Presentation to the Michigan Department of Attorney General

Prime Healthcare Services, Inc.'s Acquisition of Certain Assets of St. Joseph Mercy Port Huron

July 28, 2015

plante moran

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Executive Summary

Role of Plante & Moran, PLLC

We understand that Trinity Health-Michigan ("Trinity", the "Company" or the "Seller") has entered into an Asset Purchase Agreement (the "Agreement") with Prime Healthcare Services – Port Huron LLC ("Prime" or the "Buyer"), pursuant to which Prime will acquire at closing certain operating assets of St. Joseph Mercy Port Huron as well as 25 licensed beds not utilized in daily operations ("SJMPH" or the "Subject Assets") for $26.7 million in total purchase consideration, including adjustments related to accounts receivable purchased and other current assets retained (net of current liabilities) as well as the assumption of capital lease obligations and long-term asset retirement liabilities (the "Consideration"). Prime also agreed to a capital commitment of $20.0 million over a three-year period. The preceding transaction will be referred to as the "Transaction." It should be noted that Trinity Health-Michigan is a wholly owned subsidiary of Trinity Health.

The Michigan Department of Attorney General (the "AG") has requested that Plante & Moran, PLLC ("P&M") 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 P&M render an opinion on whether the proceeds, if any, conveyed to a local charitable foundation is fair, from a financial point of view.

This analysis is prepared as of the date of this presentation. Additionally, the applicable standard of value is fair market value, which is defined as the price at which property would change hands between a hypothetical willing buyer and a hypothetical willing seller when the former is not under any compulsion to buy and the latter is not under any compulsion to sell, both parties having reasonable knowledge of the relevant facts.

Conclusions

- The Consideration of $26.7 million for the Subject Assets is greater than the range of the fair market value of the Subject Assets.
- As part of the Agreement, Prime agreed to a capital commitment of $20.0 million during the three-year period immediately following closing of the Transaction. This equates to an average annual spend of $6.7 million, which is greater than SJMPH's average annual spend of $3.8 million over its last three fiscal years.
- We are not aware of other forms of consideration being conveyed in the proposed transaction.

Executive Summary

- Our analysis indicates that the Consideration to be received relative to the value of the net assets given up in exchange for the Subject Assets is fair from a financial point of view.
- 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 Trinity, the expectation of no residual proceeds being available to a local charitable foundation is fair from a financial point of view.

Sources of Information

The principal sources of information used in performing our analysis included, but were not limited to:

- Audited consolidated financial statements for Trinity Health for the fiscal years ended June 30, 2010 through 2014;
- Internally prepared unaudited financial statements for SJMPH for the fiscal years ended June 30, 2011 through 2014 as well as the six-month periods ended December 31, 2013 and 2014;
- Trinity's financial budget for SJMPH for the fiscal year ending June 30, 2015;
- Trinity's financial forecast for SJMPH for the fiscal years ending June 30, 2016 through 2018;
- The Agreement between Trinity and Prime, dated November 19, 2014;
- The second amendment to the Agreement between Trinity and Prime;
- A list of SJMPH's historical non-recurring revenue and expense items, prepared by Trinity management;
- A breakdown of SJMPH’s accounts receivable as of June 30, 2015, prepared by Trinity management;
- A detailed schedule prepared by Trinity management summarizing the estimated sale proceeds;
- An independent credit rating report prepared by Moody's Investors Service, indicating its independent rating of Trinity Health Credit Group's existing outstanding bonds, dated January 28, 2015;
- Detailed schedules summarizing the market share amongst competitors in the surrounding vicinity of SJMPH, provided by Trinity management;

- A detailed schedule summarizing the population projections and demographics, provided by Trinity management;
- A valuation analysis of SJMPH prepared by Citigroup Global Markets Inc., dated March 4, 2015, provided by Trinity management;
- Various agreements in which SJMPH is a party;
- Various other internally prepared financial and operational reports for SJMPH;
- 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;
- An independent credit rating report prepared by Standard & Poor's, indicating its independent corporate credit rating for Prime Healthcare Services Inc., dated September 24, 2013;
- Discussions with Trinity and SJMPH management concerning SJMPH's business, industry, history, and prospects; and
- An analysis of other facts and data resulting in our conclusions.

Summary of the Offer Terms

Estimated total purchase consideration of $26.7 million (summarized in the table on Page 6) including adjustments related to accounts receivable purchased and other current assets retained (net of current liabilities) as well as the assumption of capital lease obligations and long-term asset retirement liabilities.

Certain assets of SJMPH purchased as part of the Transaction are identified in Section 2.1 of the Agreement and include the following:

- Real property
- Furniture, fixtures, and equipment
- Leases and agreements

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- Interests in Newco Ambulatory Surgery Center, LLP, Tri-Hospital Emergency Medical Services Corporation, Mercy-Physician Community PHO, LLC, Port Huron Mercy Family Care, and Connected Care, LLC
- Inventory
- Medicare and Medicaid provider numbers
- Any goodwill associated with SJMPH
- Hospital records
- Personnel files
- Donor restricted funds or assets
- Prepaid expenses
- Accounts receivable

25 licensed beds not utilized in the daily operations of SJMPH are also expected to be included in the Transaction, although they were identified as excluded assets in the Agreement. Based on discussions with Trinity management, an amendment to the Agreement will be signed reflecting this change.

Assets excluded from the Transaction are identified in Section 2.4 of the Agreement and include the following:

- Cash and cash equivalents
- Interest in Tri-Hospital MRI Center, Partners at Heart, and MCL (a co-tenancy laboratory at Warde Medical Laboratory)
- Leases and agreements not exclusive to SJMPH
- Right to use any of Trinity Health's trademarks or trade names
- Intellectual property
- Employee benefit plans

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- Certain real property located in Fort Gratiot, Michigan and Yale, Michigan
- Short-term and long-term notes receivable related to Deckerville
- 20 of the 164 beds licensed to SJMPH

Prime's purchase offer also includes a capital commitment of $20.0 million over a three-year period.

Overview of Prime Offer			
Cash Consideration	$	17,500,000	[1]
Plus: Accounts Receivable Purchased		7,439,956	[2]
Plus: Other Current Assets Retained (Net of Current Liabilities Retained)		1,005,675	[3]
Adjusted Purchase Price		25,945,631	
Plus: Asset Retirement Obligation Liability Assumed		416,332	[4]
Plus: Capital Lease Obligations		318,930	[4]
Total Purchase Consideration	**$**	**26,680,893**	
Total Purchase Consideration	$	26,680,893	
Capital Commitment		20,000,000	[5]
Total Purchase Consideration Plus Capital Commitment	**$**	**46,680,893**	

Notes

[1] Section 2.6(a) of the Agreement.

[2] Section 2.6(e) of the Agreement. Accounts receivable purchased was calculated using June 30, 2015 balances provided by Trinity management less an 8.5% discount stipulated by the Agreement to account for the cost of collection and the time value of money. This amount will be trued-up twice, once 90 days after closing to reflect an updated accounts receivable balance (inclusive of discount) and another 90 days after the first annual anniversary of closing to reflect accounts receivable collected throughout the year by Prime (inclusive of discount). Any amounts collected after the first annual anniversary of closing are retained by Prime. It should be noted that as of the date of this report, Trinity management identified an issue with a portion of SJMPH's accounts receivable categorized as CRNA accounts receivable. Trinity management expects this issue to be resolved at the time of the true-up 90 days after closing and that the total adjustment to accounts receivable purchased by Prime would not exceed $100,000.

