<u>JOINT OPERATING AGREEMENT</u>

THIS JOINT OPERATING AGREEMENT ("<u>Agreement</u>") is entered into on November 13, 2012 (the "<u>Effective Date</u>"), by and between University Medical Center, Inc., a Kentucky nonprofit corporation ("<u>UMC</u>"), and KentuckyOne Health, Inc., a Kentucky nonprofit corporation ("<u>KentuckyOne</u>"). UMC and KentuckyOne are sometimes referred to, individually, as a "<u>Party</u>" and, collectively, as the "<u>Parties</u>."

<u>RECITALS</u>

Pursuant to that certain lease agreement (the "<u>UMC/UofL Lease</u>") with the Commonwealth of Kentucky, through the University of Louisville ("<u>UofL</u>"), UMC operates for the benefit of UofL an acute care hospital known as the UofL Hospital (the "<u>Hospital</u>") and the James Graham Brown Cancer Center (the "<u>Cancer Center</u>" and, together with the Hospital, and all other ancillary businesses and operations conducted by UMC that are associated with the Hospital or the Cancer Center, the "<u>Business</u>"), both located in Louisville, Kentucky, in affiliation with the UofL.

UMC and KentuckyOne desire to align their respective organizations as provided herein in order to achieve physician and clinical synergies, economies of scale, secure a safety net provider in the community, train next generation providers and extend academic and research capabilities to the communities where KentuckyOne and UMC provide services.

UMC desires to contract with KentuckyOne for KentuckyOne to manage and operate the Business (other than the Maintained Procedures, as defined herein), and KentuckyOne has agreed to manage and operate the Business (other than the Maintained Procedures), subject to certain exceptions and upon the terms and conditions contained herein.

Concurrently with the execution of this Agreement, KentuckyOne and UMC entered into an academic affiliation agreement with UofL and the Commonwealth of Kentucky, acting through its Secretary of the Finance and Administration Cabinet (the "<u>Academic Affiliation Agreement</u>"), pursuant to which KentuckyOne and UofL will work together to sustain the research and educational mission of UofL. The Academic Affiliation Agreement shall be coterminous with this Agreement.

UMC and KentuckyOne desire to memorialize their agreements with respect to the management and operation of the Business (other than the Maintained Procedures).

For and in consideration of the mutual covenants and conditions contained herein and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties agree as follows:

SECTION 1 MANAGEMENT AND OPERATION OF THE INTEGRATED OPERATION

1.1 <u>Appointment</u>. UMC hereby appoints KentuckyOne, and KentuckyOne hereby accepts such appointment from UMC, subject at all times to the terms and provisions herein, as the sole and exclusive agent acting for and on behalf of UMC to provide the day-to-day management of the Business, with the exception of NICU, obstetrical and male or female reproductive services (including contraceptive services), as well as any other services that could not otherwise be performed by KentuckyOne as reasonably determined by KentuckyOne and UMC (the "Maintained Procedures"), as a fully integrated component operation of KentuckyOne (the "Integrated Operation"). UMC will continue to operate and retain full control over the Maintained Procedures, which will be provided within a distinct unit or units of the Business and will include surgical operating suites and such other equipment and facilities necessary to provide the Maintained Procedures, all as more particularly described on **Exhibit A**. UMC will retain 100% of the profit/loss from the Maintained Procedures, and such profit or loss will not be incorporated into the profit or loss calculation of the Integrated Operation for purposes of this Agreement. On an annual basis, KentuckyOne and UMC will evaluate the space and facility requirements as requested by UMC and determine if additional distinct units will be operated by UMC, and **Exhibit A** shall be amended as necessary.

1.2 Commitment to Mission. KentuckyOne shall operate the Integrated Operation with a commitment to quality, safety and patient satisfaction including maintaining appropriate accreditations necessary to receive reimbursement under CMS and state Medicaid programs. In addition, KentuckyOne shall ensure that the Integrated Operation supports the research and education mission of UMC and the UofL School of Medicine.

1.3 Scope of Agreement. This Agreement is limited solely and strictly to UMC's engagement of KentuckyOne to provide those specific services set forth herein.

1.4 Management and Operation by KentuckyOne. Consistent with the provisions of this Agreement, KentuckyOne shall manage and operate the daily operations of the Integrated Operation on behalf of UMC. In the management and operation of the Integrated Operation hereunder, KentuckyOne will jointly operate KentuckyOne and the Integrated Operation as a single economic unit with clinical and economic integration as provided herein, including shared costs on a proportionate basis with other KentuckyOne facilities. Subject to the reserved powers of the UMC Board of Directors (the "UMC Board") or other limitations expressly provided in this Agreement, KentuckyOne, on behalf and for the benefit of UMC, shall manage the operations of the Integrated Operation and shall make all decisions and is hereby authorized to take any action of any kind and to do anything and everything it deems necessary in connection with the operation of the Integrated Operation, including but not limited to, the exercise of the following powers:

(a) Management of the operations of the Integrated Operation in compliance with all applicable state and federal laws and regulations and with the Hospital's clinical policies;

(b) Determine (i) the Integrated Operation's capital and operating budgets, (ii) capital expenditures (including, without limitation, the capital expenditures contemplated in Section 2.4 herein), (iii) the incurrence of short-term and long-term debt (to the extent the incurrence of such long-term debt would not cause the calculated debt-to-capital ratio of UMC to fall below Moody's BBB- rating), and (iv) disposition of assets in the ordinary course of business, disposition of assets outside the ordinary course of business to the extent less than $25 million, and disposition of assets outside the ordinary course of business in excess of $25 million after approval from UMC;

(c) Monitor and audit the Integrated Operation's compliance with federal and state laws and regulations, KentuckyOne operational policies, strategic and operational plans, and capital and operational budgets;

(d) Direct services at the Integrated Operation, including the ability to determine whether or not particular services are provided at a particular KentuckyOne facility (including the Integrated Operation), and whether services are relocated from one KentuckyOne facility (including the Integrated Operation) to another;

(e) Negotiate, execute, perform, and carry out on behalf of, in the name of and at the expense of UMC, any and all contracts (including managed care contracts to facilitate the efficient delivery of administrative and clinical services provided herein), leases, agreements, certificates, titles, or other documents of any kind or nature as deemed necessary or desirable and consistent with this Agreement; and amend, extend, or modify any such contract, lease, agreement, and other documents at any time entered into by UMC;

(f) Manage all personnel matters with respect to KentuckyOne employees assigned to the Integrated Operation;

(g) Determine credentialing criteria and grant hospital staff privileges at the Integrated Operations for services other than the Maintained Procedures;

(h) Set or approve fees and prices at the Integrated Operation;

(i) Buy and sell furniture, fixtures and equipment for the benefit of the Integrated Operation;

(j) Re-allocate income among KentuckyOne and the Integrated Operation to balance income and expenses to assure financial integration and mutual objectives, and approving distributions from each to its owners so that the owners share the risks and rewards of a common bottom line as provided herein. Without limiting the foregoing, UMC shall have no right to transfer any assets of UMC without the prior written approval of KentuckyOne; and

(k) Determine and provide all ancillary services (housekeeping, dietary, laboratory, pharmacy, etc.), subject to review by KentuckyOne, and all turnkey support services (back office, revenue cycle, IT, HR, GPO, etc.) to the Business. The cost of these services will be allocated prorata to UMC on a reasonable basis. For the cost of these services allocated to Maintained Procedures, UMC will pay KentuckyOne for such services out of the UMC Reserve Fund.

