

## EXHIBIT K

### SPONSORSHIP AGREEMENT

THIS SPONSORSHIP AGREEMENT (this “**Agreement**”) is made as of \_\_\_\_\_, 20\_\_ (the “**Effective Date**”), by and among THE UNIVERSITY OF LOUISVILLE, an instrumentality of the Commonwealth of Kentucky acting through its Board of Trustees (“**University**”), JEWISH HOSPITAL HEALTHCARE SERVICES, INC., a Kentucky nonprofit corporation (“**JHHS**”), CATHOLIC HEALTH INITIATIVES, a Colorado nonprofit corporation (“**CHI**”), and, solely with respect to those provisions with which Network Entity has express rights and obligations under this Agreement, JH Properties, Inc., a Kentucky nonprofit corporation (“**Network Entity**”). University, JHHS, CHI and Network Entity may be referred to herein collectively as the “**Parties**” and individually as a “**Party**.”

### RECITALS

A. JHHS, CHI and the University are the sole members of Network Entity, and they are referred to in this Agreement collectively as “**Sponsors**” and individually as a “**Sponsor**”.

B. Pursuant to that certain Amended and Restated Consolidation Agreement, dated December 15, 2011 (the “**Consolidation Agreement**”), among CHI, JHHS, Network Entity, CHI Kentucky, Inc., a Kentucky nonprofit corporation, Jewish Hospital & St. Mary’s HealthCare, Inc., a Kentucky nonprofit corporation (“**JHSMH**”), Saint Joseph Health System, Inc., a Kentucky nonprofit corporation (“**Saint Joseph**”), Flaget Healthcare, Inc., a Kentucky nonprofit corporation (collectively with Saint Joseph, “**SJHS**”), University Medical Center, Inc., a Kentucky nonprofit corporation (“**UMC**”), JHSMH, SJHS and UMC amended their respective articles of incorporation and bylaws prior to or as of the Effective Date, so that, among other things, Network Entity is the sole corporate member of each such corporation.

C. The Parties affirm that the principal motivations for the creation and operations of Network Entity are:

(a) The Parties share a special and common commitment to patient care, biomedical research and the education of the next generation of healthcare providers.

(b) The Commonwealth of Kentucky has a critical need for new and better ways to address the serious health issues facing its population.

(c) Recent statistics from the Centers for Disease Control and Prevention and the American Heart Association reveal that residents of the Commonwealth of Kentucky ranks:

- (i) first in lung cancer (and 50% higher than the national incidence),
- (ii) in 2006, fourth overall in cancer incidence,
- (iii) in 2008, seventh in the incidence of obesity,

(iv) seventh in the overall number of deaths associated with cardiovascular disease,

(v) ninth in the number of deaths from heart disease, and

(vi) ninth in the number of deaths from stroke.

(d) As a result of the creation and operations of Network Entity, the Parties will be able to meet these serious and uncommon challenges faced by the residents of the Commonwealth of Kentucky and surrounding regions in a more efficient and cost effective manner than they can individually; become the premier, integrated, and comprehensive health system in the Commonwealth of Kentucky and Southern Indiana; attain the reputation as the healthcare provider that provides the highest quality care in the most cost effective manner, effectively reduces the incidence of serious disease, and eliminates inequities in access throughout the communities that the Network Entity will serve; provide services across the Commonwealth of Kentucky and the region surrounding the Commonwealth of Kentucky, developing the best next generation of healthcare professionals; quickly translating research from bench to bedside; and be a vital nationally-recognized health system and the go-to organization for any major health policy initiatives in the Commonwealth of Kentucky.

(e) It is the purpose and mission of the Network Entity to advance the common mission and purposes set forth in this Recital C.

D. The Parties desire to set forth their rights and obligations as Sponsors and Members of the Network Entity.

## **TERMS AND CONDITIONS**

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the Parties agree as follows:

### **Article I Definitions**

Section 1.1 Definitions. Capitalized terms used in this Agreement have the meanings ascribed to such terms in Exhibit A or as elsewhere defined in this Agreement.

Section 1.2 Other Definitional Provisions.

(A) As used in this Agreement, accounting terms not defined in this Agreement, and accounting terms partly defined to the extent not defined, will have the respective meanings given to them under GAAP.

(B) The word "herein" and words of similar import when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement, and section, subsection, schedule and exhibit references are to this Agreement unless otherwise specified.

(C) Words of the masculine gender include the feminine or neuter genders, and vice versa, where applicable. Words of the singular number include the plural number, and vice versa, where applicable.

(D) When used in this Agreement, the word "including" has the commonly accepted meaning associated with such word and any list of items that may follow such word shall be illustrative and not be deemed to represent a complete list of the contents of the referent of the subject.

## Article II Network Entity Financial Matters

Section 2.1 Membership Interest Percentages. The respective Membership Interest Percentages of the Sponsors are set forth on Exhibit B. The Membership Interest Percentages of the Sponsors shall be subject to adjustment from time to time, as set forth in this Agreement. Upon any such adjustment, Network Entity shall update Exhibit B to reflect the then current Membership Interest Percentages of each Sponsor.

### Section 2.2 Payments to Sponsors.

#### (A) Mandatory Initial Payments.

(1) Mission Payments. Attached as Schedule 2.2(A)-1 are payments to the Sponsors from the Network Entity to support the Sponsors' respective missions ("**Mission Payments**"). Network Entity will continue these Mission Payments until the Sponsors unanimously agree to modify the Mission Payments.

(2) Fee-For-Service Payments. Attached as Schedule 2.2(A)-2 are payments to University and CHI for services that Network Entity is purchasing, respectively, from University (or its affiliates) and CHI ("**Fee-For-Service Payments**").

(a) Fee-For-Service Payments to University. Network Entity will continue Fee-For-Service Payments to the University until the Board of Directors of Network Entity (the "**Board**") and University (or other applicable parties to agreements for Fee-For-Service Payments, such as the University faculty practice plan) agree to modify such payments. New Fee-For-Service Payments between the Network Entity and the University may be established upon the agreement of the University (or other applicable parties to such agreements for Fee-For-Service Payments, such as the University faculty practice plan) and the Board.

#### (b) Fee-For-Service Payments to CHI.

(i) Network Entity will continue Fee-For-Service Payments to CHI listed on Schedule 2.2(A)-2 pursuant to the methodology described on such Schedule (and as further described in the documents exchanged between the parties on June 14, 2011)

with the following adjustments: (i) anywhere Schedule 2.2(A)-2 refers to "MBO" that shall be read to refer to, where applicable, "Network Entity"; (ii) the National Assessment referred to on page 2 of Schedule 2.2(A)-2 shall be calculated pursuant to the methodology described therein but by replacing "1.85%" with "1%"; (iii) the Capital Resource Pool referred to on page 2 of Schedule 2.2(A)-2 and the policy on pages 73-75 of Schedule 2.2(A)-2 shall be calculated pursuant to the methodology described therein but by replacing "8%" with "4.4%"; (iv) for the period from Closing under the Consolidation Agreement until the first June 30th following Closing, the calculations described in (ii) and (iii) shall be determined by replacing the phrase "prior fiscal year" with "the combined performance for SJHS, JHSMH, and UMC for the 12 calendar months preceding the Closing"; (v) for the first fiscal year beginning on July 1st following the Closing, calculations described in (ii) and (iii) shall be determined by replacing the phrase "prior fiscal year" with "the combined performance for SJHS, JHSMH, and UMC for the 12 calendar months preceding such July 1<sup>st</sup>"; and (vi) if the 1.85% or 8% change then the 1% and 4.4%, respectively, will change proportionately.

(ii) Any modification to existing Fee-For-Service Payments between CHI and Network Entity or the entering into of any new Fee-For-Service Payments between CHI and Network Entity will require the approval of CHI and the Board if such payment amounts or payment methodologies are consistent with the amounts or methodologies CHI utilizes with its wholly-owned subsidiaries for the same or similar services and provided that such payments satisfy the Medicare Cost Report rules for reimbursement. If the amounts or methodologies are different than what CHI utilizes with its wholly-owned subsidiaries for the same or similar services, then the unanimous approval of all the Sponsors is required. The Sponsors will have the right to review and audit necessary books and records to determine if payment amounts and methodologies are consistent with those utilized with respect to other CHI wholly-owned subsidiaries.

(3) Payments Pursuant to CHI Capital Obligation Document. To ensure that CHI has the ability to satisfy its obligations with respect to the Required Payments (as that term is defined in the CHI Capital Obligation Document), CHI has the power (subject to contractual and organizational limitations) to transfer, or to require the Network Entity to transfer to CHI, on the dates, at the times, at the places and in the manner specified by CHI, such funds as CHI determines are necessary to make the Required Payments. Network Entity shall not be required to violate its charitable purposes, the terms of any restricted gifts, or the covenants of its debt instruments as a result of any asset transfers made to or directed by

CHI pursuant to this section. To the extent that such transfers do not offset any then outstanding indebtedness between Network Entity and CHI, then contemporaneously with the transfer to CHI, JHHS and University will receive pro rata transfers commensurate with their then Membership Interests as if the distribution were a payment made pursuant to Section 2.2(B)(2).

(B) Contingent Future Payments.

(1) Payments Approved by Sponsors. At any time, and without obtaining the consent or approval of the Board, the Sponsors may, by unanimous consent, approve payments from the Network Entity to the Sponsors to further the Sponsors' charitable missions. Payments so approved will be made by the Network Entity to the Sponsors.

(2) Mandatory Payments. As of the end any fiscal year, if the Network Entity has exceeded the Median Operating Margin for such fiscal year, the Network shall make payments to the Sponsors to further their charitable missions of an amount of cash in excess of reasonable reserves established by the Board, including capital expenditure reserves, that does not cause the Network Entity to fall below Median Cash on Hand and Median Cash to Debt after giving effect to such payments. To the extent that the Network Entity is required to make payments to the Sponsors under this Section 2.2(B)(2), it shall make such payments within 90 days following the end of such Fiscal Year (or such later date as Network Entity's audit is completed) to the Sponsors as follows:

(a) First, a total of 10% of such aggregate payment amount will be transferred to the University for use in its health sciences schools and related life science activities; and

(b) Then the balance of the payment will be paid to the Sponsors in accordance with their Membership Interest Percentages.

(3) Notwithstanding anything in Section 2.2(B) to the contrary, no payments shall be made pursuant to this Section 2.2(B) that are prohibited by any Legal Requirement. In addition, no payments made pursuant to this Section 2.2(B) will be used by the recipient to provide procedures that are described on Exhibit G.

Section 2.3 Transfer of Funds to Operating Investment and Cash Management Program. As of the Effective Date, Network Entity is a limited partner to the CHI Operating Investment Limited Partnership, a Colorado Limited Partnership ("**Operating Investment Program**"), pursuant to the Fifth Restated Agreement of Limited Partnership of the Operating Investment Program dated August 31, 2010 (as amended, restated, supplemented and otherwise modified from time to time in accordance with the terms and conditions therein) (the "**Program Agreement**") and Network Entity will participate in the CHI Operating Investment Program and Cash Management Program as in effect from time to time. To the extent Network Entity holds any cash, cash equivalents or marketable or other securities as a result of the Merger or post-

Merger operations of the Network Entity, such cash, cash equivalents and securities will, as soon as reasonably practicable, be deposited, or directly transferred, into the Network Entity's Capital Account (as such term is defined in the Program Agreement) or swept into consolidated cash accounts pursuant to the Cash Management Program, all pursuant to the Program Agreement or the CHI Common Investment Policy, as the case may be.

Section 2.4 Additional Contributions to Network Entity. No Sponsor will be obligated to make any contributions to the net assets of the Network Entity, capital assessments, loans, investments or other advances to Network Entity after the Effective Date. If Sponsors unanimously agree to make additional contributions to the net assets of the Network Entity (an "**Additional Contribution**"), then each Sponsor that fails to make its share of such Additional Contribution to the net assets of the Network Entity (upon the terms and conditions unanimously agreed upon by the Sponsors) shall be deemed to be in breach of this Agreement. To the extent an Additional Contribution is approved by all the Sponsors, and if a Sponsor (a "**Noncontributing Sponsor**") fails to make its share of such Additional Contribution, then the Sponsors who made their required share of the Additional Contribution may, but are not required to, make the Noncontributing Sponsor's share of the Additional Contribution on behalf of such Noncontributing Sponsor. If a Sponsor fails to make an Additional Contribution, then, effective as of the Business Date immediately following the date such Additional Contribution was due from the Sponsors, each Sponsors' Membership Interest Percentage will be adjusted to a new Membership Interest Percentage equal to (A) the sum of (1) the Fair Value of such Sponsor's Membership Interest as of the date the additional contribution was due, plus (2) the amount of such Additional Contribution made by such Sponsor, if any, (including any amount of the Additional Contribution made by such Sponsor on behalf of any Noncontributing Sponsor) divided by (B) the sum of (1) the Fair Value of the Network Entity as of such date, plus (2) the aggregate amount of such Additional Contribution made by all of the Sponsors.

