

March 14, 2018

Mission Health System, Inc.
509 Biltmore Avenue
Asheville, North Carolina 28801
Attention: Ron Paulus, MD

Re: The Mission Health Transaction

Ladies and Gentlemen:

This letter of intent (this "LOI") sets forth some of the material terms and conditions for a proposed acquisition transaction (the "Transaction") between Mission Health System, Inc. and its affiliates set forth as Exhibit B (collectively, "Mission Health" or "Seller") and one or more affiliates of HCA Management Services, L.P. ("HCA") (each a "Party" and, collectively, the "Parties"). The structure of the Transaction will be subject to the Parties' review of related tax, regulatory and other legal aspects.

1. Type of Transaction. The Term Sheet attached hereto as Exhibit A more fully describes the Transaction as a sale by Seller to HCA of the Assets (as such term is defined in the Term Sheet). Capitalized terms used herein that are not otherwise defined shall have the meaning set forth in the Term Sheet. We are prepared to proceed with a customary due diligence review and simultaneous negotiation of the Definitive Agreements to be prepared by counsel to HCA with a view toward expeditiously completing the Transaction and ensuring the continued delivery of high quality and efficient healthcare services to the communities that Mission Health serves. This LOI and the Term Sheet set forth some, but not all, of the material non-binding terms and conditions regarding the Transaction.

2. Purchase Price. Based on audited financials and unaudited twelve month trailing financial data through August 2017, HCA intends to pay the Seller at the Closing as full consideration for the Assets an amount in cash equal to \$1,500,000,000, which amount is subject to the adjustments set forth in the Term Sheet (the "Purchase Price"). The Purchase Price would be further subject to adjustment pursuant to HCA's due diligence review of the Assets, the business, and the books and records of the Seller and to reduction for the Escrow Amount.

3. Access to Information.

(a) Pending the execution of the Definitive Agreements, Mission Health shall permit representatives of HCA access to inspect and appraise Mission Health and its assets, including the Facilities, the Assets, and their business prospects. Mission Health shall disclose and make available to representatives of HCA all financial information, books, agreements, papers, records and personnel relating to the ownership and operation of the Facilities and the Assets. HCA agrees that its inspection shall not unreasonably interfere with the operations of Mission Health. Promptly after the date hereof, HCA shall cause to be prepared (at HCA's expense): (i) a survey of the real property portion of the Assets by a surveyor acceptable to HCA and (ii) a preliminary environmental site assessment by an engineering consulting firm acceptable to HCA, each in a form acceptable to HCA, but in no event will any borings or other physical samples be taken without Mission Health's prior written consent.

(b) Upon the execution of the Definitive Agreements, each of Mission Health and HCA shall: (i) if required by law, file a notification and report form pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (“HSR”) and (ii) obtain, as soon as practicable, all other necessary consents and/or applicable governmental or regulatory approvals (or exemptions therefrom) relating to the Transaction. The filing fee relating to such HSR notification and report will be paid by HCA.

(c) Mission Health recognizes HCA’s commitment to complying with federal and state statutes and regulations governing physician relationships, including the federal Stark law and Anti-Kickback Statute, and shall use good faith efforts to provide HCA, on a priority basis, with access to all non-privileged documents and information in connection with Mission Health’s compliance with said statutes and regulations and HCA’s due diligence investigation related thereto. Mission Health shall also make available to HCA the individual(s) primarily responsible for Mission Health’s ethics and compliance policies, practices, procedures and related matters. The Parties agree to schedule a preliminary introductory call with such individual(s) and HCA’s designated representatives within ten (10) days of the date hereof.

4. No Violation. Each Party represents and warrants to the other that: (a) neither said Party nor any of its affiliates is currently bound under any enforceable contract with any third party concerning a transaction with respect to any of the Assets, or that would otherwise materially interfere with the Transaction, (b) this LOI and the Transaction will not violate any contract or commitment currently binding on said Party or any of its affiliates, and (c) said Party is fully authorized to enter into this LOI.

5. Confidentiality; Disclosure; Expenses.

(a) Except as otherwise required by law, each Party agrees to keep this LOI and its contents confidential and not disclose the same to any third party (except to attorneys, accountants, agents, bankers and other consultants hired by such Party in connection with the Transaction and except to any applicable governmental or regulatory agencies in connection with any required notification or application for approval or exemption therefrom) without the prior written consent of the other Party. The Non-Disclosure Agreement between HCA and Mission Health dated as of July 11, 2017 (the “NDA”) shall remain in effect. For the avoidance of doubt, the terms of this LOI shall be subject to the NDA.

(b) Except as required by law, any release to the public of information with respect to the Transaction or the matters set forth herein shall be made only in the form and manner approved by both Parties.

