

Why Blackstone



Clients First

From its earliest days, Blackstone has devoted itself to the belief that clients come first. That has led us to create a business model designed to serve the needs – and achieve the goals – of our investors, advisory clients and public unitholders. “Clients first” stands for professionalism, trust and a devotion to excellence. But at Blackstone, our commitment to our clients runs even deeper. For investors, “clients first” means that our firm and senior staff have committed their own capital to our investment funds, aligning their interests closely with those of our limited partners. For advisory clients, it means that we are independent and conflict-free. And for unitholders, it means that we operate the firm with integrity, prudence and a view toward creating long-term value.

Trust

By aligning our interests with those of our clients, Blackstone has become a trusted partner for investors, corporations and governments worldwide. Many of the top global institutions, including leading corporate and public pension funds, value Blackstone’s careful stewardship of their capital and have entrusted us with ever-increasing levels of assets. Advisory clients recognize that we bring a deep understanding of their strategic objectives and a commitment to provide effective solutions to all assignments.

Excellence

Above all, Blackstone takes great pride in the caliber of its people and the collective track record they represent. Over the years we have made a concerted effort to attract and retain the best minds in the business, with broad-ranging expertise in private equity, real estate, investment banking, leveraged finance, restructuring, M&A, operations and many other disciplines.

Global Perspective

We have developed a global perspective on markets and opportunities, with activities that range across North America, Europe and Asia. In addition to our own highly talented teams, we have an extensive global network of market professionals and leaders in the corporate and public sectors. They have experience and knowledge across all markets – debt, equity and commodities – providing a competitive advantage in maximizing opportunities and delivering compelling value to our clients.



Synergistic Businesses

Investors and clients benefit from synergies across our spectrum of businesses, including alternative asset management, principle investing, advisory, financing and restructuring activities. We have a culture and organizational structure that facilitates the appropriate sharing of insights and knowledge among all of our businesses, coupled with the ability to bring our full financial and intellectual resources to bear in creating compelling value.

Press Releases

09/23/2004

The Blackstone Group Completes Major Investment in Vanguard Health Systems, Inc.

NASHVILLE, Tenn. – September 23, 2004 – Vanguard Health Systems, Inc. (the “Company” or “Vanguard”) announced that affiliates of The Blackstone Group (“Blackstone”), a private equity firm, have purchased a majority equity interest in Vanguard in a transaction valued at approximately \$1.75 billion pursuant to a previously announced merger agreement. As a result of the merger transaction, Vanguard has a new parent company, VHS Holdings LLC (“Holdings”). Vanguard, formed in 1997 by management and Morgan Stanley Capital Partners, owns and operates acute care hospitals and complementary healthcare facilities and services in urban and suburban markets.

In connection with the transaction, both management (along with certain other existing shareholders) and Morgan Stanley Capital Partners reinvested in Holdings, together owning approximately 34%.

Stephen A. Schwarzman, President and Chief Executive Officer of The Blackstone Group said, “We are very pleased to partner with the Vanguard management team who have proven their ability to provide high quality patient care to communities across the United States. We look forward to helping them achieve their strategic growth plans.”

Charles N. Martin, Jr., Chairman and Chief Executive Officer of Vanguard said, “The completion of this transaction provides Vanguard the ability to further invest in and improve the quality of care provided at our facilities. We welcome Blackstone as our newest partner and look forward to building and growing Vanguard together. We are also very pleased that our longstanding relationship with Morgan Stanley Capital Partners will continue.”

Howard I. Hoffen, Chairman and Chief Executive Officer of Morgan Stanley Capital Partners said, “We are delighted to be able to continue as a significant investor in Vanguard and look forward to working together with Vanguard management and Blackstone to support Vanguard in its future endeavors.”

Banc of America Securities LLC and Citigroup Global Markets Inc. advised the Company in connection with the transaction. Bear Stearns & Co., Inc. advised Blackstone.

Blackstone financed its equity investment with cash, and the transaction included a \$475 million term loan under the Company’s new credit facility and the private placement of \$575 million aggregate principal amount of 9% Senior Subordinated Notes due 2014 and \$216 million aggregate principal amount at maturity (\$124.7 million in gross proceeds) of 11-1/4% Senior Discount Notes due 2015. In connection with the transaction, the Company repurchased substantially all of its 9-3/4% Senior Subordinated Notes due 2011 (\$300 million principal amount). The Company’s new credit facility includes a seven-year term loan facility in the aggregate principal amount of \$800 million (of which \$475 million was funded at closing) and a six-year \$250 million revolving credit facility.