Section 2.5 Fiscal Year and Auditor of Network Entity. The Network Entity will use the same fiscal year and independent auditor as CHI. Each fiscal year, such auditor will perform a separate audit of the Network Entity in accordance with Generally Accepted Auditing Standards and prepare financial statements of Network Entity in accordance with GAAP and deliver a copy of the audited financial statements to each Sponsor.

Section 2.6 CHI Facilities Community Capital Investment. Network Entity shall make a minimum capital investment of \$100,000,000 during the first three years following the date of this Agreement in the facilities historically owned by SJHS.

### Article III Board of Directors and Board Chair

Section 3.1 Initial Board. The Board will consist of eighteen (18) voting members ("**Board Members**"), with ten voting Board Members appointed by CHI (the "**CHI Appointees**"), four voting Board Members appointed by JHHS (the "**JHHS Appointees**") and four voting Board Members appointed by University (the "**University Appointees**"); provided, however, that at any time a Sponsor's Membership Interest Percentage is less than 10%, then such Sponsor will have its number of voting Board Members reduced by one and the total number of voting Board Members shall be reduced by a corresponding number of voting Board

Members so that none of the remaining Sponsors will have an increase in the number of voting Board Members. The names of the initial voting Board Members, the Sponsor appointing each, and their respective terms of office are set forth on Exhibit C.

Section 3.2 Terms; Removal and Replacement. The initial Board Members will be divided into three classes, with initial respective terms of three, four and five years, as set forth on Exhibit C. Except for the initial terms served by the initial Board Members, Board Members will serve terms of three years. Each Board Member can serve a maximum of three terms (regardless of the number of years in the initial term); provided, however, that, to the extent University's Executive Vice President of Health Affairs is a Board Member, such officer shall not be subject to the foregoing limit on the number of terms such officer may serve as a Board Member. Each Sponsor shall have the exclusive and unconditional right to remove any Board Member appointed by such Sponsor, as provided herein, at any time (with or without cause) and, regardless of the procedures set forth in Section 3.4, fill any of its positions for which there is a vacancy.

Section 3.3 Board Member Qualifications. At any one time, (A) no more than two CHI Appointees shall be Employees of CHI or any Person controlled by, or under common control with, CHI, (B) no more than one JHHS Appointee may be an Employee of JHHS or any Person controlled by, or under common control with, JHHS, and (C) no more than one University Appointee may be an Employee of University or any Person controlled by, or under common control with, the University. In considering nominees for Board Members, the Nominating Committee, the Board and the Sponsors may consider, among other appropriate qualifications, competency-based qualifications (e.g., experience in clinical quality; financial strategy, health equity, research, and academics), persons reflective of the communities served by the Network Entity Facilities, members of the medical staffs of Network Entity Facilities, persons who reflect the appointing Sponsors' heritage and identity, persons of diverse backgrounds (including race, ethnicity, gender, and socio-economic status), persons with a health system focus (as opposed to a facility focus), persons who will carry out the fiduciary responsibilities of Board Members, or persons with national healthcare or academic experience or perspectives.

Section 3.4 Nominating Committee. Following the appointment of the initial Board pursuant to Section 3.1 any vacancy on the Board not caused by a removal pursuant to Section 3.2 will be filled through a nominating process set forth in the Bylaws. The Board will appoint a committee of the Board (the "**Nominating Committee**") consisting of no fewer than three but no more than six members, with each Sponsor appointing one member of the Board to serve on the Nominating Committee and the remaining members to be appointed by the Board. The Nominating Committee and the Sponsor that initially appointed the Board Member whose vacancy is being filled (the "**Appointing Sponsor**") will communicate regarding their respective desired criteria for the replacement Board Member in addition to the criteria set forth in Section 3.3 and the Bylaws. The Appointing Sponsor may also propose to the Nominating Committee one or more candidates, and the Nominating Committee will then recommend to the Appointing Sponsor one or more of the candidates so proposed to fill the vacancy. Upon the Appointing Sponsor's receipt of the Nominating Committee's recommendation as provided in the preceding sentence, the Appointing Sponsor will then have the right to choose one of the candidates recommended by the Nominating Committee to fill the vacancy. If the Nominating Committee

does not make such recommendation to the Appointing Sponsor prior to the expiration of the candidate's predecessor's term, the Appointing Sponsor will then have the right to appoint any individual, in its sole discretion, to fill the vacancy.

Section 3.5 Board Chair. The initial Chair of the Board (the "**Board Chair**") will be Robert Hewett, who will serve in such capacity for a term of three years. Prior to the expiration of the initial Board Chair's term, a successor Board Chair shall be selected by the Board from a slate of candidates consisting of three current voting Board Members each having at least two years of eligibility left as a Board Member ("**Slate**"), which Slate shall be selected by University. Each subsequent successor Board Chair shall be selected in the same manner; provided, however, that the right to select the Slate of candidates shall rotate among the Sponsors, with JHHS having the right to select the Slate of candidates for the third Board Chair, CHI having the right to select the Slate of candidates for the fourth Board Chair, University having the right to select the Slate of candidates for the fifth Board Chair and so forth. Except as contemplated by the following sentence, each Board Chair subsequent to the initial Board Chair will serve in such capacity for a term of two years. Any vacancy in the Board Chair that occurs during the term of a Board Chair shall be filled by the Board from a Slate of candidates selected by the Sponsor who initially choose the Slate of candidates from which the vacating Board Chair was selected, and that replacement Board Chair will serve the remaining term of the vacating Board Chair. At no time shall the Board Chair and the Nominating Committee Chair (as defined in the Bylaws) be held by representatives of the same Sponsor, and at no time shall the Board Chair be an Employee of any Sponsor or any Person controlled by a Sponsor.

Section 3.6 Board Observers. Each Sponsor shall have the right from time to time to select, remove and replace two individuals who are not Board Members, and the Board shall have the right from time to time to select and replace individuals who are not Board Members, who will have observation rights with respect to the Board (collectively, "**Observers**"). Observers shall have the unrestricted right and authority to (i) attend all meetings of the Board and any committee thereof, (ii) participate in discussions at such meetings, and (iii) receive and otherwise have access to all information, records and accounts of the Network Entity, in each case, to the same extent as Board Members. No Observer shall be entitled to vote on any matter coming before the Board. At least one of the Observers to be appointed by each Sponsor shall be a member of the medical staff of a facility owned or operated by the Network Entity. In the appointment of Observers, the Board shall give consideration to appointing nurses consistent with achieving and maintaining Magnet Designation for the Teaching Hospital Facilities. Upon appointment, each Observer will be required to enter into an agreement with Network Entity in the form attached hereto as Exhibit D that sets forth the terms and conditions of, and duties and obligations of the Observer relating to, the Observer's service as an Observer pursuant to this Section 3.6.

Section 3.7 Orientation and Education. Board Members, and at the Board's discretion Observers, will participate in CHI governance orientation and education as offered from time to time by CHI. The costs of such participation shall be paid by Network Entity, and not the individual Board Members or Observers or their respective Appointing Sponsors.



## **Article IV**

### **Sponsor Meetings; Reserved Powers**

Section 4.1 Sponsor Meetings. The Sponsors anticipate that they will meet on a routine basis and will work together to develop a mutually agreeable meeting schedule. The purpose of such meetings is to foster communications among the Sponsors, and to discuss the business and other matters relating to Network Entity. The meetings will rotate among the Sponsors' respective headquarters. These meetings are separate from and in addition to any meetings of the Members as set forth in the Bylaws.

#### Section 4.2 Reserved Powers.

(A) Powers Reserved to All of the Sponsors. In addition to the other actions specified herein requiring the unanimous approval of all of the Sponsors, the actions described in this Section 4.2(A) are reserved to the Sponsors and require the unanimous approval of all the Sponsors.

(1) Approval of, or any changes to, the name, mission, vision and values of the Network Entity;

(2) Addition of new Members of Network Entity;

(3) Approval of any joint venture, partnering or affiliation arrangement, acquisition, merger, or other similar transaction between the Network Entity and any other Person that is not affiliated with a Sponsor if such transaction would result in a change of more than for 30% of the consolidated net revenue or 30% of the gross assets of the Network Entity, in each case measured immediately after the transaction as a percentage of the total Network Entity consolidated net revenue or gross assets immediately before the transaction; notwithstanding the preceding, University approval will be required for any transaction falling below these thresholds if the transaction results in an arrangement where Network Entity provides acute care services in competition with the Trover Clinic, Owensboro Hospital, TJ Sampson Hospital, or Taylor County Hospital or their successors in interest;

(4) Entering into or modifying any transaction with any Sponsor or a Related Person of any Sponsor, except as otherwise expressly permitted without Sponsor approval pursuant to Section 2.2 or elsewhere in this Agreement;

(5) Making any transfer or payment of Network Entity funds to any of the Sponsors not previously approved by the Sponsors, or entering into or modifying any agreement regarding such transfer or payment, except as otherwise permitted expressly without Sponsor approval pursuant to Section 2.2 or elsewhere in this Agreement;

(6) Approval of additional capital contributions by the Sponsors to the Network Entity, changes in Membership Interest Percentages of the Sponsors, or

changes in the governance rights of the Sponsors, except as otherwise expressly permitted without Sponsor approval in this Agreement;

(7) Amendments to the Network Entity's Articles of Incorporation or Bylaws;

(8) Merger of the Network Entity but only if the Network Entity is not the surviving party to the merger, the Membership Interest Percentages change or the rights to appoint Board Members change as a result of the merger;

(9) Dissolution, or liquidation of, or the sale or lease of all or substantially all of the assets of, the Network Entity;

(10) Approval of any request by a Sponsor to engage in a Restricted Service in the Restricted Territory (as described in Article VI);

(11) The incurrence of any additional long-term debt or other additional financial obligations for the benefit of any Person other than the Network Entity or its Subsidiaries;

(12) Granting the CEO voting rights as an ex-officio member of the Board; or

(13) The incurrence of any long-term debt or any other long-term liability if such incurrence would cause the calculated equivalent bond rating of the Network Entity to fall below Moody's BBB- rating.

(B) Divestiture, Sale or Closure of Certain Facilities; Name Changes. Divestiture, sale, closure or the change of the name of any of the following Facilities will require the prior approval of the Sponsor that currently owns such Facility (or whose Related Person owns such Facility): Saint Joseph Hospital (Lexington), Sts. Mary and Elizabeth Hospital, Our Lady of Peace, Frazier Rehab Institute (Louisville), Jewish Hospital (Louisville), Jewish Hospital Rudd Heart and Lung Center, University Medical Center/University of Louisville Hospital and James Graham Brown Cancer Center.

(C) Powers Reserved to CHI.

(1) Budgets. Annual and long-term operating and capital budgets will be approved by the Board consistent with the CHI annual budget process and will be recommended to CHI for its final approval. CHI will not have line-item veto authority over the budgets recommended by the Board, but rather can accept or reject budgets recommended to it by the Board. Rejected budgets will be returned to the Board with feedback for modification and further recommendation to CHI for final approval. Once approved by CHI, any material change in the annual or long-term operating or capital budgets by the Board will require further approval by CHI; for this purpose a material change is a 10% change in, or reallocation of revenue, operating income, capital expenditures, operating margin, days' cash or cash to debt ratio.

(2) Debt. The Board will make recommendations regarding the incurrence of long-term debt or any other long-term liabilities of the Network Entity to CHI for its final approval subject to the other Sponsors' rights under Section 4.2(A)(11) and Section 4.2(A)(13).

(3) Network Entity CEO.

(a) The Board will appoint a committee of the Board for the search and recommendation of the initial CEO and each successor CEO (the "**Search Committee**"). The Search Committee shall consist of three to six members, with each Sponsor appointing one member of the Board to serve on the Search Committee and the remaining members to be appointed by the Board. The Search Committee will lead and manage the CEO search process with the Board determining the selection criteria and characteristics for the initial and successor CEOs; provided, however, that the initial and each successor CEO shall be or will become (effective as of appointment as CEO) an employee of CHI. The Search Committee will recommend one or more candidates to the Board. The Board will select and recommend a single candidate to CHI. CHI will have the sole and exclusive right to approve and employ the CEO. If CHI rejects the Board's recommended candidate, the Search Committee will recommend one or more new candidates to the Board, the Board will select and recommend a single new candidate to CHI for approval and employment, and CHI will approve or reject the new recommendation, with this process repeating until CHI approves and employs a CEO. CHI will not have the authority to appoint the CEO, nor will the University or JHHS have any right to approve the CEO.

