
CAIN BROTHERS

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 “Divestiture 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

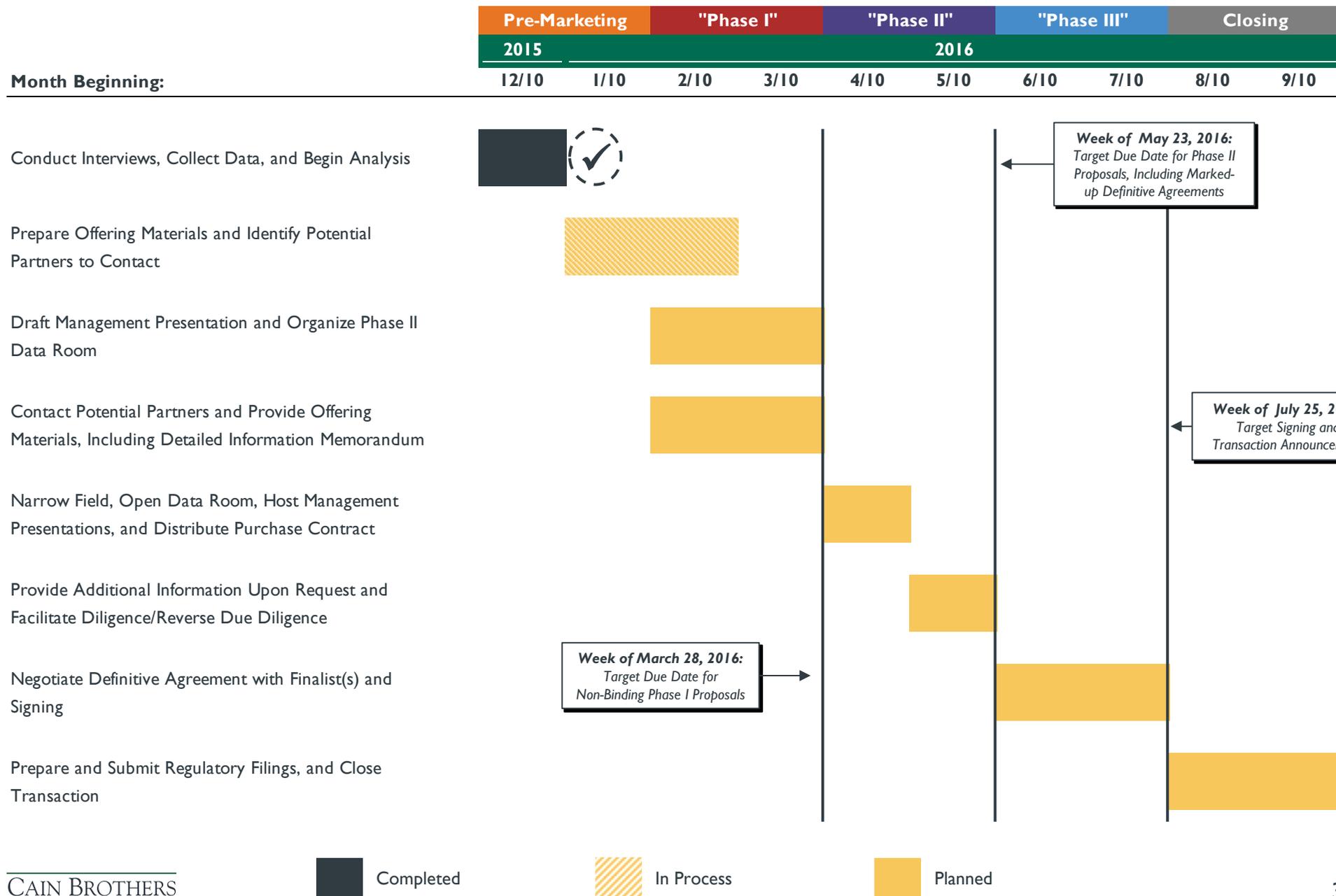
- Non-disclosure agreement will limit the use of the confidential data provided to assessing the transaction and prohibit potential partners from sharing the information with outside parties

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



Disclaimer

Confidential

This document is for discussion purposes only and does not constitute advice of any kind, including tax, accounting, legal or regulatory advice, and Cain Brothers & Company, LLC (“Cain Brothers”) is not and does not hold itself out to be an advisor as to tax, accounting, legal or regulatory matters. We recommend that you seek independent third party legal, regulatory, accounting and tax advice regarding the contents of this document. The matters discussed herein are subject to our review and assessment from a legal, compliance, accounting policy and risk perspective, as appropriate, following our discussion with you.

This document was prepared on a confidential basis solely for discussion between you and Cain Brothers and not with a view toward public disclosure. This document, and any oral information provided in connection herewith, shall be treated as strictly confidential and may not be reproduced, distributed or disclosed, in whole or in part, except with our prior written consent. Cain Brothers assumes no obligation to update or otherwise revise these materials.

No representation or warranty, express or implied, is made as to the accuracy or completeness of the information contained herein and nothing contained herein is, or shall be relied upon as, a representation or warranty, whether as to the past or the future. Cain Brothers and our affiliates and our and their respective officers, employees and agents expressly disclaim any and all liability which may be based on this document and any errors therein or omissions therefrom.

This document does not constitute an offer or solicitation to sell or purchase any securities and is not a commitment by Cain Brothers or any of its affiliates to provide or arrange any financing for any transaction or to purchase any security or act as an agent or advisor or in any other capacity in connection therewith. This document does not constitute a recommendation to pursue, and is not intended to provide the sole basis for evaluating, a particular transaction, and you retain full responsibility for the decision to pursue any specific transaction discussed herein or otherwise.