



September 8, 2014

Andrew Turnbull  
Houlihan Lokey  
123 North Wacker Drive, 4<sup>th</sup> Floor  
Chicago, IL 60606

**Re: Liquidity of Prime Healthcare Services(PHSI) and Prime Healthcare Foundation(PHSF)**

Dear Andrew:

Enclosed with this letter are the following documents related to our APA for DCHS. Once you review you will come to the conclusion that the total liquidity of PHSI and PHSF is approximately \$500 million without the additional financing availability of MPT and Wells Fargo. This liquidity is in excess of the needed funds to close the DCHS transaction.

Here are the documents:

1. Summary of the Liquidity position of PHSI & PHSF at Dec '13 – audited and Jun & Jul '14 – internal financials
2. The Dec '13 balance sheet from the audited financials supporting the Dec '13 liquidity position
3. The Sumitomo bank statements for Jun & Jul '14 that support the PHSI escrow cash account from HFG
4. The PHSF Summary Cash schedules for Jun & Jul '14 that support the PHSF short term investment amounts
5. The lead sheet from the HFG credit agreement supporting the \$225 million ABL signed in Dec '13
6. [REDACTED]
7. [REDACTED]

The attached Summary file outlines the liquidity of Prime Healthcare combined (PHSI + PHSF) as of Dec '13 – Audit and Jun '14 & Jul '14 per our internal financials. The Liquidity is broken into three components; Hospital Operating cash, the PHSI escrow cash account from HFG and the PHSF short term investment accounts.

**For Dec '13 – Audited:**

The PHSI & PHSF Hospitals Operating Cash amounts tie to the balance sheet pages from the respective audited financials. These amounts are \$30.873 million for PHSI and \$51.300 million for PHSF.

The PHSI escrow cash account from HFG as of 12/31/13 was \$209.014 million, this amount ties to the PHSI audited financials attached.

The PHSF short term investments as of 12/31/13 was \$126.044 million, this amount ties to the PHSF audited financials attached.

Total Cash & Equivalents at 12/31/13 was \$417.231 million.

**For Jun '14 – Internal:**

The PHSI & PHSF Hospitals Operating Cash amounts are \$76.182 million for PHSI and \$50.546 million for PHSF.

The PHSI escrow cash account from HFG as of 6/30/14 was \$168.575 million, this amount ties to the Sumitomo June 30<sup>th</sup> bank statement attached.

The PHSF short term investments as of 6/30/14 were \$133.844 million, this amount ties to the PHSF Jun '14 Internal Summary of Cash attached.

Total Cash & Equivalents at 6/30/14 was \$429.147 million.

**For Jul '14 – Internal:**

The PHSI & PHSF Hospitals Operating Cash amounts are \$45.114 million for PHSI and \$46.624 million for PHSF.

The PHSI escrow cash account from HFG as of 6/30/14 was \$118.493 million, this amount ties to the Sumitomo July 31<sup>st</sup> bank statement attached.

The PHSF short term investments as of 7/31/14 were \$132.148 million, this amount ties to the PHSF Jul '14 Internal Summary of Cash attached.

Total Cash & Equivalents at 7/31/14 was \$342.379 million.

In addition to actual cash & equivalents on hand, PHSI also has a \$225 million ABL line w/ HFG. As of 7/31/14 PHSI had drawn \$83.326 million on this ABL and therefore had \$141.674 million available. When you add this to the approximate \$342 million of cash & equivalents the total is \$484 million.

We are in the process of issuing bonds with Wells Fargo and we expect to close in eight weeks from signing the APA.

PHSI & PHSF are fully committed to close this transaction and have the liquidity, availability and resources to do so.

Please contact me at (310) 809-6042, if you have any questions.

Sincerely,



Mike Sarian  
President of Operations

**“Saving Hospitals, Saving Jobs, Saving Lives.”**

WITHELD

Prime Healthcare  
All Entities - PHSI & PHSF w/o eliminations  
Balance Sheet Comparison

Dec 31st, 2013 Audited financials		
PHSI Dec '13	PHSF Dec '13	Combined Dec '13
Hospital Operating Cash	\$30,873,477	\$51,299,587
PHSI escrow cash account for HFG	209,013,585	0
PHSF Investments	0	126,043,969
<b>Cash and Equivalents</b>	<b>\$239,887,062</b>	<b>\$177,343,556</b>
		<b>\$417,230,618</b>

**ASSETS:**

Hospital Operating Cash  
PHSI escrow cash account for HFG  
PHSF Investments  
**Cash and Equivalents**