1.5 Ownership of Business Property and Reserved Powers of UMC Board. The Commonwealth of Kentucky, through UofL, will continue to retain ownership of the real and personal property of the Business. The UMC Board structure will remain in place, and UMC will continue to have autonomy over the selection of the members to the UMC Board. In addition, UMC shall retain the following reserved powers with respect to the Integrated Operation (collectively the "Reserved Powers"):

(a) Approval of changes to the charity care policy that would result in a material decrease to the overall number of eligible participants in the Integrated Operation's charity care programs, after approval and recommendation by KentuckyOne;

(b) Approval of changes in clinical or operational policies and procedures for Maintained Procedures which would in any manner limit the scope of services provided at the Hospital;

(c) The incurrence of any long-term debt or any other long-term liability by UMC if such incurrence would cause the calculated debt-to-capital ratio of UMC to fall below Moody's BBB- rating;

(d) Approval of changes to the UMC/UofL Lease, state licenses and CON, after approval and recommendation by KentuckyOne;

(e) Approval of change of name of the Integrated Operation, after approval and recommendation by KentuckyOne;

(f) Disposal of assets in excess of $25 million in the aggregate during any fiscal year, except for disposals during the ordinary course of business, after approval and recommendation by KentuckyOne; and

(g) Day-to-day oversight of the governance, clinical, operational, managerial and financial control with respect to the Maintained Procedures, and changes to medical staff bylaws that impact the Maintained Procedures;.

1.6 Charity Care and Community Obligations. With respect to the charity care and community obligations of the Integrated Operation, the Parties agree as follows:

(a) The Integrated Operation will continue to serve the indigent and medically needy adult population in the Integrated Operation's service area regardless of their ability to pay including, without limitation, UMC's obligations under the current QCCT Agreement provided that any amendments thereto are approved by KentuckyOne, which approval will not be unreasonably withheld.

(b) KentuckyOne will continue to provide care through community-based health programs, including cooperation with local organizations that sponsor healthcare initiatives to address identified community needs and improving the health status of the elderly, poor, and at-risk populations in the community.

(c) KentuckyOne shall continue to support nursing and staff education.

1.7 Medicare Cost Settlement. To the extent necessary, UMC will provide information to KentuckyOne and assist KentuckyOne in the preparation of the UMC cost reports.

In addition, UMC will provide information to KentuckyOne regarding any open cost report matter that relates to a time period prior to the Integration Date.

1.8 Operation of the Integrated Operation. As manager of the Integrated Operation, KentuckyOne shall have the general responsibility to implement all aspects of the operation of Integrated Operation in accordance with KentuckyOne's established policies and procedures, and shall have responsibility and commensurate authority for all such activities subject to the Reserved Powers of UMC; provided, however, the Parties agree that no changes in clinical policies or procedures currently provided at the Integrated Operation will be required in connection with the transition of the operation of the Integrated Operation to KentuckyOne; provided, further, however, that future changes or additions to clinical policies and procedures will be established pursuant to the then current KentuckyOne and UMC Medical Staff process. KentuckyOne shall advise UMC on all aspects of the Integrated Operation's operations, including, without limitation, regulatory and contractual requirements, financial affairs, third-party payment programs, insurance requirements, human resources issues, management information systems, marketing activities, plant and facility issues, capital improvement projects, medical staff relations issues, purchasing programs, and all other aspects of Integrated Operation's operations.

1.9 Confidentiality of Records. KentuckyOne shall in all material respects comply with all laws and regulations respecting the confidentiality of the records of the Integrated Operation and its patients and shall comply with all applicable federal, state and local laws and regulations relating to the records of the Integrated Operation and its patients.

1.10 Legal Actions. KentuckyOne shall control the institution, prosecution or defense, as the case may be, on behalf of and in the name of UMC and/or KentuckyOne, of all actions arising out of the operation of the Integrated Operation and any and all legal actions or proceedings reasonably necessary for the operation of the Integrated Operation, including, without limitation, those to collect charges, rents or other incomes for UMC, or to lawfully oust or dispossess tenants or other persons in possession, or to lawfully cancel, modify or terminate any lease, license or concession agreement, or to defend any action brought against UMC and/or KentuckyOne. UMC agrees to cooperate and assist KentuckyOne as reasonably necessary to institute, prosecute or defend, as applicable, all such legal actions and proceedings.

1.11 Accounting Elections and Records. Within the guidelines of generally accepted accounting principles, KentuckyOne shall make decisions as to accounting principles and elections, whether for book or tax purposes (and such decisions may be different for each purpose) for UMC with respect to the Integrated Operation. KentuckyOne shall establish and administer accounting procedures and controls and systems for the development, preparation and safekeeping of records, assets, and books of account relating to the business and financial affairs of the Integrated Operation.

1.12 Employee Matters.

(a) Employment by KentuckyOne. As of the Integration Date, KentuckyOne shall offer employment on an at-will basis and in accordance with KentuckyOne's customary and usual new employee screening policies and procedures to all employees of the Integrated

Operation who are actively employed and in good standing (excluding individuals employed in a department providing Maintained Procedures) (collectively the "Hired Employees"). Each employee that accepts such offer and becomes a Hired Employee will be employed by KentuckyOne at a base salary and wage substantially the same as his/her base salary and wage as of the Integration Date. KentuckyOne will provide benefits as described below, subject to any transition period. KentuckyOne will have exclusive authority with respect to employment decisions, including length of employment, regarding each such Hired Employee, and will have the right to change compensation and benefits for all Hired Employees from time to time as KentuckyOne may deem appropriate and consistent with KentuckyOne policies. As of the Integration Date, UMC shall assign any written employment agreements to KentuckyOne, subject to KentuckyOne acceptance.

(b) Seniority. Hired Employees will retain their current seniority for purposes of benefits as of the Integration Date (i.e., benefit eligibility or accrual levels for PTO purposes).

(c) Severance. Hired Employees terminated within the first twelve months after the Integration Date will be offered a severance package whose terms are comparable to those of UMC's existing severance package.

(d) Benefits. KentuckyOne will provide eligible employees with vacation/holidays (PTO), disability programs, health insurance, life insurance, retirement plans, and other employee benefits consistent with those offered at other KentuckyOne facilities through existing programs or through replacement programs.

(e) UMC. UMC will not become a sponsor of any KentuckyOne benefit plan, nor will any employee who is not hired by KentuckyOne pursuant to Section 1.12(a) and who remains an employee of UMC, including without limitation UMC employees associated with the Maintained Procedures, participate in any KentuckyOne benefit plan.

1.13 Medical Staff: Medical Matters. Medical professional matters shall be the responsibility of the Integrated Operation's duly appointed Medical Staff ("Medical Staff") as provided under applicable state law and the Integrated Operation's Medical Staff Bylaws, Rules and Regulations, as determined by KentuckyOne. KentuckyOne shall be the governing body that approves the Integrated Operation's Medical Staff Bylaws, Rules and Regulations. With respect to the operation and management of the Medical Staff, the Parties further agree as follows:

(a) The medical staff at the Hospital and the Cancer Center will allow credentialed KentuckyOne physicians to participate, subject to KentuckyOne's authority to establish credentialing criteria and to grant hospital staff privileges at the Integrated Operations for all services other than Maintained Procedures, and subject to being granted gratis or other faculty appointments by U of L. UMC and KentuckyOne will work collaboratively to assure the credentialing process complies with accrediting agency requirements, including, but not limited to, ACGME and The Joint Commission.

