Agreement, the Escrowed Funds (together with all accrued investment income thereon) shall be distributed as follows:

(a) if the Closing shall occur, the Escrowed Funds shall be applied towards the Purchase Price payable by Purchaser to Sellers under Section 3.3 hereof and all accrued investment income thereon, if any, shall be delivered to Purchaser at the Closing or alternatively if such funds are not needed for Closing such funds shall be returned to Purchaser;

(b) if this Agreement is terminated by Sellers pursuant to Sections 4.4(d)(ii), the Escrowed Funds, together with all accrued investment income thereon, shall be delivered to Sellers; or

(c) if this Agreement is terminated pursuant to Section 4.4, other than by Sellers pursuant to any of Sections 4.4(d)(ii), the Escrowed Funds, together with all accrued investment income thereon, shall in each case be returned to Purchaser.

3.3 Payment of Purchase Price. On the Closing Date, Purchaser shall pay the Purchase Price to Sellers, which shall be paid by wire transfer of immediately available funds into an account designated by Seller and deposit in escrow such amount (if any) as is required by Section 2.5.

ARTICLE IV

CLOSING AND TERMINATION

4.1 Closing Date. Subject to the satisfaction of the conditions set forth in Sections 10.1, 10.2 and 10.3 (or the waiver thereof by the party entitled to waive that condition), the closing of the Contemplated Transactions (the “Closing”) shall take place

at the offices of Steffes, Vingiello & McKenzie, LLC (or at such other place as the parties may designate in writing) at 10:00 a.m. (Central time) on the date selected by Seller and notified to Purchaser by Sellers that is not less than five (5) nor more than seven (7) Business Days following the satisfaction or waiver of the conditions set forth in ARTICLE X (other than conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions), unless another time or date, or both, are agreed to in writing by the parties hereto. The date on which the Closing shall be held is referred to in this Agreement as the “Closing Date.” Unless otherwise agreed by the parties in writing, regardless of the time at which the Closing is completed, the Closing shall be deemed effective and all right, title and interest of Sellers to be acquired by Purchaser hereunder, and all risk of loss with respect to the Business, shall be considered to have passed to Purchaser as of 12:01 a.m. (Central time) on the Closing Date.

4.2 Deliveries by Sellers. At the Closing, Sellers each shall deliver to Purchaser:

- (a) a duly executed bill of sale in the form of Exhibit A hereto;
- (b) a duly executed assignment and assumption agreement in the form of Exhibit B;
- (c) the officer’s certificate required to be delivered pursuant to Section 10.1(a);
- (d) all other instruments of conveyance and transfer, in form and substance reasonably acceptable to Purchaser, as may be necessary to convey the Purchased Assets to Purchaser, including certificates of title for the Purchased Vehicles.
- (e) Acts of sale of the Real Property owned by PAC-A, PAC-O, and PAC-W without warranty but with full substitution and subrogation of all existing warranties.
- (f) the Sale Order providing that the sale is free and clear of any and all claims, liens, and encumbrances other than the Assumed Liabilities which Sale Order shall have become a Final Order (unless waived by Purchaser).
- (g) A bill of sale of the Medicare or Medicaid and other payor provider numbers and agreements and the managed care agreements related to physicians listed on Schedule 4.2(g), to the extent assignable, and all accounts receivable related to the physicians listed on Schedule 4.2(g), duly executed by Progressive Acute Care Physician Services- Dauterive, LLC.

4.3 Deliveries by Purchaser. At the Closing, Purchaser shall deliver to Sellers:

- (a) the Purchase Price, in immediately available funds, as set forth in Section 3.3 hereof;

(b) a duly executed assignment and assumption agreement in the form attached hereto as Exhibit B hereto;

(c) evidence reasonably acceptable to PAC of Purchaser's deposit in escrow of such amounts (if any) required by Section 2.5;

(d) the officer's certificate required to be delivered pursuant to Section 10.2(a);

(e) an officer's certificate certifying (i) Purchaser's certificate of formation, (ii) Purchaser's bylaws or operating agreement, as applicable, (iii) Purchaser's good standing, (iv) the incumbency and signature of the authorized individuals executing the Asset Purchase Documents on behalf of Purchaser, and (v) resolutions that the shareholders and directors or members and managers, as applicable, of Purchaser have authorized the execution, delivery and performance by Purchaser of this Agreement and the Purchaser Documents and have ratified the Contemplated Transactions; and

(f) such other documents, instruments and certificates as Sellers may reasonably request.

4.4 Termination of Agreement. In respect of the Contemplated Transactions, this Agreement may be terminated prior to the Closing as set forth in this Section 4.4.

(a) Termination by Purchaser or Sellers. Either Purchaser or Sellers may terminate this Agreement upon the occurrence of any of the following:

(i) if the Closing shall not have occurred by the close of business on October 15, 2016 (the "Termination Date"); provided, however, that if the Closing shall not have occurred on or before the Termination Date due to a material breach of any representations, warranties, covenants or agreements contained in this Agreement by Purchaser or Sellers, then the breaching party may not terminate this Agreement pursuant to this Section 4.4(i);

(ii) if the Bankruptcy Court shall enter an order approving a Competing Bid, subject to the limitations set forth in the Bidding Procedures Order and subject to Purchaser's right to payment of the Break-Up Fee and Expense Reimbursement in accordance with the provisions of Section 7.1.

(b) Termination by Mutual Written Consent. This Agreement may be terminated by mutual written consent of Sellers and Purchaser.

(c) Termination by Purchaser. Purchaser may terminate this Agreement upon the occurrence of any of the following:

(i) if any of the conditions to the obligations of Purchaser set forth in Sections 10.1 and 10.3 shall have become incapable of fulfillment other than as a result of a breach by Purchaser of any covenant or agreement contained in this Agreement, and such condition is not waived by Purchaser; or

(ii) if there shall be a breach by Sellers of any representation or warranty, or any covenant or agreement contained in this Agreement which would result in a failure of a condition set forth in Section 10.1 or 10.3 and which breach cannot be cured or has not been cured by the earlier of (x) twenty (20) Business Days after the giving of written notice by Purchaser to Sellers of such breach and (y) the Termination Date;

(d) Termination by Sellers. Sellers may terminate this Agreement upon the occurrence of any of the following:

(i) if any condition to the obligations of Sellers set forth in Sections 10.2 and 10.3 shall have become incapable of fulfillment other than as a result of a breach by Sellers of any covenant or agreement contained in this Agreement, and such condition is not waived by Sellers;

(ii) if there shall be a breach by Purchaser of any representation or warranty, or any covenant or agreement contained in this Agreement which would result in a failure of a condition set forth in Section 10.2 or 10.3 and which breach cannot be cured or has not been cured by the earlier of (x) twenty (20) Business Days after the giving of written notice by Sellers to Purchaser of such breach and (y) the Termination Date;

4.5 Procedure for Termination. In the event of termination of this Agreement by Purchaser or Sellers, or both, pursuant to Section 4.4, written notice thereof shall forthwith be given to the other party or parties, and upon the giving of such notice (or at such time as specified in the particular termination right set forth in Section 4.4) the Contemplated Transactions shall be abandoned and this Agreement shall terminate to the extent and with the effect provided by Section 4.6, without further action by Purchaser or Seller.

4.6 Effect of Termination.

(a) In the event that this Agreement is validly terminated as provided herein, then each of the parties shall be relieved of its duties and obligations arising under this Agreement after the date of such termination and such termination shall be without liability to Purchaser or Seller; provided, however, that the obligations of the parties set forth in the Confidentiality Agreement, the Escrow Agreement and Section 4.6(b), Section 4.6(c) and Section 7.1 and, to the extent necessary to effectuate the foregoing enumerated provisions, ARTICLE I and Article XIII of this Agreement, shall survive any such termination and shall be enforceable in accordance with their terms. In addition, if this Agreement is terminated as provided herein, each party shall upon request redeliver as soon as practicable any or all documents, work papers and other material of any other party relating to its business or affairs or the Contemplated Transactions, whether obtained before or after the execution hereof, to the party furnishing the same, other than any material which is of public record.

(b) Nothing in this Section 4.6 shall relieve Purchaser or any Seller of any liability for a breach of this Agreement prior to the date of termination, provided that Sellers' aggregate liability hereunder for any and all such breaches shall be capped at an amount equal to Purchaser's reasonable out-of-pocket expenses up to an aggregate amount of \$50,000. The damages recoverable by the non-breaching party shall include all attorneys' fees reasonably incurred by such party in connection with the Contemplated Transactions (subject, however, to the proviso of the immediately preceding sentence).

(c) The Confidentiality Agreement shall survive any termination of this Agreement and nothing in this Section 4.6 shall relieve Purchaser or Sellers of their obligations under the Confidentiality Agreement. If this Agreement is terminated in accordance with Sections 4.4 and 4.5, Purchaser agrees that it shall not, directly or indirectly, solicit any employee of Sellers to join the employ of Purchaser or any of its Affiliates for a period of two (2) years from the date of this Agreement.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF SELLERS

Sellers hereby represents and warrants to Purchaser that:

5.1 Organization and Good Standing. Each Seller is duly organized, validly existing and in good standing under the laws of the State of Louisiana or South Carolina, as the case may be, and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now conducted. Each Seller that is a limited liability company is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Louisiana or South Carolina, as the case may be, and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now conducted. Each Seller is duly qualified or authorized to do business as a foreign corporation and is in good standing under the laws of each jurisdiction in which it owns or leases real property and each other jurisdiction in which the conduct of its business or the ownership of its properties requires such qualification or authorization, except where the failure to be so qualified, authorized or in good standing would not have a Material Adverse Effect.

5.2 Authorization of Agreement. Except for such authorization as is required by the Bankruptcy Court (as hereinafter provided for) pursuant to the Sale Order or otherwise and subject to the satisfaction of the conditions referred to in clause (iv) of Section 5.3, each Seller has all requisite power, authority and legal capacity to execute and deliver, and has taken all corporate action necessary for it to validly execute and deliver, each agreement, document, or instrument or certificate contemplated by this Agreement to be executed by such Seller in connection with the consummation of the Contemplated Transactions (the "Seller Documents") and to perform its obligations hereunder and thereunder and to consummate the Contemplated Transactions. This Agreement and each of the Seller Documents contemplated to be executed and delivered in connection with Seller entering into this Agreement has been, and each other Seller Document will be at or prior to the Closing, duly and validly executed and delivered by Seller and (assuming the

due authorization, execution and delivery by the other parties hereto and thereto, and the entry of the Sale Order, and, with respect to Seller's obligations under Section 7.1, the entry of the Bidding Procedures Order) this Agreement constitutes, and each of the Seller Documents when so executed and delivered will constitute, legal, valid and binding obligations of Seller enforceable against Seller in accordance with their respective terms and the terms of the Sale Order and Bid Procedures Order.

5.3 Consents of Third Parties; Contractual Consents. To the Knowledge of Sellers, except as described on Schedule 5.3, Sellers are not required to obtain any consent, waiver, approval, Order, Permit or authorization of, or to make any declaration or filing with, or to give any notification to, any Person (including any Governmental Body) in connection with the execution and delivery of this Agreement or the Seller Documents by Sellers, the compliance by Sellers with any of the provisions hereof or thereof, the consummation of the Contemplated Transactions or the taking by Sellers of any other action contemplated hereby or thereby, except for (i) compliance with the applicable requirements of the HSR Act, (ii) the entry of the Sale Order, (iii) the entry of the Bidding Procedures Order with respect to Sellers' obligations under Section 7.1, (iv) the Healthcare Regulatory Consents, and (v) such other consents, waivers, approvals, Orders, Permits, authorizations, declarations, filings and notifications of which the failure to have obtained or made same would not have a Material Adverse Effect.

