BEFORE THE INSURANCE DEPARTMENT
OF THE
COMMONWEALTH OF PENNSYLVANIA

Statement Regarding the Acquisition of Control of or Merger with
Domestic Insurers·

Highmark Inc.; First Priority Life Insurance Company; Inc.;
Gateway Health Plan, Inc., Highmark Casualty Insurance Company;
Highmark Senior Resources Inc.; HM Casualty Insurance Company;
HM Health Insurance Company, d/b/a Highmark Health Insurance Company;
HM Life Insurance Company; HMO of Northeastern Pennsylvania, Inc.,
d/b/a First Priority Health; Inter-County Health Plan, Inc.;
Inter-County Hospitalization Plan, Inc.; Keystone Health Plan West, Inc.;
United Concordia Companies, Inc.; United Concordia Dental Plans of Pennsylvania, Inc.;
United Concordia Life and Health Insurance Company

By UPE, a Pennsylvania nonprofit corporation

SUPPLEMENTAL RESPONSE TO PID INFORMATION REQUEST 5.1.1.2 FROM THE PENNSYLVANIA INSURANCE DEPARTMENT

REQUEST 5.1.1.2:

Bylaws, operating agreement or similar document, except for those entities for which such documents have been provided. Identify the entities for which such documents have been provided and where such documents are located in the Form A filing and accompanying material.

RESPONSE:

Attachment 5.1.1.2 is a copy of the Bylaws or Operating Agreements for the following WPAHS Affiliates:

- Allegheny Imaging of McCandless, L.L.C.
- Allegheny Medical Practice Network
- Allegheny-Singer Research Institute
- Allegheny Specialty Practice Network
- Alle-Kiski Medical Center
- Alle-Kiski Medical Center Trust
- Canonsburg General Hospital
- Canonsburg General Hospital Ambulance Service
- Forbes Health Foundation
- Forbes Regional Urologic, L L.C.

- McCandless Endoscopy Center, L.L.C
- North Shore Endoscopy Center, L.L.C.
- Open MRI of Washington County, L L.C.
- Peters Township Surgery Center, L.L.C.
- Suburban Health Foundation
- The Western Pennsylvania Hospital Foundation
- West Penn/5148 Liberty Avenue Associates
- West Penn Allegheny Foundation, L.L. C
- West Penn Allegheny Health System, Inc.
- West Penn Allegheny Oncology Network
- West Penn Ambulatory Surgical Company, L.L. C.
- West Penn Physician Practice Network

See attached.

West Penn Allegheny Health System
30 Isabella St., Suite 300
Pittsburgh, PA 15212

Document Divider

OPERATING AGREEMENT

OF

ALLEGHENY IMAGING OF MCCANDLESS, LLC

THE MEMBERSHIP INTERESTS REPRESENTED BY THIS OPERATING AGREEMENT HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE COMMONWEALTH OF PENNSYLVANIA SECURITIES ACT, OR UNDER SIMILAR LAWS OR ACTS OF OTHER STATES, IN RELIANCE UPON EXEMPTIONS UNDER THOSE ACTS. THE SALE OR THE DISPOSITION OF SUCH MEMBERSHIP INTERESTS IS RESTRICTED AS STATED IN THIS OPERATING AGREEMENT, AND IS PROHIBITED UNLESS IN COMPLIANCE WITH THIS AGREEMENT AND UNLESS THE LIMITED LIABILITY COMPANY RECEIVES AN OPINION OF COUNSEL SATISFACTORY TO IT THAT SUCH SALE OR OTHER DISPOSITION CAN BE MADE WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND UNDER ANY APPLICABLE STATE SECURITIES ACTS AND LAWS. BY ACQUIRING THE MEMBERSHIP INTERESTS PRESENTED BY THIS OPERATING AGREEMENT, THE MEMBER REPRESENTS THAT THE MEMBER WILL NOT SELL OR OTHERWISE DISPOSE OF SUCH MEMBERSHIP INTERESTS WITHOUT COMPLIANCE WITH THIS AGREEMENT AND WITHOUT REGISTRATION OR OTHER COMPLIANCE WITH THE AFORESAID ACTS AND THE RULES AND REGULATIONS ISSUED THEREUNDER.

OPERATING AGREEMENT
OF
ALLEGHENY IMAGING OF MCCANDLESS, LLC

THIS OPERATING AGREEMENT (the "Agreement") is made and entered into as of the second day of May, 2005 by ALLGHENY GENERAL HOSPITAL, a Pennsylvania nonprofit corporation ("Hospital"); NORTH PITTSBURGH IMAGING SPECIALISTS, LLC, a Pennsylvania limited liability company ("NPIS"); and ALLEGHENY RADIOLOGY ASSOCIATES IMAGING, LLC, a Pennsylvania limited liability company ("ARAI") (each a "Member" and collectively referred to herein as the "Members").

