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January 15, 1998

Sutter Health
Eden Medical Center
One Capitol Mall, Suite 410
Sacramento, CA 95814

Re: First Amended Memorandum of Understanding between Eden Township
District Hospital, Eden Medical Center and Sutter Health

Ladies and Gentlemen:

We have acted as counsel to Eden Township Hospital District, a California local health care district (the "District"), in connection with the execution and delivery by the District of the First Amended Memorandum of Understanding between Sutter Health ("Sutter"), Eden Medical Center ("Eden") and the District, and the Covenant Not to Compete between Sutter, Eden and the District (collectively, the "MOU"). This opinion is delivered to you pursuant to Section 19.1 of the MOU.

In rendering the opinions hereinafter expressed, we have examined such documents, obtained and relied upon such certificates from public officials and authorized representatives of the District and made such investigations of fact and law as we have deemed necessary or appropriate as a basis for the opinions expressed below. As to questions of fact relevant to this opinion, we have been furnished with, relied solely upon and have not verified the accuracy of certificates of public officials (other than those of the District), certificates of officers and authorized representatives of the District, responses to questions by officers of the District, contracts made available to us pursuant to our request for all material contracts



by the District, and other information provided to us by the District. We have no reason to believe we have not been informed of facts relevant to the analysis we have performed to render the opinions below; however, we bring to your attention that the operations of the District and its affiliates are diverse and complex, and there can be no assurance that all relevant facts have been revealed to us in the course of our due diligence review.

In rendering this opinion, we have made the assumptions listed below.

A. All documents submitted to or reviewed by us are accurate and complete and, if not originals, are true and correct copies of originals. The signatures on each of these documents by parties other than the District are genuine, and each individual executing any of these documents on behalf of parties other than the District has the legal capacity to do so.

B. All parties other than the District have: (1) the authority and power to execute, deliver and perform their obligations under the documents to which they are a party; (2) duly authorized by all requisite action the execution and delivery of the documents to which they are a party; and (3) duly executed and delivered the documents to which they are a party.

C. Except as to the District, such documents constitute valid and binding agreements enforceable against each of the parties in accordance with their terms.

Based on the foregoing and subject to the qualifications set forth below, we are of the opinion that:

1. The District is a California local health care district, duly organized and existing under Section 32000 et seq. of the California Health and Safety Code.

2. The District has the power and authority to own and operate its property, to conduct its business as it is currently being conducted and to execute, deliver and perform the transactions contemplated by the MOU.

3. The MOU has been duly authorized by all necessary action on the part of the District and has been duly executed and delivered by the District.

4. The MOU constitutes the legal, valid and binding obligations of the District enforceable against the District in accordance with its terms.

5. The execution, delivery and performance of the MOU by the District do not in any material respect: (a) conflict with or constitute on the part of the District a violation or

breach of or default (with due notice or the passage of time or both) under (i) the charter documents and bylaws of the District; (ii) any applicable California or federal statutory law or administrative regulation; (iii) to the best of our actual knowledge, any applicable court or administrative decree or order; or (iv) to the best of our actual knowledge, any material contract, agreement or instrument to which the District is a party or by which the District or its respective properties is otherwise subject or bound of which we are aware; or (b) to the best of our actual knowledge, result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the District, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the MOU or the financial condition, assets, properties or operations of the District.

6. To the best of our actual knowledge, no consent, permission, authorization, order or license of, or filing or registration with, any California or federal governmental authority is necessary, in connection with the execution, delivery and performance of the MOU by the District, except as have been obtained or made and as are in full force and effect.

7. Other than as disclosed in the MOU, to the best of our knowledge (a) there is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or threatened against or affecting the District which, if determined adversely to the District, would have a material and adverse effect upon the consummation of the transactions contemplated by the MOU, or upon the financial condition or operations of the District, and (b) the District is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the MOU, or the financial condition or operations of the District. In rendering the opinion expressed in this subparagraph 7(a) above, we have relied upon the representations in an Officer's Certificate or Officers' Certificates and on information provided by the District as to the existence or non-existence of any pending or threatened action, suit, proceeding, inquiry or investigation, which we have no reason to believe are incorrect. In rendering the opinion expressed in subparagraph 7(b) above, we have relied solely upon the representations made to us in the certificates from authorized representatives of the District, which we have no reason to believe are incorrect.