5.4 Title to Purchased Assets. Except as set forth in Schedule 5.4, and other than the real property subject to the Real Property Leases, intellectual property licensed to Sellers and the personal property subject to the Personal Property Leases, Sellers own each of the Purchased Assets, and Purchaser will be vested with good title to such Purchased Assets, free and clear of all Liens, other than Permitted Exceptions, to the extent permissible under section 363(f) of the Bankruptcy Code.

5.5 Real Property. Schedule 5.5 sets forth a list of (i) all material real property and interests in real property owned in fee by Sellers and used in any material degree in the Business (the "Owned Properties"), and (ii) all material real property and interests in real property leased or licensed by Sellers and used in any material degree in the Business, as lessee, lessor, licensee or licensor (the "Real Property Leases" and, together with the Owned Properties, the "Seller Properties").

5.6 Tangible Personal Property. Schedule 2.1(b)(iv) sets forth a list of all leases of personal property, including, without limitation, Equipment ("Personal Property Leases") involving annual payments in excess of \$1,000.00 relating to personal property used by Sellers in the Business.

5.7 Intellectual Property. Except as set forth on Schedule 5.7, Sellers own or have licenses to use all intellectual property used by it in the Ordinary Course of Business, except to the extent the failure to be the owner or the licensee would not have a Material Adverse Effect; provided, however, that Sellers makes no representation or warranty as to the ownership by the licensor of any intellectual property that is licensed to it.

5.8 Material Contracts. Schedule 5.8 sets forth a list of all Contracts to which Sellers are a parties or by which they are bound and that are primarily related to the Business or by which the Purchased Assets may be bound or affected and that are Purchased Contracts (collectively, the “Material Contracts”).

5.9 Employees; Employee Benefits. Except as described in Schedule 5.9, in connection with Sellers’ operation of the Business, (i) Sellers are not a party to any labor, collective bargaining, employee association or other agreement which contains provisions governing the terms and conditions of employment of any Employee, and (ii) no labor union or employee association has been certified as exclusive bargaining agent for any group of Employees. Schedule 5.9 identifies the labor or collective bargaining agreements applicable to Employees to be terminated by the Sellers at Closing and assumed by Purchaser at the Closing in accordance with the provisions of this Agreement (the “Assumed CBAs”). Prior to the date hereof, Sellers have delivered to Purchaser a list of all its Employees as of a recent date, indicating their position, current annual rate of compensation or current hourly wage rate or other basis of compensation and date of hire by Sellers. Schedule 5.9 lists: (i) all material “employee benefit plans”, as defined in Section 3(3) of ERISA, and all other material employee benefit arrangements or payroll practices, including, without limitation, bonus plans, consulting or other compensation agreements, incentive, or deferred compensation arrangements, severance pay, sick leave, vacation pay, salary continuation, disability, hospitalization, medical insurance, life insurance, scholarship programs maintained by Sellers or to which Sellers contributed or is obligated to contribute thereunder for current or former Employees (the “Employee Benefit Plans”); and (ii) all “employee pension plans”, as defined in Section 3(2) of ERISA, subject to Title IV of ERISA or Section 412 of the Code, maintained by Seller in which any current or former Employees participated. Schedule 5.9 separately sets forth each such employee pension plan which is a multiemployer plan as defined in Section 3(37) of ERISA (“Multiemployer Plans”), or has been subject to Sections 4063 or 4064 of ERISA (“Multiple Employer Plans”).

5.10 Labor. Except as set forth on Schedule 5.10, Sellers are not a party to any labor or collective bargaining agreement.

5.11 Compliance with Laws; Permits.

(a) Each Seller holds the operating license listed opposite its name on Schedule 5.11(a).

(b) Except as described on Schedule 5.11(b), each Seller is eligible to receive payment under Titles XVIII and XIX of the Social Security Act and is a “provider” under existing provider agreements with the Medicare and Medicaid programs (collectively, the “Healthcare Programs”) through the applicable intermediaries. Except as described on Schedule 5.11(b), each Hospital is duly accredited by the Joint Commission on Accreditation of Healthcare Organizations (the “Joint Commission”). PAC-A and PAC-O have delivered to Purchaser a true and complete copy of their most recent Joint Commission accreditation survey reports pertaining to the Hospitals. Other than as set forth on Schedule 5.11(b) to the Knowledge of Sellers, i) Sellers are not subject to any audit,

investigation or other regulatory review other than such reviews in the Ordinary Course of Sellers' Business, ii) Sellers have complied in all material respects with all laws, rules, regulations, orders, judgments, injunctions, awards, and decrees applicable to the operation of Sellers' business and of the Hospitals, and iii) Sellers have not received any written or oral notification to the contrary. Other than as set forth on Schedule 5.11 (b), Sellers are not in violation of any order, writ, injunction or decree of any court or administrative or governmental agency affecting the Purchase Assets, the Hospitals or the transactions contemplated by this Purchase Agreement. Sellers' Medicare and Medicaid provider numbers are in full force and effect, and except as disclosed on Schedule 5.11(b) or otherwise disclosed in this Agreement, no liability or obligation is outstanding, or shall be outstanding as of the Closing, with respect to any provider number of Sellers. Any and all cost reports, budgets, and other filings relating to Sellers required to be filed pursuant to any state or federal law, rule or regulation, issued by or relating to the Medicare program and any other governmental health care program due on or prior to the Closing or which may be due as a result of the closing of the transactions contemplated by this Purchase Agreement have been or will be timely filed by Sellers. All such filings by Sellers are true, correct and complete and are in compliance in all material respects with the laws, rules and regulations governing such matters.

5.12 Financial Advisors. Except as set forth on Schedule 5.12, no Person has acted, directly or indirectly, as a broker, finder or financial advisor for Sellers in connection with the Contemplated Transactions and no Person is entitled to any fee or commission or like payment from Purchaser in respect thereof.

5.13 No Other Representations or Warranties; Schedules. Except for the representations and warranties contained in this ARTICLE V (as modified by the Schedules hereto), no Seller nor any other Person makes any other express or implied representation or warranty with respect to Sellers, the Business, the Purchased Assets, the Assumed Liabilities or the Contemplated Transactions, and Sellers disclaim any other representations or warranties, whether made by any Seller, any Affiliate of any Seller or any of their respective officers, directors, employees, agents or representatives. Except for the representations and warranties contained in ARTICLE V hereof (as modified by the Schedules hereto), Sellers (i) expressly disclaim and negate any representation or warranty, expressed or implied, at common law, by statute, or otherwise, relating to the condition of the Purchased Assets (including any implied or expressed warranty of merchantability or fitness for a particular purpose, or of conformity to models or samples of materials) and (ii) disclaim all liability and responsibility for any representation, warranty, projection, forecast, statement, or information made, communicated, or furnished (orally or in writing) to Purchaser or its Affiliates or representatives (including any opinion, information, projection, or advice that may have been or may be provided to Purchaser by any director, officer, employee, agent, consultant, or representative of Sellers or any of their Affiliates). Sellers make no representations or warranties to Purchaser regarding the probable success or profitability of the Business. The disclosure of any matter or item in any schedule hereto shall not be deemed to constitute an acknowledgment that any such matter is required to be disclosed or is material or that such matter would result in a Material Adverse Effect.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby represents and warrants to Seller that:

6.1 Organization and Good Standing. Purchaser is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Louisiana and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now conducted.

6.2 Authorization of Agreement. Purchaser has full corporate power, legal capacity and authority to execute and deliver this Agreement and each other agreement, document, instrument or certificate contemplated by this Agreement or to be executed by Purchaser in connection with the consummation of the Contemplated Transactions (the "Purchaser Documents"), and to consummate the Contemplated Transactions. The execution, delivery and performance by Purchaser of this Agreement and each Purchaser Document have been duly authorized by all necessary corporate action on behalf of Purchaser. This Agreement has been, and each Purchaser Document will be at or prior to the Closing, duly executed and delivered by Purchaser and (assuming the due authorization, execution and delivery by the other parties hereto and thereto) this Agreement constitutes, and each Purchaser Document when so executed and delivered will constitute, the legal, valid and binding obligations of Purchaser, enforceable against Purchaser in accordance with their respective terms.

6.3 Conflicts; Consents of Third Parties.

(a) Except as described on Schedule 6.3(a), Purchaser is not required to obtain any consent, approval, authorization, waiver, Order, license or Permit of or from, or to make any declaration or filing with, or to give any notification to, any Person (including any Governmental Body) in connection with the execution and delivery of this Agreement or the Purchaser Documents by Purchaser, the compliance by Purchaser with any of the provisions hereof or thereof, the consummation of the Contemplated Transactions or the taking by Purchaser of any other action contemplated hereby or thereby, except for (i) compliance with the applicable requirements of the HSR Act and (ii) the Healthcare Regulatory Consents.

(b) Except as set forth on Schedule 6.3(b), to Purchaser's knowledge, none of the execution and delivery by Purchaser of this Agreement or any of the Purchaser Documents, the consummation of the Contemplated Transactions by Purchaser, or compliance by Purchaser with any of the provisions hereof or thereof will conflict with, or result in any violation of or a default (with or without notice or lapse of time, or both) under, or give rise to a right of termination or cancellation under any provision of, any Contract or Permit to which Purchaser is a party or by which any of the properties or assets of Purchaser are bound, other than any such conflicts, violations, defaults, terminations or cancellations that would not have a material adverse effect on the ability of Purchaser to consummate the Contemplated Transactions.

6.4 Litigation. There are no Legal Proceedings pending or, to the knowledge of Purchaser, threatened against Purchaser, or to which Purchaser is otherwise a party before any Governmental Body, which, if adversely determined, would reasonably be expected to have a material adverse effect on the ability of Purchaser to perform its obligations under this Agreement or to consummate the Contemplated Transactions. Purchaser is not subject to any Order of any Governmental Body except to the extent the same would not reasonably be expected to have a material adverse effect on the ability of Purchaser to perform its obligations under this Agreement or to consummate the Contemplated Transactions.

6.5 Financial Advisors. No Person has acted, directly or indirectly, as a broker, finder or financial advisor for Purchaser in connection with the Contemplated Transactions and no Person is entitled to any fee or commission or like payment in respect thereof.

6.6 Financial Capability. Purchaser (i) has, and at the Closing will have, sufficient internal funds (without giving effect to any unfunded financing regardless of whether any such financing is committed) available to pay the Purchase Price and any expenses incurred by Purchaser in connection with the Contemplated Transactions, (ii) has, and at the Closing will have, the resources and capabilities (financial or otherwise) to perform its obligations hereunder, and (iii) has not incurred any obligation, commitment, restriction or Liability of any kind, which would impair or adversely affect such resources and capabilities.

