

FORM A

STATEMENT REGARDING THE ACQUISITION OF CONTROL  
OF OR MERGER WITH A DOMESTIC INSURER

Upper Peninsula Health Plan, Inc.  
Name of Domestic Insurer

by

DLP Marquette Holding Company, LLC  
Name of Acquiring Person (Applicant)

Filed with the Office of Financial and Insurance Regulation of the State of Michigan  
("OFIR")

(State of domicile of insurer being acquired)

Dated: July 26, 2012.

Name, Title, address and telephone number of Individuals to Whom Notices and Correspondence  
Concerning this Statement should be Addressed:

Jeff G. Seraphine  
President  
DLP Marquette Holding Company, LLC  
103 Powell Court  
Brentwood, TN 37027  
Phone: (615) 372-8576

INSURANCE EVALUATION  
DIVISION

JUL 27 2012

Mark S. Kopson  
Seymour M. Nayer  
Plunkett Cooney  
38505 Woodward Avenue, Suite 2000  
Bloomfield Hills, MI 48304  
Phone: (248) 901-4000

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ITEM 1. METHOD OF ACQUISITION

State the name and address of the domestic insurer to which this application relates and a  
brief description of how control is to be acquired.

The Domestic Insurer

The name of the domestic insurer to which this application relates is Upper Peninsula Health Plan, Inc., ("UPHP") a Michigan business corporation. UPHP is licensed as a health maintenance organization by OFIR pursuant to the Insurance Code at MCL 500.3501 *et seq.* Its address is 228 W. Washington Street, Marquette, Michigan, 49855. At present, 56% of the

voting equity of UPHP (the "56% Interest") is owned by Marquette General Hospital, Inc. ("Seller").

Prior to August 31, 2012, UPHP will be converted into a Michigan-chartered for profit limited liability company pursuant to Michigan law, thereby succeeding to all of UPHP's assets and liabilities.

### The Acquisition

The applicant, DLP Marquette Holding Company, LLC ("Applicant"), was formed as a Delaware limited liability company on May 18, 2012, for purposes of entering into an Asset Purchase Agreement (the "Agreement") with Seller. Applicant and Seller executed the Agreement effective June 28, 2012. The consummation of the transactions contemplated by the Agreement (the "Closing") currently is anticipated to take place on August 31, 2012, to be effective at 12:01 a.m. September 1, 2012, or at such other date and time as the parties may agree to in writing. A copy of the Agreement is attached as **Exhibit A**.

Pursuant to the Agreement, Marquette General Hospital, Inc., as Seller, is selling to Applicant, as Buyer, substantially all of the assets of Seller. In addition to the 56% Interest, the assets to be acquired by Applicant include the assets used in the operation of Marquette General Hospital and Seller's percentage equity interests in other businesses, all as described in more detail in the Agreement.

Applicant estimates that \$11,296,581 of the aggregate consideration to be paid to Seller to purchase the assets of Seller pursuant to the Agreement is attributable to the 56% Interest, subject to adjustment based on Seller's net working capital at the time of Closing as described in more detail in the Agreement. Consummation of the transaction is contingent upon, among other things, receipt of all necessary governmental approvals, including expiration or early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, completion of the Certificate of Need process, the release and/or discharge of certain bonds, and other customary closing conditions as described in the Agreement.

One of Seller's pre-Closing covenants under the Agreement is the conversion of UPHP from a Michigan business corporation to a Michigan for profit limited liability company. As noted above, the conversion will take place prior to August 31, 2012. UPHP will be requesting an exemption from the Form A filing requirement with respect to that entity conversion.

Upon Closing, Applicant will acquire the 56% Interest from Seller. Immediately after Closing, Applicant will transfer the 56% Interest to its wholly owned subsidiary DLP Marquette Health Plan, LLC, a single-member Delaware limited liability company, recently formed for the purpose of holding the 56% Interest in UPHP (UPHP having converted to a Michigan limited liability company prior to the Closing). After that transfer from Applicant, the 56% Interest will constitute DLP Marquette Health Plan, LLC's entire equity interest in UPHP. This Form A submission is intended to cover Applicant's acquisition of the 56% Interest from Seller, as well as the Applicant's subsequent transfer of the 56% Interest to DLP Marquette Health Plan, LLC.

**ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT**

- (a) **State the name and address of the applicant seeking to acquire control over the insurer.**

DLP Marquette Holding Company, LLC. Its address is 103 Powell Court, Brentwood, TN 37027.