(b) In addition to the right of the Board to terminate the CEO, CHI shall have the right to cause the termination of the initial or any successor CEO from such position after consultation with the Board, but neither the University nor JHHS will have any right to terminate the CEO or approve the termination of the CEO.

(c) The CEO will be an ex-officio, nonvoting Board Member; provided, however, that, upon the unanimous agreement of the Sponsors, the CEO may be appointed as an ex officio, voting Board Member; provided further, however, if the CEO is appointed as an ex officio, voting Board Member, (1) the CEO shall not count towards the Employee cap of any of the Sponsors with respect to the limitations in Section 3.3 regarding Employee appointees to the Board; and (2) the size of the Board will be increased by one (1) voting member so that the addition of the CEO as a voting Board Member does not decrease the number of voting Board Member seats appointed by any Sponsor pursuant to Section 3.1.

(D) Limitations on Network Entity Actions. The Network Entity will not take any action described in this Section 4.2 as requiring the approval of one or more Sponsors until such approval has been obtained.

(E) Paramount Power of Sponsors. Unless otherwise prohibited by any Legal Requirement, the Sponsors, acting by unanimous consent, can cause the Network Entity to take any action without obtaining the approval or consent of the Board.

## **Article V**

### **Heritages and Traditions**

Section 5.1 Heritages and Traditions. The Parties acknowledge that, in combining to form Network Entity, UMC, JHSMH and SJHS are each rooted in unique heritages and traditions that are respected and in many respects share many common principles, including an obligation to servicing the needs of all regardless of ability to pay, the belief in healing, compassion, human dignity, responsible business practices, valuing education, community participation, integrity and social justice, and these common principles will form the foundation for Network Entity's mission. Further, the Parties acknowledge that (A) Network Entity will foster, nurture and celebrate the unique history and traditions of all of the Parties, Network Entity, UMC, JHSMH and SJHS; (B) CHI and Saint Joseph are each a Catholic health ministry, and a core component of their Catholic identity are the ERDs, which provide guidance in the areas of social responsibility, pastoral and spiritual care, respecting the health professional-patient relationship, care at the beginning and end of life, and the formation of partnerships to advance health care; (C) the long and distinguished history of service by CHI and Saint Joseph, acting out of their ethical and religious convictions, have contributed and will continue to contribute to improve the health care of the citizens of the Commonwealth of Kentucky, including the poor and indigent.

Section 5.2 Preservation of Heritages and Traditions. Although the Parties acknowledge that the heritages and traditions of UMC, JHSMH and SJHS share many common principles as described in Section 5.1, the Parties also recognize that there are unique aspects of each Party's heritage and tradition, and, in order to respect each heritage and tradition, agree as follows:

(A) Network Entity shall operate a quaternary and tertiary hospital in Louisville, Kentucky (which shall be located in downtown Louisville, Kentucky to the extent practicable) that will be identified as "Jewish Hospital" (or a derivative of such name approved by JHHS) and will be operated consistent with Jewish Heritage;

(B) Network Entity shall operate each of the Jewish Facilities consistent with Jewish Heritage;

(C) Network Entity shall operate each of the Catholic Facilities consistent with Catholic Heritage;

(D) Network Entity shall operate the Teaching Hospital Facilities to provide a stable mechanism for providing patient care to patients in Louisville Metro, regardless of ability to pay and to support the University's effort to further the Academic Heritage;

(E) Network Entity shall continue to operate the University of Louisville Hospital and the James Graham Brown Cancer Center in a manner consistent with academic practices of a secular state teaching hospital which is not (i) bound by the Jewish Heritage, the Catholic Heritage, or any religion, or (ii) restricted from providing any health services that may be lawfully performed at a state owned facility with the exception of the procedures that are described on **Exhibit G**;

(F) Network Entity shall respect and comply with the ERDs at all of the Catholic Facilities. Network Entity shall not take any action to cause CHI or the Catholic Facilities to fall out of compliance with the ERDs; provided, however, if operations at the Teaching Hospital Facilities result or reasonably will result in CHI or the Catholic Facilities falling out of compliance with the ERDs, CHI's sole remedy hereunder shall be as set forth in **Sections 7.2(B)** or **7.3**, as applicable. CHI is the sole party to this Agreement that is responsible for obtaining interpretation of the ERDs;

(G) Network Entity shall not permit or cause any action to be taken, and each Sponsor agrees not to take any action, that would cause any of the Facilities to provide procedures that are described on **Exhibit G**;

(H) Network Entity is committed to academic freedom and will not place any restrictions on the content, curriculum, or location of classes taught by the University at the Academic Medical Center, other than restrictions on the performance of certain clinical procedures described on **Exhibit G** at the Network Entity Facilities;

(I) It is appropriate for physicians to educate patients on all of their medical and surgical treatment options and to fully discuss with patients all of the patients' contraceptive and other medical care options, including natural family planning, medical devices (e.g., IUDs), pharmacologic, and surgical interventions (e.g., tubal ligation) in order for patients to make informed choices. Network Entity accepts the free, unrestricted, and mutual exchange of information between physicians and patients;

(J) The University and its School of Medicine shall not be under the direction or control of Network Entity or have any obligation to comply with, advocate, advance, teach or otherwise promote the Jewish Heritage, the Catholic Heritage, or any religion;

(K) Nothing contained herein shall in any way restrict the University's faculty and residents from providing procedures that are described on **Exhibit G** at facilities that are not owned or operated by Network Entity; and

(L) Network Entity will ensure that all medical staff, residents and students that have privileges at Network Entity Facilities will be properly trained on the delivery of services at such Facility consistent with that Facility's Academic, Jewish and Catholic Heritages and consistent with this **Section 5.2**.

**Section 5.3 Obligations of University and University Appointees to Board.** Notwithstanding **Section 5.1**, **Section 5.2(A)** through (C), or **Section 5.2(F)** and (L), the University and the University Appointees to the Board (including any University Appointee serving as Chair) shall not have any obligation to participate in any determination: (A) as to

whether the Jewish Facilities or the Catholic Facilities are operated in compliance with their respective Jewish Heritage or Catholic Heritage; or (B) as to whether the Jewish Facilities or Catholic Facilities are operated in a manner that furthers or promotes any religion.

Section 5.4 Recognition of Heritage. Any facility owned by the Network Entity, other than the Catholic Facilities and the Jewish Facilities, shall not be required to be operated consistent with Jewish Heritage or Catholic Heritage (unless such facility is acquired after the Effective Date and is at that time a Catholic-owned facility). At such facilities that are not required to be operated consistent with Jewish Heritage or Catholic Heritage, Network Entity will be respectful of such religious Heritages, but any prominent display of religious symbols in such facilities will require the prior approval of JHHS and CHI, but not the University; provided, however, that no religious symbols will be displayed at the University of Louisville Hospital or the James Graham Brown Cancer Center outside of designated chapels which will respect the beliefs of all denominations.

## **Article VI**

### **Restrictive Covenants**

#### **Section 6.1 Non-Competition by Sponsors.**

(A) From and after the Effective Date, except for engaging in the operations of Network Entity or any of its Subsidiaries and except as otherwise set forth in this Section 6.1, Section 6.3 or Section 6.4, each Sponsor shall not, and shall cause its Related Persons not to, directly or indirectly, either alone or in conjunction with any Third Party, or directly or indirectly through any Related Person (other than Network Entity or any Network Entity Subsidiary), own, lease, operate, manage, sponsor, finance (including through the use of funds the Sponsor receives from Network Entity) or otherwise engage in the business of providing, or owning, investing in, or have any other ownership interest in any Third Party that owns, leases, operates, manages, sponsors, finances, or engages in the business of providing any of the following services: physician, hospital inpatient, hospital outpatient, ambulatory surgical, imaging or other diagnostic, therapy, rehabilitation, nursing, long-term care, home health care, other health care services or health care products supply, or any other service or product that competes with those provided currently or in the future by the Network Entity (the “**Restricted Services**”) in the following territory (collectively, the “**Restricted Territory**”): (1) the entirety of the Commonwealth of Kentucky, excluding the Kentucky counties of Boone, Kenton and Campbell (collectively, the “**Excluded Kentucky Counties**”), and (2) the entirety of the Indiana counties of Floyd, Clark, Harrison and Scott.

(B) Notwithstanding anything in Section 6.1(A) to the contrary, the following shall not be deemed to be Restricted Services under this Section 6.1: (1) the services and activities set forth on Exhibit E; (2) any services and activities in which a Sponsor is otherwise permitted to engage as provided in this Article VI; (3) charitable or eleemosynary grants by a Sponsor, provided the conditions associated with such grants make it a requirement of such grants that they not be used by the recipients to engage directly or indirectly in any Restricted Services in the Restricted Territory; (4) any activities of the University other than the clinical activities of the School of Medicine;

(5) ownership by the Sponsors or their Related Persons of less than an aggregate of 5% of any class of stock of a Person engaged, directly or indirectly, in Restricted Services within the Restricted Territory if such Person's stock is listed or authorized for trading on a national securities exchange or over-the-counter market, and the acquisition of such stock is for investment purposes only; and (6) any business, services or facilities of a Sponsor that would constitute a Restricted Service (but for the application of this Section 6.1(B)(6)) in the Restricted Area as of the Effective Date ("**Acquired Services**") if such Acquired Services: (i) were acquired by a Sponsor after the Signing Date of the Consolidation Agreement and prior to the Closing of the Consolidation Agreement (as the terms "Signing Date" and "Closing" are defined in the Consolidation Agreement); (ii) the Sponsor offered the Acquired Services to Network Entity pursuant to Section 10.10 of the Consolidation Agreement; and (iii) the Network Entity declined the Acquired Services.

(C) From and after the Effective Date, each Sponsor agrees that if it, or any of its Related Persons (other than Network Entity or any Network Entity Subsidiary), desires to engage in any Restricted Services in the Restricted Territory (including acquiring any business that is a Kentucky-Based Provider Business, as defined below, but excluding acquiring any business that is a Non-Kentucky-Based Provider Business which is dealt with in Section 6.4, below), such Sponsor will notify Network Entity (a "**Restricted Territory Services Offer Notice**") of such opportunity to, which notice shall set forth in detail the material terms and conditions with respect to the provision of such Restricted Services by the Sponsor or its Related Persons. Following receipt of a Restricted Territory Services Offer Notice, Network Entity shall have the right to elect to provide, or cause to be provided, any or all of the Restricted Services set forth in the Restricted Territory Services Offer Notice (or acquire the Kentucky-Based Provider Business) for and on behalf of Network Entity (and not on behalf of the notifying Sponsor or any of its Related Persons) by providing written notice to the notifying Sponsor within 60 calendar days following Network Entity's receipt of the Restricted Territory Services Offer Notice. Any such election shall be made by majority vote of the Board Members excluding the Board Members appointed by the notifying Sponsor. If Network Entity exercises such right with respect to any or all of the Restricted Services set forth in the Restricted Territory Services Offer Notice, the notifying Sponsor and its Related Persons (other than Network Entity or any Network Entity Subsidiary or JV Entity) shall be prohibited from providing such Restricted Services in the Restricted Territory, and the notifying Sponsor agrees, and agrees to cause its Related Persons, to provide reasonable cooperation to Network Entity to transition the opportunity to provide such Restricted Services to Network Entity (or its designee) on substantially similar terms and conditions as set forth in the Restricted Territory Services Offer Notice. If Network Entity does not provide the notifying Sponsor with notice regarding Network Entity's election to exercise such right within 60 calendar days following its receipt of the Restricted Territory Services Offer Notice, Network Entity shall be deemed to have elected not to exercise such right. If Network Entity elects (or is deemed to have elected pursuant to the immediately preceding sentence) not to exercise its right to provide any of the Restricted Services set forth in the Restricted Territory Services Offer Notice, the notifying Sponsor or its Related Persons shall have the right to engage in such Restricted Services in the Restricted Territory on the terms and conditions set forth in the Restricted

Territory Services Offer Notice without the approval of the other Sponsors; provided, however, if any such Restricted Services are not commenced within six months following Network Entity's receipt of the Restricted Territory Services Offer Notice, the notifying Sponsor and its Related Persons shall not have the right to commence such Restricted Services in the Restricted Territory until the notifying Sponsor again complies with the provisions of this Section 6.1(C). A "**Kentucky-Based Provider Business**" is a business that has its principal office in the Commonwealth of Kentucky and that provides Restricted Services exclusively within the Restricted Territory.