6.7 Acknowledgement Regarding Condition of the Business. Notwithstanding anything contained in this Agreement to the contrary, Purchaser acknowledges and agrees that Sellers are not making any representations or warranties whatsoever, express or implied, beyond those expressly given by PAC in ARTICLE V hereof (as modified by the Schedules hereto as supplemented or amended), and Purchaser acknowledges and agrees that, except for the representations and warranties contained therein, the Purchased Assets and the Business are being transferred to and accepted by Purchaser in an “as is,” “where is” and “with all faults” condition, free of any warranties or representations whatsoever, and Sellers EXPRESSLY DISCLAIM ANY AND ALL WARRANTIES, EXPRESS OR IMPLIED, LATENT OR PATENT, WITH RESPECT THERETO. Any claims Purchaser may have for breach of representation or warranty shall be based solely on the representations and warranties of Sellers set forth in ARTICLE V hereof (as modified by the Schedules hereto as supplemented or amended). Purchaser further represents that no Seller nor any of its Affiliates nor any other Person has made any representation or warranty, express or implied, as to the accuracy or completeness of any information regarding Sellers, the Business or the Contemplated Transactions not expressly set forth in this Agreement, and none of Sellers, any of their Affiliates or any other Person will have or be subject to any liability to Purchaser or any other Person resulting from the distribution to Purchaser or its representatives or Purchaser’s use of, any such information, including any confidential memoranda distributed on behalf of Sellers relating to the Business or other publications or data room information provided to Purchaser or its representatives, or any other document or information in any form provided to Purchaser or its representatives in connection with the sale of the Business and the Contemplated Transactions. Purchaser acknowledges that it has conducted to its satisfaction, its own

independent investigation of the Business and, in making the determination to proceed with the Contemplated Transactions, Purchaser has relied on the results of its own independent investigation. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, PURCHASER ACKNOWLEDGES THAT SELLERS HAVE NOT MADE ANY REPRESENTATION RELATING TO THE OWNED PROPERTY OR ANY PROPERTY THAT IS THE SUBJECT OF A REAL PROPERTY LEASE REGARDING SOIL CONDITIONS, AVAILABILITY OF UTILITIES, DRAINAGE, COMPLIANCE WITH ZONING LAWS, ENVIRONMENTAL LAWS, OR ANY OTHER FEDERAL, STATE OR LOCAL STATUTES, CODES, REGULATIONS OR ORDINANCES RELATING TO THE USE THEREOF, EXCEPT AS EXPRESSLY STATED HEREIN. PURCHASER ALSO ACKNOWLEDGES AND AGREES THAT THE INSPECTION AND INVESTIGATION OF THE PURCHASED ASSETS BY PURCHASER AND ITS REPRESENTATIVES HAS BEEN ADEQUATE TO ENABLE PURCHASER TO MAKE PURCHASER'S OWN DETERMINATION WITH RESPECT TO THE SUITABILITY OR FITNESS OF THE LAND, INCLUDING WITH RESPECT TO SOIL CONDITIONS, AVAILABILITY OF UTILITIES, DRAINAGE, ZONING LAWS, ENVIRONMENTAL LAWS, AND ANY OTHER FEDERAL, STATE OR LOCAL STATUTES, CODES REGULATIONS OR ORDINANCES. PURCHASER ACKNOWLEDGES THAT THE DISCLAIMERS, AGREEMENTS AND OTHER STATEMENTS SET FORTH IN THIS PARAGRAPH ARE AN INTEGRAL PORTION OF THIS AGREEMENT.

ARTICLE VII

BANKRUPTCY COURT MATTERS

7.1 Approval of Break-Up Fee and Expense Reimbursement. In consideration for Purchaser having expended considerable time and expense in connection with this Agreement and the negotiation thereof and the identification and quantification of assets of Sellers, Sellers shall pay Purchaser (i) a break-up fee in an amount equal to Three Hundred Thousand Dollars (\$300,000) (the "Break-Up Fee") and (ii) reimbursement of actual expenses incurred in negotiating this Agreement and performing due diligence, in an amount not to exceed \$50,000 (the "Expense Reimbursement"), on the first Business Day following the date of consummation of a transaction pursuant to a Competing Bid (as hereinafter defined). Sellers shall file with and seek the approval of the Bankruptcy Court of the Sale Motion, including the Break-Up Fee and Expense Reimbursement, and the entry by the Bankruptcy Court of the Bidding Procedures Order.

7.2 Competing Transaction. This Agreement is subject to approval by the Bankruptcy Court and the consideration by Sellers of higher or better competing bids (each a "Competing Bid"). From the date hereof (and any prior time) and until the Contemplated Transactions are consummated, Sellers are permitted to cause their representatives and Affiliates to initiate contact with, solicit or encourage submission of any inquiries, proposals or offers by, any Person (in addition to Purchaser and its Affiliates, agents and representatives) in connection with any sale or other disposition of all or any part of the Purchased Assets, alone or in connection with the sale or other disposition of any other asset of Sellers. In addition, Sellers shall have the responsibility and obligation to respond

to any inquiries or offers to purchase all or any part of the Purchased Assets and perform any and all other acts related thereto which are required by the Bidding Procedures Order or under the Bankruptcy Code or other applicable law, including, without limitation, supplying information relating to the Business and the assets of Sellers to prospective purchasers.

7.3 Bankruptcy Court Filings. As promptly as practicable following the execution of this Agreement, Sellers shall file with the Bankruptcy Court the Sale Motion seeking entry of the Sale Order and a motion seeking approval of the Bidding Procedures Order. Purchaser agrees that it will promptly take such actions as are reasonably requested by Sellers to assist in obtaining entry of the Sale Order and the Bidding Procedures Order and a finding of adequate assurance of future performance by Purchaser, including furnishing affidavits or other documents or information for filing with the Bankruptcy Court for the purposes, among others, of providing necessary assurances of performance by Purchaser under this Agreement and demonstrating that Purchaser is a “good faith” purchaser under Section 363(m) of the Bankruptcy Code. Purchaser shall not, without the prior written consent of Sellers, file, join in, or otherwise support in any manner whatsoever any motion or other pleading relating to the sale of the Purchased Assets hereunder. In the event the entry of the Sale Order or the Bidding Procedures Order shall be appealed, Sellers and Purchaser shall use their respective reasonable efforts to defend against such appeal. With respect to each Purchased Contract, Personal Property Lease, Real Property Lease, Permit or Purchased Intellectual Property, the Purchaser shall provide adequate assurance of future performance of each such agreement as required by section 365 of the Bankruptcy Code.

ARTICLE VIII

COVENANTS

8.1 Access to Information. Subject to this Section 8.1, and subject to compliance with applicable Antitrust Laws, Sellers agrees that, prior to the Closing Date, Purchaser shall be entitled, through its officers, employees and representatives (including, without limitation, its legal advisors and accountants), to make such investigation of the assets, properties and operations of the Business and such examination of the books and records of Sellers pertaining to the Business, the Purchased Assets, and the Assumed Liabilities as it reasonably requests and to make extracts and copies of such books and records at Purchaser’s sole expense; it being understood, however, that the foregoing shall not entitle Purchaser to access (i) the books, records and documents referred to in Section 2.2(i), (ii) any books, records or documents access to which by Purchaser Sellers reasonably determine would be competitively disadvantageous to Sellers in any material respect or (iii) any books, records or documents the disclosure of which by Sellers to Purchaser would (A) notwithstanding Section 8.7 violate any patient confidentiality obligation of Sellers or (B) any other agreement or any obligation of confidentiality to which any Seller is a party or is bound prior to the date hereof or (C) any obligation of confidentiality by which any Seller is bound under applicable Law. Any such investigation and examination shall be conducted during regular business hours upon reasonable advance notice and under reasonable circumstances and shall be subject to any restrictions on

disclosure by Sellers to Purchaser or use of the information contained therein by Purchaser applicable pursuant to any agreement to which any Seller is a party or is bound prior to the date hereof or under applicable Law. Sellers shall cause their officers, employees, consultants, agents, accountants, attorneys and other representatives to cooperate with Purchaser and Purchaser's representatives in connection with such investigation and examination, and Purchaser and its representatives shall cooperate with Sellers and their representatives and shall use their reasonable efforts to minimize any disruption to Sellers' business and operations, including the Business. Notwithstanding anything herein to the contrary, Sellers shall not be required to permit any such investigation or examination if, and to the extent that, Sellers, upon advice of counsel, determines that such investigation or examination by Purchaser would or is reasonably likely to result in a loss of any attorney-client or attorney work product privilege available to Sellers.

8.2 Conduct of the Business Pending the Closing. Prior to the Closing, except (1) as set forth on Schedule 8.2, (2) as required by applicable Law, (3) as otherwise expressly contemplated by this Agreement or the Sale Order, or (4) with the prior written consent of Purchaser (which consent shall not be unreasonably withheld or delayed), Sellers shall conduct the Business only in the Ordinary Course of Business.

8.3 Consents.

(a) Each Seller shall use its commercially reasonable efforts, and Purchaser shall cooperate with Sellers, including by taking the actions referred to in Section 8.5, to obtain at the earliest practicable date all consents, approvals, authorizations, waiver and Orders required to be obtained by Sellers, and to give at the earliest practicable date any notices required to be given by Sellers, in order for Sellers to consummate the Contemplated Transactions on the terms and in the manner provided hereby; provided, however, that Sellers shall not be obligated to pay any consideration therefor to any third party from whom any such item is requested (other than filing or application fees payable to any Governmental Body) or to initiate any litigation or legal proceedings to obtain any such item except as otherwise provided by Section 8.5.

(b) Purchaser shall use its commercially reasonable efforts, and Sellers shall cooperate with Purchaser, including by taking the actions referred to in Section 8.5, to obtain at the earliest practicable date all consents, approvals, authorizations, waivers, Orders, licenses and Permits required to be obtained by Purchaser, and to give at the earliest practicable date any notices required to be given by Purchaser, in order for Purchaser to consummate the Contemplated Transactions on the terms and in the manner provided hereby and to operate the Business after the Closing; provided, however, that Purchaser shall not be obligated to pay any consideration therefor to any third party from whom any such item is requested (other than filing or application fees payable to any Governmental Authority) or to initiate any litigation or legal proceedings to obtain any such consent or approval except as otherwise provided by Section 8.5.

(c) Other than the amounts to be paid by Purchaser pursuant to Section 2.5, nothing contained herein shall require Sellers to expend any funds in order to remove or eliminate any Lien on any Purchased Asset in order to deliver such Purchased Asset to

Purchaser pursuant to this Agreement free of such Lien; provided, however, in respect of any such Lien, Purchaser nevertheless shall not be required to consummate the Contemplated Transactions unless the conditions referred to in Sections 10.1 are satisfied or waived by Purchaser.

8.4 Insurance. As of the Closing, Purchaser shall have appropriate insurance coverage in place for the Business consistent with what would be maintained under good industry business practices.

8.5 Regulatory Approvals.

(a) Purchaser shall operate the Business in accordance with Law and shall as soon as practicable, seek Healthcare Regulatory Consents necessary in order for Purchaser to consummate the Contemplated Transactions and to operate the Business (collectively, the "Healthcare Applications"). Purchaser shall provide Sellers with an opportunity to review the Healthcare Applications in advance of filing. Purchaser shall diligently pursue the Healthcare Applications and shall timely submit all information and documents requested in connection therewith by any Governmental Body.

(b) If necessary, Purchaser and Sellers shall (i) make or cause to be made all filings required of each of them or any of their respective Affiliates under the HSR Act or other Antitrust Laws with respect to the Contemplated Transactions (including, without limitation, such submission to the [Antitrust Bureau of the Office of the Attorney General of the State of Louisiana] (the "Antitrust Bureau"), (ii) comply at the earliest practicable date with any request under the HSR Act or other Antitrust Laws for additional information, documents, or other materials received by each of them or any of their respective Affiliates from the Federal Trade Commission (the "FTC"), the Antitrust Division of the United States Department of Justice (the "Antitrust Division"), the Antitrust Bureau or any other Governmental Body in respect of such filings or the Contemplated Transactions, and (iii) cooperate with each other in connection with any such filing (including, to the extent permitted by applicable law, providing copies of all such documents to the non-filing parties prior to filing and considering all reasonable additions, deletions or changes suggested in connection therewith) and in connection with resolving any investigation or other inquiry of any of the FTC, the Antitrust Division, the Antitrust Bureau or any other Governmental Body under any Antitrust Laws with respect to any such filing or any such transaction.

