

MICHIGAN RENAISSANCE ZONE PROGRAM

WAYNE COUNTY PROPOSAL FOR NEW SUBZONE

**MIDTOWN HOSPITAL CAMPUS
WAYNE COUNTY RENAISSANCE ZONE**

**DETROIT MEDICAL CENTER
AND
VANGUARD HEALTH SYSTEMS, INC.**

DATED: APRIL 16, 2010

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SECTION 1

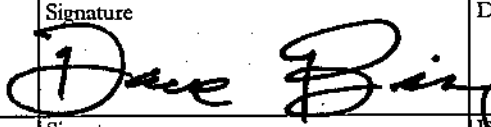
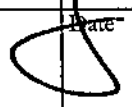
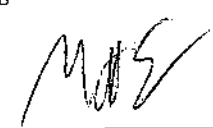
MICHIGAN RENAISSANCE ZONE PROGRAM

Name of Existing Renaissance Zone: Wayne County Renaissance Zone, October 7, 1999
Proposal Form for New Subzone

Applicant(s) (Original Applicant for RZ/Attach Additional Forms if Necessary)	Applicant 1	Applicant 2
	Charter County of Wayne	
Street/P.O. Box	500 Griswold St., 30 th Floor	
City/State/Zip	Detroit, MI 48226	
Contact Person, Title	Joan Brophy, Development Officer	
Address	500 Griswold St., 30 th Floor Detroit, MI 48226	
Telephone	(313) 224-0820	
Email	jbrophy@co.wayne.mi.us	

Number of years applying for a Renaissance Subzone: 15 (not to exceed 15 years)

Total Acres to be included within zone:	98.3 acres will be included within the zone.
Name of Company(ies) that will be locating in the zone: Contact Person Name, Phone & Email:	<p>Vanguard Michigan (entity to be formed in transaction between Detroit Medical Center and Vanguard Health Systems, Inc.) Michael Duggan; Phone (313) 745-1250; e-mail: mduggan@dmc.org</p> <p>Wayne State University; John L. Davis; Phone (313) 577-5580; e-mail: johnldavis@wayne.edu</p> <p>Barbara Ann Karmanos Cancer Institute; Dr. Gerold Bepler; Phone (313) 576-8664; e-mail: bepler@karmanos.org</p> <p>Orchestra Place Renewal Partnership; Arthur A. Weiss; Phone (248) 351-3000; email: a.weiss@jaffelaw.com</p> <p>School District of the City of Detroit; Robert C. Bobb; Phone (313) 870-3772; e-mail: robert.bobb@detroitk12.org</p>

Chief Elected Local Government Official (1) Name and Title: Dave Bing, Mayor City of Detroit	Signature 	Date 4-22-10	Telephone # 313-224-3400
Chief Elected Local Government Official (2) Name and Title:	Signature 	Date	Telephone #
Elected County Exec./Chair County Board (1) Name and Title: Robert A. Ficano, Wayne County Executive	Signature 	Date 4-20-10	Telephone # 313-224-0291
Elected County Exec./Chair County Board (2) Name and Title:	Signature	Date	Telephone #

Submit two (2) copies of proposal and proposal form (1 original and 1 copy) to:
Michigan Economic Development Corporation
Program Administration
Renaissance Zone Program, 3rd Floor
300 N. Washington Square, Lansing, MI 48913

OFFICE USE ONLY

Date Received: _____
Eligible Applicant: YES NO
Complete Application: YES NO

SECTION 2

1. RESOLUTION OF WAYNE COUNTY COMMISSION APPROVING ZONE

See Attachment A.

2. RESOLUTION OF COUNCIL OF CITY OF DETROIT APPROVING ZONE

See Attachment B.

SECTION 3 PROJECT DESCRIPTION

1. ZONE LOCATION AND DURATION OF THE PROPOSED SUBZONE

The proposed Renaissance Zone is located in the midtown area of the City of Detroit. The map of the proposed Renaissance Zone is included as Attachment E. The duration of the proposed Renaissance Zone is 15 years.

2. NEED FOR RENAISSANCE ZONE

(a) Project Description:

The Detroit Medical Center ("DMC") is the largest private employer in the City of Detroit, with almost 12,000 employees. It operates 10 hospitals and institutions: Children's Hospital of Michigan, Detroit Receiving Hospital and University Health Center, Harper University Hospital, Huron Valley-Sinai Hospital, Hutzel Women's Hospital, DMC Surgery Hospital, Rehabilitation Institute of Michigan, Sinai-Grace Hospital, Kresge Eye Institute, and the DMC Cardiovascular Institute. Of those institutions, all but the Huron Valley-Sinai Hospital and the DMC Surgery Hospital are located within the City of Detroit.

The DMC's City hospitals provide the primary health care safety net for the City's tens of thousands of indigent, uninsured and underinsured residents. Within the entire City of Detroit, an area of roughly 138 square miles, there are only two hospitals other than the DMC hospitals. Those are Henry Ford Hospital in central Detroit, and St. John Hospital on the far east side of Detroit, bordering the suburb of Grosse Pointe. Numerous City hospitals have closed in recent years due to financial distress; most recently St. John Riverview on East Jefferson. DMC's City of Detroit emergency rooms handle well in excess of 300,000 visits annually – over 60% of all emergency room visits in the City of Detroit.

As a result of its safety net mission, the economic crisis in the State of Michigan and City of Detroit, and the high rates of unemployment and uncompensated care, DMC faces significant challenges in raising capital to maintain and improve its facilities. To help meet those challenges, DMC has an opportunity to attract hundreds of millions of dollars of investment for its facilities with the help of a new owner for the hospitals, Vanguard Health Systems, Inc. ("Vanguard"). Vanguard has been a successful owner of urban hospitals and surgery centers throughout the country (including hospitals in San Antonio, Chicago, and Phoenix), and has an established history of meeting or exceeding its charity care commitments.

DMC has signed a non-binding letter of intent in which Vanguard has committed to spend \$850 million in capital and equipment at DMC facilities over the next five years. In addition, Vanguard will retire all existing DMC debts, and will assume the DMC employee pension fund deficit, its unfunded malpractice liability, and its working capital deficit. The letter of intent is conditioned on DMC's Midtown Campus being placed in a Renaissance Zone.

Wayne County has the power to designate the Renaissance Zone for the DMC Midtown Campus pursuant to section 4(4) of the Michigan Renaissance Zone Act, which gives the County until the end of December 2011 to designate an area as a Renaissance Zone.

The Renaissance Zone will substantially benefit Midtown Detroit, by increasing employment and adding to the walkable, attractive character of the DMC Midtown Campus. The Zone will enhance the economic character of the entire area, ranging from local restaurants to nearby downtown living opportunities. This increased investment in state-of-the-art and state-of-the-science facilities in Midtown Detroit will also encourage research and innovation in the health care field, creating a high potential for spin-off businesses and new economic activity centered around advances in health care.

Most of all, this Renaissance Zone will allow the DMC to repair and modernize its facilities, attract and retain talented health care professionals and attract patients both from within and outside Detroit, and continue its mission of serving the indigent, uninsured and underinsured. Vanguard has committed to the continued operation and maintenance of all DMC hospitals for at least 10 years from the date of closing, and not to sell any of the DMC hospitals to an unrelated party for that same period. It has also committed to continuing DMC's current charity care policies for at least 10 years from the date of closing. Therefore, this Renaissance Zone will ensure the continued service to patients within and outside Detroit, including the uninsured and under-insured.

(b) Project timeline:

Vanguard is committed to make its capital investment over the next five years. See "Company Investment Figures," below.

(c) Company Name and Background:

As part of a transaction in which the DMC will transfer substantially all of its assets used with respect to the operation of the DMC system, a new company, Vanguard Michigan, will be formed. A background of both of the companies involved in the transaction is below.

- (i) The Detroit Medical Center, a Michigan nonprofit corporation, is a Detroit, Michigan based hospital system that began with the founding of Children's Hospital in 1886. Since that time, DMC's record of service has provided medical excellence to the metropolitan Detroit area. From the creation of the first mechanical heart at Harper Hospital 50 years ago, to its compassion for the underserved, its legacy of caring is unmatched. DMC is the leading academically integrated system in metropolitan Detroit and the largest health care provider in southeast Michigan. The DMC has more than 2,000 licensed beds and 3,000 affiliated physicians. Its medical experts are nationally recognized and each year, hundreds of DMC doctors are included in the list of America's Best DoctorsTM. A reputation for excellence draws patients to world-class programs in organ transplant, cardiology, women's services, neurosciences, stroke treatment, optometry, orthopedics, pediatrics and rehabilitation.
- (ii) Vanguard Health Systems Inc., a Delaware corporation, is a Nashville, Tennessee based healthcare management company founded in 1997. Its mission is to help people achieve health for life. It operates 15 hospitals and complementary services located in several of the largest cities in the U.S. Vanguard's annual revenue is \$3.2 billion and it employs more than 20,000 people. Vanguard is unique in that it is a national investor-owned system whose strategy has been to acquire hospital systems in urban areas and to treat everyone, regardless of ability to pay. (Vanguard provides

approximately \$100 million in charity care and more than \$300 million in total uncompensated care at its facilities.) Vanguard currently operates hospitals in San Antonio with higher rates of uninsured patients than DMC. They've been successful while embracing this mission.

(d) Company Investment Figures:

If the Renaissance Zone is approved, Vanguard will commit to investing over the next five years at least \$850 million dollars in capital improvements – half of a billion of which will be major capital projects that will either replace or revitalize DMC facilities. Nearly all of these funds will be spent in the City of Detroit.

Category	Commitment
Ongoing capital and equipment	\$350 million
Major capital projects	\$500 million
Total	\$850 million

These capital projects include a new Patient Tower and Pediatric Specialty Center for Children's Hospital of Michigan, and a new Cardiovascular Institute and Outpatient Specialty Services Building for Harper/Hutzel Hospital. None of these capital building programs come at the expense of routine capital investments. The capital investment in the major building programs described below

are in addition to the capital investments for new equipment and routine replacement that are a normal part of running a vibrant hospital system.

Major Capital Projects

As described below and further in the Development Plan, the major capital projects that will take place inside the boundaries of the proposed Renaissance Zone are estimated to total approximately \$415 million in investment. The facilities outside the Renaissance Zone are estimated to receive approximately \$85 million in investment.

Inside the Renaissance Zone, in addition to the rebuilding of the Mack Parking Deck, the following projects are planned:

Children's Hospital	New Pediatric Specialty Center, New Patient Tower, Carl's Building Backfill
Detroit Receiving Hospital	Patient Care Unit Renovations, Pre and Post-Operative Space Enhancement, Two Additional Operating Rooms
Harper Hutzel	Surgical Services Renovation, Lobby Expansion/First Floor Renovations, Ground Floor Redesign; Inpatient Unit Renovations; Cardiovascular Institute and Outpatient Specialty Services Building
Rehabilitation Institute of Michigan	Sixth Floor Renovation

Outside the Renaissance Zone, the following projects are planned:

Sinai-Grace Hospital (Detroit)	Emergency Department Expansion; ICU Renovations; Façade/Front Entrance Improvement; Radiology Moved to Ground Floor
Huron Valley-Sinai (Commerce Township)	Renovation of Private Rooms; ICU Expansion

Summary

All these projects have long been needed for DMC patients, but Wall Street has been unwilling to lend DMC the needed capital.

(e) Job Creation Numbers:

The capital projects alone are expected to generate 5,000 construction jobs. In addition, state-of-the-art hospitals create a high potential for spin-off businesses and new economic activity centered around advances in health care.

(f) Wage and Benefit Information for New Jobs Created:

The construction jobs will be contracted for at the prevailing wage rates for each trade. The average of such hourly wages and benefits for the construction trades is \$49.73/hr.

(g) FEIN:

38-2571767 (DMC); a new FEIN will be generated upon the creation of Vanguard Michigan.

3. RENAISSANCE ZONE TO EFFECTUATE ECONOMIC GROWTH IN COMMUNITY AS A WHOLE

The capital investments described above will generate economic activity beyond what the pure project dollars represent. In the short term, the Renaissance Zone will create significant construction and related trade jobs in the Zone, as well as at those facilities outside the Zone (e.g. in Northwest Detroit where Sinai Grace is located.) That should also lead to increased foot traffic and a boost to local restaurants and other businesses.

This investment will generate related revenue in the community. It is estimated that for every dollar spent on health projects, more than two dollars of additional business activity are generated (Department of Commerce, Bureau of Economic Analysis). Using that estimate, the \$850 million in capital development would foster \$1.7 billion in additional business activity. Some of that increase will come when the increased investment in state-of-the-art and state-of-the-science facilities in the heart of downtown Detroit encourages research and innovation in the health care field. This will create a high potential for spin-off businesses and new economic activity centered on advances in health care.

Detroit Investment

Hundreds of millions of dollars in new capital projects will occur in the City of Detroit.

Hundreds of millions more in new equipment and other capital investments will be committed for Detroit facilities.

The origin of that growth will be the impact that new, attractive, and state-of-the-science facilities have on the experience for patients, their doctors, nurses, and loved ones. The new equipment and facilities will increase the quality of care available in downtown Detroit. The health care professionals, patients, and their families and friends who will come to visit

them, will provide a vibrant population of people coming to downtown Detroit. The new investment should give a permanent boost to local restaurants and businesses. Moreover, it will increase the attractiveness of Midtown Detroit, raising property values and attracting new housing, businesses and restaurants.

For property located within the proposed Renaissance Zone, Vanguard will not enter into a lease for any office space with any non-affiliate office tenant of more than 5,000 square feet if that tenant is currently occupying office space in the City of Detroit without the prior written consent of the City of Detroit's

Planning and Development Director, or its successor. Any physician or other person involved in providing medical or support services related to the purposes of the Vanguard or the DMC at facilities of, to the patients or employees of, or for the benefit of Vanguard and the DMC, whether as an employee, contractor, member of the medical staff, or in any other capacity, shall be considered an affiliate.

In both the short- and long-term, the Renaissance Zone will have positive economic impact and increase economic expansion both in the Renaissance Zone and beyond its boundaries.

4. INFRASTRUCTURE AND/OR PHYSICAL NEEDS OF RENAISSANCE ZONE

There are no infrastructure and/or physical improvements that need to be made in order to make the proposed Renaissance Zone viable.

5. DESCRIPTION OF PRESENT USE OF PROPERTY

All of the property proposed for inclusion in the Renaissance Zone is owned by non-profit corporations and exempt entities, and thus are used for exempt purposes. Specifically, all structures within the proposed Zone are in current use as facilities providing medical care, facilities providing medical and other education, and facilities for related support services.

6. CURRENT OWNERSHIP OF PROPERTY

See Map, Attachment E. The owners of property within the Zone are: DMC, Wayne State University; the Barbara Ann Karmanos Cancer Institute; the School District of the City of Detroit, and Orchestra Place Renewal Partnership.

7. REQUIRED FINANCIAL COMMITMENT

Vanguard will be funding the capital commitment. It currently has enough funds on hand to complete its commitments, although it may choose to finance some portion of the purchase. See Attachment C for the federal securities filings (10-Q) for Vanguard Health Systems Inc, for the period ending 12/31/09.

**SECTION 4
MAPS AND LEGAL DESCRIPTION**

1. MAP OF CITY OF DETROIT

See Attachment D.

2. MAP OF PROPERTY WITHIN THE PROPOSED RENAISSANCE ZONE

See Attachment E.

3. LEGAL DESCRIPTION OF PROPERTY TO BE INCLUDED WITHIN THE RENAISSANCE ZONE TOGETHER WITH PARCEL NUMBERS

See Attachment F.

SECTION 5

FOREGONE TAX INFORMATION

A. Michigan Business Tax

Estimated annual savings of Michigan Business Tax for the company in the Ren Zone:	\$ 4 million
Estimated annual additional MBT from facilities outside the Ren Zone:	\$ 2 million

B. Property Taxes

Estimated annual savings of property taxes for the company in the Ren Zone:	\$ 10 million
Estimated annual property taxes from facilities outside the Ren Zone:	\$ 4 million

C. Current SEV, Taxable Value & Total Property Taxes Paid on Property in the Zone

	Current State Equalized Value (SEV)	Current Taxable Value	Total Property Taxes Paid In Previous Year
Real Property – Land	0	Not determined for most parcels	0
Real Property – Building	0		0
Personal Property	0		0
TOTALS	0	Not determined	0

D. Taxable Value of Proposed New Investments

Real – New Construction	Approx. \$192 million
Real – Building Improvements	Approx. \$ 58 million
Personal Property	Approx. \$ 175 million

E. Total Millage Rate for all taxing jurisdictions:

	Real	Personal
Detroit	82.9686	82.9686
Madison Heights	56.11	55.9449
Commerce Township	42.7301	42.7301

F. Millage Levied

Taxes still due are those mandated by the federal government, local bond obligations, school sinking fund or special assessments. Companies are also not exempt from paying Michigan sales tax. Please provide a breakout of millage levied for the following. You will be required to pay these taxes. Speak with your Treasurer if there are any questions as to whether or not any of the below applies to your property tax bill.

BREAKOUT – Millage Levied For:

Debt Service (local bond obligations)	7.4779
School Sinking Fund	13.000
Special Assessments for Property Improvements	
TOTAL	20.4779

G. School District Code: 82010

Note: If you do not know your 5-digit School District Code, please speak with your Treasurer to obtain this information.

Note: for those school districts outside the Renaissance Zone, the codes are as follows:

Lamphere School District: 63280

Walled Lake School District: 63290

Attachment A

CERTIFICATION

STATE OF MICHIGAN)
)
CHARTER COUNTY OF WAYNE)

I, Joyua A. Bouldes, Acting Clerk of the County Commission for the Charter County of Wayne, State of Michigan, do hereby certify that the attached Resolution No. 2010-180, *approving a Geographic Renaissance Zone Sub-Zone designation for the central campus of Detroit Medical Center (DMC) as part of the purchase by Vanguard Health Systems, Inc. of the DMC*, was duly adopted by the Wayne County Commission at the SEVENTH DAY ORGANIZATION SESSION on the FIRST DAY of April, 2010 by the following:

YEAS: Commissioners Bell, Blackwell, Gebhardt, Killeen, Leland, McNamara, Palamara, Parker, Ware, Webb, Woronchak, Vice-Chair Pro Tempore Varga, Vice-Chair Williams, Chairman Boike -- 14

NAYS: None

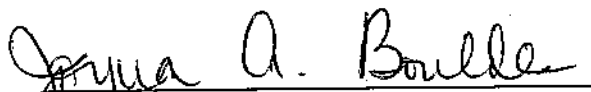
NOT VOTING: None

ABSTAIN: Commissioner Cox -- 1

EXCUSED: None

I further certify that the attached Resolution is a true, correct, and complete transcript of the original of said Resolution appearing on file and of record in my office and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, as amended, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Seal of the County of Wayne this 2nd day of April, 2010 A.D.


JOYUA A. BOULDES
ACTING CLERK OF THE COMMISSION
CHARTER COUNTY OF WAYNE, MI

RESOLUTION

No. 2010-180

By Commissioners Ware and Williams and Co-sponsored by Commissioner Varga

WHEREAS, the Detroit Medical Center (the "DMC"), is a Wayne County based non-profit corporation that owns and operates general and specialty hospitals in Wayne County, several located on DMC's central campus in the midtown area of the City of Detroit ("DMC Central Campus"), including Children's Hospital, Detroit Receiving Hospital, Harper University Hospital, Hutzel Women's Hospital, and the Rehabilitation Institute of Michigan ("DMC Central Campus"); and

WHEREAS, the DMC employs over 12,000 individuals and is affiliated with the Wayne State Medical School, the largest single campus medical school in the United States; and

WHEREAS, 40% of the patient care provided by DMC is provided to individuals who are underinsured or uninsured; and

WHEREAS, DMC has unsuccessfully attempted over the last several years to find a method in which it can raise the necessary capital to improve and enhance its current facilities in order to provide enhanced healthcare to the citizens of Wayne County; and

WHEREAS, Vanguard Health Systems ("Vanguard") is a nationally recognized for profit health system that specializes in urban hospitals and surgery centers, and has a record of providing charitable care to urban and uninsured populations; and

WHEREAS, Vanguard and DMC have finalized negotiations that will allow Vanguard to acquire several DMC properties and hospitals as part of the Vanguard Health System (as more fully defined in Exhibit A, Development Plan); and

WHEREAS, currently, all properties within the DMC Central Campus are owned by non-profit and charitable organizations that do not pay any ad-valorem taxes; and

WHEREAS, Vanguard and DMC have determined that in the purchase of the DMC properties, Sinai Grace Hospital and other properties outside of the boundaries listed in the Development Plan will be placed on the state and local tax rolls and Vanguard will commit to investing at least \$850 million dollars within the next five to seven years into the DMC Central Campus, Sinai Grace Hospital, Huron Valley Hospital and other DMC properties; and

WHEREAS, DMC and Vanguard are requesting the designation by Wayne County of a renaissance zone pursuant to 1996 P.A. 376, as amended ("Act 376"), in connection with Vanguard's proposed investment in Wayne County; and

WHEREAS, the County, as a qualified local governmental unit pursuant to Act 376, is allowed to submit an application to the Michigan Strategic Fund ("MSF") for the approval of Wayne County's designation of a renaissance zone, pursuant to Section 4 of Act 376, MCL 125.2684; and

WHEREAS, DMC and Vanguard have agreed that they will not lease any office space within the Renaissance Zone to any non-affiliate office tenant of more than 5,000 square feet if that tenant is currently occupying office space in the City of Detroit without the prior written consent of the City of Detroit's Planning and Development Department; and

WHEREAS, the County has reviewed the attached "Development Plan Central Campus Hospital for a Wayne County Renaissance Zone";

Now therefore be it

RESOLVED, by the Wayne County Commission this 1st day of April, 2010 that a renaissance zone shall be designated for those properties identified in the attached Development Plan for 15 years, beginning with tax years commencing (or levies imposed) on or after January 1, 2011 through December 30, 2025; and be it further

RESOLVED, that approval be, and is hereby, granted authorizing the County Executive the delegated authority to indicate his written approval of the Application, authorize any necessary approvals of non-material changes to the Development Plan and to submit the Application and Development Plan to the MSF on behalf of Wayne County; and be it further

RESOLVED, that approval be, and is hereby, granted authorizing the County Executive the delegated authority to execute on behalf of the County any Development Agreement which the State may develop under the State's authority under 1996 P.A. 376, as amended ("Act 376"), to which the County may be invited by the State to be a party.

[Application on File]

(2010-23-032)

Attachment B

TRUE COPY CERTIFICATE

Form C of D--16-CE

STATE OF MICHIGAN, }
City of Detroit } ss.

CITY CLERK'S OFFICE, DETROIT

I, Janice M. Winfrey, City Clerk of the City of Detroit, in said
State, do hereby certify that the annexed paper is a TRUE COPY OF resolution
SPECIAL
adopted (passed) by the City Council at session of

April 22, 20¹⁰

and approved by Mayor

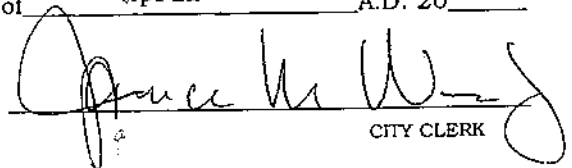
April 22, 20¹⁰

as appears from the Journal of said City Council in the office of the City Clerk of Detroit, aforesaid;
that I have compared the same with the original, and the same is a correct transcript therefrom, and of the
whole of such original.

In Witness Whereof, I have hereunto set my hand
and affixed the corporate seal of said City, at

Detroit, this 22nd

day of April A.D. 20¹⁰


CITY CLERK

WAIVER OF RECONSIDERATION REQUESTED

BY COUNCIL MEMBER

JENKINS

WHEREAS, the City of Detroit desires to promote economic activity and maintenance/increases in the number of jobs available to residents in the area; and

WHEREAS, the Detroit Medical Center ("DMC"), is a City of Detroit based non-profit corporation that owns and operates general and specialty hospitals in Wayne County, several located on DMC's Midtown Detroit Campus ("DMC Midtown Campus"), including Children's Hospital, Detroit Receiving Hospital, Harper Hospital, Hutzel Women's Hospital, and the Rehabilitation Institute of Michigan; and

WHEREAS, the DMC employs over 12,000 individuals and is affiliated with the Wayne State Medical School, the largest single campus medical school in the United States; and

WHEREAS, 40% of the patient care provided by DMC is provided to individuals who are underinsured or uninsured; and

WHEREAS, DMC has unsuccessfully attempted over the last several years to find a method in which it can raise the necessary capital to improve and enhance its current facilities in order to provide enhanced healthcare to the citizens of Wayne County; and

WHEREAS, Vanguard Health Systems ("Vanguard") is a nationally recognized investor owned health system that specializes in urban hospitals and surgery centers, and has a record of providing charitable care to urban populations; and

WHEREAS, Vanguard and DMC have entered into a Letter of Intent that will allow Vanguard to acquire several DMC properties and hospitals as part of the Vanguard Health System (as more fully defined in Exhibit A, Development Plan); and

WHEREAS, currently, all properties within the Midtown Campus are owned by non-profit and charitable organizations that do not pay any ad-valorem taxes; and

WHEREAS, Vanguard and DMC have determined that in the purchase of the DMC properties, Sinai-Grace Hospital and other properties outside of the boundaries listed in the Development Plan will be placed on the state and local tax rolls and Vanguard will commit to investing at least \$850 million within the next five to seven years into the DMC Midtown Campus, Sinai-Grace Hospital, Huron Valley Sinai Hospital and other DMC properties; and

WHEREAS, DMC and Vanguard are requesting the designation by Wayne County of a Renaissance Zone pursuant to 1996 P.A. 376, as amended ("Act 376"), in connection with Vanguard's proposed investment in Wayne County; and

WHEREAS, the County of Wayne, with the support of the City of Detroit, as a qualified local governmental unit pursuant to Act 376, is allowed to submit to the Michigan Strategic Fund ("MSF") for the approval of Wayne County's designation of a Renaissance Zone, pursuant to Section 4 of Act 376, MCL 125.2684; and

WHEREAS, DMC and Vanguard have agreed that they will not lease any office space within the Renaissance Zone to any non-affiliate office tenant of more than 5,000 square feet if that tenant is currently occupying office space in the City of Detroit without prior written consent of the City of Detroit's Planning and Development Department; and

WHEREAS, Vanguard and DMC have agreed pursuant to a separate Agreement between them and the City of Detroit, in the form as attached, that Vanguard (directly, or by a subsidiary) expressly commits that it will assume all DMC's obligations under the 1980 transaction by which DMC acquired Detroit Receiving Hospital (DRH); and

WHEREAS, for a minimum of 10 years from the closing date of the Vanguard acquisition of the DMC, Vanguard will maintain a charity care policy at least as favorable as DMC's charity care policy as described in the Development Plan at all hospital facilities; and

WHEREAS, DMC and Vanguard have agreed to create a Citizens Review Committee to be appointed by the Detroit City Council and the Wayne County Commission. This Committee shall meet quarterly to monitor Vanguard's continuation of all contractual and statutory obligations previously held by DMC under the 1980 DRH transaction and the implementation of all community benefits provisions included in the development agreement; and

WHEREAS, the City of Detroit has reviewed the attached "Development Plan Midtown Campus Hospital for a Wayne County Renaissance Zone";

Now therefore be it

RESOLVED, by the City of Detroit Council this 22nd day of April 2010, that support is granted for a Renaissance Zone that shall be designated for the properties within the boundaries identified in the survey and legal description prepared by Giffels-Webster Engineers, Inc., dated April 19, 2010, Job 17887.00 and titled "RENAISSANCE ZONE Detroit Medical Center Survey and Description," a copy of which is attached to this resolution; and be it further

RESOLVED, that the duration of the Renaissance Zone status shall be for a period of 15 years, beginning with tax years commencing (or levies imposed) on or after January 1, 2011 through December 30, 2025; and be it further;

RESOLVED, that approval be, and is hereby, granted authorizing the Mayor the delegated authority to indicate his written approval of the Application, authorize any necessary approvals of non-material changes to the Development Plan and to support

submission of the Application and Development Plan to the MSF on behalf of the City of Detroit; and be it further;

RESOLVED, that approval be, and is hereby, granted authorizing the Mayor the delegated authority to execute on behalf of the City of Detroit any Development Agreement which the State may develop under the State's authority under Act 376, to which the City may be invited by the State to be a party.

OVERALL LEGAL DESCRIPTION

from survey and legal description prepared by Giffels-Webster Engineers, Inc., dated April 19, 2010, Job 17887.00 and titled "RENAISSANCE ZONE Detroit Medical Center Survey and Description

DETROIT MEDICAL CENTER RENAISSANCE ZONE A

LAND IN THE CITY OF DETROIT, WAYNE COUNTY, MICHIGAN BEING A PART OF PRIVATE CLAIMS 1, 2 AND 5, AND PART OF PARK LOTS, BEING:

A PART OF LOT 13 AND ALL OF LOTS 10 THROUGH 12, INCLUSIVE, BLOCK 22; AND ALL OF LOTS 6 THROUGH 9, INCLUSIVE, BLOCK 21; AND ALL OF LOTS 6 THROUGH 9, INCLUSIVE BLOCK 20; AND ALL OF LOTS 6 THROUGH 9, INCLUSIVE, BLOCK 19; A PART OF LOTS 3 AND 8 AND ALL OF LOTS 1, 2, 9 AND 10, BLOCK 17; OF "BRUSH'S SUBDIVISION OF THAT PART OF THE BRUSH FARM LYING BETWEEN THE SOUTH LINE OF FARNSWORTH STREET AND THE SOUTH LINE OF ALEXANDRINE AVENUE", AS RECORDED IN LIBER 17 OF PLATS, PAGE 29, WAYNE COUNTY RECORDS;

ALSO, A PART OF LOTS 1, 2 AND 6 AND ALL OF LOTS 3 THROUGH 5, INCLUSIVE, OF "C.B. EDWARDS SUBDIVISION OF OUTLOT 190, L. BEAUBIEN FARM", AS RECORDED IN LIBER 55 OF DEEDS, PAGE 242, WAYNE COUNTY RECORDS;

ALSO, ALL OF LOTS 8 THROUGH 33, INCLUSIVE, OF "TREGENT'S SUBDIVISION OF OUTLOT 188, NORTH OF FREMONT STREET, L. BEAUBIEN FARM", AS RECORDED IN LIBER 2 OF PLATS, PAGE 10, WAYNE COUNTY RECORDS;

ALSO, A PART OF LOTS 1 THROUGH 7, INCLUSIVE, AND ALL OF LOTS 8 THROUGH 14, INCLUSIVE, OF KANE'S AND HIBBARD'S SUBDIVISION OF PART OF OUTLOT 191 ON FOREST AND HANCOCK AVENUES, LAMBERT BEAUBIEN FARM", AS RECORDED IN LIBER 4 OF PLATS, PAGE 84, WAYNE COUNTY RECORDS;

ALSO, A PART OF LOTS 11 THROUGH 14, INCLUSIVE, 17 THROUGH 19, INCLUSIVE, AND LOT 24 AND ALL OF LOTS 20 THROUGH 23, INCLUSIVE, OF "CLELAND AND LOWIE'S SUBDIVISION OF THE WEST 236 FEET OF THE A. BEAUBIEN FARM BETWEEN FREMONT ST. AND WARREN AVE." AS RECORDED IN LIBER 9 OF PLATS, PAGE 40, WAYNE COUNTY RECORDS;

ALSO, A PART OF OUTLOTS 189 AND 191 OF THE "PLAN OF BEAUBIEN FARM AS SURVEYED INTO LOTS FOR THE PROPRIETORS BY JOHN MULLETT", AS RECORDED IN LIBER 1 OF PLATS, PAGES 46 THROUGH 54, WAYNE COUNTY RECORDS;

ALSO, A PART OF LOT 14 AND ALL OF LOTS 16 THROUGH 19, INCLUSIVE, LOT 22 AND 23, OF "MEDICAL CENTER URBAN RENEWAL PLAT NO. 2", AS RECORDED IN LIBER 90 OF PLATS, PAGES 89 THROUGH 91, WAYNE COUNTY RECORDS;

ALSO, A PART OF LOTS 4 AND 12 AND ALL OF LOTS 5 THROUGH 9, INCLUSIVE, OF "MEDICAL CENTER URBAN RENEWAL PLAT NO. 1", AS RECORDED IN LIBER 88 OF PLATS, PAGES 74 THROUGH 76, WAYNE COUNTY RECORDS;

ALSO, ALL OF LOTS 4 THROUGH 18, INCLUSIVE, OF "BRUSH'S SUBDIVISION OF THAT PART OF THE BRUSH FARM LYING BETWEEN THE SOUTH LINE OF ALEXANDRINE AVENUE AND THE NORTH LINE OF BRADY STREET", AS RECORDED IN LIBER 19 OF PLATS, PAGE 62, WAYNE COUNTY RECORDS;

ALSO, ALL OF LOTS 1 THROUGH 10, INCLUSIVE, OF "LUMSDEN'S SUBDIVISION OF PARK LOT 27", AS RECORDED IN LIBER 3 OF PLATS, PAGE 84, WAYNE COUNTY RECORDS;

ALSO, PART OF LOTS 23, 24, 25 AND 28 OF "PLAT OF PARK LOTS", AS RECORDED IN LIBER 34 OF DEEDS, PAGE 542, WAYNE COUNTY RECORDS;

ALSO, ALL OF LOTS 22 THROUGH 33, INCLUSIVE, OF "LELAND AND MANDELBAUM'S SUBDIVISION OF PARK LOT 22 AND PART OF LOT 21", AS RECORDED IN LIBER 1 OF PLATS, PAGE 30, WAYNE COUNTY RECORDS;

ALSO, ALL OF LOTS 12 THROUGH 19, OF "VAN DYKE'S SUBDIVISION OF PART OF THE ANTOINE BEAUBIEN FARM NORTH OF GROVE STREET", AS RECORDED IN LIBER 1, PAGE 294, WAYNE COUNTY RECORDS;

ALSO, A PART OF LOT 8 AND ALL OF LOTS 9 THROUGH 13, OF "MCMILLAN AND PONDS SUBDIVISION OF PARK LOT 29", AS RECORDED IN LIBER 6 OF PLATS, PAGE 27, WAYNE COUNTY RECORDS;

ALSO, ALL OF LOTS 1 THROUGH 16, INCLUSIVE, OF "BAGG'S SUBDIVISION", AS RECORDED IN LIBER 1 OF PLATS, PAGE 192, WAYNE COUNTY RECORDS;

ALSO, ALL OF LOTS 1, 2, 3, 7, 8, 9 AND 10, OF "SUBDIVISION OF PARK LOT 66 BY R. P. TOMS AND HENRY RUSSELL, TRUSTEES OF THE ESTATE OF SARAH DAVENPORT", AS RECORDED IN LIBER 5 OF PLATS, PAGE 44, WAYNE COUNTY RECORDS;

ALSO, INCLUDING THE REVERSIONARY INTEREST IN ALL VACATED ALLEYS AND ROADWAYS;

ALSO, EXCEPTING THE ROAD RIGHT OF WAYS IN BEAUBIEN STREET, JOHN R.

STREET, WOODWARD AVENUE, CANFIELD AVENUE, BRUSH STREET AND HANCOCK AVENUE ALL LYING WITHIN THE BOUNDS OF THE OVERALL PARCEL BEING MORE PARTICULARLY DESCRIBED AS:

BEGINNING AT THE INTERSECTION OF THE NORTH LINE OF MACK AVENUE (VARIABLE WIDTH) AND THE EASTERLY LINE OF JOHN R. STREET (84' WIDE), SAID POINT BEING THE SOUTHWEST CORNER OF LOT 6 OF "MEDICAL CENTER URBAN RENEWAL PLAT NO. 1", AS RECORDED IN LIBER 88, PAGES 74 THROUGH 76, WAYNE COUNTY RECORDS; THENCE NORTH $N26^{\circ}21'30''W$, 220.33 FEET ALONG THE EAST LINE OF JOHN R. STREET TO A POINT ON A LINE 139.05 FEET SOUTH OF AND PARALLEL TO THE NORTH LINE OF LOT 4 AS EXTENDED OF SAID "MEDICAL CENTER URBAN RENEWAL PLAT NO. 1"; THENCE $S63^{\circ}35'30''W$, 487.41 FEET ALONG SAID LINE, BEING 139.05 FEET SOUTH OF AND PARALLEL TO THE NORTH LINE OF LOT 4 OF SAID "MEDICAL CENTER URBAN RENEWAL PLAT NO. 1"; THENCE $N26^{\circ}21'30''W$, 24.98 FEET TO A POINT ON A LINE 9.00 FEET NORTH OF AND PARALLEL TO THE NORTH BUILDING FACE OF THE ELLINGTON CONDOMINIUMS AND ITS EXTENSION THEREOF; THENCE $S62^{\circ}09'47''W$, 241.43 FEET ALONG SAID LINE, BEING 9.00 FEET NORTH OF AND PARALLEL TO THE NORTH BUILDING FACE OF THE ELLINGTON CONDOMINIUMS AND ITS EXTENSION THEREOF WESTERLY LINE OF WOODWARD AVENUE (120' WIDE); THENCE $S26^{\circ}24'30''E$, 303.45 FEET ALONG SAID WESTERLY LINE TO A POINT ON THE NORTHERLY LINE OF DAVENPORT STREET (60' WIDE AS PLATTED); THENCE $S60^{\circ}06'19''W$, 200.14 FEET ALONG SAID NORTH LINE OF DAVENPORT STREET TO THE CENTERLINE OF THE FIRST NORTH-SOUTH ALLEY WEST OF WOODWARD; THENCE $N29^{\circ}59'13''W$, 182.99 FEET ALONG THE CENTERLINE OF SAID ALLEY TO A POINT ON THE CENTERLINE OF AN EAST-WEST ALLEY; THENCE $S60^{\circ}06'19''W$, 160.11 FEET ALONG THE CENTERLINE OF SAID EAST-WEST ALLEY TO THE LINE COMMON TO LOTS 6 AND 7, AS EXTENDED, OF THE "SUBDIVISION OF PARK LOT NO. 66 BY R.P. TOMS AND HENRY RUSSEL, TRUSTEES OF THE ESTATE OF SARAH DAVENPORT", AS RECORDED IN LIBER 5, PAGE 44 OF PLATS, WAYNE COUNTY RECORDS; THENCE $S29^{\circ}59'13''E$, 182.99 FEET ALONG SAID LINE TO THE NORTH LINE OF DAVENPORT STREET; THENCE $S60^{\circ}06'19''W$, 200.15 FEET ALONG SAID NORTH LINE OF DAVENPORT STREET TO THE SOUTHWEST CORNER OF LOT 10 OF SAID "SUBDIVISION OF PARK LOT NO. 66 BY R.P. TOMS AND HENRY RUSSEL, TRUSTEES OF THE ESTATE OF SARAH DAVENPORT"; THENCE $N29^{\circ}59'13''W$, 182.99 FEET ALONG THE LINE COMMON TO LOTS 10 AND 11 OF SAID "SUBDIVISION OF PARK LOT NO. 66 BY R.P. TOMS AND HENRY RUSSEL, TRUSTEES OF THE ESTATE OF SARAH DAVENPORT" TO THE CENTERLINE OF AN EAST-WEST ALLEY; THENCE $S60^{\circ}06'19''W$, 23.50 FEET ALONG THE CENTERLINE OF SAID EAST-WEST ALLEY TO THE LINE COMMON TO LOTS 16 AND 17, AS EXTENDED, OF "BAGG'S SUBDIVISION", AS RECORDED IN LIBER 1, PAGE 192 OF PLATS, WAYNE COUNTY RECORDS; THENCE $N29^{\circ}59'13''W$, 242.99 FEET ALONG SAID LINE, AND ITS EXTENSION THEREOF TO THE NORTH LINE OF PARSONS STREET (60' WIDE); THENCE

N60°06'19"E, 610.54 FEET ALONG SAID NORTH LINE OF PARSONS STREET TO THE WEST LINE OF WOODWARD AVENUE; THENCE ACROSS WOODWARD AVENUE, N65°07'45"E, 120.04 FEET TO THE NORTHWEST CORNER OF LOT 4 OF SAID "MEDICAL CENTER URBAN RENEWAL PLAT NO. 1"; THENCE N63°35'30"E, 608.86 FEET ALONG THE NORTH LINE OF SAID LOT 4 AND EXTENSION THEREOF TO THE EAST LINE OF JOHN R. STREET; THENCE NORTHERLY ALONG SAID EAST LINE THE FOLLOWING FOUR COURSES: (1) N26°21'30"W, 864.41 FEET, AND (2) N60°06'30"E, 4.33 FEET, AND (3) N20°53'10"W, 204.21 FEET, AND (4) N26°24'30"W, 275.46 FEET TO THE NORTH LINE OF WILLIS AVENUE (100' WIDE); THENCE S59°50'30"W, 307.18 FEET ALONG SAID NORTH LINE OF WILLIS AVENUE TO A POINT BEING 23 FEET WEST OF THE SOUTHEAST CORNER OF LOT 8 OF "MCMILLAN'S AND PONDS' SUBDIVISION OF PARK LOT 29", AS RECORDED IN LIBER 6, PAGE 27 OF PLATS, WAYNE COUNTY RECORDS; THENCE N30°24'40"W, 151.10 FEET ALONG A LINE 23 FEET WEST OF AND PARALLEL TO THE EAST LINE OF LOT 8 OF SAID "MCMILLAN'S AND PONDS' SUBDIVISION OF PARK LOT 29" TO THE SOUTH LINE OF AN EAST-WEST ALLEY; THENCE N59°50'30"E, 317.75 FEET ALONG SAID SOUTH LINE AND ITS EXTENSION THEREOF TO THE EAST LINE OF JOHN R. STREET; THENCE N26°24'30"W, 251.64 FEET ALONG SAID EAST LINE OF JOHN R. STREET TO THE NORTH LINE OF CANFIELD AVENUE (60' WIDE); THENCE THE FOLLOWING TWO COURSES ALONG SAID NORTH LINE OF CANFIELD AVENUE: (1) N59°50'30"E, 626.26 FEET, AND (2) N63°26'11"E, 60.00 FEET TO THE EAST LINE OF BRUSH STREET (60' WIDE); THENCE N26°09'00"W, 1208.60 FEET ALONG SAID EAST LINE OF BRUSH STREET TO THE SOUTH LINE OF HANCOCK AVENUE (VARIABLE WIDTH); THENCE THE FOLLOWING TWO COURSES ALONG SAID SOUTH LINE OF HANCOCK AVENUE: (1) S60°37'11"W, 60.10 FEET, AND S60°04'24"W, 167.88 FEET TO A POINT ON A LINE 7.50 FEET WEST OF AND PARALLEL TO THE EAST LINE OF LOT 13 AS EXTENDED, OF "BRUSH'S SUBDIVISION OF THAT PART OF THE BRUSH FARM LYING BETWEEN THE SOUTH LINE OF FARNSWORTH STREET AND THE SOUTH LINE OF ALEXANDRINE AVENUE", AS RECORDED IN LIBER 17, PAGE 29 OF PLATS, WAYNE COUNTY RECORDS; THENCE N29°55'36"W, 237.00 FEET ALONG SAID LINE, BEING 7.50 FEET WEST OF AND PARALLEL TO THE EAST LINE OF LOT 13 OF SAID "BRUSH'S SUBDIVISION OF THAT PART OF THE BRUSH FARM LYING BETWEEN THE SOUTH LINE OF FARNSWORTH STREET AND THE SOUTH LINE OF ALEXANDRINE AVENUE", TO THE SOUTH LINE OF AN EAST-WEST ALLEY; THENCE N60°04'24"E, 183.52 FEET ALONG SAID EAST-WEST ALLEY TO THE WEST LINE OF BRUSH STREET; THENCE S26°09'00"E, 150.08 FEET ALONG SAID WEST LINE OF BRUSH STREET TO A POINT ON THE NORTH LINE OF HANCOCK AVENUE AS EXTENDED FROM THE EAST; THENCE N63°53'50"E, 802.97 FEET ALONG SAID NORTH LINE OF HANCOCK AVENUE TO A POINT ON THE WEST LINE OF ST. ANTOINE STREET (120' WIDE); THENCE S26°09'00"E, 688.85 FEET ALONG SAID WEST LINE OF ST. ANTOINE STREET TO A POINT ON THE CENTERLINE OF AN EAST-WEST ALLEY; THENCE S63°53'50"W, 384.16 FEET ALONG SAID ALLEY CENTERLINE, AND ITS EXTENSION THEREOF TO THE EAST LINE OF BEAUBIEN STREET;

THENCE S26°09'00"E, 603.75 FEET ALONG SAID EAST LINE OF BEAUBIEN STREET TO THE NORTH LINE OF CANFIELD AVENUE; THENCE N63°53'50"E, 384.16 FEET ALONG SAID NORTH LINE OF CANFIELD AVENUE TO THE WEST LINE OF ST. ANTOINE STREET; THENCE S26°09'00"E, 680.00 FEET ALONG SAID WEST LINE OF ST. ANTOINE STREET; THENCE N63°51'00"E, 120.00 FEET TO THE EAST LINE OF ST. ANTOINE STREET; THENCE S26°09'00"E, 238.64 FEET ALONG SAID EAST LINE OF ST. ANTOINE STREET AND ITS EXTENSION THEREOF AS PREVIOUSLY PLATTED TO THE SOUTHWEST CORNER OF LOT 15 OF "MEDICAL CENTER URBAN RENEWAL PLAT NO. 2", AS RECORDED IN LIBER 90, PAGES 89 THROUGH 91, WAYNE COUNTY RECORDS; THENCE N63°50'20"E, 585.90 FEET ALONG THE LINE COMMON TO LOTS 14 AND 15 OF SAID "MEDICAL CENTER URBAN RENEWAL PLAT NO. 2" TO THE WEST LINE OF THE I-75 SERVICE DRIVE; THENCE S26°11'18"E, 375.00 FEET 375 FEET ALONG SAID WEST LINE OF THE I-75 SERVICE DRIVE TO A POINT 171.04 FEET NORTH OF THE SOUTHEAST CORNER OF LOT 14 OF "MEDICAL CENTER URBAN RENEWAL PLAT NO. 2"; THENCE S63°50'20"W, 611.14 FEET ALONG A LINE 171.04 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF SAID LOT 14 OF "MEDICAL CENTER URBAN RENEWAL PLAT NO. 2" TO THE WEST LINE OF SAID LOT 14; THENCE N26°09'00"W, 76.38 FEET ALONG SAID WEST LINE OF LOT 14; THENCE S63°50'20"W, 451.25 FEET TO THE WEST LINE OF BEAUBIEN STREET (120' WIDE); THENCE THE FOLLOWING TWO COURSES ALONG SAID WEST LINE OF BEAUBIEN STREET: (1) ALONG A NON-TANGENT CURVE TO THE LEFT, 403.13 FEET, SAID CURVE HAVING A RADIUS OF 520.00 FEET, A CENTRAL ANGLE OF 44°25'06", AND A LONG CHORD BEARING S03°55'43"E, 393.11 FEET, AND (2) S26°09'00"E, 544.20 FEET TO THE NORTH LINE OF MACK AVENUE; THENCE THE FOLLOWING FOUR COURSES ALONG SAID NORTH LINE OF MACK AVENUE: (1) S70°32'00"W, 102.76 FEET, AND (2) ALONG A NONTANGENT CURVE TO THE LEFT, 136.63 FEET, SAID CURVE HAVING A RADIUS OF 1105.00 FEET, A CENTRAL ANGLE OF 7°05'03", AND A LONG CHORD BEARING S67°02'18"W, 136.54 FEET, AND (3) S61°38'07"W, 60.05 FEET, AND (4) S60°09'30"W, 641.27 FEET TO THE POINT OF BEGINNING AND CONTAINING 92.4 ACRES INCLUDING ALL PUBLICLY DEDICATED AND VACATED ROAD AND ALLEY RIGHTS OF WAY.

AGREEMENT

This Agreement is entered into this 22nd day of April, 2010, by and between the City of Detroit, a Michigan public body corporate ("City"), the Detroit Medical Center, a Michigan non-profit corporation ("DMC"), and Vanguard Health Systems, Inc., a Delaware Corporation ("Vanguard").

RECITALS

WHEREAS, in June 1980, the City and DMC entered into a Sublease Agreement whereby DMC subleased, from the City, the Detroit Receiving Hospital ("DRH");

WHEREAS, on September 27, 2006, the City provided a quit claim deed conveying to DMC the City's right, title and interest in and to DRH, which deed recited as follows:

"This deed and the delivery of this deed shall not in any way merge, terminate, modify, or alter the terms, conditions, covenants and agreements set forth in the Sublease Agreement which were intended to survive in the event Detroit Receiving Hospital and University Health Center acquires fee title to the 'DRH Assets' (as such term is defined in the Sublease Agreement), including without limitation Section 3(c), Section 7.b.8, and Section 8.c of the Sublease Agreement."

WHEREAS, the City and DMC have entered into a certain Development Agreement dated December 16, 2009, relating to DMC's acquisition and development of approximately 5.31 acres of real property comprising the North 375 feet of Edward Tolan Play Field ("Development Agreement");

WHEREAS, the DMC has entered into a nonbinding Letter of Intent with Vanguard whereby, pursuant to a definitive agreement to be negotiated, a Vanguard subsidiary may acquire substantially all of DMC's assets used in connection with its hospital business, including (i) DRH and (ii) DMC's rights under the Development Agreement;

WHEREAS, the DMC has requested the City's approval of a proposed Renaissance Zone for DMC's central campus, to be established for the purpose of supporting the proposed Vanguard transaction including the substantial capital investments to be made by Vanguard following the acquisition;

WHEREAS, in connection with the City's consideration of DMC's request for approval of (i) the Renaissance Zone, and (ii) assignment of the Development Agreement to Vanguard, the City seeks assurance that, effective on closing of the Vanguard/DMC transaction, any restrictions now existing as to DMC's operation of DRH will be assumed by Vanguard; and

WHEREAS, DMC and Vanguard are prepared to provide such assurances,

NOW, THEREFORE, IT IS AGREED as follows:

1. In the event Vanguard (directly, or by a subsidiary) acquires DMC, Vanguard expressly commits that it will assume all DMC's obligations under the 1980 transaction by which DMC acquired DRH. Vanguard will stand in the shoes of DMC and fully assume all obligations, whether contractual or statutory. Vanguard agrees to honor these obligations, even if the obligations extend beyond the 10 year mission support period provided in the Vanguard/DMC agreement.

2. The City agrees to consent to the assignment of the Tolan Field property from DMC to Vanguard for the purpose of building a Children's Pediatric Center, which assignment can be made only upon the closing of the final DMC/Vanguard purchase agreement.

3. This Agreement shall not be construed as imposing any obligation on Vanguard (including any obligation to proceed with the DMC transaction) other than as stated above.

4. This Agreement shall be governed by Michigan law.

5. This Agreement can be executed in counterparts and/or by facsimile or e-mail scan, and if so executed shall be fully valid and binding.

CITY OF DETROIT,
a Michigan public body corporate

By: _____
Its: _____
Date: _____

DETROIT MEDICAL CENTER,
a Michigan non-profit corporation

By: _____
Its: _____
Date: _____

VANGUARD HEALTH SYSTEMS, INC.,
a Delaware Corporation

By: _____
Its: _____
Date: _____

**ADOPTED AS FOLLOWS:
COUNCIL MEMBERS...**

		YEAS	NAYS	YEAS	NAYS
Gary	BROWN	✓		✓	
Kenneth V.	COCKREL, JR			✓	Abstained
Saunteel	JENKINS	✓		✓	
Brenda	JONES	✓		✓	
Kwame	KENYATTA	✓		✓	(St)
Andre L.	SPIVEY	✓		✓	
James	TATE	✓		✓	
Jo Ann	WATSON		✓	✓	
Charles PRESIDENT	PUGH	✓			
* PRESIDENT PRO TEM.		7	1	9	0

WAIVER OF RECONSIDERATION (No. 2)
per motions before adjournment.

AGREEMENT

This Agreement is entered into this _____ day of _____, 2010, by and between the City of Detroit, a Michigan public body corporate ("City"), the Detroit Medical Center, a Michigan non-profit corporation ("DMC"), and VHS of Michigan, Inc., a Delaware corporation ("Vanguard").

RECITALS

WHEREAS, in June 1980, the City and DMC entered into a Sublease Agreement whereby DMC subleased, from the City, the Detroit Receiving Hospital ("DRH");

WHEREAS, on September 27, 2006, the City provided a quit claim deed conveying to DMC the City's right, title and interest in and to DRH, which deed recited as follows:

"This deed and the delivery of this deed shall not in any way merge, terminate, modify, or alter the terms, conditions, covenants and agreements set forth in the Sublease Agreement which were intended to survive in the event Detroit Receiving Hospital and University Health Center acquires fee title to the 'DRH Assets' (as such term is defined in the Sublease Agreement), including without limitation Section 3(c), Section 7.b.8, and Section 8.c of the Sublease Agreement."

WHEREAS, the City and DMC have entered into a certain Development Agreement dated December 16, 2009, relating to DMC's acquisition and development of approximately 5.31 acres of real property comprising the North 375 feet of Edward Tolan Play Field ("Development Agreement");

WHEREAS, the DMC has entered into a nonbinding Letter of Intent with Vanguard whereby, pursuant to a definitive agreement to be negotiated, VHS of Michigan, Inc., a Delaware corporation ("Vanguard") may acquire substantially all of DMC's assets used in connection with its hospital business, including (i) DRH and (ii) DMC's rights under the Development Agreement;

WHEREAS, the DMC has requested the City's approval of a proposed Renaissance Zone for DMC's central campus, to be established for the purpose of supporting the proposed Vanguard transaction including the substantial capital investments to be made by Vanguard following the acquisition;

WHEREAS, in connection with the City's consideration of DMC's request for approval of (i) the Renaissance Zone, and (ii) assignment of the Development Agreement to Vanguard, the City seeks assurance that, effective on closing of the Vanguard/DMC transaction, any restrictions now existing as to DMC's operation of DRH will be assumed by Vanguard; and

WHEREAS, DMC and Vanguard are prepared to provide such assurances,

NOW, THEREFORE, IT IS AGREED as follows:

1. In the event Vanguard (directly, or by a subsidiary) acquires DMC, Vanguard expressly commits that it will assume all DMC's obligations under the 1980 transaction by which DMC acquired DRH. Vanguard will stand in the shoes of DMC and fully assume all obligations, whether contractual or statutory. Vanguard agrees to honor these obligations, even if the obligations extend beyond the 10 year mission support period provided in the Vanguard/DMC agreement.

2. The City agrees to consent to the assignment of the Tolan Field property from DMC to Vanguard for the purpose of building a Children's Pediatric Center, which assignment can be made only upon the closing of the final DMC/Vanguard purchase agreement.

3. This Agreement shall not be construed as imposing any obligation on Vanguard (including any obligation to proceed with the DMC transaction) other than as stated above.

4. This Agreement shall be governed by Michigan law.

5. This Agreement can be executed in counterparts and/or by facsimile or e-mail scan, and if so executed shall be fully valid and binding.

CITY OF DETROIT,
a Michigan public body corporate

By: _____
Its: _____
Date: _____

DETROIT MEDICAL CENTER,
a Michigan non-profit corporation

By: Michael C. Duran
Its: CEO
Date: 4/22/10

VANGUARD HEALTH SYSTEMS, INC.,
a Delaware Corporation

By: Harold H. Pulgram, III
Its: SVP & Chief Dev Officer
Date: 4/22/10

1. In the event Vanguard acquires DMC, Vanguard expressly commits that it will assume all DMC's obligations under the 1980 transaction by which DMC acquired DRH. Vanguard will stand in the shoes of DMC and fully assume all obligations, whether contractual or statutory. Vanguard agrees to honor these obligations, even if the obligations extend beyond the 10 year mission support period provided in the Vanguard/DMC agreement.

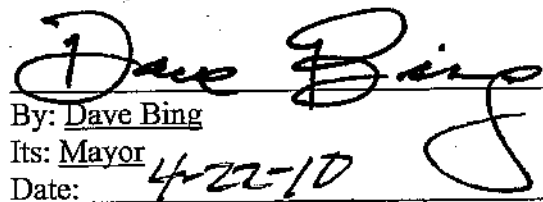
2. The City agrees to consent to the assignment of the Tolan Field property from DMC to Vanguard for the purpose of building a Children's Pediatric Center, which assignment can be made only upon the closing of the final DMC/Vanguard purchase agreement.

3. This Agreement shall not be construed as imposing any obligation on Vanguard (including any obligation to proceed with the DMC transaction) other than as stated above.

4. This Agreement shall be governed by Michigan law.

5. This Agreement can be executed in counterparts and/or by facsimile or e-mail scan, and if so executed shall be fully valid and binding.

CITY OF DETROIT,
a Michigan public body corporate


By: Dave Bing
Its: Mayor
Date: 4-22-10

DETROIT MEDICAL CENTER,
a Michigan non-profit corporation

By: _____
Its: _____
Date: _____

VHS of Michigan, Inc.
a Delaware Corporation

By: _____
Its: _____
Date: _____

TRUE COPY CERTIFICATE

Form C of D-16-CR

STATE OF MICHIGAN, }
City of Detroit } ss.

CITY CLERK'S OFFICE, DETROIT

I, Janice M. Winfrey, City Clerk of the City of Detroit, in said
State, do hereby certify that the annexed paper is a TRUE COPY OF resolution
SPECIAL
adopted (passed) by the City Council at session of

April 22, 2010

and approved by Mayor

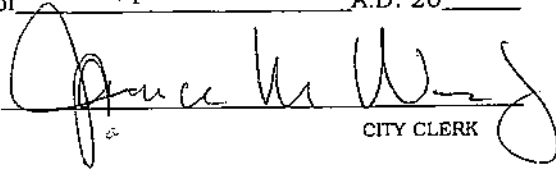
April 22, 2010

as appears from the Journal of said City Council in the office of the City Clerk of Detroit, aforesaid;
that I have compared the same with the original, and the same is a correct transcript therefrom, and of the
whole of such original.

