



Verity Health System Enters into Asset Purchase Agreement with The KPC Group

- *Verity Health System has entered into an agreement to sell St. Francis and St. Vincent Medical Centers in Southern California and Seton Medical Center and Seton Coastside in Northern California to The KPC Group for \$610 million, subject to better and higher bids*
- *The KPC Group is committed to continuing operations at all four hospitals in the future and serving local communities*
- *Operations and services will continue uninterrupted at all facilities during a smooth and efficient transition process*
- *All six hospitals in the Verity Health System have a potential buyer or approved buyer, marking an important milestone in the Chapter 11 process for patients, employees and communities*

LOS ANGELES – January 18, 2019 – Verity Health System of California, Inc. (“Verity Health”), a nonprofit healthcare system, filed a motion in the U.S. Bankruptcy Court in Los Angeles seeking Bankruptcy Court approval to enter into a “stalking horse” purchase agreement with The KPC Group for the sale of St. Francis Medical Center in Lynwood, St. Vincent Medical Center in Los Angeles, Seton Medical Center in Daly City and Seton Coastside in Moss Beach. Under the agreement, which is subject to better or higher offers, The KPC Group intends to purchase the assets for \$610 million (\$610,000,000).

“We are excited about the future of these hospitals, and we look forward to the opportunity of continuing their excellent track record of care in the communities they serve,” said Peter Baronoff, CEO and Managing Director at The KPC Group.

The motion seeks approval to implement bidding procedures for an auction where other potential buyers may submit qualified competing bids against The KPC Group’s Stalking Horse Bid. The winning bid, as selected by the Verity Health Board of Directors, in consultation with its professional legal and financial advisors, is subject to the approval of the Bankruptcy Court, and, depending on the buyer, the California Attorney General.

“When we began this process, our goal was to ensure these important historic institutions continued to provide the high-level of care local communities need and deserve. We have reached an exciting milestone as we get closer to this goal becoming a reality,” said Rich Adcock, CEO of Verity Health. “Verity has remained committed to finding the right buyer to provide uninterrupted service and operations for all employees, physicians and patients, and we will continue that commitment as this process advances.”

The KPC Group is also focused on enhancing the health and welfare of communities and looks forward to serving patients in Los Angeles and San Mateo Counties.

Additional Details

The KPC Group has also agreed to make offers of employment to substantially all employees at these facilities, including full-time, part-time, those on short-term or long-term disability or on leave of absence. Verity Health System and The KPC Group will conduct discussions with the unions related to any specific collective bargaining agreement.

Verity Health anticipates that payments to retirees will continue.

Other information

The asset purchase agreement and all relevant court documents can be accessed using this [link](#). For questions from patients, suppliers and other parties, please call Verity Health's helpline at (888) 249-2741.

Verity Health is advised in this matter by Dentons US LLP, Berkeley Research Group and Cain Brothers.

Verity Health System

Verity Health is a nonprofit healthcare system. Its hospitals include 1,650 inpatient beds, six active emergency rooms, a trauma center and a host of medical specialties including tertiary and quaternary care. Verity's two Southern California hospitals are St. Francis Medical Center in Lynwood and St. Vincent Medical Center in Los Angeles. In Northern California, O'Connor Hospital in San Jose, St. Louise Regional Hospital in Gilroy, Seton Medical Center in Daly City and Seton Coastside in Moss Beach are part of Verity Health.

Verity Health also includes Verity Medical Foundation. With more than 100 primary care and specialty physicians, VMF offers medical, surgical and related healthcare services for people of all ages at community-based, multi-specialty clinics conveniently located in areas served by the Verity hospitals.

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Media

Edelman

Jenny Kantor, (646) 648-8260

Jenny.Kantor@edelman.com