

Vista Hospitals Conditions

For the purposes of these conditions and unless the context indicates otherwise, the term “UHS” shall include Universal Health Services, Inc., UHS-Corona, Inc. and any other subsidiary or affiliate of Universal Health Services, Inc. For purposes of these conditions, “Vista” includes Vista Hospital Systems, Inc., French Hospital Medical Center, and any subsidiary or affiliate of Vista Hospital Systems, Inc.

I.

The transaction between UHS and Vista approved by the Attorney General consists of the Asset Purchase Agreement, dated April 3, 2003, as filed with the Attorney General on August 12, 2003. UHS and Vista shall fulfill the terms and conditions of the transaction. UHS and Vista shall notify the Attorney General in writing of any proposed modification of the transaction, including a proposed modification or rescission of any of the agreements. Such notification shall be provided at least 30 days prior to such modification taking effect to allow the Attorney General to consider whether the proposed modification affects the factors set forth in Corporations Code section 5917.

II.

These conditions shall be legally binding on any future owners or operators of French Hospital Medical Center (French), Arroyo Grande Community Hospital (Arroyo Grande), or Corona Regional Medical Center (Corona)

III.

As long as UHS owns French, Arroyo Grande or Corona, it shall continue to operate the hospital as a general acute care hospital.

IV.

For five years from the transaction closing date, UHS shall not close or reduce existing levels of basic emergency medical or obstetric services at Corona. This condition shall apply without regard to future changes in reimbursement levels.

V.

For at least five years from the transaction closing date, UHS shall not close or reduce existing

levels of basic emergency medical services at Arroyo Grande. This condition shall apply without regard to future changes in reimbursement levels.

VI.

For five years from the transaction closing date, UHS shall not close or reduce existing levels of basic emergency medical or obstetric services at French, and shall not materially reduce overall capacity and operations at French. This condition shall apply without regard to future changes in reimbursement levels.

VII.

UHS shall provide at Corona at least \$450,000 in charity care costs (not charges) for each year from the transaction closing date (Annual Period). The definition and methodology for calculating “charity care” and the method for calculating cost shall be the same as that used by the Office of Statewide Health Planning and Development.

If the minimum charity care cost level is not met during an Annual Period, UHS shall pay the difference between actual charity care costs and the minimum required charity costs to any nonprofit public benefit corporation for healthcare purposes in the cities of Corona or Norco. Such payment shall be made within six months of the close of the Annual Period.

This condition shall be in addition to the requirements set forth in section 13.15 (Maintenance of Charity and Indigent Care Policies) of the Asset Purchase Agreement, dated April 3, 2003.

VIII.

UHS shall provide at Arroyo Grande and French at least \$300,000 in charity care costs (not charges) for each year in the aggregate at the two hospitals from the transaction closing date (Annual Period). The definition and methodology for calculating “charity care” and the method for calculating cost shall be the same as that used by the Office of Statewide Health Planning and Development.

If the minimum charity care cost level is not met during an Annual Period, UHS shall pay the difference between actual charity care costs and the minimum required charity costs to any nonprofit public benefit corporation for healthcare purposes in San Luis Obispo County. Such payment shall be made within six months of the close of the Annual Period.

This condition shall be in addition to the requirements set forth in section 13.15 (Maintenance of Charity and Indigent Care Policies) of the Asset Purchase Agreement, dated April 3, 2003.

IX.

The covenant not to compete set forth in paragraph 13.12 of the Asset Purchase Agreement shall be limited to cover competition within the primary service areas of the hospitals as those services areas are described in the reports of The Camden Group on the effects of the proposed transaction on the availability and accessibility of healthcare services.

X.

Within 120 days of the end of each year for ten years from the transaction closing date, UHS shall submit to the Attorney General a report describing in detail its compliance with each condition set forth herein. The chief executive officer of UHS shall certify that the report is true and correct.

XI.

At the request of the Attorney General, Vista and UHS shall provide such information as is reasonably necessary for the Attorney General to monitor compliance with these terms and conditions of the transaction as set forth herein. The Attorney General shall, at the request of a party and to the extent provided by law, keep confidential any information so produced to the extent that such information is a trade secret, or is privileged under state or federal law, or if the public interest in maintaining confidentiality clearly outweighs the public interest in disclosure.

XII.

The Attorney General reserves the right to enforce each and every condition set forth herein to the fullest extent provided by law.