In Witness Whereof, I have hereunto set my hand
and affixed the corporate seal of said City, at

Detroit, this 22nd

day of April A.D. 2010


CITY CLERK

A RESOLUTION BY DETROIT CITY COUNCIL
MEMBER KENYATTA

**RESOLUTION APPROVING THE AGREEMENT BETWEEN THE CITY OF
DETROIT, DETROIT MEDICAL CENTER AND VANGUARD HEALTH SYSTEMS,
INC. CONCERNING THE TOLAN FIELD PROPERTY**

- WHEREAS** In 1980 the Michigan Legislature passed the "Transfer of Clinics Building and Detroit Receiving Hospital Act" setting forth the terms and conditions under which the transfer of Detroit Receiving Hospital and the associated clinics building be effectuated and the manner in which they shall continually be operated by the DMC; and
- WHEREAS** In June 1980, the City of Detroit (City) and Detroit Medical Center (DMC) entered into a Sublease Agreement whereby DMC subleased Detroit Receiving Hospital from the City; and
- WHEREAS** In September 2006, the City provided a quit claim deed that preserved the terms of the 1980 Sublease Agreement and conveyed to DMC the City's right, title and interest in Detroit Receiving Hospital; and
- WHEREAS** In December of 2009, the City and DMC entered into a non-assignable Development Agreement regarding the acquisition and development of approximately 5.31 acres of real property comprising the North 375 feet of Edward Tolan Play Field for the purpose of constructing a Children's Pediatric Center; and
- WHEREAS** In connection with the City's consideration of the DMC's request for approval of the Renaissance Zone and assignment of the Tolan Field Development Agreement, the City seeks assurances that, effective on the closing of the Vanguard transaction with DMC, Vanguard agrees to continue any and all contractual and statutory obligations previously held by the DMC with regard to providing health care to the residents of the City, regardless of race, ethnicity, religious belief or economic status, and particularly to provide charity care for the City's indigent population; and
- WHEREAS** The City Council has a vested interest in citizens retaining access to medical care, especially the underinsured and uninsured, and supports the investment of at least \$850 million dollars in capital improvements to the DMC in the next five (5) years; **NOW THEREFORE BE IT**
- RESOLVED** That the Detroit City Council approves the Agreement between the City, DMC and Vanguard relative to the assignment of a portion of Tolan Field as consideration for Vanguard agreeing to be bound by any and all contractual and statutory obligations held by the DMC resulting from the

1980 transfer of clinics and Detroit Receiving Hospital; and **BE IT FURTHER**

RESOLVED

That a copy of this resolution be sent to the Mayor's Office, Detroit Medical Center, Vanguard Health Systems, Inc. and the Wayne County Executive's Office.

ADOPTED AS FOLLOWS:
COUNCIL MEMBERS...

		YEAS	NAYS	YEAS	NAYS
Gary	BROWN	✓		✓	
Kenneth V.	COCKREL, JR			✓	Abstained
Saunteel	JENKINS	✓		✓	
Brenda	JONES	✓		✓	
Kwame	KENYATTA	✓		✓	(5+)
Andre L.	SPIVEY	✓		✓	
James	TATE	✓		✓	
Jo Ann	WATSON		✓	✓	
Charles PRESIDENT	PUGH	✓			
* PRESIDENT PRO TEM.		7	1	9	0

WAIVER OF RECONSIDERATION (No. 1)
per motions before adjournment.

Attachment C

The most recent 10-Q available for Vanguard Health Systems, Inc. follows. The 10-Q for quarters ending 3/31/2009 and 9/30/2009 are also available if requested.

VANGUARD HEALTH SYSTEMS INC

20 BURTON HILLS BLVD
NASHVILLE, TN 37215
615.665.6000

10-Q

Filed on 02/09/2010 - Period: 12/31/2009
File Number 333-71934



VANGUARD HEALTH SYSTEMS INC, NASHVILLE, TN

WWW.VHCSYSTEMS.COM

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2009

OR

☐

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 333-71934



VANGUARD HEALTH SYSTEMS, INC.
(Exact name of registrant as specified in its charter)

Delaware 62-1698183
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

20 Burton Hills Boulevard, Suite 100
Nashville, TN 37215
(Address and zip code of principal executive offices)

(615) 665-6000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed under Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of the Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.) Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☒

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

There were 749,104 shares of common stock outstanding as of February 2, 2010 (all of which are privately owned and not traded on a public market).

VANGUARD HEALTH SYSTEMS, INC.
QUARTERLY REPORT ON FORM 10-Q
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PART I FINANCIAL INFORMATION

Item 1. Financial Statements.

VANGUARD HEALTH SYSTEMS, INC. CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

	June 30, 2009	December 31, 2009
	<i>(In millions, except share and per share amounts)</i>	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 308.2	\$ 358.0
Restricted cash	1.9	21.9
Accounts receivable, net of allowance for doubtful accounts of approximately \$121.5 and \$69.9 at June 30, 2009 and December 31, 2009, respectively	275.3	288.6
Inventories	48.3	50.1
Deferred tax assets	29.6	13.2
Prepaid expenses and other current assets	68.4	61.4
	<hr/>	<hr/>
Total current assets	731.7	793.2
Property, plant and equipment, net of accumulated depreciation	1,174.1	1,164.3
Goodwill	692.1	649.1
Intangible assets, net of accumulated amortization	54.6	50.6
Deferred tax assets, noncurrent	38.0	60.7
Investments in auction rate securities	21.6	21.6
Other assets	19.0	20.1
	<hr/>	<hr/>
Total assets	\$ 2,731.1	\$ 2,759.6

LIABILITIES AND EQUITY

Current liabilities:

Accounts payable	\$ 127.9	\$ 148.5
Accrued salaries and benefits	133.9	121.5
Accrued health plan claims	117.6	136.0
Accrued interest	13.2	19.2
Other accrued expenses and current liabilities	79.5	79.1
Current maturities of long-term debt	8.0	8.0
Total current liabilities	480.1	512.3
Professional and general liability and workers compensation reserves	76.7	83.0
Other liabilities	34.9	36.6
Long-term debt, less current maturities	1,543.6	1,545.6
Commitments and contingencies		
Equity:		
Vanguard Health Systems, Inc. stockholders' equity:		
Common Stock; \$0.01 par value, 1,000,000 shares authorized, 749,550 shares issued and outstanding at June 30, 2009 and December 31, 2009	651.3	654.2
Additional paid-in capital	(6.8)	(4.1)
Accumulated other comprehensive loss	(56.7)	(75.9)
Retained deficit		
Total Vanguard Health Systems, Inc. stockholders' equity	587.8	574.2
Non-controlling interests	8.0	7.9
Total equity	595.8	582.1
Total liabilities and equity	\$ 2,731.1	\$ 2,759.6

See accompanying notes.

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VANGUARD HEALTH SYSTEMS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three months ended December 31,		Six months ended December 31,	
	2008 (as adjusted, See Note 2)	2009	2008 (as adjusted, See Note 2)	2009
(In millions)				
Patient service revenues	\$ 614.4	\$ 631.3	\$ 1,212.7	\$ 1,250.4
Premium revenues	178.2	212.3	298.9	416.6
Total revenues	792.6	843.6	1,511.6	1,667.0
Costs and Expenses:				
Salaries and benefits (includes stock compensation of \$0.8, \$1.0, \$2.2 and \$2.9, respectively)	302.7	324.5	595.3	638.9
Health plan claims expense	140.7	170.8	227.7	331.8
Supplies	112.8	114.8	224.6	225.8
Provision for doubtful accounts	48.3	35.0	102.9	72.2
Purchased services	40.3	44.7	81.7	92.3
Non-income taxes	10.9	10.7	19.0	24.9
Rents and leases	10.3	11.2	21.5	22.3
Other operating expenses	48.9	49.1	99.4	109.2
Depreciation and amortization	32.1	34.3	64.4	68.3
Interest, net	28.6	27.5	57.3	54.7
Impairment loss	-	43.1	-	43.1
Other	1.0	1.5	0.8	2.6
Income (loss) from continuing operations before income taxes	16.0	(23.6)	17.0	(19.1)

Income tax benefit (expense)	(5.1)	3.6	(5.3)	1.7
Income (loss) from continuing operations	10.9	(20.0)	11.7	(17.4)
Income (loss) from discontinued operations, net of taxes	(0.1)	0.1	0.9	(0.1)
Net income (loss)	10.8	(19.9)	12.6	(17.5)
Less: Net income attributable to non-controlling interests	(0.7)	(0.8)	(1.6)	(1.7)
Net income (loss) attributable to Vanguard Health Systems, Inc. stockholders	<u>\$ 10.1</u>	<u>\$ (20.7)</u>	<u>\$ 11.0</u>	<u>\$ (19.2)</u>
Amounts attributable to Vanguard Health Systems, Inc. stockholders:				
Income (loss) from continuing operations, net of taxes	\$ 10.2	\$ (20.8)	\$ 10.1	\$ (19.1)
Income (loss) from discontinued operations, net of taxes	(0.1)	0.1	0.9	(0.1)
Net income (loss) attributable to Vanguard Health Systems, Inc. stockholders	<u>\$ 10.1</u>	<u>\$ (20.7)</u>	<u>\$ 11.0</u>	<u>\$ (19.2)</u>

See accompanying notes.

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VANGUARD HEALTH SYSTEMS, INC.
CONDENSED CONSOLIDATED STATEMENT OF EQUITY
Six months ended December 31, 2009
(Unaudited)

Vanguard Health Systems, Inc. Stockholders							
	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Deficit	Non- Controlling Interests	Total Equity
	Shares	Amount					
				(In millions, except share amounts)			
Balance at June 30, 2009	749,550	\$ -	\$ 651.3	\$ (6.8)	\$ (56.7)	\$ 8.0	\$ 595.8
Stock compensation (non-cash)	-	-	2.9	-	-	-	2.9
Distributions paid to non-controlling interests	-	-	-	-	-	(1.8)	(1.8)
Comprehensive income (loss):							
Change in fair value of interest rate swap (net of tax effect)	-	-	-	2.7	-	-	2.7
Net income (loss)	-	-	-	-	(19.2)	1.7	(17.5)
				2.7	(19.2)	1.7	(14.8)
Total comprehensive income (loss)							
Balance at December 31, 2009	749,550	\$ -	\$ 654.2	\$ (4.1)	\$ (75.9)	\$ 7.9	\$ 582.1

See accompanying notes

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VANGUARD HEALTH SYSTEMS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six months ended December 31, 2008 (as adjusted, See Note 2)	Six months ended December 31, 2009
	<i>(In millions)</i>	
Operating activities:		
Net income (loss)	\$ 12.6	\$ (17.5)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Loss (income) from discontinued operations, net of taxes	(0.9)	0.1
Depreciation and amortization	64.4	63.3

Provision for doubtful accounts	102.9	72.2
Deferred income taxes	1.6	(7.7)
Amortization of loan costs	2.6	2.9
Accretion of principal on senior discount notes	10.6	5.8
Loss (gain) on sale of assets	(2.1)	0.4
Stock compensation	2.2	2.9
Non-cash realized holding loss on investments	0.6	-
Impairment loss	-	43.1
Changes in operating assets and liabilities:		
Accounts receivable	(103.6)	(85.5)
Inventories	(1.3)	(1.8)
Prepaid expenses and other current assets	2.1	5.2
Accounts payable	4.4	20.6
Accrued expenses and other liabilities	57.2	40.7
Net cash provided by operating activities - continuing operations	153.3	149.7
Net cash provided by (used in) operating activities - discontinued operations	0.9	(0.1)
Net cash provided by operating activities	154.2	149.6
Investing activities:		
Capital expenditures	(54.7)	(68.4)
Acquisitions	(3.6)	(1.5)
Proceeds from asset dispositions	4.0	1.4
Increase in restricted cash	-	(20.0)
Other	(0.3)	(0.3)
Net cash used in investing activities	(54.6)	(88.8)
Financing activities:		
Payments of long-term debt	(3.9)	(3.8)
Payments related to derivative instrument with financing element	-	(5.4)
Distributions paid to non-controlling interests	(2.7)	(1.8)
Net cash used in financing activities	(6.6)	(11.0)
Net increase in cash and cash equivalents	93.0	49.8
Cash and cash equivalents, beginning of period	141.6	308.2
Cash and cash equivalents, end of period	\$ 234.6	\$ 358.0
Net cash paid for interest	\$ 45.1	\$ 41.9
Net cash paid (received) for income taxes	\$ 1.0	\$ (13.2)

See accompanying notes.

VANGUARD HEALTH SYSTEMS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009
(Unaudited)

1. BUSINESS AND BASIS OF PRESENTATION

Business

Vanguard Health Systems, Inc. ("Vanguard") is an investor-owned healthcare company whose affiliates own and operate hospitals and related healthcare businesses in urban and suburban areas. As of December 31, 2009, Vanguard's affiliates owned and managed 15 acute care hospitals with 4,135 licensed beds and related outpatient service locations complementary to the hospitals providing healthcare services in San Antonio, Texas; metropolitan Phoenix, Arizona; metropolitan Chicago, Illinois; and Massachusetts. Vanguard also owns managed health plans in Chicago, Illinois and Phoenix, Arizona and two surgery centers in Orange County, California.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of subsidiaries and affiliates controlled by Vanguard. Vanguard generally defines control as the ownership of the majority of an entity's voting interests. Vanguard also consolidates any entities for which it receives the majority of the entity's expected returns or is at risk for the majority of the entity's expected losses based upon its investment or financial interest in the entity. All material intercompany accounts and transactions have been eliminated. Since none of Vanguard's common shares are publicly held, no earnings per share information is presented in the accompanying unaudited condensed consolidated financial statements. Certain prior year amounts from the accompanying condensed consolidated financial statements have been reclassified to conform to current year presentation. The majority of Vanguard's expenses are "cost of revenue" items. Costs that could be classified as general and administrative include certain Vanguard corporate office costs, which approximated \$11.6 million, \$17.1 million, \$23.5 million and \$33.9 million for the three and six months ended December 31, 2008 and 2009, respectively.

During the first quarter of fiscal 2010, Vanguard implemented its new uninsured discount policy in its Phoenix and San Antonio hospitals. The new policy applies to patients receiving services in these hospitals who had no insurance coverage and who did not otherwise qualify for charity care under Vanguard's guidelines. Under this policy, Vanguard applies an uninsured discount (calculated as a standard percentage of gross charges) at the time of patient billing and includes this discount as a reduction to patient service revenues. These discounts were approximately \$51.9 million and \$112.9 million for the three months and six months ended December 31, 2009.

The unaudited condensed consolidated financial statements as of December 31, 2009 and for the three and six months ended December 31, 2008, as adjusted (see Note 2), and 2009 have been prepared in conformity with accounting principles generally accepted in the United States for interim reporting.

and in accordance with Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, the unaudited condensed consolidated financial statements reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the financial position and the results of operations for the periods presented. The results of operations for the periods presented are not necessarily indicative of the expected results for the fiscal year ending June 30, 2010. The interim unaudited condensed consolidated financial statements should be read in connection with the audited consolidated financial statements as of and for the year ended June 30, 2009 included in Vanguard's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 19, 2010.

Use of Estimates

In preparing Vanguard's financial statements in conformity with accounting principles generally accepted in the United States, management makes estimates and assumptions that affect the amounts recorded or classification of items in the unaudited condensed consolidated financial statements and accompanying notes. Actual results could differ from these estimates.

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2. ADOPTION OF NEW ACCOUNTING STANDARDS

In June 2009, the Financial Accounting Standards Board ("FASB") issued its Accounting Standards Codification ("ASC") and modified the Generally Accepted Accounting Principles ("GAAP") hierarchy by establishing only two levels of GAAP, authoritative and nonauthoritative accounting literature. Effective July 2009, ASC is considered the single source of authoritative U.S. accounting and reporting standards, except for additional authoritative rules and interpretive releases issued by the SEC. Nonauthoritative guidance and literature would include, among other things, FASB Concepts Statements, American Institute of Certified Public Accountants Issue Papers and Technical Practice Aids and accounting textbooks. ASC was developed to organize GAAP pronouncements by topic so that users can more easily access authoritative accounting guidance. It is organized by topic, subtopic, section, and paragraph, each of which is identified by a numerical designation. This guidance became effective for Vanguard beginning in the first quarter for fiscal year ending June 30, 2010.

Effective July 1, 2009, Vanguard adopted the transition guidance of accounting for non-controlling interests in consolidated financial statements. The guidance establishes a single method of accounting for non-controlling interests in subsidiaries and requires non-controlling interests in a subsidiary to be reported as a component of equity in the consolidated balance sheet subject to the guidance for distinguishing liabilities from equity. The transition guidance also requires consolidated net income (loss) to include both the parent and non-controlling interest's portion of the operating results of the subsidiary with separate disclosure on the income statement of the amounts attributable to the parent versus the non-controlling interest. The following describes the impact to Vanguard's financial statements as of June 30, 2009 and December 31, 2009 and for the three and six months ended December 31, 2008 and 2009 related to the adoption of this guidance (Note, the presentation and disclosure requirements of the guidance discussed above were retrospectively applied in Vanguard's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 19, 2010).

- Vanguard reclassified its minority interests in equity of consolidated entities from the liabilities section of its balance sheets to equity. This reclassification was \$8.0 million as of June 30, 2009. Vanguard has one non-controlling interest whose classification was included in mezzanine equity due to the existence of redemption features that are outside the control of Vanguard. However, the fair value of this non-controlling interest was zero (the maximum redemption value) as of June 30, 2009 and December 31, 2009.
- Net income attributable to non-controlling interests is no longer deducted to arrive at net income (loss). Instead, net income (loss) is attributed to the controlling and non-controlling interests in the condensed consolidated statements of operations. Accordingly, net income increased by \$0.7 million and \$1.6 million for the three and six months ended December 31, 2008 compared to net income previously reported for those periods.
- The payment of cash distributions to the entities holding the non-controlling interests are now reported as financing activities on the condensed consolidated statements of cash flows for the six months ended December 31, 2008 and 2009 instead of being included in operating activities. These cash distributions were \$2.7 million and \$1.8 million for the six months ended December 31, 2008 and 2009, respectively.

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3. RESTRICTED CASH

The \$21.9 million of restricted cash at December 31, 2009 is primarily comprised of \$20.0 million in cash that Vanguard was required to deposit into an escrow account in Vanguard's name as security for a litigation-related agreement. Vanguard made this deposit to stay the execution of the judgment pending appeal for a professional and general liability case. Under the terms of the escrow agreement, Vanguard is restricted from using the cash for any other purpose until this case is resolved.

4. FAIR VALUE MEASUREMENTS

Fair value is determined using assumptions that market participants would use to determine the price of the asset or liability as opposed to measurements determined based upon information specific to the entity holding those assets and liabilities. To determine those market participant assumptions, Vanguard considered the guidance for fair value measurements and disclosures, the hierarchy of inputs that the entity must consider including both independent market data inputs and the entity's own assumptions about the market participant assumptions. This hierarchy is summarized as follows.

- | | |
|---------|--|
| Level 1 | Unadjusted quoted prices in active markets for identical assets and liabilities. |
| Level 2 | Directly or indirectly observable inputs, other than quoted prices included in Level 1. Level 2 inputs may include, among others, interest rates and yield curves observable at commonly quoted intervals, volatilities, loss severities, credit risks and other inputs that are derived principally from or corroborated by observable market data by correlation or other means. |
| Level 3 | Unobservable inputs used when there is little, if any, market activity for the asset or liability at the measurement date. These inputs represent the entity's own assumptions about the assumptions that market participants would use to price the asset or liability developed using the best information available. |

Vanguard's policy is to recognize transfers between levels as of the actual date of the event, or change in circumstances, that caused the transfer.

The following table summarizes Vanguard's assets measured at fair value on a recurring basis as of December 31, 2009, aggregated by the fair value hierarchy level within which those measurements were made (in millions).

	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Assets:				
Investments in auction rate securities	\$ 21.6	\$ —	\$ —	\$ 21.6
Liabilities:				
Interest rate swap liability	\$ 2.6	\$ —	\$ 2.6	\$ —

There was no significant change in the fair value measurements using significant Level 3 unobservable inputs from June 30, 2009 to December 31, 2009.

Auction Rate Securities

At December 31, 2009, Vanguard held \$21.6 million in total available for sale investments in auction rate securities ("ARS") backed by student loans, which are included in investments in auction rate securities on the accompanying condensed consolidated balance sheets. These ARS are accounted for as long-term available for sale securities. The par value of the ARS was \$26.3 million at December 31, 2009. The ARS have maturity dates ranging from 2039 to 2043 and are guaranteed by the U.S. government at approximately 96%–98% of the principal and accrued interest under the Federal Family Education Loan Program or other similar programs. Due to the lack of market liquidity and other observable market inputs for these ARS, Vanguard utilized Level 3 inputs to estimate the \$21.6 million fair value of these ARS. Valuations from forced liquidations or distressed sales are inconsistent with the definition of fair value set forth in the pertinent accounting guidance, which assumes an orderly market. For its valuation estimate, management utilized a discounted cash flow analysis that included estimates of the timing of liquidation of these ARS and the impact of market risks on exit value. Vanguard does

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not currently intend to sell and does not believe it is more likely than not it will be required to sell these ARS prior to liquidity returning to the market and their fair value recovering to par value.

In September 2008, Vanguard received a tender offer for \$10.0 million par value of ARS at 94% of par value. As a result of Vanguard's acceptance of the tender offer and the other-than-temporary decline in fair value, Vanguard recorded a \$0.6 million realized holding loss on these marketable securities during the quarter ended September 30, 2008, which is included in other expenses on the accompanying condensed consolidated statement of operations for the six months ended December 31, 2008. However, the tender offer contained certain conditions that were not met as of the December 2008 deadline, and the tender failed. As a result of the failed tender, all \$21.6 million of ARS are presented as long-term assets on the accompanying condensed consolidated balance sheets. In addition, Vanguard recorded temporary impairments of \$4.1 million (\$2.5 million, net of taxes) related to the ARS during the fiscal year ended June 30, 2009, which are included in accumulated other comprehensive loss ("AOCL") on the condensed consolidated balance sheets.

Interest Rate Swap Agreement

Vanguard enters into derivative instruments from time to time to manage the cash flows risk associated with the variable interest component of its outstanding term debt or to manage the fair value risk of its other debt instruments with fixed interest rates. Vanguard does not hold or issue derivative instruments for trading purposes and is not a party to any instrument with leverage features.

During April 2008, Vanguard entered into an interest rate swap agreement with Bank of America, N.A. (the "counterparty") that went into effect on June 30, 2008 for a notional \$450.0 million of its outstanding term debt. Under this agreement and through March 31, 2009, Vanguard made or received net interest payments based upon the difference between the 90-day LIBOR rate and the swap fixed interest rate of 2.785%. Vanguard accounted for this swap as a highly effective cash flow hedge with critical terms that substantially match the underlying term debt and measured any ineffectiveness using the hypothetical derivative method.

In March 2009, Vanguard and the counterparty executed an amended swap agreement with the same terms and provisions as the original agreement except that after March 31, 2009, Vanguard will make or receive net interest payments based upon the difference between the 30-day LIBOR rate and the swap fixed interest rate of 2.5775%. As a result of this amended swap agreement, Vanguard de-designated its existing cash flow hedge and re-designated the amended swap agreement as a hedge of the remaining interest payments associated with \$450.0 million of Vanguard's outstanding term debt. As the forecasted transactions (i.e. the future interest payments under Vanguard's outstanding term debt) are still probable of occurring, Vanguard did not immediately recognize the AOCL balance related to the de-designated swap in earnings. Based on its assessment, Vanguard determined that this re-designated swap will be highly effective in offsetting the changes in cash flows related to the hedged risk. Upon the execution of the amended swap agreement, Vanguard measured hedge ineffectiveness by comparing the fair value of the original swap agreement to a new hypothetical derivative using the amended terms to determine if the underlying term debt has been overhedged. Vanguard determined that the hedge ineffectiveness was not significant as of December 31, 2009. The valuation of the amended interest rate swap is based upon a discounted cash flows analysis that reflects the term of the agreement and an observable market-based input, the 30-day LIBOR interest rate curve, which is observable at commonly quoted intervals for the full term of the swap. Vanguard also considered potential credit adjustment risks related to its own performance and the counterparty's performance under the swap agreement. Management deemed the credit adjustment risks as Level 3 inputs. However, management determined that any potential credit adjustment risks were not significant and thus classified the entire interest rate swap valuation in Level 2 of the fair value hierarchy. Vanguard classified its \$5.4 million of payments under the re-designated swap during the six months ended December 31, 2009 as financing activities in its condensed consolidated statement of cash flows due to the significant financing element present at the inception of the re-designated swap.

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The following tables provide information regarding the valuation and presentation of assets, liabilities and expenses related to this interest rate swap for the respective periods (in millions).

	June 30, 2009	December 31, 2009
Interest rate swap contract	Fair Value	Fair Value

	Balance Sheet Location		Balance Sheet Location	
Gross valuation	Other accrued expenses and current liabilities	\$ (6.9)	Other accrued expenses and current liabilities	\$ (2.6)
Tax effect	Deferred tax assets	2.6	Deferred tax assets	1.0
Net liability balance offset to AOCL		\$ (4.3)		\$ (1.6)

Six months ended December 31, 2008			Six months ended December 31, 2009		
Amount of gain (loss) recognized in AOCL on derivative	Location of gain (loss) recognized on derivative—reclassified from AOCL	Amount of gain (loss) recognized on derivative—reclassified from AOCL	Amount of gain (loss) recognized in AOCL on derivative	Location of gain (loss) recognized on derivative—reclassified from AOCL	Amount of gain (loss) recognized on derivative—reclassified from AOCL
Interest rate swap contract, net of taxes	\$ (8.1)	Interest, net \$ 1.1	\$ 2.7	Interest, net	\$ (5.4)

The \$1.6 million balance included in AOCL, net of taxes, is expected to be reclassified to net interest during the next fiscal quarter since the interest rate swap expires on March 31, 2010. See Note 15 for subsequent developments related to the interest rate swap agreement.

Cash and Cash Equivalents and Restricted Cash

The carrying amounts reported for cash and cash equivalents and restricted cash approximate fair value because of the short-term maturity of these instruments.

Accounts Receivable and Accounts Payable

The carrying amounts reported for accounts receivable and accounts payable approximate fair value because of the short-term maturity of these instruments.

Long-Term Debt

The fair values of Vanguard's 9.0% Notes, and 11.25% Notes and term loans payable under Vanguard's credit facility as of December 31, 2009 were approximately \$597.3 million, \$227.9 million and \$747.3 million, respectively, based upon stated market prices. The fair values are subject to change as market conditions change.

5. STOCK-BASED COMPENSATION

Vanguard has one stock-based compensation plan, the 2004 Stock Incentive Plan ("the 2004 Option Plan"). As of December 31, 2009, the 2004 Option Plan, as amended, allows for the issuance of up to 145,611 options to purchase common stock of Vanguard to its employees. The stock options may be granted as Liquidity Event Options, Time Options or Performance Options at the discretion of the Board. The Liquidity Event Options vest 100% at the eighth anniversary of the date of grant and have an exercise price per share as determined by the Board or a committee thereof. The Time Options vest 20% at each of the first five anniversaries of the date of grant and have an exercise price per share as determined by the Board or a committee thereof. The Performance Options vest 20% at each of the first five anniversaries of the date of grant and have an exercise price equal to \$3,000 per share or as determined by the Board or a committee thereof. The Time Options

and Performance Options immediately vest upon a change of control, while the Liquidity Event Options immediately vest only upon a qualifying Liquidity Event, as defined in the 2004 Option Plan. As of December 31, 2009, 116,167 options were outstanding under the 2004 Option Plan. Vanguard recognized compensation expense related to the 2004 Option Plan of \$0.8 million, \$1.0 million, \$2.2 million and \$2.9 million during the three and six months ended December 31, 2008 and 2009, respectively.

6. INTANGIBLE ASSETS

The following table provides information regarding the intangible assets, including deferred loan costs, included on the accompanying condensed consolidated balance sheets as of June 30, 2009 and December 31, 2009 (in millions).

Class of Intangible Asset	Gross Carrying Amount		Accumulated Amortization	
	June 30, 2009	December 31, 2009	June 30, 2009	December 31, 2009
Amortized intangible assets:				
Deferred loan costs	\$ 43.8	\$ 43.8	\$ 21.5	\$ 24.4
Contracts	31.4	31.4	14.9	16.5
Physician income and other guarantees	27.2	28.5	18.3	21.9
Other	4.7	8.7	1.0	2.2

Subtotal	107.1	112.4	55.7	65.0
Indefinite-lived intangible assets:				
License and accreditation	3.2	3.2	-	-
Total	\$ 110.3	\$ 115.6	\$ 55.7	\$ 65.0

Amortization expense for contract-based intangibles and other intangible assets during the six months ended December 31, 2008 and 2009 was approximately \$1.8 million and \$2.8 million, respectively.

Amortization of deferred loan costs of \$2.6 million and \$2.9 million during the six months ended December 31, 2008 and 2009, respectively, is included in net interest. Amortization of physician income and other guarantees of \$2.9 million and \$3.6 million during the six months ended December 31, 2008 and 2009, respectively, is included in purchased services or other operating expenses.

7. IMPAIRMENT OF GOODWILL AND LONG-LIVED ASSETS

Vanguard's two Chicago hospitals have experienced deteriorating economic factors that have negatively impacted their results of operations and cash flows. While various initiatives mitigated the impact of these economic factors in previous quarters, the operating results of the Chicago hospitals have not improved to the level anticipated. After having the opportunity to evaluate the operating results of the Chicago hospitals for the first six months of fiscal year 2010 and reassess the market trends and economic factors, Vanguard concluded that it was unlikely that previously projected cash flows for these hospitals would be achieved. Vanguard performed an interim goodwill impairment test and, based upon revised projected cash flows, market participant data and appraisal information, Vanguard determined that the \$43.1 million remaining goodwill related to this reporting unit of Vanguard's acute care services segment was impaired. Vanguard recorded a \$43.1 million (\$31.8 million, net of taxes) non-cash impairment loss in the condensed consolidated statement of operations for the quarter ended December 31, 2009.

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8. FINANCING ARRANGEMENTS

A summary of Vanguard's long-term debt at June 30, 2009 and December 31, 2009 follows (in millions).

	June 30, 2009	December 31, 2009
9.0% Senior Subordinated Notes	\$ 575.0	\$ 575.0
11.25% Senior Discount Notes	210.2	216.0
Term loans payable under credit facility	766.4	762.6
	1,551.6	1,553.6
Less: current maturities	(8.0)	(8.0)
	\$ 1,543.6	\$ 1,545.6

9.0% Notes

In connection with the acquisition of Vanguard by merger on September 23, 2004 by certain investment funds affiliated with The Blackstone Group L.P. (collectively "Blackstone"), two of Vanguard's wholly owned subsidiaries, Vanguard Health Holding Company II, LLC and Vanguard Holding Company II, Inc. (collectively, the "Issuers"), completed a private placement of \$575.0 million 9% Senior Subordinated Notes due 2014 ("9.0% Notes"). Interest on the 9.0% Notes is payable semi-annually on October 1 and April 1 of each year. The 9.0% Notes are general unsecured senior subordinated obligations and rank junior in right of payment to all existing and future senior indebtedness of the Issuers. All payments on the 9.0% Notes are guaranteed jointly and severally on a senior subordinated basis by Vanguard and its domestic subsidiaries, other than those subsidiaries that do not guarantee the obligations of the borrowers under the senior credit facilities.

On or after October 1, 2009, the Issuers may redeem all or part of the 9.0% Notes at various redemption prices given the date of redemption as set forth in the indenture governing the 9.0% Notes. The initial redemption price for the 9.0% Notes beginning on October 1, 2009 and ending September 30, 2010 is equal to 104.50% of their principal amount, plus accrued and unpaid interest. The redemption price declines each year after 2009 on October 1 of each such year. The redemption price will be 100% of the principal amount, plus accrued and unpaid interest, beginning on October 1, 2012. See Note 15 for subsequent developments related to the 9.0% Notes.

11.25% Notes

In connection with the Blackstone merger on September 23, 2004, two of Vanguard's wholly owned subsidiaries, Vanguard Health Holding Company I, LLC and Vanguard Holding Company I, Inc. (collectively, the "Discount Issuers"), completed a private placement of \$216.0 million aggregate principal amount at maturity (\$124.7 million in gross proceeds) of 11.25% Senior Discount Notes due 2015 ("11.25% Notes"). The 11.25% Notes accrue at the stated rate compounded semi-annually on April 1 and October 1 of each year to, but not including, October 1, 2009. From and after October 1, 2009, cash interest on the 11.25% Notes will accrue at 11.25% per annum, and will be payable on April 1 and October 1 of each year, commencing on April 1, 2010 until maturity. The 11.25% Notes are general senior unsecured obligations and rank junior in right of payment to all existing and future senior indebtedness of the Discount Issuers but senior to any of the Discount Issuers' future senior subordinated indebtedness. All payments on the 11.25% Notes are guaranteed by Vanguard as a holding company guarantee.

On or after October 1, 2009, the Discount Issuers may redeem all or a part of the 11.25% Notes at various redemption prices given the date of redemption as set forth in the indenture governing the 11.25% Notes. The initial redemption price for the 11.25% Notes beginning on October 1, 2009 and ending September 30, 2010 is equal to 105.625% of their principal amount, plus accrued and unpaid interest. The redemption price declines each year after 2009 on October 1 of each such year. The redemption price will be 100% of the principal amount, plus accrued and unpaid interest, beginning on October 1, 2012. See Note 15 for subsequent developments related to the 11.25% Notes.

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Credit Facility Debt

In connection with the Blackstone merger on September 23, 2004, two of Vanguard's wholly owned subsidiaries, Vanguard Health Holding Company II, LLC and Vanguard Holding Company II, Inc. (collectively, the "Co-borrowers"), entered into new senior secured credit facilities (the "merger credit facilities") with various lenders and Bank of America, N.A. as administrative agent and Citicorp North America, Inc. as syndication agent, and repaid all amounts outstanding under its previous credit facility. The merger credit facilities include a seven-year term loan facility in the aggregate principal amount of \$800.0 million and a six-year \$250.0 million revolving credit facility.

On September 26, 2005, the Co-borrowers refinanced and repriced all \$795.7 million of the then outstanding term loans under the merger credit facilities by borrowing \$795.7 million of replacement term loans that also mature on September 23, 2011 (the "2005 term loan facility"). In addition, upon the occurrence of certain events, the Co-borrowers may request an incremental term loan facility to be added to the 2005 term loan facility in an amount not to exceed \$300.0 million in the aggregate, subject to receipt of commitments by existing lenders or other financing institutions and to the satisfaction of certain other conditions. The revolving credit facility under the merger credit facilities did not change in connection with the term loan refinancing. As of December 31, 2009, \$762.6 million of indebtedness was outstanding under the 2005 term loan facility. Vanguard's remaining borrowing capacity under the revolving credit facility, net of letters of credit outstanding, was \$219.8 million as of December 31, 2009.

The 2005 term loan facility borrowings bear interest at a rate equal to, at Vanguard's option, LIBOR plus 2.25% per annum or a base rate plus 1.25% per annum. As discussed in Note 4, \$450.0 million of the term loan facility borrowings are subject to a fixed interest rate of 4.8275% per annum under the terms of an interest rate swap agreement that expires on March 31, 2010. The interest rate applicable to the unhedged portion of Vanguard's term loan facility borrowings was approximately 2.5% as of December 31, 2009. Borrowings under the revolving credit facility currently bear interest at a rate equal to, at Vanguard's option, LIBOR plus 2.0% per annum or a base rate plus 1.0% per annum, subject to an increase of up to 0.50% per annum should Vanguard's leverage ratio increase over certain designated levels. Vanguard also pays a commitment fee to the lenders under the revolving credit facility in respect of unutilized commitments thereunder at a rate equal to 0.50% per annum. Vanguard also pays customary letter of credit fees under this facility. Vanguard makes quarterly principal payments equal to one-fourth of one percent of the outstanding principal balance of the 2005 term loan facility and will continue to make such payments until maturity of the term debt.

Obligations under the credit agreement are unconditionally guaranteed by Vanguard and Vanguard Health Holding Company I, LLC ("VHS Holdco I") and, subject to certain exceptions, each of VHS Holdco I's wholly-owned domestic subsidiaries (the "U.S. Guarantors"). Obligations under the credit agreement are also secured by substantially all of the assets of Vanguard Health Holding Company II, LLC ("VHS Holdco II") and the U.S. Guarantors including a pledge of 100% of the membership interests of VHS Holdco II, 100% of the capital stock of substantially all U.S. Guarantors (other than VHS Holdco I) and 65% of the capital stock of each of VHS Holdco II's non-U.S. subsidiaries that are directly owned by VHS Holdco II or one of the U.S. Guarantors and a security interest in substantially all tangible and intangible assets of VHS Holdco II and each U.S. Guarantor. See Note 15 for subsequent developments related to the 2005 term loan facility and the \$250.0 million revolving credit facility.

Interest Rate Swap Agreement

In March 2009, Vanguard and Bank of America N.A. ("the counterparty") executed an amended swap agreement with the same terms and provisions as the original agreement except that after March 31, 2009, Vanguard will make or receive net interest payments based upon the difference between the 30-day LIBOR rate and the swap fixed interest rate of 2.5775% (see Note 4). Given the turbulence in the credit markets and the attractive swap rates then available, Vanguard amended the swap agreement to hedge its cash flows related to a portion of the 2005 term loan facility against potential market fluctuations to the variable 30-day LIBOR interest rate. Vanguard will continue to make its normal quarterly interest payments under the 2005 term loan facility as described above. Vanguard deems the counterparty to be creditworthy. As of June 30, 2009 and December 31, 2009, the estimated fair value of the interest rate swap was a liability for Vanguard of approximately \$6.9 million (\$4.3 million net of taxes of \$2.6 million) and \$2.6 million (\$1.6 million net of taxes of \$1.0 million), respectively. The swap liabilities are included in other accrued expenses and current liabilities and accumulated other comprehensive loss on the accompanying condensed consolidated balance sheets. The swap matures on March 31, 2010. See Note 15 for subsequent developments related to the interest rate swap agreement.

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9. INCOME TAXES

Significant components of the provision for income taxes from continuing operations are as follows (in millions).

	Six months ended	
	December 31, 2008	December 31, 2009
Current:		
Federal	\$ 2.5	\$ 5.1
State	1.2	0.9
Total current	3.7	6.0
Deferred:		
Federal	3.8	(8.0)
State	(7.5)	(1.6)

Total deferred	(3.7)	(9.6)
Change in valuation allowance	5.3	1.9
Total income tax expense (benefit)	\$ 5.3	\$ (1.7)

The effective income tax rate differed from the federal statutory rate for the periods presented as follows:

	Six months ended	
	December 31, 2008	December 31, 2009
Income tax at federal statutory rate	35.0%	35.0%
Income tax at state statutory rate	(7.9)	5.4
Nondeductible expenses and other	6.4	(2.8)
Book income of consolidated partnerships attributable to noncontrolling interests	(3.2)	3.1
Nondeductible impairment loss	-	(21.9)
Change in valuation allowance	0.9	(9.9)
Effective income tax rate	31.2%	8.9%

As of December 31, 2009, Vanguard had generated net operating loss ("NOL") carryforwards for federal income tax and state income tax purposes of approximately \$12.0 million and \$558.0 million, respectively. The remaining federal and state NOL carryforwards expire from 2030 to 2031 and 2010 to 2031, respectively.

Vanguard's U.S. federal income tax returns for tax years 2005 and subsequent years remain subject to examination by the Internal Revenue Service.

10. COMPREHENSIVE INCOME (LOSS)

Comprehensive income (loss) consists of two components: net income (loss) and other comprehensive income (loss). Other comprehensive income (loss) refers to revenues, expenses, gains and losses that under the guidance related to accounting for comprehensive income are recorded as elements of equity but are excluded from net income (loss). The following table presents the components of comprehensive income (loss), net of taxes, for the three and six month periods ended December 31, 2008 and 2009 (in millions).

	Three months ended December 31, 2008	Three months ended December 31, 2009	Six months ended December 31, 2008	Six months ended December 31, 2009
Net income (loss)	\$ 10.8	\$ (19.9)	\$ 12.6	\$ (17.5)
Change in fair value of interest rate swap	(11.9)	2.6	(13.1)	4.3
Change in unrealized holding losses on auction rate securities	(0.2)	-	(0.9)	-
Change in income tax (expense) benefit	4.5	(1.0)	5.0	(1.6)
Comprehensive income (loss)	\$ 3.2	\$ (18.3)	\$ 3.6	\$ (14.8)

The components of accumulated other comprehensive loss, net of taxes, as of June 30, 2009 and December 31, 2009 are as follows (in millions).

	June 30, 2009	December 31, 2009
Fair value of interest rate swap	\$ (6.9)	\$ (2.6)
Unrealized holding loss on investments in auction rate securities	(4.1)	(4.1)
Income tax benefit	4.2	2.6
Accumulated other comprehensive loss	\$ (6.8)	\$ (4.1)

11. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In January 2010, the FASB issued guidance requiring additional information to be disclosed principally in respect of Level 3 fair value measurements and transfers to and from Level 1 and Level 2 measurements. In addition, enhanced disclosures are required concerning inputs and valuation techniques used to determine Level 2 and Level 3 fair value measurements. The new disclosures and clarifications of existing disclosures are effective for the quarter ending March 31, 2010, with the effective date for additional Level 3 related disclosures effective for periods beginning after December 15, 2010. Vanguard

does not expect the adoption to significantly impact its financial position, results of operations, or cash flows.

In September 2009, the FASB issued additional guidance concerning the manner in which fair value of liabilities should be determined. Previous guidance defined the fair value of a liability as the price that would be paid to transfer the liability in an orderly transaction between market participants at the measurement date. The new guidance amends these criteria by specifically addressing valuation techniques, liabilities traded as assets, and quoted prices in an active market. The new guidance was effective for Vanguard's quarter ended December 31, 2009. Vanguard does not expect the adoption to significantly impact its financial position, results of operations or cash flows.

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12. SEGMENT INFORMATION

Vanguard's acute care hospitals and related healthcare businesses are similar in their activities and the economic environments in which they operate (i.e. urban markets). Accordingly, Vanguard's reportable operating segments consist of 1) acute care hospitals and related healthcare businesses, collectively, and 2) health plans consisting of MacNeal Health Providers, a contracting entity for outpatient services provided by MacNeal Hospital and Weiss Memorial Hospital and participating physicians in the Chicago area, Phoenix Health Plan, a Medicaid managed health plan operating in Arizona, and Abrazo Advantage Health Plan, a Medicare and Medicaid dual eligible managed health plan operating in Arizona.

The following tables provide unaudited condensed financial information by business segment for the three and six month periods ended December 31, 2008 and 2009, including a reconciliation of Segment EBITDA to income (loss) from continuing operations before income taxes (in millions).

	Three months ended December 31, 2008				Three months ended December 31, 2009			
	Acute Care Services	Health Plans	Eliminations	Consolidated	Acute Care Services	Health Plans	Eliminations	Consolidated
Patient service revenues (1)	\$ 614.4	\$ -	\$ -	\$ 614.4	\$ 631.3	\$ -	\$ -	\$ 631.3
Premium revenues	-	178.2	-	178.2	-	212.3	-	212.3
Inter-segment revenues	7.8	-	(7.8)	-	10.4	-	(10.4)	-
Total revenues	622.2	178.2	(7.8)	792.6	641.7	212.3	(10.4)	843.6
Salaries and benefits (excludes stock compensation)	294.6	7.3	-	301.9	315.2	8.3	-	323.5
Health plan claims expense (1)	-	140.7	-	140.7	-	170.8	-	170.8
Supplies	112.7	0.1	-	112.8	114.7	0.1	-	114.8
Provision for doubtful accounts	48.3	-	-	48.3	35.0	-	-	35.0
Other operating expenses - external	101.0	9.4	-	110.4	107.7	8.0	-	115.7
Operating Expenses - inter-segment	-	7.8	(7.8)	-	-	10.4	(10.4)	-
Total operating expenses	556.6	165.3	(7.8)	714.1	572.6	197.6	(10.4)	759.8
Segment EBITDA (2)	65.6	12.9	-	78.5	69.1	14.7	-	83.8
Less:								
Interest, net	28.9	(0.3)	-	28.6	27.6	(0.1)	-	27.5
Depreciation and amortization	31.1	1.0	-	32.1	33.1	1.2	-	34.3
Equity method income	(0.3)	-	-	(0.3)	(0.3)	-	-	(0.3)
Stock compensation	0.8	-	-	0.8	1.0	-	-	1.0
Impairment loss	-	-	-	-	43.1	-	-	43.1
Loss disposal of assets	-	-	-	-	0.4	-	-	0.4
Monitoring fees and expenses	1.3	-	-	1.3	1.4	-	-	1.4
Income (loss) from continuing operations before income taxes	\$ 3.8	\$ 12.2	\$ -	\$ 16.0	\$ (37.2)	\$ 13.6	\$ -	\$ (23.6)
Capital expenditures	\$ 36.5	\$ 0.6	\$ -	\$ 37.1	\$ 34.2	\$ 0.4	\$ -	\$ 34.6

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	Six months ended December 31, 2008				Six months ended December 31, 2009			
	Acute Care Services	Health Plans	Eliminations	Consolidated	Acute Care Services	Health Plans	Eliminations	Consolidated
Patient service revenues (1)	\$ 1,212.7	\$ -	\$ -	\$ 1,212.7	\$ 1,250.4	\$ -	\$ -	\$ 1,250.4
Premium revenues	-	298.9	-	298.9	-	416.6	-	416.6
Inter-segment revenues	17.3	-	(17.3)	-	21.0	-	(21.0)	-

Total revenues	1,230.0	298.9	(17.3)	1,511.6	1,271.4	416.6	(21.0)	1,667.0
Salaries and benefits (excludes stock compensation)	578.6	14.5	-	593.1	619.2	16.8	-	636.0
Health plan claims expense (1)	-	227.7	-	227.7	-	331.8	-	331.8
Supplies	224.4	0.2	-	224.6	225.7	0.1	-	225.8
Provision for doubtful accounts	102.9	-	-	102.9	72.2	-	-	72.2
Other operating expenses - external	204.3	17.3	-	221.6	230.9	17.8	-	248.7
Operating Expenses - inter-segment	-	17.3	(17.3)	-	-	21.0	(21.0)	-
Total operating expenses	1,110.2	277.0	(17.3)	1,369.9	1,148.0	387.5	(21.0)	1,514.5
Segment EBITDA (2)	119.8	21.9	-	141.7	123.4	29.1	-	152.5
Less:								
Interest, net	58.4	(1.1)	-	57.3	55.0	(0.3)	-	54.7
Depreciation and amortization	62.4	2.0	-	64.4	66.1	2.2	-	68.3
Equity method income	(0.3)	-	-	(0.3)	(0.5)	-	-	(0.5)
Stock compensation	2.2	-	-	2.2	2.9	-	-	2.9
Impairment loss	-	-	-	-	43.1	-	-	43.1
Loss (gain) on disposal of assets	(2.1)	-	-	(2.1)	0.4	-	-	0.4
Realized holding loss on investments	0.6	-	-	0.6	-	-	-	-
Monitoring fees and expenses	2.6	-	-	2.6	2.7	-	-	2.7
Income (loss) from continuing operations before income taxes	\$ (4.0)	\$ 21.0	\$ -	\$ 17.0	\$ (46.3)	\$ 27.2	\$ -	\$ (19.1)
Capital expenditures	\$ 53.8	\$ 0.9	\$ -	\$ 54.7	\$ 68.0	\$ 0.4	\$ -	\$ 68.4
Segment assets	\$ 2,492.8	\$ 165.3	\$ -	\$ 2,658.1	\$ 2,589.9	\$ 199.7	\$ -	\$ 2,759.6

(1) Vanguard eliminates in consolidation those patient service revenues earned by its hospitals and related healthcare facilities attributable to services provided to enrollees in its owned health plans and also eliminates the corresponding medical claims expenses incurred by the health plans for those services.

(2) Segment EBITDA is defined as income (loss) from continuing operations before income taxes less interest expense (net of interest income), depreciation and amortization, equity method income, stock compensation, gain or loss on disposal of assets, realized holding losses on investments, monitoring fees and expenses, debt extinguishment costs and impairment losses. Management uses Segment EBITDA to measure performance for Vanguard's segments and to develop strategic objectives and operating plans for those segments. Segment EBITDA eliminates the uneven effect of non-cash depreciation of tangible assets and amortization of intangible assets, much of which results from acquisitions accounted for under the purchase method of accounting. Segment EBITDA also eliminates the effects of changes in interest rates which management believes relate to general trends in global capital markets, but are not necessarily indicative of the operating performance of Vanguard's segments. Management believes that Segment EBITDA provides useful information about the financial performance of Vanguard's segments to investors, lenders, financial analysts and rating agencies. Additionally, management believes that investors and lenders view Segment EBITDA as an important factor in making investment decisions and assessing the value of Vanguard. Segment EBITDA is not a substitute for net income, operating cash flows or other cash flow statement data determined in accordance with accounting principles generally accepted in the United States. Segment EBITDA, as presented, may not be comparable to similarly titled measures of other companies.

13. COMMITMENTS AND CONTINGENCIES

Management evaluates contingencies based upon the best available information and believes that adequate provision for potential losses associated with contingencies has been made. In management's opinion, based on current available

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information, these commitments described below will not have a material effect on Vanguard's results of operations or financial position, but the capital commitments could have an effect on the timing of Vanguard's cash flows, including its need to borrow available amounts under its revolving credit facility.

Capital Expenditure Commitments

Vanguard currently has multiple capital projects underway including significant advanced clinical system upgrades. As of December 31, 2009, Vanguard estimated its remaining commitments to complete capital projects in process to be approximately \$21.5 million.

Insurance Risks

Given the nature of its operating environment, Vanguard is subject to professional and general liability claims and related lawsuits in the ordinary course of business. For professional and general liability claims incurred from June 1, 2002 to May 31, 2006, Vanguard's wholly owned captive subsidiary insured its risks at a \$10.0 million retention level. For claims incurred subsequent to May 31, 2006, Vanguard self-insures the first \$9.0 million per claim, and the captive subsidiary insures the next \$1.0 million per claim. Vanguard's captive subsidiary maintains excess coverage from independent third party insurers on a claims-made basis for individual claims exceeding \$10.0 million up to \$75.0 million, but limited to total annual payments of \$65.0 million in the aggregate. Vanguard self-insures its workers compensation claims up to \$1.0 million per claim and purchases excess insurance coverage for claims exceeding \$1.0 million. During the six months ended December 31, 2009, Vanguard increased its professional and general liability reserve by \$8.0 million (\$5.0 million, net of taxes) and reduced its workers compensation reserve by \$3.5 (\$2.2 million, net of taxes) million for changes in claims development related to prior years.

Patient Service Revenues

Settlements under reimbursement agreements with third party payers are estimated during the period the related services are provided, but final settlements are typically not known until future periods. There is at least a reasonable possibility that recorded estimates will change by a material amount when final settlements are known. Differences between original estimates and subsequent revisions (including final settlements) are included in the condensed consolidated income statements in the period in which the revisions are made. Management believes that adequate provision has been made for adjustments that may result from final determination of amounts earned under the Medicare and Medicaid programs and other managed care plans with settlement provisions. Net adjustments for final third party settlements positively impacted Vanguard's income (loss) from continuing operations before income taxes by \$0.3 million and \$4.5 million for the three months ended December 31, 2008 and 2009 and by \$3.9 million and \$4.5 million for the six months ended December 31, 2008 and 2009, respectively. Vanguard recorded \$22.9 million and \$20.7 million of charity care deductions during the three months ended December 31, 2008 and 2009, respectively. Vanguard recorded \$48.4 million and \$43.2 million of charity care deductions during the six months ended December 31, 2008 and 2009, respectively.

Governmental Regulation

Laws and regulations governing the Medicare, Medicaid and other federal healthcare programs are complex and subject to interpretation. Vanguard's management believes that it is in compliance with all applicable laws and regulations in all material respects. However, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare, Medicaid and other federal healthcare programs. Vanguard is not aware of any material regulatory proceeding or investigation underway or threatened involving allegations of potential wrongdoing.

Acquisitions

Vanguard has acquired and will continue to acquire businesses with prior operating histories. Acquired companies may have unknown or contingent liabilities, including liabilities for failure to comply with healthcare laws and regulations, such as billing and reimbursement, anti-kickback and physician self-referral laws. Although Vanguard institutes policies designed to conform practices to its standards following completion of acquisitions and attempts to structure its acquisitions as asset acquisitions in which Vanguard does not assume liability for seller wrongful actions, there can be no assurance that Vanguard will not become liable for past activities that may later be alleged to be improper by private plaintiffs or government

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agencies. Although Vanguard obtains general indemnifications from sellers covering such matters, there can be no assurance that any specific matter will be covered by such indemnifications, or if covered, that such indemnifications will be adequate to cover potential losses and fines.

Guarantees

Physician Guarantees

In the normal course of its business, Vanguard enters into physician relocation agreements under which it guarantees minimum monthly income, revenues or collections or guarantees reimbursement of expenses up to maximum limits to physicians during a specified period of time (typically, 12 months to 36 months). In return for the guarantee payments, the physicians are required to practice in the community for a stated period of time (typically, 3 to 4 years) or else return the guarantee payments to Vanguard. Accounting for minimum revenue guarantees requires that a liability be recorded at fair value for all guarantees entered into on or after January 1, 2006. Vanguard determines this liability and an offsetting intangible asset by calculating an estimate of expected payments to be made over the guarantee period. Vanguard reduces the liability as it makes guarantee payments and amortizes the intangible asset over the term of the physicians' relocation agreements. Vanguard also estimates the fair value of liabilities and offsetting intangible assets related to payment guarantees for physician service agreements for which no repayment provisions exist. As of December 31, 2009, Vanguard had a net intangible asset of \$6.6 million and a remaining liability of \$1.7 million related to these physician income and service guarantees. The maximum amount of Vanguard's unpaid physician income and service guarantees as of December 31, 2009 was approximately \$3.6 million.

Other Guarantees

As part of its contract with the Arizona Health Care Cost Containment System, one of Vanguard's health plans, Phoenix Health Plan, is required to maintain a performance guarantee, the amount of which is based upon Plan membership and capitation premiums received. As of December 31, 2009, Vanguard maintained this performance guarantee in the form of \$50.0 million of surety bonds with independent third party insurers collateralized by letters of credit of approximately \$5.0 million.

14. FINANCIAL INFORMATION FOR SUBSIDIARY GUARANTORS AND NON-GUARANTOR SUBSIDIARIES

Vanguard conducts substantially all of its business through its subsidiaries. Most of Vanguard's subsidiaries jointly and severally guarantee the 9.0% Notes on an unsecured senior subordinated basis. Certain of Vanguard's other consolidated wholly-owned and non wholly-owned entities do not guarantee the 9.0% Notes in conformity with the provisions of the indenture governing the 9.0% Notes and do not guarantee Vanguard's senior secured credit facilities in conformity with the provisions thereof. The condensed consolidating financial information for the parent company, the issuers of the 9.0% Notes, the issuers of the 11.25% Notes, the subsidiary guarantors, the non-guarantor subsidiaries, certain eliminations and consolidated Vanguard as of June 30, 2009 and December 31, 2009 and for the three and six months ended December 31, 2008 and 2009 follows.