(D) From and after the Effective Date, CHI shall not, and will cause its Related Persons (other than Network Entity or any Network Entity Subsidiary or JV Entity) not to, either alone or in conjunction with any Third Party, or directly or indirectly through present or future Related Persons (other than Network Entity or any present or future Network Entity Subsidiary or JV Entity), engage in any of the Restricted Services in the Excluded Kentucky Counties without the prior consent of University and JHHS; provided, however, that the operations in the Kentucky Excluded Counties of TriHealth, Inc., an Ohio nonprofit corporation ("**TriHealth**"), which is a joint venture between CHI and its Related Persons and Bethesda, Inc. and its Related Persons, in a manner consistent with the current contractual arrangements with CHI and its Related Persons, will not be considered a violation of this Section 6.1.

(E) From and after the Effective Date, each of University and JHHS agree that if it, or any of its Related Persons (other than Network Entity or any Network Entity Subsidiary or JV Entity), desires to engage in any Restricted Services in the Excluded Kentucky Counties, such Sponsor will notify Network Entity (an "**Excluded Counties Services Offer Notice**") of such opportunity, which notice shall set forth in detail the material terms and conditions with respect to the provision of such Restricted Services by the notifying Sponsor or its Related Persons. Following receipt of an Excluded Counties Services Offer Notice and subject to Section 6.2, Network Entity shall have the right to elect to provide, or cause to be provided, any or all of the Restricted Services set forth in the Excluded Counties Services Offer Notice for and on behalf of Network Entity (and not on behalf of the notifying Sponsor or any of its Related Persons) by providing notice to the notifying Sponsor within 60 calendar days following Network Entity's receipt of the Excluded Counties Services Offer Notice. If Network Entity exercises such right with respect to any or all of the Restricted Services set forth in the Excluded Counties Services Offer Notice, the notifying Sponsor and its Related Persons (other than Network Entity or any Network Entity Subsidiary or JV Entity) shall be prohibited from providing such Restricted Services in the Excluded Kentucky Counties, and the notifying Sponsor agrees, and agrees to cause its Related Persons, to provide reasonable cooperation to Network Entity to transition the opportunity to provide such Restricted Services to Network Entity (or its designee) on substantially similar terms and conditions as set forth in the Excluded Counties Services Offer Notice. If Network Entity does not provide the notifying Sponsor with notice regarding Network Entity's election to exercise such right within 60 days following its receipt of the Excluded Counties Services Offer Notice, Network Entity shall be deemed to have elected not to exercise such right. If Network Entity elects (or is deemed to have elected pursuant to the immediately preceding sentence) not to exercise its right to provide any of the Restricted Services set forth in the



Excluded Counties Services Offer Notice, the notifying Sponsor or its Related Persons shall have the right to engage in such Restricted Services on the terms and conditions set forth in the Excluded Counties Services Offer Notice provided that the Sponsor will be limited to providing such Restricted Services only in the Excluded Kentucky Counties and will not be allowed to provide such Restricted Services anywhere in the Restricted Territory; provided, however, if any such Restricted Services are not commenced within 60 days following Network Entity's receipt of the Excluded Counties Services Offer Notice, the notifying Sponsor and its Related Persons shall not have the right to commence such Restricted Services in the Excluded Kentucky Counties until the notifying Sponsor again complies with the provisions of this Section 6.1(E).

(F) JHHS shall cause the JHHS Retained Assets to be used primarily for the medical community and scientific and medical education and research in the Restricted Territory in a manner consistent with JHHS's tax exempt purposes and powers set forth in its governing documents, and in a manner that does not violate JHHS's obligations under this Article VI. Except as set forth in this Article VI, JHHS's use of its funds other than the JHHS Retained Assets will not be restricted.

Section 6.2 Noncompetition by Network Entity. Network Entity, without the prior written consent of TriHealth, shall not, and will not permit any of its Subsidiaries to, directly or indirectly, either alone or in conjunction with any Person (including any of its Subsidiaries or JV Entities), engage in any of the Restricted Services in the Excluded Kentucky Counties, to the extent such activities would cause CHI or any of its Related Persons to violate the current contractual arrangements among TriHealth, CHI and its Related Persons.

Section 6.3 Special Provisions Regarding Academic Affiliations. Before taking any action the University is entitled to take pursuant to this Section 6.3, the University will give notice to the other Sponsors, and either of the other Sponsors will have the right to invoke the dispute resolution process set forth in Article X with respect to the University-proposed action.

(A) Termination of Service Lines or Service Line Support. If Network Entity fails to provide material financial support for or otherwise ceases to support a material clinical service at the Teaching Hospital Facilities that is reasonably necessary for University to maintain Accreditation for the School of Medicine or for the School of Medicine to be a Competitive School of Medicine, University may, without being deemed to violate the provisions of Section 6.1(A), affiliate with Persons other than Network Entity at facilities other than Network Entity Facilities for such service line in order to provide teaching and education opportunities within such service line.

(B) Academic Affiliations by CHI and JHHS. Neither CHI nor JHHS will enter into an academic affiliation with the schools of medicine at the University of Kentucky, Indiana University, Washington University, the University of Tennessee or Vanderbilt University that will result in the provision of residency, teaching or other academic programs in the Restricted Territory or the Indiana counties of Spencer and Warrick (the "**Affiliation Restricted Territory**"); provided, however, that this Section 6.3(B) shall not prohibit or otherwise restrict CHI or JHHS from merging with and/or

acquiring any entities, facilities or businesses that have existing academic affiliations within the Affiliation Restricted Territory with parties other than the University.

(C) Expansion of Existing University Academic Programs. University will be permitted, without being deemed to violate the provisions of Section 6.1(A), to continue the programs and affiliations in existence as of the Effective Date between University and other healthcare facilities and providers, as set forth on Exhibit F, and to enter into new affiliations in the Restricted Territory not served by Network Entity. To the extent such programs or affiliations involve the provision of clinical care, or post-acute care (exclusive of physician services), of the type provided by Network Entity in other locations, University and Network Entity will collaborate to enable Network Entity, to the extent reasonably possible, to provide the clinical service, or such post-acute care service, in the Restricted Territory not then being served by Network Entity.

(D) Termination or Nonrenewal of Term of Academic Affiliation Agreement.

(1) Upon the termination of the Academic Affiliation Agreement, during the Applicable Period, University shall not, and shall cause its Related Persons not to, directly or indirectly, either alone or in conjunction with any Third Party, or directly or indirectly through present or future Related Persons, enter into an academic affiliation agreement with any Person (including any hospital or healthcare system) with respect to the School of Medicine for services or programs similar to those described in the Academic Affiliation Agreement; provided, however, that this Section 6.3(D) shall not prohibit or otherwise restrict (i) University from entering into an agreement with any Person for the management of the operations of the Teaching Hospital Facilities, or (ii) University from entering into an academic affiliation agreement with the entity that acquires the Teaching Hospital Business pursuant to Section 8.1; provided, further, however, that this Section 6.3(D) shall not prohibit or otherwise restrict University from renewing any affiliation agreement existing as of the Effective Date, so long as such affiliation is not significantly expanded by such renewal.

(2) During the Applicable Period, Network Entity will not, and will cause its Related Persons not to, directly or indirectly, either alone or in conjunction with any Third Party, or directly or indirectly through present or future Related Persons, enter into an academic affiliation agreement with any school of medicine within the Affiliation Restricted Territory for services or programs similar to those described in the Academic Affiliation Agreement.

(3) Upon the termination of the Academic Affiliation Agreement, during the Applicable Period, neither JHHS nor University will, and both will cause their respective Related Persons not to, directly or indirectly, either alone or in conjunction with any Third Party, or directly or indirectly through present or future Related Persons, enter into with each other (a) an academic affiliation agreement for services or programs similar to those described in the Academic Affiliation Agreement; (b) an agreement for co-ownership, management, or other joint venture of any of their respective healthcare facilities or service lines; or (c)

any agreement where one party gives any support to the other; provided, however, nothing in this Section 6.3(D) will prohibit or otherwise restrict University or JHHS from co-ownership of the entity holding the license for an ambulatory surgical center as contemplated in Section 10.10 of the Consolidation Agreement or otherwise providing any services that do not compete with services provided by Network Entity.

(4) For purposes of this Section 6.3(D), the “Applicable Period” means (a) following the termination of the Academic Affiliation Agreement by University as a result of a breach by Network Entity or in the event that Network Entity gives notice of nonrenewal of the Academic Affiliation Agreement pursuant to Section 19.1(b) thereof at the end of the Term or any Renewal Term (as defined therein) of the Academic Affiliation Agreement, the longer of (i) 12 months following the commencement of the Transition Period (as such term is defined in the Academic Affiliation Agreement) termination, or (ii) completion of the Transition Period, and (b) following the termination of the Academic Affiliation Agreement by Network Entity as a result of a breach by University or in the event that University gives notice of nonrenewal of the Academic Affiliation Agreement pursuant to Section 19.1(b) thereof at the end of the Term or any Renewal Term of the Academic Affiliation Agreement, the longer of (i) 24 months following commencement of the Transition Period (ii) completion of the Transition Period.

(E) Legally-Mandated Activities. If the University is mandated by state law to engage in activities that would be Restricted Activities in the Restricted Territory, University will first give the option to Network Entity to engage in those activities on University’s behalf. If Network Entity decides not to engage in such activities, University will be permitted to engage in such activities.

#### Section 6.4 Subsequent Acquisitions by Sponsors.

(A) If, after the Effective Date, any Sponsor (an “**Offering Sponsor**”) or any of its Related Persons acquires any business (other than a Kentucky-Based Provider Business as defined in Section 6.1(C)) that provides Restricted Services both within and outside of the Restricted Territory (a “**Non-Kentucky Based Provider Business**”), the Offering Sponsor must, within 20 Business Days after such acquisition, notify (an “**Acquired Business Notice**”) Network Entity, which notice shall set forth (1) a description of the Non-Kentucky Based Provider Business and the Restricted Services provided by the Non-Kentucky Based Provider Business within the Restricted Territory (the “**Restricted Territory Operations**”), including the assets that are used exclusively to conduct the Restricted Territory Operations (the “**Restricted Territory Assets**”) and the liabilities assumed by such Sponsor or its Related Person that directly relate to Restricted Territory Operations (the “**Restricted Territory Liabilities**”), and (2) the material terms and conditions of such Sponsor’s or its Related Person’s acquisition of the Restricted Territory Operations, including the portion of the purchase price allocated to the Restricted Territory Operations. Upon delivery of such notice to Network Entity, Offering Sponsor shall be deemed to have made a binding, irrevocable offer to Network

Entity to purchase the Restricted Territory Assets and assume the Restricted Territory Liabilities on exactly the same terms and conditions as set forth in the Acquired Business Notice

(B) Following receipt of an Acquired Business Notice pursuant to Section 6.4(A), Network Entity shall have the right to elect to acquire the Restricted Territory Assets and assume the Restricted Territory Liabilities pursuant to the Offered Terms and Conditions by providing written notice to the Offering Sponsor within 60 days following Network Entity's receipt of the Acquired Business Notice. If Network Entity does not deliver an election notice to Offering Sponsor within such 60 calendar day period, (1) Network Entity shall be deemed to have declined Offering Sponsor's offer and such offer shall immediately terminate and be of no further force or effect, and (2) the Offering Sponsor and its Related Persons will be permitted, without being deemed to violate the provisions of Section 6.1(A), to conduct the Restricted Territory Operations within the Restricted Territory; provided, however, that the Sponsor and its Related Persons cannot (a) expand the geographic scope of Restricted Territory Operations beyond that existing when the Restricted Territory Operations were acquired in a manner that constitutes a Restricted Service in the Restricted Territory without providing a Restricted Territory Services Offer Notice pursuant to Section 6.1(C) above or (b) use the Restricted Territory Operations to acquire businesses or facilities that constitute Restricted Services in the Restricted Territories without providing a Restricted Territory Services Offer Notice pursuant to Section 6.1(C) above or an Acquired Business Notice pursuant to Section 6.4(A), above, as the case may be.

