SETTLEMENT AGREEMENT

This Settlement Agreement (Agreement) is entered into among the United States of America, acting through the United States Department of Justice and on behalf of the Office of Inspector General (OIG-HHS) of the Department of Health and Human Services (HHS) (collectively the "United States"), the Commonwealth of Kentucky, acting through its Office of Attorney General and on behalf of the Department of Medicaid Services (collectively the "Commonwealth of Kentucky") and Ashland Hospital Corporation d/b/a King's Daughters Medical Center ("KDMC") (hereafter collectively referred to as "the Parties"), through their authorized representatives.

RECITALS

A. KDMC is a regional health system organized as a non-profit Kentucky corporation with a principal place of business of 2201 Lexington Avenue, Ashland, Kentucky 41101.

B. The United States contends that KDMC submitted or caused to be submitted claims for payment to the Medicare Program (Medicare), Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395kkk-1, and Medicaid Program (Medicaid), 42 U.S.C. §§ 1396-1396w-5.

C. The United States contends that it has certain civil claims against KDMC arising from the following conduct:

1. The United States contends that KDMC engaged in conduct to maximize Medicare and Medicaid reimbursement for the performance of unnecessary diagnostic cardiac catheterizations and coronary stents (hereinafter referred to as the "unnecessary interventional cardiac procedures"). The United States contends that

KDMC knew, deliberately ignored, or recklessly disregarded the fact that cardiologists associated with or employed by KDMC and its subsidiaries were performing unnecessary interventional cardiac procedures. The United States further contends that KDMC knew, deliberately ignored, or recklessly disregarded the fact that such cardiologists associated with or employed by KDMC and its subsidiaries were falsifying KDMC's medical records in order to create the appearance of a need for the unnecessary interventional cardiac procedures. Between January 1, 2006 and December 31, 2011, KDMC or its agents submitted false claims for payment for unnecessary interventional cardiac procedures to the Medicare and Kentucky Medicaid programs, and received millions of dollars in reimbursement as a result of such claims.

2. The United States contends that KDMC maintained improper financial relationships with certain employed cardiologists, and submitted claims for payment for designated health services referred to KDMC by those cardiologists in violation of the Stark Law, 42 U.S.C. § 1395nn, as follows:

a. In 2010, KDMC paid Dr. Richard Paulus compensation that was commercially unreasonable and in excess of fair market value for the services rendered by Dr. Paulus in that year. In 2010, Dr. Paulus referred designated health services, including cardiovascular services, to KDMC, and KDMC or its agents submitted claims for payment for such referred services to the Medicare and Medicaid programs. The United States contends that the improper financial relationship described in this Recital C.2.a tainted these claims such that they were not properly payable by the Medicare and Medicaid programs under the Stark Law.

b. In 2010 and 2011, KDMC paid Dr. Christopher Epling

compensation that was commercially unreasonable and in excess of fair market value for the services rendered by Dr. Epling in those years. In 2010 and 2011, Dr. Epling referred designated health services, including cardiovascular services, to KDMC, and KDMC or its agents submitted claims for payment for such referred services to the Medicare and Medicaid programs. The United States contends that the improper financial relationship described in this Recital C.2.b tainted these claims such that they were not properly payable by the Medicare and Medicaid programs under the Stark Law.

c. In 2010, 2011, and 2012, KDMC paid Dr. Terrence Ross compensation that was commercially unreasonable and in excess of fair market value for the services rendered by Dr. Ross in those years. In 2010, 2011, and 2012, Dr. Ross referred designated health services, including cardiovascular services, to KDMC, and KDMC or its agents submitted claims for payment for such referred services to the Medicare and Medicaid programs. The United States contends that the improper financial relationship described in this Recital C.2.c tainted these claims such that they were not properly payable by the Medicare and Medicaid programs under the Stark Law.