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VANGUARD HEALTH SYSTEMS, INC. CONDENSED CONSOLIDATING BALANCE SHEETS June 30, 2009 (Unaudited)

	Parent	Issuers of 9.0% Notes	Issuers of 11.25% Notes	Guarantor Subsidiaries	Combined Non-Guarantors	Eliminations	Total Consolidated
(In millions)							
ASSETS							
Current assets:							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 168.3	\$ 139.9	\$ -	\$ 308.2
Restricted cash	-	-	-	0.2	1.7	-	1.9

Accounts receivable, net	-	-	-	257.0	18.3	-	275.3
Inventories	-	-	-	44.5	3.8	-	48.3
Prepaid expenses and other current assets	2.5	-	-	94.9	34.6	(34.0)	98.0
Total current assets	2.5	-	-	564.9	198.3	(34.0)	731.7
Property, plant and equipment, net	-	-	-	1,114.7	59.4	-	1,174.1
Goodwill	-	-	-	608.5	83.6	-	692.1
Intangible assets, net	-	19.4	2.9	13.5	18.8	-	54.6
Investments in consolidated subsidiaries	608.8	-	-	-	24.5	(633.3)	-
Investments in auction rate securities	-	-	-	-	21.6	-	21.6
Other assets	-	-	-	56.8	0.2	-	57.0
Total assets	\$ 611.3	\$ 19.4	\$ 2.9	\$ 2,358.4	\$ 406.4	\$ (667.3)	\$ 2,731.1

LIABILITIES AND EQUITY

Current liabilities:	\$ -	\$ -	\$ -	\$ 112.7	\$ 15.2	\$ -	\$ 127.9
Accounts payable	-	-	-	201.9	122.3	-	344.2
Accrued expenses and other current liabilities	-	20.0	-	(0.2)	0.2	-	8.0
Current maturities of long-term debt	-	8.0	-	-	-	-	-
Total current liabilities	-	28.0	-	314.4	137.7	-	480.1
Other liabilities	-	-	-	71.9	73.7	(34.0)	111.6
Long-term debt, less current maturities	-	1,333.4	210.2	-	-	-	1,543.6
Intercompany	15.5	(810.4)	(120.9)	1,314.8	(60.1)	(338.9)	-
Equity	595.8	(531.6)	(86.4)	657.3	255.1	(294.4)	595.8
Total liabilities and equity	\$ 611.3	\$ 19.4	\$ 2.9	\$ 2,358.4	\$ 406.4	\$ (667.3)	\$ 2,731.1

VANGUARD HEALTH SYSTEMS, INC. CONDENSED CONSOLIDATING BALANCE SHEETS December 31, 2009 (Unaudited)

	Parent	Issuers of 9.0% Notes	Issuers of 11.25% Notes	Guarantor Subsidiaries	Combined Non-Guarantors	Eliminations	Total Consolidated
(In millions)							
ASSETS							
Current assets:							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 257.0	\$ 101.0	\$ -	\$ 358.0
Restricted cash	-	-	-	20.2	1.7	-	21.9
Accounts receivable, net	-	-	-	268.5	20.1	-	288.6
Inventories	-	-	-	46.0	4.1	-	50.1
Prepaid expenses and other current assets	0.9	-	-	65.4	25.2	(16.9)	74.6
Total current assets	0.9	-	-	657.1	152.1	(16.9)	793.2
Property, plant and equipment, net	-	-	-	1,106.3	58.0	-	1,164.3
Goodwill	-	-	-	565.5	83.6	-	649.1
Intangible assets, net	-	16.7	2.8	14.1	17.0	-	50.6
Investments in consolidated subsidiaries	608.8	-	-	-	24.5	(633.3)	-
Investments in auction rate securities	-	-	-	-	21.6	-	21.6
Other assets	-	-	-	80.6	0.2	-	80.8
Total assets	\$ 609.7	\$ 16.7	\$ 2.8	\$ 2,423.6	\$ 357.0	\$ (650.2)	\$ 2,759.6
LIABILITIES AND EQUITY							
Current liabilities:	\$ -	\$ -	\$ -	\$ 126.2	\$ 22.3	\$ -	\$ 148.5
Accounts payable	-	-	-	-	-	-	-

Accrued expenses and other current liabilities	-	15.7	6.1	192.0	142.0	-	355.8
Current maturities of long-term debt	-	8.0	-	(0.2)	0.2	-	8.0
Total current liabilities	-	23.7	6.1	318.0	164.5	-	512.3
Other liabilities	-	-	-	74.8	61.7	(16.9)	119.6
Long-term debt, less current maturities	-	1,329.6	216.0	-	-	-	1,545.6
Intercompany	27.6	(760.4)	(120.8)	1,362.6	(138.5)	(370.5)	-
Equity	582.1	(576.2)	(98.5)	668.2	269.3	(262.8)	582.1
Total liabilities and equity	\$ 609.7	\$ 16.7	\$ 2.8	\$ 2,423.6	\$ 357.0	\$ (650.2)	\$ 2,759.6

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VANGUARD HEALTH SYSTEMS, INC.
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
For the three months ended December 31, 2008
(Unaudited)

	Parent	Issuers of 9.0% Notes	Issuers of 11.25% Notes	Guarantor Subsidiaries	Combined Non-Guarantors	Eliminations	Total Consolidated
(in millions)							
Patient service revenues	\$ -	\$ -	\$ -	\$ 579.6	\$ 39.8	\$ (5.0)	\$ 614.4
Premium revenues	-	-	-	14.9	163.3	-	178.2
Total revenues	-	-	-	594.5	203.1	(5.0)	792.6
Salaries and benefits	0.8	-	-	280.8	21.1	-	302.7
Health plan claims expense	-	-	-	8.7	137.0	(5.0)	140.7
Supplies	-	-	-	104.4	8.4	-	112.8
Provision for doubtful accounts	-	-	-	45.7	2.6	-	48.3
Purchased services	-	-	-	36.8	3.5	-	40.3
Other operating expenses	-	-	-	50.4	9.4	-	59.8
Rents and leases	-	-	-	9.0	1.3	-	10.3
Depreciation and amortization	-	-	-	28.5	3.6	-	32.1
Interest, net	-	24.5	5.5	(1.8)	0.4	-	28.6
Management fees	-	-	-	(3.5)	3.5	-	-
Other	-	-	-	1.0	-	-	1.0
Total costs and expenses	0.8	24.5	5.5	560.0	190.8	(5.0)	776.6
Income (loss) from continuing operations before income taxes	(0.8)	(24.5)	(5.5)	34.5	12.3	-	16.0
Income tax benefit (expense)	(5.1)	-	-	-	(2.5)	2.5	(5.1)
Equity in earnings of subsidiaries	16.0	-	-	-	-	(16.0)	-
Income (loss) from continuing operations	10.1	(24.5)	(5.5)	34.5	9.8	(13.5)	10.9
Income (loss) from discontinued operations, net of taxes	-	-	-	(0.4)	0.3	-	(0.1)
Net income (loss)	10.1	(24.5)	(5.5)	34.1	10.1	(13.5)	10.8
Less: Net income attributable to non-controlling interests	-	-	-	(0.7)	-	-	(0.7)
Net income (loss) attributable to Vanguard Health Systems, Inc. stockholders	\$ 10.1	\$ (24.5)	\$ (5.5)	\$ 33.4	\$ 10.1	\$ (13.5)	\$ 10.1

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VANGUARD HEALTH SYSTEMS, INC.
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
For the three months ended December 31, 2009
(Unaudited)

	Parent	Issuers of 9.0% Notes	Issuers of 11.25% Notes	Guarantor Subsidiaries	Combined Non-Guarantors	Eliminations	Total Consolidated
<i>(In millions)</i>							
Patient service revenues	\$ -	\$ -	\$ -	\$ 592.8	\$ 45.4	\$ (6.9)	\$ 631.3
Premium revenues	-	-	-	15.2	204.9	(7.8)	212.3
Total revenues	-	-	-	608.0	250.3	(14.7)	843.6
Salaries and benefits	1.0	-	-	299.3	24.2	-	324.5
Health plan claims expense	-	-	-	8.2	169.5	(6.9)	170.8
Supplies	-	-	-	106.1	8.7	-	114.8
Provision for doubtful accounts	-	-	-	33.3	1.7	-	35.0
Purchased services	-	-	-	39.0	5.7	-	44.7
Other operating expenses	0.1	-	-	52.5	15.0	(7.8)	59.8
Rents and leases	-	-	-	9.4	1.8	-	11.2
Depreciation and amortization	-	-	-	31.3	3.0	-	34.3
Interest, net	-	22.3	6.3	(2.0)	0.9	-	27.5
Management fees	-	-	-	(4.2)	4.2	-	-
Impairment loss	-	-	-	43.1	-	-	43.1
Other	-	-	-	1.5	-	-	1.5
Total costs and expenses	1.1	22.3	6.3	617.5	234.7	(14.7)	867.2
Income (loss) from continuing operations before income taxes	(1.1)	(22.3)	(6.3)	(9.5)	15.6	-	(23.6)
Income tax benefit (expense)	3.6	-	-	-	(6.1)	6.1	3.6
Equity in earnings of subsidiaries	(23.2)	-	-	-	-	23.2	-
Income (loss) from continuing operations	(20.7)	(22.3)	(6.3)	(9.5)	9.5	29.3	(20.0)
Income (loss) from discontinued operations, net of taxes	-	-	-	0.1	-	-	0.1
Net income (loss)	(20.7)	(22.3)	(6.3)	(9.4)	9.5	29.3	(19.9)
Less: Net income attributable to non- controlling interests	-	-	-	(0.8)	-	-	(0.8)
Net income (loss) attributable to Vanguard Health Systems, Inc. stockholders	\$ (20.7)	\$ (22.3)	\$ (6.3)	\$ (10.2)	\$ 9.5	\$ 29.3	\$ (20.7)

VANGUARD HEALTH SYSTEMS, INC.
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
For the six months ended December 31, 2008
(Unaudited)

	Parent	Issuers of 9.0% Notes	Issuers of 11.25% Notes	Guarantor Subsidiaries	Combined Non-Guarantors	Eliminations	Total Consolidated
<i>(In millions)</i>							
Patient service revenues	\$ -	\$ -	\$ -	\$ 1,143.4	\$ 81.0	\$ (11.7)	\$ 1,212.7
Premium revenues	-	-	-	30.2	268.8	(0.1)	298.9
Total revenues	-	-	-	1,173.6	349.8	(11.8)	1,511.6
Salaries and benefits	2.2	-	-	549.1	44.0	-	595.3
Health plan claims expense	-	-	-	17.3	222.1	(11.7)	227.7
Supplies	-	-	-	208.8	15.8	-	224.6
Provision for doubtful accounts	-	-	-	97.9	5.0	-	102.9
Purchased services	-	-	-	74.6	7.1	-	81.7
Other operating expenses	0.1	-	-	100.3	18.1	(0.1)	118.4
Rents and leases	-	-	-	18.2	3.3	-	21.5
Depreciation and amortization	-	-	-	57.2	7.2	-	64.4
Interest, net	-	49.1	10.7	(2.9)	0.4	-	57.3
Management fees	-	-	-	(7.0)	7.0	-	-

Other	-	-	-	0.2	0.6	-	0.8
Total costs and expenses	2.3	49.1	10.7	1,113.7	330.6	(11.8)	1,494.6
Income (loss) from continuing operations before income taxes	(2.3)	(49.1)	(10.7)	59.9	19.2	-	17.0
Income tax benefit (expense)	(5.3)	-	-	-	(6.7)	6.7	(5.3)
Equity in earnings of subsidiaries	18.6	-	-	-	-	(18.6)	-
Income (loss) from continuing operations	11.0	(49.1)	(10.7)	59.9	12.5	(11.9)	11.7
Income from discontinued operations, net of taxes	-	-	-	0.5	0.4	-	0.9
Net income (loss)	11.0	(49.1)	(10.7)	60.4	12.9	(11.9)	12.6
Less: Net income attributable to non-controlling interests	-	-	-	(1.6)	-	-	(1.6)
Net income (loss) attributable to Vanguard Health Systems, Inc. stockholders	\$ 11.0	\$ (49.1)	\$ (10.7)	\$ 58.8	\$ 12.9	\$ (11.9)	\$ 11.0

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VANGUARD HEALTH SYSTEMS, INC.
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
For the six months ended December 31, 2009
(Unaudited)

	Parent	Issuers of 9.0% Notes	Issuers of 11.25% Notes	Guarantor Subsidiaries	Combined Non-Guarantors	Eliminations	Total Consolidated
(In millions)							
Patient service revenues	\$ -	\$ -	\$ -	\$ 1,173.2	\$ 90.6	\$ (13.4)	\$ 1,250.4
Premium revenues	-	-	-	30.6	401.5	(15.5)	416.6
Total revenues	-	-	-	1,203.8	492.1	(28.9)	1,667.0
Salaries and benefits	2.9	-	-	587.7	48.3	-	638.9
Health plan claims expense	-	-	-	16.3	328.9	(13.4)	331.8
Supplies	-	-	-	208.6	17.2	-	225.8
Provision for doubtful accounts	-	-	-	68.1	4.1	-	72.2
Purchased services	-	-	-	81.3	11.0	-	92.3
Other operating expenses	0.1	-	-	117.0	32.5	(15.5)	134.1
Rents and leases	-	-	-	18.6	3.7	-	22.3
Depreciation and amortization	-	-	-	61.6	6.7	-	68.3
Interest, net	-	44.6	12.1	(3.6)	1.6	-	54.7
Management fees	-	-	-	(8.5)	8.5	-	-
Impairment loss	-	-	-	43.1	-	-	43.1
Other	-	-	-	2.6	-	-	2.6
Total costs and expenses	3.0	44.6	12.1	1,192.8	462.5	(28.9)	1,686.1
Income (loss) from continuing operations before income taxes	(3.0)	(44.6)	(12.1)	11.0	29.6	-	(19.1)
Income tax benefit (expense)	1.7	-	-	-	(10.4)	10.4	1.7
Equity in earnings of subsidiaries	(17.9)	-	-	-	-	17.9	-
Income (loss) from continuing operations	(19.2)	(44.6)	(12.1)	11.0	19.2	28.3	(17.4)
Loss from discontinued operations, net of taxes	-	-	-	(0.1)	-	-	(0.1)
Net income (loss)	(19.2)	(44.6)	(12.1)	10.9	19.2	28.3	(17.5)
Less: Net income attributable to non-controlling interests	-	-	-	(1.7)	-	-	(1.7)
Net income (loss) attributable to Vanguard Health Systems, Inc. stockholders	\$ (19.2)	\$ (44.6)	\$ (12.1)	\$ 9.2	\$ 19.2	\$ 28.3	\$ (19.2)

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VANGUARD HEALTH SYSTEMS, INC.
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the six months ended December 31, 2008
(Unaudited)

	Parent	Issuers of 9.0% Notes	Issuers of 11.25% Notes	Guarantor Subsidiaries	Combined Non-Guarantors	Eliminations	Total Consolidated
(In millions)							
Operating activities:							
Net income (loss)	\$ 11.0	\$ (49.1)	\$ (10.7)	\$ 60.4	\$ 12.9	\$ (11.9)	\$ 12.6
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities							
Income from discontinued operations, net of taxes	-	-	-	(0.5)	(0.4)	-	(0.9)
Depreciation and amortization	-	-	-	57.2	7.2	-	64.4
Provision for doubtful accounts	-	-	-	97.9	5.0	-	102.9
Deferred income taxes	1.6	-	-	-	-	-	1.6
Amortization of loan costs	-	2.5	0.1	-	-	-	2.6
Accretion of principal on senior discount notes	-	-	10.6	-	-	-	10.6
Gain on disposal of assets	-	-	-	(2.1)	-	-	(2.1)
Stock compensation	2.2	-	-	-	-	-	2.2
Realized loss on investments	-	-	-	-	0.6	-	0.6
Changes in operating assets and liabilities, net of effects of acquisitions:							
Equity in earnings of subsidiaries	(18.6)	-	-	-	-	18.6	-
Accounts receivable	-	-	-	(97.3)	(6.3)	-	(103.6)
Inventories	-	-	-	(1.1)	(0.2)	-	(1.3)
Prepaid expenses and other current assets	-	-	-	(1.7)	3.8	-	2.1
Accounts payable	-	-	-	0.7	3.7	-	4.4
Accrued expenses and other liabilities	3.8	8.5	-	30.8	24.3	(10.2)	57.2
Net cash provided by (used in) operating activities - continuing operations	-	(38.1)	-	144.3	50.6	(3.5)	153.3
Net cash provided by operating activities - discontinued operations	-	-	-	0.5	0.4	-	0.9
Net cash provided by (used in) operating activities	-	(38.1)	-	144.8	51.0	(3.5)	154.2
Investing activities:							
Capital expenditures	-	-	-	(51.2)	(3.5)	-	(54.7)
Acquisitions	-	-	-	(3.6)	-	-	(3.6)
Proceeds from asset dispositions	-	-	-	4.0	-	-	4.0
Other	-	-	-	-	(0.3)	-	(0.3)
Net cash used in investing activities	-	-	-	(50.8)	(3.8)	-	(54.6)

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VANGUARD HEALTH SYSTEMS, INC.
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the six months ended December 31, 2008
(Unaudited)
(continued)

	Parent	Issuers of 9.0% Notes	Issuers of 11.25% Notes	Guarantor Subsidiaries	Combined Non-Guarantors	Eliminations	Total Consolidated
(In millions)							
Financing activities:							
Payments of long-term debt	\$ -	\$ (3.9)	\$ -	\$ -	\$ -	\$ -	\$ (3.9)
Distributions paid to non-controlling interests	-	-	-	-	(6.2)	3.5	(2.7)
Cash provided by (used in) intercompany activity	-	42.0	-	11.0	(53.0)	-	-

Net cash provided by (used in) financing activities	-	38.1	-	11.0	(59.2)	3.5	(5.6)
Net increase (decrease) in cash and cash equivalents	-	-	-	105.0	(12.0)	-	93.0
Cash and cash equivalents, beginning of period	-	-	-	82.0	59.5	-	141.6
Cash and cash equivalents, end of period	\$ -	\$ -	\$ -	\$ 187.0	\$ 47.6	\$ -	\$ 234.6

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VANGUARD HEALTH SYSTEMS, INC.
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the six months ended December 31, 2009
(Unaudited)

	Parent	Issuers of 9.0% Notes	Issuers of 11.25% Notes	Guarantor Subsidiaries	Combined Non-Guarantors	Eliminations	Total Consolidated
(In millions)							
Operating activities:							
Net income (loss)	\$ (19.2)	\$ (44.6)	\$ (12.1)	\$ 10.9	\$ 19.2	\$ 28.3	\$ (17.5)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:							
Loss from discontinued operations, net of taxes	-	-	-	0.1	-	-	0.1
Depreciation and amortization	-	-	-	61.6	6.7	-	68.3
Provision for doubtful accounts	-	-	-	68.1	4.1	-	72.2
Deferred income taxes	(7.7)	-	-	-	-	-	(7.7)
Amortization of loan costs	-	2.7	0.2	-	-	-	2.9
Accretion of principal on senior discount notes	-	-	5.8	-	-	-	5.8
Loss (gain) on disposal of assets	-	-	-	0.4	-	-	0.4
Stock compensation	2.9	-	-	-	-	-	2.9
Impairment loss	-	-	-	43.1	-	-	43.1
Changes in operating assets and liabilities:							
Equity in earnings of subsidiaries	17.9	-	-	-	-	(17.9)	-
Accounts receivable	-	-	-	(79.6)	(5.9)	-	(85.5)
Inventories	-	-	-	(1.6)	(0.2)	-	(1.8)
Prepaid expenses and other current assets	-	-	-	(3.9)	9.1	-	5.2
Accounts payable	-	-	-	13.5	7.1	-	20.6
Accrued expenses and other liabilities	6.1	(4.3)	6.1	35.3	7.8	(10.3)	40.7
Net cash provided by (used in) operating activities - continuing operations	-	(46.2)	-	147.9	47.9	0.1	149.7
Net cash used in operating activities - discontinued operations	-	-	-	(0.1)	-	-	(0.1)
Net cash provided by (used in) operating activities	-	(46.2)	-	147.8	47.9	0.1	149.6
Investing activities:							
Capital expenditures	-	-	-	(64.8)	(3.6)	-	(68.4)
Acquisitions	-	-	-	(1.5)	-	-	(1.5)
Proceeds from asset dispositions	-	-	-	1.4	-	-	1.4
Increase in restricted cash	-	-	-	(20.0)	-	-	(20.0)
Other	-	-	-	(0.3)	-	-	(0.3)
Net cash used in investing activities	-	-	-	(85.2)	(3.6)	-	(88.8)

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VANGUARD HEALTH SYSTEMS, INC.
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the six months ended December 31, 2009
(Unaudited)

(continued)

	Parent	Issuers of 9.0% Notes	Issuers of 11.25% Notes	Guarantor Subsidiaries	Combined Non-Guarantors	Eliminations	Total Consolidated
	(in millions)						
Financing activities:							
Payments of long-term debt	\$ -	\$ (3.8)	\$ -	\$ -	\$ -	\$ -	\$ (3.8)
Payments related to derivative instrument with financing element	(5.4)	-	-	-	-	-	(5.4)
Distributions paid to non-controlling interests	-	-	-	-	(4.6)	2.8	(1.8)
Cash provided by (used in) intercompany activity	5.4	50.0	-	26.1	(78.6)	(2.9)	-
Net cash provided by (used in) financing activities	-	46.2	-	26.1	(83.2)	(0.1)	(11.0)
Net increase (decrease) in cash and cash equivalents	-	-	-	88.7	(38.9)	-	49.8
Cash and cash equivalents, beginning of period	-	-	-	168.3	139.9	-	308.2
Cash and cash equivalents, end of period	\$ -	\$ -	\$ -	\$ 257.0	\$ 101.0	\$ -	\$ 358.0

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15. SUBSEQUENT EVENTS

Vanguard has evaluated subsequent events for the three and six months ended December 31, 2009 through February 9, 2010, the date these financial statements were issued. In January 2010, Vanguard completed a comprehensive refinancing plan (the "Refinancing"). Under the Refinancing, certain of Vanguard's subsidiaries entered into an \$815.0 million senior secured term loan (the "2010 term loan facility") and a \$260.0 million revolving credit facility (the "2010 revolving facility") and together with the 2010 term loan facility, the "2010 credit facilities"). The 2010 term loan facility matures in January 2016 and will bear interest at a per annum rate equal to, at Vanguard's option, LIBOR (subject to a floor of 1.50%) plus 3.50% or a base rate plus 2.50%. Upon the occurrence of certain events, Vanguard's subsidiaries may request an incremental term loan facility to be added to the 2010 term loan facility to issue additional term loans in such amounts as Vanguard determines, subject to the receipt of commitments by existing lenders or other financing institutions for such amount of term loans and the satisfaction of certain other conditions. The 2010 revolving facility matures in January 2015, and Vanguard's subsidiaries may seek to increase the borrowing availability under the 2010 revolving facility to an amount larger than \$260.0 million, subject to the receipt of commitments by existing lenders or other financial institutions for such increased revolving facility and the satisfaction of other conditions. Any future borrowings under the 2010 revolving facility will bear interest at a per annum rate equal to, at Vanguard's option, LIBOR plus 3.50% or a base rate plus 2.50%, both of which are subject to a 0.25% decrease dependent upon Vanguard's consolidated leverage ratio. Vanguard may utilize the 2010 revolving facility to issue up to \$100.0 million of letters of credit (\$30.2 million of which were outstanding as of the date of the Refinancing). The 2010 credit facilities contain numerous covenants that restrict Vanguard or its subsidiaries from completing certain transactions and also include limitations on capital expenditures, a minimum interest coverage ratio requirement and a maximum leverage ratio requirement. Vanguard's first test period to comply with these covenants is June 30, 2010.

As part of the Refinancing, certain of Vanguard's subsidiaries issued \$950.0 million aggregate amount at maturity (\$936.3 million cash proceeds) of 8.0% senior unsecured notes due February 2018 (the "8.0% Notes") in a private placement offering. The 8.0% Notes are redeemable, in whole or in part, at any time on or after February 1, 2014 at specified redemption prices. These subsidiaries may redeem up to 35% of the 8.0% Notes before February 1, 2013 with the net cash proceeds from certain equity offerings at a price equal to 108% plus accrued interest or some or all of the notes prior to February 1, 2014 at a redemption price equal to 100% plus accrued interest plus a make-whole premium.

The proceeds from the 2010 credit facilities, the issuance of the 8.0% Notes and available cash were used to repay the \$764.2 million principal and interest outstanding related to the 2005 term loan facility; to fund \$597.0 million and \$232.5 million of cash tender offers and consent solicitations and accrued interest for those holders of the 9.0% Notes and 11.25% Notes, respectively, who accepted the tender offers; to pay fees and expenses related to the Refinancing; to pay \$2.6 million to terminate the interest rate swap agreement related to the 2005 term loan facility, representing the swap liability at the Refinancing date; to purchase 446 shares held by certain former employees; and to fund a \$300.0 million distribution to repurchase a portion of the shares owned by the remaining stockholders. Subsequent to the \$300.0 million share repurchase, Vanguard completed a 1.4778 for one split that effectively returned the share ownership for each stockholder that participated in the distribution to the same level as that in effect immediately prior to the distribution. Approximately \$20.6 million and \$4.1 million of the 9.0% Notes and 11.25% Notes remained outstanding as of the expiration of the initial tender offer and consent solicitation period and through the extended tender offer period as of the date of this filing for the holders of the 9.0% Notes and 11.25% Notes. Certain of Vanguard's subsidiaries will redeem for cash those remaining 9.0% Notes and 11.25% Notes that have not been tendered by February 11, 2010 on March 5, 2010. The redemption price for the 9.0% Notes will be 104.500% of the principal amount thereof plus accrued and unpaid interest, and the redemption price for the 11.25% Notes will be 105.625% of the principal amount thereof plus accrued and unpaid interest.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward Looking Statements

This report on Form 10-Q contains "forward-looking statements" within the meaning of the federal securities laws which are intended to be covered by the safe harbors created thereby. Forward-looking statements are those statements that are based upon management's current plans and expectations as opposed to historical and current facts and are often identified in this report by use of words including but not limited to "may," "believe," "will," "project," "expect," "estimate," "anticipate," and "plan." These statements are based upon estimates and assumptions made by Vanguard's management that, although believed to be reasonable, are subject to numerous factors, risks and uncertainties that could cause actual outcomes

and results to be materially different from those projected. These factors, risks and uncertainties include, among others, the following:

- Our high degree of leverage and interest rate risk
- Our ability to incur substantially more debt
- Operating and financial restrictions in our debt agreements
- Our ability to generate cash necessary to service our debt
- Weakened economic conditions and volatile capital markets
- Potential liability related to disclosures of relationships between physicians and our hospitals
- Post-payment claims reviews by governmental agencies could result in additional costs to us
- Our ability to successfully implement our business strategies
- Our ability to grow our business and successfully integrate future acquisitions
- Potential acquisitions could be costly, unsuccessful or subject us to unexpected liabilities
- Conflicts of interest that may arise as a result of our control by a small number of stockholders
- The highly competitive nature of the healthcare industry
- Governmental regulation of the industry, including Medicare and Medicaid reimbursement levels
- Pressures to contain costs by managed care organizations and other insurers and our ability to negotiate acceptable terms with these third party payers
- Our ability to attract and retain qualified management and healthcare professionals, including physicians and nurses
- Potential federal or state reform of healthcare
- Future governmental investigations
- Our failure to adequately enhance our facilities with technologically advanced equipment could adversely affect our revenues and market position
- Potential lawsuits or other claims asserted against us
- Our ability to maintain or increase patient membership and control costs of our managed healthcare plans
- Our exposure to the increased amounts of and collection risks associated with uninsured accounts and the co-pay and deductible portions of insured accounts
- Dependence on our senior management team and local management personnel
- Volatility of professional and general liability insurance for us and the physicians who practice at our hospitals and increases in the quantity and severity of professional liability claims
- Our ability to maintain and increase patient volumes and control the costs of providing services, including salaries and benefits, supplies and bad debts
- Increased costs from further government regulation of healthcare and our failure to comply, or allegations of our failure to comply, with applicable laws and regulations
- The geographic concentration of our operations
- Technological and pharmaceutical improvements that increase the cost of providing, or reduce the demand for, healthcare services and shift demand for inpatient services to outpatient settings
- Costs and compliance risks associated with Section 404 of the Sarbanes-Oxley Act
- A failure of our information systems would adversely impact our ability to manage our operations
- Material non-cash charges to earnings from impairment of goodwill associated with declines in the fair market values of our reporting units
- Volatility of materials and labor costs for, or state efforts to regulate, potential construction projects that may be necessary for future growth

Our forward-looking statements speak only as of the date made. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statements contained herein, whether as a result of new information, future events or otherwise. We advise you, however, to consult any additional disclosures we make in our other filings with the Securities and Exchange Commission, including, without limitation, the discussion of risks and other uncertainties under the caption "Item 1A. Risk Factors" included later in this Report. You are cautioned to not rely on such forward-looking statements when evaluating the information contained in this report. In light of the significant uncertainties inherent in the forward-looking statements included in this report, you should not regard the inclusion of such information as a representation by us that our 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 our results of operations and financial condition.

Executive Overview

As of December 31, 2009, we owned and operated 15 hospitals with a total of 4,135 licensed beds, and related outpatient service facilities complementary to the hospitals in San Antonio, Texas; metropolitan Phoenix, Arizona; metropolitan Chicago, Illinois; and Massachusetts, and two surgery centers in Orange County, California. As of December 31, 2009, we also owned three health plans as set forth in the following table.

Health Plan	Location	Membership
Phoenix Health Plan ("PHP") – managed Medicaid	Arizona	198,400
Abrazo Advantage Health Plan ("AAHP") – managed Medicare and Dual Eligible	Arizona	2,700
MacNeal Health Providers ("MHP") – capitated outpatient and physician services	Illinois	38,700
		<u>239,800</u>

Our objective is to help people in the communities we serve achieve health for life by delivering an ideal patient-centered experience in a highly reliable environment of care. We plan to grow our business by improving quality of care, expanding services and strengthening the financial performance of our existing operations and selectively acquiring other hospitals where we see an opportunity to improve operating performance and profitability.

Operating Environment

We believe that the operating environment for hospital operators continues to evolve, which presents both challenges and opportunities for us. In order to remain competitive in the markets we serve, we must transform our operating strategies to not only accommodate changing environmental factors but to make them operating advantages for us relative to our peers. These factors will require continued focus on quality of care initiatives. As consumers become

more involved in their healthcare decisions, we believe perceived quality of care will become an even greater factor in determining where physicians choose to practice and where patients choose to receive care. In the following paragraphs we discuss both current challenges and future challenges that we face and our strategies to proactively address them.

Pay for Performance Reimbursement

Many payers, including Medicare and several large managed care organizations, currently require hospital providers to report certain quality measures in order to receive the full amount of payment increases that were awarded automatically in the past. For federal fiscal year 2010, Medicare expanded the number of quality measures to be reported to 47 compared to 43 during federal fiscal year 2009. Many large managed care organizations have developed quality measurement criteria that are similar to or even more stringent than these Medicare requirements. While current Medicare guidelines and contracts with most managed care payers provide for reimbursement based upon the reporting of quality measures, we believe it is only a matter of time until all significant payers utilize the quality measures themselves to determine reimbursement rates for hospital services. In order to meet these requirements, we must deliver an ideal patient-centered experience. This will require us to engage our nurses and partner with physicians to drive our quality of care strategies, to invest in and upgrade our information technology systems to monitor clinical quality indicators and to make all of our processes more efficient.

Physician Alignment

Our ability to attract skilled physicians to our hospitals is critical to our success. Coordination of care and alignment of care strategies between hospitals and physicians will become more critical as reimbursement becomes more episode-based. We have adopted several significant physician recruitment goals with primary emphasis on recruiting physicians specializing in family practice, internal medicine, obstetrics and gynecology, cardiology, neurology, orthopedics and inpatient hospital care (hospitalists). To provide our patients access to the appropriate physician resources, we actively recruit physicians to the communities served by our hospitals through employment agreements, relocation agreements or physician practice acquisitions. We have invested heavily in the infrastructure necessary to coordinate our physician alignment strategies and manage our physician operations. Our hospitalist employment strategy is a key element in coordination of patient-centered care. The costs associated with recruiting, integrating and managing such a large number of new physicians will have a

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negative impact on our operating results and cash flows in the short term. However, we expect to realize improved clinical quality and service expansion capabilities from this initiative that will positively impact our operating results over the long-term.

Cost pressures

In order to demonstrate a highly reliable environment of care, we must hire and retain nurses who share our ideals and beliefs and who have access to the training necessary to implement our clinical quality initiatives. While the national nursing shortage has abated somewhat during the past year, the nursing workforce remains volatile. As a result, we expect continuing pressures on nursing salaries and benefits costs. These pressures include higher than normal base wage increases, demands for flexible working hours and other increased benefits and higher nurse to patient ratios necessary to improve quality of care. Inflationary pressures and technological advancements continue to drive supplies costs higher. We have implemented multiple supply chain initiatives including consolidation of low-priced vendors, establishment of value analysis teams and coordination of care efforts with physicians to reduce physician preference items.

Potential Healthcare Reform

A comprehensive healthcare reform bill was widely anticipated to become law sometime in early 2010. The House of Representatives passed its health reform bill on November 7, 2009 followed by Senate passage of their version of a health reform bill on December 24, 2009. During January 2010, Congressional leaders and representatives of the Obama administration have been meeting to develop a single bill that incorporates provisions from the bills passed by each of the House of Representatives and the Senate. With the election to the United States Senate of State Senator Scott Brown (R) of Massachusetts, the enactment of such a bill, and the contents of any bill so enacted, have become uncertain. Assuming Congress comes to an agreement and passes final legislation, President Obama is expected to sign the health reform package. We are not able to predict what impact these developments may have on our future operating results or cash flows at this time.

Implementation of our Clinical Quality Initiatives

The integral component of each of the challenge areas previously discussed is quality of care. We have implemented many of our expanded clinical quality initiatives and are in the process of implementing several others. These initiatives include monthly review of the 47 CMS quality indicators in place for federal fiscal year 2010, rapid response teams, mock Joint Commission surveys, hourly nursing rounds, our nurse leadership professional practice model, alignment of hospital management incentive compensation with quality performance indicators and the formation of Physician Advisory Councils at our hospitals to align the quality goals of our hospitals with those of the physicians who practice in our hospitals.

Sources of Revenues

Hospital revenues depend upon inpatient occupancy levels, the medical and ancillary services ordered by physicians and provided to patients, the volume of outpatient procedures and the charges or payment rates for such services. Charges and reimbursement rates for inpatient services vary significantly depending on the type of payer, the type of service (e.g., acute care, intensive care or subacute) and the geographic location of the hospital. Inpatient occupancy levels fluctuate for various reasons, many of which are beyond our control.

We receive payment for patient services from:

- the federal government, primarily under the Medicare program;
- state Medicaid programs;
- health maintenance organizations, preferred provider organizations, managed Medicare providers, managed Medicaid providers and other private insurers; and
- individual patients

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The following table sets forth the percentages of net patient revenues by payer for the three months and six months ended December 31, 2008 and 2009.

	Three months ended December 31,		Six months ended December 31,	
	2008	2009	2008	2009
Medicare	25.9%	26.1%	25.8%	25.3%
Medicaid	7.1%	6.7%	7.3%	7.2%
Managed Medicare	14.2%	15.1%	13.8%	14.8%
Managed Medicaid	8.9%	9.3%	9.2%	9.9%
Managed care	35.3%	35.0%	34.8%	35.0%
Self pay	7.7%	6.7%	8.1%	6.8%
Other	0.9%	1.1%	1.0%	1.0%
Total	100.0%	100.0%	100.0%	100.0%

The Medicare program, the nation's largest health insurance program, is administered by CMS. Medicare provides certain hospital and medical insurance benefits to persons age 65 and over, some disabled persons and persons with end-stage renal disease without regard to beneficiary income or assets. Medicaid is a federal-state program, administered by the states, which provides hospital and medical benefits to qualifying individuals who are unable to afford healthcare. All of our general, acute care hospitals located in the United States are certified as healthcare services providers for persons covered under the Medicare and the various state Medicaid programs. Amounts received under these programs are generally significantly less than established hospital gross charges for the services provided.

In our June 30, 2009 10-K, we described the types of payments we receive for services provided to patients enrolled in the traditional Medicare plan (both for inpatient and outpatient services), managed Medicare plans, Medicaid plans, managed Medicaid plans and managed care plans. We also discussed the unique reimbursement features of the traditional Medicare plan, including disproportionate share, outlier cases and direct graduate and indirect medical education. The annual Medicare regulatory updates published by CMS in August 2009 that impact reimbursement rates under the plan for services provided during the federal fiscal year beginning October 1, 2009 were also discussed in our June 30, 2009 10-K.

Our hospitals offer discounts from established charges to certain group purchasers of healthcare services, including private insurance companies, employers, health maintenance organizations, preferred provider organizations and other managed care plans as well as uninsured discounts for patients with no insurance coverage at most of our hospitals. These discount programs limit our ability to increase patient service revenues in response to increasing costs. Patients generally are not responsible for any difference between established hospital charges and amounts reimbursed for such services under Medicare, Medicaid and managed care programs, but are generally responsible for exclusions, deductibles and coinsurance features of their coverages. Due to rising healthcare costs, many payers have increased the number of excluded services and the levels of deductibles and coinsurance resulting in a higher portion of the contracted rate due from the individual patients. Collecting amounts due from individual patients is typically more difficult than collecting from governmental or private managed care plans.

Volumes by Payer

During the six months ended December 31, 2009 compared to the prior year period, discharges were flat and total adjusted discharges increased 2.8%. The following table provides details of discharges by payer for the three and six months ended December 31, 2008 and 2009.

	Three months ended December 31,				Six months ended, December 31,			
	2008		2009		2008		2009	
Medicare	11,375	27.3%	11,593	27.6%	22,631	27.0%	22,696	27.0%
Medicaid	4,313	10.4%	3,672	8.7%	8,764	10.5%	7,264	8.7%
Managed Medicare	6,524	15.7%	6,769	16.1%	12,914	15.4%	13,449	16.0%
Managed Medicaid	5,678	13.7%	6,552	15.6%	11,560	13.8%	12,971	15.5%
Managed care	12,364	29.7%	11,286	26.8%	25,099	29.9%	22,928	27.3%
Self pay	1,220	2.9%	1,999	4.8%	2,635	3.1%	4,257	5.1%
Other	130	0.3%	166	0.4%	282	0.3%	355	0.4%
Total	41,604	100.0%	42,037	100.0%	83,885	100.0%	83,920	100.0%

Payer Reimbursement Trends

In addition to the volume factors described above, patient mix, acuity factors and pricing trends affect our patient service revenues. Net patient revenue per adjusted discharge was \$8,284 and \$8,314 for the six months ended December 31, 2008 and 2009, respectively. This small increase relative to prior periods was primarily due to the uninsured discount policy that we implemented in our Chicago hospitals on April 1, 2009 and in our Phoenix and San Antonio hospitals on July 1, 2009. Under this policy, we apply an uninsured discount (calculated as a standard percentage of gross charges) at the time of patient billing for those patients with no insurance coverage who do not qualify for charity care under our guidelines. We recorded \$112.9 million of uninsured discount revenue deductions during the six months ended December 31, 2009, \$74.2 million of which would have otherwise been included in net patient revenues and subjected to our allowance for doubtful accounts policy had we not implemented our uninsured discount policy at these hospitals.

Impact of Current Economic Environment

We continue to experience limited volume growth due to stagnant demand for inpatient healthcare services and increased competition for available patients. The current weakened economic environment has negatively impacted many industries. While many healthcare services are considered non-discretionary in nature, certain services including elective procedures and other non-emergent services may be deferred or canceled by patients when they are suffering personal financial hardship or have a negative outlook on the general economy. Increases in unemployment often result in a higher number of uninsured patients, and employer cost reduction programs may result in a higher level of co-pays and deductible limits for patients. Governmental payers and managed care payers may reduce reimbursement paid to hospitals and other healthcare providers to address budget shortfalls or enrollment declines. We are unable to determine the specific impact of the weakened economic environment to our results of operations or cash flows. However, we believe these economic conditions have negatively impacted our volumes and payer mix during the current year period to some degree. We expect our volumes to improve more significantly over the long-term as a result of our quality of care and service expansion initiatives and other market-specific strategies, especially as more individuals in the markets we serve reach ages where hospital services become more prevalent. However, we have no way to estimate when the economy may improve or when we will realize the benefits of our long-term strategies.

Accounts Receivable Collection Risks Leading to Increased Bad Debts

Similar to other companies in the hospital industry, we face continued pressures in collecting outstanding accounts receivable primarily due to volatility in the uninsured and underinsured populations in the markets we serve. The following table provides a summary of our accounts receivable payer class mix as of each respective period presented.

December 31, 2008	0-90 days	91-180 days	Over 180 days	Total
Medicare	15.4%	0.4%	0.3%	16.1%
Medicaid	7.4%	2.0%	1.6%	11.0%
Managed Medicare	9.4%	0.4%	0.4%	10.2%
Managed Medicaid	6.6%	0.6%	0.4%	7.6%
Managed Care	25.0%	2.5%	1.7%	30.2%
Self-Pay ⁽¹⁾	8.4%	8.0%	0.9%	17.3%
Self-Pay after primary ⁽²⁾	1.6%	2.2%	1.1%	4.9%
Other	1.6%	0.7%	0.4%	2.7%
Total	76.4%	16.8%	6.8%	100.0%
June 30, 2009	0-90 days	91-180 days	Over 180 days	Total
Medicare	15.6%	0.3%	0.3%	16.2%
Medicaid	6.7%	0.9%	1.0%	8.6%
Managed Medicare	10.0%	0.5%	0.3%	10.8%
Managed Medicaid	7.1%	0.5%	0.5%	8.1%
Managed Care	25.1%	2.3%	1.5%	28.9%
Self-Pay ⁽¹⁾	9.7%	8.1%	0.8%	18.6%
Self-Pay after primary ⁽²⁾	2.1%	2.9%	0.9%	5.9%
Other	1.8%	0.6%	0.5%	2.9%
Total	78.1%	16.1%	5.8%	100.0%
December 31, 2009	0-90 days	91-180 days	Over 180 days	Total
Medicare	17.5%	0.5%	0.4%	18.4%
Medicaid	5.0%	0.9%	1.0%	6.9%
Managed Medicare	12.1%	0.7%	0.4%	13.2%
Managed Medicaid	8.0%	0.5%	0.5%	9.0%
Managed Care	27.9%	1.9%	1.4%	31.2%
Self-Pay ⁽¹⁾	9.1%	3.1%	0.6%	12.8%
Self-Pay after primary ⁽²⁾	1.9%	2.7%	0.7%	5.3%
Other	2.2%	0.6%	0.4%	3.2%
Total	83.7%	10.9%	5.4%	100.0%

(1) Includes uninsured patient accounts only.

(2) Includes patient co-insurance and deductible amounts after payment has been received from the primary payer.

Our combined allowances for doubtful accounts, uninsured discounts and charity care covered 96.5% and 88.6% of combined self-pay and self-pay after primary accounts receivable as of June 30, 2009 and December 31, 2009, respectively.

The period over period decrease is due to the implementation of our uninsured discount policy at our Phoenix and San Antonio hospitals effective July 1, 2009.

The volume of self-pay accounts receivable remains sensitive to a combination of factors including price increases, acuity of services, higher levels of patient deductibles and co-insurance under managed care plans, economic factors and the increased difficulties of uninsured patients who do not qualify for charity care programs to pay for escalating healthcare costs. We have implemented policies and procedures designed to expedite upfront cash collections and promote repayment plans from our patients. However, we believe bad debts will remain a significant risk for us and the rest of the hospital industry in the near term.

Governmental and Managed Care Payer Reimbursement

Healthcare spending comprises a significant portion of total spending in the United States and has been growing at annual rates that exceed inflation, wage growth and gross national product. There is considerable pressure on governmental payers, managed Medicare/Medicaid payers and commercial managed care payers to control costs by either reducing or limiting increases in reimbursement to healthcare providers or limiting benefits to enrollees. The current weakened economic environment has magnified these pressures. Lower than expected tax collections due to higher unemployment and depressed consumer spending have resulted in budget shortfalls for most states, including those in which we operate. Additionally, the demand for Medicaid coverage has increased due to job losses that have left many individuals without health insurance. To balance their budgets, many states, either directly or through their managed Medicaid programs, may enact healthcare spending cuts or defer cash payments to healthcare providers. Further, the tightened credit markets have complicated the states' efforts to issue additional bonds to raise cash. During the six months ended December 31, 2009, combined Medicaid and managed Medicaid programs accounted for approximately 17% of our net patient revenues. Managed care payers also face economic pressures during periods of economic weakness due to lower enrollment resulting from higher unemployment rates and the inability of individuals to afford private insurance coverage. These payers may respond to these challenges by reducing or limiting increases to healthcare provider reimbursement rates or reducing benefits to enrollees. During the six months ended December 31, 2009, we recognized approximately 35% of our net patient revenues from managed care payers. If we do not receive increased payer reimbursement rates from governmental or managed care payers that cover the increasing cost of providing healthcare services to our patients or if governmental payers defer payments to our hospitals, our financial position, results of operations and cash flows could be materially adversely impacted.

Increased Costs of Compliance in a Heavily Regulated Industry

We conduct business in a heavily regulated industry. Accordingly, we maintain a comprehensive, company-wide compliance program to address healthcare regulatory and other compliance requirements. This compliance program includes, among other things, initial and periodic ethics and compliance training, a toll-free reporting hotline for employees, annual fraud and abuse audits and annual coding audits. The organizational structure of our compliance program includes oversight by our board of directors and a high-level corporate management compliance committee. Our Senior Vice President of Compliance and Ethics reports jointly to our Chairman and Chief Executive Officer and to our board of directors, serves as our Chief Compliance Officer and is charged with direct responsibility for the day-to-day management of our compliance program. We also have regional compliance officers in our markets that are 100% dedicated to compliance duties. The financial resources necessary for program oversight, internal enforcement and periodic improvements to our program continue to grow, especially when we add new features to our program or engage external resources to assist with these highly complex matters.

Premium Revenues

We recognize premium revenues from our three health plans, PHP, AAHP and MHP. PHP's membership increased to approximately 198,400 at December 31, 2009 compared to approximately 160,500 at December 31, 2008 primarily due to weakened economic conditions in Arizona that has resulted in a greater number of individuals eligible for coverage under Arizona Health Care Cost Containment System ("AHCCCS"), and the fact that the current year period reflects a full six months under PHP's new AHCCCS contract (see discussion below). Premium revenues from these three plans increased \$117.7 million or 39.4% during the six months ended December 31, 2009 compared to the prior year period.

In May 2008, PHP was awarded a new contract with AHCCCS effective for the three-year period beginning October 1, 2008 and ending September 30, 2011. AHCCCS has the option to renew the new contract, in whole or in part, for two.

additional one-year periods commencing on October 1, 2011 and on October 1, 2012. The new contract covers the three counties covered under the previous contract (Gila, Maricopa and Pinal) plus an additional six Arizona counties (Apache, Coconino, Mohave, Navajo, Pima and Yavapai). The new contract utilizes a national episodic/diagnostic risk adjustment factor for non-reconciled enrollee risk groups, which AHCCCS applied retroactively to October 1, 2008, that was not part of PHP's previous AHCCCS contract. Our financial statements include an estimated reserve for the impact of this risk adjustment factor. In response to the State of Arizona's budget crisis and continued concerns about economic indicators during its 2010 fiscal year, AHCCCS has made certain changes to its current contract with PHP that negatively impact PHP's current and future revenues. AHCCCS could take further actions in the near term that could materially adversely impact our operating results and cash flows including reimbursement rate cuts, enrollment reductions, capitation payment deferrals, covered services reductions or limitations or other steps to reduce program expenditures including cancelling PHP's contract.

Critical Accounting Policies

Our condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States. In preparing these financial statements, we make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses included in the financial statements. Management bases its estimates on historical experience and other available information, the results of which form the basis of its estimates and assumptions. We consider the following accounting policies to be critical because they involve highly subjective and complex assumptions, are subject to greater fluctuation and are the most critical to our operating performance.

- Revenues and revenue deductions
- Allowance for doubtful accounts and provision for doubtful accounts
- Insurance reserves
- Health plan claims reserves
- Income taxes
- Long-lived assets and goodwill

There have been no changes in the nature or application of our critical accounting policies during the three months ended December 31, 2009 when compared to those described in our Current Report on Form 8-K filed with the SEC on January 19, 2010, except those described below.

Revenues and Revenue Deductions

Effective for service dates on or after July 1, 2009, we implemented a new uninsured discount policy for those patients receiving services in our Phoenix and San Antonio hospitals who had no insurance coverage and who did not otherwise qualify for charity care under our guidelines. We implemented this same policy for our Chicago hospitals on April 1, 2009. Under this policy, we apply an uninsured discount (calculated as a standard percentage of gross charges) at the time of patient billing and include this discount as a reduction to patient service revenues. These discounts were approximately \$112.9 million for the six months ended December 31, 2009.

Allowance for Doubtful Accounts and Provision for Doubtful Accounts

We estimate our allowance for doubtful accounts using a standard policy that reserves all accounts aged greater than 365 days subsequent to discharge date plus percentages of uninsured accounts and self-pay after primary accounts less than 365 days old. We test our allowance for doubtful accounts policy quarterly using a hindsight calculation that utilizes write-off data for all payer classes during the previous twelve-month period to estimate the allowance for doubtful accounts at a point in time. We also supplement our analysis by comparing cash collections to net patient revenues and monitoring self-pay utilization. We adjust the standard percentages in our allowance for doubtful accounts reserve policy as necessary given changes in trends from these analyses. We most recently adjusted this reserve policy when we implemented our uninsured discount policy in our Phoenix and San Antonio hospitals on July 1, 2009 and in our Illinois hospitals on April 1, 2009. Significant changes in payer mix, business office operations, general economic conditions and healthcare coverage provided by federal or state governments or private insurers may have a significant impact on our estimates and significantly affect our liquidity, results of operations and cash flows.

Prior to the implementation of our new uninsured discount policy, we classified accounts pending Medicaid approval as Medicaid accounts in our accounts receivable aging report and recorded a contractual allowance for these accounts based

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upon the average Medicaid reimbursement rate for that specific state until qualification was confirmed at which time the account was netted in the aging. In the event an account did not successfully qualify for Medicaid coverage and did not meet our charity guidelines, the previously recorded Medicaid contractual adjustment remained a revenue deduction (similar to a self-pay discount), and the remaining net account balance was reclassified to uninsured status and subjected to our allowance for doubtful accounts policy. If accounts did not qualify for Medicaid coverage but did qualify as charity care, the contractual adjustments were reversed and the gross account balances was recorded as charity deductions.

Upon the implementation of our new uninsured discount policy in our Phoenix, San Antonio and Illinois hospitals, all uninsured accounts (including those pending Medicaid qualification) that do not qualify for charity care receive the standard uninsured discount. The balance of these accounts is subject to our allowance for doubtful accounts policy. For those accounts that subsequently qualify for Medicaid coverage, the uninsured discount is reversed and the account is reclassified to Medicaid accounts receivable with the appropriate contractual discount applied. Thus, the contractual allowance for Medicaid pending accounts is no longer necessary for those accounts subject to the uninsured discount policy.

Long-Lived Assets and Goodwill

Both long-lived assets, including property, plant and equipment and amortizable intangible assets, and goodwill comprise a significant portion of our total assets. We evaluate the carrying value of long-lived assets when impairment indicators are present or when circumstances indicate that impairment may exist. When management believes impairment indicators may exist, projections of the undiscounted future cash flows associated with the use of and eventual disposition of long-lived assets held for use are prepared. If the projections indicate that the carrying values of the long-lived assets are not recoverable, we reduce the carrying values to fair value.

We review goodwill for impairment annually during our fourth fiscal quarter or more frequently if certain impairment indicators arise. We review goodwill at the reporting level unit, which is one level below an operating segment. We compare the carrying value of the net assets of each reporting unit to the net present value of estimated discounted future cash flows of the reporting unit. If the carrying value exceeds the net present value of estimated discounted future cash flows, an impairment indicator exists and an estimate of the impairment loss is calculated. The fair value calculation includes multiple assumptions and estimates, including the projected cash flows and discount rates applied.

Our two Chicago hospitals have experienced deteriorating economic factors that have negatively impacted their results of operations and cash flows. While various initiatives mitigated the impact of these economic factors in previous quarters, the operating results of the Chicago hospitals have not improved to the level anticipated. After having the opportunity to evaluate the operating results of the Chicago hospitals for the first six months of fiscal year 2010 and to reassess the market trends and economic factors, we concluded that it was unlikely that previously projected cash flows for these hospitals would be achieved. We performed an interim goodwill impairment test and, based upon revised projected cash flows, market participant data and appraisal information, we determined that the \$43.1 million remaining goodwill related to this reporting unit was impaired. We recorded the \$43.1 million (\$31.8 million, net of taxes) non-cash impairment loss in our condensed consolidated statement of operations for the quarter ended December 31, 2009.

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Selected Operating Statistics

The following table sets forth certain operating statistics for each of the periods presented.

	Quarter ended December 31,		Six months ended December 31,	
	2008	2009	2008	2009
Number of hospitals at end of period	15	15	15	15
Number of licensed beds at end of period	4,135	4,135	4,135	4,135
Discharges (a)	41,604	42,037	83,885	83,920
Adjusted discharges - hospitals (a)	67,337	69,022	136,044	139,126

Adjusted discharges (a)	70,939	72,990	143,261	147,213
Net revenue per adjusted discharge - hospitals (a)	\$ 8,626	\$ 8,533	\$ 8,449	\$ 8,384
Net revenue per adjusted discharge (a)	\$ 8,495	\$ 8,470	\$ 8,284	\$ 8,314
Patient days (a)	175,944	176,233	354,058	348,199
Average length of stay (days) (a)	4.23	4.19	4.22	4.15
Inpatient surgeries (a)	9,384	9,380	18,862	18,888
Outpatient surgeries (a)	19,026	19,143	37,926	38,460
Emergency room visits (a)	142,671	155,818	289,853	310,727
Occupancy rate (a)	46.2%	46.3%	46.5%	45.8%
Member lives (a)	204,600	239,800	204,600	239,800
Health plan claims expense percentage (a)	79.0 %	80.5%	76.2 %	79.6%

(a) The definitions for the statistics included above are set forth in Part 2, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Selected Operating Statistics" in our Report on Form 8-K filed with the SEC on January 19, 2010.

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Results of Operations

The following table presents summaries of our operating results for the quarters and six months ended December 31, 2008 and 2009.

	Quarter ended December 31,			
	2008		2009	
	Amount	%	Amount	%
(in millions)				
Patient service revenues	\$ 614.4	77.5%	\$ 631.3	74.8%
Premium revenues	178.2	22.5%	212.3	25.2%
Total revenues	792.6	100.0%	843.6	100.0%
Salaries and benefits (includes stock compensation of \$0.8 and \$1.0, respectively)	302.7	38.2%	324.5	38.5%
Health plan claims expense	140.7	17.8%	170.8	20.2%
Supplies	112.8	14.2%	114.8	13.6%
Provision for doubtful accounts	48.3	6.1%	35.0	4.1%
Other operating expenses	110.4	13.9%	115.7	13.7%
Depreciation and amortization	32.1	4.1%	34.3	4.1%
Interest, net	28.6	3.6%	27.5	3.3%
Impairment loss	-	0.0%	43.1	5.1%
Other	1.0	0.1%	1.5	0.2%
Income (loss) from continuing operations before income taxes	16.0	2.0%	(23.6)	(2.8)%
Income tax benefit (expense)	(5.1)	(0.6)%	3.6	0.4%
Income (loss) from continuing operations	10.9	1.4%	(20.0)	(2.4)%
Income (loss) from discontinued operations, net of taxes	(0.1)	0.0%	0.1	0.0%
Net income (loss)	10.8	1.4%	(19.9)	(2.4)%
Less: Net income attributable to non-controlling interests	(0.7)	(0.1)%	(0.8)	(0.1)%
Net income (loss) attributable to Vanguard Health Systems, Inc. stockholders	\$ 10.1	1.3%	\$ (20.7)	(2.5)%

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Six months ended
December 31,

	2008		2009	
	Amount	%	Amount	%
(in millions)				
Patient service revenues	\$ 1,212.7	80.2%	\$ 1,250.4	75.0%
Premium revenues	298.9	19.8%	416.6	25.0%
Total revenues	1,511.6	100.0%	1,667.0	100.0%
Salaries and benefits (includes stock compensation of \$2.2 and \$2.9, respectively)	595.3	39.4%	638.9	38.3%
Health plan claims expense	227.7	15.1%	331.8	19.9%
Supplies	224.6	14.8%	225.8	13.5%
Provision for doubtful accounts	102.9	6.8%	72.2	4.3%
Other operating expenses	221.6	14.7%	248.7	14.9%
Depreciation and amortization	64.4	4.3%	68.3	4.1%
Interest, net	57.3	3.8%	54.7	3.3%
Impairment loss	~	0.0%	43.1	2.6%
Other expenses	0.8	0.0%	2.6	0.2%
Income (loss) from continuing operations before income taxes	17.0	1.1%	(19.1)	(1.1)%
Income tax benefit (expense)	(5.3)	(0.4)%	1.7	0.1%
Income (loss) from continuing operations	11.7	0.7%	(17.4)	(1.0)%
Income (loss) from discontinued operations, net of taxes	0.9	0.1%	(0.1)	0.0%
Net income (loss)	12.6	0.8%	(17.5)	(1.0)%
Less: Net income attributable to non-controlling interests	(1.6)	(0.1)%	(1.7)	(0.1)%
Net income (loss) attributable to Vanguard Health Systems, Inc. stockholders	\$ 11.0	0.7%	\$ (19.2)	(1.1)%

Quarter ended December 31, 2009 compared to quarter ended December 31, 2008

Revenues. Total revenues increased \$51.0 million or 6.4% during the quarter ended December 31, 2009 compared to the prior year quarter primarily due to a significant increase in health plan premium revenues as a result of increased PHP enrollment. Average enrollment at PHP was 195,365 during the quarter ended December 31, 2009, an increase of 20.5% compared to the prior year quarter. Worsened economic conditions in Arizona since the prior year quarter resulted in more individuals becoming eligible for AHCCCS coverage. Enrollment in our other two health plans remained relatively flat quarter over quarter.

Patient service revenues increased \$16.9 million or 2.8% during the quarter ended December 31, 2009 compared to the prior year quarter. Adjusted discharges increased 2.9%, total surgeries increased 0.4% and emergency room visits increased 9.2% during the current year quarter compared to the prior year quarter, respectively. Net revenue per adjusted discharge decreased 0.3% during the current year quarter compared to the prior year quarter. This decrease was primarily due to the implementation of our uninsured discount policies in our Illinois hospitals effective April 1, 2009 and in our Phoenix and San Antonio hospitals effective July 1, 2009. During the current year quarter, we recognized \$51.9 million of uninsured discount revenue deductions, \$37.8 million of which would have otherwise been included in revenues and subjected to our allowance for doubtful accounts policy had the uninsured discount policy not been implemented at these hospitals. We continue to face volume and pricing pressures as a result of continuing economic weakness in the communities our hospitals serve, state efforts to reduce Medicaid program expenditures and intense competition for limited physician and nursing resources, among other factors. We expect the average population growth in the markets we serve to remain generally high in the long-term. As these populations increase and grow older, we believe that our clinical quality initiatives will improve our competitive position in those markets. However, these growth opportunities may not overcome the current industry and market challenges in the short-term.

We continue to implement multiple initiatives to transform our company's operations to prepare for the future changes we expect to occur in the healthcare industry. This transformation process is built upon providing ideal experiences for our patients and their families through clinical excellence, aligning nursing and physician interests to provide coordination of care and improving healthcare delivery efficiencies to provide quality outcomes without overutilization of resources. The success of these initiatives will determine our ability to increase revenues from our existing operations and to increase revenues through acquisitions of other hospitals.

Costs and Expenses. Total costs and expenses from continuing operations, exclusive of income taxes, were \$867.2 million or 102.8% of total revenues during the current year quarter, compared to 98.0% during the prior year quarter. This ratio was negatively impacted by the \$43.1 million (\$31.8 million, net of taxes) goodwill impairment related to our Chicago hospitals reporting unit during the current year quarter as previously discussed. Salaries and benefits, supplies, health plan claims and provision for doubtful accounts represent the most significant of our normal costs and expenses and those typically subject

to the greatest level of fluctuation period over period.