(c) Except as otherwise provided in this LOI, each Party shall be responsible for its own respective expenses in connection with the Transaction, regardless of whether the Definitive Agreements are executed. The cost of documentary stamps, transfer taxes, recording fees and similar Closing costs shall be allocated at the Closing in the manner customary in the location of the Seller.

6. Exclusivity. From the date of execution of this LOI by each of the Parties until the earliest of: (i) execution of the Definitive Agreements; (ii) termination of negotiations pursuant to Section 10 hereof; or (iii) ninety (90) days after signing of the LOI by both Parties:

Mission Health will not, without the approval of HCA: (w) offer for sale the Facilities (or any material portion thereof) or any ownership interest in any entity owning any of the Facilities, (x) solicit offers to buy all or any material portion of the Facilities or any ownership interest in any entity owning any of the Facilities, (y) hold discussions with any party (other than HCA) looking toward such an offer or solicitation or looking toward a merger or consolidation of any entity owning any of the Facilities, or (z) enter into any agreement with any party (other than HCA) with respect to the sale, lease or other disposition of the Facilities (or any material portion thereof) or any ownership interest in any entity owning any of the Facilities or with respect to any merger, consolidation, or similar transaction involving any entity owning any of the Facilities.

7. Continuation of Mission Health's Operations. From the date hereof until Closing or earlier termination of this LOI, Mission Health shall: (a) continue to operate the Facilities and the Assets in the ordinary course of Mission Health's business, including, without limitation, making all normal and planned capital expenditures; and (b) not: (i) remove, dispose of, or transfer any of the Assets, except in the ordinary course of business (with adequate replacement of any transferred Assets); (ii) make any material change in the business or operation of the Facilities or the Assets; or (iii) enter into any other significant contract, commitment or transaction with respect to the Facilities or the Assets, except in the ordinary course of business. Nothing in this section will obligate either Party to take any action or omit to take any action that would reasonably be expected to breach any obligation (contractual, fiduciary or otherwise) of such Party.

8. Diligence Process; Timing. As soon as reasonably practicable after this LOI is executed by both Parties: (i) HCA will transmit to Mission Health a due diligence request, and (ii) the Parties will agree to a timeline for completion of the transactions contemplated by this Term Sheet (the "Timeline"). The Timeline will establish a timeframe for completion of all material steps in the transaction process including, but not limited to, the date by which Mission Health will complete production of all documents in response to the HCA's initial and follow up due diligence requests.

9. Governing Law; Venue. This LOI, and all matters arising out of or relating to this LOI, shall be governed by, and construed in accordance with, the laws of the State of North Carolina, without giving effect to conflicts of law principles. Each Party hereby (i) irrevocably and unconditionally consents and submits to the exclusive jurisdiction of the U.S. District Court, Western District of North Carolina located in Charlotte, North Carolina for purposes of any action, suit or proceeding arising out of, or relating to, this LOI; (ii) irrevocably and unconditionally waives any objection to the laying of exclusive venue of any such action, suit or proceeding brought in such court; and (iii) irrevocably and unconditionally waives the right and agrees not to plead or claim that any such action, suit or proceeding brought in such court has been brought in an inconvenient forum.

10. Non-Binding LOI and Term Sheet. Except for the provisions of Sections 3–11 hereof (collectively, the "Binding Provisions"), neither this LOI nor the attached Term Sheet is intended to be, and is not, a legally binding agreement, and shall not give rise to any legally enforceable obligations or liabilities of either of the Parties or their affiliates. No verbal understandings or agreements with respect to the Transaction arising out of the course of dealing between the Parties or any of their respective affiliates prior to or subsequent to the date hereof

shall be binding unless and until the Parties shall have executed and delivered the Definitive Agreements and such understandings and agreements are memorialized therein. Subject to the Binding Provisions, either Mission Health or HCA may for whatever reason terminate this LOI and further negotiations with respect to the Transaction upon forty-eight (48) hours' written notice to the other Party. Further, this LOI shall terminate and be of no force and effect ninety (90) days after the date of execution by both Parties hereto, unless extended by mutual written agreement of the Parties. In such event of termination, there shall be no obligations or liabilities between the Parties or their affiliates as a result of or relating to the execution of this LOI, any acts or omissions of the Parties or their respective representatives in connection with the Transaction, including any actual or alleged oral agreements or course of dealing between the Parties or any of their respective affiliates relating thereto, any action taken in reliance on this LOI or such termination, except with respect to a breach of the Binding Provisions. The Binding Provisions shall survive any such termination.

