

Submission to the California Attorney General
Regarding proposed Asset Purchase Agreement
By and between
Vista Hospital Systems, Inc. and French Hospital Medical Center, Seller
And
Universal Health Services, Buyer

1. DESCRIPTION OF THE TRANSACTION

a. *A full description of the proposed agreement and transaction.*

Vista Hospital Systems, Inc., a California nonprofit public benefit corporation (“Vista”), is the owner and operator of two general acute care hospitals, Corona Regional Medical Center in Corona, California (“Corona Hospital”) and Arroyo Grande Community Hospital in Arroyo Grande, California (“Arroyo Hospital”). French Hospital Medical Center, a California nonprofit public benefit corporation (“French”), is the owner and operator of a general acute care hospital, French Hospital Medical Center in San Luis Obispo, California (“French Hospital”). Over the course of the past ten years, Vista and French have incurred a substantial amount of bonded indebtedness, represented by certificates of participation, in order to acquire, expand and equip the three hospitals. At the present time, this aggregate bonded indebtedness is approximately Two Hundred and Thirty Million Dollars (\$230,000,000), consisting of approximately One Hundred Eighty Million Dollars (\$180,000,000) in outstanding principal and approximately Fifty Million Dollars (\$50,000,000) in accrued and unpaid interest. Commencing in March 1999, Vista and French generally suspended making debt service payments on this debt. The holders of the certificates of participation (the “Holders”) have entered into a series of Forbearance Agreements with Vista and French, commencing in March 2000, in which the Holders have agreed to forbear from exercising their rights and remedies under various debt instruments.

Vista and French have been unable to date to restructure their obligations on this debt. Pursuant to a Forbearance Agreement among Vista, French and the Holders dated June 10, 2002, Vista and French committed to use their best efforts to sell their facilities to a third party purchaser or purchasers. Vista and French engaged Cambio Health Solutions, LLC (“Cambio”) to serve as its marketing agent and directed Cambio to actively market Vista’s and French’s facilities for sale to a third party purchaser or purchasers, including, without limitation, for-profit entities. Cambio prepared a comprehensive request for proposal, which it transmitted to 80 potential purchasers for the three hospital facilities. Thirty-eight (38) responded with some level of interest, and of those, twenty-four (24) signed and returned confidentiality agreements. The highest and best offer was received from Universal Health Services, Inc., a Delaware corporation (“Universal”).

Vista and French have recently concluded the negotiations of and have executed, along with Universal, a definitive Asset Purchase Agreement, dated as of April 3, 2003, as amended June 3, 2003, whereby Universal will acquire Corona Hospital, Arroyo Hospital and French Hospital (the “Hospitals”). The material terms of the purchase are that for a base purchase price

of One Hundred Twenty Million, Six Hundred Thousand Dollars (\$120,600,000), subject to adjustment, Universal will acquire all of the assets of the Hospitals, including but not limited to real property owned and leased by Vista and French; equipment and other personal property; inventories; contracts; and certain accounts receivable. Assets that are excluded from the purchase are working capital other than Inventory, Accounts Receivable and Prepaid Expenses, as set forth on the Financial Statements of Vista and French; deferred financing costs; deposits; Medicare and Medi-Cal receivables; and rights to certain litigation. A true and correct copy of the executed Asset Purchase Agreement is attached hereto as Schedule A.

The anticipated net purchase price under the Asset Purchase Agreement is substantially less than the amounts owed to the Holders and the unsecured creditors of Vista and French. The Holders possess a security interest in all of the assets that would be transferred to Universal pursuant to the Asset Purchase Agreement; Vista and French have represented and warranted in the Asset Purchase Agreement that they will transfer the assets to Universal free and clear of all liens and security interests. In order to accomplish such a transfer, Vista and French on June 10, 2003, filed a petition for protection under chapter 11 of the U.S. Bankruptcy Code, Case No. RS03-18901DN in the United States Bankruptcy Court, Central District of California, Riverside Division. On June 10, 2003, Vista and French filed a proposed chapter 11 plan (the "Proposed Plan"). The Proposed Plan seeks approval of the Asset Purchase Agreement and the transactions contemplated thereunder and the distribution of the proceeds of the sale to the claimants and creditors. The Holders have agreed to support and vote for the Proposed Plan. Vista and French anticipate that the net purchase price, together with the assets excluded from the sale, will be insufficient to satisfy in full the amounts owed to the Holders and the unsecured creditors, and therefore there will be no net proceeds from the sale following payments to creditors in the chapter 11 case.

