



HUNTER, HUMPHREY & YAVITZ, PLC

Creative Approaches—Solid Results

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December 9, 2014

Hon. Bob Stump, Chairman
Arizona Corporation Commission
Commissioner's Wing
1200 W. Washington St., 2nd Floor
Phoenix, AZ 85007

Re: Proposed Transaction Between Carondelet Health Network, Tenet HealthSystem Medical, Inc. and Dignity Health

Dear Mr. Stump:

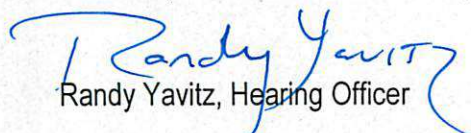
I am the Hearing Officer tasked with fulfilling the statutory hearing requirement associated with the transaction that Carondelet Health Network, a wholly owned subsidiary of Ascension Health, entered into to sell substantially all of the hospital and related clinical assets of Carondelet Health Network in Tucson, Arizona, most notably Carondelet St. Joseph's Hospital and Carondelet St. Mary's Hospital in Tucson, Arizona and Carondelet Holy Cross Hospital in Nogales, Arizona, to a to-be-formed joint venture limited liability company owned by Tenet HealthSystem Medical, Inc. and Dignity Health. The statute involved is A.R.S.10-11253. In accordance with that statute, please find enclosed the following:

Summary Report of Hearing
Notice of Completion
Copies of Written Information Presented at Hearing:
-Agenda
-Joint Hearing Memorandum

The statute requires that I submit the enclosed material to you for informational purposes only and further requires that I copy the Director of the Department of Health Services and the Attorney General. By this letter and its enclosures, I am fulfilling the requirements of the hearing statute.

Best Regards,

HUNTER, HUMPHREY & YAVITZ, PLC


Randy Yavitz, Hearing Officer

Bob Stump
December 9, 2014
Page 2 of 3

cc: Will Humble, Director Attorney General Tom Horne
Arizona Department of Health Services Office of the Attorney General
150 N. 18th Ave. 1275 W. Washington St.
Phoenix, AZ 85007 Phoenix, AZ 85007

Andrew Gordon, Esq.
Coppersmith Schermer & Brockelman PLC
2800 N. Central Avenue, Suite 1200
Phoenix, AZ 85004

Bob Stump
December 9, 2014
Page 3 of 3

bcc: w/enclosures
Kimberly Commins-Tzoumakas, Esq.
Jeffrey M. Peterson, Esq.
Matthew J. Stockslager, Esq.

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2633 E. Indian School Road, Suite 440

Phoenix, Arizona 85016

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Randy Yavitz (No. 006624)

Hearing Officer

In the Matter of a Proposed Transaction
Between Carondelet Health Network, Tenet
HealthSystem Medical, Inc., and Dignity
Health

SUMMARY REPORT OF HEARING

EXECUTIVE SUMMARY: The proposed transaction that Carondelet Health Network, a wholly owned subsidiary of Ascension Health, entered into to sell substantially all of the hospital and related clinical assets of Carondelet Health Network in Tucson, Arizona, most notably Carondelet St. Joseph's Hospital and Carondelet St. Mary's Hospital in Tucson, Arizona and Carondelet Holy Cross Hospital in Nogales, Arizona, to a to-be-formed joint venture limited liability company owned by Tenet HealthSystem Medical, Inc. and Dignity Health is subject to a public hearing process mandated by Arizona law. In accordance with statute, the Hearing was properly noticed, the requisite memorandum was submitted meeting statutory guidelines and the hearing took place with full participation by the applicants. The distribution of this Summary Report and the attached Notice of Completion marks the fulfillment of and completion of the hearing process required by Arizona law.

INTRODUCTION: The Parties and the Proposed Transaction

Carondelet Health Network is an Arizona nonprofit corporation, Dignity Health is a California nonprofit corporation, and Tenet HealthSystem Medical, Inc. is a Delaware profit corporation. The proposed transaction involves a to-be-formed joint venture limited liability company owned by Tenet HealthSystem Medical, Inc. and Dignity Health assuming ownership and operation of substantially all of the hospital and related clinical assets of Carondelet Health Network in Tucson, Arizona, including (1) St. Joseph's Hospital, St. Mary's Hospital and Holy Cross Hospital, and its ancillary businesses; (2) Carondelet Health Network subsidiaries and membership interests in any affiliated business including (i) RLC, LLC, (ii) St. Joseph's Family Practice Associates; (iii) Dependable Home Health; (iv) Dependable Medical Equipment; (v) Carondelet Surgery Center; (vi) Carondelet Medical Group; (vii) Carondelet Specialist Group, and (viii) Tucson Mountain Medical Building Associates, LLC. Specifically excluded from the transaction are (1) the Carondelet Foundation, Inc., (2) Southwest Catholic Health – Mercy Care, and (3) Mercy Maricopa Integrated Hospital.

