

Form A

STATEMENT REGARDING THE ACQUISITION OF
OR CONTROL OR MERGER WITH A DOMESTIC INSURER

ProCare Health Plan, Inc.
NAIC # 11081

By

Tenet Healthcare Corporation
Federal I.D. No. 95-2557091

Filed with the Michigan Department of Insurance and Financial Services

Date: July 26, 2013

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ITEM 1. INSURER AND METHOD OF ACQUISITION

(a) Insurer

The Domestic Insurer to which this Application relates is:

ProCare Health Plan, Inc. 3990 John R, 1 Brush NDetroit, MI 48201

Tenet Healthcare Corporation, a Nevada corporation (the "Applicant"), will indirectly acquire control of ProCare Health Plan, Inc. a Michigan corporation ("ProCare" or "Domestic Insurer"), by way of a merger (the "Proposed Transaction"). Applicant has entered into an Agreement and Plan of Merger (the "Merger Agreement"), dated as of June 24, 2013, attached hereto as **Exhibit 1**, with Orange Merger Sub, Inc. ("Orange Merger"), a subsidiary of Applicant, and Vanguard Health Systems, Inc., the Ultimate Controlling Parent ("UCP") of Domestic Insurer ("Vanguard"), whereby Orange Merger will merge with and into Vanguard, and Vanguard, as the surviving company of the merger, will become a wholly-owned subsidiary of Applicant. As the new UCP of Vanguard, Applicant will become the UCP of Domestic Insurer.

(b) Method of Acquisition

Applicant has entered into the Merger Agreement with Vanguard and Orange Merger, whereby Vanguard will become a wholly owned subsidiary of Applicant. As a wholly-owned subsidiary of Vanguard, Domestic Insurer will also become an indirect wholly-owned subsidiary of Applicant as a result of the merger. Upon consummation of the merger, each share of Vanguard common stock issued and outstanding immediately prior to the consummation, other than shares for which appraisal rights have been properly demanded and not withdrawn and certain other shares, will automatically be converted into the right to receive \$21.00 in cash.

A current copy of Domestic Insurer's organizational chart is attached hereto as **Exhibit 2.**

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

(a) Name and address of the Applicant.

Tenet Healthcare Corporation
1445 Ross Avenue, Suite 1400
Dallas, TX 75202

(b) The nature of Applicant's business operations for the past five years or for such lesser period as the person and any predecessors have been in existence. The business intended to be done by Applicant and its subsidiaries.

Applicant is Tenet Healthcare Corporation which was founded in 1968. Applicant is an investor-owned health care services company whose subsidiaries and affiliates primarily operate 49 hospitals, over 120 outpatient centers and Conifer Health Solutions, which provides

business process solutions to more than 600 hospitals and other clients nationwide. As one of America's largest healthcare providers, Tenet's hospitals and outpatient centers treat more than 4 million patients each year. Tenet has revenues of \$10 billion and ranks approximately 269 in the Fortune 500, with more than 62,000 employees across 39 states.

In its hospital operations, Applicant seeks to offer superior quality and patient services to meet community needs, to make capital and other investments in its facilities and technology in order to remain competitive, to recruit and retain quality physicians, and to expand its outpatient and other businesses. With respect to business process services, Applicant provides comprehensive operational management for revenue cycle functions, including patient access, health information management, revenue integrity and patient financial services. Applicant also offers patient communications solutions to optimize the relationship between providers and patients. In addition, Applicant's management services offerings have expanded to support value-based performance through clinical integration, financial risk management and population health management. Applicant believes that entering into the insurance business will further its efforts to increase overall integration of the health care system and population health management.

Applicant does not have any current plans to engage in business other than its core businesses of healthcare, insurance and related businesses.

(c) Chart or listing clearly presenting the identities of the inter-relationships among the Applicant and all affiliates of the Applicant, including NAIC numbers for all insurers.