11. Entire Agreement; Amendment. This LOI, together with the NDA (which shall survive the execution and delivery of this LOI), represents the entire agreement between the Parties, and, together, this LOI and the NDA supersede all prior or contemporaneous oral or written understandings, negotiations, letters of intent or agreements between the Parties. This Section 11 shall be deemed a "merger" clause, and this LOI (together with the NDA) is intended as a complete integration of the Parties' agreement as to Sections 3-11. No verbal or written modifications of, amendments to, or waivers of any rights or obligations under this LOI, including any indications of intent to be bound, shall be valid or enforceable unless and until made in writing and signed and delivered by each of the Parties.

Please indicate your approval of the terms and conditions of this proposal and your intention to enter into these negotiations by executing it in the space provided below and returning one executed copy to HCA, whereupon we shall proceed promptly with our evaluation and review of Mission Health and with the preparation and negotiation of the Definitive Agreements.

We look forward to a successful and mutually rewarding relationship in respect of the transactions set forth herein.

Sincerely,

HCA Management Services, LP

By: HPG Enterprises, its general partner

By: _____
Name: _____
Title: _____

AGREED THIS 14TH DAY
OF MARCH, 2018

Mission Health System, Inc.

By: _____
Name: _____
Title: _____

EXHIBIT A

ACQUISITION TERM SHEET (“TERM SHEET”)

The following is a summary of some, but not all, of the material non-binding terms of a transaction (the “*Transaction*”) between Mission Health and HCA. The particular structure of the Transaction may be revised once the Parties have had the opportunity to evaluate the accounting, securities, tax, regulatory and legal consequences of the Transaction, and it is the Parties’ expressed intention to ensure that the Transaction is compliant with all applicable laws and regulations. This Term Sheet is an Exhibit to that certain letter of intent (“*LOI*”) by and between Mission Health and HCA dated March 14, 2018, and subject to the terms and conditions contained in the LOI in all respects. Capitalized terms used in this Term Sheet that are not defined herein shall have the meanings set forth in the LOI.

1. Type of Transaction	
A. Structure of Transaction	The Transaction would be structured as a sale by Seller to HCA of good and marketable title to substantially all of the assets that are associated with or used in the operation of the Seller entities listed in <u>Exhibit B</u> and the Seller’s hospitals and health care facilities (collectively, the “ <i>Facilities</i> ”), other than the Excluded Assets defined below (collectively, the “ <i>Assets</i> ”).
B. Purchase Price	HCA will pay Seller or to Seller’s designee as full consideration for the Assets an amount in cash equal to \$1,500,000,000, which amount is subject to the adjustments set forth in this Term Sheet (the “ <i>Purchase Price</i> ”). As a condition to closing for each of the Parties, the Purchase Price must be consistent with the appraised fair market value of the Assets.
C. Adjustments	<p>The Purchase Price would be adjusted at Closing as follows: (a) a reduction for the amount of any indebtedness and capital lease obligations of Mission Health and its affiliates that are assumed or paid by HCA (collectively, “<i>Indebtedness</i>”); (b) an increase (or reduction) to the extent Net Working Capital as of Closing exceeds (or is less than) a target amount to be mutually agreed upon in the Definitive Agreements; and (c) a reduction for any liability of Seller that is paid or assumed by HCA and not included in the Indebtedness or Net Working Capital adjustments described above, including the amount of Seller employee vacation, holiday and sick time hours assumed by HCA, to the extent such amounts are not included in the calculation of Net Working Capital.</p> <p>For purposes of this Section 1.C., “<i>Net Working Capital</i>” would mean an amount equal to the difference between those current</p>

	<p>assets of Seller to be purchased by HCA as of the Closing and those current liabilities of Seller to be assumed by HCA as of the Closing, in each case as identified on <u>Exhibit C</u> attached hereto (which amount may be expressed as a positive number if such current assets exceed such current liabilities or a negative number if such current liabilities exceed such current assets).</p> <p>The Purchase Price would be further subject to adjustment pursuant to HCA’s due diligence review of the Facilities, the Assets and the books and records of Seller.</p> <p>The Purchase Price would not be adjusted for any capital expenditures made by Mission Health or its affiliates prior to the Closing.</p>
<p>D. Payment of Purchase Price</p>	<p>HCA would pay to Seller or to Seller’s designee an amount equal to the Purchase Price, less the Escrow Amount (as defined below), upon the closing of the Transaction as set forth in the Definitive Agreements (the “<i>Closing</i>”) by wire transfer of immediately available funds to an account of Seller’s designation.</p>
<p>E. Encumbrances</p>	<p>Seller would convey to HCA good and marketable title to the Assets, free and clear of all liens, liabilities, encumbrances and defects in title, except for the liens associated with any Indebtedness. Seller would discharge, at or prior to the Closing, any and all indebtedness and capitalized leases outstanding against any of the Assets, except for any Indebtedness. Seller would pay the premium for an owner’s title insurance policy from an insurer acceptable to HCA.</p>
<p>F. Definitive Agreements</p>	<p>The definitive agreements would include an Asset Purchase Agreement and such other agreements and ancillary documents as mutually agreed to by the Parties (collectively, the “<i>Definitive Agreements</i>”).</p>