(c) If necessary, Purchaser and Sellers shall (a) make or cause to be made all filings required of each of them or any of their respective Affiliates in respect of the Contemplated Transactions under any applicable Law, other than those referred to in Sections 8.5(a) or 8.5(b), including such filings as are required to obtain the consents, approvals, authorizations, waivers, Orders, licenses or Permits or to provide the notices specified in Schedules 5.3 or 6.3(b), as promptly as practicable, (b) comply at the earliest practicable date with any request for additional information, documents, or other materials received by each of them or any of their respective Affiliates from any Governmental Body in respect of such filings or the Contemplated Transactions, and (c) cooperate with each other in connection with any such filing (including, to the extent permitted by applicable

law, providing copies of all such documents to the non-filing parties prior to filing and considering all reasonable additions, deletions or changes suggested in connection therewith) and in connection with resolving any investigation or other inquiry of any Governmental Body under such Laws with respect to any such filing or any such transaction.

(d) Each such party shall use commercially reasonable efforts to furnish to each other all information required for any application or other filing to be made pursuant to any applicable Law in connection with the Contemplated Transactions. Each such party shall promptly inform the other parties hereto of any material oral communication with, and provide copies of written communications with, any Governmental Body regarding any such filings or any such transaction. No party hereto shall independently participate in any formal meeting with any Governmental Body in respect of any such filings, investigation, or other inquiry without giving the other parties hereto prior notice of the meeting and, to the extent permitted by such Governmental Body, the opportunity to attend and/or participate.

(e) Subject to applicable law, the parties hereto will consult and cooperate with one another in connection with any analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals made or submitted by or on behalf of any party hereto relating to proceedings under the HSR Act or other Antitrust Laws. Sellers and Purchaser may, as each deems advisable and necessary, reasonably designate any competitively sensitive material provided to the other under this Section 8.5 as “outside counsel only.” Such materials and the information contained therein shall be given only to the outside legal counsel of the recipient and will not be disclosed by such outside counsel to employees, officers, or directors of the recipient, unless express written permission is obtained in advance from the source of the materials (Sellers or Purchaser, as the case may be).

(f) Each of Purchaser and Sellers shall use commercially reasonable efforts to resolve such objections, if any, as may be asserted by any Governmental Body with respect to the Contemplated Transactions under the HSR Act, the Sherman Act, as amended, the Clayton Act, as amended, the Federal Trade Commission Act, as amended, the Donnelly Act and any other United States federal or state or foreign statutes, rules, regulations, orders, decrees, administrative or judicial doctrines or other laws that are designed to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade (collectively, the “Antitrust Laws”). In connection therewith, if any Legal Proceeding is instituted (or threatened to be instituted) challenging the Contemplated Transactions is in violation of any Antitrust Law, each of Purchaser and Sellers shall cooperate and use commercially reasonable efforts to contest and resist any such Legal Proceeding, and to have vacated, lifted, reversed, or overturned any decree, judgment, injunction or other order, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents, or restricts consummation of the Contemplated Transactions, including by pursuing all available avenues of administrative and judicial appeal and all available legislative action, unless, by mutual agreement, Purchaser and Sellers decide that litigation is not in their respective best interests. Each of Purchaser and Sellers shall use commercially reasonable efforts to take such action as may be required to

cause the expiration of the notice periods under the HSR Act or other Antitrust Laws with respect to such transactions as promptly as possible after the execution of this Agreement. In connection with and without limiting the foregoing, each of Purchaser and Sellers agree to use commercially reasonable efforts to take promptly any and all steps necessary to avoid or eliminate each and every impediment under any Antitrust Laws that may be asserted by any Federal, state and local and non-United States antitrust or competition authority, so as to enable the parties to close the Contemplated Transactions as expeditiously as possible, including committing to or effecting, by consent decree, hold separate orders, trust or otherwise the sale or disposition of such of its assets or businesses as are required to be divested in order to avoid the entry of, or to effect the dissolution of, any decree, order, judgment, injunction, temporary restraining order or other order in any suit or proceeding, that would otherwise have the effect of preventing or materially delaying the consummation of the Contemplated Transactions.

8.6 Further Assurances. Each of Sellers and Purchaser shall use its commercially reasonable efforts to (i) take all actions necessary or appropriate to consummate the Contemplated Transactions and (ii) cause the fulfillment at the earliest practicable date of all of the conditions to their respective obligations to consummate the Contemplated Transactions. In addition, if Sellers after the Closing receive payment on any account receivable that is a Purchased Asset it shall as soon as practicable remit such amount received to Purchaser, together with such information identifying the account to which such payment relates as is reasonably available to Sellers, and, if Purchaser after the Closing receives payment of the 2015 Cost Report Refund or FMP attributable to services rendered by the Hospitals prior to September 1, 2016, that are Excluded Assets, it shall as soon as practicable remit such amounts received to Sellers, together with such information identifying the account to which such payment relates as is reasonably available to Purchaser.

8.7 Confidentiality. Purchaser acknowledges that the Confidential Information provided to it in connection with this Agreement, including under Section 8.1, and the consummation of the Contemplated Transactions, is subject to the terms of the Non-Disclosure Agreement between Purchaser, SOLIC Capital Advisors, LLC and PAC dated June 1, 2016 (the "Confidentiality Agreement"), the terms of which are incorporated herein by reference and, to the extent applicable, supersede any conflicting or inconsistent provisions contained in this Agreement. Effective upon, and only upon, the Closing Date, the Confidentiality Agreement shall terminate with respect to information relating solely to the Business or otherwise included in the Purchased Assets; provided, however, that Purchaser acknowledges that any and all other Confidential Information provided to it by Sellers or their representatives concerning Sellers shall remain subject to the terms and conditions of the Confidentiality Agreement after the Closing Date. For purposes of this Section 8.7, "Confidential Information" shall mean any confidential information with respect to, including, methods of operation, customers, customer lists, prices, fees, costs, Technology, inventions, Trade Secrets, know-how, Software, marketing methods, plans, personnel, suppliers, competitors, markets or other specialized information or proprietary matters.

8.8 Preservation of Records. Except as provided below, Sellers and Purchaser agree that each of them shall preserve and keep the records held by it or their Affiliates relating to the Business for a period of seven (7) years from the Closing Date or the maximum period of time required by law, whichever is longer, and shall, subject to Section 8.7, make such records and personnel available to the other as may be reasonably required by such party in connection with, among other things, any insurance claims by, Legal Proceedings or tax audits against or other governmental or healthcare payor investigations or audits of Seller or Purchaser or any of their Affiliates or in order to enable Seller or Purchaser to comply with their respective obligations under this Agreement and each other agreement, document or instrument contemplated hereby or thereby. In the event Sellers or Purchaser wishes to destroy such records before or after that time, such party shall first give ninety (90) days prior written notice to the other party and such other party shall have the right at its option and expense, upon prior written notice given to such party within such ninety (90) day period, to take possession of the records within one hundred and eighty (180) days after the date of such notice. Notwithstanding the foregoing, Purchaser acknowledges that it shall acquire, store, safeguard, and provide access to all patient medical records in accordance with all applicable state and federal laws and regulations. Notwithstanding anything contained herein to the contrary, the Purchaser agrees that the Sellers may seek approval of the U.S. Bankruptcy Court to destroy post-closing any and all records in connection with its orderly liquidation and Purchaser agrees and consents to such destruction if approved by the Bankruptcy Court.

8.9 Publicity. Neither Sellers nor Purchaser shall issue any press release or public announcement concerning this Agreement or the Contemplated Transactions without obtaining the prior written approval of the other party hereto, which approval will not be unreasonably withheld or delayed, unless, in the judgment of Purchaser or Sellers upon advice of counsel, disclosure is otherwise required by applicable Law or by the Bankruptcy Court with respect to filings to be made with the Bankruptcy Court in connection with this Agreement or by the applicable rules of any stock market on which Purchaser's securities are listed, provided that the party intending to make such release shall use commercially reasonable efforts consistent with such applicable Law or Bankruptcy Court requirement to consult with the other party with respect to the text thereof.

8.10 Supplementation and Amendment of Schedules. Sellers may, at their option, include in the Schedules items that are not material in order to avoid any misunderstanding, and such inclusion, or any references to dollar amounts, shall not be deemed to be an acknowledgement or representation that such items are material, to establish any standard of materiality or to define further the meaning of such terms for purposes of this Agreement. Information disclosed in the Schedules shall constitute a disclosure for all purposes of this Agreement notwithstanding any reference to a specific section in a Schedule, and all such information shall be deemed to qualify the entire Agreement and not just such section. From time to time prior to the Closing, Sellers shall have the right to supplement or amend the Schedules with respect to any matter hereafter arising or discovered after the delivery of the Schedules pursuant to this Agreement. No such supplement or amendment shall have any effect on the satisfaction of the condition to closing set forth in Section 10.1(a); provided, however, if the Closing shall occur, then

Purchaser shall be deemed to have waived any right or claim pursuant to the terms of this Agreement or otherwise, with respect to any and all matters disclosed pursuant to any such supplement or amendment at or prior to the Closing.

ARTICLE IX

EMPLOYEES AND EMPLOYEE BENEFITS

9.1 Offers of Employment.

(a) Not later than ten Business Days prior to the Closing, Purchaser shall deliver, in writing in a form reasonably acceptable to Sellers, an offer of employment by Purchaser for those employees of PAC-A, PAC-O and PAC-W that Purchaser intends to retain together with their proposed rates of compensation. Sellers shall deliver to Purchaser with such listing of Employees as of such date a reconciliation of such list with the list of Employees delivered to Purchaser pursuant to Section 5.9. Such individuals who accept such offer of employment are hereinafter referred to as the “Transferred Employees.” Pursuant to the “Standard Procedure” provided in Section 5 of Revenue Procedure 96-60, 1996-2 C.B. 399, (i) Purchaser and Sellers shall report on a predecessor/successor basis as set forth therein, (ii) Seller will not be relieved from filing a Form W-2 with respect to any Transferred Employees, and (iii) Purchaser will undertake to file (or cause to be filed) a Form W-2 for each such Transferred Employee with respect to the portion of the year during which such Employees are employed by Purchaser that includes the Closing Date, excluding the portion of such year that such Employee was employed by Sellers.

9.2 Employment Terms; Employee Benefits.

(a) Purchaser shall provide, or cause to be provided, for a period ending not earlier than the end of the third month following the Closing Date or such longer period of time required by applicable Law, to each of the Transferred Employees compensation (including salary, wages and opportunities for commissions, bonuses, incentive pay, overtime and premium pay), employee benefits, location of employment and a position of employment that are, in each case, substantially equivalent to those provided to such Transferred Employee immediately prior to the Closing, except that Purchaser may elect, in lieu of providing to such a Transferred Employee participation in an employee retirement plan (as defined in ERISA) or any savings plan under, or comparable to a plan under, Section 401(k) of the Code (a “401(k) Plan”) substantially equivalent to that provided such Transferred Employee immediately prior to the Closing, participation in the employee retirement plan and/or 401(k) Plan provided by Purchaser on the date hereof to its employees, subject, however, to the provisions of Section 9.2(a). For purposes of eligibility and vesting (but not benefit accrual) under the employee benefit plans of Purchaser providing benefits to Transferred Employees (the “Purchaser Plans”), Purchaser shall credit each such Transferred Employee with his or her years of service with Sellers and any predecessor entities, to the same extent as such Transferred Employee was entitled immediately prior to the Closing to credit for such service under any similar Employee Benefit Plan. The Purchaser Plans shall not deny any such Transferred Employees

coverage on the basis of pre-existing conditions and shall credit against any deductibles provided by such Purchaser Plan in respect of a Transferred Employee's participation in the Purchaser Plans for the year in which the Closing occurs for any out-of-pocket expenses paid by the Transferred Employee before the Closing during such year.

(b) Subject to Sellers' compliance with Section 9.1 and except as provided in Section 9.2(a), nothing contained in this Agreement shall be construed to prevent the termination of employment of any individual Transferred Employee or any change in the employee benefits available to any individual Transferred Employee.

