



March 19, 2010

Detroit Medical Center  
3990 John R Street  
Detroit, Michigan 48201  
Attention: Stephen D'Arcy,  
Chairman of the Board

Vanguard Health Systems, Inc.  
20 Burton Hills Boulevard, Suite 100  
Nashville, Tennessee 37215  
Attention: Keith B. Pitts, Vice Chairman

Re: Letter of Intent between Vanguard Health Systems and Detroit Medical Center

This letter (the "Letter of Intent") sets forth the mutual understanding of Detroit Medical Center, a Michigan nonprofit corporation ("DMC") and Vanguard Health Systems, Inc., a Delaware corporation ("Vanguard") with respect to the divestiture by the DMC System to designated affiliates of Vanguard of substantially all of the assets used with respect to the operation of the DMC System. References herein to "VHS" mean Vanguard or one or more of Vanguard's subsidiaries and affiliates.

1. Structure of the Transaction.

(a) Vanguard will form an indirect, wholly-owned subsidiary under the name VHS of Michigan, Inc. ("VHS Michigan"). VHS Michigan will form six C-corporation subsidiaries (the "Hospital Subsidiaries") to acquire from DMC, and certain specified DMC subsidiaries or member organizations (the "DMC System"), the hospital assets and operations of the DMC System known as Children's Hospital of Michigan, Detroit Receiving Hospital, Harper/Hutzel/CardioVascular Institute/Surgery Hospital, Huron Valley-Sinai Hospital, Sinai Grace Hospital, and The Rehabilitation Institute of Michigan, all located in or around Detroit, Michigan (the "DMC Hospitals"). VHS Michigan will form additional C-corporation subsidiaries (the "Non-Hospital Subsidiaries;" and together with Vanguard and the Hospital Subsidiaries, the "Buyers") as appropriate for those subsidiaries to acquire the non-hospital assets and businesses of the DMC System.

(b) After closing, DMC, Inc., a Michigan non-profit corporation (the "Non-Profit"), will remain in existence as a Michigan nonprofit corporation that is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. The Non-Profit will retain all DMC philanthropic funds in accounts restricted to charitable purposes (as more particularly described in section 2(b)), which will remain with and be administered by the Non-Profit. The Non-Profit will be a party to and have the right to enforce DMC's and Sellers' (as defined in section 2(a)) rights and interests under the Definitive Agreements (as defined in section 8).

(c) Assumed Liabilities. Buyers will assume all known and unknown liabilities of Sellers other than accrued interest payable and long-term debt (including current portion), and may assume capital leases. Buyer will also assume all contracts of Sellers which are (i) disclosed prior to the execution of the Definitive Agreements, (ii) executed in the ordinary course of business but not disclosed in the Definitive Agreement and (iii) executed in the ordinary course after execution of the Definitive Agreements and prior to the closing.

2. Assets to be Acquired.

(a) The Buyers will purchase substantially all of the tangible and intangible assets and properties owned or leased by the DMC System and its member organizations and subsidiaries (collectively, "Sellers") used in the conduct of the DMC Hospitals, and all other businesses, assets and properties owned by Sellers (collectively, the "DMC System Businesses"), other than the excluded assets described below. In addition, Sellers will transfer all right, title and interest of Sellers in its captive insurance affiliates to Vanguard or its designated subsidiary.

(b) The acquired assets will include all assets listed or described on the consolidated balance sheets of Sellers, including all rights, privileges and interests in assets and properties constituting or used in the operation of the DMC System Businesses. The excluded assets consist of assets whose use is limited or restricted, including the current portion of the funds held in trust under bond agreements, endowment funds, board designated funds for capital improvements, board designated funds for specific purposes, pledges receivable and donor restricted funds, and cash or cash equivalents in an amount sufficient to adequately provide for Sellers' transaction expenses.

(c) Sellers will convey good and marketable title to the acquired assets free and clear of all liens, liabilities, encumbrances and defects in title, except for any liens of indebtedness expressly assumed by Buyers and except for customary covenants, conditions, easements and restrictions of record affecting the Sellers' real property.

3. Consideration.

(a) Based on the December 31, 2009 balance sheet of DMC, the purchase price for the acquired assets will be as follows (all figures are approximate):

(i) \$417 million (less assumed capital leases) in cash at closing which, together with DMC's existing bond reserve funds and board designated funds, will be used to repay or defease all of DMC's outstanding indebtedness at the closing (defeasance, if any, subject to DMC board approval);

(ii) Assumption of the net working capital liabilities in excess of assets (adjusted to include certain long-term liabilities) of DMC at the closing date resulting from ordinary course of business;

- (iii) Assumption of all net liabilities arising from the DMC defined benefit pension plan;
- (iv) as collateral security, the warrants described in Section 4 below; and
- (v) an amount to be determined sufficient to provide for Sellers' transaction expenses.

