ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR CHANGE OF OWNERSHIP EXEMPTION

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: Union County Hospital
Street Address: 517 North Main Street
City and Zip Code: Anna 62906-1696
County: Union Health Service Area: 5 Health Planning Area: F-07

Legislators

State Senator Name: Sen. Dale Fowler
State Representative Name: Rep. Patrick Windhorst

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name: Anna Hospital Corporation d/b/a Union County Hospital
Street Address: 517 North Main Street
City and Zip Code: Anna 62906-1696
Name of Registered Agent: CT Corporation System
Registered Agent Street Address: 208 S. LaSalle St., Ste 814
Registered Agent City and Zip Code: Chicago, IL 60604
Name of Chief Executive Officer: Jim Farris
CEO Street Address: 517 North Main St
CEO City and Zip Code: Anna, IL 62906-1696
CEO Telephone Number: (618) 332-0694

Type of Ownership of Applicants

☐ Non-profit Corporation ☐ Partnership
☒ For-profit Corporation ☐ Governmental
☐ Limited Liability Company ☐ Sole Proprietorship ☐ Other

- Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
- Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT 1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact [Person to receive ALL correspondence or inquiries]

Name: Jim Farris
Title: CEO
Company Name: Union County Hospital
Address: 517 North Main Street, Anna, IL 62906-1696
Telephone Number: (618) 833-4433
E-mail Address: jim_farris@quorumhealth.com
Fax Number: N/A

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
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Legislators

State Senator Name: Sen. Dale Fowler
State Representative Name: Rep. Patrick Windhorst

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name: Quorum Health Corporation
Street Address: Address: 1573 Mallory Lane, Suite 100
City and Zip Code: Brentwood, TN 37027
Name of Registered Agent: The Corporation Trust Company
Registered Agent Street Address: 1209 Orange Street
Registered Agent City and Zip Code: Wilmington, DE 19801
Name of Chief Executive Officer: Robert Fish
CEO Street Address : 1573 Mallory Lane, Suite 100
CEO City and Zip Code: Brentwood, TN 37027
CEO Telephone Number: (615) 221-1400

Type of Ownership of Applicants

☐ Non-profit Corporation ☐ Partnership
☒ For-profit Corporation ☐ Governmental
☐ Limited Liability Company ☐ Sole Proprietorship ☐ Other

- Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
- Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT 1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact [Person to receive ALL correspondence or inquiries]

Name: R. Harold (“Hal”) McCard
Title: Senior Vice President, General Counsel, and Secretary
Company Name: Quorum Health Corporation
Address: 1573 Mallory Lane, Brentwood, TN 37027
Telephone Number: (615) 221-3507
E-mail Address: hal_mccard@quorumhealth.com
Fax Number: (615) 221-1484

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR CHANGE OF OWNERSHIP EXEMPTION

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

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Legislators

State Senator Name: Sen. Dale Fowler
State Representative Name: Rep. Patrick Windhorst

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name: Quincy Health, LLC	
Street Address: Address:	c/o Davidson Kempner Capital Management LP 520 Madison Ave, 30th FL
City and Zip Code:	NY, NY 10022 Attn: Travis Troyer
Name of Registered Agent: The Corporation Trust Company	
Registered Agent Street Address: 1209 Orange Street	
Registered Agent City and Zip Code: Wilmington, DE 19801	
Name of Chief Executive Officer: Peter Alderman, Director, Quincy Health, LLC*	
CEO Street Address :	GoldenTree Asset Management 300 Park Avenue, 21st Floor
CEO City and Zip Code:	New York, NY 10022
CEO Telephone Number: (212) 446-4000	
* *Quincy Health LLC has two directors and no officers. The directors have signing authority on behalf of the entity.*	

Type of Ownership of Applicants

☐ Non-profit Corporation ☐ Partnership
☐ For-profit Corporation ☐ Governmental
☒ Limited Liability Company ☐ Sole Proprietorship ☐ Other

- Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
- Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS <u>ATTACHMENT 1</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact [Person to receive ALL correspondence or inquiries]

Name: Peter Alderman
Title: Director
Company Name: Quincy Health, LLC
Address: GoldenTree Asset Management

300 Park Avenue, 21st Floor New York, NY 10022
Telephone Number: (212) 446-4000
E-mail Address: palderman@goldentree.com
Fax Number: N/A

Additional Contact [Person who is also authorized to discuss the Application]

Name: Daniel J. Lawler
Title: Partner
Company Name: Barnes & Thornburg LLP
Address: One North Wacker Drive, Suite 4400, Chicago IL 60606-2833
Telephone Number: (312) 214-4861
E-mail Address: Daniel.Lawler@btlaw.com
Fax Number: (312) 759-5646

Post Exemption Contact

[Person to receive all correspondence subsequent to exemption issuance-**THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960]**

Name: Jim Farris
Title: CEO
Company Name: Union County Hospital
Address: 517 North Main Street, Anna, IL 62906-1696
Telephone Number: (618) 833-4433
E-mail Address: jim_farris@quorumhealth.com
Fax Number: N/A

Site Ownership after the Project is Complete

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Union County Hospital District
Address of Site Owner: 517 North Main Street, Anna, IL
Street Address or Legal Description of the Site: 517 North Main Street, Anna, IL 62906-1696 **Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statements, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease, or a lease**.
APPEND DOCUMENTATION AS ATTACHMENT 2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Current Operating Identity/Licensee

[Provide this information for each applicable facility and insert after this page.]

Exact Legal Name: Anna Hospital Corporation d/b/a Union County Hospital				
Address: 517 North Main Street, Anna, IL 62906-1696				
☐	Non-profit Corporation	☐	Partnership	
☒	For-profit Corporation	☐	Governmental	
☐	Limited Liability Company	☐	Sole Proprietorship	☐
	Other			

Operating Identity/Licensee after the Project is Complete

[Provide this information for each applicable facility and insert after this page.]

Exact Legal Name: Anna Hospital Corporation d/b/a Union County Hospital

Address: 517 North Main Street, Anna, IL 62906-1696

☐	Non-profit Corporation	☐	Partnership	
☒	For-profit Corporation	☐	Governmental	
☐	Limited Liability Company	☐	Sole Proprietorship	☐
	Other			

- Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.
- **Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.**

APPEND DOCUMENTATION AS <u>ATTACHMENT 3</u>, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Organizational Relationships

Provide (for each applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

APPEND DOCUMENTATION AS <u>ATTACHMENT 4,</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Narrative Description

In the space below, provide a brief narrative description of the change of ownership. Explain **WHAT** is to be done in **State Board defined terms**, **NOT WHY** it is being done. If the project site does NOT have a street address, include a legal description of the site.

The applicant health care facility is Union County Hospital located at 517 North Main Street, Anna, Illinois.

The applicant facility is owned by Quorum Health Corporation ("Quorum"), a publicly-traded company. On April 7, 2020, Quorum and certain of its subsidiaries filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code with the Bankruptcy Court for the District of Delaware to implement a negotiated financial restructuring (the "Restructuring"). Once the Restructuring is approved by the bankruptcy court, Quorum will emerge from bankruptcy. As a result of the emergence from bankruptcy, Quorum's ownership will change and Quincy Health, LLC will become the new owner of Quorum. Quincy Health, LLC is a newly formed entity that, at emergence, will be funded and owned by certain parties who held unsecured claims in Quorum prior to the Restructuring and by certain equity commitment parties as part of the Restructuring in accordance with the Plan of Reorganization, Restructuring Support Agreement and Equity Commitment Agreement, which is further described in the attached 8-K, and thus is executing this application and making the certifications herein applicable to it presuming the completion of the Restructuring.

The applicant facility will continue to exist and serve patients through the course of the bankruptcy proceeding and thereafter. The Restructuring is expected to bring greater financial stability to a distressed community hospital enabling it to continue to provide essential healthcare services to Illinois residents, particularly during the COVID-19 crisis. The applicant facility will continue to conduct business at the same location, under the same legal entity, federal tax identification number, and operating license. The Restructuring is not expected to change or alter any of the policies or procedures, personnel, or operations of the facility.

Unlike a merger and acquisition transaction where the seller and buyer determine the timing of closing, the approval of the Restructuring plan is subject to the approval and discretion of the court handling the bankruptcy petition. In this matter, the court is expected to confirm the plan of reorganization within approximately 45 days after the bankruptcy filing, and Quorum and its subsidiaries, and the applicant facility, are expected to emerge from bankruptcy within approximately 60 days from the date of the bankruptcy filing (*i.e.*, likely on or before June 8, 2020).

Related Project Costs

Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

Land acquisition is related to project ☐ Yes ☒ No **NOT APPLICABLE (no land acquisition)**

Purchase Price: $_____

Fair Market Value: $_____

Project Status and Completion Schedules

Outstanding Permits: Does the facility have any projects for which the State Board issued a permit that is not complete? Yes No **X** . If yes, indicate the projects by project number and whether the project will be complete when the exemption that is the subject of this application is complete.

_____

_____

_____

_____

Anticipated exemption completion date (refer to Part 1130.570): June 8, 2020

State Agency Submittals

Are the following submittals up to date as applicable:

☒ Cancer Registry
☒ APORS
☒ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
☒ All reports regarding outstanding permits

Failure to be up to date with these requirements will result in the Application being deemed incomplete.

CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of*:

Anna Hospital Corporation d/b/a Union County Hospital

in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.

4/8/2020	4/8/2020
SIGNATURE	SIGNATURE
Martin D. Smith	R. Harold McCard
PRINTED NAME	PRINTED NAME
Director, Executive Vice President	Director, Senior Vice President & Secretary
PRINTED TITLE	PRINTED TITLE
Notarization: Subscribed and sworn to before me this _____ day of _____	Notarization: Subscribed and sworn to before me this _____ day of _____
Signature of Notary	Signature of Notary
Seal	Seal

*Insert the EXACT legal name of the applicant

CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

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- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of*:

Quorum Health Corporation

in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.

4/8/2020	4/8/2020
SIGNATURE	SIGNATURE
Martin D.Smith	R. Harold McCard
PRINTED NAME	PRINTED NAME
Executive Vice President & Chief Operating Officer	Senior Vice President, General Counsel & Secretary
PRINTED TITLE	PRINTED TITLE
Notarization: Subscribed and sworn to before me this _____ day of _____	Notarization: Subscribed and sworn to before me this _____ day of _____
Signature of Notary	Signature of Notary
Seal	Seal

*Insert the EXACT legal name of the applicant

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- in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of*:

Quincy Health, LLC

in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.

4/11/2020
SIGNATURE

Avram Z. Friedman
PRINTED NAME

Director
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this _____ day of _____

_____
Signature of Notary

Seal

_____
SIGNATURE

Peter Alderman
PRINTED NAME

Director
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this _____ day of _____

_____
Signature of Notary

Seal

*Insert the EXACT legal name of the applicant

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
CHANGE OF OWNERSHIP APPLICATION FOR EXEMPTION- 09/2019 Edition

CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

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- in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
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- in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of*:

Quincy Health, LLC

in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.

_____	4/11/2020
SIGNATURE	SIGNATURE
Avram Z. Friedman	Peter Alderman
PRINTED NAME	PRINTED NAME
Director	Director
PRINTED TITLE	PRINTED TITLE
Notarization:	Notarization:
Subscribed and sworn to before me	Subscribed and sworn to before me
this _____ day of _____	this _____ day of _____
_____	_____
Signature of Notary	Signature of Notary
Seal	Seal

*Insert the EXACT legal name of the applicant

SECTION II. BACKGROUND.

BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.

2. A listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility.

3. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant, directly or indirectly, during the three years prior to the filing of the application. Please provide information for each applicant, including corporate officers or directors, LLC members, partners and owners of at least 5% of the proposed facility. A health care facility is considered owned or operated by every person or entity that owns, directly or indirectly, an ownership interest.

4. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**

5. If, during a given calendar year, an applicant submits more than one Application, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest that the information was previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

APPEND DOCUMENTATION AS ATTACHMENT 5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 5.

SECTION III. CHANGE OF OWNERSHIP (CHOW)

Transaction Type. Check the Following that Applies to the Transaction:

- ☐ Purchase resulting in the issuance of a license to an entity different from current licensee.
- ☐ Lease resulting in the issuance of a license to an entity different from current licensee.
- ☐ Stock transfer resulting in the issuance of a license to a different entity from current licensee.
- ☒ Stock transfer resulting in no change from current licensee.
- ☐ Assignment or transfer of assets resulting in the issuance of a license to an entity different from the current licensee.
- ☐ Assignment or transfer of assets not resulting in the issuance of a license to an entity different from the current licensee.
- ☐ Change in membership or sponsorship of a not-for-profit corporation that is the licensed entity.
- ☐ Change of 50% or more of the voting members of a not-for-profit corporation's board of directors that controls a health care facility's operations, license, certification or physical plant and assets.
- ☐ Change in the sponsorship or control of the person who is licensed, certified or owns the physical plant and assets of a governmental health care facility.
- ☐ Sale or transfer of the physical plant and related assets of a health care facility not resulting in a change of current licensee.
- ☐ Change of ownership among related persons resulting in a license being issued to an entity different from the current licensee
- ☐ Change of ownership among related persons that does not result in a license being issued to an entity different from the current licensee.
- ☐ Any other transaction that results in a person obtaining control of a health care facility's operation or physical plant and assets and explain in "Narrative Description."

1130.520 Requirements for Exemptions Involving the Change of Ownership of a Health Care Facility

1. Prior to acquiring or entering into a contract to acquire an existing health care facility, a person shall submit an application for exemption to HFSRB, submit the required application-processing fee (see Section 1130.230) and receive approval from HFSRB.

2. If the transaction is not completed according to the key terms submitted in the exemption application, a new application is required.

3. READ the applicable review criteria outlined below and **submit the required documentation (key terms) for the criteria:**

APPLICABLE REVIEW CRITERIA	CHOW
1130.520(b)(1)(A) - Names of the parties	X
1130.520(b)(1)(B) - Background of the parties, which shall include proof that the applicant is fit, willing, able, and has the qualifications, background and character to adequately provide a proper standard of health service for the community by certifying that no adverse action has been taken against the applicant by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois against any health care facility owned or operated by the applicant, directly or indirectly, within three years preceding the filing of the application.	X
1130.520(b)(1)(C) - Structure of the transaction	X
1130.520(b)(1)(D) - Name of the person who will be licensed or certified entity after the transaction	
1130.520(b)(1)(E) - List of the ownership or membership interests in such licensed or certified entity both prior to and after the transaction, including a description of the applicant's organizational structure with a listing of controlling or subsidiary persons.	X
1130.520(b)(1)(F) - Fair market value of assets to be transferred.	X
1130.520(b)(1)(G) - The purchase price or other forms of consideration to be provided for those assets. [20 ILCS 3960/8.5(a)]	X
1130.520(b)(2) - Affirmation that any projects for which permits have been issued have been completed or will be completed or altered in accordance with the provisions of this Section	X
1130.520(b)(3) - If the ownership change is for a hospital, affirmation that the facility will not adopt a more restrictive charity care policy than the policy that was in effect one year prior to the transaction. The hospital must provide affirmation that the compliant charity care policy will remain in effect for a two-year period following the change of ownership transaction	X

1130.520(b)(4) - A statement as to the anticipated benefits of the proposed changes in ownership to the community	X
1130.520(b)(5) - The anticipated or potential cost savings, if any, that will result for the community and the facility because of the change in ownership;	X
1130.520(b)(6) - A description of the facility's quality improvement program mechanism that will be utilized to assure quality control;	X
1130.520(b)(7) - A description of the selection process that the acquiring entity will use to select the facility's governing body;	X
1130.520(b)(9)- A description or summary of any proposed changes to the scope of services or levels of care currently provided at the facility that are anticipated to occur within 24 months after acquisition.	X

APPEND DOCUMENTATION AS <u>ATTACHMENT 6,</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IV.CHARITY CARE INFORMATION

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.