b. *A complete copy of all proposed written agreements or contracts to be entered into by the applicant and the transferee that relate to or effectuate any part of the proposed transaction.*

- i. Letter of Intent – See Schedule B
- ii. Asset Purchase Agreement – See Schedule A
- iii. Bill of Sale and Assignment and Assumption of Obligations – See Schedule C

c. *A statement of all of the reasons the Board of Directors of applicant believes that the proposed agreement or transaction is either necessary or desirable.*

As stated above, Vista and French are legally obligated, pursuant to the Forbearance Agreement with the Holders, to make best faith efforts to sell their Hospital facilities in an effort to liquidate their assets for the benefit of the Holders. Although Vista and French have explored the possibility of refinancing all or a portion of the outstanding debt, Vista and French have not obtained any financing commitments. In the absence of a sale of the Hospital facilities, or a refinancing in an amount acceptable to the Holders, Vista and French would most likely have to liquidate their assets under the Bankruptcy

Code. At the current purchase price, Vista and French anticipate that the net proceeds to the Holders will be in excess of \$100 million less than the aggregate principal and interest owed to the Holders. Nevertheless, the Holders have agreed to support the vote for the Proposed Plan approving the Asset Purchase Agreement.

Pursuant to the requirements of the Forbearance Agreement, Vista and French engaged Cambio as a marketing agent to obtain the best price available for the Hospital facilities. Vista and French engaged in arms' length negotiations with Universal, assisted by Cambio, to obtain a fair and reasonable Asset Purchase Agreement. Considering the time constraints imposed by the Forbearance Agreement, and given the large amounts of secured indebtedness and Vista and French's default and failure to make any debt service payments since 1999, no viable alternative courses of actions other than the sale of the Hospital facilities to Universal appear available.

2. FAIR MARKET VALUE

a. *Estimated market value of all cash, property, stocks, notes, assumption or forgiveness of debt, and any other thing of value that the applicant would receive for each health facility covered by the proposed agreement or transaction:*

b. *The estimated market value of each health facility to be sold or transferred by the applicant under the proposed agreement or transaction:*

The parties to the Asset Purchase Agreement arrived at the purchase price for all three Hospitals after arms' length negotiations, following a process involving a request for proposal from over eighty (80) prospective purchasers. The parties have not yet allocated the purchase price among the Hospitals. The terms and conditions of the Asset Purchase Agreement, including the purchase price, will be subject to approval by the Bankruptcy Court.

c. *A description of the methods used by the applicant to determine the market value of any assets involved in the proposed agreement or transaction. This description shall include a description of the efforts made by the applicant to sell or transfer each health facility that is the subject of the proposed agreement or transaction.*

The method used was the same for all three Hospital facilities. Cambio prepared a request for proposal that was submitted to eighty (80) potential purchasers. The purchase price proposed by Universal was \$140,000,000. Following the completion of due diligence and after arms' length negotiations supervised by Cambio, the purchase price agreed to by the parties is \$120,600,000. We have reason to believe that this price is based upon a multiple of earnings at approximately 5 times trailing EBIDA (earnings before interest, depreciation and amortization) for the fiscal year ended December 31, 2001.

d. *Reports, analysis, requests for proposal, and any other documents that refer or relate to valuation of any assets involved in the agreement or transaction.*

Attached as Schedule D is a copy of the Request for Proposals that was prepared by Cambio for submission to prospective purchasers. In order to encourage the highest price from prospective bidders, there was no valuation prepared by Cambio or any other consultant to Vista and French as part of the proposal process.