- **Salaries and benefits.** Salaries and benefits as a percentage of total revenues increased to 38.5% during the current year quarter from 38.2% during the prior year quarter. This ratio was positively impacted by the significant increase in premium revenues, which utilize a much lower percentage of salaries and benefits than acute care services, during the current year quarter compared to the prior year quarter. For the acute care services operating segment, salaries and benefits as a percentage of patient service revenues was 49.3% during the current year quarter compared to 47.5% during the prior year quarter. This increase was primarily due to the impact to patient service revenues of our uninsured discount policy previously discussed. We continue to employ more physicians to support the communities our hospitals serve and have made significant investments in clinical quality initiatives that will require additional human resources in the short-term. As of December 31, 2009, we had approximately 19,600 full-time and part-time employees compared to approximately 19,000 as of December 31, 2008. We have been successful in limiting contract labor utilization as a result of our investments in clinical quality and nurse leadership initiatives.
- **Supplies.** Supplies as a percentage of patient service revenues decreased to 18.2% during the current year quarter compared to 18.4% during the prior year quarter primarily due to our continued focus on supply chain efficiencies including reduction in physician commodity variation and improved pharmacy formulary management. Our ability to reduce this ratio in future periods may be limited because our

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growth strategies include expansion of higher acuity services and due to inflationary pressures on medical supplies and pharmaceuticals.

- **Health plan claims.** Health plan claims expense as a percentage of premium revenues increased to 80.5% during the current year quarter compared to 79.0% during the prior year quarter. As enrollment increases, this ratio becomes especially sensitive to the mix of enrollees, including covered groups based upon age and gender and county of residence. AHCCCS also implemented limits on profitability for certain enrollee groups during the current contract year, which negatively impacted this ratio. In addition, the increased PHP revenues diluted the impact of the third party administrator revenues at MHP that have no corresponding health plan claims expense. Revenues and expenses between the health plans and our hospitals and related outpatient service providers of approximately \$10.4 million, or 5.7% of gross health plan claims expense, were eliminated in consolidation during the current year quarter.
- **Provision for doubtful accounts.** The provision for doubtful accounts as a percentage of patient service revenues decreased to 5.5% during the current year quarter from 7.9% during the prior year quarter. Substantially all of this decrease related to the uninsured discount policy and Medicaid pending policy changes previously discussed. The net impact of these policy changes resulted in the recognition of a significant amount of uninsured revenue deductions that would have otherwise been reflected in the provision for doubtful accounts absent these changes. On a combined basis, the provision for doubtful accounts, charity care deductions and uninsured discounts as a percentage of acute care services segment revenues (prior to these revenue deductions) was 11.0% and 15.1% for the prior year and current year quarters, respectively. The uninsured discount and Medicaid pending policy changes resulted in an approximate 230 basis point increase in this ratio during the current year quarter.

Other operating expenses. Other operating expenses as a percentage of total revenues decreased to 13.7% during the current year quarter compared to 13.9% during the prior year period. Other operating expenses as a percentage of patient service revenues increased slightly to 18.3% during the current year quarter compared to 18.0% during the prior year quarter.

Income taxes. Our effective tax rate decreased to approximately 15.3% during the current year quarter compared to 31.9% during the prior year quarter. The effective rate was much lower during the current year quarter due to the fact that a considerable portion of the goodwill impairment loss related to our Chicago hospitals reporting unit was non-deductible for tax purposes.

Net income (loss) attributable to Vanguard Health Systems, Inc. stockholders. Net income attributable to Vanguard stockholders was \$10.1 million during the prior year quarter compared to net loss attributable to Vanguard Health Systems, Inc. stockholders of \$20.7 million during the current year quarter. This change resulted primarily from the goodwill impairment loss recognized during the current year quarter.

Six months ended December 31, 2009 compared to six months ended December 31, 2008

Revenues. Total revenues increased \$155.4 million or 10.3% during the six months ended December 31, 2009 compared to the prior year period primarily due to a significant increase in health plan premium revenues as a result of increased PHP enrollment. Average enrollment at PHP was 190,747 during the six months ended December 31, 2009, an increase of 42.7% compared to the prior year period. The new AHCCCS contract that went into effect on October 1, 2008 included six new counties that PHP had not previously served. The new contract was in effect for the entire six-month period ended December 31, 2009 but only in effect for half of the six-month period ended December 31, 2008.

Patient service revenues increased \$37.7 million or 3.1% during the six months ended December 31, 2009 compared to the prior year period. Adjusted discharges increased 2.8%, total surgeries increased 1.0% and emergency room visits increased 7.2% during the current year period compared to the prior year period, respectively. Net revenue per adjusted discharge increased 0.4% during the current year period compared to the prior year period. This small increase compared to those increases from previous periods resulted from the implementation of our uninsured discount policies in our Illinois hospitals effective April 1, 2009 and in our Phoenix and San Antonio hospitals effective July 1, 2009. During the current year period, we recognized \$112.9 million of uninsured discount revenue deductions, \$74.2 million of which would have otherwise been included in revenues and subjected to our allowance for doubtful accounts policy had the uninsured discount policy not been implemented at these hospitals.

Costs and Expenses. Total costs and expenses from continuing operations, exclusive of income taxes, were \$1,686.1 million or 101.1% of total revenues during the current year period, compared to 98.9% during the prior year period. This ratio was adversely impacted by the \$43.1 million (\$31.8 million, net of taxes) goodwill impairment loss related to our Chicago hospitals reporting unit during the current year period. Salaries and benefits, supplies, health plan claims and provision for doubtful accounts represent the most significant of our normal costs and expenses and those typically subject to the greatest level of fluctuation period over period.

- **Salaries and benefits.** Salaries and benefits as a percentage of total revenues decreased to 38.3% during the current year period from 39.4% during the prior year period. This ratio was positively impacted by the significant increase in premium revenues, which utilize a much lower percentage of salaries and benefits than acute care services, during the current year period compared to the prior year period. For the acute care services operating segment, salaries and benefits as a percentage of patient service revenues was 48.9% during the current year period compared to 47.2% during the prior year period. This increase was primarily due to the impact to patient service revenues of our uninsured discount policy previously discussed.
- **Supplies.** Supplies as a percentage of patient service revenues decreased to 18.1% during the current year period compared to 18.5% during the prior year period primarily due to our continued focus on supply chain efficiencies including reduction in physician commodity variation and improved pharmacy formulary management.
- **Health plan claims.** Health plan claims expense as a percentage of premium revenues increased to 79.6% during the current year period compared to 76.2% during the prior year period. The new PHP contract with AHCCCS that went into effect on October 1, 2008 resulted in a significant change in the mix of our enrollees with a significant increase in enrollees in geographic areas not previously served by PHP. As a result of the bid process for these new areas, the rates paid to providers in those six new counties and capitated payment rates received from AHCCCS for those counties were not necessarily the same as those applicable to the three counties served by PHP under its previous contract. The implementation by AHCCCS of the national episodic risk adjustment factor payment methodology for certain enrollees and the dilution of the third party administrator revenues at MHP also adversely impacted this ratio during the current year period. Revenues and expenses between the health plans and our hospitals and related outpatient service providers of approximately \$21.0 million, or 6.0% of gross health plan claims expense, were eliminated in consolidation during the current year period.
- **Provision for doubtful accounts.** The provision for doubtful accounts as a percentage of patient service revenues decreased to 5.8% during the current year period from 8.5% during the prior year period. Substantially all of this decrease related to the uninsured discount policy and Medicaid pending policy changes previously discussed. The net impact of these policy changes resulted in the recognition of a significant amount of uninsured revenue deductions that would have otherwise been reflected in the provision for doubtful accounts absent these changes. On a combined basis, the provision for doubtful accounts, charity care deductions and uninsured discounts as a percentage of acute care services segment revenues (prior to these revenue deductions) was 11.8% and 16.0% for the prior year and current year periods, respectively. The uninsured discount and Medicaid pending policy changes resulted in an approximate 330 basis point increase in this ratio during the current year period.

Other operating expenses. Other operating expenses as a percentage of total revenues increased to 14.9% during the current year period compared to 14.7% during the prior year period. Other operating expenses as a percentage of patient service revenues increased to 19.9% during the current year period compared to 18.3% during the prior year period. This increase was primarily due to the impact to patient service revenues of our uninsured discount and Medicaid pending policy changes previously discussed and a \$8.0 million increase to insurance expense during the current year period due to adverse professional and general liability claims development related to prior fiscal years.

Income taxes. Our effective tax rate decreased to approximately 8.9% during the current year period compared to 31.2% during the prior year period. The effective rate was much lower during the current year period due to the fact that a considerable portion of the goodwill impairment loss related to our Chicago hospitals reporting unit, as previously discussed, was non-deductible for tax purposes.

Net income (loss) attributable to Vanguard Health Systems, Inc. stockholders. Net income attributable to Vanguard Health Systems, Inc. stockholders was \$11.0 million during the prior year period compared to net loss attributable to Vanguard Health Systems, Inc. stockholders of \$19.2 million during the current year period. This change resulted primarily from the goodwill impairment loss recognized during the current year period.

Liquidity and Capital Resources

Operating Activities

At December 31, 2009, we had working capital of \$280.9 million, including cash and cash equivalents of \$358.0 million. Working capital at June 30, 2009 was \$251.6 million. Cash provided by operating activities decreased \$4.6 million during the six months ended December 31, 2009 compared to the prior year period. Net accounts receivable days was 46 days at December 31, 2009, compared to 45 days at June 30, 2009 and 50 days at December 31, 2008.

Investing Activities

Cash used in investing activities increased from \$54.6 million during the prior year period to \$88.8 million during the current year period, primarily as a result of a \$20.0 million increase in restricted cash related to a professional and general liability escrow fund requirement and a \$13.7 million increase in capital expenditures during the current year period compared to the prior year period.

We anticipate spending a total of \$180.0 million to \$200.0 million in capital expenditures during fiscal 2010, including the \$68.4 million already spent through December 31, 2009. This estimated range includes \$71.0 million of replacement, regulatory or maintenance capital and \$129.0 million of combined information technology upgrades and other discretionary initiatives. We could choose to defer or cancel most of the information technology and discretionary capital projects included in our fiscal year 2010 capital expenditures estimate should we need to conserve cash, avoid debt covenant violations

or for other reasons. Any decision to defer or cancel such capital projects, while providing some short-term benefits, could have negative long-term implications to our operating results and cash flows. We believe our current capital expenditure program is sufficient to service, expand and improve our existing facilities to meet our quality objectives and growth strategies.

Financing Activities

Cash flows used in financing activities increased \$4.4 million during the current year period compared to the prior year period primarily due to interest payments made under our re-designated interest rate swap agreement being classified as financing activities. As of December 31, 2009, we had outstanding \$1,553.6 million in aggregate indebtedness. The "Refinancing" section below provides additional information related to our liquidity.

The Refinancing

In late January 2010, we completed a comprehensive refinancing plan (the "Refinancing"). As a result of the Refinancing, our liquidity requirements remain significant due to debt service requirements. Under the Refinancing, we entered into an \$815.0 million senior secured term loan (the "2010 term loan facility") and a \$260.0 million revolving credit facility (the "2010 revolving facility" and together with the 2010 term loan facility, the "2010 credit facilities"). The 2010 term loan facility matures in January 2016 and bears interest at a per annum rate equal to, at our option, LIBOR (subject to a floor of 1.50%) plus 3.50% or a base rate plus 2.50%. Upon the occurrence of certain events, we may request an incremental term loan facility to be added to the 2010 term loan facility to issue additional term loans in such amount as we determine, subject to the receipt of commitments by existing lenders or other financial institutions for such amount of term loans and the satisfaction of certain other conditions. The 2010 revolving facility matures in January 2015, and we may seek to increase the borrowing availability under the 2010 revolving facility to an amount larger than \$260.0 million, subject to the receipt of commitments by existing lenders or other financial institutions for such increased revolving facility and the satisfaction of other conditions. Borrowings under the 2010 revolving facility bear interest at a per annum rate equal to, at our option, LIBOR plus 3.50% or a base rate plus 2.50%, both of which are subject to a 0.25% decrease dependent upon our consolidated leverage ratio. We may utilize the 2010 revolving facility to issue up to \$100.0 million of letters of credit (\$30.2 million of which were outstanding as of the date of the Refinancing).

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Under the Refinancing, we issued \$815.0 million in term loans under the 2010 term loan facility and \$950.0 million aggregate amount at maturity (\$936.3 million cash proceeds) of 8.0% senior unsecured notes due February 2018 in a private placement offering (the "8.0% Notes"). The 8.0% Notes are redeemable, in whole or in part, at any time on or after February 1, 2014 at specified redemption prices.

The proceeds from the 2010 credit facilities, the issuance of the 8.0% Notes and available cash were used to repay the \$764.2 million principal and interest outstanding related to our 2005 term loan facility; to fund \$397.0 million and \$232.5 million of cash tender offers and consent solicitations and accrued interest for those holders of the 9.0% Notes and 11.25% Notes, respectively, who accepted the tender offers; to pay fees expenses related to the Refinancing; to pay \$2.6 million to terminate our interest rate swap agreement related to our 2005 term loan facility representing the swap liability at the Refinancing date; to purchase 446 shares held by certain former employees; and to fund a \$300.0 million distribution to repurchase a portion of the shares owned by the remaining stockholders. Subsequent to the \$300.0 million share repurchase, we completed a 1.4778 for one split that effectively returned the share ownership for each stockholder that participated in the distribution to the same level as that in effect immediately prior to the distribution. Approximately \$20.6 million and \$4.1 million of the 9.0% Notes and 11.25% Notes remained outstanding as of the expiration of the initial tender offer and consent solicitation period and through the portion of the extended tender offer period as of the date of this filing for the holders of the 9.0% Notes and the 11.25% Notes. We estimate that the net impact of the Refinancing will result in an approximate \$219.0 million decrease in our cash and cash equivalents balance.

Debt Covenants

Our 2010 credit facilities contain a number of covenants that, among other things, restrict, subject to certain exceptions, our ability, and the ability of our subsidiaries, to sell assets, incur additional indebtedness or issue preferred stock, repay other indebtedness (including the 8.0% Notes), pay dividends and distributions or repurchase our capital stock, create liens on assets, make investments, loans or advances, make certain acquisitions, engage in mergers or consolidations, create a healthcare joint venture, engage in certain transactions with affiliates, amend certain material agreements governing our indebtedness, including the 8.0% Notes, change the business conducted by our subsidiaries, enter into certain hedging agreements and make capital expenditures above specified levels. In addition, the 2010 credit facilities include the following additional financial covenants: a maximum consolidated leverage ratio and a minimum consolidated interest coverage ratio. The following table sets forth the leverage and interest coverage covenant requirements for the next 5 test periods.

	Consolidated Leverage Ratio	Consolidated Interest Coverage Ratio
June 30, 2010	6.25x	2.00x
September 30, 2010	6.25x	2.00x
December 31, 2010	6.25x	2.00x
March 31, 2011	6.25x	2.00x
June 30, 2011	5.95x	2.10x

Factors outside our control may make it difficult for us to comply with these covenants during future periods. These factors include a prolonged economic recession, a higher number of uninsured or underinsured patients and decreased governmental or managed care payer reimbursement, among others, any or all of which could negatively impact our results of operations and cash flows and cause us to violate one or more of these covenants. Violation of one or more of the covenants under our 2010 credit facilities could result in an immediate call of the outstanding principal amount of our 2010 term loan or the necessity of lender waivers with more onerous terms including adverse pricing or repayment provisions or more restrictive covenants. A default under our 2010 credit facilities would also result in a default under the Indenture governing our 8.0% Notes.

Credit Ratings

The table below summarizes our credit ratings as of the date of this filing.

Standard & Poor's

Moody's

Corporate credit rating
8.0% Notes
2010 credit facilities

B
CCC+
B+

B2
B3
Ba2

Our credit ratings are subject to periodic reviews by the ratings agencies. If our results of operations deteriorate either as a result of the weakness in the current U.S. economy or other factors, any or all of our corporate ratings may be downgraded. A credit rating downgrade could further impede our ability to refinance all or a portion of our outstanding debt.

Capital Resources

We expect that cash on hand, cash generated from our operations and cash expected to be available to us under our 2010 credit facilities will be sufficient to meet our working capital needs, debt service requirements and planned capital expenditure programs during the next twelve months and into the foreseeable future. However, we cannot assure you that our operations will generate sufficient cash or that additional future borrowings under our senior credit facilities will be available to enable us to meet these requirements, especially given the current volatility in the credit markets and general economic weakness.

We had \$358.0 million of cash and cash equivalents as of December 31, 2009. We rely on available cash, cash flows generated by operations and available borrowing capacity under our 2010 revolving facility to fund our operations and capital expenditures. We invest our cash in accounts in high-quality financial institutions. We continually explore various options to increase the return on our invested cash while preserving our principal cash balances. However, the significant majority of our cash and cash equivalents are not federally-insured and could be at risk in the event of a collapse of those financial institutions.

At December 31, 2009, we held \$21.6 million in total available for sale investments in auction rate securities ("ARS") backed by student loans, which are included in long-term investments in auction rate securities on our condensed consolidated balance sheet due to inactivity in the primary ARS market during the past year. The par value of the ARS was \$26.3 million as of December 31, 2009.

We also intend to continue to pursue acquisitions or partnering arrangements, either in existing markets or new markets, which fit our growth strategies. To finance such transactions, we might draw upon cash on hand, amounts available under our revolving credit facility or seek additional funding sources. We continually assess our capital needs and may seek additional financing, including debt or equity, as considered necessary to fund potential acquisitions, fund capital projects or for other corporate purposes. However, we may be unable to raise additional equity proceeds from Blackstone or other investors should we need to obtain cash for any of these purposes. Our future operating performance, ability to service our debt and ability to draw upon other sources of capital will be subject to future economic conditions and other business factors, many of which are beyond our control.

Obligations and Commitments

The following table reflects a summary of obligations and commitments outstanding, including both the principal and interest portions of long-term debt, with payment dates as of December 31, 2009.

	Payments due by period				
	Within 1 year	During Years 2-3	During Years 4-5	After 5 years	Total
	(In millions)				
Contractual Cash Obligations:					
Long-term debt (1)	\$ 106.4	\$ 921.3	\$ 727.1	\$ 240.3	\$ 1,995.1
Operating leases (2)	30.3	47.0	30.7	37.5	145.5
Purchase obligations (2)	41.7	-	-	-	41.7
Health plan claims payable (3)	136.0	-	-	-	136.0
Estimated self-insurance liabilities (4)	48.2	43.1	25.3	14.6	131.2
	<u>362.6</u>	<u>1,011.4</u>	<u>783.1</u>	<u>292.4</u>	<u>2,449.5</u>
Subtotal	\$ 362.6	\$ 1,011.4	\$ 783.1	\$ 292.4	\$ 2,449.5
	(In millions)				
Other Commitments:					
Construction and capital improvements (5)	\$ 20.4	\$ 1.1	\$ -	\$ -	\$ 21.5
Guarantees of surety bonds (6)	50.0	-	-	-	50.0
Letters of credit (7)	30.2	-	-	-	30.2
Physician commitments (8)	3.5	-	-	-	3.5
Estimated net liability for uncertain tax positions (9)	3.4	-	-	-	3.4
	<u>107.5</u>	<u>1.1</u>	<u>-</u>	<u>-</u>	<u>108.6</u>
Subtotal	\$ 107.5	\$ 1.1	\$ -	\$ -	\$ 108.6

Total obligations and commitments	\$ 470.1	\$ 1,012.5	\$ 783.1	\$ 292.4	\$ 2,558.1

- (1) Includes both principal and interest payments. The interest portion of our debt outstanding at December 31, 2009 assumes an average interest rate of 8.0%. The long-term debt obligations, including principal and interest, adjusted to reflect the impact of the Refinancing, would have been the following as of December 31, 2009: \$146.0 million due within one year; \$300.4 million due within two to three years; \$298.0 million due within four to five years and \$2,037.0 million due after five years. The interest portion of these estimates are calculated using the fixed rate applicable to these notes and using 8.0% as the estimated average variable rate for the 2010 term loan facility.
- (2) These obligations are not reflected in our condensed consolidated balance sheets.
- (3) Represents estimated payments to be made in future periods for healthcare costs incurred by enrollees in PHP, AAHP and MHP and is separately stated on our condensed consolidated balance sheets.
- (4) Includes the current and long-term portions of our professional and general liability, workers' compensation and employee health reserves.
- (5) Represents our estimate of amounts we are committed to fund in future periods through executed agreements to complete projects included as construction in progress on our condensed consolidated balance sheets.
- (6) Represents performance bonds we have purchased related to health claims liabilities of PHP.
- (7) Amounts relate primarily to instances in which we have letters of credit outstanding with the third party administrator of our self-insured workers' compensation program.
- (8) Includes physician guarantee liabilities recognized in our condensed consolidated balance sheets under the guidance of accounting for guarantees and liabilities for other fixed expenses under physician relocation agreements not yet paid.
- (9) Represents expected future tax liabilities determined under the guidance of accounting for income taxes.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are subject to market risk from exposure to changes in interest rates based on our financing, investing and cash management activities. As of December 31, 2009, we had in place \$1,012.6 million of senior credit facilities bearing interest at variable rates (prior to consideration of the interest rate swap agreement) at specified margins above either the agent bank's alternate base rate or its LIBOR rate.

After the Refinancing and as of the date of this report, our 2010 credit facilities consist of \$815.0 million in term loans maturing in January 2016 and a \$260.0 million revolving credit facility maturing in January 2015 (of which \$30.2 million of capacity was utilized by outstanding letters of credit as of Refinancing date). Although changes in the alternate base rate or the LIBOR rate would affect the cost of funds borrowed in the future, we believe the effect, if any, of reasonably possible near-term changes in interest rates would not be material to our results of operations or cash flows. An estimated 0.25% change in the variable interest rate under our 2010 term loan facility would result in a change in net interest of approximately \$2.0 million.

Our \$260.0 million revolving credit facility bears interest at the alternate base rate plus a margin ranging from 2.25%–2.50% per annum or the LIBOR rate plus a margin ranging from 3.25%–3.50% per annum, in each case dependent upon our consolidated leverage ratio. Our \$815.0 million in outstanding term loans bear interest at the alternate base rate plus a margin of 2.50% per annum or the LIBOR rate (subject to a 1.50% floor) plus a margin of 3.50% per annum. We may request an incremental term loan facility to be added our 2010 term loan facility in an unlimited amount, subject to receipt of commitments by existing lenders or other financing institutions and the satisfaction of certain other conditions. We may also seek to increase the borrowing availability under the 2010 revolving facility to an unlimited amount subject to the receipt of commitments by existing lenders or other financial institutions and the satisfaction of other conditions.

As of December 31, 2009, we were subject to an amended interest rate swap agreement under which we made or received net interest payments based upon the difference between the 30-day LIBOR rate and the swap fixed interest rate of 2.5775%. We determined that the hedge ineffectiveness of this amended interest rate swap agreement was not significant as of December 31, 2009. The fair value of the amended interest rate swap as of December 31, 2009 was a liability for us of approximately \$2.6 million (\$1.6 million, net of taxes). In addition with the Refinancing, we terminated the amended interest rate swap agreement and repaid the \$2.6 million liability outstanding. We use derivatives such as interest rate swaps from time to time to manage our market risk associated with variable rate debt or similar derivatives for fixed rate debt. We do not hold or issue derivative instruments for trading purposes and are not a party to any instruments with leverage features.

At December 31, 2009, we held \$21.6 million in total available for sale investments in auction rate securities ("ARS") backed by student loans, which are included in long-term investments in auction rate securities on our condensed consolidated balance sheets. The par value of the ARS was \$26.3 million as of December 31, 2009. We recorded a realized loss on the ARS of \$0.6 million and temporary impairments totaling \$4.1 million (\$2.5 million, net of taxes) related to all \$26.3 million par value ARS during our fiscal year ended June 30, 2009. The temporary impairments related to the ARS are included in accumulated other comprehensive loss on our condensed consolidated balance sheet as of December 31, 2009.

Our ARS were rated "AAA" by one or more major credit rating agencies at December 31, 2009 based on their most recent ratings update. The ratings take into account insurance policies guaranteeing both the principal and accrued interest of the investments. The U.S. government guarantees approximately 96%–98% of the principal and accrued interest on each investment in student loans under the Federal Family Education Loan Program or similar programs.

We will continue to monitor market conditions for this type of ARS to ensure that our classification and fair value estimate remain appropriate. Should market conditions in future periods warrant a reclassification or other than temporary impairment of our ARS, we do not believe our financial position, results of operations, cash flows or compliance with debt covenants would be materially impacted. We believe that we currently have adequate working capital to fund operations during the near future based on access to cash and cash equivalents, expected operating cash flows and availability under our revolving credit facility. We do not expect that our holding of the ARS until market conditions improve will significantly adversely impact our operating cash flows.

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Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, our management conducted an evaluation, with the participation of our chief executive officer and chief financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")). Based on this evaluation, our chief executive officer and chief financial officer have concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during our fiscal quarter ended December 31, 2009, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II OTHER INFORMATION

Item 1. Legal Proceedings.

Sherman Act Antitrust Class Action Litigation — Maderazo, et al v. VHS San Antonio Partners, L.P. d/b/a Baptist Health Systems, et. al, Case No. 5:06cv00535 (United States District Court, Western District of Texas, San Antonio Division, filed June 20, 2006 and amended August 29, 2006)

On June 20, 2006, a federal antitrust class action suit was filed in San Antonio, Texas against our Baptist Health System subsidiary in San Antonio, Texas and two other large hospital systems in San Antonio. In the complaint, plaintiffs allege that the three hospital system defendants conspired with each other and with other unidentified San Antonio area hospitals to depress the compensation levels of registered nurses employed at the conspiring hospitals within the San Antonio area by engaging in certain activities that violated the federal antitrust laws. The complaint alleges two separate claims. The first count asserts that the defendant hospitals violated Section 1 of the federal Sherman Act, which prohibits agreements that unreasonably restrain competition, by conspiring to depress nurses' compensation. The second count alleges that the defendant hospital systems also violated Section 1 of the Sherman Act by participating in wage, salary and benefits surveys for the purpose, and having the effect, of depressing registered nurses' compensation or limiting competition for nurses based on their compensation. The class on whose behalf the plaintiffs filed the complaint is alleged to comprise all registered nurses employed by the defendant hospitals since June 20, 2002. The suit seeks unspecified damages, trebling of this damage amount pursuant to federal law, interest, costs and attorneys fees. From 2006 through April 2008 we and the plaintiffs worked on producing documents to each other relating to, and supplying legal briefs to the court in respect of, the issue of whether the court will certify a class in this suit. In April 2008 the case was stayed by the judge pending his ruling on plaintiffs' motion for class certification. We believe that the allegations contained within this putative class action suit are without merit, and we have vigorously worked to defeat class certification. If a class is certified, we will continue to defend vigorously against the litigation.

On the same date that this suit was filed against us in federal district court in San Antonio, the same attorneys filed three other substantially similar putative class action lawsuits in federal district courts in Chicago, Illinois, Albany, New York and Memphis, Tennessee against some of the hospitals in those cities (none of such hospitals being owned by us). The attorneys representing the plaintiffs in all four of these cases said in June 2006 that they may file similar complaints in other jurisdictions and in December 2006 they brought a substantially similar class action lawsuit against various hospitals in the Detroit, Michigan metropolitan area. Since representatives of the Service Employees International Union joined plaintiffs' attorneys in announcing the filing of all four complaints on June 20, 2006, and as has been reported in the media, we believe that SEIU's involvement in these actions appears to be part of a corporate campaign to attempt to organize nurses in these cities, including San Antonio. The nurses in our hospitals in San Antonio are currently not members of any union.

If the plaintiffs (1) are successful in obtaining class certification and (2) are able to prove substantial damages which are then trebled under Section 1 of the Sherman Act, such a result could materially affect our business, financial condition or results of operations. However, in the opinion of management, the ultimate resolution of this matter is not expected to have a material adverse effect on our financial position or results of operations.

Self-Disclosure of Employment of Excluded Persons

Federal law permits the Department of Health and Human Services Office of Inspector General ("OIG") to impose civil monetary penalties, assessments and/or to exclude from participation in federal healthcare programs, individuals and entities who have submitted false, fraudulent or improper claims for payment. Improper claims include those submitted by individuals or entities who have been excluded from participation. Civil monetary penalties of up to \$10,000 for each item or service furnished by the excluded individual or entity, an assessment of up to three times the amount claimed and program exclusions also be imposed on providers or entities who employ or enter into contracts with excluded individuals to provide services to beneficiaries of federal healthcare programs. On October 12, 2009, we voluntarily disclosed to OIG that two past employees had been excluded from participation in Medicare at certain times during their employment. We are diligently investigating the circumstances surrounding the employment of these two excluded individuals, and intend to submit a voluntary disclosure pursuant to the Provider Self-Disclosure Protocol once the necessary information is obtained. If the OIG were to impose all potentially available sanctions and penalties against us in this matter, such a result could materially affect

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our business, financial condition or results of operations. However, in the opinion of management, the ultimate resolution of this matter is not expected to have a material adverse effect on our financial position or results of operations.

Item 1A. Risk Factors.

There have not been any material changes to the risk factors previously disclosed in our Annual Report on Form 10-K for the fiscal year ended June 30, 2009, other than the changes set forth in the new or revised risk factors set forth below.

Risks Related to Our Indebtedness

Our high level of debt and significant leverage may adversely affect our operations and our ability to grow and otherwise execute our business strategy.

We will continue to have substantial indebtedness after the completion of the Refinancing. As of December 31, 2009, we had \$1,545.6 million of outstanding debt, excluding letters of credit and guarantees. As of December 31, 2009, on an as adjusted basis after giving effect to the Refinancing, we would have had approximately \$1,765.0 million of total indebtedness outstanding, \$815.0 million of which would have been secured. We also expect to

have \$229.8 million of secured indebtedness available for borrowing under the 2010 revolving facility, after taking into account \$30.2 million of outstanding letters of credit. The amount of our outstanding indebtedness is substantial compared to the net book value of our assets.

Our substantial indebtedness could have important consequences, including the following:

- our high level of indebtedness could make it more difficult for us to satisfy our obligations under the 8.0% Notes, including any repurchase obligations;
- limit our ability to obtain additional financing to fund future capital expenditures, working capital, acquisitions or other needs;
- increase our vulnerability to general adverse economic, market and industry conditions and limit our flexibility in planning for, or reacting to, these conditions;
- make us vulnerable to increases in interest rates since all (as of December 31, 2009 after giving effect to the Refinancing) of our borrowings under the 2010 credit facilities are, and additional borrowings may be, at variable interest rates;
- our flexibility to adjust to changing market conditions and ability to withstand competitive pressures could be limited, and we may be more vulnerable to a downturn in general economic or industry conditions or be unable to carry out capital spending that is necessary or important to our growth strategy and our efforts to improve operating margins;
- limit our ability to use operating cash in other areas of our business because we must use a substantial portion of these funds to make principal and interest payments; and
- limit our ability to compete with others who are not as highly-leveraged.

Our ability to make scheduled payments of principal and interest or to satisfy our other debt obligations, to refinance our indebtedness or to fund capital expenditures will depend on our future operating performance. Prevailing economic conditions (including interest rates) and financial, business and other factors, many of which are beyond our control, will also affect our ability to meet these needs. We may not be able to generate sufficient cash flows from operations or realize anticipated revenue growth or operating improvements, or obtain future borrowings in an amount sufficient to enable us to pay our debt, or to fund our other liquidity needs. We may need to refinance all or a portion of our debt on or before maturity. We may not be able to refinance any of our debt when needed on commercially reasonable terms or at all.

A breach of any of the restrictions or covenants in our debt agreements could cause a cross-default under other debt agreements. A significant portion of our indebtedness then may become immediately due and payable. We are not certain

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whether we would have, or be able to obtain, sufficient funds to make these accelerated payments. If any senior debt is accelerated, our assets may not be sufficient to repay in full such indebtedness and our other indebtedness.

Despite our current leverage, we may still be able to incur substantially more debt. This could further exacerbate the risks that we and our subsidiaries face.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. The terms of the indenture and the 2010 credit facilities do not fully prohibit us or our subsidiaries from doing so. Our 2010 revolving facility will provide commitments of up to \$260.0 million (not giving effect to any outstanding letters of credit, which would reduce the amount available under our 2010 revolving facility), of which \$229.8 million would have been available for future borrowings as of December 31, 2009, on an as adjusted basis after giving effect to the Refinancing. In addition, upon the occurrence of certain events and satisfaction of a maximum senior secured leverage ratio test, we may request an incremental term loan facility or facilities in an unlimited amount in the aggregate, subject to receipt of commitments by existing lenders or other financing institutions and to the satisfaction of certain other conditions. All of those borrowings would be senior and secured, and as a result, would be effectively senior to the notes and the guarantees of the notes by the guarantors. If we incur any additional indebtedness that ranks equally with the notes, the holders of that debt will be entitled to share ratably with the holders of the notes in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of us. This may have the effect of reducing the amount of proceeds paid to you. If new debt is added to our current debt levels, the related risks that we and our subsidiaries now face could intensify.

An increase in interest rates would increase the cost of servicing our debt and could reduce our profitability.

All of the borrowings under the 2010 credit facilities bear interest at variable rates. As a result, an increase in interest rates, whether because of an increase in market interest rates or an increase in our own cost of borrowing, would increase the cost of servicing our debt and could materially reduce our profitability. A 0.25% increase in the expected rate of interest under the 2010 credit facilities would increase our annual interest expense by approximately \$2.0 million. The impact of such an increase would be more significant than it would be for some other companies because of our substantial debt.

Risks Related to Our Business and Structure

The current challenging economic environment, along with difficult and volatile conditions in the capital and credit markets, could materially adversely affect our financial position, results of operations or cash flows, and we are unsure whether these conditions will improve in the near future.

The U.S. economy and global credit markets remain volatile. Declining consumer confidence and increased unemployment have increased concerns of prolonged economic weakness. While certain healthcare spending is considered non-discretionary and may not be significantly impacted by economic downturns, other types of healthcare spending may be significantly adversely impacted by such conditions. When patients are experiencing personal financial difficulties or have concerns about general economic conditions, they may choose to defer or forego elective surgeries and other non-emergent procedures, which are generally more profitable lines of business for hospitals. We are unable to determine the specific impact of the current economic conditions on our business at this time, but we believe that further deterioration or a prolonged period of recession will have an adverse impact on our operations. Other risk factors discussed in this offering memorandum describe some significant risks that may be magnified by the current economic conditions such as the following:

- Our concentration of operations in a small number of regions, and the impact of economic downturns in those communities. To the extent the communities in and around San Antonio, Texas; Phoenix, Arizona; Chicago, Illinois or certain communities in Massachusetts experience a greater degree of economic weakness than average, the adverse impact on our operations could be magnified.
- Our revenues may decline if federal or state programs reduce our Medicare or Medicaid payments or managed care companies (including managed Medicare and managed Medicaid payers) reduce our reimbursement. Current economic conditions have accelerated

and increased the budget deficits for most states, including those in which we operate. These budgetary pressures may result in healthcare payment reductions under state Medicaid plans or reduced benefits to participants in those plans. Also, governmental, managed Medicare or managed Medicaid payers may defer payments to us to conserve

cash. Managed care companies may also seek to reduce payment rates or limit payment rate increases to hospitals in response to reductions in enrolled participants.

- Our hospitals face a growth in uncompensated care as the result of the inability of uninsured patients to pay for healthcare services and difficulties in collecting patient portions of insured accounts. Higher unemployment, Medicaid benefit reductions and employer efforts to reduce employee healthcare costs may increase our exposure to uncollectible accounts for uninsured patients or those patients with higher co-pay and deductible limits.
- Under extreme market conditions, there can be no assurance that funds necessary to run our business will be available to us on favorable terms or at all. Most of our cash and borrowing capacity under our New Credit Facilities will be held with a limited number of financial institutions, which could increase our liquidity risk if one or more of those institutions become financially strained or are no longer able to operate.

We are unable to predict if the condition of the U.S. economy, the local economics in the communities we serve or global credit conditions will improve in the near future or when such improvements may occur.

The current U.S. and state health reform legislative initiatives could adversely affect our operations and business condition.

A comprehensive healthcare reform bill was widely anticipated to become law sometime in early 2010. The House passed its health reform bill on November 7, 2009 followed by Senate passage of their version of a health reform bill on December 24, 2009. During January 2010, leadership from the houses along with representatives in the Obama administration have been meeting to develop a single bill that incorporates provisions from both bills. With the election to the United States Senate of Senator Scott Brown (R) of Massachusetts, the enactment of such bill, and the contents of any bill so enacted, have become more uncertain. Assuming Congress comes to an agreement and passes final legislation, President Obama is expected to sign the health reform package.

A common issue addressed in the federal health reform bills is increasing access to health benefits for uninsured or underinsured populations through creation of health insurance exchanges. The bills also include reductions in the annual market basket updates and add productivity adjustments for Medicare providers. Some states also have pending health reform legislative initiatives. We will not be able to determine the effect that any such legislation may have on our operations and business condition until such legislation is enacted, but such legislation may adversely affect our operations and business condition.

If we are unable to enter into favorable contracts with managed care plans, our operating revenues may be reduced.

Our ability to negotiate favorable contracts with health maintenance organizations, insurers offering preferred provider arrangements and other managed care plans significantly affects the revenues and operating results of our hospitals. Revenues derived from health maintenance organizations, insurers offering preferred provider arrangements and other managed care plans, including managed Medicare and managed Medicaid plans, accounted for approximately 58% and 60% of our net patient revenues for the year ended June 30, 2009 and the six months ended December 31, 2009, respectively. Managed care organizations offering prepaid and discounted medical services packages represent an increasing portion of our admissions, a general trend in the industry which has limited hospital revenue growth nationwide and a trend that may continue. In addition, private payers are increasingly attempting to control healthcare costs through direct contracting with hospitals to provide services on a discounted basis, increased utilization review and greater enrollment in managed care programs such as health maintenance organizations and preferred provider organizations. Additionally, the trend towards consolidation among private managed care payers tends to increase their bargaining prices over fee structures. In most cases, we negotiate our managed care contracts annually as they come up for renewal at various times during the year. Our future success will depend, in part, on our ability to renew existing managed care contracts and enter into new managed care contracts on terms favorable to us. Other healthcare companies, including some with greater financial resources, greater geographic coverage or a wider range of services, may compete with us for these opportunities. If we are unable to contain costs through increased operational efficiencies or to obtain higher reimbursements and payments from managed care payers, our results of operations and cash flows will be materially adversely affected.

Our revenues may decline if federal or state programs reduce our Medicare or Medicaid payments or managed care companies reduce our reimbursements.

Approximately 56% and 57% of our net patient revenues for the year ended June 30, 2009 and the six months ended December 31, 2009, respectively, came from the Medicare and Medicaid programs, including Medicare and Medicaid managed plans. In recent years, federal and state governments have made significant changes in the Medicare and Medicaid programs. Some of those changes adversely affect the reimbursement we receive for certain services. In addition, due to budget deficits in many states, significant decreases in state funding for Medicaid programs have occurred or are being proposed.

On August 22, 2007, CMS issued a final rule for federal fiscal year 2008 for the hospital inpatient prospective payment system. This rule adopted a two-year implementation of Medicare severity-adjusted diagnosis-related groups ("MS-DRGs"), a severity-adjusted diagnosis-related group ("DRG") system. This change represented a refinement to the DRG system, and its impact on our revenues has not been significant. Realignment in the DRG system could impact the margins we receive for certain services.

DRG rates are updated and MS-DRG weights are recalibrated each federal fiscal year. The index used to update the market basket gives consideration to the inflation experienced by hospitals and entities outside the healthcare industry in purchasing goods and services. The Medicare Inpatient Hospital Prospective System Final Rule for federal fiscal year 2010 provides for a 2.1% market basket update for hospitals that submit certain quality patient care indicators and a 0.1% update for hospitals that do not submit this data. While we will endeavor to comply with all quality data submission requirements, our submissions may not be deemed timely or sufficient to entitle us to the full market basket adjustment for all our hospitals. Medicare payments to hospitals in federal fiscal year 2009 were reduced by 0.9% to eliminate what CMS estimates will be the effect of coding or classification changes as a result of hospitals implementing the MS-DRG system. After earlier proposing an increase in the "documentation and coding adjustment" to 1.9% for federal fiscal year 2010, on July 31, 2009 CMS announced that it had decided not to make any adjustment in federal fiscal year 2010 since it did not know whether federal fiscal year 2009 spending from documentation and coding is more or less than earlier projected. However, the U.S. Congress has given CMS the ability to continue to retrospectively determine if the documentation and coding adjustment levels for federal fiscal years 2008 and 2009 were adequate to account for changes in payments not related to changes in case mix. If the levels are found to have been inadequate, CMS could impose an adjustment to payments for federal fiscal years 2011 and 2012. This evaluation of changes in case-mix based on actual claims data may yield a higher documentation and coding adjustment

thereby potentially reducing our revenues and impacting our results of operations in ways that cannot be quantified at this time. Additionally, Medicare payments to hospitals are subject to a number of other adjustments, and the actual impact on payments to specific hospitals may vary. In some cases, commercial third-party payers and other payers such as some state Medicaid programs rely on all or portions of the Medicare DRG system to determine payment rates. The change from traditional Medicare DRGs to MS-DRGs could adversely impact those payment rates if any other payers adopt MS-DRGs.

The federal government and many states have recently adopted or are currently considering reducing the level of Medicaid funding (including upper payment limits) or program eligibility that could adversely affect future levels of Medicaid reimbursement received by our hospitals. Since states must operate with balanced budgets and since the Medicaid program is often a state's largest program, a number of states have adopted, or are considering adopting, legislation designed to reduce their Medicaid expenditures. The Deficit Reduction Act of 2005 ("DRA") includes federal Medicaid cuts of approximately \$4.8 billion over five years. Additionally, on May 29, 2007, CMS published a final rule entitled "Medicaid Program; Cost Limit for Providers Operated by Units of Government and Provisions to Ensure the Integrity of Federal-State Financial Partnership" which is estimated to reduce federal Medicaid funding from \$12 billion to \$20 billion over five years. The U.S. Congress enacted two moratoria in respect of this rule that delayed six of seven proposed Medicaid regulations in this final CMS rule until July 1, 2009. On June 30, 2009, three more of the Medicaid regulations that had been under a congressional moratorium set to expire July 1, 2009 were officially rescinded, all or in part, by CMS, and CMS also delayed until June 30, 2010 the enforcement of the fourth of the six regulations. As a result of these changes in implementing the final rule, the impact on us of the final rule cannot be quantified. States in which we operate have also adopted, or are considering adopting, legislation designed to reduce coverage and program eligibility, enroll Medicaid recipients in managed care programs and/or impose additional taxes on hospitals to help finance or expand the states' Medicaid systems. For example, Arizona has frozen hospital inpatient and outpatient reimbursements at the October 1, 2008 rates and discontinued a state health benefits program for low-income parents. Additional Medicaid spending cuts may be implemented in the future in the states in which we operate, including reductions in supplemental Medicaid reimbursement programs. Our Texas hospitals

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participate in private supplemental Medicaid reimbursement programs that are structured to expand the community safety net by providing indigent healthcare services and result in additional revenues for participating hospitals. We cannot predict whether the Texas private supplemental Medicaid reimbursement programs will continue or guarantee that revenues recognized from the programs will not decrease. Future legislation or other changes in the administration or interpretation of government health programs could have a material adverse effect on our financial position and results of operations.

Our ability to negotiate favorable contracts with managed care plans significantly affects the revenues and operating results of most of our hospitals. Managed care payers increasingly are demanding discounted fee structures, and the trend toward consolidation among managed care plans tends to increase their bargaining power over fee structures. Reductions in price increases or the amounts received from managed care plans could have a material adverse effect on our financial position and results of operations.

In recent years, both the Medicare program and several large managed care companies have changed our reimbursement to link some of their payments, especially their annual increases in payments, to performance of quality of care measures. We expect this trend to "pay-for-performance" to increase in the future. If we are unable to meet these performance measures, our results of operations and cash flow will be materially adversely affected.

We conduct business in a heavily regulated industry, and changes in regulations or violations of regulations may result in increased costs or sanctions that could reduce our revenues and profitability.

The healthcare industry is subject to extensive federal, state and local laws and regulations relating to licensing, the conduct of operations, the ownership of facilities, the addition of facilities and services, financial arrangements with physicians and other referral sources, confidentiality, maintenance and security issues associated with medical records, billing for services and prices for services. If a determination were made that we were in material violation of such laws or regulations, our operations and financial results could be materially adversely affected.

In many instances, the industry does not have the benefit of significant regulatory or judicial interpretations of these laws and regulations. This is particularly true in the case of the Medicare and Medicaid statute codified under Section 128B(b) of the Social Security Act and known as the "Anti-Kickback Statute." This law prohibits providers and other person or entities from soliciting, receiving, offering or paying, directly or indirectly, any remuneration with the intent to generate referrals of orders for services or items reimbursable under Medicare, Medicaid and other federal healthcare programs. As authorized by the U.S. Congress, the U.S. Department of Health and Human Services has issued regulations which describe certain conduct and business relationships immune from prosecution under the Anti-Kickback Statute. The fact that a given business arrangement does not fall within one of these "safe harbor" provisions does not render the arrangement illegal, but business arrangements of healthcare service providers that fail to satisfy the applicable safe harbor criteria risk increased scrutiny by enforcement authorities.

The safe harbor requirements are generally detailed, extensive, narrowly drafted and strictly construed. Many of the financial arrangements that our facilities maintain with physicians do not meet all of the requirements for safe harbor protection. The regulatory authorities that enforce the Anti-Kickback Statute may in the future determine that one or more of these arrangements violate the Anti-Kickback Statute or other federal or state laws. In addition, the Senate health reform bill includes provisions that would revise the scienter requirements such that a person need not have actual knowledge of the Anti-Kickback Statute or intent to violate the Anti-Kickback Statute to be found guilty of a violation. A determination that a facility has violated the Anti-Kickback Statute or other federal laws could subject us to liability under the Social Security Act, including criminal and civil penalties, as well as exclusion of the facility from participation in government programs such as Medicare and Medicaid or other federal healthcare programs.

In addition, the portion of the Social Security Act commonly known as the "Stark Law" prohibits physicians from referring Medicare and (to an extent) Medicaid patients to providers of certain "designated health services" if the physician or a member of his or her immediate family has an ownership or investment interest in, or compensation arrangement with, that provider. In addition, the provider in such arrangements is prohibited from billing for all of the designated health services referred by the physician, and, if paid for such services, is required to promptly repay such amounts. Most of the services furnished by our facilities are "designated health services" for Stark Law purposes, including inpatient and outpatient hospital services. There are multiple exceptions to the Stark Law, among others, for physicians maintaining an ownership interest in an entire hospital or having a compensation relationship with the facility as a result of employment agreements, leases, physician recruitment and certain other arrangements. However, each of these exceptions applies only if detailed conditions

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are met. An arrangement subject to the Stark Law must qualify for an exception in order for the services to be lawfully referred by the physician and billed by the provider.

CMS has issued three phases of final regulations implementing the Stark Law. Phases I and II became effective in January 2002 and July 2004, respectively, and Phase III became effective in December 2007. While these regulations help clarify the requirements of the exceptions to the Stark Law, it is unclear how the government will interpret many of these exceptions for enforcement purposes. In addition, in July 2007 CMS proposed far-reaching changes to the regulations implementing the Stark Law that would further restrict the types of arrangements that hospitals and physicians may enter, including additional restrictions on certain leases, percentage compensation arrangements, and agreements under which a hospital purchases services under

arrangements. On July 31, 2008, CMS issued a final rule which, in part, finalized and responded to public comments regarding some of its July 2007 proposed major changes to the Stark Law regulations. The most far-reaching of the changes made in this final July 2008 rule effectively prohibit, as of a delayed effective date of October 1, 2009, both "under arrangements" ventures between a hospital and any referring physician or entity owned, in whole or in part, by a referring physician and unit-of-service-based "per click" compensation and percentage-based compensation in office space and equipment leases between a hospital and any referring physician or entity owned, in whole or in part, by a referring physician. We examined all of our "under arrangement" ventures and space and equipment leases with physicians to identify those arrangements which would have failed to conform to these new Stark regulations as of October 1, 2009, and we restructured or terminated all such non-conforming arrangements so identified prior to October 1, 2009. Because the Stark Law and its implementing regulations are relatively new, we do not always have the benefit of significant regulatory or judicial interpretation of this law and its regulations. We attempt to structure our relationships to meet an exception to the Stark Law, but the regulations implementing the exceptions are detailed and complex, and we cannot assure you that every relationship complies fully with the Stark Law. In addition, in the July 2008 final Stark rule CMS indicated that it will continue to enact further regulations tightening aspects of the Stark Law that it perceives allow for Medicare program abuse, especially those regulations that still permit physicians to profit from their referrals of ancillary services. We cannot assure you that the arrangements entered into by our hospitals with physicians will be found to be in compliance with the Stark Law, as it ultimately may be implemented or interpreted.

Additionally, if we violate the Anti-Kickback Statute or Stark Law, or if we improperly bill for our services, we may be found to violate the False Claims Act, either under a suit brought by the government or by a private person under a *qui tam*, or "whistleblower," suit.

If we fail to comply with the Anti-Kickback Statute, the Stark Law, the False Claims Act or other applicable laws and regulations, or if we fail to maintain an effective corporate compliance program, we could be subjected to liabilities, including civil penalties (including the loss of our licenses to operate one or more facilities), exclusion of one or more facilities from participation in the Medicare, Medicaid and other federal and state healthcare programs and, for violations of certain laws and regulations, criminal penalties.

All of the states in which we operate have adopted or have considered adopting similar anti-kickback and physician self-referral legislation, some of which extends beyond the scope of the federal law to prohibit the payment or receipt of remuneration for the referral of patients and physician self-referrals, regardless of the source of payment for the care. Little precedent exists for the interpretation or enforcement of these laws. Both federal and state government agencies have announced heightened and coordinated civil and criminal enforcement efforts.

Government officials responsible for enforcing healthcare laws could assert that one or more of our facilities, or any of the transactions in which we are involved, are in violation of the Anti-Kickback Statute or the Stark Law and related state law exceptions. It is also possible that the courts could ultimately interpret these laws in a manner that is different from our interpretations. Moreover, other healthcare companies, alleged to have violated these laws, have paid significant sums to settle such allegations and entered into "corporate integrity agreements" because of concern that the government might exercise its authority to exclude those providers from governmental payment programs (e.g., Medicare, Medicaid, TRICARE). A determination that one or more of our facilities has violated these laws, or the public announcement that we are being investigated for possible violations of these laws, could have a material adverse effect on our business, financial condition, results of operations or prospects, and our business reputation could suffer significantly.

Federal law permits the Department of Health and Human Services Office of Inspector General ("OIG") to impose civil monetary penalties, assessments or to exclude from participation in federal healthcare programs, individuals and entities who have submitted false, fraudulent or improper claims for payment. Improper claims include those submitted by individuals or

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entities who have been excluded from participation. These penalties may also be imposed on providers or entities who employ or enter into contracts with excluded individuals to provide services to beneficiaries of federal healthcare programs. Furthermore, if services are provided by an excluded individual or entity, the penalties may apply even if the payment is made directly to a non-excluded entity. Employers of or entities that contract with excluded individuals or entities for the provision of services may be liable for up to \$10,000 for each item or service furnished by the excluded individual or entity, an assessment of up to three times the amount claimed and program exclusions. In order for the penalties to apply, the employer or contractor must have known or should have known that the person or entity was excluded from participation in Medicare at certain times during their employment. Illinois and Massachusetts require employees of Vanguard had been excluded from participation in Medicare at certain times during their employment. Illinois and Massachusetts require governmental determinations of need ("Certificates of Need") prior to the purchase of major medical equipment or the construction, expansion, closure, sale or change of control of healthcare facilities. We believe our facilities have obtained appropriate certificates wherever applicable. However, if a determination were made that we were in material violation of such laws, our operations and financial results could be materially adversely affected. The governmental determinations, embodied in Certificates of Need, can also affect our facilities' ability to add bed capacity or important services. We cannot predict whether we will be able to obtain required Certificates of Need in the future. A failure to obtain any required Certificates of Need may impair our ability to operate the affected facility profitably.

The laws, rules and regulations described above are complex and subject to interpretation. If we are in violation of any of these laws, rules or regulations, or if further changes in the regulatory framework occur, our results of operations could be significantly harmed.

Some of our hospitals will be required to submit to CMS information on their relationships with physicians and this submission could subject such hospitals and us to liability.

CMS announced in 2007 that it intends to collect information on ownership, investment and compensation arrangements with physicians from 500 (pre-selected) hospitals by requiring these hospitals to submit to CMS Disclosure of Financial Relationship Reports ("DFRR") from each selected hospital. CMS also indicated that at least 10 of our hospitals will be among these 500 hospitals required to submit a DFRR because these 10 hospitals did not respond to CMS' voluntary survey instrument on this topic purportedly submitted to these hospitals via email by CMS in 2006. CMS intends to use this data to determine whether these hospitals were in compliance with the Stark Law and implementing regulations during the reporting period, and CMS has indicated it may share this information with other government agencies and with congressional committees. Many of these agencies have not previously analyzed this information and have the authority to bring enforcement actions against the hospitals. However, in July 2008 CMS announced that, based on its further review and expected further public comments on this matter, CMS may decide in the future to decrease (but not increase) the number of hospitals to which it will send the DFRR below the 500 hospitals originally designated.

Once a hospital receives this request for a DFRR, the hospital will have 60 days to compile a significant amount of information relating to its financial relationships with physicians. The hospital may be subject to civil monetary penalties of up to \$10,000 per day if it is unable to assemble and report this information within the required timeframe or if CMS or any other government agency determines that the submission is inaccurate or incomplete. The hospital may be the subject of investigations or enforcement actions if a government agency determines that any of the information indicates a potential violation of law.

Also, while in 2007 CMS had announced that it was contemplating proposing a regular financial disclosure process that would apply in the future to all Medicare participating hospitals, in July 2008 CMS announced that, based upon public comments previously received, it was not adopting a regular reporting or disclosure process at that time, and, thus, CMS said the DFRR will initially be used as a one-time collection effort. However, CMS also said in July 2008 that, depending on the information received from the initial DFRR process and other factors, it may propose future rulemaking to use the DFRR

or some other instrument as a periodic or regular collection instrument. Thus, even if one of our hospitals does not receive the DFRR survey as part of the initial up to 500 selected hospitals, we expect that all of our hospitals will possibly have to report similar information to CMS in the future.

The DFRR and its supporting documentation are currently under review by the Office of Management and Budget and have not yet been released. Depending on the final format of the DFRR, responding hospitals may be subject to substantial penalties as a result of enforcement actions brought by government agencies and whistleblowers acting pursuant to the False Claims Act and similar state laws, based on such allegations like failure to respond within required deadlines, that the

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response is inaccurate or contains incomplete information or that the response indicates a potential violation of the Stark Law or other requirements.

Any governmental investigation or enforcement action which results from the DFRR process could materially adversely affect our results of operations.

Providers in the healthcare industry have been the subject of federal and state investigations, whistleblower lawsuits and class action litigation, and we may become subject to investigations, whistleblower lawsuits or class action litigation in the future.

Both federal and state government agencies have heightened and coordinated civil and criminal enforcement efforts as part of numerous ongoing investigations of hospital companies, as well as their executives and managers. These investigations relate to a wide variety of topics, including:

- cost reporting and billing practices;
- laboratory and home healthcare services;
- physician ownership of, and joint ventures with, hospitals;
- physician recruitment activities; and
- other financial arrangements with referral sources.

In addition, the federal False Claims Act permits private parties to bring *qui tam*, or whistleblower, lawsuits against companies. Whistleblower provisions allow private individuals to bring actions on behalf of the government alleging that the defendant has defrauded the federal government. Because *qui tam* lawsuits are filed under seal, we could be named in one or more such lawsuits of which we are not aware. Defendants determined to be liable under the False Claims Act may be required to pay three times the actual damages sustained by the government, plus mandatory civil penalties of between \$5,500 and \$11,000 for each separate false claim. Typically, each fraudulent bill submitted by a provider is considered a separate false claim, and thus the penalties under the False Claims Act may be substantial. Liability arises when an entity knowingly submits a false claim for reimbursement to the federal government. The Fraud Enforcement and Recovery Act, which became law on May 20, 2009, changes the scienter requirements for liability under the False Claims Act. An entity may now violate the False Claims Act if it "knowingly and improperly avoids or decreases an obligation" to pay money to the United States. This includes obligations based on an "established duty . . . arising from . . . the retention of any overpayment." Thus, if a provider is aware that it has retained an overpayment that it has an obligation to refund, this may form the basis of a False Claims Act violation even if the provider did not know the claim was "false" when it was submitted. In some cases, whistleblowers or the federal government have taken the position that providers who allegedly have violated other statutes and have submitted claims to a governmental payer during the time period they allegedly violated these other statutes, have thereby submitted false claims under the False Claims Act. Such other statutes include the Anti-Kickback Statute and the Stark Law. Courts have held that violations of these statutes can properly form the basis of a False Claims Act case. Some states have adopted similar whistleblower and false claims provisions.

The Office of the Inspector General of the U.S. Department of Health and Human Services and the U.S. Department of Justice have, from time to time, established national enforcement initiatives that focus on specific billing practices or other suspected areas of abuse. Initiatives include a focus on hospital billing for outpatient charges associated with inpatient services, as well as hospital laboratory, home health and durable medical equipment billing practices. As a result of these regulations and initiatives, some of our activities could become the subject of governmental investigations or inquiries. For example, we have significant Medicare and Medicaid billings, we provide some durable medical equipment and home healthcare services, and we have joint venture arrangements involving physician investors. We also have a variety of other financial arrangements with physicians and other potential referral sources including recruitment arrangements and leases. In addition, our executives and managers, many of whom have worked at other healthcare companies that are or may become the subject of federal and state investigations and private litigation, could be included in governmental investigations or named as defendants in private litigation. We are aware that several of our hospitals or their related healthcare operations were and may still be under investigation in connection with activities conducted prior to our acquisition of them. Under the terms of our various acquisition agreements, the prior owners of our hospitals are responsible for any liabilities arising from pre-closing violations. The prior owners' resolution of these matters or failure to resolve these matters, in the event that any resolution was deemed necessary, may have a material adverse effect on our business, financial condition or results of operations. Any investigations of us, our executives, managers, facilities or operations could result in significant liabilities or penalties to us, as well as adverse publicity.

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We maintain a voluntary compliance program to address health regulatory and other compliance requirements. This program includes initial and periodic ethics and compliance training, a toll-free hotline for employees to report, without fear of retaliation, any suspected legal or ethical violations, annual "fraud and abuse" audits to look at our financial relationships with physicians and other referral sources and annual "coding audits" to make sure our hospitals bill the proper service codes in respect of obtaining payment from the Medicare and Medicaid programs.