2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.

3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer (20 ILCS 3960/3). Charity Care must be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 7.

CHARITY CARE			
	Year	**Year**	**Year**
Net Patient Revenue			
Amount of Charity Care (charges)			
Cost of Charity Care			

APPEND DOCUMENTATION AS ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

After paginating the entire completed application indicate, in the chart below, the page numbers for the included attachments:

INDEX OF ATTACHMENTS

ATTACHMENT NO.		PAGES
1	Applicant Identification including Certificate of Good Standing	18-21
2	Site Ownership	22-50
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	51-52
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	53-55
5	Background of the Applicant	56-57
6	Change of Ownership	58-74
7	Charity Care Information	75-78

ATTACHMENT 1

TYPE OF OWNERSHIP OF APPLICANTS

Included with this attachment are:

1. The Certificate of Good Standing for the applicant facility.
2. The Certificate of Good Standing for Quorum Health Corporation.
3. The Certificate of Good Standing for Quincy Health, LLC.

File Number 6155-297-9

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

ANNA HOSPITAL CORPORATION, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON MARCH 22, 2001, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 3RD *day of* APRIL ***A.D.*** 2020 .

Authentication #: 2009405390 verifiable until 04/03/2021
Authenticate at: http://www.cyberdriveillinois.com

Jesse White

SECRETARY OF STATE

ATTACHMENT 1

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "QUORUM HEALTH CORPORATION" IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWENTY-FIRST DAY OF FEBRUARY, A.D. 2018.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL REPORTS HAVE BEEN FILED TO DATE.

AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE BEEN PAID TO DATE.

Jeffrey W. Bullock, Secretary of State

5792308 8300

SR# 20181195758

You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 202188010

Date: 02-21-18

ATTACHMENT 1

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "QUINCY HEALTH, LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE SIXTH DAY OF APRIL, A.D. 2020.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN ASSESSED TO DATE.

Jeffrey W. Bullock, Secretary of State

7926082 8300

SR# 20202621674

You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 202721600

Date: 04-06-20

ATTACHMENT 1

ATTACHMENT 2

SITE OWNERSHIP

The site ownership will remain the same following the transaction. The applicant Anna Hospital Corporation d/b/a Union County Hospital leases the premises from the Union County Hospital District. A copy of the parties' Asset Purchase Agreement and Agreement to Lease dated June 25, 2006 is included with this Attachment.

ASSET PURCHASE AGREEMENT

AND

AGREEMENT TO LEASE

BY AND BETWEEN

UNION COUNTY HOSPITAL DISTRICT

AND

ANNA HOSPITAL CORPORATION

July 25, 2006

ATTACHMENT 2

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ASSET PURCHASE AGREEMENT
AND
AGREEMENT TO LEASE

THIS ASSET PURCHASE AGREEMENT AND AGREEMENT TO LEASE (the "Agreement") is made and entered into as of July 25, 2006, by and between UNION COUNTY HOSPITAL DISTRICT, a political subdivision of the State of Illinois ("Seller"), and ANNA HOSPITAL CORPORATION, an Illinois corporation ("Buyer").

RECITALS:

A. Seller is the owner of Union County Hospital, a general acute care hospital located in Anna, Illinois, together with certain related businesses, including a home health agency and a skilled nursing facility (collectively, the "Hospital").

B. Seller and Buyer previously entered into that certain Agreement to Enter into Management Agreement dated August 9, 2001 (the "Original Agreement"), and that certain Management Agreement dated September 7, 2001 (as amended, the "Management Agreement").

C. Pursuant to the Original Agreement, Seller executed that certain Promissory Note dated September 7, 2001, as amended and restated by that certain Amended and Restated Promissory Note dated September 1, 2001 (as amended, the "Note"), payable to Buyer in the original principal amount of $1,699,733.60.

D. Pursuant to the Management Agreement, Buyer has an option to sublease the land and buildings relating to the Hospital.

E. Subject to the terms and conditions set forth in this Agreement, Buyer and Seller desire to provide for (i) the exercise by Buyer of its option to sublease the land and buildings relating to the Hospital, (ii) the lease by Buyer of certain land and improvements owned by Seller and located adjacent to the Hospital; (iii) the transfer of certain pledged assets to Buyer in repayment of the Note, and (iv) the purchase by Buyer of substantially all of the other assets of Seller which are related to, necessary for, and used in connection with, the operation of the Hospital.

AGREEMENT:

NOW, THEREFORE, for and in consideration of the premises and the agreements, covenants, representations, and warranties hereinafter set forth and other good and valuable consideration, the receipt and adequacy of which are forever acknowledged and confessed, the parties hereto agree as follows:

1. CONVEYANCE OF ASSETS.

1.1 Pledged Assets. Subject to the terms and conditions of this Agreement, as of the Closing (as defined in Section 2.1 hereof), Seller agrees to sell, convey, transfer and deliver to Buyer, in full satisfaction of Seller's obligations under the Note, the following assets owned or used by Seller in connection with the operation of the Hospital (the "Pledged Assets"):

(a) all supplies and inventory used or useful in respect of the Hospital;

(b) assumable deposits, prepaid expenses and claims for refunds of the Hospital;

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(c) all accounts receivable (other than receivables from governmental third-party payors which by law may not be assigned) arising from the rendering of services to patients at the Hospital, billed and unbilled, recorded or unrecorded, with collection agencies or otherwise, accrued and existing in respect of services through the Closing;

(d) an amount equal to the value of all patient receivables related to Medicare, Medicaid and other third-party patients claims due from beneficiaries or governmental third-party payors arising from the rendering of services to patients at the Hospital, billed and unbilled, recorded or unrecorded, accrued and existing in respect of services through the Closing which by law may not be assigned; and

(e) the interest of Owner in all assets of the foregoing types, arising or acquired in the ordinary course of the business of Owner in respect of the Hospital between the date hereof and the Closing.

1.2 ***Purchased Assets.*** Subject to the terms and conditions of this Agreement, as of the Closing, Seller agrees to sell, convey, transfer and deliver to Buyer, and Buyer agrees to purchase, all of the assets owned or used by Seller in connection with the operation of the Hospital, other than the Pledged Assets (which will be conveyed to Buyer pursuant to Section 1.1) and the Excluded Assets (hereinafter defined), which assets shall include, without limitation, the following (the "Purchased Assets"):

(a) leasehold title to (i) the real property leased by Seller from the City (hereinafter defined) pursuant to the Original Lease (hereinafter defined), as more particularly described on Schedule 1.2(a)(i) hereto, together with all improvements, any construction in progress, any other buildings and fixtures thereon, and all rights, privileges and easements appurtenant thereto (collectively, the "Leased Real Property"), and (ii) the real property owned by Seller and located adjacent to the Leased Real Property, as more particularly described on Schedule 1.2(a)(ii) hereto, together with all improvements, any construction in progress, any other buildings and fixtures thereon, and all rights privileges and easements appurtenant thereto (collectively, the "Owned Real Property"; the Leased Real Property and the Owned Real Property are referred to collectively herein as the "Real Property");

(b) all tangible personal property, including, without limitation, all major, minor or other equipment, vehicles, furniture and furnishings, the current list of which is set forth on Schedule 1.2(b) hereto;

(c) all claims, causes of action, and judgments in favor of Seller relating to the condition of the Purchased Assets and, to the extent assignable by Seller, all warranties (express or implied) and rights and claims assertable by (but not against) Seller related to the Purchased Assets;

(d) all financial, patient, medical staff and personnel records relating to the Hospital (including, without limitation, all accounts receivable records, equipment records, medical administrative libraries, medical records, patient billing records, documents, catalogs, books, records, files, operating manuals and current personnel records);

(e) all rights and interests of Seller in the contracts, commitments, leases and agreements listed on Schedule 1.2(e) hereto (the "Contracts");

(f) all licenses and permits, to the extent assignable, held by Seller relating to the ownership, development, and operation of the Hospital (including, without limitation, any pending or approved governmental approvals);

(g) all names, trade names, trademarks and service marks (or variations thereof) associated with the Hospital, all goodwill associated therewith, and all applications and registrations associated therewith, including, without limitation, the name "Union County Hospital";

(h) all goodwill associated with the Hospital and the Assets;

(i) any assets owned by Affiliates (hereinafter defined) of Seller which are used in connection with the operations of the Hospital;

(j) the electronic funds transfer account of the Hospital (the "EFT Account") and all information necessary to access the EFT Account;

(k) all other property, other than the Excluded Assets, of every kind, character or description owned by Seller or its Affiliates and used or held for use in the business of the Hospital or the Assets, wherever located and whether or not similar to the items specifically set forth above, and all other businesses and ventures owned by Seller in connection with the operations of the Hospital or the Purchased Assets; and

(l) the interest of Seller in all property of the foregoing types, arising or acquired in the ordinary course between the date hereof and the Closing.

The Purchased Assets and the Pledged Assets are referred to collectively herein as the "Assets". Seller shall convey good and marketable title to the Assets to Buyer free and clear of all claims, assessments, security interests, liens, restrictions and encumbrances, other than the Permitted Encumbrances (hereinafter defined) and the Assumed Liabilities (hereinafter defined).

1.3 Excluded Assets. Those assets of Seller described on Schedule 1.3 hereto shall be retained by Seller (collectively, the "Excluded Assets") and shall not be conveyed to Buyer.

1.4 Assumed Liabilities. In connection with the conveyance of the Assets to Buyer, Buyer agrees to assume, as of the Closing, the future payment and performance of the following liabilities (the "Assumed Liabilities") of Seller:

(a) all obligations accruing after the Closing with respect to the Contracts;

(b) all trade accounts payable and current liabilities relating to the operation of the Hospital from and after September 7, 2001 (excluding the current portion of any long-term debt of Seller);

(c) the capital lease obligations set forth on Schedule 1.4 hereto; and

(d) obligations and liabilities as of the Closing Date in respect of accrued vacation, holiday, and sick pay of Seller's employees at the Hospital who are hired by Buyer as of the Closing Date and related taxes, but only to the extent such accrued vacation, holiday, sick pay, and related taxes are set forth on Schedule 1.4 hereto.

1.5 ***Excluded Liabilities.*** Except for the Assumed Liabilities, Buyer shall not assume, and under no circumstances shall Buyer be obligated to pay or assume, and none of the assets of Buyer shall be or become liable for or subject to, any liability, indebtedness, commitment or obligation of Seller, whether known or unknown, fixed or contingent, recorded or unrecorded, currently existing or hereafter arising or otherwise (collectively, the "Excluded Liabilities").

1.6 ***Agreement to Enter Into Sublease.*** As of the date hereof, Seller and Buyer have entered into that certain Sublease Agreement (the "Sublease"), pursuant to the terms of which Buyer shall lease the Real Property from Seller commencing on the Closing Date.

1.7 ***Management Agreement.*** Subject to the terms and conditions set forth in this Agreement, as of the Closing, the Management Agreement shall terminate and the parties shall have no further rights or obligations thereunder, except to the extent such rights or obligations specifically survive the termination thereof.

1.8 ***Development Agreement.*** Subject to the terms and conditions set forth in this Agreement, as of the Closing, that certain Development Agreement dated September 7, 2001, by and between Seller and Buyer shall terminate and the parties shall have no further rights or obligations thereunder.

1.9 ***Consideration.*** Subject to the terms and conditions set forth in this Agreement, Buyer shall pay Seller as prepaid rent for the Sublease and as the purchase price for the Purchased Assets, Three Million Five Hundred Thousand and No/100 Dollars ($3,500,000.00) (the "Consideration"). Buyer shall pay the Consideration to Seller at the Closing by wire transfer of immediately available funds to an account designated by Seller.

2. CLOSING.

2.1 ***Closing.*** Subject to the satisfaction or waiver by the appropriate party of all of the conditions precedent to Closing specified in Sections 7 and 8 hereof, the consummation of the transactions contemplated by and described in this Agreement (the "Closing") shall take place at the offices of Johnson & Stark, LLC at 10:00 a.m. local time, on or before October 31, 2006, or on such other date or at such other location as the parties may mutually designate in writing (the date of consummation is referred to herein as the "Closing Date").

2.2 ***Actions of Seller at Closing.*** At the Closing and unless otherwise waived in writing by Buyer, Seller shall deliver to Buyer the following:

(a) a Memorandum of Lease (the "Memorandum of Lease"), fully executed by Seller, to be recorded at the Closing in the public records for Union County, Illinois;

(b) a General Assignment, Conveyance and Bill of Sale, fully executed by Seller, conveying the Assets to Buyer;

(c) an Assignment and Assumption Agreement (the "Assignment and Assumption Agreement"), fully executed by Seller, conveying Seller's interest in the Contracts to Buyer;

(d) all instruments and documents required by the Title Company (as defined in Section 6.3 hereof) to issue the Title Policy (as defined in Section 6.3 hereof) as described in and provided by Section 7.3 hereof;

(e) copies of resolutions duly adopted by Seller authorizing and approving its performance of the transactions contemplated hereby, the execution and delivery of this Agreement and the documents described herein, and its reimbursement of Buyer for certain expenses relating to the operation of the Hospital following the Closing, certified as true and of full force as of the Closing, by an appropriate officer of Seller;

(f) certificates of the Chairman of the Board of Trustees of Seller certifying that each covenant and agreement of Seller to be performed prior to or as of the Closing pursuant to this Agreement has been performed and each representation and warranty of Seller is true and correct on the Closing Date, as if made on and as of the Closing;

(g) certificates of incumbency for the respective officers of Seller executing this Agreement or making certifications for the Closing dated as of the Closing Date;

(h) the opinion of counsel to Seller as provided by Section 7.7 hereof;

(i) all Certificates of Title and other documents evidencing an ownership interest conveyed as part of the Assets; and

(j) such other instruments and documents as Buyer reasonably deems necessary to effect the transactions contemplated hereby.

2.3 Actions of Buyer at Closing. At the Closing and unless otherwise waived in writing by Seller, Buyer shall deliver to Seller the following:

(a) an amount equal to the Consideration in immediately available funds;

(b) the Memorandum of Lease, fully executed by Buyer;

(c) the Assignment and Assumption Agreement, fully executed by Buyer;

(d) the original Note marked "cancelled" by Buyer;

(e) copies of resolutions duly adopted by the Board of Directors of Buyer authorizing and approving its performance of the transactions contemplated hereby and the execution and delivery of this Agreement and the documents described herein, certified as true and in full force as of the Closing, by the appropriate officers of Buyer;

(f) certificates of the President or a Vice President of Buyer certifying that each covenant and agreement of Buyer to be performed prior to or as of the Closing pursuant to this Agreement has been performed and each representation and warranty of Buyer is true and correct on the Closing Date, as if made on and as of the Closing;

(g) certificates of incumbency for the respective officers of Buyer executing this Agreement or making certifications for the Closing dated as of the Closing Date;

(h) certificates of existence and good standing of Buyer from the state in which it is incorporated, dated the most recent practical date prior to Closing;

(i) the opinion of counsel to Buyer as provided by Section 8.5 hereof; and

(j) such other instruments and documents as Seller reasonably deems necessary to effect the transactions contemplated hereby.

3. REPRESENTATIONS AND WARRANTIES OF SELLER. As of the date hereof, and, when read in light of any Schedules which have been updated in accordance with the provisions of Section 10.1 hereof, as of the Closing Date, Seller represents and warrants to Buyer the following:

3.1 Existence and Capacity. Seller is a political subdivision of the State of Illinois. Seller has the requisite power and authority to enter into this Agreement and the Sublease, to perform its obligations hereunder and thereunder, and to conduct its business as now being conducted.

