

# Daughters of Charity Health System

## Summary of Preliminary Proposals

As of March 27, 2014

MERGERS & ACQUISITIONS  
CAPITAL MARKETS  
FINANCIAL RESTRUCTURING  
FINANCIAL ADVISORY SERVICES

HL.com

*Confidential*

	<u>Tab</u>
Summary of Preliminary Proposals	1
Proposal Term Sheet Detail	2
Potential Buyer Profiles	3

# Summary of Preliminary Proposals

# Summary of Potential Investors Contacted

Confidential

- Houlihan Lokey is conducting a comprehensive marketing process of the Daughters of Charity Health System (“DCHS” or the “Company”), contacting 122 parties with financial/operational wherewithal, including Catholic, not-for-profit and for-profit potential buyers
  - A total of 55 parties have executed confidentiality agreements and received the confidential information memorandum and the supplemental MOB materials
  - As of March 27, 2014, 22 parties submitted preliminary proposals, including bids for the entire system, individual LHMs (including HCA’s October 23, 2013 proposal for OCH and SLRH) and MOBs
    - Several other real estate investors remain interested in the MOB portfolio but are seeking knowledge about the potential operators to determine the value of the real estate / MOBs

	Buyers Contacted	Formally Passed	Evaluating Opportunity - Later Stage <sup>(a)</sup>	Executed CA	Submitted LOI
<b>Catholic</b>	8	5	0	2	2
<b>Not-for-Profit (non-Catholic)</b>	18	9	0	9	4
<b>For Profit</b>	34	15	2	17	12
<b>Private Equity</b>	14	6	0	4	1
<b>SNF / REIT / MOB</b>	48	20	6	23	3
<b>Total</b>	<b>122</b>	<b>55 <sup>(b)</sup></b>	<b>8</b>	<b>55</b>	<b>22</b>

(a) Parties who indicated a potential interest in evaluating the opportunity at a later stage in the process

(b) Ten parties executed a CA, but have since passed on the opportunity. 2 Not-for-Profit (non-Catholic); 5 For-Profit; and 3 SNF / REIT / MOB.

# Distribution of Marketing Materials

Confidential

- The following table identifies the 55 parties that executed a confidentiality agreement and received the confidential materials

## Potential Buyers (55) <sup>(a)</sup>

Catholic (2)	Not-For-Profit (non-Catholic) (9)	For Profit (17)	Private Equity (4)	SNF / REIT / MOB (23)
Dignity Health	Cedars-Sinai	Aeoro	Cerberus Capital Management	American Healthcare Investors
Providence / Molina	CHOMP	AHMC Healthcare	KKR	American Realty Capital
	El Camino	Alecto Healthcare Services	Paladin / Avanti	Arba Group
	Good Samaritan Hospital	Bridgewater/Ares/Westridge	PS Two / Pejman Salimpour	Ardmore Medical Group
	Kaiser Permanente	Cardiovascular Care Group		AVIV REIT <sup>(a)</sup>
	San Mateo County	CHA Hollywood		Brius Healthcare / Shlomo Rechnitz
	Scripps Health <sup>(a)</sup>	HCA Healthcare		Covenant Care <sup>(a)</sup>
	Stanford Medicine <sup>(a)</sup>	Iasis Healthcare <sup>(a)</sup>		CrossHarbor Capital Partners
	UCLA Health	JPH Consulting		Eduro Healthcare
		LHP Hospital Group <sup>(a)</sup>		EmpRes
		LifePoint Hospitals <sup>(a)</sup>		Ensign
		Pinnacle Healthcare		G&L Realty
		Prime Healthcare Services		Health Care REIT <sup>(a)</sup>
		Prospect Medical Holdings		Kindred
		RollinsNelson <sup>(a)</sup>		Life Generations / Generations
		Strategic Global Management		Marquis Senior Care
		Universal Health Services <sup>(a)</sup>		Meridian / JCH Consulting
				Meridian
				Physicians Realty Trust
				Plum Healthcare
				Prestige Care, Inc.
				SnF Management
				Ventas

(a) Ten parties executed a CA but have since passed on the opportunity

***We received positive feedback on DCHS from potential investors as it relates to the following:***

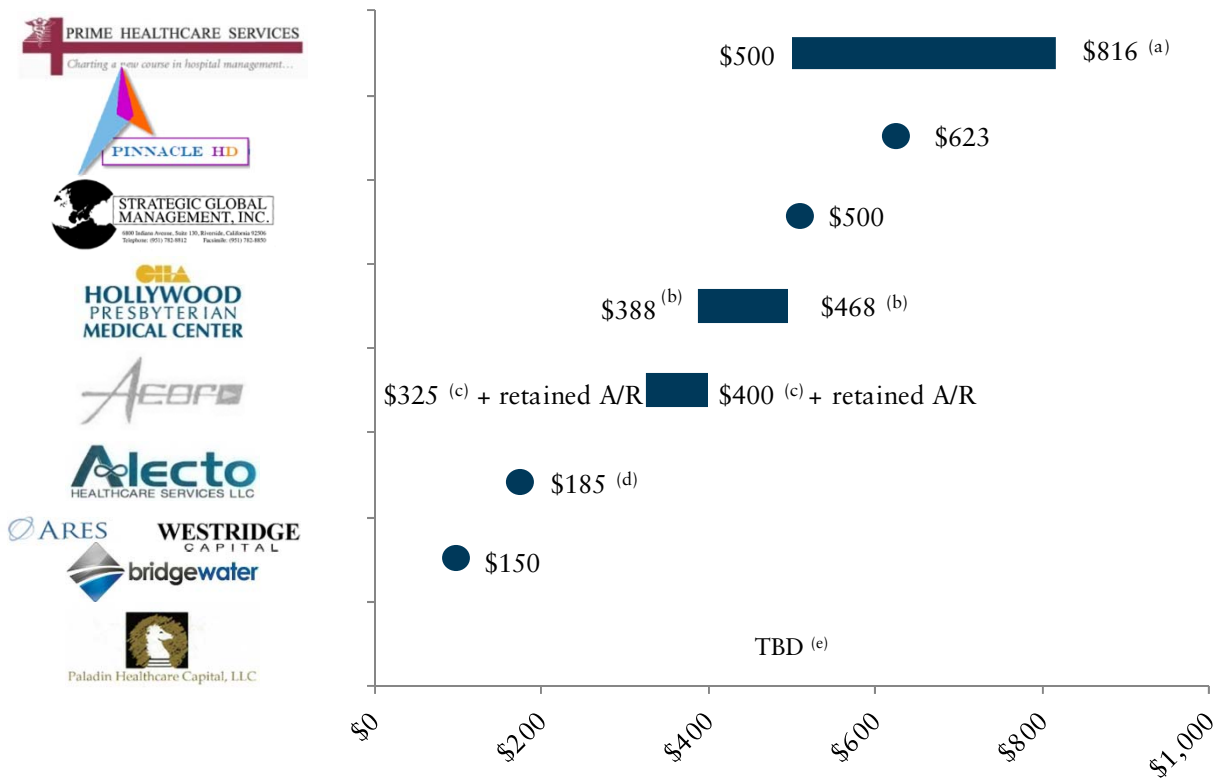
- Tremendous reputation for providing high quality care to the local communities
- Award winning hospitals overall and across many specialties
- Strong market share in attractive, heavily populated markets
- Large platform in California with significant potential for growth and margin improvement

***Potential buyers who decided not to submit a proposal for DCHS or its individual assets highlighted the following reasons:***

- Avoiding California or not interested in expanding to other geographic areas
- Significant capital expenditures required given age of facilities/equipment and seismic issues
- Difficult payor mix and dependence on supplemental government programs
- Concerns about heavy union concentration/exposure
- Negative margin profile and declining financial performance

# Summary of Full System Bids

## Full System Bids (\$ millions)

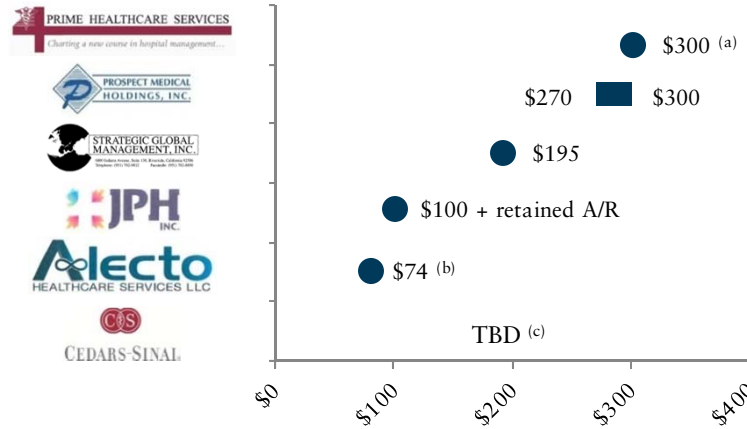


Note: Values set forth are gross of trade payables (non-employee) not assumed by buyer

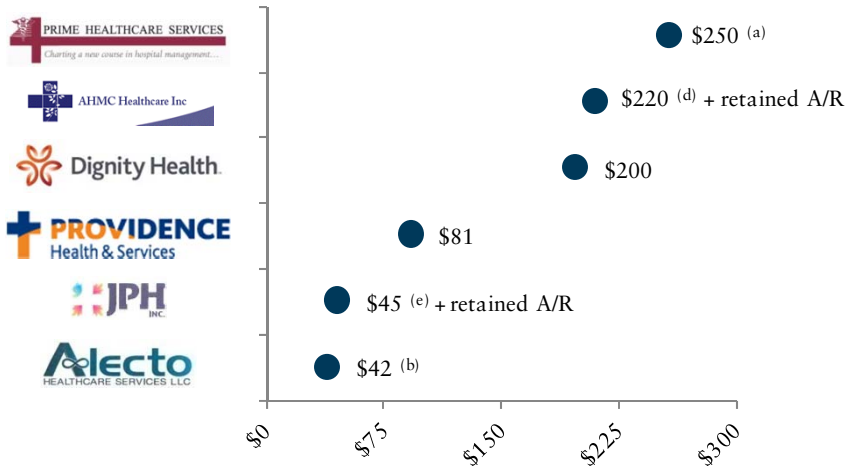
- (a) \$816 million includes value of assumed obligations: estimated \$214 million of RPHE withdrawal liability, \$330 million of Church Plan termination cost, \$263 million of net bond obligations (including \$290 million of face amount less \$27 million DSRF) and \$9 million of other debt obligations
- (b) Includes \$263 million of assumed bond debt (\$290 million of face amount less \$27 million of debt service reserve funds)
- (c) Bid excludes Caritas Business Services
- (d) \$300 million less assumed current employee liabilities estimated at \$115 million
- (e) Paladin Healthcare Capital bid did not specify purchase price

# Summary of SoCal LHM Bids

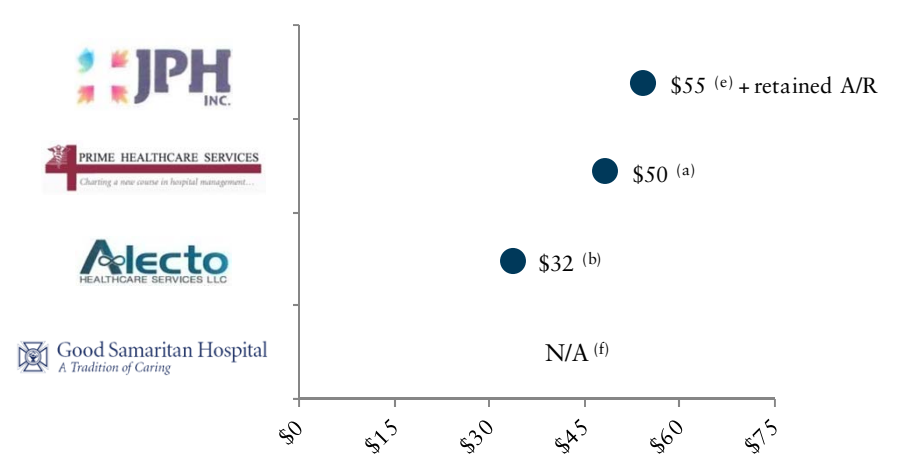
## SFMC + SVMC Bids (\$ millions)



## SFMC Bids (\$ millions)



## SVMC Bids (\$ millions)



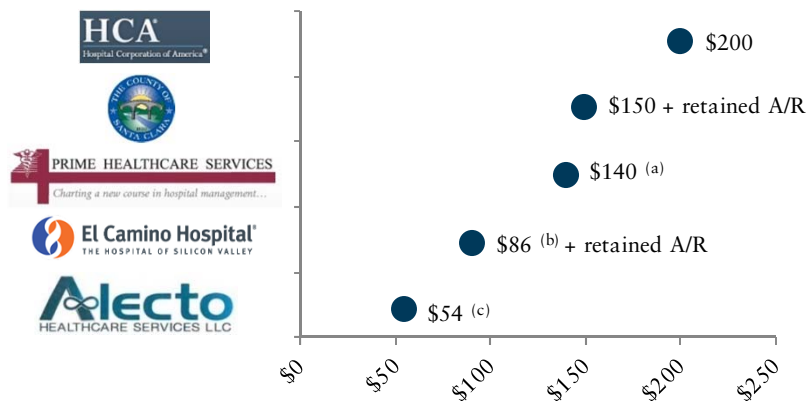
Note: Values set forth are gross of trade payables (non-employee) not assumed by buyer

- (a) Based on Prime's Option C
- (b) Based on Alecto's allocated valuation by asset (less assumed current employee liabilities of \$38 million for SFMC and \$18 million for SVMC)
- (c) Cedars-Sinai bid did not specify purchase price; they would like to work with an unnamed strategic partner in the next round of the process
- (d) \$125 million plus \$95 million (27.5% of three years of estimated net Provider Fee, SB 855 and SB 1255)
- (e) JPH provided an allocation of value between SFMC and SVMC, but may not be willing to acquire the LHMs separately
- (f) Excludes Good Samaritan's bid that contemplates transfer of service lines, patients and employees from SVMC



# Summary of NorCal LHM Bids

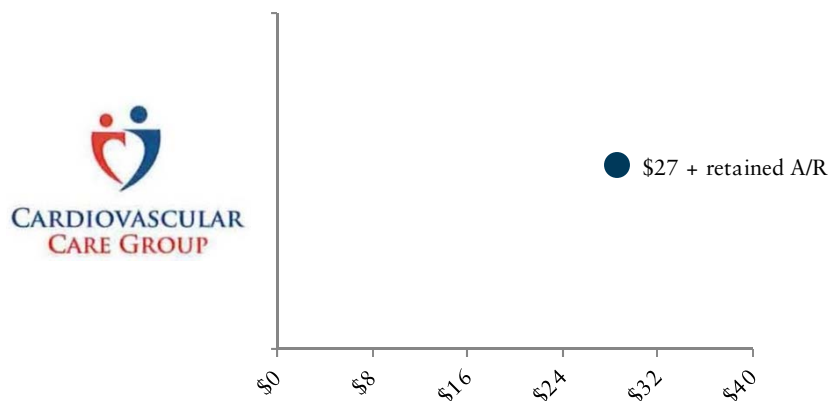
## OCH + SLRH Bids (\$ millions)