ARTICLE X

CONDITIONS TO CLOSING

10.1 Conditions Precedent to Obligations of Purchaser. The obligation of Purchaser to consummate the Contemplated Transactions as provided by this Agreement is subject to the fulfillment, on or prior to the Closing Date, of each of the following conditions (any or all of which may be waived by Purchaser in whole or in part to the extent permitted by applicable Law):

(a) Sellers' warranties given herein are true and correct and Sellers shall have performed and complied in all material respects with all obligations and agreements required in this Agreement to be performed or complied with by it prior to the Closing Date and Purchaser shall have received a certificate signed by an authorized officer of Seller, dated the Closing Date, to the forgoing effect; provided, however, that the condition set forth in this Section 10.1(a) shall be deemed satisfied unless all such failures to so perform or comply taken together result in a Material Adverse Effect; and

(b) Seller shall have delivered, or caused to be delivered, to Purchaser all of the items set forth in Section 4.2.

10.2 Conditions Precedent to Obligations of Sellers. The obligation of Sellers to consummate the Contemplated Transactions as provided by this Agreement are subject to the fulfillment, prior to or on the Closing Date, of each of the following conditions (any or all of which may be waived by Sellers in whole or in part to the extent permitted by applicable Law):

(a) Purchaser shall have performed and complied in all material respects with all obligations and agreements required by this Agreement to be performed or complied with by Purchaser on or prior to the Closing Date, and Sellers shall have received a certificate signed by an authorized officer of Purchaser, dated the Closing Date, to the foregoing effect;

(b) Purchaser shall have delivered, or caused to be delivered, to Sellers all of the items set forth in Section 4.3; and

(c) At or prior to the Closing, Purchaser shall have cured, or made arrangements satisfactory to Sellers in their sole discretion, to promptly cure, any and all

defaults under the Purchased Contracts, Personal Property Leases, Real Property Leases, Permits or Purchased Intellectual Property that are required to be cured under the Bankruptcy Code, so that they may be assumed by Sellers and assigned to Purchaser in accordance with the provisions of section 365 of the Bankruptcy Code.

(d) Purchaser shall provide evidence of professional liability tail coverage for each of the Hospitals and physicians covered by the Hospitals' existing professional liability insurance policies.

10.3 Conditions Precedent to Obligations of Purchaser and Sellers. The respective obligations of Purchaser and Sellers to consummate the Contemplate Transactions as provided by this Agreement are subject to the fulfillment, on or prior to the Closing Date, of each of the following conditions (any or all of which may be waived by Purchaser and Seller in whole or in part to the extent permitted by applicable Law):

(a) there shall not be in effect any Order by a Governmental Body of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the Contemplated Transactions;

(b) the Bankruptcy Court shall have entered the Sale Order and the Sale Order shall have become a Final Order;

(c) the waiting period applicable to the Contemplated Transactions by this Agreement under the HSR Act shall have expired or early termination in respect thereof shall have been granted; and

(d) the parties shall have received the consents or approvals required by Section 5.3(b), if applicable, and the consents, approvals, licenses or Permits, or waivers thereof, of the Governmental Bodies identified in Schedule 10.3(d) and shall have given the notices required by Schedule 10.3(d).

10.4 Frustration of Closing Conditions. Neither Sellers nor Purchaser may rely on the failure of any condition set forth in Section 10.1, 10.2 or 10.3, as the case may be, to excuse it from consummating the Contemplated Transactions if such failure was caused by such party's failure to comply with any provision of this Agreement.

ARTICLE XI

SURVIVAL

11.1 No Survival of Representations and Warranties. The parties hereto agree that the representations and warranties contained in this Agreement shall not survive the Closing hereunder, and none of the parties shall have any liability to each other after the Closing for any breach thereof. The parties hereto agree that the covenants contained in this Agreement to be performed or otherwise adhered to at or after the Closing shall survive the Closing hereunder, and each party hereto shall be liable to the other after the Closing for any breach thereof.

ARTICLE XII

TAXES

12.1 Sales and Transfer Taxes. Purchaser shall be responsible for (and shall indemnify and hold harmless Sellers and their directors, officers, employees, Affiliates, agents, successors and permitted assigns against) any sales, use, stamp, documentary stamp, filing, recording, transfer or similar fees or taxes or governmental charges (including any interest and penalty thereon) payable in connection with the Contemplated Transactions (“Transfer Taxes”). To the extent that any Transfer Taxes are required to be paid by Seller (or such Transfer Taxes are assessed against Sellers), Purchaser shall promptly reimburse Sellers, as applicable, for such Transfer Taxes. Sellers and Purchaser shall cooperate and consult with each other prior to filing any Tax Returns in respect of Transfer Taxes. Purchaser shall also be responsible for a sales taxes due on the sale of Personal Property (“Sales Taxes”). Sellers and Purchaser shall cooperate and otherwise take commercially reasonable efforts to obtain any available refunds to Sales Taxes and Transfer Taxes.

12.2 Taxes. Purchaser shall be responsible for all real and personal property Taxes or similar ad valorem obligations levied with respect to the Purchased Assets for any taxable period that includes the Closing Date and ends after the Closing Date, whether imposed or assessed before or after the Closing Date. If any Taxes subject to this Section are paid prospectively by Sellers, the amount of such Taxes paid shall be paid promptly by Purchaser to Sellers.

12.3 Purchase Price Allocation. For tax purposes only, Sellers and Purchaser shall allocate the purchase price (including the Assumed Liabilities) among the Purchased Assets as specified in Schedule 12.3 and, in accordance with such allocation, Purchaser shall prepare and deliver to Seller copies of Form 8594 and any required exhibits thereto (the “Asset Acquisition Statement”). Purchaser shall prepare and deliver to Seller from time to time revised copies of the Asset Acquisition Statement (the “Revised Statements”) so as to report any matters on the Asset Acquisition Statement that need updating (including purchase price adjustments, if any) consistent with the agreed upon allocation. The purchase price for the Purchased Assets shall be allocated in accordance with the Asset Acquisition Statement or, if applicable, the last Revised Statements, provided by Purchaser to Sellers, and all income Tax Returns and reports filed by Purchaser and Sellers shall be prepared consistently with such allocation.

ARTICLE XIII

MISCELLANEOUS AND POST CLOSING COVENANTS

13.1 Expenses. Except as otherwise provided in this Agreement, each of Sellers and Purchaser shall bear its own expenses incurred in connection with the negotiation and execution of this Agreement and each other agreement, document and instrument contemplated by this Agreement and the consummation of the Contemplated Transactions.

13.2 Injunctive Relief. Damages at law may be an inadequate remedy for the breach of any of the covenants, promises and agreements contained in this Agreement, and, accordingly, any party hereto shall be entitled to injunctive relief with respect to any such breach, including without limitation specific performance of such covenants, promises or agreements or an order enjoining a party from any threatened, or from the continuation of any actual, breach of the covenants, promises or agreements contained in this Agreement. The rights set forth in this Section 13.2 shall be in addition to any other rights which a Party may have at law or in equity pursuant to this Agreement.

13.3 Post-Closing Access to Information, Documents and Personnel. Purchaser acknowledges that, after the Closing, Sellers, or any of them, and their successors and assigns, may need access to the Purchased Assets or the Business and to information, documents, computer data, servers, and personnel in the control or possession of the Purchaser for the purposes of audits, compliance with governmental requirements and requests, the prosecution or defense of third party claims and for the wind-down of the estate in the Bankruptcy Case. Accordingly, Purchaser agrees that it will make available to Sellers, their Affiliates, agents, and their successors and assigns, such documents and information as may be available relating to the Purchased Assets and the Business in respect of periods prior to Closing and will permit the Sellers to make copies of such documents and information. Furthermore, Purchaser shall permit Sellers, their Affiliates, agents, and their successors and assigns, reasonable access to the Hospitals, the servers located therein, and to personnel employed by Purchaser at the Hospitals during regular business hours on no less than 24 hour notice in order to facilitate Sellers access as contemplated herein. Purchaser shall not be entitled to a fee or charge of any kind for providing such access provided that such access shall be conducted in a manner by Sellers, their Affiliates, agents, and their successors and assigns, so as not to interfere with the Business of Purchaser or patient safety or privacy. This obligation shall survive Closing.

13.4 Submission to Jurisdiction; Consent to Service of Process. Without limiting any party's right to appeal any order of the Bankruptcy Court, (i) the Bankruptcy Court shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide any claims or disputes which may arise or result from, or be connected with, this Agreement, any breach or default hereunder, or the Contemplated Transactions, and (ii) any and all proceedings related to the foregoing shall be filed and maintained only in the Bankruptcy Court, and the parties hereby consent to and submit to the jurisdiction and venue of the Bankruptcy Court and shall receive notices at such locations as indicated in Section 13.8 hereof; provided, however, that if the Bankruptcy Case has closed or if the Bankruptcy Court lacks either jurisdiction over the case or the power to enter a final judgment, the parties agree to unconditionally and irrevocably submit to the exclusive jurisdiction of the United States District Court for the Western District of Louisiana or any court of the State of Louisiana and any appellate court from any thereof, for the resolution of any such claim or dispute. The parties hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may 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 of the parties hereto agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each of the parties hereto hereby consents to process being

served by any party to this Agreement in any suit, action or proceeding by delivery of a copy thereof in accordance with the provisions of Section 13.8.

13.5 Waiver of Right to Trial by Jury. Each party to this Agreement waives any right to trial by jury in any action, matter or proceeding regarding this Agreement or any provision hereof.

13.6 Entire Agreement; Amendments and Waivers. This Agreement (including the schedules and exhibits hereto) and the Confidentiality Agreement represent the entire understanding and agreement between the parties hereto with respect to the subject matter hereof. This Agreement can be amended, supplemented or changed, and any provision hereof can be waived, only by written instrument making specific reference to this Agreement signed by the party against whom enforcement of any such amendment, supplement, modification or waiver is sought. No action taken pursuant to this Agreement, including without limitation, any investigation by or on behalf of any party, shall be deemed to constitute a waiver by the party taking such action of compliance with any representation, warranty, covenant or agreement contained herein. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach. No failure on the part of any party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such party preclude any other or further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies provided by law.

13.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana applicable to contracts made and performed in such State.

13.8 Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed given (i) when delivered personally by hand (with written confirmation of receipt), (ii) when sent by facsimile (with written confirmation of transmission) or (iii) one business day following the day sent by overnight courier (with written confirmation of receipt), in each case at the following addresses and facsimile numbers (or to such other address or facsimile number as a party may have specified by notice given to the other party pursuant to this provision):

If to Seller, to: Progressive Acute Care, LLC.
PO Box 5309 Abita Springs, LA 70420
Attn: Michael Hurlburt

With a copy to: William E. Steffes
Steffes, Vingiello & McKenzie, LLC
13702 Coursey Blvd., Building 3
Baton Rouge LA 70817
Fax: 225.751.1998

If to Purchaser, to: Central Louisiana Hospital Group, LLC
504 Texas St.
Suite 200
Shreveport, La. 71101
Attn: Rock Bordelon

With a copy to:

13.9 Severability. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any law or public policy, all other terms or provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the Contemplated Transactions is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the Contemplated Transactions are consummated as originally contemplated to the greatest extent possible.