Accounts Receivable  
Allowance for Bad Debt  
Allowance for Contractuals & Oth Adj  
**Patient Accounts Receivable**

Other Receivables  
Inventories  
Other Current Assets  
Current Portion of Long-Term Notes Receivable  
Current Portion of Related Party LT Notes Recv  
Prepaid Insurance  
Other Pre-Paid Expenses  
**Total Current Assets**

Land and Improvements  
Buildings and Improvements  
Leaseholds  
Equipment  
Construction-In-Progress  
Property and Equipment  
Less: Accumulated Depreciation  
**Net Property and Equipment**

Investments in Property Plant & Equipment  
Less: Accumulated Depreciation  
Investments in Subsidiaries  
**Net Investments**

Long-Term Notes Receivable  
Related Party  
Net Goodwill  
Other Intangible Assets

**Total Long-Term Assets**

**TOTAL ASSETS**

**LIABILITIES:**

Accounts Payable  
Notes Payable  
Capital Leases  
Accrued Payroll  
Accrued PTO  
Accrued Payroll Taxes  
IBNR  
Other Accrued Expenses  
Third-Party Settlements  
Lines of Credit & Other Short-Term Debt  
Current Portion of Long-Term Debt  
Current Portion of Related Party Notes Payable  
Other Liabilities  
**Total Current Liabilities**

**Mortgages and Long-Term Notes Payable**

**Related Party Notes Payable**

**Total Intercompany**

**Total Intracompany**

Deferred Credits  
Deferred Taxes  
Other Long-Term Liabilities

**Total Long-Term Liabilities**

**TOTAL LIABILITIES**

**EQUITY:**

Common Stock  
Unrestricted Net Assets  
Temporarily Restricted Net Assets  
Additional Paid-in Capital  
Other Equity  
Retained Earnings PY  
Distributions  
Net Income

**TOTAL EQUITY**

**TOTAL LIABILITIES AND EQUITY**

June 30th, 2014		
PHSI Jun '14	PHSF Jun '14	Combined Jun '14
\$76,181,959	\$50,546,186	\$126,728,145
168,574,959	0	168,574,959
0	133,843,941	133,843,941
<b>\$244,756,918</b>	<b>\$184,390,127</b>	<b>\$429,147,045</b>
\$2,173,962,579	\$321,827,549	\$2,495,790,128
(213,980,753)	(53,146,516)	(267,127,269)
(1,520,242,298)	(204,457,255)	(1,724,699,553)
<b>\$439,739,529</b>	<b>\$64,223,777</b>	<b>\$503,963,305</b>
\$40,383,400	\$4,904,991	\$45,288,391
21,250,627	4,920,452	26,171,079
41,263,556	(6,199,413)	35,064,144
2,423,785	0	2,423,785
0	0	0
45,263,299	276,775	45,540,074
11,932,871	1,588,534	13,521,405
<b>\$847,013,985</b>	<b>\$254,105,243</b>	<b>\$1,101,119,228</b>
\$87,222,816	\$42,123,158	\$129,345,974
437,645,574	179,892,947	617,538,522
22,179,470	674,475	22,853,945
412,487,216	57,857,249	470,344,464
72,396,156	13,241,917	85,638,073
<b>\$1,031,931,233</b>	<b>\$293,789,746</b>	<b>\$1,325,720,979</b>
(311,200,161)	(40,450,145)	(351,650,306)
<b>\$720,731,072</b>	<b>\$253,339,601</b>	<b>\$974,070,673</b>
\$257,085,626	\$35,484,500	\$292,570,126
0	0	0
0	371,127,994	371,127,994
<b>\$257,085,626</b>	<b>\$406,612,494</b>	<b>\$663,698,120</b>
\$85,000	\$0	\$85,000
220,894,116	3,318,307	224,212,422
72,831,130	7,916,751	80,747,881
19,219,992	17,228,229	36,448,221
<b>\$1,290,846,935</b>	<b>\$688,415,381</b>	<b>\$1,979,262,317</b>
<b>\$2,137,860,920</b>	<b>\$942,520,624</b>	<b>\$3,080,381,544</b>
\$102,079,162	\$15,851,908	\$117,931,070
30,607,461	2,500,000	33,107,461
9,499,633	64,967	9,564,600
25,118,860	2,633,251	27,752,111
49,646,757	8,320,057	57,966,814
20,539,311	1,623,318	22,162,629
2,581,109	0	2,581,109
34,930,242	(25,243)	34,904,999
(56,515,122)	(27,017,686)	(83,532,808)
132,744,403	97,587	132,841,990
(0)	1,829,136	1,829,136
3,843,237	0	3,843,237
7,078,130	12,851,603	19,929,733
<b>\$362,153,183</b>	<b>\$18,728,898</b>	<b>\$380,882,081</b>
<b>\$829,014,693</b>	<b>\$45,450,000</b>	<b>\$874,464,693</b>
<b>\$220,587,080</b>	<b>\$0</b>	<b>\$220,587,080</b>
<b>(\$151,354,255)</b>	<b>\$16,343,148</b>	<b>(\$135,011,107)</b>
<b>\$142,982,348</b>	<b>(\$3,484,106)</b>	<b>\$139,498,242</b>
\$25,682,673	\$54,000	\$25,736,673
0	0	0
79,826,960	3,275,327	83,102,287
<b>\$1,146,739,500</b>	<b>\$61,638,368</b>	<b>\$1,208,377,868</b>
<b>\$1,508,892,683</b>	<b>\$80,367,267</b>	<b>\$1,589,259,950</b>
\$0	\$0	\$0
0	800,747,894	800,747,894
0	17,048,991	17,048,991
256,215,297	9,268,846	265,484,143
3,183,476	24,338,616	27,522,092
307,246,562	0	307,246,562
(29,285,019)	0	(29,285,019)
91,607,920	10,749,011	102,356,931
<b>\$628,968,237</b>	<b>\$862,153,357</b>	<b>\$1,491,121,594</b>
<b>\$2,137,860,919</b>	<b>\$942,520,624</b>	<b>\$3,080,381,543</b>