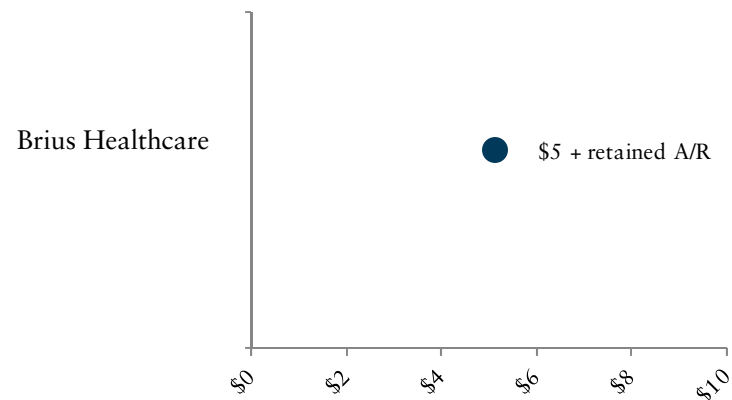
## SMC + SMCC Bids (\$ millions)



## SLRH Bids (\$ millions)



## SMCC Bids (\$ millions)



Note: Values set forth are gross of trade payables (non-employee) not assumed by buyer

(a) Based on Prime's Option C

(b) Represents El Camino's estimated net book value of OCH and SLRH, which they believe may reflect a reasonable value

(c) Based on Alecto's allocated valuation by asset (less assumed current employee liabilities)

# Summary of System and LHM Bids

## Summary of Bids (\$ millions)

	SYSTEM BUYERS									LHM BUYERS										
	Aecoro	Alecto	Bridgewater / Ares / Westridge	CHA-Hollywood Presbyterian	Paladin Healthcare	Pinnacle	Prime	Strategic Global Management	AHMC	Dignity	Providence / Molina	Cedars-Sinai	Le Summit / JPH Consulting	Prospect Medical	Good Samaritan (LA)	County of Santa Clara	El Camino	HCA	Cardiovascular Care	Brius Healthcare
Acq. Assets	FP / PE	FP	FP / PE	FP	FP	FP	FP	FP	FP	Catholic	Catholic	NFP	FP	FP	NFP	NFP	NFP	FP	FP	FP
Type	All	All	All	All	All <sup>(a)</sup>	All	All	All <sup>(a)</sup>	SFMC	SFMC	SFMC	SFMC, SVMC	SFMC, SVMC	SFMC, SVMC	SVMC (ops)	OCH, SLRH	OCH, SLRH	OCH, SLRH	SLRH	SMCC
LHMs	All	All	All	All	All <sup>(a)</sup>	All	All	All <sup>(a)</sup>	SFMC	SFMC	SFMC	SFMC, SVMC	SFMC, SVMC	SFMC, SVMC	SVMC (ops)	OCH, SLRH	OCH, SLRH	OCH, SLRH	SLRH	SMCC
MOBs	All	All	All	All	All	No	All	All	Yes	Yes	TBD	TBD	Yes	Yes	No	Yes	Yes	TBD	TBD	No
DCHS MF	Yes	Yes	No	Possibly	No	Yes	Yes	Yes	No	No	No	TBD	No	SoCal	No	No	Yes	TBD	No	No
CBS	No	Yes	Yes	Yes	No	Yes	Yes	Yes	No	No	No	No	No	No	No	Yes	No	No	No	No
A/R	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	TBD	No	Yes	No	No	No	No	No	No
Price	\$325-\$400 + A/R	185	\$150	\$388-\$468	TBD	623	\$500-\$816	\$500	\$220 + A/R	\$200	\$81	TBD	\$100 + A/R	\$270-\$300	\$0	\$150 + A/R	\$100 + A/R	\$200	\$27 + A/R	\$5 + A/R
CBAs Assumed	Possibly	Modify	No	TBD	Possibly	Modify	Possibly	Yes	Yes	Modify	TBD	TBD	TBD	Yes	No	No	No	No	No	TBD
Pension	Possibly	No	No	No	No	No	Possibly	Up to \$250	No	No	TBD	TBD	TBD	No	No	No	No	No	No	TBD
Avail. Capital	Low	Low	High	High	Medium	Low	High	Low	Medium	High	High	High	Low	High	Low	Medium	Medium	High	Medium	High
Diligence (days)	[60]	45	120	TBD	TBD	60	30	120	45	90	TBD	TBD	60	90	TBD	TBD	120	TBD	90	30
Other	- Holdback											- Unnamed strategic partner			- Services only	- Exclusivity	- Temp. shutdown	- Exclusivity	- Financing contng. - Exclusivity	

Note: Bracketed data based on verbal follow-up with buyers  
(a) Also indicated willingness to purchase just SFMC + SVMC

# Summary of MOB Bids

*Confidential*

	<b>Ardmore Medical Group, Inc.</b> <i>(LOI Submitted on 3/25/2014)</i>	<b>Michael Heslov</b> <i>(LOI Submitted on 2/24/2014)</i>
<b>MOBs to be Acquired</b>	<ul style="list-style-type: none"> <li>■ Maywood (SFMC)</li> </ul>	<ul style="list-style-type: none"> <li>■ Ocean View Pavilion (SVMC)</li> </ul>
<b>Price</b>	<ul style="list-style-type: none"> <li>■ \$825,000 <sup>(a)</sup></li> </ul>	<ul style="list-style-type: none"> <li>■ \$3.64 million <sup>(a)</sup></li> </ul>
<b>Due Diligence</b>	<ul style="list-style-type: none"> <li>■ N/A</li> </ul>	<ul style="list-style-type: none"> <li>■ Detailed list provided</li> </ul>
<b>Process and Timing</b>	<ul style="list-style-type: none"> <li>■ Due diligence: 30 days from APA</li> <li>■ Closing: 60 days after due diligence</li> </ul>	<ul style="list-style-type: none"> <li>■ Due diligence: 30 days</li> <li>■ Closing: 30 days after due diligence</li> </ul>

(a) Represents gross proceeds before 3% broker fee to be paid by DCHS

**Proposal Term Sheet Detail**

# Preliminary LOIs: Full System

Confidential

	Aero LLC (LOI Submitted on 3/21/2014)	Alecto Healthcare Services, LLC (LOI Submitted on 3/21/2014)
<b>Operations to be Acquired</b> <i>LHMs:</i> <i>MOBs:</i> <i>DCHS MF:</i> <i>CBS:</i> <i>A/R:</i>	<ul style="list-style-type: none"> <li>■ All LHMs</li> <li>■ All MOBs</li> <li>■ Yes</li> <li>■ No</li> <li>■ No</li> </ul>	<ul style="list-style-type: none"> <li>■ All LHMs</li> <li>■ All MOBs</li> <li>■ Yes</li> <li>■ Yes</li> <li>■ Yes</li> </ul>
<b>Amount and Form of Consideration</b>	<ul style="list-style-type: none"> <li>■ \$325 - \$400 million, subject to adjustments for:                             <ul style="list-style-type: none"> <li>● 24-month holdback for indemnification claims</li> <li>● NWC</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ \$300 million less employee liabilities assumed                             <ul style="list-style-type: none"> <li>● Value allocated as follows: SFMC: \$80 million, SVMC: \$50 million, OCH / SLRH: \$80 million, SMC / SMCC: \$50 million, DCHS MF: \$15 million, CBS: \$5 million</li> </ul> </li> </ul>
<b>Net Working Capital</b>	<ul style="list-style-type: none"> <li>■ Acquire current working capital assets (excluding A/R)</li> </ul>	<ul style="list-style-type: none"> <li>■ Acquire all current working capital assets</li> <li>■ Assume accrued payroll, payroll taxes and PTO for employees hired/retained</li> </ul>
<b>Employee Retention and CBA Treatment</b>	<ul style="list-style-type: none"> <li>■ Intends to retain substantially all employees</li> <li>■ May assume current CBAs with intent to renegotiate</li> </ul>	<ul style="list-style-type: none"> <li>■ Intends to retain substantially all employees</li> <li>■ Assumption of current CBAs subject to required modifications</li> </ul>
<b>Pension Treatment</b>	<ul style="list-style-type: none"> <li>■ May assume (subject to due diligence)</li> </ul>	<ul style="list-style-type: none"> <li>■ Not assumed</li> </ul>
<b>Other Agreements</b>	<ul style="list-style-type: none"> <li>■ TBD before closing</li> </ul>	<ul style="list-style-type: none"> <li>■ Assumed certain material contracts and leases</li> </ul>
<b>Sources of Capital</b>	<ul style="list-style-type: none"> <li>■ Debt</li> <li>■ Working with League Park Ventures, a partner of Cerberus Capital Management</li> </ul>	<ul style="list-style-type: none"> <li>■ Cash on hand</li> <li>■ Debt</li> <li>■ Sale / leaseback financing with Medical Properties Trust</li> </ul>
<b>Capital Commitments</b>	<ul style="list-style-type: none"> <li>■ \$200 - \$300 million over 3 years</li> </ul>	<ul style="list-style-type: none"> <li>■ \$50 million over 5 years</li> </ul>
<b>Process and Timing</b>	<ul style="list-style-type: none"> <li>■ [30 – 60 days to complete diligence]</li> </ul>	<ul style="list-style-type: none"> <li>■ Due diligence / APA: 30 days after materials provided</li> <li>■ Execution of APA: 15 days after completed diligence</li> <li>■ Submission to AG: 15 days after executed APA</li> <li>■ Regulatory approvals: 75 days after AG submission</li> <li>■ Closing: 15 days after receipt of regulatory approvals</li> </ul>
<b>Community Service and Charity Care</b>	<ul style="list-style-type: none"> <li>■ Committed to maintaining favorable charity care policies</li> </ul>	<ul style="list-style-type: none"> <li>■ Consistent with historical level</li> </ul>
<b>Due Diligence</b>	<ul style="list-style-type: none"> <li>■ To be provided</li> </ul>	<ul style="list-style-type: none"> <li>■ Brief list of items provided</li> </ul>
<b>Non-Customary Contingencies to Close</b>	<ul style="list-style-type: none"> <li>■ Substantially all employees accept employment</li> </ul>	<ul style="list-style-type: none"> <li>■ Successful CBA modifications</li> <li>■ Required consents to assign certain material contracts</li> </ul>
<b>Exclusivity</b>	<ul style="list-style-type: none"> <li>■ None requested</li> </ul>	<ul style="list-style-type: none"> <li>■ None requested</li> </ul>
<b>Other Parties</b>	<ul style="list-style-type: none"> <li>■ League Park Ventures (financial advisor)</li> </ul>	<ul style="list-style-type: none"> <li>■ Medical Properties Trust (financing)</li> </ul>

# Preliminary LOIs: Full System (continued)

Confidential

	Bridgewater Healthcare Group / Ares Management / Westridge Capital (LOI Submitted on 3/25/2014)	CHA Hollywood Presbyterian Medical Center, LP (LOI Submitted on 3/21/2014)
<b>Operations to be Acquired</b> <i>LHMs:</i> <i>MOBs:</i> <i>DCHS MF:</i> <i>CBS:</i> <i>A/R:</i>	<ul style="list-style-type: none"> <li>■ All LHMs</li> <li>■ All MOBs</li> <li>■ No</li> <li>■ Yes</li> <li>■ Yes</li> </ul>	<ul style="list-style-type: none"> <li>■ All LHMs</li> <li>■ All MOBs</li> <li>■ Possibly</li> <li>■ Yes</li> <li>■ Yes</li> </ul>
<b>Amount and Form of Consideration</b>	<ul style="list-style-type: none"> <li>■ \$150 million</li> </ul>	<ul style="list-style-type: none"> <li>■ \$125 - \$205 million, plus assumption of bond debt (\$388 - \$468 million <sup>(a)</sup>)</li> <li>■ Willing to consider cash and securities transaction</li> </ul>
<b>Net Working Capital</b>	<ul style="list-style-type: none"> <li>■ Acquire all working capital assets (including Provider Fee receivable)</li> </ul>	<ul style="list-style-type: none"> <li>■ Acquire all current working capital assets</li> <li>■ Assume all current working capital liabilities</li> </ul>
<b>Employee Retention and CBA Treatment</b>	<ul style="list-style-type: none"> <li>■ Intends to retain substantially all employees</li> <li>■ CBAs not assumed</li> </ul>	<ul style="list-style-type: none"> <li>■ Intends to retain all employees (additional diligence required)</li> <li>■ CBA status subject to additional diligence</li> </ul>
<b>Pension Treatment</b>	<ul style="list-style-type: none"> <li>■ Not assumed</li> </ul>	<ul style="list-style-type: none"> <li>■ Not assumed</li> <li>■ Willing to discuss based on further diligence</li> </ul>
<b>Other Agreements</b>	<ul style="list-style-type: none"> <li>■ Intends to assume all material agreements</li> </ul>	<ul style="list-style-type: none"> <li>■ Unspecified</li> </ul>
<b>Sources of Capital</b>	<ul style="list-style-type: none"> <li>■ Cash on hand</li> </ul>	<ul style="list-style-type: none"> <li>■ Existing capital / cash</li> </ul>
<b>Capital Commitments</b>	<ul style="list-style-type: none"> <li>■ Will fund \$150 million at closing for future cash needs</li> </ul>	<ul style="list-style-type: none"> <li>■ Unspecified</li> </ul>
<b>Process and Timing</b>	<ul style="list-style-type: none"> <li>■ Due diligence and APA: 120 days</li> </ul>	<ul style="list-style-type: none"> <li>■ Unspecified</li> </ul>
<b>Community Service and Charity Care</b>	<ul style="list-style-type: none"> <li>■ Current level, with the exception of certain programs</li> </ul>	<ul style="list-style-type: none"> <li>■ Current level</li> </ul>
<b>Due Diligence</b>	<ul style="list-style-type: none"> <li>■ Detailed list provided</li> </ul>	<ul style="list-style-type: none"> <li>■ To be provided</li> </ul>
<b>Non-Customary Contingencies to Close</b>	<ul style="list-style-type: none"> <li>■ None</li> </ul>	<ul style="list-style-type: none"> <li>■ Bondholder approvals on change of control</li> </ul>
<b>Exclusivity</b>	<ul style="list-style-type: none"> <li>■ None requested</li> </ul>	<ul style="list-style-type: none"> <li>■ None requested</li> </ul>
<b>Other Parties</b>	<ul style="list-style-type: none"> <li>■ Deloitte Corporate Finance (financial advisor), Proskauer Rose and Foley &amp; Lardner (legal counsel)</li> </ul>	<ul style="list-style-type: none"> <li>■ Blackstone (financial advisor)</li> </ul>