3. **INUREMENT AND SELF-DEALING**

a. *Copies of documents or writings that relate or refer to any personal financial benefit that a proposed affiliation between applicant and the transferee would confer on any officer, director, employee, doctor, medical group or other entity affiliated with applicant or any family member of any such person as identified in Corporations Code section 5227(b)(2).*

NOT APPLICABLE.

b. *Identity of each and every officer, trustee or director of applicant (or any family member of such person as identified in Corporations Code section 5227(b)(2)) or any affiliate of applicant who or which has any personal financial interest in any company, firm, partnership or business entity (other than salary and directors/trustee's fees) currently doing business with applicant, any affiliate of applicant or any affiliate of the transferee.*

NOT APPLICABLE

c. *A statement describing how the board of directors of the nonprofit corporations involved in the transaction is complying with the provisions of Health and Safety Code sections 1260 and 1260.1.*

The negotiations of the terms and conditions of sale of the assets of Vista and French to Universal have been conducted by Cambio and outside counsel, Foley & Lardner. No director of Vista or French will be receiving, directly or indirectly, any salary, compensation, payment, or other form of remuneration from Universal following the close of the sale or other transfer of assets.

4. **CHARITABLE USE OF ASSETS**

Under the present circumstances, as described in Section 1 above, there will be no net sale proceeds after the bankruptcy proceedings have been completed. Nevertheless, in the interest of completeness of this application, applicant has included the following documents:

- a. Articles of Incorporation, as amended, for Vista – See Schedule E;
- b. Articles of Incorporation, as amended, for French – See Schedule F;
- c. Bylaws for Vista – See Schedule G;
- d. Bylaws for French – See Schedule H.

5. IMPACTS ON HEALTH CARE SERVICES

a. *A copy of the two most recent “community needs assessments” prepared by applicant for any health facility that is the subject of the agreement or transaction.*

- i. Corona – See Schedule I.
- ii. Arroyo and French – See Schedule J.

b. *A description of all charity care provided in the last five years by each health facility that is the subject of the agreement or transaction. This description shall include annual total charity care spending; inpatient, outpatient and emergency room charity care spending; a description of how the amount of charity care spending was calculated; annual charity care inpatient discharges, outpatient visits, and emergency visits; a description of the types of charity care services provided annually; and a description of the policies, procedures, and eligibility requirements for the provision of charity care.*

According to the audited, combined financial statements of Vista and French, the aggregate amount of charity care for the three hospitals was \$1,345,000 in calendar year 2000 and \$1,163,000 in calendar year 2001.

CORONA –Charitable Assistance Policy – See Schedule K.

ARROYO and FRENCH –Charitable Assistance Policy – See Schedule L.

Note: We cannot differentiate the charity care dollars between inpatient, outpatient and emergency room classifications over the last five years. Commencing January 1, 2003, we will use best efforts to maintain a schedule of charity care including each of the categories in this request.

c. *A description of all services provided by each health facility that is the subject of the agreement or transaction in the past five years to Medi-Cal patients, county indigent patients, and any other class of patients. This description shall include the type of services provided, the payor, and the cost of the services provided.*

CORONA – List of Services Offered – See Schedule M; Uncompensated Care Cost for past 5 years – See Schedule N.

ARROYO and FRENCH – Combined Patient Care Services Inventory – See Schedule O.

ARROYO - Uncompensated Care Cost for past 5 years – See Schedule P.

FRENCH - Uncompensated Care Cost for past 5 years – See Schedule Q.

d. *A description of any community benefit program provided by the health facility during the past five years with an annual cost of at least \$10,000.*

None of the hospitals has such a community benefit program.

e. *For each health facility that is the subject of the agreement or transaction, all existing staffing plans, policy and procedure manuals, employee handbooks and collective bargaining agreements or similar documents relating to current policies and procedures on staffing for patient care areas; employee input on health quality and staffing issues; and employee wages, salaries, benefits, working conditions and employment protections.*

CORONA – see Schedule R.