July 31st, 2014		
PHSI Jul '14	PHSF Jul '14	Combined Jul '14
\$45,113,782	\$46,623,928	\$91,737,710
118,493,323	0	118,493,323
0	132,147,760	132,147,760
<b>\$163,607,105</b>	<b>\$178,771,688</b>	<b>\$342,378,793</b>
\$2,205,063,631	\$305,671,250	\$2,510,734,881
(229,070,833)	(47,173,753)	(276,244,585)
(1,526,414,571)	(196,904,751)	(1,723,319,322)
<b>\$449,578,227</b>	<b>\$61,592,746</b>	<b>\$511,170,973</b>
\$42,516,666	\$5,431,933	\$47,948,599
22,854,465	4,925,968	27,780,433
38,972,544	(4,375,348)	34,597,196
2,423,785	0	2,423,785
9,000,000	0	9,000,000
49,124,833	236,084	49,360,918
15,767,193	1,949,426	17,716,619
<b>\$793,844,818</b>	<b>\$248,532,497</b>	<b>\$1,042,377,315</b>
\$92,530,544	\$42,123,158	\$134,653,702
493,452,567	179,892,947	673,345,514
23,139,397	674,475	23,813,872
431,046,158	57,730,036	488,776,194
81,516,378	13,576,948	95,093,326
<b>\$1,121,685,044</b>	<b>\$293,997,565</b>	<b>\$1,415,682,609</b>
(325,525,151)	(41,529,301)	(367,054,452)
<b>\$796,159,893</b>	<b>\$252,468,263</b>	<b>\$1,048,628,157</b>
\$5,610,906	\$35,484,500	\$41,095,406
0	0	0
283,807,843	371,055,113	654,862,956
<b>\$289,418,750</b>	<b>\$406,539,613</b>	<b>\$695,958,362</b>
\$85,000	\$0	\$85,000
220,894,116	3,318,307	224,212,422
72,753,538	7,916,751	80,670,289
19,726,426	17,092,581	36,819,007
<b>\$1,399,037,722</b>	<b>\$687,335,515</b>	<b>\$2,086,373,237</b>
<b>\$2,192,882,540</b>	<b>\$935,868,012</b>	<b>\$3,128,750,552</b>
\$101,489,551	\$13,253,492	\$114,743,042
32,388,363	2,500,000	34,888,363
7,834,608	46,811	7,881,420
33,128,712	3,872,415	37,001,127
51,047,686	8,153,611	59,201,298
22,162,629	1,591,457	20,355,351
2,581,109	0	2,581,788
34,904,999	(27,253)	25,651,397
(63,060,249)	(30,707,719)	(93,767,968)
83,230,333	95,433	83,325,766
109,831	1,829,136	1,938,967
12,843,237	0	12,843,237
6,104,840	11,990,149	18,094,989
<b>\$312,418,244</b>	<b>\$12,597,533</b>	<b>\$325,015,777</b>
<b>\$613,072,578</b>	<b>\$45,450,000</b>	<b>\$658,522,578</b>
<b>\$220,587,080</b>	<b>\$0</b>	<b>\$220,587,080</b>
<b>(\$160,514,785)</b>	<b>\$16,461,641</b>	<b>(\$144,053,144)</b>
<b>\$160,737,894</b>	<b>(\$2,722,911)</b>	<b>\$158,014,983</b>
\$30,914,821	\$54,000	\$30,968,821
0	0	0
349,603,575	3,275,327	352,878,902
<b>\$1,214,401,164</b>	<b>\$62,518,057</b>	<b>\$1,276,919,221</b>
<b>\$1,526,819,408</b>	<b>\$75,115,590</b>	<b>\$1,601,934,998</b>
\$0	\$0	\$0
0	800,747,679	800,747,679
0	17,048,991	17,048,991
286,838,479	9,268,846	296,107,325
12,813,545	22,188,113	35,001,657
307,246,562	0	307,246,562
(48,958,186)	0	(48,958,186)
108,122,732	11,498,794	119,621,526
<b>\$666,063,132</b>	<b>\$860,752,422</b>	<b>\$1,526,815,554</b>
<b>\$2,192,882,540</b>	<b>\$935,868,012</b>	<b>\$3,128,750,552</b>