3.2 Powers; Consents; Absence of Conflicts With Other Agreements, Etc. The execution, delivery, and performance of this Agreement by Seller, and all other agreements referenced herein, or ancillary hereto, to which Seller is a party, and the consummation of the transactions contemplated herein by Seller:

(a) are within its powers, are not in contravention of law or of the terms of its organizational documents, and have been duly authorized by all appropriate action;

(b) except as provided in Section 5.3 below, do not require any approval or consent of, or filing with, any governmental agency or authority bearing on the validity of this Agreement which is required by law or the regulations of any such agency or authority;

(c) will neither conflict with, nor result in any breach or contravention of, or the creation of any lien, charge, or encumbrance under, any indenture, agreement, lease, instrument or understanding to which it is a party or by which it is bound;

(d) will not violate any statute, law, rule, or regulation of any governmental authority to which it or the Assets may be subject; and

(e) will not violate any judgment, decree, writ or injunction of any court or governmental authority to which it or the Assets may be subject.

3.3 Binding Agreement. This Agreement, the Sublease and all agreements to which Seller will become a party pursuant hereto or thereto are and will constitute the valid and legally binding obligations of Seller, and are and will be enforceable against Seller in accordance with the respective terms hereof or thereof.

3.4 Real Property. Seller owns good, marketable and insurable leasehold title to the Leased Real Property, and good, marketable and insurable fee simple title to the Owned Real Property. Neither the Real Property nor the leasehold estate created by the Sublease shall be subject to any liens, encumbrances or other restrictions except those more particularly described in Schedule 3.4 hereto and approved by Buyer (the "Permitted Encumbrances"). With respect to the Real Property (a) Seller has not received during the past five (5) years notice of a violation of any applicable ordinance or other law, order, regulation or requirement; (b) the Real Property is subject to no easements, restrictions, ordinances, or such other limitations on title so as to make such property unusable for its current use or the title uninsurable or unmarketable or which materially restrict or impair the use, marketability or insurability of the Real Property; (c) there are no tenants or other persons or entities occupying any space in the Real Property, other than pursuant to tenant leases described in Schedule 3.4; and (d) Seller has not received any notice of any existing, proposed or contemplated plans to modify or realign any street or highway or any existing, proposed or

contemplated eminent domain proceeding that would result in the taking of all or any part of the Real Property or that would adversely affect the current use of any part of the Real Property.

3.5 ***Title.*** As of the Closing, Seller shall own and hold good, valid and marketable title to all of the Assets, and at the Closing Seller will assign and convey to Buyer good, valid and marketable title to all of the Assets, subject to no mortgage, lien, pledge, security interest, conditional sales agreement, right of first refusal, option, restriction, liability, encumbrance or charge other than the Assumed Liabilities and the Permitted Encumbrances.

3.6 ***Employee Benefit Plans.*** Except as set forth on Schedule 3.6 hereto:

(a) Seller does not have any pension, profit-sharing, stock bonus, deferred compensation, or other retirement plans including any Internal Revenue Code ("IRC") Section 403(b) plans or Section 457 plans; welfare benefit plans including group health plans; fringe benefit, cafeteria, or tuition assistance plans; executive compensation or incentive plans; severance plans; vacation, holiday, sick-leave, paid-time-off, or other employee compensation plans, procedures, programs, payroll practices, policies, agreements, commitments, contracts, or understandings; or any annuity contracts, custodial agreements, trusts, escrow agreements, or other agreements related to any such plans or other arrangements. All such plans or arrangements that are set forth on Schedule 3.6 are referred to collectively as the "Benefit Plans." With respect to such Benefit Plans, Seller has delivered to Buyer accurate and complete copies of the Benefit Plans; annuity contracts, trust agreements, insurance contracts, or any other funding instruments; governmental rulings, determination letters, or opinion letters; contracts with third-party administrators and other independent contractors; and summary plan descriptions, modifications, memoranda, employee handbooks, and other written communications.

(b) With respect such Benefit Plans, Seller does not currently and has not participated in or sponsored, contributed to, or had an obligation to contribute to a multiemployer plan, multiple employer plan, or single employer plan to which at least two or more of the contributing sponsors are not part of the same controlled group; participated in any Benefit Plan that is self-insured or is a self-funded multiple employer welfare arrangement; participated in, engaged in, or been a party to any prohibited transaction; had asserted against it any claim for any excise tax, interest, or penalty; or committed a breach of any responsibilities or obligations imposed upon fiduciaries. Buyer will not be responsible for, or required to pay, any liability of Seller, contingent or otherwise, with respect to any Benefit Plans.

(c) Each Benefit Plan that is pension or other retirement plan and each related trust agreement, annuity contract, or other funding instrument is and has been since its inception qualified and tax-exempt under the provisions of Sections 401(a) (or 403(b)) and 501(a) of the IRC; is and has been since its inception in material compliance with its terms and, both as to form and in operation, with the requirements prescribed by any and all laws that are applicable to such Benefit Plan; does not have and has not had since its inception any unfunded accrued liability; has not experienced any reportable events; has not had any accumulated funding deficiencies or liquidity shortfalls; does not have any liabilities required to be disclosed that have not been disclosed; and has not been partially or fully terminated, nor has the PBGC instituted or threatened a proceeding to terminate any such Benefit Plan or to appoint a trustee. Each Benefit Plan that is not pension or other retirement plan is in material compliance with its terms and, both as to form and operation, with the requirements prescribed by any and all laws that are applicable to such Benefit Plan.

(d) No Benefit Plan is currently or has been within the last three (3) years under audit, inquiry, or investigation by the any governmental entity, and there are no outstanding issues with reference to the Benefit Plans pending before any governmental agency. Other than routine claims for benefits, there are no actions, mediations, audits, arbitrations, suits, claims, or investigations pending or threatened against or with respect to any of the Benefit Plans or their assets, and there are no threatened or pending claims by or on behalf of the Benefit Plans or by any employee of Seller alleging a breach or breaches of fiduciary duties or violations of law.

*3.7 **Litigation or Proceedings.*** Seller has delivered to Buyer an accurate list and summary description (Schedule 3.7) of all litigation or proceedings with respect to the Hospital and the Assets to which Seller is a party. Seller is not in default under any order of any court or federal, state, municipal, or other governmental department, commission, board, bureau, agency or instrumentality wherever located. Except as set forth in a writing delivered by Seller to Buyer which specifically make reference to this Section 3.7 or as set forth on Schedule 3.7, there are no claims, actions, suits, proceedings, or investigations pending, or to the best knowledge of Seller, threatened against or affecting Seller with respect to the Hospital or the Assets, at law or in equity, or before or by any federal, state, municipal, or other governmental department, commission, board, bureau, agency, or instrumentality wherever located.

*3.8 **Taxes.*** Seller has filed all federal, state and local tax returns required to be filed by it (all of which are true and correct in all material respects) and has duly paid or made provision for the payment of all taxes (including any interest or penalties and amounts due state unemployment authorities) which are due and payable to the appropriate tax authorities. Seller has withheld proper and accurate amounts from its employees' compensation in compliance with all withholding and similar provisions of the IRC, including employee withholding and social security taxes, and any and all other applicable laws. No deficiencies for any of such taxes have been asserted or threatened, and no audit on any such returns is currently under way or threatened. There are no outstanding agreements by Seller for the extension of time for the assessment of any such taxes. Seller has not taken and will not take any action in respect of any federal, state or local taxes (including, without limitation, any withholdings required to be made in respect of employees) that may have an adverse impact upon the Hospital or the Assets as of or subsequent to Closing. There are no tax liens on any of the Assets and, to the knowledge of Seller, no basis exists for the imposition of any such liens.

*3.9 **Employee Relations.***

(a) Except as set forth on Schedule 3.9, all employees of the Hospital are employees of Seller. There has not been within the last three (3) years, there is not presently pending or threatened, and no event has occurred or circumstance exists that could provide the basis for any strike, slowdown, picketing, work stoppage, or employee grievance process, or any proceeding against or affecting Seller relating to an alleged violation of any legal requirements pertaining to labor relations, including any charge, complaint, or unfair labor practices claim filed by an employee, union, or other person with the National Labor Relations Board or any comparable governmental body, organizational activity, or other labor dispute against or affecting Seller or its premises. With respect to the employees of Seller, no collective bargaining agreement exists or is currently being negotiated by Seller; no application for certification of a collective bargaining agent is pending; no demand has been made for recognition by a labor organization; no union representation question exists; no union organizing activities are taking place; and none of the employees of Seller is represented by any labor union or organization.

(b) Seller has complied in all respects with all legal requirements relating to employment; employment practices; terms and conditions of employment; equal employment

opportunity; nondiscrimination; immigration; wages; hours; benefits; payment of employment, social security, and similar taxes; occupational safety and health; and plant closing. Seller is not liable for the payment of any compensation, damages, taxes, fines, penalties, interest, or other amounts, however designated, for failure to comply with any of the foregoing legal requirements. Except as set forth in Schedule 3.9, there are no pending or threatened claims before the Equal Employment Opportunity Commission (or comparable state agency), complaints before the Occupational Safety and Health Administration (or comparable state agency), wage and hour claims, unemployment compensation claims, workers' compensation claims, or the like.

(c) Seller has provided to Buyer the personnel records of all of Seller's employees and the salary or wage records for such employees including records reflecting sick, paid-time-off, and vacation leave that is accrued or credited but unused or unpaid. Seller has provided to Buyer copies of each employment, consulting, independent contractor, bonus, or severance agreement to which Seller is a party. Schedule 3.9 states the number of employees terminated or laid off by Seller within the ninety (90) days preceding the Closing; in relation to the foregoing, Seller has not violated the Worker Adjustment and Retraining Notification Act (the "WARN Act") or any similar state or local legal requirements. No officer, director, agent, employee, consultant, or independent contractor of Seller is bound by any contract that purports to limit the ability of such officer, director, agent, employee, consultant, or independent contractor to engage in or continue or perform any conduct, activity, duties or practice relating to the business of Seller.

3.10 The Contracts. Seller has delivered to Buyer an accurate list (Schedule 1.2(e)) of the Contracts. Seller has made available to Buyer true and correct copies of the Contracts, and has given, and will give, the agents, employees and representatives of Buyer access to the originals of the Contracts. The Contracts include all commitments, contracts, leases and agreements, written or oral, which materially affect the Hospital, the Assets or the operation of any thereof, to which Seller is a party or by which Seller, the Hospital or the Assets is bound. Seller represents and warrants with respect to the Contracts that: (a) the Contracts constitute valid and legally binding obligations of the parties thereto and are enforceable in accordance with their terms; (b) each Contract constitutes the entire agreement by and between the respective parties thereto with respect to the subject matter thereof; (c) all obligations required to be performed under the terms of the Contracts have been performed, no act or omission has occurred or failed to occur which, with the giving of notice, the lapse of time or both would constitute a default under the Contracts, and each of such Contracts is now and will be upon and after the Closing Date in full force and effect without default on the part of the parties thereto; (d) except as expressly set forth on Schedule 3.10, none of the Contracts requires consent to the assignment and assumption of such Contracts by Buyer, and Seller will use its best efforts to obtain any required consents prior to the Closing; and (e) except as expressly set forth on Schedule 3.10, the assignment of the Contracts to and assumption of such Contracts by Buyer will not result in any penalty or premium, or variation of the rights, remedies, benefits or obligations of any party thereunder.

3.11 Insurance. Seller has delivered to Buyer an accurate schedule (Schedule 3.11) disclosing the insurance policies covering the ownership and operations of the Hospital and the Assets, which Schedule reflects the policies' numbers, terms, identity of insurers, amounts, and coverage. All of such policies are in full force and effect with no premium arrearage. Seller has given in a timely manner to its insurers all notices required to be given under its insurance policies with respect to all of the claims and actions covered by insurance, and no insurer has denied coverage of any such claims or actions. Seller has not (a) received any notice or other communication from any such insurance company canceling or materially amending any of such insurance policies, and no such cancellation or amendment is threatened or (b) failed to give any required notice or present any

claim which is still outstanding under any of such policies with respect to the Hospital or any of the Assets.

*3.12 **Original Lease.*** A true and correct copy of that certain Lease Agreement dated March 1, 1964 (the "Original Lease"), by and between the City of Anna, Illinois (the "City") and Seller, pursuant to which Seller leases the Leased Real Property from the City, is attached hereto as Schedule 3.12. The Original Lease constitutes the valid and legally binding obligations of the parties thereto and is enforceable in accordance with its terms; (b) the Original Lease constitutes the entire agreement by and between Seller and the City with respect to the subject matter thereof; and (c) all obligations required to be performed under the terms of the Original Lease have been performed, no act or omission has occurred or failed to occur which, with the giving of notice, the lapse of time or both would constitute a default under the Original Lease, and the Original Lease is now and will be upon and after the Closing Date in full force and effect without default on the part of the parties thereto.

*3.13 **Original Agreement.*** Except as set forth on Schedule 3.13 hereto, the representations and warranties of Seller contained in Sections 4.6, 4.7, 4.8, 4.9, 4.15, 4.16 and 4.23 of the Original Agreement are true and correct as of the date hereof as though such representations and warranties had been made on and as of the date hereof.

*3.14 **Full Disclosure.*** This Agreement and Schedules hereto and all Closing Documents (as defined below) furnished and to be furnished to Buyer and its representatives by Seller pursuant hereto do not and will not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements made and to be made not misleading. To the best knowledge of Seller, all other information furnished or to be furnished to Buyer and its representatives pursuant to or in connection with this Agreement does not and will not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements made and to be made not misleading. Copies of all documents referred to in any Schedule hereto have been delivered or made available to Buyer and constitute true, correct and complete copies thereof and include all amendments, exhibits, schedules, appendices, supplements or modifications thereto or waivers thereunder. The term "Closing Documents" means those documents executed and delivered at the Closing pursuant to Section 2 above.

4. REPRESENTATIONS AND WARRANTIES OF BUYER. As of the date hereof, and, when read in light of any Schedules which have been updated in accordance with the provisions of Section 10.1 hereof, as of the Closing Date, Buyer represents and warrants to Seller the following:

*4.1 **Existence and Capacity.*** Buyer is a corporation, duly organized and validly existing in good standing under the laws of the State of Illinois. Buyer has the requisite power and authority to enter into this Agreement and the Sublease, to perform its obligations hereunder and thereunder, and to conduct its business as now being conducted.

*4.2 **Powers; Consents; Absence of Conflicts With Other Agreements, Etc.*** The execution, delivery, and performance of this Agreement by Buyer and all other agreements referenced herein, or ancillary hereto, to which Buyer is a party, and the consummation of the transactions contemplated herein by Buyer:

(a) are within its corporate powers, are not in contravention of law or of the terms of its organizational documents, and have been duly authorized by all appropriate corporate action;

(b) except as provided in Section 6.1 below, do not require any approval or consent of, or filing with, any governmental agency or authority bearing on the validity of this Agreement which is required by law or the regulations of any such agency or authority;

(c) will neither conflict with, nor result in any breach or contravention of, or the creation of any lien, charge or encumbrance under, any indenture, agreement, lease, instrument or understanding to which it is a party or by which it is bound;

(d) will not violate any statute, law, rule, or regulation of any governmental authority to which it may be subject; and

(e) will not violate any judgment, decree, writ, or injunction of any court or governmental authority to which it may be subject.

4.3 ***Binding Agreement.*** This Agreement, the Sublease and all agreements to which Buyer will become a party pursuant hereto or thereto are and will constitute the valid and legally binding obligations of Buyer, and are and will be enforceable against Buyer, in accordance with the respective terms hereof and thereof.