[3] Schedule 2.6(d)-1 of the Agreement. Current assets retained (net of current liabilities retained) was calculated using June 30, 2014 balances.

[4] Schedule 2.6(d)-1 of the Agreement. Balances as of June 30, 2014.

[5] Section 12.3 of the Agreement.

Executive Summary

Based on the transaction costs, debt, and unfunded pension Trinity is responsible for related to SJMPH, no purchase consideration funds are expected to be available to a local charitable foundation. For further information, refer to the table below.

Calculation of Proceeds to Foundation			
Cash Proceeds / Total Sources of Funds Available	$	25,945,631	[1]
Less: Transaction Costs		(1,800,000)	[3]
Less: Debt		(30,314,000)	[3]
Less: Unfunded Pension		(7,331,000)	[3]
Total Uses of Funds		(39,445,000)	
Net Sale Proceeds (Shortfall)	**$**	**(13,499,369)**	
Remaining Funds Available to Foundation	**$**	**-**	

Notes

[1] Adjusted purchase price as calculated in the previous table.

[2] Amounts provided by Trinity management in their assessment of potential sale proceeds. We discussed the debt and unfunded pension amounts with Trinity management to validate that they reflect only obligations associated with SJMPH and do not include any obligations for any other Trinity entity or operation.

Background

SJMPH is located in Port Huron, Michigan. SJMPH operates a 164 bed (although only 119 beds are active) acute care not-for-profit hospital that provides adult medical / surgical services, emergency care, cancer care, cardiac care, bariatric care, inpatient rehabilitation services including stroke care, orthopedics and joint replacement, and a vast number of other testing, health, and medical services.

Executive Summary

Prime Healthcare Services – Port Huron LLC is a Delaware limited liability company that operates as a wholly owned subsidiary of Prime Healthcare Services, Inc. Prime is an experienced hospital management company that owns and operates numerous acute care hospitals throughout the United States.

SJMPH's financial performance has deteriorated over the last few years due to a number of factors, including an economic downturn in Michigan, the retirement of a key surgeon in fiscal year 2013, the loss of cases from a key orthopedic group, and the loss of a cardiac joint venture, Partners at Heart.

Overview of Transaction Process

As performance began to deteriorate, Trinity started assessing possible options for SJMPH, including repurposing the hospital or selling / merging with another local hospital. Trinity found that repurposing SJMPH would be extremely costly and may never generate the cash flows necessary to warrant such an investment. Closing SJMPH was not deemed an option because Trinity management felt the community still had a need for SJMPH's services.

Trinity decided to approach Port Huron Hospital to assess interest in consolidating with SJMPH. After numerous discussions took place over several months, the parties were unable to come to an agreement regarding the consolidation of the two hospitals. At the time, Trinity management believed consolidating with Port Huron Hospital made the most sense for the community as a whole.

After discussions with Port Huron Hospital ceased, Trinity spent a substantial amount of time assessing interest in purchasing SJMPH from several for-profit and not-for profit hospitals. Due to confidentiality agreements, the names of these hospitals are not disclosed in this report. However, we have the information in our workpaper file. After multiple discussions yielded no serious buyers, a member of the Trinity management team contacted Prime.

Prime expressed interest in SJMPH, which resulted in Prime visiting SJMPH in July of 2014 to meet with management and tour the hospital. Shortly after their visit, Prime followed up with an offer to purchase SJMPH.

Factors Impacting the Acceptance of the Offer

Prime's offer provided capital and would keep SJMPH operating, which tied in with the ultimate goal of Trinity management, do what's best for the community of Port Huron. Trinity explored many alternative partnerships and avenues to move forward with SJMPH, but Prime was the only viable option left in the marketplace.

SJMPH was not “taken to market”, there were no other bids or solicitations for Trinity to assess or select. Ultimately, Trinity felt it would be detrimental to the community of Port Huron if an RFP were produced giving the impression that SJMPH was a distressed hospital. Although Prime was the only interested buyer, Trinity did not accept the first offer proposed by Prime. There was an exchange of views and negotiations took place, resulting in the terms outlined in the Agreement.

Trinity felt Prime’s operating model (focus on keeping costs low while delivering high quality care) was the best fit for SJMPH to remain competitive going forward.

Prime is willing to commit to a $20.0 million capital program that would be allocated over three years from the closing date of the Transaction. From Trinity management’s perspective, this will keep SJMPH in a healthy state of operational functionality for a minimum of three years.

Prime also agreed to continue to employ substantially all of SJMPH’s employees consistent with their current compensation levels and to keep SJMPH’s medical staff intact.

Currently, Prime owns a number of acute care hospitals throughout the United States. Prime has proven itself as a successful hospital management organization that has previously executed similar transactions. As such, Prime was perceived as having low Transaction execution risk.

Fairness Analyses Summary

Valuation Summary (Excluding Working Capital)		
Valuation Method	Value Range	
Capitalization of Cash Flow	$ 365,000	$ 1,644,000
Guideline Company Method		
EBITDA Multiples	$ 13,648,000	$ 17,006,000
Merger & Acquisition Method		
EBITDA Multiples	$ 10,290,000	$ 13,648,000
Cash Consideration		$ 17,500,000

The Prime cash consideration of $17.5 million is above the range of the estimated fair market value of the Subject Assets based on the application of three different valuation methods.

Economic and Industry Outlook

Industry Outlook

- The U.S. hospital industry includes approximately 4,000 organizations that operate 5,700 hospitals. The industry is highly fragmented, with the top 50 organizations generating 30% of industry revenue. Total industry revenue is estimated to be approximately $950.0 billion annually. About 70% of the 5,700 U.S. hospitals are nonprofits, affiliated with churches, charities, or local governments.
- Outpatient services comprise a growing portion of hospital revenue and account for nearly 40% of industry revenue. Since patients are sent home after surgery or other procedures, outpatient care is less expensive than inpatient care. Hospitals and managed care organizations see outpatient care as a way to cut costs while still providing quality care.
- Hospital prices rose at an annual rate of 8 percent between 2008 and 2010.
- Demand for health care workers is increasing, but the available labor pool is inadequate, especially in nursing. General practice physicians and certain specialists are also experiencing high demand. The current shortage of nurses and physicians is expected to grow as older generations retire. Experts predict a shortage of 260,000 nurses and 130,000 doctors by 2025.
- Health care IT is the most pressing technology issue facing hospitals. Government regulations and incentives are also pushing hospitals to come up with electronic patient records that protect privacy while allowing doctors and hospitals to transfer health care information and prevent insurance fraud.
- Provisions of the Affordable Care Act of 2010 ("ACA"), especially changing reimbursement modalities, have spurred unprecedented consolidation in the hospital industry, altering the competitive landscape. Hospitals have been buying competitors, independent physician groups, and insurance companies, all to get a better handle on cost containment, patient care data, and revenue streams.
- U.S. personal consumption expenditures at hospitals are forecast to grow at an annual compound rate of 6.0 percent between 2015 and 2019.
- Participation by U.S. hospitals in accountable care organizations ("ACOs") was predicted to double during 2014. Created by the ACA, ACOs are networks of hospitals, physicians, and other providers that coordinate patient care, ideally eliminating unnecessary tests and hospital readmissions and consolidate technology and staffing expenses. Medicare and private insurers reimburse ACOs with the fee amount split between the network providers. Providers in ACOs are incentivized if they cooperate care and reduce medical costs.