**PRIME HEALTHCARE SERVICES, INC.  
AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS**

ASSETS		DECEMBER 31,	
	2013	2012	
<b>CURRENT ASSETS</b>			
Cash and cash equivalents*	\$ 30,873,477	\$ 33,064,792	
Patient accounts receivable, net of allowance for doubtful accounts of \$166,771,221 in 2013 and \$157,997,904 in 2012*	382,749,240	299,647,741	
Related party receivables*	5,758,448	359,811	
Estimated third-party payor settlements	25,524,685	4,797,746	
Supplies inventory*	18,587,715	16,906,642	
Prepaid expenses and other current assets*	129,273,732	129,802,383	
Total current assets	592,767,297	484,579,115	
<b>RESTRICTED CASH</b>	209,013,585	-	
<b>PROPERTY AND EQUIPMENT</b> , net of accumulated depreciation and amortization*	692,287,134	581,848,148	
<b>INSURANCE CLAIMS AND RESERVES RECOVERABLE*</b>	95,205,333	76,524,889	
<b>GOODWILL</b>	38,881,903	39,944,429	
<b>OTHER ASSETS*</b>	20,182,850	7,422,835	
	\$ 1,648,338,102	\$ 1,190,319,416	

*\*Account balances contain assets of the consolidated variable interest entities that can only be used to settle obligations of the variable interest entities (see Note 2) as of December 31, 2013 and 2012, respectively: Cash and cash equivalents \$2,285,078 and \$4,861,228; Patient accounts receivable, net of allowance for doubtful accounts \$4,052,415 and \$3,855,329; Related party receivables of \$145,157,659 and \$109,380,200; Supplies inventory \$46,632 and \$48,454; Prepaid expenses and other current assets \$12,148,754 and \$9,877,228; Property and Equipment \$34,755,462 and \$36,189,243; and Insurance claims and reserves recoverable \$6,596,542 and \$5,568,711.*