As an element of our corporate compliance program and our internal compliance audits, from time to time we make voluntary disclosures and repayments to the Medicare and Medicaid programs and/or to the federal and/or state regulators for these programs in the ordinary course of business. At the current time, we know of no active investigations by any of these programs or regulators in respect of our disclosures or repayments. All of these voluntary actions on our part could lead to an investigation by the regulators to determine whether any of our facilities have violated the Stark Law, the Anti-Kickback Statute, the False Claims Act or similar state law. Either an investigation or initiation of administrative or judicial actions could result in a public announcement of possible violations of the Stark Law, the Anti-Kickback Statute or the False Claims Act or similar state law. Such determination or announcements could have a material adverse effect on our business, financial condition, results of operations or prospects, and our business reputation could suffer significantly.

Additionally, several hospital companies have in recent years been named defendants in class action litigation alleging, among other things, that their charge structures are fraudulent and, under state law, unfair or deceptive practices, insofar as those hospitals charge insurers lower rates than those charged to uninsured patients. We cannot assure you that we will not be named as a defendant in litigation of this type. Furthermore, the outcome of these suits may affect the industry standard for charity care policies and any response we take may have a material adverse effect on our financial results.

In June 2006, we and two other hospital systems operating in San Antonio, Texas had a putative class action lawsuit brought against all of us alleging that we and the other defendants had conspired with one another and with other unidentified San Antonio area hospitals to depress the compensation levels of registered nurses employed at the competing hospitals within the San Antonio area by engaging in certain activities that violated the federal antitrust laws. On the same day that this litigation was brought against us and two other hospital systems in San Antonio, substantially similar class action litigation was brought against multiple hospitals in three other cities.

Competition from other hospitals or healthcare providers (especially specialty hospitals) may reduce our patient volumes and profitability.

The healthcare business is highly competitive and competition among hospitals and other healthcare providers for patients has intensified in recent years. Generally, other hospitals in the local communities served by most of our hospitals provide services similar to those offered by our hospitals. In addition, we believe the number of freestanding specialty hospitals and surgery and diagnostic centers in the geographic areas in which we operate has increased significantly in recent years. As a result, most of our hospitals operate in an increasingly competitive environment. Some of the hospitals that compete with our hospitals are owned by governmental agencies or not-for-profit corporations supported by endowments and charitable contributions and can finance capital expenditures and operations on a tax-exempt basis. Increasingly, we are facing competition from physician-owned specialty hospitals and freestanding surgery centers that compete for market share in high margin services and for quality physicians and personnel. If ambulatory surgery centers are better able to compete in this environment than our hospitals, our hospitals may experience a decline in patient volume, and we may experience a decrease in margin, even if those patients use our ambulatory surgery centers. Further, if our competitors are better able to attract patients, recruit physicians, expand services or obtain favorable managed care contracts at their facilities than our hospitals and ambulatory surgery centers, we may experience an overall decline in patient volume.

In 2005, CMS began making public performance data related to 10 quality measures that hospitals submit in connection with their Medicare reimbursement. In February 2006, federal legislation was enacted to expand and provide for the future expansion of the number of quality measures that must be reported. During federal fiscal year 2008, CMS required hospitals to report 30 measures of inpatient quality of care to avoid a 2% point reduction in their market basket update. During federal fiscal year 2009, CMS required hospitals to report 43 inpatient quality measures to avoid a 2% point reduction in their market basket update. For federal fiscal year 2010, CMS will require hospitals to report 47 inpatient quality measures to avoid a 2% reduction in their market basket update. If any of our hospitals achieve poor results (or results that are lower than our competitors) on these quality measures, patient volumes could decline. Also, the additional quality measures and future trends toward clinical transparency may have an unanticipated impact on our competitive position and patient volumes.

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Our Phoenix Health Plan unit ("PHP") also faces competition within the Arizona markets that it serves. As in the case of our hospitals, some of our health plan competitors in these markets are owned by governmental agencies or not-for-profit corporations that have greater financial resources than we do. The revenues we derive from PHP could significantly decrease if new plans operating in the Arizona Health Care Cost Containment System ("AHCCCS"), which is Arizona's state Medicaid program, enter these markets or other existing AHCCCS plans increase their number of enrollees. Moreover, a failure to attract future enrollees may negatively impact our ability to maintain our profitability in these markets.

We may be subject to liabilities from claims brought against our facilities.

We operate in a highly regulated and litigious industry. As a result, various lawsuits, claims and legal and regulatory proceedings have been instituted or asserted against us, including those outside of the ordinary course of business such as class actions and those in the ordinary course of business such as malpractice lawsuits. Some of these actions may involve large claims as well as significant defense costs.

We maintain professional and general liability insurance with unrelated commercial insurance carriers to provide for losses in excess of our self-insured retention (directly, or indirectly, through an insurance subsidiary) of \$10.0 million. As a result, a few successful claims against us that are within our self-insured retention amounts could have an adverse effect on our results of operations, cash flows, financial condition or liquidity. In addition, one or more claims could exceed the scope of the third-party coverage in effect or the coverage of particular claims or damages could be denied.

Additionally, we experienced unfavorable claims development results during the six months ended December 31, 2009, which are reflected in our professional and general liability costs. The relatively high cost of professional liability insurance and, in some cases, the lack of availability of such insurance coverage, for physicians with privileges at our hospitals increases our risk of vicarious liability in cases where both our hospital and the uninsured or underinsured physician are named as co-defendants. As a result, we are subject to greater self-insured risk and may be required to fund claims out of our operating cash flows to a greater extent than during fiscal year 2009. We cannot assure you that we will be able to continue to obtain insurance coverage in the future or that such insurance coverage, if it is available, will be available on acceptable terms.

While we cannot predict the likelihood of future claims or inquiries, we expect that new matters may be initiated against us from time to time. Moreover, the results of current claims, lawsuits and investigations cannot be predicted, and it is possible that the ultimate resolution of these matters, individually or in the aggregate, may have a material adverse effect on our business (both in the near and long term), financial position, results of operations or cash flows.

Our hospitals face a growth in uncompensated care as the result of the inability of uninsured patients to pay for healthcare services and difficulties in collecting patient portions of insured accounts.

Like others in the hospital industry, we have experienced an increase in uncompensated care. Our combined provision for doubtful accounts, uninsured discounts and charity care deductions as a percentage of acute care services segment revenues (prior to these adjustments) was 11.8% during both fiscal 2008 and 2009. This ratio increased to 16.0% for the six months ended December 31, 2009. Approximately 330 basis points of this increase related to the uninsured discount and Medicaid pending policy changes implemented in our Illinois hospitals effective April 1, 2009 and in our Phoenix and San Antonio hospitals effective July 1, 2009. Our self-pay discharges as a percentage of total discharges have not fluctuated significantly during the past three fiscal years. Our hospitals remain at risk for increases in uncompensated care as a result of price increases, the continuing trend of increases in coinsurance and deductible portions of managed care accounts and increases in uninsured patients as a result of potential state Medicaid funding cuts or general economic weakness. Although we continue to seek ways of improving point of service collection efforts and implementing appropriate payment plans with our patients, if we continue to experience growth in self-pay revenues, our results of operations could be materially adversely affected. Further, our ability to improve collections for self-pay patients may be limited by regulatory and investigatory initiatives, including private lawsuits directed at hospital charges and collection practices for uninsured and underinsured patients.

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Our performance depends on our ability to recruit and retain quality physicians.

Physicians generally direct the majority of hospital admissions. Thus, the success of our hospitals depends in part on the following factors:

- the number and quality of the physicians on the medical staffs of our hospitals;
- the admitting practices of those physicians; and
- the maintenance of good relations with those physicians.

Most physicians at our hospitals also have admitting privileges at other hospitals. Our efforts to attract and retain physicians are affected by our managed care contracting relationships, national shortages in some specialties, such as anesthesiology and radiology, the adequacy of our support personnel, the condition of our facilities and medical equipment, the availability of suitable medical office space and federal and state laws and regulations prohibiting financial relationships that may have the effect of inducing patient referrals. If facilities are not staffed with adequate support personnel or technologically advanced equipment that meets the needs of patients, physicians may be discouraged from referring patients to our facilities, which could adversely affect our profitability.

In an effort to meet community needs in the markets in which we operate, we have implemented a strategy to employ physicians both in primary care and in certain specialties. As of December 31, 2009, we employed more than 300 practicing physicians, excluding residents. The deployment of a physician employment strategy includes increased salary and benefits costs, physician integration risks and difficulties associated with physician practice management. While we believe this strategy is consistent with industry trends, we cannot be assured of the long-term success of such a strategy. In addition, if we raise wages in response to our competitors' wage increases and are unable to pass such increases on to our clients, our margins could decline, which could adversely affect our business, financial condition and results of operations.

We may be unable to achieve our acquisition and growth strategies and we may have difficulty acquiring not-for-profit hospitals due to regulatory scrutiny.

An important element of our business strategy is expansion by acquiring hospitals in our existing and in new urban and suburban markets and by entering into partnerships or affiliations with other healthcare service providers. The competition to acquire hospitals is significant, including competition from healthcare companies with greater financial resources than ours. We have not acquired a hospital since December 2004 and may never acquire another hospital, which would seriously impact our ability to grow our business.

Even if we are able to acquire more hospitals, such acquisitions may be on less than favorable terms. We may have difficulty obtaining financing, if necessary, for such acquisitions on satisfactory terms. We sometimes agree not to sell an acquired hospital for some period of time (currently no longer than 10 years) after purchasing it and/or grant the seller a right of first refusal to purchase the hospital if we agree to sell it to a third party. In addition, we may not be able to effectively integrate any acquired facilities with our operations. Even if we continue to acquire additional facilities and/or enter into partnerships or affiliations with other healthcare service providers, federal and state regulatory agencies may constrain our ability to grow.

Additionally, many states, including some where we have hospitals and others where we may in the future attempt to acquire hospitals, have adopted legislation regarding the sale or other disposition of hospitals operated by not-for-profit entities. In other states that do not have specific legislation, the attorneys general have demonstrated an interest in these transactions under their general obligations to protect charitable assets from waste. These legislative and administrative efforts focus primarily on the appropriate valuation of the assets divested and the use of the sale proceeds by the not-for-profit seller. These review and approval processes can add time to the consummation of an acquisition of a not-for-profit hospital, and future actions on the state level could seriously delay or even prevent future acquisitions of not-for-profit hospitals. Furthermore, as a condition to approving an acquisition, the attorney general of the state in which the hospital is located may require us to maintain specific services, such as emergency departments, or to continue to provide specific levels of charity care, which may affect our decision to acquire or the terms upon which we acquire one of these hospitals.

Future acquisitions or joint ventures may use significant resources, may be unsuccessful and could expose us to unforeseen liabilities.

As part of our growth strategy, we may pursue acquisitions or joint ventures of hospitals or other related healthcare facilities and services. These acquisitions or joint ventures may involve significant cash expenditures, debt incurrence, additional operating losses and expenses that could have a material adverse effect on our financial condition and results of operations. Acquisitions or joint ventures involve numerous risks, including:

- difficulty and expense of integrating acquired personnel into our business;
- diversion of management's time from existing operations;
- potential loss of key employees or customers of acquired companies; and
- assumption of the liabilities and exposure to unforeseen liabilities of acquired companies, including liabilities for failure to comply with healthcare regulations.

We cannot assure you that we will succeed in obtaining financing for acquisitions or joint ventures at a reasonable cost, or that such financing will not contain restrictive covenants that limit our operating flexibility. We also may be unable to operate acquired hospitals profitably or succeed in achieving improvements in their financial performance.

The cost of our malpractice insurance and the malpractice insurance of physicians who practice at our facilities remains volatile. Successful malpractice or tort claims asserted against us, our physicians or our employees could materially adversely affect our financial condition and profitability.

Physicians, hospitals and other healthcare providers are subject to legal actions alleging malpractice, product liability or related legal theories. Many of these actions involve large monetary claims and significant defense costs. Hospitals and physicians have typically maintained a special type of insurance (commonly called malpractice or professional liability insurance) to protect against the costs of these types of legal actions. We created a captive insurance subsidiary on June 1, 2002, to assume a substantial portion of the professional and general liability risks of our facilities. For claims incurred during the period June 1, 2002 to May 31, 2006 and those subsequent to June 30, 2009, we maintained all of our professional and general liability insurance through this captive insurance subsidiary in respect of losses up to \$10.0 million per occurrence. For claims incurred from June 1, 2006 to June 30, 2009, we self-insured the first \$9.0 million per occurrence, and our captive subsidiary insured the next \$1.0 million per occurrence. We have also purchased an umbrella excess policy for professional and general liability insurance for the period July 1, 2009 to June 30, 2010 with unrelated commercial carriers. This policy covers losses in excess of \$10.0 million per occurrence up to \$75.0 million, but is limited to total annual payments of \$65.0 million in the aggregate. While our premium prices have declined during the past few years, the total cost of professional and general liability insurance remains sensitive to the volume and severity of cases reported. There is no guarantee that excess insurance coverage will continue to be available in the future at a cost allowing us to maintain adequate levels of such insurance. Moreover, due to the increased retention limits insured by us and our captive subsidiary, if actual payments of claims materially exceed our projected estimates of malpractice claims, our financial condition could be materially adversely affected.

Physicians' professional liability insurance costs in certain markets have dramatically increased to the point where some physicians are either choosing to retire early or leave those markets. If physician professional liability insurance costs continue to escalate in markets in which we operate, some physicians may choose not to practice at our facilities, which could reduce our patient volumes and revenues. Our hospitals may also incur a greater percentage of the amounts paid to claimants if physicians are unable to obtain adequate malpractice coverage since we are often sued in the same malpractice suits brought against physicians on our medical staffs who are not employed by us.

We anticipate employing over 160 additional physicians during our fiscal year 2010. Such a significant increase in employed physicians could significantly increase our professional and general liability risks and related costs in future periods since for employed physicians there is no insurance coverage from unaffiliated insurance companies.

Our facilities are concentrated in a small number of regions. If any one of the regions in which we operate experiences a regulatory change, economic downturn or other material change, our overall business results may suffer.

Among our operations as of December 31, 2009, five hospitals and various related healthcare businesses were located in San Antonio, Texas; five hospitals and related healthcare businesses were located in metropolitan Phoenix, Arizona; two hospitals and related healthcare businesses were located in metropolitan Chicago, Illinois; and three hospitals and related healthcare businesses were located in Massachusetts.

For the year ended June 30, 2009 and the six months ended December 31, 2009, our total revenues were generated as follows:

	Year Ended June 30, 2009	Six Months Ended December 31, 2009
San Antonio	29.6%	25.8%
Phoenix Health Plan and Abrazo Advantage Health Plan	19.3	23.2
Massachusetts	18.3	18.2
Metropolitan Phoenix, excluding Phoenix Health Plan and Abrazo Advantage Health Plan	17.9	18.3
Metropolitan Chicago (1)	14.6	14.1
Other	0.3	0.4
	<u>100.0%</u>	<u>100.0%</u>

(1) Includes MacNeal Health Providers

Any material change in the current demographic, economic, competitive or regulatory conditions in any of these regions could adversely affect our overall business results because of the significance of our operations in each of these regions to our overall operating performance. Moreover, due to the concentration of our revenues in only four regions, our business is less diversified and, accordingly, is subject to greater regional risk than that of some of our larger competitors.

If we are unable to control our healthcare costs at Phoenix Health Plan and Abrazo Advantage Health Plan, if the health plans should lose their governmental contracts or if budgetary cuts reduce the scope of Medicaid or dual-eligibility coverage, our profitability may be adversely affected.

For the year ended June 30, 2009 and the six months ended December 31, 2009, PHP generated approximately 18.1% and 22.1% of our total revenues, respectively. PHP derives substantially all of its revenues through a contract with AHCCCS. AHCCCS pays capitated rates to PHP, and PHP subcontracts with physicians, hospitals and other healthcare providers to provide services to its enrollees. If we fail to effectively manage our healthcare costs, these costs may exceed the payments we receive. Many factors can cause actual healthcare costs to exceed the capitated rates paid by AHCCCS, including:

- our ability to contract with cost-effective healthcare providers;
- the increased cost of individual healthcare services;
- the type and number of individual healthcare services delivered; and
- the occurrence of catastrophes, epidemics or other unforeseen occurrences.

Our current contract with AHCCCS began October 1, 2008 and expires September 30, 2011. This contract is terminable without cause on 90 days' written notice from AHCCCS or for cause upon written notice from AHCCCS if we fail to comply with any term or condition of the contract or fail to take corrective action as required to comply with the terms of the contract. AHCCCS may also terminate the contract with PHP in the event of unavailability of state or federal funding. If our AHCCCS contract is terminated, our profitability would be adversely affected by the loss of these revenues and cash flows. Also, should the scope of the Medicaid program be reduced as a result of state budgetary cuts or other political factors, our results of operations could be adversely affected.

For the year ended June 30, 2009 and the six months ended December 31, 2009, AAHP generated 1.2% and 1.1% of our total revenues, respectively. AAHP began providing healthcare coverage to Medicare and Medicaid dual-eligible enrollees on

January 1, 2006. Most of AAHP's members were formerly enrolled in PHP. AAHP's contract with CMS went into effect on January 1, 2006, for a term of one year, with a provision for successive one year renewals, and has currently been renewed through December 31, 2010. If we fail to effectively manage AAHP's healthcare costs, these costs may exceed the payments we receive.

We are dependent on our senior management team and local management personnel, and the loss of the services of one or more of our senior management team or key local management personnel could have a material adverse effect on our business.

The success of our business is largely dependent upon the services and management experience of our senior management team, which includes Charles N. Martin, Jr., our Chairman and Chief Executive Officer; Kent H. Wallace, our President and Chief Operating Officer; Keith B. Pitts, our Vice Chairman; Phillip W. Roe, our Executive Vice President, Chief Financial Officer and Treasurer; and Joseph D. Moore, Executive Vice President. In addition, we depend on our ability to attract and retain local managers at our hospitals and related facilities, on the ability of our senior officers and key employees to manage growth successfully and on our ability to attract and retain skilled employees. We do not maintain key man life insurance policies on any of our officers. If we were to lose any of our senior management team or members of our local management teams, or if we are unable to attract other necessary personnel in the future, it could have a material adverse effect on our business, financial condition and results of operations. If we were to lose the services of one or more members of our senior management team or a significant portion of our hospital management staff at one or more of our hospitals, we would likely experience a significant disruption in our operations and failure of the affected hospitals to adhere to their respective business plans.

Controls designed to reduce inpatient services may reduce our revenues.

Controls imposed by Medicare and commercial third-party payers designed to reduce admissions and lengths of stay, commonly referred to as "utilization review," have affected and are expected to continue to affect our facilities. Utilization review entails the review of the admission and course of treatment of a patient by managed care plans. Inpatient utilization, average lengths of stay and occupancy rates continue to be negatively affected by payer-required preadmission authorization and utilization review and by payer pressures to maximize outpatient and alternative healthcare delivery services for less acutely ill patients. Efforts to impose more stringent cost controls are expected to continue. Although we are unable to predict the effect these changes will have on our operations, significant limits on the scope of services reimbursed and on reimbursement rates and fees could have a material, adverse effect on our business, financial position and results of operations.

Our facilities are subject to extensive federal and state laws and regulations relating to the privacy of individually identifiable information.

The Health Insurance Portability and Accountability Act of 1996 required the U.S. Department of Health and Human Services to adopt standards to protect the privacy and security of individually identifiable health-related information. The department released final regulations containing privacy standards in December 2000 and published revisions to the final regulations in August 2002. The Health Information Technology for Economic and Clinical Health Act ("HITECH Act") — one part of the American Recovery and Reinvestment Act of 2009 ("ARRA") — broadened the scope of the HIPAA privacy and security regulations. On August 24, 2009, HHS issued an Interim Final Rule addressing security breach notification requirements and, on October 30, 2009, issued an Interim Final Rule implementing amendments to the enforcement regulations under HIPAA. The privacy regulations extensively regulate the use and disclosure of individually identifiable health-related information. The regulations also provide patients with significant rights related to understanding and controlling how their health information is used or disclosed. The security regulations require healthcare providers to implement administrative, physical and technical practices to protect the security of individually identifiable health information that is maintained or transmitted electronically.

Violations of the Health Insurance Portability and Accountability Act of 1996 could result in civil or criminal penalties. An investigation or initiation of civil or criminal actions could have a material adverse effect on our business, financial condition, results of operations or prospects and our business reputation could suffer significantly. In addition, there are numerous federal and state laws and regulations addressing patient and consumer privacy concerns, including unauthorized access or theft of personal information. State statutes and regulations vary from state to state and could impose additional penalties. We have developed a comprehensive set of policies and procedures in our efforts to comply with the Health

Insurance Portability and Accountability Act of 1996 and other privacy laws. Our compliance officers are responsible for implementing and monitoring compliance with our privacy and security policies and procedures at our facilities. We believe that the cost of our compliance with the Health Insurance Portability and Accountability Act of 1996 and other federal and state privacy laws will not have a material adverse effect on our business, financial condition, results of operations or cash flows.

As a result of increased post-payment reviews of claims we submit to Medicare for our services, we may incur additional costs and may be required to repay amounts already paid to us.

We are subject to regular post-payment inquiries, investigations and audits of the claims we submit to Medicare for payment for our services. These post-payment reviews are increasing as a result of new government cost-containment initiatives, including enhanced medical necessity reviews for Medicare patients admitted to long-term care hospitals, and audits of Medicare claims under the Recovery Audit Contractor program ("RAC"). The RAC program began as a demonstration project in 2005 in three states (New York, California and Florida) and was expanded into the three additional states of Arizona, Massachusetts and South Carolina in July 2007. The program was made permanent by the Tax Relief and Health Care Act of 2006 enacted in December 2006. CMS ended the demonstration project in March 2008 and commenced the permanent RAC program in all states beginning in 2009 with plans to have RACs in full operation in all 50 states by 2010.

RACs utilize a post-payment targeted review process employing data analysis techniques in order to identify those Medicare claims most likely to contain overpayments, such as incorrectly coded services, incorrect payment amounts, non-covered services and duplicate payments. The RAC review is either "automated", for which a decision can be made without reviewing a medical record, or "complex", for which the RAC must contact the provider in order to procure and review the medical record to make a decision about the payment. CMS has given RACs the authority to look back at claims up to three years old, provided that the claim was paid on or after October 1, 2007. Claims identified as overpayments will be subject to the Medicare appeals process.

These additional post-payment reviews may require us to incur additional costs to respond to requests for records and to pursue the reversal of payment denials, and ultimately may require us to refund amounts paid to us by Medicare that are determined to have been overpaid.

If we fail to continually enhance our hospitals with the most recent technological advances in diagnostic and surgical equipment, our ability to maintain and expand our markets will be adversely affected.

Technological advances with respect to computed axial tomography (CT), magnetic resonance imaging (MRI) and positron emission tomography (PET) equipment, as well as other equipment used in our facilities, are continually evolving. In an effort to compete with other healthcare providers, we must constantly evaluate our equipment needs and upgrade equipment as a result of technological improvements. Such equipment costs typically range from \$1.0 million to \$3.0 million, exclusive of construction or build-out costs. If we fail to remain current with the technological advancements of the medical community, our volumes and revenue may be negatively impacted.

Our hospitals face competition for staffing especially as a result of the national shortage of nurses and the increased imposition on us of nurse-staffing ratios, which has in the past and may in the future increase our labor costs and materially reduce our profitability.

We compete with other healthcare providers in recruiting and retaining qualified management and staff personnel responsible for the day-to-day operations of each of our hospitals, including most significantly nurses and other non-physician healthcare professionals. In the healthcare industry generally, including in our markets, the national shortage of nurses and other medical support personnel has become a significant operating issue. This shortage has caused us in the past and may require us in the future to increase wages and benefits to recruit and retain nurses and other medical support

personnel or to hire more expensive temporary personnel. We have voluntarily raised on several occasions in the past, and expect to raise in the future, wages for our nurses and other medical support personnel.

In addition, union-mandated or state-mandated nurse-staffing ratios significantly affect not only labor costs, but may also cause us to limit patient admissions with a corresponding adverse effect on revenues if we are unable to hire the appropriate number of nurses to meet the required ratios. While we do not currently operate in any states with mandated nurse-staffing

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ratios, the states in which we operate could adopt mandatory nurse-staffing ratios at any time. In those instances where our nurses are unionized, it is our experience that new union contracts often impose significant new additional staffing ratios by contract on our hospitals. This was the case with the increased staffing ratios imposed on us in our union contract with our nurses at Saint Vincent Hospital in Worcester, Massachusetts negotiated in 2007.

The U.S. Congress is currently considering a bill called the Employee Free Choice Act of 2009 ("EFCA"), which organized labor, a major supporter of the Obama administration, has called its number one legislative objective. EFCA would amend the National Labor Relations Act to establish a procedure whereby the National Labor Relations Board ("NLRB") would certify a union as the bargaining representative of employees, without a NLRB-supervised secret ballot election, if a majority of unit employees signs valid union authorization cards (the "card-check provision"). Additionally, under EFCA, parties that are unable to reach a first contract within 90 days of collective bargaining could refer the dispute to mediation by the Federal Mediation and Conciliation Service (the "Service"). If the Service is unable to bring the parties to agreement within 30 days, the dispute then would be referred to binding arbitration. Also, the bill would provide for increased penalties for labor law violations by employers. In July 2009, due to intense opposition from the business community, alternative draft legislation became public, dropping the card-check provision, but putting in its place new provisions making it easier for employees to organize including provisions to require shorter unionization campaigns, faster elections and limitations on employer-sponsored anti-unionization meetings, which employees are required to attend. This legislation, if passed, would make it easier for our nurses or other groups of hospital employees to unionize, which could materially increase our labor costs.

If our labor costs continue to increase, we may not be able to raise our payer reimbursement levels to offset these increased costs, including the significantly increased costs that we will incur for wage increases and nurse-staffing ratios under our new union contract with our nurses at Saint Vincent Hospital. Because substantially all of our net patient revenues consist of payments based on fixed or negotiated rates, our ability to pass along increased labor costs is materially constrained. Our failure to recruit and retain qualified management, nurses and other medical support personnel, or to control our labor costs, could have a material adverse effect on our profitability.

Compliance with Section 404 of the Sarbanes-Oxley Act may negatively impact our results of operations and failure to comply may subject us to regulatory scrutiny and a loss of investors' confidence in our internal control over financial reporting.

Section 404 of the Sarbanes-Oxley Act of 2002 ("Section 404") requires us to perform an evaluation of our internal control over financial reporting and file management's attestation with our annual report. Section 404 also requires our independent auditors to opine on our internal control over financial reporting beginning with our fiscal year ending June 30, 2010. We have evaluated, tested and implemented internal controls over financial reporting to enable management to report on such internal controls under Section 404. However, we cannot assure you that the conclusions we will reach in our June 30, 2010 management report will be the same as those reached by our independent auditors in their report. Failure on our part to comply with Section 404 may subject us to regulatory scrutiny and a loss of public confidence in the reliability of our financial statements. In addition, we may be required to incur costs in improving our internal control over financial reporting and hiring additional personnel. Any such actions could negatively affect our results of operations.

A failure of our information systems would adversely affect our ability to properly manage our operations.

We rely on our advanced information systems and our ability to successfully use these systems in our operations. These systems are essential to the following areas of our business operations, among others:

- patient accounting, including billing and collection of patient service revenues;
- financial, accounting, reporting and payroll;
- coding and compliance;
- laboratory, radiology and pharmacy systems;
- remote physician access to patient data;
- negotiating, pricing and administering managed care contracts; and
- monitoring quality of care.

If we are unable to use these systems effectively, we may experience delays in collection of patient service revenues and may not be able to properly manage our operations or oversee compliance with laws or regulations.

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Difficulties with current construction projects or new construction projects such as additional hospitals or major expansion projects may involve significant capital expenditures that could have an adverse impact on our liquidity.

We may decide to construct an additional hospital or hospitals in the future or construct additional major expansion projects to existing hospitals in order to achieve our growth objectives. Our ability to complete construction of new hospitals or new expansion projects on budget and on schedule would depend on a number of factors, including, but not limited to:

- our ability to control construction costs;
- the failure of general contractors or subcontractors to perform under their contracts;
- adverse weather conditions;
- shortages of labor or materials;
- our ability to obtain necessary licensing and other required governmental authorizations; and
- other unforeseen problems and delays.

As a result of these and other factors, we cannot assure you that we will not experience increased construction costs on our construction projects or that we will be able to construct our current or any future construction projects as originally planned. In addition, our current and any future major construction projects would involve a significant commitment of capital with no revenues associated with the projects during construction, which also could have a future adverse impact on our liquidity.

If the costs for construction materials and labor continue to rise, such increased costs could have an adverse impact on the return on investment relating to our expansion projects.

The cost of construction materials and labor has significantly increased over the past years as a result of global and domestic events. We have experienced significant increases in the cost of steel due to the demand in China for such materials and an increase in the cost of lumber due to multiple factors. Increases in oil and gas prices have increased costs for oil-based products and for transporting materials to job sites. As we continue to invest in modern technologies, emergency rooms and operating room expansions, we expend large sums of cash generated from operating activities. We evaluate the financial viability of such projects based on whether the projected cash flow return on investment exceeds our cost of capital. Such returns may not be achieved if the cost of construction continues to rise significantly or anticipated volumes do not materialize.

State efforts to regulate the construction or expansion of hospitals could impair our ability to operate and expand our operations.

Some states require healthcare providers to obtain prior approval, known as certificates of need, for:

- the purchase, construction or expansion of healthcare facilities;
- capital expenditures exceeding a prescribed amount; or
- changes in services or bed capacity.

In giving approval, these states consider the need for additional or expanded healthcare facilities or services. Illinois and Massachusetts are the only states in which we currently own hospitals that have certificate-of-need laws. The failure to obtain any required certificate of need could impair our ability to operate or expand operations in these states.

If the fair value of our reporting units declines, a material non-cash charge to earnings from impairment of our goodwill could result.

Blackstone acquired our predecessor company during fiscal 2005. We recorded a significant portion of the purchase price as goodwill. At December 31, 2009, we had approximately \$649.1 million of goodwill recorded on our financial statements. There is no guarantee that we will be able to recover the carrying value of this goodwill through our future cash flows. On an ongoing basis, we evaluate, based on the fair value of our reporting units, whether the carrying value of our goodwill is impaired. During fiscal 2007, we recorded a \$123.8 million (\$110.5 million, net of tax benefit) impairment charge to goodwill to reduce the carrying values of our Chicago hospitals to their fair values. Our two Chicago hospitals have experienced deteriorating economic factors that have negatively impacted their results of operations and cash flows. While

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various initiatives mitigated the impact of these economic factors in previous quarters, the operating results of the Chicago hospitals have not improved to the level anticipated.

After having the opportunity to evaluate the operating results of the Chicago hospitals for the first six months of fiscal year 2010 and to reassess the market trends and economic factors, we concluded that it was unlikely that previously projected cash flows for these hospitals would be achieved. We performed an interim goodwill impairment test and, based upon revised projected cash flows, market participant data and appraisal information, we determined that the \$43.1 million remaining goodwill related to this reporting unit was impaired. We recorded the \$43.1 million (\$31.8 million, net of taxes) non-cash impairment loss in our condensed consolidated statement of operations for the quarter ended December 31, 2009.

Our hospitals are subject to potential responsibilities and costs under environmental laws that could lead to material expenditures or liability.

We are subject to various federal, state and local environmental laws and regulations, including those relating to the protection of human health and the environment. We could incur substantial costs to maintain compliance with these laws and regulations. To our knowledge, we have not been and are not currently the subject of any investigations relating to noncompliance with environmental laws and regulations. We could become the subject of future investigations, which could lead to fines or criminal penalties if we are found to be in violation of these laws and regulations. The principal environmental requirements and concerns applicable to our operations relate to proper management of hazardous materials, hazardous waste and medical waste, above-ground and underground storage tanks, operation of boilers, chillers and other equipment, and management of building conditions, such as the presence of mold, lead-based paint or asbestos. Our hospitals engage independent contractors for the transportation and disposal of hazardous waste, and we require that our hospitals be named as additional insureds on the liability insurance policies maintained by these contractors.

We also may be subject to requirements related to the remediation of substances that have been released into the environment at properties owned or operated by us or our predecessors or at properties where substances were sent for off-site treatment or disposal. These remediation requirements may be imposed without regard to fault, and liability for environmental remediation can be substantial.

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Item 4. Submission of Matters to a Vote of Security Holders.

The following persons were re-elected to our board of directors by the holders of 100% of our outstanding common stock by action taken pursuant to a written consent dated November 3, 2009 of such holders in lieu of an annual stockholders' meeting:

Michael A. Dal Bello
M. Fazié Husain
Charles N. Martin, Jr.
Alan M. Muney, M.D.
James A. Quella
Neil P. Simpkins

Also, on November 3, 2009 (but prior to the election of the directors referred to above), Michael J. Parsons informed us, at a regular meeting of our board of directors, that he declined to stand for re-election to the Company's board of directors. Mr. Parsons cited as the reason the increased demands on his time as a result of him assuming earlier in calendar year 2009 on a full-time basis the position of Chief Executive Officer of SouthernCare, Inc., a hospice provider based in Birmingham, Alabama, with offices in 25 states.

Item 6. Exhibits.

The exhibits filed as part of this report are listed in the Index to Exhibits which is located at the end of this report.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DATE: February 9, 2010

VANGUARD HEALTH SYSTEMS, INC.

BY: /s/ Gary D. Willis
Gary D. Willis
Senior Vice President, Controller and
Chief Accounting Officer
(Authorized Officer and Chief Accounting Officer)

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INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
4.1	Indenture, dated as of January 29, 2010, relating to the 8% Senior Notes due 2018, among Vanguard Health Holding Company II, LLC, Vanguard Holding Company II, Inc., Vanguard Health Systems, Inc. and the other guarantors named therein and U.S. Bank National Association, as Trustee, including the form of 8% Senior Notes due 2018. (Incorporated by reference from Exhibit 4.1 to the registrant's Current Report on Form 8-K dated February 3, 2010, File No. 333-71934.)
4.2	Registration Rights Agreement, dated as of January 29, 2010, relating to the 8% Senior Notes due 2018, among Vanguard Health Holding Company II, LLC, Vanguard Holding Company II, Inc., Vanguard Health Systems, Inc. and the other guarantors named therein and U.S. Bank National Association, as Trustee. (Incorporated by reference from Exhibit 4.2 to the registrant's Current Report on Form 8-K dated February 3, 2010, File No. 333-71934.)
4.3	Ninth Supplemental Indenture, dated as of January 28, 2010, relating to the 9% Senior Subordinated Notes due 2014, among Vanguard Health Holding Company II, LLC, Vanguard Holding Company II, Inc., Vanguard Health Systems, Inc., and the other guarantors named therein and U.S. Bank National Association, as Trustee. (Incorporated by reference from Exhibit 4.3 to the registrant's Current Report on Form 8-K dated February 3, 2010, File No. 333-71934.)
4.4	First Supplemental Indenture, dated as of January 28, 2010, relating to the 11.25% Senior Discount Notes due 2015, among Vanguard Health Holding Company I, LLC, Vanguard Holding Company I, Inc., Vanguard Health Systems, Inc. and U.S. Bank National Association, as Trustee. (Incorporated by reference from Exhibit 4.4 to the registrant's Current Report on Form 8-K dated February 3, 2010, File No. 333-71934.)
10.1	Credit Agreement, dated as of January 29, 2010, among Vanguard Health Holding Company II, LLC, Vanguard Health Holding Company I, LLC, the lenders from time to time party thereto, Bank of America, N.A., as Administrative Agent, and the other parties thereto. (Incorporated by reference from Exhibit 10.1 to the registrant's Current Report on Form 8-K dated February 3, 2010, File No. 333-71934.)
10.2	Amendment No. 1, dated as of November 3, 2009, to Stockholders Agreement Concerning Vanguard Health Systems, Inc., dated as of November 4, 2004, by and among Vanguard Health Systems, Inc., VHS Holdings LLC, Blackstone FCH Capital Partners IV L.P. and its affiliates identified on the signature pages thereto and Charles N. Martin, Jr., as proxyholder for certain employees party thereto.
31.1	Certification of CEO pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of CFO pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of CEO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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VANGUARD HEALTH SYSTEMS INC

20 BURTON HILLS BLVD
NASHVILLE, TN 37215
615.665.6000

EX-10.2

10-Q Filed on 02/09/2010 - Period: 12/31/2009
File Number 333-71934



10-Q EX-10.2 Information provided by Vanguard Health Systems Inc

www.gsi.com

AMENDMENT NO. 1

This AMENDMENT NO. 1 (this "Amendment"), dated as of November 3, 2009, to STOCKHOLDERS AGREEMENT, dated as of November 4, 2004 (the "Agreement"), concerning Vanguard Health Systems, Inc. (the "Company"), a Delaware corporation, is entered into by and among the Company, VHS Holdings LLC, a Delaware limited liability company ("Holdings"), Blackstone FCH Capital Partners IV L.P., a Delaware limited partnership, and its affiliates identified on the signature pages hereto as a "Blackstone Party" (collectively, the "Blackstone Parties") and the parties identified on the signature pages of the Agreement as an "Employee" or who have otherwise become party to the Agreement and have agreed to become bound by its terms as an "Employee" by entering into a joinder agreement substantially in the form attached to the Agreement as Exhibit A (collectively, the "Employees").

WHEREAS, the parties to the Agreement wish to amend Sections 1.1(a) and 4.1(a) of the Agreement in the manner set forth in this Amendment.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and intending to be legally bound hereby, the parties to this Amendment hereby agree as follows:

1. Capitalized Terms. Unless otherwise defined herein, capitalized terms used herein and defined in the Agreement are used in this Amendment as defined in the Agreement.

2. Amendment of Sections 1.1(a). Sections 1.1(a) of the Agreement is hereby amended by deleting all of the text of such Section 1.1(a) set forth in the Agreement and replacing such deleted text with the following new text:

"(a) Each Employee hereby agrees, until the earlier to occur of (x) November 4, 2014 and (y) a Qualified IPO, to take all Designated Actions in the manner that the Management Representative, in his sole and absolute discretion, shall direct, at any meeting of the shareholders of the Company, at any and all adjournments thereof, and on any other occasion in respect of which the consent of such Employee with respect to his or her Shares may be given or may be requested or solicited by the Company or any other Person, whether at a meeting, pursuant to the execution of a written consent, under this Agreement or otherwise, for all purposes in connection with any Designated Action, and such Employee hereby ratifies and confirms all that the Management Representative may do by virtue hereof."

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3. Amendment of Section 4.1(a). Sections 4.1(a) of the Agreement is hereby amended by deleting all of the text of such Section 4.1(a) set forth in the Agreement and replacing such deleted text with the following new text:

"(a) If an Employee's Services to the Company and its Subsidiaries terminate for any reason (a "Termination Event"), the Company shall have the right but not the obligation to purchase, from time to time after such Termination Event, for a period of 180 days following the later of (x) 181 days after the termination of such Employee's Services and (y) with respect to Shares received upon the exercise of an option, 181 days after the date such option is exercised (the "Call Option Period"), the Shares held by such Employee. To exercise such purchase right with respect to an Employee, the Company shall deliver to such Employee prior to the expiration of the Call Option Period a written notice specifying the number of Shares with respect to which the Company has elected to exercise such purchase right, whereupon such Employee shall be required to sell to the Company, the Shares specified in such notice, at a price per Share equal to the applicable purchase price determined pursuant to Section 4.1(c)."

4. Governing Law. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH, AND GOVERNED BY, THE LAWS OF THE STATE OF DELAWARE WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES WHICH WOULD RESULT IN THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

5. Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute a single instrument.

6. References. Upon full execution of this Amendment, all references in the Agreement or in other documents related to the Agreement shall be deemed to be references to the Agreement as modified by this Amendment.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date set forth above.

VANGUARD HEALTH SYSTEMS, INC.

By: /s/ Ronald P. Soltman
Name: Ronald P. Soltman
Title: Executive Vice President

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VHS HOLDINGS, LLC

By: /s/ Ronald P. Soltman
Name: Ronald P. Soltman
Title: Executive Vice President

The Management Representative

/s/ Charles N. Martin, Jr.
Charles N. Martin, Jr.,
solely in his capacity as Management Representative

FOR ALL EMPLOYEES

/s/ Charles N. Martin, Jr.
Charles N. Martin, Jr.,
Individually and as Proxyholder for the
Employees party to the Agreement pursuant to
Section 1.1 of the Stockholders Agreement of
Vanguard Health Systems, Inc. dated as of
November 4, 2004

Blackstone Parties:

BLACKSTONE FCH CAPITAL PARTNERS IV L.P.

By: Blackstone Management Associates IV L.L.C.,
as a General Partner

By: /s/ Neil P. Simpkins
Name: Neil P. Simpkins
Title: Senior Managing Director

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BLACKSTONE FCH CAPITAL PARTNERS IV-A L.P.

By: Blackstone Management Associates IV L.L.C.,
as a General Partner

By: /s/ Neil P. Simpkins
Name: Neil P. Simpkins
Title: Senior Managing Director

BLACKSTONE FCH CAPITAL PARTNERS IV-B L.P.

By: Blackstone Management Associates IV L.L.C.,
as a General Partner

By: /s/ Neil P. Simpkins
Name: Neil P. Simpkins
Title: Senior Managing Director

BLACKSTONE HEALTH COMMITMENT
PARTNERS-A L.P.

By: Blackstone Management Associates IV L.L.C.,
as a General Partner

By: /s/ Neil P. Simpkins
Name: Neil P. Simpkins
Title: Senior Managing Director

VANGUARD HEALTH SYSTEMS INC

20 BURTON HILLS BLVD
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EX-31.1

10-Q Filed on 02/09/2010 - Period: 12/31/2009
File Number 333-71934



EX-31.1
VANGUARD HEALTH SYSTEMS INC
www.gsio.com

**CERTIFICATION OF CEO PURSUANT TO
RULE 13a-14(a)/15d-14(a), AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Charles N. Martin, Jr., Chairman and Chief Executive Officer of Vanguard Health Systems, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vanguard Health Systems, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 9, 2010

/s/ Charles N. Martin, Jr.
Charles N. Martin, Jr.
Chairman of the Board and Chief Executive Officer

VANGUARD HEALTH SYSTEMS INC

20 BURTON HILLS BLVD
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615. 665.6000

EX-31.2

10-Q Filed on 02/09/2010 - Period: 12/31/2009
File Number 333-71934



**CERTIFICATION OF CFO PURSUANT TO
RULE 13a-14(a)/15d-14(a), AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Phillip W. Roe, Executive Vice President, Chief Financial Officer and Treasurer of Vanguard Health Systems, Inc.,
certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vanguard Health Systems, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 9, 2010

/s/ Phillip W. Roe
Phillip W. Roe
Executive Vice President, Chief Financial Officer,
and Treasurer

VANGUARD HEALTH SYSTEMS INC

20 BURTON HILLS BLVD
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615.665.6000

EX-32.1

10-Q Filed on 02/09/2010 - Period: 12/31/2009
File Number 333-71934



**CERTIFICATION OF CEO PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Vanguard Health Systems, Inc. (the "Company") for the quarterly period ended December 31, 2009 (the "Report"), I, Charles N. Martin, Jr., Chairman of the Board and Chief Executive Officer of the Company, certify, for the purpose of complying with 18 U.S.C. Section 1350 and Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Charles N. Martin, Jr.
Charles N. Martin, Jr.
Chairman of the Board and Chief Executive Officer

February 9, 2010

VANGUARD HEALTH SYSTEMS INC

20 BURTON HILLS BLVD
NASHVILLE, TN 37215
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EX-32.2

10-Q Filed on 02/09/2010 - Period: 12/31/2009
File Number 333-71934



STANDARD & POOR'S RATING: B+ (www.spglobal.com/ratings)

www.gsio.com

**CERTIFICATION OF CFO PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Vanguard Health Systems, Inc. (the "Company") for the quarterly period ended December 31, 2009 (the "Report"), I, Phillip W. Roe, Executive Vice President, Chief Financial Officer and Treasurer of the Company, certify, for the purpose of complying with 18 U.S.C. Section 1350 and Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Phillip W. Roe

Phillip W. Roe

Executive Vice President, Chief Financial Officer and Treasurer

February 9, 2010

Attachment D

Attachment E

Attachment F

OVERALL LEGAL DESCRIPTION

DETROIT MEDICAL CENTER
RENAISSANCE ZONE A

LAND IN THE CITY OF DETROIT, WAYNE COUNTY, MICHIGAN BEING A
PART OF PRIVATE CLAIMS 1, 2 AND 5, AND PART OF PARK LOTS, BEING:

A PART OF LOT 13 AND ALL OF LOTS 10 THROUGH 12, INCLUSIVE, BLOCK
22; AND ALL OF LOTS 6 THROUGH 9, INCLUSIVE, BLOCK 21; AND ALL OF
LOTS 6 THROUGH 9, INCLUSIVE BLOCK 20; AND ALL OF LOTS 6 THROUGH 9,
INCLUSIVE, BLOCK 19; A PART OF LOTS 3 AND 8 AND ALL OF LOTS 1, 2, 9
AND 10, BLOCK 17; OF "BRUSH'S SUBDIVISION OF THAT PART OF THE
BRUSH FARM LYING BETWEEN THE SOUTH LINE OF FARNSWORTH STREET
AND THE SOUTH LINE OF ALEXANDRINE AVENUE", AS RECORDED IN
LIBER 17 OF PLATS, PAGE 29, WAYNE COUNTY RECORDS;

ALSO, A PART OF LOTS 1, 2 AND 6 AND ALL OF LOTS 3 THROUGH 5,
INCLUSIVE, OF "C.B. EDWARDS SUBDIVISION OF OUTLOT 190, L. BEAUBIEN
FARM", AS RECORDED IN LIBER 55 OF DEEDS, PAGE 242, WAYNE COUNTY
RECORDS;

ALSO, ALL OF LOTS 8 THROUGH 33, INCLUSIVE, OF "TREGENT'S
SUBDIVISION OF OUTLOT 188, NORTH OF FREMONT STREET, L. BEAUBIEN
FARM", AS RECORDED IN LIBER 2 OF PLATS, PAGE 10, WAYNE COUNTY
RECORDS;

ALSO, A PART OF LOTS 1 THROUGH 7, INCLUSIVE, AND ALL OF LOTS 8
THROUGH 14, INCLUSIVE, OF KANE'S AND HIBBARD'S SUBDIVISION OF
PART OF OUTLOT 191 ON FOREST AND HANCOCK AVENUES, LAMBERT
BEAUBIEN FARM", AS RECORDED IN LIBER 4 OF PLATS, PAGE 84, WAYNE
COUNTY RECORDS;

ALSO, A PART OF LOTS 11 THROUGH 14, INCLUSIVE, 17 THROUGH 19,
INCLUSIVE, AND LOT 24 AND ALL OF LOTS 20 THROUGH 23, INCLUSIVE, OF
"CLELAND AND LOWIE'S SUBDIVISION OF THE WEST 236 FEET OF THE A.
BEAUBIEN FARM BETWEEN FREMONT ST. AND WARREN AVE." AS
RECORDED IN LIBER 9 OF PLATS, PAGE 40, WAYNE COUNTY RECORDS;

ALSO, A PART OF OUTLOTS 189 AND 191 OF THE "PLAN OF BEAUBIEN FARM
AS SURVEYED INTO LOTS FOR THE PROPRIETORS BY JOHN MULLETT", AS
RECORDED IN LIBER 1 OF PLATS, PAGES 46 THROUGH 54, WAYNE COUNTY
RECORDS;

ALSO, A PART OF LOT 14 AND ALL OF LOTS 16 THROUGH 19, INCLUSIVE,
LOT 22 AND 23, OF "MEDICAL CENTER URBAN RENEWAL PLAT NO. 2", AS
RECORDED IN LIBER 90 OF PLATS, PAGES 89 THROUGH 91, WAYNE COUNTY
RECORDS;

ALSO, A PART OF LOTS 4 AND 12 AND ALL OF LOTS 5 THROUGH 9,
INCLUSIVE, OF "MEDICAL CENTER URBAN RENEWAL PLAT NO. 1", AS
RECORDED IN LIBER 88 OF PLATS, PAGES 74 THROUGH 76, WAYNE COUNTY
RECORDS;

ALSO, ALL OF LOTS 4 THROUGH 18, INCLUSIVE, OF "BRUSH'S SUBDIVISION
OF THAT PART OF THE BRUSH FARM LYING BETWEEN THE SOUTH LINE OF
ALEXANDRINE AVENUE AND THE NORTH LINE OF BRADY STREET", AS
RECORDED IN LIBER 19 OF PLATS, PAGE 62, WAYNE COUNTY RECORDS;

ALSO, ALL OF LOTS 1 THROUGH 10, INCLUSIVE, OF "LUMSDEN'S
SUBDIVISION OF PARK LOT 27", AS RECORDED IN LIBER 3 OF PLATS, PAGE
84, WAYNE COUNTY RECORDS;

ALSO, PART OF LOTS 23, 24, 25 AND 28 OF "PLAT OF PARK LOTS", AS
RECORDED IN LIBER 34 OF DEEDS, PAGE 542, WAYNE COUNTY RECORDS;

ALSO, ALL OF LOTS 22 THROUGH 33, INCLUSIVE, OF "LELAND AND
MANDELBAUM'S SUBDIVISION OF PARK LOT 22 AND PART OF LOT 21", AS
RECORDED IN LIBER 1 OF PLATS, PAGE 30, WAYNE COUNTY RECORDS;

ALSO, ALL OF LOTS 12 THROUGH 19, OF "VAN DYKE'S SUBDIVISION OF
PART OF THE ANTOINE BEAUBIEN FARM NORTH OF GROVE STREET", AS
RECORDED IN LIBER 1, PAGE 294, WAYNE COUNTY RECORDS;

ALSO, A PART OF LOT 8 AND ALL OF LOTS 9 THROUGH 13, OF "MCMILLAN
AND PONDS SUBDIVISION OF PARK LOT 29", AS RECORDED IN LIBER 6 OF
PLATS, PAGE 27, WAYNE COUNTY RECORDS;

ALSO, ALL OF LOTS 1 THROUGH 16, INCLUSIVE, OF "BAGG'S SUBDIVISION",
AS RECORDED IN LIBER 1 OF PLATS, PAGE 192, WAYNE COUNTY RECORDS;

ALSO, ALL OF LOTS 1, 2, 3, 7, 8, 9 AND 10, OF "SUBDIVISION OF PARK LOT 66
BY R. P. TOMS AND HENRY RUSSELL, TRUSTEES OF THE ESTATE OF SARAH
DAVENPORT", AS RECORDED IN LIBER 5 OF PLATS, PAGE 44, WAYNE
COUNTY RECORDS;

ALSO, INCLUDING THE REVISIONARY INTEREST IN ALL VACATED ALLEYS
AND ROADWAYS;

ALSO, EXCEPTING THE ROAD RIGHT OF WAYS IN BEAUBIEN STREET, JOHN
R. STREET, WOODWARD AVENUE, CANFIELD AVENUE, BRUSH STREET AND
HANCOCK AVENUE ALL LYING WITHIN THE BOUNDS OF THE OVERALL
PARCEL BEING MORE PARTICULARLY DESCRIBED AS:

BEGINNING AT THE INTERSECTION OF THE NORTH LINE OF MACK AVENUE
(VARIABLE WIDTH) AND THE EASTERLY LINE OF JOHN R. STREET (84'
WIDE), SAID POINT BEING THE SOUTHWEST CORNER OF LOT 6 OF
"MEDICAL CENTER URBAN RENEWAL PLAT NO. 1", AS RECORDED IN LIBER
88, PAGES 74 THROUGH 76, WAYNE COUNTY RECORDS; THENCE NORTH
N26°21'30"W, 220.33 FEET ALONG THE EAST LINE OF JOHN R. STREET TO A
POINT ON A LINE 139.05 FEET SOUTH OF AND PARALLEL TO THE NORTH
LINE OF LOT 4 AS EXTENDED OF SAID "MEDICAL CENTER URBAN
RENEWAL PLAT NO. 1"; THENCE S63°35'30"W, 487.41 FEET ALONG SAID LINE,
BEING 139.05 FEET SOUTH OF AND PARALLEL TO THE NORTH LINE OF LOT
4 OF SAID "MEDICAL CENTER URBAN RENEWAL PLAT NO. 1"; THENCE
N26°21'30"W, 24.98 FEET TO A POINT ON A LINE 9.00 FEET NORTH OF AND
PARALLEL TO THE NORTH BUILDING FACE OF THE ELLINGTON
CONDOMINIUMS AND ITS EXTENSION THEREOF; THENCE S62°09'47"W,
241.43 FEET ALONG SAID LINE, BEING 9.00 FEET NORTH OF AND PARALLEL
TO THE NORTH BUILDING FACE OF THE ELLINGTON CONDOMINIUMS AND
ITS EXTENSION THEREOF WESTERLY LINE OF WOODWARD AVENUE (120'
WIDE); THENCE S26°24'30"E, 303.45 FEET ALONG SAID WESTERLY LINE TO A
POINT ON THE NORTHERLY LINE OF DAVENPORT STREET (60' WIDE AS
PLATTED); THENCE S60°06'19"W, 200.14 FEET ALONG SAID NORTH LINE OF
DAVENPORT STREET TO THE CENTERLINE OF THE FIRST NORTH-SOUTH
ALLEY WEST OF WOODWARD; THENCE N29°59'13"W, 182.99 FEET ALONG
THE CENTERLINE OF SAID ALLEY TO A POINT ON THE CENTERLINE OF AN
EAST-WEST ALLEY; THENCE S60°06'19"W, 160.11 FEET ALONG THE
CENTERLINE OF SAID EAST-WEST ALLEY TO THE LINE COMMON TO LOTS 6
AND 7, AS EXTENDED, OF THE "SUBDIVISION OF PARK LOT NO. 66 BY R.P.
TOMS AND HENRY RUSSEL, TRUSTEES OF THE ESTATE OF SARAH
DAVENPORT", AS RECORDED IN LIBER 5, PAGE 44 OF PLATS, WAYNE
COUNTY RECORDS; THENCE S29°59'13"E, 182.99 FEET ALONG SAID LINE TO
THE NORTH LINE OF DAVENPORT STREET; THENCE S60°06'19"W, 200.15

FEET ALONG SAID NORTH LINE OF DAVENPORT STREET TO THE
SOUTHWEST CORNER OF LOT 10 OF SAID "SUBDIVISION OF PARK LOT NO.
66 BY R.P. TOMS AND HENRY RUSSEL, TRUSTEES OF THE ESTATE OF
SARAH DAVENPORT"; THENCE N29°59'13"W, 182.99 FEET ALONG THE LINE
COMMON TO LOTS 10 AND 11 OF SAID "SUBDIVISION OF PARK LOT NO. 66
BY R.P. TOMS AND HENRY RUSSEL, TRUSTEES OF THE ESTATE OF SARAH
DAVENPORT" TO THE CENTERLINE OF AN EAST-WEST ALLEY; THENCE
S60°06'19"W, 23.50 FEET ALONG THE CENTERLINE OF SAID EAST-WEST
ALLEY TO THE LINE COMMON TO LOTS 16 AND 17, AS EXTENDED, OF
"BAGG'S SUBDIVISION", AS RECORDED IN LIBER 1, PAGE 192 OF PLATS,
WAYNE COUNTY RECORDS; THENCE N29°59'13"W, 242.99 FEET ALONG SAID
LINE, AND ITS EXTENSION THEREOF TO THE NORTH LINE OF PARSONS
STREET (60' WIDE); THENCE N60°06'19"E, 610.54 FEET ALONG SAID NORTH
LINE OF PARSONS STREET TO THE WEST LINE OF WOODWARD AVENUE;
THENCE ACROSS WOODWARD AVENUE, N65°07'45"E, 120.04 FEET TO THE
NORTHWEST CORNER OF LOT 4 OF SAID "MEDICAL CENTER URBAN
RENEWAL PLAT NO. 1"; THENCE N63°35'30"E, 608.86 FEET ALONG THE
NORTH LINE OF SAID LOT 4 AND EXTENSION THEREOF TO THE EAST LINE
OF JOHN R. STREET; THENCE NORTHERLY ALONG SAID EAST LINE THE
FOLLOWING FOUR COURSES: (1) N26°21'30"W, 864.41 FEET, AND (2)
N60°06'30"E, 4.33 FEET, AND (3) N20°53'10"W, 204.21 FEET, AND (4)
N26°24'30"W, 275.46 FEET TO THE NORTH LINE OF WILLIS AVENUE (100'
WIDE); THENCE S59°50'30"W, 307.18 FEET ALONG SAID NORTH LINE OF
WILLIS AVENUE TO A POINT BEING 23 FEET WEST OF THE SOUTHEAST
CORNER OF LOT 8 OF "MCMILLAN'S AND PONDS' SUBDIVISION OF PARK
LOT 29", AS RECORDED IN LIBER 6, PAGE 27 OF PLATS, WAYNE COUNTY
RECORDS; THENCE N30°24'40"W, 151.10 FEET ALONG A LINE 23 FEET WEST
OF AND PARALLEL TO THE EAST LINE OF LOT 8 OF SAID "MCMILLAN'S AND
PONDS' SUBDIVISION OF PARK LOT 29" TO THE SOUTH LINE OF AN EAST-
WEST ALLEY; THENCE N59°50'30"E, 317.75 FEET ALONG SAID SOUTH LINE
AND ITS EXTENSION THEREOF TO THE EAST LINE OF JOHN R. STREET;
THENCE N26°24'30"W, 251.64 FEET ALONG SAID EAST LINE OF JOHN R.
STREET TO THE NORTH LINE OF CANFIELD AVENUE (60' WIDE); THENCE
THE FOLLOWING TWO COURSES ALONG SAID NORTH LINE OF CANFIELD
AVENUE: (1) N59°50'30"E, 626.26 FEET, AND (2) N63°26'11"E, 60.00 FEET TO
THE EAST LINE OF BRUSH STREET (60' WIDE); THENCE N26°09'00"W, 1208.60
FEET ALONG SAID EAST LINE OF BRUSH STREET TO THE SOUTH LINE OF
HANCOCK AVENUE (VARIABLE WIDTH); THENCE THE FOLLOWING TWO
COURSES ALONG SAID SOUTH LINE OF HANCOCK AVENUE: (1) S60°37'11"W,
60.10 FEET, AND S60°04'24"W, 167.88 FEET TO A POINT ON A LINE 7.50 FEET
WEST OF AND PARALLEL TO THE EAST LINE OF LOT 13 AS EXTENDED, OF
"BRUSH'S SUBDIVISION OF THAT PART OF THE BRUSH FARM LYING
BETWEEN THE SOUTH LINE OF FARNSWORTH STREET AND THE SOUTH
LINE OF ALEXANDRINE AVENUE", AS RECORDED IN LIBER 17, PAGE 29 OF
PLATS, WAYNE COUNTY RECORDS; THENCE N29°55'36"W, 237.00 FEET
ALONG SAID LINE, BEING 7.50 FEET WEST OF AND PARALLEL TO THE EAST
LINE OF LOT 13 OF SAID "BRUSH'S SUBDIVISION OF THAT PART OF THE
BRUSH FARM LYING BETWEEN THE SOUTH LINE OF FARNSWORTH STREET
AND THE SOUTH LINE OF ALEXANDRINE AVENUE", TO THE SOUTH LINE OF
AN EAST-WEST ALLEY; THENCE N60°04'24"E, 183.52 FEET ALONG SAID
EAST-WEST ALLEY TO THE WEST LINE OF BRUSH STREET; THENCE
S26°09'00"E, 150.08 FEET ALONG SAID WEST LINE OF BRUSH STREET TO A
POINT ON THE NORTH LINE OF HANCOCK AVENUE AS EXTENDED FROM
THE EAST; THENCE N63°53'50"E, 802.97 FEET ALONG SAID NORTH LINE OF
HANCOCK AVENUE TO A POINT ON THE WEST LINE OF ST. ANTOINE
STREET (120' WIDE); THENCE S26°09'00"E, 688.85 FEET ALONG SAID WEST
LINE OF ST. ANTOINE STREET TO A POINT ON THE CENTERLINE OF AN
EAST-WEST ALLEY; THENCE S63°53'50"W, 384.16 FEET ALONG SAID ALLEY
CENTERLINE, AND ITS EXTENSION THEREOF TO THE EAST LINE OF
BEAUBIEN STREET; THENCE S26°09'00"E, 603.75 FEET ALONG SAID EAST
LINE OF BEAUBIEN STREET TO THE NORTH LINE OF CANFIELD AVENUE;
THENCE N63°53'50"E, 384.16 FEET ALONG SAID NORTH LINE OF CANFIELD

AVENUE TO THE WEST LINE OF ST. ANTOINE STREET; THENCE S26°09'00"E, 680.00 FEET ALONG SAID WEST LINE OF ST. ANTOINE STREET; THENCE N63°51'00"E, 120.00 FEET TO THE EAST LINE OF ST. ANTOINE STREET; THENCE S26°09'00"E, 238.64 FEET ALONG SAID EAST LINE OF ST. ANTOINE STREET AND ITS EXTENSION THEREOF AS PREVIOUSLY PLATTED TO THE SOUTHWEST CORNER OF LOT 15 OF "MEDICAL CENTER URBAN RENEWAL PLAT NO. 2", AS RECORDED IN LIBER 90, PAGES 89 THROUGH 91, WAYNE COUNTY RECORDS; THENCE N63°50'20"E, 585.90 FEET ALONG THE LINE COMMON TO LOTS 14 AND 15 OF SAID "MEDICAL CENTER URBAN RENEWAL PLAT NO. 2" TO THE WEST LINE OF THE I-75 SERVICE DRIVE; THENCE S26°11'18"E, 375.00 FEET 375 FEET ALONG SAID WEST LINE OF THE I-75 SERVICE DRIVE TO A POINT 171.04 FEET NORTH OF THE SOUTHEAST CORNER OF LOT 14 OF "MEDICAL CENTER URBAN RENEWAL PLAT NO. 2"; THENCE S63°50'20"W, 611.14 FEET ALONG A LINE 171.04 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF SAID LOT 14 OF "MEDICAL CENTER URBAN RENEWAL PLAT NO. 2" TO THE WEST LINE OF SAID LOT 14; THENCE N26°09'00"W, 76.38 FEET ALONG SAID WEST LINE OF LOT 14; THENCE S63°50'20"W, 451.25 FEET TO THE WEST LINE OF BEAUBIEN STREET (120' WIDE); THENCE THE FOLLOWING TWO COURSES ALONG SAID WEST LINE OF BEAUBIEN STREET: (1) ALONG A NON-TANGENT CURVE TO THE LEFT, 403.13 FEET, SAID CURVE HAVING A RADIUS OF 520.00 FEET, A CENTRAL ANGLE OF 44°25'06", AND A LONG CHORD BEARING S03°55'43"E, 393.11 FEET, AND (2) S26°09'00"E, 544.20 FEET TO THE NORTH LINE OF MACK AVENUE; THENCE THE FOLLOWING FOUR COURSES ALONG SAID NORTH LINE OF MACK AVENUE: (1) S70°32'00"W, 102.76 FEET, AND (2) ALONG A NON-TANGENT CURVE TO THE LEFT, 136.63 FEET, SAID CURVE HAVING A RADIUS OF 1105.00 FEET, A CENTRAL ANGLE OF 7°05'03", AND A LONG CHORD BEARING S67°02'18"W, 136.54 FEET, AND (3) S61°38'07"W, 60.05 FEET, AND (4) S60°09'30"W, 641.27 FEET TO THE POINT OF BEGINNING AND CONTAINING 92.4 ACRES INCLUDING ALL PUBLICLY DEDICATED AND VACATED ROAD AND ALLEY RIGHTS OF WAY.