Economic and Industry Outlook

- There are three emerging trends in today's healthcare economy. First, partnerships are increasingly important to success. In today's hyper-competitive environment, companies must collaborate on innovative products and services, combining complementary expertise to fill individual gaps. Second, digital technology is a crucial focus, now and for the future. For example, consumers want more do-it-yourself health options. Rapid innovation is everywhere, from the growth of the wearables market to mobile apps to FDA-approved digital medical devices. Third, securing consumer data and ensuring privacy will be central to success in the healthcare industry.

Relevant Economic and Demographic Trends

- Real (i.e., inflation adjusted) GDP growth of 2.0 percent to 2.5 percent is generally considered optimal when the economy is operating at full employment (5.5 percent to 6.0 percent unemployment).
- For the fourth quarter of 2014, real GDP grew at an annualized rate of 2.6 percent
- GDP is forecasted to increase at an annualized rate of 2.8 percent in the first quarter of 2015.
- The unemployment rate is forecasted to average 6.8% in 2014 and 6.5% in 2015.
- The CPI declined 0.4 percent in December (on a seasonally adjusted basis), following no change in October and a decrease of 0.3 percent in November.
- The Core CPI, which excludes food and energy prices, held constant in December, following increases of 0.2 percent and 0.1 percent in October and November, respectively.
- As of the 2010 census, Port Huron had a population of just under 31,200, which represents an approximate 6.7% decline from their reported population of approximately 32,300 in the 2000 census.
- The Southeast Michigan Council of Governments ("SEMCOG") has forecasted a 3.2 percent decrease in the overall population of Port Huron but an increase in the total population of St. Clair County by 2.8% between 2010 and 2040. Additionally, the number of citizens aged 65 and older is expected to increase by 95.0% in Port Huron over the same time period, as the core population continues to age.

Fairness Analysis of SJMPH

Overview

Valuation Summary (Excluding Working Capital)

Valuation Method	Value Range		
Capitalization of Cash Flow	$ 365,000	$ 1,644,000	Pages 17 - 20
Guideline Company Method			
EBITDA Multiples	$ 13,648,000	$ 17,006,000	Pages 21 - 24
Merger & Acquisition Method			
EBITDA Multiples	$ 10,290,000	$ 13,648,000	Pages 25 - 27
Cash Consideration		$ 17,500,000	

The Prime cash consideration of $17.5 million is above the range of the estimated fair market value of the Subject Assets based on the application of three different valuation methods.

In addition to our application of the capitalization of cash flow method, we also considered the discounted cash flow method, another valuation technique under the income approach. After interviews with Trinity management and analysis of expected future cash flow for SJMPH, we determined that the discounted cash flow method would not result in a positive indication of value for the Subject Assets.

It should be noted that we investigated whether it was likely that the value of the Subject Assets under a liquidation scenario (assuming closure of the hospital) would be in excess of the value indicated via the capitalization of cash flow, guideline company, and merger and acquisition methods. However, based on our findings, the likely value of the Subject Assets under a liquidation scenario would be below the value implied on a going concern basis.

Fairness Analysis of SJMPH

Financial Summary

Recent Historical Financial Performance

	For the Year Ended June 30,				LTM Ended [1] December 31,
	2011	2012	2013	2014	2014
Total Revenue	$ 78,672	$ 82,472	$ 82,997	$ 77,192	$ 77,918
Operating Expenses	78,385	79,246	81,094	78,810	79,328
Operating Income	287	3,226	1,903	(1,618)	(1,410)
Other Income (Expense)	1,114	(1,726)	138	(2,747)	(393)
Excess of Revenue over Expenses	$ 1,400	$ 1,499	$ 2,041	$ (4,363)	$ (1,803)
EBIT	$ 287	$ 3,226	$ 1,903	$ (1,618)	$ (1,410)
EBITDA	$ 5,066	$ 8,183	$ 6,913	$ 3,231	$ 3,358

Notes

[1] LTM = Latest Twelve Months.

Capitalization of Cash Flow Analysis

The capitalization of cash flow method involves the determination of a normalized, sustainable level of cash flow. This normalized level of cash flow considers historical financial results (with adjustments if appropriate), as well as expectations for future cash flows. The normalized cash flow is converted to an indicated value by capitalizing the cash flow with an appropriate capitalization rate.

The determination of the cash flow to capitalize involves adjusting normalized earnings to arrive at debt-free cash flow, which is the cash flow available for all capital holders of a company – both debt holders and equity holders. These adjustments include anticipated reinvestments in net working capital and capital expenditures that are required for future growth. The formula for converting earnings before interest and taxes ("EBIT") to debt-free cash flow is as follows:

Debt-free pre-tax earnings (EBIT)

\- Income taxes

= Debt-free net income

\- Increase in net working capital requirements

\+ Depreciation and amortization

\- Anticipated capital expenditures

= Debt-free cash flow

An important part of the capitalization of cash flow method is the development of a discount rate for use in determining the cash flow multiple to apply to debt-free cash flow. The overall discount rate was developed using a weighted average cost of capital ("WACC"). The WACC represents the weighted average return expectation for a company's invested capital or its operating assets, including a normal level of net working capital. The development of an appropriate WACC requires estimates of an equity rate of return and a debt rate of return. Our development of an appropriate WACC and cash flow multiple is presented on Page 19.

Our application of the capitalization of cash flow method is presented on Pages 18 through 20.

Fairness Analysis of SJMPH

Capitalization of Cash Flow (In Thousands)
As of December 31, 2014

	For the Year Ended June 30, 2011	For the Year Ended June 30, 2012	For the Year Ended June 30, 2013	For the Year Ended June 30, 2014		Budgeted Year Ending June 30, 2015	
Net Sales	$ 78,672	$ 82,472	$ 82,997	$ 77,192		$ 73,883	
EBIT	$ 1,400	$ 1,499	$ 2,041	$ (4,363)		$ (3,254)	
EBIT Margin	*1.8%*	*1.8%*	*2.5%*	*(5.7%)*		*(4.4%)*	
Weight	*20.0%*	*20.0%*	*40.0%*	*10.0%*		*10.0%*	
Representative Normalized Historical EBIT (Weighted Average 2009 to Budgeted 2015)						$ 635	
Estimated Income Taxes @ 38.0%						(241)	
Normalized Historical Debt-Free Earnings						$ 394	
Plus: Estimated Long Term Growth Rate					3.0%	12	
Projected Normalized Debt-Free Earnings						$ 405	
Adjustments to Projected Normalized Debt-Free Earnings:							
Net Depreciation and Capital Expenditures						$ -	[1]
Working Capital Requirements						(93)	[2]
Normalized Debt-Free Cash Flow						$ 313	
Cash Flow Multiple						12.8	[3]
Total Enterprise Value (Including Working Capital)						$ 3,988	
Less: Adjustment for Working Capital Needed to Maintain Daily Operations						(3,142)	[4]
Total Enterprise Value (Excluding Working Capital)						**$ 847**	

Notes

[1] Deprecation expense and capital expenditures are estimated to be equal and offsetting over the long-term.

