

- DRAFT -

CONFIDENTIAL

June 23, 2014

[Name]

[Company]

[Address Line 1]

[Address Line 2]

Re: Daughters of Charity Health System (“DCHS” or the “Company”)

Dear []:

On behalf of DCHS, we would like to thank you for your interest in DCHS and participation in the sale process. We have had the opportunity to review the second round proposal letter you submitted on May 21, 2014 as amended by the email from Chris Chung of Blackstone on May 30, 2014. Based on the amended proposal, we are pleased to invite you to participate in the next phase of the DCHS sale process.

At the conclusion of this phase, DCHS is seeking to identify a buyer and enter into definitive transaction documentation such that we can commence the process of seeking the regulatory and other approvals necessary to close. As discussed, DCHS is targeting identification of the buyer and completion of binding definitive documentation by the end of July 2014. Consequently, we look forward to expeditiously working with you and your advisors on the following matters:

- I. **Definitive Documentation:** We have received the marked version of the form Asset Purchase Agreement that you submitted with your proposal and have reviewed the document with counsel. We expect to circulate an issues list to you shortly and would then like to discuss the list on a conference call. Partly because the mark-up was submitted without consideration for the Chung 5/30 email amendments, there are meaningful revisions to be included in the document. For this reason, we feel the process of talking through the issues before revising the agreement is a prudent next step.
- II. **Due Diligence:** The definitive documentation will contemplate a binding proposal and will not provide for a contingency associated with due diligence. Consequently, we expect that any remaining due diligence will be completed promptly. To the extent that you need additional materials that are not currently on the data site, please let us know at your

earliest convenience and we will try to obtain and post responsive materials. DCHS is in the process of updating / obtaining Phase I environmental assessments and ALTA survey's for each of the facilities' real estate. These materials will be made available to you once completed (early to mid-July we have been assured).

- III. **Financing:** The definitive documentation will also not contemplate a contingency for obtaining financing. While we are working on completing due diligence and documentation, we would also like to understand in some reasonable detail, CHA/Hollywood Presbyterian's access to committed capital as is necessary to consummate the transaction. Please call me at your convenience to discuss what information on committed capital can be shared at this time and what information your team is still completing and the related timeline.
- IV. **Regulatory and Other Approvals:** The DCHS team has begun preliminarily preparations of some of the regulatory and other approval processes that will need to be completed prior to consummating the transaction. We encourage our respective teams to discuss to ensure that the applicable applications / filings and associated timeframes are identified and agreed upon.

DCHS expressly reserves the right in its sole and absolute discretion to evaluate the terms and conditions of any proposal and to accept or reject any or all proposals in whole or in part and to terminate discussions or negotiations with any or all parties at any time without assigning any reasons therefor. The Company further reserves the right to amend or modify the process and any guidelines at any time in its sole and absolute discretion with or without sending notice of any changes.

Please let me or any of my Houlihan Lokey colleagues know if you have any questions on the process. Thank you again for your continued interest in DCHS.

Sincerely,

Andrew Turnbull
Managing Director