d. In 2010, 2011, and 2012, KDMC paid Dr. Zane Darnell compensation that was commercially unreasonable and in excess of fair market value for the services rendered by Dr. Darnell in those years. In 2010, 2011, and 2012, Dr. Darnell referred designated health services, including cardiovascular services, to KDMC, and KDMC or its agents submitted claims for payment for such referred services to the Medicare and Medicaid programs. The United States contends that the improper financial relationship described in this Recital C.2.d tainted these claims such that they were not properly payable by the Medicare and Medicaid programs under the Stark Law.

e. In 2010, 2011, and 2012, KDMC paid Dr. Vaughn Payne compensation that was commercially unreasonable and in excess of fair market value for the services rendered by Dr. Payne in those years. In 2010, 2011, and 2012, Dr. Payne referred designated health services, including cardiovascular services, to KDMC, and KDMC or its agents submitted claims for payment for such referred services to the Medicare and Medicaid programs. The United States contends that the improper financial relationship described in this Recital C.2.e tainted these claims such that they were not properly payable by the Medicare and Medicaid programs under the Stark Law.

3. The conduct alleged in Recitals C.1 and C.2.a-e is referred to below as the Covered Conduct.

D. This Settlement Agreement is neither an admission of liability by KDMC nor a concession by the United States that its claims are not well founded.

WHEREFORE, to avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, and in consideration of the mutual promises and obligations of this Settlement Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. KDMC shall pay to the United States forty million, nine hundred thousand dollars ($40,900,000) ("Settlement Amount"), plus interest accruing on the Settlement Amount at the simple rate of 2.5% from February 28, 2014, no later than 10 days after the Effective Date of this Agreement by electronic funds transfer pursuant to written instructions to be provided by the Office of the United States Attorney for the Eastern District of Kentucky.

2. Conditioned upon the United States receiving the Settlement Amount from KDMC and as soon as feasible after receipt, the United States shall pay $1,018,380 to the Commonwealth of Kentucky by electronic funds transfer, which represents the Commonwealth's share of the Settlement Amount. The Kentucky Office of the Attorney General will retain ten percent (10%) of this amount as its reasonable investigative costs.

3. Subject to the exceptions in Paragraph 6 (concerning excluded claims) below, and conditioned upon KDMC's full payment of the Settlement Amount, the United States fully and finally releases KDMC and those current and former voluntary directors of KDMC's Board who were not employed by KDMC or any affiliated entity at the time of the Covered Conduct, together with KDMC's current and former parent corporations, direct and indirect subsidiaries, brother or sister corporations, and the successors and assigns of any of them from any civil or administrative monetary claim the United States has for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733; the Civil Monetary Penalties Law, 42 U.S.C. § 1320a-7a; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; the Stark Law, 42 U.S.C. § 1395nn(g)(3) and (4); or the common law theories of payment by mistake, unjust enrichment, and fraud.

4. Subject to the exceptions in Paragraph 6 (concerning excluded claims) below, and conditioned upon KDMC's full payment of the Settlement Amount, the Commonwealth of Kentucky fully and finally releases KDMC and those current and former directors of KDMC's Board who were not employed by KDMC or any affiliated entity at the time of the Covered Conduct, together with KDMC's current and former parent corporations, direct and indirect subsidiaries, brother or sister corporations, and the

successors and assigns of any of them from any civil or administrative monetary claim the Commonwealth of Kentucky has for the Covered Conduct under the Kentucky Control of Fraud and Abuse Laws, KRS 205.8451-205.8483, 907 KAR 1:671; Kentucky Self-Referral Law, KRS 205.8461; or the common law theories of payment by mistake, unjust enrichment, and fraud.

5. In consideration of the obligations of KDMC in this Agreement and the Corporate Integrity Agreement entered into between OIG-HHS and KDMC, and conditioned upon KDMC's full payment of the Settlement Amount, the OIG-HHS agrees to release and refrain from instituting, directing, or maintaining any administrative action seeking exclusion from Medicare, Medicaid, and other Federal health care programs (as defined in 42 U.S.C. § 1320a-7b(f)) against KDMC under 42 U.S.C. § 1320a-7a (Civil Monetary Penalties Law) or 42 U.S.C. § 1320a-7(b)(7) (permissive exclusion for fraud, kickbacks, and other prohibited activities) for the Covered Conduct, except as reserved in Paragraph 6 (concerning excluded claims), below, and as reserved in this Paragraph. The OIG-HHS expressly reserves all rights to comply with any statutory obligations to exclude KDMC from Medicare, Medicaid, and other Federal health care programs under 42 U.S.C. § 1320a-7(a) (mandatory exclusion) based upon the Covered Conduct. Nothing in this Paragraph precludes the OIG-HHS from taking action against entities or persons, or for conduct and practices, for which claims have been reserved in Paragraph 6, below.