(b) The parties expressly acknowledge that the capital expenditure commitments specified in Section 4 also serve as important and valuable consideration for this transaction.

4. Capital Expenditure Commitments; Warrants.

(a) Buyers will fund ongoing repairs and capital and equipment needs at DMC System Businesses in amounts sufficient to maintain them as competitive. Based on current needs of the DMC System Businesses, Vanguard and DMC agree that, for the first five years after closing, routine capital expenditures will average at least \$70 million per year or \$350 million in the aggregate over that period.

(b) During the five year period immediately following the closing date, Buyers will expend funds for the capital projects described on Exhibit A in the aggregate amount of \$500 million (the "CapEx Commitment"). In the Definitive Agreements, the parties will agree on a specific time schedule for the construction of the listed capital projects along with an annual allocation of the \$500 million in capital expenditures to fund the CapEx Commitment. The CapEx Commitment allocated to each year after closing is referred to as the "Annual CapEx Commitment." The project list in Exhibit A may be modified only with the consent of the DMC Board.

(c) The Definitive Agreements will define when capital will be deemed "expended" for purpose of the CapEx Commitment.

(d) Subject to force majeure, if Buyers fail to expend capital in the first year after closing in an amount equal to at least 100% of the Annual CapEx Commitment allocated in the Definitive Agreement to the first year, Buyers will place into escrow within thirty (30) business days after the end of that year an amount equal to the Annual CapEx Commitment not spent by Buyer (the "CapEx Shortfall") in the first year. The first year's CapEx Shortfall will be used solely for the purpose of funding capital expenditures in respect of the CapEx Commitment that were required to be made by Buyers in the first year after closing. Subject to force majeure, if Buyers then fail to expend capital in the second year after closing in an amount equal to at least 100% of the Annual CapEx Commitment allocated in the Definitive Agreements to the second year, Buyers will place into escrow within thirty (30) business days after the end of that year an amount equal to the CapEx Shortfall not spent by Buyer in the second year. The second year's

CapEx Shortfall will be used solely for the purpose of funding capital expenditures in respect of the CapEx Commitment that were required to be made by Buyers in the second year after closing. This process will continue in each of the following three years, with the CapEx Shortfall in the fifth year (if any) either being applied to capital expenditures in respect of the Children's Hospital tower or being forfeited to Seller.

(e) At Closing and as collateral to secure Buyers' CapEx Commitment described in section 4(b), Vanguard will deliver into escrow (without any consideration from Sellers) a warrant certificate providing for warrants issuable to DMC to purchase shares of common stock of Vanguard having an aggregate value (as determined by an independent appraiser) at closing of \$500 million.

5. Governance of DMC System After Closing.

(a) VHS Michigan will establish a regional advisory board comprised of four representatives appointed by VHS Michigan and three representatives appointed by DMC. Subject to the overall control and direction of the VHS Michigan board of directors, this advisory board will oversee the conduct of the business of the DMC Hospitals, will nominate members for the local governing boards of the individual Hospitals, and will report to and generally provide advice and make recommendations to VHS Michigan with respect to the conduct of the business of the DMC Hospitals and its subsidiary and affiliated companies, and the operating and capital budgets thereof.

(b) Initially after closing, the current DMC management team will manage the DMC System.

(c) Each of the Hospital Subsidiaries will form a local governing board at its DMC Hospital. Each local governing board will be an advisory committee of the VHS Michigan board of directors comprised of medical staff members, community leaders and each DMC Hospital's chief executive officer. The local governing board will be subject to the authority of the VHS Michigan board and the terms of the articles of incorporation, bylaws and other organizational documents of each DMC Hospital company.

6. Buyers' Commitment to Mission Support; Donor Agreements.

(a) For at least ten years from closing date, unless otherwise agreed to by the DMC Board, Buyers will maintain operation of and not close the following hospitals, including maintaining an agreed-upon set of core services:

Children's  
Detroit Receiving  
Harper/Hutzel/CardioVascular Institute/Surgery Hospital  
RIM  
Sinai-Grace  
Huron Valley-Sinai

(b) Buyers will not sell any of the above hospitals to an unrelated party for at least ten years after closing without the consent of the DMC Board.