5. COVENANTS OF SELLER PRIOR TO CLOSING. Between the date of this Agreement and the Closing:

5.1 ***Operations.*** From the date hereof until the Closing, Seller will carry on its business pertaining to the Hospital in substantially the same manner as presently conducted and not make any material change in personnel, operations, finance, accounting policies, or real or personal property pertaining to the Hospital.

5.2 ***Negative Covenants.*** From the date hereof until the Closing, Seller will not, without the prior written consent of Buyer take any action outside the ordinary course of business of the Hospital.

5.3 ***Governmental Approvals.*** Seller shall (i) obtain all governmental approvals (or exemptions therefrom) necessary or required to allow Seller to perform its obligations under this Agreement; and (ii) assist and cooperate with Buyer and its representatives and counsel in obtaining all governmental consents, approvals, and licenses which Buyer deems necessary or appropriate and in the preparation of any document or other material which may be required by any governmental agency as a predicate to or as a result of the transactions contemplated herein.

5.4 ***Tail Insurance.*** Prior to the Closing, Seller shall, at its sole cost and expense, obtain "tail" insurance to insure against professional and general liabilities of the Hospital relating to all periods prior to the Closing. The insurance shall have coverage levels equal to the current policies insuring Seller.

6. **COVENANTS OF BUYER PRIOR TO CLOSING.** Between the date of this Agreement and the Closing:

6.1 Governmental Approvals. Buyer shall (i) obtain all governmental approvals (or exemptions therefrom) necessary or required to allow Buyer to perform its obligations under this Agreement; and (ii) assist and cooperate with Seller and its representatives and counsel in obtaining all governmental consents, approvals, and licenses which Seller deems necessary or appropriate and in the preparation of any document or other material which may be required by any governmental agency as a predicate to or as a result of the transactions contemplated herein.

6.2 Title Commitment. Buyer, at its expense, shall obtain a current title commitment (the "Title Commitment") issued by a title insurance company selected by Buyer (the "Title Company"), together with legible copies of all exceptions to title referenced therein. The Title Commitment shall contain the express commitment of the Title Company to issue a Leasehold Owner's Title Policy (the "Title Policy") to Buyer in an amount equal to the amount being allocated by the parties to the Real Property insuring good and marketable leasehold title to the Real Property with the standard printed exceptions endorsed or deleted in accordance with Section 7.3 hereof.

6.3 Survey. Seller shall deliver copies of all existing surveys of the Real Property to Buyer. Buyer, at its expense, shall obtain a current as-built survey of the Real Property (the "Survey"). The Survey shall meet the requirements of an ALTA/ASCM survey and otherwise be in form and detail satisfactory to Buyer.

7. **CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER.** Notwithstanding anything herein to the contrary, the obligations of Buyer to consummate the transactions described herein are subject to the fulfillment, on or prior to the Closing Date, of the following conditions precedent unless (but only to the extent) waived in writing by Buyer at the Closing:

7.1 Representations/Warranties. The representations and warranties of Seller contained in this Agreement shall be true when made and, when read in light of any Schedules that have been updated in accordance with the provisions of Section 10.1 hereof, as of the Closing Date as though such representations and warranties had been made on and as of such Closing Date. Each and all of the terms, covenants, and conditions of this Agreement to be complied with or performed by Seller on or before the Closing Date pursuant to the terms hereof shall have been duly complied with and performed.

7.2 Pre-Closing Confirmations. Buyer shall have obtained documentation or other evidence satisfactory to Buyer in its reasonable discretion that Buyer has:

(a) Received approval from all Government Entities whose approval is required to complete the transactions herein contemplated, including, without limitation, the approval of the Illinois Health Facilities Planning Board;

(b) Received written confirmation from all applicable licensure agencies that upon the Closing all licenses required by law to operate the Hospital as currently operated will be transferred to, or issued or reissued in the name of, Buyer;

(c) Obtained reasonable assurances that Medicare and Medicaid certification of the Hospital for its operation by Buyer will be effective as of the Closing and that Buyer may participate in and receive reimbursement from such programs effective as of the Closing; and

(d) Obtained such other consents and approvals as may be legally or contractually required for the consummation of the transactions described herein.

7.3 ***Title Policy.*** At the Closing, the Title Company shall be ready, willing and able to issue a pro forma of the Title Policy (or marked Title Commitment containing no additional exceptions to title to the Real Property) to Buyer. The Title Policy shall be issued on an ALTA Form 1992 Leasehold Owner's Title Policy in an amount equal to the amount being allocated by the parties to the Real Property and shall insure to Buyer good and marketable leasehold title to the Real Property subject only to (i) the Permitted Encumbrances, and (ii) taxes for the current and subsequent years "not yet due and payable." The Title Policy shall have all standard and general exceptions deleted so as to afford full "extended form coverage" and shall contain such endorsements thereto as Buyer may reasonably require in connection with its review of the Title Commitment and the Survey.

7.4 ***Actions/Proceedings.*** No action or proceeding before a court or any other governmental agency or body shall have been instituted or threatened to restrain or prohibit the transactions herein contemplated, and no governmental agency or body shall have taken any other action or made any request of any party hereto as a result of which Buyer reasonably and in good faith deems it inadvisable to proceed with the transactions hereunder.

7.5 ***Adverse Change.*** No material adverse change in the results of operations, financial condition, business or prospects of the Hospital shall have occurred, and Seller shall not have suffered any material change, loss or damage to the Assets, whether or not covered by insurance.

7.6 ***Insolvency.*** Seller shall not (i) be in receivership or dissolution, (ii) have made any assignment for the benefit of creditors, (iii) have admitted in writing its inability to pay its debts as they mature, (iv) have been adjudicated a bankrupt, or (v) have filed a petition in voluntary bankruptcy, a petition or answer seeking reorganization, or an arrangement with creditors under the federal bankruptcy law or any other similar law or statute of the United States or any state, nor shall any such petition have been filed against Seller.

7.7 ***Opinion of Counsel to Seller.*** Buyer shall have received an opinion from counsel to Seller dated as of the Closing Date and addressed to Buyer, in form and substance satisfactory to counsel for Buyer, covering the matters set forth in Exhibit A hereto.

7.8 ***Consents to Assignments.*** All consents, waivers, and estoppels of third parties which are reasonably necessary, in the opinion of Buyer, to complete effectively the transactions herein contemplated shall have been obtained and are in form and substance reasonably satisfactory to Buyer.

7.9 ***Closing Documents.*** All Closing Documents required by Section 2.2 shall have been delivered to Buyer.

8. **CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER.** Notwithstanding anything herein to the contrary, the obligations of Seller to consummate the transactions described herein are subject to the fulfillment, on or prior to the Closing Date, of the following conditions precedent unless (but only to the extent) waived in writing by Seller at the Closing:

8.1 ***Representations/Warranties.*** The representations and warranties of Buyer contained in this Agreement shall be true when made and, when read in light of any Schedules that have been updated in accordance with the provisions of Section 10.1 hereof, as of the Closing Date as though

such representations and warranties had been made on and as of such Closing Date. Each and all of the terms, covenants, and conditions of this Agreement to be complied with or performed by Buyer on or before the Closing Date pursuant to the terms hereof shall have been duly complied with and performed.

8.2 Governmental Approvals. All material consents, authorizations, orders and approvals of (or filings or registrations with) any Government Entity or other party required in connection with the execution, delivery and performance of this Agreement shall have been obtained or made by Buyer when so required, except for any documents required to be filed, or consents, authorizations, orders or approvals required to be issued, after the Closing Date.

8.3 Actions/Proceedings. No action or proceeding before a court or any other governmental agency or body shall have been instituted or threatened to restrain or prohibit the transactions herein contemplated, and no governmental agency or body shall have taken any other action or made any request of any party hereto as a result of which Seller reasonably and in good faith deems it inadvisable to proceed with the transactions hereunder.

8.4 Insolvency. Buyer shall not (i) be in receivership or dissolution, (ii) have made any assignment for the benefit of creditors, (iii) have admitted in writing its inability to pay its debts as they mature, (iv) have been adjudicated a bankrupt, or (v) have filed a petition in voluntary bankruptcy, a petition or answer seeking reorganization, or an arrangement with creditors under the federal bankruptcy law or any other similar law or statute of the United States or any state, nor shall any such petition have been filed against Buyer.

8.5 Opinion of Counsel to Buyer. Seller shall have received an opinion from counsel to Buyer and CHS dated as of the Closing Date and addressed to Seller, in form and substance satisfactory to counsel for Seller, covering the matters set forth in Exhibit B hereto.

8.6 Closing Documents. All Closing Documents required by Section 2.3 shall have been delivered to Seller.

9. ADDITIONAL AGREEMENTS.

9.1 Allocation of Consideration. The Consideration shall be allocated between rent and among the various classes of Assets in accordance with and as provided by Section 1060 of the IRC. Within one hundred eighty (180) days of the Closing, Buyer shall provide Seller with a preliminary allocation of the Consideration for Seller's review and approval, which approval shall not be unreasonably withheld or delayed. The parties agree that any tax returns or other tax information they may file or cause to be filed with any governmental agency shall be prepared and filed consistently with such agreed upon allocation. In this regard, the parties agree that, to the extent required, they will each properly prepare and timely file Form 8594 in accordance with Section 1060 of the IRC.

9.2 Termination Prior to Closing. Notwithstanding anything herein to the contrary, this Agreement may be terminated at any time: (i) on or prior to the Closing Date by mutual consent of Seller and Buyer; (ii) by Buyer by written notice to Seller if any event occurs or condition exists which has or will cause Seller to be unable to satisfy one or more conditions to the obligations of Buyer to consummate the transactions contemplated by this Agreement as set forth in Section 7; (iii) by Seller by written notice to Buyer if any event occurs or condition exists which has or will cause Buyer to be unable to satisfy one or more conditions to the obligations of Seller to consummate the transactions contemplated by this Agreement as set forth in Section 8; (iv) by Buyer or Seller if the

Closing Date shall not have taken place on or before January 31, 2007 (which date may be extended by mutual agreement of Buyer and Seller); or (v) by either Seller or Buyer pursuant to Section 10.1 hereof.

9.3 Post Closing Access to Information. Seller and Buyer acknowledge that subsequent to the Closing each party may need access to information or documents in the control or possession of the other party for the purposes of concluding the transactions herein contemplated, audits, compliance with governmental requirements and regulations, and the prosecution or defense of third party claims. Accordingly, Seller and Buyer agree that for a period of six (6) years after the Closing each will make reasonably available to the other's agents, independent auditors, counsel, and/or governmental agencies upon written request and at the expense of the requesting party such documents and information as may be available relating to the Assets for periods prior and subsequent to the Closing to the extent necessary to facilitate concluding the transactions herein contemplated, audits, compliance with governmental requirements and regulations, and the prosecution or defense of claims.

9.4 CON Disclaimer. This Agreement shall not be deemed to be an acquisition or obligation of a capital expenditure or of funds within the meaning of the certificate of need statute of any state, until the appropriate governmental agencies shall have granted a certificate of need or the appropriate approval or ruled that no certificate of need or other approval is required.

9.5 Tax and Medicare Effect. None of the parties (nor such parties' counsel or accountants) has made or is making any representations to any other party (nor such party's counsel or accountants) concerning any of the tax or Medicare effects of the transactions provided for in this Agreement as each party hereto represents that each has obtained, or may obtain, independent tax and Medicare advice with respect thereto and upon which it, if so obtained, has solely relied.

9.6 Reproduction of Documents. This Agreement and all documents relating hereto may, subject to the provisions of Section 10.10 hereof, be reproduced by Seller and by Buyer by any photographic, photostatic, microfilm, micro-card, miniature photographic or other similar process and Seller and Buyer may destroy any original documents so reproduced. Seller and Buyer agree and stipulate that any such reproduction shall be admissible in evidence as the original itself in any judicial, arbitral or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by the Seller or Buyer in the regular course of business) and that any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

9.7 Cooperation on Tax Matters. Following the Closing, the parties shall cooperate fully with each other and shall make available to the other, as reasonably requested and at the expense of the requesting party, and to any taxing authority, all information, records or documents relating to tax liabilities or potential tax liabilities of Seller for all periods on or prior to the Closing and any information which may be relevant to determining the amount payable under this Agreement, and shall preserve all such information, records and documents (to the extent a part of the Purchased Assets delivered to Buyer at Closing) at least until the expiration of any applicable statute of limitations or extensions thereof.

9.8 Cost Reports. Buyer shall prepare and file all terminating and other cost reports required or permitted by law to be filed under the Medicare and Medicaid or other third party payor programs and the State Health Agency for periods ending on or prior to the Closing Date, or as a result of the consummation of the transactions described herein. Buyer shall have the right, at its

expense, to reopen or amend previously filed or closed Medicare and Medicaid cost reports pertaining to the Hospital, in which case Buyer shall have the right to any additional amounts due the Hospital from the Medicare and Medicaid programs relating to such reopened or amended cost reports. Buyer shall have the right to appeal any Medicare or Medicaid determinations related to any such reopened or amended costs reports.

9.9 Misdirected Payments, Etc. Seller and Buyer covenant and agree to remit, with reasonable promptness, to the other any payments received, which payments are on or in respect of accounts or notes receivable owned by (or are otherwise payable to) the other.

9.10 Employee Matters. As of the Closing Date, Seller shall terminate all of its employees at the Hospital, and Buyer shall hire all active employees in good standing commencing as of the Closing Date in positions and at seniority and compensation levels consistent with those being provided by Seller immediately prior to the Closing Date. Notwithstanding the foregoing, Buyer reserves the right not to hire any individual employee for any lawful reason whatsoever. Nothing herein shall be deemed to affect or limit in any way normal management prerogatives of Buyer with respect to employees, create or grant to any employees third-party beneficiary rights or claims of any kind or nature, or alter any employment-at-will relationship between the Buyer and the employees. In respect of the employees employed by Buyer, Buyer shall provide such employees with employee benefits consistent with the benefits generally offered to employees of affiliates of Buyer in the same geographic area as the Hospital and, to the extent Seller has qualified retirement plans for such employees, Buyer shall recognize the existing seniority of all such employees for benefits purposes and shall provide credit under such plans for purposes of determining eligibility and vesting and the rate of benefit accrual (but not actual benefit accrual); provided, however, that no such credit need be given in respect of any new plan commenced or participated in by Buyer in which no prior service credit is given or recognized to or for other plan beneficiaries. In extending such benefits, Buyer shall waive pre-existing conditions limitations in Buyer's welfare benefit plans that might otherwise apply to such employees except to the extent employees have not satisfied such limitations under the current welfare benefit plans of Seller but only to the extent permitted under the terms of Seller's welfare benefit plans and applicable insurance policies. Following the Closing Date, Seller shall continue to be responsible for the administration of, and all obligations and liabilities relating to, the Benefit Plans.

10. MISCELLANEOUS.

10.1 Schedules and Other Instruments. Each Schedule and Exhibit to this Agreement shall be considered a part hereof as if set forth herein in full. From the date hereof until the Closing Date, Seller or Buyer may update their Schedules, subject to the other party's approval rights described below. Any other provision herein to the contrary notwithstanding, all Schedules, Exhibits, or other instruments provided for herein and not delivered at the time of execution of this Agreement or which are incomplete at the time of execution of this Agreement shall be delivered or completed within ten (10) days after the date hereof or prior to the Closing, whichever is sooner. It shall be deemed a condition precedent to the obligations of the parties hereto that each of the Schedules, Exhibits, and related documents, instruments, books, and records shall meet with the approval of such parties. If a party, in its sole discretion, determines that it should not consummate the transactions contemplated by this Agreement because of any information contained in a Schedule, Exhibit or other instrument that is delivered to such party after the execution of this Agreement, then such party may terminate this Agreement on or before the Closing by giving written notice thereof to the other party.