Attached hereto as **Exhibit 3** is a list/chart reflecting the subsidiaries of Applicant. The list/chart also indicates each affiliate's type of organization and state of domicile. Unless otherwise reflected on the attached list/chart, all ownership is by virtue of ownership or control of 100% of voting securities of the entities or persons referenced. There are no court proceedings pending which look toward a reorganization or liquidation with respect to any such entity or person.

Attached hereto as **Exhibit 4** is an organizational listing/chart identifying the interrelationships between the Applicant and the Domestic Insurer after the above-referenced Proposed Transaction. The listing/chart also indicates each entity's type of organization and state of domicile. Unless otherwise reflected on the attached list/chart, all ownership is by virtue of ownership or control of 100% of voting securities of the entities or persons referenced. There are no court proceedings pending which look toward a reorganization or liquidation with respect to any such entity or person.

ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANT

A list of all persons who are directors and executive officers of Applicant, as well as a list of all individuals who will be directors and executive officers of ProCare after consummation of the Proposed Transaction, is attached hereto as **Exhibit 5**.

NAIC Biographical Affidavits for the executive officers and directors of Applicant as listed in Exhibit 5 are attached as **Exhibit 6** hereto. F.B.I. fingerprint cards for such executive officers are being prepared and upon completion will be converted in accord with Michigan requirements by livescan equipment for checking.

Because all of the directors of ProCare will remain the same after consummation of the Proposed Transaction, NAIC Biographical Affidavits and fingerprints for these individuals are already on file with the Michigan Department of Insurance and Financial Services.

ITEM 4. NATURE, SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION

- (a) Nature, source and amount of funds or other consideration used or to be used in effecting the merger or other acquisition of control.

Upon consummation of the Merger, each share of common stock of Vanguard, issued and outstanding immediately prior to the consummation of the merger, other than shares for which appraisal rights have been properly demanded and not withdrawn and certain other shares, will automatically be converted into the right to receive \$21.00 in cash, without interest, and subject to reduction for any required withholding taxes. Applicant has obtained debt financing commitments for the transaction contemplated by the Merger Agreement, the proceeds of which will be used by Applicant to pay the aggregate merger consideration, for the refinancing of the indebtedness of Vanguard contemplated by the Merger Agreement or the financing commitments, and all related fees and expenses.

Bank of America, N.A. ("BOA"), Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPFS"), Barclays Bank PLC ("Barclays"), Citigroup Global Markets Inc. ("CGMI," and Citibank, N.A., Citigroup North America, Inc. and/or any of their affiliates as CGMI shall determine to be appropriate, collectively "Citi"), Wells Fargo Bank, National Association ("Wells Fargo"), WF Investment Holdings, LLC ("WFIH"), Wells Fargo Securities, LLC ("WF Securities"), The Bank of Nova Scotia ("Scotiabank"), SunTrust Bank ("Sun Trust"), SunTrust Robinson Humphrey, Inc. ("STRH"), and Morgan Stanley Senior Funding, Inc. ("MSSF," together with Bank of America, MLPFS, Barclays, Citi, Wells Fargo, WFIH, WF Securities, Scotiabank, SunTrust and STRH, the "Commitment Parties") have committed to provide a \$1.8 billion senior secured term credit facility and a \$2.8 billion senior unsecured bridge credit facility, on the terms and subject to the conditions set forth in a debt commitment letter dated June 24, 2013, (the "Debt Commitment Letter").

MLPFS, Barclays, CGMI and WF Securities, on an exclusive basis, will act as the joint book-running lead underwriters, joint book-running lead initial purchasers, joint book-running lead arrangers or joint book-running lead placement agents (in such capacity, the "Joint Bookrunning Managers") for the debt financing, and each of Scotiabank, STRH and MSSF, on an exclusive basis, will act as co-managers for the debt financing. It is expected that upon consummation of the Merger, senior unsecured notes will be issued and sold pursuant to a high yield senior unsecured notes offering in lieu of a portion or all of the drawings under the senior unsecured bridge facility.