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Randy Yavitz (No. 006624)

Hearing Officer

NOTICE OF HEARING

By letter dated September 29, 2014, notice of the proposed transaction was provided to the Hon. Bob Stump, Chairman of the Arizona Corporation Commission and the Hon. Will Humble, Director, Arizona Department of Health Services, and the Attorney General Tom Horne. By letter dated November 6, 2014, notice of the hearing was provided to the Hon. Bob Stump, Chairman of the Arizona Corporation Commission and the Hon. Will Humble, Director, Arizona Department of Health Services. In accordance with Arizona statutory mandate, A.R.S. S10-11253.A., the written notice properly included the following information:

1. The names, addresses and telephone numbers of the parties to the intended transaction.
2. The names, address and telephone numbers of the attorneys or other persons who represent the parties in connection with the intended transaction.
3. A general summary of the intended transaction.
4. A general description of the assets involved in the intended transaction and the intended use of the assets after the closing of the intended transaction.
5. A general summary of all collateral transactions that relate to the intended transaction, including the names, address and telephone numbers of the parties involved in the collateral transactions.
6. The anticipated date of completion of the intended transaction.

Also in accordance with the statute, within thirty days of September 29, 2014, the undersigned was selected as hearing officer and a notice was published three times in newspaper of general circulation in Pima County specifying the time and place of the public hearing.

PUBLIC HEARING

A public hearing was held on November 12, 2014 at 11:00 a.m. at Hilton Tucson East, 7600 E. Broadway, Tucson, Arizona. Under the statutory scheme, there are two purposes for the hearing. The first is providing information in writing. The second is to provide a forum for comments by the public and other interested parties.

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Hearing Officer

--Written Summary

The parties submitted into the hearing record written summary information regarding the proposed transaction entitled, "Joint Hearing Memorandum of Carondelet Health Network, Tenet HealthSystem Medical, Inc. and Dignity Health", which had been executed on November 12, 2014 by Andrew S. Gordon, Esq. as attorneys for Carondelet Health Network, Tenet HealthSystem Medical, Inc. and Dignity Health. In accordance with A.R.S. 10-11253.f., the written summary addressed each of the following points:

1. The extent to which the intended transaction impacts community benefit activities and is consistent with community benefit purposes, including a description of the resources that will be committed to community benefit purposes following the intended transaction.
2. Whether the intended transaction creates or has the likelihood of creating an adverse effect on the access to or availability or cost of health care services.
3. Whether any director, officer, agent or employee of the entity will receive any community benefit asset or will benefit directly or indirectly from the intended transaction, except for the receipt of compensation for professional services relating to the intended transaction for normal compensation for services rendered.
4. The extent to which the nonprofit health care entity used due diligence in the selection of the entity that will receive any community benefit asset and in the negotiation of the price and other terms and conditions of the transaction.
5. The extent to which the parties will continue to use the nonprofit health care entity's community benefit assets for community benefit purposes following the intended transaction, or, if applicable, the proceeds of the disposition of the assets will be deposited in a community benefit organization for community benefit purposes.
6. Whether any initial board of directors members of any entity changed or created by the intended transaction will reside in or near the communities affected by the intended transaction.
7. That any community benefit organization established to hold the proceeds of the disposition of assets is organized for community benefit purposes as required under federal and state law.

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Randy Yavitz (No. 006624)

Hearing Officer

A copy of the Joint Hearing Memorandum of Carondelet Health Network, Tenet HealthSystem Medical, Inc., and Dignity Health, as well as the Agenda, for the Public Hearing, is appended to this Summary Report.

--Oral Testimony

Representatives of the parties provided presentations on behalf of the proposed transaction. Specifically, the following party representatives presented statements:

James K. Beckman, President and CEO, Carondelet Health Network

Trip Pilgrim, Senior Vice President, Development, Tenet HealthSystem Medical, Inc.

Linda Hunt, Senior Vice President, Dignity Health

Compliance with the statutory criteria was addressed during a presentation by attorney Andrew Gordon, who represented Carondelet Health Network.

The Corporation Commission waived any appearance and had no representative present.

The Attorney General's office was represented but no statement was made.

Party representatives then answered questions related to the statutory criteria addressed to them by the hearing officer.

Finally, questions from the public were posed and answered by party representatives during the course of the public hearing.

Executed this day of December, 2014.