2. Operational Covenants	
A. Uninsured and Charity Care	<p>At Closing, HCA would compare Mission Health’s and HCA’s policies for treatment of charity care patients and of uninsured patients who do not qualify for charity care, would adopt the uninsured discount and charity care policies that provide more access to necessary medical care regardless of ability to pay for services received, and would maintain such policies in place for a period of ten (10) years following Closing. Thereafter, HCA would maintain a charity care policy that is the lower of: (i) a policy that classifies the care provided to individuals who are at or below 200% of the federal poverty level as charity care; and (ii) the charity care policy maintained by the then largest North Carolina nonprofit healthcare system.</p>
B. Hospitals’ Name	<p>HCA would use the name “Mission Health” or “Mission Health System” in the naming, branding, and marketing of all Facilities following Closing, unless such name is required to be changed in order to comply with applicable law; provided, that HCA may incorporate the “HCA” name into the name of the Facilities. Seller would agree to change its name to one not similar to that of the Facilities.</p>
D. GME Commitment	<p>HCA’s mission includes increasing and expanding graduate medical education (“<i>GME</i>”) across its facilities, and HCA contemplates that GME will be created and expanded at the Facilities consistent with the ability to obtain governmental funding for medical students, residents and physicians.</p>
E. Charitable Donations	<p>HCA would direct to the Mission Health System Foundation, Inc. (the “<i>Legacy Foundation</i>”) persons who contact HCA with respect to charitable donations to the Facilities.</p>
F. IT, Technology	<p>Subject to due diligence, HCA will assume the enterprise-wide relationship agreement between Mission Health and Cerner existing immediately prior to Closing.</p>
G. Covenant Enforcement	<p>The Definitive Agreements will provide that either Mission Health or a successor foundation established by Mission Health prior to Closing (the “<i>Foundation</i>”) (as specified in the Definitive Agreements) will have the right to enforce HCA’s post-closing covenants in the manner set forth in the Definitive Agreements.</p>

3. Transfer of Assets and Assumption of Liabilities	
A. Transfer of Assets; Excluded Assets	<p>The Assets would constitute all or substantially all of the tangible and intangible assets used or useable in the operations of the Facilities, but not including: (i) cash, cash equivalents and investments, (ii) restricted funds that are not capable of being transferred to HCA, (iii) the assets of the Legacy Foundation, (iv) trustee-held bond reserve funds, (v) third party payor cost report settlements, (v) assets held to fund, or relating to, Excluded Liabilities (defined below), and (vi) such other assets, subsidiaries and affiliated businesses as may be mutually agreed to by the Parties in the Definitive Agreements following due diligence by HCA (collectively, the “<i>Excluded Assets</i>”).</p>
B. Assumption of Liabilities	<p>HCA would assume prospectively certain liabilities of Seller, including: (i) liabilities relating to periods following the Closing associated with contracts, capital leases, and operating leases assumed by HCA, subject to HCA’s review and approval thereof, including review to determine that such contracts and leases comply with applicable law and that their business terms are commercially reasonable (including pricing terms and/or rental rates, as applicable), (ii) certain Net Working Capital liabilities (accrued expenses, accrued vacation, accrued salaries, paid time-off for employees, accounts payable), and (iii) such other liabilities as may be mutually agreed to by the Parties in the Definitive Agreements following due diligence by HCA (collectively, the “<i>Assumed Liabilities</i>”). All other liabilities not mutually agreed to be Assumed Liabilities would be excluded liabilities and would not be assumed by HCA, including: (i) all debts of, or guarantees of debt by, Mission Health or its affiliates, (ii) any pension and other employee benefit obligations (other than those items in Net Working Capital), and (iii) liabilities relating to the Excluded Assets (collectively, the “<i>Excluded Liabilities</i>”).</p> <p>Except for the Assumed Liabilities, and except as Mission Health and HCA may otherwise agree in the Definitive Agreements, HCA would not assume, and Mission Health would remain responsible for, and Mission Health would indemnify HCA against, any and all liabilities, indebtedness, commitments or obligations of any kind whatsoever, which relate to the Excluded Liabilities.</p> <p>Additionally, Mission Health would indemnify HCA against any and all liabilities associated with the Assets incurred prior to the Closing, which are not Assumed Liabilities, and for breach of representations and warranties in the Definitive Agreements;</p>