13.10 Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. Nothing in this Agreement shall create or be deemed to create any third party beneficiary rights in any Person or entity not a party to this Agreement except as provided below. No assignment of this Agreement or of any rights or obligations hereunder may be made by either Sellers or Purchaser (by operation of law or otherwise) without the prior written consent of the other party hereto and any attempted assignment without the required consents shall be void; provided, however, that Purchaser may assign its right to acquire any or all of the Purchased Assets and its other rights hereunder to an entity wholly owned by it that also assumes all of Purchaser's obligations hereunder (but such assumption shall not relieve Purchaser of its obligations hereunder), with the consent of Sellers, which shall not be unreasonably withheld. No permitted assignment of any rights hereunder and/or assumption of obligations hereunder shall relieve the parties hereto of any of their obligations. Upon any such permitted assignment, the references in this Agreement to Purchaser shall also apply to any such assignee unless the context otherwise requires.

13.11 No Personal Liability. In entering into this Agreement, the parties understand, agree and acknowledge that no director, trustee, officer, manager, member, employee, shareholder, attorney, accountant, advisor or agent of any party hereto shall be personally liable or responsible to any other party or its Affiliates, directors, trustees, officers, managers, members, employees, shareholders, attorneys, accountants, advisors or agents for the performance of any obligation under this Agreement of any party to this Agreement or the truth, completeness or accuracy of any representation or warranty contained in, or statement made in, this Agreement or any document prepared pursuant hereto and that all obligations hereunder are those of the named parties only (but nothing contained herein shall limit the liability of any person for his or her fraudulent acts).

13.12 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first written above.

	SELLER:
	Progressive Acute Care, LLC By: _____ Name: <u>Michael Hurlburt</u> Its: <u>COO and Chairman of the Board</u>
	Progressive Acute Care Avoyelles, LLC By: _____ Name: <u>Michael Hurlburt</u> Its: <u>Authorized Representative</u>
	Progressive Acute Care Oakdale, LLC By: _____ Name: <u>Michael Hurlburt</u> Its: <u>Authorized Representative</u>
	Progressive Acute Care Winn, LLC By: _____ Name: <u>Michael Hurlburt</u> Its: <u>Authorized Representative</u>
	PURCHASER:
	Central Louisiana Hospital Group, LLC By: _____ Name: <u>Rock Bordelon</u> _____ Its: <u>Manager</u>

**SCHEDULES TO THE
ASSET PURCHASE AGREEMENT**

Dated July 14, 2016

BY AND AMONG

CENTRAL LOUISIANA HOSPITAL GROUP, LLC (Buyer)

AND

PROGRESSIVE ACUTE CARE, L.L.C.

**PROGRESSIVE ACUTE CARE AVOYELLES, L.L.C.
PROGRESSIVE ACUTE CARE WINN PARISH, L.L.C.**

AND

**PROGRESSIVE ACUTE CARE OAKDALE, L.L.C.
(collectively “Seller Group”)**

These Schedules are delivered in accordance with provisions of the Asset Purchase Agreement (the “Agreement”) by and among Central Louisiana Hospital Group, L.L.C., a Louisiana limited liability company and Progressive Acute Care, L.L.C., a South Carolina limited liability company, and Progressive Acute Care Avoyelles, L.L.C., Progressive Acute Care Winn Parish, L.L.C., and Progressive Acute Care Oakdale, L.L.C., all Louisiana limited liability companies. Terms used herein not otherwise defined within a Schedule shall have those meanings assigned to them within the Agreement. The disclosure of information within these Schedules shall not be deemed to establish a standard of materiality beyond that required by the Agreement.

These Schedules are those specified within the Agreement and also include exceptions to the representation and warranties and other agreements made by Seller Group as part of the Agreement and are intended to qualify such representations, warranties and agreements. The information contained within these Schedules with respect to any provision of the Agreement shall also be deemed to qualify each other section thereof to which such information reasonably relates (regardless of whether or not such other section is qualified by reference to a Schedule).

1.1(a) Excluded Contracts

All contracts not specified in 2.1(f).

1.1(b) Knowledge of Seller

Dan Rissing - PAC Corporate CEO

Wayne Thompson - PAC Corporate CFO

Michael Hurlburt - PAC Corporate COO

David Mitchel - Avoyelles Hospital CEO

Bryan Bogle - Winn Parish Medical Center CEO

Bill Tingle - Oakdale Community Hospital CEO

1.1(c) Owned Property

1) Avoyelles Hospital

The subject property is a 51-bed acute care hospital named Avoyelles Hospital in Marksville, LA. It is addressed 4231 LA Highway 1192 and fronts on the southeast corner of LA Highway 1192 and Hospital Road. The site has a total area of 22.369± acres, of which 3.893± acres is considered excess land. The main hospital building has a total area of roughly 46,323± square feet in one story and an additional 8,466± square feet in a warehouse support building. The original improvements were constructed in 1979 and expanded in 1990 and 2004.

2) Avoyelles Medical Office Building

The subject property is a multi-tenant medical office building addressed at 4239 Highway 1192 in Marksville, Louisiana. The building is on a 66,646.8± square foot site that is on the northeast side of Marksville, adjacent to Avoyelles Hospital. The single story building contains 6,475± square feet of gross building area divided into three suites with a common area entrance.

3) Winn Parish Hospital and Medical Office Building

The subject property is a 60-bed acute care hospital named Winn Parish Medical Center in Winnfield, LA. It is addressed 301 West Boundary Avenue and fronts on the southwest corner of Court Street (US Highway 167) and West Boundary Avenue. The site has a total area of 9.24± acres. The main hospital building has a total area of roughly 68,830± square feet in 2 stories, a 9,903± square foot office building, and an additional 6,975± square feet in support buildings. The original improvements were constructed in 1972 and expanded in 1998. The medical office building was constructed in the late 1940s. A full legal description is provided in the report addendum.

4) Oakdale Hospital

The subject property is a 60-bed acute care hospital named Oakdale Community Hospital in Oakdale, LA. It is addressed 130 Hospital Drive and fronts on the east side of Hospital Road, north of Ann Lane. The site has a total area of 12.01± acres. The main hospital building has a total area of roughly 60,789± square feet in a single-story building and an additional 2,400± square foot support building. The original improvements were constructed in 1972 and expanded in 1984 and 2007.

5) Oakdale Clinic (Closed/Vacant)

Two physician Medical Office building and real estate located 400 E. 6th Avenue, Oakdale, Louisiana, 71463

6.) Mowad Office Building (Closed/Vacant) – Excluded Asset

The office building and real estate located at 140 Hospital Drive, Oakdale Louisiana 71463

1.1(d) PTO Liability

TIME OFF Program Summary Effective March 15, 2015

		Vacation				Personal				Medical			
Intended Use		Vacation				Personal time, holidays, religious observation, sick days for self or family, OP procedures, same day surgery				Illness exceeding 3 consecutive work days or inpatient hospitalization over 24 hours with medical certification			
Eligible Employee		Full-time and Part-time				Full-time and Part-time				Full-time and Part-time			
Eligible Use		Accrual begins at hire, but usage restricted until after 90 days				Accrual begins at hire. Usage is restricted to use for New Years, Thanksgiving, & Christmas in the first 90 days.				Accrual begins at hire, but usage restricted until after 90 days			
Accrual	Service Years	Hourly Accrual	Max PayPeriod Accrual	Max Annual Accrual	Max Banked Hours	Hourly Accrual	Max PayPeriod Accrual	Max Annual Accrual	Max Banked Hours	Hourly Accrual	Max PayPeriod Accrual	Max Annual Accrual	Max Banked Hours
	1	.0192	1.5385	40	80	.0308	2.4615	64	64	.0269	2.1538	56	240
	2	.0269	2.1538	56	80								
	3 - 5	.0385	3.0769	80	104								
	5 - 9	.0577	4.6154	120	156								
10+	.0769	6.1538	160	208									
Payout at Termination		Unused, accrued Vacation & grandfathered PTO hours paid at 100%				Unused, accrued or granted hours are forfeited.				Unused, accrued or granted Medical Leave or grandfathered EIB hours are forfeited.			
Accrual Calculation		Accrual is calculated each pay period based on regular work hours. Overtime, time-offs and on call are excluded from accrual.											
Restriction		Regular Work Hours + Vacation + Personal + Holiday + Medical + PTO-G + EIB-G cannot exceed employee's work norm											
Usage		<ul style="list-style-type: none"> > Maximum number of paid time off hours per day is based on the employee's normal work schedule (8 hours/12 hours) > Employees with grandfathered PTO must exhaust that bank prior to using Vacation > Employees are not eligible to use Vacation if they call off from work with less than 2 hours' notice. > Personal may not be used to supplement low census call off > Employees with grandfathered EIB will be paid from that bank prior to Medical Leave > Medical Time is paid only after submission & approval of proper medical certification on company provided form to HR 											
HOLIDAYS		<p>Since a hospital operates 24 hours a day, seven days a week, most departments are always open and will always be staffed. Full-time employees in 24/7 departments are required to work some holidays. Managers are required to rotate the schedule fairly.</p> <ul style="list-style-type: none"> > Business/Admin offices are closed on Thanksgiving, Christmas and New Year > Employees are paid 1.5x if scheduled and work on Thanksgiving, Christmas or New Year > Personal time may not be used if employee is scheduled to work a holiday and subsequently calls off 											

2.1(b)(iii) Purchased Vehicles

Avoyelles:

1998 Chevrolet

2003 GMC

2003 CIRM

2009 Chevrolet

Winn

2009 Chevrolet

Oakdale

2007 Chevrolet

2.1(b)(iv) Purchased Personal Property Leases

Avoyelles Capital Leases:

GE Optima 660 CT Technology
GE Medispense
GE Copiers
GE Digital Mammo Unit
Olympus America Inc. Lease (Endoscope)
Philips-Ultrasound

Winn Capital Leases:

GE Medispense
Siemens Chemistry Analyzer Lease
GE Copier
MedOne Capital Funding (IV pumps)

Oakdale Capital Leases:

Mindray DS Capital Lease Telemetry
De Lage Landen Blood Gas Analyzer Capital Lease
Karl Storz Endoscopy
Siemens Chemistry Analyzer
GE Copier
GE MedDispense
Toshiba Ultrasound

Other Personal Property Leases:

Stryker Financing Endoscopy (Winn)
Siemens lab reagent equipment (Avoyelles)

2.1(c) Purchased Intellectual Property Licenses

Hospital Names (no trademarked property).

Avoyelles Hospital

Winn Parish Medical Center

Oakdale Community Hospital

Websites with registered domain names only (no trademarked property).

Avoyelleshospital.com

Oakdalecommunityhospital.com

Winnparishmedical.com

2.1(f) Purchased Contracts

Vendor Agreements:

Computer Programs & Systems, Inc. (“CPSI”)

GPN/Marksville, LLC (Avoyelles)

GPN/Oakdale, LLC (Oakdale)

Medical Records Storage:

Hathorn Record Management System - Avoyelles

Professional Archive Solutions, Inc. – Winn Parish & Oakdale

Managed Care Contracts:

Aetna Better Health Inc.

Aetna Coventry

Amerigroup

Blue Cross Blue Shield

Humana

PPOplus

UnitedHealthcare

Vantage Health Plan

Verity HealthNet Network (Oakdale only)

Capital Leases:

Avoyelles Capital Leases:

GE Optima 660 CT Technology

GE Medispense

GE Copiers

GE Digital Mammo Unit

Olympus America Inc. Lease (Endoscope)

Philips-Ultrasound

Winn Capital Leases:

GE Medispense
Siemens Chemistry Analyzer Lease
GE Copier
MedOne Capital Funding IV pumps

Oakdale Capital Leases:

Mindray DS Capital Lease Telemetry
De Lage Landen Blood Gas Analyzer Capital Lease
Karl Storz Endoscopy
Siemens Chemistry Analyzer
GE Copier
GE MedDispense
Toshiba Ultrasound

Other Personal Property Leases:

Stryker Financing Endoscopy (Winn)
Siemens lab reagent equipment (Avoyelles)

2.2(f) Excluded Tangible Personal Property

None.