Randy Yavitz, Hearing Officer

ORIGINAL OF THE FOREGOING

MAILED this 9th day of December, 2014, to:

Hon. Bob Stump, Chairman
Arizona Corporation Commission
Commissioner's Wing
1200 W. Washington St., 2nd Fl.
Phoenix, AZ 85007

HUNTER, HUMPHREY & YAVITZ, PLC

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Phoenix, Arizona 85016

Telephone: (602) 275-7733

Randy Yavitz (No. 006624)

Hearing Officer

COPY OF THE FOREGOING MAILED

this 9th day of December, 2014, to:

Hon. Will Humble, Director

Arizona Department of Health Services

150 N. 18th Ave.

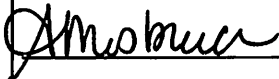
Phoenix, AZ 85007

Attorney General Tom Horne

Office of the Attorney General

1275 W. Washington St.

Phoenix, AZ 85007

_____

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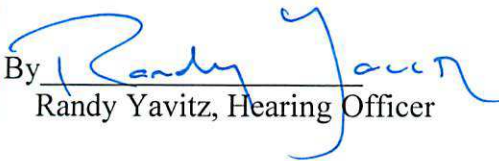
Hearing Officer

In the Matter of a Proposed Transaction
Between Carondelet Health Network, Tenet
HealthSystem Medical, Inc., and Dignity
Health

NOTICE OF COMPLETION

The public hearing process relating to the proposed transaction between Carondelet Health Network, Tenet HealthSystem Medical, Inc., and Dignity Health has been completed. All aspects of the hearing statute § A.R.S. 10-11253 have been complied with.

Executed this 9th day of December, 2014.

By 
Randy Yavitz, Hearing Officer

ORIGINAL OF THE FOREGOING
MAILED this 9th day of December, 2014, to:

Hon. Bob Stump, Chairman
Arizona Corporation Commission
Commissioner's Wing
1200 W. Washington St., 2nd Fl.
Phoenix, AZ 85007

COPY OF THE FOREGOING MAILED
this 9th day of December, 2014, to:

Hon. Will Humble, Director
Arizona Department of Health Services
150 N. 18th Ave.
Phoenix, AZ 85007

Attorney General Tom Horne
Office of the Attorney General
1275 W. Washington St.
Phoenix, AZ 85007



IN THE MATTER OF A PROPOSED TRANSACTION BETWEEN
CARONDELET HEALTH NETWORK, TENET HEALTHSYSTEM MEDICAL, INC.,
AND DIGNITY HEALTH

PUBLIC HEARING

November 12, 2014

11:00 A.M.

Hilton Tucson East, 7600 E. Broadway, Tucson, Arizona

AGENDA

1. Hearing Called to order by Hearing Officer, Randall Yavitz
2. Andrew Gordon, counsel for Carondelet, Tenet and Dignity introduce presenters:
 - a. Introductory Statement by Carondelet Health Network, James K. Beckman, President and Chief Executive Officer
 - b. Introductory Statement by Tenet HealthSystem Medical, Inc., Trip Pilgrim, Senior Vice President, Development,
 - c. Introductory Statement by Dignity Health, Linda Hunt, Senior Vice President Operations, Arizona
3. Presentation of Statutory Discussions Points, Andrew Gordon
4. Agency Comments
 - a. Attorney General
 - b. Department of Health Services
 - c. Corporation Commission
5. Public Comment¹
6. Conclusion and Adjournment

¹ All individuals who wish to speak are requested to fill out a Speaker's Card and present it to the Hearing Officer prior to the Public Comment Period

In the Matter of a Proposed Transaction between Carondelet Health Network, an Arizona nonprofit Corporation, Tenet HealthSystem Medical, Inc., a Delaware for profit corporation and Dignity Health, a California nonprofit public benefit corporation.

Submitted to Randall S. Yavitz
Hearing Officer

**JOINT HEARING MEMORANDUM
OF CARONDELET HEALTH NETWORK,
TENET HEALTHSYSTEM MEDICAL, INC., AND DIGNITY HEALTH**

Carondelet Health Network, an Arizona nonprofit corporation ("Carondelet"), Tenet HealthSystem Medical, Inc., a Delaware for profit corporation ("Tenet"), and Dignity Health, a California nonprofit public benefit corporation ("Dignity"), collectively submit this written summary pursuant to A.R.S. §10-11253(F) and in advance of the public hearing to be held on November 12, 2014 before Randall S. Yavitz, Hearing Officer.