ARROYO – see Schedule S.

FRENCH – see Schedule T.

f. *For each health facility that is the subject of the agreement or transaction, all existing documents setting forth any guarantees made by any entity that would be taking over operation or control of the health facility relating to employee job security and retraining, or the continuation of current staffing levels and policies, employee wages, salaries, benefits, working conditions and employment protections.*

See Schedule U, which consists of the following sections of the Asset Purchase Agreement: Section 3.1 (“Obligations Assumed”), 13.10 (“Employee Matters”) and 13.11 (“Employee Benefits”)

g. *A statement describing all material effects that the proposed agreement or transaction may have on delivery of health care services to the communities served by each facility proposed to be transferred, and a statement of how the proposed transaction will affect the availability and accessibility of health care in the affected communities.*

CORONA - The proposed acquisition would have a positive effect on the availability and accessibility of health care in the Corona/Norco area. Corona Regional Medical Center is the hospital provider of healthcare services in its primary markets of the cities of Corona, Norco, and Western and Southern Riverside County, which includes approximately 250,000 residents. The closest hospital is approximately ten miles along a very congested freeway. We are hopeful that the following services would be enhanced by the proposed

transaction, which would increase the level of services provided to the community to further curtail out migration: Emergency Department, Intensive Care, Obstetrics.

With the capital that could be provided after the acquisition, Corona Regional Medical Center would be given the opportunity to increase access, upgrade and expand services, and provide technology all of which could meet our market population, which is young families with high incomes.

FRENCH AND ARROYO Arroyo is the hospital provider of healthcare services for its primary markets in the cities of Arroyo Grande, Oceano, Grover Beach & Pismo Beach, which consist of approximately 75,000 residents. The closest hospital is about seventeen miles away. French Hospital is one of four existing hospitals in San Luis Obispo County.

Vista and French understand that Universal is exploring several options with respect to French Hospital. Please see the Supplement attached as Appendix A to this submission. The statements set forth in Appendix A were prepared by Universal, the Buyer.

h. A description of each measure proposed by the applicant to mitigate or eliminate any potential significant adverse effect on the availability or accessibility of health care services to the affected community that may result from the agreement or transaction.

CORONA - The proposed acquisition is expected to have no adverse effects on the availability or accessibility of health care in the service area. There will be very favorable availability and accessibility to healthcare and programs as indicated in subsection 5b above.

ARROYO - No significant adverse effects are anticipated.

FRENCH – Vista and French understand that Universal is exploring several options with respect to French Hospital. Please see the Supplement attached as Appendix A to this submission. The statements set forth in Appendix A were prepared by Universal, the Buyer.

6. POSSIBLE EFFECT ON COMPETITION

a. For any agreement or transaction for which a Premerger Notification and Report Form is required to be submitted to the Federal Trade Commission under the Hart-Scott-Rodino Anti-Trust Improvement Act of 1976, a brief analysis of the possible effect of any proposed merger or acquisition of each health care facility that is the subject of the agreement or transaction on competition and market share in any relevant product or geographic market.

FRENCH AND ARROYO - San Luis Obispo County currently has 5 hospitals in the county, none of which are owned or operated by the potential owner. The aggregate number of hospital operators in San Luis Obispo County will remain unchanged.

CORONA - The nearest hospitals owned by Universal Health Services are located in Wildomar and Murrieta, which are 30 and 34 miles southwest of CRMC, respectively. Because of the distance and the established referral patterns, those hospitals experience very few admissions from the CRMC Primary Service Area (defined as zip codes 91752, 92503, 92505, 92860, 92879, 92880, 92881, 92882, 92883). This acquisition would not affect established referral patterns, and would not be expected to affect competition in any manner.

b. *The applicant shall provide the Premerger and Notification form and any attachments thereto as filed with the Federal Trade Commission pursuant to the Hart-Scott-Rodino Anti-Trust Improvement Act of 1976 and 16 C.F.R. Parts 801-803.*

See Schedule V for a draft of the form to be filed with the Federal Trade Commission. The attachments will be: (1) the Asset Purchase Agreement (Schedule A hereto), (2) the Request for Proposals (Schedule D hereto) and (3) Annual Audited Financial Statements (Schedule AA hereto).