2.2(g) Excluded Personal Property Leases

All personal property leases not specified in 2.1(b)(iv).

4.2 (g) Physician Listing

Winn Parish – ER MDs

Dr. Edward Samper, MD

Dr. Julio Iglesias, MD

Dr. Ugochukwu Ike, MD

Dr. Carl Musgrove, MD

Winn Parish - Hospitalist MDs and Extenders

Dr. Eric Dupree, MD

Dr. Ricky Hendrix, MD

Dr. Mark Shelton, MD

Dr. Stacy H Zeller, MD

Dr. Daniel Renois, MD

Benjamin Colvin, NP

Sandra Carter, NP

Michelle Malzan, NP

Bryant Acosta, PA

Oakdale

Dr. Greg Savoy, MD

Dr. Binitha Joseph, MD

5.3 Consents

None.

5.4 Title to Purchased Assets

No Exceptions Identified.

5.5 Real Property

Owned Property

AVOYELLES

Avoyelles Hospital - 4231 Highway 1192 Marksville, LA

Tract No. 1 - Lots 2 & 6 containing 0.887 acres & 1.207 acres respectively, located in Sections 45 and 61, Township 2 North, Range 4 East, Ward 2 of Avoyelles Parish, Louisiana, being more particularly described as follows: BEGIN at the Northwest corner of Lot 2 which is the intersection of the South Right-of-Way line of Dedicated Street and the East Right-of-Way line of Louisiana Highway Nos. 107 and 115 for the POINT OF BEGINNING: Thence proceed along the South Right-of-Way line of Dedicated Street North 49°02'34" East 55.45 feet; thence along a curve to the right having a chord of North 74°40'15" East 141.26 feet and a radius of 191.00 feet; thence South 22°11'46" East 235.42 feet; thence North 69°16'35" East 155.10 feet; thence South 12°11'15" East 169.54 feet; thence South 09°16'03" East 35.52 feet; thence South 78°29'36" West 19.46 feet; thence along a curve to the right having a chord of South 18°27'33" West 114.84 feet and a radius of 113.31 feet; thence South 79°52'23" West 42.02 feet; thence North 41°00'25" West 543.80 feet back to the POINT OF BEGINNING. Being identified as Tract No. 1 on the plat of survey by Walter Glen Kirkland, Registered Land Surveyor, dated March 24, 2009.

Tract No. 2 - Lots 3 & 4 containing 0.890 acres and 0.918 acres respectively, located in Section 45, Township 2 North, Range 4 East, Ward 2 of Avoyelles Parish, Louisiana, being more particularly described as follows: BEGIN at the Northwest corner of Lot 3 which is the Southwest corner of the (Now or Formerly) Earland Dupuis et al. property on the East side of Louisiana Highway Nos. 107 and 115 for the POINT OF BEGINNING: Thence proceed along the North line of Section 45, North 73°33'45" East 373.12 feet; thence South 21°35'16" East 259.20 feet; thence along a curve to the right having a chord of North 88°54'02" West 55.30 feet and a radius of 382.00 feet; thence along a curve to the left having a chord of South 84°37'27" West 97.62 feet and a radius of 241.00 feet; thence along a curve to the left having a chord of South 60°15'52" West 78.99 feet and a radius of 246.00 feet; thence South 48°57'39" West 55.32 feet; thence North 41°00'27" West 290.24 feet back to the POINT OF BEGINNING. Being identified as Tract No. 2 on the plat of survey by Walter Glen Kirkland, Registered Land Surveyor, dated March 24, 2009.

Tract No. 3 - 13.600 acres located in Section 61, Township 2 North, Range 4 East, Ward 2 of Avoyelles Parish, Louisiana being more particularly described as follows: BEGIN at the most Southwesterly corner of tract of land on the East side of Louisiana Highway No. 1192 for the POINT OF BEGINNING: Thence proceed North 11°38'56" West 88.90 feet along the East Right-of-Way line of Louisiana Highway No. 1192; thence leaving said Right-of-Way proceed N 78°41'07" E 264.99 feet; thence proceed N 11°25'02" W 252.02 feet; thence proceed S 78°39'14" W 265.10 feet to a 1/2" Rebar marking an intersection with the East Right-of-Way of Louisiana Highway No. 1192; thence proceed N 11°25'50" W along said East Right-of-Way 369.22 feet; thence leaving said Right-of-Way proceed North 77°58'30" East 927.35 feet along South Right-of-Way of parish road to the West side of 50' dedicated street; thence proceed South 10°22'09" East 722.36 feet along the West side of road to the Southeast corner of land herein described; thence proceed South 78°44'00" West 913.52 feet back to the POINT OF BEGINNING. Being identified as Tract No. 3 on plat of survey by Walter Glen Kirkland, Registered Land Surveyor, dated March 24, 2009.

Tract No. 4 - 3.334 acres located in Section 61, Township 2 North, Range 4 East, Ward 2 of Avoyelles Parish, Louisiana being more particularly described as follows: COMMENCE at the most Southwesterly corner of tract of land on the East side of Louisiana Highway No. 1192; thence proceed North 78°44'00" East 963.58 feet to the Southwest corner of land herein described for the POINT OF BEGINNING: Thence proceed North 10°22'34" West 722.34 feet along the east side of Dedicated Street (50' - R/W) to the South Right-of-Way of Parish Road (Hospital Road); thence proceed North 75°47'38" East 200.46 feet along said parish road to the Northeast corner of land herein described (also the Northwest corner of land owned by Ronald Robbins); thence proceed South 10°17'59" East 558.01 feet; thence South 10°33'28" East 174.63 feet to the Southeast corner of land herein described; thence proceed South 78°44'00" West 199.84 feet back to the POINT OF BEGINNING. Being identified as Tract No. 4 on plat of survey by Walter Glen Kirkland, Registered Land Surveyor, dated March 24, 2009.

Tract No.5

0.471 acres located in Sections 45 and 61, Township 2 North, Range 4 East, Ward 2 of Avoyelles Parish, Louisiana, being more particularly described as follows:

Commence at the Northwest corner of Lot 3 which is the Southwest corner of the (now or formerly) Earland Dupuis property on the east side of Louisiana Highway Nos. 107 and 115. Proceed South 41 degrees 00 minutes 27 seconds East along said right-of-way 290.24 feet for the POINT OF BEGINNING; thence leaving said right-of-way proceed North 48 degrees 57 minutes 39 seconds East 55.32 feet; thence proceed along a curve to the right having a chord of North 60 degrees 15 minutes 52 seconds East 78.99 feet and a radius of 246.00 feet; thence proceed along a curve to the right having a chord

of North 84 degrees 37 minutes 27 seconds East 97.62 feet and a radius of 241.00 feet; thence proceed along a curve to the left having a chord of South 88 degrees 54 minutes 02 seconds East 55.30 feet and a radius of 382.00 feet; thence proceed along a curve to the left having a chord of North 84 degrees 18 minutes 18 seconds East 67.31 feet and a radius of 382.00 feet; thence proceed North 78 degrees 08 minutes 45 seconds East 68.12 feet to an intersection with the right-of-way of Louisiana Highway No. 1192; thence proceed South 12 degrees 14 minutes 45 seconds East along said right-of-way 50.15 feet; thence leaving said right-of-way proceed South 78 degrees 33 minutes 13 seconds West 67.94 feet; thence proceed along a curve to the right having a chord of South 87 degrees 26 minutes 54 seconds West 129.64 feet and a radius of 432.00 feet; thence proceed along a curve to the left having a chord of South 74 degrees 40 minutes 15 seconds West 141.26 feet and a radius of 191.00 feet; thence proceed South 49 degrees 02 minutes 34 seconds West 55.45 feet to an intersection with the aforementioned east right-of-way of Louisiana Highway Nos. 107 and 115; thence proceed North 41 degrees 05 minutes 03 seconds West along said right-of-way 50.01 feet to the Point of Beginning. Being identified as Tract No.5 on the plat of survey by Walter Glen Kirkland, Registered Land Surveyor, dated March 24, 2009.

Tract No.6

0.829 acres located in Section 61, Township 2 North, Range 4 East, Ward 2 of Avoyelles Parish, Louisiana, being more particularly described as follows: Commence at the most Southwesterly corner of tract of land on the East side of Louisiana Highway 1192; thence proceed North 78 degrees 44 minutes 00 seconds East 913.52 feet to the Southwest corner of land herein described for the POINT OF BEGINNING; thence proceed North 10 degrees 22 minutes 09 seconds West 722.36 feet to an intersection with the South right-of-way of Hospital Road; thence proceed North 78 degrees 44 minutes 57 seconds East along said right-of-way 49.97 feet; thence leaving said right-of-way proceed South 10 degrees 22 minutes 34 seconds East 722.34 feet; thence proceed South 78 degrees 44 minutes 00 seconds West 50.06 feet back to the Point of Beginning. Being identified as Tract No.6 on the plat of survey by Walter Glen Kirkland, Registered land Surveyor, dated March 24, 2009.

Tract No.7

0.242 acres located in Section 61, Township 2 North, Range 4 East, Ward 2 of Avoyelles Parish, Louisiana, being more particularly described as follows: Begin at a 5/8 inch rebar (found) marking the Northeast corner of Tract 4, also being the Northwest corner of property owned by Ronald Robbins; thence proceed South 75 degrees 47 minutes 38 seconds West 200.46 feet; thence proceed South 78 degrees 44 minutes 57 seconds West 49.97 feet; thence proceed South 77 degrees 58 minutes 30 seconds West 927.35 feet to an intersection with the East right-of-way line of Louisiana Highway No. 1192; thence proceed North 11 degrees 25 minutes 50 seconds West along said right-of-way 12.00 feet; thence leaving said right-of-way proceed North 78 degrees 13 minutes 13 seconds East 1177.51 feet to the Point of Beginning. Being identified as Tract No. 7 on the plat of survey by Walter Glen Kirkland, Registered land Surveyor, dated March 24, 2009.

Avoyelles MOB - 4239 Highway 1192 Marksville, LA

THAT CERTAIN PIECE OR PARCEL OF LAND SITUATED IN SECTION 61, TOWNSHIP 2 NORTH, RANGE 4 EAST, SOUTHWESTERN LAND DISTRICT, AVOYELLES PARISH, LOUISIANA, BEING SHOWN AS A 1.53 ACRE PARCEL ON A PLAN OF "TOPOGRAPHIC SURVEY OF ST. LUKE MEDICAL PLAZA" BY JESSIE P. LACHNEY, CIVIL ENGINEER AND LAND SURVEYOR, DATED JULY 24, 2003, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE EAST RIGHT OF WAY LINE OF LOUISIANA HIGHWAY 1192, REPORTED TO BE S11°28'E A DISTANCE OF 369.37 FEET FROM THE INTERSECTION OF SAID EAST RIGHT OF WAY LINE AND THE SOUTH RIGHT OF WAY LINE OF HOSPITAL ROAD, SAID CORNER MARKED BY A 1/2" IRON ROD FOUND; THENCE N78°38'46"E (N78°39'32"E REFERENCE SURVEY) A DISTANCE OF 265.17 FEET (265.00 FEET REFERENCE SURVEY) TO A 1/2" IRON ROD FOUND; THENCE S11°27'01"E (S11°28'E REFERENCE SURVEY) A DISTANCE OF 251.96 FEET (252.00 FEET REFERENCE SURVEY) TO A 1/2" IRON ROD FOUND; THENCE S78°39'35"W A DISTANCE OF 265.00 FEET TO A 1/2" IRON ROD FOUND ON THE EAST RIGHT OF WAY LINE OF LOUISIANA HIGHWAY 1192; THENCE N11°29'27"W (N11°28'W REFERENCE SURVEY) ALONG SAID RIGHT OF WAY LINE A DISTANCE OF 251.90 FEET (252.00 FEET REFERENCE SURVEY) TO THE POINT OF BEGINNING.