The proposed transaction contemplates that a to-be-formed joint venture owned by Tenet and Dignity (the "Joint Venture") will acquire ownership of, and assume control of, certain of Carondelet's acute care facilities and related businesses, including St. Joseph's Hospital and St. Mary's Hospitals in Tucson, Holy Cross Hospital in Nogales, and other Carondelet health care facilities in southern Arizona. Upon closing, it is anticipated that Ascension Health, the parent entity of Carondelet ("Ascension") will acquire a minority interest in the Joint Venture. Under the proposed arrangement, Tenet would be the majority owner in the Joint Venture with management responsibility for all operations of the acquired assets. Specifically excluded from the transaction are: (1) the Carondelet Foundation; (2) the Centurions; (3) Southwest Catholic

Health – Mercy Care; and (4) Mercy Maricopa Integrated Care. After closing, the Joint Venture will retain Carondelet’s heritage and identity and continue with Catholic sponsorship.

I. LEGAL REQUIREMENTS

Under A.R.S. §§10-11251 *at seq.*, a nonprofit healthcare entity intending to engage in a merger or sale involving all or substantially all of its assets must: (a) give written notice of the transaction to the Arizona Attorney General, the Director of the Arizona Department of Health Services ("DHS"), and the Chairman of the Arizona Corporation Commission ("ACC")¹; (b) within 30 days thereafter select a hearing officer, determine a time and place for the hearing, and publish notice of hearing; and (c) hold a hearing at which comments from the public and other interested parties can be expressed. At the hearing, the parties are required to present the information described in A.R.S. § 10-11253(F) and outlined in this memorandum. At the expiration of 90 days following the filing of notice, the parties may close the proposed transaction.

After the hearing, the hearing officer must compile a summary report and transmit it to the ACC Chairman together with a “notice of completion”² and copies of all information presented at the hearing. The DHS Director and the Attorney General receive copies. The hearing officer is not required to make independent findings regarding the proposed transaction nor recommend approval or disapproval of the transaction. The Act is not intended “to create any private or governmental right or cause of action relating to the transaction or related parties.” A.R.S. §10-11254(A)(3).

On September 29, 2014, Carondelet, Tenet and Dignity filed their notice with the Arizona Attorney General, the ACC Chairman and the DHS Director. A copy of the notice is attached as Exhibit 1. Within the required time, Carondelet, Tenet and Dignity selected Randall S. Yavitz as the hearing officer and set the hearing for November 12, 2014 at 11:00

¹ A “nonprofit health care entity” is defined to mean “a licensed hospital or community health center” that holds tax exempt status pursuant to [A.R.S. § 3-1201(4)] or 001(0(3) of the Internal Revenue Code, § 10 11251(7). Ascension Health and Carondelet Health Network are nonprofit health care entities.

² A.R.S. § 10-11251(8) defines a “notice of completion” to mean the written notice sent by the hearing officer to the ACC Chairman after holding the public hearing and filing the summary report.

a.m. at Hilton Tucson East, 7600 E. Broadway Tucson, AZ 85710. The Chairman of the ACC, the Director of DHS and the Attorney General have consented to the hearing officer and to the time and place for the hearing. Notice of the hearing was published in the Tucson Daily Star on October 30 and 31 and November 1, 2014. A copy of the published notice is attached as Exhibit 2. The statutory prerequisites to commencement of the public hearing all have been satisfied.

II. THE TRANSACTION – AN OVERVIEW

Carondelet, a wholly-owned subsidiary of Ascension, intends to enter into a transaction to sell substantially all of the hospital and related clinical assets of Carondelet in Tucson Arizona, most notably Carondelet St. Joseph's Hospital and Carondelet St. Mary's Hospital in Tucson, Arizona and Carondelet Holy Cross Hospital in Nogales, Arizona, to the Joint Venture owned by Tenet and Dignity Health. Upon closing, it is anticipated that Ascension would hold a minority interest in the Joint Venture. In addition, Tenet would be the majority partner in the Joint Venture and an affiliate of Tenet would have management responsibility for all operations of all of the acquired assets.

As discussed above, the Carondelet assets that are part of the transaction are anticipated to include: (1) St. Joseph's Hospital, St. Mary's Hospital, and Holy Cross Hospital, and their ancillary businesses; (2) Carondelet and its subsidiaries' ownership interests in any affiliated business, including (i) RLC, LLC; (ii) St. Joseph's Family Practice Associates; (iii) Dependable Home Health; (iv) Dependable Medical Equipment; (v) Carondelet Surgery Center; (vi) Carondelet Medical Group; (vii) Carondelet Specialist Group; (viii) Tucson Mountain Medical Building Associates, LLC; and (ix) Chalon Living. Specifically excluded from the transaction are: (1) the Carondelet Foundation, Inc.; (2) the Centurions; (3) Southwest Catholic Health – Mercy Care; and (4) Mercy Maricopa Integrated Care. After the closing, the Joint Venture would retain Carondelet's heritage and identity and continue to have Catholic sponsorship.