About Vanguard Health Systems

Vanguard Health Systems, Inc. owns and operates 16 acute care hospitals and complementary facilities and services in Chicago, Illinois; Phoenix, Arizona; Orange County, California and San Antonio, Texas. The Company's strategy is to develop locally branded, comprehensive healthcare delivery networks in urban markets. Vanguard will pursue acquisitions where there are opportunities to partner with leading delivery systems in new urban markets. Upon acquiring a facility or network of facilities, Vanguard implements strategic and operational improvement initiatives, including expanding services, strengthening relationships with physicians and managed care organizations, recruiting new physicians and upgrading information systems and other capital equipment. These strategies improve quality and network coverage in a cost effective and accessible manner for the communities we serve.

About The Blackstone Group

The Blackstone Group, a private investment and advisory firm with offices in New York, Atlanta, Boston, London and Hamburg, was founded in 1985. The firm has raised a total of approximately \$32 billion for alternative asset investing since its formation. Over \$14 billion of that has been for private equity investing, including Blackstone Capital Partners IV, the largest institutional private equity fund ever raised at \$6.45 billion, and Blackstone Communications Partners I, the largest dedicated communications and media fund at over \$2.0 billion. In addition to Private Equity Investing, The Blackstone Group's core businesses are Private Real Estate Investing, Corporate Debt Investing, Marketable Alternative Asset Management, Corporate Advisory, and Restructuring and Reorganization Advisory.

About Morgan Stanley Capital Partners

Morgan Stanley Capital Partners has invested over \$7 billion of equity capital across a broad range of industries during its 19-year history. Morgan Stanley has announced that it has entered into definitive agreements under which Metalmark Capital LLC, an independent private equity firm established by the principals of Morgan Stanley Capital Partners, will, subject to certain customary closing conditions, manage the existing Morgan Stanley Capital Partners funds (comprising over \$3 billion of private equity investments). Metalmark Capital LLC is expected to begin managing the Morgan Stanley Capital Partners funds in September, and to make new private equity investments across a broad range of industries, including its focus sectors of industrials, healthcare, consumer products and energy.

This press release contains forward-looking statements within the meaning of the federal securities laws, which are intended to be covered by the safe harbors created thereby. These forward-looking statements include all statements that are not historical statements of fact and those statements regarding the Company's intent, belief or expectations. Do not rely on any forward-looking statements as such statements are subject to numerous factors, risks and uncertainties that could cause the Company's actual outcomes, results, performance or achievements to be materially different from those projected. These factors, risks and uncertainties include, among others, the Company's high degree of leverage; the Company's ability to incur substantially more debt; operating and financial restrictions in the Company's debt agreements; the Company's ability to successfully implement its business strategies; the Company's ability to successfully integrate its recent and any future acquisitions; the highly competitive nature of the health care business; governmental regulation of the industry including Medicare and Medicaid reimbursement levels; changes in Federal, state or local regulation affecting the health care industry; the possible enactment of Federal or state health care reform; the ability to attract and retain qualified management and personnel, including physicians and nurses; claims and legal actions relating to professional liabilities or other matters; changes in accounting practices; changes in general economic conditions; the Company's exposure to the

increased amounts of and collection risks associated with uninsured accounts and the co-pay and deductible portions of insured accounts; the impact of changes to the Company's charity care and self-pay discounting policies; the ability to enter into managed care provider and other payer arrangements on acceptable terms; the efforts of insurers, managed care payers, employers and others to contain health care costs; the availability and terms of capital to fund the expansion of the Company's business; the timeliness of reimbursement payments received under government programs; the potential adverse impact of known and unknown government investigations; and those factors, risks and uncertainties detailed in the Company's filings from time to time with the Securities and Exchange Commission, including, among others, the Company's annual reports on Form 10-K and its quarterly reports on Form 10-Q.

Although the Company believes that the assumptions underlying the forward-looking statements contained in this press release are reasonable, any of these assumptions could prove to be inaccurate, and, therefore, there can be no assurance that the forward-looking statements included in this press release will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, you should not regard the inclusion of such information as a representation by the Company that its objectives and plans anticipated by the forward-looking statements will occur or be achieved, or if any of them do, what impact they will have on the Company's results of operations and financial condition. The Company undertakes no obligation to publicly release any revisions to any forward-looking statements contained herein to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events.

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Social & Environmental Responsibility

"From its founding, Blackstone has dedicated itself to being a responsible corporate citizen. Our commitment to corporate responsibility is imbedded into every investment decision we make and I take personal pride in knowing that the founding principles and values the firm was built on 25 years ago still govern us today."

— Stephen A. Friedman, Chairman and CEO

A commitment to corporate responsibility is imbedded in every investment decision Blackstone makes. Before making any decision, the firm performs a rigorous analysis of the relevant environmental, public health, safety and social issues and continues to monitor those issues during its period of engagement.

Responsible Investing

Blackstone has been a strong supporter of efforts by the private equity industry to promote the highest standards for ethical investing and improve transparency.

Blackstone is a founding member of the U.S. Private Equity Council (PEC), a trade group representing the industry. Working with the PEC in 2009, Blackstone helped craft a set of Guidelines for Responsible Investment that incorporate environmental, health, safety, labor, governance and social issues into investment decision-making and ownership activities.

