
Gray Reed & McGraw Successfully Negotiates Settlement Between Medical Properties Trust and Stealth, L.P.

November 20, 2009

[Jim McGraw](#) and [Scott Funk](#) partners with Gray Reed & McGraw, have acted as lead trial counsel for Medical Properties Trust, Inc. (MPT) and its affiliates during the course of this litigation. The Plaintiff was a partnership of 109 doctors represented by Rusty Hardin, and it sought more than \$300 million in damages from the firm's clients for various tort claims. Mr. Funk and Mr. McGraw were able to successfully represent the clients and negotiate a settlement for less than the cost to try the case.

Medical Properties Trust, Inc. in Settlement of Litigation

Houston Chronicle – November 19, 2009

Medical Properties Trust, Inc. ("MPT") today announced that it has reached agreement to settle all of the claims asserted by Stealth, L.P. in previously disclosed litigation concerning the termination of leases of the Houston Town and Country Hospital and medical office building in October 2006, with the exception of a single contract claim for which Memorial Hermann Healthcare System has agreed to provide indemnification. Claims separately asserted against MPT by six of Stealth L.P.'s limited partners are not affected by the settlement.

"Stealth, L.P. was seeking approximately \$330 million for tort claims that we have now settled for a single payment of \$1.7 million," said Edward K. Aldag, Jr., MPT's Chairman, President and Chief Executive. In addition, MPT paid \$1.0 million to settle certain contract claims asserted by Stealth, L.P. MPT continues to vigorously deny any liability at all and vigorously deny that Stealth suffered any damages as a result of any conduct of MPT. MPT has previously estimated that legal fees to defend the claims in a jury trial scheduled to commence January 4, 2010 may have exceeded \$2.0 million. "The decision by MPT to pay anything to Stealth in this matter was a difficult one because we had no responsibility for Stealth's failure to operate the hospital profitably," continued Aldag. "However, in order to avoid the significant defense costs and time commitment our executive team would have made to a four month trial, we elected to pay an amount comparable to our estimated costs to continue to defend the claims through trial."

The settlement announced today does not affect Stealth's claim that an MPT affiliate was obligated to assume certain guarantees of debt provided by limited partners of Stealth.



While Stealth has asserted actual damages of approximately \$4.0 million related to this claim, Memorial Hermann Healthcare System, the largest hospital system in Texas, is indemnifying MPT for defense costs and any costs of settlement or judgment related to this claim. In January 2007, Memorial Hermann purchased the hospital and medical office building in a transaction that resulted in a \$4.1 million gain for MPT. In addition, in March 2009 MPT received insurance proceeds related to the litigation in the amount of \$3.0 million.

Also not affected by the settlement with Stealth are certain contract and tort claims asserted by six of Stealth's limited partners. As part of the settlement, however, Stealth has indemnified MPT for any judgment amount and certain defense costs that MPT may incur related to these claims. MPT continues to vigorously deny any liability and intends to continue vigorously defending against such claims, and believes that any future costs related to them will not be material.