[2] Net working capital requirements were projected at 4.0% of the estimated annual increase in net sales based on an analysis of historical net working capital levels. Net working capital is equal to current assets (excluding cash) less current liabilities (excluding current interesting-bearing debt).

[3] Page 19.

[4] Based on an average of SJMPH's cash-free, debt-free net working capital balance over the last four fiscal years. We removed net working capital from total enterprise value because several of the current assets and current liabilities held by SJMPH are excluded from the Transaction. Furthermore, the cash consideration of $17.5 million will be increased by the amount of accounts receivable purchased as well as any other current assets that are retained (net of any retained current liabilities).

Fairness Analysis of SJMPH

Calculation of Weighted Average Cost of Capital
As of December 31, 2014

Cost of Equity

[1] Risk-Free Rate	A	2.5%
[2] Equity Risk Premium	B	6.2%
[3] Size Premium	C	6.0%
[4] Company Specific Risk Premium	D	5.0%
[5] **Cost of Equity**	**E = A+B+C+D**	**19.6%**

Cost of Debt

[6] Cost of Debt	F	4.7%
Tax Rate	G	38.0%
After-Tax Cost of Debt	**H = F*(1-G)**	**2.9%**

Weighted Average Cost of Capital ("WACC")

	Capital Structure [7]		Cost		Weighted Cost	
Equity	50.0%	x	19.6%	=	9.8%	
Debt	50.0%	x	2.9%	=	1.5%	
WACC Discount Rate (rounded)					**11.3%**	
Less: Expected Sustainable Long-Term Growth Rate					(3.0%)	
WACC Capitalization Rate (rounded)					**8.3%**	
Conversion of Capitalization Rate to Cash Flow Multiple					12.1	[8]
Cash Flow Multiple with Mid-Year Convention					**12.8**	[9]

Notes

[1] Yield on 20-Year Treasury Bonds obtained from the Federal Reserve Statistical Release as of December 31, 2014.
[2] Duff & Phelps 2014 Valuation Handbook. Equity Risk Premium (Supply-Side).
[3] Duff & Phelps 2014 Valuation Handbook. Size premium for the 10th decile.
[4] Based on numerous SJMPH specific factors.
[5] We also calculated a cost of equity utilizing the capital asset pricing model, which supports our cost of equity resulting from the build up method.
[6] The cost of debt was based on the Baa bond rate obtained from the Federal Reserve Statistical Release as of December 31, 2014.
[7] Capital structure based on SJMPH's borrowing capacity and consideration of typical capital structures in the industry.
[8] The capitalization rate is converted to a cash flow multiple by dividing 1 by the capitalization rate.
[9] The cash flow multiple, which assumes end of year cash flows, is converted to a mid-year convention with the following formula:

*Mid-year convention cash flow multiple = end of year cash flow multiple * ((1 + WACC discount rate) ^ 0.5)*

Fairness Analysis of SJMPH

Total Enterprise Value (Excluding Working Capital, In Thousands)

		Long-Term Growth Rate				
		5.0%	4.0%	3.0%	2.0%	1.0%
	9.3%	3,195	2,527	2,073	1,744	1,493
	10.3%	2,016	**1,644**	**1,375**	**1,173**	1,013
WACC Discount Rate	11.3%	1,214	**1,006**	**847**	**725**	624
	12.3%	631	**520**	**434**	**365**	305
	13.3%	191	140	99	66	38

Indicated Value Range 365 to 1,644

Guideline Company Method

The market approach is premised on the principle that the value of a company may be determined by reference to what an investor would pay in the capital markets to own a similar investment. The market approach focuses on exchanges of similar property in the marketplace. The market approach is appropriate for use with all types of interests provided that the nature of the selected comparable companies and the circumstance of the exchanges are sufficiently similar to the interest being valued.

Use of the market approach is constrained by the quantity and quality of available market data. Basic considerations in the selection of guideline companies and transactions include: the availability of adequate financial and price information; the company's line of business, location, and quality and depth of management; the size of the comparative company; trading activity in the stock; and the specific block of common stock that is the subject of the valuation.

The guideline company method under the market approach involves (1) selecting an appropriate sample of companies whose shares are traded on public stock exchanges, (2) calculating the stock price as a multiple of an appropriate measure, such as earnings, (3) adjusting the multiple to recognize differences between the public company or companies and the subject company in size, expected growth, and other factors, and (4) applying the adjusted multiple to the operating results of the subject company to determine the value of the subject company.

A complication in applying the guideline company method is that exact comparability of any two companies, whether closely held or publicly traded, is usually not attainable. However, reasonable similarities may be identified, including common economic and industry influences, and in such instances guideline company data can be developed and used.

We performed a search for guideline companies using the Capital IQ database. This database provides comprehensive information on approximately 61,000 publicly held companies. These companies trade securities on the New York, American, and regional stock exchanges, the NASDAQ system, Over-the-Counter in the U.S., and on various exchanges in Canada and abroad. This database provides access to capitalization, corporate background, and financial data including annual reports, SEC filings and recent interim financial statements.

Our database search resulted in five guideline companies to utilize in our application of the guideline company method, which is presented on Pages 23 and 24.

Fairness Analysis of SJMPH

Based on our healthcare industry experience, we analyzed the earnings before interest, taxes, depreciation and amortization ("EBITDA") multiples of the guideline companies in our application of the guideline company method. We considered the size, profitability, and growth prospects of SJMPH in comparison to the guideline companies before selecting a representative EBITDA multiple range to apply in our guideline company analysis. SJMPH's revenue, EBITDA, and total assets for fiscal year 2014 range from 0.5% to 2.0% of the smallest guideline company. These amounts are even lower when compared to the guideline company medians. Secondly, SJMPH's EBITDA margin was 4.2% in fiscal year 2014, well below the guideline company median of 14.7%. Finally, based on interviews with Trinity management as well as a review of the budget and projections provided by Trinity management, the growth prospects for SJMPH lag those of the guideline companies.

As a result of the information discussed above, we applied EBITDA multiples below the range indicated by the guideline companies in order to arrive at an indicated total enterprise value range (including working capital) for SJMPH.

Fairness Analysis of SJMPH

EBITDA Multiples (In Thousands)

Guideline Company	TEV [1]	LTM EBITDA	TEV / LTM EBITDA [1]
Community Health Systems, Inc.	$ 23,355,924	$ 2,737,000	8.5x
Universal Health Services Inc.	14,552,550	1,475,100	9.9x
Tenet Healthcare Corp.	17,128,848	1,952,000	8.8x
HCA Holdings, Inc.	62,429,247	7,385,000	8.5x
Lifepoint Hospitals Inc.	5,396,981	577,000	9.4x
High			9.9x
Low			8.5x
Median			8.8x
Mean			9.0x
Subject Company Adjustment Factors			
Size			Downward
Profitability			Downward
Growth Prospects			Downward

Total Enterprise Value (In Thousands)	Low	High
Selected EBITDA Multiple Range	5.0x	6.0x
St. Joseph Mercy Port Huron EBITDA [2]	$ 3,358	$ 3,358
Concluded Total Enterprise Value (Including Working Capital)	$ 16,790	$ 20,148
Less: Adjustment for Working Capital Needed to Maintain Daily Operations [3]	(3,142)	(3,142)
Total Enterprise Value (Excluding Working Capital)	$ 13,648	$ 17,006

Notes

[1] TEV = Total Enterprise Value and LTM = Latest Twelve Months.