(c) For at least ten years after closing, Buyers will provide charity care at the above hospitals according to the historic policies at those hospitals.

(d) Buyers are committed to supporting fully DMC's historic education mission for undergraduate and graduate medical education, nursing education, and allied health services education. To that end, Buyers will honor Sellers' contracts with Wayne State University, Michigan State University and other existing educational programs.

(e) Buyers are committed to supporting fully DMC's historic research mission, and will honor Sellers' contract with the National Institute of Health for the Perinatal Research Branch operation.

(f) Buyers are committed to supporting DMC's historic partnership with the Karmanos Cancer Center and will honor Sellers' contract with Karmanos.

(g) Buyers pledge to enhance DMC's health and wellness initiatives, community outreach and prevention programs, and quality improvement programs.

(h) Buyers will fully support DMC's Supplier Diversity Program to provide opportunities for minority-owned, women-owned, and Detroit-based businesses.

(i) Buyers will continue to support Project Genesis summer employment/internship program for Detroit Public High School students.

(j) Buyers will operate DMC as a Detroit-based system and will maintain its regional headquarters in the City of Detroit.

(k) If Vanguard seeks to establish national centers for system support services, the City of Detroit will be given a full opportunity to present to Vanguard proposals for basing such centers in Detroit before Vanguard makes a final decision on where to locate such centers.

(l) Buyers will honor all donor agreements for the naming of facilities or programs at the DMC Hospitals.

7. Employee and Medical Staff Matters.

(a) Buyers will offer all active DMC System employees employment after closing upon the same terms and conditions with respect to base salaries or wages, benefits, job duties, titles and responsibilities provided by Sellers before closing (subject to customary employee background checks, pre-employment screenings and further subject to the terms of any applicable collective bargaining agreements). All current employment policies, promises, commitments and benefit plans will remain in effect after closing until the same are amended, modified, replaced or terminated in accordance with the provisions of those policies, promises, commitments and benefit plans and as governed by applicable law. Buyers will give all hired employees credit for their vacation, holiday and sick pay to the extent the same constitute assumed liabilities. Buyers will give all hired employees credit after closing for their years of service with Sellers for purposes of determining eligibility to participate and vesting percentages in Buyers' employee pension benefit plans. Buyers will recognize all existing unions at the DMC Hospitals and assume Sellers' collective bargaining agreements.

(b) The closing will not impact or change the medical staff appointment or clinical privileges of members of the medical staffs of the DMC Hospitals on the closing date. From and after the closing, DMC and Vanguard will work with the medical staffs to evaluate, and where feasible pursue opportunities for, medical staff/clinical integration where doing so offers opportunities for advancement in quality and cost-effectiveness of care.

8. Representations, Warranties & Covenants; Guarantees.

(a) Sellers will make customary representations and warranties to Buyers, including representations and warranties relating to the power, authority and capacity of Sellers to enter into the agreements governing the transaction and perform their obligations thereunder, compliance with legal and contractual obligations, accuracy of financial statements, title to assets, and the status of insured and uninsured litigation and other claims. Sellers will also agree to operate in the ordinary course of business between execution of the agreements governing the transaction and the closing and to not undertake certain specified actions, including enter into material contracts, dispose of material assets or change accounting policies or practices. Upon completion of Buyers' due diligence, Buyer may request additional representations and warranties unique to the transaction. All such terms will be set forth in definitive transaction documents to be executed by the parties (the "Definitive Agreements"). Notwithstanding any provision to the contrary contained in this Letter of Intent, the Definitive Agreements, at such time as they are fully executed by Sellers and Buyers, will supersede this Letter of Intent and, thereafter, this Letter of Intent will be of no further force or effect.

(b) The representations, warranties, covenants and agreements of Buyers will be unconditionally guaranteed by Vanguard and the representations, warranties, covenants and agreements of Sellers will be unconditionally guaranteed by DMC and the Non-Profit.

9. Due Diligence; Closing Conditions.

(a) Immediately following acceptance of this Letter of Intent, the parties and their financial advisors will develop a due diligence plan and, consistent with such plans, permit the other party and its employees, lenders, financial advisors, attorneys, accountants and other authorized representatives, reasonable access to its premises, employees, accountants, and books and records to complete such due diligence investigations customary for transactions of this nature. Each party shall cause all requested due diligence documents and information to be delivered to the other promptly. All inspections will only occur at times and in a manner as will not disrupt the delivery of care to patients.

