



Morris James LLP

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November 10, 2023

VIA FILE & SERVEXPRESS AND FEDEX

The Honorable Sam Glasscock, III
Court of Chancery
Sussex County Office
34 The Circle
Georgetown, DE 19947

Re: *Steward Health Care System LLC, et al. v. Tenet Business
Services Corporation, et al.*,
Del. Ch. C.A. No. 2022-0289-SG

Dear Vice Chancellor Glasscock:

I write on behalf of Defendants in response to Plaintiffs' October 20, 2023 letter regarding Defendants' Motion for Final Judgment on All Counts Respecting the DPP Distributions. The affidavit accompanying Plaintiffs' letter states that Steward Health Care System LLC ("Steward") "does not currently intend to take any action in the next six months (or otherwise) involving liquidation, receivership or bankruptcy." That affidavit does not alleviate the substantial credit risk that Defendants have argued necessitates final judgment, not only for the reasons addressed in prior briefs and at the October 12, 2023 hearing, but also because the decision whether to "take any action ... involving liquidation, receivership, or bankruptcy" may very well be outside Steward's control.

Indeed, yesterday evening, Steward's landlord, creditor, and substantial equity holder, Medical Properties Trust, Inc. ("MPT") filed its 10-Q for the period ended September 20, 2023 noting that (1) Steward late paid a portion of its September rent; (2) Steward expects to late pay a portion of its October rent; (3) Steward's "cash flows from operations have been impacted by challenges related to revenue cycle management and a backlog of accounts payable"; and (4) while MPT "believe[s] that Steward will be able to satisfy its rental obligations over the full term of our master leases ... no assurances can be given that we will not have any impairment charges in the future." (Ex. 1 at 21). As of 10:30 a.m. ET, MPT's stock is down over 10% since yesterday's close and trading at its lowest level in over a decade. One analyst has already downgraded MPT today based on "cash management issues at Steward" that "should have been disclosed in the earnings release and/or during the conference call." (Ex. 2).

That Steward has been unable to timely pay its landlord, to whom Steward owes rent on over \$3 billion of real estate (Ex. 1 at 23 (loans and equity), and 24 (total investment)), highlights the risk that Defendants face without final judgment and payment or security.

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In any event, Defendants' Motion for Final Judgment on All Counts Respecting the DPP Distributions is ripe for decision. We remain at the Court's disposal if Your Honor requires anything further.

Respectfully submitted,

Barnaby Grzaslewicz (#6037)

Word Limit: 1,000
Words: 361

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Enclosures

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