[2] EBITDA for the LTM ended December 31, 2014.

[3] Based on an average of SJMPH's cash-free, debt-free net working capital balance over the last four fiscal years. We removed net working capital from total enterprise value because several of the current assets and current liabilities held by SJMPH are excluded from the Transaction. Furthermore, the cash consideration of $17.5 million will be increased by the amount of accounts receivable purchased as well as any other current assets that are retained (net of any retained current liabilities).

Fairness Analysis of SJMPH

Total Enterprise Value (In Millions, Except Share Price)

	Market Capitalization			Total Invested Capital				Total Enterprise Value	
Guideline Company	Shares Out.	Share Price	**Market Cap.**	Plus: Total Debt	Plus: Pref. Equity	Plus: Min. Interest	**TIC**	Less: Cash	**TEV**
Community Health Systems, Inc.	116.3	$ 53.92	**$ 6,269.9**	$ 16,984.0	$ -	$ 611.0	**$ 23,864.9**	$ (509.0)	**$ 23,355.9**
Universal Health Services Inc.	99.0	111.26	**11,011.4**	3,278.5	-	294.7	**14,584.6**	(32.1)	**14,552.5**
Tenet Healthcare Corp.	98.3	50.67	**4,979.8**	11,807.0	-	535.0	**17,321.8**	(193.0)	**17,128.8**
HCA Holdings, Inc.	433.6	73.39	**31,819.2**	29,844.0	-	1,396.0	**63,059.2**	(630.0)	**62,429.2**
Lifepoint Hospitals Inc.	45.3	71.91	**3,255.6**	2,218.5	-	114.4	**5,588.5**	(191.5)	**5,397.0**

Notes

Data provided by Capital IQ database, as of December 31, 2014.

Merger & Acquisition Method

Refer to the discussion on Page 21 for an overview of the market approach.

The merger and acquisition method under the market approach involves the same process as the guideline company method except that the sample transactions are taken from databases or reports that detail merger and acquisition activity. When using this method, care must be taken to consider whether the transaction price included, among other items, a premium for synergies.

We reviewed the 2013, 2014, and 2015 Health Care Services Acquisition Reports prepared by Irving Levin Associates (the "Irving Levin Reports") for transactions involving target companies with operations similar to SJMPH. The 2013, 2014, and 2015 Irving Levin Reports contain transaction information for the years 2012, 2013, and 2014, respectively.

Although several transactions were published in the Irving Levin Reports, many failed to disclose the financial details necessary to perform the proper analysis. For those transactions that included financial details, certain factors limited the comparability of some of the companies acquired (including differences in location and diversification of services).

Our application of the merger and acquisition method is presented on Pages 26 and 27.

Based on our healthcare industry experience, we analyzed the EBITDA multiples implied by the transactions in the Irving Levin Reports in our application of the merger and acquisition method. We considered the size and profitability of SJMPH in comparison to the target companies from the transactions in the Irving Levin Reports before selecting a representative EBITDA multiple range to apply in our merger and acquisition analysis. SJMPH's revenue and EBITDA for fiscal year 2014 fell below the 25th percentile of the target companies from the transactions in the Irving Levin Reports. Additionally, SJMPH's EBITDA margin was 4.2% in fiscal year 2014, below the median of 4.8% for the target companies from the transactions in the Irving Levin Reports.

As a result of the information discussed above, we applied EBITDA multiples below and approximating the 25th percentile of the EBITDA multiples implied by the transactions in the Irving Levin Reports in order to arrive at an indicated total enterprise value range (including working capital) for SJMPH.

Fairness Analysis of SJMPH

EBITDA Multiples

	TEV / LTM EBITDA [1]
High	17.3x
Low	0.4x
75th Percentile	12.1x
Mean	8.0x
Median	6.3x
25th Percentile	5.0x
Subject Company Adjustment Factors	
Size	Downward
Profitability	Downward

Total Enterprise Value (In Thousands)	**Low**	**High**
Selected EBITDA Multiple Range	4.0x	5.0x
St. Joseph Mercy Port Huron EBITDA [2]	$ 3,358	$ 3,358
Concluded Total Enterprise Value (Including Working Capital)	$ 13,432	$ 16,790
Less: Adjustment for Working Capital Needed to Maintain Daily Operations [3]	(3,142)	(3,142)
Total Enterprise Value (Excluding Working Capital)	$ 10,290	$ 13,648

Notes

[1] TEV = Total Enterprise Value and LTM = Latest Twelve Months.

[2] EBITDA for the LTM ended December 31, 2014.

[3] Based on an average of SJMPH's cash-free, debt-free net working capital balance over the last four fiscal years. We removed net working capital from total enterprise value because several of the current assets and current liabilities held by SJMPH are excluded from the Transaction. Furthermore, the cash consideration of $17.5 million will be increased by the amount of accounts receivable purchased as well as any other current assets that are retained (net of any retained current liabilities).