7. **OTHER PUBLIC INTEREST FACTORS**

NONE

8. **RESOLUTION AND CERTIFICATE**

The form of resolution adopted by the Board of Directors of each of Vista Hospital Systems, Inc. and French Hospital Medical Center is attached hereto as Schedule W.

The form of certificate is attached hereto as Schedule X.

9. **LIST OF OFFICERS AND DIRECTORS**

a. Vista Hospital Systems, Inc.

i. Board of Directors – Bert Rosenthal, M.D.; Don Allen; Gordon Gregory; James Thomas, Michael Greenelsh

ii. Officers – Bert Rosenthal, M.D. – President and CEO; John Nilsson, Chief Financial Officer; Office of the Chief Executive consists of Bert Rosenthal, M.D. and Don Allen.

iii. Local governing board for Corona Regional Medical Center:

Cathy Sciortino, Chair, John Calderone, Ph.D., Douglas Crouse, Subhash Deshmukh, M.D., Kent Hansen, Ron Johnson, Ken Kammeyer, Everardo Mata, Jeff Miller, Pat Miller, Lee Pollard, Terry Sanderfer, M.D., G. Carleton Wallace, M.D., Charles Young, M.D.

iv. Local governing board for Arroyo Grande Community Hospital:

Barbara Hazzard, Chair; Jim Dickens, Michael Carter, Larry Foreman, D.O., William Gerrish, Michael Greenelsh, Lisa Moylan, James Hawthorne, M.D., Ernest Jones, M.D., Nancy Pawlik, M.D., Peter Thom, M.D.

b. French Hospital Medical Center

i. Directors – Bert Rosenthal, M.D.; Don Allen; Gordon Gregory; James Thomas, Michael Greenelsh

ii. Officers – Bert Rosenthal, M.D. – President and CEO; John Nilsson, Chief Financial Officer; Office of the Chief Executive consists of Bert Rosenthal, M.D. and Don Allen.

iii. Local governing board for French Hospital Medical Center:

Dan Cullhane, M.D., John Dunn, Luke Faber, M.D., Patricia Foote, Frank Lebens, Rosa Saucedo-Rodriguez, Bill Roberts, Mark Soll, M.D., Bill Storm, Jim Thomas, Ke-Ping Tsao, M.D.

10. **PUBLIC NOTICE**

A description of the Applicant's efforts to inform local government entities, professional staff and employees of the health facility, and the general public of the proposed transaction. This description shall include any comments or reactions to this effort.

On June 10, 2003, Vista and French announced in a press release the filing of a voluntary petition in bankruptcy, including a brief description of the Asset Purchase Agreement. An article on the subject was distributed by the Associated Press on June 11, 2003, and articles about the bankruptcy and transaction have appeared in the San Luis Obispo Tribune and the Riverside Press-Enterprise. Local government officials have been aware of financial issues at the Hospitals for some time. The professional staff and the employees at each of the Hospitals received formal written notice on June 10, 2003 of the bankruptcy and the proposed sale, and there have been formal and informal meetings with both of those constituencies at each of the facilities. The reaction has been favorable.

11. **MISCELLANEOUS DOCUMENTS**

a. *Any board minutes or other documents relating or referring to consideration by the Board of Directors of the applicant and any related entity, or any*

committee thereof, of the agreement or transaction or of any other possible transaction involving any of the health facilities that are the subject of the agreement or transaction.

