



April 30, 2014

Michigan Department of Attorney General  
c/o Mr. William R. Bloomfield  
Assistant Attorney General  
Michigan Attorney General's Office  
Charitable Trusts Section  
PO Box 30213 G. Mennen Williams Bldg  
525 W. Ottawa St.  
Lansing, MI 48909

Dear Mr. Bloomfield:

We understand that Garden City Hospital ("GCH", the "Company" or the "Seller") has entered into an Asset Purchase Agreement (the "Agreement") with Prime Healthcare Services – Garden City, LLC, a wholly owned subsidiary of Prime Healthcare Services, Inc. (collectively, "Prime" or the "Buyer"), pursuant to which Prime will acquire at closing substantially all of the operating assets of GCH (the "Subject Assets") for \$48.8 million in total purchase consideration, including adjustments related to the net working capital acquired, additional consideration required to defease outstanding bonds and pay transaction fees, the assumption of capital lease obligations, certain long-term debt (excluding any outstanding bonds), and pension liabilities (the "Consideration"). The foregoing transaction is referred to hereinafter as the "Transaction".

The Michigan Department of Attorney General (the "AG") has requested that Stout Risius Ross, Inc. ("SRR") render an opinion (the "Opinion") to the AG with respect to the fairness, from a financial point of view, of the Consideration to be received relative to the value of the net assets given up in exchange in the Transaction. Additionally, the AG has requested that SRR render an opinion on whether the proceeds, if any, conveyed to a local charitable foundation is fair, from a financial point of view.

We have not been requested to opine as to, and our Opinion does not in any manner address: (i) the Seller's underlying business decision to proceed with or effect the Transaction, (ii) the terms of any agreements or documents related to, or the form or any other portion or aspect of, the Transaction, except as specifically set forth herein, (iii) the fairness of any portion or aspect of the Transaction to the holders of any class of securities, creditors or other constituencies of the Company, except as specifically set forth herein, or (iv) the solvency, creditworthiness or fair value of the Company or any other participant in the Transaction under any applicable laws relating to bankruptcy, insolvency or similar matters. Further, we were not requested to consider, and our Opinion does not address, the merits of the Transaction relative to any alternative business strategies that may have existed for the Seller or the effect of any other transactions in which the Seller might have engaged, nor do we offer any opinion as to the terms of the Agreement. Moreover, we were not engaged to recommend, and we did not recommend, a Transaction price, and we did not participate in the Transaction negotiations. Furthermore, no opinion, counsel or interpretation is intended in matters that require legal, regulatory, accounting, insurance, tax or other similar professional advice. We have also assumed the final executed form of the Agreement will not differ from the Agreement dated January 30, 2014 that we have examined, that the conditions to the Transaction as set forth in the Agreement will be satisfied, and that the Transaction will be consummated on a timely basis in the manner contemplated by the Agreement.

Our Opinion is intended to be utilized by the AG as only one input to consider in its process of analyzing the Transaction.

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In connection with our analysis, we have made such reviews, analyses, and inquiries as we have deemed necessary and appropriate under the circumstances. The principal sources of information used in performing our analysis included, but were not limited to:

- GCH's audited consolidated financial statements for the fiscal years ended September 30, 2009 through 2013;
- GCH's internally prepared unaudited, unconsolidated financial statements for the four-month periods ended January 31, 2013 and 2014;
- GCH's financial budget for GCH for the fiscal year ending September 30, 2014;
- The Agreement between GCH and Prime, dated January 30, 2014;
- A list of GCH's historical unusual income items, prepared by management;
- A letter of intent confirming Prime's interest in acquiring the assets of GCH;
- A slide deck summarizing the background of the Transaction prepared by Juniper Advisory LLC ("Juniper"), and dated August 7, 2012;
- A slide deck summarizing the background of the Transaction prepared by Juniper and dated August 23, 2012;
- An information memorandum titled "Project Babylon" prepared by Juniper in relation to the Transaction, dated November 26, 2012;
- A slide deck reviewing the different proposed offers from competing parties prepared by Juniper and dated December 13, 2012;
- A slide deck reviewing the different proposed offers from competing parties prepared by Juniper and dated January 10, 2013;
- A slide deck reviewing the sale process of GCH prepared by Juniper and dated June 30, 2013;
- A detailed schedule prepared by management summarizing the estimated purchase consideration, as adjusted;
- An independent credit rating report prepared by Moody's Investors Service, indicating its independent rating of GCH's existing outstanding bonds, and dated February 21, 2013;
- Detailed schedules summarizing the market share amongst competitors in the surrounding vicinity of GCH, provided by management;
- A detailed schedule summarizing the population projections and demographics, provided by management, and dated November 6, 2012;
- An independent follow-up analysis prepared by Bidder #1 detailing its due diligence findings, dated June 2013, provided by GCH management;
- A review of publicly available financial data of certain publicly traded companies that we deemed relevant;
- A review of available information regarding certain merger and acquisition transactions that we deemed relevant;
- Discussions with GCH's management concerning its business, industry, history, and prospects;
- A review of the other competing offers considered;