Fairness Analysis of SJMPH

Target / Issuer	Buyers / Investors	Transaction Date	Target Revenue	Target EBITDA	Total Transaction Value	Implied Enterprise Value / EBITDA
Memorial Health Systems	Community Health Systems, Inc.	1/24/2012	$ 97,000,000	$ 7,100,000	$ 45,000,000	6.3
Decatur General Hospital	Huntsville Hospital	2/28/2012	113,500,000	5,900,000	25,000,000	4.2
Satilla Health Systems	Mayo Clinic Health System	3/1/2012	152,800,000	4,200,000	51,000,000	12.1
Marquette General Health System	Duke LifePoint Healthcare, LLC	3/6/2012	244,200,000	15,600,000	147,000,000	9.4
Bay Medical Center	Sacred Heart Health System, Inc.	4/3/2012	258,400,000	9,500,000	154,000,000	16.2
Auburn Regional Medical Center	MultiCare Health System	5/1/2012	135,200,000	17,000,000	98,000,000	5.8
Westerly Hospital	Lawrence & Memorial Hospital	6/1/2012	90,600,000	5,770,000	69,000,000	12.0
Jefferson Regional Medical Center	Highmark, Inc.	6/12/2012	204,700,000	22,600,000	275,000,000	12.2
St. Vincent's Health System	HighMark	10/19/2012	327,436,000	15,314,000	65,000,000	4.2
South Hampton Community Hospital	University General Health System, Inc.	12/5/2012	40,000,000	15,000,000	30,000,000	2.0
New York Westchester Square Medical Center	Montefiore Medical Center	12/13/2012	75,679,400	2,378,248	14,000,000	5.9
Knapp Medical Center	Prime Healthcare Foundation	1/2/2013	128,574,191	8,174,635	110,000,000	13.5
Emanuel Medical Center	Tenet Healthcare Corporation	2/21/2013	211,218,598	12,818,628	5,000,000	0.4
Cleveland County HealthCare System	Carolinas HealthCare System	3/8/2013	222,289,029	24,782,208	101,000,000	4.1
Two Kansas Hospitals	Prime Healthcare Foundation	3/28/2013	184,802,677	8,780,678	54,300,000	6.2
16 Health Care Facilities	Vibra Healthcare, LLC	4/25/2013	272,000,000	32,000,000	186,500,000	5.8
Vanguard Health Systems, Inc.	Tenet Healthcare Corporation	6/24/2013	5,999,400,000	356,900,000	4,300,000,000	12.1
Stanly Health Services	Carolinas HealthCare System	7/11/2013	105,117,144	14,118,529	70,000,000	5.0
3 IASIS Healthcare Hospitals	HCA West Florida	7/18/2013	231,307,828	15,805,896	146,000,000	9.2
Health Management Associates, Inc.	Community Health Systems, Inc.	7/30/2013	5,846,828,000	702,576,000	7,600,000,000	10.8
Oak Park Hospital	Rush University Medical Center	10/25/2013	107,513,164	2,288,749	21,100,000	9.2
Mercy Regional Health Center	Via Christi Health	2/28/2014	92,333,791	12,879,911	7,000,000	0.5
Community Medical Center	RCHP/Billings Clinic Joint Venture	9/9/2014	161,464,522	14,407,496	74,800,000	5.2
Culpeper Regional Hospital	University of Virginia Medical Center	10/6/2014	69,273,847	3,966,271	50,000,000	12.6
SwedishAmerican Health System	UW Health	11/6/2014	460,314,287	40,242,550	255,000,000	6.3
Callaway Community Hospital	Nueterra and MU Health	12/4/2014	16,295,501	347,272	6,000,000	17.3
Bert Fish Medical Center	Florida Hospital Tampa	12/23/2014	95,452,729	5,585,887	40,000,000	7.2

High	$5,999,400,000	$ 702,576,000	$7,600,000,000	17.3
Low	$ 16,295,501	$ 347,272	$ 5,000,000	0.4
75th Percentile	$ 244,200,000	$ 17,000,000	$ 147,000,000	12.1
Mean	$ 590,507,434	$ 50,964,332	$ 518,507,407	8.0
Median	$ 152,800,000	$ 12,879,911	$ 69,000,000	6.3
25th Percentile	$ 95,452,729	$ 5,770,000	$ 30,000,000	5.0

Conclusions

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).

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 Trinity, the expectation of no residual proceeds being available to a local charitable foundation is also fair from a financial point of view.

Historical Financial Statements

Appendix A

Historical Financial Statements

Historical Income Statements (In Thousands)

	For the Year Ended June 30, 2011	2012	2013	2014	LTM Ended December 31, 2014	6 Mos. Ended December 31, 2013	6 Mos. Ended December 31, 2014
Revenue							
Net Patient Service Revenue							
Gross Hospital Inpatient Revenue	$ 87,898	$ 92,289	$ 102,907	$ 87,036	$ 84,958	$ 45,437	$ 43,359
Gross Ambulatory Service Revenue	100,456	110,468	113,404	116,076	118,545	58,925	61,394
Gross Physician Revenue	4,075	5,075	4,867	5,145	6,258	2,333	3,446
Contractual Allowance	(109,634)	(120,790)	(131,422)	(127,822)	(129,719)	(65,278)	(67,175)
Operational Adjustments	(1,867)	(1,612)	(1,475)	(1,224)	(1,307)	(468)	(551)
Charity Care at Charges	(4,858)	(5,862)	(5,480)	(4,411)	(3,969)	(1,745)	(1,303)
Allow for Self Insurance Benefits	(143)	(372)	(465)	(802)	(901)	(374)	(473)
DSH and Uncompensated Care	-	-	-	293	314	145	166
Provision for Patient Bad Debts	(3,615)	(5,307)	(5,517)	(3,698)	(2,566)	(2,564)	(1,432)
Total Net Patient Service Revenue	72,312	73,890	76,820	70,594	71,613	36,412	37,433
Capitation Revenue	11	3	2	586	586	-	-
Restricted Net Assets Released	398	414	386	382	371	130	119
Equity Gains (Losses) in Unconsolidated Affiliates	649	460	277	39	106	6	73
Other Revenue	5,301	7,705	5,513	5,592	5,242	2,371	2,021
Total Revenue	78,672	82,472	82,997	77,192	77,918	38,918	39,645
Annual Growth	*N/A*	*4.8%*	*0.6%*	*(7.0%)*	*N/A*	*N/A*	*1.9%*
Operating Expenses							
Salaries and Wages	27,857	29,900	31,147	30,062	31,084	14,757	15,779
Employee Benefits	9,235	9,009	9,434	9,067	8,777	4,545	4,255
Contract Labor	2,085	1,737	1,423	1,009	1,115	481	587
Supplies	16,802	16,465	16,403	14,582	14,560	7,664	7,642
Medical and Professional Fees	1,156	722	838	1,076	1,079	539	542
Purchased Services	9,271	9,344	10,008	10,726	10,815	5,423	5,512
Medical Claims and Capitated Purchased Services	-	-	-	-	-	-	-
Depreciation and Amortization	4,779	4,957	5,010	4,849	4,768	2,457	2,376
Occupancy	3,604	3,509	3,635	3,582	3,381	1,908	1,707
Insurance	692	899	491	971	815	478	322
Other Expenses	2,904	2,703	2,706	2,886	2,934	1,377	1,425
Total Operating Expenses	78,385	79,246	81,094	78,810	79,328	39,629	40,147
Operating Income (Loss)	287	3,226	1,903	(1,618)	(1,410)	(711)	(502)
Other Income (Expense)							
Investment Gains	2,699	(164)	1,671	2,701	1,040	1,511	(150)
Equity Gains (Losses) in Unconsolidated Affiliates	-	-	-	112	45	10	(57)
Non-Operating Derivatives	(212)	(200)	(217)	(164)	(140)	(78)	(54)
Non-Controlling Interest	(71)	(66)	(88)	(103)	(147)	(62)	(106)
Interest Expense	(1,280)	(1,299)	(1,228)	(1,212)	(1,191)	(660)	(639)
Other Income (Loss)	(22)	3	-	(4,081)	-	-	-
Total Other Income (Expense)	1,114	(1,726)	138	(2,747)	(393)	721	(1,006)
Excess of Revenue over Expenses	**$ 1,400**	**$ 1,499**	**$ 2,041**	**$ (4,363)**	**$ (1,803)**	**$ 9**	**$ (1,507)**
EBIT	$ 287	$ 3,226	$ 1,903	$ (1,618)	$ (1,410)	$ (711)	$ (502)
Plus: Depreciation and Amortization	4,779	4,957	5,010	4,849	4,768	2,457	2,376
EBITDA	$ 5,066	$ 8,183	$ 6,913	$ 3,231	$ 3,358	$ 1,746	$ 1,874

