

PLYMOUTH HOLDINGS LLC

VIA E-Mail

May 20, 2014

Geoffrey Ligibel
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Dear Mr. Ligibel and Mr. Jackson:

In response to your May 1, 2014 letter, Plymouth Holdings LLC (“Plymouth”) is pleased to submit the following proposal to acquire substantially all of the assets of O’Connor Hospital and Saint Louise Regional Hospital. With respect to the matters set forth in your letter, please be advised as follows:

I. Purchase Agreement. As requested, please find enclosed a marked-up Purchase Agreement for the acquisition of O’Connor and a marked-up Purchase Agreement for the acquisition of Saint Louise.

II. Proposal

1. Purchase Price. The aggregate purchase price to be paid by Plymouth for O’Connor and Saint Louise shall be \$100 Million less (a) an amount equal to the accrued payroll and paid time assumed by Plymouth less (b) an amount equal to the tenant security deposits and advance rent payments assumed by Plymouth.

2. Sources of Capital. Plymouth will fund the purchase price with a combination of its own cash resources and financing from Medical Properties Trust (NYSE: MPW).

3. Collective Bargaining Agreements. Plymouth contemplates assuming the existing collective bargaining agreements provided that agreements can be reached with the labor unions on the following:

(a) The implementation of a 401(k) program in lieu of any existing retirement benefit which provided for an employer match;

(b) The implementation of medical and dental benefits which contemplate free standard coverage for employees only with modest contributions required for employees seeking coverage for their spouse, children, and/or family and modest contributions for all levels of premium coverage;

(c) The modification of the existing paid time off and sick pay accrual rates so that they are within market standards; and

(d) The modification of the wage structure so that employees will receive across the board increases each year but no longer receive increases based solely on years of experience.

4. Pension Plans. Plymouth does not plan to assume any of DCHS's pension obligations. Plymouth will offer a 401(k) program which provides for an employer match.

5. Further Due Diligence. Any further due diligence will be limited to the following:

(a) Preliminary Title Reports; and

(b) Phase 1 Environmental Surveys.

6. Contingencies. In addition to standard closing contingencies such as regulatory approvals (i.e., HSR, Attorney General, and Department of Public Health), Plymouth's obligation to close the transactions will be subject to agreements being reached with the unions as to modifications to the existing collective bargaining agreements which are acceptable to Plymouth.

7. Timing to Closing. Plymouth is prepared to close the transactions within sixty (60) days of execution of a mutually agreeable Asset Purchase Agreement.

III. Purchaser Due Diligence

Plymouth owned and operated Alvarado Hospital in San Diego until December of 2010. The principles have also owned and operated out-patient surgical centers throughout the United States (including in the San Jose market), owned and operated a medical disease management company (CareNex Health Services) that was sold to WellPoint Inc (NYSE: WLP) in 2012, have owned and operated health insurance services (Champions Health) which is focused on Native American Tribal health, and have owned and operated a private equity, Plymouth Holdings, which is focused on the healthcare sector.

1. Hospital Operations & Community Relations

Plymouth has enjoyed strong community support regarding its management of Alvarado Hospital during its ownership of the facility from January of 2007 to December of 2010. This strong community support is evidenced by, among other things:

- Annual revenue increased from \$120 million to nearly \$200 million
- Created the only minimally invasive spine surgery program in San Diego, CA
- Healthgrades: one of the top four spine programs in California
- Home to the Society for Minimally Invasive Spine Surgery
- Clinical trials increased from one to fifty-five (55)
- Created the region's only comprehensive Skull Base Surgery program
- Performed the nation's first balloon sinuplasty procedure
- Achieved significant growth in the hospital's bariatric surgery program
- The first in the US to perform a laparoscopic gastric bypass
- First hospital in the Western US to receive dual certification as a primary stroke center and stroke rehabilitation center from the Joint Commission.
- Increased applications for medical staff privileges by 50%
- Increased cardiac admissions by 88%
- Increased hospital admissions by 55%
- Increased emergency department admissions by 22%

Plymouth enjoyed strong community support from staff, physicians, and the community regarding its management of Alvarado Hospital. This strong community support is also evidenced by strong support in the media. Please see attached letters of support from the California Nurses Association and the California Medical Association for Alvarado.