The foregoing opinions are subject to the following additional exceptions or limitations:

A. The opinions set forth herein are based upon the laws of the State of California as of the date hereof, and we assume no obligation to modify or supplement this opinion with respect to changes in such laws after the date hereof. No opinion is expressed as to the law of any other jurisdiction or the effect thereof. We express no opinion with respect to the federal or state securities laws or their application to any of the documents referred to herein or any transaction contemplated thereunder. The opinions set forth herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities.

B. The opinions expressed in paragraph 4 above concerning the validity, binding effect and enforceability of the MOU are limited as follows:

(1) We express no opinion as to the effect of any bankruptcy, insolvency, reorganization, fraudulent conveyance, preference, equitable subordination, moratorium, bulk sales, marshaling or similar laws affecting the enforcement of creditors' rights generally.

(2) The enforceability of the documents is subject to the effect of California court decisions, invoking statutes or principles of equity, which have held that certain covenants and provisions of agreements are unenforceable where: (a) the breach of such covenants or provisions imposes restrictions or burdens upon the debtor, including the acceleration of indebtedness due under debt instruments, and it cannot be demonstrated that the enforcement of such restrictions or burdens is reasonably necessary for the protection of the creditor; or (b) the creditor's enforcement of such covenants or provisions under the circumstances would violate the creditor's implied covenant of good faith and fair dealing.

(3) The enforceability of the documents is subject to the effect of general principles of equity, including without limitation concepts of materiality, reasonableness, good faith and fair dealing, and the possible unavailability of specific performance or injunctive relief regardless of whether considered in a proceeding in equity or at law.

(4) We advise you that under existing law, a provision for indemnity of any person may not be enforced to the extent such person is guilty of fraud, bad faith or willful misconduct. We further advise you that enforcement of indemnification provisions in any of the documents may be limited by applicable securities laws or held to be against public policy.

(5) We express no opinion concerning the enforceability of any provision concerning governing or choice of law, jurisdiction, waiver or contribution.

C. In rendering these opinions, we have relied upon the fact that the documents and instruments referred to have been bargained for and are negotiated agreements between the parties and that such documents and instruments set forth the entire agreement of the parties with respect to the terms thereof and that there are no oral or written statements, representations, agreements or understandings which modify, amend or vary, or purport to modify, amend or vary any of the terms of the foregoing instruments.

D. The opinion given in paragraph 5(a)(ii) above means that the matters discussed therein, at or before the closing of the transactions contemplated by the MOU, are not prohibited by, nor do they subject the District to a fine, penalty or similar sanction that would be materially adverse to the District under, any federal or State of California statute or regulation that a healthcare lawyer in California exercising customary professional diligence would reasonably recognize to be directly applicable to the District, the transaction, or both.

E. We believe that some of the contracts assigned to and assumed by Eden pursuant to the MOU require consent to an assignment of the contract by the nonassigning party. Accordingly, we express no opinion regarding the effect of any failure to obtain any necessary consents of nonassigning parties to the assignment of any such contracts.

F. We express no opinion concerning the condition of title to any real or personal property, or any subdivision, zoning, land use or environmental laws (including but not limited to, any laws regarding "toxic" or "hazardous" waste, substances or materials).

G. For purposes of our opinion, the term "material," when used to describe any loan, contract, agreement or other instrument, means that involving a total indebtedness or consideration of no less than \$250,000.

H. As counsel to the District in this matter, we have not rendered financial advice to the District and do not represent by this opinion, or otherwise, that we have reviewed or made any assessment about, nor do we offer any opinion about, the financial condition of the District past, present or future.

I. Whenever a statement herein is qualified by "to our actual knowledge," "known to us," or similar phrase, it is intended to indicate that, during the course of our representation of the District, no information that would give us current actual knowledge of the inaccuracy of such statement has come to the attention of those attorneys in this firm who have rendered legal services to the District. However, we have not undertaken any independent investigation to determine the accuracy of such statement, and any limited inquiry undertaken by us during the preparation of this opinion letter should not be regarded as such an investigation; no inference as to our knowledge of any matters bearing on the

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accuracy of any such statement should be drawn from the fact of our representation of the District.

This opinion is furnished by us as counsel to the District and is solely for your benefit and may not be relied on by, or quoted in whole or in part or otherwise referred to, except in a list of closing documents, nor may copies be delivered to or filed with any governmental agency or any other person without our prior written consent.

Very truly yours,

HANSON, BRIDGETT, MARCUS,
VLACHOS & RUDY, LLP



Craig J. Cannizzo, Esq.



John J. Vlahos, Esq.