(b) Consistent with the current UMC Organized Medical Staff, the Medical Staff at the Hospital will be organized into clinical departments which track the departments of the UofL School of Medicine. A chief of service will oversee each clinical department at the Hospital. The chiefs of service for each clinical department at the Hospital will be the applicable department chair of the UofL School of Medicine (or his/her respective designee).

1.14 Medical Records. UMC shall, consistent with all applicable federal and state laws, allow, and shall obtain all necessary consents to allow, KentuckyOne reasonable access to medical records and other related patient information to permit KentuckyOne to perform its functions hereunder. All such records and related patient information shall be and remain the property of UMC.

1.15 Certificate of Need. Should UMC ever consider selling its interest in some or all of its licensed NICU beds, UMC commits to first enter into good faith negotiations with KentuckyOne concerning the acquisition of UMC NICU Certificate of Need and any such ongoing program.

1.16 Insurance.

(a) UMC shall be responsible for maintaining all insurance required with respect to the Maintained Procedures of the type, extent, amount and coverage which are consistent with sound management of the Maintained Procedures. Without limiting the foregoing, UMC shall maintain professional liability insurance covering the Maintained Procedures with limits of not less than $2.5 million per claim / $8 million annual aggregate and umbrella coverage for excess coverage in the aggregate amount of $25 million, or such future amounts as shall be reasonable under the circumstances. UMC shall be responsible for obtaining tail coverage for the Integrated Operations to insure against general and professional liabilities of the Integrated Operations relating to all periods prior to the Integration Date that are insured against by all of UMC's current insurance policies; provided, however, that the cost of such policy shall be paid out of the assets used for the Integrated Operations. Notwithstanding anything in this Section 1.16(a) to the contrary, KentuckyOne, in its reasonable discretion and upon notice required under UMC's then current policies to cancel or not renew such policies without additional cost, may provide the insurance required by this section by insuring the entirety of the Business and allocating the cost to UMC pursuant to Section 1.4(k). UMC agrees that it will not cause its interest to be terminated, or otherwise withdraw from participation, in Kentuckiana Medical Reciprocal Risk Retention Group in a manner that would result in UMC being required to make any termination or withdraw fee or similar payment, without the prior written consent of KentuckyOne.

(b) KentuckyOne shall be responsible for maintaining all insurance required with respect to the Integrated Operations of the type, extent, amount and coverage which are consistent with sound management of the Integrated Operations. Without limiting the foregoing, KentuckyOne shall maintain professional liability insurance covering the Integrated Operations with limits of not less than $2.5 million per claim/ $8 million annual aggregate and umbrella coverage for excess coverage in the aggregate amount of $25 million, or such future amounts as shall be reasonable under the circumstances. At the end of the Term, KentuckyOne shall be responsible for obtaining tail coverage for the Integrated Operations to insure against general and professional liabilities of the Integrated Operations relating to all periods prior to the end of the Term that are then insured against by all of KentuckyOne's then current insurance policies.

1.17 Assets Related to Maintained Procedures. Notwithstanding anything in this Agreement to the contrary, UMC has full authority to manage and control the assets related to the Maintained Procedures except that UMC will not be able to transfer UMC Reserve Fund assets to any party to the extent it causes the UMC Reserve Fund to drop below an amount equal to $17 million plus reasonable reserves for working capital and capital improvements. As used in this section, assets related to Maintained Procedures includes, without limitation, the UMC Reserve Fund, the Capital Fund, UMC's interest in Passport Health Plan, UMC's interest in Louisville Medical Center, UMC's interest Kentuckiana Medical Reciprocal Risk Retention Group, and UMC's interest in Premier, Inc and related entities.

1.18 UMC Cooperation. UMC agrees to assist KentuckyOne in any reasonable manner requested by KentuckyOne in order for KentuckyOne to fulfill its obligations hereunder.

SECTION 2 FINANCIAL ARRANGEMENTS AND AFFILIATION WITH KENTUCKYONE

2.1 Collection of Accounts. During the Term of this Agreement, KentuckyOne shall be responsible to act as the billing and collection agent of UMC for all accounts due for services and other items furnished by the Integrated Operation, and shall maintain a credit and collection system designed to minimize the number and amount of bad debts and to effectuate timely billing and collection of amounts and monies owed.

2.2 Payments to UofL Health Sciences Center. During the Term of this Agreement, KentuckyOne shall make (or shall cause UMC to make) annual payments of Twelve Million Five Hundred Thousand Dollars ($12,500,000) to the UofL Health Sciences Center, subject to the following:

(a) UofL shall have executed and remain in material compliance with the terms of the Academic Affiliation Agreement.

(b) The payment amount will be proportionally adjusted based upon KentuckyOne's financial performance, as provided below, provided that each annual payment to the UofL Health Sciences Center would not be less than Seven Million Five Hundred Thousand Dollars ($7,500,000) and not exceed Seventeen Million Five Hundred Thousand Dollars ($17,500,000) per year; and further provided, that such annual payments shall be subject to the Hospital and the Cancer Center each maintaining status as a "state university teaching hospital" as defined in KRS § 205.639 (and any future or related statutory provisions and regulatory provisions implementing such statutes).

(c) The annual adjustment, if any, shall be tied to a threshold level of surplus or deficit of net operating income compared to the KentuckyOne board-approved budget. For example, KentuckyOne achieving 100% of approved budgeted net operating income would result in a $12.5 million payment to UofL; KentuckyOne achieving 95% of the budgeted net operating income would result in a payment of $10 million; and KentuckyOne achieving 90% or less of the budgeted net operating income would result in a payment of $7.5 million. Conversely, any increase in the payment would be measured similarly. KentuckyOne achieving 105% to 110% of the budgeted operating income would result in increased payments; KentuckyOne achieving 105% of the budgeted net operating income would result in a payment of $15 million; and KentuckyOne achieving 110% or more of the budgeted net operating income would result in a payment of $17.5 million. The adjusted payment shall be included in net operating income for purposes of calculating the payment. Budgeted net operating income must be at stipulated threshold levels for increases or decreases in payments to apply in order to insure that the additional payments are not disproportionate to KentuckyOne overall operating results.

(d) Notwithstanding the adjustments described in Section 2.2(c), the minimum $7,500,000 payment described in Section 2.2(c) will be paid in quarterly installments to UofL Health Sciences Center each fiscal year, and will be subject to a true-up payment reflecting the adjustments in Section 2.2(c) within 90 days of the end of the fiscal year.

2.3 Virtual Equity in KentuckyOne and Mandatory Payments. During the Term of this Agreement, KentuckyOne will jointly operate KentuckyOne and the Integrated Operation as a single economic unit with clinical and economic integration as provided herein. UMC and UofL shall share in the income or losses of such operation in accordance with the following:

(a) The annual operating income or losses for KentuckyOne and UMC (excluding UMC's operating income/losses from the Maintained Procedures) shall be calculated each fiscal year combined, and then allocated ten percent (10%) to UMC and ninety percent (90%) to KentuckyOne. Following each fiscal year, "true-up" payments shall be made between KentuckyOne and UMC, as necessary to reflect the proper allocation of operating income/losses.

(b) Solely for purposes of this Agreement, UofL will be treated as having a ten percent (10%) membership interest in KentuckyOne. As such, UofL shall be entitled to receive ten percent (10%) of all "Contingent Future Payments," including "Mandatory Payments," as defined in **Exhibit B** attached hereto (after payment of five percent (5%) of all such Mandatory Payments to UofL as described in paragraph (d) below), made during the term of this Agreement by KentuckyOne to the two current "Sponsors" of KentuckyOne (Catholic Health Initiatives ("CHI") and Jewish Hospital Healthcare Services, Inc.). UofL's share of any such payments received pursuant to this paragraph shall be used solely to support the UofL Health Sciences Center.