Better Buildings Partnership (BBP) – In October 2009, Blackstone Real Estate Partners became a member of the Better Buildings Partnership (BBP); a consortium of leading UK property owners, supported by the Mayor of London and the London Development Agency. Leading the way through best practice, the BBP's goal is to educate the wider commercial property market to improve the sustainability of London's existing commercial building stock and minimize the impact these buildings have on the environment. The consortium is committed to achieving substantial CO2 savings.

Blackstone is the first real estate private equity firm to join this influential consortium. The firm is delighted to be a member of BBP and looks forward to working with other leading real estate investors and owners in London to promote this vital initiative.

Transparency and Disclosure

At Blackstone, transparency and disclosure are fundamental to the way we do business. We strive at all times to ensure that our investors, unitholders, employees, portfolio companies and all parties with whom we do business can rely on us to operate in a responsible and ethical manner. We have a deep commitment to professionalism, fairness and integrity in all of our business activities.

In 2007, Blackstone joined an effort led by Sir David Walker and the British Private Equity and Venture Capital Association (BVCA) to craft Guidelines for Disclosure and Transparency in Private Equity. The "Walker Report," as it is known, made specific recommendations for

improving the level of public disclosure by private equity firms operating in the United Kingdom. Blackstone voluntarily conforms to those recommendations.

We are actively involved in similar initiatives across Europe, including those that are currently being undertaken by the European Venture Capital Association (EVCA), the Confederation of British Industry (CBI) and the German Private Equity and Venture Capital Association (BVK).

Environmental Responsibility

Blackstone believes that protecting the environment of the communities in which we operate is critically important. Responsible environmental stewardship is vital for health and social reasons and ultimately impacts our business.

Guiding Principles



From Blackstone's inception in 1985, its founders' core beliefs have remained a constant and defining aspect of the firm.

- In a world of giant organizations with a broad array of services, there was room for a specialized firm with the highest levels of professionalism and integrity and senior-level attention to clients and relationships.
- In an environment of ever-larger firms, the most gifted, entrepreneurial professionals would desire a more personal setting and would join Blackstone to create exciting new businesses in their fields of expertise.
- In contrast to the prevailing philosophy of "other people's money," the firm would always put significant amounts of its own money in the investments it made.
- In a world rife with conflicts of interest, there was a need for a firm that would provide entirely objective advice and counsel.
- We will consistently strive to achieve superior performance through innovation, uniqueness and excellence.
- Above all else, our people – their creativity, imagination, dedication, teamwork and integrity – will be our key assets.

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Disclosures

As a publicly traded company, The Blackstone Group files extensive information with the SEC about its operations and financial performance. Please consult the [Corporate Governance](#) page of our website for the relevant corporate governance documents.

Regulatory Bodies

All of our asset management and advisory businesses, including our investment funds, are registered with the relevant regulatory bodies in multiple jurisdictions.

- All of our investing units (Private Equity, Real Estate, GSO and Blackstone Alternative Asset Management) conduct business through SEC-registered investment advisers.
- Blackstone Advisory Services, Park Hill and Park Hill Real Estate are broker-dealers registered with the SEC and members of FINRA.
- The Blackstone Group International Limited, our London-based entity, is registered with the U.K. Financial Services Authority.
- The Blackstone Group (HK) Limited, our Hong Kong-based entity, is registered with the Hong Kong SFC.

International Operations

For additional information regarding transparency and disclosure with respect to certain international operations, please consult:

- [The Blackstone Group International Limited \(U.K.\)](#)
- [The Blackstone Group Deutschland GmbH \(Germany\)](#)

We strongly encourage the managements of Blackstone's portfolio companies to share best practices in corporate governance and transparency through regular Chief Executive Officer (CEO) and Chief Financial Officer (CFO) conferences and networking opportunities.

Organizations

Blackstone has been an active participant in industry-led efforts to improve transparency and disclosure and promote the highest standards of responsible investing.

- **Private Equity Council** – Blackstone is a founding member of the **U.S. Private Equity Council (PEC)**, a trade organization representing the industry. Working with the PEC in 2009, Blackstone helped craft a set of **Guidelines for Responsible Investment** that incorporate environmental, health, safety, labor, governance and social issues into investment decision-making decisions and ownership activities.
- **The Walker Report** – In 2007, Blackstone joined an effort led by Sir David Walker and the **British Private Equity and Venture Capital Association (BVCA)** to craft Guidelines for

Disclosure and Transparency in Private Equity. The resulting "Walker Report" made specific recommendations for improving the level of public disclosure by private equity firms operating in the United Kingdom. Blackstone voluntarily conforms to those recommendations.

- **Broad European Initiatives** – Blackstone is actively involved in similar initiatives across Europe, including those that are currently being undertaken by the **European Venture Capital Association (EVCA)**, **Confederation of British Industry (CBI)** and the **German Private Equity and Venture Capital Association (BVK)**.