# Preliminary LOIs: Full System (continued)

Confidential

	Paladin Healthcare Capital, LLC / Avanti Hospitals (LOI Submitted on 3/25/2014)	Pinnacle Healthcare Development (LOI Submitted on 3/24/2014)
<b>Operations to be Acquired</b> <i>LHMs:</i> <i>MOBs:</i> <i>DCHS MF:</i> <i>CBS:</i> <i>A/R:</i>	<ul style="list-style-type: none"> <li>■ All LHMs or SFMC and SVMC</li> <li>■ Yes</li> <li>■ No</li> <li>■ No</li> <li>■ Yes</li> <li>■ Also proposed partial asset purchase, joint venture and management services bid structures</li> </ul>	<ul style="list-style-type: none"> <li>■ All LHMs</li> <li>■ No</li> <li>■ Yes</li> <li>■ Yes</li> <li>■ Yes</li> </ul>
<b>Amount and Form of Consideration</b>	<ul style="list-style-type: none"> <li>■ Unspecified</li> </ul>	<ul style="list-style-type: none"> <li>■ \$623 million, estimated based on:                             <ul style="list-style-type: none"> <li>● SFMC: \$270 million</li> <li>● SVMC: \$66 million</li> <li>● OCH / SLRH: \$190 million</li> <li>● SMC / SMCC: \$82 million</li> <li>● CBS and DCHS MF: \$15 million</li> </ul> </li> </ul>
<b>Net Working Capital</b>	<ul style="list-style-type: none"> <li>■ Acquire A/R and inventory</li> <li>■ Possibly assume A/P and accrued payroll</li> </ul>	<ul style="list-style-type: none"> <li>■ Acquire all working capital assets</li> <li>■ Assume all working capital liabilities</li> </ul>
<b>Employee Retention and CBA Treatment</b>	<ul style="list-style-type: none"> <li>■ Intends to retain substantially all employees</li> <li>■ Assumption of most CBAs</li> </ul>	<ul style="list-style-type: none"> <li>■ Intends to offer employment to all</li> <li>■ Intends to either assume CBAs or renegotiate before Closing</li> </ul>
<b>Pension Treatment</b>	<ul style="list-style-type: none"> <li>■ Not assumed</li> </ul>	<ul style="list-style-type: none"> <li>■ Not assumed</li> </ul>
<b>Other Agreements</b>	<ul style="list-style-type: none"> <li>■ Assumption of most material agreements</li> </ul>	<ul style="list-style-type: none"> <li>■ Intends to assume all market agreements, subject to further due diligence</li> </ul>
<b>Sources of Capital</b>	<ul style="list-style-type: none"> <li>■ Cash on hand</li> <li>■ Sale / leaseback financing</li> <li>■ Working capital revolver</li> <li>■ Seller note secured by future Provider Fee proceeds</li> </ul>	<ul style="list-style-type: none"> <li>■ Senior debt with GE Healthcare Finance, Stabilis Capital Management</li> <li>■ Real estate financing: Medical Properties Trust</li> <li>■ Funds from GE Healthcare Finance, Medical Properties Trust and Sherman Financial Group</li> </ul>
<b>Capital Commitments</b>	<ul style="list-style-type: none"> <li>■ Unspecified</li> </ul>	<ul style="list-style-type: none"> <li>■ [\$300] million over 5 years</li> </ul>
<b>Process and Timing</b>	<ul style="list-style-type: none"> <li>■ Unspecified</li> </ul>	<ul style="list-style-type: none"> <li>■ Due diligence and APA: 60 days</li> </ul>
<b>Community Service and Charity Care</b>	<ul style="list-style-type: none"> <li>■ Unspecified</li> </ul>	<ul style="list-style-type: none"> <li>■ Maintain core services and programs for 5 years; any discontinued services to be approved by established Board of Trustees</li> </ul>
<b>Due Diligence</b>	<ul style="list-style-type: none"> <li>■ Due diligence list to be provided</li> </ul>	<ul style="list-style-type: none"> <li>■ To be provided</li> </ul>
<b>Non-Customary Contingencies to Close</b>	<ul style="list-style-type: none"> <li>■ None</li> </ul>	<ul style="list-style-type: none"> <li>■ Sellers to purchase tail insurance</li> </ul>
<b>Exclusivity</b>	<ul style="list-style-type: none"> <li>■ None requested</li> </ul>	<ul style="list-style-type: none"> <li>■ Yes</li> </ul>
<b>Other Parties</b>	<ul style="list-style-type: none"> <li>■ Lockton Associates (due diligence advisor)</li> </ul>	<ul style="list-style-type: none"> <li>■ Financing: GE Healthcare Finance, Medical Properties Trust, Sherman Financial Group and Stabilis Capital Management</li> </ul>

# Preliminary LOIs: Full System (continued)

Confidential

**Prime Healthcare Services, Inc.**  
*(LOI Submitted on 3/18/2014)*

**Strategic Global Management, Inc.**  
*(LOI Submitted on 3/27/2014)*

<b>Operations to be Acquired</b>	<ul style="list-style-type: none"> <li>■ All LHMs</li> <li>■ All MOBs</li> <li>■ Yes</li> <li>■ Yes</li> <li>■ Yes</li> </ul>			<ul style="list-style-type: none"> <li>■ All LHMs or SFMC and SVMC</li> <li>■ Yes</li> <li>■ Yes, only under Option A</li> <li>■ Yes, only under Option A</li> <li>■ Yes</li> </ul>		
<i>LHMs:</i>						
<i>MOBs:</i>						
<i>DCHS MF:</i>						
<i>CBS:</i>						
<i>A/R:</i>						
<b>Amount and Form of Consideration</b>	<p><b>Option A</b></p> <ul style="list-style-type: none"> <li>■ \$500 million (incl. NWC)</li> </ul>	<p><b>Option B</b></p> <ul style="list-style-type: none"> <li>■ Assumption of full balance sheet (similar to a “stock purchase”)</li> </ul>	<p><b>Option C</b></p> <ul style="list-style-type: none"> <li>■ LHM purchase:                             <ul style="list-style-type: none"> <li>● SFMC: \$250 million</li> <li>● SVMC: \$50 million</li> <li>● SMC: \$80 million</li> <li>● OCH / SLRH: \$140 million</li> </ul> </li> </ul>	<p><b>Option A (All LHMs)</b></p> <ul style="list-style-type: none"> <li>■ \$500 million less assumed pension liability (up to \$250 million)</li> </ul>	<p><b>Option B (SoCal)</b></p> <ul style="list-style-type: none"> <li>■ \$195 million less assumed pension liability (up to \$100 million)</li> </ul>	
<b>Net Working Capital</b>	<ul style="list-style-type: none"> <li>■ Acquire all current working capital assets</li> <li>■ Assume all current working capital liabilities</li> </ul>			<ul style="list-style-type: none"> <li>■ Acquire all current working capital assets</li> <li>■ Assume all current working capital liabilities</li> </ul>		
<b>Employee Retention and CBA Treatment</b>	<ul style="list-style-type: none"> <li>■ Intends to retain substantially all employees</li> <li>■ May assume current CBAs with intent to renegotiate</li> </ul>			<ul style="list-style-type: none"> <li>■ Intends to retain substantially all employees</li> <li>■ Assumption of current CBAs, subject to additional diligence</li> </ul>		
<b>Pension Treatment</b>	<ul style="list-style-type: none"> <li>■ Assumed under Option B</li> <li>■ Not assumed under Options A and C</li> </ul>			<ul style="list-style-type: none"> <li>■ Option A: Assume up to \$250 million</li> <li>■ Option B: Assume up to \$100 million</li> </ul>		
<b>Other Agreements</b>	<ul style="list-style-type: none"> <li>■ Assumption subject to diligence</li> </ul>			<ul style="list-style-type: none"> <li>■ Assumption of substantially all, subject to diligence</li> </ul>		
<b>Sources of Capital</b>	<ul style="list-style-type: none"> <li>■ Recently announced acquisition line of credit and REIT financing</li> </ul>			<ul style="list-style-type: none"> <li>■ Funds from Apollo Global Management (formerly MidCap Financial) and Rendina Companies; possibly Highbridge Capital Management and KKR</li> </ul>		
<b>Capital Commitments</b>	<ul style="list-style-type: none"> <li>■ Options A and B: \$100 million over 5 years</li> </ul>			<ul style="list-style-type: none"> <li>■ Consistent with historical level, subject to diligence</li> </ul>		
<b>Process and Timing</b>	<ul style="list-style-type: none"> <li>■ Due diligence: 30 days</li> <li>■ Closing: Within 90 days after AG approval</li> </ul>			<ul style="list-style-type: none"> <li>■ Due diligence and APA: 90 - 120 days</li> <li>■ Closing: 150 days</li> </ul>		
<b>Community Service and Charity Care</b>	<ul style="list-style-type: none"> <li>■ Continued vision of care</li> </ul>			<ul style="list-style-type: none"> <li>■ Will apply Strategic Global Management indigent care policies to the hospitals</li> </ul>		
<b>Due Diligence</b>	<ul style="list-style-type: none"> <li>■ Brief list provided</li> </ul>			<ul style="list-style-type: none"> <li>■ Detailed list provided</li> </ul>		
<b>Non-Customary Contingencies to Close</b>	<ul style="list-style-type: none"> <li>■ None</li> </ul>			<ul style="list-style-type: none"> <li>■ None</li> </ul>		
<b>Exclusivity</b>	<ul style="list-style-type: none"> <li>■ None requested</li> </ul>			<ul style="list-style-type: none"> <li>■ None requested</li> </ul>		
<b>Other Parties</b>	<ul style="list-style-type: none"> <li>■ None</li> </ul>			<ul style="list-style-type: none"> <li>■ Financial Advisors: The Peira Group, Apollo Global Management and Moss Adams</li> </ul>		



# Preliminary LOIs: Individual LHMs

Confidential

	AHMC Healthcare, Inc. (LOI Submitted on 3/21/2014)	Brius Healthcare (LOI Submitted on 3/24/2014)
<b>Operations to be Acquired</b>		
LHMs:	■ SFMC (excluding Foundation)	■ SMCC
MOBs:	■ All related MOBs	■ No
DCHS MF:	■ No	■ No
CBS:	■ No	■ No
A/R:	■ No	■ No
<b>Amount and Form of Consideration</b>	<ul style="list-style-type: none"> <li>■ \$125 million, plus</li> <li>■ 27.5% of all net amounts received under the Provider Fee and DSH Program for 3 years post Closing (estimated at \$95 million <sup>(a)</sup>)</li> <li>■ Subject to NWC adjustment</li> </ul>	■ \$5 million
<b>Net Working Capital</b>	<ul style="list-style-type: none"> <li>■ Acquire inventories and prepaid expenses</li> <li>■ Assume accrued payroll and related liabilities</li> </ul>	■ None
<b>Employee Retention and CBA Treatment</b>	<ul style="list-style-type: none"> <li>■ Intends to retain all employees</li> <li>■ Assume existing CBAs</li> </ul>	<ul style="list-style-type: none"> <li>■ Retain more than 80% of employees</li> <li>■ CBA status subject to additional diligence (good working relationships with SEIU)</li> </ul>
<b>Pension Treatment</b>	■ Not assumed	■ Pension status subject to additional diligence
<b>Other Agreements</b>	■ Assume all reasonable contracts and leases	■ Contract status subject to additional diligence
<b>Sources of Capital</b>	■ Financed internally	<ul style="list-style-type: none"> <li>■ Cash on hand</li> <li>■ Funds from Shlomo Rechnitz (owner of Brius Healthcare)</li> </ul>
<b>Capital Commitments</b>	■ \$65 million over 5 years	■ \$3 million
<b>Process and Timing</b>	<ul style="list-style-type: none"> <li>■ Due diligence: 45 days</li> <li>■ Closing: Upon regulatory approval</li> </ul>	■ Closing: 30 days
<b>Community Service and Charity Care</b>	■ Will adopt existing practices	■ Limited number of patients to be accepted without insurance coverage
<b>Due Diligence</b>	■ Detailed list provided	<ul style="list-style-type: none"> <li>■ Acceptable PCNA report</li> <li>■ No financial due diligence</li> </ul>
<b>Non-Customary Contingencies to Close</b>	■ None	■ Acceptable PCNA report
<b>Exclusivity</b>	■ None requested	■ None requested
<b>Other Parties</b>	■ None	■ Rockport Healthcare Services (professional services)

# Preliminary LOIs: Individual LHMs (continued)

Confidential

	Cardiovascular Care Group (LOI Submitted on 3/20/2014)	Cedars-Sinai Medical Center (LOI Submitted on 3/21/2014)
<b>Operations to be Acquired</b> LHMs: MOBs: DCHS MF: CBS: A/R:	<ul style="list-style-type: none"> <li>■ SLRH</li> <li>■ Unspecified</li> <li>■ No</li> <li>■ No</li> <li>■ No</li> </ul>	<ul style="list-style-type: none"> <li>■ SFMC + SVMC</li> <li>■ Unspecified</li> <li>■ Unspecified</li> <li>■ No</li> <li>■ Unspecified</li> </ul>
<b>Amount and Form of Consideration</b>	<ul style="list-style-type: none"> <li>■ \$27 million</li> </ul>	<ul style="list-style-type: none"> <li>■ Unspecified</li> </ul>
<b>Net Working Capital</b>	<ul style="list-style-type: none"> <li>■ None</li> </ul>	<ul style="list-style-type: none"> <li>■ Unspecified</li> </ul>
<b>Employee Retention and CBA Treatment</b>	<ul style="list-style-type: none"> <li>■ Intends to retain non-union employees on mutually agreeable terms</li> <li>■ CBAs not assumed</li> </ul>	<ul style="list-style-type: none"> <li>■ Unspecified</li> </ul>
<b>Pension Treatment</b>	<ul style="list-style-type: none"> <li>■ Not assumed</li> </ul>	<ul style="list-style-type: none"> <li>■ Unspecified</li> </ul>
<b>Other Agreements</b>	<ul style="list-style-type: none"> <li>■ Equipment leases not assumed</li> <li>■ Other contracts not assumed</li> </ul>	<ul style="list-style-type: none"> <li>■ Unspecified</li> </ul>
<b>Sources of Capital</b>	<ul style="list-style-type: none"> <li>■ Funds from MedCare Investment Funds (equity sponsor)</li> <li>■ New debt financing</li> </ul>	<ul style="list-style-type: none"> <li>■ Unspecified</li> </ul>
<b>Capital Commitments</b>	<ul style="list-style-type: none"> <li>■ As necessary to support growth and capital investment objectives</li> </ul>	<ul style="list-style-type: none"> <li>■ Unspecified</li> </ul>
<b>Process and Timing</b>	<ul style="list-style-type: none"> <li>■ Due diligence: 90 days</li> <li>■ Closing: 60 days after executed APA</li> </ul>	<ul style="list-style-type: none"> <li>■ Unspecified</li> </ul>
<b>Community Service and Charity Care</b>	<ul style="list-style-type: none"> <li>■ Will continue to provide “services” and “low cost care”</li> </ul>	<ul style="list-style-type: none"> <li>■ Similar levels of support</li> </ul>
<b>Due Diligence</b>	<ul style="list-style-type: none"> <li>■ Usual and customary legal and financial diligence</li> </ul>	<ul style="list-style-type: none"> <li>■ Detailed list provided</li> </ul>
<b>Non-Customary Contingencies to Close</b>	<ul style="list-style-type: none"> <li>■ Financing contingency</li> </ul>	<ul style="list-style-type: none"> <li>■ Unspecified</li> </ul>
<b>Exclusivity</b>	<ul style="list-style-type: none"> <li>■ Yes</li> </ul>	<ul style="list-style-type: none"> <li>■ None requested</li> </ul>
<b>Other Parties</b>	<ul style="list-style-type: none"> <li>■ MedCare Investment Funds (financial sponsor)</li> </ul>	<ul style="list-style-type: none"> <li>■ Unspecified, plan to work with unnamed partner health system</li> </ul>