See Schedule Y.

b. *Copies of all documents relating or referring to the reasons why any potential transferee was excluded from further consideration as a potential transferee for any of the health facilities that are the subject of the agreement or transaction.*

i. Doctors Community Hospital responded and bid for all three hospital at a purchase price of approximately \$65 million. Doctors Community Hospital recently filed for bankruptcy.

ii. Tenet Healthcare proposed a transaction for Arroyo Hospital only and offered \$18 million.

iii. Star Healthcare proposed a transaction similar to the offer of Universal. The proposal contained a financing contingency. Both Cambio and Vista believed that the Universal offer was more favorable under those circumstances.

c. *Copies of all Requests for Proposal sent to any potential transferee, and all responses received thereto.*

For the Request for Proposal, see Schedule D, For the responses, see Schedule Z.

d. All documents reflecting the deliberative process used by the applicant and any related entity in selecting the transferee as the entity to participate in the proposed agreement or transaction.

See Schedule Y.

e. *Copies of each Proposal received by the applicant from any potential transferee suggesting the terms of a potential transfer of applicant's health facilities, and any analysis of each such Proposal.*

See Schedule Z.

f. *The applicant's prior two annual audited financial statements, the applicant's most current unaudited financial statement, business projection data and current capital asset valuation data.*

See Schedule AA.

g. *Any requests for opinions to the Internal Revenue Service for rulings attendant to this transaction and any Internal Revenue Service responses thereto.*

NOT APPLICABLE

- h. *Pro forma post-transaction balance sheet for the surviving or successor non-profit corporation.*

All of the material assets of Vista, and French will be sold through the chapter 11 bankruptcy proceeding.

- i. Related party supporting organizations

Notwithstanding the fact that there will be no net sale proceeds from the proposed transaction, there exist three, separate, nonprofit public benefit corporations that provides financial support to each of the Hospitals, as follows:

1. Corona Regional Medical Center Foundation was incorporated on September 17, 1984 as a California nonprofit corporation. As of June 30, 2003, this corporation had net assets in the amount of \$1,127,446 (representing approximately one-half cash and one-half receivables and pledges).

2. Arroyo Grande Community Hospital Foundation was incorporated on April 16, 2002 as a California nonprofit corporation. There has been no fund raising conducted by this nonprofit corporation since its formation.

3. French Hospital Medical Center Foundation was incorporated on March 28, 2002 as a California nonprofit corporation. There has been no fund raising conducted by this nonprofit corporation since its formation.

A true and correct copy of the Articles and Bylaws of each of these corporations is included with this application as Schedule BB. Permian Health Care, a Colorado nonprofit corporation, is the sole corporate member of each of these California nonprofit corporations. The Articles of Incorporation of each of these corporations provide that the property of the corporation is irrevocably dedicated to charitable purposes. The Bylaws of each of these corporations provide that the purpose of the corporation is to generate resources and financial assets in order to fund and/or assist the operation of the Hospital.

4. Following the sale of the Hospitals, it will be necessary to modify the funding and assistance functions of each of these nonprofit corporations. Each of the corporations will have been notified that financial assistance from the corporations will no longer be available to pay for capital improvements at the Hospitals (land, building or equipment). The types of assistance that can be provided thereafter by these corporations may include, but will not be limited to, the following:

- A. Community health education - prenatal and childcare, senior day care
- B. Public and Public employee health screening
- C. Support for community clinics
- D. Mobile free health services
- E. Children's preventative health center

F. Scholarships for high school students entering the medical field

APPENDIX A

(Prepared by Universal Health Services, Buyer¹)

Buyer's Supplement to
Submission to the California Attorney General
Regarding proposed Asset Purchase Agreement
By and between
Vista Hospital Systems, Inc. and French Hospital Medical Center, Seller
And
Universal Health Services, Buyer

A. **SUPPLEMENT TO SECTION 5g**

FRENCH AND ARROYO– French Hospital is currently suffering from a capital deficiency which affects the level of services that it is able to provide to its constituent community. Since the signing of the Asset Purchase Agreement, there has been a material change in the financial condition of French Hospital due to the opening of a competing cardiac program, loss of orthopedic services and out migration of family practice physicians. Volume at the French Hospital is eroding, costs are increasing and reimbursement is lowering.