10.2 Additional Assurances. The provisions of this Agreement shall be self-operative and shall not require further agreement by the parties except as may be herein specifically provided to the contrary; provided, however, at the request of a party, the other party or parties shall execute such additional instruments and take such additional actions as the requesting party may deem necessary to effectuate this Agreement.

10.3 Consented Assignment. Anything contained herein to the contrary notwithstanding, this Agreement shall not constitute an agreement to assign any claim, right, contract, license, lease, commitment, sales order, or purchase order if an attempted assignment thereof without the consent of the other party thereto would constitute a breach thereof or in any material way affect the rights of Seller thereunder, unless such consent is obtained. Each of Seller and Buyer shall use its best efforts to obtain any third party consents to the transactions contemplated by this Agreement. If such consent is not obtained, or if an attempted assignment would be ineffective or would materially affect the rights thereunder of Seller so that Buyer would not in fact receive all such rights, Seller and Buyer shall cooperate in good faith in any reasonable arrangement designed to provide for Buyer the benefits under any such claim, right, contract, license, lease, commitment, sales order, or purchase order, including, without limitation, enforcement of any and all rights of Seller against the other party or parties thereto arising out of the breach or cancellation by such other party or otherwise.

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

10.5 Legal Fees and Costs. In the event a party elects to incur legal expenses to enforce or interpret any provision of this Agreement by judicial proceedings, the prevailing party will be entitled to recover such legal expenses, including, without limitation, reasonable attorneys' fees, costs, and necessary disbursements at all court levels, in addition to any other relief to which such party shall be entitled.

10.6 Choice of Law. The parties agree that this Agreement shall be governed by and construed in accordance with the laws of the State of Illinois without regard to conflict of laws principles.

10.7 Benefit/Assignment. Subject to provisions herein to the contrary, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective legal representatives, successors, and assigns. No party may assign this Agreement without the prior written consent of the other parties, which consent shall not be unreasonably withheld; provided, however, that any party may, without the prior written consent of the other parties, assign its rights and delegate its duties hereunder to one or more Affiliates (as defined in Section 10.18).

10.8 No Brokerage. Buyer and Seller each represent and warrant to the other that it has not engaged a broker in connection with the transactions described herein. Each party agrees to be solely liable for and obligated to satisfy and discharge all loss, cost, damage, or expense arising out of claims for fees or commissions of brokers employed or alleged to have been employed by such party.

10.9 Cost of Transaction. Whether or not the transactions contemplated hereby shall be consummated, the parties agree as follows: (i) Seller shall pay the fees, expenses, and disbursements of Seller and its agents, representatives, accountants, and legal counsel incurred in connection with

the subject matter hereof and any amendments hereto; (ii) Buyer shall pay the fees, expenses, and disbursements of Buyer and its agents, representatives, accountants and legal counsel incurred in connection with the subject matter hereof and any amendments hereto; and (iii) Buyer shall pay any state or local deed, stamp or other tax associated with or assessed in connection with the conveyance of any of the Assets.

10.10 Confidentiality. It is understood by the parties hereto that the information, documents, and instruments delivered to Buyer by Seller and its agents and the information, documents, and instruments delivered to Seller by Buyer and its agents are of a confidential and proprietary nature. Each of the parties hereto agrees that both prior and subsequent to the Closing it will maintain the confidentiality of all such confidential information, documents, or instruments delivered to it by each of the other parties hereto or their agents in connection with the negotiation of this Agreement or in compliance with the terms, conditions, and covenants hereof and will only disclose such information, documents, and instruments to its duly authorized officers, members, directors, representatives, and agents (including consultants, attorneys, and accountants of each party) and applicable governmental authorities in connection with any required notification or application for approval or exemption therefrom. Each of the parties hereto further agrees that if the transactions contemplated hereby are not consummated, it will return all such documents and instruments and all copies thereof in its possession to the other parties to this Agreement. Each of the parties hereto recognizes that any breach of this Section 10.10 would result in irreparable harm to the other party to this Agreement and its Affiliates (as defined in Section 10.18 below) and that therefore either Seller or Buyer shall be entitled to an injunction to prohibit any such breach or anticipated breach, without the necessity of posting a bond, cash, or otherwise, in addition to all of its other legal and equitable remedies. Nothing in this Section 10.10, however, shall prohibit the use of such confidential information, documents, or information for such governmental filings as in the opinion of Seller's counsel or Buyer's counsel are required by law or governmental regulations or are otherwise required to be disclosed pursuant to applicable state law.

10.11 Public Announcements. Seller and Buyer mutually agree that no party hereto shall release, publish, or otherwise make available to the public in any manner whatsoever any information or announcement regarding the transactions herein contemplated without the prior written consent of Seller and Buyer, except for information and filings reasonably necessary to be directed to governmental agencies to fully and lawfully effect the transactions herein contemplated or required in connection with securities and other laws.

10.12 Waiver of Breach. The waiver by any party of a breach or violation of any provision of this Agreement shall not operate as, or be construed to constitute, a waiver of any subsequent breach of the same or any other provision hereof.

10.13 Notice. Any notice, demand, or communication required, permitted, or desired to be given hereunder shall be deemed effectively given when personally delivered, when received by receipted overnight delivery, or five (5) days after being deposited in the United States mail, with postage prepaid thereon, certified or registered mail, return receipt requested, addressed as follows:

Seller:

Union County Hospital District
517 North Main Street
Anna, Illinois 62906
Attention: Chairman

With a simultaneous copy to:	Gary E. Stark, Esq. Johnson & Stark, LLC 309 Division Street Cairo, Illinois 62914
Buyer:	Anna Hospital Corporation c/o Community Health Systems 7100 Commerce Way, Suite 100 Brentwood, Tennessee 37027 Attention: President
With a simultaneous copy to:	Community Health Systems 7100 Commerce Way, Suite 100 Brentwood, Tennessee 37027 Attention: General Counsel

or to such other address, and to the attention of such other person or officer as any party may designate, with copies thereof to the respective counsel thereof as notified by such party.

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

10.15 Gender and Number. Whenever the context of this Agreement requires, the gender of all words herein shall include the masculine, feminine, and neuter, and the number of all words herein shall include the singular and plural.

10.16 Divisions and Headings. The divisions of this Agreement into sections and subsections and the use of captions and headings in connection therewith are solely for convenience and shall have no legal effect in construing the provisions of this Agreement.

10.17 Survival. All of the representations, warranties, covenants, and agreements made by the parties in this Agreement or pursuant hereto in any certificate, instrument, or document shall survive the consummation of the transactions described herein, and may be fully and completely relied upon by Seller and Buyer, as the case may be, notwithstanding any investigation heretofore or hereafter made by any of them or on behalf of any of them, and shall not be deemed merged into any instruments or agreements delivered at the Closing or thereafter.

10.18 Affiliates. As used in this Agreement, the term "Affiliate" means, as to the entity in question, any person or entity that directly or indirectly controls, is controlled by or is under common control with, the entity in question and the term "control" means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity whether through ownership of voting securities, by contract or otherwise.

10.19 Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHTS IT MAY HAVE TO DEMAND THAT ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT OR THE RELATIONSHIPS OF THE PARTIES HERETO BE TRIED BY JURY. THIS WAIVER EXTENDS TO ANY AND ALL RIGHTS TO DEMAND A TRIAL BY

JURY ARISING FROM ANY SOURCE INCLUDING, BUT NOT LIMITED TO, THE CONSTITUTION OF THE UNITED STATES OR ANY STATE THEREIN, COMMON LAW OR ANY APPLICABLE STATUTE OR REGULATIONS. EACH PARTY HERETO ACKNOWLEDGES THAT IT IS KNOWINGLY AND VOLUNTARILY WAIVING ITS RIGHT TO DEMAND TRIAL BY JURY.

10.20 Accounting Date. The transactions contemplated hereby shall be effective for accounting purposes as of 12:01 a.m. on the Closing Date, unless otherwise agreed in writing by Seller and Buyer. The parties will use commercially reasonable efforts to cause the Closing to be effective as of a month end, with equitable adjustments made to the Consideration necessary to give effect to the foregoing.

10.21 No Inferences. Inasmuch as this Agreement is the result of negotiations between sophisticated parties of equal bargaining power represented by counsel, no inference in favor of, or against, either party shall be drawn from the fact that any portion of this Agreement has been drafted by or on behalf of such party.

10.22 No Third Party Beneficiaries. The terms and provisions of this Agreement are intended solely for the benefit of Buyer and Seller and their respective permitted successors or assigns, and it is not the intention of the parties to confer, and this Agreement shall not confer, third-party beneficiary rights upon any other person.

10.23 Enforcement of Agreement. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement was not performed in accordance with its specific terms or was otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of competent jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

10.24 Entire Agreement/Amendment. This Agreement supersedes all previous contracts or understandings, including any offers, letters of intent, proposals or letters of understanding, and constitutes the entire agreement of whatsoever kind or nature existing between or among the parties respecting the within subject matter, and no party shall be entitled to benefits other than those specified herein. As between or among the parties, no oral statements or prior written material not specifically incorporated herein shall be of any force and effect. The parties specifically acknowledge that in entering into and executing this Agreement, the parties rely solely upon the representations and agreements contained in this Agreement and no others. All prior representations or agreements, whether written or verbal, not expressly incorporated herein are superseded, and no changes in or additions to this Agreement shall be recognized unless and until made in writing and signed by all parties hereto. This Agreement may be executed in two or more counterparts, each and all of which shall be deemed an original and all of which together shall constitute but one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in multiple originals by their authorized officers, all as of the date first above written.

UNION COUNTY HOSPITAL DISTRICT

By: _____

Title: CHAIRMAN

("Seller")

ANNA HOSPITAL CORPORATION

By: _____

Title: President

("Buyer")

ATTACHMENT 3

OPERATING ENTITY/LICENSEE

The licensee of the applicant facility will remain the same after the transaction. Included with this Attachment is the licensee's Certificate of Good Standing. All direct owners of a 5% or more interest in the applicant facility are identified in the organizational chart included with Attachment 4.

File Number 6155-297-9

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

ANNA HOSPITAL CORPORATION, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON MARCH 22, 2001, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 3RD *day of* APRIL ***A.D.*** 2020 .

Authentication #: 2009405390 verifiable until 04/03/2021
Authenticate at: http://www.cyberdriveillinois.com

Jesse White

SECRETARY OF STATE

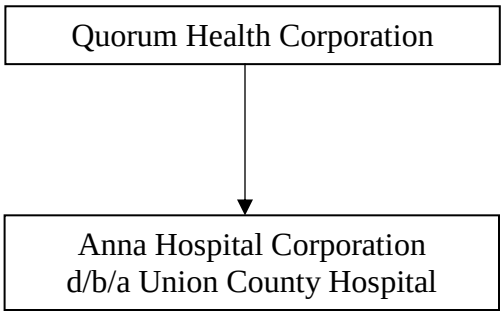
ATTACHMENT 3

ATTACHMENT 4

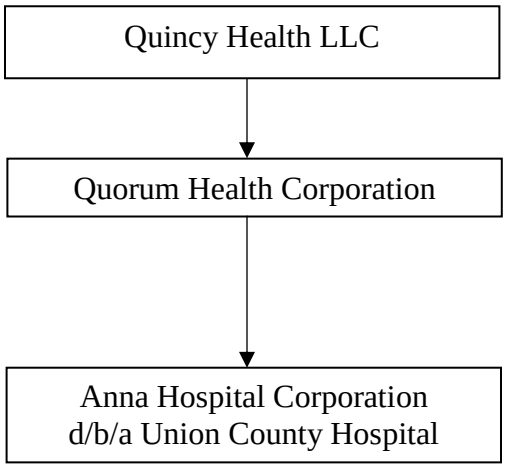
ORGANIZATIONAL RELATIONSHIPS

The applicant facility is owned by the applicant Quorum Health Corporation. As a result of the proposed restructuring Quorum Health Corporation will be wholly owned by Quincy Health, LLC, as further described in Section 2 (Narrative Description). Current and proposed organizational charts are included with this Attachment. All direct owners of a 5% or more interest in the applicant facility are identified in the organizational charts.

Pre-Transaction Organizational Chart



Post-Transaction Organizational Chart



ATTACHMENT 5

BACKGROUND OF THE APPLICANTS

1. **A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.**

Quorum Hospital Corporation's affiliated Illinois health care facilities are:

A. Hospitals

Crossroads Community Hospital
8 Doctors Park Rd
Mount Vernon, Illinois
General Hospital License #0003947

Galesburg Cottage Hospital
695 N Kellogg St
Galesburg, Illinois
General Hospital License #0005330

Gateway Regional Medical Center
2100 Madison Ave, Granite City, Illinois
General Hospital License #0005223

Heartland Regional Medical Center
3333 W DeYoung St
Marion, Illinois
General Hospital License #0005298

Red Bud Regional Hospital
325 Spring Street
Red Bud, Illinois
Critical Access Hospital License #0005199

Union County Hospital
517 North Main Street
Anna, Illinois
Critical Access Hospital License #0005421

Vista Medical Center East
1324 N Sheridan Rd
Waukegan, Illinois
General Hospital License #0005397

B. Ambulatory Surgical Treatment Centers

Edwardsville Ambulatory Surgery Center
12 Ginger Creek Parkway
Glen Carbon, Illinois
ASTC License #7002504

Lindenhurst Surgery Center
1050 Red Oak Lane
Lindenhurst, Illinois
ASTC License #7003168

Monroe County Surgical Center
501 Hamacher St
Waterloo, Illinois
ASTC License #7003194

C. Freestanding Emergency Centers

Lindenhurst Freestanding Emergency Center
1050 Red Oak Lane
Lindenhurst, Illinois
Freestanding Emergency Center License #22004

2. A listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility.

Other than the facilities listed in paragraph 1 above, no health care facilities are currently owned or operated in Illinois by any of the applicants identified in the organizational charts included in Attachment 4 and their respective corporate officers or directors.

3. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant, directly or indirectly, during the three years prior to the filing of the application. Please provide information for each applicant, including corporate officers or directors, LLC members, partners and owners of at least 5% of the proposed facility. A health care facility is considered owned or operated by every person or entity that owns, directly or indirectly, an ownership interest.

Included with Attachment 6 is the applicants' certification of no adverse action during the three years prior to the filing of the application.

4. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations.

Included with Attachment 6 is the applicants' authorization permitting HFSRB and IDPH access to any documents necessary to verify the information submitted.

5. If, during a given calendar year, an applicant submits more than one Application, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion.

The applicants are not relying on information submitted in prior applications.

ATTACHMENT 6

CHANGE OF OWNERSHIP

1. Section 1130.520(b)(1)(A) - Names of the parties

a. Anna Hospital Corporation d/b/a Union County Hospital
b. Quorum Health Corporation
c. Quincy Health LLC

2. Section 1130.520(b)(1)(B) - Background of the parties

The applicants' certification of no adverse action within three years preceding the filing of the application is included with this Attachment. In addition, each of the applicants, by their signatures to the Certification pages of this application, attest that they are fit, willing, able, and have the qualifications, background, and character to adequately provide a proper standard of health service for the community.

3. Section 1130.520(b)(1)(C) - Structure of the transaction

The applicant facility is owned by Quorum Health Corporation ("Quorum"), a publicly-traded company. On April 7, 2020, Quorum and certain of its subsidiaries filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code with the Bankruptcy Court for the District of Delaware to implement a negotiated financial restructuring (the "Restructuring"). Once the Restructuring is approved by the bankruptcy court, Quorum will emerge from bankruptcy. As a result of the emergence from bankruptcy, Quorum's ownership will change and Quincy Health, LLC will become the new owner of Quorum Health.

