

TRANSITION AGREEMENT

This Transition Agreement ("Agreement") is made by and between Chattanooga-Hamilton County Hospital Authority, doing business as Erlanger Health System, a governmental Hospital Authority created by Chapter 297 of the Tennessee Private Acts of 1976, as amended (the "Acts"), having its principal place of business at 975 East Third Street, Chattanooga, Tennessee, and operating under the direction of its Board of Trustees ("Authority"); and James L. Brexler ("Brexler") on this the __ day of November, 2011.

WHEREAS the Authority was created under the laws of the State of Tennessee as set forth above for the purpose of operating Baroness Erlanger Hospital and T.C. Thompson Children's Hospital and other associated hospitals and health centers for the purpose of providing healthcare facilities and programs for the residents of Hamilton County, Tennessee, and the surrounding area; and

WHEREAS the governance of the Authority is vested in a Board of Trustees established by the aforesaid Acts (the "Board"), and the Board is empowered to identify candidates; to negotiate with and hire a President and Chief Executive Officer to oversee the operation of the Authority at the direction of the Board; as well as to negotiate and enter into agreements for the transition from one President and Chief Executive Officer to the next; and

WHEREAS the Authority and Brexler entered into an Employment Contract for James L. Brexler as President and Chief Executive Officer of the Chattanooga-Hamilton County Hospital Authority dated December 22, 2003, with an effective Date of March 1, 2004, which was amended from time to time by agreement of the parties ("CEO Agreement");

WHEREAS the Authority and Brexler entered into a Non-Competition and Confidentiality Agreement dated March 1, 2004 (Exhibit D to the CEO Agreement);

WHEREAS Brexler has submitted his resignation and announced his intention to retire from the position of President and Chief Executive Officer of the Authority and Authority desires to accept said resignation on the terms outlined herein;

WHEREAS the parties desire to terminate the CEO Agreement by agreement, as contemplated by Section 5.b. of the CEO Agreement; and

WHEREAS the parties desire to establish terms for the orderly and amicable transition of the authority of the President and Chief Executive Officer of the Authority;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the legal sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Resignation. Brexler has tendered his resignation as President and Chief Executive Officer of Authority effective December 31, 2011. The Board accepts Brexler's resignation.

From and after December 1, 2011, Brexler will take no action purporting or attempting to bind Authority. From and after December 1, 2011, Brexler will no longer serve on any committee or subcommittee of Authority or its medical staff.

Brexler and Authority agree that Brexler will work with Authority's IT Department to remove any personal communications and addresses from Authority computer and communication systems.

2. Termination of CEO Agreement. The Parties agree that the CEO Agreement will terminate by agreement, as contemplated by Section 5.b. of the CEO Agreement, effective December 31, 2011. Except as otherwise stated herein the CEO Agreement is superseded by this Transition Agreement and will no longer be of any force and effect, effective December 31, 2011.

3. Interim President and Chief Executive Officer. Authority will appoint an Interim President and Chief Executive Officer to begin serving effective December 1, 2011 or as soon thereafter as practicable. Brexler acknowledges that his authority as President and Chief Executive Officer will end effective December 1, 2011 and that said authority will be assumed by the Interim President and Chief Executive Officer effective on that date. Brexler agrees to use his best efforts to assist the Interim President and Chief Executive Officer and to advise the Interim President and Chief Executive Officer on the status of past, present and pending matters requiring the attention of the Interim President and Chief Executive Officer.

4. Severance Payment. For a period of fifteen (15) calendar months beginning on January 1, 2012, and ending on March 31, 2013, Authority will pay Brexler Severance Pay of \$713,771.25 in 32 bi-weekly installments of \$21,154.50 and a final installment of \$10,577.25, plus an additional one-time payment of \$26,250.00 to be paid in July, 2012. During this time period Brexler is free to search for employment elsewhere. The Severance Payments will be made regardless of whether Brexler finds and accepts employment elsewhere. The Severance Payment will not be treated as payment to an employee. Authority will report the Severance Payment on an IRS Form 1099.

