

Supplement to the Integrity Healthcare, Inc.
Proposal for the Daughters of Charity Health System

The following provides clarifications or elaborations on certain elements of the Integrity Healthcare Inc. proposal:

- Integrity Healthcare Inc (IHI). IHI is the acquiring entity that enables the funder to invest in and own the DCHS assets. Our management team was organized to provide services for IHI including representing their interests, submitting proposals, and conducting various business processes on their behalf. The funder and IHI are united for the purpose of this project; and the due diligence and investment decision process for the funder/IHI are and have been totally integrated. Thus there will be no delays in the funder approval process.
- Collective Bargaining Agreements (CBAs). This proposal offers an unconditional assumption of the CBAs. The management team reviewed them and found them to be essentially the same as union contracts they have been working under for several years. The fact that some of the CBAs are expiring and may go month to month does not affect willingness to accept them.
- Funds available post acquisition. We are aware of the current operating losses and aware that there may be important capital investment requirements that can occur before positive operational cash flow is established. The funder has internal resources available as well as several other options to address additional cash needs that may occur and is committed to support the project in this regard.
- Pension obligation. Our offer was designed to meet all unfunded pension liabilities. We are prepared to work with the seller to structure this commitment in whatever way is necessary.
- Employee retention. We have no need to recreate corporate infrastructure that already exists in the DCHS system. Hence, our plans to operate the DCHS do not require a significant reduction in

the corporate employee workforce. We believe our stated intention to maximize employee retention and cause minimal job loss is realistic. It certainly has more substance than if we already possessed an infrastructure that supports an existing operation.

- Commitment to Mission and Catholic Healthcare Values. Our senior executives worked in Catholic Healthcare for decades collectively. It is natural for us to continue to uphold the values we have supported for so long. Though we know the seller cannot require it, we can volunteer to continue to keep the essentials of Catholic Healthcare including Ethical and Religious Directives (ERDs), the chaplaincy programs, good relationships with the Bishops and local clergy and the commitment to care for the poor. We feel it is not necessary to be an officially designated Catholic hospital system in order to continue the faith-based traditions.