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- A site visit to GCH's headquarters located in Garden City, Michigan; and
- An analysis of other facts and data resulting in our conclusions.

Our Opinion is premised on the assumption that the assets, liabilities, financial condition, and prospects of GCH as of the date of this letter have not changed materially since the date of the most recent financial information made available to us. In rendering our Opinion, we have assumed and relied upon the accuracy and completeness of all financial and other information that was publicly available, furnished by GCH, or otherwise reviewed by or discussed with us without independent verification of such information and we have assumed and relied upon the representations and warranties of the Seller contained in the Agreement we reviewed. We have assumed, without independent verification, that the financial forecasts and projections provided to us have been reasonably prepared and reflect the best currently available estimate of the future financial results of the Company, and we have relied upon such projections in arriving at our Opinion. We have not been engaged to assess the reasonableness or achievability of such forecasts and projections or the assumptions upon which they were based, and we express no view as to the forecasts, projections, or assumptions. We have assumed that the Transaction will be consummated on the terms described in the Agreement, without any waiver of any material terms or conditions by the Seller or the Buyer.

Our due diligence process included a visit to the Company's facilities for the purposes of furthering our understanding of the operations of the business and to conduct meetings with GCH management. We did not inspect or appraise any specific physical assets of the Company. Our Opinion is necessarily based on business, economic, market, and other conditions as they exist and can be evaluated by us at the date of this letter. It should be noted that although subsequent developments may affect this Opinion, we do not have any obligation to update, revise, or reaffirm our Opinion. We reserve the right, however, to withdraw, revise, or modify our Opinion based upon additional information that may be provided to or obtained by us after the issuance of the Opinion that suggests, in our judgment, a material change in the assumptions upon which our Opinion is based.

SRR conducted its analyses at the request of the AG to provide a particular perspective of the Transaction. In so doing, SRR did not form a conclusion as to whether any individual analysis, when considered independently of the other analyses conducted by SRR, supported or failed to support our Opinion as to the fairness of the Transaction from a financial point of view. SRR does not specifically rely or place any specific weight on any individual analysis. Rather, SRR deems that the analyses, taken as a whole, support our conclusion and Opinion. Accordingly, SRR believes that the analyses must be considered in their entirety, and that selecting portions of the analyses or the factors considered, without considering all analyses and factors together, could create an imperfect view of the processes underlying the analyses performed by SRR in connection with the preparation of the Opinion.

Our opinion is furnished for the use and benefit of the AG in connection with the Transaction, and is not intended to, and does not, confer any rights or remedies upon any other person, and is not intended to be used, and may not be used, for any other purpose, without our express, prior written consent. We will receive a fee for our services, however our compensation for providing financial advisory services to the AG is neither based upon nor contingent on the results of our engagement or the consummation of the proposed Transaction. Further, none of our employees who worked on this engagement has any known financial interest in the assets or equity of GCH or Prime or the outcome of our engagement. We have not previously provided financial advisory services to GCH or Prime.

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Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Consideration to be received (which includes the assumption of certain liabilities) relative to the value of the net assets given up in exchange for the Subject Assets is fair from a financial point of view (i.e., the Consideration to be received is not less than the Fair Market Value of the Subject Assets). Further, given the facts and circumstances of the Transaction, the range of the Fair Market Value of the Subject Assets, and the Consideration to be received by GCH, the expectation of no residual proceeds being available to a local charitable foundation is fair from a financial point of view.

Yours very truly,



STOUT RISIUS ROSS, INC.