- (b) **If the applicant is not an individual, state the nature of its business operations for the past 5 years or for such lesser period as such person and any predecessors thereof shall have been in existence. Describe the business intended to be done by the applicant and the applicant's subsidiaries.**

As noted in Item 1 above, Applicant was formed as a Delaware limited liability company on May 18, 2012 for the purpose of entering into the Asset Purchase Agreement with Marquette General Hospital, Inc. As noted in Item 1 above, Applicant's subsidiary, DLP Marquette Health Plan, LLC, was formed on June 21, 2012 as a Delaware limited liability company for purposes of holding the 56% Interest in UPHP.

Applicant is a wholly-owned subsidiary of DLP Healthcare, LLC, which was formed as a Delaware limited liability company on January 26, 2011. DLP Healthcare, LLC is a joint venture between Duke University Health System, Inc. (3% owner) and DLP Partner, LLC (97% owner). DLP Partner, LLC is an indirect subsidiary of a publicly held corporation, LifePoint Hospitals, Inc.

DLP Healthcare, LLC, which does business as Duke LifePoint Healthcare, is focused on owning and operating community hospitals and improving the delivery of healthcare services. Since its inception, DLP Partner, LLC, through other wholly-owned subsidiaries, has acquired an 80% interest in Maria Parham Medical Center in Henderson, North Carolina and in Twin County Regional Healthcare in Galax, Virginia, and all of the assets of Person Memorial Hospital in Roxboro, North Carolina.

As explained in Applicant's accompanying *Petition For Recognition of DLP Healthcare, LLC As Ultimate Controlling Person*, DLP Healthcare, LLC has executive, supervisory and managerial control over all operations of the Applicant. After the Closing, DLP Healthcare, LLC, through its indirect ownership of the 56% Interest, will have executive, supervisory and managerial control over UPHP. Accordingly, the following information regarding the "ultimate controlling person" is information pertaining to DLP Healthcare, LLC.<sup>1</sup>

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<sup>1</sup> It should be noted that the 56% Interest will not give Applicant total "control" of UPHP for the reason that essentially all "major" decisions and actions of and with respect to UPHP must be approved by seventy-percent (70%) of the outstanding equity interests of UPHP. Section 3.11 of the UPHP Bylaws provides as follows:

No changes in the post-closing activities of DLP Healthcare, LLC, or of any of its subsidiaries, including Applicant, are contemplated at this time.

The current 5-year Business Plan for UPHP is discussed at Item 5.

- (c) Furnish a chart or listing clearly presenting the identities of the interrelationships among the applicant and all affiliates of the applicant, including the ultimate controlling person(s). No affiliate need be identified if its total assets are equal to less than 1/2 of 1% of the total assets of the ultimate controlling person affiliated with the applicant. Indicate in such chart or listing the percentage of voting securities of each such person which is owned or controlled by the applicant or by any other such person. If control of any person is maintained other than by the ownership or control of voting securities, indicate the basis of such control. As to each person specified in such chart or listing indicate the type of organization (e.g. corporation, trust, partnership), primary business (e.g. holding company, insurance agency, manufacturer) and the state or other jurisdiction of domicile. If court proceedings involving a reorganization or liquidation are pending with respect to any such person, indicate which person, and set forth the title of the court, nature of proceedings and the date when commenced.

Attached as **Exhibit B** are two organizational charts that present, pre-Closing and post-Closing, the identities of and interrelationships among the Applicant and all affiliates of the Applicant, including the ultimate controlling person, DLP Healthcare, LLC.

There are no court proceedings involving a reorganization or liquidation that are pending with respect to the Applicant or any of the affiliated entities.

### **ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANT**

State the following with respect to 1) the applicant if she or he is an individual 2) if the applicant is not an individual, all persons who are, or who have been selected to be,

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3.11 Reserved Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors of the Corporation, except that action of the Board of Directors shall be effective on any of the following matters only if the shareholders have approved and consented to such action by a vote of seventy percent (70%) of the outstanding shares of the Corporation:

- 3.11.1 Amendment of the Articles of Incorporation or Bylaws of the Corporation;
- 3.11.2 Approval of long-term strategic plans, affiliation agreements, annual operating plans, capital budgets; capital calls, and approval of expenditures or debt incurred in excess of \$100,000 (excluding payment of medical claims);
- 3.11.3 Appointment, removal and compensation of officers or fiscal auditors;
- 3.11.4 Sale, lease, exchange or other encumbrance or disposition of all, or substantially all, of the property and assets of the Corporation, or merger or consolidation of the Corporation with another entity;
- 3.11.5 Approval of any provider panel; and
- 3.11.6 Voluntary dissolution of the corporation.