The Joint Venture, or an affiliate of Tenet, will offer employment to all of Carondelet's "at will" employees in good standing, at their then current salaries, with comparable job titles

and responsibilities. In addition, the Joint Venture will provide a comprehensive and competitive benefits package that is comparable to the benefits package currently being provided to such employees.

At the closing, each hospital would have a local board of trustees composed of, without limitation, physicians from each hospital's active medical staff and local community leaders, with no less than twenty-five percent (25%) of the members of each local board of trustees being members of the local community. For a period of at least five years after the closing, the Joint Venture would continue to operate each of the acquired hospitals as a general acute care hospital, and not make any material reductions to, or changes in, the mix or level of services offered at any hospital as of the closing subject to ongoing confirmation of viability (both from a financial and quality perspective) and strategic rationale. During the five year period after the closing, the Joint Venture would expend or commit to expend not less than \$125,000,000 on capital expenditures relating to the acquired operations and businesses in furtherance of the health care needs of the communities currently served by Carondelet. The Joint Venture would consult with the hospitals' local boards to assist in identifying the most appropriate and needed areas for investments of capital.

For a period of ten years after the closing the Joint Venture will: (1) implement reasonable policies for treatment of indigent patients in a manner generally consistent with Carondelet's existing charity care policies and practices (or other policies and practices no less favorable); (2) generally provide the same general levels of charity care as provided by Carondelet during the 12 months prior to the closing, subject to certain changes in law or governmental policies that would result in a significant change in payer mix or patient eligibility for subsidized coverage (such as implementation of universal healthcare coverage); (3) cause the hospitals to continue to participate in the Medicare and Medicaid programs; and (4) continue to provide financial support for Carondelet's community benefit programs at the same or greater level as provided during the 12 months prior to the closing.

In addition to the transaction described above, the following collateral transactions will take place:

1. The Joint Venture will enter into a management agreement with an affiliate of Tenet to manage all operations of the Joint Venture's assets.
2. The Joint Venture may enter into agreements with Carondelet and/or Ascension for Transition Support Services including, for example, logistical support, information technology, and the provision of leased employees.

This transaction would ensure a long-term sustainable network of facilities and services by enabling the acquired businesses to enhance their leading role in meeting the local healthcare needs of southern Arizona, while benefiting from collaboration with a regional network and the expertise and benefits of a national platform.

III. THE FACTORS TO BE DISCUSSED PURSUANT TO A.R.S. § 10-11253(F)

A.R.S. §10-11253(F) sets forth a series of factors to be addressed in this written summary. They are each addressed in the following sub-headings.

A. How Does the Intended Transaction Impact Community Benefit Activities and Is Consistent with Community Benefit Purposes.

As described above, this transaction advances the community benefits currently provided by the Carondelet hospitals and health centers by continuing to operate the existing acute care facilities and maintain the services offered therein. Additionally, the Joint Venture will commit to a minimum of \$125,000,000 in additional capital expenditures in furtherance of the health care needs of the communities. The Joint Venture will consult with the hospitals' local boards to assist in identifying the most appropriate and needed areas for investments of capital.

Moreover, for a period of ten years after the closing the Joint Venture will: (1) implement reasonable policies for treatment of indigent patients in a manner generally consistent with Carondelet's existing charity care policies and practices (or other policies and practices no less favorable); (2) generally provide the same general levels of charity care as

provided by Carondelet during the 12 months prior to the closing, subject to certain changes in law or governmental policies that would result in a significant change in payer mix or patient eligibility for subsidized coverage (such as implementation of universal healthcare coverage); (3) cause the hospitals to continue to participate in the Medicare and Medicaid programs; and (4) continue to provide financial support for Carondelet's community benefit programs at the same or greater level as provided during the 12 months prior to the closing.

Furthermore, after closing, the Joint Venture will retain Carondelet's heritage and identity and continue Carondelet's Catholic sponsorship.

B. The Transaction Will Not Create nor Does It Have the Likelihood of Creating an Adverse Effect on the Access to or Availability or Cost of Health Care Services.

As described above, the proposed transaction does not create an adverse effect on health care services currently provided by Carondelet. It is anticipated that the same breadth of services will be provided to at least as wide a range of the community. Likewise, indigency policies similar to those currently in effect will be maintained. The transaction should not cause the overall price of health care services to increase.

C. No Director, Officer, Agent or Employee of Carondelet Will Receive Any Community Benefit Asset Nor Will They Benefit Directly or Indirectly From the Intended Transaction Except for Compensation for Professional Services Related to the Transaction for Normal Compensation.