(c) UofL's ten percent (10%) interest will be adjusted proportionately, along with the interests of KentuckyOne's Sponsors, if another health system is merged into KentuckyOne and the current Sponsors' equity positions are diluted; provided, however, that UofL's percentage will not be decreased below five percent (5%) without UofL's consent.

(d) In the event UofL is entitled to receive a Mandatory Payment (as described in **Exhibit B**), an amount equal to five percent (5%) of the total Mandatory Payment shall be paid to the UofL Health Sciences Center, with the remainder of such Mandatory Payment amount to be paid as follows: ten percent (10%) of such remaining amount to UofL (as provided above) and ninety percent (90%) of such remaining amount to the KentuckyOne Sponsors.

(e) UMC will retain one hundred percent (100%) of the economic benefits and risk associated with the Maintained Procedures.

2.4 Additional Capital Expenditure Commitments. Over a rolling three (3) year basis during the Term of this Agreement, KentuckyOne shall commit to capital investment for the Integrated Operation of no less than seventy-five percent (75%) of the Integrated Operation's cumulative depreciation during each rolling three year period. In addition, over the initial four (4) year period of this Agreement, KentuckyOne shall implement clinical IT solutions at the Hospital and the Cancer Center at an estimated cost of Seventy Million Dollars ($70,000,000), which will include integrating the Hospital and the Cancer Center with KentuckyOne's IT platform.

2.5 Retention of Capital by UMC. Upon the Integration Date, UMC shall retain working capital in the amount of Seventeen Million Dollars ($17,000,000) to support the provision of the Maintained Procedures by UMC and to offset any future operating losses (the "UMC Reserve Fund"). Attached hereto as **Exhibit C** is a financial pro forma for the Maintained Procedures. In addition, UMC shall retain $15 million for capital improvements to operate or expand the Maintained Procedures ("Capital Fund"). With the consent of KentuckyOne, the Capital Fund can be used to supplement the UMC Reserve Fund. Expenditures from the Capital Fund will count towards the capital expenditure requirement in Section 2.4.

(a) UMC shall restrict the use of the UMC Reserve Fund strictly for the benefit of supporting the continued provision of Maintained Procedures at the Hospital for so long as this Agreement remains in effect.

(b) The proceeds from any future sale of UMC NICU beds shall be deposited in the UMC Reserve Fund.

(c) The UMC Reserve Fund will be invested in a cash management program with an appropriate level of investment risk as determined by UMC.

(d) If the UMC Reserve Fund falls below Five Million Dollars ($5,000,000), then UMC will engage a third party health care management consultant to review and recommend how to effectively manage the Maintained Procedures. UMC will implement the recommendations as appropriate in its sole discretion.

(e) UMC, UofL or an affiliate of UofL will retain the ownership of the interest in the Premier Group Purchasing Organization ("Premier GPO"). One half of any dividends (exclusive of rebates) paid by the Premier GPO or one half of any proceeds from the sale of any portion of the Premier GPO Investment will be designated for the UMC Reserve Fund.

2.6 Expansion of KentuckyOne Board of Directors. The KentuckyOne board of directors will be expanded from fifteen (15) members to eighteen (18) members of which a total of three (3) will be appointed by UofL (no UofL appointee may also be a member of the UMC Board), ten (10) will be appointed by CHI and five (5) will be appointed by Jewish Hospital Healthcare Services, Inc. The appointment of the board members by UofL will be consistent with the process and criteria applicable to the current KentuckyOne Sponsors.

2.7 No Capital Calls. UMC shall not be obligated to make any capital calls under any circumstances.

SECTION 3 REPRESENTATIONS AND WARRANTIES OF UMC

As of the Effective Date, UMC hereby represents and warrants to KentuckyOne as follows:

3.1 Organization and Good Standing. UMC is (a) duly organized, validly existing, and in good standing under the laws of the Commonwealth of Kentucky, with full power and authority to conduct its business as it is now being conducted, and to own or use the properties and assets that it purports to own or use, (b) duly qualified to do business in, and is in good standing under the laws of, each state or other jurisdiction in which either the ownership or use of the properties owned or used by it, or the nature of the activities conducted by it, requires such qualification, and (c) is not is in default under or in violation of any provision of its articles of incorporation or bylaws, as such are currently in effect.

3.2 Authority; No Conflict.

(a) This Agreement constitutes the legal, valid, and binding obligation of UMC, enforceable against it in accordance with the Agreement's terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights, and as limited by general principles of equity that restrict the availability of equitable remedies. UMC has all necessary right, power and authority to execute and deliver this Agreement and to perform its obligations hereunder.

(b) Neither the execution and delivery of this Agreement nor the consummation or performance by UMC of any of its obligations hereunder will (with or without notice or lapse of time): materially contravene or conflict with, or result in a material violation of (i) any provision of UMC's articles of incorporation or bylaws, as such are currently in effect, or (ii) any resolution adopted by the board of directors of UMC; materially contravene or conflict with, or result in a material violation of, or give any governmental authority or other person or entity the right to challenge this Agreement or to exercise any remedy or obtain any relief under, any applicable law or order to which UMC, or any of the assets owned or used by UMC, may be subject; materially contravene or conflict with, or result in a material violation of, any of the terms or requirements of, or give any governmental authority the right to revoke, withdraw, suspend, cancel, terminate, or materially modify, any permit, authorization or consent that is held by, and material to, UMC or that otherwise relates to the Integrated Operation, or any of the assets owned or used by UMC; materially contravene or conflict with, or result in a material violation or material breach of, any provision of, or give any person or entity the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate, or materially modify, any material contract to which UMC is a party or otherwise bound; or result in the imposition or creation of any material lien, encumbrance or charge upon or with respect to any of the assets owned or used by UMC.

(c) UMC is not and will not be required to give any notice to or obtain any consent or authorization from any person or entity in connection with the execution and delivery of this Agreement or the consummation or performance by UMC of any of its obligations hereunder, other than any notice, consent or authorization for which the failure to give or obtain will not be materially adverse to the operation of the Integrated Operation by KentuckyOne as contemplated herein.

SECTION 4 REPRESENTATIONS AND WARRANTIES OF KENTUCKYONE

As of the Effective Date, KentuckyOne hereby represents and warrants to UMC as follows:

4.1 Organization and Good Standing. KentuckyOne is (a) duly organized, validly existing, and in good standing under the laws of the Commonwealth of Kentucky, with full power and authority to conduct its business as it is now being conducted, and to own or use the properties and assets that it purports to own or use, (b) duly qualified to do business in, and is in good standing under the laws of, each state or other jurisdiction in which either the ownership or use of the properties owned or used by it, or the nature of the activities conducted by it, requires such qualification, and (c) is not is in default under or in violation of any provision of its articles of incorporation or bylaws, as such are currently in effect.

4.2 Authority; No Conflict.

(a) This Agreement constitutes the legal, valid, and binding obligation of KentuckyOne, enforceable against it in accordance with the Agreement's terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights, and as limited by general principles of equity that restrict the availability of equitable remedies. KentuckyOne has all necessary right, power and authority to execute and deliver this Agreement and to perform its obligations hereunder.