# Preliminary LOIs: Individual LHMs (continued)

Confidential

	County of Santa Clara (LOI Submitted on 3/21/2014)	Dignity Health (LOI Submitted on 3/21/2014)
<b>Operations to be Acquired</b> LHMs: MOBs: DCHS MF: CBS: A/R:	<ul style="list-style-type: none"> <li>■ OCH + SLRH</li> <li>■ All related MOBs</li> <li>■ No</li> <li>■ Yes</li> <li>■ No</li> </ul>	<ul style="list-style-type: none"> <li>■ SFMC</li> <li>■ All related MOBs</li> <li>■ No</li> <li>■ No</li> <li>■ Yes</li> </ul>
<b>Amount and Form of Consideration</b>	■ \$150 million, subject to NWC adjustment	■ \$200 million, subject to NWC adjustment
<b>Net Working Capital</b>	■ Acquire inventories, supplies, prepaid expenses and advances	<ul style="list-style-type: none"> <li>■ Acquire all current working capital assets</li> <li>■ Assume all current working capital liabilities</li> </ul>
<b>Employee Retention and CBA Treatment</b>	<ul style="list-style-type: none"> <li>■ Intends to retain all employees</li> <li>■ Not assuming CBAs</li> </ul>	<ul style="list-style-type: none"> <li>■ Intends to retain substantially all employees</li> <li>■ Current CBAs not assumed; intends to renegotiate</li> </ul>
<b>Pension Treatment</b>	■ Not assumed	■ Not assumed
<b>Other Agreements</b>	■ Unspecified	■ Assume substantially all, subject to diligence
<b>Sources of Capital</b>	■ Unspecified	■ Unspecified
<b>Capital Commitments</b>	■ Unspecified	■ Will fund CapEx based on Dignity's capital budgeting policies
<b>Process and Timing</b>	■ Unspecified	■ Due diligence and APA: 90 days
<b>Community Service and Charity Care</b>	■ Will apply County indigent care policies to the hospitals	■ Unspecified
<b>Due Diligence</b>	■ Brief list of items provided	■ List of items provided
<b>Non-Customary Contingencies to Close</b>	■ Sellers to purchase tail insurance	■ None
<b>Exclusivity</b>	■ Yes	■ None requested
<b>Other Parties</b>	■ Unspecified	■ None

# Preliminary LOIs: Individual LHMs (continued)

Confidential

	El Camino Hospital (LOI Submitted on 3/20/2014)	Far West Division (HCA Corp.) (LOI Submitted on 10/23/2013)
<b>Operations to be Acquired</b> LHMs: MOBs: DCHS MF: CBS: A/R:	<ul style="list-style-type: none"> <li>■ OCH + SLRH (Secondary)</li> <li>■ All related MOBs</li> <li>■ NorCal (Primary)</li> <li>■ No</li> <li>■ No</li> </ul>	<ul style="list-style-type: none"> <li>■ OCH + SLRH</li> <li>■ All related MOBs</li> <li>■ Possible NorCal (verbal)</li> <li>■ No (verbal)</li> <li>■ No</li> </ul>
<b>Amount and Form of Consideration</b>	<ul style="list-style-type: none"> <li>■ \$100 million (or equal amount of debt assumed)                             <ul style="list-style-type: none"> <li>● OCH: \$58 million (current net book value)</li> <li>● SLRH: \$28 million (current net book value)</li> <li>● NorCal DCHS MF: \$14 million</li> </ul> </li> <li>■ Willing to purchase inventory at book value</li> </ul>	<ul style="list-style-type: none"> <li>■ \$200 million, subject to NWC adjustment (as compared to Target)</li> </ul>
<b>Net Working Capital</b>	<ul style="list-style-type: none"> <li>■ TBD</li> </ul>	<ul style="list-style-type: none"> <li>■ Acquire prepaid expenses and inventories</li> <li>■ Assume PTO and real estate taxes</li> </ul>
<b>Employee Retention and CBA Treatment</b>	<ul style="list-style-type: none"> <li>■ Reopen with many rehired DCHS employees but willing to negotiate</li> <li>■ CBAs not assumed (unclear of future union in effect)</li> </ul>	<ul style="list-style-type: none"> <li>■ Intends to retain all employees at current salaries except for senior management</li> <li>■ Not assumed, intends to renegotiate to “form” CBAs prior to Closing</li> </ul>
<b>Pension Treatment</b>	<ul style="list-style-type: none"> <li>■ Not assumed</li> </ul>	<ul style="list-style-type: none"> <li>■ Not assumed</li> </ul>
<b>Other Agreements</b>	<ul style="list-style-type: none"> <li>■ Assume certain agreements</li> </ul>	<ul style="list-style-type: none"> <li>■ Intends to assume certain agreements (additional diligence required)</li> </ul>
<b>Sources of Capital</b>	<ul style="list-style-type: none"> <li>■ Cash on hand</li> <li>■ May incur debt (without delaying closing)</li> </ul>	<ul style="list-style-type: none"> <li>■ Cash on hand</li> </ul>
<b>Capital Commitments</b>	<ul style="list-style-type: none"> <li>■ Unspecified but will invest in near-term CapEx items in the CIM</li> </ul>	<ul style="list-style-type: none"> <li>■ Unspecified</li> </ul>
<b>Process and Timing</b>	<ul style="list-style-type: none"> <li>■ Due diligence: 90 days</li> <li>■ APA: 120 days [unclear if concurrent with due diligence]</li> </ul>	<ul style="list-style-type: none"> <li>■ TBD</li> </ul>
<b>Community Service and Charity Care</b>	<ul style="list-style-type: none"> <li>■ Unspecified</li> </ul>	<ul style="list-style-type: none"> <li>■ Continue to operate as Catholic hospitals</li> <li>■ Implement indigent care policies as favorable or better for 5 years</li> </ul>
<b>Due Diligence</b>	<ul style="list-style-type: none"> <li>■ Detailed list provided</li> </ul>	<ul style="list-style-type: none"> <li>■ To be mutually agreed upon</li> </ul>
<b>Non-Customary Contingencies to Close</b>	<ul style="list-style-type: none"> <li>■ Notification of LAFCO (notice not contingency)</li> </ul>	<ul style="list-style-type: none"> <li>■ Renegotiated CBAs</li> <li>■ Acceptable property and environmental survey’s / reports</li> </ul>
<b>Exclusivity</b>	<ul style="list-style-type: none"> <li>■ None requested</li> </ul>	<ul style="list-style-type: none"> <li>■ Yes</li> </ul>
<b>Other Parties</b>	<ul style="list-style-type: none"> <li>■ Interested in joint proposal with Santa Clara Valley Medical Center (SCVMC) and Santa Clara County IPA (SCCIPA)</li> </ul>	<ul style="list-style-type: none"> <li>■ None</li> </ul>

# Preliminary LOIs: Individual LHMs (continued)

Confidential

	Good Samaritan Hospital (LA) (LOI Submitted on 3/20/2014)	Le Summit Healthcare (affiliate of JPH Consulting) (LOI Submitted on 3/21/2014)
<b>Operations to be Acquired</b> LHMs: MOBs: DCHS MF: CBS: A/R:	<ul style="list-style-type: none"> <li>■ Transition of SVMC services and employees</li> <li>■ No</li> <li>■ No</li> <li>■ No</li> <li>■ No</li> </ul>	<ul style="list-style-type: none"> <li>■ SFMC + SVMC</li> <li>■ All related MOBs</li> <li>■ No</li> <li>■ No</li> <li>■ Unspecified</li> </ul>
<b>Amount and Form of Consideration</b>	<ul style="list-style-type: none"> <li>■ DCHS retains ownership of SVMC land and buildings</li> <li>■ No cash consideration paid by Good Samaritan</li> </ul>	<ul style="list-style-type: none"> <li>■ \$100 million based on the following allocation:                             <ul style="list-style-type: none"> <li>● SFMC: \$45 million</li> <li>● SVMC: \$55 million</li> </ul> </li> </ul>
<b>Net Working Capital</b>	<ul style="list-style-type: none"> <li>■ Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>■ None</li> </ul>
<b>Employee Retention and CBA Treatment</b>	<ul style="list-style-type: none"> <li>■ Intends to offer placement of employees and physicians at Good Samaritan Hospital</li> </ul>	<ul style="list-style-type: none"> <li>■ Intends to retain most employees</li> <li>■ CBA treatment TBD</li> </ul>
<b>Pension Treatment</b>	<ul style="list-style-type: none"> <li>■ Unspecified</li> </ul>	<ul style="list-style-type: none"> <li>■ TBD</li> </ul>
<b>Other Agreements</b>	<ul style="list-style-type: none"> <li>■ Unspecified</li> </ul>	<ul style="list-style-type: none"> <li>■ Subject to due diligence</li> </ul>
<b>Sources of Capital</b>	<ul style="list-style-type: none"> <li>■ Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>■ \$65 million in debt</li> <li>■ \$35 million cash on hand and from affiliated entities</li> </ul>
<b>Capital Commitments</b>	<ul style="list-style-type: none"> <li>■ Unspecified</li> </ul>	<ul style="list-style-type: none"> <li>■ Will fund \$30 - \$50 million at closing for future cash needs</li> </ul>
<b>Process and Timing</b>	<ul style="list-style-type: none"> <li>■ Unspecified</li> </ul>	<ul style="list-style-type: none"> <li>■ 30-60 days after management presentation</li> </ul>
<b>Community Service and Charity Care</b>	<ul style="list-style-type: none"> <li>■ Unspecified</li> </ul>	<ul style="list-style-type: none"> <li>■ Unspecified</li> </ul>
<b>Due Diligence</b>	<ul style="list-style-type: none"> <li>■ Unspecified</li> </ul>	<ul style="list-style-type: none"> <li>■ Brief list of items provided</li> </ul>
<b>Non-Customary Contingencies to Close</b>	<ul style="list-style-type: none"> <li>■ Unspecified</li> </ul>	<ul style="list-style-type: none"> <li>■ No special dividends by SFMC prior to closing</li> </ul>
<b>Exclusivity</b>	<ul style="list-style-type: none"> <li>■ None requested</li> </ul>	<ul style="list-style-type: none"> <li>■ None requested</li> </ul>
<b>Other Parties</b>	<ul style="list-style-type: none"> <li>■ Interested in developing joint proposals to maximize value</li> </ul>	<ul style="list-style-type: none"> <li>■ Unspecified</li> </ul>

# Preliminary LOIs: Individual LHMs (continued)

Confidential

	Prospect Medical Holdings, Inc. (LOI Submitted on 3/21/2014)	Providence Health & Services and Molina Healthcare (LOI Submitted on 3/21/2014)
<b>Operations to be Acquired</b> LHMs: MOBs: DCHS MF: CBS: A/R:	<ul style="list-style-type: none"> <li>■ SFMC + SVMC</li> <li>■ All related MOBs</li> <li>■ SoCal</li> <li>■ No</li> <li>■ Yes</li> </ul>	<ul style="list-style-type: none"> <li>■ SFMC</li> <li>■ Unspecified</li> <li>■ No</li> <li>■ No</li> <li>■ Yes</li> </ul>
<b>Amount and Form of Consideration</b>	■ \$270 - \$300 million, subject to NWC adjustment (based on historical levels)	■ \$81 million (or equal amount of debt assumed), subject to NWC adjustment (based on normalized levels)
<b>Net Working Capital</b>	<ul style="list-style-type: none"> <li>■ Acquire all current working capital assets</li> <li>■ Assume all current working capital liabilities</li> </ul>	<ul style="list-style-type: none"> <li>■ Acquire all current working capital assets</li> <li>■ Assume all current working capital liabilities</li> </ul>
<b>Employee Retention and CBA Treatment</b>	<ul style="list-style-type: none"> <li>■ Intends to retain employees</li> <li>■ Assume existing CBAs</li> </ul>	<ul style="list-style-type: none"> <li>■ Unspecified</li> </ul>
<b>Pension Treatment</b>	■ Not assumed, but willing to explore possible solutions; heave dealt with “church” pension plan in previous acquisition	■ Not assumed
<b>Other Agreements</b>	■ Subject to diligence will assume	■ Unspecified
<b>Sources of Capital</b>	<ul style="list-style-type: none"> <li>■ Cash on hand</li> <li>■ Debt</li> <li>■ Funds from Leonard Green &amp; Partners (PE fund sponsor)</li> </ul>	■ Unspecified
<b>Capital Commitments</b>	■ Unspecified	■ Unspecified
<b>Process and Timing</b>	<ul style="list-style-type: none"> <li>■ After receipt of requested information:                             <ul style="list-style-type: none"> <li>● Due diligence and APA: 60 – 90 days</li> <li>● Closing: ASAP after regulatory approvals</li> </ul> </li> </ul>	■ Unspecified
<b>Community Service and Charity Care</b>	■ Current level (subject to diligence)	■ Unspecified but will continue to be operated as a Catholic hospital
<b>Due Diligence</b>	■ Unspecified	■ Unspecified
<b>Non-Customary Contingencies to Close</b>	■ None	■ Unspecified
<b>Exclusivity</b>	■ None requested	■ None requested
<b>Other Parties</b>	■ Leonard Green & Partners (financial sponsor)	■ Partnering with Molina Healthcare

