
CAIN BROTHERS

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 “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

■ 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


April 2016						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

May 2016						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

 = Holiday

 = Distribute CIM

 = Fireside Chat Discussions

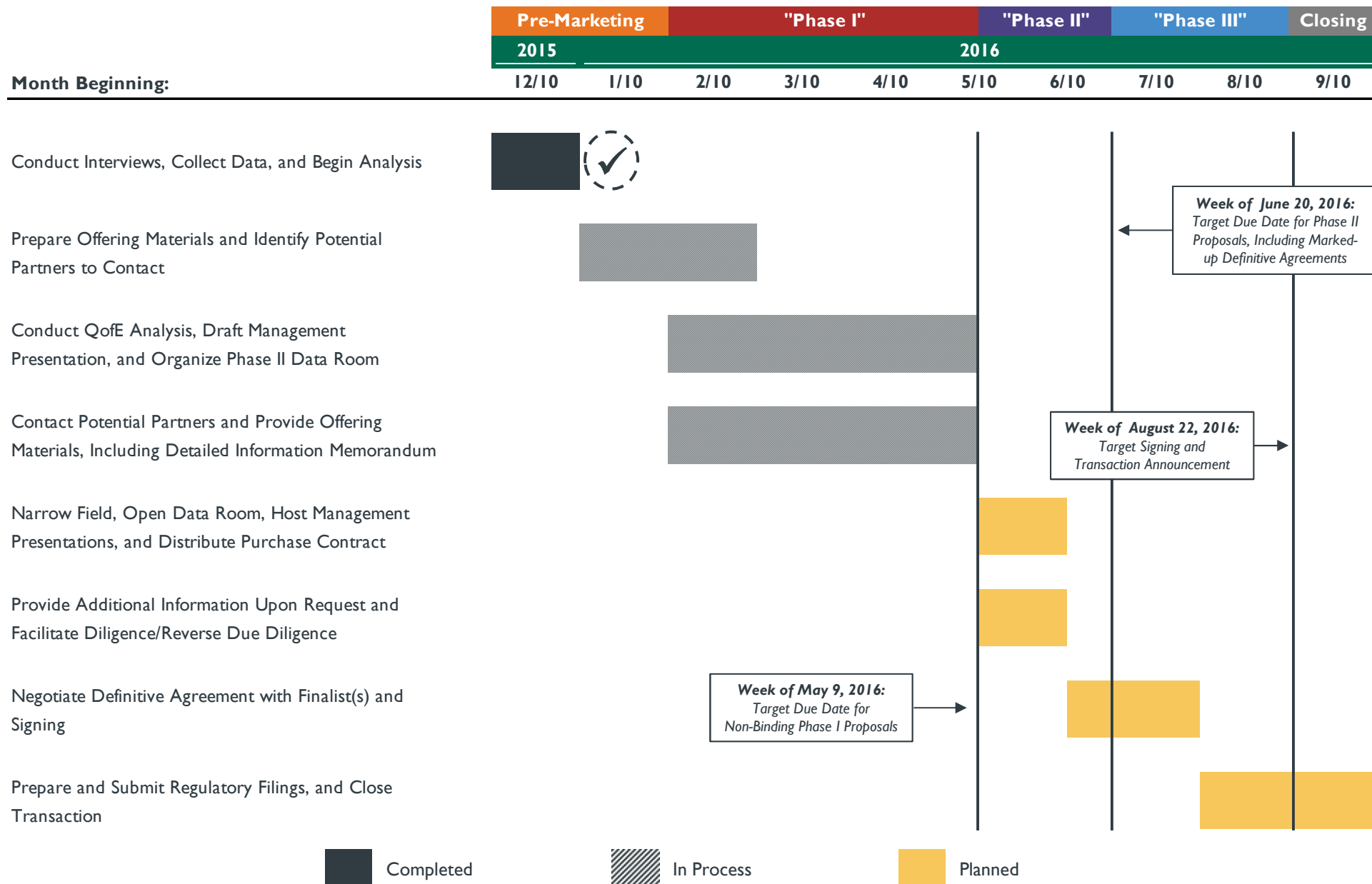
 = Target First-Round Proposal Due Date

 = Launch Phase II

Date	Events
Week of April 11, 2016	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Begin preparing Phase II data site and management presentation Conduct Fireside Chat Discussions with most viable partners
Week of May 2, 2016	<ul style="list-style-type: none"> Follow up with potential partners for any diligence requests prior to submission of non-binding Phase I bids
Week of May 9, 2016	<ul style="list-style-type: none"> Phase I proposals due by May 11 Select parties to invite to Phase II of the process

Preliminary Timeline

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



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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