(b) Neither the execution and delivery of this Agreement nor the consummation or performance by KentuckyOne of any of its obligations hereunder will (with or without notice or lapse of time): materially contravene or conflict with, or result in a material violation of (i) any provision of KentuckyOne's articles of incorporation or bylaws, as such are currently in effect, or (ii) any resolution adopted by the board of trustees of KentuckyOne; materially contravene or conflict with, or result in a material violation of, or give any governmental authority or other person or entity the right to challenge this Agreement or to exercise any remedy or obtain any relief under, any applicable law or order to which KentuckyOne, or any of the assets owned or used by KentuckyOne, may be subject; materially contravene or conflict with, or result in a material violation of, any of the terms or requirements of, or give any governmental authority the right to revoke, withdraw, suspend, cancel, terminate, or materially modify, any permit, authorization or consent that is held by, and material to, KentuckyOne, or any of the assets owned or used by KentuckyOne; materially contravene or conflict with, or result in a material violation or material breach of, any provision of, or give any person or entity the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate, or materially modify, any material contract to which KentuckyOne is a party or otherwise bound; or result in the imposition or creation of any material lien, encumbrance or charge upon or with respect to any of the assets owned or used by KentuckyOne.

(c) KentuckyOne is not and will not be required to give any notice to or obtain any consent or authorization from any person or entity in connection with the execution and delivery of this Agreement or the consummation or performance by KentuckyOne of any of its obligations hereunder, other than any notice, consent or authorization for which the failure to give or obtain will not be materially adverse to the operation of the Integrated Operation by KentuckyOne as contemplated herein.

SECTION 5 CREDIT GROUP AND FINANCING

5.1 Obligated Group. Within a reasonable time after the Integration Date, UMC will become a member of the CHI Credit Group as a "Designated Affiliate" pursuant to a finance agreement between UMC and CHI that will provide UMC with rights and obligations substantially similar to CHI's consolidated entities that are "Participants" of the CHI Credit Group. The CHI Credit Group will be the exclusive source of long-term financing for the Integrated Operation. UMC will refinance its existing debt through the CHI Credit Group. Although UMC will be become part of the CHI Credit Group, UMC's real property assets will not be pledged as security for any such debts. UMC agrees to execute and deliver such agreements, instruments and other documents and take such other actions as may be reasonably required for UMC to participate in the CHI Credit Group.

5.2 Financing Agreement and Financial Transactions following Termination. The financing agreement between UMC and CHI shall include the following provisions related to financing transactions between UMC and KentuckyOne following the termination or nonrenewal of this Agreement:

(a) UMC will pay to KentuckyOne an amount equal to (a) the greater of (i) fair market value of the capital investments in the Integrated Operation after the Integration Date or (ii) the net book value of such capital investments, less (b) the debt of UMC;

(b) UMC will refinance any debt issued to UMC under the CHI Credit Group;

(c) UMC and KentuckyOne will wind down any infrastructure dependence within eighteen (18) months; and

(d) KentuckyOne will offer to finance any amounts owed by UMC under (a) and (b) above (and any termination fee owed pursuant to Section 17.2(h) of the Academic Affiliation Agreement), through a commercially reasonable note for a period of ten (10) years substantially in the form attached hereto as **Exhibit D**.

(i) Year one of the note will be at the same rate CHI charges to its direct affiliates.

(ii) Year two will be at the direct affiliate rate plus 50 basis points.

(iii) Year three will be at the direct affiliate rate plus 100 basis points.

(iv) Year four will be at the direct affiliate rate plus 150 basis points.

(v) Year five will be at the direct affiliate rate plus 200 basis points.

(vi) Year six will be at the direct affiliate rate plus 250 basis points.

(vii) Year seven will be at the direct affiliate rate plus 300 basis points.

(viii) Year eight will be at the direct affiliate rate plus 350 basis points.

(ix) Year nine will be at the direct affiliate rate plus 400 basis points.

(x) Year ten will be at the direct affiliate rate plus 450 basis points.

UMC would be obligated to make commercially reasonable efforts to refinance as much of the note as market conditions permit. The note would start amortizing in the 6th year (25-year amortization period) with a balloon payment in the 10th year and pre-payable at any time at par.

(e) A reasonable transition plan to effectuate the termination of this Agreement and the orderly transfer and control of the operations of the Integrated Operations to UMC including obligations of the parties to (i) take all actions reasonably requested to facilitate such transfer, and (ii) provide to the other party with a level of support and cooperation, reasonably necessary to complete the transition plan, and to satisfy each party's duties and obligations under the plan, without unreasonably interfering with the Integrated Operations or the University's teaching programs at the Integrated Operations.

SECTION 6 TERM AND TERMINATION

6.1 Term. The initial term of this Agreement shall be for a period commencing on the date on which the Integrated Operations will be integrated with KentuckyOne which date shall be on or before March 1, 2013, ("Integration Date") and continuing for twenty (20) years, and shall automatically renew for subsequent five (5) year terms thereafter, unless earlier terminated as provided herein (the initial term and any renewal terms, collectively the "Term"). Either Party may elect to not renew the term of this Agreement by providing the other Party with written notice of its intent not to renew at least one (1) year prior to the expiration of the then current term. During such one year period, in the event of a non-renewal of the Agreement, the Parties will cooperate to transition the operation of the Integrated Operation to UMC. Until the Integration Date, and notwithstanding anything herein to the contrary, UMC shall retain full control over the Business and will operate the Business in the ordinary course of business. For the purposes of this section, an action taken by UMC will be in the "ordinary course of business" only if: (a) such action is consistent with the past practices of UMC and is taken in the ordinary course of the normal day-to-day operations of the Business; (b) such action is not required to be authorized by the board of directors of UMC; (c) such action is similar in nature and magnitude to actions customarily taken, without any authorization by the governing body, in the ordinary course of the normal day-to-day operations, by other acute care teaching hospitals; and (d) is not an expenditure, investment or commitment that, individually or in the aggregate, exceeds $1 million. Between the Effective Date and the Integration, KentuckyOne will provide an integration plan to integrate the Integrated Operations into the KentuckyOne operations, and UMC will reasonably cooperate with KentuckyOne in its implementation of the integration plan. Between the Effective Date and the Integration Date, if UMC is required to act on any matter outside of the ordinary course of business, UMC will give reasonable notice to KentuckyOne and consult with KentuckyOne in order to minimize the effect such matter will have on the integration plan and the Integrated Operations.

6.2 Termination. This Agreement may be terminated by written mutual agreement of the Parties, or at any time after the Negotiation Period described in Section 8.24 (a) has expired upon one hundred eighty (180) days prior written notice to the other Party, as follows:

(a) By UMC, if any of the following occur:

(i) KentuckyOne becomes insolvent or makes a general assignment for the benefit of creditors, or, unless otherwise prohibited by law, if a petition in bankruptcy is filed by KentuckyOne, or such a petition is filed against and consented to by KentuckyOne or not dismissed within thirty (30) days, or if a bill in equity or other proceeding for the appointment of a receiver of KentuckyOne or other custodian for KentuckyOne's business or assets is filed and consented to by KentuckyOne, or if a receiver or other custodian (permanent or temporary) of KentuckyOne's assets or property, or any part thereof, is appointed;

(ii) KentuckyOne fails to comply in all material respects with any negotiated settlement or arbitration award determined in accordance with Section 8.24;

(iii) Upon a change of control of KentuckyOne to an unaffiliated party;

(iv) Notwithstanding anything to the contrary in Section 8.24, immediately upon termination of the Academic Affiliation Agreement;

(v) The breach by KentuckyOne of Subsections 1.6(a) or (b), or Sections 2 or 7 of this Agreement

(vi) In the event that the balance of the UMC Reserve Fund falls below Two Million Dollars ($2,000,000); provided that the Parties are unable to reach an alternative to termination of this Agreement pursuant to the dispute resolutions provisions of Section 8.24(a).

