



March 20, 2014

Attention: Geoffrey Ligibel
Houlihan Lokey

RE: Daughters of Charity Health System Acquisition Opportunity
Preliminary Proposal

In response to your request for proposal, CCG hereby submits its non-binding indication of interest, subject to the following terms and conditions:

1. Organizational Structure.

(i) Cardiovascular Care Group (“CCG”) currently owns and operates two specialty-focused hospitals in partnership with physicians. The hospitals are located in Lacombe, LA, and Bakersfield, CA, which were purchased from MedCath Corporation in 2012.

(ii) CCG is majority owned by MedCare Investment Funds a group of private equity investment funds with a single general partner, dedicated exclusively to investing in innovative health care device and health care service companies. In addition to CCG the portfolio includes approximately 15 other companies.

(iii) CCG’s operating philosophy is patient centric, physician driven, evidence based best practices, and excellence in quality outcomes and patient experience.

CCG’s mission is to implement evidenced-based clinical quality improvement throughout its clinical enterprise. Priscilla Knolle, M.D. recently joined CCG as its Chief Quality Officer. Dr. Knolle is a trained neuro surgeon. Dr. Knolle has over 15 years of experience in clinical quality and clinical documentation improvement at several premier health institutions including Stanford University and Daughters of Charity Hospital System in California.

Representative Quality Awards for CCG affiliated Hospitals include:

- Louisiana Heart Hospital - Best Surgical Hospital on North Shore New Orleans (Consumer Reports)
- Louisiana Heart Hospital - Top 10% Quality Outcomes for Spinal Surgery in U.S. (CareChex)
- Bakersfield Heart Hospital - Top 10% Interventional Cardiology in U.S. (CareChex)
- Bakersfield Heart Hospital - #1 Hospital in CA for Patient Safety

(iv) Cardiovascular Care Group Management Team

Harry R. Jacobson, M.D. – Chairman of the Board

Dr. Jacobson has been a successful investor and entrepreneur, as well having founded or co-founded 10 companies. Dr. Jacobson is former Vice Chancellor for Health Affairs at Vanderbilt University and CEO of Vanderbilt University Medical Center (VUMC). In addition, in his role at VUMC he participated in the oversight of technology transfer operations, which resulted in the creation of over two dozen companies. Notable co-founded companies include Contact Software (the developer of Act!, the world's leading contact management software), acquired by Symantec (SYM:NASDAQ); Renal Care Group (RCG:NYSE), a leading dialysis service company, acquired by Fresenius (FMS:NYSE); Ambulatory Services of America (currently privately held), a diversified outpatient ancillary services provider currently providing dialysis and radiation oncology services (2009 revenue estimate > \$200 million); and CeloNova Biosciences, a medical device company with two CE-approved and one FDA-approved products (2009 revenue estimate > \$7 million). Dr. Jacobson has been both a formal and informal advisor to several venture and private equity funds. He formerly served on the Board of Directors of Kinetic Concepts (KCI:NYSE) and Merck (MRK:NYSE).

Warren E. Beck – Chief Executive Officer

Mr. Beck has been the CEO for CCG since July 1, 2013 and comes with 37 years of experience in the healthcare industry. At Vanderbilt University Medical Center where he was employed for 25 years he was Associate Vice Chancellor for Health Affairs and Senior Vice President for Finance. Under Beck's leadership, Vanderbilt gained national prominence in financial management and analytics in academic medicine. Mr. Beck previously worked for KPMG and has a BA from Rutgers University and an MBA from Fairleigh Dickenson University.

Steven T. Johnson, MBA – President and Chief Operating Officer

Mr. Johnson is a seasoned professional with more than 25 years of executive management experience. Mr. Johnson is an accomplished multi-site healthcare operator and has held senior management roles for several public healthcare providers. He has also provided business consulting experience for dozens of public and private companies. Before joining CCG, Mr. Johnson was co-founder and President at Renal Services Group, co-founder, Principal Executive Officer and Director of Pet DRx Corporation (NASDAQ – VETS), President of Fresenius Medical Care West Business Unit (NYSE – FMC) where he was responsible for 450 facilities with nearly \$1 Billion in revenue, and co-founder and VP for Renal Disease Management, Inc. Mr. Johnson graduated magna cum laude with a BA in Economics from Kenyon College and earned an MBA from the University of Chicago, Booth Graduate School of Business.