6. Notwithstanding the releases given in paragraphs 3-5 of this Agreement, or any other term of this Agreement, the following claims of the United States and the Commonwealth of Kentucky are specifically reserved and are not released:

a. Any liability arising under Title 26, U.S. Code (Internal Revenue Code) or Title IX of the Kentucky Revised Statutes (Kentucky Tax Code);

b. Any criminal liability;

c. Except as explicitly stated in this Agreement, any administrative liability, including mandatory exclusion from Federal health care programs;

d. Any liability to the United States (or its agencies), or to the Commonwealth of Kentucky (or its agencies) for any conduct other than the Covered Conduct;

e. Any liability based upon obligations created by this Agreement;

f. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services;

g. Any liability for failure to deliver goods or services due;

h. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct; or

i. Any liability of individuals, except those voluntary directors of KDMC's Board described in Paragraphs 3 and 4 above.

7. KDMC waives and shall not assert any defenses KDMC may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth

Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action. Nothing in this paragraph or any other provision of this Agreement constitutes an agreement by the United States or Commonwealth of Kentucky concerning the characterization of the Settlement Amount for purposes of the Internal Revenue laws, Title 26 of the United States Code, or Kentucky Tax Code, Title IX, Kentucky Revised Statutes.

8. KDMC fully and finally releases the United States and Commonwealth of Kentucky, their agencies, officers, agents, employees, and servants, from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) that KDMC has asserted, could have asserted, or may assert in the future against the United States or Commonwealth of Kentucky, and their agencies, employees, servants, and agents, related to the Covered Conduct and the United States' and Commonwealth of Kentucky's investigation and prosecution thereof.

9. The Settlement Amount shall not be decreased as a result of the denial of claims for payment now being withheld from payment by any Medicare or Medicaid contractor (e.g., Medicare Administrative Contractor, fiscal intermediary, carrier) or any state payer, related to the Covered Conduct; and KDMC agrees not to resubmit to any Medicare or Medicaid contractor or any state payer any previously denied claims related to the Covered Conduct, and agrees not to appeal any such denials of claims.

10. KDMC agrees to the following:

a. Unallowable Costs Defined: All costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47; and in Titles XVIII and XIX of the Social Security Act, 42 U.S.C. §§ 1395-1395kkk-1 and 1396-1396w-5; and the

regulations and official program directives promulgated thereunder) incurred by or on behalf of KDMC, its present or former officers, directors, employees, shareholders, and agents in connection with:

(1) the matters covered by this Agreement;

(2) the United States' audit(s) and civil and criminal investigation(s) of the matters covered by this Agreement;

(3) KDMC's investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil and criminal investigation(s) in connection with the matters covered by this Agreement (including attorney's fees);

(4) the negotiation and performance of this Agreement;

(5) the payment KDMC makes to the United States pursuant to this Agreement; and

(6) the negotiation of, and obligations undertaken pursuant to the CIA to: (i) retain independent review organizations to perform annual reviews as described in Section III of the CIA; and (ii) prepare and submit reports to the OIG-HHS

are unallowable costs for government contracting purposes and under the Medicare Program, Medicaid Program, TRICARE Program, and Federal Employees Health Benefits Program (FEHBP) (hereinafter referred to as Unallowable Costs). However, nothing in Paragraph 10.a.(6) that may apply to the obligations undertaken pursuant to the CIA affects the status of costs that are not allowable based on any other authority applicable to KDMC.