**PRIME HEALTHCARE SERVICES FOUNDATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

	DECEMBER 31,	
	2013	2012
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 51,299,587	\$ 74,308,335
Patient accounts receivable, net of allowance for doubtful accounts of \$40,496,572 in 2013 and \$13,942,605 in 2012	56,117,425	36,656,371
Assets limited to use	454,462	4,142,094
Short-term investments	126,043,969	63,849,586
Estimated third-party payor settlements	12,243,905	2,501,765
Supplies inventory	5,259,608	912,453
Prepaid expenses and other	11,640,150	22,876,105
Total current assets	263,059,106	205,246,709
INVESTMENTS	35,484,500	35,452,875
PROPERTY AND EQUIPMENT, net of accumulated depreciation and amortization	253,581,190	175,791,384
INSURANCE CLAIMS AND RESERVES RECOVERABLE	22,969,895	18,664,812
GOODWILL	19,317,113	11,400,362
INTANGIBLE ASSETS, net	17,657,368	-
BENEFICIAL INTEREST IN NET ASSETS	10,657,870	-
OTHER ASSETS	245,969	3,000,000
Total assets	<u>\$ 622,973,011</u>	<u>\$ 449,556,142</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 15,508,889	\$ 5,544,558
Accrued expenses	15,801,117	7,516,944
Line of credit	8,108,172	-
Current portion of long-term debt	1,865,000	-
Current portion of capital lease obligation	120,345	-
Total current liabilities	41,403,523	13,061,502
LONG-TERM DEBT, net of current portion	47,315,000	-
CAPITAL LEASE OBLIGATION, net of current portion	139,377	-
INTEREST RATE SWAP	2,165,077	-
INSURANCE CLAIMS LIABILITY AND RESERVE	22,969,895	18,664,812
<b>NET ASSETS</b>		
Unrestricted	491,931,148	410,775,366
Temporarily restricted	17,048,991	7,054,462
Total net assets	<u>508,980,139</u>	<u>417,829,828</u>
Total liabilities and net assets	<u>\$ 622,973,011</u>	<u>\$ 449,556,142</u>

SUMITOMO MITSUI BANKING CORPORATION  
NEW YORK BRANCH  
277 PARK AVENUE  
NEW YORK NY 10172  
Telephone: 212-224-4000

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Account Number: [REDACTED] Account Type: SUNDRY DEPOSIT  
Account Title: PRIME HEALTHCARE SERVICES, INC. Account Currency: USD - United States Dollars  
PRIME HEALTHCARE SERVICES, INC. - SUNDRY Statement Period: 01JUN2014 - 30JUN2014  
Page: 1 of 2  
Statement No: 1

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Enclosed Checks: 0	Collected Balance: 168,574,959.45	Beginning Ledger Balance: 168,523,275.92
Number of Debits: 0	Average Balance: 168,551,212.62	Total Debits: 0.00
Number of Credits: 2	Average Collected Balance: 168,551,212.62	Total Credits: 51,683.53
	Low Balance: 168,523,275.92	Ending Ledger Balance: 168,574,959.45

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PRIME HEALTHCARE SERVICES, INC.  
PRIME HEALTHCARE SERVICES, INC. - SUNDRY  
C/O SMBC ATTN:BCDAD-LOAN SVC  
AGENCY SERVICES  
277 PARK AVENUE, 6TH FLOOR  
NEW YORK NY 10172

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FT Code:  
COL - Collection Float Hold MD - Mixed in Deposit  
MFH - Mixed Float Hold Availability NDF - Next Day Funds Availability  
RD - Re-Deposit Float Hold TDF - Two Days Float Hold Availability

Please examine this statement of account at once. The maintenance of this account is subject to the provisions of the New York State's Uniform Commercial Code and Sumitomo Mitsui Banking Corporation's New York Branch (the "Bank") Terms and Conditions for business accounts and services. The Bank disclaims responsibility for any error in, or improper charge to, the account as rendered unless informed in writing of this error or charge within thirty days of the delivery, mailing or availability of the statement canceled voucher. Kindly refer to the instructions on the reverse side of this statement in order to direct your inquiries to the proper department for prompt action. Deposits are not insured by the FDIC.

8:12 AM  
09/05/14  
Accrual Basis

Prime Healthcare Foundation, Inc.  
**Balance Sheet**  
As of June 30, 2014

Jun 30, 14

**ASSETS**

Current Assets

Checking/Savings

105-000 · Cash

105-100 · CNB - Ckg [REDACTED]	1,375,827.42
105-200 · CNB - MM Svg [REDACTED]	703,550.41
105-225 · Wells Fargo Checking [REDACTED]	10,000.49
105-250 · Wells Fargo Savings # [REDACTED]	33,370.03
105-300 · CNB - Clinic Checking [REDACTED]	454,462.00

Total 105-000 · Cash **2,577,210.35**

Total Checking/Savings

2,577,210.35

Other Current Assets

111-000 · I/C Receivable

109-550 · I/C Receivable Knapp MC	16,710,485.00
111-650 · I/C Receivable - Pampa MC	1,000,000.00

Total 111-000 · I/C Receivable 17,710,485.00

120-000 · Investments

120-025 · CNB [REDACTED]	2,500,000.00
120-050 · Barclay Investments	5,410,196.71
120-100 · CNS -Inv [REDACTED]	6,824,192.70
120-150 · CNS -Inv # [REDACTED]	18,789,347.48
120-190 · Wells Fargo Advisor	23,722,014.64
120-200 · Credit Suisse [REDACTED]	8.01
120-225 · Northern Trust	25,533,935.73
120-250 · Wells Fargo Investments	5,787,524.41
120-500 · Credit Suisse (KMC)	11,338,105.53
120-525 · Goldman Sachs (KMC)	11,301,324.19
120-550 · Northern Trust (KMC)	11,448,581.19
120-575 · Wells Fargo Investments (KMC)	11,188,710.48

Total 120-000 · Investments **133,843,941.07**

Total Other Current Assets

151,554,426.07

Total Current Assets

154,131,636.42

Fixed Assets

141-000 · Fixed Assets

141-180 · 19181 Town Center Dr.

