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February 3, 2014

Dr. David Dunn
Executive Vice President for Health Affairs
University of Louisville
Abell Administration Center
323 East Chestnut Street
Louisville, KY 40292

Mr. Stephen A. Williams
President and CEO
Norton Healthcare, Inc.
Post Office Box 35070
Louisville, KY 40232

Dear Dr. Dunn and Mr. Williams:

We have read with great disappointment and dismay of the deterioration of negotiations between the University of Louisville (UofL) and Norton Healthcare regarding your longstanding partnership at the Kosair Children's Hospital. Through this arrangement, Norton and UofL have successfully collaborated for half a century to provide outstanding quality care to Kentucky's children. This critical mission has been lost in all the legal wrangling and maneuvering between the parties.

Each of you has requested meetings with our offices to offer your view as to why the negotiations broke down, leading the parties to return to the courtroom. Media accounts make clear that each of you believes the other is at fault. We are not interested in listening to either of you engage in posturing and finger-pointing.

We understand that the court has been requested to appoint a third-party mediator to facilitate discussions between the parties toward a new academic affiliation agreement. We strongly believe that such an effort should be pursued. Over the last several months, each of you has separately indicated to us that you were on the verge of reaching a new, long-term agreement that would ensure both excellent care for sick children and stellar training for pediatric physicians for years to come. While the path has been tortured, you both were confident that real progress had been made and a new agreement was within reach. Given that posture, it seems a waste to delve into costly and protracted litigation without first attempting to resolve your remaining differences with the assistance of a neutral third party.

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Both of you have indicated that there may be some amendments needed to the existing land lease as part of an overall agreement. Once the parties have reached an agreement on the business terms of the deal, then and *only* then will the Commonwealth be willing to entertain your suggestions for reasonable amendments to the lease.

We remain hopeful that this longstanding partnership will stay on course. Each of you is a high-quality provider and brings valuable resources to the table. For over 50 years, you have worked together successfully to make Kosair Children's Hospital a jewel in pediatric care, while insuring the UofL Medical School remains a leader in pediatric training. For the sake of Kentucky's most vulnerable young children and for our future pediatric caregivers, it is imperative that you forge a cooperative path.

Sincerely,



Steven L. Beshear
Governor



Jack Conway
Attorney General