5. Group Health Insurance. Authority will pay the employer portion of Brexler's group health insurance premium for continuation coverage under COBRA for a period of eighteen (18) months beginning on January 1, 2012.

6. Perquisites. Brexler shall retain his office in the Executive Suite of the Baroness Erlanger Building, his Executive parking space, and his Administrative Assistant through December 31, 2011.

7. No Other Compensation or Benefits. Brexler agrees and acknowledges that the Severance Payment and benefits expressly provided for herein are all that will be paid beyond the effective date of this Transition Agreement, except such benefits as may have vested on or before December 31, 2011, including Brexler's accrued Paid Annual Leave.

8. Indemnification for Tax Liability. Authority makes no representations regarding the tax obligations or consequences that may arise from the Severance Payment and other benefits under this Transition Agreement. Brexler shall be solely responsible for any federal, state or local taxes which are or may become due with respect to such payments or benefits. Brexler agrees to indemnify, defend and hold Authority harmless from any claim, assessment or liability (including without limitation penalties or interest) should any federal, state or local taxing authority assert that income taxes, FICA contributions, social security payments, or other taxes or charges are owed by Brexler or Authority on, or should have been withheld from, the Severance Payment and other benefits identified in this Transition Agreement.

9. Officers Indemnification. Nothing contained in this Transition Agreement is intended to change any obligations or rights with respect to indemnification contained in Authority's By-Laws.

10. Confidentiality and Non-Compete. Notwithstanding any other provision of this Transition Agreement to the contrary, the terms of the Non-Competition and Confidentiality Agreement between the parties, dated March 1, 2004 (Exhibit D to the CEO Agreement), shall remain in full force and effect, and Brexler agrees and acknowledges his obligation to remain bound thereby. For purposes of the Non-Competition and Confidentiality Agreement the effective date of termination of the CEO Agreement and Brexler's employment shall be December 31, 2011.

11. Notice. Whenever under the terms of this Transition Agreement, written notice is required or permitted to be given by either party to the other party, such notice shall be deemed to be sufficiently given if personally delivered, transmitted to the other party by facsimile transmission, or deposited in the United States Mail in a properly stamped and addressed envelope, certified mail, return receipt requested, addressed to the party to whom it is to be given at the address set forth below:

To Brexler: c/o Harry F. Burnette
Burnette, Dobson & Pinchak
713 Cherry Street
Chattanooga, TN 37402
Fax: (423) 266-3324

To Erlanger: Dale C. Hetzler,
Senior Vice President and Chief Legal Officer
Erlanger Health System
975 East Third Street
Chattanooga, TN 37403
Fax: (423) 778-7525

12. Entire Agreement. With the sole exception of the Non-Competition and Confidentiality Agreement dated March 1, 2004, this Transition Agreement sets forth the entire understanding and agreement between the parties and shall be binding upon the parties and their successors, if any. All prior negotiations, agreements and understandings, including the CEO

Agreement, are superseded hereby and no oral statement or prior written material not specifically incorporated herein shall be of any force or effect, and no changes in or additions to this Transition Agreement shall be recognized or enforceable unless incorporated herein by written amendment as provided herein. This Transition Agreement and any amendments shall be in writing and executed on behalf of the Authority by the Chairman of the Board after approval of the Board, and by the Interim President and CEO or by any successor President and CEO. Each multiple copy shall be deemed an original, but all multiple copies together shall constitute one and the same instrument.

13. Severability. In the event any provision of this Transition Agreement is held to be unenforceable for any reason, the unenforceability thereof shall not affect the remainder of this Transition Agreement, which shall remain in full force and effect and enforceable in accordance with its terms.

14. Headings. The headings preceding the text of the several sections of this Transition Agreement are inserted solely for the convenience of reference and shall not constitute a part of this Transition Agreement, nor shall they affect the meaning, construction, or effect of any section hereof.

15. Governing Law. This Transition Agreement shall be construed and enforced pursuant to the laws of the State of Tennessee.

JAMES L. BREXLER

Date: _____

CHATTANOOGA-HAMILTON COUNTY
HOSPITAL AUTHORITY
d/b/a ERLANGER HEALTH SYSTEM

By: _____

Title: _____

Date: _____