141-181 · Cost - 19181 Town Ctr Dr	401,076.00
141-182 · Town Ctr Furniture and Fixtures	74,888.00
141-185 · Town Ctr Building Improvements	168,193.20
147-100 · Accum Depreciation	
147-110 · Accum. Depre - Building	-24,881.00
147-120 · Accum. Depre - F&E	-28,553.00

Total 147-100 · Accum Depreciation -53,434.00

Total 141-180 · 19181 Town Center Dr.

590,723.20

Total 141-000 · Fixed Assets

590,723.20

SUMITOMO MITSUI BANKING CORPORATION  
NEW YORK BRANCH  
277 PARK AVENUE  
NEW YORK NY 10172  
Telephone: 212-224-4000

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Account Number: [REDACTED] Account Type: SUNDRY DEPOSIT  
Account Title: PRIME HEALTHCARE SERVICES, INC. Account Currency: USD - United States Dollars  
PRIME HEALTHCARE SERVICES, INC. - SUNDRY Statement Period: 01JUL2014 - 31JUL2014  
Page: 1 of 2  
Statement No: 1

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Enclosed Checks: 0	Collected Balance:	118,493,323.07	Beginning Ledger Balance:	168,574,959.45
Number of Debits: 2	Average Balance:	118,475,551.82	Total Debits:	50,100,000.00
Number of Credits: 1	Average Collected Balance:	118,475,551.82	Total Credits:	18,363.62
	Low Balance:	118,474,959.45	Ending Ledger Balance:	118,493,323.07

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PRIME HEALTHCARE SERVICES, INC.  
PRIME HEALTHCARE SERVICES, INC. - SUNDRY  
C/O SMBC ATTN:BCDAD-LOAN SVC  
AGENCY SERVICES  
277 PARK AVENUE, 6TH FLOOR  
NEW YORK NY 10172

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FT Code:

COL - Collection Float Hold	MD - Mixed in Deposit
MFH - Mixed Float Hold Availability	NDF - Next Day Funds Availability
RD - Re-Deposit Float Hold	TDF - Two Days Float Hold Availability

Please examine this statement of account at once. The maintenance of this account is subject to the provisions of the New York State's Uniform Commercial Code and Sumitomo Mitsui Banking Corporation's New York Branch (the "Bank") Terms and Conditions for business accounts and services. The Bank disclaims responsibility for any error in, or improper charge to, the account as rendered unless informed in writing of this error or charge within thirty days of the delivery, mailing or availability of the statement canceled voucher. Kindly refer to the instructions on the reverse side of this statement in order to direct your inquiries to the proper department for prompt action. Deposits are not insured by the FDIC.

8:12 AM  
 09/05/14  
 Accrual Basis

Prime Healthcare Foundation, Inc.  
**Balance Sheet**  
 As of July 31, 2014

Jul 31, 14

**ASSETS**

Current Assets

Checking/Savings

105-000 · Cash	
105-100 · CNB - Ckg [REDACTED]	605,824.40
105-200 · CNB - MM Svc [REDACTED]	9,004,051.16
105-225 · Wells Fargo Checking [REDACTED]	10,000.49
105-250 · Wells Fargo [REDACTED]	33,337.11
105-300 · CNB -Clinic Checking # [REDACTED]	454,462.00
<b>Total 105-000 · Cash</b>	<b>10,107,675.16</b>

**Total Checking/Savings** 10,107,675.16

Other Current Assets

111-000 · I/C Receivable	
109-550 · I/C Receivable Knapp MC	16,710,485.00
111-650 · I/C Receivable - Pampa MC	1,000,000.00
<b>Total 111-000 · I/C Receivable</b>	<b>17,710,485.00</b>

