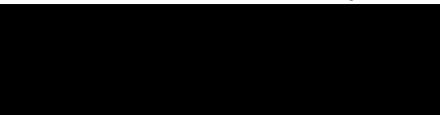


Montreal, January 10, 2010

155P-1729

Mr. Normand Bergeron
President and Director General
Partenariats Public Privé du Québec



Dear Mr. Bergeron,

As you are well aware, the PPP evaluation process was concluded on December 3, 2009 with both bidders being declared “non compliant”. Clause 7.3 of the RFP Volume 1 was invoked. The MHIG consortium was then considered to offer the best value to the Public Authority given that 7.13 had been previously invoked.

As you are also aware, the McGill University Health Centre (MUHC) and the MHIG consortium have been working closely together throughout the Christmas break and in January to address many of the issues raised in the Commitment Letter dated November 5, 2009 as well as to reach an affordable solution that would be acceptable. I am pleased to report that significant progress has been made in this regard.

The focus of the work to achieve an affordable solution has been in three main areas:

1. Reducing the physical size of MHIG’s proposed facilities in both net and gross building area terms;
2. Identifying the technical specification components of the Request for Proposals (RFP) that could be reduced without compromising the MUHC’s standing as one of the world’s foremost academic health centres and its academic mission; and
3. Investigating options within the financial and commercial aspects of the project (including the Alternate Proposal for parking) that could be improved in order to reduce the NPV. The aim of these options is to achieve optimum affordability while ensuring our capability to provide appropriate clinical care, research and teaching.

The Clinical Plan and Functional and Technical Programme, which form a major part of the RFP documentation, define the bare minimum in terms of space required for the MUHC to fulfill its academic mission at the Glen Campus. Well before RFP launch, the size and scope of the project were reduced significantly. There can be no doubt that any further reduction in clinical scope would have a material adverse effect on health care in Montreal and across the McGill RUIS territory. Indeed, there is already a serious identified gap in some components of the current scheme between the facilities to be provided and the health care demands of the population the MUHC serves. Therefore, the clear objective of the ongoing work with MHIG has been to improve the efficiency of its design in order to be able to do more and do it better, while reducing costs.

I am pleased to report that the MUHC and MHIG have now reached a position where both parties are in full agreement that the scheme can be delivered, including all the major rectifications and changes required in the Commitment Letter, for a NPV of \$1.48bn (in 2008 CAD) providing that financial close is achieved not later than March 4, 2010. After this date, the commitment and pricing from MHIG’s funders are not guaranteed.

Given the issues surrounding confidentiality, you will understand that it is ill advised to disclose full details of the ways in which costs will be reduced. However, the combination of all three areas of focus outlined above will be required. It will also be necessary for the Public Authority to be creative in considering the possible financial and commercial options designed to reduce the NPV. I am happy to share with you, at any time, the specifics of this cost optimization plan.

In view of the position outlined above, I believe that there are now overwhelmingly positive reasons why the announcement of Preferred Bidder and the design plans should be made by Government and the MUHC in the very near future.

Sincerely,

The Hon. Arthur T. Porter, P.C. MD
MUHC Director General and CEO

c.c.: Sen. David Angus Q.C. Ad E., Chairman, MUHC Board of Directors