

DECLARATION OF CLARK ROBINSON, M.D.

Clark Robinson states as follows:

1. I am an orthopedic surgeon practicing in the Treasure Valley. I have practiced there since 2000. I worked for Saltzer Medical Group until I resigned, effective November 11, 2012. During most of this period, I was a partner in the group. I have signed a professional services agreement with Saint Alphonsus Medical Group, and will be working for Saint Alphonsus effective November 12, 2012. If sworn as a witness, I could testify competently to the statements in this declaration.

2. As an orthopedic surgeon at Saltzer, I, like other specialists, depended very significantly on referrals from the primary care physicians in Saltzer. I would estimate that 75% of my cases came through such referrals.

3. Saltzer was and is the premier medical group in Nampa. Saltzer has been in the community for 50 years, and I believe that Saltzer physicians enjoy an unparalleled reputation in the Nampa community. Until the time I resigned from Saltzer, the group was strong financially and profitable.

4. The impending acquisition of Saltzer by Saint Luke's is the result of a long process which began with Saint Luke's personnel approaching Saltzer about a possible partnership over two years ago. Over that time, I attended many different meetings with St. Luke's personnel regarding the acquisition.

5. Initially, St. Luke's was interested in a looser arrangement with Saltzer. That position evolved, however, when St. Luke's leadership changed and Dr. Pate took over as St. Luke's CEO. Once the new leadership was in place, St. Luke's requested progressively more control as a part of the transaction. Over time, St. Luke's proposal was expanded to involve the

hiring by St. Luke's of Saltzer staff, the acquisition or leasing by St. Luke's of Saltzer's assets and equipment, and the signing of exclusive professional services agreements with Saltzer's physicians. By the end of this process, St. Luke's personnel described the arrangement as "employment lite." Pursuant to the arrangement that Saltzer agreed to with St. Luke's, St. Luke's will enter into all the arrangements described above.

6. At the meetings I attended, St. Luke's personnel described their motivations in undertaking the Saltzer transaction. First, St. Luke's wanted to secure Saltzer's primary care referrals. Second, St. Luke's wanted additional market share.

7. St. Luke's interest in securing Saltzer's primary care physicians was made clear by the difference in the compensation they were offering to Saltzer's primary care versus the offer made to Saltzer's surgeons. St. Luke's offered Saltzer's primary care physicians a 30% increase in their income if they accepted the deal, while St. Luke's best, "exclusive" offer to surgeons included only a 14% increase in income. (Their "non-exclusive" offer, described below, involved a cut in pay.)

8. St. Luke's personnel also described their overall goals with respect to the market. St. Luke's wanted control over the patient from beginning to end. St. Luke's desired a system in which patients saw St. Luke's primary care physicians, had their surgeries performed by St. Luke's specialists at St. Luke's facilities and reduced all of their ancillary services at St. Luke's facilities.


9. I and the other surgeons in Saltzer had much more difficulty in working out an arrangement with St. Luke's, and that is why I ultimately left Saltzer. I, like the other surgeons, am a part owner in Treasure Valley Hospital ("TVH"), a surgery hospital located in Ada County, which provides high quality, low cost surgical care to residents of the Treasure Valley.

10. St. Luke's position was that it did not want any of the Saltzer physicians with whom they contracted to have a relationship with TVH or any competing entity. St. Luke's wanted an "exclusive" relationship. This was unacceptable to me, since I wanted (and want) to preserve my relationship with TVH, which I believe provides a high quality, lower cost alternative to patients. In my new relationship with Saint Alphonsus, I will be permitted to retain my relationship with TVH and to perform surgeries at TVH, to the extent I think appropriate.

11. When I resisted this demand by St. Luke's, an alternative was offered to me (and, I understand, the other surgeons). I was offered an "exclusive" and a "non-exclusive" offer. The exclusive offer involved more annual compensation and an upfront payment. The nonexclusive offer involved less compensation and no upfront payment. In fact, under the non-exclusive offer, my compensation was to be 5-10% less than what I made the prior year. The exclusive offer also mandated that I divest my interest in Treasure Valley Hospital and any other entities that performed services similar to St. Luke's. This was unacceptable to me.

12. In August, with the St. Luke's transaction impending, I heard that Dr. John Kaiser, Saltzer's president, stated that everyone at Saltzer needs to realize that any patients taken to St. Alphonsus or Treasure Valley Hospital is not supportive of the Saltzer's and St. Luke's overall goals. Over the last three months, when it was generally known that I and the other orthopedic surgeons were likely not to participate in the St. Luke's transaction, I have already experienced a significant decrease in referrals from Saltzer physicians. In fact, even before it was generally known that I and the other orthopedic surgeons were leaving Saltzer, Saltzer's CEO, Bill Savage, told employees that we were leaving, but not to worry because Saltzer would replace us with other orthopedic surgeons. However, I am not willing to practice medicine under the restrictions required by St. Luke's.

13. I declare under penalty of perjury that the foregoing is true and correct this 12
day of November, 2012.


Clark Robinson, M.D.