The applicant facility will continue to exist and serve patients through the course of the bankruptcy proceeding and thereafter. The Restructuring is expected to bring greater financial stability to a distressed community hospital enabling it to continue to provide essential healthcare services to Illinois residents, particularly during the COVID-19 crisis. The applicant facility will continue to conduct business at the same location, under the same legal entity, federal tax identification number, and operating license. The Restructuring is not expected to change or alter any of the policies or procedures, personnel, or operations of the facility.

Unlike a merger and acquisition transaction where the seller and buyer determine the timing of closing, the approval of the Restructuring plan is subject to the approval and discretion of the court handling the bankruptcy petition. In this matter, the court is expected to confirm the plan of reorganization within approximately 45 days after the bankruptcy filing, and Quorum and its subsidiaries, and the applicant facility, are expected to emerge from bankruptcy within approximately 60 days from the date of the bankruptcy filing (*i.e.*, likely on or before June 8, 2020).

A copy of the press release issued by Quorum and a copy of Quorum's Form 8-K filed with the United States Securities and Exchange Commission in connection with this transaction are included with this attachment.

4. **Section 1130.520(b)(1)(D) - Name of the person who will be licensed or certified entity after the transaction**

There will be no change in the licensed entity as a consequence of the proposed transaction. The licensee will remain Anna Hospital Corporation d/b/a Union County Hospital.

5. **Section 1130.520(b)(1)(E) - List of the ownership or membership interests in such licensed or certified entity both prior to and after the transaction, including a description of the applicant's organizational structure with a listing of controlling or subsidiary persons.**

Organizational charts showing the current interest structure of the applicant facility and the post-change ownership interest are included with Attachment 4.

6. **Section 1130.520(b)(1)(F) - Fair market value of assets to be transferred.**

Due to the nature of the restructuring transaction, no specific consideration is designated as being for or attributable to the facilities for which certificate of exemption applications are being submitted. In FY 2019, Quorum Health Corporation generated net revenue of approximately $460,190,064 from the eleven Illinois health care facilities listed in Attachment 5. The net revenue of the applicant facility for FY 2019 is as follows:

Union County Hospital: $22,672,065

7. **Section 1130.520(b)(1)(G) - The purchase price or other forms of consideration to be provided for those assets.**

See paragraph 6 above.

Section 1130.520(b)(2) - Affirmation that any projects for which permits have been issued have been completed or will be completed or altered in accordance with the provisions of this Section

In accordance with 77 Ill. Admin. Code 1130.520, the applicants, by their signatures to the Certification pages of this application, affirm that any projects for which permits have been issued by the Review Board have been completed or will be completed or altered in accordance with the provisions of 77 Ill. Admin. Code 1130.520.

8. **Section 1130.520(b)(3) - If the ownership change is for a hospital, affirmation that the facility will not adopt a more restrictive charity care policy than the policy that was in effect one year prior to the transaction. The hospital must provide affirmation that the compliant charity care policy will remain in effect for a two-year period following the change of ownership transaction**

The applicants, by their signatures to the Certification pages of this application, attest that the compliant charity care policy for any hospital applicant will remain in effect for a two-year period following the transaction.

9. **Section 1130.520(b)(4) - A statement as to the anticipated benefits of the proposed changes in ownership to the community**

The proposed restructuring is expected to bring greater financial stability to a distressed community health care facility enabling it to continue to provide essential healthcare services to Illinois residents, particularly during the COVID-19 crisis. The restructuring will allow the applicant facility to continue to exist and serve patients through the course of the bankruptcy proceeding and thereafter. The applicant facility will continue to conduct business at the same location, under the same legal entity and federal tax identification number. The restructuring is not expected to change or alter any of the applicants' policies or procedures, equipment, personnel, or operations.

10. Section 1130.520(b)(5) - The anticipated or potential cost savings, if any, that will result for the community and the facility because of the change in ownership

Quorum believes the restructuring will significantly reduce its debt and annual interest expense and better position the company, its affiliated hospitals, and its hospital management and consulting company, for future growth. The restructuring will also build on the significant progress Quorum has made to strengthen its operations.

In connection with the restructuring and the Chapter 11 filing, Quorum has received a commitment for debtor-in-possession financing consisting of $100 million, from certain of its existing noteholders. Upon Court approval, the new financing and cash generated from the company's ongoing operations will be used to support the business during the court-supervised process. Quorum has also received a $200 million equity commitment from certain noteholders that will be funded upon completion of the case and used to pay various costs and reduce debt.

11. Section 1130.520(b)(6) - A description of the facility's quality improvement program mechanism that will be utilized to assure quality control

The applicant facility's quality improvement program mechanism will not change as a result of the proposed transaction.

12. Section 1130.520(b)(7) - A description of the selection process that the acquiring entity will use to select the facility's governing body

The selection process of the applicant facility's governing body will not change as a result of the proposed transaction. Quincy Health LLC will not be involved in the day-to-day operations of the applicant facility.

13. Section 1130.520(b)(9)- A description or summary of any proposed changes to the scope of services or levels of care currently provided at the facility that are anticipated to occur within 24 months after acquisition.

The applicants are not anticipating changes to the scope of services or levels of care currently provided at the facility to occur within 24-months related to the proposed transaction. The impact of the Coronavirus pandemic is causing changes in the scope of services at health care facilities throughout Illinois and the country, and the applicants cannot predict what specific impact the pandemic may have on services at the applicants' facilities.

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Ms. Avery:

On behalf of the applicant facility and Quorum Health Corporation ("Quorum"), I hereby certify that no adverse action has been taken against the applicant facility or any other Illinois facility owned, operated and/or controlled by Quorum during the three years prior to the filing of this application for change of ownership.

The applicants affirm that all Quorum owned Illinois health care facilities are identified in this application and that no other health care facilities are currently owned or operated in Illinois by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the applicant facility.

The applicants hereby permit the Illinois Health Facilities and Services Review Board and Illinois Department of Public Health ("IDPH") to have access to any documents necessary to verify the information submitted in the application for change of ownership of the facility including, but not limited to: (i) official records of IDPH or other State of Illinois agencies; (ii) the licensing or certification records of other states, when applicable; and (iii) the records of nationally recognized accreditation organizations.

The applicants further attest that the hospital facilities will not adopt a more restrictive charity care policy that was in effect one year prior to the transaction.

Respectfully submitted,

Martin Smith
Executive Vice President & Chief Operating Officer
Quorum Health Corporation

4/8/2020
Dated

ATTACHMENT 6

View printer-friendly version

<< Back

Quorum Health Corporation Reaches Agreement with Majority of Lenders and Noteholders on Prepackaged Recapitalization Plan

Company Hospital Facilities Are Unaffected, Open and Continue to Provide Patient Care

Financial Recapitalization Plan will Significantly Reduce Size and Cost of Debt to Better Position Quorum and its Hospitals for Long-term Growth

BRENTWOOD, Tenn.--(BUSINESS WIRE)--Apr. 7, 2020-- Quorum Health Corporation (NYSE: QHC) (the "Company") today announced that it has entered into a Restructuring Support Agreement (the "RSA") with a majority of its term loan lenders and noteholders on a "pre-packaged" plan to recapitalize the business and significantly reduce the size and cost of the Company's debt. Under the terms of this pre-packaged plan, Quorum Health will reduce its debt by approximately $500 million.

To implement the plan, Quorum Health filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware (the "Court").

The operations of Quorum Health and its hospitals are unaffected and all facilities are open and available to provide patient care. The Company's subsidiary, Quorum Health Resources, is also continuing to provide the same high quality services to its hospital, health system and healthcare provider clients. Quorum Health-affiliated hospitals are focused on ensuring employees, physicians and providers can continue to provide quality care to the patients and communities they serve. The intent of the plan is to ensure that patients and families experience the same care that exists today. Employees will be paid their wages and benefits in the ordinary course for the work they perform. In addition, the parties to the RSA have agreed and have requested Court authority to pay suppliers in full for goods and services provided before and after filing.

"We believe the financial restructuring plan announced today will strengthen our business and enable our community hospitals to continue the important work they are doing in addressing the COVID-19 crisis, as well as serve their patients and communities," said Bob Fish, Quorum Health Corporation President and Chief Executive Officer.

"Quorum Health has been transparent about the need to restructure our debt over the past year. We believe the RSA will significantly reduce our debt and annual interest expense and better position our company, our affiliated hospitals, and our hospital management and consulting company, for future growth. The RSA will also build on the significant progress we have made to strengthen our operations. We are grateful for the support of our financial stakeholders, which we believe represents a statement of confidence in our business and enables us to move through this process on an expedited basis," Fish continued.

In connection with the RSA and the expected Chapter 11 filing, Quorum Health has received a commitment for debtor-in-possession ("DIP") financing consisting of $100 million, from certain of its existing noteholders. Upon Court approval, the new financing and cash generated from the Company's ongoing operations will be used to support the business during the court-supervised process. The Company has also received a $200 million equity commitment from certain noteholders that will be funded upon completion of the case and used to pay various costs and reduce debt.

Additional information can be accessed by visiting Quorum Health's website at QuorumForward.com or calling Quorum Health's Restructuring Hotline, toll-free in the U.S. at (866) 977-0859, or (503) 597-7702 for calls originating outside of the U.S. Court filings and other documents related to the court-supervised proceedings are available at a website administered by the Company's claims agent, Epiq Corporate Restructuring, LLC, at https://dm.epiq11.com/Quorum.

McDermott Will & Emery LLP and Wachtell, Lipton, Rosen & Katz are serving as the Company's legal counsel, MTS Health Partners, L.P. is serving as its financial advisor and Alvarez & Marsal North America, LLC. is serving as restructuring advisor.

About Quorum Health Corporation

Quorum Health Corporation is an operator of general acute care hospitals and outpatient services in the United States. Through its subsidiaries, the Company owns, leases or operates a diversified portfolio of 23 affiliated hospitals in rural and mid-sized markets located across 13 states with an aggregate of 1,950 licensed beds. The Company also operates Quorum Health Resources, LLC, a leading hospital management advisory and consulting services business. More information about Quorum Health Corporation can be found at www.quorumhealth.com.

Forward-Looking Statements

This release contains forward-looking statements that address activities, events or developments that the Company expects, believes, targets or anticipates will or may occur in the future are forward-looking statements. The Company's actual results may differ materially from those anticipated in these forward-looking statements as a result of certain risks and other factors, which could include the following: risks and uncertainties relating to the Chapter 11 Cases, including but not limited to, the Company's ability to obtain Court approval with respect to motions in the Chapter 11 Cases; the effects of the Chapter 11 Cases on the Company and on the interests of various constituents; the length of time the Company will operate under the Chapter 11 Cases; the potential adverse effects of the Chapter 11 Cases on the Company's liquidity or results of operations and increased legal and other professional costs necessary to execute the Company's financial restructuring; the conditions to which the Company's debtor-in-possession financing is subject and the risk that these conditions may not be satisfied for various reasons, including for reasons outside of the Company's control; the Company's trading price and the volatility of the Company's common stock and the effects of the Chapter 11 Cases on the Company's continued listing on the New York Stock Exchange; and the effects and the length of the 2019 novel coronavirus (COVID-19) pandemic as well as other risk factors set forth in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission. The Company therefore cautions readers against relying on these forward-looking statements. All forward-looking statements attributable to the Company or persons acting on the Company's behalf are expressly qualified in their entirety by the foregoing cautionary statements. All such statements speak only as of the date made, and, except as required by law, the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

The terms "QHC," "Quorum Health," "the Company," "we," "us" or "our" refer to Quorum Health Corporation or one or more of its subsidiaries or affiliates as applicable.

View source version on businesswire.com: https://www.businesswire.com/news/home/20200407005274/en/

Michael Freitag or Nick Lamplough,
Joele Frank, Wilkinson Brimmer Katcher

quorumhealthmedia@joelefrank.com
(212) 355-4449

Source: Quorum Health Corporation

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8-K 1 d913653d8k.htm FORM 8-K

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (date of earliest event reported): April 6, 2020

QUORUM HEALTH CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	001-37550	47-4725208
(State or other jurisdiction of incorporation)	(Commission file number)	(IRS Employer Identification No.)

1573 Mallory Lane
Brentwood, Tennessee 37027
(Address of principal executive offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: (615) 221-1400

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.0001 par value per share	**QHC**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 1.01 Entry into a Material Definitive Agreement

The information regarding the Restructuring Support Agreement (as defined below) and the Equity Commitment Agreement (as defined below) set forth in Item 1.03 of this Current Report on Form 8-K is incorporated into this Item 1.01 by reference.

Item 1.03 Bankruptcy or Receivership.

On April 7, 2020, Quorum Health Corporation ("QHC") and certain of its direct and indirect subsidiaries (collectively, the "Company") filed voluntary petitions (the "Chapter 11 Cases") under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") with the Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") in order to implement the financial restructuring of the Company (the "Restructuring"). The Company has requested that the Bankruptcy Court administer the Chapter 11 Cases jointly under the caption *In re Quorum Health Corporation, et al.*

The Company filed motions with the Bankruptcy Court seeking authorization to continue to operate its businesses as "debtors-in-possession" under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court. To ensure its ability to continue operating in the ordinary course of business, the Company also has filed with the Bankruptcy Court a variety of motions seeking "first day" relief motions, including authority to pay employee wages and benefits and certain vendors and suppliers in the ordinary course of business. The Plan (as defined below) and the "first day" relief anticipate that vendors and other unsecured creditors who continue to work with the Company on existing terms will be paid in full and in the ordinary course of business. The Company expects that the Bankruptcy Court will grant its motions for "first day" relief, and all existing patient, physician, and supplier contracts are expected to remain in place and be serviced in the ordinary course during the pendency of the Chapter 11 Cases.

Restructuring Support Agreement

In contemplation of its potential bankruptcy filing and proposed restructuring and recapitalization under Chapter 11 of the Bankruptcy Code, on April 6, 2020, the Company entered into a Restructuring Support Agreement (the "RSA") with (i) lenders who (a) constitute more than a majority in number of the lenders of the outstanding term loans (the "Term Loans") and the outstanding revolving loans (the "Revolving Loans", together with the Term Loans, the "First Lien Loans") under that certain credit agreement (the "Senior Secured Credit Agreement"), dated as of April 29, 2016, by and among QHC, as borrower, each of the guarantors named therein, the lenders from time to time party thereto and Credit Suisse AG, as administrative agent for the lenders under the Senior Secured Credit Agreement (the "First Lien Agent"), and (b) hold at least two-thirds of the aggregate outstanding principal amount of the First Lien Loans (the "Consenting First Lien Lenders"), and (ii) holders who (x) constitute a majority in number of the holders of $400,000,000 aggregate outstanding principal amount of 11.625% Senior Notes due 2023 issued by QHC (the "Senior Notes") and (y) hold at least two-thirds of the aggregate outstanding principal amount of the Senior Notes (the "Consenting Noteholders", and collectively with the Consenting First Lien Lenders, the "Consenting Stakeholders"). As set forth in the RSA, the Company and the Consenting Stakeholders have agreed to the principal terms of a restructuring of the Company.

The RSA sets forth the terms under which the Company and the Consenting Stakeholders agreed to implement the financial restructuring of the Company (the "Restructuring") through the Plan, a copy of which is attached as Exhibit A to the RSA. Although the Company intends to pursue the Restructuring in accordance with the terms set forth in the RSA, there can be no assurance that the Company will be successful in completing the Restructuring in the Chapter 11 Cases, whether on the same or different terms than those provided in the RSA and the Plan.