No Carondelet director, officer, agent or employee will receive any community benefit asset (as defined in A.R.S. §10-11251) from this transaction nor will they otherwise benefit, directly or indirectly, other than receiving their normal compensation.

D. The Extent to Which Carondelet Used Due Diligence Process in This Transaction, Including the Negotiation of the Price and Other Terms of the Transaction.

In November 2013, the Board of Carondelet made the decision to explore new strategic relationships in an effort to provide stability for its associates and physician partners as well as to

continue to provide high-quality, person-centered care to the greater Tucson community in a sustainable way.

In March 2014, Carondelet initiated a request for proposal (RFP) process. A diverse group of thirty one (31) organizations were contacted to discuss the opportunity. Twenty (20) organizations expressed interest and signed a Confidentiality Agreement to allow them to receive materials and participate in the RFP process. The RFP process followed a three step process: First, organizations were asked to submit non-binding *Letters of Interest*. Nine (9) organizations submitted responses (two were joint responses). Secondly, five (5) respondents were invited to submit formal *Proposals*. Site visits were scheduled to allow respondents to tour Carondelet facilities and provide access to the senior leadership team. Four (4) organizations were invited to formally present their proposals to the Carondelet Board. Based on its review of the proposals and discussions with the four (4) respondents, the Carondelet Board chose to pursue a strategic partnership with Tenet and Dignity.

E. **The Extent to Which the Parties Will Continue to Use the Nonprofit Health Care Entity's Community Benefit Assets For Community Benefit Purposes Following the Intended Transaction, or, if Applicable, the Proceeds of the Disposition of the Assets Will be Deposited in a Community Benefit Organization For Community Benefit Purposes.**

The extent to which the Joint Venture will continue to use Carondelet's community benefit assets for community benefit purposes is described above. No assets will be deposited in any other community benefit organization. The proceeds from the transaction will be used solely to pay off the debt of Carondelet Health Network and its subsidiaries. No funds will be remaining to be distributed following the discharge of the current short and long term debt of Carondelet and its subsidiaries.

F. **Whether Any Initial Board of Directors Members of Any Entity Changed or Created By the Intended Transaction Will Reside In or Near the Communities Affected By the Intended Transaction.**

It is anticipated that each of the acquired hospitals will have a local board of trustees that will be involved in certain decisions relating to the hospitals' operations. As described above, at

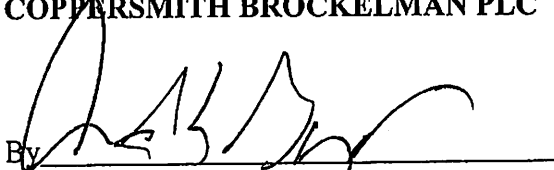
the closing, each local board of trustees would include physicians from the respective hospital's active medical staff and local community leaders, with no less than twenty-five percent (25%) of the members of each local board of trustees being members of the local community.

G. That Any Community Benefit Organization Established to Hold the Proceeds of the Disposition of Assets Is Organized For Community Benefit Purposes As Required Under Federal and State Law.

This is not applicable because there will not be proceeds to be deposited.

RESPECTFULLY SUBMITTED this 12th day of November, 2014.

COPPERSMITH BROCKELMAN PLC

By 

Andrew S. Gordon
Attorneys for Carondelet Health Network,
Tenet HealthSystem Medical, Inc., and
Dignity Health

Exhibit 1

Exhibit 1



Carondelet. Be well.

September 29, 2014

Hon. Bob Stump, Chairman
Arizona Corporation Commission
Commissioners' Wing
1200 West Washington St. 2nd Floor
Phoenix, AZ 85007

Hon. Will Humble, MPH
Arizona Department of Health Services
150 North 18th Avenue
Phoenix, AZ 85007

Attorney General Tom Horne
Office of Attorney General
1275 West Washington Street
Phoenix, AZ 85007

Dear Chairman Stump, Director Humble, and Attorney General Horne:

We are pleased to provide you with formal notice, as required by A.R.S. §10.11253.A, that Carondelet Health Network, a wholly owned subsidiary of Ascension Health, intends to enter into a transaction to sell substantially all of the hospital and related clinical assets of Carondelet Health Network in Tucson, Arizona, most notably Carondelet St. Joseph's Hospital and Carondelet St. Mary's Hospital in Tucson, Arizona and Carondelet Holy Cross Hospital in Nogales, Arizona, to a to-be-formed joint venture limited liability company owned by Tenet HealthSystem Medical, Inc. ("Tenet") and Dignity Health (such joint venture to be referred to herein as "NewCo"). Upon closing, it is anticipated that Ascension Health ("Ascension") would hold a minority interest in NewCo. Tenet would be the majority partner in NewCo and an affiliate of Tenet would have management responsibility for all operations of all of the acquired assets.