	<p>provided, that no indemnification payment with respect to breach of the representations and warranties in the Definitive Agreements that are not “Fundamental Representations and Warranties,” as defined in the Definitive Agreements, shall be payable by Mission Health until such time as such liabilities have an aggregated cumulative amount that exceeds 0.5% of the Purchase Price (the “Basket”), after which time Mission Health will be liable in full for the amount of such liabilities, but not to exceed an amount in excess of 10% of the Purchase Price. Seller’s representations and warranties, other than Fundamental Representations and Warranties, will survive for a period of two (2) years following the Closing. Mission Health would indemnify HCA against breach of Fundamental Representations and Warranties and against Excluded Liabilities without such dollar or time limits.</p> <p>Seller or Foundation on behalf of Seller would obtain a supplemental insurance policy providing for extended reporting periods for claims made after the Closing in respect of events occurring prior to or as of the Closing, in form and substance and in amounts acceptable to HCA, to insure against professional and general liabilities of Seller relating to all periods prior to the Closing and to have the effect of converting such prior liability insurance into occurrence coverage, the cost thereof to be paid for by Seller.</p>
<p>C. Guarantee and Escrow</p>	<p>To the extent that sales proceeds are transferred to the Foundation, the Foundation will guarantee for the benefit of HCA the indemnification and other continuing obligations of Seller under the Definitive Agreements. At the Closing, HCA would deliver to an escrow agent mutually agreeable to HCA and Seller (the “Escrow Agent”) an amount equal to ten percent (10%) of the Purchase Price (such percentage being the median escrow amount as set forth in the 2017 SRS Acquiom M&A Deal Study Terms) (the “Escrow Amount”), as collateral to secure the indemnification and other continuing obligations of Seller under the Definitive Agreements (together with all accrued interest thereon, the “Escrowed Funds”). The Escrowed Funds would be held by the Escrow Agent in an investment account mutually agreeable to HCA and Seller. On the two (2) year anniversary of the Closing, all remaining Escrowed Funds, if any, would be released to Seller or Foundation, as agreed to in the Definitive Agreements (less amounts with respect to unresolved claims which would remain in the escrow account and be released in accordance with the terms of the Definitive Agreements).</p>
<p>4. Advisory Board</p>	<p>Following the Closing HCA would establish an Advisory Board comprised of individuals appointed by Mission Health and HCA in</p>

	<p>equal numbers (the “<i>Advisory Board</i>”). The purposes of the Advisory Board would include: fulfilling any Joint Commission governance requirements; and receiving annual reports prepared by HCA. Advisory Board actions would require the approval of a majority of the members of the Advisory Board.</p>
<p>5. Capital Commitment</p>	<p>HCA and Seller will agree on a minimum amount to be spent post-Closing on capital projects, which amount will include funding for the completion of the Hospital for Advanced Medicine (the “<i>New Tower</i>”) as described in Mission Health’s Current Proposed Capital Plan (the “<i>Plan</i>”), the Angel Medical Center facility, and a behavioral health facility. The Purchase Price may be adjusted to take into account the amount of the capital commitment. Between the date of the LOI and the Closing, Mission Health would continue to develop and fund the New Tower as set forth in the Plan, and, to the extent Mission Health fails to do so, the Purchase Price would be adjusted.</p> <p>The capital commitment will be set forth in, or determined by a method set forth in, the Definitive Agreements, following due diligence review and discussion of the Plan and completion of HCA’s other due diligence concerning Mission Health.</p>
<p>6. Employees</p>	
<p>A. General</p>	<p>In order to ensure continuity of patient care at the Facilities, HCA or an affiliate of HCA (“<i>HCA Employer</i>”) would, except as otherwise provided in the Transition Plan (defined below), offer employment to all of the employees of Mission Health employed by the Facilities as of Closing, subject to compliance with HCA’s policies and procedures, including standard background checks.</p> <p>The Parties will agree on a transition plan for Mission Health employees in certain support areas and executive management, with such plan to be attached to the Definitive Agreements (the “<i>Transition Plan</i>”). Affected areas will include revenue cycle, IT, human resources, billing and collections, accounts payable, and supply chain, and such other shared services support areas as the Definitive Agreements may provide.</p> <p>All Mission Health employees who are not affected by the Transition Plan and accept offers of employment by HCA Employer, including executive and senior management employees (collectively, “<i>Hired Employees</i>”) would be hired at each employee’s current base wage and salary levels and with similar job titles and responsibilities. Mission Health would retain responsibility for any severance payments owed to any Mission</p>