Existing Senior Secured Debt

Under the RSA, the Plan provides for a comprehensive deleveraging of the Company's balance sheet. Specifically, the Plan contemplates that the Company will emerge from the Chapter 11 Cases with a leaner capital structure comprised of (a) a senior secured asset-based revolving credit facility, and (b) a senior secured term loan facility in an aggregate principal amount of $738.3 million *minus* an aggregate paydown amount of at least $50 million but no more than $100 million (the "Exit Facility"), as determined by the holders of at least 50% of the aggregate commitment amounts of all commitment parties party to the Equity Commitment Agreement (the "Required Equity Commitment Parties"). Each lender party to that certain ABL Credit Agreement (the "ABL Credit Agreement"), dated April 29, 2016, among the Company, the lenders party thereto and UBS AG, Stamford Branch, as administrative agent and collateral agent, as amended, which provides for the Company's senior secured asset based revolving credit facility (the "ABL Facility"), will receive indefeasible payment in full in cash of its allowed claims under the ABL Facility. Further, each lender of the outstanding Revolving Loans will receive its pro rata share of: (i) cash in the amount of (A) the aggregate principal amount of the Revolving Loans, multiplied by (B) a ratio equal

to (X) the cash paid to holders of claims arising under the outstanding Term Loans divided by (Y) the aggregate principal amount of the Term Loans; and (ii) the Exit Facility. Each lender of the Term Loans will receive its pro rata share of: (i) $50 million to $100 million in cash proceeds, as determined by the Required Equity Commitment Parties pursuant to and in accordance with the Equity Commitment Agreement; and (ii) the Exit Facility.

Existing Senior Notes

Pursuant to the Plan, the claims of the Senior Notes will be discharged, terminated and released in exchange for 100% of the new common stock of the reorganized QHC (the "Reorganized QHC"), subject to dilution for certain issuances of new common stock, and beneficial interests in the QHC Litigation Trust (as defined below). The Plan requires the Company to establish a litigation trust (the "QHC Litigation Trust") for the benefit of the holders of claims under the Senior Notes. The Company will contribute to the QHC Litigation Trust certain specified causes of action, existing at law or in equity, that the Company has or acquires after the petition date. The QHC Litigation Trust will be governed by the terms of a QHC Litigation Trust Agreement, which the Company and the trustee for the QHC Litigation Trust will enter into by the effective date of the Plan.

General Unsecured Claims

The terms of the restructuring contemplate that the Company will pay all of the holders of general unsecured claims against the Company in the ordinary course.

Existing Common Stock, Restricted Stock, and Restricted Stock Units

All outstanding shares of common stock, shares of restricted stock (whether vested or unvested), and restricted stock units (whether vested or unvested) of QHC will be cancelled pursuant to the Plan. Therefore, if the Plan is confirmed by the Bankruptcy Court, the holders of such equity interests will not receive any recovery.

Management Incentive Plan

The Plan contemplates that the Reorganized QHC will adopt a management incentive plan (the "MIP") on or after the effective date of the Plan. Under the MIP, shares of new common stock (or other equity securities) will be reserved for grant to management, key employees, and directors of Reorganized QHC. The governing body of the Reorganized QHC will determine the terms and conditions of the MIP.

Material Covenants

The RSA imposes covenants on all of the parties thereto, which include, without limitation, the obligation of each party to use commercially reasonable efforts and to work in good faith to, as soon as reasonably practicable, consummate, the Restructuring, negotiate and complete definitive restructuring documents, obtain entry of an order confirming the Plan, and not take any action that is inconsistent with, or intended to frustrate, the timely approval of the Plan. Furthermore, the Consenting Stakeholders covenant to vote in favor of the Plan and not, directly or indirectly, object to, delay, impede or take any other action designed to interfere with the acceptance, implementation, confirmation, or consummation of the Plan, such as supporting or submitting or soliciting approval of a competing plan of reorganization. The RSA requires the Company to pay the documented fees and expenses of the legal and financial advisors of the Consenting Stakeholders, subject to the approval of the Bankruptcy Court. Moreover, in the RSA, the Company covenants to operate its business in the ordinary course in a manner consistent with past practice in all material respects and notify the Consenting Stakeholders of any breach of the RSA within three business days of obtaining actual knowledge thereof.

Milestones

The RSA requires the Company to meet certain milestones, unless extended or waived in writing by the Company, on the one hand, and at least 50.01% of the Consenting First Lien Lenders and at least 50.01% of the Consenting Noteholders, on the other hand. The Consenting Stakeholders are permitted to terminate the RSA and revoke their support of the Plan in the event the Company fails to achieve one of the milestones. The milestones include, among others: (i) no later than April 6, 2020, the Company must commence the solicitation of votes for the acceptance or rejection of the Plan (the "Solicitation"); (ii) no later than April 7, 2020, the Company must commence the Chapter 11 Cases; (iii) on the date the Company files the bankruptcy petitions with the Bankruptcy Court, the Company also must file with the Bankruptcy Court (a) the Plan; (b) the Disclosure Statement (as defined below); and (c) a motion to obtain postpetition "debtor-in-possession" financing; and (iv) the Plan must be effective no later than seventy-five calendar days after the petition date, *provided* that if any required regulatory approval has not been obtained prior to the 75th calendar date, the effective date milestone will automatically be extended to ninety-five calendar days after the petition date.

Termination Events

The RSA also contains certain termination provisions. The Consenting Noteholders who collectively hold at least 50.01% of the aggregate outstanding principal amount of the Senior Notes (the "Required Consenting Noteholders") or the Consenting First Lien Lenders who collectively hold at least 50.01% of the First Lien Loans (the "Required Consenting First Lien Lenders") have the right to terminate the RSA in the following circumstances:

- any debtor in the Chapter 11 Cases files a plan of reorganization other than the Plan without the prior written consent of the Required Consenting Noteholders and the Required Consenting First Lien Lenders;
- with respect to the Required Consenting Noteholders only, the Company amends or modifies, or seeks the Bankruptcy Court's approval of a material amendment or modification to, the definitive restructuring documents;
- the Bankruptcy Court grants relief that is inconsistent in any material respect with any definitive restructuring document in a manner that adversely impacts the treatment of the Consenting Noteholders claims;
- a breach by any debtor in the Chapter 11 Cases of its obligations under the RSA and such breach is not cured within five business days after giving notice to the respective counsels of the Consenting Noteholders and the Consenting First Lien Lenders;
- with respect to the Required Consenting Noteholders only, a breach by one or more of the Consenting First Lien Lenders of its obligations under the RSA such that the non-breaching Consenting First Lien Lenders no longer meet the thresholds required for the RSA to be effective;
- with respect to the Required Consenting First Lien Lenders only, a breach by one or more of the Consenting Noteholders of its obligations under the RSA such that the non-breaching Consenting Noteholders no longer meet the thresholds required for the RSA to be effective;
- with respect to the Required Consenting First Lien Lenders only, the parties to the Equity Commitment Agreement fail to fully execute the Equity Commitment Agreement;
- with respect to the Required Consenting First Lien Lenders only, the parties to the Equity Commitment Agreement do not commit to invest at least $200 million of new money;
- with respect to the Required Consenting First Lien Lenders only, the Plan provides for payment of less than $50 million in respect of the claims arising under the Term Loan Facility and the Revolving Credit Facility;
- the Equity Commitment Agreement is validly terminated;
- the DIP Facility (as defined below) is terminated and remains terminated for five business days;
- with respect to the Consenting First Lien Lenders only, the DIP Lenders (as defined below) fail to fully execute a debtor-in-possession credit agreement in a manner consistent in all material respects with the terms set forth in the DIP Term Sheet (as defined below);
- a trustee, receiver or examiner is appointed in one or more of the Chapter 11 cases, the filing by any debtor of a motion seeking to dismiss the Chapter 11 Cases or convert any of the Chapter 11 Cases to a case under Chapter 7 of the Bankruptcy Code;
- the Bankruptcy Court enters an order in the Chapter 11 Cases terminating the Company's exclusive right to file a plan or plans of reorganization;
- any debtor in the Chapter 11 Cases challenges the principal amount, priority or validity of the claims arising under the Senior Notes, the Term Loan Facility or the Revolving Credit Facility;
- any Debtor sells, or files any motion or application seeking authority to sell, a material portion of the Company's assets as a whole, without the prior written consent of the Required Consenting Noteholders and the Required Consenting First Lien Lenders;
- with respect to the Required Consenting First Lien Lenders only, the Company grants a lien on the collateral securing the Term Loan Facility or Revolving Credit Facility that is senior to the valid and perfected liens of the lenders thereunder, except (i) in the case of adequate protection to the extent required by the orders approving the DIP Facility, (ii) any "carve outs" approved by the Bankruptcy Court with respect to the DIP Facility, and (iii) to the extent the Company is already permitted to grant such a lien under the terms of the Senior Secured Credit Agreement;

- with respect to the Required Consenting First Lien Lenders only, the Consenting Senior Lenders do not receive payment on April 30, 2020 of all accrued but unpaid interest (at the non-default rate) as of such date;
- with respect to the Required Consenting Noteholders only, the Company fails to pay the documented fees and expenses of the legal and financial advisors of the Consenting Noteholders;
- with respect to the Required Consenting Noteholders only, the Required Consenting First Lien Lenders rightfully terminate the RSA or there occurs any uncured event of default under the indenture governing the Senior Notes prior to the petition date in the Chapter 11 Cases;
- with respect to the Required Consenting First Lien Lenders only, the Required Consenting Noteholders rightfully terminate the RSA; or
- the Company files a motion or pleading with the Bankruptcy Court seeking authority to terminate the RSA or provides notice to counsel to the Consenting Stakeholders of its intent to enter into or otherwise publicly announce its entry into or intent to pursue an alternative transaction.

Additionally, the Company has the right to terminate the RSA if the following events occur: (i) the board of directors of the Company determines, in good faith after consulting with counsel, that the restructuring contemplated by the Plan would breach the board's fiduciary obligations; (ii) breach by one or more of the Consenting Noteholders of its obligations under the RSA such that the non-breaching Consenting Noteholders no longer meet the thresholds required for the RSA to be effective and such breach is not cured within ten days after written notice is provided to the Company; (iii) breach by one or more of the Consenting First Lien Lenders of its obligations under the RSA such that the non-breaching Consenting First Lien Lenders no longer meet the thresholds required for the RSA to be effective and such breach is not cured within ten days after written notice is provided to the Company; (iv) the Equity Commitment Agreement has been validly terminated by a party thereto other than the Company; or (v) the (x) Consenting Noteholders no longer collectively constitute more than 50% in number of the holders of the Senior Notes or no longer hold at least two-thirds of the aggregate outstanding principal amount of the Senior Notes or (y) Consenting First Lien Lenders no longer collectively constitute more than 50% in number of the lenders under the Term Loan Facility and Revolving Credit Facility or no longer hold at least two-thirds of the aggregate outstanding principal amount of the First Lien Loans.

Debtor-in-Possession Financing

In connection with the Chapter 11 Cases, certain Consenting Stakeholders or their affiliates (the "DIP Lenders") have agreed to provide debtor-in-possession financing to QHC on the terms set forth in the term sheet (the "DIP Term Sheet") attached as Exhibit C to the RSA. The DIP Term Sheet contemplates that the DIP Lenders will make available to QHC loans in the aggregate principal amount of up to $100 million (the "DIP Facility"). The closing and initial funding of the DIP Facility will occur after the Bankruptcy Court enters an interim order approving debtor-in-possession financing. QHC will only be permitted to draw a maximum principal amount of $30 million under the DIP Facility until the Bankruptcy Court enters a final order approving the debtor-in-possession financing. After the Bankruptcy Court enters the final order approving the debtor-in-possession financing, QHC may draw the remaining portion of the loan commitments not available or drawn in connection with the interim order.

On April 7, 2020, the Company filed motions seeking the entry of interim and final orders approving the DIP Facility on terms and conditions set forth in the DIP Term Sheet. The Company must obtain the Bankruptcy Court's approval of the interim order no later than three business days after the petition date and the final order no later than thirty-five calendar days after the petition date. The DIP Facility, if approved by the Bankruptcy Court as proposed, will contain the following terms:

- GLAS USA, LLC will serve as the administrative agent for the DIP Facility, and GLAS Americas, LLC will act as a collateral agent for the DIP Facility.
- The Company anticipates using the cash from the DIP Facility to fund its operating expenses, certain professional fees, and bankruptcy-related costs and expenses (including restructuring fees and adequate protection payments) during the Chapter 11 Cases. However, the Company may only use the cash borrowed under the DIP Facility in accordance with the budget approved by the DIP Lenders.
- The current guarantors of the Term Loan Facility and Revolving Credit Facility will guarantee the obligations of QHC under the DIP Facility.

- Subject to a specified carve-out amount for certain administrative, legal, and court fees payable in connection with the Chapter 11 Cases, the claims arising under the DIP Facility will (i) be entitled to joint and several superpriority claim status in the Chapter 11 Cases, and (ii) be secured by a perfected first priority lien on (x) the amounts deposited in a segregated deposit account for advances under the DIP Facility and (y) avoidance actions and the proceeds thereof. The claims arising under the DIP Facility also will be secured by a perfected junior lien on all of the assets encumbered by the Term Loan Facility and Revolving Credit Facility.
- The loans advanced under the DIP Facility will bear interest at a rate per annum equal to the adjusted LIBO rate used for the Term Loan Facility and Revolving Credit Facility, plus 10.00%. Upon the occurrence of an event of default, the DIP Lenders are permitted to charge a default rate of interest equal to 2.00% above the rate otherwise applicable to the loans outstanding under the DIP Facility. Interest is due monthly, in arrears, on the first day of each month, upon any prepayment, and at the final maturity date.
- The DIP Facility will be subject to certain affirmative and negative covenants, including, among other covenants customary in debtor-in-possession financings, reporting by the Company in the form of a budget, together with a reasonably detailed written explanation of all material variances from the budget.
- The DIP Facility will contain certain events of default customary in debtor-in-possession financings, including, without limit, the conversion of the Chapter 11 Cases to a Chapter 7 case or the appointment of a trustee, examiner or receiver in the Chapter 11 Cases.
- The DIP Facility will mature upon the earlier to occur of (i) six months from the closing date of the DIP Facility, (ii) the acceleration of the loans and commitments outstanding under the DIP Facility, and (iii) the effective date of the Plan.
- On the maturity date of the DIP Facility, if the Plan has been confirmed by the Bankruptcy Court, all amounts outstanding under the DIP Facility will convert into shares of new common stock of the Reorganized QHC. However, if the Plan has not been confirmed as of the maturity date of the DIP Facility, then QHC must pay all of the outstanding amounts under the DIP Facility in cash, unless the maturity date is extended by the DIP Lenders.

The foregoing summary of the RSA, the Plan, and the DIP Facility and the transactions contemplated thereby does not purport to be complete and is qualified in its entirety by reference to the full text of the RSA and the exhibits and schedules annexed thereto, copies of which are filed as Exhibit 10.1 to this Current Report on Form 8-K and are incorporated by reference into this Item 1.03.

Pursuant to the RSA, the Company commenced the Solicitation on April 6, 2020. In connection with the commencement of the Solicitation, copies of the Plan and the related disclosure statement (the "Disclosure Statement") were distributed to certain institutional investor and lender creditors of the Company entitled to vote on the Plan.

Equity Commitment Agreement

Certain Consenting Noteholders (the "Equity Commitment Parties") have agreed to commit no less than $200 million (which amount may be increased to $250 million under certain circumstances) (the "Equity Commitment Aggregate Amount") in new funds to purchase shares of new common stock of the Reorganized QHC at a purchase price per share equal to $7.50 (the "New Common Equity Raise"), pursuant to the terms of and subject to the conditions of an Equity Commitment Agreement with the Company (the "Equity Commitment Agreement"). Additionally, the Reorganized QHC will issue to the Equity Commitment Parties shares of new common stock in an amount equal to 7.5% of the Equity Commitment Aggregate Amount, issued an equity commitment premium price per share equal to $10.00 (the "Equity Commitment Premium"). The Equity Commitment Premium is payable to the Equity Commitment Parties in cash under certain circumstances. The Company will use the proceeds from the New Common Equity Raise to fund distributions under the Plan, including, without limit, the proposed paydown of the Company's senior secured debt.

