Divestiture Trustee Status Report

January 11, 2016
Status Update – Summary of Major Events

In accordance with Section II.D.5. of the Order to Maintain Assets and Appointing a Monitor and a Divestiture Trustee (Case No. 1:13-cv-00116-BLW) filed December 10, 2015 (the “Order”), Cain Brothers (the “Divesture Trustee” or “Trustee”) is providing this report to update the parties and the Court on: (i) our efforts to effect the divestiture and (ii) St. Luke’s and Saltzer’s compliance with the Order

- Over the past month, Cain Brothers has primarily focused on conducting diligence on Saltzer and the regional healthcare landscape in preparation for initiating a process to find a partner

- Members of our team met with key stakeholders in Boise and Nampa on December 17-18
  > Interviewed six practicing physicians representing multiple specialties and a wide range of tenure
  > Conducted diligence meetings with Saltzer management and various administrators

- Received access to our initial data requests the week of December 21
  > Have been reviewing the files to understand the situation and begin drafting the marketing materials for the sale of the Saltzer Assets and Business
  > Have augmented the information received with data from third-party data sources

- Set up and participated in various additional calls related to the sales process
  > Established standing weekly conference call with Saltzer management to track progress
  > Communicate regularly with Monitor to maintain alignment and share intelligence
  > Held conversations with several potentially interested parties who initiated contact with Cain Brothers
Key Workstreams for Coming Month

**Identify Potential Partners**
- Research parties that could have interest in the opportunity

**Develop a Preliminary List of Buyers**
- Narrow list into strategic buyers and investors who could potentially provide the operational and/or capital support to reinvigorate Saltzer
- Compile contact list and develop outreach plan to leverage existing Cain Brothers relationships

**Conduct Pro Forma Analysis**
- In coordination with the Monitor, prepare pro forma scenarios to evaluate potential revenue and cost synergies
- Work with Saltzer’s consultants to understand existing financial analyses

**Draft Offering Memorandum**
- Key marketing document shared with potential partners
- Intended to help parties understand the opportunity and be able to submit informed non-binding proposals at the end of the first round (“Phase I”)

**Prepare NDA for Potential Partners**
- Non-disclosure agreement will limit the use of the confidential data provided to assessing the transaction and prohibit potential partners from sharing the information with outside parties

**Develop Process Letter**
- Process letter will provide guidelines for submitting a formal indication of interest
- Specific requests will likely include an understanding of long-term strategy to make Saltzer viable as an independent medical group in addition to financial terms
## Preliminary Timeline

The timetable below is our current estimate, although could shift depending upon many factors.

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<tr>
<th>Month Beginning:</th>
<th>Pre-Marketing</th>
<th>&quot;Phase I&quot;</th>
<th>&quot;Phase II&quot;</th>
<th>&quot;Phase III&quot;</th>
<th>Closing</th>
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<td>2016</td>
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**Conduct Interviews, Collect Data, and Begin Analysis**

**Prepare Offering Materials and Identify Potential Partners to Contact**

**Draft Management Presentation and Organize Phase II Data Room**

**Contact Potential Partners and Provide Offering Materials, Including Detailed Information Memorandum**

**Narrow Field, Open Data Room, Host Management Presentations, and Distribute Purchase Contract**

**Provide Additional Information Upon Request and Facilitate Diligence/Reverse Due Diligence**

**Negotiate Definitive Agreement with Finalist(s) and Signing**

**Prepare and Submit Regulatory Filings, and Close Transaction**

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**Week of March 28, 2016:**
Target Due Date for Non-Binding Phase I Proposals

**Week of May 23, 2016:**
Target Due Date for Phase II Proposals, Including Marked-up Definitive Agreements

**Week of July 25, 2016:**
Target Signing and Transaction Announcement
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