The Carondelet Health Network assets that are part of the transaction are anticipated to include (1) St. Joseph's Hospital, St. Mary's Hospital and Holy Cross Hospital, and its ancillary businesses; (2) Carondelet Health Network subsidiaries and membership interests in any affiliated business including (i) RLC, LLC; (ii) St. Joseph's Family Practice Associates; (iii) Dependable Home Health; (iv) Dependable Medical Equipment; (v) Carondelet Surgery Center; (vi) Carondelet Medical Group; (vii) Carondelet Specialist Group, and (viii) Tucson Mountain Medical Building Associates, LLC. Specifically excluded from the transaction are (1) the Carondelet Foundation, Inc., (2) Southwest Catholic Health – Mercy Care, and (3) Mercy Maricopa Integrated Care. After the closing, NewCo would retain Carondelet's heritage and identity and continue Carondelet's Catholic sponsorship.

NewCo, or an affiliate of Tenet, will offer employment to all of Carondelet's "at will" employees in good standing, at their then current salaries, with comparable job titles and responsibilities. In addition, NewCo will provide a comprehensive and competitive benefits package that is comparable to the benefits package currently being provided to such employees.

After the closing, each hospital would have a local board of trustees composed of, without limitation, physicians from each hospital's active medical staff and local community leaders. For a period of at least

five years after the closing, NewCo would continue to operate each of the acquired hospitals as a general acute care hospital, and not make any material reductions to, or changes in, the mix or level of services offered at any hospital as of the closing subject to ongoing confirmation of viability (both from a financial and quality perspective) and strategic rationale. During the five year period after the closing, NewCo would expend or commit to expend not less than \$125,000,000 on capital expenditures at the acquired businesses in furtherance of the health care needs of the communities currently served by Carondelet. NewCo would consult with the hospitals' local boards to assist in identifying the most appropriate and needed areas for investments of capital.

For a period of ten years after the closing, (1) NewCo would implement reasonable policies for treatment of indigent patients in a manner generally consistent with Carondelet's existing charity care policies and practices (or other policies and practices no less favorable), (2) NewCo would generally provide the same general levels of charity care as provided by Carondelet during the 12 months prior to the closing, subject to certain changes in law or governmental policies that would result in a significant change in payer mix or patient eligibility for subsidized coverage (such as implementation of universal healthcare coverage), (3) NewCo would cause the hospitals to continue to participate in the Medicare and Medicaid programs, and (4) NewCo would continue to provide financial support for Carondelet's community benefit programs at the same or greater level as provided during the 12 months prior to the closing.

In addition to the transaction described above, the following collateral transactions will take place:

1. NewCo will enter into a management agreement with an affiliate of Tenet to manage all operations of NewCo's assets.
2. NewCo may enter into agreements with Carondelet Health Network and/or Ascension for Transition Support Services including, for example, logistical support, information technology, and the provision of leased employees.

It is our intention to close this transaction on January 1, 2015, or as soon thereafter as is reasonably possible.

It is our belief that this transaction would ensure a long-term sustainable network of facilities and services by enabling the acquired businesses to enhance their leading role in meeting the local healthcare needs of southern Arizona, while benefiting from collaboration with a regional network and the expertise and benefits of a national platform.

The names, addresses and telephone numbers of the parties involved in the primary and collateral transactions, and the attorneys and other persons who represent the parties in the primary transaction are set forth in Exhibit A. Further information regarding the transaction may be obtained from our respective counsel:

Kimberly Commins-Tzoumakas, Esq.
General Counsel, Carondelet Health Network
Hall Render Killian Heath & Lyman
201 W. Big Beaver, Suite 1200
Troy, MI 48084
(248) 457-7852
Email kcommins@hallrender.com

Jeffrey M. Peterson, Esq.
Senior Counsel, Acquisition & Development
Tenet HealthSystem Medical, Inc.
1445 Ross Avenue, Suite 1400
Dallas, TX 75202
(469) 893-6104
Email jeff.peterson@tenethealth.com

Matthew J. Stockslager, Esq.
VP and Associate General Counsel
Dignity Health
3030 North Central Ave., Suite 1002
Phoenix, AZ 85012
(602) 406-6051
Email matthew.stockslager@dignityhealth.org

We will be in further contact with Chairman Stump and Director Humble regarding the statutory hearing, which we expect will be held in the Tucson area within the required time limits.

We look forward to working with you on this exciting opportunity.