Universal has conducted preliminary discussions regarding the possibility of selling French Hospital and Arroyo Hospital to a group that has expressed interest in the purchase of these facilities and that includes a large, not for profit operator currently doing business in California. Any such sale by Universal would require the purchasers to honor the terms of the Asset Purchase Agreement. Universal would like to continue such discussions regarding the potential sale of French Hospital and Arroyo Hospital, however, in the event that Universal is unable to reach an agreement with a potential purchaser and the capital requirements of French Hospital create an undue hardship on Universal, Universal will also evaluate the consolidation of the French Hospital into Arroyo Hospital. In this regard, Universal requests the Attorney General support for such consolidation of the French and Arroyo Hospitals.

This acquisition would help the communities served by Arroyo Hospital and French Hospital by providing equipment to enhance patient care services with improved technology and service expansion in each of French and Arroyo Hospitals. In the event that Universal consolidates French Hospital into Arroyo Hospital, greater efficiencies are expected to allow for increased investment in patient services at Arroyo Hospital.

¹ The statements set forth in Appendix A were prepared by Universal Health Services, the Buyer. Neither Vista nor French makes any representations or warranties, or endorsements or denials, with respect to the statements contained in this Appendix A.

B. SUPPLEMENT TO SECTION 5h

FRENCH - San Luis Obispo County reported a population of 284,000 people in 2001. Based upon a use rate of 400 patient days per thousand residents, the population of San Luis Obispo County would imply a total demand of 311 beds (400 multiplied by 284, divided by 365). Based on these figures, San Luis Obispo County would be adequately served by the three remaining acute care hospitals with a total 352 beds: Sierra Vista (201), Twin Cities Community Hospital (84) and Arroyo Hospital (67). Additionally, at a recent Chamber of Commerce presentation, Sierra Vista announced a \$70M expansion program by 2008 which includes a new patient tower. While specifics were not provided, it is assumed additional beds are being considered. Therefore, it is practical to assume the three competing hospitals could absorb French Hospital's volume if Universal exercised its option to consolidate. No significant adverse effects on access to health care in the San Luis Obispo market are anticipated in the event that Universal elects to sell French Hospital to a purchaser that agrees to be bound by the terms of the Asset Purchase Agreement, or to continue to operate French Hospital.

LIST OF SCHEDULES

- Schedule A - Asset Purchase Agreement (See separate redwelds for the Asset Purchase Agreement and the Schedules referred to therein.)
- Schedule B - Letter of Intent
- Schedule C - Bill of Sale and Assignment and Assumption of Obligations
- Schedule D - Request for Proposals prepared by Cambio
- Schedule E - Articles of Incorporation, as amended, for Vista
- Schedule F - Articles of Incorporation, as amended, for French
- Schedule G - Bylaws for Vista
- Schedule H - Bylaws for French
- Schedule I - Community Needs Assessments for Corona
- Schedule J - Community Needs Assessments for Arroyo and French
- Schedule K - Charitable Assistance Policy for Corona
- Schedule L - Charitable Assistance Policy for Arroyo and French
- Schedule M - List of Services Offered for Corona
- Schedule N - Uncompensated Care Cost for the past 5 years for Corona
- Schedule O - Combined Patient Care Services Inventory for Arroyo and French
- Schedule P - Uncompensated Care Cost for the past 5 years for Arroyo
- Schedule Q - Uncompensated Care Cost for the past 5 years for French
- Schedule R - Policies and Procedures on Staffing for Corona Regional Medical Center
- Schedule S - Policies and Procedures on Staffing for Arroyo Grande Community Hospital
- Schedule T - Policies and Procedures on Staffing for French Hospital Medical Center
- Schedule U - Selected Sections of Asset Purchase Agreement
- Schedule V - Sellers' Pre-Merger Notification and Report Form
- Schedule W - Form of Corporate Resolutions for Vista and French
- Schedule X - Form of Certificate for Resolutions for Vista and French
- Schedule Y - Board Minutes
- Schedule Z - Responses to the Request for Proposals
- Schedule AA - Two Prior Years' Annual Audited Financial Statements
- Schedule BB - Articles of Incorporation and Bylaws for Corona, Arroyo and French Foundations