**Ardmore Medical Group, Inc.**  
*(LOI Submitted on 3/25/2014)*

**Michael Heslov**  
*(LOI Submitted on 2/24/2014)*

	<b>Ardmore Medical Group, Inc.</b> <i>(LOI Submitted on 3/25/2014)</i>	<b>Michael Heslov</b> <i>(LOI Submitted on 2/24/2014)</i>
<b>Operations to be Acquired</b>		
<i>MOBs:</i>	<ul style="list-style-type: none"> <li>■ Maywood (SFMC)</li> </ul>	<ul style="list-style-type: none"> <li>■ Ocean View Pavilion (SVMC)</li> </ul>
<b>Amount and Form of Consideration</b>	<ul style="list-style-type: none"> <li>■ \$825,000 less 3% broker fee</li> </ul>	<ul style="list-style-type: none"> <li>■ \$3.6 million, less 3% broker fee</li> </ul>
<b>Agreements</b>	<ul style="list-style-type: none"> <li>■ Unspecified</li> </ul>	<ul style="list-style-type: none"> <li>■ Unspecified</li> </ul>
<b>Sources of Capital</b>	<ul style="list-style-type: none"> <li>■ Unspecified</li> </ul>	<ul style="list-style-type: none"> <li>■ Unspecified</li> </ul>
<b>Process and Timing</b>	<ul style="list-style-type: none"> <li>■ Due diligence: 30 days from APA</li> <li>■ Closing: 60 days after due diligence</li> </ul>	<ul style="list-style-type: none"> <li>■ Due diligence: 30 days</li> <li>■ Closing: 30 days after due diligence</li> </ul>
<b>Due Diligence</b>	<ul style="list-style-type: none"> <li>■ N/A</li> </ul>	<ul style="list-style-type: none"> <li>■ Detailed list provided</li> </ul>
<b>Non-Customary Contingencies to Close</b>	<ul style="list-style-type: none"> <li>■ Acceptable environmental, physical inspection and structural report</li> </ul>	<ul style="list-style-type: none"> <li>■ N/A</li> </ul>
<b>Exclusivity</b>	<ul style="list-style-type: none"> <li>■ None requested</li> </ul>	<ul style="list-style-type: none"> <li>■ None requested</li> </ul>
<b>Other Parties</b>	<ul style="list-style-type: none"> <li>■ The Kaufman Group (real estate broker)</li> </ul>	<ul style="list-style-type: none"> <li>■ Unspecified</li> </ul>

**Potential Buyer Profiles**



## Business Description

- Aeoro LLC is a newly formed private management acquisition company comprised of healthcare professionals with distinguished careers of service in his/her respective profession within the healthcare industry
  - The management team has strong ties to the communities served by DCHS's hospitals, many of which are residents and grew up in these respective communities
- Several members of the management team were responsible for leading the most successful religious non-profit acquisition turn-around by Prime Healthcare

## Financial Snapshot (\$ millions)

- LTM 2013 Revenue: NA
- LTM EBITDA: NA
- Debt / EBITDA: NA

## Select M&A Transactions

- Aeoro does not currently own or operate any hospitals

## Management

- Roy Santarella, CEO
  - Roy has 30 years of experience in healthcare at multiple not-for-profit health systems, including faith-based and non-faith based organizations
  - Roy's experience includes 12 years as COO and CFO of Mercy Health System- Western Ohio (currently Catholic Health Partners), CFO tenure at Stanford Medical Center, CAO at West Penn Allegheny Health System, CFO at University of Massachusetts, CFO at Crozer Keystone and CFO at Prime Healthcare Services
- Mark Uffer, Regional President
  - Mark has more than 35 years healthcare management expertise in the for-profit, not-for-profit and public health environment
  - As Regional CEO for Prime Healthcare in 2012, Mark managed the acquisition and integration of Saint Mary's Regional Medical Center
- Sharyn Alcaraz, EVP and General Counsel
  - Sharyn has 20 years of experience as a business attorney and 10 years as General Counsel
  - She also serves as Chairman of the Board for Pacific Healthcare
  - Her experience includes community and critical access hospital systems/stand-alone hospitals and investor-owned systems during the integration and tum-around process of not-for-profit acquisitions
- David Kiehn, CPA Chief Financial Officer
  - As a former healthcare partner at Ernst & Young, David has over 35 years of healthcare financial and operational leadership
  - He has served as VP Financial Operations at Stanford Medical Center and Chief Financial Officer at West Penn Allegheny Health System and at LSU Academic Medical Center

Source: LOI

## Business Description

- AHMC Healthcare is a for-profit healthcare system that operates six acute care hospitals located in the Greater San Gabriel Valley of Southern California
  - Serves approximately 200,000 patients annually including more than 76,000 patients in the ER department
  - Has over 1,000 beds, 7,000 employees and more than 3,000 physicians
- The system offers emergency services, cardiopulmonary, obstetrical, anesthesia, radiology, a catheterization laboratory, a clinical laboratory and operating suites among others
- The company was founded in 2004 and is headquartered in Alhambra, California. AHMC is a former subsidiary of Tenet Healthcare Corp.

## Management

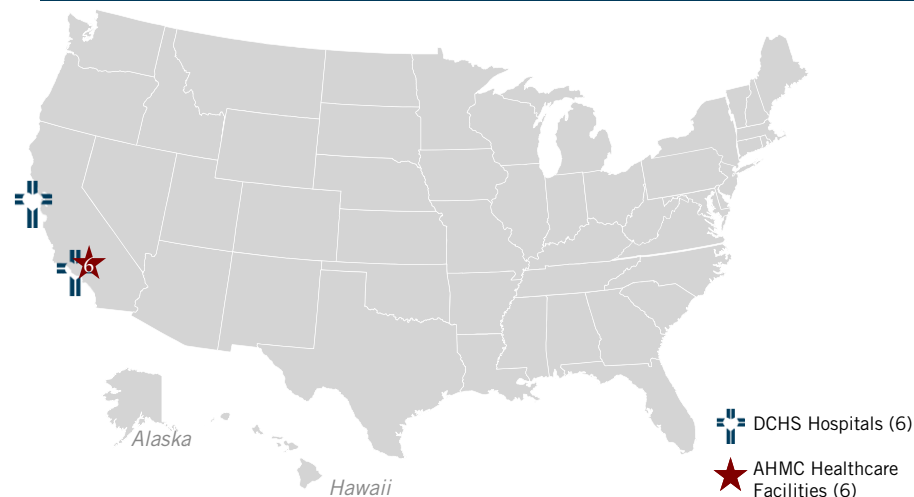
- Jonathan Wu – Chairman
- Philip A. Cohen – COO

## Financial Snapshot (\$ millions)

- LTM Revenue: NA
- LTM EBITDA: NA
- Debt / EBITDA: NA

Sources: CapIQ and Company website

## National Presence



Source: Company website

## Select M&A Transactions

- November 2011 - Acquired Central Health Plan of California, Inc. from an investor group
- July 2009 – Acquired Anaheim Memorial Medical Center from Memorial Health Services Inc.
- December 2007 – Acquired San Gabriel Valley Medical Center from Catholic Healthcare West for \$60 million

## Business Description

- Alecto Healthcare Services, LLC is a privately held healthcare system and management services company established in 2012 and headquartered in Long Beach, California
- The system owns and operates Olympia Medical Center in Los Angeles, California, a 204 bed acute care hospital that provides inpatient and outpatient services and operates an emergency department
- Alecto also manages St. Rose Hospital in Hayward, California which is a not-for-profit acute care hospital with 217 beds and over 300 physicians. Services include bariatrics, cardiology, emergency care, rehabilitation and surgical services among others

## Management

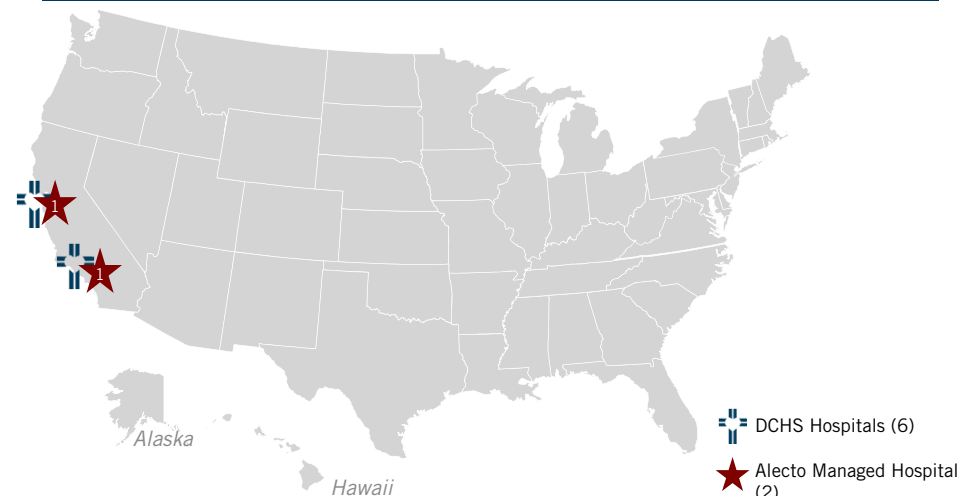
- Lex Reddy – President
- Michael Sarrao – Chief Legal Officer, General Counsel

## Financial Snapshot (\$ millions)

- LTM Revenue: NA
- LTM EBITDA: NA
- Debt / EBITDA: NA

Sources: [www.modernhealthcare.com](http://www.modernhealthcare.com), [www.companies.findthecompany.com](http://www.companies.findthecompany.com), [www.linkedin.com](http://www.linkedin.com)

## National Presence



Source: California Hospital Association

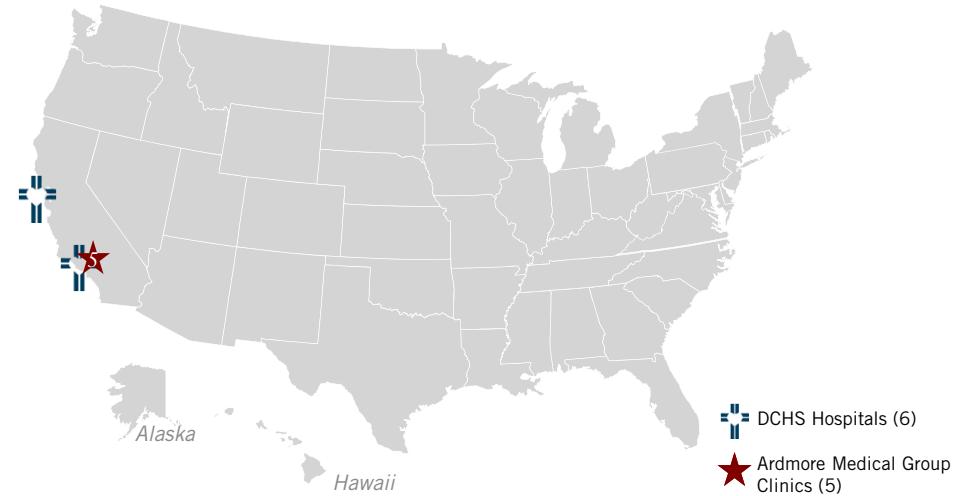
## Select M&A Transactions

- January 2014 – Acquired controlling stake in Olympia Medical Center from Physicians of Midway
- Alecto Healthcare Services, LLC is currently managing St. Rose Hospital with an option to buy
  - Letter of intent has been executed and option to buy is in place
  - St. Rose Hospital is a safety net hospital for the city of Hayward

## Business Description

- Ardmore Medical Group (“Ardmore”) operates five clinics in Los Angeles, El Monte, Maywood and Huntington Park
  - Ardmore is owned by Dr. Alan Kims
  - Specialties include general / family practice and OB / GYN
- Ardmore has occupied the Maywood MOB for the past 14 years

## National Presence



## Management

- Alan K. Kims – President
- Manuel Ortiz – H.R. Director

## Select M&A Transactions

- NA

## Financial Snapshot (\$ millions)

- LTM Revenue: NA
- LTM EBITDA: NA
- Debt / EBITDA: NA

Sources: LOI and [www.whitepages.com](http://www.whitepages.com)

## Business Description

- Ares Management LLC (“Ares”) is a global alternative asset manager and SEC registered investment adviser headquartered in Los Angeles, CA
  - Ares has approximately \$68 billion of committed capital under management
  - Ares have more than 720 employees with locations across the U.S., Europe and Asia
  - The company has the ability to invest in all levels of a company’s capital structure, from senior debt to common equity
- Ares’ private equity group manages approximately \$9 billion in capital
  - The group is currently investing out of its fourth private equity fund, Ares Corporate Opportunities Fund IV, L.P., which was raised in 2012 and has approximately \$4.7 billion of committed capital

## Financial Snapshot (\$ millions)

- LTM Revenue: NA
- LTM EBITDA: NA
- Debt / EBITDA: NA

## Select Management

- Bennett Rosenthal – Senior Partner
- Nav Rahemtulla – Partner
- Ravi Sarin – Vice President

## Select Investments

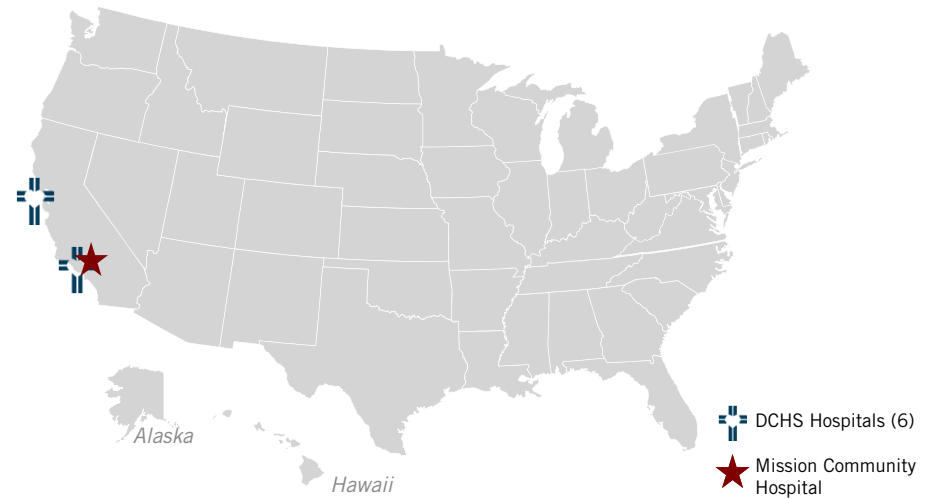
- Aspen Dental – national dental practice management company with over 400 offices
- CHG Healthcare – national locum tenens provider staffing over 5,000 physicians on over 15,000 assignments annually
- Ob Hospitalist Group – operator of OB/GYN hospitalist programs in over 50 hospitals across over 20 states with over 250 employed physicians
- Unified Physician Management – management services organization to over 500 OB/GYN physicians in the Southeast