The Applicant understands that that same super-majority requirement will be contained in UPHP's operating agreement following its conversion to a Michigan limited liability company.

directors, executive officers (or others who perform or will perform functions appropriate to those positions), or owners of 10% or more of the voting securities of the applicant, and, 3) in all instances where individuals will be the direct or indirect source of funding for the acquisition:

- (a) Name and business address;
- (b) Present principal business activity, occupation or employment including position and office held and the name, principal business and address of any corporation or other organization in which such employment is carried on;
- (c) All occupations, positions, offices or employment during the last 5 years, giving the starting and ending dates of each and the name, principal business and address of any business corporation or other organization in which each such occupation, position, office or employment was carried on; if any such occupation, position, office or employment required licensing by or registration with any federal, state or municipal governmental agency, indicate such fact, the current status of such licensing or registration, and an explanation of any surrender, revocation, suspension or disciplinary proceedings in connection therewith.
- (d) Whether or not such person has ever been convicted in a criminal proceeding (excluding minor traffic violations) during the last 10 years and, if so, give the date, nature of conviction, name and location of court, and penalty imposed or other disposition of the case. Whether or not such person has had any civil judgments against the person resulting in \$25,000 or more in civil fines or penalties or injunctive or other equitable relief.
- (e) Upon the request of the Commissioner, individuals shall provide fingerprint cards pursuant to Section 249a for state, multi-state, and federal criminal history record checks.

Attached as Exhibit C is the biographical information required by Item 4(a)-(d) for the current directors and executive officers of UPHP. Applicant currently anticipates that the conversion of UPHP into a Michigan limited liability company prior to Closing will not result in a change in the identity of any of the individuals managing UPHP.

The individuals who will perform the functions appropriate to the positions of directors and executive officers for and on behalf of DLP Healthcare, LLC are listed below:

Governors:

William J. Fulkerson, M.D. (Class A)  
Leif M. Murphy (Class B)  
David Dill (Class B)  
Jeff G. Seraphine (Class B)

Officers:

Jeff G. Seraphine – President  
Jonathan Wall – Chief Financial Officer  
Leif M. Murphy – Sr. Vice President

Michael S. Coggin – Sr. Vice President and Treasurer  
Christopher J. Monte – Vice President  
Christy S. Green – Vice President and Secretary

Attached as **Exhibit C-2** is the biographical information required by Item 4(a)–(d) for the each of the above listed governors and officers of DLP Healthcare, LLC.

**ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION**

- (a) **Describe the nature, source and amount of funds or other considerations used or to be used in effecting the merger or other acquisition of control. Describe any transaction where funds were or are to be obtained for such purpose, including any pledge of the insurer's stock or pledge of the stock of any of its subsidiaries or controlling affiliates. If any part of the same is represented or is to be represented by funds or other consideration borrowed or otherwise obtained for the purpose of acquiring, holding or trading securities, furnish a description of the transaction, the names of the parties thereto, the relationship, if any, between the borrower and the lender, the amounts borrowed or to be borrowed, and copies of all agreements, promissory notes and security arrangements relating thereto.**

Applicant estimates that \$11,296,581 of the aggregate consideration to be paid to Seller to purchase the assets of Seller pursuant to the Agreement is attributable to the 56% Interest, subject to adjustment based on Seller's net working capital at the time of Closing as described in more detail in the Agreement. That consideration will be paid in cash. The source of the cash will be LifePoint Hospitals, Inc., which generated \$401.5 million in cash from operations on a consolidated basis for the year ending December 31, 2011. (See page F-9 (Consolidated Statement of Cash Flows) of SEC Form 10-K of LifePoint Hospitals, Inc. for the fiscal year ended December 31, 2011, included in **Exhibit F** hereto.) As indicated in Item 1 above, immediately upon Closing and the Applicant's receipt of the 56% Interest, the Applicant will contribute the 56% Interest to its wholly owned subsidiary, DLP Marquette Health Plan, LLC.

- (b) **Explain the criteria used in determining the nature and amount of such consideration.**

Applicant reviewed foundational documents and representative provider contracts of UPHP. Applicant engaged Deloitte to perform specific procedures on UPHP, including a general business and compliance review, an assessment of UPHP's quality of earnings, a review of five year projections for risk-based capital, and a review of the actuarial work relating to incurred but not paid liabilities. Applicant took into account information that its financial advisors deemed materially relevant to the contemplated transaction.

- (c) **If the source of the consideration is a loan made in the lender's ordinary course of business and if the applicant wishes the identity of the lender to remain confidential, the applicant must specifically request that the identity**

be kept confidential.