(C) If Network Entity elects to acquire the Restricted Territory Assets as provided in Section 6.4(B), such acquisition shall be consummated on or prior to 60 days after the delivery of Network Entity's acceptance notice. At the closing, Network Entity and the Offering Sponsor or its Related Person, as applicable, shall each execute and deliver such documents and instruments of conveyance reasonably required to transfer the Restricted Territory Assets to Network Entity and for Network Entity to assume the Restricted Territory Liabilities, and Network Entity shall pay to the Offering Sponsor the purchase price for the Restricted Territory Assets, all in accordance with and pursuant to the Offered Terms and Conditions.

Section 6.5 Reasonableness of Restrictions; Remedies for Breach. Each Sponsor acknowledges and agrees that the restrictions set forth in this Article VI (including the time periods and geographical restrictions herein) are fair and reasonable and are reasonably required for the protection of the interests of Network Entity and the Sponsors. Each Sponsor covenants and agrees that if such Sponsor or any of its Related Persons shall violate any of such Sponsor's covenants or agreements under this Article VI, Network Entity shall be entitled to an accounting and repayment of all profits, compensation, commissions, remunerations or benefits which such Sponsor or any of its Related Persons directly or indirectly has realized and/or may realize as a result of, growing out of or in connection with any such violation. In addition, the Sponsors agree that any such violation would result in irreparable injury to Network Entity and the other Sponsors, and, therefore, the Parties shall be entitled to seek injunctive relief for any breach of this Article VI. The remedies set forth in this Section 6.5 shall be in addition to, and not in

limitation of, any other rights or remedies to which any Party may be entitled at law or in equity or under this Agreement.

Section 6.6 Severability of Restrictions. If any of the provisions of this Article VI shall be held to be invalid or unenforceable, the remaining provisions shall nevertheless continue to be valid and enforceable as though the invalid or unenforceable parts had not been included therein. In the event that any provision of this Article VI relating to time period and/or geographical areas of restriction shall be declared by a court of competent jurisdiction to exceed the maximum time period or areas such court deems reasonable and enforceable, said time period and/or areas of restriction shall be deemed to become and thereafter be the maximum time period and/or areas which such court deems reasonable and enforceable.

Section 6.7 Application to Sponsor Board Members. For purposes of this Article VI, a director of a Sponsor will not be deemed a Related Person when such director is acting in his or her individual capacity but will be deemed a Related Person when acting in a fiduciary capacity (e.g., as a director, officer, employee or agent) of the Sponsor or any Person controlled by or under common control with the Sponsor.

## **Article VII**

### **Transfer Restrictions; Withdrawal; Removal**

#### **Section 7.1 Restrictions on Transfer.**

(A) No Sponsor shall directly or indirectly Transfer any right, title or interest in its membership interest in Network Entity; provided, however, that (A) CHI shall have the right to Transfer all or any portion of its membership interest in Network Entity to (1) a Subsidiary of CHI that qualifies as a charitable organization under Section 501(c)(3) of the IRC or (2) another entity with similar healthcare purposes pursuant to a consolidation, merger or similar transaction involving CHI that is not a CHI Change of Control; (B) JHHS shall have the right to Transfer all or any portion of its membership interest in Network Entity to a Subsidiary of JHHS that qualifies as a charitable organization under Section 501(c)(3) of the IRC; and (C) University shall have the right to Transfer all or any portion of its membership interest in Network Entity to a Subsidiary of University that qualifies as an educational organization under Section 501(c)(3) of the IRC; provided that any such Subsidiaries or transferees agree in writing to be bound by the provisions of this Agreement. The restrictions in this Section 7.1 shall not apply to any Transfer to the Network Entity in accordance with the terms of this Agreement. Any Transfer in violation of this Section 7.1 shall be void *ab initio*.

(B) CHI Change of Control. If CHI is subject to a Change of Control, then within 30 days following the effective date of such Change of Control CHI will provide notice to the University requesting its consent to such Change of Control, which consent will not be unreasonably withheld by University. If University does not consent to such Change of Control, then for one year following the effective date of the Change of Control, the University will use Best Efforts and negotiate in good faith with the Person that controls CHI ("**Controlling Person**") to determine if University wants to continue as a Sponsor with the Controlling Person. If after one year from the effective date of the

Change of Control, the University determines that it does not want to continue as a Sponsor with the Controlling Person, then University will provide CHI, JHHS and Network Entity with notice thereof (a "**University Election Notice**"). For the purposes of this Section 7.1(B), a "**Change of Control**" means a merger, sale or disposition of all or substantially all the assets, or other transaction involving CHI ("**Change of Control Transaction**"), the result of which is that a Person other than the CHI Board of Stewardship Trustees or Public Juridic Person, or other than a Person controlled by or a Related Person of the CHI Board of Stewardship Trustees or Public Juridic Person, has the right to appoint a majority of the directors of CHI or the successor entity to CHI resulting from the Change of Control Transaction.

## Section 7.2 Withdrawal and Removal.

(A) Withdrawal Events. Except as provided in this Section 7.2, no Sponsor shall have the right or power to, and no Sponsor shall, Withdraw from Network Entity. Upon the occurrence of any of the following (each, a "**Withdrawal Event**"), and only if the Parties have been unable to reach agreement on an alternative course of action pursuant to the dispute resolutions set forth in Article X, a Sponsor (the "**Withdrawing Sponsor**") shall have the unilateral right (without limiting any other rights or remedies of any Party at law or equity), with immediate effect upon notice to Network Entity and the other Sponsors, to Withdraw as a member of Network Entity:

(1) the Parties receive an opinion from a qualified, nationally-recognized outside counsel retained by the Withdrawing Sponsor that continuation of the Withdrawing Sponsor's membership interest in Network Entity (a) would result in the loss of Withdrawing Sponsor's federal tax-exempt status or the federal tax-exempt status of any bonds issued on behalf of Withdrawing Sponsor; (b) the cause of such loss cannot be cured; and (c) all appeals to the appropriate Governmental Authorities with respect to such loss of tax-exempt status have been exhausted; or

(2) with respect to JHHS, in the event of (A) a change in the activities of Network Entity or any Network Entity Subsidiary or JV Entity, which would, in the reasonable opinion of JHHS, cause the Jewish Facilities to not be in compliance with the Jewish Heritage; and (B) the cause of such non-compliance has not been cured.

(B) Removal Events. Upon the occurrence of any of the following (each, a "**Removal Event**"), and only if the Parties have been unable to reach agreement on an alternative course of action pursuant to the dispute resolutions set forth in Article X, the non-breaching Sponsor(s) shall have the right (without limiting any other rights or remedies of any Party at law or equity), with immediate effect upon notice to the breaching Sponsor (the "**Effected Sponsor**"), to cause the Effected Sponsor to be removed as a member of Network Entity:

(1) The non-breaching Sponsors receive an opinion from a qualified, nationally-recognized outside counsel retained by the non-breaching Sponsors

that the continued membership of the Effected Sponsor would (a) result in the expulsion or suspension of Network Entity or any Network Entity Subsidiary or JV Entity from participation in any Government Program; (b) the cause of such expulsion or suspension cannot be cured, or the cause can be cured but the Effected Sponsor fails to commence the cure within 30 days following receipt of notice of such cause from the non-breaching Sponsors; and (c) all appeals to the appropriate Governmental Authorities with respect to such expulsion or suspension have been exhausted;

(2) The non-breaching Sponsors receive an opinion from a qualified, nationally-recognized outside counsel retained by the non-breaching Sponsors that the continued membership of the Effected Sponsor would (a) result in the loss of Network Entity's or any of the Network Entity Subsidiaries' or JV Entities' federal tax-exempt status or the federal tax-exempt status of any bonds issued on behalf of Network Entity or any of the Network Entity Subsidiaries or JV Entities, including any bonds issued under the CHI Capital Obligation Document for the benefit of Network Entity or any of the Network Entity Subsidiaries; (b) the cause of such loss cannot be cured, or the cause can be cured but the Effected Sponsor fails to commence the cure within 30 days following receipt of notice of such cause from CHI; and (c) all appeals to the appropriate Governmental Authorities with respect to such loss of tax-exempt status have been exhausted;

(3) the reasonable determination by CHI that Network Entity or any of its Facilities has provided or continues to provide procedures that are described on **Exhibit G** due to the willful and intentional actions of the Effected Sponsor or any of its Related Persons;

(4) the Bankruptcy, liquidation or dissolution of the Effected Sponsor;  
or

(5) an uncured material breach by the Effected Sponsor of this Agreement (including a breach of the restrictive covenants in Article VI).

(C) Effect of Withdrawal or Removal.

(1) If a Sponsor Withdraws or is Removed pursuant to and in accordance with Section 7.2(A) or Section 7.2(B), such Sponsor shall be entitled to receive from Network Entity consideration for such Sponsor's Membership Interest (the "**Termination Consideration**") in an amount equal to 100% of the Fair Value of the Withdrawing Sponsor's or Effected Sponsor's Membership Interest as of the effective date of such withdrawal or removal, as applicable.

(2) The closing of the purchase and sale of the Withdrawing Sponsor's or Effected Sponsor's Membership Interest pursuant to this Section 7.2 shall occur within 60 days following the date the Fair Value of such Membership Interest is determined by the appraiser or appraisers designated herein or otherwise mutually selected by the Sponsors. At the closing, (A) the Withdrawing

Sponsor or Effected Sponsor shall execute and deliver to Network Entity such bills of sale, assignments and other instruments as shall reasonably be requested by Network Entity to effect the transfer of the Withdrawing Sponsor's or Effected Sponsor's Membership Interest to Network Entity, free and clear of all Encumbrances, and (B) Network Entity shall pay to the Withdrawing Sponsor or Effected Sponsor an amount equal to the Termination Consideration on the third anniversary of the date of the purchase and sale, with interest, payable quarterly at an annual rate equal to the Interest Rate, determined as of the date of such closing. The Termination Consideration shall constitute a liability of Network Entity to the Withdrawing Sponsor or Effected Sponsor, and no Sponsor shall have any obligation or liability to the Withdrawing Sponsor or Effected Sponsor for the payment of the Termination Consideration. Effective as of the date of the closing of the purchase and sale, Network Entity shall adjust the Membership Interest Percentages of the remaining Sponsors proportionately based on their respective Membership Interest Percentages to account for the purchase of the Withdrawing Sponsor's or Effected Sponsor's Membership Interest and shall cause Exhibit B attached hereto to be modified accordingly (with a copy of such modified Exhibit B to be delivered to each remaining Sponsor within 20 Business Days following such closing date).

Section 7.3 Amendments to Exhibit G. At any time, and from time to time, if CHI reasonably determines that it needs to amend Exhibit G so that CHI does not fall out of compliance with the ERDs, and the other parties do not agree after going through the Dispute Resolution Process in Article X, CHI shall have the option to provide JHHS and University with a notice (a "**CHI Election Notice**") of an Affiliation Termination Event pursuant to Section 8.1(A). The Affiliation Termination Event that results from the delivery of the CHI Election Notice shall be deemed to be a non-renewal of the Academic Affiliation Agreement by Network Entity for purposes of Sections 8.1(F)(3) and (4). The delivery of the CHI Election Notice shall also terminate the Academic Affiliation Agreement effective as of the Closing as defined in Section 8.1(F).

## **Article VIII**

### **Termination of Academic Affiliation Agreement or CHI Change of Control**

#### **Section 8.1 Transfer of Teaching Hospital Business to University or its Designee.**

(A) If (1) the Academic Affiliation Agreement terminates or is not renewed at the end of its Term or any Renewal Term; (2) University delivers a University Election Notice to CHI and JHHS pursuant to and in accordance with Section 7.1(B); or (3) CHI delivers a CHI Election Notice to JHHS and University pursuant to Section 7.3; (each, an "**Affiliation Termination Event**"), Network Entity shall sell, assign and otherwise transfer, and University shall purchase and acquire all of Network Entity's right, title and interest in and to the Teaching Hospital Business (as defined in Section 8.1(C)), pursuant to and in accordance with the terms and conditions set forth in this Article VIII. University may designate one of its Related Persons, or an entity created for the sole purpose of exercising the rights granted pursuant to this Section 8.1(A), to purchase and operate the Teaching Hospital Business for the benefit of the University.