RECITALS:

A. Hospital has formed Allegheny Imaging of McCandless, LLC, a limited liability company organized under the Limited Liability Company Act of the Commonwealth of Pennsylvania (the "Company").

B. The Company has been formed for various reasons, including (1) owning and operating an open, magnetic resonance imaging service and related health care services (the "Service") to be located at Highmark McCandless Primary Care Center, 9335 McKnight Road, McCandless, PA 15237 and (2) to improve access to and the availability of health care services in Hospital's Service Area (as defined in Section 2.2).

C. Hospital has determined that entering this Agreement and participating in the operations of the Company should enable it to promote community health in furtherance of its charitable purpose by expanding the availability and accessibility of open MRI services and related health care services within its Service Area, including increasing access to such services to Medicare/Medicaid beneficiaries.

D. As of the Effective Date (as defined in Section 2.2), the Members will own, in the aggregate, all the membership interests in the Company (hereinafter referred to as "Membership Interests").

E. On the terms and subject to the conditions hereof, NPIS, Lucien, ARA, and ARAI desire to acquire from the Company, and the Company desires to issue and sell to NPIS, Lucien, ARA, and ARAI, the Class B Membership Interests of the Company (as defined in Section 2.2).

NOW, THEREFORE, in consideration of the above recitals, and the mutual promises and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Members, intending to be legally bound, hereby agree as follows:

1. Recitations. The above recitations are true and correct and are hereby incorporated by this reference.

2. Definitions.

2.1 General Interpretive Principles. For purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires (i) the terms defined in this Section have the meanings assigned to them in this Section and include the plural as well as the singular, (ii) the use of any gender in this Agreement shall be deemed to include the other gender; (iii) the word "including" means "including, but not limited to," (iv) the headings in this Agreement are for convenience only and are not intended to describe, interpret, define, or limit the scope, extent, or intent of any of the provisions of this Agreement, (v) the words "hereof," "herein" and "hereunder" and words of similar import shall refer to this Agreement as a whole and not any particular provisions, (vi) references to documents, contracts, agreements or instruments shall include any and all supplements and amendments thereto, and (vii) because the parties, together with their legal counsel, jointly participated in drafting this Agreement, if any issue arises as to the meaning or construction and interpretation of any word, phrase or provision hereof, no party shall be entitled to the benefit of the principles of construction and interpretation favoring the party who did not draft the disputed word, phrase or provision.

2.2 Defined Terms. As used in this Agreement, the following terms shall have the following respective meanings (unless otherwise expressly provided):

2.2.1 Act means the Pennsylvania Limited Liability Company Laws, in its present form or as amended from time to time.

2.2.2 Additional Capital Contributions means the Additional Capital Contributions described in Section 5.5.

2.2.3 Affiliate means when used with reference to any Person, (i) any Person, that directly or indirectly, through one or more intermediaries controls, is controlled by, or is under common control with, or owns a greater than five percent (5%) interest in the specified Person (the term "control" for this purpose, shall mean the ability, whether by the ownership of shares or other equity interest, by contract or otherwise, to elect a majority of the directors of a corporation; independently to select the managing partner of a partnership or a manager of a limited liability company, or otherwise to have the power independently to remove and then select a majority of those Persons exercising governing authority over an entity, and control shall be conclusively presumed in the case of the direct or indirect ownership of 50% or more of the equity Membership Units); and (ii) a parent, sibling, spouse or issue of such Person.

2.2.4 Agreement means this Operating Agreement, as amended from time to time.

2.2.5 Articles means the Articles of Organization of the Company as filed with the Office of Pennsylvania Secretary of State, as amended and restated.

2.2.6 Board of Managers or Board means the governing body of the Company established under Section 8.

2.2.7 Business means "Business" as defined in Section 4.1.

2.2.8 Capital Account means the "Capital Account" of a Member maintained in accordance with Section 5.6.

2.2.9 Capital Contribution means the contributions by Members to the capital of the Company in the form of cash, including but the Initial Capital Contribution and Additional Capital Contributions, if any.

2.2.10 Class A Membership Interests means the class of Membership Interests held by Hospital, which can only be held by tax-exempt entities.

2.2.11 Class B Membership Interests means the class of Membership Interests available to Persons other than tax-exempt entities.

2.2.12 Code means the Internal Revenue Code of 1986, as in effect and hereafter amended.

2.2.13 Commencement Date means the date on which Hospital transfers ownership of the Service to the Company pursuant to that certain Contribution Agreement.