Robert K. Stillwell, MBA, CPA – Chief Financial Officer

Mr. Stillwell has more than 30 years of financial leadership experience in healthcare. He has held executive positions at Fresenius Medical and as a founding partner of Renal Care Group where

he led its successful IPO. Stillwell maintains an appointment as an adjunct professor at the Owen School of Business at Vanderbilt University.

Priscilla Knolle, M.D. – Chief Quality Officer

Priscilla Knolle, MD, is a respected Physician Executive offering over 15 years of experience in the development and implementation of successful: Clinical Quality Initiatives; Data Analytics Tools (Dashboards) for measuring and tracking internal activities; Care Coordination between multiple providers and service lines; Clinical Documentation Initiatives; Population Health Management and Regulatory Compliance. While pursuing the corporate goals of her employers, she routinely maintains an exceptional commitment to continued quality, community outreach and patient-centered services.

Dr. Knolle holds a medical degree, Certifications as a Six Sigma Green Belt and Certified Health Analyst and is a member of numerous industry organizations.

Douglas L. Koppang, Jr., JD – Sr. Vice President Business Development

Prior to joining CCG, Mr. Koppang was the Executive Vice President and CFO of Cardiovascular Care Affiliates. He has over 25 years of executive healthcare experience, including public accounting, with an extensive knowledge of mergers and acquisitions, joint-ventures, physician practice acquisitions and management. He has also been the CFO of several healthcare companies based in Nashville, Tennessee. Mr. Koppang received his BA degree in Economics and Business Administration from Furman University and his J.D. degree in law from the University of South Carolina.

2. Assets to be Acquired

CCG proposes to acquire the tangible fixed assets of Saint Louise Regional Hospital (“SLRH”) free and clear of all liabilities to third parties, and free and clear of any inter-company liabilities.

3. Treatment of Medical Foundation

The CCG proposed asset purchase of SLRH will not include the purchase of the Medical Foundation.

4. Amount and Form of Consideration

CCG proposed consideration for purchase of the fixed assets of SLRH is \$27.0 million in cash payable at closing.

5. Working Capital Assumption

The proposed purchase price for SLRH fixed assets does not include working capital.

6. CBA Agreements and Non-Union Employee Retention

CCG will not assume any Collective Bargaining Agreements. CCG will seek to retain non-union employees on mutually agreeable terms and conditions.

7. Post Retirement Benefits

CCG proposed purchase of the fixed assets of SLRH will not include post-retirement obligations. Employees will be offered participation in a new defined contribution plan.

8. Treatment of Other Agreements

CCG will not assume any equipment leases of other obligations related to the acquired assets.

9. Sources of Capital

CCG has access to equity capital funding from its Equity Sponsor MedCare Investment Funds. In addition, CCG will seek debt financing from commercially available debt financing sources.

10. Anticipated Operating Plan and Capital Commitment

CCG will make additional capital available to support its growth and capital investment objectives.

11. Community Service and Charity Care

CCG will continue to provide community service and low cost care to the community.

12. Due Diligence Process and Timeline

CCG will conduct the usual and customary legal and financial due diligence which will involve its accounting and audit consultants, legal team, and other experts which may be necessary to complete the proposed transaction. CCG will make its best efforts to complete its due diligence process within 90 days from the date of an executed Letter of Intent outlining mutually agreed terms and conditions necessary for Definitive Agreements. Final closing should be completed within 60 days from execution of Definitive Agreements.

13. Specific Contingencies to Closing

CCG proposal will be subject to a financing contingency to obtain a commitment for senior debt financing, suitable to the purchaser, at commercially reasonable rates and terms. CCG will require a period of exclusivity sufficient to complete its legal and financial due diligence, and to close the transaction.

14. Approvals

CCG proposal is subject to approval by its Board of Directors and its current bank lenders. No federal governmental regulatory approval is anticipated at this time.

15. Contact Information

Please forward additional information to:

Douglas L. Koppang, Jr.
Senior Vice President
Business Development
3322 West End Avenue, Suite 1100
Nashville, TN
37203

Cardiovascular Care Group appreciates the opportunity to submit this proposal. Please feel free to contact us if you have any questions.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Warren Beck". The signature is written in a cursive style with a large initial "W".

Warren Beck
Chief Executive Office