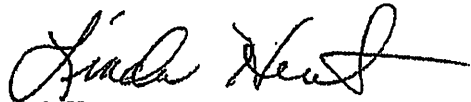
Sincerely,



James K. Beckmann
President and Chief Executive Officer
Carondelet Health Network



Trip Pilgrim
Senior Vice President, Development
Tenet HealthSystem Medical, Inc.



Linda Hunt
SVP Operations, Arizona
Dignity Health

EXHIBIT A

I. NAMES, ADDRESSES AND TELEPHONE NUMBERS OF THE PARTIES TO THE INTENDED TRANSACTION

Carondelet Health Network
2202 Forbes Blvd.
Tucson, Arizona
Attn: Kimberly Commins-Tzoumakas
General Counsel
(248) 457-7852
kcommins@hallrender.com

Ascension
101 S. Hanley, Suite 450
St. Louis, MO 63105
Attn: Joseph Impicciche, Esq.
Executive Vice President and General Counsel
(314) 733-8286
Email jimpicciche@ascension.org

Tenet HealthSystem Medical, Inc.
1445 Ross Avenue, Suite 1400
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Dignity Health
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Phoenix, AZ 85012
Matthew J. Stockslager
VP and Associate General Counsel
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Email matthew.stockslager@dignityhealth.org

EXHIBIT A (CONTINUED)

II. NAMES, ADDRESSES AND TELEPHONE NUMBERS OF ATTORNEYS AND OTHER PERSONS REPRESENTING THE PARTIES IN THE INTENDED TRANSACTION

Name	Address	Telephone Number	Party Represented
Coppersmith Brockelman Attn: Andy Gordon	2800 N. Central Ave. Phoenix, AZ 85004	(602) 381-5460	Carondelet Health Network
Hall Render Killian Heath & Lyman Attn: Kimberly Commins- Tzoumakas	201 W. Big Beaver Suite 1200 Troy, MI 48084	(248) 457-7852	Carondelet Health Network
McDermott Will & Emery Attn: Paul Lawrence	2049 Century Park E. 38th Floor Los Angeles, California 90067-3218	(310) 551-9329	Ascension Health
Tenet HealthSystem Medical, Inc. Attn: Jeff Peterson	1445 Ross Avenue, Suite 1400 Dallas, TX 75202	(469) 893-6104	Tenet
Waller Lansden Dortch & Davis, LLP Attn: George W. Bishop, III	511 Union Street, Suite 2700 Nashville, TN 37219- 8966	(615) 850-8623	Tenet

Exhibit 2

Exhibit 2

ARIZONA DAILY STAR

Tucson, Arizona

STATE OF ARIZONA)
COUNTY OF PIMA)

Debbie Capanear, being first duly sworn deposes and says: that she is the Advertising Representative of TNI PARTNERS, a General Partnership organized and existing under the laws of the State of Arizona, and that it prints and publishes the Arizona Daily Star, a daily newspaper printed and published in the City of Tucson, Pima County, State of Arizona, and having a general circulation in said City, County, State and elsewhere, and that the attached ad was printed and

Legal Notice

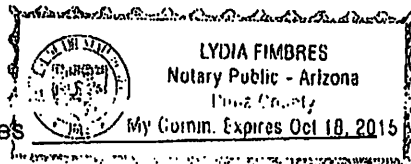
published correctly in the entire issue of the said Arizona Daily Star on each of the following dates, to-wit:

OCTOBER 30, 31, AND NOVEMBER 1, 2014

Debbie Capanear

Subscribed and sworn to before me this 4 day of
November, 2014

Lydia Fimbres
Notary Public



My commission expires

AD NO. 8302468

Public Hearing

Carondelet Health Network, Tenet HealthSystem Medical, Inc. and Dignity Health will hold a public hearing regarding a transaction in which a joint venture owned by Tenet and Dignity will assume ownership and control of Carondelet's acute care facilities and related businesses. Upon closing, it is anticipated that Ascension Health, which currently owns and operates the Carondelet facilities, would retain a minority interest in the joint venture. Under the proposed arrangement, Tenet would be the majority partner in the joint venture with management responsibility for all operations of Carondelet's assets, including St. Joseph's Hospital and St. Mary's Hospitals in Tucson, Holy Cross Hospital in Nogales, and other Carondelet Health Network health care facilities. The public hearing will take place November 12, 2014 at 11:00 a.m. at Hilton Tucson East, 7600 E. Broadway Tucson, AZ 85710. Questions regarding this public hearing or regarding reasonable accommodations for this hearing should be directed to Andrew S. Gordon, Coppersmith Brockelman, 2800 N. Central Ave., Suite 1200, Phoenix, Arizona 85004, telephone 602-224-0999, email agordon@cblawyers.com.

Publish October 30, 31, and November 1, 2014
Arizona Daily Star