Divestiture Trustee Status Report

April 10, 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.

- Refined and Distributed Phase I Marketing Materials
  - Non-Disclosure Agreement and Overview Document shared externally with potential partners
  - Initial draft of the Confidential Information Memorandum and Process Letter are substantially complete with dissemination targeted for late next week

- Coordinated Quality of Earnings (“QofE”) Data Collection and On-site Meetings
  - Hosted twice-a-week conference calls with Saltzer management, St. Luke’s management, the Monitor, Consilium, KPMG, and Cain Brothers to facilitate data collection for the QofE analysis
  - Began preparing diligence materials to be reviewed by KPMG
  - Scheduled on-site QofE meetings to take place on Monday, April 11th and Tuesday, April 12th at St. Luke’s

- Conducted Detailed Financial Diligence
  - Detailed financial diligence continues as additional data is shared throughout the QofE process

- Organized Electronic Diligence System
  - Organized a confidential and secure electronic diligence system
  - Continued twice-a-week conference calls with Consilium to complete the Phase I due diligence data requests

- Set up and participated in various additional calls related to the sale process
  - Continued conversations with interested potential partners who have received the NDA and Teaser
  - Consistent dialogue with Sheppard Mullins and St. Luke’s legal counsel to facilitate the execution of NDAs and third-party engagements
  - Met with Saltzer management and Consilium regularly as part of the due diligence process and visited Saltzer to meet with Dr. Kaiser and the St. Luke’s orthopedic surgeons
  - Communicated frequently with the Monitor to maintain alignment and share intelligence
Key Workstreams for Coming Month

**Continue Dialogue with Potential Partners**
- Host follow-up calls with potential partners prior to submission of Phase I proposals in early May

**Distribute Offering Materials**
- Send finalized offering memorandum to potential partners that have executed the NDA and expressed interest in the transaction
- Distribute process letter outlining transaction objectives and key transaction deadlines

**Facilitate Quality of Earnings Analysis**
- Help facilitate preparation of the QofE report to be produced by KPMG and made available to potential partners in Phase II

**Launch Phase I Due Diligence**
- Invite potential partners who are reviewing the CIM to the Phase I electronic data room
- Process due diligence requests from potential partners prior to the submission of Phase I proposals

**Prepare for Phase II**
- Continue to work with Consilium and SMG management to collect and collate files for the Phase II Virtual Data Room

**Draft Management Presentations**
- Prepare for the management presentation with a third-party communications expert
## Bluebird Process Update

### Monthly Forward Calendar as of April 10, 2016

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- **Week of April 11, 2016**
  - Field due diligence requests from potential partners
  - Finalize draft of Confidential Information Memorandum (“CIM”) with management team, Monitor, and FTC
  - Conduct site visits with KPMG

- **Week of April 18, 2016**
  - Distribute CIM to potential partners that have executed the NDA (April 15)
  - Receive finalized QofE analysis from KPMG
  - Continue diligence dialogue with potential partners for any diligence requests prior to the Fireside Chat Discussions
  - Begin scheduling Fireside Chat Discussions

- **Week of April 25, 2016**
  - Begin preparing Phase II data site and management presentation
  - Conduct Fireside Chat Discussions with most viable partners

- **Week of May 2, 2016**
  - Follow up with potential partners for any diligence requests prior to submission of non-binding Phase I bids

- **Week of May 9, 2016**
  - Phase I proposals due by May 11
  - Select parties to invite to Phase II of the process

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*Cain Brothers*

**Preliminary and Subject to Change**
Preliminary Timeline

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

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- Conduct Interviews, Collect Data, and Begin Analysis
- Prepare Offering Materials and Identify Potential Partners to Contact
- Conduct QoE Analysis, 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

**Week of June 20, 2016:** Target Due Date for Phase II Proposals, Including Marked-up Definitive Agreements

**Week of August 22, 2016:** Target Signing and Transaction Announcement

**Week of May 9, 2016:** Target Due Date for Non-Binding Phase I Proposals

Preliminary and Subject to Change
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 12th day of April, 2016, I electronically filed Divestiture Trustee Status Report No.4-April 2016 with the Clerk of the Court using the CM/ECF system which sent a Notice of Electronic Filing to the following persons:

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STATE OF IDAHO
OFFICE OF THE ATTORNEY GENERAL

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Deputy Attorney General