(vii) Because of the actions or omissions of KentuckyOne, UMC fails to maintain necessary accreditations necessary to receive reimbursement under CMS and state Medicaid programs.

(b) By KentuckyOne, if any of the following occur:

(i) The breach by UMC of Sections 1.1, 1.4, and 1.15 of this Agreement;

(ii) UMC fails to comply in all material respects with any negotiated settlement or arbitration award determined in accordance with Section 8.24;

(iii) UMC attempts to discontinue operations or divest assets exceeding $3 million to an unrelated third party without the consent to KentuckyOne (other than the Maintained Procedures and assets related thereto);

(iv) Notwithstanding anything to the contrary in Section 8.24, immediately upon termination of the Academic Affiliation Agreement;

(v) UMC no longer qualifies as a "state university teaching hospital" and a "university hospital," through no fault of KentuckyOne, as defined in KRS § 205.639 (and any future or related statutory provisions and regulatory provisions implementing such statutes) for purposes of Medicaid disproportionate share payments or any similar future payment for so long as such statutory or regulatory provisions remain in effect;

(vi) UMC no longer qualifies as an "urban trauma center hospital," through no fault of KentuckyOne, as defined in 907 KAR 10:825 (and any future or related regulatory provisions) for purposes of urban trauma center payments or any similar future payment for so long as such statutory or regulatory provisions remain in effect;

(vii) UMC no longer qualifies as a "unit of government" for "intergovernmental transfer" and "certified public expenditure" purposes under rules promulgated by the Centers for Medicare and Medicaid Services for so long as such statutory or regulatory provisions remain in effect;

(viii) KentuckyOne receives an opinion from a qualified, nationally-recognized outside counsel retained by KentuckyOne that the operation of the Maintained Procedures by UMC threatens the participation of KentuckyOne or its affiliates in Medicare or Medicaid programs or such other similar federal, state or local reimbursement or governmental programs for so long as such statutory or regulatory provisions remain in effect;

(ix) Any change in clinical policy at UMC as a result of change to KRS 311.800 or 311.715;

(x) Loss of ACGME, or LCME accreditation by UofL's School of Medicine, through no fault of KentuckyOne; or

(xi) For three years after the Integration Date, any event, fact, circumstance or change with respect to the Business has had or could reasonably be expected to have, individually or in the aggregate, an adverse change in the business, operations, results of operations, assets, liabilities, or condition (financial or otherwise) of the Business that has resulted or is reasonably likely to result in any loss, liability, claim, damage (including incidental and consequential damages but only to the extent payable to an unrelated third party), expense (including costs of investigation and defense and reasonable attorneys' fees) or diminution of value, whether or not involving a third-party claim, to the Business pertaining to compliance matters exceeding $25,000,000 in excess of any insurance coverage available with respect to such event, fact, circumstance or change.

(c) Each party shall have an opportunity to cure any breach set forth in a notice of termination from the non-breaching party to the breaching party ("Notice of Termination") in accordance with the following procedure. For all breaches described in the Notice of Termination, the breaching party shall have thirty (30) days to cure such breaches; provided, however, if such breach is susceptible of cure but cannot reasonably be cured within such period and if curative action was promptly commenced and is being continuously and diligently pursued by the breaching party, it shall be given an additional period of time as is reasonably necessary in the exercise of due diligence to cure such breach for so long as such additional period of time does not exceed sixty (60) days, unless such breach is of a nature that cannot be cured within such sixty (60) days, in which case, the breaching party shall have such additional time as is reasonably necessary to cure such breach. KentuckyOne and UMC will negotiate and otherwise work in good faith, including without limitation, one or more meetings, to discuss and attempt to design and implement any such cure.

(d) In the event of (i) a breach of this Agreement by KentuckyOne, (ii) the failure of KentuckyOne to cure such breach within the period defined in Section 6.2(c), (iii) the failure of the dispute resolution procedures called for in Section 8.24(a) to resolve such breach to the satisfaction of UMC, if applicable; and (iv) UMC's failure or refusal to exercise its rights with respect to such breach, the Commonwealth of Kentucky will have the right to exercise any and all rights of UMC to terminate or otherwise enforce this Agreement in accordance with the terms herein.

(e) Notwithstanding the provisions of Section 8.24, each of the parties irrevocably agree that the provisions of this Section 6 shall not be subject to arbitration and any legal action or proceeding arising out of such Section shall be brought and determined in Franklin County Kentucky Circuit Court ("Franklin County Courts"), and each of the parties hereby irrevocably submits to the exclusive jurisdiction of the aforesaid court for itself and with respect to its property, generally and unconditionally, with regard to any such action or proceeding arising out of or relating to this Agreement and the relationship contemplated hereby. Each of the parties agrees not to commence any action, suit or proceeding relating to the matters described above except in the Franklin County Courts, other than actions in any court of competent jurisdiction to enforce any judgment, decree or award rendered by the Franklin County Courts. Each of the parties further agrees that notice as provided herein shall constitute sufficient service of process and the parties further waive any argument that such service is insufficient. Each of the parties hereby irrevocably and unconditionally waives, and agrees not to assert, by way of motion or as a defense, counterclaim or otherwise, in any action or proceeding arising out of or relating to this Agreement or the relationship contemplated hereby, (a) any claim that it is not personally subject to the jurisdiction of the Franklin County Courts as described herein for any reason, (b) that it or its property is exempt or immune from jurisdiction of the Franklin County Courts or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (c) that (i) the suit, action or proceeding in any such court is brought in an inconvenient forum, (ii) the venue of such suit, action or proceeding is improper or (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts. EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE PROVISIONS OF THIS SECTION 6.

6.3 Effect of Termination. As of the date of termination, this Agreement shall be considered of no further force or effect and each of the Parties shall be relieved and discharged from the Agreement, except that each Party shall remain liable for any obligations or liabilities arising from activities carried on by such Party or its agents, servants, or employees during the Term, including, without limitations, KentuckyOne's obligation to make any payments pursuant to Section 2 hereof.

SECTION 7 AUDITS AND TRANSPARENCY

7.1 Open Records. As applicable, all records in the custody of UMC which are currently subject to the Kentucky Open Records Act, KRS 61.870-61.882 or 200 KAR 5:314, or other applicable Kentucky law (the "Act") will remain subject to the Act after the Integration Date.

7.2 Audit Rights. KentuckyOne books, documents, papers, records or other evidence that are directly pertinent to (i) the operation of the Integrated Operation, or (ii) UMC's interests in this Agreement, shall be made available to any governmental agency that requests the records for the purpose of audit, investigation, program review or any other formal inquiry. All disputes over whether a record is "directly pertinent" shall be submitted to Secretary of the Finance and Administration Cabinet for resolution. All KentuckyOne records provided to government agencies pursuant to this paragraph shall not be subject to disclosure except as otherwise provided by the Act. KentuckyOne understands that it must designate information it has produced which it considers confidential, proprietary or otherwise exempt so that the agency may claim the proprietary information exemption pursuant to KRS 61.878(1)(c) if a request for such information is made.