	<p>Health employees who do not become Hired Employees. All Hired Employees who are not affected by the Transition Plan would be employed by HCA Employer for at least one (1) year following Closing, unless such employee is terminated for cause, including but not limited to, conviction of a felony, exclusion from participating in the federal health care programs, loss of medical staff privileges (if applicable), or failure to comply with HCA's policies and procedures.</p> <p>Benefits for the Hired Employees would be at least as favorable as those generally offered to similarly-situated employees of HCA. To the extent lawful and permitted under HCA's policies and contracts, HCA Employer would honor prior service credit under Mission Health's current welfare plans for purposes of satisfying pre-existing condition limitations in HCA Employer's welfare benefit plans and would recognize the date of hire of each employee for purposes of participation in its service-based policies such as paid time off. With respect to HCA Employer's welfare and retirement plans, to the extent permitted under the terms and conditions of such plans, HCA Employer would waive the usual waiting periods for participation in its welfare and retirement benefit plans and offer immediate enrollment opportunity, subject to each plan's eligibility requirements, but would not make contributions to its retirement plans with respect to prior service. Subject to the limits in its current plans, HCA Employer would assume the accrued liability for vacation, holiday and sick time hours related to Hired Employees.</p> <p>The Parties would each take all actions necessary to comply with the WARN Act and all other applicable state and federal laws applicable, respectively, to them in connection with the transition of employees.</p> <p>For a period no less than two (2) years following the Closing, HCA would continue to deploy the StandOut employee engagement and activation platform used by Mission Health's management prior to Closing for facilitating employee engagement.</p>
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<p>B. Physicians</p>	<p>Medical staff privileges for all Mission Health employees would continue as they existed immediately prior to Closing subject to HCA medical staff policies and procedures. Medical staff bylaws mutually agreed to by the Parties would become effective as of the Closing.</p> <p>All physicians employed by Mission Health at the time of the Closing would have their employment continued through HCA following Closing, conditioned on physicians' compliance at all times with HCA compliance standards. Any physician employment agreements in place with Mission Health employed physicians shall be assigned to HCA and honored, subject to due diligence.</p> <p>For a period of at least one (1) year following the Closing, (a) any physician employed by Mission Health who holds a leadership role, including but not limited to, department chairs, medical executive board members, committee members, etc., in connection with any Hospital (as defined below) immediately prior to Closing would retain such role following Closing subject to due diligence and subject to all policies and procedures and continued employment with HCA Employer, and (b) no material changes would be made to such roles, including but not limited to title, obligations, compensation, or duties subject to changes as a result of bylaws or policies or procedures.</p> <p>Until the third anniversary of the Closing, the leader of the Mission Health physician service organization would report to HCA's Division President for Mission Health, currently contemplated to be Ron Paulus, with support services to be provided to the Mission Health physician service organization by HCA's Physician Services Group.</p>
<p>C. Senior Management Benefits</p>	<p>Benefits for Hired Employees who hold executive and senior management roles would be at least as favorable as those generally offered to similarly-situated employees of HCA.</p>
<p>7. Maintenance of Services and Facilities</p>	
<p>A. Mission Hospital Campus Services - First ten year period</p>	<p>During the first ten (10) years following Closing, and subject to either (i) force majeure making doing so impossible or commercially unreasonable, or (ii) the Advisory Board consenting in advance, HCA will not discontinue the provision of any of the health care services provided as of the Closing at the Mission Hospital Campus Facilities, as defined on <u>Exhibit D</u> (collectively,</p>

	<p>“<i>Mission Hospital Campus Services</i>”).</p>
<p>B. Mission Hospital Campus Services - After first ten year period</p>	<p>During the period more than ten (10) years following Closing, and subject to either (i) force majeure making doing so impossible or commercially unreasonable, or (ii) the Advisory Board consenting in advance, HCA will not discontinue any Mission Hospital Campus Services unless one of the five circumstances defined in Section 7(F) below (each, a “<i>Contingency</i>”) occurs and HCA has made commercially reasonable efforts to address and resolve the adverse impact of the Contingency on the Mission Hospital Campus Services and has determined that satisfactory resolution of the Contingency is not feasible. HCA shall promptly notify Mission Health and the Foundation of the occurrence of a Contingency with respect to any Mission Hospital Campus Service.</p>
<p>C. Member Hospital Facility Services</p>	<p>During the first five (5) years following Closing, and subject to either (i) force majeure making doing so impossible or commercially unreasonable, or (ii) the Advisory Board consenting in advance, HCA will not discontinue the provision of any of the health care services provided as of the Closing at any of the Member Hospital Facilities, as defined on <u>Exhibit D</u>.</p> <p>Following the first five (5) year period following Closing, HCA would have the right to modify the services provided at any of the Member Hospital Facilities to include inpatient, outpatient and/or other healthcare services as determined by HCA in its sole discretion; provided, however, that HCA would maintain emergency services at each of the Member Hospital Facilities for at least ten (10) years following the Closing.</p>
<p>D. Material Facilities - First ten year period</p>	<p>During the first ten (10) years following Closing, and subject to either (i) force majeure making doing so impossible or commercially unreasonable, or (ii) the Advisory Board consenting in advance, HCA will not close any of the Facilities specified in <u>Exhibit D</u> hereto (collectively “<i>Material Facilities</i>”), which list of Material Facilities may be modified as may be mutually agreed to by the Parties in the Definitive Agreements.</p>
<p>E. Material Facilities - After first ten year period</p>	<p>During the period more than ten (10) years following Closing, and subject to either (i) force majeure making doing so impossible or commercially unreasonable, or (ii) the Advisory Board consenting in advance, HCA will not close Material Facilities unless one of the Contingencies occurs and HCA has made commercially reasonable efforts to address and resolve the adverse impact of the Contingency on the Material Facility and has determined that</p>

