

**PHSI FOUNDATION, INC.
3300 East Guasti Road, 2nd Floor
Ontario, California 91761**

December 28, 2012

Knapp Medical Center and
Knapp Community Care Foundation
P.O. Box 1110
Weslaco, Texas 78599-110
Attention: John L. Lackey, Chairman

Re: Membership Interest Transfer Agreement Closing Date

Ladies and Gentlemen:

Reference is made to that certain Membership Interest Transfer Agreement dated as of November 20, 2012 (the "Agreement"), between and among Knapp Medical Center, Inc., a Texas nonprofit corporation ("KMC"), Knapp Community Care Foundation, Inc., a Texas nonprofit corporation ("KCCF"), and Prime Healthcare Services Foundation, Inc., a Delaware nonprofit corporation (the "PHSF"). Unless otherwise provided herein to the contrary, terms defined in the Agreement are used herein as therein defined. This letter will confirm the agreement of the parties hereto regarding the Closing Date of the transactions contemplated by the Agreement.

Section 1. Amendment to PHSF Name. Prime Healthcare Services Foundation, Inc., a Delaware nonprofit corporation, is the former name of PHSI Foundation, Inc., a Delaware nonprofit corporation ("PHSI"). All references to "PHSF" or "Prime Healthcare Services Foundation, Inc." in the Agreement or in the Ancillary Agreements, to the extent not revised therein, shall be amended to read "PHSI" or "PHSI Foundation, Inc.," respectively.

Section 2. Amendments to Section 1.6(a). The second sentence of Section 1.6(a) of the Agreement is hereby amended to reflect that the Closing Date shall be on "January 1, 2013."

Section 3. Letter Agreements with Administrative Employees. As listed on Schedule 2.13(a)(ii) of the Agreement, eight (8) KMC employees have letter agreements with KMC, which letter agreements state that such employee is entitled to severance if he/she terminates his/her employment with KMC in the event that KMC "shall sell, merge, joint venture or lease all of or a controlling interest in its assets or business, directly or indirectly." However, such employment termination must be elected prior to any such transaction. As the KMC employees were not informed of the MITA or its underlying transaction and will, therefore, be unable to elect to

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terminate employment with KMC prior to the transaction, such employees will be provided ten (10) business days beginning January 2, 2012 in which to make such termination election. Any severance pay due as a result of a termination election shall be addressed in the Closing Date Net Working Capital calculation set forth in Section 1.5(c)(ii) of the Agreement as a pre-Closing liability of KMC and shall be treated as if such severance pay were made in full prior to the Closing.

Section 4. Knapp Medical Center Foundation. The parties agree that post-Closing, the bylaws of Knapp Medical Center Foundation will be amended (i) to allow the Foundation board of directors to be self-appointed on a continuing basis, and (ii) to require that any change to the formation documents of the Foundation (including its Articles of Incorporation and Bylaws) or any liquidation or termination of the Foundation must be approved by both the board of directors of KMC and KCCF.

Section 5. Executive Director. Ms. Debby Rektorik, the current Vice President of Business Development for KMC, has a termination option as discussed in Section 3 above. Ms. Rektorik may be approached for employment with KCCF post-Closing, as indicated on Schedule 12.2 of the Agreement. The parties agree that Ms. Rektorik shall not be due severance pay if she elects her termination option and seeks a position with KCCF within 12 months of the Closing Date.

Section 6. Inventory Count. As set forth in Section 1.5(c)(ii) of the Agreement, KMC is to perform an inventory of supplies no more than five (5) days prior to the Closing Date. As the parties have agreed that such inventory cannot be performed prior to the Closing Date, such inventory will be conducted within thirty (30) days after the Closing Date, taking into account the usage and purchases between the count and the Closing Date, so that the actual value of supplies as of the Closing Date may be taken into account in the Closing Date Net Working Capital and Closing Statement set forth in Section 1.5(c)(iii) of the Agreement.

Section 7. Meaningful Use Funds. KMC expects to receive incentive payments from the Centers for Medicare & Medicaid Services ("CMS") in connection with KMC's "meaningful use" of certified EHR technology during 2012 (the "Meaningful Use Funds"). Such Meaningful Use Funds for 2012 will be transferred to KCCF upon KMC's receipt of the same.

If the foregoing reflects KMC's and KMCF's understanding regarding the matters described herein, their respective assents should be evidenced by executing this Letter Agreement in the applicable space provided below.

PHSI FOUNDATION, INC.

By: _____
Prem Reddy, _____

**AGREED AND ACCEPTED
AS OF DECEMBER 28, 2012**

KNAPP COMMUNITY CARE FOUNDATION, INC.

By: *John L. Lackey by Matthew Jones with permission*
John L. Lackey, President

KNAPP MEDICAL CENTER

By: *John L. Lackey by Matthew Jones with permission*
John L. Lackey, Chairman of the Board