(B) Network Entity Put Right. Upon the occurrence of an Affiliation Termination Event, Network Entity shall have the right (the “**Network Entity Put Right**”) to cause University to purchase all of Network Entity’s right, title and interest in and to some or all of the business and facilities operated by Network Entity at the Jefferson County Facilities (the “**Jefferson County Business**”), pursuant to and in accordance with the terms and conditions set forth in this Section 8.1(B). Within 120 calendar days after the Affiliation Termination Event (the “**Network Entity Put Exercise Period**”), Network Entity may deliver to University a notice (the “**Network Entity Put Exercise Notice**,” and the date such notice is delivered is referred to as the “**Network Entity Put Exercise Date**”) indicating that Network Entity elects to exercise the Network Entity Put Right. If Network Entity does not deliver the Network Entity Put Exercise Notice to University within the Network Entity Put Exercise Period, the Network Entity Put Right shall immediately terminate and be of no further force or effect. If Network Entity exercises the Network Entity Put Right pursuant to the terms of this Section 8.1(B), then the Teaching Hospital Business shall include the Jefferson County Business put to University by Network Entity pursuant to this Section 8.1(B).

(C) Acquired Assets and Assumed Liabilities. The “**Teaching Hospital Business**” shall mean assets constituting, and the business operated at, the Teaching Hospital Facilities, including (A) the programs and services offered at the time of the Effective Date at the Teaching Hospital Facilities; (B) a certificate of need (“**CON**”) reasonably adequate to serve the teaching needs of the University in connection with the Teaching Hospital Business as of the Termination Date (as defined in the Academic Affiliation Agreement or the date of the University Election Notice, as applicable, (“**Termination Notice Date**”); (C) a CON for the NICU beds operated by the Network Entity in Jefferson County as of the Effective Date; (D) for residency programs that are offered by the Network Entity at other than the Teaching Hospital Facilities, affiliation agreements between the Network Entity and the University so that such residency programs can continue for a reasonable period of time on similar terms and conditions as exist prior to the Termination Notice Date; (E) the personal properties located at or used in connection with the Teaching Hospital Facilities and, in the event that Network Entity exercises the Network Entity Put Right pursuant to Section 8.1(B), the Jefferson County Business (including the furniture, fixtures, equipment, and tenant improvements), (F) cash, cash equivalents, and accounts receivable associated with or related to the Teaching Hospital Business and, in the event that Network Entity exercises the Network Entity Put Right pursuant to Section 8.1(B), the Jefferson County Business, as determined by the appraiser who determines Fair Value, with such appraiser allocating the cash and cash equivalents between the Teaching Hospital Assets and the assets retained by Network Entity in a manner that is fair and equitable to both Network Entity and University and their need to have adequate working capital to operate their respective facilities, (G) all rights of Network Entity under all leases for the real property associated with the Teaching Hospital Facilities and, in the event that Network Entity exercises the Network Entity Put Right pursuant to Section 8.1(B), the Jefferson County Business, (H) fee title (or the right to obtain fee title upon payment in full of any amounts owed JHHS pursuant to Section 8.1(F), if any) to all real property associated with the Teaching Hospital Facilities and, in the event that Network Entity exercises the Network Entity Put Right pursuant to Section 8.1(B), the Jefferson County Business, for which Network

Entity, JHHS or any affiliate thereof is the fee owner, and (I) the contractual and other intangible rights and properties that are used exclusively for conducting the Teaching Hospital Business and, in the event that Network Entity exercises the Network Entity Put Right pursuant to Section 8.1(B), the Jefferson County Business, but specifically excluding any right to the service mark or trade name "Jewish Hospital". The University must assume all liabilities associated with or reasonably relating to the Teaching Hospital Business and, in the event that Network Entity exercises the Network Entity Put Right pursuant to Section 8.1(B), the Jefferson County Business, outstanding as of Termination Closing Date, including the satisfaction of all debt to the extent it cannot be assumed, which may include debt issued under the JHSMH or UMC Master Trust Indentures, the CHI Capital Obligation Document, or other similar future instruments (collectively, the **"Teaching Hospital Business Assumed Liabilities"**).

(D) Purchase Price. The purchase price to be paid by University for the Teaching Hospital Business shall be the sum of (A) the Fair Value of the Teaching Hospital Business as of the Termination Closing Date, less (B) the amount of the Teaching Hospital Business Assumed Liabilities as of the Termination Closing Date, and less (C) the Fair Value of University's Membership Interest as of Termination Closing Date (the **"Teaching Hospital Business Purchase Price"**).

(E) JHHS Option to Sell Membership Interests.

(1) JHHS Put of JHHS Membership Interest. For 150 calendar days following the Affiliation Termination Event (the "JHHS Put Period"), JHHS has the right and option (a **"JHHS Put Right"**) to cause Network Entity to purchase all of JHHS's Membership Interests in Network Entity, in accordance with and pursuant to the terms and conditions of this Section 8.1(E). To exercise JHHS Put Right, JHHS must deliver to Network Entity a notice (a **"JHHS Put Notice"**) before 5:00 p.m., Eastern Time, on the last day of the JHHS Put Period indicating that JHHS elects to exercise the JHHS Put Right. If JHHS does not deliver a JHHS Put Notice to Network Entity before 5:00 p.m., Eastern Time, on the last day of the JHHS Put Period, JHHS Put Right shall terminate and be of no further force or effect.

(2) Purchase Price. If JHHS exercises the JHHS Put Right in accordance with Section 8.1(E)(1), the purchase price for JHHS's Membership Interests (the **"JHHS Put Purchase Price"**) shall be the Fair Value of such Membership Interest as of the Termination Closing Date.

(F) Closing. The closing of University's purchase of the Teaching Hospital Business hereunder and, if applicable, JHHS's exercise of its JHHS Put Right (collectively, the **"Teaching Hospital Business Closing"**) will take place on the Business Day immediately following the completion of the Transition Period (as such term is defined in the Academic Affiliation Agreement) (**"Termination Closing Date"**), subject to all regulatory and legally required Third Party consents and approvals required for the purchase and sale of the Teaching Hospital Business having been obtained. University and Network Entity shall use their respective Best Efforts to obtain, as promptly as

practicable, all such required consents and approvals. At the Teaching Hospital Business Closing, the following shall occur, all in accordance with a definitive agreement to be mutually agreed upon by University and Network Entity, which agreement shall contain such representations, warranties, agreements, covenants, indemnification provisions and security with respect to any seller financing, all as are customarily found in agreements for a transaction of the size, type and complexity of the purchase of the Teaching Hospital Business by University or its designee as provided hereunder:

(1) University (or its designee), JHHS (if it has exercised the JHHS Put Right) and Network Entity shall each execute and deliver such documents (including instruments of conveyance of the assets constituting the Teaching Hospital Business to University (or its designee) and instruments of assumption of the Teaching Hospital Business Assumed Liabilities by University or its designee);

(2) University (or its designee) and JHHS shall execute and deliver to Network Entity such bills of sale, assignments and other instruments as shall reasonably be requested by Network Entity to effect the transfer of University's Membership Interest and JHHS's Membership Interest to Network Entity, free and clear of all Encumbrances;

(3) University shall pay the Teaching Hospital Business Purchase Price to Network Entity, unless Affiliation Termination Event results from a breach or non-renewal of the Academic Affiliation Agreement by Network Entity, then the Teaching Hospital Business Purchase Price due from the University or its designee to Network Entity will be paid on the third anniversary of the Termination Closing Date with interest payable quarterly at an annual rate equal to the Interest Rate, determined as of the Termination Closing Date; and

(4) If JHHS exercised the JHHS Put Right, Network Entity shall pay JHHS the JHHS Put Purchase Price in cash or immediately available funds unless Affiliation Termination Event results from a breach or non-renewal of the Academic Affiliation Agreement by Network Entity, then the JHHS Put Purchase Price due from the Network Entity will be paid on the third anniversary of the Termination Closing Date with interest payable quarterly at an annual rate equal to the Interest Rate, determined as of the Termination Closing Date.

Section 8.2 Network Entity Payment Obligations. Any amounts payable to any Sponsor pursuant to this Article VIII shall constitute a liability of Network Entity to such Sponsor, and no other Sponsor shall have any obligation or liability to such Sponsor with respect to the payment of any such amounts.

## **Article IX Termination**

Section 9.1 Termination of Agreement. This Agreement will terminate only in the following circumstances:

- (A) By mutual written agreement of all of the Sponsors; or
- (B) At such time as there is only one Sponsor.

Section 9.2 Effect of Termination. If this Agreement is terminated pursuant to termination pursuant to Section 9.1(A), the Sponsors will mutually agree upon the effects of such termination and the dissolution and liquidation or other disposition of Network Entity and its assets and liabilities.

## **Article X**

### **Dispute Resolution**

Section 10.1 Dispute Resolution Procedures. If a dispute arises between any of the Parties relating to this Agreement that cannot be resolved informally, each Party involved in such dispute (each, a “**Disputing Party**” and, collectively, the “**Disputing Parties**”) agrees to comply with the procedures set forth in this Article X. (“**Dispute Resolution Procedures**”). The Dispute Resolution Procedures will be invoked by a Party, before such Party pursues any other available remedy, by such Party notifying the other Party or Parties that a dispute exists. Following receipt of such notice, the Disputing Parties shall, for 20 Business Days after the dispute first arises, attempt in good faith to negotiate a resolution of the dispute (the “**Initial Negotiation**”). The Initial Negotiation will include no less than two in-person meetings among the Executive Vice President for Health Affairs for the University, Chief Operating Officer for CHI, an authorized person from JHHS, each of whom shall have authority from the respective boards of directors of the Disputing Parties to settle the matter. If the dispute is not resolved during the Initial Negotiation, the Disputing Parties shall, for an additional 20 Business Days after the end of the Initial Negotiation period, continue to attempt in good faith to negotiate a resolution of the dispute (the “**Extended Negotiation**”). The Extended Negotiation will include no less than two in-person meetings among the President of the University, Chief Executive Officer of CHI and Chairman of Board of JHHS, each of whom shall have authority from the respective boards of directors of the Disputing Parties to settle the matter.

Section 10.2 Appointment Mediator. The Disputing Parties will appoint a mediator mutually acceptable to the Disputing Parties to participate in the Initial Negotiation and any Extended Negotiation, seeking assistance in such regard from the AHLA Alternative Dispute Resolution Service if they are unable to agree upon such appointment within seven Business Days after the dispute first arises. The place of the Initial Negotiation and any Extended Negotiation shall be at Louisville, Kentucky, or such other place as may be mutually agreed to by the Disputing Parties. The mediator may meet or communicate with the Disputing Parties together or with each of them separately. If the Extended Negotiation is not successful in resolving the dispute within the 20 Business Day Extended Negotiation period, the mediator shall declare a impasse between the Disputing Parties by notifying each Disputing Party promptly after the expiration of such 20 Business Day period, and, thereafter, any Disputing Party may proceed with such remedies as it may be entitled and deem appropriate, subject to the terms and conditions of this Agreement. Each Disputing Party shall pay its own attorneys’ and expert witness fees and costs associated therewith, and the costs of the mediator shall be split equally among the Disputing Parties. The Dispute Resolution Procedures will not be deemed to vitiate or reduce the obligations and liabilities of the Disputing Parties or be deemed a waiver by

any Disputing Party of any remedies to which such party would otherwise be entitled. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by any of the Disputing Parties or their Representatives, and by the mediator, are confidential, privileged and inadmissible for any purpose, including impeachment, in any legal proceeding involving the Disputing Parties.

Section 10.3 Jurisdiction; Waiver of Jury Trial. Notwithstanding the provisions of Sections 10.1 and 10.2 to the contrary, any claims against the University shall not be subject to binding arbitration. Any legal action or proceeding arising out of or relating to this Agreement or the relationship contemplated hereby 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 or 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. FOR PURPOSES OF CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP CONTEMPLATED HEREBY, 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.

## **Article XI**

### **Offset Against Membership Interest Percentage**

Network Entity shall have the right, upon notice to all of the Sponsors indicating Network Entity is electing such right to satisfy all or any amounts owed by a Sponsor (a "**Breaching Sponsor**") to Network Entity as the result of such Breaching Sponsor's breach of this Agreement, as determined by judgment of a court of competent jurisdiction, by reducing such Breaching Sponsor's Membership Interest Percentage to a percentage equal to (a) the sum of the Fair Value of such Breaching Sponsor's Membership Interest as of the date the amounts owed by such Breaching Sponsor first became due and payable (the "**Due Date**"), less the amounts owed by such Breaching Sponsor that are to be satisfied pursuant to this Article XI, divided by (b) the Fair Value of the Network Entity as of the Due Date (which total shall reflect

the reduction of the Fair Value of the Breaching Sponsor's Membership by the amounts owed by such Breaching Sponsor that are to be satisfied pursuant to this Article XI). Effective as of the date of the Due Date, Network Entity shall increase the Membership Interest Percentages of the non-Breaching Sponsors proportionately based on their respective Membership Interest Percentages to account for the reduction of the Breaching Sponsor's Membership Interest and shall cause Exhibit B attached hereto to be modified accordingly (with a copy of such modified Exhibit B to be delivered to each remaining Sponsor within 20 Business Days following the delivery of Network Entity's notice to the Breaching Sponsor).