	<p>satisfactory resolution of the Contingency is not feasible. HCA shall promptly notify Mission Health and Foundation of the occurrence of a Contingency with respect to any Material Facility.</p>
<p>F. Contingencies</p>	<p>The Contingencies are: (i) there is a lack of qualified and available physicians and clinical staff to provide the Mission Hospital Campus Service or operate the Material Facility; (ii) there is a decrease in annual patient volume of the Mission Hospital Campus Service or Material Facility of thirty-three percent (33%) or more from the Closing Date and the actual or projected volume for the Mission Hospital Campus Service or Material Facility is, in the opinion of HCA, insufficient to achieve or maintain the level of safety and quality for such Mission Hospital Campus Service or Material Facility at safety and quality levels of similarly situated facilities owned and operated by HCA; (iii) there is a change in applicable laws or regulations, or interpretations thereof, that has a material adverse effect on the provision of a Mission Hospital Campus Service or the operation of a Material Facility; (iv) a Mission Hospital Campus Service or Material Facility is no longer financially viable, meaning that for a period of at least twenty-four (24) consecutive months, the actual or projected revenue for such Mission Hospital Campus Service or Material Facility has been or will be, taking into account current or known future reimbursement levels, less than the total facility cost (direct and indirect) of providing such Mission Hospital Campus Service or operating the Material Facility; and (v) changes in the needs of the community served by the Mission Hospital Campus Service or Material Facility reasonably necessitate a termination of the Mission Hospital Campus Service or the operations of the Material Facility.</p>
<p>G. Right of First Refusal for Hospitals</p>	<p>During the period more than ten (10) years following Closing, if HCA determines that it wishes to close or discontinue operation of a “<i>Hospital</i>” (as defined <u>Exhibit D</u>), HCA will solicit requests for proposals for purchase of the Hospital. Mission Health or Foundation may, but is not required to, submit a proposal.</p> <p>If there are no bidders for the Hospital other than Mission Health or Foundation, Mission Health or Foundation may purchase the Hospital from HCA for fair market value based on an independent third party appraisal. If there are other bidders and Mission Health or Foundation is the successful bidder, Mission Health or Foundation may purchase and operate the Hospital.</p> <p>If a potential buyer other than Mission Health or Foundation is the successful bidder, the third party buyer will be required as a condition of the proposal to agree to provisions similar to those in this Section in the event it wishes to close or sell the Hospital.</p>

	Mission Health or Foundation would be prohibited from subsidizing or financially aiding a third party buyer.
8. Covenant Not to Compete	The Seller and the Foundation would agree not to compete, directly or indirectly, with HCA in the Restricted Territory for a period of five (5) years, other than in connection with the purchase of a Hospital as provided in Section 7.C. of this Term Sheet. “Restricted Territory” means the 18-county service area depicted on <u>Exhibit E</u> . Other details relating to the covenant not to compete (such as enforcement and remedies) would be set forth in the Definitive Agreements.
9. Existing Contractual Relationships	HCA would continue the Facilities’ membership in Western North Carolina Health Network (“WNCHN”); provided that no other requirements or commitments would restrict such continued membership and provided that WNCHN membership will not prevent HCA from using the Healthtrust purchasing group GPO in operating the Facilities.
10. Compliance Matters	The Definitive Agreements and the Transaction would all be in compliance with all applicable state and federal laws and regulations, including but not limited to the Anti-Kickback Statute, Stark Law and other applicable healthcare laws and regulations.
11. Expansion of Employment Options in the Community	<p>With respect to work force reductions identified in the Transition Plan, employees who are affected by the Transition Plan may apply for other positions available at HCA. The Transition Plan would set forth a process for communicating to such employees available positions at HCA at the time such employees’ employment is terminated.</p> <p>At Closing, the Parties will create a \$50 million innovation/investment fund to invest in businesses, located in the Asheville, North Carolina area, that provide innovations in the delivery of health care (the “Fund”). The Fund will be created by contributions at Closing of \$25 million by each of HCA and the Seller. The Fund will be overseen by a six-person board, with three persons appointed by HCA and three persons appointed by the Seller (or the Foundation if the Seller so directs).</p>
12. Governing Law of Definitive Agreements	The Definitive Agreements would be governed by Delaware law.