2.2.14 Company means Allegheny Imaging of McCandless, LLC, a Pennsylvania limited liability company.

2.2.15 Company Property means all property, real or personal, tangible or intangible, as shall at any time be acquired by the Company.

2.2.16 Confidential Information means any and all policies, procedures, contracts, quality assurance technique, managed care initiatives, utilization management, patient records, credentialing, financial, statistical and other information of the Company, including information embodied on magnetic tape, computer software or any other medium for the storage of information, together with all notes, analyses, compilations, studies and other documents prepared by the Company or by others on behalf of the Company containing or reflecting such information. Confidential Information does not include information which: (i) was lawfully made available to or known by third persons on a non-confidential basis prior to disclosure to the Member, (ii) is or becomes publicly known through no wrongful act of the disclosing Member, and (iii) is received by a Member from a third party other than in breach of confidence.

2.2.17 Distribution means a transfer of property by the Company to a Member or an assignee on account of a Membership Interests pursuant to Section 6.1.

2.2.18 Effective Date means "Effective Date" as defined in Section 3.3.

2.2.19 Fiscal Year means the fiscal year of the Company, which shall be the calendar year ending December 31.

2.2.20 Initial Capital Contribution means "Initial Capital Contribution" as defined in Section 5.4.

2.2.21 Location means Highmark McCandless Primary Care Center, 9335 McKnight Road, McCandless, PA 15237 or such other location as approved by the Board.

2.2.22 Loss means "Loss" as defined in Section 6.2.

2.2.24 Management Agreement means that certain Management Agreement by and between Manager and the Company, dated as of the date of this Agreement substantially in the form attached hereto as Exhibit D.

2.2.25 Manager means a member of the "Board of Managers" as defined in Section 8.

2.2.26 Members means Hospital, ARAI, and NPIS and any future holders of Membership Interests.

2.2.27 Membership Interest means the interest of a Member in: (i) the profits and losses of the Company; (ii) the capital of the Company; (iii) such Member's rights to receive distribution from the Company; and (iv) such Members' rights and obligations as set forth in herein. The initial Membership Interests are set forth on Exhibit A, attached hereto and incorporated by reference, including each Member's name, address and Percentage Membership Interest.

2.2.28 Hospital means Non-Profit Hospital Company, a Pennsylvania non-profit corporation, licensed to provide acute care hospital services in Pennsylvania.

2.2.29 Hospital Contract means that certain Professional Services Agreement between ARA and Hospital.

2.2.30 Net Cash Flow means for any specified period, an amount equal to the sum of (i) all cash revenues received by the Company during the period from any source (including proceeds of rental or business interruption insurance), but excluding funds received as Capital Contributions, and (ii) amounts reasonably set aside by the Board as reserves during earlier periods where, and to the extent, the Board determines, during the period that such reserves are no longer reasonably necessary for the efficient

conduct of the Company's business, reduced by the sum of (w) cash expenditures by the Company during the period for taxes, salaries, current or accrued medical director's fees, current or accrued management fees and other costs and expenses in connection with the normal conduct of the Company's business, (x) all payments by the Company during the period for principal and interest on loans and other obligations of the Company for borrowed money, (y) all cash expenditures by the Company during the period for the acquisition of property, for construction period interest and taxes and for loan fees, whether or not capitalized, and for capital improvements and/or replacements, and (z) such reserves for maintenance, repairs, replacements, capital improvements, contingent or unforeseen liabilities or obligations and to meet anticipated expenses as the Board determines during the period are reasonably necessary for the efficient conduct of the Company's business. Net Cash Flow shall be determined on a cash accounting basis.

2.2.31 Percentage Membership Interests means the ratio of an individual Member's Capital Contribution to all Members' total Capital Contributions as expressed as a percentage. Each initial Member's Percentage Membership Interest is set forth on Exhibit A attached hereto and incorporated by reference.

2.2.32 Person means an individual, corporation, trust, association, unincorporated association, estate, partnership, joint venture, limited liability company or other legal entity, including a governmental entity.

2.2.33 Profit means "Profit" as defined in Section 6.2.

2.2.34 Radiology Services Agreement means that certain Radiology Services Agreement by and between Allegheny Radiology Associates, Ltd., Lucien Diagnostic Imaging, P.C., and the Company dated as of the date of this Agreement substantially in the form attached hereto as Exhibit E.

2.2.35 Service means outpatient magnetic resonance imaging (MRI) services, computerized tomography ("CT"), ultrasound, mammography, bone densitometry, nuclear medicine, and plain film X-Ray. It may include positron emission tomography ("PET") or PET/CT in the future.

