

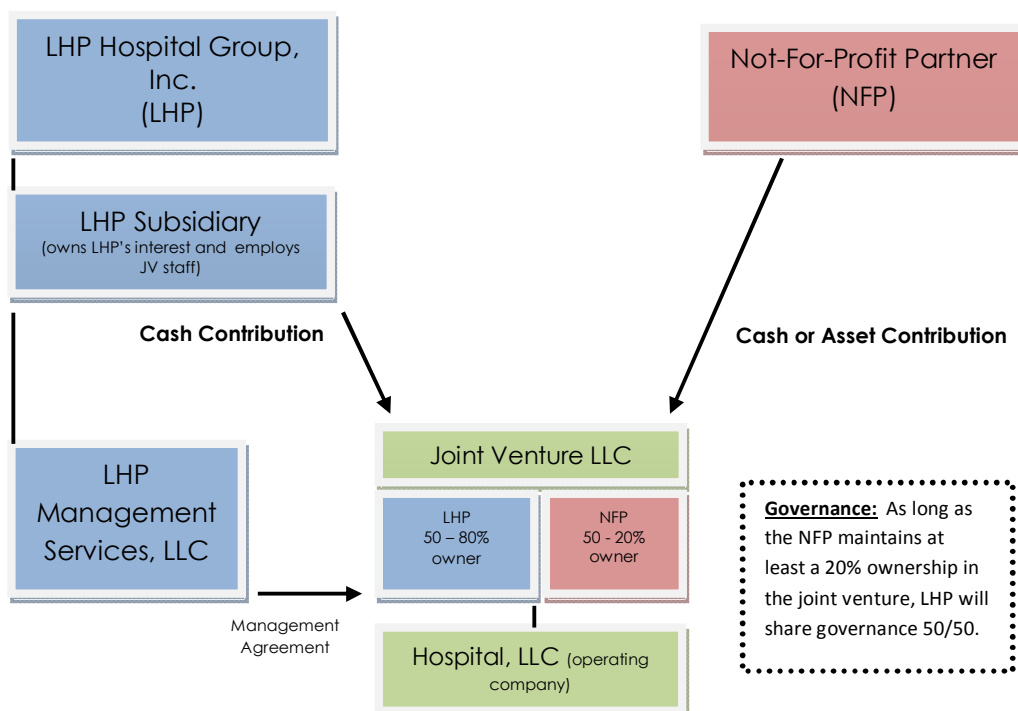
# LHP Joint Venture Overview

LHP Hospital Group, Inc. (LHP) was founded for the primary purpose of creating joint ventures with not-for-profit hospitals and hospital systems to help them achieve their goals for growth, quality and financial viability. Our management team has many years of experience in crafting collaborative strategies to help hospitals and health systems achieve these goals through innovative joint ventures. In the typical joint venture, LHP and its partner create a limited liability company to own and operate the joint venture hospital. Depending upon the goals of the not-for-profit partner, the joint venture hospital could be:

- ☒ an existing hospital already owned by the partner that requires extensive capital resources,
- ☒ a target acquisition within the partner's service area, or even
- ☒ a new facility to be developed within the partner's service area to expand service capacity and to extend the system's geographic coverage.

Chances are, if you can identify an opportunity within your community, we have seen a similar set of circumstances and have devised a creative solution to meet these similar goals.

Shared governance is the common element among all our joint ventures. In other, more typical, joint ventures, governance follows equity. The partner who has the majority of the equity maintains a majority of the Board control. This is not the case in an LHP joint venture. We do not ask our partners who are contributing assets to the joint venture to give up control of those assets, nor do we seek to gain control of assets being acquired by the joint venture. In fact, provided that the not-for-profit partner is willing to maintain at least a 20% ownership interest in the joint venture, LHP is willing to share governance 50/50.



In an LHP Joint Venture, the not-for-profit partner does not cede control of its assets.

Provided that the not-for-profit partner maintains at least a 20% ownership interest in the joint venture, governance will be shared 50/50 at the board level. LHP and the NFP partner will each appoint five members to the Joint Venture Board of Directors. The board will then utilize block voting to reach a consensus; i.e. each partner's "block" of members must approve an issue to assure its passage.