(b) The closing of the proposed transaction will take place at a date and time as set forth in the Definitive Agreements, or as otherwise mutually agreed upon by the parties. The closing of the proposed transaction will be subject to the satisfaction of reasonable conditions to closing to be negotiated by the parties and set forth in the Definitive Agreements which will include, without limitation, (i) the receipt by the parties of all governmental approvals, permits and licenses necessary to have been received as of the closing; including approval of the Michigan Attorney General and the Department of Public Health and (ii) Wayne County's last remaining Renaissance Zone shall have been established and encompass an area that includes DMC's central campus.

10. Expenses. Each party will bear its own legal, accounting and other fees and expenses related to the proposed transaction.

11. No-Shop. From the date of this Letter of Intent until the date upon which this Letter of Intent expires or earlier terminates pursuant to the terms hereof, DMC shall not, and shall cause its respective affiliates, officers, directors, employees, representatives and agents to not, without the prior written consent of Vanguard: (a) offer for sale or lease the assets of the DMC System (or any material portion thereof), or any portion of any equity interest, as applicable, of any of the Sellers, whether by substitution of members, merger, consolidation or otherwise; (b) solicit, encourage (by way of furnishing non-public information or otherwise), negotiate or take other action to facilitate offers to buy all or any material portion of any of the DMC System, its assets, or any portion of any equity interest, as applicable, of any of the Sellers, whether by merger, consolidation or otherwise; (c) hold discussions with any party (other than Vanguard) looking toward such an offer or solicitation; or (d) enter into any agreement with any party (other than Vanguard) with respect to the sale or other disposition of any of the DMC System, its assets, or any portion of any equity interest, as applicable, of any of the Sellers, whether by merger, consolidation or otherwise. Any reference herein to an "affiliate" means any Person directly or indirectly controlling, controlled by or under common control with a second Person but shall not include the stockholders of Vanguard, or any officer or director of any Person. The term "control" (including the terms "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, the holding of membership interests,

by contract or otherwise. A "Person" means any natural person, partnership, corporation, limited liability company, association, trust or other legal entity.

12. Nonbinding Effect. This Letter of Intent is not intended to be a binding agreement and shall not give rise to any legal obligations between the parties. Further, due to the complexity of the proposed transaction, it is the express intention of the parties that no binding contractual agreement shall exist between them unless and until Buyers and Sellers shall have executed the Definitive Agreements, which shall contain the provisions outlined herein and the representations, warranties, and other terms and conditions customary in this type of transaction, all of which must be acceptable to both parties in their sole discretion. The omission of certain terms from this Letter of Intent is not to be construed so as to diminish the importance or materiality of such terms, and the parties acknowledge that, in addition to the proposed terms contained in this Letter of Intent, the Definitive Agreements may contain additional material terms. Each party shall negotiate in good faith with the other consistent with the terms of this Letter of Intent with a view toward signing Definitive Agreements as soon as possible after the execution of this Letter of Intent. Notwithstanding the foregoing, the parties agree upon the execution of this Letter of Intent to be bound by the provisions of this Letter of Intent concerning expenses (section 10), no-shop (section 11), nonbinding effect (section 12), assignment/no third party beneficiaries (section 13), applicable law (section 14), confidentiality and public communications (section 15) and term (section 16).

13. Assignment / No Third Party Beneficiaries. No party to this Letter of Intent may assign its rights or responsibilities without the prior written approval of the other party. None of the provisions contained in this Letter of Intent are intended by the parties, nor shall they be deemed, to confer any benefit on any person or legal entity which is not a party to this Letter of Intent.

14. Applicable Law. This Letter of Intent shall be construed and enforced in accordance with the laws of the State of Michigan.

15. Confidentiality and Public Communications. DMC and Vanguard hereby delete all of Section 2 of that certain Confidentiality Agreement between them. Since Vanguard is subject to the federal securities laws, promptly after execution of this Letter of Intent by the parties, the parties shall publish a press release (the "Deal Release") relating to the transactions contemplated by this Letter of Intent in the form as mutually agreed by DMC and Vanguard, but containing that public disclosure deemed necessary under the federal securities laws by securities counsel to Vanguard. Until the Deal Release is publicly released, the DMC and Vanguard shall each use all reasonable efforts to keep the proposed transaction confidential. As to any other announcements, press releases or any public statements concerning the proposed transaction after the Deal Release, DMC and Vanguard will each use reasonable efforts to give the other party hereto advance notice of such matter and a copy of the proposed text of the announcement, release or statement.