Attachment G

CERTIFICATION

STATE OF MICHIGAN)
)
CHARTER COUNTY OF WAYNE)

I, Alfred N. Montgomery, Clerk of the County Commission for the Charter County of Wayne, State of Michigan, do hereby certify that the attached Resolution No. 99-583, *approving Wayne County to apply on behalf and in cooperation with the Cities of River Rouge, Wyandotte and Taylor to designate targeted sites as Renaissance Zones*, was duly adopted by the Wayne County Commission at the FIRST DAY ANNUAL SESSION on the SEVENTH DAY of OCTOBER, 1999 by the following vote:

YEAS: Commissioners Bankes, Bell, Blackwell, Boike, Cavanagh, Cushingberry, Hubbard, Husk, Palamara, Parker, Sullivan, Varga, Vice-Chair Pro Tempore Ware, Vice-Chair Beard -- 14

NAYS: None

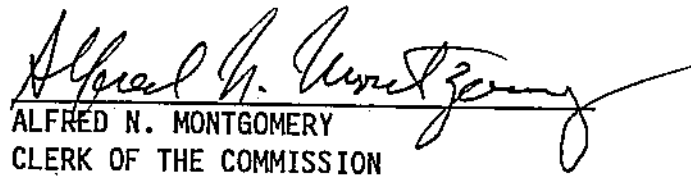
NOT VOTING: Chairman Solomon -- 1

ABSTAIN: None

EXCUSED: None

I further certify that the attached Resolution is a true, correct, and complete transcript of the original of said Resolution appearing on file and of record in my office and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, as amended, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Seal of the County of Wayne this 8th day of October, 1999 A.D.


ALFRED N. MONTGOMERY
CLERK OF THE COMMISSION
CHARTER COUNTY OF WAYNE, MI

RESOLUTION

No. 99-583

By Commissioners Cavanagh and Palamara

WHEREAS, the Michigan Economic Development Corporation is seeking applications for Renaissance Zone designation, which provides for exemption from most State and local taxes for up to 15 years for sites so designated; and

WHEREAS, designation of targeted parcels within distressed areas in our local communities will promote new development and jobs in those communities that would not otherwise occur; and

WHEREAS, the Cities of River Rouge, Taylor and Wyandotte have requested that the County of Wayne apply for Renaissance Zone designation on their behalf; and

WHEREAS, these communities have submitted development plans that demonstrate how the designation will assist in redevelopment of vacant or underutilized parcels in those communities;

Now therefore be it

RESOLVED, by the Wayne County Commission this 7th Day of October, 1999 that approval be, and is hereby granted, authorize the submission of a Renaissance Zone application for the Pleasant Ave and E. Jefferson sites in River Rouge, the Central Ave. site in Wyandotte and the Beech Daly site in Taylor, and

RESOLVED, that the Commission agrees that, if designated, these properties will be exempt from property taxes by the County beginning January, 2001 and that property taxes will be phased-in within 13-15 years provided in the renaissance zone legislation, and that the estimated tax loss to the County in the first year is \$7,323.

[Renaissance Zone Development Plan on File]

(99-23-013)

CERTIFICATION

STATE OF MICHIGAN)
)
CHARTER COUNTY OF WAYNE)

I, Joyce D. Williams, Clerk of the County Commission for the Charter County of Wayne, State of Michigan, do hereby certify that attached Resolution No. 2002-874, *A certified resolution approving an application to be submitted to the Michigan Economic Development Corporation on behalf of the City of Detroit for designation of five Renaissance Zone (R Z) sub-zones in the City of Detroit (Jefferson Ave. Sub-Zone, the Atwater Sub-Zone, the Clark Street Technology Park Sub-Zone, the Michigan Ave. Sub-Zone, and the Woodward Ave. Sub-Zone to the Michigan Economic Development Corporation);* was duly adopted by the Wayne County Commission at the FIRST DAY ANNUAL SESSION on the THIRD DAY of October, 2002 by the following vote:

YEAS: Commissioners Bankes, Boike, C. Cavanagh, P. Cavanagh, Hall, Hubbard, Parker, Sullivan, Vice Chair Pro Tempore Ware, Vice-Chair Beard--10

NAYS: None

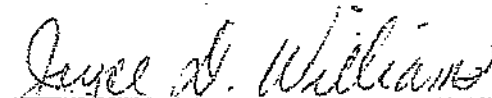
NOT VOTING: Commissioners Blackwell, Palamara, Chairman Solomon -- 3

ABSTAIN: None

EXCUSED: Commissioners Cushingberry, Varga --2

I further certify that the attached Resolution is a true, correct, and complete transcript of the original of said Resolution appearing on file and of record in my office and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, as amended, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Seal of the County of Wayne this 4th day of October, 2002 A.D.



JOYCE D. WILLIAMS
CLERK OF THE COMMISSION
CHARTER COUNTY OF WAYNE, MI

RESOLUTION

No. 2002-874

By Commissioner C. Cavanagh

WHEREAS, the Michigan Economic Development Corporation is accepting applications from existing Renaissance Zone communities for the designation of additional sub-zones, the designation of which provides for exemption from most State and local taxes for up to 15 years for sites so designated; and

WHEREAS, Wayne County currently has four sub-zones, one in Wyandotte, one in Taylor and two in River Rouge, and has the ability to apply for up to six more sub-zones; and

WHEREAS, the City of Detroit (City), Wayne County's largest community, has only one remaining sub-zone and has requested that Wayne County apply on its behalf for additional sub-zones in that community; and

WHEREAS, designation of targeted parcels within the City will encourage new development and jobs in the City that would not otherwise occur; and

WHEREAS, the Detroit City Council has approved a resolution requesting that the County of Wayne apply for Renaissance Zone designation on the City's behalf; and

WHEREAS, the City has submitted development plans that demonstrate how the designation will assist in redevelopment of vacant or underutilized parcels in the City;

Now therefore be it

RESOLVED, by the Wayne County Commission this 3rd day of October, 2002 that approval be, and is hereby, granted authorizing the submission of a Renaissance Zone application for the Jefferson Ave. Sub-Zone, the Atwater Sub-Zone, the Clark Street Technology Park Sub-Zone, the Michigan Ave. Sub-Zone, and the Woodward Ave. Sub-Zone to the Michigan Economic Development Corporation; and be it further

RESOLVED, that the Commission agrees that, if designated, these properties will be exempt from property taxes by the County beginning January,

2003, and that property taxes will be phased in during years 13-15 as provided in the renaissance zone legislation, and that the estimated tax loss to the County in the first year is \$4,300. Exhibit A to this resolution includes the estimated revenue loss for the first full year of operation of the Renaissance Zone for all taxing jurisdictions; in actuality, the Detroit Downtown Development Authority already captures these taxes for all but the Clark Street Technology Park Sub-zone; and be it further

RESOLVED, that approval of the Atwater, Jefferson, Woodward and Clark Street sub-zones is subject to execution of a development agreement between the County and each private owner or developer that is acceptable to Wayne County Corporation Counsel, Wayne County Commission Committee on Economic Development and/or its designated Legal Counsel, and counsel for the Detroit Economic Growth Corporation; and be it further

RESOLVED, that the City retains the right to withdraw any site or reduce the boundaries of a site, prior to final approval by the State of Michigan; and be it further

RESOLVED, that the County Executive is authorized to execute applications, development agreements, and documents implementing the Renaissance Zone program should it be approved.

[Renaissance Zone Application on File]

[Exhibit A Attached]

(2002-23-013)

2001 Tax Rate	Zone	Parcel	Taxable Value	0.0078461	0.0229563	0.0036331	0.0002186	0.0024995	0.018	0.006	0.0089437	0.00837
				County	City	Library	HCMA	WCCC	School Op	SET	City Debt	School Debt
	Atwater	01:2-3	\$1,209,814.01	\$ 9,492.32	\$ 27,772.85	\$ 4,395.38	\$ 264.47	\$ 3,023.93	\$ 21,776.65	\$ 7,258.88	\$ 10,820.21	\$ 10,126.14
		03:1.005L	\$1,759,153.39	\$ 13,802.49	\$ 40,383.65	\$ 6,391.18	\$ 384.55	\$ 4,397.00	\$ 31,664.76	\$ 10,554.92	\$ 15,733.34	\$ 14,724.11
		05:5	\$6,586,500.00	\$ 51,678.34	\$ 151,201.67	\$ 23,929.41	\$ 1,439.81	\$ 16,462.96	\$ 118,557.00	\$ 39,519.00	\$ 58,907.68	\$ 55,129.01
		03:1.004	\$1,791,263.86	\$ 14,054.44	\$ 41,120.79	\$ 6,507.84	\$ 391.57	\$ 4,477.26	\$ 32,242.75	\$ 10,747.58	\$ 16,020.53	\$ 14,992.88
		05:4	\$1,067,700.00	\$ 8,377.28	\$ 24,510.44	\$ 3,879.08	\$ 233.40	\$ 2,668.72	\$ 19,218.60	\$ 6,406.20	\$ 9,549.19	\$ 8,936.65
		03:2-7	\$1,086,300.00	\$ 8,523.22	\$ 24,937.43	\$ 3,946.64	\$ 237.47	\$ 2,715.21	\$ 19,553.40	\$ 6,517.80	\$ 9,715.54	\$ 9,092.33
		05:3	\$578,250.00	\$ 4,537.01	\$ 13,274.48	\$ 2,100.84	\$ 126.41	\$ 1,445.34	\$ 10,408.50	\$ 3,469.50	\$ 5,171.69	\$ 4,839.95
	Clark Street	16:12943	\$121,983.15	\$ 957.09	\$ 2,800.28	\$ 443.18	\$ 26.67	\$ 304.90	\$ 2,195.70	\$ 731.90	\$ 1,090.98	\$ 1,021.00
		14:10133	\$239,788.00	\$ 1,881.40	\$ 5,504.65	\$ 871.17	\$ 52.42	\$ 589.35	\$ 4,316.18	\$ 1,438.73	\$ 2,144.59	\$ 2,007.03
		14:9571	\$210,665.61	\$ 1,652.90	\$ 4,836.10	\$ 765.37	\$ 46.05	\$ 526.56	\$ 3,791.98	\$ 1,263.99	\$ 1,884.13	\$ 1,763.27
			\$21,650,000.0									
	Jefferson Avenue	Tower 500	\$ 0	\$ 169,868.07	\$ 497,003.90	\$ 78,656.62	\$ 4,732.69	\$ 54,114.18	\$ 389,700.00	\$ 129,900.00	\$ 193,631.11	\$ 181,210.50
	Michigan Avenue	**02:280	\$73,094.00	\$ 573.50	\$ 1,677.97	\$ 265.56	\$ 15.98	\$ 182.70	\$ 1,315.69	\$ 438.56	\$ 653.73	\$ 611.80
		02:259	\$291,025.00	\$ 2,283.41	\$ 6,680.86	\$ 1,057.32	\$ 63.62	\$ 727.42	\$ 5,238.45	\$ 1,746.15	\$ 2,602.84	\$ 2,435.88
	Woodward Avenue	**01:4115:										
		9	\$1,414,050.00	\$ 11,094.78	\$ 32,461.36	\$ 5,137.39	\$ 309.11	\$ 3,534.42	\$ 25,452.90	\$ 8,484.30	\$ 12,646.84	\$ 11,835.60

** Tax exempt as DDA/City owned parcel

Bernard J. Youngblood
Wayne County Register of Deeds

January 11, 2010 04:14 PM

Liber 48295 Page 49-50

\$2010000420 USD FEE: \$18.00

1/11/10 PM 04:14:14 PM REC'D BY: [Signature]

QUIT CLAIM DEED

Subject to the following paragraph, the City of Detroit, a Michigan public body corporate whose address is 2 Woodward Avenue, Detroit, MI 48226 ("Grantor"), quit claims to The Detroit Medical Center, a Michigan Non-Profit Corporation, ("Grantee") whose address is 3990 John R, Detroit, MI 48201, the premises located in the City of Detroit, Wayne County, Michigan, described as:

(See Attached Exhibit A)

ANNA 701 Mack Avenue

Ward 03 Items 306-1200 (Part of)

(The "Property"), for the sum of Nine Hundred Thousand and 00/100 Dollars (\$ 900,000.00), subject to and reserving to the City of Detroit its rights under public easements and rights of way, easements of record, applicable zoning ordinances, development plans pursuant to Act 344 of 1945 as amended (if any), and restrictions of record.

This Deed is given subject to the terms, covenants and conditions of an Agreement to Purchase and Develop Land dated December 16, 2007, entered into by the parties hereto and which is incorporated herein by reference and recorded on December 16, 2007 in the Office of the Register of Deeds for the County of Wayne in Liber 48295 on Pages 49-50 through 49-50 inclusive, none of the terms, covenants and conditions of which shall be deemed merged in this Deed. The covenants therein recited to be covenants running with the land are hereby declared to be covenants running with the land enforceable by the City as therein set forth. If the Property is rented for residential occupancy, the Property must be registered as a rental property pursuant to Ordinance 579-H (Detroit City Code § 28-5-42.5).

The following language is included pursuant to MCL Sections 560.109(3) and 560.109(4), added by 1988 PA 591, and applies only if the Property is not platted: "The Grantor grants to the Grantee the right to make all divisions under Section 108 of the land division act, Act No. 298 of the Public Acts of 1967, as amended. This property may be located within the vicinity of farmland or a farm operation. Generally accepted agricultural and management practices which may generate noise, dust, odors, and other associated conditions may be used and are protected by the Michigan right to farm act."

This deed is dated as of December 16, 2009

WITNESSES:

[Signature]
Notary Public, Wayne County, Michigan
My commission expires 06-30-2011

CITY OF DETROIT, a Michigan public body corporate

By: [Signature]
Print: Maria H. Winters
Its: Deputy Director

STATE OF MICHIGAN

COUNTY OF WAYNE

The foregoing instrument was acknowledged before me on December 2, 2009, by Maria H. Winters the Deputy Director of the City of Detroit, a Michigan public body corporate, on behalf of the City.

Print: [Signature]
Notary Public, Wayne County, Michigan
My commission expires: 06-30-2011

Pursuant to § 18-5-12 of the Detroit City Code, I hereby certify that proper and fair consideration has been received by the City pursuant to this instrument.

[Signature]
Finance Director

Approved by City Council on 08-19-2009
Detroit Legal News: 09-29-2009 P.5
on file in my office.

Approved by the City Law Department pursuant to Sec. 6-406 of the Charter of the City of Detroit.

[Signature]
Corporation Counsel

[Signature]
City Clerk

This instrument drafted by:
Chad Nyeche
Planning & Development Department
65 Cadillac Square, Suite 2000
Detroit, MI 48226

When recorded, return to:
The Detroit Medical Center
Legal Department
3990 John R, #7 Brush West
Detroit, Michigan 48201

Exempt from transfer taxes pursuant to MCL § 207.605(h)(1) and MCL § 207.520(h)(1).

L 48296 - P 50

Exhibit A

Land in the City of Detroit, County of Wayne and State of Michigan being part of lot 14 of the "Medical Center Urban Renewal Plat No. 2", part of Park Lots 25 to 30 and part of Private Claims 1, 2 & 5, City of Detroit, Wayne County, Michigan as recorded in Liber 90 Pages 89, 90 & 91 of Plans, Wayne County Records; and being more particularly described as follows:

Beginning at the Northeast corner of said Lot 14 of the "Medical Center Urban Renewal Plat No. 2" thence S 26° 11' 18" E., along the East line of said Lot 14, 375.00 feet; thence S. 63° 50' 20" W. 611.22 feet to the West line of said Lot 14; thence continuing along the boundary of said Lot 14 the following (5) courses; N. 26° 09' 00" W. 350.00 feet; thence S 63° 41' 30" W. 16.33 feet; thence along a curve to the left with an arc Distance of 203.64 feet, a Radius of 520.00 feet, a Chord bearing N. 14° 37' 20" W. and a chord distance of 207.24 feet; thence S. 26° 09' 00" E. 178.02 feet; thence N. 63° 50' 20" E. 585.88 feet to the Point of Beginning. Containing approximately 231,289 square feet or 5.31 acres, more or less.

DESCRIPTION CORRECT
ENGINEER OF SURVEYS

BY Daniel P. Lam

METCO Services, Inc.

PER ASSESSOR'S A- 7-15-07

The North 375 feet of Edward Tolan Playfield
AK/A 701 Mack Avenue
Ward 03 Item 000500-1200 (Part of)

This Indenture, Made the fourth day of November in the year
 of our Lord two thousand eight hundred and eighty nine
 Between John W. Beaumont of the County of Wayne State of Michigan
 of the first part, and
John W. Beaumont of the County of Wayne State of Michigan
 of the second part;
 Witnesseth, That the said party of the first part, for and in consideration of one Dollar
 to him in hand paid by the said party of the second part, the receipt whereof is hereby confessed and acknowledged, do hereby
 sell, grant, bargain, sell, convey, and assign unto the said party of the second part, and to his heirs and assigns, forever,
 certain piece or
 parcel of land situated in the City of Detroit in Wayne County and State of Michigan,
 known and described as follows:
 Lot Four (4) of Block 10 of Subdivision of Block 10 are hundred and ninety
199 of Subdivision of Block 10 is the recorded plat thereof of record
 in the Office of the Register of Deeds of Wayne County (the subject of
 this deed being the same as the first and first party may
 have acquired by purchase of Block 10 of Subdivision of Block 10 dated February
6th 1862 and filed in the Office of the Register of Deeds of Wayne County on the 17th

Together with all and singular the hereditaments and appurtenances thereto belonging, or in anywise appertaining, To HAVE AND TO HOLD the
 said premises unto the said party of the second part, and to his heirs and assigns, forever,
 and assign, to the sole and only proper use, benefit and behoof of the said party of the second part, his heirs and assigns, FOREVER:
 IN WITNESS WHEREOF, The said party of the first part, by his hand and seal, the day and year first above
 written.

Signed, Sealed and Delivered in the Presence of

John W. Beaumont

Frederick T. Libby

John W. Beaumont

STATE OF MICHIGAN,

County of Wayne ss. On this fourth day of November in the year one thousand
 eight hundred and eighty nine, before me, the undersigned a Notary Public in and
 for said County, personally appeared John W. Beaumont
 known to me to be the same person described in and who executed the within instrument, who
 acknowledged the same to be
 his free act and deed.

John W. Beaumont
Notary Public Wayne County
Michigan

This Indenture

between

Witnesseth, that

For the purpose of

IN WITNESS WHEREOF

STATE OF MICHIGAN

Notary Public

My Comm. Expires

My Comm. No.

My Comm. Issued

My Comm. Renewed

My Comm. Revoked

My Comm. Suspended

My Comm. Annulled

My Comm. Rescinded

My Comm. Repealed

My Comm. Repealed

My Comm. Repealed

My Comm. Repealed

My Comm. Repealed

My Comm. Repealed

My Comm. Repealed

My Comm. Repealed

My Comm. Repealed

My Comm. Repealed

Thomas Hospital & College

This Indenture Made the Twenty eighth day of March 1917 in the year of our Lord one thousand eight hundred and eighty eight BETWEEN Thomas Hospital & College of the County of Wayne State of Michigan and James D. McMillan of the County of Wayne State of Michigan

Witnesseth, That the said parties of the first part, for and in consideration of the sum of Eight hundred and eighty dollars to James D. McMillan in hand paid by the said party of the second part, the receipt whereof is hereby confessed and acknowledged, do by these presents, grant, bargain, sell, remise, release, and forever quit-claim unto the said party of the second part, and to his heirs and assigns, Forever, All that certain lot or parcel of land situated in the City of Detroit in Wayne County and State of Michigan known and described as follows:

The North-East Quarter of Section 16, Township 36 North, Range 2 East of 2nd Meridian, and all of lot three (3) and all of lot four (4) of T. 36 N. R. 2 E. of 2nd Meridian, and all of lot one hundred and one (101) of T. 36 N. R. 2 E. of 2nd Meridian, in Township 36 North, Range 2 East of 2nd Meridian, according to the plat recorded in the Office of the Registrar of Deeds for Wayne County on October 10th 1917, in Book 2 of Page 272.

And the said parties of the first part, do hereby transfer unto the party of the second part, all the right, title and interest in and to the said premises, to the parties of the first part, and to their heirs and assigns, as if the parties of the first part, had been the owners of the said premises at the time of the execution of this instrument, and do hereby release and quit-claim unto the party of the second part, all the right, title and interest in and to the said premises, as if the parties of the first part, had been the owners of the said premises at the time of the execution of this instrument.

TOGETHER, with all and singular the covenants and appurtenances thereto belonging or in anywise appertaining: To Have and to Hold the said premises unto the said party of the second part, and to his heirs and assigns, to the sole and only proper use, benefit and behoof of the said party of the second part, unto and assigns, FOREVER.

IN WITNESS WHEREOF, The said parties of the first part, have hereunto set their hands and seals the day and year first above written.

Read and Delivered in Presence of

Richd. Rice

C. F. Zwick

James D. McMillan

James D. McMillan

STATE OF MICHIGAN, }
County of Wayne, }
On this 26th day of March 1917,
before me, the subscriber, Richd. Rice,
and for said County, personally appeared James D. McMillan,
known to me to be the same person described in and who executed the within instrument, who
acknowledges the execution of the same.

Richd. Rice
Notary Public
Wayne Co.
Mich.

This Indenture

Witnesseth, that

TOGETHER with these presents, the said parties have caused to be signed by them in presence of the undersigned witnesses, and have hereunto set their hands and seals, at the City of New York, this _____ day of _____, 19____.

IN WITNESS WHEREOF, the said parties have hereunto set their hands and seals, at the City of New York, this _____ day of _____, 19____.

IN WITNESS WHEREOF, the said parties have hereunto set their hands and seals, at the City of New York, this _____ day of _____, 19____.

1412/406

2858	
City of Detroit, Mich. Cert. No. 1412	
Received for record this 6th day of July A. D., 1920,	
3:30 o'clock P. M. OTTO STOLL, Register of Deeds.	
This Deed was made the 25th day of June (1920)	
between Elizabeth Adams, a widow and Elizabeth Adams, her daughter of Detroit, and Women's Hospital & Infants' Home, a Michigan Corporation, party of the first part.	
Witnesseth that the said party of the first part, for and in consideration of the sum of One dollar and other good and valuable consideration	
do hereby sell, grant, convey, release, alien and confirm unto the said party of the second part, and its heirs and assigns forever, all that certain parcel or parcel of land situated and being in the City of Detroit, County of Wayne, State of Michigan, and described as follows, to wit: The easterly thirty-five (35) feet of the westerly one hundred ten (110) feet of lot five (5) and the easterly thirty-five (35) feet of the westerly one hundred ten (110) feet of that part of lot six (6), lying south of	
Hastock Avenue east of C. C. B. Edwards Avenue, against lot 190 of the H. B. Beaubien farm, Detroit, it is intended to convey hereby the premises commonly known as No. 156 east Hastings Avenue, Detroit, Michigan, which premises have a frontage of thirty-five (35) feet on east Hastings Avenue east.	
To have and to hold the said premises unto the said party of the second part, and its heirs and assigns forever, with the appurtenances, unto the said party of the second part, and its heirs and assigns forever, and the said Elizabeth Adams, widow and Elizabeth Adams, her daughter, covenants, grants, warrants and agrees with the said party of the second part, and its heirs and assigns forever, that they, the said Elizabeth Adams, widow and Elizabeth Adams, her daughter, are well seized of the above granted premises in fee simple, that they are free from all incumbrances whatsoever, and that they will and their heirs, executors and administrators shall warrant and defend the same against all lawful claims whatsoever.	
In witness whereof, the said party of the first part has hereunto set the hand and seal of the day and year first above written.	
Elizabeth Adams, widow and Elizabeth Adams, her daughter	
Mrs. Elizabeth Adams	
Miss Elizabeth Adams	
Int. Rev. Stamp 10.00	
On this 25th day of June in the year one thousand nine hundred and twenty, before me	
Notary Public in and for the State of Michigan, personally appeared Elizabeth Adams, a widow and Elizabeth Adams, her daughter, two individuals	
who acknowledged the same to be their act and deed.	
My commission expires April 2, 1923	
Notary Public, Wayne County, Michigan	

1859/354

<p>77608</p> <p>Received for record, the 18th day of July A. D. 1924</p> <p>at 1:45 o'clock P. M.</p> <p>OTTO STOLL, Register of Deeds</p>	<p>City Trans. Cert. No. 6105.</p> <p>Compiled Laws of 1921.</p>
<p>Elizabeth McAdam, et al</p> <p>TO</p> <p>Woman's Hospital and Infants Home</p>	
<p>This Indenture, Made the sixth day of June in the year of our Lord one thousand nine hundred and twenty-four</p>	
<p>BETWEEN Elizabeth McAdam, a widow and Elizabeth McAdam, her daughter</p>	
<p>parties of the first part</p>	
<p>and Woman's Hospital and Infants Home, a Michigan Corporation</p>	
<p>party of the second part</p>	
<p>Witnesseth, that the said parties of the first part, for and in consideration of the sum of _____ Dollars</p>	
<p>One dollar and other valuable consideration</p>	
<p>do hereby sell, grant, bargain, sell, remise, release, alien and confirm unto the said party of the second part, and its successors and assigns</p>	
<p>all those certain lots or parcels of land situated and being in the City of Detroit</p>	
<p>County of Wayne, State of Michigan, and described as follows, to wit: The Easterly One Hundred Eight Feet (108 ft.) more or less of the South five and eighty hundredths feet (5.80 ft.) more or less, of lot six (6) and the Easterly One Hundred Eight Feet (108 ft.) more or less of lot five (5) of D. B. Edwards' Sub-division of Outlot 190 of Lambert Beachfront, Detroit, Wayne County, Michigan.</p>	
<p>Said land and premises being commonly known as numbers 4753, 4761 and 4767 Beaubien Street, Detroit, Michigan.</p>	
<p>Together with all and singular the hereditaments and appurtenances thereunto belonging or in anywise appertaining; To have and to hold the said premises unto the said party of the second part, and to its successors and assigns forever. And the said Elizabeth McAdam, a widow and Elizabeth McAdam, her daughter</p>	
<p>do hereby covenant, grant, bargain and agree to and with said party of the second part, and its successors and assigns, that at the time of the sealing and delivery of these presents, they are well seized of the above granted premises in fee simple; that they are free from all incumbrances whatever except such liens and encumbrances as may have accrued on said land or buildings subsequent to June 1, 1923; the date of a land contract between the parties hereto in fulfillment of which contract this deed is given; by or through the acts or negligence of any party or parties other than the parties of the first part hereto; subject also to a lease of No. 4767 Beaubien St., Detroit, Michigan, which first parties had heretofore made for a term of two years from and after Dec. 1, 1923; and the said parties agree to carry out on the part of the lessors.</p>	
<p>And that they, their heirs, executors, their administrators, they shall warrant and defend the same against all lawful claims whatsoever excepting as heretofore stated.</p>	
<p>In Witness Whereof, the said party of the first part hereunto set their hand and seal the day and year first above written.</p>	
<p>Sealed and Delivered in Presence of</p>	
<p>Julius S. Lechner</p>	
<p>Julius S. Lechner</p>	
<p>Int Rev Stamp \$ 55.50</p>	
<p>Mrs. Elizabeth McAdam (L. S.)</p>	
<p>Miss Elizabeth McAdam (L. S.)</p>	
<p>Miss Elizabeth McAdam (L. S.)</p>	
<p>Miss Elizabeth McAdam (L. S.)</p>	
<p>On this sixth day of June in the year one thousand nine hundred and twenty-four, before me,</p>	
<p>Elizabeth McAdam, a widow and Elizabeth McAdam, her daughter</p>	
<p>known to be the same person as described in and who executed the within instrument, who severally acknowledged the same to be free act and deed.</p>	
<p>My commission expires May 9th, 1927</p>	
<p>Julius S. Lechner</p>	
<p>Notary Public, Wayne County, Michigan.</p>	

Doc 2334 Page 123
This Indenture, made this eleventh day of November
in the year one thousand nine hundred and twenty one
Union Trust Company, a corporation created and existing under the laws of the State of Michigan,
of the City of Detroit, Wayne County, Michigan, party

of the first part, and
Woman's Hospital and Infants' Home, of the same place, party

of the second part,

Witnesseth, that the said party of the first part, for and in consideration of the sum of
ONE DOLLAR AND OTHER VALUABLE CONSIDERATIONS Dollars,
to it in hand paid by the said party of the second part, the receipt whereof is hereby acknowledged,
has granted, bargained, sold, remised, released, aliened and confirmed, and by these presents does grant
bargain, sell, remise, release, alien, and confirm unto the party of the second part, and to its
successors
and assigns, forever, all those certain pieces or parcels of land, situate, lying and
being in the City of Detroit, County of Wayne and State of
Michigan known and described as follows, to-wit:

Lot six (6) and seven (7) of Brush's Subdivision of that part of
the Brush Farm, lying between the south line of Farnsworth Street
and the south line of Alexandrine Avenue, according to the Plat of
said Subdivision recorded June 25, 1892, Liber 17 of Plats, on page
29.

Also the westerly forty (40) feet in width by one hundred
(100) feet in depth of Lot Five (5); also the westerly forty (40)
feet in width by five and 80/100 (5.80) feet in depth more or less
of Lot six (6), said portion of Lot six (6), lying south of and
fronting on Hancock Avenue; both of said lots being in C. B. Edwards
subdivision of Out Lot 190, of the Lambert Beaubien Farm, according
to the plat thereof recorded in Liber 55 on page 242 of Deeds, Wayne
County Records.

Also the Easterly thirty-five (35) feet in width by one
hundred (100) feet in depth of the westerly seventy-five (75) feet
of Lot five (5); also the easterly thirty-five (35) feet in width
by five and 80/100 (5.80) feet in depth of the westerly seventy-five
(75) feet of Lot six (6), said portion of Lot six (6) lying south
of and fronting on Hancock Avenue both of said Lots being in C. B.
Edwards' Subdivision of Out Lot 190 of the Lambert Beaubien Farm,
according to the recorded Plat in Volume 55, page 242 of Deeds;

Together with all and singular the hereditaments and appurtenances thereunto belonging or in anywise
appertaining; and the reversions or reversions, remainder or remainders; rents, issues and profits thereof;
and all the estate, right, title, interest, claim or demand whatsoever, of the said party of the first part
either in Law or Equity, of, in, and to the above bargained premises, with the said hereditaments and appur-
tenances; to Have and to Hold the premises as before described, with the appurtenances, unto the said
party of the second part, its successors
heirs and assigns, forever. And the said party of the first part,
for itself and its successors does covenant, grant, bargain and agree to and with the said party
of the second part, its successors
and assigns, that it, the Union Trust Company,

the said party of the first part, has not heretofore done, committed, or wittingly or willingly suffered to be
done or committed, any act, matter, or thing whatsoever, whereby the premises hereby granted, or any
part thereof, is, are or shall or may be charged or incumbered in title, estate or otherwise howsoever.

LIBER 2354 PAGE 130

In Witness Whereof, the said Union Trust Company has caused this Indenture to be subscribed by its Vice President and ~~Assistant~~ Secretary, and its seal to be affixed the day and year first above written.

Union Trust Company

In presence of

By

A. H. Rustedler

John N. Stalker
Vice President

L. H. Charbonneau

Eugene A. Miller
Assistant Secretary



STATE OF MICHIGAN,

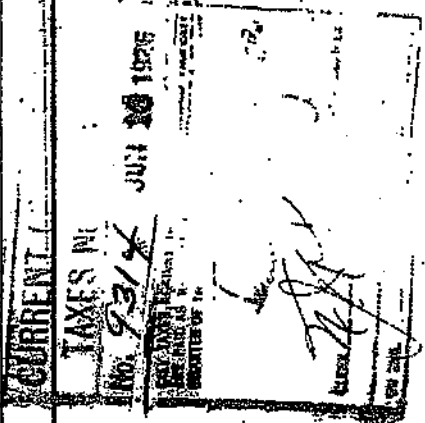
COUNTY OF WAYNE.

On this eleventh day of November in the year one thousand nine hundred and twenty-one before me appeared JOHN N. STALKER and AUGUSTINE A. MILLER to me personally known, who being by me severally duly sworn, did say that they were respectively Vice President and Assistant Secretary of the Union Trust Company, a corporation created and existing under the laws of the State of Michigan, of the City of Detroit, Wayne County, Michigan.

and that the seal affixed to the foregoing instrument is the corporate seal of the said corporation, and that the said instrument was signed and sealed in behalf of said corporation by authority of its board of directors; and the said John N. Stalker and Eugene A. Miller acknowledged the said instrument to be the free act and deed of the said Union Trust Company,

My Commission expires 9-3-24

Louis H. Charbonneau
Notary Public in and for Wayne County, Michigan



CURRENT

TAXES PAID

No. 931

RECEIVED

RECEIVED

RECEIVED

RECEIVED

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RECEIVED

Deed (C).

Union Trust Company

TO

Woman's Hospital & Infants'

Home COUNTY TREASURER

CERT. FURNISHED

REGISTER'S OFFICE, ss

WAYNE

Received for Record this

day of 25th A. D. 1921

at 2:50 o'clock, P. M., and

Recorded in Liber 2354 of Deeds,

on Page 127

John N. Stalker

PAID

to *John N. Stalker*

COUNTY TREASURER
CERT. FURNISHEDRecorded NOV 23 1927 at 2:55 P.M.
OTTO STOLL, Register

City Treas. Cert. No. 2672
A76228
THIS INSTRUMENT, Made this 11 day of November,
in the year of our Lord one thousand nine hundred twenty-seven
BETWEEN, VISITING NURSE ASSOCIATION, a Michigan corporation, of
Detroit, party of the first part, and THE WOMAN'S HOSPITAL, a
Michigan corporation, of Detroit, party of the second part;

WITNESSETH, That the said party of the first part,
for and in consideration of the sum of ONE DOLLAR (\$1.00) and
other valuable consideration to it in hand paid by and to it
moving from the said party of the second part, the receipt where-
of is hereby confessed and acknowledged, does by these presents,
grant, bargain, sell, remise, release, alien and confirm unto
the said party of the second part, and to its successors and
assigns, FOREVER, all those certain pieces or parcels of land
situated and being in the City of Detroit, County of Wayne, and
State of Michigan, known and described as follows, to-wit:

Lots eight (8) and nine (9), Block
twenty-one (21), Brush's Subdivision
of that part of the Brush Farm lying
between the south line of Farnsworth
Street and the south line of Alexan-
drine Avenue, according to the plat
thereof recorded in Liber 17 of Plats,
page 29, Wayne County Records,

subject to the existing building and use restrictions, and in pur-
suance and fulfillment of a land contract between the parties here-
to, dated December 31st 1926,

TOGETHER with all and singular the hereditaments and appurtenances
thereunto belonging or in anywise appertaining: TO HAVE AND TO
HOLD the said premises, hereinbefore described, with the appur-
tenances, unto the said party of the second part, and to its
successors and assigns; FOREVER. And the said party of the first
part, for itself, and its successors and assigns, does covenant,
grant, bargain and agree to and with the said party of the second

City of Detroit, Michigan, this 11th day of November,
1926, in the year of our Lord one thousand nine hundred twenty-seven
BETWEEN VISITING NURSES ASSOCIATION, a Michigan corporation, of
Detroit, party of the first part, and THE WOMAN'S HOSPITAL, a
Michigan corporation, of Detroit, party of the second part;

WITNESSETH, That the said party of the first part,
for and in consideration of the sum of ONE DOLLAR (\$1.00) and
other valuable consideration to it in hand paid by and to it
moving from the said party of the second part, the receipt where-
of is hereby confessed and acknowledged, does by these presents,
grant, bargain, sell, remise, release, alien and confirm unto
the said party of the second part, and to its successors and
assigns, FOREVER, all those certain pieces or parcels of land
situated and being in the City of Detroit, County of Wayne, and
State of Michigan, known and described as follows, to-wit:

Lots eight (8) and nine (9), Block
twenty-one (21), Brush's Subdivision
of that part of the Brush Farm lying
between the south line of Farnsworth
Street and the south line of Alexan-
drine Avenue, according to the plat
thereof recorded in Liber 17 of Plats,
page 29, Wayne County Records,

subject to the existing building and use restrictions, and in pur-
suance and fulfillment of a land contract between the parties here-
to, dated December 31st 1926,

TOGETHER with all and singular the hereditaments and appurtenances
thereunto belonging or in anywise appertaining: TO HAVE AND TO
HOLD the said premises, hereinbefore described, with the appur-
tenances, unto the said party of the second part, and to its
successors and assigns, FOREVER. And the said party of the first
part, for itself, and its successors and assigns, does covenant,
grant, bargain and agree to and with the said party of the second

part, its successors and assigns, that at the time of the making and delivery of these presents it is well seized of the above granted premises in fee simple; that they are free from all encumbrances whatever and that it will, and its successors and assigns shall WARRANT AND DEFEND the same against all lawful claims whatsoever, except all claims, demands, encumbrances, and liens which may have arisen, accrued against or attached to said premises since December 31st 1926, by reason of the acts or omissions of persons other than the grantor or its assigns.

IN WITNESS WHEREOF, the said party of the first part has caused its corporate seal to be affixed hereto and this instrument to be subscribed by its President and Secretary in execution hereof the day and year first above written.

Signed, Sealed and
Delivered in Presence
of

James K. Mathis
Franklin L. Galloway

Visiting Nurse Association
BY Mary E. Alger its President
AND Sarah C. Angell its Secretary

-000-

STATE OF MICHIGAN }
COUNTY OF WAYNE } SS:

On this 11th day of November, in the year one thousand nine hundred and twenty seven before me appeared Mary E. Alger and Sarah C. Angell to me personally known, who, being by me duly sworn, did say that they are the President and Secretary respectively, of VISITING NURSE ASSOCIATION and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instru-



ment was signed and sealed in behalf of said corporation by
authority of the board of directors and the said

Walter H. Allen and Frank P. Russell
acknowledged said instrument to be the free act and deed of
said corporation.

James K. Mathis
Notary Public, Wayne County
Michigan

My commission expires: May 22, 1931

14658 Pa 344

1856855

QUIT CLAIM DEED—City of Detroit

Form C of D-298

This Indenture, made this 12th day of January,
in the year of our Lord one thousand nine hundred and sixty-two
BETWEEN City of Detroit, a municipal corporation organized and existing under and by virtue of the
laws of the State of Michigan, by its duly authorized officers, party of the first part, and
THE BOARD OF GOVERNORS OF WAYNE STATE UNIVERSITY, a Body
Corporate under act 181, Public acts of 1946.
5207 Cass ave., Detroit 2, Mich. part Y of the second part,
Witnesseth, That the said party of the first part, for and in consideration of the sum of
ONE THOUSAND TWO HUNDRED DOLLARS (\$1,200)
to it in hand paid by the said part Y of the second part, the receipt whereof is hereby confessed
and acknowledged, does by these presents, grant, bargain, sell, remise, release, and forever QUIT-CLAIM
unto the said part Y of the second part, and to its SUCCESSORS
certain piece or parcel of land, situated in the City
of Detroit County of Wayne and State of Michigan, known
and described as follows, to-wit:

Lot 35, Block 20 of Van Dyke's Subdivision of Part of the
antaine Beaubien Farm North of Greve Street, as recorded in
Libor 3, Page 204 of Plats, Wayne County Records.

DESCRIPTION CONTINUED:

D. BERN
Engineer of Streets

RECORDED JAN 18 1962 BY 1244
BERNARD J. YOUNGLOAN, Register of Deeds
WAYNE COUNTY 26, MICHIGAN

No Revenue

174658-345

Together with all and singular the hereunto and appurtenances thereto belonging or in any way appertaining: To Have and to Hold the said premises to the said part I of the second part, and to its successors, heirs and assigns, to the sole and only proper use, benefit and behoof of the said part V of the second part, its heirs and assigns, Forever.

This deed has been given in accordance with resolution of the Common Council of the City of Detroit on the 26th day of December 1961. Journal of the Common Council page 2676-2680.

In Witness Whereof, the said party of the first part has caused this instrument to be executed by its duly authorized officers and sealed with its corporate seal, this day and year first above written.

In Presence of

Handwritten signatures of witnesses

CITY OF DETROIT
A Municipal Corporation

By *George J. Saam*
George J. Saam
Its Deputy Controller



ATTEST:

Thomas D. Leadbetter
THOMAS D. LEADBETTER
City Clerk

On this 26th day of January in the year one thousand nine hundred and sixty-two before me appeared GEORGE J. SAAM

Deputy, to me personally known, who being by me duly sworn, did say that he is the Controller of the City of Detroit, a Municipal corporation created and existing under the laws of the State of Michigan, and that the seal affixed to the foregoing instrument is the corporate seal of the said corporation, and that the said instrument was signed and sealed in behalf of said corporation by authority of its Common Council, and the said GEORGE J. SAAM acknowledged the said instrument to be the free act and deed of the said City of Detroit, a municipal corporation.

Approved as to Form and Execution:

Robert Reese
Robert Reese
Corporation Counsel

Deborah Grossman
Notary Public, Wayne County, Michigan
Deborah Grossman
My Commission expires December 30, 1962

QUIT-CLAIM DEED

FROM CITY OF DETROIT

TO
THE BOARD OF GOVERNORS OF
WAYNE STATE UNIVERSITY
A POLY CORP. UNDER
ACT 183, PUBLIC ACTS OF
1956, Cass Ave.
Detroit 2, Michigan

REGISTERS OFFICE
Wayne County

Received for record the
day of A.D. 1962 at
o'clock P.M. and recorded in
Book of page
Index
Register

Return to:
Solomon Brenonfeld
5265 Cass Ave
Detroit 2, Mich. 48202

2656858

WARRANTY DEED
STATUTORY FORM

LT14658 PA-349

KNOW ALL MEN BY THESE PRESENTS: That Mary J. Zdrodowski

Convey and Warrant to Board of Governors of Wayne State University

whose Street Number and Postoffice address is 5205 Cass Avenue, Detroit, Michigan
the following described premises situated in the City of Detroit County of Wayne
and State of Michigan, to-wit: Lot 18 Block 20 Van Dyke's Subdivision of part of the

Antoine Beaubien Farm North of Grove Street, Recorded

Liber 1, page 294, Plats, Wayne County Records.



together with all and singular the tenements, hereditaments and appurtenances therunto belonging or in anywise appertaining,
for the sum of (\$1.00) One Dollar(s)

and other valuable considerations

subject to Restrictions and Easements of Record

Dated this 17th day of January A.D. 1962

Signed, Sealed and Delivered in Presence of

Signed and Sealed

Arthur Klasky
Arthur Klasky
Stanley W. Phillips
Stanley W. Phillips

Mary J. Zdrodowski (L.S.)
Mary J. Zdrodowski

RECORDED JAN 19 1962 BY 1758
BERNARD J. YOUNGBLOOD, Register of Deeds (L.S.)
WAYNE COUNTY 26, MICHIGAN (L.S.)

STATE OF MICHIGAN
County of Wayne

On this 17th day of January A.D. 1962 before me personally
appeared Mary J. Zdrodowski

A.D. 19 62 before me personally

to me known to be the person described in and who executed the foregoing instrument and acknowledged that she
executed the same as her free act and deed.

My Commission expires September 8 A.D. 1963
Notary Public
Stanley W. Phillips County, Michigan

*PRINT, TYPEWRITE OR STAMP
names of persons recording this instrument also name of the Notaries and Notary Public immediately underneath such signature.
See Act 308, P. A. 1957.
JAN 19 1962
4281 City Treasurer's Certificate 1-1

When recorded return to
Solomon Bienenfeld
5205 Cass Avenue
Detroit 2, Michigan

Revenue 8 05

BURTON ABSTRACT AND TITLE COMPANY HAS OPERATED CONTINUOUSLY SINCE 1909

MAKE YOUR REAL ESTATE TRANSFERS SAFE BY USING BURTON TITLE INSURANCE

3/11/94

EG60577

L14667 PA535

WARRANTY DEED

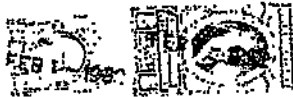
STATUTORY FORM

KNOW ALL MEN BY THESE PRESENTS, That MARY KEVSE

Convey and Warrant to BOARD OF GOVERNORS OF WAYNE STATE UNIVERSITY

whose Street Number and Postoffice address is Detroit 2, Michigan
 the following described premises situated in the City of Detroit County of Wayne
 and State of Michigan, to-wit:

Lot 19, Block 20 of Van Dyke's Subdivision of Part of the Antoine Beaubien Farm
 North of Groves Street, recorded in Liber 1, Page 294 of Plans, Wayne County
 Records, also known as 562 East Canfield



together with all and singular the tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining,
 for the sum of One Dollar (\$1)
 and other valuable considerations;
 subject to existing building and use restrictions and zoning ordinances.

Dated this 1st day of February A.D. 19 52

Signed, Sealed and Delivered in Presence of:

Signed and Sealed:

Solomon Blumenthal
 Solomon Blumenthal

Mary Kevse (L.S.)
 MARY KEVSE

Estelle G. Burke
 Estelle G. Burke

BEFORE FEB 2 1952 (L.S.)
 BERNARD J. YOUNGBLOOD, Register of Deeds
 WAYNE COUNTY 26, MICHIGAN (L.S.)

STATE OF MICHIGAN
 County of St. Clair

On this 1st day of February A.D. 19 52 before me personally
 appeared MARY KEVSE

to me known to be the person described to and who executed the foregoing instrument and acknowledged that she
 executed the same as her free act and deed.

My Commission expires July 19, A.D. 1954
 Estelle G. Burke
 Acting in St. Clair County

County Treasurer's Certificate No. 9346 FEB 2 1952 a. Blumenthal	City Treasurer's Certificate No. 1002 FEB 2 1952 a. Burke
---	--

When recorded return to:
 Solomon Blumenthal
 5205 Cass Avenue
 Detroit 2, Michigan

1-251 934
 Return Stamp #5 52

MAKE YOUR REAL ESTATE TRANSACTIONS SAFE BY USING BURTON TITLE INSURANCE

BURTON ABSTRACT AND TITLE COMPANY HAS OPERATED CONTINUOUSLY SINCE 1886

QUIT CLAIM DEED

E766528

KNOW ALL MEN BY THESE PRESENTS: That the City of Detroit, a municipal corporation of the State of Michigan, quit claims to Friendship Baptist Church of Detroit, Michigan, a Michigan Corporation whose post office address is 623 Mack Avenue, Detroit 1, Michigan, the following described premises in the Detroit Medical Center Rehabilitation Project No. 1, Mich. R-35, located in the City of Detroit, County of Wayne, and State of Michigan, and more particularly described as:

All of Lots 6 and 7 and all that part of Lots 1 to 5 incl. and 8 to 10 incl. and part of vacated public alley lying N'ly of St. Antoine St., Block 13, and all of Lots 1 to 15 incl., Block 12 and vacated public alleys adjacent thereto, vacated Leland Street (50 ft. wide), and the N'ly 1/2 of vacated Illinois Street (50 ft. wide) of Van Dyke Sub. of part of the Antoine Beaubien Farm, North of Grove Street (Plat Rec. Liber 1, Page 294, Wayne Co. Records) and all of Lots 26 to 28 incl. and all that part of Lots 29 to 32 incl. and that part of Lots 36 to 38 incl. and vacated public alleys adjacent to said lots, vacated Leland Street (50 ft. wide) and the N'ly 1/2 of vacated Illinois Street (50 ft. wide) of Messon's Subdivision of Out Lot No. 185, L. Beaubien Farm (Plat Rec. Liber 1, Page 7, Wayne Co. Records) all in the City of Detroit, Wayne Co., Michigan described as: Beginning at the intersection of the S'ly line of Alexandrine Ave. (50 ft. wide) with the N'ly line of St. Antoine Street (50 ft. wide); thence along the N'ly line of said St. Antoine St. 26°09'00" E. 495.57 ft.; thence along the center line of vacated Illinois Street (50 ft. wide) S. 63°50'20" W. 437.39 ft.; thence along the E'ly line of proposed Beaubien-St. Antoine Avenue (120 ft. wide) on a curve to the right of radius 400.00 ft. and arc distance of 248.27 ft. central angle 35°33'45", chord of said curve bears N. 8°35'41" E. 244.30 ft., and on a line tangent to said curve N. 25°22'40" E. 182.08 ft. to a point of tangent and on a curve to the left, of radius 520.00 ft. an arc distance of 240.52 ft., central angle 25°30'05", chord of said curve bears N. 13°07'37" E. 238.28 ft.; thence along the S'ly line of said Alexandrine Ave. (50 ft. wide) N. 63°41'30" E. 2.73 ft. to the point of beginning. Reserving the N'ly 25 ft. of vacated Illinois Street as easement for public utilities,

together with all and singular the tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining. For the sum of One Hundred One Thousand Seven Hundred Four Dollars (\$101,704.00).

Subject to the Development Plan for the Detroit Medical Center Rehabilitation Project No. 1, Mich. R-35 which is incorporated herein by reference and which is recorded in the Office of the Register of Deeds for the County of Wayne in Liber 14408 on Pages 200 through 213, inclusive, and Liber 14905 at Pages 694 through 711, inclusive.

This deed is given pursuant to the terms, covenants and conditions of a Development Agreement dated March 20, 1963, made by the parties hereto and which is incorporated herein by reference and recorded in the Office of the Register of Deeds for the County of Wayne in Liber 15001 on Pages 1 through 8, inclusive, none of the terms, covenants and conditions of which shall be deemed merged in this deed.

Dated this 4th day of April, A. D. 1963.

RECORDED APR 4 1963 AM 11:15
BERNARD J. YOUNGBLOOD, Register of Deeds
WAYNE COUNTY 26, MICHIGAN

NO REVENUE ATTACHED

now
Lot 12
Med. Ctr. 41
88/74

DESCRIPTION CORRECT

Engt. of Streets
J. J. L. 4-3-63
T.M.

L 15004 pg 465

E766528

IN WITNESS WHEREOF the City of Detroit has caused this instrument to be executed by its duly authorized officer and sealed with its corporate seal, the day and year first above written.

In the Presence of:

Dorothea Crossman
DOROTHEA CROSSMAN

David W. Wright
DAVID W. WRIGHT

CITY OF DETROIT,
a Municipal Corporation.

By *G. J. SAAM*
G. J. SAAM
Deputy Controller

ATTEST:

Thomas D. Leadbetter
THOMAS D. LEADBETTER, City Clerk

STATE OF MICHIGAN)

COUNTY OF WAYNE) ss.

On this fourth day of April, 1966, before me, a Notary Public in and for said County, personally appeared G. J. SAAM, to me personally known, who being by me duly sworn, did say that he is the DEPUTY CONTROLLER of the City of Detroit, a Municipal Corporation created and existing under the laws of the State of Michigan, and that the seal affixed to the foregoing instrument is the corporate seal of the said corporation and that the said deed was signed and sealed in behalf of said corporation by authority of its Common Council, and the said G. J. SAAM acknowledged the said instrument to be the free act and deed of the said City of Detroit, a municipal corporation.

Dorothea Crossman
DOROTHEA CROSSMAN

Notary Public, Wayne County, Michigan

My Commission expires: December 30, 1966.

APPROVED AS TO FORM AND EXECUTION

Robert H. Gallagher
ACTING CORPORATION

QUIT CLAIM DEED

EP33389

L15540 PA 47

KNOW ALL MEN BY THESE PRESENTS: That the City of Detroit, a municipal corporation of the State of Michigan, quit claims to Children's Hospital of Michigan, a Michigan charitable trustee corporation, whose post office address is 5224 St. Antoine Street, Detroit 2, Michigan, the following described premises in the Detroit Medical Center Rehabilitation Project No. 1, Mich. R-35, located in the City of Detroit, County of Wayne, and State of Michigan, and more particularly described as:

All of Lots 23 to 33 incl. and part of Lot 22 and vacated 10.00 ft. triangular part of Alexandrine Ave., and Brush St. at the Northwesterly corner of said Lot 33 of Brush's Subdivision of that part of the Brush Farm, lying between the South line of Alexandrine Ave. and North line of Brady St. (Recorded in Liber 19 of Plats, Page 62, Wayne County Records); all of Lots 97 to 102 incl. and 107 to 119 incl. and part of Lots 83 to 85 incl., 90 to 96 incl. and 103 to 106 incl. of Miller & Wilcox Subdivision of Out Lots 182 & 184 of the subdivision of Lambert Beaubien Farm. (Recorded in Liber 1, of Plats, Page 219, Wayne County Records); all of Lots 1 to 6 incl. of Albert Crane's Subdivision of Out Lot 186, Lambert Beaubien Farm (Recorded in Liber 1 of Plats, Page 8, Wayne County Records); and all of vacated public alleys adjoining above described lots: vacated Leland St. (50 ft. wide) and vacated Illinois St. (50 ft. wide) adjoining the above described lots, all in the City of Detroit, Wayne County, Michigan, described as: Beginning at the intersection of the Southerly line of Alexandrine Ave. (50 ft. wide) extended Westerly with the Easterly line of Brush Street (130 ft. wide) extended Northerly; thence along the Easterly line of said Brush St., S. 26°08'30" E. 711.02 ft.; thence N. 63°50'20" E. 295.57 ft.; thence along the Westerly line of Beaubien-St. Antoine Ave. (120 ft. wide) N. 26°09'00" W. 100.60 ft. and Northerly on the curve to the right, radius 520.00 ft., an arc distance of 273.88 ft., chord of said curve bears N. 17°03'42" W. 270.72 ft.; thence along the Westerly line of Beaubien Street (50 ft. wide), N. 26°08'30" W. 349.99 ft.; thence along the Southerly line of said Alexandrine Ave. S. 63°41'30" W. 366.00 ft. to the point of beginning.