Not applicable.

**ITEM 5. FUTURE PLANS FOR INSURER**

- (a) Describe any plans or proposals which the applicant may have for the insurer to declare a dividend, (whether or not extraordinary), to liquidate the insurer, to sell its assets, to merge it with any person or persons, or to make any other material change in its business operations or corporate structure or management.

A copy of UPHP's current 5-year forward-looking income statement (statutory accounting basis) is attached as **Exhibit D**. Applicant has no present plans to attempt to cause UPHP to declare any extraordinary dividend, or to liquidate or to sell the assets of UPHP, to merge UPHP into another entity or to make any material change to UPHP's operations or corporate structure.

- (b) Provide a 5 year business plan which describes the types of business to be written by the insurer, marketing plan, projected direct, assumed, ceded, and net written premiums by line, pro-forma statutory balance sheets and income statements. Also, describe proposed changes to the insurer's reinsurance program (if any), amount, timing, and type of capital contributions (if any), proposed changes to the insurer's executive officers and directors, and compliance plan with the "books and records in Michigan" requirement of Section 5256.

A copy of UPHP's current five year business plan is attached as **Exhibit E**. At present, there are no plans to revise the current five year business plan.

**ITEM 6. VOTING SECURITIES TO BE ACQUIRED**

State the number of shares of the insurer's voting securities which the applicant, its affiliates and any person listed in Item 3 plan to acquire, and the terms of the offer, request, invitation, agreement or acquisition, and a statement as to the method by which the fairness of the proposal was arrived at.

As described more fully in Item 1, Applicant will acquire approximately 56% of the voting securities of UPHP and will then transfer that 56% Interest to Applicant's wholly-owned subsidiary DLP Marquette Health Plan, LLC, of which the Applicant is the sole member.

**ITEM 7. OWNERSHIP OF VOTING SECURITIES**

State the amount of each class of any voting security of the insurer which is beneficially owned or concerning which there is a right to acquire beneficial ownership by the applicant, its affiliates or any person listed in Item 3.

None, except as provided by the Agreement, and as summarized in Item 1 and Item 2 above, with respect to Applicant and Applicant's transfer of the 56% Interest to its wholly-owned subsidiary, DLP Marquette Health Plan, LLC.

**ITEM 8. CONTRACTS, ARRANGEMENTS, OR UNDERSTANDINGS WITH RESPECT TO VOTING SECURITIES OF THE INSURER**

Give a full description of any contracts, arrangements or understandings with respect to any voting security of the insurer in which the applicant, its affiliates or any person listed in Item 3 is involved, including but not limited to transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies. Such description shall identify the persons with whom the contracts, arrangements or understanding have been entered into.

None, except as provided by the Agreement, and as summarized in Item 1 and Item 2 above, with respect to Applicant and Applicant's transfer of the 56% Interest to its wholly-owned subsidiary, DLP Marquette Health Plan, LLC.

**ITEM 9. RECENT PURCHASES OF VOTING SECURITIES**

Describe any purchases of any voting securities of the insurer by the applicant, its affiliates or any person listed in Item 3 during the 12 calendar months preceding the filing of this statement. Include in the description the dates of purchase, the names of the purchasers, and the consideration paid or agreed to be paid therefor. State whether any shares so purchased are hypothecated.

None.

**ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE**

Describe any recommendations to purchase any voting security of the insurer made by the applicant, its affiliates or any person listed in Item 3, or by anyone based upon interviews or at the suggestion of the applicant, its affiliates or any person listed in Item 3 during the 12 calendar months preceding the filing of this statement.

None.

**ITEM 11. AGREEMENTS WITH BROKER-DEALERS**

Describe the terms of any agreement, contract or understanding made with any broker-dealer as to solicitation of voting securities of the insurer for tender and the amount of any fees, commissions or other compensation to be paid to broker-dealers with regard thereto.

None.

**ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS**

- (a) Financial statements and exhibits shall be attached to this statement as an appendix, but list under this item the financial statements and exhibits so attached.

Exhibit A - Asset Purchase Agreement

Exhibit B - Organizational Charts presenting, pre-Closing and post-Closing, the identities of and interrelationships among the Applicant and all affiliates of the Applicant.