120-000 · Investments	
120-025 · CNB - CD [REDACTED]	2,500,000.00
120-050 · Barclay Investments	5,326,004.50
120-100 · CNS -Inv [REDACTED]	6,811,917.65
120-150 · CNS -Inv [REDACTED]	18,632,356.30
120-190 · Wells Fargo Advisor	23,316,721.23
120-200 · Credit Suisse [REDACTED]	8.01
120-225 · Northern Trust	25,223,645.83
120-250 · Wells Fargo Investments	5,624,322.18
120-500 · Credit Suisse (KMC)	11,309,049.36
120-525 · Goldman Sachs (KMC)	11,119,449.54
120-550 · Northern Trust (KMC)	11,308,693.34
120-575 · Wells Fargo Investments (KMC)	10,975,592.28
<b>Total 120-000 · Investments</b>	<b>132,147,760.22</b>

**Total Other Current Assets** 149,858,245.22

**Total Current Assets** 159,965,920.38

Fixed Assets

141-000 · Fixed Assets	
141-180 · 19181 Town Center Dr.	
141-181 · Cost - 19181 Town Ctr Dr	401,076.00
141-182 · Town Ctr Furniture and Fixtures	74,888.00
141-185 · Town Ctr Building Improvements	168,193.20
147-100 · Accum Depreciation	
147-110 · Accum. Depre - Building	-43,124.89
147-120 · Accum. Depre - F&E	-37,289.91
<b>Total 147-100 · Accum Depreciation</b>	<b>-80,414.80</b>
<b>Total 141-180 · 19181 Town Center Dr.</b>	<b>563,742.40</b>

**Total 141-000 · Fixed Assets** 563,742.40

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**AMENDED AND RESTATED REVOLVING AND TERM  
LOAN AND SECURITY AGREEMENT**

dated as of December 19, 2013

among

**PRIME HEALTHCARE SERVICES, INC.,  
THE SUBSIDIARIES THEREOF LISTED ON SCHEDULE A HERETO,**

**PRIME HEALTHCARE MANAGEMENT, INC.**

**PRIME HEALTHCARE MANAGEMENT II, INC.**

**and each other Person joined hereto from time to time as a Borrower,  
as Borrowers**

**PRIME HEALTHCARE SERVICES, INC.**

as Borrower Representative,

**EACH LENDER FROM TIME TO TIME PARTY HERETO,**

as Lenders,

**HEALTHCARE FINANCE GROUP, LLC**

as Swingline Lender,

**HEALTHCARE FINANCE GROUP, LLC,**

as Sole Lead Arranger

**HEALTHCARE FINANCE GROUP, LLC,**

as Administrative Agent and Collateral Agent

**SUMITOMO MITSUI BANKING CORPORATION,**

as Co-Arranger

**SIEMENS FINANCIAL SERVICES, INC.**

and

**CITY NATIONAL BANK,**

as Co-Syndication Agents

and

**SUMITOMO MITSUI BANKING CORPORATION**

as Term Loan Escrow Agent

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an amount equal to 80% of the amount of working capital set forth in the schedule delivered by the Borrower Representative in connection with such Term Loan Draw.

**"Term Loan Senior Collateral"** means all assets included as Term Loan Collateral, including the Term Loan Collateral referred to in clauses (6) through (19) of Section 4.1(b), other than any Term Loan Collateral constituting Revolving Loan Senior Collateral, and all proceeds thereof.

**"Total Revolving Commitment"** means **\$225,000,000**, as such amount may be increased or decreased pursuant to the provisions of Sections 2.1(k) and 2.1(m), respectively.

**"Transfer"** has the meaning set forth in Section 2.3(b).

**"Transfer Date"** has the meaning set forth in Section 2.3(b).

**"Transmission"** means, upon establishment of a computer interface between the Borrowers and the Agent or an FTP site, in each case in accordance with the specifications established by the Agent, the transmission of Receivable Information through such computer interface or FTP site or e-mail communication to the Agent in a manner satisfactory to the Agent.

**"TRICARE/CHAMPUS"** means the Civilian Health and Medical Program of the Uniformed Service, a program of medical benefits covering former and active members of the uniformed services and certain of their dependents, financed and administered by the United States Departments of Defense, Health and Human Services and Transportation and established pursuant to 10 USC §§ 1071-1106, and all regulations promulgated thereunder including without limitation (1) all federal statutes (whether set forth in 10 USC §§ 1071-1106 or elsewhere) affecting TRICARE/CHAMPUS; and (2) all rules, regulations (including 32 CFR 199), manuals, orders and administrative, reimbursement, and other guidelines of all Governmental Entities (including, without limitation, the Department of Health and Human Services, the Department of Defense, the Department of Transportation, the Assistant Secretary of Defense (Health Affairs), and the Office of TRICARE/CHAMPUS, or any Person or entity succeeding to the functions of any of the foregoing) promulgated pursuant to or in connection with any of the foregoing (whether or not having the force of law) in each case as may be amended, supplemented or otherwise modified from time to time.