* * * * *

This draft LOI and Term Sheet sets forth only concepts regarding a potential transaction between Mission Health and HCA and shall not create any legal or binding obligations. The concepts in this draft LOI and Term Sheet have not been approved by the Board of Directors of HCA (“*HCA’s Board*”) or Mission Health (“*Mission Health’s Board*”), and any proposals which might arise from this draft LOI and Term Sheet are expressly subject to approval by HCA’s Board and Mission Health’s Board. Further, due to the complexity of any proposed transaction, no binding contractual agreement concerning the potential transaction shall exist between HCA and Mission Health (nor shall HCA or Mission Health have liability under any other legal theory) unless and until each Party shall have executed and delivered a Definitive Agreement, which shall contain representations, warranties, and other terms and conditions customary in this type of transaction, all of which must be acceptable to both Parties in their sole discretion. HCA or Mission Health may, for whatever reason, withdraw and terminate further negotiations at any time. In such an event, neither HCA nor Mission Health shall have any liability as a result of the submission of this draft LOI and Term Sheet or any action taken in reliance on this draft LOI and Term Sheet.

EXHIBIT B

ASSETS

INCLUDED MISSION HEALTH ENTITIES

Mission Health System, Inc.
Mission Hospital, Inc.
Mission Medical Associates, Inc.
Blue Ridge Regional Hospital, Inc.
Transylvania Community Hospital Inc.
Angel Medical Center, Inc.
Imaging Realty, LLC (ownership interest of LLC)
Asheville Specialty Hospital
The McDowell Hospital, Inc.
Community CarePartners, Inc.
Highlands-Cashiers Hospital, Inc.
WNC CareSource, LLC
Mission Health Partners, Inc.
Dogwood Insurance Co., Ltd.
Healthy State, Inc.
Avenu Health, Inc.

ASSETS

All of the tangible and intangible assets associated with or used in the operation of the Facilities, including, without limitation, (a) those assets accounted for on the Balance Sheet for the Seller dated August 31, 2017, (b) all real and personal property, including, without limitation, land held for development, furniture, fixtures and equipment, contracts and leases (to the extent HCA elects to assume them), licenses and permits, certificates of need (whether pending or granted), inventory and supplies, all intellectual property rights, patient and other records and claims against third parties and (c) any joint venture or other equity interest in healthcare or related operations.

EXCLUDED ASSETS

See Exhibit A, Section 3.A.

EXHIBIT C

COMPUTATION OF NET WORKING CAPITAL

Current Assets

Accounts Receivable
Assumable and Usable Prepaid Expenses
Usable Inventories & Supplies
Other current assets to be agreed to by the
Parties

Current Liabilities

Accounts Payable
Real Estate Taxes
Vacation, Holiday & Sick Time Hours
Other current liabilities to be agreed to by the
Parties

EXHIBIT D
FACILITIES

The “***Material Facilities***” would be the following:

Mission Hospital, Memorial Campus (Asheville, NC)
Angel Medical Center (Franklin, NC)
Blue Ridge Regional Hospital (Spruce Pine, NC)
Highlands-Cashiers Hospital (Highlands, NC)
Mission Hospital McDowell (Marion, NC)
Transylvania Regional Hospital (Brevard, NC)
Community CarePartners Facilities (Asheville, NC)

The “***Mission Hospital Campus Facilities***” would be the following:

Mission Hospital, Memorial Campus (Asheville, NC)
Community CarePartners Facilities (Asheville, NC)

The “***Member Hospital Facilities***” would be the following:

Angel Medical Center (Franklin, NC)
Blue Ridge Regional Hospital (Spruce Pine, NC)
Highlands-Cashiers Hospital (Highlands, NC)
Mission Hospital McDowell (Marion, NC)
Transylvania Regional Hospital (Brevard, NC)

The “***Hospitals***” would be the following:

Mission Hospital, Memorial Campus (Asheville, NC)
Angel Medical Center (Franklin, NC)
Blue Ridge Regional Hospital (Spruce Pine, NC)
Highlands-Cashiers Hospital (Highlands, NC)
Mission Hospital McDowell (Marion, NC)
Transylvania Regional Hospital (Brevard, NC)

EXHIBIT E

RESTRICTED TERRITORY

[Attached map is from Mission Health Refunding Bonds, Series 2017 Official Statement]

Western North Carolina Hospitals

18-County Region