## **Article XII**

### **General Provisions**

Section 12.1 Articles and Bylaws. At all times the Articles and Bylaws shall be consistent with this Agreement and any conflict between this Agreement, on the one hand, and the Articles or Bylaws, on the other hand, shall be resolved in favor of this Agreement.

Section 12.2 Notices. All notices, consents, waivers, and other communications under this Agreement must be in writing and will be deemed to have been duly given when (A) delivered by hand (with written confirmation of receipt), (B) sent by telecopier (with confirmation of receipt), provided that a copy is mailed by registered mail, return receipt requested, or (C) when received by the addressee, if sent by a nationally recognized overnight delivery service (receipt requested), in each case to the appropriate addresses and telecopier numbers set forth below (or to such other addresses and telecopier numbers as a party may designate by notice to the other parties):

University:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Facsimile No.: \_\_\_\_\_

With a copy to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Facsimile No.: \_\_\_\_\_

JHHS:

Jewish Hospital and Healthcare Services, Inc.  
200 Abraham Flexner Way  
Louisville, KY 40202  
Attn: Chairman of the Board  
Facsimile No.: \_\_\_\_\_

With a copy to:

Carmin D. Grandinetti  
Fultz Maddox Hovious & Dickens PLC  
101 S. Fifth Street, 27th Floor  
Louisville, KY 40202  
Facsimile No.: 502-588-2020

CHI:

Catholic Health Initiatives  
198 Inverness Drive West  
Englewood, Colorado 80112  
Attn: Mitch Melfi, Esq., Senior Vice President and  
General Counsel  
Facsimile No.: (720) 874-1105

With a copy to:

Polsinelli Shughart PC  
700 West 47th Street, Suite 1000  
Kansas City, Missouri 64112-1802  
Attention: Frank J. Ross, Jr., Esq.  
Facsimile No.: (816) 753-1536

Section 12.3 Further Assurances. The Parties agree (A) to furnish upon request to each other such further information, (B) to execute and deliver to each other such other documents, and (C) to do such other acts and things, all as the other Parties may reasonably request for the purpose of carrying out the intent of this Agreement and the documents referred to in this Agreement.

Section 12.4 Waiver. The rights and remedies of the Parties to this Agreement are cumulative and not alternative. Neither the failure nor any delay by any Party in exercising any right, power, or privilege under this Agreement or the documents referred to in this Agreement will operate as a waiver of such right, power, or privilege, and no single or partial exercise of any such right, power, or privilege will preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege. To the maximum extent permitted by applicable law, (A) no claim or right arising out of this Agreement or the documents referred to in this Agreement can be waived or discharged unless such waiver or discharge is in writing and signed by the Party waiving or discharging such claim or right; (B) no waiver that may be given by a Party will be applicable except in the specific instance for which it is given; and (C) no notice to or demand on one Party will be deemed to be a waiver of any obligation of such Party or of the right of the Party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the documents referred to in this Agreement.

Section 12.5 Entire Agreement and Modification. This Agreement supersedes all prior written or contemporaneous oral agreements among the Parties with respect to its subject matter and constitutes a complete and exclusive statement of the terms of the agreement among the Parties with respect to its subject matter. This Agreement may not be amended except by a written agreement executed by all of the Sponsors.

Section 12.6 Assignments, Successors, and No Third-Party Rights. No Party may assign any of its rights or obligations under this Agreement without the prior consent of the other Parties, which consent may be withheld or conditioned in the consenting Party's sole discretion; provided, however, that the Parties may assign all or any of their rights or obligations to any

assignee of its membership interest in Network Entity pursuant to a Transfer in accordance with Section 7.1. Subject to the preceding sentence, this Agreement will apply to, be binding in all respects upon, and inure to the benefit of the successors and permitted assigns of the Parties. Any assignment in violation of this Agreement shall be null and void. Nothing expressed or referred to in this Agreement will be construed to give any Person other than the Parties any legal or equitable right, remedy, or claim under or with respect to this Agreement or any provision of this Agreement, and this Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the Parties and their successors and assigns.

Section 12.7 Severability. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

Section 12.8 Breach; Cumulative Remedies; Specific Performance. Upon the material breach of any representation, warranty, covenant, obligation, or other provision of this Agreement by any Party (a "**Breach**"), the other Parties shall have the right, subject to compliance with Article X, to pursue all remedies available to such Parties with respect to such Breach, at law or in equity or as set forth in the Agreement, including, the rights and remedies set forth in Section 7.2. The rights and remedies of the Parties are cumulative and not alternative, and, in the event of any breach of this Agreement, the non-breaching Party or Parties shall have all rights and remedies not inconsistent with this Agreement as provided by law or in equity. Without limiting the generality of the foregoing, the Parties agree that if any of the provisions of this Agreement (other than those requiring only the payment of money) are not performed in accordance with their specific terms or are otherwise breached, irreparable damage would occur, no adequate remedy at law would exist and damages would be difficult to determine, and that the Parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or equity.

Section 12.9 Article and Section Headings, Construction. The headings of Articles and Sections in this Agreement are provided for convenience only and will not affect its construction or interpretation. All references to "Article" or "Articles" or "Section" or "Sections" refer to the corresponding Article or Articles or Section or Sections, respectively, of this Agreement. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. Unless otherwise expressly provided, the word "including" does not limit the preceding words or terms.

Section 12.10 Time Of Essence. With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

Section 12.11 Governing Law. This Agreement will be governed by the laws of the Commonwealth of Kentucky, without regard to conflicts of laws principles.

Section 12.12 Execution, Delivery and Counterparts. This Agreement and any amendments hereto may be executed and delivered by facsimile or other electronic transmission, in any number of counterparts, each of which will be deemed to be an original and all of which



will constitute one agreement that is binding upon each of the Parties, notwithstanding that all Parties are not signatories to the same counterpart.

Section 12.13 UMC Corporate Structure. Network Entity will consult with University before making any change in the corporate structure of UMC or the Teaching Hospital Facilities, and Network Entity will not change the corporate structure of UMC or Teaching Hospital Facilities in any manner that will cause the Teaching Hospital Facilities to cease to be recognized as a "state teaching hospital" for all purposes of Kentucky Medicaid participation.

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

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the date first written above.

THE UNIVERSITY OF LOUISVILLE, an  
instrumentality of the Commonwealth of Kentucky  
acting through its Board of Trustees

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

JEWISH HOSPITAL HEALTHCARE SERVICES,  
INC., a Kentucky nonprofit corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

CATHOLIC HEALTH INITIATIVES, a Colorado  
nonprofit corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

JH Properties, Inc., solely with respect to those provisions with which Network Entity has express rights and obligations

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## EXHIBIT A

### DEFINITIONS

**“Academic Affiliation Agreement”** means that certain Academic Affiliation Agreement dated as of the Effective Date, by and between Network Entity and University, as such may be amended, restated, supplemented, superseded or otherwise modified in accordance with the terms and conditions therein.

**“Academic Heritage”** means the following:

The University of Louisville is a metropolitan research university, which was tasked by the Kentucky general assembly in 1997 through the Postsecondary Education Improvement Act to become a preeminent metropolitan research university by 2020. The University includes a Health Sciences Center consisting of Schools of Dentistry, Medicine, Nursing and Public Health and Information Sciences, as well as over 600 medical residents in 55 accredited residency programs. The Health Sciences Center’s mandate is to serve the community and state by providing leading-edge patient care and continuing medical and dental education; educating the next generation of health care professionals (physicians, nurses and dentists) and life scientists; and producing world-class research to bring fundamental discoveries of our basic and clinical scientists to the bedside and enhance the lives of our citizens.

**“Academic Medical Center”** means the facilities subject to the Academic Affiliation Agreement.

**“Accreditation”** means accreditation by the Accreditation Council for Graduate Medical Education and similarly recognized accreditation bodies.

**“Articles”** means the Articles of Incorporation of Network Entity on file with the Kentucky Secretary of State, as such may be amended, restated, supplemented or otherwise modified from time to time in accordance with this Agreement, the Articles, the Bylaws and the KNCA.

**“Bankruptcy”** means, with respect to any Person, the entry of an order for relief against such Person under the United States Bankruptcy Code or the insolvency of such Person under any state insolvency act.

**“Best Efforts”** means the efforts that a prudent Person would use in similar circumstances to procure a desired result is achieved as expeditiously as possible.

**“Business Day”** means any day other than a Saturday, Sunday or day on which banks are generally closed in the Commonwealth of Kentucky.

**“Bylaws”** means the Bylaws of Network Entity, as such may be amended, restated, supplemented, superseded or otherwise modified from time to time.

**“Catholic Facilities”** means those facilities listed on Schedule 5.2(C), any replacements or expansions of such facilities, any facilities subsequently acquired that were operated as a

Catholic facility prior to such acquisition and any other facilities (other than University of Louisville Hospital and the James Graham Brown Cancer Center) that JHHS and CHI (but not University) unanimously designate.

**“Catholic Heritage”** means operation of the Catholic Facilities consistent with the ERDs and retention of their Catholic Heritage including names that indicate a Catholic affiliation, employment of Catholic chaplains, displays of crucifixes and other symbols and icons of the Catholic faith, observation of the Catholic Sabbath, observation and celebration of major Catholic holidays, and maintenance of a Catholic Chapel (that shall be open to persons of all faiths but remains Catholic in appearance).

**“CHI Capital Obligation Document”** means that certain document of the same name between CHI and its bondholders.

**“Competitive School of Medicine”** means the mutual agreement of Network Entity and University using appropriate benchmarking tools to compare the strength of the Teaching Hospital Facilities and the School of Medicine against peer institutions, subject to the dispute resolution process described in Article X.

**“Employee”** means, with respect to a Sponsor or any of its Related Persons, an individual who receives compensation from the Sponsor or its Related Persons that is reportable to the individual on an IRS Form W-2.

**“Encumbrance”** means any charge, claim, community property interest, condition, equitable interest, lien, option, pledge, security interest, right of first refusal, or restriction of any kind, including any restriction on use, voting, transfer, receipt of income, or exercise of any other attribute of ownership, but excluding restrictions on transfers of securities under applicable securities laws.

**“ERDs”** means the Ethical and Religious Directives of the United States Conference of Catholic Bishops (“USCCB”), as in effect from time to time, and/or any other rules promulgated by the USCCB or the Catholic Church regarding the delivery of health care services by the Catholic healthcare facilities.

**“Facilities”** or **“Network Entity Facilities”** means, collectively, the Catholic Facilities, the Jewish Facilities, the Teaching Hospital Facilities and any other Facilities owned or operated by Network Entity from time to time.

**“Fair Value”** means, with respect to any item, the fair market value of such item as determined by an appraiser or appraisers mutually selected by the Sponsors. The determination of Fair Value by such appraiser or appraisers shall be made using nationally recognized valuation methods. The Fair Value of a Membership Interest shall be the Fair Value of the Network Entity multiplied by the Membership Interest Percentage represented by such Membership Interest, and there shall be no discount for minority ownership or lack of liquidity and no premium for control.

**“Fiscal Year”** means the fiscal year of Network Entity, which shall be identical to the fiscal year of CHI, as such may be changed from time to time in CHI’s sole discretion.

**"GAAP"** means generally accepted United States accounting principles.

**"Governmental Authority"** means any:

(A) state, county, city, town, village, district, or other jurisdiction of the United States;

(B) federal, state, local, municipal, or other government;

(C) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal) of any State or the United States, including Centers of Medicare and Medicaid Services; or

(D) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature.

**"Government Program"** means the Medicare and Medicaid programs and such other similar federal, state or local reimbursement or governmental programs for which Network Entity or any of its Subsidiaries or JV Entities are eligible.

**"Interest Rate"** means the rate CHI charges its Related Persons for intercompany loans.

**"IRC"** means the Internal Revenue Code of 1986 or any successor law, and regulations issued by the United States Internal Revenue Service or any successor agency, and, to the extent relevant, the United States Department of the Treasury or any successor agency, pursuant to the Internal Revenue Code or any successor law.

**"Jefferson County Facilities"** means all Facilities located in Jefferson County, Kentucky other than the Teaching Hospital Facilities.