**"UCC"** means the Uniform Commercial Code as in effect from time to time in effect in the specified or applicable jurisdiction.

**"Unbilled Receivable"** means a Receivable in respect of which the goods have been shipped, or the services rendered, to the relevant customer or patient, rights to payment thereon have accrued, but the invoice has not been rendered to the applicable Obligor.

**"Veritas"** has the meaning set forth on Schedule A hereto.

**"Withdrawal Liability"** means, with respect to any Loan Party and its ERISA Affiliates at any time, the aggregate liability incurred (whether or not assessed) with respect to all Multiemployer Plans pursuant to Section 4201 of ERISA and with respect to all increases in contributions required to be made pursuant to Section 4243 of ERISA.

**"Working Capital"** means, for PRIME and its Subsidiaries, on a consolidated basis, at any date of determination, an amount equal to the aggregate amount of all current assets (exclusive of cash, cash

The parties are signing this Amended and Restated Revolving and Term Loan and Security Agreement as of the date stated in the preamble.

BORROWERS:

PRIME HEALTHCARE MANAGEMENT, INC.

By: Prem Reddy  
Name: Prem Reddy, M.D.  
Title: Chairman, President and Chief Executive Officer

PRIME HEALTHCARE MANAGEMENT II, INC.

By: Prem Reddy  
Name: Prem Reddy, M.D.  
Title: Chairman

PRIME HEALTHCARE SERVICES, INC.

By: Prem Reddy  
Name: Prem Reddy, M.D.  
Title: Chairman

PRIME HEALTHCARE CENTINELA, LLC  
PRIME HEALTHCARE SERVICES - GARDEN GROVE, LLC  
PRIME HEALTHCARE SERVICES - SAN DIMAS, LLC  
PRIME HEALTHCARE SERVICES - SHASTA, LLC  
PRIME HEALTHCARE LA PALMA, LLC  
PRIME HEALTHCARE ANAHEIM, LLC  
PRIME HEALTHCARE PARADISE VALLEY, LLC  
DESERT VALLEY HOSPITAL, INC.  
VERITAS HEALTH SERVICES, INC  
ALVARADO HOSPITAL LLC  
PRIME HEALTHCARE SERVICES - ROXBOROUGH, LLC  
PRIME HEALTHCARE SERVICES - PAMPA, LLC  
PRIME HEALTHCARE SERVICES - RENO, LLC  
DALLAS MEDICAL CENTER, LLC  
PRIME HEALTHCARE SERVICES - LOWER BUCKS, LLC  
PRIME HEALTHCARE SERVICES - PROVIDENCE, LLC  
PRIME HEALTHCARE SERVICES - SAINT JOHN LEAVENWORTH, LLC

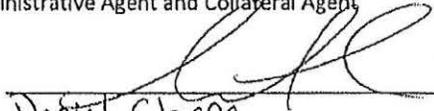
By: Prem Reddy  
Name: Prem Reddy, M.D.  
Title: Chairman

*Signature page to Amended and Restated  
Revolving and Term Loan and Security Agreement*

The parties are signing this Amended and Restated Revolving and Term Loan and Security Agreement as of the date stated in the preamble.

AGENT:

HEALTHCARE FINANCE GROUP, LLC,  
as Administrative Agent and Collateral Agent

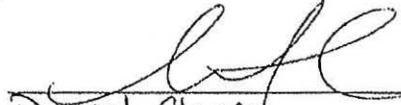
By: 

Name: Daniel Chapa

Title: CEO

LENDER:

HEALTHCARE FINANCE GROUP, LLC,  
as a Revolving Lender, a Term Lender and as Swingline  
Lender

By: 

Name: Daniel Chapa

Title: CEO

Revolving Commitment: \$69,500,000.00

Term Loan: \$50,000,000.00

Address for Notices:

Healthcare Finance Group, LLC  
199 Water Street, 31st Floor  
New York, New York 10038  
Attention: National Portfolio Manager  
cc: Chief Credit Officer  
General Counsel

Tel: (212) 785-8500

Fax: (212) 785-8501

WITHELD