2.2.36 Service Area means the geographical area served by Hospital which shall include Allegheny and surrounding Counties in Pennsylvania.

2.2.37 Transfer means a sale, assignment, transfer or other disposition (voluntarily or by operation of law) of, or the granting or creating of a lien, encumbrance or security interest in, a Membership Interest.

2.2.38 Transferred Membership Interest means Membership Interest transferred in accordance with Section 11 herein.

2.2.39 Transaction Documents shall mean this Agreement, the Management Agreement, and the Radiology Services Agreement.

2.2.40 Treasury Regulations means the permanent and temporary regulations, and all amendments, modification and supplements thereof, from time to time promulgated by the Department of the Treasury under the Code.

2.3 Other Terms. Capitalized terms not otherwise defined in Section 2.2 shall have the meanings ascribed to such terms in this Agreement.

3. Formation.

3.1 Organization. The Company has been organized as a Pennsylvania limited liability company pursuant to the Act by the filing of Articles.

3.2 Agreement, Effect of Inconsistencies with Act. The Members agree to the terms and conditions of this Agreement, as it may from time to time be amended, supplemented or restated according to its terms. The Members intend that this Agreement and the agreements attached hereto as exhibits shall be the sole source of the relationship among the parties, and, except to the extent a provision of this Agreement expressly incorporates federal income tax rules by reference to sections of the Code or Treasury Regulations or is expressly prohibited or ineffective under the Act, this Agreement shall govern, even when inconsistent with, or different than, the provisions of the Act or any other law. To the extent any provision of this Agreement is prohibited or ineffective under the Act, this Agreement shall be considered amended to the smallest degree possible in order to make such provision effective under the Act. If the Act is subsequently amended or interpreted in such a way as to validate a provision of this Agreement that was formerly invalid, such provision shall be considered to be valid from the effective date of such interpretation or amendment. Each Member shall be entitled to rely on the provisions of this Agreement, and no Member shall be liable to the Company or to any other Member for any action or refusal to act taken in good faith reliance of this Agreement.

3.3 Effective Date. This Agreement shall become effective upon the Commencement Date.

3.4 Term. The Company shall have limited duration and shall be dissolved in accordance with the Articles unless dissolved sooner as herein provided. Such dissolution and wind up shall be in accordance with this Agreement and Act.

3.5 Principal Place of Business. The principal place of business of the Company shall be Highmark McCandless Primary Care Center, 9335 McKnight Road, McCandless, PA 15237, or such other location or locations that the Board may, from time to time, determine.

3.6 Foreign Qualifications. The Company shall qualify to do business as a foreign limited liability company in each jurisdiction in which the nature of its business requires such qualification.

3.7 Title to Company Property. All Company Property shall be owned by the Company as an entity, and no Member shall have any ownership interest in or right to such Company Property in its individual name. Except as otherwise provided in this Agreement, the Company Property shall be held in the name of the Company and not in the name of any Member.

3.8 Payment of Member Obligations. The Company's credits and assets shall be used solely for the benefit of the Company, and no asset of the Company shall be transferred or encumbered for or in payment for any individual obligation of any Member.

3.9 Intent. It is the intent of the Members that the Company shall always be operated in a manner consistent with its treatment as a "partnership" under the Code. Pursuant to Regulation §301.7701, the Company shall be treated as a partnership for federal income tax purposes under the default rules contained thereof. It also is the intent of the Members that the Company not be operated or treated as a "partnership" for purposes of Section 303 of the Federal Bankruptcy Code. No Member shall take any action inconsistent with the express intent of the parties hereto.

3.10 Permissible Relationships. The Members understand that the Company's operations are subject to various state and federal laws regulating permissible relationships between the Members and entities such as the Company, including 42 U.S.C. §1320a-7b (the "Federal Anti-Kickback Statute"), 42 U.S.C. §1395nn (the "Stark Law"). It is the intent of the parties that the Company operates in a manner consistent with the foregoing statutes. Accordingly, each Member represents and warrants that such Member has not provided or received remuneration to induce the referral of Medicare or Medicaid items or services to any other Person, including a Member or the Company, that no person has requested information form the Member regarding the Member's ability to refer Medicare and Medicaid items or services, that No Member or Affiliate has lent money to another Member for the purpose of permitting investment herein or otherwise, and that the Members have not been encouraged to invest or not invest based on their ability to direct referrals to the Company, other entities, Members or Affiliates. The Members also acknowledge that, to their best knowledge, no physician, as that term is defined in the Stark Law, is being compensated in a manner that takes into account the volume or value of referrals or other business generated by such physician.