Also that part of Lots 35, 42, 41, 40, 39 and all of Lot 43 to 46 incl., of Messon's Subdivision of Out Lot 185 Lambert Beaubien Farm (Recorded in Liber 1, of Plats, Page 7); all of Lots 1 to 6 incl., of resubdivision of Lots 11 to 17 incl. of the Subdivision of Out Lot 187 Lambert Beaubien Farm (Recorded in Liber 5 of Plats, Page 67); part of Lots 12, 13, and 14 - Block 13 - Van Dyke Subdivision a part of the Antoine-Baubien Farm North of Grove Street (Recorded in Liber 1 of Plats, Page 294); all of vacated public alleys adjoining above described lots, vacated Leland Street (50 ft. wide) adjoining above described lots, City of Detroit, Wayne County, Michigan: Beginning at the intersection of the Southerly line of Alexandrine Ave. (50 ft. wide) with the Easterly line of Beaubien Street, (50 ft. wide); thence along the Easterly line of Beaubien Street, S. 26°08'30" E. 278.68 ft.; thence Northerly along the Westerly line of Beaubien-St. Antoine Ave. (120 ft. wide) on a curve to the right radius 520.00 feet an arc distance of 115.54 ft. chord of said curve bears N. 20°00'45" E. 115.30 ft., to a point of tangent and N. 26°22'40" E. 182.08 ft. and Northerly on a curve to the left tangent to the last described line, radius 400.00 ft., an arc distance of 123.44 ft., chord of said curve bears N. 17°32'14" E. 122.95 feet; thence along the Southerly line of said Alexandrine Ave. S. 63°41'30" W. 312.59 ft., to the point of beginning.

DESCRIPTION CORRECT

RECORDED DEC 31 1964 BY *[Signature]*
BERNARD J. YOUNGBLOOD, Register of Deeds
WAYNE COUNTY 26, MICHIGAN

By *[Signature]* 12-15-64

NO REVENUE ATTACHED

together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, for the sum of Two Hundred Fifty-Five Thousand Three Hundred Eighty-Four Dollars (\$255,384).

Subject to the Development Plan for the Detroit Medical Center Rehabilitation Project No. 1, Mich. R-35, which is incorporated herein by reference and which is recorded in the Office of the Register of Deeds for the County of Wayne in Liber 14408 on Pages 200 through 213, inclusive and Liber 14905 on Pages 694 through 711, inclusive.

This deed is given pursuant to the terms, covenants and conditions of a Development Agreement dated December 7, 1954, made by the parties hereto and which is incorporated herein by reference and recorded in the Office of the Register of Deeds for the County of Wayne in Liber 15524 on Pages 384 through 400 inclusive, none of the terms, covenants and conditions of which shall be deemed merged in this deed.

Dated this 22nd day of December, A. D. 1954.

IN WITNESS WHEREOF the City of Detroit has caused this instrument to be executed by its duly authorized officer and sealed with its corporate seal, the day and year first above written.

In the Presence of:

Russell J. Chambers
Russell J. Chambers
Dorothea Crossman
Dorothea Crossman

CITY OF DETROIT,
a Municipal Corporation,

By *G. J. Saan*
G. J. Saan, Deputy Controller
1110 City-County Building
Detroit, Michigan 48226

STATE OF MICHIGAN)
COUNTY OF WAYNE) SS.

Thomas D. Bradbetter
THOMAS D. BRADBETTER, City Clerk

On this 22nd day of December, 1954, before me, a Notary Public in and for said County, personally appeared G. J. Saan, to me personally known, who being by me duly sworn, did say that he is the Deputy Controller of the City of Detroit, a Municipal Corporation created and existing under the laws of the State of Michigan, and that the seal affixed to the foregoing instrument is the corporate seal of the said corporation, and that the said deed was signed and sealed in behalf of said corporation by authority of its Common Council, and the said G. J. Saan acknowledged the said instrument to be the free act and deed of the said City of Detroit, a municipal corporation.

This Instrument Drafted By:

Edward M. Welch
1010 City-County Building
Detroit, Michigan 48226

Dorothea Crossman
Dorothea Crossman
Notary Public, Wayne County, Michigan

My Commission expires: December 30, 1955

APPROVED AS TO FORM AND EXECUTION
BY *Edmund J. [illegible]*
Notary Public, Wayne County, Michigan

- 2 -

RETURN TO: A.C. STYARD
505 FIRST NATIONAL BLDG. DETROIT

LA 5540 PA 48

RECORDED JUN 17 1966 **315**
BERNARD J. YOUNGBLOOD, Register of Deeds
WAYNE COUNTY 26, MICHIGAN

F 99630
DEVELOPMENT AGREEMENT
SCHEDULE B
QUIT CLAIM DEED

16024 1823

KNOW ALL MEN BY THESE PRESENTS: That the City of Detroit, a municipal corporation of the State of Michigan, quit claims to CHILDREN'S HOSPITAL OF MICHIGAN, a Michigan charitable trustee corporation, whose post office address is 5224 St. Antoine St., Detroit, Michigan 48202, the following described premises in the Medical Center Rehabilitation Project No. 2, Mich. R-52, located in the City of Detroit, County of Wayne, and State of Michigan, and more particularly described as:

The north 1/2 of vacated Alexandrine Ave. (50 ft. wd.) lying between and adjoining the Easterly line of Brush St. and the Westerly line of Beaubien St. as widened (120.00 ft. wd.) being a part of Private Claims 1 and 2 in the City of Detroit, Wayne County, Michigan, more particularly described as follows: Beginning at the intersection of the Easterly line of Brush St. with the northerly line of Alexandrine Ave. (50 ft. wd.) said intersection also being the Southwesterly corner of Lot 4, Block Q, of "Brush's Subdivision" as recorded in Liber 17 on page 29, of Plats, Wayne County Records; thence N. 63° 41' 30" E. along the Northerly line of Alexandrine Ave. 701.21 feet to a point on a curve on the Westerly line of Beaubien St. as widened (120.00 ft. wd.); thence running in a Southerly direction along the Westerly line of Beaubien St. (120.00 ft. wd.) on a curve to the right, 28.51 feet, (measured along the arc of said curve) to a point in the centerline of Alexandrine Ave., the above curve having a radius of 400.00 feet, central angle 4 degrees and 5 minutes, chord bearing S. 20° 22' 48" W., 28.50 feet distant; thence S. 63° 41' 30" W. along the centerline of Alexandrine Ave. 687.49 feet to a point; thence N. 25° 09' 00" W. 25.00 feet to the point of beginning.

together with all and singular the tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining, for the sum of Thirteen Thousand Eight Hundred Eighty-Six Dollars and no cents (\$13,886.00)

Subject to the Modified Development Plan for the Medical Center Rehabilitation Project No. 2, Mich. R-52 which is incorporated herein by reference and which is recorded in the Office of the Register of Deeds for the County of Wayne in Liber 15938 on Pages 784 through 812.

This deed is given pursuant to the terms, covenants and conditions of a Development Agreement dated June 8, 1966, made by the parties hereto and which is incorporated herein by reference and recorded in the Office of the Register of Deeds for the County of Wayne in Liber 16024 on Pages 276 through 300 inclusive, none of the terms, covenants and conditions of which shall be deemed merged in this deed.

Dated this 17th day of June, A.D. 1966.

IN WITNESS WHEREOF the City of Detroit has caused this instrument to be executed by its duly authorized officer and sealed with its corporate seal, the day and year first above written.

In the Presence of:

[Signature]
Deputy Clerk
Henderson M. Smothers
STATE OF MICHIGAN } ss.
COUNTY OF WAYNE

[Signature]
CITY OF DETROIT,
a Municipal Corporation,
By *[Signature]* G. J. Saam
Deputy Controller
ATTEST: *[Signature]* CITY CLERK

On this 17th day of June 1966, before me, a Notary Public in and for said County, personally appeared G. J. Saam, to me personally known, who being by me duly sworn, did say that he is the Deputy Controller of the City of Detroit, a Municipal Corporation created and existing under the laws of the State of Michigan, and that the seal affixed to the foregoing instrument is the corporate seal of the said Corporation, and that the said deed was signed and sealed in behalf of said corporation by authority of its Common Council, and the said G. J. Saam acknowledged the said instrument to be the free act and deed of the said City of Detroit, a municipal corporation.

This instrument drafted by:
E. M. WELCH
1010 CITY-COUNTY BLDG.
DETROIT, MICH. 48226

[Signature]
Notary Public, Wayne County, Michigan.
My Commission expires Dec. 30, 1966

DESCRIPTION CORRECT

Engr. of Surveys

[Signature] 6/16/66
DATE
F 99630

Return to: A.C. Ledyard
800 First National Building
Detroit 26, Michigan

F112207

QUIT CLAIM DEED

T16062 M760

KNOW ALL MEN BY THESE PRESENTS: That the City of Detroit, a municipal corporation of the State of Michigan, quit claims to the Board of Governors of Wayne State University, a Body Corporate, created and existing under the Constitution and Laws of the State of Michigan, whose post office address is 1170 Mackenzie Hall, Wayne State University, Detroit, Michigan 48202, the following described premises in the Medical Center Rehabilitation Project No. 2, Mich. R-52, located in the City of Detroit, County of Wayne, and State of Michigan, and more particularly described as:

A parcel of land in the City of Detroit, Wayne County, Michigan, being composed of the following, all of Lots 6 to 9, Block 18, lots 1 to 4, Block R, lots 1 to 4, Block Q, all of "Brush's Subdivision" as recorded in Liber 17 on Page 29, Wayne County Records. And Lots 1 to 7 both inclusive of "Trenant's Subdivision" as recorded in Liber 1 on page 301, of plats, Wayne County Records. Lots 1, 2 and 3 of "Rathbone & Leets's Subdivision" as recorded in Liber 8 on page 62, of plats, Wayne County Records. And lots 7 to 40 both inclusive and lot 44 of "Albert Crane's Subdivision" as recorded in Liber 1 on page 8, of plats, Wayne County Records. And lots 7 to 19 both inclusive of "Re-subdivision of lots 11 to 17 of the Subdivision of O.L. 187, "Lambert Beaubien Farm" as recorded in Liber 5 on page 67 of plats, Wayne County Records. And lots 1 to 7 both inclusive of "J. C. Goodrich Subdivision" as recorded in Liber 5 on page 44, of plats, Wayne County Records. And lots 1 to 7 both inclusive of "H & B Poupard's Subdivision" as recorded in Liber 6 on page 45, of plats, Wayne County Records. And lots 1 to 7 both inclusive of "Stoll's Subdivision" as recorded in Liber 6 on page 49, of plats, Wayne County Records. And lot 2 of "Subdivision of O.L. 187" as recorded in Liber 1 on page 226, of plats, Wayne County Records, and lots 1 to 6 both inclusive of "Subdivision of the S'y 111.50 feet of O.L. 187 and part of lot 1 of Poupard's Subdivision of O.L. 187, L. Beaubien Farm, T. 2 S., R. 12 E., as recorded in Liber 7, of plats on page 42, Wayne County Records. And lots 8 to 15, both inclusive, Block 16, and parts of lots 1 to 6, Block 16, also lots 8 to 15, Block 17 and parts of lots 1 to 7, Block 17, also parts of lots 1 to 11, Block 20. All in "Van Dyke Subdivision" as recorded in Liber 1 on page 294, of plats, Wayne County Records. Together with the vacated streets and public alleys included in the following metes and bounds description, and more particularly described as follows: Beginning at the intersection of the Easterly line of Brush St. with the Northerly line of Alexandrine St. (50.00 ft. wd.) said intersection also being the Southwesterly corner of lot 4, Block Q, of "Brush's Subdivision" as recorded in Liber 17, on Page 29, of plats, Wayne County Records; thence N. 26° 09' 00" W. along the Easterly line of Brush St. 861.36 feet to a point in the Southwesterly line of Canfield Ave. (60.00 ft. wd.); thence N. 63° 53' 50" E. along the Southerly line of Canfield Ave. 576.65 feet to a point; thence S. 26° 09' 00" E. along the Westerly boundary line of above mentioned "Van Dyke's Subdivision" 363.00 feet to a point in the centerline of vacated Willis Ave. (50.00 ft. wd.); thence N. 63° 53' 50" E. along the centerline of Willis Ave. 128.22 feet to a point; thence N. 26° 09' 00" W. along the centerline of public alley (16.44 feet wd.) 363.00 feet to a point; thence N. 63° 53' 50" E. along the southerly line of Canfield Avenue 38.22 feet to a point in the Westerly line of Beaubien St. (120.00 ft. wd.) as widened; thence S. 26° 09' 00" E. along said Westerly line of said Beaubien St. 680.43 feet to a point of curve; thence continuing in a Southerly direction along the Westerly line of said Beaubien St. (120.00 ft. wd.)

RECORDED
BENJAMIN J. YOUNGLOOD, Register of Deeds
WAYNE COUNTY 26, MICHIGAN

NO REVENUE ATTACHED

No Revenue

NO REVENUE ATTACHED

Return to:

Solomon Bienenfeld
1018 Mackenzie Hall
Detroit, Mich.

now
lot 16
med cr #2

F112207

16082 761

on a curve to the right 184.92 feet (measured along the arc of said curve) to a point on the N'ly line of Alexandrine St. (50.00 ft. wd.), the curve having radius of 400.00 feet, central angle 26° 29' 15", and a chord of 183.28 feet distant; thence S. 65° 41' 30" W. along the Northerly line of Alexandrine Ave. 701.11 feet to the place of beginning. Subject to underground easements in vacated Superior Avenue, 50 feet wide, and vacated Willis Avenue, 50 feet wide.

together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, for the sum of Four Hundred Seventy-Two Thousand Seventy-Seven Dollars and 6/100 (\$472,077.06).

Subject to the Modified Development Plan for the Medical Center Rehabilitation Project No. 2, Mich. R-52, which is incorporated herein by reference and which is recorded in the Office of the Register of Deeds for the County of Wayne in Liber 15938 on Pages 784 through 812.

This deed is given pursuant to the terms, covenants and conditions of a Development Agreement dated July 15, 1966, made by the parties hereto and which is incorporated herein by reference and recorded in the Office of the Register of Deeds for the County of Wayne in Liber 16058 on Pages 625 through 651, inclusive, none of the terms, covenants and conditions of which shall be deemed merged in this deed.

Dated this 3rd day of August, A.D. 1966.

IN WITNESS WHEREOF the City of Detroit has caused this instrument to be executed by its duly authorized officer and sealed with its corporate seal, the day and year first above written.

In the Presence of:

CITY OF DETROIT,
a Municipal Corporation

R. Michael Smothers

By

G. J. Saam
Deputy Controller

Dorothea Crossman

STATE OF MICHIGAN }
COUNTY OF WAYNE }

SS:

ATTEST:
THOMAS D. LEADBETTER, CITY CLERK

On this 3rd day of August, 1966, before me, a Notary Public in and for said County, personally appeared G. J. Saam, to me personally known, who being by me duly sworn, did say that he is the Deputy Controller of the City of Detroit, a Municipal Corporation created and existing under the Laws of the State of Michigan, and that the seal affixed to the foregoing instrument is the corporate seal of the said corporation, and that the said deed was signed and sealed in behalf of said corporation by authority of its Common Council, and the said G. J. Saam acknowledged the said instrument to be the free act and deed of the said City of Detroit, a municipal corporation.

This instrument drafted by:

Edward M. Welch
1010 City-County Bldg.
Detroit, Michigan 48226

Dorothea Crossman
Notary Public, Wayne County, Mich.
My Commission expires Dec. 30, 1966

APPROVED AS TO FORM AND EXECUTION

P284709 QUIT CLAIM DEED

L16665 PAD85

KNOW ALL MEN BY THESE PRESENTS: That the City of Detroit, a Municipal Corporation of the State of Michigan, quit claims to The Board of Governors of Wayne State University, a Body Corporate, created and existing under the Constitution and laws of the State of Michigan, whose post office address is 1170 MacKenzie Hall, Wayne State University, Detroit, Michigan 48202, the following described premises in the Medical Center Rehabilitation Project No. 2, Mich. R-52, located in the City of Detroit, County of Wayne and State of Michigan, and more particularly described as:

A parcel of land in the City of Detroit, Wayne County, Michigan, being composed of Lots 3 to 5 both inclusive and Lots 10 to 12 both inclusive and part of Lots 1, 2, and 13, Block 18 of "Brush's Subdivision" as recorded in Liber 17 on page 29, Wayne County Records. Together with adjoining vacated public alley included in the following metes and bounds description, and more particularly described as follows:

Beginning at intersection of the Southerly line of Canfield Avenue (60.00 feet wide) with the Westerly line of Brush Street (60.00 feet wide);

thence South 26 degrees 09 minutes East along the Westerly line of Brush Street (60.00 feet wide) said line also being the Easterly line of Lots 5 & 10, Block 18 of above mentioned Brush's Subdivision, 343.81 feet to a point;

thence South 59 degrees 50 minutes 30 seconds West along the Southerly line of Lots 10 to 13, Block 18, of Brush's Subdivision, 220.00 feet to a point;

thence North 26 degrees 09 minutes West, 343.81 feet to a point on the Southerly line of Canfield Avenue (60.00 feet wide);

thence North 59 degrees 50 minutes 30 seconds East along the Southerly line of Canfield Avenue (60.00 feet wide) 220.00 feet to the point of beginning,

RECORDED MAY 24 1968 IN 104 VOL 118
BERNARD J. YOUNGBLOOD, Register of Deeds
WAYNE COUNTY, MICHIGAN 48226

together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, for the sum of Sixty Thousand Three Hundred Sixty-Two and 4/100 Dollars

Subject to the Modified Development Plan for the Medical Center Rehabilitation Project No. 2, Mich. R-52 which is incorporated herein by reference and which is recorded in the Office of the Register of Deeds for the County of Wayne in Liber 15938, Pages 784 through 812.

This Deed is given subject to the terms, covenants and conditions of a Development Agreement dated April 26, 1968, 1968 entered into by the parties hereto and which is incorporated herein by reference and recorded in the Office of Register of Deeds for the County of Wayne

REVENUE ATTACHED 66.55

P284709

DESCRIPTION CORRECT

Eng. of Survey

W. Williams 1-1-68

now known as
Lot 17
Medical Center
Urban Renewal
Plat No. 2
L. 90 P. 89-91

LI 16665 PA 686

in Liber 16644 on Pages 156 through 176, inclusive,
none of the terms, covenants and conditions of which shall be deemed
merged in this Deed. The covenants therein recited to be covenants
running with the land are hereby declared to be covenants running with
the land enforceable by the City as therein set forth.

Dated this 3rd day of May, A.D. 1968

IN WITNESS WHEREOF the City of Detroit has caused this instrument
to be executed by its duly authorized officer and sealed with its
corporate seal, the day and year first above written.

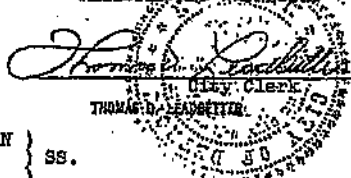
In the Presence Of:

Dorothea Grossman
Dorothea Grossman
E. J. Mallette
E. J. Mallette

CITY OF DETROIT
A Municipal Corporation

By Dan A. DeMare
Dan A. DeMare
Deputy Controller
1110 City-County Building
Detroit, Michigan 48226

ATTESTED AND WITNESSED



STATE OF MICHIGAN }
COUNTY OF WAYNE } ss.

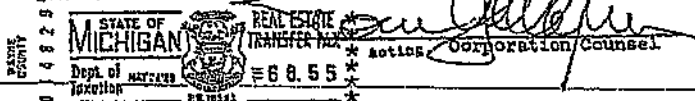
On this 3rd day of May, 1968, before me, a
Notary Public in and for said County, personally appeared
Dan A. DeMare, to me personally known, who being by me duly sworn,
did say that he is the Deputy Controller of the City of Detroit,
a Municipal Corporation created and existing under the laws of the State
of Michigan, and that the seal affixed to the foregoing instrument is
the corporate seal of the said corporation, and that the said Deed was
signed and sealed in behalf of said corporation by authority of its
Common Council, and the said Dan A. DeMare acknowledged the said
instrument to be the free act and deed of the said City of Detroit, a
municipal corporation.

Dorothea Grossman
Dorothea Grossman
Notary Public, Wayne County, Michigan
My Commission Expires: December 29, 1970

THIS INSTRUMENT DRAFTED BY:

William J. Coughlin
1010 City-County Building
Detroit, Michigan 48226

APPROVED AS TO FORM AND EXECUTION



F570860

1/1274

117630 PA 63

This is to certify that there are no taxes or liens on the property and that there are no taxes or liens on the property for FIVE YEARS previous to date of this instrument EXCEPT

9549

Paul H. Frank
Wayne County Treasurer
Date *12*

D E E D

FEB 16 1971

01/1276

KNOW ALL MEN BY THESE PRESENTS, that REAUME AND DODDS, INCORPORATED, a corporation organized and existing under the laws of the State of Michigan, Grantor, whose address is 1001 Woodward Avenue, Detroit, Michigan, does hereby grant, bargain, sell and convey to HUTTEL HOSPITAL, a corporation organized and existing under the laws of the State of Michigan, Grantee, whose address is 432 East Hancock, Detroit, Michigan, and to Grantee's successors and assigns, the following described premises situated in the City of Detroit, County of Wayne, and State of Michigan, to-wit:

Lot 11, Block 22, Brush's Subdivision of that part of the Brush Farm lying between the south line of Farnsworth Street and the south line of Alexandrine Avenue, Detroit, Wayne County, Michigan, according to the plat thereof recorded in Liber 17 of plats, page 29, Wayne County Records,

together with all and singular the tenements, hereditaments, and appurtenances thereunto belonging or in anywise appertaining and all the estate, right, title, interest, claim or demand whatsoever of Grantor, either in law or equity, in and to the above-described premises.

And the said Grantor, for itself, its successors and assigns, does covenant, grant, bargain and agree to and with the said Grantee, its successors and assigns, that it, the said Grantor, has not heretofore done, committed or wittingly or willingly suffered to be done or committed any act, matter, or thing whatsoever, whereby the premises hereby granted, or any part thereof is, or shall or may be charged or incumbered in title, estate or otherwise howsoever; and the title to the above-described premises against all persons lawfully claiming the same from, through, or under it, the said Grantor shall warrant and defend.

after May 31, 1970

This instrument, and the transfer evidenced hereby, are exempt from the tax imposed by Act 134, Public Acts of 1966, as amended (Mich. C. L. 55207,505 (a)), because the Grantor herein acquired the above-described land as agent for Grantee and the purpose of this transfer is to confirm title already vested in Grantee. The value of the consideration for this transfer is \$1.00.

Dated this 1st day of APRIL, 1970.

208
136
RECORDED FEB 16 1971 BY *121*
BERNARD J. YOUNG, Register of Deeds
WAYNE COUNTY, MICHIGAN 48226

REAUME AND DODDS, INCORPORATED

By *John A. Dodds*
John A. Dodds

Its *President*

WITNESSES:

Stephanie Johns
Stephanie Johns
Pamela M. Bence
Pamela M. Bence

By *Donald F. Carney*
Donald F. Carney

Its *Secretary*

NO REVENUE ATTACHED

F570860

216-9349 0000350 1

1.17630 PA 64

STATE OF MICHIGAN)
COUNTY OF WAYNE) SS.

On this 1st day of April, 1970,
before me personally appeared John A. Dodds and Donald F. Carney
to me personally known, who being by me sworn, did say that he
is the President & Secretary of Reaume and Dodds,
Incorporated, the corporation named in and which executed the
within instrument, and that the seal affixed to said instrument
is the corporate seal of said corporation, and that said instrument
was signed and sealed in behalf of said corporation by authority
of its board of directors; and said John A. Dodds and Donald F. Carney
acknowledged said instrument to be the free act and deed of said
corporation.

Josephine Threanly
Notary Public, Wayne County, Michigan

JOSEPHINE THREANLY

Notary Public, Wayne County, Mich.

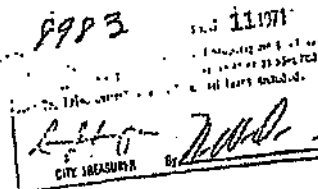
My Commission Expires: _____

My commission expires June 30, 1973

Instrument Drafted By:

Paul H. Townsend, Jr.
2700 Penobscot Building
Detroit, Michigan 48226

When recorded, please return to GRANTEE



F570861

1/1277-8

This is to certify that there are no tax liens on this property and that taxes are paid for FIVE YEARS previous to date of this instrument EXCEPT

No. 4550

Paul H. Hank
Wayne County Treasurer
City of Detroit

D E E D

FEB 16 1971

17630 PM 65

01/1277-8

KNOW ALL MEN BY THESE PRESENTS, that REAUME AND DODDS, INCORPORATED, a corporation organized and existing under the laws of the State of Michigan, Grantor, whose address is 300 First Federal Building, Detroit, Michigan, does hereby grant, bargain, sell and convey to Nutzel Hospital, a corporation organized and existing under the laws of the State of Michigan, Grantee, whose address is 432 East Hancock, Detroit, Michigan, and to Grantee's successors and assigns, the following described premises situated in the City of Detroit, County of Wayne, and State of Michigan, to-wit:

Lot 10, Block 22, Brush's Subdivision of that part of the Brush Farm lying between the south line of Farnsworth Street and the south line of Alexandrine Avenue, Detroit, Wayne County, Michigan, according to the plat thereof recorded in liber 17 of plate, page 29, Wayne County Records.

together with all and singular the tenements, hereditaments, and appurtenances thereunto belonging or in anywise appertaining and all the estate, right, title, interest, claim or demand whatsoever of Grantor, either in law or equity, in and to the above-described premises.

And the said Grantor, for itself, its successors and assigns, does covenant, grant, bargain and agree to and with the said Grantee, its successors and assigns, that it, the said Grantor, has not heretofore done, committed or wittingly or willingly suffered to be done or committed any act, matter, or thing whatsoever, whereby the premises hereby granted, or any part thereof is, or shall or may be charged or incumbered in title, estate or otherwise howsoever; and the title to the above-described premises against all persons lawfully claiming the same from, through, or under it, the said Grantor shall warrant and defend.

after December 30, 1969

This instrument, and the transfer evidenced hereby, are exempt from the tax imposed by Act 134, Public Acts of 1966, as amended (Mich. C. L. 58207.505 (a)), because the Grantor herein acquired the above-described land as agent for Grantee and the purpose of this transfer is to confirm title already vested in Grantee. The value of the consideration for this transfer is \$1.00.

Dated this 31st day of December, 1969.

REAUME AND DODDS, INCORPORATED

WITNESSES:

By

William R. Burdette
William R. Burdette

Its

Vice President

Pamela M. Bence
Pamela M. Bence
Shirley L. Edwards
Shirley L. Edwards

By

Donald F. Carney
Donald F. Carney

Its

Secretary

NO REVENUE ATTACHED

RECORDED FEB 16 1971
BERNARD J. YOUNGBLOOD, Register of Deeds
WAYNE COUNTY, MICHIGAN 48226

F1629550 000050 1

L17630 PA 66

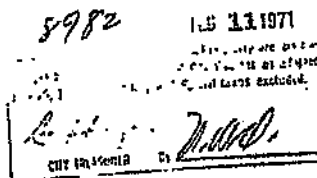
STATE OF MICHIGAN }
COUNTY OF WAYNE } SS.

On this 31st day of December, 1969, before me personally appeared Wm. R. Luedders & Donald F. Carney, to me personally known, who being by me sworn, did say that he is the Vice Pres. & Secretary resp. of Reaume and Dodds, Incorporated, the corporation named in and which executed the within instrument, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors; and said Wm. R. Luedders & Donald F. Carney acknowledged said instrument to be the free act and deed of said corporation.

Louis L. Flattery
Notary Public, Wayne County, Michigan
My Commission Expires: Sept. 16, 1972

Instrument Drafted By:
Paul H. Townsend, Jr.
2700 Penobscot Building
Detroit, Michigan

When recorded, please return to GRANTEE



RECORDED FEB 16 1971 121
BERNARD J. YOUNGBLOOD, Register of Deeds
WAYNE COUNTY, MICHIGAN 48226

1/12/75
F570862

D E E D

LA 17630 PA 67
This is to certify that there are no tax liens or taxes on this property and that taxes are paid for FIVE YEARS previous to date of this instrument EXCEPT
9546
P. H. Link
WAYNE COUNTY TREASURER
FEB 16 1971

05 PB-4

2/12/75

KNOW ALL MEN BY THESE PRESENTS, that REAUME AND DODDS, INCORPORATED, a corporation organized and existing under the laws of the State of Michigan, Grantor, whose address is 1001 Woodward Avenue, Detroit, Michigan, does hereby grant, bargain, sell and convey to HUTSEL HOSPITAL, a corporation organized and existing under the laws of the State of Michigan, Grantee, whose address is 432 East Hancock, Detroit, Michigan, and to Grantee's successors and assigns, the following described premises situated in the City of Detroit, County of Wayne, and State of Michigan, to-wit:

E. 7.5' of Lot 13 and all of Lot 12, Block 22, Brush's Subdivision of that part of the Brush Farm lying between the south line of Farnsworth Street and the south line of Alexandrine Avenue, Detroit, Wayne County, Michigan, according to the plat thereof recorded in Liber 17 of Plats, Page 29, Wayne County Records.

together with all and singular the tenements, hereditaments, and appurtenances thereunto belonging or in anywise appertaining and all the estate, right, title, interest, claim or demand whatsoever of Grantor, either in law or equity, in and to the above-described premises.

And to said Grantor, for itself, its successors and assigns, does covenant, grant, bargain and agree to and with the said Grantee, its successors and assigns, that it, the said Grantor, has not heretofore done, committed or wittingly or willingly suffered to be done or committed any act, matter, or thing whatsoever, whereby the premises hereby granted, or any part thereof is, or shall or may be charged or incumbered in title, estate or otherwise howsoever; and the title to the above-described premises against all persons lawfully claiming the same from, through, or under it, after November 30, 1970, the said Grantor shall warrant and defend.

This instrument, and the transfer evidenced hereby, are exempt from the tax imposed by Act 134, Public Acts of 1966, as amended (Mich. C. L. 55207.505 (a)), because the Grantor herein acquired the above-described land as agent for Grantee and the purpose of this transfer is to confirm title already vested in Grantee. The value of the consideration for this transfer is \$1.00.

Dated this 3rd day of December, 1970.

WITNESSES:

REAUME AND DODDS, INCORPORATED

Stephanie Johns
Stephanie Johns

BY John A. Dodds
John A. Dodds
Its President

Pamela M. Beace
Pamela M. Beace

BY Donald F. Barney
Donald F. Barney
Its Secretary

NO REVENUE ATTACHED

F570862

RECORDED 0000250 I

LI 17630 PA 68

STATE OF MICHIGAN)
SS.
COUNTY OF WAYNE)

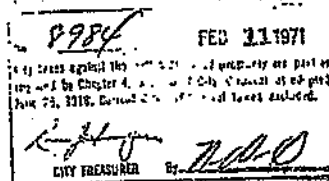
On this 3rd day of December, 1970, before me, a Notary Public in and for said County appeared John A. Dodds and Donald F. Carney, to me personally known, who being by me duly sworn, did each for himself say that they are respectively the President and Secretary of Reaume & Dodds, Incorporated, named in the foregoing instrument and that the seal fixed to said instrument is the Corporate seal of said Corporation and that said instrument was signed, sealed in behalf of said Corporation by authority of its Board of Directors, and said John A. Dodds and Donald F. Carney acknowledge said instrument to be the free act and deed of said Corporation.

Josephine Tinnelly
Notary Public, Wayne County, Mich.
JOSEPHINE TINNELLY
My Commission Expires: Notary Public, Wayne County, Mich.
My commission expires June 30, 1973

Instrument drafted by:

Bruce J. Oravec
2700 Penobscot Building
Detroit, Michigan 48226

When recorded, please return to GRANTEE



F775750 SCHEDULE B

L18294 PA915

DEVELOPMENT AGREEMENT

QUIT CLAIM DEED

RECORDED DEC 29 1972 11:30 PM
BERNARD J. YOUNGBLOOD, Register of Deeds
WAYNE COUNTY, MICHIGAN 48226

KNOW ALL MEN BY THESE PRESENTS: That the City of Detroit, a Municipal Corporation of the State of Michigan, quit claims to Rutzel Hospital, A Michigan Non-Profit Corporation, whose post office address is 432 E. Hancock, Detroit, Michigan 48201, the following described premises in the Medical Center Rehabilitation Project No. 3, Mich. R-112, located in the City of Detroit, County of Wayne, and State of Michigan, and more particularly described as:

Land in the City of Detroit, Wayne County, Michigan, being Lots 1 to 7 except the northerly 5.0 feet thereof, taken for the widening of Hancock Avenue (now 60 feet, to be 84 feet), and being Lots 8 to 14, and the to be vacated, 20 foot wide, east-west alley between said Lots 1 to 7 and Lots 8 to 14, inclusive of Kane and Hibbard's Subdivision of part of Outlot 191 on Forest and Hancock Avenues, Lambert Beaubien Farm, Detroit, Wayne County, Michigan, as recorded on October 11, 1877 in Liber 4, Page 84, Plats, Wayne County Records; and being a part of Outlots 189 and 191 of the Plan of the Beaubien Farm as surveyed into lots for the proprietors by John Mullett, Surveyor, as recorded on March 10, 1859 in Liber 1, Pages 46, 47, 48, 49, 50, 51, 52, 53, and 54, Plats, Wayne County records; and being Lots 11 to 13 and the westerly 26 feet of Lot 14 except the northerly 5.0 feet thereof, taken for the widening of Hancock Avenue (now 60 feet, to be 84 feet) and being part of Lots 16 to 20 part of the westerly 26 feet of Lot 17, and the to be vacated, 20 foot wide, east-west alley between said lots; and being Lots 21 to 23 and the westerly 26 feet of Lot 24 and the northerly half of the to be vacated, 20 foot wide, east-west alley abutting the rear line of said lots all inclusive of

1968 P.A. 327 Sec 5(h)

NO REVENUE ATTACHED

F775750

F940853

QUIT CLAIM DEED

L 18906 PA 357

KNOW ALL MEN BY THESE PRESENTS: That the City of Detroit, a Municipal Corporation of the State of Michigan, quit claims to Board of Governors of Wayne State University, a Michigan Constitutional Body Corporate whose post office address is 5050 Cass Ave., Detroit, Michigan 48202 the following described premises in the Medical Center Rehabilitation Project No. 3, Mich. R-112 located in the City of Detroit, County of Wayne, and State of Michigan, and more particularly described as: RECORDED SEP 5 1974

BERNARD J. YOUNGBLOOD, President of
WAYNE COUNTY, MICHIGAN 48228

Land in the City of Detroit, County of Wayne, Michigan, being all of Lots 6 thru 9, both inclusive of Block 19, "Brush Subdivision of that part of the Brush Farm lying between the south line of Farnsworth Street and the south line of Alexandrine Avenue," June 25, 1892, Liber 17, Page 29, Plats, Wayne County Records; all of Lots 8 thru 21 both inclusive, of Tregent's Subdivision of Outlot 188, north of Fremont Street (Canfield Avenue), Lambert Beaubien Farm, August 7, 1872, Liber 2, Page 10, Plats, Wayne County Records; all of Lots 1 thru 8, both inclusive, of Armstrong's Subdivision of part of Outlot 189, north of Canfield Avenue, Lambert Beaubien Farm, April 25, 1893, Liber 18, Page 48, Plats, Wayne County Records; all of Lots 28 thru 30 both inclusive, Lots 31 thru 33 both inclusive, Lots 38 thru 40, both inclusive and parts of Lots 27, 34 and 37, all in Cleland Cowie's Subdivision of the West 236 feet of the A. Beaubien Farm between Fremont Street (Canfield Avenue) and Warren Avenue, December 18, 1885, Liber 9, Page 40 Plats, Wayne County Records; parts of Outlot 189, Plat of part of the Beaubien Farm in the City of Detroit as surveyed into Townlots for the proprietors by J. Mullett, Surveyor, in July, 1831 and recorded in Liber 6, Page 475 City Records; also all that part of the to be vacated Beaubien and Canfield Streets and the to be vacated public alleys contained within the bounds of this parcel which is more particularly described as follows:

Beginning at the intersection of the east line of Brush Street (60 feet wide) and the north line of Canfield Avenue

Exemption #

MSA 7-456 Sec 5(H)

F940853

L18906 PA358

(60 feet wide), being the southwest corner of Lot 9 of Brush Subdivision of that part of Brush Farm lying between the south line of Farnsworth Street and the south line of Alexandrine Avenue, recorded June 25, 1892, Liber 17, Page 29, Plats, Wayne County Records, thence northerly along said east line of Brush Street 394 feet to its intersection with the centerline of Garfield Avenue (60 feet wide), thence easterly along said centerline of Garfield Avenue, 333.65 feet to its intersection with the centerline of Beaubien Street (50 feet wide); thence northerly along the centerline of Beaubien Street, 209.95 feet to its intersection with the centerline of a 20 feet wide public alley extended westerly, said alley lies north of and abuts Lots 26 thru 30 inclusive of Cleland Cowie's Subdivision of the west 236 feet of the A. Beaubien Farm between Fremont Street (Garfield Avenue) and Warren Avenue recorded December 18, 1885, Liber 9, Page 40, Plats, Wayne County Records; thence easterly along said alley centerline, 409 feet to a point, said point being 95 feet westerly of the centerline of St. Antoine Street (50 feet wide); thence southerly along a line parallel with and 95 feet westerly of the centerline of St. Antoine Street, 603.75 feet to a point on the northerly line of Garfield Avenue (60 feet wide); thence westerly along said northerly line of Garfield Avenue 742.65 feet to the point of beginning; containing 378,399 square feet or 8.687 acres more or less.

The public rights-of-way described within this parcel are to be vacated by the City Council of the City of Detroit and will be subject to such easements for public utilities as may be retained by the vacating resolution.

All dimensions are based on dimensions shown on dimensions shown on recorded plats.

together with all and singular the tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining, for the sum of Three hundred two thousand, five hundred and 00/100 dollars (\$302,500.00),

DESCRIPTION CORRECT
Eug. J. Surry

By James E. Edgell Aug 23, 1974

Subject to the Modified Development Plan for the Medical Center Rehabilitation Project No. 3, Mich. R-112 which is incorporated herein by reference and which is recorded in the Office of the Register of Deeds for the County of Wayne in Liber 17732 on Pages 559 through 545. L18906 PAS59

This Deed is given subject to the terms, covenants and conditions of a Development Agreement dated August 8, 1974 entered into by the parties hereto and which is incorporated herein by reference and recorded in the Office of the Register of Deeds for the County of Wayne in Liber 18896 on Pages 853 through 894 inclusive, none of the terms, covenants and conditions of which shall be deemed merged in this Deed. The covenants therein recited to be covenants running with the land are hereby declared to be covenants running with the land enforceable by the City as therein set forth.

Dated this 28th day of August, A.D., 1974.

IN WITNESS WHEREOF the City of Detroit has caused this instrument to be executed by its duly authorized officer and sealed with its corporate seal, the day and year first above written

In the Presence of:

City of Detroit
A Municipal Corporation

Henry Rubin
Henry Rubin

G. F. Fischer
G. F. Fischer
Deputy Finance Director

Vernell Kowalski
Vernell Kowalski

1110 City-County Building
Detroit, Michigan 48226

STATE OF MICHIGAN }
COUNTY OF WAYNE } SS

On this 28th day of August, 1974, before me, A Notary Public in and for said County, personally appeared G. F. Fischer to me personally known, who being by me duly sworn, did say that he is the Deputy Finance Dir. of the City of Detroit, a Municipal Corporation created and existing under the laws of the State of Michigan, and that the seal affixed to the foregoing instrument is the corporate seal of the said corporation, and that the said deed was signed and sealed in behalf of said corporation by authority of its City Council, and the said

G. F. Fischer acknowledged the said instrument to be the free act and deed of the said City of Detroit, a Municipal Corporation.

L18906 PA360

Approved as to Form and Execution:

John R. McKinley
Corporation Counsel

Dorothy Crossman
Dorothy Crossman
Notary Public, Wayne County, Michigan
My Commission expires 11-26-74

James H. Bradley
City Clerk
JAMES H. BRADLEY

This Instrument Drafted by:
Mr. Thomas J. O'Dowd
1010 City-County Building
Detroit, Michigan

DOROTHEA CROSSMAN
Notary Public, Wayne County, Mich.
My Commission Expires Nov. 26, 1974

G263581
QUIT CLAIM DEED

19890 PA 54

KNOW ALL MEN BY THESE PRESENTS: That the City of Detroit, a Municipal Corporation of the State of Michigan, quit claims to

HUTZEL HOSPITAL, A Michigan Non-Profit Corporation whose post office address is 432 E. Hancock, Detroit, Michigan 48201, the following described premises in the Medical Center Rehabilitation Project No. 3, Mich. R-112, located in the City of Detroit, County of Wayne, and State of Michigan, and more particularly described as:

Land in the City of Detroit, County of Wayne, Michigan, being all that part of Forest Avenue, 70 feet wide, between the easterly line of Brush Street, 60 feet wide, and the westerly line of Beaubien Street, 50 feet wide, vacated in part on April 30, 1975 and recorded on pages 882 thru 884 of the Journal of the City Council and on September 21, 1977 and recorded on pages 1991 thru 1993 of the Journal of the City Council and recorded in Liber 19899, page 323, Register No. F-239235, that part of Forest Avenue being in the Brush Farm, Private Claim 1; opening of Forest Avenue confirmed by the Recorder's Court of the City of Detroit on January 15, 1893, containing 21,606 square feet or 0.4960 acres, more or less.

105/9
RECORDED JAN 4 1978
FOREST E. YOUNGBLOOD, Register of Deeds
WAYNE COUNTY, MICHIGAN 48226

DESCRIPTION CORRECT
Engineer of Surveys

By Walter Williams
Date September 27, 1977

together with all and singular the tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining, for the sum of SEVENTEEN THOUSAND THREE HUNDRED AND 00/100 DOLLARS (\$17,300.00).

Subject to the Modified Development Plan for the Medical Center Rehabilitation Project No. 3, Mich. R-112, which is incorporated herein by reference and which is recorded in the Office of the Register of Deeds for the County of Wayne in Liber 17752 on Pages 519 through 545.

This Deed is given subject to the terms, covenants and conditions of a Development Agreement dated August 9, 1977, entered into by the parties hereto and which is incorporated herein by reference and recorded in the Office of the Register of Deeds for the County of Wayne in Liber 19855 on Pages 841 through 884 inclusive, none of the terms, covenants and conditions of which shall be deemed merged in this Deed. The covenants therein recited to be covenants

P.A. 67 of 1969 Sec. 5 I.H.V.

NO REVENUE ATTACHED

running with the land are hereby declared to be covenants running with the land enforceable by the City as therein set forth. 19080, 55

Dated this 27th day of September, A.D., 1977.

IN WITNESS WHEREOF the City of Detroit has caused this instrument to be executed by its duly authorized officer and sealed with its corporate seal, the day and year first above written.

In the Presence of:

Anita Stanian
Anita Stanian
Odessa Lewis
Odessa Lewis

CITY OF DETROIT,
A Municipal Corporation

By G. F. Fischer
G. F. Fischer, Deputy Finance Director
1110 City-County Building
Detroit, Michigan 48226

STATE OF MICHIGAN }
COUNTY OF WAYNE } SS

On this 27th day of September, 1977, before me, a Notary Public in and for said County, personally appeared G. F. Fischer to me personally known, who being by me duly sworn, did say that he is the Deputy Finance Director of the City of Detroit, a Municipal Corporation created and existing under the laws of the State of Michigan, and that the seal affixed to the foregoing instrument is the corporate seal of the said corporation, and that the said deed was signed and sealed in behalf of said corporation by authority of its City Council, and the said G. F. Fischer acknowledged the said instrument to be the free act and deed of the said City of Detroit, a Municipal Corporation.

Dale S. Venneren
DALE S. VENNEN
Notary Public, Wayne County, Michigan
My Commission expires JANUARY 9, 1980

APPROVED AS TO FORM AND EXECUTION:

James H. Bradley
City Clerk

This Instrument Drafted by:

John P. Hathaway
1010 City-County Building
Detroit, Michigan 48226

When Recorded Return to:
George J. Hager, Jr.
35th Floor
400 Renaissance Center
Detroit, Michigan 48243

G512757

1/3 768.001

U20892PA193

G512758

U20892PA198

WARRANTY DEED AND ASSIGNMENT

KNOW ALL PERSONS BY THESE PRESENTS: that Wayne State University, a constitutional body corporate organized and existing under the constitution and laws of the State of Michigan, whose address is 5050 Cass Avenue, Detroit, Michigan 48202 (hereinafter referred to as "Grantor"), for the sum of One Dollar (\$1.00) and other good and valuable consideration, receipt and adequacy of which is hereby acknowledged, conveys and warrants to Detroit Receiving Hospital and University Health Center, a Michigan nonprofit corporation, whose address is 4201 St. Antoine, Detroit, Michigan 48201 (hereinafter referred to as "Grantee"), the land described on Exhibit A attached hereto together with all buildings and improvements in, on, under or through such land (including, without limitation, the building and improvements commonly known as the "Radiation Oncology Center" and that portion of an underground parking garage which is located under the land described on Exhibit A, but excluding the improvements described in clause (iii) below), and all easements, easements, hereditaments, privileges and appurtenances appertaining thereto, subject to the easements and other interests described on Exhibit B attached hereto.

Grantor, for the sum of One Dollar (\$1.00) and other good and valuable consideration, receipt and adequacy of which is hereby acknowledged, further assigns, transfers and quit claims to Grantee all right, title and interest of Grantor:

(i) existing under and by virtue of the Lease between Wayne State University and The Health Care Institute, Inc. for the University Clinics Building, dated October 1, 1978 as amended, it being acknowledged that, simultaneously herewith, The Health Care Institute, a Michigan nonprofit corporation ("HCI"), is assigning to Grantee its interest under such lease, and it is the intent of the parties that upon the assignment by Grantor and Grantee of their respective interests, such interests shall merge and such lease shall be terminated;

(ii) existing under and by virtue of any leases, oral or written, existing with respect to the "Radiation Oncology Center," it being acknowledged that simultaneously herewith, HCI is assigning to Grantee its interest under all such leases, and it is the intent of the parties that upon the assignment by Grantor and Grantee of their respective interests, such interests shall merge and such leases shall be terminated;

(iii) in and to all improvements under the land described on Exhibit A attached hereto, which improvements are commonly known as the "Detroit Medical Center underground concourse."

(iv) in and to all buildings and improvements in, on, under or through the land described on Exhibit C attached hereto.

In witness whereof, Grantor has caused this Warranty Deed and Assignment to be executed by its duly authorized officer, this 27th day of June, 1980.

[Signature] Wayne State University
FOREST E. YOUNGBLOOD, Register of Deeds
WAYNE COUNTY, MICHIGAN 48226
Charles F. Sturte
Its Senior Vice President

Witness *[Signature]* Kenneth A. *[Signature]*
The deed, together with the other described documents
are filed for record and are not to be recorded
TCL 48-211334

State of Michigan } JUN 30 1980
County of Wayne }
TREASURER By *[Signature]*

CLERK APPROVAL
JUN 27 1980
Office of the
General Counsel

The foregoing instrument was acknowledged before me this 27th day of June, 1980, by Charles F. Sturte as Senior Vice President of Wayne State University, a constitutional body corporate organized and existing under the constitution and laws of the State of Michigan.

ALBERT DENNE H. J. JR.
Notary Public, Oakland County, Mich.
My Commission Expires Mar. 15, 1982
ACTING IN WAYNE CO., MI.

[Signature]
Notary Public, County, Michigan
My Commission Expires:

NO REVENUE ATTACHED

G512758

G512757

JUN 30 1980

It is to certify that this was so by law or deed on the
day and at the place and date and in the presence of the
witnesses and that these are paid for FIVE YEARS period
of one of two hundred EXCEPT

Lawyers Title Insurance Corporation **CS14434**

QUIT CLAIM DEED- Standard Form
CL 104B, 505192 MSA 26 572

Lot 13
of Parcel 11

KNOW ALL MEN BY THESE PRESENTS: That Eugene D. Horrell, M.D., Agent for a Partnership to be formed **121945-548**
whose address is 3800 Woodward Avenue, 400 Professional Plaza, Detroit, MI 48202

Quit Claimed to DETROIT MEDICAL CENTER PROFESSIONAL BUILDING

whose address is 3800 Woodward Avenue, 400 Professional Plaza, Detroit, MI 48202

the following described premises situated in the City of Detroit
County of Wayne and State of Michigan, to-wit:

Lots 12 and 13, and the East 20 feet of Lot 11, Plat of
McMillan and Pond Subdivision, as recorded in Liber 6
of Plats, Page 27, Wayne County Records. Also known as
111 East Willis.

01/1053-4

917
RECORDED MAR 14 1984 AT WOOD
FOREST E. YOUNGBLOOD, Register of Deeds
WAYNE COUNTY, MICHIGAN 48226

CS14434

EXEMPT UNDER
MSA 7.456 (5) (a.)

for the full consideration of One (\$1.00) Dollar and other good and valuable consideration.

Dated this 12th day of March

19 84.

Signed and Sealed:

Phillip J. O'Brien
PHILLIP J. O'BRIEN

Eugene D. Horrell, M.D. (L.S.)

Mary J. Tilt
MARY J. TILT

STATE OF MICHIGAN
COUNTY OF Wayne

The foregoing instrument was acknowledged before me this 12th day of March 19 84.

by Eugene D. Horrell, M.D.

My commission expires 1/31/87

Mary J. Tilt
MARY J. TILT
Notary Public Wayne County, Michigan
Business 3000 Town Center, Suite 1910
Address Southfield, MI 48075

Instrument Drafted by Phillip J. O'Brien

Recording Fee
State Transfer Tax

When returned return to Phillip J. O'Brien, Esq.
3000 Town Center, #1910
Southfield, MI 48075
Send subsequent tax bill to

Tax Parcel #

NO REVENUE ATTACHED

15-27 07 12:43PM DEEDS \$0.00

Lawyers Title Insurance Corporation

87096203

Form 661 6-73
WARRANTY DEED-Subsidiary Form
CL. 1949, 584.151 A.S.A. 25.571

KNOW ALL MEN BY THESE PRESENTS: That Radius Health Care System, Inc.
whose address is 4160 John R, Suite #802, Detroit, Michigan 48201.

Convey(s) and Warrant(s) to Harper-Grace Hospitals

whose address is 3990 John R, Detroit, Michigan 48201

the following described premises situated in the City of Detroit
County of Wayne and State of Michigan, to-wit:

Lot 13, McMillan and Ponds Subdivision, as recorded in Liber 5 of Plate, Page 27,
WCR, n/k/a 113 East Willis.

for the full consideration of One Hundred Twenty-Five Thousand (\$125,000.00) Dollars
subject to building and use restrictions and easements of record.

Dated this 27th

day of February

1986

Witnessed

Signed and Sealed:

Carol A. Krosch
Carol A. Krosch
Lee M. Strickland
LEE M. STRICKLAND
HARPER-GRACE HOSP.

Jack Reed
Radius Health Care System, Inc.
Jack Reed, P.P.
(U.S.)
(U.S.)
(U.S.)

STATE OF MICHIGAN
COUNTY OF Wayne

The foregoing instrument was acknowledged before me this
by *Jack Reed, P.P., Radius H.C.*
My commission expires *June 28, 1989.*

27th day of February 1986
J. L. Strickland
NOTARY PUBLIC
Wayne County, Michigan
MY COMMISSION EXPIRES JUNE 28, 1989

Instrument
Drafted by *Regina Smith, Esq.*
County Treasurer's Certificate
This is to certify that this is the true and correct copy of the
original and all taxes are paid for FIVE YEARS previous to
date of this instrument EXCEPT
for 701

Business
Address
City
State
Zip
87096203
City taxes equal the within described property
are sold. Current city and special taxes excluded.
(CL. 48 Section 211.135)

MAY 29 1987
Recording Fee
State Transfer Tax

APR 10 1986
TREASURER
Harper-Grace Hospitals
3990 John R, Detroit, Michigan 48201
Regina Smith, Legal Affairs
Send subsequent tax bills

Tax Parcel #

no change submitted

QUIT CLAIM DEED
061853

025101.863

THAT ALL MEN BY THESE PRESENTS GRACE HOSPITAL, formerly known as
HARPER-GRACE HOSPITALS,

a Michigan nonprofit corporation, whose address is 3990 John A Street,
Detroit, Michigan 48201

Quit Claims to HARPER HOSPITAL, a Michigan nonprofit corporation

whose address is 3990 John A Street, Detroit, Michigan 48201

the following described premises situated in the City of Detroit, County of
Wayne and State of Michigan, to-wit:

SEE EXHIBIT A ATTACHED HERETO AND MADE A PART HEREOF

For \$1.00
M.C.L.A. 207.505(a).

Exempt from transfer tax under

Dated this 1st day of May, 1991.

WITNESSES:

GRACE HOSPITAL, formerly known as
HARPER-GRACE HOSPITALS, a Michigan
nonprofit corporation

By: George P. Gervais
George P. Gervais
Its: President

STATE OF MICHIGAN)
COUNTY OF WAYNE) ss.

The foregoing instrument was acknowledged before me this 1st day
of May, 1991, by George P. Gervais the President of Grace Hospital, formerly
known as Harper-Grace Hospitals, a Michigan nonprofit corporation, on behalf
of the said corporation.

Charles J. Kelly
Notary Public,
County, Michigan
My commission expires: 7-2-1994

INSTRUMENT DRAFTED BY: Mary S. Kershner, Esq.

BUSINESS ADDRESS: Dykema Gossett, 400 Renaissance Center, Detroit,
Michigan 48243

Recording Fee: \$

When Recorded Return to: Drafter

State Transfer Tax: Exempt under
M.C.L.A. 207.505(a)

Send Subsequent Tax Bills to: Grantee

Tax Parcel No: Exempt and 3879-82, 889-983 Hard No. 1

NO REVENUE ATTACHED

EXHIBIT A

025101864

Land in the City of Detroit, County of Wayne, State of Michigan, described as:

PARCEL 1:
Lots 5 and 6, and the South 1/2 of vacated Alexandrine Avenue (100 feet wide) between John R. St. and Brush St., Medical Center Urban Renewal Plat No. 1, as recorded in Liber 88, Pages 74, 75 and 76 of Plats, Wayne County Records.

PARCEL 2:
Lots 4 to 13 inclusive, and all the vacated 18 foot public alley in the rear thereof, Brush's Subdivision of that part of the Brush Farm lying between the South line of Alexandrine Avenue and the North line of Brady Street, Detroit, as recorded in Liber 19, Page 62 of Plats, Wayne County Records.

PARCEL 3:
Lots 14 to 18 inclusive and all of the vacated 18 foot public alley in the rear thereof, Brush's Subdivision of that part of the Brush Farm lying between the South line of Alexandrine Avenue and the North line of Brady Street, Detroit, as recorded in Liber 19, Page 62 of Plats, Wayne County Records; also all that part of North 1/2 of vacated Brady Street between the East line of Brush Street and the West line of the vacated 18 foot public alley at the rear of the previously described Lot 18; described in order vacating same recorded in Liber 19085 on Page 645, Wayne County Records.

PARCEL 4:
That part of Park Lots 23, 24, and 25, lying Easterly of John R. Street as it presently exists, 60 feet wide, and Westerly of the West line of Brush's Subdivision (Liber 19, Page 62 of Plats, Wayne County Records), Plat of Park Lots, as recorded in Liber 34 of Deeds, page 542, Wayne County Records.

PARCEL 5:
Lots 22 to 33 inclusive, and vacated alley adjacent in the rear thereof, Leland and Mandelbaum's Subdivision of Park Lot 22 and part of Lot 21 as recorded in Liber 1, Page 30 of Plats, Wayne County Records; also all of that part of the North 1/2 of vacated Brady Street between the East line of the previously described Lot 33, and the East line of John R. Street as it presently exists; described in order vacating same recorded in Liber 19085, on Page 645, Wayne County Records.
EXCEPTING from Parcels 3, 4, and 5 the following described property:

A parcel of land comprising Lots 26 through 33, part of Lots 26 and 27, all of vacated alley at rear of Lots 31, 32 and 33, part of vacated alley at rear of Lots 27 through 30, and part of vacated alley adjacent to East side of Lot 33, Leland and Mandelbaum's Subdivision of Park Lot 22 and part of Lot 21 (recorded in Liber 1 of Plats, Page 30; together with part of Park Lots 23 and 24 of Plat of Park Lots (recorded in Liber 34 of Deeds, Page 542), City of Detroit, Wayne County, Michigan, said parcel being described as follows:
Beginning at a point on the Northerly line of vacated Brady Street (100 feet wide), distant South 60 degrees 08 minutes 45 seconds West 142.47 feet measured along said Northerly line of vacated Brady Street from its intersection with the Westerly line of Brush Street; thence North 29 degrees 51 minutes 05 seconds West 273.17 feet; thence South 60 degrees 08 minutes 55 seconds West 55.61 feet; thence North 29 degrees 51 minutes 05 seconds West 58.79 feet; thence South 60 degrees 08 minutes 55 seconds West 15.39 feet to a point on the Easterly building line of the existing Hudson Building; thence along said line, South 29 degrees 51 minutes 05 seconds East 1.01 feet to the Southerly building line of said Hudson Building which building line is 21.00 feet North of the Southerly line of the existing porch of said Hudson Building; thence along said building line and its extension Westerly South 60 degrees 08 minutes 55 seconds West 49.62 feet; thence South 29 degrees 51 minutes 07 seconds East 220.43 feet; thence South 60 degrees 08 minutes 55 seconds West 96.42 feet; thence South 29 degrees 51 minutes 05 seconds East 75.00 feet; thence South 60 degrees 08 minutes 55 seconds West 27.00 feet; thence South 29 degrees 51 minutes 05 seconds East 27.70 feet to a point on the North line of said vacated Brady Street; thence along said line, North 60 degrees 08 minutes 45 seconds East 242.00 feet to the point of beginning.