SECTION 8 MISCELLANEOUS

8.1 Indemnity. Upon the termination of this Agreement, except as the result of the termination of the Academic Affiliation Agreement pursuant to Section 17.2(h) of the Academic Affiliation Agreement, KentuckyOne shall indemnify and hold UMC, UofL, and their respective officers, directors, trustees, employees, agents, and representatives harmless with respect to any loss, claim, damage, cost, or expense (including costs of investigation and defense and reasonable attorneys' fees) arising out of any compliance matters from the operation of the

Integrated Operation during the Term (collectively, the "Integrated Operation Expenses"); provided, however, that (a) KentuckyOne's obligation under this Section 8.1 shall not under any circumstance exceed an amount equal to eight percent (8%) of the net revenues of the Integrated Operations, determined pursuant to GAAP, as of most recent fiscal year end preceding the date of the termination of this Agreement (such amount, the "Cap") and (b) shall apply only to the extent that the Integrated Operation Expenses exceed Seven Million Dollars ($7,000,000), after which such obligation shall up apply up to, but not in excess of, the Cap.

8.2 Remedies for Breach.

(a) Each Party will be contractually liable for its breaches of representations, warranties and covenants, including, liability for attorney fees and other enforcement costs of the prevailing Party with respect to any action to enforce any such breach.

(b) KentuckyOne shall not assume, and UMC shall remain solely liable for and hold harmless and indemnify KentuckyOne against, any liability relating to the failure of UMC's current academic support agreements, and UMC's performance thereunder, to comply with applicable laws and regulations, provided that any such payment will come out UMC's assets related to the Integrated Operations.

8.3 Magnet Status. The Parties acknowledge and agree that the attainment of the "magnet status" designation for the Hospital from the American Nurses' Credentialing Center is a strategic priority of the Parties; provided that the failure to obtain such designation or status shall not be a breach of this Agreement.

8.4 Regulatory Filings and Approval. KentuckyOne and UMC will cooperate fully with any and all regulatory filings necessary for the approval of the execution and implementation of this Agreement, including those related to anti-trust inquiries.

8.5 Expenses. KentuckyOne and UMC shall each bear their respective legal, accounting and other expenses (including the expense of any brokers, agents or finders) in connection with the negotiation and execution of this Agreement.

8.6 Confidentiality. With respect to information provided by the Parties in connection with the negotiation and execution of this Agreement, each Party agrees to keep all such information of the other Party, which is not in the public domain, confidential, exercising the same care in handling such information as it would exercise with its own similar information.

8.7 Press Release. Except as required by law, it is understood that all press releases or other public communications of any sort relating to the negotiation, execution and/or operation of this Agreement, and the method of the release for publication thereof, will be subject to the prior approval of both Parties.

8.8 Notices. Any notice or other communication by a Party to the other Party shall be in writing and shall be given, and be deemed to have been given, (i) upon receipt if delivered personally, (ii) three (3) business days after being mailed if sent postage prepaid, registered or certified mail, return receipt requested, (iii) the following business day if sent by overnight courier, (iv) immediately if sent by facsimile with confirmation of receipt, or (v) upon acknowledgement of receipt if sent by e-mail, addressed as follows:

To KentuckyOne:	KentuckyOne Health, Inc. 200 Abraham Flexner Way Louisville, KY 40202 Attention: Chief Executive Officer
With a copy to:	Catholic Health Initiatives 198 Inverness Drive West Englewood, CO 80112 Attn: Mitch H. Melfi, Esq.
To UMC:	University Medical Center, Inc. c/o University of Louisville Abell Administration Center 323 East Chestnut, 3rd Floor Louisville, Kentucky 40202 Fax: (502) 852-6849 Attn: Executive Vice President for Health Affairs
With a copy to:	University of Louisville Grawe Meyer Hall 2301 South Third Street Louisville, Kentucky 40208 Fax: (502) 852-7226 Attn: President
And a copy to:	Stites & Harbison PLLC 400 W. Market Street Suite 1800 Louisville, Kentucky 40202 Fax: (502) 587-6391 Attn: Jennifer Elliott, Esq.

or to such other address, and to the attention of such other person or officer as a Party may designate in writing to the other Party.

8.9 Entire Agreement and Amendment. This Agreement supersedes all previous contracts, and constitutes the entire agreement of whatsoever kind or nature existing between the Parties respecting the subject matter hereof and neither Party shall be entitled to benefits other than those specified herein. As between the Parties, no oral statements or prior written material not specifically incorporated herein shall be of any force and effect; the Parties specifically acknowledge that in entering into and executing this Agreement, the Parties rely solely upon the representations and agreements contained in this Agreement and no others. This Agreement may be amended only by an instrument in writing executed jointly by both Parties and may be supplemented only by documents delivered in accordance with the express terms hereof. In the event of a conflict between this Agreement and the Academic Affiliation Agreement, the Academic Affiliation Agreement shall prevail.

8.10 Change in Law or Circumstance.

(a) Notwithstanding any other provision of this Agreement, if Medicare reimbursement regulations change or the Integrated Operation loses its certification by Medicare (collectively or individually, "Change Event"), and, in the good faith judgment of one Party (the "Noticing Party"), such Change Event materially and adversely affects the Integrated Operation's economic performance, then the Noticing Party may give the other Party notice of intent to amend this Agreement in accordance with the next subparagraph.

(b) Notice Requirements. The Noticing Party shall give notice to the other Party together with an opinion of counsel setting forth the following information:

(i) The Change Event(s) giving rise to the notice;

(ii) The consequences of the Change Event(s) as to the Noticing Party;

(iii) The Noticing Party's desire to amend this Agreement.

(iv) The Noticing Party's proposed amendment(s) and the Noticing Party's request for commencement of renegotiation (as defined below).

(c) Renegotiation Period.

(i) In the event of notice under either subparagraph above, the Parties shall have one hundred eighty (180) days from the giving of such notice ("Renegotiation Period") within which to attempt to amend this Agreement in accordance with the Noticing Party's proposal (if any) or otherwise as the Parties may agree. All opinions of counsel presented by Noticing Party hereunder, and any corresponding opinions given by the other Party in response, shall be deemed confidential and given solely for purposes of renegotiation and settlement of a potential dispute, and shall not be deemed disclosed so as to waive any privileges otherwise applicable to said opinions.

(ii) KentuckyOne will select a consultant with expertise in hospital finances to do a financial forecast to aid in the renegotiation process. If UMC does not agree with the consultant selected then it can select a consultant with expertise in hospital finances to do the proposed work. KentuckyOne will have veto power of this consultant also. If both KentuckyOne and UMC exercise their veto power, then the two consulting firms selected will meet and select a third consultant with expertise in hospital finances who will perform the financial forecast.

(iii) Neither UMC nor KentuckyOne may select a consultant that it has engaged in the three (3) years prior to the Change Event. Further, neither UMC nor KentuckyOne may engage the selected consultant for three (3) years following the issuance of the financial forecast.

8.11 Assignment by UMC. UMC shall not assign this Agreement without the prior written consent of KentuckyOne, which consent will not be unreasonably withheld. Any assignment in violation of this provision shall be void *ab initio*.

8.12 Assignment by KentuckyOne. KentuckyOne shall not assign this Agreement without the prior written consent of UMC and UofL, which consent will not be unreasonably withheld. Any assignment in violation of this provision shall be void *ab initio*.

8.13 Benefit. Subject to any provision herein to the contrary, this Agreement shall inure to the benefit of and be binding upon the Parties and their respective legal representatives, successors and assigns. UofL is a third-party beneficiary of this Agreement.

8.14 Choice of Law. The Parties agree that this agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

8.15 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument.