4. Business, Community Benefits, Purposes and Powers.

4.1 Business and Purposes. The business and purposes of the Company are (i) to own and operate the Service (the "Business"); (ii) to engage in any other lawful act or activity which may be carried on by a limited liability company under the Act which the Members may from time to time authorize or approve pursuant to the provisions of this Agreement; and (iii) to operate in a manner consistent with Section 4.2 herein.

4.2. Tax Exempt Commitment. The Members acknowledge and agree that Company shall not operate in any manner inconsistent with the tax-exempt status of Hospital. In furtherance of such tax-exempt purposes, the Company shall (the following to be referred to herein as "Tax Exempt Commitments"): (1) provide services to Medicare, Medicaid and indigent patients; (2) cooperate and generally participate in and provide assistance with respect to Hospital's charitable purposes, including community outreach, education, and preventive health programs; and (3) place the community benefits above profit motive consistent with Section 7.6. Determination of whether this commitment is being satisfied and what action the Company must take to remedy such a determination shall be solely determined by Hospital Board Members as set forth in Section 8.13.

4.3 Powers. Except as limited herein, the Company shall have all of the powers of a limited liability company under the Act and the power to do all things necessary or convenient to operate its business and accomplish its purposes.

4.4 Limitations on Scope of Business. Except for the authority expressly granted to the Board in this Agreement, no Member, employee or other agent of the Company or employee or agent of any Member shall have any authority to bind or act for the Company or any other Member in the carrying on of their respective businesses or activities.

4.5 Insurance. During the term of this Agreement, Company shall maintain professional liability insurance in such amounts as it determines sufficient to adequately protect against the acts and omissions of the Company. The deductible amount on such insurance coverage shall not exceed $100,000 in aggregate per year.

5. Members, Capital Contributions and Financing.

5.1 Membership Interests.

5.1.1 The name, address and Percent Membership Interest of each respective Member is as set forth in Exhibit A attached hereto, which shall be amended from time to time as required to reflect any change with respect to the information set forth therein.

5.1.2 In the event that a Member agrees to make an Additional Capital Contribution or additional Members are admitted, the Membership Percentage Interest of the Members shall be adjusted by the amount paid by each member.

5.2 Admission of Additional Members. Additional Members may only be admitted only if (i) the admission of such additional Member is made pursuant to Section 11 hereof, or (ii) the admission of such Person is otherwise unanimously approved by the Members.

5.3 Initial Capital Contributions. Each Member shall make the Capital Contributions set forth on Exhibit A attached hereto. Amounts contributed by the Members under this Section 5.3 shall be paid as required by the Board and credited to the Members' respective Capital Accounts.

5.3.1 Contribution of Hospital. Hospital shall make a cash contribution equal to $45,000.

5.3.2 Contribution of ARAI. ARAI shall make a cash contribution equal to $30,000.

5.3.3 Contribution of NPIS. NPIS shall make a cash contribution equal to $ 25,000.

5.4 Assumption of Liability. At and as of the Closing, Company shall assume and timely pay, discharge and perform insofar as they accrue and become due and payable after the Closing, all of the obligations and liabilities of Hospital under any Assets contributed to Company pursuant to Section 5.3.1 herein.

5.5 Additional Capital Contributions. If, at any time or from time to time, the Board determines that the Company requires funds in furtherance of the purpose and Business of the Company, the Board shall so advise the Members. Calls for additional capital shall be made proportionate to each Member's Percentage Membership Interest, and each Member may determine whether to comply with such capital calls. In the event that a Member does not comply with a call for additional capital, the other Members shall have the right to contribute such Member's additional called capital, and such amount shall be deemed a contribution of capital by such Member. If a Member responds to a capital call when other Members decide not to respond, the relative Percentage Membership Interests of the Members shall be adjusted upward or downward, as the case may be, in amounts proportionate to the total Capital Contributions of each Member. Likewise, the Capital Account of a Member that does not respond to a capital call will be proportionately diluted.

5.6 Capital Accounts.

5.6.1 Each Member's Capital Account shall be maintained in accordance with the following provisions:

5.6.1.1 Each Member's Capital Account shall be credited with the amounts of such Member's Capital Contributions, such Member's distributive share of Profits and any items in the nature of income or gain which are specially allocated to the Member pursuant to Section 6;

5.6.1.2 Each Member's Capital Account shall be charged with the amounts of cash and the carrying value of any property distributed by the Company to such Member pursuant to any provision of this Agreement, such Member's distributive

share of Losses and any items in the nature of expenses or losses which are specially allocated to the Member pursuant to Section 6;

5.6.1.3 If all or a portion of a Member's Membership Interest is Transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the Transferred Membership Interest; and

5.6.2 This Section 5.6 and other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with the Agreement and such Treasury Regulations. If the Board determines that it is prudent to modify the manner in which the Capital Accounts, or any charges or credits thereto (including charges or credits relating to liabilities which are secured by contributions or distributed property or which are assumed by the Company or by Members), are computed in order to comply with such Regulations, the Board may make such modification, but only if it is not likely to have a material effect on the amounts to be distributed to any Member pursuant to Section 6.1 or pursuant to material effect on the amounts to be distributed to any Member pursuant to Section 6.1 or pursuant to Section 14 upon the dissolution of the Company. The Board also shall (i) make any adjustments that may be necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(q), and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause these Regulations not to comply with Regulations Section 1.704-1(b).