The New Common Equity Raise will be conducted in accordance with Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"). This Current Report on Form 8-K does not constitute an offering of the shares of new common stock summarized above, nor the solicitation of bids or purchases for these shares of new common stock.

QHC makes customary representations and warranties in the Equity Commitment Agreement, including, but not limited to, representations and warranties related to the Company's good standing and valid existence, the Company's power and authority to enter into the Equity Commitment Agreement and perform its obligations thereunder, the absence of material litigation against the Company, certain intellectual property of the Company, certain tax matters, and the validity of the new common stock to be issued by the Company thereunder.

Moreover, the closing of the New Common Equity Raise is subject to the satisfaction of certain conditions precedent, including, among others, the RSA has not been terminated, the Plan is confirmed and declared effective by the Bankruptcy Court, all other government approvals (including anti-trust approval, if applicable) have been obtained by the Company, the Company reimburses the Equity Commitment Parties for their documented fees and expenses incurred in connection with the New Common Equity Raise, and no event has occurred that has or would reasonably be expected to have a material adverse effect on the Company.

The foregoing summary of the Equity Commitment Agreement and the transactions contemplated thereby does not purport to be complete and is qualified in its entirety by reference to the full text of the Equity Commitment Agreement, a copy of which is filed as Exhibit 10.2 to this Current Report on Form 8-K and is incorporated by reference into this Item 1.03.

In connection with the Chapter 11 Cases, McDermott Will & Emery LLP is serving as legal counsel to the Company, Alvarez & Marsal North America LLC is serving as the Company's restructuring advisor and MTS Health Partners, L.P. is serving as financial advisor. Kirkland & Ellis LLP is serving as legal counsel to the Consenting Noteholders and Jefferies LLC is serving as financial advisor. Milbank LLP is serving as legal counsel to the Consenting First Lien Lenders and Houlihan Lokey is serving as financial advisor.

The agreements and transactions summarized in Item 1.03 of this Current Report on Form 8-K are subject to approval by the Bankruptcy Court, which has not been obtained at this time. These summaries, therefore, may not reflect the definitive versions of these agreements and transactions and are qualified in their entirety by reference to the definitive agreements and transactions, as approved by the Bankruptcy Court.

Item 2.04 Triggering Events That Accelerate or Increase a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement

The filing of the Chapter 11 Cases described above in Item 1.03 constitutes an event of default under the following debt instruments of the Company (the "Debt Instruments"):

- the Senior Secured Credit Agreement;
- the ABL Credit Agreement; and
- the Indenture, dated as of April 22, 2016, by and between the Company and Wilmington Savings Fund Society, FSB, as successor trustee to Regions Bank, which governs the terms of the Senior Notes, as amended by that certain Supplemental Indenture, dated April 29, 2016, that certain Supplemental Indenture, dated December 28, 2016, and that certain Third Supplemental Indenture, dated February 6, 2020.

The Debt Instruments provide that, as a result of the Chapter 11 Cases, the principal and interest due thereunder shall be immediately due and payable without notice from the lenders thereunder. Any efforts to enforce such payment obligations under the Debt Instruments are automatically stayed as a result of the Chapter 11 Cases, and the lenders' rights to enforce the Debt Instruments are subject to the applicable provisions of the Bankruptcy Code.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

Effective April 6, 2020, the Board appointed Paul Rundell, a Managing Director at Alvarez & Marsal, LLC ("A&M"), as Chief Restructuring Officer of the Company.

Paul Rundell, age 44, is a Managing Director at A&M and has been with the firm since 2007. Mr. Rundell brings over 20 years of experience specializing in the healthcare industry and is a Managing Director in A&M's restructuring practice. Prior to joining A&M, Mr. Rundell worked with several restructuring and interim management firms where he assisted clients with revenues ranging from $50 million to more than $15 billion. Mr. Rundell has worked with numerous healthcare clients throughout the country. Mr. Rundell served as Interim Chief Executive Officer of 21st Century Oncology Holdings, Inc. from February 2017 through February 2018. He is a Certified Insolvency and Restructuring Advisor (CIRA), a Certified Turnaround Professional (CTP), and a member of the Turnaround Management Association (TMA) and the Association of Insolvency and Restructuring Advisors (AIRA). Mr. Rundell holds a Bachelor's Degree and a Master's Degree in business administration from the University of Illinois.

With respect to the disclosure required by Item 401(d) of Regulation S-K, there are no family relationships between Mr. Rundell and any director or executive officer of the Company. With respect to Item 404(a) of Regulation S-K, there are no relationships or related transactions between Mr. Rundell and the Company that would be required to be reported.

Item 7.01 Regulation FD Disclosure

The Company cautions that trading in the Company's securities during the pendency of the Chapter 11 Cases is highly speculative and poses substantial risks. Trading prices for the Company's securities may bear little or no relationship to the actual recovery, if any, by the holders of the Company's securities in the Chapter 11 Cases. The Company expects that its equity holders could experience a significant or complete loss on their investment, depending on the outcome of the Chapter 11 Cases.

Press Release

On April 7, 2020, the Company issued a press release announcing the RSA and the DIP Facility as well as its decision to file the Chapter 11 Cases. A copy of this press release is attached as Exhibit 99.1 and is incorporated herein by reference.

Additional information about the Chapter 11 Cases is available at https://www.QuorumForward.com. For copies of motions and orders filed with the Bankruptcy Court and other documents related to the court supervised process, please visit https://dm.epiq11.com/Quorum.

Disclosure Statement

As described above, the Disclosure Statement was distributed to certain creditors of the Company on April 6, 2020. A copy of the Disclosure Statement is being furnished as Exhibit 99.2 and is incorporated into this Item 7.01 by reference. This Current Report on Form 8-K is not a solicitation of votes to accept or reject the Plan or an offer to sell securities of the Company. Any solicitation of votes or offer to sell or solicitation of an offer to buy any securities of the Company will be made only pursuant to and in accordance with the Disclosure Statement.

Cleansing Material

Beginning in May 2019, the Company commenced discussions with certain of the Consenting Stakeholders regarding the possibility of a potential financing, recapitalization, material sale of assets or equity of one of the Company's subsidiaries, or alternative transactions for the Company.

The Company entered into confidentiality agreements (collectively, the "NDAs") with certain of the Consenting Stakeholders. Pursuant to the NDAs, the Company agreed to publicly disclose certain information, including material non-public information disclosed to the Consenting Stakeholders (the "Cleansing Material") upon the occurrence of certain events set forth in the NDAs. A copy of the Cleansing Material, including the Company's financial results for the fourth quarter of 2019, the Company's financial results for the months of January and February 2020, the 2020 risk adjusted budget of the Company, and discussion materials related to the impact of the 2019 novel coronavirus pandemic on the Company's financial condition and results of operations, along with accompanying supplemental materials, is attached hereto as Exhibit 99.3 and is incorporated into this Item 7.01 by reference.

The descriptions in this Form 8-K of the Cleansing Material do not purport to be complete and are qualified in their entirety by reference to the complete presentation of the Cleansing Material attached as Exhibit 99.3 hereto.

The information set forth in Item 7.01 of this Form 8-K is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of such section. The information in Item 7.01 of this Form 8-K shall not be incorporated by reference into any filing under the Securities Act or the Exchange Act, regardless of any incorporation by reference language in any such filing.

Cautionary Note Regarding Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements, other than statements of historical facts, included in this filing that address activities, events or developments that the Company expects, believes, targets or anticipates will or may occur in the future are forward-looking statements. The Company's actual results may differ materially from those anticipated in these forward-looking statements as a result of certain risks and other factors, which could include the following: risks and uncertainties relating to the Chapter 11 Cases, including but not limited to, the Company's ability to obtain Bankruptcy Court approval with respect to motions in the Chapter 11 Cases; the effects of the Chapter 11 Cases on the Company and on the interests of various constituents; the length of time the Company will operate under the Chapter 11 Cases; the potential adverse effects of the Chapter 11 Cases on the Company's liquidity or results of operations and increased legal and other professional costs necessary to execute the Company's financial restructuring; the conditions to which the Company's debtor-in-possession financing is subject and the risk that these conditions may not be satisfied for various reasons, including for reasons outside of the Company's control; the Company's trading price and the volatility of the Company's common stock and the effects of the Chapter 11 Cases on the Company's continued listing on the New York Stock Exchange; and the effects and the length of the 2019 novel coronavirus (COVID-19) pandemic as well as other risk factors set forth in the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K (including any amendments to those reports) filed with the Securities and Exchange Commission. The Company therefore cautions readers against relying on these forward-looking statements. All forward-looking statements attributable to the Company or persons acting on the Company's behalf are expressly qualified in their entirety by the foregoing cautionary statements. All such statements speak only as of the date made, and, except as required by law, the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

No.	Description
10.1	Restructuring Support Agreement, dated April 6 2020, by and among the Company and certain of its creditors party thereto
10.2	Equity Commitment Agreement, dated April 6 2020, by and among the Company and certain of the holders of its unsecured senior notes
99.1	Press Release
99.2	Disclosure Statement for the Debtors' Joint Prepackaged Chapter 11 Plan of Reorganization dated April 6 2020
99.3	Cleansing Material

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

QUORUM HEALTH CORPORATION
(registrant)

By: /s/ Alfred Lumsdaine
Alfred Lumsdaine
Executive Vice President
and Chief Financial Officer
(principal financial officer)

Date: April 7, 2020

ATTACHMENT 7

CHARITY CARE INFORMATION

The amount of charity care for the last three years provided by each of Quorum Health Corporation's affiliated Illinois hospitals and ambulatory surgical treatment centers are included in the tables below.

CROSSROADS COMMUNITY HOSPITAL, Mt. Vernon			
	2016	**2017**	**2018**
Net Patient Revenue ($)	**43,087,842**	**42,975,140**	**47,837,708**
Amount of Charity Care (charges)	1.2% of net patient revenue	0.5% of net patient revenue	0.2% of net patient revenue
Cost of Charity Care ($)	536,244	204,594	92,907

GALESBURG COTTAGE HOSPITAL, Galesburg			
	2016	**2017**	**2018**
Net Patient Revenue ($)	**64,576,277**	**63,910,368**	**58,072,814**
Amount of Charity Care (charges)	0.5% of net patient revenue	0.1% of net patient revenue	0.1% of net patient revenue
Cost of Charity Care ($)	309,753	38,924	32,584

GATEWAY REGIONAL MEDICAL CENTER, Granite City			
	2016	**2017**	**2018**
Net Patient Revenue ($)	**124,186,704**	**131,930,854**	**119,853,104**
Amount of Charity Care (charges)	0.6% of net patient revenue	0.2% of net patient revenue	0.6% of net patient revenue
Cost of Charity Care ($)	743,461	318,364	662,943

HEARTLAND REGIONAL MEDICAL CENTER, Marion			
	2016	**2017**	**2018**
Net Patient Revenue ($)	**106,229,851**	**107,493,477**	**122,956,140**
Amount of Charity Care (charges)	1.2% of net patient revenue	1.1% of net patient revenue	1.1% of net patient revenue
Cost of Charity Care ($)	1,307,347	1,223,011	72,702

RED BUD REGIONAL HOSPITAL, Red Bud			
	2016	**2017**	**2018**
Net Patient Revenue ($)	**23,915,249**	**25,232,661**	**28,080,998**
Amount of Charity Care (charges)	0.9% of net patient revenue	0.3% of net patient revenue	0.3% of net patient revenue
Cost of Charity Care ($)	208,815	80,088	90,677

UNION COUNTY HOSPITAL, Anna			
	2016	**2017**	**2018**
Net Patient Revenue ($)	**25,484,168**	**24,855,974**	**23,749,436**
Amount of Charity Care (charges)	0.6% of net patient revenue	0.3% of net patient revenue	0.3% of net patient revenue
Cost of Charity Care ($)	140,648	77,416	65,422

VISTA MEDICAL CENTER, Waukegan			
	2016	**2017**	**2018**
Net Patient Revenue ($)	**177,771,693**	**171,104,147**	**189,423,688**
Amount of Charity Care (charges)	0.6% of net patient revenue	0.5% of net patient revenue	0.3% of net patient revenue
Cost of Charity Care ($)	988,548	886,957	550,384

LINDENHURST SURGERY CENTER, Lindenhurst			
	2016	**2017**	**2018**
Net Patient Revenue ($)	**6,647,037**	**5,705,523**	**3,655,308**
Amount of Charity Care (charges)	0	0	0
Cost of Charity Care ($)	0	0	0

EDWARDSVILLE AMBULATORY SURGERY CENTER, Glen Carbon			
	2016	**2017**	**2018**
Net Patient Revenue ($)	**2,077,101**	**9,449,802**	**9,375,547**
Amount of Charity Care (charges)	0	0	0
Cost of Charity Care ($)	0	0	0

MONROE COUNTY SURGICAL CENTER, Waterloo			
	2016	**2017**	**2018**
Net Patient Revenue ($)	**838,982**	**1,259,556**	**1,227,717**
Amount of Charity Care (charges)	0	0	0
Cost of Charity Care ($)	0	0	0

The above charity care information is from the 2016, 2017 and 2018 Hospital Profiles and ASTC Profiles for each facility. The individual hospital charity care is not separately audited. Quorum Health Corporation's Form 10-K filed with the U.S. Securities and Exchange Commission for the year ended December 31, 2018 contains the following statement on charity care:

Charity Care

In the ordinary course of business, the Company provides services to patients who are financially unable to pay for hospital care. The related charges for those patients who are financially unable to pay that otherwise do not qualify for reimbursement from a governmental program are classified as charity care. The Company determines amounts that qualify for charity care primarily based on the patient's household income relative to the poverty level guidelines established by the federal government. The Company's policy is to not pursue collections for such amounts; therefore, the related charges are recorded in operating revenues at the standard billing rates and fully offset in contractual allowances. The Company's gross amounts of charity care revenues were $33.0 million, $34.0 million and $34.6 million for the years ended December 31, 2018, 2017 and 2016, respectively.

The Company estimates the cost of providing charity care services utilizing a ratio of cost to gross charges and applying this ratio to the gross charges associated with providing care to charity patients for the period. The estimated costs of providing charity care services was $5.5 million, $5.6 million and $5.7 million for the years ended December 31, 2018, 2017 and 2016, respectively. To the extent the Company receives reimbursement from any of the various governmental assistance programs to subsidize its care of indigent patients, the Company excludes the charges for such patients from the cost of care provided under its charity care program.

Quorum Health Corporation
Revenue by Payor Source

The following table provides a summary of Quorum Health Corporation's net operating revenues for the years ended December 31, 2018, 2017 and 2016, by payor source (dollars in thousands):

	Year Ended December 31,					
	2018		2017		2016	
	$ Amount	% of Total	$ Amount	% of Total	$ Amount	% of Total
Medicare	$ 532,097	28.3%	$ 613,846	29.6%	$ 629,303	29.4%
Medicaid	352,111	18.7%	417,656	20.2%	430,609	20.1%
Managed care and commercial plans	754,572	40.2%	788,943	38.1%	813,565	38.0%
Self-pay and self-pay after insurance	157,435	8.4%	154,402	7.4%	159,914	7.6%
Non-patient	82,374	4.4%	97,323	4.7%	105,076	4.9%
Total net operating revenues	$1,878,589	100.0%	$2,072,170	100.0%	$2,138,467	100.0%

Source: Quorum Health Corporation, Form 10-K filing with U.S. Securities and Exchange Commission for Fiscal Year ended December 31, 2018.