b. Future Treatment of Unallowable Costs: Unallowable Costs shall be separately determined and accounted for non-reimbursable cost centers by KDMC, and KDMC shall not charge such Unallowable Costs directly or indirectly to any contracts with the United States or any State Medicaid program, or seek payment for such Unallowable Costs through any cost report, cost statement, information statement, or payment request submitted by KDMC or any of its subsidiaries or affiliates to the Medicare, Medicaid, TRICARE, or FEHBP Programs.

c. Treatment of Unallowable Costs Previously Submitted for Payment: KDMC further agrees that within 90 days of the Effective Date of this Agreement it shall identify to applicable Medicare and TRICARE fiscal intermediaries, carriers, and/or contractors, and Medicaid and FEHBP fiscal agents, any Unallowable Costs (as defined in this Paragraph) included in payments previously sought from the United States, or any State Medicaid program, including, but not limited to, payments sought in any cost reports, cost statements, information reports, or payment requests already submitted by KDMC or any of its subsidiaries or affiliates, and shall request, and agree, that such cost reports, cost statements, information reports, or payment requests, even if already settled, be adjusted to account for the effect of the inclusion of the unallowable costs. KDMC agrees that the United States, at a minimum, shall be entitled to recoup from KDMC any overpayment plus applicable interest and penalties as a result of the inclusion of such Unallowable Costs on previously-submitted cost reports, information reports, cost statements, or requests for payment.

Any payments due after the adjustments have been made shall be paid to the United States pursuant to the direction of the Department of Justice and/or the affected

agencies. The United States reserves its rights to disagree with any calculations submitted by KDMC or any of its subsidiaries or affiliates on the effect of inclusion of Unallowable Costs (as defined in this Paragraph) on KDMC or any of its subsidiaries or affiliates' cost reports, cost statements, or information reports.

d. Nothing in this Agreement shall constitute a waiver of the rights of the United States to audit, examine, or re-examine KDMC's books and records to determine that no Unallowable Costs have been claimed in accordance with the provisions of this Paragraph.

11. KDMC agrees to cooperate fully and truthfully with the United States' and Commonwealth of Kentucky's present and future investigation of, prosecution of, and/or litigation against individuals and entities not released in this Agreement, including but not limited to the United States' and Commonwealth of Kentucky's existing criminal and civil investigations of individual cardiologists employed or previously employed by KDMC or its subsidiaries. Upon reasonable notice, KDMC shall encourage, and agrees not to impair, the cooperation of its directors, officers, employees, and agents, and shall use its best efforts to make available, and encourage the cooperation of, former directors, officers, employees, and agents for interviews and testimony, consistent with the rights and privileges of such individuals. KDMC further agrees to furnish to the United States and Commonwealth of Kentucky, upon request, complete and un-redacted copies of all non-privileged documents, reports, memoranda of interviews, and records in its possession, custody, or control concerning any investigation of the Covered Conduct that it has undertaken, or that has been performed by another on its behalf. Nothing in this

Paragraph 11 shall be construed or interpreted as a waiver of any attorney-client privilege, work product protection, or other privilege legitimately asserted by KDMC.

12. This Agreement is intended to be for the benefit of the Parties only. The Parties do not release any claims against any other person or entity, except to the extent provided for in Paragraph 13 (waiver for beneficiaries paragraph), below, and to the extent the United States and Commonwealth of Kentucky released claims against KDMC's volunteer directors as described in Paragraphs 3 and 4, above.

13. KDMC agrees that it waives and shall not seek payment for any of the health care billings covered by this Agreement from any health care beneficiaries or their parents, sponsors, legally responsible individuals, or third party payers based upon the claims defined as Covered Conduct.

14. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

15. Each party and signatory to this Agreement represents that it freely and voluntarily enters in to this Agreement without any degree of duress or compulsion.

16. This Agreement is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the Eastern District of Kentucky. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.

17. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.

18. The undersigned counsel represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.

19. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.

20. This Agreement is binding on KDMC's successors, transferees, heirs, and assigns.

21. KDMC, the Commonwealth of Kentucky, and the United States may disclose this Agreement, and information about this Agreement, to the public.

22. This Agreement is effective on the date of signature of the last signatory to the Agreement (Effective Date of this Agreement). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.