5.7 Contingency Reserves. The Board shall have the right to set aside Company funds in such reserves as it is in its reasonable discretion determines to be prudent for the operation of the Company's Business, including any sums the Board deems necessary to reserve for the future payment or reduction of any Company obligations.

5.8 Return of Capital Contributions. Except as otherwise provided in this Agreement, no Member shall be entitled to demand the return of the Member's Capital Account or Capital Contribution at any particular time, except upon dissolution of the Company. Except as otherwise provided in this Agreement, no Member shall be entitled at any time to demand or receive property other than cash. Unless otherwise provided by law, no Member shall be personally liable for the return or repayment of all or any part of any other Member's Capital Account or Capital Contribution, it being expressly agreed that any such return of capital pursuant to this Agreement shall be made solely from the assets (which shall not include any right of contribution from a Member) of the Company. No Member shall be entitled to demand or receive interest on its Capital Contribution.

5.9 No Third Party Beneficiary Rights. The provisions of this Agreement are not intended to be for the benefit of any creditor or any other Person (other than a Member in its capacity as such) to whom any debts, liabilities or obligations are owed by (or who otherwise has any claim against) the Company or any of the Members; and no such creditor or other Person shall obtain any right under any of such provisions or shall be reason of any of such provisions make any claim in respect of any debt, liability or obligation (or otherwise) against the Company or any of the Members.

5.10 Additional Funds. To the extent the Company obtains third-party financing, at a minimum, the Members hereby agree to guarantee any such indebtedness of the Company in proportion to their respective percentage Membership Interests. This provision shall not be interpreted as preventing the Company from obtaining a loan from one or more Members on commercially reasonable terms.

5.11 Additional Financial Terms. All financial terms used but not defined in this Agreement shall have the meanings accorded to them under generally accepted accounting principles.

5.12 No Certificates of Ownership. The respective Membership Interests of the Members will not be represented by any certificate or documentation other than this Agreement.

6. Allocations and Distributions.

6.1 Distributions. The Board shall periodically, but no less than annually, determine the amount of Net Cash Flow, from time to time, available for distribution and shall distribute such Net Cash Flow among the Members as follows:

6.1.1 First, to the Members in proportion to their respective Percentage Membership Interests until their Capital Account is reduced to zero; and

6.1.2 Second, to the Members, in proportion to their respective Percentage membership Interests.

Such distributions shall be in accordance with Section 8.13 herein. Other than distributions of Net Cash Flow as set forth above, no distributions of cash shall be made to the Members unless approved unanimously by the Members.

6.2 Determination of Profits and Losses. For purposes of this Agreement, Profit or Loss of the Company for each Fiscal Year shall be the net income or net loss of the Company for such Fiscal Year (i.e., the aggregate amount of all income and gain reduced by the aggregate amount of all loss and deduction) of the Company as determined annually in accordance with the method of accounting followed by the Company for Federal income tax purposes and determined in accordance with Section 703(a) of the Code.

6.3 Allocation of Profits and Losses. The Profit and Loss of the Company for each Fiscal Year in which the Company has a Profit or Loss shall be allocated among, and credited or debited to the Capital Accounts of the Members in accordance with their respective Membership Percentage Interests. Similarly, tax credits and tax losses shall be allocated among the Members in proportion to their Membership Percentage Interests.

6.4 Transfers During Fiscal Year. In the event of the transfer of all or any part of a Membership Interest (in accordance with the provisions of this Agreement) at any time other than the end of a Fiscal Year, the share of Profit or Loss (in respect of the Membership Interest so transferred) shall be allocated between the transferor and the transferee in the same ratio as the number of days in the Fiscal year before and after such transfer.

