

CONFIDENTIAL TERM SHEET AMONG  
DAUGHTERS OF CHARITY HEALTH SYSTEM, RETIREMENT PLAN FOR HOSPITAL  
EMPLOYEES, DIGNITY HEALTH, AND SUTTER HEALTH

In connection with the proposed recapitalization and restructuring (the "Transaction") of the Daughters of Charity Health System ("DCHS"), the possible sponsor of the recapitalization and restructuring of DCHS (the "Sponsor") proposes a merger of the Daughters of Charity Health System Retirement Plan ("Church Plan") into the Retirement Plan for Hospital Employees ("RPHE") (the "Merger"). Simultaneously with the Merger, RPHE shall spin-off assets and liabilities to each of Dignity Health ("Dignity") and Sutter Health ("Sutter") (the "Spin-Offs"). This term sheet summarizes the principal terms of such Merger and Spin-Offs (the "RPHE Transactions").

1. Subject to, and effective upon, the closing of the Transaction: (1) the Church Plan will merge into RPHE by a transfer of all assets and liabilities from the Church Plan to RPHE, (2) RPHE shall spin-off assets and liabilities to a single employer plan sponsored by Dignity and (3) RPHE shall spin-off assets and liabilities to a single employer plan sponsored by Sutter.
2. The liabilities transferred to each of Dignity and Sutter are the liabilities for the active, terminated, vested, and retirees for whom each employer contributed to RPHE. The liabilities for a participant who worked for more than one contributing employer to RPHE shall be allocated to the employer who last contributed to RPHE on behalf of that employee.
3. The assets transferred to each of Dignity and Sutter shall equal the market value of assets of RPHE as allocated to each entity in accordance with the methodology used in the January 1, 2013 RPHE actuarial valuation's funding policy calculation, determined as of

the date of the RPHE Transactions, using the actuarial assumptions in the January 1, 2013 actuarial valuation.

4. The decision to engage in the RPHE Transactions shall be made by RPHE trustees in their capacity as Settlers.
5. All of the costs associated with RPHE's decision to engage, or not to engage, in the Transactions shall be paid one-third each by DCHS, Dignity and Sutter.
6. No accrued benefit of a participant or beneficiary of RPHE may be lower immediately after the effective date of the merger and spin-offs than the benefit immediately before that date.
7. RPHE shall submit an application to the Pension Benefit Guaranty Corporation ("PBGC"), pursuant to Section 4232(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), to eliminate RPHE's liability under Section 4232(c)(1) of ERISA. If the PBGC has not approved RPHE's application before the effective date of the Spin-Offs, Dignity and Sutter shall each provide RPHE with [a guarantee or letter of credit acceptable to RPHE in the reasonable discretion of RPHE,] for the potential liability to RPHE under Section 4232(c)(1). The guarantee or letter of credit shall terminate the earlier of (a) the date the PBGC approves the employer's application under Section 4232(2) of ERISA or (b) the date determined under Section 4232(c)(1) of ERISA.