Exhibit C – Biographical Information for Current Directors and Officers of UPHP

Exhibit C-2 – Biographical Information for Governors and Officers of DLP Healthcare, LLC

Exhibit D – UPHP Income Statement – Statutory Basis for Years 2012 – 2016

Exhibit E – Current UPHP Five-Year Business Plan

Exhibit F – LifePoint Hospitals, Inc. First Quarter 2012 SEC Form 10-Q Quarterly Report; and LifePoint Hospitals, Inc. SEC Form 10-K Annual Reports For Fiscal Years Ending December 31, 2011, December 31, 2010, December 31, 2009, December 31, 2008, and December 31, 2007

Exhibit G – Projected DLP Marquette Holding Company, LLC Balance Sheet at 7-1-12 and the Projected DLP Marquette Holding Company, LLC Income Statement and Statement of Cash Flow for fiscal year 2013

Exhibit H – Annual Reports, Annual Statements and Audited Financial Statements of UPHP for the Past Two Fiscal Years

- (b) **The financial statements shall include the audited annual financial statements of the persons (both corporate and individual) identified in Item 2(c), including individuals who are applying to be the ultimate controlling persons, for the preceding 5 fiscal years (or for such lesser period as such applicant and its affiliates and any predecessors thereof shall have been in existence), and similar information covering the period from the end of such person's last fiscal year as of a date not earlier than 90 days prior to the filing of the statement. The statements may be prepared on either an individual basis, or, unless the Commissioner otherwise requires, on a consolidated basis if consolidated statements are prepared in the usual course of business. The consolidated financial statements shall include the consolidating work sheets.**

**The annual financial statements of the applicant corporate entity shall be accompanied by the certificate of an independent public accountant to the effect that such statements present fairly the financial positions of the applicant and the results of its operations for the year then ended, in conformity with generally accepted accounting principles or with requirements of insurance or other accounting principles prescribed or permitted under law. If the applicant is an insurer which is actively engaged in the business of insurance, the financial statements need not be certified, provided they are based on the Annual Statement of the person filed with the insurance department of the person's domiciliary state and are in accordance with the requirements of insurance or other accounting principles prescribed or permitted under the law and regulations of the state.**

The SEC filings attached as **Exhibit F** contain the consolidated financial statements of LifePoint Hospitals, Inc. for the period commencing January 1, 2007 and ending March 31, 2012. Those consolidated financial statements were prepared in the usual course of business of LifePoint Hospitals, Inc.. Attached as **Exhibit G** are the Projected DLP Marquette Holding Company, LLC Balance Sheet at 7-1-12 and the Projected DLP Marquette Holding Company, LLC Income Statement and Statement of Cash Flow for fiscal year 2013.

- (c) File as exhibits copies of all tender offers for, requests or invitations for, tenders of, exchange offers for, and agreements to acquire or exchange any voting securities of the insurer and (if distributed) of additional soliciting material relating thereto, any proposed employment, consultation, advisory, managing general agent, controlling producer, or management contracts concerning the insurer, annual reports and proxy statements to the stockholders of the insurer and the applicant for the last two fiscal years, and any additional documents or papers required Form A forms and instructions Section 4 and 6.

Other than as set forth in the Agreement (**Exhibit A**) and as summarized in Item 1 and Item 2 above, with respect to Applicant's planned transfer of the 56% Interest to its wholly-owned subsidiary, DLP Marquette Health Plan, LLC., there are no tender offers for, requests or invitations for, tenders of, exchange offers for, and agreements to acquire or exchange any voting securities of UPHP.

Copies of UPHP's Annual Reports, Annual Statements and audited financial statements for the last two fiscal years are attached hereto as **Exhibit H**.

UPHP and Applicant are privately held and do not issue proxy statements.

*ITEM 13, SIGNATURE AND CERTIFICATION, appears on next page.*

**ITEM 13. SIGNATURE AND CERTIFICATION**

Signature and certification required as follows:

**SIGNATURE**

Pursuant to the requirements of Section 1311 of the Insurance Code of 1956, as amended, DLP Marquette Holding Company, LLC has caused this application to be duly signed on its behalf in the City of Brentwood and State of Tennessee on the 24<sup>th</sup> day of July, 2012.

(SEAL) DLP Marquette Holding Company, LLC  
Name of Applicant

BY Christy S. Green  
Christy S. Green  
Vice President and Secretary

Attest: Chris Monte

Christy S. Monte  
(Signature of Officer)

Vice President

**CERTIFICATION**

The undersigned deposes and says that she has duly executed the attached application dated July 24<sup>th</sup>, 2012, for and on behalf of DLP Marquette Holding Company, LLC; that she is the Vice President and Secretary of such company and that she is authorized to execute and file such instrument. Deponent further says that she is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of her knowledge, information and belief.

(Signature) Christy S. Green  
Christy S. Green  
Vice President and Secretary