Source: LOI

## Business Description

- The Bridgewater Healthcare Group (“Bridgewater”) provides hospital and health network management services and performance consulting. The company also provides leadership and management training.
- Bridgewater currently manages Mission Community Hospital (“MCH”), a general acute care hospital located in Panorama City, CA
  - MCH has 145 licensed beds and a Level III emergency room
  - Under new management, the hospital recruited more than new 225 physicians
  - MCH has signed an affiliation agreement with a large multi-disciplinary urology group to create a urology institute at the hospital

## National Presence



## Management

- Mitch Creem – President, CEO

## Financial Snapshot (\$ millions)

- LTM Revenue: NA
- LTM EBITDA: NA
- Debt / EBITDA: NA

## Select Turnaround Transactions

- UCLA Medical Sciences – Implemented a turnaround plan, improving EBIDA by \$70 million and cash position by over \$100 million in less than two years
- Beth Israel Deaconess Medical Center – Implemented a turnaround plan, improving EBIDA by \$100 million in less than two years
- Tufts-New England Medical Center – Implemented a turnaround plan, improving EBIDA by \$30 million in less than two years

Sources: LOI, LinkedIn, CapIQ and Company website

## Business Description

- Brius Healthcare (“Brius”) is an integrated long-term healthcare operator providing skilled nursing, assisted living and hospice care services
  - Owns or leases 59 skilled nursing facilities and six assisted living facilities
  - Brius operates approximately 6,600 licensed SNF beds and 535 assisted living beds
  - Brius has more than doubled the number of facilities it operates over the last three years
- The company recently partnered with the County of San Mateo to improve the operations of Burlingame Long Term Care facility

## Financial Snapshot (\$ millions)

- 2013 Revenue: \$611
- 2013 Net Income: \$77
- Debt / EBITDA: NA

## Management

- Shlomo Rechnitz – Founder
- Alain Kuppermann – General Counsel

## Select M&A Transactions

- April 2011 – Acquired five skilled nursing facilities in northern California from Skilled Healthcare Group

Sources: Company submitted LOI and Skilled Healthcare 8-K

## Business Description

- Cardiovascular Care Group provides inpatient and ambulatory cardiovascular services (including screening, acute care, rehabilitation, prevention and chronic care services) for patients with cardiovascular disease
- Currently owns and operates two specialty-focused hospitals in partnership with physicians located in Lacombe, Louisiana and Bakersfield, California
- Majority owned by MedCare Investment Funds, a group of private equity investment funds controlled by a single general partner
- The Company was incorporated in 2000 and is headquartered in Nashville, Tennessee. Formerly known as Cardiovascular Care Affiliates, Inc.

## Management

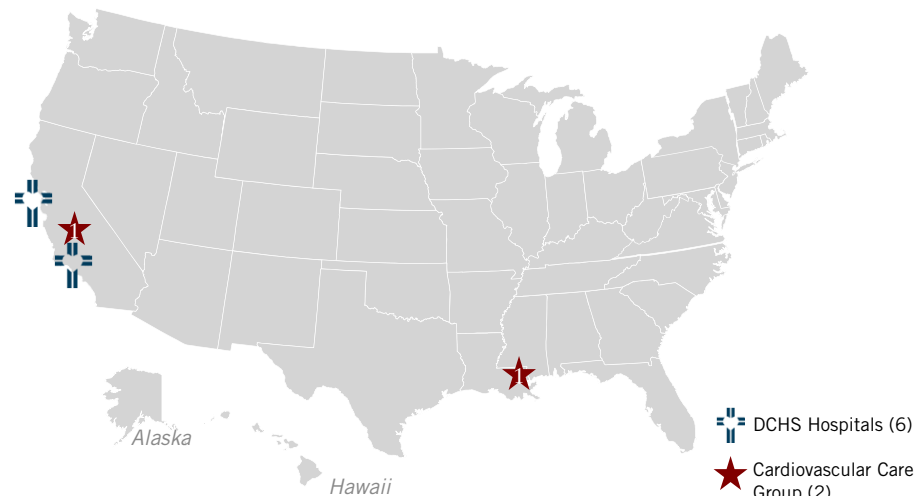
- Warren E. Beck – CEO
- Robert K. Stillwell – CFO

## Financial Snapshot (\$ millions)

- LTM Revenue: NA
- LTM EBITDA: NA
- Debt / EBITDA: NA

Sources: CapIQ and Company website

## National Presence



Source: Company website

## Select M&A Transactions

- September 2013 – Acquired Vein Institute of New Jersey
- July 2012 – Acquired 53% stake in Bakersfield Heart Hospital from HHBF, Inc. for \$38 million
- October 2011 – Acquired 95% stake in Louisiana Medical Center and Heart Hospital from Louisiana Hospital Management, LLC and MedCath Finance Company, LLC for \$23 million



## Business Description

- Cedars-Sinai Medical Center operates as both an academic medical center and not-for-profit hospital and offers a comprehensive variety of medical services including acute care, surgery, rehabilitation, imaging and therapy among others
  - The hospital has approximately 2,100 physicians and 2,800 nurses
  - Provides approximately 50,000 admissions and 700,000 outpatient visits
  - Currently the largest academic medical center in the western United States
- Cedars-Sinai Medical Center was founded in 1902 and is based in Los Angeles, California

## Management

- Thomas M. Priselac – President, CEO
- Richard B. Jacobs – Senior Vice President, System Development, Chief Strategy Officer

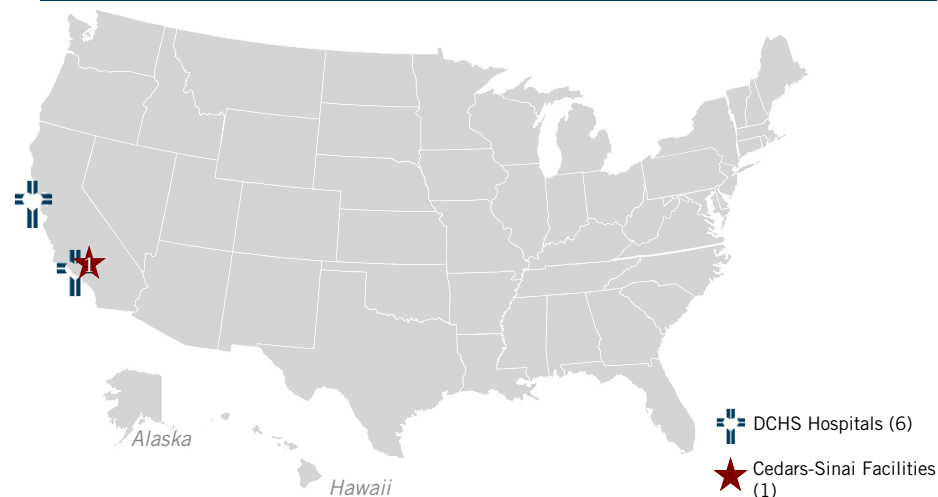
## Financial Snapshot (\$ millions)

- LTM 2012 Revenue: \$2,748.6
- LTM EBITDA: \$306.7
- Debt / EBITDA: 3.7x

Sources: CapIQ and Company website



## National Presence



Source: Company website

## Select M&A Transactions

- December 2011: Acquired Tower Hematology Oncology Medical Group and Tower Oncology, LLC for \$19.9 million
- January 2010: Acquired California Heart Center Foundation and the assets of University Cardiovascular Medical Group

## Business Description

- CHA Hollywood Presbyterian Medical Center (“HPMC”) is a privately-owned, for-profit hospital located in Los Angeles County, California and founded in 2004
  - Wholly owned by CHA Group, a South Korea-based company that operates 12 hospitals and 20 research and educational institutes throughout the Pacific Rim
  - HPMC operates an ICU, telemetry unit, acute rehabilitation unit, 89-bed skilled nursing unit, maternal and fetal health centers, and 8 surgical rooms, and provides an array of medical services including cardiac care and spine treatment
  - The Hospital has approximately 1,400 employees including 615 physicians and operates 434 licensed acute beds that provides approximately 16,000 inpatient admissions, 34,300 visits per year and 4,000 deliveries
- Affiliated with the Keck School of Medicine and the Children’s Hospital Los Angeles

## Management

- Kyeong Wook Yoon – CEO, CHA Healthcare Co.
- Ken Rivers – President and CEO, HPMC

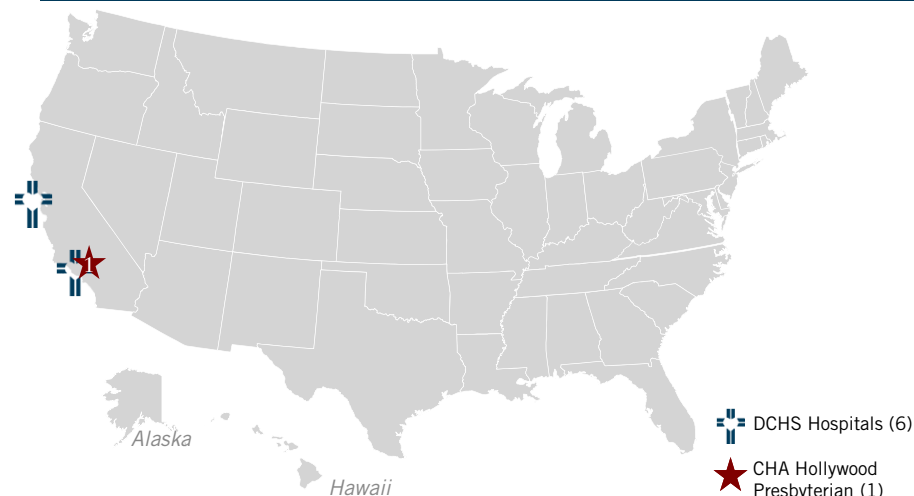
## Financial Snapshot (\$ millions)

- LTM 2012 Revenue: \$269
- LTM EBITDA: \$37
- Total Assets: \$130

Sources: CapIQ, Company website and LOI



## National Presence



Source: Company website

## Select M&A Transactions

- December 2004 – CHA Medical Group acquired Queen of Angels – Hollywood Presbyterian Medical Center from Tenet Healthcare Corp. for \$69 million

## Business Description

- The County of Santa Clara, California is the most heavily populated county in the Bay Area and is home to Silicon Valley which represents a significant part of the U.S. Technology industry
- The County's Health and Hospital System offers an integrated health care delivery system designed to provide prevention, education and treatment programs to Santa Clara County residents
- The Santa Clara Valley Medical Center is a Joint Commission accredited organization tasked with providing quality healthcare regardless of a patient's ability to pay
- The Medical Center employs ~5,080 full time employees throughout the hospital and its various specialty centers (burn, children's health, diabetes, rehabilitation, trauma and women's health)

## Management

- Jeffrey Smith – Santa Clara County Executive
- Paul E. Lorenz – CEO, Santa Clara Valley Medical Center

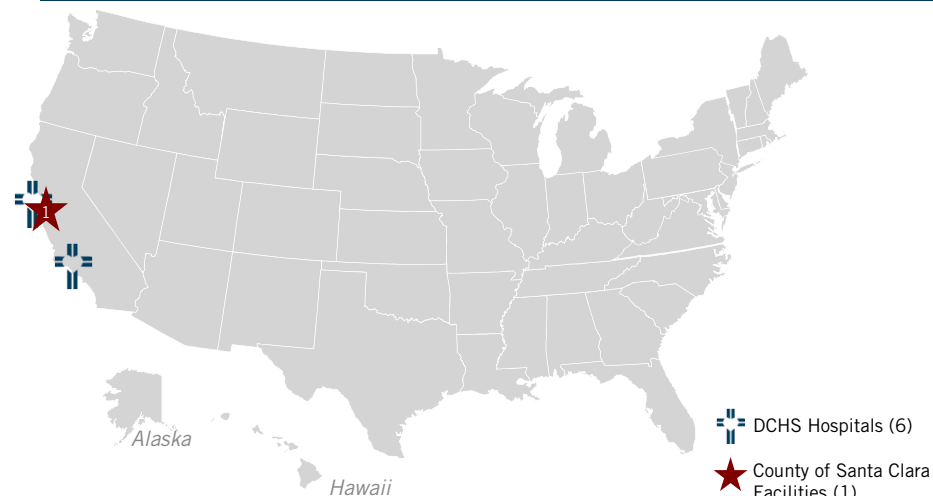
## Financial Snapshot (\$ millions)

- 2013 Budgeted Revenue: \$4,001
- 2013 Budgeted Expense: \$4,159
- 2013 Budgeted Health & Hospital System Revenue: \$1,665
- 2013 Budgeted Health & Hospital System Expense: \$1,798

Sources: CapIQ, Fiscal Year 2013 Final Budget and County website



## National Presence



Source: County website

## Select M&A Transactions

- NA

## Business Description

- Dignity Health is a not-for-profit health care system founded in 1986 and headquartered in San Francisco, California
- Provides inpatient, outpatient, sub-acute, home healthcare and physician services across numerous states, with a significant concentration in California, Arizona and Nevada
- Considered the fifth largest hospital provider in the nation, and the largest hospital system in California
  - Employs approximately 56,000 people with 10,000 affiliated physicians
  - Nearly 40 acute care hospitals and more than 250 ancillary care sites
- The Company was formerly known as Catholic Healthcare West and changed its name to Dignity Health in January 2012

## Management

- Lloyd H. Dean – President, CEO
- Michael D. Blaszyk – Sr. EVP, CFO
- Charlie Francis – Sr. EVP, Chief Strategy Officer

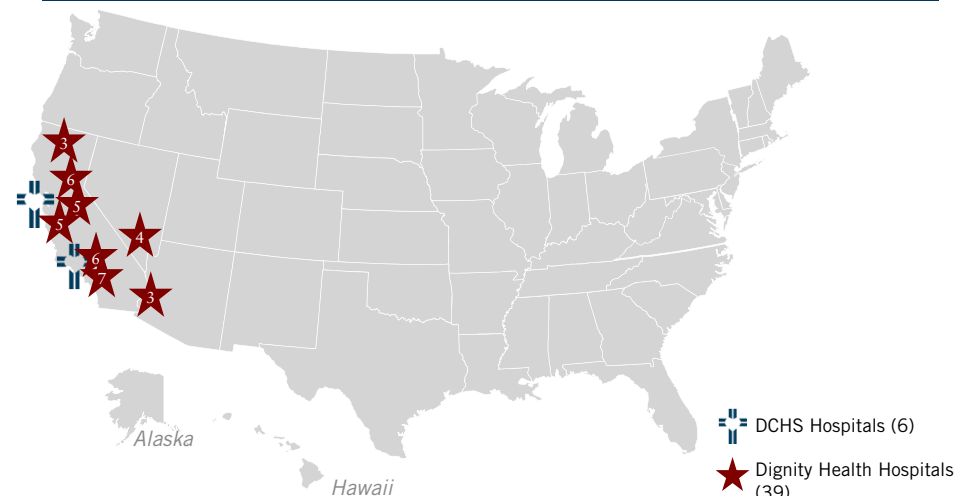
## Financial Snapshot (\$ millions)