16. **Term.** Subject to the terms and conditions set forth above, this Letter of Intent will remain in effect until the earlier to occur of (a) "Termination or Expiration Event": (a) the execution of the Definitive Agreements, (b) June 1, 2010 or (c) the date upon which either DMC or Vanguard provides written notice to the other of the termination of this Letter of Intent, which notice of termination may be provided only if the notifying party believes in good faith that (i) the parties will be unable to reach mutually acceptable terms of the Definitive Agreements or (ii) the proposed transaction described in this Letter of Intent will not be able to close within a reasonable period of time. Upon the occurrence of a Termination or Expiration Event, this Letter of Intent shall thereafter be null and void and of no further force and effect, except for the provisions of sections 10, 12, 14, 15 and 16, each of which shall survive the applicable Termination or Expiration Event.

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Detroit Medical Center  
Vanguard Health Systems, Inc.  
March 19, 2010  
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This Letter of Intent has been entered into by our duly authorized officers as of the day and year first above written.

DETROIT MEDICAL CENTER

By: Stephen D'Arcy  
Stephen D'Arcy,  
Chair of the Board of Trustees

VANGUARD HEALTH SYSTEMS, INC.

By: Harold H. Pilgrim, III  
Harold H. Pilgrim, III,  
Senior Vice President and  
Chief Development Officer

**Exhibit A**  
**Capital Improvement Projects**

<b><u>Project</u></b>	<b><u>Hospital</u></b>	<b><u>Estimated Total Cost</u></b>
Pediatric Specialty Center Children's New Tower Clinic Building Backfill	Children's Children's Children's	\$208,200,000
Patient Care Unit Renovations Pre/Post Op Space Enhancement 2 Additional Operating Rooms	Detroit Receiving Detroit Receiving Detroit Receiving	\$ 28,800,000
Surgical Services Renovation Lobby Expansion/Renovation Ground Floor Redesign Inpatient Unit Renovations Cardiovascular Institute & Outpatient Specialty Bldg	Harper/Hutzel Harper/Hutzel Harper/Hutzel Harper/Hutzel Harper/Hutzel	\$136,350,000
Rebuilding Mack Parking Deck	Central Campus	\$ 35,300,000
6 <sup>th</sup> Floor Renovation	Rehabilitation Hospital	\$ 2,850,000
Emergency Dept Expansion Facade/Front Entrance Outpatient Ambulatory Bldg ICU Expansion Radiology Relocation	Sinai Grace Sinai Grace Sinai Grace Sinai Grace Sinai Grace	\$ 77,700,000
Private Room Renovation ICU Bed Expansion	Huron Valley Huron Valley	<u>\$ 10,800,000</u>
		\$500,000,000

March 19, 2010

Detroit Medical Center  
3990 John R Street  
Detroit, Michigan 48201  
Attention: Stephen D'Arcy,  
Chairman of the Board

Vanguard Health Systems, Inc.  
20 Burton Hills Boulevard, Suite 100  
Nashville, Tennessee 37215  
Attention: Keith B. Pitts, Vice Chairman

**Re: Supplement to Letter of Intent between Vanguard Health Systems and Detroit Medical Center**

This Supplement ("Supplement") supplements the Letter of Intent of even date herewith (the "Letter of Intent") between the Detroit Medical Center, a Michigan nonprofit corporation ("DMC"), and Vanguard Health Systems, Inc., a Delaware corporation ("Vanguard").

This Supplement relates to section 4(e) of the Letter of Intent, which requires Vanguard to deposit into escrow, at closing, \$500 million of warrants for Vanguard stock to be used as security for Buyer's CapEx Commitment. Defined terms in the Letter of Intent have the same meaning in this Supplement. The parties' mutual understanding as to this subject is as follows:

At Closing and as collateral to secure Buyers' CapEx Commitment described in section 4(b) of the Letter of Intent, Vanguard will deliver into escrow (without any consideration from Sellers) a warrant certificate providing for warrants issuable to DMC to purchase shares of common stock of Vanguard (the "Escrow Shares") having an aggregate value at closing of \$500 million with a warrant exercise price of \$.01 per Escrow Share. The warrants will be exercisable only on or after the fifth anniversary of the closing date. The following is an example of how the warrants will be modified assuming that the Annual CapEx Commitment is \$100 million per year for each of the first five years after the Closing, and if the final Annual CapEx Commitment is not \$100 million per year, then the Definitive Agreements shall have warrant provisions which shall use the methodology set forth in this example. On the first anniversary of the closing date, and provided that Buyers shall have satisfied the Annual CapEx Commitment for such year or shall have previously deposited any required CapEx Shortfall into escrow, Vanguard may deliver into escrow (in exchange for the return of the warrant certificate for 100% of the Escrow Shares) a warrant certificate for 80% of the Escrow Shares provided if Buyers have expended more than \$100 million in capital during the first year after closing in respect of the CapEx Commitment (for example, \$150 million of capital was expended during such year in respect of the CapEx Commitment), then Vanguard may deliver into escrow (in exchange for the return of the warrant certificate for 100% of the Escrow Shares) a warrant certificate for 70% of the Escrow Shares. This process shall be repeated on the second, third, fourth and fifth anniversaries of the closing date unless and until the amount of warrants in escrow is reduced to zero, and if the warrant certificate in escrow is not eliminated by the fifth anniversary of the closing date, then within 5

days thereafter the warrant certificate still in escrow shall be delivered to DMC. If Vanguard should default at any time in depositing any required CapEx Shortfall into escrow, then, upon 30 days notice of such default to Vanguard by DMC and Vanguard's failure to cure such default during such 30-day period, DMC shall be entitled to obtain the warrant certificate from the escrow agent and the warrants shall be immediately exercisable once such warrant certificate is delivered to DMC by the escrow agent. If Vanguard should wish to consummate an initial public offering at any time prior to the fifth anniversary of the closing date while the warrant certificate remains in escrow, then provided that Buyers have deposited any required CapEx Shortfall into escrow, in order to allow for the cancellation of the warrant certificate to facilitate such initial public offering, in such case either (1) Vanguard may (but shall be not obligated to) deliver into escrow (in exchange for the warrant certificate then in escrow which warrant certificate shall then be promptly cancelled upon its release from escrow) its subordinated unsecured promissory note payable to DMC in a principal amount equal to the lesser of (a) the difference between the CapEx Commitment and the capital actually expended by Buyers pursuant to section 4(b) of the Letter of Intent since the closing date plus the amount of any CapEx Shortfall then in cash in escrow (the "Unexpended Capital Commitment") and (b) the actual Unexpended Capital Commitment from time to time or (2) DMC and Vanguard shall enter such other satisfactory arrangements in respect of cancellation of the warrant certificate as shall be agreeable to DMC. The note will accrue interest from and after the fifth anniversary of closing at a market rate of interest for debt instruments of its kind, with payment terms to be determined at such time so as not to put Vanguard in default under its then principal Credit Agreement and its indenture(s) relating to any publicly-held or Rule 144A debt provided default in depositing any required CapEx Shortfall into escrow shall be a default under the note once the cure period set forth herein has expired. Such note will be released from escrow and delivered to DMC with a principal amount equal to the then Unexpended Capital Commitment upon the fifth anniversary of the Closing provided if, after such note is placed in escrow, Vanguard should default at any time in depositing any required CapEx Shortfall into escrow, then, upon 30 days notice of such default to Vanguard by DMC and Vanguard's failure to cure such default during such 30-day period, DMC shall be entitled to obtain the note from the escrow agent and such note shall be in default due to Vanguard's uncured default in depositing any required CapEx Shortfall into escrow pursuant to Section 4(d) of the Letter of Intent. Notwithstanding the foregoing, at Closing (or any time during the first five years after the closing date), in lieu of any or all warrants in respect of Escrow Shares required to be placed into escrow, Vanguard may fund a escrow account with cash (the "Cash Escrow"), restrict the use of such cash to use in respect of the CapEx Commitment and then the amount of the warrants in escrow shall be proportionally reduced. For example, if on the closing date Vanguard should deposit \$100 million in the Cash Escrow, then the amount of the Escrow Shares represented by the warrants shall be reduced by 20%.

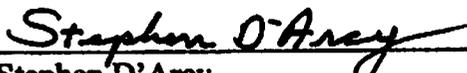
This Supplement shall be subject to all terms and conditions of the Letter of Intent.

This Supplement has been entered into by our duly authorized officers as of the day and year first above written.

DETROIT MEDICAL CENTER

VANGUARD HEALTH SYSTEMS, INC.

By:

  
Stephen D'Arcy,  
Chair of the Board of Trustees

By:

  
Harold H. Pilgrim, III,  
Senior Vice President and  
Chief Development Officer