8.16 Consents, Approvals and Discretion. Except as herein expressly provided to the contrary, whenever this Agreement requires any consent or approval to be given by a Party or a Party must or may exercise discretion, the Parties agree that such consent or approval shall not be unreasonably withheld or delayed and such discretion shall be reasonably exercised.

8.17 Waiver of Breach. The waiver by a Party of a breach or violation of any provision of this Agreement shall not operate as, or be construed to be, a waiver of any subsequent breach of the same or other provision hereof.

8.18 Severability. In the event any provision of this Agreement is held to be invalid, illegal or unenforceable for any reason and in any respect, such invalidity, illegality, or unenforceability shall in no event affect, prejudice or disturb the validity of the remainder of this Agreement, which shall be in full force and effect, enforceable in accordance with its terms.

8.19 Legal Fees and Costs. In the event a Party elects to incur legal expenses to enforce or interpret any provision of this Agreement, the prevailing Party will be entitled to recover such legal expenses, including, without limitation, attorneys' fees, costs and necessary disbursements, in addition to any other relief to which such Party shall be entitled if it is determined by judicial or other alternative dispute resolution process that the action brought by the non-prevailing Party was not brought in good faith.

8.20 Proprietary Items. The systems, methods, procedures and controls employed by KentuckyOne in the performance of this Agreement are proprietary in nature, shall be and remain the property of KentuckyOne, and shall not at any time be utilized, distributed, copied or otherwise employed by UMC except in the operation of the Integrated Operation pursuant to this Agreement.

8.21 Additional Assurances. The provisions of this Agreement shall be self-operative and shall not require further agreement by the Parties except as may be herein specifically provided to the contrary; provided, however, at the request of a Party, the Party requested shall execute such additional instruments and take such additional acts as the requesting Party may deem necessary to effectuate this Agreement.

8.22 Gender and Number. Whenever the context of this Agreement requires, the gender of all words herein shall include the masculine, feminine and neuter, and the number of all words herein shall include the singular and plural.

8.23 Divisions and Headings. The divisions of this Agreement into sections and subsections and the use of captions and headings in connection therewith are solely for convenience and shall have no legal effect whatsoever in construing the provisions of this Agreement.

8.24 Conflict Resolution. To the fullest extent permitted by Kentucky law, any controversy or claim arising out of or relating to this Agreement (a "Claim") shall be settled by negotiation and arbitration in accordance with the following provisions (provided, however, that any agreement referred to in this Agreement shall be subject to its own remedies section and disputes under such agreements will not be subject to resolution under this Section 8.24):

(a) Negotiation. If a dispute arises between the Parties relating to this Agreement that cannot be resolved informally, each Party shall, for a period of twenty (20) calendar days after the dispute first arises ("Initial Negotiation Period"), to negotiate in good faith a resolution of the dispute ("Initial Negotiation"). The Initial Negotiation will include no less than two in-person meetings among the UMC's designee and KentuckyOne's designee. If the dispute is not resolved during the Initial Negotiation Period, the Parties shall, for an additional period of twenty (20) calendar days after the end of the Initial Negotiation Period ("Extended Negotiation Period," and together with the Initial Negotiation Period, the "Negotiation Period"), continue to negotiate in good faith to negotiate a resolution of the dispute ("Extended Negotiation"). The Extended Negotiation will include no less than two in-person meetings among the CEO of CHI and the President of the University. Either Party may request the appointment of a mediator mutually acceptable to the Parties to participate in the Initial Negotiation and any Extended Negotiation. The place of the Initial Negotiation and any Extended Negotiation shall be in Louisville, Kentucky, or such other place as may be mutually agreed to by the Parties. The mediator may meet or communicate with the Parties together or with each of them separately.

(b) Arbitration. If such controversy or claim is not resolved as contemplated by Section 8.24(a) during the Negotiation Period, either Party may elect to submit such Claim to arbitration upon the following terms:

(i) Scope. Except as provided in Section 6.2, the agreement of the Parties to arbitrate a Claim covers all disputes of every kind relating to or arising out of this Agreement, and any instrument, certificate or other document executed or delivered pursuant to the terms of this Agreement. Disputes include actions for breach of contract with respect to this Agreement or such related documents, as well as any Claim based upon tort or any other causes of action relating to the arrangement contemplated herein or therein, such as claims based upon an allegation of fraud or misrepresentation and claims based upon a federal or state statute. In addition, the arbitrators selected according to procedures set forth above shall determine the arbitrability of any matter brought to them.

(ii) Forum. The forum for the arbitration shall be Louisville, Kentucky.

(iii) Law. The governing law for the arbitration shall be the law of the Commonwealth of Kentucky, without reference to its conflicts of laws provisions. Notwithstanding the provision in the preceding paragraph with respect to applicable substantive law, the Parties acknowledge and agree that this Agreement evidences a transaction involving interstate commerce and that any arbitration conducted pursuant to the terms of this Agreement shall be governed by the Federal Arbitration Act (9 U.S.C., Secs. 1-16).

(iv) Arbitrator(s). There shall be three arbitrators, unless the Parties are able to agree on a single arbitrator. In the absence of such agreement within ten (10) days after the initiation of an arbitration proceeding, UMC shall select one arbitrator and KentuckyOne shall select one arbitrator, and those two arbitrators shall then select, within ten (10) days, a third arbitrator who shall chair the arbitration panel. If those two arbitrators are unable to select a third arbitrator within such ten (10)-day period, a third arbitrator shall be appointed by JAMS in accordance with its rules. All such arbitrators shall be knowledgeable in the operation of academic medical centers and teaching hospitals and at least one arbitrator shall be a practicing lawyer or retired judge. The decision in writing of at least two of the three arbitrators shall be final.

(v) Administration and Procedural Rules. The arbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures and in accordance with the Expedited Procedures in those Rules, as modified by any other instructions that the Parties may agree upon at the time. If there is any conflict between those rules and the provisions of this Section, the provisions of this Section shall prevail.

(vi) Substantive Law. The arbitrators shall be bound by and shall strictly enforce the terms of this Agreement and may not limit, expand or otherwise modify its terms. The arbitrators shall make a good faith effort to apply substantive applicable law, but an arbitration decision shall not be subject to review because of errors of law. The arbitrators shall be bound to honor claims of privilege or work-product doctrine recognized at law, but the arbitrators shall have the discretion to determine whether any such claim of privilege or work product doctrine applies.

(vii) Decision. The arbitrators' decision shall provide a reasoned basis for the resolution of each dispute and for any award.

(viii) Expenses. Each Party shall bear its own fees and expenses with respect to the arbitration and any proceeding related thereto and the Parties shall share equally the fees and expenses of JAMS and the arbitrators; provided, however, that the arbitrators' award shall include payment of the non-breaching Party's reasonable attorney's fees and other costs associated with the arbitration.

(ix) Remedies and Awards. The arbitrators shall have power and authority to award any remedy or judgment that could be awarded by a court of law in Commonwealth of Kentucky; provided, however, the Parties acknowledge and agree that termination of this Agreement should be an extraordinary remedy granted only when other remedies will not adequately resolve the non-breaching Party's Claim(s).

[Remainder of this page intentionally left blank.
Signatures follow on next page.]

The Parties have caused this Agreement to be executed in multiple originals by their duly authorized officers, all as of the day and year first above written.

UMC: UNIVERSITY MEDICAL CENTER, INC.

By: Jeff Taylor

Its: CEO

KentuckyOne: KENTUCKYONE HEALTH, INC.

By: Ruth W. Brinkley

Its: President and CEO