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November 29, 2011

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Christopher Law
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Re: Church Street Health Management

Dear Erika and Chris:

We represent Church Street Health Management, Inc. ("CSHM") in connection with the letter dated November 18, 2011 from Senators Baucus and Grassley, received by CSHM late yesterday afternoon.¹ My partner, Grace Rodriguez, and I look forward to meeting with you tomorrow at noon. To facilitate our discussion, a binder is enclosed containing certain background documents. Additionally, I am providing the following information by way of general background and to illustrate certain misperceptions in the letter.

CSHM (formerly known as FORBA Holdings, Inc.) does not own any dental centers. It provides management services to dental centers across the country pursuant to Management Services Agreements ("MSAs"). These management services include assistance with billing, accounts receivable, payroll and human resources, purchasing, lease negotiations, legal, compliance, orientation programs, marketing, and taxes. The dental centers are owned by dentists. The management services provided by CSHM allow the dentists working in the centers

¹ The letter was addressed to [REDACTED] as CSHM's Chairman and Chief Executive Officer. Mr. [REDACTED] was separated from CSHM effective November 14, 2011.

to focus on practicing dentistry, and help to alleviate for them the administrative burdens of treating a largely Medicaid population. CSHM acquired the MSAs through an asset purchase transaction in September, 2006. There have been no changes of ownership in CSHM since September, 2006, and the owners of CSHM have not received any dividends from CSHM since their initial investment.

In November, 2007, CSHM learned from media reports that certain government agencies had launched an investigation concerning its operations. CSHM immediately contacted the agencies identified in the media reports, and began to cooperate fully with the investigation. CSHM provided documents and information to the Department of Justice ("DOJ"), the three relators who had filed actions against CSHM, the Office of the Inspector General for the Department of Health and Human Services ("HHS-OIG"), and state attorneys general. In January 2010, CSHM executed settlement agreements with the DOJ, the HHS-OIG, 22 state attorneys general, and the District of Columbia that provided for a settlement payment of \$24 million over five years and releases for itself, its management and directors, and those dental centers with MSAs for Covered Conduct from September 2006 through January 15, 2010. CSHM also executed Corporate Integrity Agreements with the HHS-OIG and the New York Office of the Medicaid Inspector General. For your convenience, we have included each of those agreements in the enclosed binder. Pursuant to the Corporate Integrity Agreements, CSHM has been paying for an Independent Monitor chosen by HHS-OIG, headed by a former HHS-OIG lawyer, who is responsible for assessing the effectiveness, reliability and thoroughness of CSHM's internal quality control systems, its response to quality of care issues, its development and timely implementation of corrective action plans, and its proactive steps to ensure that each patient at a dental center with a MSA receives care in accordance with professionally recognized standards of health care and all applicable statutes, regulations and guidelines. The Independent Monitor has unfettered and immediate access to all personnel, facilities, patients and records relating to billing or the care of patients at the dental centers with MSAs. The Corporate Integrity Agreements also provide for an Independent Review Organization, which also evaluates the accuracy of claims submitted by the centers as well as the quality of care provided, on an annual basis. By the end of 2011, CSHM estimates that it will have spent approximately [REDACTED] just for the services of the Independent Monitor and the IRO alone. This number does not take into account the additional investment that CSHM has made in its compliance program.

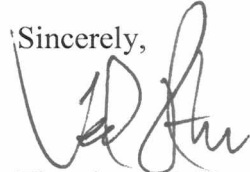
Your letter refers to class action lawsuits in Colorado and Texas involving claims of patient abuse. No class actions have been filed in Colorado or Texas, and no class actions have been settled. Two class actions have been filed -- one in federal court in Ohio, and one in state court in Oklahoma. The Ohio federal class action was dismissed by the plaintiff; the Oklahoma state class action was dismissed by the court. Other litigation brought on behalf of individual patients remains pending in Ohio, Oklahoma, and New York. CSHM prevailed in a jury trial this past summer in a patient case in New Mexico. We are happy to provide you with further information regarding CSHM's litigation.

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The investigations and litigation have taken a toll on CSHM and the dental centers with MSAs. CSHM currently is in negotiations with its lenders and equity holders to restructure the company and obtain a necessary cash infusion. In the meantime, CSHM is working hard to ensure that the dental centers with MSAs are providing the highest quality care to their patients, consistent with CSHM's obligations under the law and under its agreements with the government.

We look forward to our meeting tomorrow. Thank you for your time and consideration.

Sincerely,

Theodore M. Hester