THE ABOVE DESCRIBED PARCEL CONTAINS 1.533 ACRES AS SURVEYED BY TURNER SURVEYS, LLC, JOB NO. 12-0307, DATED SEPTEMBER 25, 2012, AND IS SUBJECT TO ANY SERVITUDES OR RESTRICTIONS THAT MAY BE OF RECORD.

WINN PARISH MEDICAL CENTER

Tract 1 **.932 Acres** - located in S23, T11N, R3W south of Court St. and West of West Boundry St.

Tract 2 **.225 Acre** - located in S23, T11N, R3W between West Lafayette Street and Tract 3.

Tract 3 **1.713 Acre** - located in S23, T11N, R3W. Medical Center Campus Parcel South of West Lafayette Street and West of West Boundary Street.

Tract 4 **.477 Acre** - located in S23, T11N, R3W South of West Lafayette Street and East of West Boundry Street.

Tract 5 **4.721 Acre** - located in S23, T11N, R3W , Winn Parish, Louisiana.

Tract 6 **.240 Acre** - located in S23, T11N, R3W between Tract 3 and Tract 5.

Tract 7 **.847 Acre** - located in S23, T11N, R3W South of Court Street and West of Roberts Street comprising Lots 2,3,4,5 and a portion of Lot 6 of Block 9 of the Roberts Addition.

Tract 8 **.085 Acre** - located S23, T11N, R3W between Tract 7 and Tract 1 in the Roberts Addition.

OAKDALE HOSPITAL

Tract A	8.665 Acres located NW 1/4 of the NE 1/4 of S11, T3S, R3W Allen Parish, LA - Hospital Tract.
Tract B	.813 Acres located in the NW 1/4 of the NE 1/4 of S11, T3S, R3W Allen Parish, LA - Consists of Tract B1 and B2.
Tract D	1.017 Acres located in the NW 1/4 of the NE 1/4 of S11, T3S, R3W Allen Parish, LA - Tract containing a portion of Hospital Drive.
Tract C	1.515 Acres located in the NW 1/4 of the NE 1/4 of S11, T3S, R3W Allen Parish, LA.
Tract 5	.42 Acres located in Sec. 35, T6S, R5W in Allen Parish, LA.
Tract 6 and 7 Nesom Clinic and a Servitude Estate	.215 Acres located in Allen Parish, LA, Nesom Clinic situated in Lots 1 & 2, Block 6 East of 12th St, City of Oakdale. (one story brick veneer building). This parcel contains Tract 1 where the Nesom Clinic is located and Tract 2 containing a Right of Way Easement.

Oakdale Clinic (Closed/Vacant)

Two physician Medical Office building and real estate located 400 E. 6th Avenue, Oakdale, Louisiana, 71463

Mowad Office Building (Closed/Vacant) – Excluded Asset

The office building and real estate located at 140 Hospital Drive, Oakdale Louisiana 71463

Real Property Leases

AVOYELLES

PDM JDT, LLC - Place Du Marche – MOB

264 Tunica Drive, Marksville, Louisiana, 71351

Subleases

MOB Hope's Children & Family Care Clinic – 338 Moreau Street, Suite B, Marksville, Louisiana 71351

MOB Avoyelles Pediatrics – 338 Moreau Street, Suite E & F, Marksville, Louisiana 71351

MOB Dr. Donna Breen, M.D. – 338 Moreau Street, Suite A, Marksville, Louisiana 71351

MOB Dr. Ellas Mounayar, M.D. – 338 Moreau Street, Suite D, Marksville, Louisiana 71351

**The Place Du Marche shopping center property is located on Tunica Drive and Moreau Street*

Avoyelles Hospital – MOB

4239 Highway 1192, Suite 300, Marksville, LA 71351

Leases:

MOB Avoyelles Surgical Associates – 4239 Highway 1192, Suite 300, Marksville, LA 71351

MOB Dr. Kevin L. Bordelon, M.D. – 4239 Highway 1192, Suite 200, Marksville, LA 71351

MOB Dr. Warren John Plauche – 4239 Highway 1192, Suite 100, Marksville, LA 71351

OAKDALE HOSPITAL

Elizabeth Clinic

504 West Main Street, Elizabeth, Louisiana 70638

Storage Building (Lease from Charles Cottongin)

404 West 6th avenue, Oakdale Louisiana 71463

WINN PARISH

Physical Therapy Building - Shelton Properties, West Coast Division, LLC:
608 W. Lafayette Street, Winnfield, Louisiana 71483

5.7 Intellectual Property

None.

5.8 Material Contracts

Vendor Agreements:

Computer Programs & Systems, Inc. (“CPSI”)

GPN/Marksville, LLC (Avoyelles)

GPN/Oakdale, LLC (Oakdale) Medical Records Storage:

Hathorn Record Management System - Avoyelles

Professional Archive Solutions, Inc. – Winn Parish & Oakdale

Managed Care Contracts:

Aetna Better Health Inc.

Aetna Coventry

Amerigroup

Blue Cross Blue Shield

Humana

PPOplus

UnitedHealthcare

Vantage Health Plan

Verity HealthNet Network (Oakdale only)

Capital Leases:

Avoyelles Capital Leases:

GE Optima 660 CT Technology

GE Medispense

GE Copiers

GE Digital Mammo Unit

Olympus America Inc. Lease (Endoscope)

Philips-Ultrasound

Winn Capital Leases:

GE Medispense
Siemens Chemistry Analyzer Lease
GE Copier
MedOne Capital Funding (IV pumps)

Oakdale Capital Leases:

Mindray DS Capital Lease Telemetry
De Lage Landen Blood Gas Analyzer Capital Lease
Karl Storz Endoscopy
Siemens Chemistry Analyzer
GE Copier
GE MedDispense
Toshiba Ultrasound

Other Personal Property Leases:

Stryker Financing Endoscopy (Winn)
Siemens lab reagent equipment (Avoyelles)

5.9 Employee Benefits

Employee Benefits/Policies

Paid Time Off Policy

Management Contracts¹:

Daniel Rissing Employment Agreement
Hector Lopez Employment Agreement
Mike Hurlburt Employment Agreement
Wayne Thompson Employment Agreement
Kurt Bennett Employment Agreement
Brad Mabry Employment Offer
Donna Varnado Salary Deferral
Hector Lopez Salary Deferral

401(k) plan

All employees of PAC and the Hospitals that are not subject to a collective bargaining agreement are eligible to participate in PAC's 401(k) plan and make voluntary contributions for retirement saving. Employer matching of the employee contribution is at the discretion of PAC. PAC is the Plan Administrator for the 401(k) plan.

Insurance:

PAC Corporate:

Insurance Company	Type of Policy
Blue Cross Blue Shield of LA	Health
MetLife	Life
MetLife	Voluntary Life
MetLife	STD
MetLife	LTD
MetLife	Dental
MetLife	Vision

Avoyelles:

¹ The identification of the Management Contracts herein is for disclosure purposes only and does not indicate assumption of such contracts by the Purchaser.

Insurance Company	Type of Policy
Blue Cross Blue Shield of LA	Health
MetLife	Life
MetLife	Voluntary Life
MetLife	STD
MetLife	LTD
MetLife	Dental
MetLife	Vision

Oakdale:

Insurance Company	Type of Policy
Blue Cross Blue Shield of LA	Health
MetLife	Life
MetLife	Voluntary Life
MetLife	STD
MetLife	LTD
MetLife	Dental
MetLife	Vision

Winn Parish:

Insurance Company	Type of Policy
Blue Cross Blue Shield of LA	Health
MetLife	Life
MetLife	Voluntary Life
MetLife	STD
MetLife	LTD
MetLife	Dental
MetLife	Vision

5.10 Labor and Collective Bargaining Agreement

None.

5.11 (a) Compliance With Laws

Avoyelles:

JCAHO-Accreditation
Pharmacy Permit
Controlled Dangerous Substances License
Clinical Laboratory Improvement Amendments (Lab & Respiratory)
Drug Enforcement Agency License
Department of Health and Hospitals License
Department of Health and Hospitals Inspection
Fire Marshal Inspection Report
American College of Radiology Mammography
Department of Health and Hospitals; Food & Drug Administration Mammography Certification
Department of Health and Hospitals Permit To Operate

Winn Parish:

DHH Survey Letter
Sanitation Services Report
CLIA Amendments
CLIA Lab
Controlled Dangerous Substances License
DHH Inspection
DHH License
DHH Permit To Operate
Drug Enforcement Agency License
Fire Marshal Inspection Report
Pharmacy Permit 2016

Oakdale:

JCAHO-Accreditation
OCH Facility License
OCH Occupational License
Building Safety Inspection Report
Pharmacy Permit & Controlled Dangerous Substance License
Clinical Laboratory Improvement Amendments
American College of Radiology Mammography
Radioactive Material License
DHH Food Inspection

5.11 (b) Compliance With Laws

Winn Parish

Is not accredited by the Joint Commission.

5.12 Financial Advisors

SOLIC Capital Advisors, LLC

6.3(a) Consents

Except as described Purchaser is not required to obtain any consent, approval, authorization, waiver, Order, license or Permit of or from, or to make any declaration or filing with, or to give any notification to, any Person (including any Governmental Body) in connection with the execution and delivery of this Agreement or the Purchaser Documents by Purchaser, the compliance by Purchaser with any of the provisions hereof or thereof, the consummation of the Contemplated Transactions or the taking by Purchaser of any other action contemplated hereby or thereby, except for (i) compliance with the applicable requirements of the HSR Act and (ii) the Healthcare Regulatory Consents.

NONE

6.3(b) No Conflicts

Except as set forth to Purchaser's knowledge, none of the execution and delivery by Purchaser of this Agreement or any of the Purchaser Documents, the consummation of the Contemplated Transactions by Purchaser, or compliance by Purchaser with any of the provisions hereof or thereof will conflict with, or result in any violation of or a default (with or without notice or lapse of time, or both) under, or give rise to a right of termination or cancellation under any provision of, any Contract or Permit to which Purchaser is a party or by which any of the properties or assets of Purchaser are bound, other than any such conflicts, violations, defaults, terminations or cancellations that would not have a material adverse effect on the ability of Purchaser to consummate the Contemplated Transactions.

NONE

8.2 Exceptions to Conduct of Business

No exceptions

10.3(d) Required Governmental Consents

Centers for Medicare & Medicaid Services – 855 Form

Department of Health and Hospitals

Drug Enforcement Agency License

Laboratory

12.3 Purchase Price Allocation

For tax purposes only, Seller and Purchaser shall allocate the purchase price (including the Assumed Liabilities) among the Purchased Assets as specified and, in accordance with such allocation, Purchaser shall prepare and deliver to Seller copies of Form 8594 and any required exhibits thereto (the "Asset Acquisition Statement").

[To be supplied by Parties]

**EXHIBITS TO THE
ASSET PURCHASE AGREEMENT**

Dated July 13, 2016

BY AND AMONG

CENTRAL LOUISIANA HOSPITAL GROUP, LLC (Buyer)

AND

PROGRESSIVE ACUTE CARE, L.L.C.

**PROGRESSIVE ACUTE CARE AVOYELLES, L.L.C.
PROGRESSIVE ACUTE CARE WINN PARISH, L.L.C.**

AND

**PROGRESSIVE ACUTE CARE OAKDALE, L.L.C.
(collectively “Seller Group”)**

EXHIBIT A
Form of Bill of Sale

[TO BE SUPPLIED BY THE PARTIES]

EXHIBIT B

Form of Assignment and Assumption Agreement

[TO BE SUPPLIED BY THE PARTIES]