- LTM Revenue: \$10,681
- LTM EBITDA: \$870
- Debt / EBITDA: 6.2x

Sources: CapIQ and Company website



## National Presence



Source: Company website

## Select M&A Transactions

- March 2014 - Dignity, through a subsidiary, acquired Occupational Care Consultants and Therapy Works in Toledo, Ohio
- November 2013 - Dignity, through a subsidiary, acquired Urgent Medical Care Center in Pompano Beach, Florida
- June 2013 – Dignity, through a subsidiary, acquired seven clinics and two worksites from OHS in Kansas and Missouri
- December 2012 – Dignity, through a subsidiary, acquired Sensia Healthcare, Inc., a provider of occupational medicine and wellness programs through owned clinics and onsite programs in Milwaukee and Waukesha, Wisconsin, for an undisclosed amount
- July 2012 – Acquired U.S. Healthworks, Inc., an owner and operator of 172 occupational healthcare and urgent care centers in 15 states for an undisclosed amount

## Business Description

- El Camino Hospital is a not-for-profit organization that operates under a single license on two campuses – one in Mountain View, California and the other in Los Gatos, California (12 miles west and 8 miles south of OCH, respectively)
  - Operates four satellite locations and the El Camino Foundation in addition to its two campuses
- The Hospital serves the communities of Mountain View, Los Altos, Sunnyvale, Campbell, Cupertino, Los Gatos, Saratoga and San Jose with a variety of acute care, inpatient and outpatient healthcare services
- Operates a total of 443 licensed beds with an average daily census of 215 and 40 at Mountain View and Los Gatos campuses, respectively
- El Camino Hospital was founded in 1958 and is headquartered in Mountain View, California

## Management

- Tomi Ryba – President, CEO
- Ned Borgstrom – Interim CFO
- Iftikhar Hussain – Incoming CFO

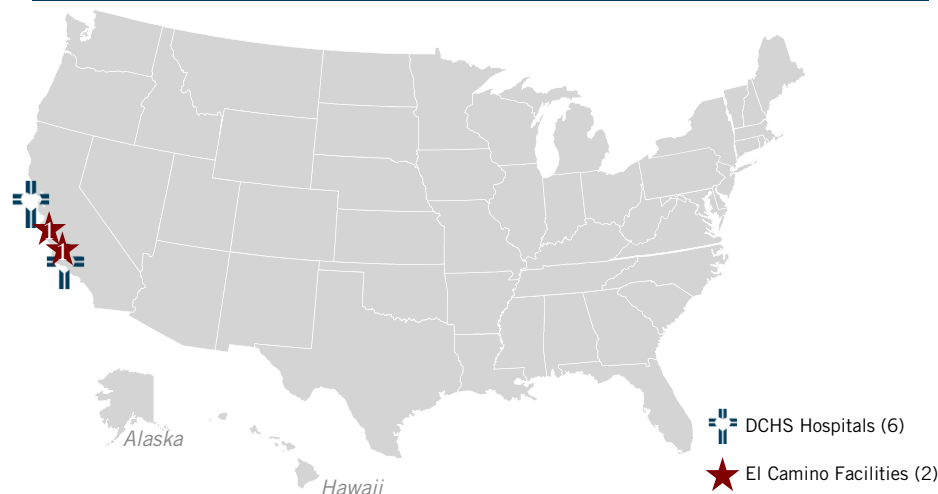
## Financial Snapshot (\$ millions)

- FY2013 Revenue: \$713.1
- FY2013 EBITDA: \$120.9
- Debt / EBITDA: 2.7x

Sources: CapIQ, Company website and FY2013 audited financials



## National Presence



Source: Company website

## Select M&A Transactions

- April 2009 – Acquired the real estate and assets of Community Hospital of Los Gatos from HCP, Inc. and Tenet California for \$45 million

## Business Description

- The Good Samaritan Hospital, originally built in 1976, is affiliated with both the USC and UCLA Schools of Medicine
- The organization operates as a not-for-profit providing intensive care, cardiac / coronary, orthopedic, acute rehabilitation and perinatal and neonatal intensive care services among others
- The hospital operates 408 licensed beds and 18 surgical suites, which serve approximately 17,000 patients and more than 93,500 outpatients annually
  - Approximately 4,000 deliveries and 8,000 surgeries are performed annually
- Good Samaritan has more than 1,500 employees including approximately 600 physicians and 450 nurses

## Management

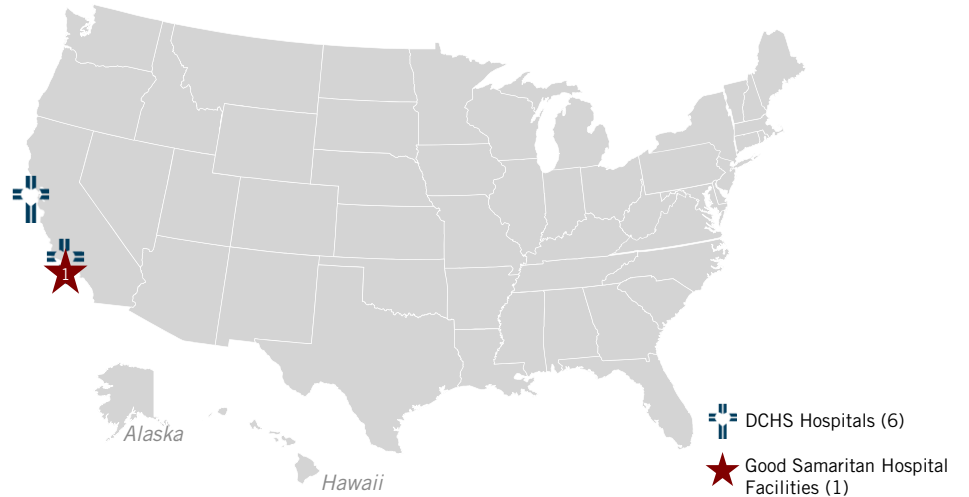
- Andrew Leeka – President, CEO
- Charles Munger – Chairman

## Financial Snapshot (\$ millions)

- LTM Revenue: NA
- LTM EBITDA: NA
- Debt / EBITDA: NA

Sources: CapIQ and Company website

## National Presence



Source: Company website

## Select M&A Transactions

- NA

## Business Description

- HCA Holdings, Inc., the parent of HCA Inc., delivers health care services to communities in the U.S. and parts of Europe
- The Company operates approximately ~160 general acute care hospitals and ~110 surgery centers across 20 states and England
- HCA facilities typically provide a full range of services including internal medicine, general surgery, cardiology, oncology, neurosurgery, orthopedics, obstetrics and emergency services
- HCA's stated approach is to grow its presence in existing markets, leverage its scale and market position to drive profitability and continue to pursue a selective, disciplined development strategy

## Management

- Richard M. Bracken – Chairman & Chief Executive Officer
- R. Milton Johnson – President & Chief Financial Officer

## Financial Snapshot

(\$ in millions)

- LTM Revenue: \$33,386
- LTM EBITDA: \$6,361
- Debt / EBITDA: 4.5x

Source: CapIQ and Company website.

## National Presence



Source: Company website.

## Select M&A Transactions

- July 2013 – Acquired Memorial Hospital of Tampa, Palms of Pasadena Hospital and Town & Country Hospital from IASIS Healthcare LLC for \$63.1 million
- November 2012 – Los Robles Hospital and Medical Center, a subsidiary of HCA, acquired Thousand Oaks Surgical Hospital for an undisclosed sum
- HCA is highly acquisitive and has the proven wherewithal to complete the transaction having purchased nine hospitals or businesses, either directly or through subsidiaries, in 2013 alone
- HCA will be able to recognize substantial synergies by leveraging its existing infrastructure and expertise in the acquisition and ongoing operations of the DCHS hospitals

## Business Description

- JPH Consulting Inc. is a privately-owned skilled nursing and hospital consulting company with more than 700 employees
  - Le Summit Healthcare, an affiliate of JPH Consulting, focuses on acquiring healthcare assets and investing in healthcare opportunities
- Specific interests include 24 hour skilled nursing care, rehabilitation, sub-acute care and respiratory therapy
- JPH Consulting has 11 locations throughout California and Nevada
- The Company was founded in 1998 and is headquartered in Los Angeles, California

## Management

- Joan Lee – President & CEO
- Ki Yom – CFO

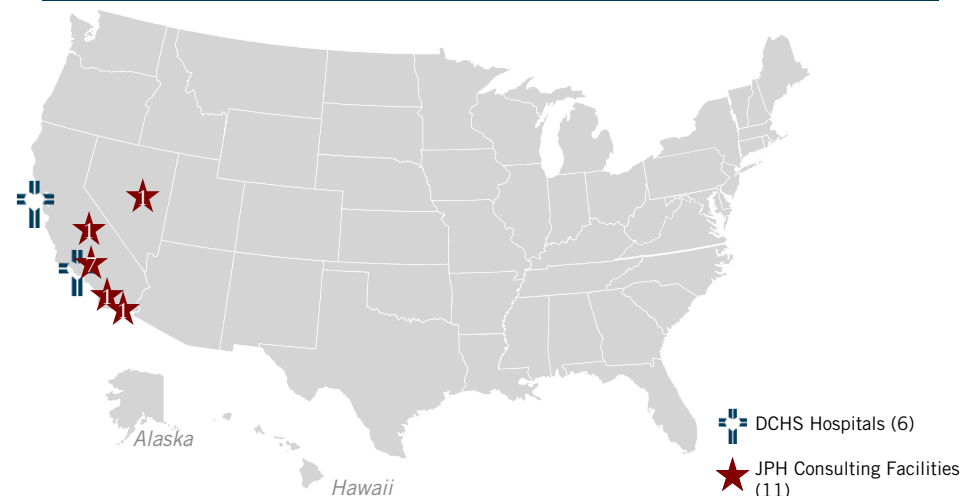
## Financial Snapshot (\$ millions)

- Estimated Annual Revenue: \$37.5
- LTM EBITDA: N/A
- Debt / EBITDA: N/A

Sources: CapIQ, Findthecompany.com and LOI



## National Presence



Source: Company website

## Select M&A Transactions

- N/A



## Business Description

- Molina Healthcare, Inc. provides quality health services to financially vulnerable families and individuals covered by government-sponsored programs, including Medicaid and the State Children's Health Insurance Program (SCHIP)
  - Serves approximately 1.9 million eligible members of government-sponsored health care programs through its Health Plan operations
  - Molina offers Medicaid plans in California, Florida, Illinois, Michigan, Ohio, New Mexico, Texas, Utah, Washington and Wisconsin
- The company offers health care services for its members through contracts with independent physicians and groups, hospitals, ancillary providers as well as through its primary care clinics
- Molina Healthcare was founded in 1980 and is headquartered in Long Beach, California

## Management

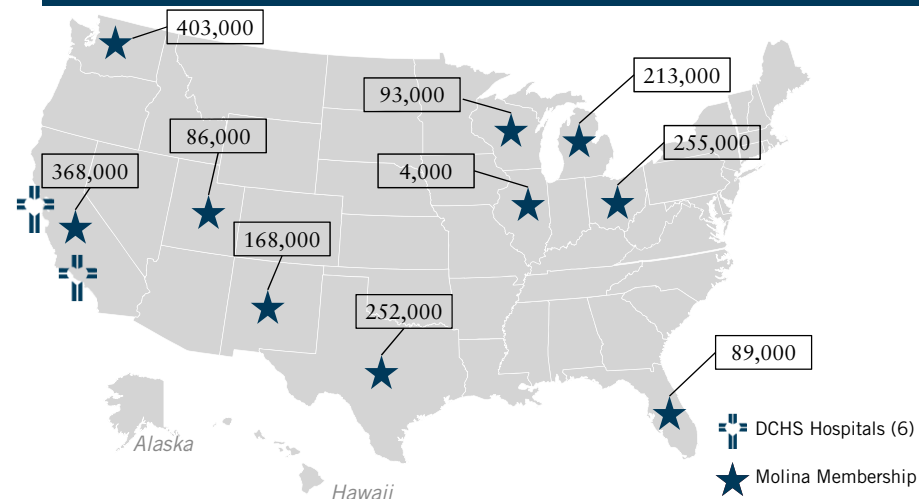
- J. Mario Molina – President, CEO
- John C. Molina – CFO

## Financial Snapshot (\$ millions)

- LTM Revenue: \$6,588.9
- LTM EBITDA: \$381.3
- Debt / EBITDA: 2.1x

Sources: CapIQ, Company website and audited financials

## National Membership



Source: Company filings

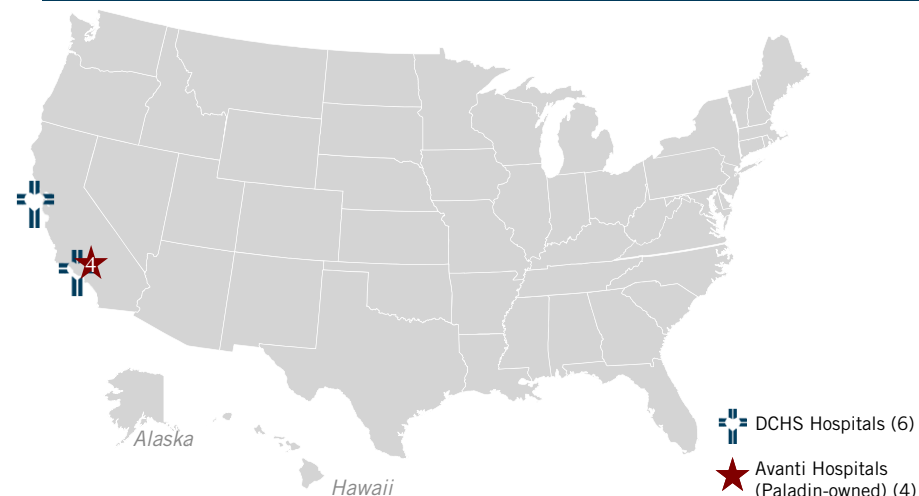
## Select M&A Transactions

- September 2013 – Acquired certain assets of South Carolina Solutions business from Community Health Solutions of America for approximately \$63 million
- August 2013 – Acquired Lovelace Community Health Plan’s contract for the New Mexico Medicaid Salud! Program for \$53.5 million
- December 2011 – Acquired Arco Center from The Swig Company for \$81 million

