

ADDENDUM E

ADMINISTRATION

January 1, 2007



Pomerado Hospital Medical Staff
15615 Pomerado Road
Poway, CA 92064

Re: Agreement to reimburse Medical Staff for Division Director, Section Chief, QMC Chair, Chief of Staff and Chief of Staff Elect Compensation.

Dear Dr. Benjamin Kanter:

Palomar Pomerado Health ("PPH"), a hospital district organized under California Health & Safety Code, Division 23 and Pomerado Hospital Medical Staff ("Medical Staff") hereby enter into this letter agreement ("Letter Agreement") by the terms of which PPH will reimburse Medical Staff for a portion of the compensation provided by Medical Staff to certain physicians under division director and other administrative agreements. PPH is the owner and operator of Pomerado Hospital ("Hospital") located at 15615 Pomerado Road, Poway, CA 92064.

1. **Division Director, Section Chief, QMC Chair, Chief of Staff and Chief of Staff Elect Agreements**

Medical Staff has entered into those arrangements listed on Exhibit A (the "Arrangements") with certain physicians ("Physicians") to serve as division directors, section chiefs, QMC chair or to serve as Chief of Staff or Chief of Staff Elect at Hospital. Medical Staff represents and warrants that the duties and responsibilities are set out in the Medical Staff Bylaws and other documents. Medical Staff further represents and warrants that its arrangements with the Physicians provide compensation that is fair market value for the services provided and is not determined in any manner that takes into account the value or volume of referrals or other business generated by the Physician to PPH.

2. **Financial Terms**

Medical Staff shall be solely responsible for compensating Physicians pursuant to the terms of the Arrangements. Medical Staff shall submit to PPH documentation reflecting the compensation provided by Medical Staff to the Physicians pursuant to the Arrangements no later than the tenth (10th) day of each month. PPH shall provide reimbursement to Medical Staff for fifty percent (50%) of the amounts provided to the Physicians pursuant to the Arrangements. PPH shall provide such reimbursement within ten (10) business days after Medical Staff's

PPH shall provide such reimbursement within ten (10) business days after Medical Staff's submission to PPH of the payment documentation. PPH shall provide such reimbursement in recognition of the fact that the Physicians, by the terms of their agreements with Medical Staff, provide services which benefit PPH.

3. Term

This letter agreement will have a term of two years, beginning January 1, 2007, and ending December 31, 2008, unless sooner terminated as otherwise provided in the agreement contemplated by this letter of intent.

4. Termination

PPH will have the right to terminate the agreement upon the occurrence of any of the following events:

- (i) With or without cause, in either case without penalty, upon ninety (90) days written notice to Medical Staff.
- (ii) Any breach of the Agreement by Medical Staff which is not cured within thirty (30) days after written notice is given by PPH to Medical Staff.
- (iii) Upon such other conditions as agreed upon by Medical Staff and PPH.

5. Publicity

Except as required by law, no party shall make any public announcement with respect to the agreement proposed by this letter of intent without the express written consent of the other parties.

6. Controlling Law

This letter of intent shall be governed by and construed and enforced in accordance with the laws of the State of California.

7. Counterparts

This letter agreement may be executed in counterparts, each of which shall be an original, but all of which together shall constitute one and the same agreement.

Sincerely,



Michael Covert
President/CEO
Palomar Pomerado Health

Accepted and agreed to by Medical Staff as of 11-28, 2006
Pomerado Hospital Medical Staff

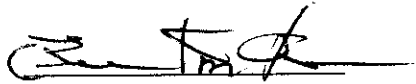


Exhibit A

Physician	Position	Term	Monthly Compensation
Benjamin Kanter, M.D.	Chief of Staff	1/01/07 - 12/31/08	
Franklin Martin, M.D.	Chief of Staff-Elect	1/01/07 - 12/31/08	
Kyle Potts, M.D.	Clinical Service Director Surgery	1/01/07 - 12/31/08	
Gary Spoto, M.D.	Clinical Service Director Diagnostic Services	1/01/07 - 12/31/08	
Alan Conrad, M.D.	Clinical Service Director Primary Care	1/01/07 - 12/31/08	
Timothy Maresh, M.D.	Clinical Service Director Maternal Child	1/01/07 - 12/31/08	
Nabil Fatayerji, M.D.	Section Chief of Pediatrics	1/01/07 - 12/31/08	
Jaime Rivas, M.D.	Section Chief of Emergency Medicine	1/01/07 - 12/31/08	
Jerry Kolins, M.D.	Section Chief of Pathology	1/01/07 - 12/31/08	
Marc Gipsman, M.D.	Section Chief of Anesthesia	1/01/07 - 12/31/08	
Roger Acheatel, M.D.	QMC Chair	1/01/07 - 12/31/08	