Historical Financial Statements

Common Size Historical Income Statements

	For the Year Ended June 30, 2011	2012	2013	2014	LTM Ended December 31, 2014	6 Mos. Ended December 31, 2013	6 Mos. Ended December 31, 2014
Revenue							
Net Patient Service Revenue							
Gross Hospital Inpatient Revenue	111.7%	111.9%	124.0%	112.8%	109.0%	116.8%	109.4%
Gross Ambulatory Service Revenue	127.7%	133.9%	136.6%	150.4%	152.1%	151.4%	154.9%
Gross Physician Revenue	5.2%	6.2%	5.9%	6.7%	8.0%	6.0%	8.7%
Contractual Allowance	(139.4%)	(146.5%)	(158.3%)	(165.6%)	(166.5%)	(167.7%)	(169.4%)
Operational Adjustments	(2.4%)	(2.0%)	(1.8%)	(1.6%)	(1.7%)	(1.2%)	(1.4%)
Charity Care at Charges	(6.2%)	(7.1%)	(6.6%)	(5.7%)	(5.1%)	(4.5%)	(3.3%)
Allow for Self Insurance Benefits	(0.2%)	(0.5%)	(0.6%)	(1.0%)	(1.2%)	(1.0%)	(1.2%)
DSH and Uncompensated Care	- %	- %	- %	0.4%	0.4%	0.4%	0.4%
Provision for Patient Bad Debts	(4.6%)	(6.4%)	(6.6%)	(4.8%)	(3.3%)	(6.6%)	(3.6%)
Total Net Patient Service Revenue	91.9%	89.6%	92.6%	91.5%	91.9%	93.6%	94.4%
Capitation Revenue	0.0%	0.0%	0.0%	0.8%	0.8%	- %	- %
Restricted Net Assets Released	0.5%	0.5%	0.5%	0.5%	0.5%	0.3%	0.3%
Equity Gains (Losses) in Unconsolidated Affiliates	0.8%	0.6%	0.3%	0.1%	0.1%	0.0%	0.2%
Other Revenue	6.7%	9.3%	6.6%	7.2%	6.7%	6.1%	5.1%
Total Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Operating Expenses							
Salaries and Wages	35.4%	36.3%	37.5%	38.9%	39.9%	37.9%	39.8%
Employee Benefits	11.7%	10.9%	11.4%	11.7%	11.3%	11.7%	10.7%
Contract Labor	2.7%	2.1%	1.7%	1.3%	1.4%	1.2%	1.5%
Supplies	21.4%	20.0%	19.8%	18.9%	18.7%	19.7%	19.3%
Medical and Professional Fees	1.5%	0.9%	1.0%	1.4%	1.4%	1.4%	1.4%
Purchased Services	11.8%	11.3%	12.1%	13.9%	13.9%	13.9%	13.9%
Medical Claims and Capitated Purchased Services	- %	- %	- %	- %	- %	- %	- %
Depreciation and Amortization	6.1%	6.0%	6.0%	6.3%	6.1%	6.3%	6.0%
Occupancy	4.6%	4.3%	4.4%	4.6%	4.3%	4.9%	4.3%
Insurance	0.9%	1.1%	0.6%	1.3%	1.0%	1.2%	0.8%
Other Expenses	3.7%	3.3%	3.3%	3.7%	3.8%	3.5%	3.6%
Total Operating Expenses	99.6%	96.1%	97.7%	102.1%	101.8%	101.8%	101.3%
Operating Income (Loss)	0.4%	3.9%	2.3%	(2.1%)	(1.8%)	(1.8%)	(1.3%)
Other Income (Expense)							
Investment Gains	3.4%	(0.2%)	2.0%	3.5%	1.3%	3.9%	(0.4%)
Equity Gains (Losses) in Unconsolidated Affiliates	- %	- %	- %	0.1%	0.1%	0.0%	(0.1%)
Non-Operating Derivatives	(0.3%)	(0.2%)	(0.3%)	(0.2%)	(0.2%)	(0.2%)	(0.1%)
Non-Controlling Interest	(0.1%)	(0.1%)	(0.1%)	(0.1%)	(0.2%)	(0.2%)	(0.3%)
Interest Expense	(1.6%)	(1.6%)	(1.5%)	(1.6%)	(1.5%)	(1.7%)	(1.6%)
Other Income (Loss)	(0.0%)	0.0%	- %	(5.3%)	- %	- %	- %
Total Other Income (Expense)	1.4%	(2.1%)	0.2%	(3.6%)	(0.5%)	1.9%	(2.5%)
Excess of Revenue over Expenses	**1.8%**	**1.8%**	**2.5%**	**(5.7%)**	**(2.3%)**	**0.0%**	**(3.8%)**
EBIT	0.4%	3.9%	2.3%	(2.1%)	(1.8%)	(1.8%)	(1.3%)
Plus: Depreciation and Amortization	6.1%	6.0%	6.0%	6.3%	6.1%	6.3%	6.0%
EBITDA	6.4%	9.9%	8.3%	4.2%	4.3%	4.5%	4.7%

Historical Financial Statements

Historical Balance Sheets (In Thousands)

	As of June 30, 2011	As of June 30, 2012	As of June 30, 2013	As of June 30, 2014	As of December 31, 2014
Assets					
Current Assets					
Cash and Cash Equivalents	$ 10,076	$ 11,709	$ 14,904	$ 12,166	$ 17,918
Assets Limited or Restricted, Current	2	-	-	-	-
Patient and Other Receivables, Net					
Patient Accounts Receivable, Net	6,149	5,779	4,812	5,738	6,261
Estimated Receivables From Third-Party Payers	2,228	2,458	1,305	468	(655)
Intercompany Other Receivables	153	114	112	108	177
Other Receivables	1,906	1,615	2,420	2,535	1,553
Total Patient and Other Receivables, Net	10,436	9,966	8,649	8,849	7,336
Other Current Assets					
Inventories	1,959	1,988	1,885	1,732	1,735
Prepaid Expenses and Other Current Assets	468	471	463	153	141
Total Other Current Assets	2,427	2,458	2,348	1,885	1,876
Total Current Assets	22,941	24,133	25,901	22,900	27,129
Other Assets					
Property and Equipment, Net	33,670	32,216	30,805	25,955	25,123
Investments in Unconsolidated Affiliates	3,140	3,234	2,923	2,997	3,024
Other Long-Term Assets	5,383	5,274	5,166	5,583	5,546
Total Other Assets	42,193	40,724	38,894	34,535	33,693
Assets Limited or Restricted as to Use, Non-Current					
Held by Trustees	600	563	428	538	583
By Board	11,931	11,805	12,665	13,956	13,886
By Donors	1,099	956	1,008	1,291	1,355
Total Assets Limited or Restricted as to Use, Non-Current	13,630	13,324	14,101	15,785	15,824
Total Assets	**$ 78,764**	**$ 78,181**	**$ 78,896**	**$ 73,220**	**$ 76,646**

Historical Financial Statements

Historical Balance Sheets (In Thousands)

