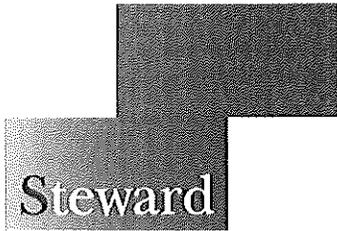


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Steward Health Care System LLC 500 Boylston Street Boston, Massachusetts 02116
t 617 419 4700 f 617 419 4800 www.steward.org

September 12, 2012

Kenneth Albert, Esq., Director
Phyllis Powell, Assistant Director
Division of Licensing and Regulatory Services
Certificate of Need Unit
Department of Health and Human Services
State House Station #11
Augusta, Maine 04333-0011

Re: Mercy Hospital/Steward
Transfer of Ownership
Letter of Intent

Dear Mr. Albert and Ms. Powell:

Mercy Hospital ("Mercy") and Steward Hospital Holdings Subsidiary One ("Steward"), a wholly-owned subsidiary of Steward Health Care System LLC ("SHCS"), file this Letter of Intent and request that a technical assistance meeting be scheduled in the near term. This meeting will help us better understand how the Certificate of Need ("CON") review process will be applied to the proposed transfer of ownership of Mercy to Steward. Mercy and Steward executed a non-binding Letter of Intent on August 17, 2012 and are now in a sixty-day due diligence review process. A definitive agreement is now being negotiated. We are hopeful that the technical assistance meeting can be scheduled on September 25, 26 or 27 and are asking our counsel to contact Mr. Carbonneau in order to arrange the meeting at a mutually convenient time.

As you know, Mercy is a Maine nonprofit, tax-exempt corporation that operates a 230-bed acute care hospital with two hospital campuses located in Portland, Maine. The sole corporate member of Mercy is Mercy Health System of Maine ("MHSM") and the sole corporate member of MHSM is Catholic Health East ("CHE").

Steward, a Delaware corporation, is a part of SHCS, a community-based accountable care organization and community hospital network with approximately 17,000 employees serving more than one million patients annually in 150 communities in Massachusetts. Among the eleven Massachusetts hospitals in the system are Carney Hospital in Dorchester, Good Samaritan Medical Center in Brockton, Holy Family Hospital in Methuen, Merrimack Valley Hospital in Haverhill, Morton Hospital in Taunton, Nashoba Valley Medical Center in Ayer, New England Sinai Hospital in Stoughton, Norwood Hospital in Norwood, Quincy Medical Center in Quincy,

Saint Anne's Hospital in Fall River and St. Elizabeth's Medical Center in Brighton. Other Steward Health Care entities include Steward Medical Group, Steward Health Care Network, and Steward Home Care. The charitable corporations, Labouré College and Por Cristo are also affiliated with Steward.

Pursuant to the terms of a letter of intent among SHCS, MHSM and CHE, Steward proposes to acquire substantially all of the assets and operations of MHSM, including Mercy and VNA Home Health & Hospice ("VNA") (the "Transaction"). The definitive agreement to be finalized by mid-October will set forth the terms of the Transaction in detail. As part of the Transaction, Steward will assume or satisfy certain liabilities, debts and obligations of MHSM, Mercy and VNA¹. The Transaction will be structured as an asset purchase. In addition to assuming or satisfying certain debts and obligations of MHSM, Steward will commit to providing certain financial support to MHSM prior to the closing, and making capital contributions during the first five years following the closing to support the operations of Mercy and VNA, a portion of which will support the consolidation of Mercy's two campuses.²

Following the sale, and subject to approval under the Maine's public charity conversion statute, 5 M.R.S. §§ 194-194-H, Mercy will become a for profit hospital subject to federal, state and local taxation. In order to pursue this important related process, we will also be requesting the opportunity to meet with Assistant Attorneys General Conti and Moylan to review this conversion process and timelines. Under the proposed Transaction, Steward will continue to operate Mercy in a manner consistent with Mercy's historic mission, including adherence to the Ethical and Religious Directives for Catholic Health Care Services. Vatican approval will be sought and obtained for the Transaction.

Under the proposed terms, Steward will continue to maintain community benefits and provide charity care at levels no less than those currently provided by Mercy. Steward will continue to maintain a local governing Board of Mercy which will have certain oversight responsibility for quality and safety, capital planning and strategy matters related to Mercy. The initial governing board will be comprised of community leaders, physician leadership, Sisters of Mercy and other significant individuals recommended by the current MHSM Board and approved by Steward.

The parties hereby request a meeting with Department staff in order to assist the Department in understanding the proposed transfer of ownership and to assist the parties in understanding the CON application process, and to receive technical assistance concerning the nature, extent and format of the documentary evidence, statistical data and financial data required for the Department to evaluate the proposed transfer of ownership, as well as relevant timelines and the criteria to be applied. Assuming the due diligence process proceeds successfully, the parties intend to file a certificate of need application for the proposed transfer of ownership as soon as practical following the technical assistance meeting, and look forward to a timely review process

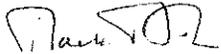
¹ It is the parties' understanding that the Maine Certificate of Need Act does not apply to home health care services. 22 M.R.S. § 330(3). Accordingly, references in this Letter of Intent to VNA are informational only. This Letter of Intent is intended to apply only to the transfer of ownership of Mercy to Steward.

² The parties acknowledge that capital expenditures associated with consolidation of Mercy's two campuses may require a subsequent certificate of Need, and that this Letter of Intent is only intended to cover the proposed transfer of ownership.

consistent with the provisions of Public Law, Chapter 648, LD 1909, An Act To Simplify the Certificate of Need Process and Lessen the Regulatory Burden on Providers, which took effect on August 30, 2012.

Our counsel will be contacting you shortly to schedule the technical assistance meeting.

Sincerely,



Mark Rich
Executive Vice President of Corporate Strategy and Management
Steward Health Care System LLC



Eileen Skinner, President and CEO
Mercy Health System of Maine

cc: Larry Carbonneau, CPA, CONU
AAG Linda Conti
AAG Christina Moylan
John P. Doyle, Jr., Counsel to Steward
Joseph M. Kozak, Counsel to Mercy