**"Jewish Facilities"** means Jewish Hospital, Rudd Heart and Lung and Frazier Rehabilitation Institute.

**"Jewish Heritage"** means operation of the Jewish Facilities consistent with Jewish Heritage including using the name "Jewish Hospital" for the Jewish Facilities, kosher food service, employment of a staff Rabbi who has overall responsibility for the Jewish presence in the Jewish Facilities, Mezuzahs affixed to all major doors of ingress and egress, observance of the Jewish Sabbath and major Jewish holidays, other, non-Jewish, religious holidays will be respected but shall not be celebrated or displayed, and maintenance of a Jewish chapel (that shall be open to persons of all faiths but remains Jewish in appearance).

**"JHHS Retained Assets Amount"** means \$70,000,000.

**"JV Entity"** means, with respect to any Person (an **"Owner"**), any other Person (other than the Owner's Subsidiaries) of which any equity, membership or other ownership interest (or any option or other right to purchase or otherwise acquire any such equity or ownership interest) of such other Person is held by the Owner or any of its Subsidiaries.

**"KNCA"** means the Kentucky Nonprofit Corporation Act, as amended and in effect from time to time, or any successor law.

**"Legal Requirement"** means any federal, state, local, municipal, foreign, international, multinational, or other administrative order, constitution, law, ordinance, principle of common law, regulation, statute, or treaty.

**"Median Operating Margin, Median Cash on Hand and Median Cash to Debt"** means, with respect to a specified date, the median operating margin, median cash on hand and median cash to debt for not-for-profit freestanding hospitals with a credit rating of A1, as most recently published as of such date by Moody's Investor Services, Inc. If for any reason Moody's Investor Services, Inc. ceases to publish annual data for median operating margin for not-for-profit freestanding hospitals, **"Median Operating Margin, Median Cash on Hand and Median Cash to Debt"** shall mean the median operating margin, median cash on hand and median cash to debt (measurements) or comparable for not-for-profit freestanding hospitals with a credit rating comparable to Moody's Investor Services' credit rating of A1, as most recently published as of such date by any other generally recognized financial information service.

**"Member"** has the meaning set forth in the KNCA.

**"Membership Interest"** means, with respect to a Sponsor, all of such Sponsor's rights and interests in, Network Entity in its capacity as a Sponsor, including grants and other transfers from Network Entity, all as provided in the Articles, the Bylaws, this Agreement and the KNCA. **"Membership Interest"** does not include a Sponsor's rights as a lender to or creditor of Network Entity, as an independent contractor of Network Entity, or in any other similar capacity.

**"Membership Interest Percentage"** means, with respect to a Sponsor, such Sponsor's percentage interest in certain items or matters relating to Network Entity. The Membership Interest Percentages of the Sponsors are set forth on Exhibit B attached hereto, as such may be amended from time to time as provided in and in accordance with this Agreement.

**"Person"** means any individual, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union, or other entity or Governmental Authority.

**"Proceeding"** means any action, arbitration, audit, hearing, investigation, litigation, or suit (whether civil, criminal, administrative, investigative, or informal) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Authority or arbitrator.

**"Related Person"** means, with respect to a particular Person, any Person that directly or indirectly controls, is directly or indirectly controlled by, or is directly or indirectly under common control with such specified Person; and each Person that serves as a director, officer, partner, executor, or trustee of such specified Person (or in a similar capacity);

**"Representative"** means with respect to a particular Person, any director, officer, employee, agent, consultant, advisor, or other representative of such Person, including legal counsel, accountants, and financial advisors.

**"School of Medicine"** the school of medicine owned and operated by University.

**"Sponsor"** means the University, JHHS or CHI.

**"Subsidiary"** means with respect to any Person (the **"Owner"**), any other Person of which securities or other interests having the power to elect a majority of that other Person's board of directors or similar governing body, or otherwise having the power to direct the business and policies of that other Person (other than securities or other interests having such power only upon the happening of a contingency that has not occurred) are held by the Owner or one or more of its Subsidiaries.

**"Teaching Hospital Facilities"** means, collectively, Jewish Hospital, Frazier Rehab Institute, University of Louisville Hospital, and James Graham Brown Cancer Center each located in downtown Louisville, Kentucky.

**"Third Party"** means any Person, other than a Sponsor, Network Entity or any of their respective Related Persons.

**"Transfer"** means when used as a verb, to give, sell, exchange, assign, transfer, pledge, hypothecate, bequeath, devise or otherwise dispose of or encumber, voluntarily or involuntarily, by operation of law or otherwise, including upon Bankruptcy, dissolution or otherwise.

**"Withdraw"** or **"Withdrawal"** means any action taken by a Sponsor which is intended by such Sponsor to be in the nature of a resignation, withdrawal, quitting or otherwise voluntarily ceasing to be a Sponsor of the Company.



Other Defined Terms. In addition to the terms defined in this Exhibit A above, the terms set forth below have the meanings ascribed thereto in the referenced sections:

<u>Term</u>	<u>Section</u>
Acquired Business Notice.....	Section 6.4(A)
Additional Contribution .....	Section 2.4
Affiliation Restricted Territory .....	Section 6.3(B)
Affiliation Termination Event.....	Section 8.1(A)
Agreement.....	Introductory Paragraph
Appointing Sponsor .....	Section 3.4
Board Chair.....	Section 3.5
Board Members.....	Section 3.1
Board.....	Section 2.2(A)(2)(a)
Breach .....	Section 12.8
Breaching Sponsor .....	Article XI
Change of Control .....	Section 7.1(B)
Change of Control Transaction.....	Section 7.1(B)
CHI Appointees .....	Section 3.1
CHI.....	Introductory Paragraph
CON .....	Section 8.1(C)
Consolidation Agreement .....	Recitals
Controlling Person .....	Section 7.1(B)
Dispute Resolution Procedures .....	Section 10.1
Disputing Party or Disputing Parties .....	Section 10.1
Due Date .....	Article XI
Effected Sponsor .....	Section 7.2(B)
Effective Date .....	Introductory Paragraph
Excluded Counties Services Offer Notice .....	Section 6.1(E)
Excluded Kentucky Counties.....	Section 6.1(A)
Extended Negotiation.....	Section 10.1
Fee-For-Service Payments.....	Section 2.2(A)(2)
Initial Negotiation .....	Section 10.1
Jefferson County Business.....	Section 8.1(B)
JHHS Appointees.....	Section 3.1
JHHS Put Notice.....	Section 8.1(E)(1)
JHHS Put Purchase Price .....	Section 8.1(E)(2)
JHHS Put Right.....	Section 8.1(E)(1)
JHHS.....	Introductory Paragraph
JHSMH .....	Recitals
Kentucky-Based Provider Business.....	Section 6.1(C)
Mission Payments .....	Section 2.2(A)(1)
Network Entity Put Exercise Date .....	Section 8.1(B)
Network Entity Put Exercise Notice .....	Section 8.1(B)
Network Entity Put Exercise Period .....	Section 8.1(B)
Network Entity Put Right.....	Section 8.1(B)
Network Entity.....	Introductory Paragraph
Nominating Committee.....	Section 3.4

<u><b>Term</b></u>	<u><b>Section</b></u>
Noncontributing Sponsor .....	Section 2.4
Non-Kentucky Based Provider Business .....	Section 6.4(A)
Observers .....	Section 3.6
Offering Sponsor .....	Section 6.4(A)
Operating Investment Program .....	Section 2.3
Parties and Party .....	Introductory Paragraph
Program Agreement .....	Section 2.3
Removal Event .....	Section 7.2(B)
Restricted Services .....	Section 6.1(A)
Restricted Territory Assets .....	Section 6.4(A)
Restricted Territory Liabilities .....	Section 6.4(A)
Restricted Territory Operations .....	Section 6.4(A)
Restricted Territory Services Offer Notice .....	Section 6.1(C)
Restricted Territory .....	Section 6.1(A)
Saint Joseph .....	Recitals
Search Committee .....	Section 4.2(C)(3)(a)
SJHS .....	Recitals
Slate .....	Section 3.5
Sponsors or Sponsor .....	Recitals
Teaching Hospital Business Assumed Liabilities .....	Section 8.1(C)
Teaching Hospital Business Closing .....	Section 8.1(F)
Teaching Hospital Business Purchase Price .....	Section 8.1(D)
Teaching Hospital Business .....	Section 8.1(C)
Termination Closing Date .....	Section 8.1(F)
Termination Consideration .....	Section 7.2(C)
Termination Notice Date .....	Section 8.1(C)
TriHealth .....	Section 6.1(D)
UMC .....	Recitals
University Appointees .....	Section 3.1
University Election Notice .....	Section 7.1(B)
University .....	Introductory Paragraph
Withdrawal Event .....	Section 7.2(A)
Withdrawing Sponsor .....	Section 7.2(A)

**Exhibit B**

**Membership Interest Percentages**

Sponsor	Membership Interest Percentage
Catholic Health Initiatives	70%
The University of Louisville	16%
Jewish Hospital Healthcare Services, Inc.	14%

**Exhibit C**

**Initial Voting Board Members**

**CHI-Appointed Board Members**

<b>Name of Director</b>	<b>Term</b>
	5 years
	5 years
	4 years
	4 years
	4 years
	4 years
	3 years
	3 years
	3 years
	3 years

**University-Appointed Board Members**

<b>Name of Director</b>	<b>Term</b>
	5 years
	5 years
	4 years
	3 years

**JHHS-Appointed Board Members**

Name of Director	Term
	5 years
	5 years
	4 years
	3 years

**Exhibit D**

**Form of Observer Agreement**

[To be agreed to by the Parties prior to closing.]

**Exhibit E**

**CHI**

Consolidated Health Services  
Pathology Associates Medical Laboratory

**JHHS**

None

**University**

University of Louisville Family Health Center  
University of Louisville Physicians, Inc. ("ULP")\*  
University Physician Associates, Inc. ("UPA")\*

\*Notwithstanding that ULP and UPA are not parties to this Agreement, the University will use Best Efforts, to the extent University has influence or control over ULP or UPA, to keep ULP and UPA from competing with Network Entity for hospital services in a manner that would be a violation of Article VI if the activities were conducted directly by the University School of Medicine.

**Exhibit F**

**Continuing University Programs and Affiliations**

[University to provide a list at closing of affiliations in existence at closing.]



## **Exhibit G**

Except as otherwise permitted below, none of the following procedures may be performed at any Network Entity Facility:

- **Elective (direct) abortions**
  - Abortion is the directly intended termination of pregnancy before viability or the directly intended destruction of a viable fetus. Every procedure whose sole immediate effect is the termination of pregnancy before viability is an abortion, including the interval between conception and implantation of the embryo.
  - In the case of extra-uterine pregnancy, no direct abortion will be performed.
  - The foregoing notwithstanding, operations, treatments, and medications that have as their direct purpose the cure of a proportionately serious pathological condition of a pregnant woman are permitted when in the treating physician's judgment they cannot be safely postponed until the unborn child is viable, even if they will result in the death of the unborn child.
  - For a proportionate reason, labor may be induced after the fetus is viable.
- **Contraceptives, Sterilization and Fertility Treatment**
  - Elective sterilizations male or female including tubal ligations, vasectomies and Essure procedure.
  - Contraceptives will not be dispensed for the purpose of contraception only.
  - Insertion of IUDs/Diaphragms except for medical purposes e.g. menorrhagia.
  - The foregoing notwithstanding, emergency contraception, in the treating physician's judgment, will be administered to victims of sexual assault after confirmation that the victim is not currently pregnant.
  - Artificial insemination and in-vitro-fertilization (IVF).
- **Euthanasia**—Participation in euthanasia or assisted suicide in any way.

In addition, Network Entity will not be a party to any contracts or arrangements that result in the payment for or performance of surrogate motherhood or any of the procedures outlined above.

**Schedule 2.2(A)-1**

**Annual Payments from Network Entity to JHHS and University**

\$1 million annually payable from Network Entity to JHHS

\$11 million annually payable from Network Entity to University, increased each fiscal year of Network Entity by the percentage increase in the Consumer Price Index, Urban Wage Earners and Clerical Workers.

## **Schedule 5.2(C)**

### **Catholic Facilities**

Saint Joseph Health System, Inc. d/b/a

Saint Joseph Hospital (Lexington)

Saint Joseph- East

Saint Joseph- Berea

Saint Joseph- Mount Sterling

Saint Joseph- Martin

Saint Joseph-London

Saint Joseph-Jessamine

Saint Joseph Jessamine RJ Corman Ambulatory Care Center

Our Lady of Peace (Louisville)

Sts. Mary & Elizabeth Hospital (Louisville)

Flaget Healthcare, Inc. d/b/a

Flaget Memorial Hospital (a member of Saint Joseph Health System)