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## **First Physicians Capital Group Provides Transaction and Strategic Update**

**Wednesday, September 21, 2011**

BEVERLY HILLS, Calif. – First Physicians Capital Group, Inc. (“FPCG” or the “Company”) is providing updates on its recent strategic and financing initiatives.

### **Completion of Interim Bridge Note Financing**

In September 2011, FPCG completed a \$1.5 million interim round of bridge note financing. In conjunction with the new working capital financing, certain existing senior noteholders extended bridge notes issued in 2009 that were scheduled to expire in August 2011. Investors in the interim bridge notes received the right to exchange their existing Series 5-A and 6-A Preferred Stock and Common Stock to a new class of Convertible Preferred Stock or Junior Subordinated Notes subject to certain limitations. Upon funding of the full commitment of this financing, FPCG shall have \$3.7 million in senior secured notes outstanding. Participants in the financing include members of management, members of the board of directors and some of the Company’s largest current shareholders and current lenders.

### **Buyout of Stake in Outpatient Surgery of Del Mar (OSDM)**

FPCG completed the sale of its interest in its Del Mar surgery center in September 2011 to its physician partners. The consideration includes a majority in cash and the remainder in notes and certain future contingent payments. The Company has now sold all of its hospitals and surgery centers.

### **Real Estate Assets**

The Company is continuing to explore potential sale or financing opportunities relating to its ownership interests in hospital real estate, including a sale of its hospital real estate to current tenants or third parties, or the retirement of the Company’s USDA mortgage notes with the intention of completing a subsequent sale of the real estate assets. The Company is targeting completion of this process by Q1 2012.

### **Recapitalization and Potential Sale Process Update**

FPCG has received various preliminary proposals on a potential leveraged recapitalization and going private sale of the Company. The Company has been working with its legal counsel and bankers to evaluate the proposals. If and when a potential buyer or capital partner is chosen, the Company’s legal counsel will provide appropriate information to shareholders. The Company will continue to provide updates as progress is made.

### **About First Physicians Capital Group, Inc.**

First Physicians Capital Group, Inc. is a provider of management, financial, and ancillary healthcare and IT services to the rural and community hospital market. For more information, please visit [www.fpcapitalgroup.com](http://www.fpcapitalgroup.com).



**FIRST PHYSICIANS**  
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