	As of June 30,				As of December 31,
	2011	2012	2013	2014	2014
Liabilities and Net Assets					
Current Liabilities					
Current Portion of Long-Term Debt	-	15	79	167	181
IC Debt, Current	648	557	575	630	630
Accounts Payable	5,594	4,785	3,845	2,310	4,305
Accrued Expenses	475	161	377	250	2,608
Salaries, Wages, and Related Liabilities	1,740	1,993	2,039	2,459	2,678
Estimated Payable to Third Parties	2,050	1,770	2,065	2,540	3,458
Total Current Liabilities	10,505	9,281	8,980	8,358	13,861
Long-Term Liabilities					
Long Term Debt, Net of Current Portion	-	70	143	333	310
LT IC Debt, Net of Current Portion	31,689	31,174	30,617	29,999	29,684
Other Long Term Liabilities	749	734	637	731	782
Total Long-Term Liabilities	32,438	31,979	31,397	31,063	30,776
Net Assets					
Unrestricted, Controlling Interest	34,392	35,681	37,359	32,362	30,403
Unrestricted, Non-Controlling Interest	328	284	153	146	251
Temporarily Restricted, Controlling Interest	420	253	288	567	638
Permanently Restricted, Controlling Interest	681	703	719	724	717
Total Net Assets	35,821	36,921	38,519	33,799	32,009
Total Liabilities and Net Assets	**$ 78,764**	**$ 78,181**	**$ 78,896**	**$ 73,220**	**$ 76,646**

Historical Financial Statements

Common Size Historical Balance Sheets

	As of June 30,				As of December 31,
	2011	2012	2013	2014	2014
Assets					
Current Assets					
Cash and Cash Equivalents	12.8%	15.0%	18.9%	16.6%	23.4%
Assets Limited or Restricted, Current	0.0%	- %	- %	- %	- %
Patient and Other Receivables, Net					
Patient Accounts Receivable, Net	7.8%	7.4%	6.1%	7.8%	8.2%
Estimated Receivables From Third-Party Payers	2.8%	3.1%	1.7%	0.6%	(0.9%)
Intercompany Other Receivables	0.2%	0.1%	0.1%	0.1%	0.2%
Other Receivables	2.4%	2.1%	3.1%	3.5%	2.0%
Total Patient and Other Receivables, Net	13.2%	12.7%	11.0%	12.1%	9.6%
Other Current Assets					
Inventories	2.5%	2.5%	2.4%	2.4%	2.3%
Prepaid Expenses and Other Current Assets	0.6%	0.6%	0.6%	0.2%	0.2%
Total Other Current Assets	3.1%	3.1%	3.0%	2.6%	2.4%
Total Current Assets	29.1%	30.9%	32.8%	31.3%	35.4%
Other Assets					
Property and Equipment, Net	42.7%	41.2%	39.0%	35.4%	32.8%
Investments in Unconsolidated Affiliates	4.0%	4.1%	3.7%	4.1%	3.9%
Other Long-Term Assets	6.8%	6.7%	6.5%	7.6%	7.2%
Total Other Assets	53.6%	52.1%	49.3%	47.2%	44.0%
Assets Limited or Restricted as to Use, Non-Current					
Held by Trustees	0.8%	0.7%	0.5%	0.7%	0.8%
By Board	15.1%	15.1%	16.1%	19.1%	18.1%
By Donors	1.4%	1.2%	1.3%	1.8%	1.8%
Total Assets Limited or Restricted as to Use, Non-Current	17.3%	17.0%	17.9%	21.6%	20.6%
Total Assets	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Historical Financial Statements

Common Size Historical Balance Sheets

	As of June 30,				As of December 31,
	2011	2012	2013	2014	2014
Liabilities and Net Assets					
Current Liabilities					
Current Portion of Long-Term Debt	- %	0.0%	0.1%	0.2%	0.2%
IC Debt, Current	0.8%	0.7%	0.7%	0.9%	0.8%
Accounts Payable	7.1%	6.1%	4.9%	3.2%	5.6%
Accrued Expenses	0.6%	0.2%	0.5%	0.3%	3.4%
Salaries, Wages, and Related Liabilities	2.2%	2.5%	2.6%	3.4%	3.5%
Estimated Payable to Third Parties	2.6%	2.3%	2.6%	3.5%	4.5%
Total Current Liabilities	13.3%	11.9%	11.4%	11.4%	18.1%
Long-Term Liabilities					
Long Term Debt, Net of Current Portion	- %	0.1%	0.2%	0.5%	0.4%
LT IC Debt, Net of Current Portion	40.2%	39.9%	38.8%	41.0%	38.7%
Other Long Term Liabilities	1.0%	0.9%	0.8%	1.0%	1.0%
Total Long-Term Liabilities	41.2%	40.9%	39.8%	42.4%	40.2%
Net Assets					
Unrestricted, Controlling Interest	43.7%	45.6%	47.4%	44.2%	39.7%
Unrestricted, Non-Controlling Interest	0.4%	0.4%	0.2%	0.2%	0.3%
Temporarily Restricted, Controlling Interest	0.5%	0.3%	0.4%	0.8%	0.8%
Permanently Restricted, Controlling Interest	0.9%	0.9%	0.9%	1.0%	0.9%
Total Net Assets	45.5%	47.2%	48.8%	46.2%	41.8%
Total Liabilities and Net Assets	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Assumptions and Limiting Conditions

Appendix B

Assumptions and Limiting Conditions

- No investigation of the title to SJMPH's assets has been made and the owners' claim to the assets is assumed to be valid. No consideration has been given to liens or encumbrances that may exist against SJMPH or its assets except as specifically stated in this report.
- No responsibility is assumed for information furnished by others, including Trinity or Prime management, which information has been accepted as reliable.
- No responsibility is assumed for matters of a legal nature that may have an impact on our analysis.
- In this assignment, the existence of potentially hazardous material or substances used in the construction or maintenance of SJMPH's facilities or the conduct of their operations has not been considered. The valuation analyst is not qualified to detect such substances or ascertain the risks associated with them.
- This report is intended for the purpose stated and should not be used for any other purpose.
- No responsibility is assumed to update this report for events occurring after the date of issuance. Changes in market conditions could result in value indications substantially different than those presented at the time of issuance. We assume no responsibility for changes in market conditions.
- Neither this report, nor any parts thereof, shall be disseminated through advertising, public relations, news, sales, Securities and Exchange Commission disclosure documents, or any other public or private media without the prior written approval of Plante & Moran, PLLC.
- Certain historical financial data and other data used in our engagement have been provided by Trinity management. As part of this engagement, we have not independently verified the accuracy or completeness of that data and do not express an opinion or other form of assurance regarding its accuracy or completeness.
- Any estimates of future operating results presented herein are included solely to assist in the analysis presented in this report and they should not be used to obtain credit or for any other purpose. These presentations were not prepared in accordance with the guidelines established by the American Institute of Certified Public Accountants for the presentation of financial forecasts and projections. We have not compiled or examined these presentations and express no assurance on them.
- Our report does not address the terms of any arrangements, understandings, agreements or documents related to, or the form or any other portion or aspect of the Transaction, except as expressly addressed in the report. Our report also does not address the tax or legal consequences of the Transaction to SJMPH or any other party. Finally, our report does not address the relative merits of the Transaction as compared to any alternative business strategies that may exist for SJMPH or any other party or the effect of any other transaction in which SJMPH or any other party might engage.

Assumptions and Limiting Conditions

- We were not engaged to recommend, and we did not recommend, a Transaction price, and we did not participate in the Transaction negotiations.