## Business Description

- Paladin Healthcare Capital (“Paladin”) is a special opportunity investor that makes private equity, structured debt and real estate investments in underperforming hospitals (primary urban hospitals), physician groups, ancillary service providers, regional health plans and other healthcare services companies
  - Through its affiliate, Paladin also provides management services in emergency department operations, care coordination, case management, clinical documentation, recruiting, staff flexing, purchasing, facilities management, contracting, revenue cycle and capital strategy
- Paladin owns Avanti Healthcare Holdings, LLC which operates four hospitals in South and East Los Angeles

## National Presence



Source: Company website

## Management

- Joel Freedman – President
- James MacPherson – Principal
- Nicholas Orzano – Principal

## Financial Snapshot (\$ millions)

- LTM Revenue: NA
- LTM EBITDA: NA
- Debt / EBITDA: NA

Sources: LOI and Company website

## Select M&A Transactions

- NA

## Business Description

- Pinnacle Healthcare Development, LLC. is a physician led Healthcare system development and management company headquartered in Leawood, Kansas
- Pinnacle Healthcare Development, LLC. is a private company that filed for an LLC on January 5, 2012

## Management

- William Reed Jr. – President, CEO, Board Chair

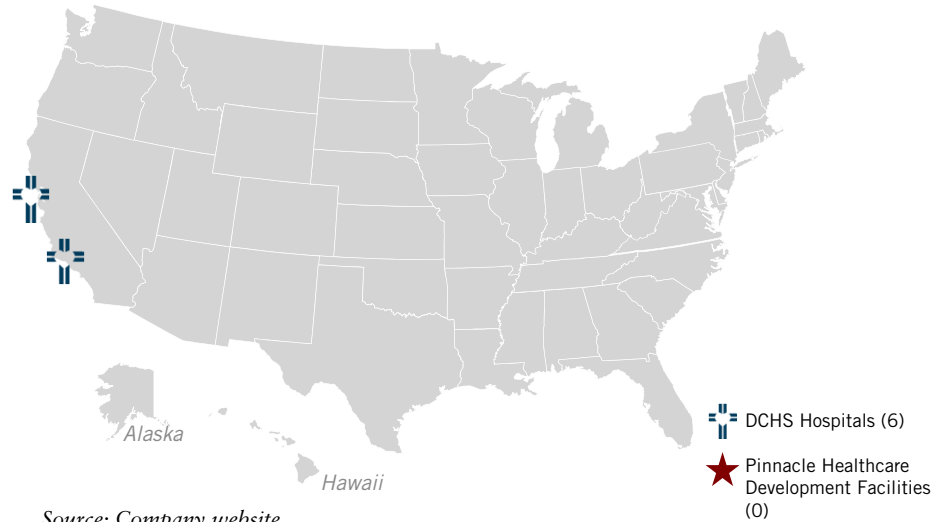
## Financial Snapshot

(\$ in millions)

- LTM Revenue: NA
- LTM EBITDA: NA
- Debt / EBITDA: NA

Sources: [themountaineer.villagesoup.com](http://themountaineer.villagesoup.com), [www.ache.org](http://www.ache.org), [www.bizapedia.com](http://www.bizapedia.com), [www.linkedin.com](http://www.linkedin.com)

## National Presence



Source: Company website.

## Select M&A Transactions

- October 2013 – Pinnacle Healthcare Development, LLC. submitted a bid for Haywood Regional Medical Center. The Company offered \$57 million in cash and capital commitments

## Business Description

- Prime Healthcare Services, Inc., headquartered in Ontario, California, together with its subsidiaries, own and operate 25 acute care hospitals with approximately 4,700 licensed beds in California, Kansas, Nevada, Pennsylvania, Rhode Island and Texas
- Offers various medical services including emergency room, heart care, maternity care, behavioral health, surgical, imaging, senior care, intensive care, clinical laboratory, pharmacy facilities, wound treatment among others in addition to a variety of community services
- Purchased three hospitals with Catholic affiliations within the past 18 months, where Prime has maintained the religious and cultural identity of its institutions
- The system's not-for-profit entity, Prime Healthcare Foundation, owns and operates five not-for-profit hospitals and has more than \$100 million in assets

## Management

- Prem Reddy – Chairman, President & CEO
- Mike Sarian – President of Hospital Operations

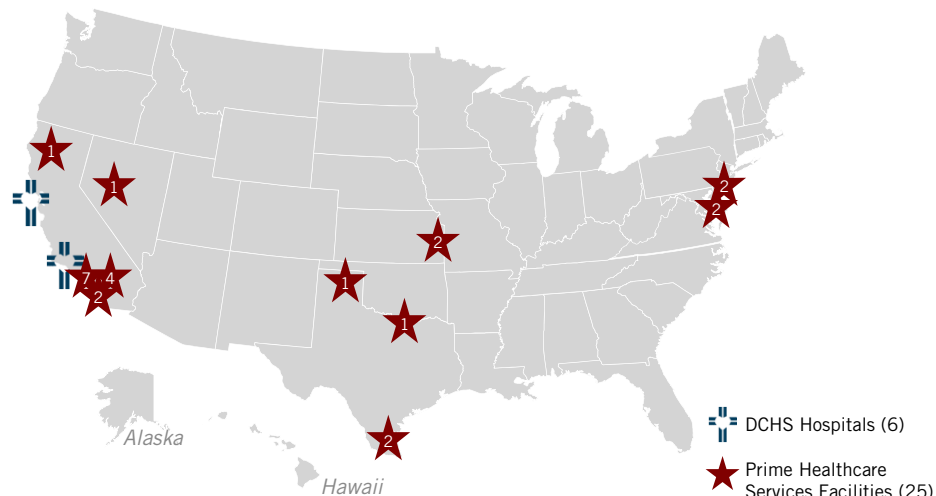
## Financial Snapshot (\$ millions)

- 2013 Revenue: > \$2.1 billion
- LTM EBITDA: NA
- Debt / EBITDA: NA

Sources: Company website



## National Presence



Note: Includes Prime Healthcare Foundation hospitals  
Source: Company website

## Select M&A Transactions

- February 2014 – Signed an asset purchase agreement to acquire Garden City Hospital Inc. for approximately \$80 million
- December 2013 – Acquired Landmark Medical Center and the Rehabilitation Hospital of Rhode Island
- November 2013 – Acquired St. Mary Health Corporation
- January 2013 – Acquired Providence Medical Center, Inc. and Saint John Hospital, Inc. for \$54.3 million
- August 2012 – Acquired Lower Bucks Hospital, for an undisclosed amount
  - Transaction details included the assumption of the hospital's liabilities and an agreement to hire substantially all employees and maintain union contracts

## Business Description

- Prospect provides healthcare and physician services in Southern California and San Antonio, Texas through its owned and operated community-based hospitals
- Manages the provision of healthcare services to health maintenance organizations enrollees through its network of specialist and primary care physicians
- Owns and operates seven hospitals, representing 1,056 licensed beds, and a network of 18 specialty and primary care clinics
- Provides physician services to approximately 210,000 enrollees of HMOs through a network of approximately 3,300 primary care and specialty physicians
- Prospect was incorporated in 1993 and is headquartered in Santa Ana, California
- Owned by Leonard Green & Partners

## Management

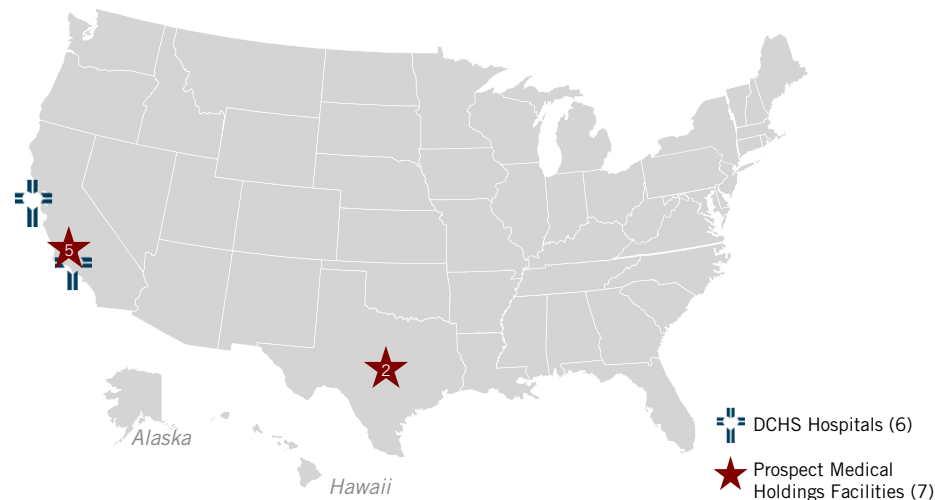
- Sam Lee – Chairman, CEO
- Frank Saidara – VP, Corporate Development

## Financial Snapshot (\$ millions)

- LTM Revenue: NA
- LTM EBITDA: NA
- Debt / EBITDA: NA

Sources: CapIQ and Company website

## National Presence



Source: Company website

## Select M&A Transactions

- February 2014 – Announced agreement to acquire Newport Specialty Hospital of Tustin, California from Pacific Health Corporation
- April 2013 – Acquired Community General Hospital of Dilly, Texas, Inc., a boutique acute care hospital offering anatomical laboratory, blood bank, clinical laboratory, dietary, emergency and pharmacy services for an undisclosed sum
- February 2012 – Purchased Accord Medical Management, LP, a hospital and healthcare system operator in Texas, for ~\$190 million
- August 2007 – Acquired Alta Healthcare System, LLC, a hospital network operator that provides medical, surgical and psychiatric services in the Los Angeles area, for ~144 million

## Business Description

- Providence Health & Services (“Providence”) is a not-for-profit Catholic health care ministry with locations throughout Alaska, California, Montana, Oregon and Washington
  - Providence operates approximately 32 hospitals, 400 physician clinics and 20 assisted living and long term care facilities
  - Providence comprises of more than 73,000 employees and approximately 3,000 physicians
  - Provided more than \$820 million in community benefit and programing in 2012
- The system became affiliated with Swedish Health Services in 2012, a Seattle, Washington based hospital system
- Providence is headquartered in Renton, Washington

## Management

- Rodney Hochman – President, CEO
- David Brown – VP, Strategy & Business Development

## Financial Snapshot (\$ millions)

- 2012 Revenue: \$10,608
- 2012 Net Income: \$1,214

## National Presence



Source: Company website

## Select M&A Transactions

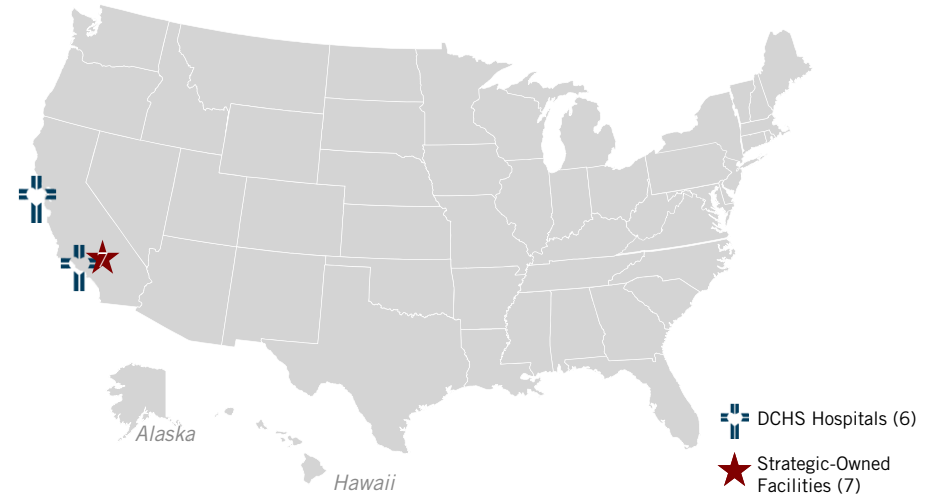
- March 2014 – Providence Health & Services, Southern California became the sponsor of Saint John’s Health Center in Santa Monica, California
- October 2009 – Acquired Willamette Falls Hospital of Oregon City, Oregon
  - As part of the transaction, Providence agreed to contribute approximately \$55 million to a capital investment fund for the hospital, as well as approximately \$4 million to the hospital’s foundation
- September 2008 – Acquired Tarzana Regional Medical Center, a hospital in California, from Tenet Healthcare for \$89 million

Sources: CapIQ, Company website and audited financials

## Business Description

- Strategic Global Management (“Strategic”) and its affiliates own and operate numerous healthcare and other enterprises in the United States and abroad
- Strategic owns seven California hospitals, as well as medical groups, independent physician associations and ancillary healthcare businesses
- Over the past four years, Strategic has closed transactions totaling more than \$350 million

## National Presence



## Management

- Kali Chaudhuri – Chairman and CEO
- Bill Thomas – Executive Vice President and General Counsel

## Financial Snapshot (\$ millions)

- LTM Revenue: NA
- LTM EBITDA: NA
- Debt / EBITDA: NA

## Select M&A Transactions

- NA

Sources: LOI

## Business Description

- Westridge Capital (“Westridge”) is a private equity firm specializing in leveraged buyouts, recapitalizations, corporate spin-offs and expansion capital with a focus on lower middle-market companies in a variety of industry sectors
  - The company focuses on traditional industry sectors including healthcare, lodging, transportation, real estate, consumer products, aerospace and defense, commercial manufacturing and distribution, consumer durable goods and industrial and agricultural equipment
  - Westridge provides financing for businesses with \$2 million to \$10 million of operating cash flow and enterprise value between \$5 million and \$50 million
  - The firm also carries out smaller transactions for add-on acquisitions by its portfolio companies, as well as select distressed assets, including bankruptcies, underperforming corporate divisions, and overleveraged entities
- Westridge was founded in 2003 and is headquartered in Los Angeles, CA

## Financial Snapshot (\$ millions)

- LTM Revenue: NA
- LTM EBITDA: NA
- Debt / EBITDA: NA

## Select Management

- Jonathan Davidson – Founding Partner
- Brian Kaufman – Founding Partner
- Nick Laperriere - Director

## Select Transactions

- Centinela Hospital and Daniel Freeman Memorial Hospital - Acquired both hospitals with over 700 combined beds and located within one mile of each other
  - Consolidated services and licenses and sold Centinela Hospital in November 2007 at a significant profit
- Daniel Freeman Marina Hospital - Developed specialty departments, updated facilities, added additional operating rooms and enhanced patient experience
  - Successfully went from losing \$1 million per month at acquisition to generating \$1 million per month in profit

Sources: LOI