6.5 Tax Matters Partner. Hospital shall be the "tax matters partner" of the Company pursuant to Section 6231(a)(7) of the Code (the "Tax Matters Partner"). The Tax Matters Partner shall be authorized and required to represent the Company (at the expense of the Company) in connection with all examinations of the affairs of the Company by any federal, state or local tax authorities, including any resulting administrative and judicial proceedings, and to expend funds of the Company for professional services and costs associated therewith. The Tax Matters Partner shall take all actions necessary to preserve the rights of the Members with respect to audits and shall provide all Members with notices of all such proceedings and other information as required by law. The Tax Matters Partner shall obtain the prior written consent of each Member before setting, compromising or otherwise altering the defense of any proceeding before the Internal Revenue Service if such Member or any of its constitute partners or members could be affected thereby. The Tax Matters Partner shall keep the Members timely informed of its activities under this Section. The Tax Matters Partner may prepare and file protests or other appropriate responses to such audits. The Tax Matters Partner shall select counsel to represent the Company in connection with any audit conducted by the Internal Revenue Service or by any state or local authority. All costs incurred in connection with the foregoing activities, including legal and accounting costs, shall be borne by the Company. Any additional expenses with respect to judicial review of adverse determinations in connection with any such tax audits or the defense of any Member against any claim asserted by the Internal Revenue Service or state or local tax authority of additional tax liability arising out of the Member's ownership of its Membership Interest shall only be incurred by the Member(s) who have authorized the Tax Matters Partner, in writing, to proceed with such judicial review or defense. Each Member agrees to cooperate with the Tax Matters Partner and to do or refrain from doing any or all things reasonably required by the Tax Matters Partner in connection with the conduct of all such proceedings.

6.6 Election to be Taxed as Partnership. The Company shall be treated as a partnership for federal and state income tax purposes. No Member shall cause the Company to elect to be treated as a corporation for federal or state income tax purposes, unless such election is approved in writing by all Members.

6.7 Qualified Income Offset and Minimum Gain Chargeback Provisions. The Code and Treasury Regulations contain certain economic sharing requirements in order for income tax allocation among the Members to be respected for tax purposes. In general, such requirements are designed to eliminate the allocation of tax losses that have no economic effect to the Members. In order to comply with such requirements, this Section 6.8 requires that the qualified income offset minimum gain chargeback provisions provided for in Treasury Regulations Sections 1.704-1 and 1.704-2 be followed, as presently in effect and as hereinafter amended. Such provisions are not expected to alter the allocations described herein except in unusual and unforeseen circumstances.

7. Rights and Duties of Members.

7.1 Classes of Membership Interests. The Company shall have two (2) classes of Membership Interests to the Members. Hospital shall receive Class A Membership Interests equal to at least 45% of the outstanding Membership Interests of the Company. ARAI and NPIS initially shall receive Class B Membership Interests equal to at least 30% and 25% respectively of the outstanding Membership Interests of the Company.

7.2 Liability of Members. No Member shall be obligated to make Capital Contributions to the Company except as provided in Section 5. No Member shall have any personal liability with respect to the liabilities or obligations of the Company except as to liabilities personally guaranteed by such Member. The failure of the Company to observe any formalities or requirements relating to the exercise of its powers or the management of its business or affairs under this Agreement or the Act shall not be grounds for imposing personal liability on the Members for liabilities or obligations of the Company. Notwithstanding the foregoing, in the event that one of the Members makes a payment to a third party pursuant to a guarantee given for liabilities or obligations of the Company, such Member shall have a right to contribution from the other Members in the amount of the payment made multiplied by the other Member's Percentage Interests; provided, however that such other Members shall be given credit for any payments made under its or his guarantee of the same underlying liability or obligation.

7.3 Rights and Obligations. The Members, in their capacity as Members, shall not have the power to act for or on behalf of the Company.

7.4 Limitations on Powers of Members. Except as expressly authorized by this Agreement, no Member shall, directly or indirectly, (i) resign, retire or withdraw from the Company, (ii) dissolve, terminate or liquidate the Company, (iii) petition a court for the dissolution, termination or liquidation of the Company, or (iv) cause any property of the Company to be subject to the authority of any court, trustee or receiver (including suits for partition and bankruptcy, insolvency and similar proceedings).

WPAHS-000678

7.5 Prohibition Against Partition. Each Member irrevocably waives any and all rights the Member may have to maintain an action for partition with respect to any property of the Company.

7.6 Priority of Community Benefit. The Members acknowledge and understand that the duty to serve community benefits overrides the profit maximization objectives of the Company. Subject solely to the foregoing, all Board members shall exercise their responsibilities and duties to the Company with the highest level of fiduciary duty of care and loyalty to the Company and will take all actions and make all votes in good faith with such duties.