Community Reactions to Plymouth's Purchase of Alvarado Hospital

Dianne Jacob, San Diego County Supervisor, District 2: "This is great news for San Diego and the 900,000 people depending on Alvarado's care. The emergency room service is critical to meeting the community's healthcare needs, as are the medical center's comprehensive rehabilitation program and its nationally acclaimed cardiac program. I applaud Tenet's decision and I look forward to working with the Salimpours to ensure the continued availability of the highest quality medical care for our county's residents."

Dr. Michael L. Butera, Chief of Medical Staff, Alvarado Hospital: "As the chief of staff representing the medical staff at Alvarado Hospital, I am pleased that Plymouth Health has agreed to purchase Alvarado and continue operating it as an acute care facility. Regardless of the owners, the physicians have continued to strive to provide high-quality care to the patients at Alvarado. The medical staff is enthusiastically looking forward to working with Drs. Pejman and Pedram

Salimpour. We're encouraged that they appreciate the value of a hospital like Alvarado and we will work with them to continue to serve its patients and the surrounding community."

C. Duane Dauner, President and CEO, California Hospital Association: "The California Hospital Association applauds Tenet Health's selection of Plymouth Health for the acquisition of Alvarado Hospital Medical Center. This acquisition, which keeps Alvarado and its emergency room open, is good news for San Diego and for California's hospital sector. Dr. Pedram Salimpour and Dr. Pejman Salimpour, whom I have known for several years, have excellent reputations, and their emphasis on quality care will be an excellent match for Alvarado's medical staff, which has earned a well-deserved reputation for medical excellence over the last three decades."

Jill Furillo, Southern California Director, California Nurses Association: "Our number-one concern is patient care, and these doctors, Pedram and Pejman Salimpour, have a history of working hand-in-hand with nurses and respecting their professional judgment. The Salimpours' acquisition of Alvarado Hospital gives us an opportunity to have doctors with an impeccable record working with a professional nursing staff to deliver a level of patient care that has never been done before in San Diego. Nurses will have a real voice in patient care at Alvarado."

Dr. Jack Lewin, CEO, California Medical Association: "I am delighted to learn that the Salimpour group will soon be managing San Diego's Alvarado Hospital. CMA has had a very positive working relationship with Dr. Pejman Salimpour on various issues, and I have the highest regard for his integrity and capability. This is certainly good news for Alvarado and the physicians and patients who rely on this vital institution."

Dr. Theodore Mazer, President, San Diego County Medical Association: "Every physician, healthcare worker and patient concerned about access to healthcare services should welcome Plymouth Health to San Diego County. The doctors serving Alvarado worked hard to ensure that the new owners of Alvarado Hospital would be dedicated to the community's needs and to partnering with the medical staff, as the Salimpours have demonstrated. The acquisition of the hospital ends a long period of uncertainty and marks a new era for Alvarado, which we believe will enable the dedicated and talented medical staff and hospital team to achieve unprecedented excellence in meeting the needs of our patients and restoring Alvarado to its pre-eminent position in San Diego."

2. Charity Care Provided

Alvarado Hospital has always provided a high level of charity care, including providing millions of dollars in un-compensated care during the ownership of Plymouth.

The principles of Plymouth are also committed to continuing and expanding a high level of charity care at both O'Connor Hospital and at the Saint Louise Regional Hospital.

We are honored to have been considered as a potential buyer to continue the wonderful legacy of care provided at both O'Connor and Saint Louise hospitals. We are humbled by the responsibility to continue in the footsteps of the Daughters of Charity.

Please feel free to call me at 310-600-5570 with any additional questions.

Sincerely yours,

Pejman Salimpour, M.D., FAAP
Managing Member