The obligation of the Commitment Parties to provide debt financing under the Debt Commitment Letter is subject to certain customary conditions.

A copy of the Debt Commitment Letter is attached hereto as **Exhibit 7**.

- (b) The criteria used in determining the nature and amount of the consideration.

Vanguard retained J.P. Morgan Securities LLC ("J.P. Morgan") as its financial advisor in connection with the proposed Merger and to deliver a fairness opinion in connection with the proposed Merger. Based on Vanguard's filings with the Securities and Exchange

Commission, J.P. Morgan rendered to Vanguard's Board its oral opinion, which opinion was subsequently confirmed in a written opinion dated June 24, 2013, to the effect that, as of the date of such opinion, and based upon and subject to the assumptions, limitations, qualifications and conditions described in J.P. Morgan's written opinion, the Merger consideration of \$21.00 in cash per share to be received in the Merger by holders of Vanguard's Common Stock was fair, from a financial point of view, to such holders.

In arriving at its opinion, J.P. Morgan, among other things:

- reviewed a draft of the Merger Agreement;
- reviewed certain publicly available business and financial information concerning Vanguard and the industries in which it operates;
- compared the proposed financial terms of the Merger with the publicly available financial terms of certain transactions involving companies J.P. Morgan deemed relevant and the consideration paid for such companies;
- compared the financial and operating performance of Vanguard with publicly available information concerning certain other companies J.P. Morgan deemed relevant and reviewed the current and historical market prices of Vanguard's Common Stock and certain publicly traded securities of such other companies;
- reviewed certain internal financial analyses and forecasts prepared by the management of Vanguard relating to its business; and
- performed such other financial studies and analyses and considered such other information as J.P. Morgan deemed appropriate for the purposes of its opinion.

J.P. Morgan also held discussions with Vanguard management with respect to certain aspects of the Merger, and the past and current business operations of Vanguard, the financial condition and future prospects and operations of Vanguard, and certain other matters J.P. Morgan believed necessary or appropriate to its inquiry.

ITEM 5. FUTURE PLANS OF INSURER

A Business Plan describing the future plans of the Applicant with respect to the Domestic Insurer, including pro forma financial statements for the years 2013 through 2017, is attached as **Exhibit 8** hereto. Applicant has no plans or proposals, nor contemplates making any plans or proposals, to liquidate Domestic Insurer, to declare an extraordinary dividend, to cause Domestic Insurer to sell any of its assets, to merge or consolidate Domestic Insurer with any person or persons, or, except as set forth herein and in the Business Plan, to make any other material change in its business operations or corporate structure or management, or to provide any financial or employment guarantees to present or contemplated management. Applicant intends to continue to conduct the business of the Domestic Insurer in the same manner and in accordance with the same plans that the Domestic Insurer currently has in place.

ITEM 6. VOTING SECURITIES TO BE ACQUIRED

Domestic Insurer has 1,500,000 shares of authorized Common Stock, \$1 par value, of which 750,000 shares are issued and outstanding. Vanguard currently owns 100% of Insurer's shares. Following the consummation of the Merger, Applicant will own 100% of Vanguard's issued and outstanding shares.

ITEM 7. BENEFICIAL OWNERSHIP OF VOTING SECURITIES

Except as set forth in this Form A, none of the Applicant, any person controlling, controlled by or under common control with the Applicant, or any persons listed in Item 3 beneficially owns or has a right to acquire beneficially any voting securities of ProCare or any securities convertible into or evidencing a right to acquire any such voting securities whether or not such right of conversation or acquisition is exercisable immediately or at some future time.

ITEM 8. CONTRACTS, ARRANGEMENTS, OR UNDERSTANDINGS WITH RESPECT TO VOTING SECURITIES OF THE DOMESTIC INSURER

Except as set forth in this Form A, there are no contracts, arrangements or understandings, whether oral or in writing, directly or indirectly relating to any voting securities of the Domestic Insurer or any securities convertible into or evidencing a right to acquire any such voting securities whether or not such right of conversion or acquisition is exercisable immediately or at some future time involving the Applicant, any person controlling, controlled by or under common control with the Applicant or any person listed in Item 3, including but not limited to transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies.