EXHIBIT A (Cont.)

025101.865

PARCEL 6:
Part of Block 17 of Brush's Subdivision of that part of the Brush Farm lying between the South line of Farnsworth Street and the South line of Alexandrine Avenue, according to the Plat thereof recorded in Liber 17 of Plats, Page 29; and being also a part of Lumsden's Subdivision of Park Lot 27, according to the Plat thereof recorded in Liber 3 of Plats, Page 84, said land described as follows:
Beginning at a point where the centerline of vacated Alexandrine Avenue intersects the Westerly line of Brush Street as widened, thence North 26 degrees 09 minutes 00 seconds West, a distance of 203.65 feet to a point; thence South 57 degrees 42 minutes 30 seconds West, a distance of 282.00 feet to a point; thence South 26 degrees 09 minutes 00 seconds East, a distance of 142.98 feet to a point located on the Northerly line of vacated Alexandrine Avenue, thence South 60 degrees 05 minutes 30 seconds West along said line, a distance of 235.7 feet to a point where the Northerly line of vacated Alexandrine Avenue intersects the Easterly line of John R. Street as widened, thence in a Southerly direction along said Easterly line of John R. Street, a distance of 50.10 feet to a point where the Easterly line of John R. Street as widened intersects the centerline of vacated Alexandrine Avenue, thence North 60 degrees 05 minutes 30 seconds East along said centerline of vacated Alexandrine Avenue, a distance of 516.95.

PARCEL 7:
All of Lots 18, 19 and 22 of Medical Center Urban Renewal Plat No. 2, part of Park Lots 25 to 30 inclusive, and part of Private Claims 1 and 2 and 5, City of Detroit, Wayne County, Michigan, as recorded in Liber 90 of Plats, Pages 89, 90 and 91, Wayne County Records, and the Southerly 161.43 feet of the East 367.30 feet of Plat of Park Lot 28, as recorded in Liber 4 of Deeds, Page 542, Wayne County Records, and East 37 feet front and East 46 feet rear of Lot 1, all of Lot 2, West 43 feet front and West 33.50 feet rear of Lot 3, West 37.65 feet front and West 47.35 feet rear of Lot 8, all of Lot 9 and East 40.85 feet front and East 31.63 feet rear of Lot 10 of Brush's Subdivision of the part of Brush Farm lying between the South line of Farnsworth Street and South line of Alexandrine Avenue, City of Detroit, Wayne County, Michigan, as recorded in Liber 17 of Plats, Page 29, Wayne County Records, and all of Lots 1 through 10 inclusive, of Plat of Lumsden's Subdivision, of Park Lot 27, Town 2 South, Range 12 East, City of Detroit, Wayne County, Michigan, as recorded in Liber 3 of Plats, Page 84, Wayne County Records, including all of vacated Willis Avenue and the North 1/2 of vacated Alexandrine Avenue, lying between the Easterly line of John R. Street, and the Westerly line of Brush Street and also including all of vacated public alleys adjacent to said Lots and embraced in the following described parcel of land:
Beginning at the Northwestern corner of Lot 19 of said Medical Center Urban Renewal Plat No. 2; thence along the Southerly line of Canfield Avenue, 60 feet wide; North 59 degrees 50 minutes 30 seconds East 405.80 feet; thence along the Easterly line of Lots 18 and 19 of said Medical Center Urban Renewal Plat No. 2; South 26 degrees 09 minutes 00 seconds East 343.81 feet; thence along the Northerly line of vacated Willis Avenue, North 59 degrees 50 minutes 30 seconds East 92.34 feet; thence along the Westerly line of Brush Street 187.35 feet wide, South 26 degrees 09 minutes 00 seconds East 479.36 feet; thence along the centerline of vacated Alexandrine Avenue, South 60 degrees 05 minutes 30 seconds West 515.98 feet; thence along the Easterly line of John R. Street, 64 feet wide, North 20 degrees 53 minutes 10 seconds West 204.37 feet and North 26 degrees 24 minutes 30 seconds West 616.39 feet to the point of beginning.

PARCEL 8:
The Easterly 75 feet of the Westerly 396 feet of the Southerly 161.43 feet of Park Lot 28 and the Easterly 50 feet of the Westerly 521 feet of the Northerly 152 feet of Park Lot 28, part of plat of Park Lots in the City of Detroit, Wayne County, Michigan, as recorded in Liber 34 of Deeds, Page 542, Wayne County Records.

EXHIBIT A. (Cont.)

025101.863

Land in the City of Detroit, County of Wayne, State of Michigan, described as:

A parcel of land comprising Lots 28 through 33, part of Lots 26 and 27, all of vacated alley at rear of Lots 31, 32 and 33, part of vacated alley at rear of Lots 27 through 30, and part of vacated alley adjacent to East side of Lot 33, Leland and Mandelbaum's Subdivision of Park Lot 22 and part of Lot 21 (recorded in Liber 1 of Plats, Page 30), together with part of Park Lots 23 and 24 of Plat of Park Lots (recorded in Liber 34 of Deeds, Page 542), City of Detroit, Wayne County, Michigan, said parcel being described as follows:

Beginning at a point on the Northernly line of vacated Brady Street (60.00 feet wide), distant South 60 degrees 06 minutes 45 seconds West 142.67 feet measured along said Northernly line of vacated Brady Street from its intersection with the Westerly line of South Street; thence North 29 degrees 51 minutes 05 seconds West 273.17 feet; thence South 60 degrees 08 minutes 55 seconds West 55.61 feet; thence North 29 degrees 51 minutes 05 seconds West 58.79 feet; thence South 60 degrees 08 minutes 55 seconds West 13.35 feet to a point on the Easterly building line of the existing Hudson Building; thence along said line, South 29 degrees 51 minutes 05 seconds East 1.01 feet to the Southerly building line of said Hudson Building, which building line is 31.00 feet North of the Southerly line of the existing porch of said Hudson Building; thence along said building line and its extension Westerly, South 60 degrees 08 minutes 55 seconds West 49.62 feet; thence South 29 degrees 51 minutes 05 seconds East 228.40 feet; thence South 60 degrees 08 minutes 55 seconds West 36.42 feet; thence South 29 degrees 51 minutes 05 seconds East 75.00 feet; thence South 60 degrees 08 minutes 55 seconds West 37.00 feet; thence South 29 degrees 51 minutes 05 seconds East 27.70 feet to a point on the North line of said vacated Brady Street; thence along said line, North 60 degrees 04 minutes 45 seconds East 242.00 feet to the point of beginning, together with an easement for ingress and egress over that part of the North 1/2 of Brady Street, 50 feet wide, East of John R Street, as platted in Leland and Mandelbaum's Subdivision of Park Lot 22 and part of 21, City of Detroit, Wayne County, Michigan, as recorded in Liber 1, Page 30 of Plats, Wayne County Records, lying South of and adjoining the Southerly line of Lots 22 and 23, both inclusive and that part of the Northernly 30 feet of the Westerly 514.63 feet of Lot 6 of Medical Center Urban Renewal Plat No. 1, as recorded in Liber 88, Page 74 of Plats, Wayne County Records, lying Westerly of the East line of Lot 33, Leland and Mandelbaum's Subdivision, as described above, extended Southerly to the South line of vacated Brady Street.

Lot 9, Medical Center Urban Renewal Plat #1, as recorded in Liber 88, Page 74, Wayne County Records.

Real estate situated in the City of Oak Park, Oakland County, Michigan, to wit:

Part of the Southwest 1/4 of the Southwest 1/4 of Section 32, Town 1 North, Range 11 East, Oak Park; beginning at a point which point is distant North 2 degrees 18 minutes 30 seconds West 345.02 feet from the Southwest corner of said Section 32; thence from said point of beginning North 2 degrees 18 minutes 30 seconds West 739.09 feet to a point; thence due East 466.61 feet to a point; thence South 1 degree 30 minutes 30 seconds East 218.69 feet; thence South 89 degrees 37 minutes 37 seconds West 229.49 feet; thence South 2 degrees 18 minutes 30 seconds East 19.93 feet; thence South 89 degrees 37 minutes 37 seconds West 235.05 feet to point of beginning, except the West 60 feet of subject property lying in Coolidge Highway, subject to easements and restrictions of record.

APR 29 1999

(4)

9944808 MAY 05 1999

Liberty-20193 Page-8993 V
 99272922 4/22/1999 04:47PM
 F.E. Youngblood, Wayne Co. Register of Deeds

QUIT CLAIM DEED

The Grantors, Detroit Symphony Orchestra Hall, a Michigan non-profit corporation and The Detroit Medical Center, a Michigan non-profit corporation, as tenants in common,
 whose address is c/o 3711 Woodward Avenue, Detroit, Michigan 48201.
 quit claims to Orchestra Place Renews Partnership, a Michigan non-profit corporation,
 whose address is c/o 3711 Woodward Avenue, Detroit, Michigan 48201

the premises situated in the City of Detroit, County of Wayne, State of Michigan described on the attached Exhibit A, together with all tenements, hereditaments, improvements and appurtenances if any, belonging or in anywise appertaining thereto, for the consideration of \$1.00, the receipt and adequacy of which is hereby acknowledged. The conveyance of the premises pursuant to this Deed shall not create a merger of any leasehold or fee interest in the premises notwithstanding any leasehold interest held by either of the Grantors. This Deed is exempt from transfer taxes by virtue of M.C.L.A. Sections 207.526 (a) and M.C.L.A. Section 207.505 (a).

Dated March 25, 1999.

IN THE PRESENCE OF

GRANTORS

Detroit Symphony Orchestra Hall, a Michigan non-profit corporation

By Peter D. Cummingsfor Liberty-20193

The Detroit Medical Center, a Michigan non-profit corporation

By David B. Coatsfor President and CEO

Laurie B. Stewart
 print name Laurie B Stewart
Sandra K. Holland
 print name Sandra K Holland

Donna Wleske
 print name Donna Wleske
Peggy A. Groves
 print name Peggy A Groves

A Feb 18 4 2 9 17 5 4 1

Liber-30192

Page-8994.0

State of Michigan

County of Wayne

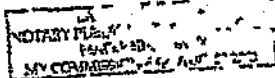
The foregoing instrument was acknowledged before me this 25 day of March, 1998, by 1171 1st Avenue the President of Detroit Symphony Orchestra Hall, a Michigan non-profit corporation, on behalf of said corporation.

AMY J. BART
Notary Public, Wayne County, MI Notary Public, Wayne County Michigan
My Commission Expires Jan. 7, 2003 My Commission Expires 1-7-03

State of Michigan

County of Macomb

The foregoing instrument was acknowledged before me this 24 day of Feb, 1998, by David B. Galt the President of The Detroit Medical Center, a Michigan non-profit corporation, on behalf of said corporation, and CEO



Laura A. Melcher
Notary Public, Macomb County, Michigan
My Commission Expires 8-23-2001

Drafted by and When
recorded return to:

Send subsequent
Tax Bills To

Mark D. Rubenstein, Esquire
Jaffe, Rait, Heuer & Weiss
Professional Corporation
One Woodward Avenue, Suite 2400
Detroit, Michigan 48226

Grantee

0576123 01

Branch LMP, User :LT01

Comment:

Liber-30193 Page-8945.0

EXHIBIT A

LEGAL DESCRIPTION

PARCEL 5 - LOTS 1 THROUGH 15, INCLUSIVE AND LOTS 18 AND 19, OF "BAGG'S SUBDIVISION", ACCORDING TO THE PLAT THEREOF, AS RECORDED IN LIBER 1 P 192 OF PLATS, WAYNE COUNTY RECORDS

THE ABOVE BEING DESCRIBED AS 3 SEPARATE PERIMETER DESCRIPTIONS BASED UPON A FIELD SURVEY (ARBITRARY BEARING BASIS) PERFORMED BY SPALDING, DEDECKER & ASSOCIATES.

PARCEL 5A - LOTS 1 THROUGH 4, INCLUSIVE, OF SAID "BAGG'S SUBDIVISION", BEGINNING AT THE NORTHEAST CORNER OF LOT 4, THENCE S03°23'57"W 183.44' [183.19(R)] TO THE SOUTHEAST CORNER OF LOT 1, THENCE S89°52'40"W 214.79' [214.70(R)] TO THE SOUTHWEST CORNER OF LOT 1, THENCE N00°08'30"W 183.15' [182.85(R)] TO THE NORTHWEST CORNER OF LOT 4, THENCE N89°53'33"E 226.08' [225.00(R)] TO THE POINT OF BEGINNING, CONTAINING 0.9266 ACRES OF LAND

PARCEL 5B - LOTS 5 THROUGH 16, INCLUSIVE, OF SAID "BAGG'S SUBDIVISION", BEGINNING AT THE NORTHEAST CORNER OF LOT 5, THENCE S00°08'30"E 170.31' [170.00(R)] TO THE SOUTHEAST CORNER OF LOT 5, THENCE S89°52'40"W 351.02' [350.00(R)] TO THE SOUTHWEST CORNER OF LOT 16, THENCE N00°05'47"W 178.40' [170.00(R)] TO THE NORTHWEST CORNER OF LOT 16, THENCE N89°53'33"E 350.69' [350.00(R)] TO THE POINT OF BEGINNING, CONTAINING 1.4116 ACRES OF LAND.

PARCEL 5C - LOTS 18 AND 19 OF SAID "BAGG'S SUBDIVISION", BEGINNING AT THE NORTHWEST CORNER OF LOT 18, THENCE N89°53'33"E 183.05' [185.00(R)] TO THE NORTHEAST CORNER OF LOT 18, THENCE S00°08'34"E 50.50' TO THE SOUTHEAST CORNER OF LOT 19, THENCE S89°53'33"W 197.03' [197.02(R)] TO THE SOUTHWEST CORNER OF LOT 19, THENCE N00°05'16"E 50.67' [50.55(R)] TO THE POINT OF BEGINNING, CONTAINING 0.3957 ACRES OF LAND.

PARCEL 6 - LOTS 1, 2, 3, 7 AND 8 OF "SUBDIVISION OF PARK LOT 66 BY R. P. TOMS AND HENRY RUSSELL TRUSTEES OF THE ESTATE OF SARAH DAVENPORT" ACCORDING TO THE PLAT THEREOF, AS RECORDED IN LIBER 5, PAGE 44 OF PLATS, WAYNE COUNTY RECORDS.

THE ABOVE BEING DESCRIBED AS 2 SEPARATE PERIMETER DESCRIPTIONS BASED UPON A FIELD SURVEY (ARBITRARY BEARING BASIS) PERFORMED BY SPALDING, DEDECKER & ASSOCIATES.

PARCEL 6A - LOTS 1, 2 AND 3 OF SAID "TOMS AND RUSSELLS SUBDIVISION", BEGINNING AT THE SOUTHEAST CORNER OF LOT 3, THENCE S89°52'40"W 190.40' [190.00(R)] TO THE SOUTHWEST CORNER OF LOT 3, THENCE N00°05'28"W 182.89' TO THE NORTHWEST CORNER OF LOT 1, THENCE N89°52'40"E 201.55' [201.50(R)] TO THE NORTHEAST CORNER OF LOT 1, THENCE S03°23'57"W 183.21' [183.19(R)] TO THE POINT OF BEGINNING, CONTAINING 0.5227 ACRES OF LAND.

PARCEL 6B - LOTS 7 AND 8 OF SAID "TOMS AND RUSSELLS SUBDIVISION", BEGINNING AT THE SOUTHEAST CORNER OF SAID LOT 7, THENCE S89°52'40"W 180.08' [100.00(R)] TO

Printed on 2/23/2010 2:25:14 PM

Page 2 of 4

WAYNE MI

THE SOUTHWEST CORNER OF LOT 8, THENCE N00°05'44"W 172.85' TO THE
NORTHWEST CORNER OF LOT 8, THENCE N89°52'40"E 100.09' [100.00(F)] TO THE
NORTHEAST CORNER OF LOT 7, THENCE S00°05'32"E 173.85' TO THE POINT OF
BEGINNING, CONTAINING 0.3972 ACRES OF LAND

PARCEL 7 - LOTS 9 AND 10 OF "SUBDIVISION OF PARK LOT 66 BY R. P. TOMS
AND HENRY RUSSELL TRUSTEES OF THE ESTATE OF SARAH
DAVENPORT", ACCORDING TO THE PLAT THEREOF, AS RECORDED
IN LIBER 5, PAGE 44 OF PLATS WAYNE COUNTY RECORDS.

THE ABOVE BEING DESCRIBED AS A PERIMETER DESCRIPTION BASED
UPON A FIELD SURVEY (ARBITRARY BEARING BASIS) PERFORMED BY
SPALDING, DEDECKER & ASSOCIATES AS FOLLOWS. BEGINNING AT THE
SOUTHEAST CORNER OF LOT 9, THENCE S89°52'40"W 100.09' [100.00(F)]
TO THE SOUTHWEST CORNER OF LOT 10, THENCE N00°05'55"W 172.85' TO
THE NORTHWEST CORNER OF LOT 10, THENCE N89°52'40"E 100.09'
[100.00(F)] TO THE NORTHEAST CORNER OF LOT 8, THENCE S00°05'44"E
172.85' TO POINT OF BEGINNING. CONTAINING 0.3972 ACRES OF LAND

A182578.1

Lib-38193

Page-0396.0

400083551 AUG 14 2000
METROPOLITAN

Liber-32109 Page-145
200258091 8/14/2000
F.E. Youngblood, Wayne Co. Register of Deeds
RDHOLKAY

STATE OF
MICHIGAN
WAYNE COUNTY
AUGUST 21, 2000
RECEIPT #16895



REAL ESTATE
TRANSFER TAX
\$ 165.00-00
\$ 125.00-57
STAMP #100263927

COVENANT DEED-CORPORATION

The Seller, The Detroit Medical Center, a Michigan nonprofit corporation, as agent for Harper-Hutzel Hospital, a Michigan nonprofit corporation, whose address is c/o The Detroit Medical Center, Orchestra Place, 3663 Woodward Avenue, Suite 200, Detroit, Michigan 48201, grants, sells, bargains and conveys to the Purchaser, Wayne State University, a Michigan constitutional corporation, whose address is c/o John Davis, Vice President for Fiscal Operations and Treasurer, Wayne State University, 5700 Cass, Suite 4900, Detroit, Michigan 48202, the following described premises in the City of Detroit, Wayne County, Michigan: That certain parcel of real property (the "Land") legally described as shown on Exhibit A, attached hereto and made a part hereof, and all other improvements thereon and appurtenances thereto, and all easements appurtenant to the Land, including but not limited to privileges or rights of way over adjoining premises inuring to the benefit of the Land, or the fee owner thereof, and together with all rights of use, servitudes, licenses, tenements, hereditaments and appurtenances now or hereafter belonging to the Land (collectively, the "Property"), for the consideration of \$150,000.00 ("Purchase Price"), subject to building and use restrictions, easements of record, and the title exceptions referenced in Exhibit B, attached hereto and made a part hereof. Seller covenants, promises and agrees that it has not done anything whereby the Property is or may be in any manner encumbered or charged, except as hereinabove recited, and Seller hereby covenants to Purchaser and binds itself, and its successors and assigns, to warrant and forever defend all and singular the Property unto Purchaser, its successors and assigns, against all persons claiming by, through or under Seller;

Subject, however, to the following perpetual rights hereby reserved unto Seller, its successors and assigns (including purchasers), and unto The Detroit Medical Center, a Michigan nonprofit corporation (the "DMC"), its successors and assigns (including purchasers), for the benefit of all the real property located adjoining or adjacent to the Land, which adjacent or adjoining property is more particularly described in Exhibit C, attached hereto and made a part hereof ("Benefitted Property"):

- A. **Use.** The Property and any improvements located thereon shall be used in perpetuity only for medical education (including operation of a pharmacy school), medical research, or post-secondary education. In addition, no patient care services (except patient care services directly related to medical education and/or medical research) shall be provided in or on the Property without Seller's and DMC's prior written consent. Should Purchaser violate the foregoing restrictions, Seller's and DMC's remedies shall include (i) injunctive relief, (ii) any other legal or equitable remedy, and/or (iii) the right to purchase the Property and all improvements thereon on the terms provided in Paragraph D. below and at the price ("Repurchase Price") which is the lesser of (a) the Purchase Price plus the then-unamortized construction cost of the improvements on the Property, amortized over a 30-year life on a straight-line basis, and (b) the then-fair market value of the Property and the improvements. Closing shall proceed as described in Paragraph D. below.

- B. **Right of First Refusal.** If Purchaser receives an offer from an unrelated third party to purchase the

cm 819584

1

REV 1290.00

RED 304R 8 PGS smt

\$1,250.00 STATE TRANSFER TAX
Receipt #20821

RECORDED
FOREST E. YOUNGBLOOD, REGISTER OF DEEDS
WAYNE COUNTY, MI

\$30.00 MORTGAGE

\$4.00 RECONSTITUTION

Libary-32157 Page-330
200287783 8/28/2000
F.E. Youngblood, Wayne Co. Register of Deeds
ADVALGAS



REAL ESTATE
TRANSFER TAX
\$ 155.88-00
\$ 1125.00-51
STAMP #103254224

COVENANT DEED-CORPORATION

The Seller, The Detroit Medical Center, a Michigan nonprofit corporation, as agent for Harper-Hotzel Hospital, a Michigan nonprofit corporation, whose address is c/o The Detroit Medical Center, Orchestra Place, 3653 Woodward Avenue, Suite 200, Detroit, Michigan 48201, grants, sells, bargains and conveys to the Purchaser, Wayne State University, a Michigan constitutional corporation, whose address is c/o John Davis, Vice President for Fiscal Operations and Treasurer, Wayne State University, 5700 Cass, Suite 4900, Detroit, Michigan 48202, the following described premises in the City of Detroit, Wayne County, Michigan: That certain parcel of real property (the "Land") legally described as shown on Exhibit A, attached hereto and made a part hereof, and all other improvements thereon and appurtenances thereto, and all easements appurtenant to the Land, including but not limited to privileges or rights of way over adjoining premises inuring to the benefit of the Land, or the fee owner thereof, and together with all rights of use, servitudes, licenses, tenements, hereditaments and appurtenances now or hereafter belonging to the Land (collectively, the "Property"), for the consideration of \$150,000.00 ("Purchase Price"), subject to building and use restrictions, easements of record, and the title exceptions referenced in Exhibit B, attached hereto and made a part hereof. Seller covenants, promises and agrees that it has not done anything whereby the Property is or may be in any manner encumbered or charged, except as hereinabove recited, and Seller hereby covenants to Purchaser and binds itself, and its successors and assigns, to warrant and forever defend all and singular the Property unto Purchaser, its successors and assigns, against all persons claiming by, through or under Seller;

Subject, however, to the following perpetual rights hereby reserved unto Seller, its successors and assigns (including purchasers), and unto The Detroit Medical Center, a Michigan nonprofit corporation (the "DMC"), its successors and assigns (including purchasers), for the benefit of all the real property located adjoining or adjacent to the Land, which adjacent or adjoining property is more particularly described in Exhibit C, attached hereto and made a part hereof ("Benefitted Property"):

- A. Use. The Property and any improvements located thereon shall be used in perpetuity only for medical education (including operation of a pharmacy school), medical research, or post-secondary education. In addition, no patient care services (except patient care services directly related to medical education and/or medical research) shall be provided in or on the Property without Seller's and DMC's prior written consent. Should Purchaser violate the foregoing restrictions, Seller's and DMC's remedies shall include (i) injunctive relief, (ii) any other legal or equitable remedy, and/or (iii) the right to purchase the Property and all improvements thereon on the terms provided in Paragraph D. below and at the price ("Repurchase Price") which is the lesser of (a) the Purchase Price plus the then-unamortized construction cost of the improvements on the Property, amortized over a 30-year life on a straight-line basis, and (b) the then-fair market value of the Property and the improvements. Closing shall proceed as described in Paragraph D. below.

- B. Right of First Refusal. If Purchaser receives an offer from an unrelated third party to purchase the

cm319534

#01006507 JAN 18 2001
METROLiber-33084 Page-457
201038533 1/18/2001
Bernard J. Youngblood, Wayne Co. Register of Deeds

QUITCLAIM DEED

The Grantor, The Detroit Medical Center, a Michigan nonprofit corporation, as agent for Harper-Hutzel Hospital, a Michigan nonprofit corporation, whose address is c/o The Detroit Medical Center, Orchestra Place, 3663 Woodward Avenue, Suite 200, Detroit, Michigan 48201, QUITCLAIMS to the Grantee, Wayne State University, a Michigan constitutional corporation, whose address is c/o Vice President for Fiscal Operations and Treasurer, Wayne State University, 5700 Casa, Suite 4900, Detroit, Michigan 48202, the real property in the City of Detroit, Wayne County, Michigan legally described on Exhibit A.

The consideration for this conveyance is less than \$100 and this conveyance is therefore exempt from real estate transfer tax pursuant to MCLA 207.505(a) and MCLA 207.526(a).

Dated: Nov 8, 2000

Witnesses:

Signed by Grantor:

The Detroit Medical Center, a Michigan nonprofit corporation, as agent for Harper-Hutzel Hospital, a Michigan non-profit corporation

Sign Name: John D. Speers Jr.
Print Name*: JOHN D. SPEERS JR.

Sign Name: John D. Speers Jr.
Print Name*: JOHN D. SPEERS JR.
Print Title*: EVP / COO

Sign Name: Ricka Hardy
Print Name*: RICKA HARDY

ACKNOWLEDGMENT

Acknowledged before me in Wayne County, Michigan on November 8, 2000 by Julius D. Speers Jr., the EVP / COO of The Detroit Medical Center, a Michigan nonprofit corporation, as agent for Harper-Hutzel Hospital, a Michigan nonprofit corporation.

Signed: Elizabeth A. Baerlein
Print Name*: Elizabeth A. Baerlein
Notary Public, Wayne County, Michigan
My commission expires 11-14-00.

*Type or Print in Black Ink Only

011319534

1

REC'D 154K 3P65 AP

No Rev

METROPOLITAN

01006498 JAN 18 2001

Liber-33087 Page-456

201038665 1/18/2001

Bernard J. Youngblood, Wayne Co. Register of Deeds

QUITCLAIM DEED

The Grantor, The Detroit Medical Center, a Michigan nonprofit corporation, as agent for Harper-Hutzel Hospital, a Michigan nonprofit corporation, whose address is c/o The Detroit Medical Center, Orchestra Place, 3663 Woodward Avenue, Suite 200, Detroit, Michigan 48201, QUITCLAIMS to the Grantee, Wayne State University, a Michigan constitutional corporation, whose address is c/o Vice President for Fiscal Operations and Treasurer, Wayne State University, 5700 Cass, Suite 4900, Detroit, Michigan 48202, the real property in the City of Detroit, Wayne County, Michigan legally described on Exhibit A.

The consideration for this conveyance is less than \$100 and this conveyance is therefore exempt from real estate transfer tax pursuant to MCLA 207.505(a) and MCLA 207.526(a).

Dated: Nov 8, 2000

Witnesses:

Signed by Grantor:

The Detroit Medical Center, a Michigan nonprofit corporation, as agent for Harper-Hutzel Hospital, a Michigan nonprofit corporation

Sign Name: Julius D. Spears Jr.
Print Name*: Julius D. Spears Jr.

Sign Name: John D. Spears Jr.
Print Name*: John D. Spears Jr.
Print Title*: EVP / COO

Sign Name: Rick A. Hardy
Print Name*: RICK A. HARDY

ACKNOWLEDGMENT

Acknowledged before me in Wayne County, Michigan on November 8, 2000 by Julius D. Spears Jr. the EVP / COO of The Detroit Medical Center, a Michigan nonprofit corporation, as agent for Harper-Hutzel Hospital, a Michigan nonprofit corporation.

Signed: Elizabeth A. Baerlein
Print Name*: Elizabeth A. Baerlein
Notary Public, Wayne County, Michigan
My commission expires 11-14-00.

CM 319584
*Type or Print in Black Ink Only

MO 10 27 235 MAR 09 2001

Liber-33338 Page-548
B01097420 3/09/2001

Bernard J. Youngblood, Wayne Co. Register of Deeds

QUIT CLAIM DEED

The City of Detroit, a Michigan public body corporate, whose address is 2 Woodward, Detroit, MI 48226, quit claims to Orchestra Place Renewal Partnership, a Michigan Non-Profit Corporation whose address is 32270 Telegraph Rd., Suite 200, Bingham Farms, MI 48025, the premises located in the City of Detroit, Wayne County, Michigan, described as:

(See Attached Legal)

AKA 131 Parsons
Ward 02 Item 2088

"Property", for the sum of Two Thousand Seven Hundred and 00/100 Dollars (\$2,700.00) subject to and reserving to the City of Detroit its rights under public easements and rights of way, easements of record, applicable zoning ordinances, development plans pursuant to Act 344 of 1945 as amended (if any), and restrictions of record.

This deed is dated as of

01/18/2001

WITNESSES:

Williamina Sumner
PRINT: Williamina Sumner
Jennifer Davis
PRINT: Jennifer Davis

GRANTOR: CITY OF DETROIT, a Michigan public body corporate

By: J. Edward Herman
PRINT: J. Edward Herman
Title: Finance Director

STATE OF MICHIGAN

COUNTY OF WAYNE)

The foregoing instrument was acknowledged before me on December 6, 2000, by J. Edward Herman, the Finance Director of the City of Detroit, a Michigan public body corporate, on behalf of the City.

Williamina Sumner
PRINT: Williamina Sumner
Notary Public, Wayne County, Michigan
My commission expires: October 9, 2005

Pursuant to § 8-5-12 of the Detroit City Code, I hereby certify that proper and fair consideration has been received by the City pursuant to this instrument:

Approved by City Council 10 / 18 / 00
Detroit Legal News 10 / 23 / 00, Pg. 7

Approved as to form and execution:

T. A. Beckwith
S.A. Corporation Counsel

This instrument Drafted by:
Property Section

City of Detroit Law Department
1650 First National Building
Detroit, Michigan 48226

When recorded, return to GRANTEE

To: STEFAN A. BARONSKY Esq.
Suite 200
100 Blomfield Hills Parkway
Blomfield Hills, MI 48304

Exempt from transfer taxes pursuant to MCL § 207.505(4) (i) and MCL § 207.526(1) (i)

R 000 12:4R 2PGS S ECA MG

Factfile Corp.

50088-00

Liben-33338

Page-549

Exhibit A

Land in the City of Detroit, County of Wayne and State of Michigan being the East 31 feet of Lots 19 and 18; "Bagg's Subdivision" of Park Lot No. 65, Rec'd L. 1, P. 192 Plats, W.C.R.

DESCRIPTION CORRECT
ENGINEER OF SURVEYS

BY *Rich. O. W. Edm.*

METCO SERVICES, INC.

A/R/A 131 Parsons
Ward 02 Item 2089

WAVNR MT

Page 2 of 2

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60071390 MAY 08 2006

 Li-44636 Pa-156
 206258873 5/05/2006 09:00AM
 Bernard J. Youngblood
 Wayne Co. Register of Deeds

\$24.00

DEEDS 9:55AM

04/26/06

 PA. 327 OF 1968
 AFFIDAVIT FILED

 WARRANTY DEED
 0404434

KNOW ALL PERSONS BY THESE PRESENTS: That HARPER-HUTZEL HOSPITAL, a Michigan non-profit corporation, whose address is 3990 John R., Detroit, Michigan 48201 ("Grantor") hereby conveys and warrants to BARBARA ANN KARMANOS CANCER HOSPITAL, a Michigan non-profit corporation, whose address is 4100 John R., Detroit, Michigan 48201 ("Grantee"), the following described real property situated in the City of Detroit, County of Wayne and State of Michigan, to wit:

Unit 2 of WEBBER NORTH, HUDSON-WEBBER CONDOMINIUM, a Condominium according to the Master Deed recorded in Liber 43920, Pages 59 through 344, both inclusive, Wayne County Records, and described as Wayne County Condominium Subdivision Plan No. 891, and any amendments thereto, together with an undivided interest in the common elements of said condominium as set forth in said Master Deed and as described in Act 59 of the Public Acts of Michigan of 1978, as amended.

Tax Parcel Number: Ward 1 Items 1028-41, 3877-8 and 1042 (part of all).

Together with all and singular tenements, hereditaments and appurtenances, thereto belonging or in anywise appertaining for the sum of \$1.00 (Real Estate Transfer Valuation Affidavit filed) and other good and valuable consideration; subject to exceptions set forth on the attached Exhibit A.

The Real Property shall be used only for Cancer Hospital Operations and Programs. The term "Cancer Hospital Operations and Programs" shall have the meaning ascribed to it in that certain Agreement Regarding Operations, Property Use, Use of Name and Option To Reacquire Facilities dated November 30, 2005, as amended and as recorded in the records of the Wayne County Register of Deeds (the "Property Use Agreement") on December 14, 2005 in Liber 43756 at Page 37, Wayne County Records. The foregoing restrictive covenant shall run with the Real Property and each and every part thereof and shall bind the successors and assigns of Grantee. Anything in this Warranty Deed to the contrary notwithstanding, the foregoing restrictive covenant is subject to the terms, conditions, restrictions and limitations described in the Property Use Agreement, including the rights thereunder of The Detroit Medical Center to amend, modify or terminate such covenant and restriction.

The Grantor grants to the Grantee the right to make no division(s) under Section 108 of the Land Division Act, Act No. 288 of the Public Acts of 1967. This property may be located within the vicinity of farmland or a farm operation. Generally accepted agricultural and management practices which may generate noise, dust, odors, and other associated conditions may be used and are protected by the Michigan Right to Farm Act.

Dated this 17th day of March, 2006.

This is to certify that there are no tax liens or taxes on this property and that taxes are paid for FIVE YEARS previous to date of this instrument.

HUTZEL-HARPER HOSPITAL,
a Michigan non-profit corporation

By:

Michael P. Lacusta, Executive Vice President

APR 26 2006

No. 8493

Clerk

Treasurer, City of Detroit

04-27-2006 11:16:53

DEED'S

0.00

WD 15 61303 S

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Page 1 of 4

WAYNE MI

LI-44636

Pd-157

STATE OF MICHIGAN

)

ss.

COUNTY OF WAYNE

)

The foregoing instrument was acknowledged before me this 17th day of March, 2006, by Michael P. Lacusta, the Executive Vice President of HUTZEL-HARPER HOSPITAL, a Michigan non-profit corporation, on behalf of the corporation.

Carmen Navarrette
 Printed Name: CARMEN NAVARRETTE
 Notary Public, WAYNE County, Michigan
 My Commission Expires: 12-19-06
 Acting in Wayne County

DRAFTED BY AND WHEN RECORDED RETURN TO:

Denise J. Lewis, Esq.
 Honigman Miller Schwartz and Cohn LLC
 2290 First National Building
 660 Woodward Avenue
 Detroit, MI 48226-3506
 313-465-7464

CARMEN NAVARRETTE
 Notary Public, Wayne County, Michigan
 My Commission Expires Dec. 19, 2006
 Acting in Wayne County

This is to certify that there are not tax liens or taxes
 on the property and that taxes are paid for FIVE YEARS
 previous to date of this instrument. 2005
 No. 1593 Date 12-19-06
 Wayne County Treasurer Clerk 12-19-06

When recorded return to:
 LeMont Title Corporation
 500 Griswold Street, Suite #2100
 Detroit, Michigan 48226

LI-44636

Pa-158

EXHIBIT A

EXCEPTIONS

1. Real Property Taxes for the year 2006, and subsequent years, a lien, but not yet due or payable.
2. 50 foot underground easement for public utilities as shown on the recorded plat and as set forth in Resolution recorded in Liber 15843, page 99, Register No. F48302.
3. Terms and conditions of Modified Development Plan for the Medical Center Rehabilitation Project No. 2, Mich. R-52 and subsequent modifications thereto as recorded in Liber 15938, page 784, Register No. F72609, Liber 17210, page 621, Register No. F446324, Liber 18538, page 346, Register No. F920462 and Liber 19157, Page 126, Register No. G19551.
4. Terms and conditions of Decision and Order by the Board of Zoning Appeals as recorded in Liber 28303, page 42.
5. Terms and conditions of Resolution recorded in Liber 15514, page 246 and Liber 15843, page 99.
6. Terms and conditions of Declaration of Easements recorded in Liber 22728, page 97.
7. Rights of co-owners of units in Webber North Hudson-Webber Condominium in general common elements and limited common elements and the terms, conditions, regulations, easements restrictions, charges, statutory liens and other matters set forth in the Master Deed recorded in Liber 43930, Pages 59 through 344, both inclusive, and any subsequent amendments thereto, the By-Laws of the Condominium Association, or Act 59 of the Public Acts of 1978, as amended.
8. Terms and Conditions of Facility Maintenance, Access, Easement and Cost Sharing Agreement dated November 30, 2005, recorded December 14, 2005 in Liber 43756, Page 253, Wayne County Records.
9. Terms and conditions of Agreement Regarding Operations, Property Use, Use of Name and Option to Reacquire Facilities dated November 30, 2005, recorded December 14, 2005 in Liber 43756, Page 37, Wayne County Records.
10. Terms and conditions of Memorandum of DMC Right of First Refusal and Consent Agreement dated November 30, 2005, recorded December 14, 2005 in Liber 43756, Page 218, Wayne County Records.
11. Terms and conditions of Property Use Restriction (Webber North, Hudson-Webber Lease), dated November 30, 2005, recorded December 14, 2005 in Liber 43756, Page 190.
12. Interest of Barbara Ann Karmann Cancer Hospital, a Michigan non-profit corporation, Lessee, and terms and conditions of the Lease, as disclosed by Memorandum of Webber North, Hudson-Webber Lease dated November 30, 2005, recorded December 14, 2005 in Liber 43756, Page 516, Wayne County Records (as to Parcels 1 and 2).
13. Terms and conditions of Property Use Restriction (Unit 2) dated November 30, 2005, recorded December 14, 2005 in Liber 43756, Page 160.
14. Terms and conditions of Canfield Access and Loading Dock Easement Agreement dated November 30, 2005, recorded December 14, 2005 in Liber 43756, Page 612, Wayne County Records.
15. Terms and conditions of North Dock Easement Agreement dated November 30, 2005, recorded December 14, 2005 in Liber 43756, Page 622, Wayne County Records.

4-6486-1013

Bernard J. Youngblood
Wayne County Register of Deeds
July 17, 2007 09:24 AM
Liber 46486 Page 1013-1014
\$26725015 GCD FEE: \$10.00
INDEXED 07/17/2007 10:05 AM

QUIT CLAIM DEED
0308593-LSB

Subject to the following paragraph, the City of Detroit, a Michigan public body corporate whose address is 2 Woodward Avenue, Detroit, MI 48226 ("Grantor"), quit claims to Wayne State University, a Michigan Constitutional Corporation, ("Grantee") whose address is 6700 Cass Avenue, Suite 4900, Detroit, MI 48202, the premises located in the City of Detroit, Wayne County, Michigan, described as:

(See Attached Exhibit A)

Parcel 424; generally bounded by Hancock, Brush, Canfield, & St. Antoine.

(the "Property"), for the sum of Seven Hundred Forty Thousand and 00/100 Dollars (\$ 740,000.00), subject to and reserving to the City of Detroit its rights under public easements and rights of way, easements of record, applicable zoning ordinances, development plans pursuant to Act 344 of 1946 as amended (if any), and restrictions of record.

This Deed is given subject to the terms, covenants and conditions of an Agreement to Purchase and Develop Land dated 08/23, 2007 entered into by the parties hereto. The covenants therein recited to be covenants running with the land are hereby declared to be covenants running with the land enforceable by the City as therein set forth. If the Property is rented for residential occupancy, the Property must be registered as a rental property pursuant to Ordinance 579-H (Detroit City Code § 28-5-42.5).

The following language is included pursuant to MCL Sections 550.109(3) and 550.109(4), added by 1996 PA 591, and applies only if the property is not platted: "The Grantor grants to the Grantee the right to make all divisions under Section 103 of the land division act, Act No. 288 of the Public Acts of 1957, as amended. This property may be located within the vicinity of farmland or a farm operation. Generally accepted agricultural and management practices which may generate noise, dust, odors, and other associated conditions may be used and are protected by the Michigan right to farm act."

This deed is dated as of June 28, 2007.

LAMONT TITLE CORPORATION

WITNESSES
Edward J. Lowe
Print: Edward J. Lowe
Print: Edward J. Lowe
Print: Edward J. Lowe

STATE OF MICHIGAN }
COUNTY OF WAYNE }

CITY OF DETROIT, a Michigan public body corporate

By: [Signature]
Print: Debra J. Duggs
Its: Director

The foregoing instrument was acknowledged before me on June 29, 2007, by Debra J. Duggs, the Director of the City of Detroit, a Michigan public body corporate, on behalf of the City.

DIANA L. TYUS
Notary Public, State of Michigan
County of Wayne
My Commission Expires Jun. 10, 2010
Acting in the County of Wayne

Print: Debra J. Duggs
Notary Public, Wayne County, Michigan
My commission expires: 6/10/10

Pursuant to § 18-6-12 of the Detroit City Code, I hereby certify that proper and fair consideration has been received by the City pursuant to this instrument.

Approved by City Council on 06/28/2007
Detroit Legal News, _____, on file in my office.

[Signature]
Budget-Finance Director

Approved by the City Law Department pursuant to Sec. 6-406 of the Charter of the City of Detroit.

[Signature]
City Corporation Counsel

see attached Exhibit B
City Clerk

This instrument drafted by:
Chidi Nyeche
Planning & Development Department
85 Cadillac Square, Suite 2000
Detroit, MI 48226

When recorded, return to:
Wayne State University
Office of the Vice President
Finance and Facilities Management
6700 Cass Ave., Suite 4900, Detroit, MI 48202

Exempt from transfer taxes pursuant to MCL § 207.595(h)(i) and MCL § 207.528(h)(i).

L 46486 - P 1014

EXHIBIT A

Land in the City of Detroit, County of Wayne and State of Michigan being Lots 6 and 7 together with the reversionary rights in the North one-half of the adjoining vacated alley, and also Lots 8 and 9 together with the North one-half of the adjoining vacated Garfield Avenue, which is subject to a subsurface easement for public utilities.

(As specified in the City of Detroit Common Council resolution adopted on April 30, 1975, J.C.C. Pages 882 to 884).

And also with the reversionary rights in the South one-half of the adjoining vacated alley, Block 20; in "Brush's Subdivision of that part of the Brush Farm lying between the South Line of Farmworth St. and the South Line of Alexandrine Ave., Detroit, Wayne Co., Mich." Rec'd in Liber 17 Page 29 Flats, W.C.R.

Also, Lots 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32 and 33, together with the reversionary interests in the vacated alleys and the North one-half of vacated Garfield Ave. and the West one-half of vacated Beaubien St. adjoining said Lots, subject to easements of records; in "Tregent's Subdivision of Out Lot 188, North of Fremont St., L. Beaubien Farm". Recorded in Liber 2 Page 10 Plata, W.G.R.

Also, Lot 1, except the North 19.10 feet taken for the opening of Forest Ave., together with the reversionary interest in the West one-half of vacated Beaubien St., subject to easements of record in "C. B. Edwards Subdivision of Out Lot 190, L. Beaubien Farm. Liber 55 Page 242 Deeds, W.C.R.

DESCRIPTION CORRECT
ENGINEER OF SURVEYS

BY John T. Pischke
METCO Services, Inc.

Parcel 424
A/K/A 401, 405, 409, 413, 419, 423, 429, 437, 443, 459 Garfield; 4661, 4699 Ecaubien; 400, 410, 438 & 448 H. Forest
Ward 01 Items 1168-83, 1184, 1185, 1186, 1187, 1188, 1189, 1190, 1191, 1192, 1193.001, 1194, 1195, 1196-210, 3678 & 3679-83



REAL ESTATE
TRANSFER TAX
\$0.00 - 00
\$0.00 - 51
Stamp R 25443

Bernard J. Youngblood
Wayne County Register of Deeds

August 08, 2007 09:37 AM

Liber 46552 Page 183-186

#267326782 AGR FEE: \$24.00



Agreement to Purchase and Develop Land

5508543.LSB

This Agreement to Purchase and Develop Land (the "Agreement") is entered into as of the 24th day of June, 2007, by and between the City of Detroit, a Michigan municipal corporation, by and through its Planning and Development Department, whose address is 2300 Cadillac Tower, Detroit, Michigan 48226 ("City"), and Wayne State University, a Michigan constitutional corporation, whose address is 5700 Cass Avenue, Suite 4900, Detroit, MI 48202 ("WSU").

Recitals:

A. City agreed to sell to WSU and WSU agreed to purchase from City, certain real property generally bounded by Hancock, Brush, Canfield, and St. Antoine, in the City of Detroit, Wayne County, Michigan and specifically described in the attached Exhibit "A" (the "Property").

B. The sale of the Property was conditioned upon the agreement by City and WSU as to certain terms and conditions.

C. By this Agreement, City and WSU intend to set forth in writing their mutual understandings and agreements with regard to the matters set forth below.

Agreements:

Accordingly, City and WSU agree as follows:

1. Condition of the Property. WSU agrees that City is selling the Property and WSU is acquiring the Property in its strict "as is, where is" condition, and "with all faults." Except as expressly provided in this Agreement, City has made no, and WSU expressly waives any, representations, warranties or guarantees, whether oral, written, express or implied to WSU as to the quality, condition (whether environmental or otherwise), merchantability, suitability or fitness of the Property for any purpose or use whatsoever. WSU agrees that by Closing, WSU will have fully investigated the quality, condition and suitability of the Property and will have satisfied itself of the quality, condition and suitability of the Property for WSU's purposes. WSU covenants and agrees that WSU will neither file suit nor name City in any lawsuit arising from any condition, including, without limitation, any environmental condition of the Property, which could have been detected by WSU's inspection of the Property.

2. Medical Center Rehabilitation Project No. 3. WSU acknowledges that the Property is part of and subject to Medical Center Rehabilitation Project No. 3 (the "Plan"), a development plan pursuant to Act 344 of 1945, as amended, prescribing certain land uses, objectives and restrictions. Under the Plan, the Property is designated "park." Such designation is inconsistent with WSU's intended uses of the Property and precludes WSU's proposed development of the Property. The City and WSU will undertake to amend the Plan to allow WSU's institutional use. WSU hereby expressly consents to such an amendment to the Plan. If, within twenty-four (24) calendar months after the date hereof, despite City's and WSU's best efforts, the Plan is not amended such that the Property is designated "institutional" or such other designation as shall allow the Property to be used for WSU's intended purposes, then WSU may, at its option, rescind its purchase and sell the Property back to the City for seven hundred forty thousand dollars (\$740,000.00). WSU may exercise its rights hereunder to sell the Property back to the City only by providing the City with written notice within the twenty-fifth month (25th) but no later than the end of twenty-sixth (26th) month hereafter. The City's repurchase of the Property after receipt of such notice shall be consummated within six (6) months thereafter. All time frames noted in this paragraph may be extended by written mutual agreement of both parties.

3. Helipoint Use and Relocation. WSU agrees to relocate the existing helipoint and to construct the relocated helipoint with substantially the same facilities as are part of the existing helipoint on the date hereof, in compliance with all applicable governmental regulations and access requirements for the safe loading and unloading of patients

LA MONT TITLE CORPORATION

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and passengers. The new relocated heliport will be the same or similar to the already existing heliport. If the DMC and/or the FAA require any improvements or additions including fixtures and/or design changes, the cost of such improvements/changes will be the sole responsibility of the DMC. WSU agrees to consult with The Detroit Medical Center on the relocation of the heliport and to submit to The Detroit Medical Center copies of all documentation submitted to governmental agencies with review and/or approval authority over the heliport at the same time that they are submitted to the governmental agency. Notwithstanding anything else herein to the contrary, The Detroit Medical Center's use of the current heliport shall be preserved until such time as the relocated heliport is fully operational and ready for use.

4. DMC Short-Term Occupancy Agreement. WSU acknowledges that the Property is subject to a certain Short-Term Occupancy Agreement dated February 7, 1997 (the "Occupancy Agreement"), between the City and The Detroit Medical Center ("DMC"), whereby DMC is permitted to use all or a portion of the Property on certain terms and conditions. City hereby assigns to WSU, and WSU accepts from City, all of the City's right, title and interest in and to the Occupancy Agreement, and WSU hereby agrees to assume and undertake all of City's duties and obligations under the Occupancy Agreement. A copy of the Occupancy Agreement is attached to this Agreement as Exhibit "B." Further, to the best of the City's knowledge, there are no current liens or any contracts, other than the Occupancy Agreement, that would bind WSU or that will not be terminable upon notice.

5. DMC Parking. From and after the termination of the Occupancy Agreement, WSU will not charge DMC for the use of the Property for parking and storage per parking space any more than WSU then charges DMC for any other parking spaces. WSU will permit DMC to continue to use the portion of the Property that is subject to the Occupancy Agreement for parking and storage until such time as that portion of the Property is required in connection with the construction for the expansion of the Wayne State University School of Medicine (including the construction of a parking structure, medical research/educational/administrative building(s) and the relocation of the existing heliport and/or creation of additional green space). WSU will give DMC reasonable advance notice of its intended commencement of construction. It is acknowledged that the current Short Term Occupancy Agreement is a month-to-month agreement and may be cancelled by WSU by giving the DMC notice.

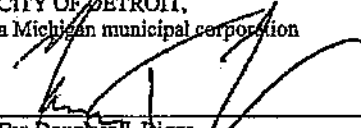
IN WITNESS WHEREOF, WSU and City have each executed this Agreement as of the date first above written.

WAYNE STATE UNIVERSITY,
a Michigan constitutional corporation


By: John L. Davis

Its: Vice President for Finance, Treasurer
and CFO

CITY OF DETROIT,
a Michigan municipal corporation


By: Douglas L. Riggs
Its: Director, Planning & Development
Department

FORM APPROVED
29 JUNE 2004
OFFICE OF THE
GENERAL COUNSEL

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ACKNOWLEDGMENT

STATE OF MICHIGAN)
) SS
COUNTY OF WAYNE)

The foregoing instrument was acknowledged before me this 29th day of June, 2007, by Douglass J. Diggs, the Director of The City of Detroit, Michigan, A Michigan public body corporate, on behalf of the City.

DANIEL L. TYR
Notary Public, State of Michigan
County of Wayne
My Commission Expires Jan. 10, 2010
Acting in the County of Wayne

Daniel L. Tyr
Notary Public, Wayne County, Michigan
My commission expires: 6/10/10

The foregoing instrument was acknowledged before me this 29th day of June, 2007, by John L. Davis, the Vice President of Wayne State University, a Michigan constitutional corporation, on behalf of said corporation.

ALFRED MITCHELL
NOTARY PUBLIC, STATE OF MI
COUNTY OF WAYNE
MY COMMISSION EXPIRES MAR 10, 2011
ADVISED BY CERTIFICATE OF WAYNE

Alfred Mitchell
Notary Public, Wayne County, Michigan
My commission expires: 03/10/2011

DRAFTED BY
MICHAEL DINO VAN
500 BROADVIEW STE 210
Detroit, MI 48226

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Exhibit A

Land in the City of Detroit, County of Wayne and State of Michigan being Lots 6 and 7 together with the reversionary rights in the North one-half of the adjoining vacated alley, and also Lots 8 and 9 together with the North one-half of the adjoining vacated Garfield Avenue, which is subject to a subsurface easement for public utilities.

(As specified in the City of Detroit Common Council resolution adopted on April 30, 1975, J.C.C. Pages 882 to 884).

And also with the reversionary rights in the South one-half of the adjoining vacated alley, Block 20; in "Brush's Subdivision of that part of the Brush Farm lying between the South Line of Farnsworth St. and the South Line of Alexandrine Ave., Detroit, Wayne Co., Mich." Rec'd in Liber 17 Page 29 Plats, W.C.R.

Also, Lots 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32 and 33, together with the reversionary interests in the vacated alleys and the North one-half of vacated Garfield Ave. and the West one-half of vacated Beaubien St. adjoining said Lots, subject to easements of records; in "Tregent's Subdivision of Out Lot 188, North of Fremont St., L. Beaubien Farm". Recorded in Liber 2 Page 10 Plats, W.C.R.

Also, Lot 1, except the North 19.10 feet taken for the opening of Forest Ave., together with the reversionary interest in the West one-half of vacated Beaubien St., subject to easements of record in "C. B. Edwards Subdivision of Out Lot 190, L. Beaubien Farm. Liber 55 Page 242 Deeds, W.C.R.

DESCRIPTION CORRECT
ENGINEER OF SURVEYS

By Daniel P. Law
DANIEL P. LAW
METCO Services, Inc.

Parcel 424

A/K/A 401, 405, 409, 413, 419, 423, 429, 437, 443, 459 Garfield; 4661, 4699 Beaubien; 400, 410, 438 & 448 E. Forest
Ward 01 Items 1168-83, 1184, 1185, 1186, 1187, 1188, 1189, 1190, 1191, 1192, 1193.001, 1194, 1195, 1196-210, 3678 & 3679-83

3900 Beaubien

Bernard J. Youngblood
Wayne County Register of Deeds
June 18, 2008 02:19 PM
Liber 47391 Page 465-466
#208207844 QCD FEE: \$18.00

63/3491-517

QUIT CLAIM DEED

GRANTOR: 3900 Beaubien, LLC, a Michigan limited liability company, whose address is c/o Maddin, Hauser, Wartell, Roth & Heller, P.C., Attn: David E. Hart, Esq., 28400 Northwestern Highway, Third Floor, Southfield, Michigan 48034

QUITCLAIMS TO:

GRANTEE: The Detroit Medical Center, a Michigan non-profit corporation, whose address is 3990 John R, Detroit, Michigan 48201

PROPERTY: Land in the City of Detroit, Wayne County, Michigan, described on Exhibit "A" attached hereto, including any and all rights and equity of redemption Grantor may have in such Property.

CONSIDERATION: For the sum of Ten Dollars (\$10.00).

DATED: May 30, 2008

3900 Beaubien, LLC,
a Michigan limited liability company

By: Radius Real Estate, Inc.,
a Michigan corporation
Its: Sole Member

By: Floyd E. Allen
Floyd E. Allen
Its: Secretary, Director
and Authorized Agent

State of Michigan)
) SS
County of Wayne)

Acknowledged before me this 30th day of May, 2008, by Floyd E. Allen, of Radius Real Estate, Inc., a Michigan corporation, the Sole Member of 3900 Beaubien, LLC, a Michigan limited liability company, on behalf of the company.

BARBARA K. NICHOLLS
Notary Public, State of Michigan
County of Oakland
My Commission Expires Nov. 20, 2011
Acting in the County of Wayne

Barbara K. Nicholls
Notary Public
Oakland County, Michigan
My Commission Expires: 11/20/2011
Acting in Wayne County

Drafted by and when recorded return to:

Send subsequent tax bills to GRANTEE

David E. Hart, Esq.
Maddin, Hauser, Wartell, Roth,
& Heller, P.C.
28400 Northwestern Highway, 3rd Floor
Southfield, MI 48034
(248) 354-4030

County Transfer Tax: Exempt per MCLA §207.505(a)
State Transfer Tax: Exempt per MCLA §207.525(a)

Ward Item No: 03/003491-517

736468.vt

EXHIBIT "A"

Legal Description

Land in the City of Detroit, County of Wayne, State of Michigan, described as follows:

All of Lots 6 and 7 and all that part of Lots 1 through 5 inclusive and 8 to 10 inclusive and part of vacated public alley lying Westerly of vacated St. Antoine Street and Northerly of vacated Leland Street, Block 13 Van Dyke Subdivision of part of the Antoine Beaubien Farm, North of Grove Street, (Plat recorded in Liber 1, Page 294 of Plats, Wayne County Records), including the West 1/2 of vacated St. Antoine 50 feet wide and part of the South 1/2 of vacated Alexandrine Avenue 50 feet wide and the Northerly part of vacated Leland Street 50 feet wide all in the City of Detroit, Wayne County, Michigan, described as: Beginning at the intersection of the center line of vacated Alexandrine Avenue 50 feet wide with the center line of vacated St. Antoine Street 50 feet wide; thence along the center line of vacated St. Antoine Street South 26 degrees 09 minutes 00 seconds East 273.62 feet; thence South 63 degrees 50 minutes 20 seconds West 262.22 feet; thence along the Easterly line of Beaubien-St. Antoine Avenue 120 feet wide North 26 degrees 22 minutes 40 seconds East 105.30 feet to the point of curve; thence continuing along said Easterly line on a curve to the left, radius 520.00 feet, an arc distance of 268.03 feet; chord of said curve bears North 11 degrees 36 minutes 40 seconds East 265.08 feet and a central angle of 29 degrees 31 minutes 59 seconds; thence along the center line of vacated Alexandrine Avenue North 63 degrees 41 minutes 30 seconds East 15.32 feet to the point of beginning, containing 31,497.16 square feet or 0.723075 Acres of land and subject to a public easement in vacated St. Antoine Street and Alexandrine Avenue.

The above described parcel of land is also known as the Northerly part of Lot 12 and the Westerly 1/2 of vacated St. Antoine Street 50 feet wide and part of vacated Alexandrine Avenue 50 feet wide adjoining said lot on the Easterly and Northerly side respectively of the MEDICAL CENTER URBAN RENEWAL PLAT NO. 1 part of park Lots 20 to 24 and 26 P.C.'s 1, 2 and 5, City of Detroit, Wayne County, Michigan. (Recorded in Liber 88 of Plats, Pages 74, 75 and 76, Wayne County Records.)

Commonly known as 3950 Beaubien Avenue, Detroit, Michigan
Ward Item No. 03/003491-517