ITEM 9. RECENT PURCHASES OF VOTING SECURITIES

Except as described in this Form A, there have not been any purchases of any voting securities of Domestic Insurer by Applicant, any of its affiliates, or any person listed in Item 3 above during the 12 calendar months preceding the filing of this statement. None of the shares of Domestic Insurer to be purchased are hypothecated.

ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE

Except as described in this Form A, there are not any written or oral recommendations to purchase any voting securities of Domestic Insurer made by Applicant, or any of its affiliates, or any person listed in Item 3 above, or by anyone based upon interviews with or at the suggestion of Applicant, any of its affiliates, or any person listed in Item 3 above during the 12 calendar months preceding the filing of this Form A.

ITEM 11. AGREEMENTS WITH BROKER-DEALERS

The Applicant and its affiliates have not made any agreement, contract or understanding with any broker-dealer as to solicitation of voting securities of the Domestic Insurer for tender, and have not paid or agreed to pay any fees, commissions or other compensation to broker-dealers with regard thereto.

ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS

- (a) The following exhibits and Financial Statements are attached to this Application:

1. Agreement and Plan of Merger
 2. Pre-Acquisition Organizational Chart reflecting ownership of ProCare
 3. List of Applicant's affiliates and subsidiaries
 4. Post-Acquisition Organizational Chart reflecting ownership of ProCare
 5. Listing of all persons who are directors and executive officers of Applicant and listing of all persons will be directors and executive officers of ProCare after consummation of the Proposed Transaction
 6. NAIC Biographical Affidavits for individuals listed in Exhibit 5 (other than those individuals whose affidavits are already on file with the Michigan Department of Insurance and Financial Services)
 7. Debt Commitment Letter
 8. Business Plan and five year financial projections for ProCare after consummation of the Proposed Transaction
 9. Financial Statements of Applicant for years 2008 through 2012.
- (b) The financial statements attached hereto as **Exhibit 9** are consolidated financial statements of Applicant and its affiliates for the preceding five years.
- (c) File as exhibits copies of all tender offers for, requests or invitations for, tenders of, exchange offers for, and agreements to acquire or exchange any voting securities of the Domestic Insurer and (if distributed) of additional soliciting material relating thereto, any proposed employment, consultation, advisory or management contracts concerning the Domestic Insurer, annual reports to the stockholders of the Domestic Insurer and the Applicant for the last two fiscal years, and any additional documents or papers required by Form A.


N/A

ITEM 13. SIGNATURE AND CERTIFICATION

SIGNATURE

Pursuant to the requirements of Section 1311 of the Insurance Code of 1956, as amended, Tenet Healthcare Corporation has caused this application to be duly signed on its behalf in the City of Dallas and State of Texas, on the 25th day of July, 2013.

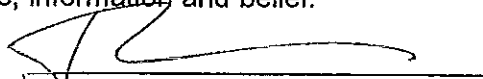
Tenet Healthcare Corporation


By: Paul Castanon
Title: Vice President, Deputy General Counsel and
Corporate Secretary

CERTIFICATION

STATE OF Texas §
 §
COUNTY OF Dallas §

The undersigned deposes and says that he or she has duly executed the attached application dated July 25, 2013, for and on behalf of Tenet Healthcare Corporation; that he is the Vice President, Deputy General Counsel and Corporate Secretary of such company and that he is authorized to execute and file the application. Deponent further says that he is familiar with the application and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.


(Signature)

Sworn to and subscribed before me on this 25th day of July, 2013, to certify which witness my hand and seal of office.



Katherine K. Connell
Notary Public in and for
the State of Texas
Printed Name: Katherine K. Connell
My commission expires: 7-22-2014