8. The Board of Managers.

8.1 General Powers and Duties. The Company's business and affairs shall be managed by and be under the direction of the Board of Managers, subject to such limitations as are otherwise set forth in the Act or this Agreement. The Board may delegate such authority and responsibility as it deems to be in the best interests of company to the Officers and, subject tot he ultimate supervision of the Board and of such Officers as the Board may designate, to the Manager for the day-to-day management of the Facility. A member of the Board need not be a resident of the Commonwealth of Pennsylvania. The Board members as such shall not receive any compensation for their services, but by resolution, the Board may provide for reimbursement to members for all reasonable and necessary expenses incurred in attending meetings of the Board.

8.2 Number, Election and Term.

8.2.1 The Board shall consist of three (3) members, one (1) of which shall be designated by Hospital (the "Hospital Board Manager"); one (1) of which shall be designated by ARAI (the "ARAI's Board Manager"); and one (1) of which shall be designated by NPIS (the "NPIS Board Manager"). Each Manager will appoint two Alternate Managers. In the event that the Manager is unavailable or otherwise unable to carry out the duties defined herein, each Alternative Manager shall have the power to attend all meetings of the Board and any continuation or adjournment of any meeting of the Board and to represent, vote, execute consents, and otherwise act for the Manager in the same manner and with the same effect as if the Manager were personally present. The initial Board of Managers shall be those individuals indicated on Exhibit B attached hereto.

8.2.2 The Board members will serve one (1) year terms or until their successors shall have been appointed and qualified, or until their death, removal, resignation or disqualification. Except for the initial Board members, who are set forth on Exhibit B hereto, all Board members will be appointed at the annual meeting of the Members. Hospital shall appoint Hospital Board Members and Physicians' LLC shall appoint Physicians' Board Members.

8.3 Removal and Resignation. Unless a Board member becomes unable to participate in Medicare, Medicaid or any other Federal Health Care Program, only the Member which appointed a Board member may remove that Board member with or without cause, which removal must be done at a special meeting called for such purpose. A Board member may resign at any time by giving a written resignation to the Chief Manager or the Secretary of the Company. The resignation is effective without acceptance when such resignation is actually received by the Chief Manager or Secretary unless a later effective time is specified in the resignation.

8.4 Vacancy. A vacancy created by removal, death, incapacity, resignation or an increase in the number of Board members or by any other reason may be filled only by appointment by the Member or Members which appointed such Board member or, in the case of an increase in the number of Board members, which appoints the class designated for the new Board member position. The individual elected to fill a vacancy shall serve until the next annual meeting of the Members.

8.5 Meetings. An annual meeting of the Board shall be held at the date, time and place determined by the Board. Special meetings of the Board may be called by the Chief Manager, the Board or any one (1) Board member by giving two (2) days notice to the Board members of the date, time, place and purpose of the special meeting. Participation at any meeting may be by any means of communication pursuant to which all Board members participating may simultaneously hear each other.

8.6 Waiver of Notice. A Board member may waive any notice required by this Section 8 or the Act before or after the date and time stated in the notice. Except as set forth in the following sentence, the waiver must be in writing, signed by the Board member entitled to the notice and filed with the minutes or other records of the Company. A Board member's attendance at or participation in a meeting waives any required notice to him of the meeting unless the Board member at the beginning of the meeting (or promptly upon his arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to any action taken at the meeting.

8.7 Quorum. The presence of a majority of each class of Membership Interests shall constitute a quorum for such meeting. Once a Board member is present at any Board meeting, the Board member is deemed to be present for the remainder of that meeting and for any adjournment.

8.8 Action at Meetings. Unless otherwise expressly provided by the Act or this Agreement, including without limitation Section 8.12 and 8.13 hereof, the affirmative vote of a majority of the Board members present at a meeting at which a quorum is duly assembled shall constitute the act of the Board. In every instance in which this Agreement refers to a determination by the Board as provided in this Section 8.8, or a written determination as provided in Section 8.9, regardless of whether so explicitly stated, unless otherwise expressly provided by the Act or this Agreement, including without limitation Sections 8.12 and 8.13 hereof.

8.9 Informal Action by Board Members: Any action may be taken by the board without a meeting if a unanimous written consent, setting forth the action so taken, is signed by all Board members then in office and entitled to vote on the matter.

8.10 Board Committees. The Board, by written resolution, may establish committees having the authority of the Board in the management of the Company's business. The resolution shall state the express authority granted to each committee and the manner in which each committee shall act. All procedures and provisions set forth herein with respect to the Board shall, to the extent relevant, apply equally to committees of the Board.

8.11 Actions by Committees. To the extent set forth in the resolution authorizing a committee, and except as otherwise provided in the Act or this Agreement, the committee may exercise the authority of the Board; provided, however, that no committee may authorize distributions, except according to a formula or method prescribed by the Board, and no committee may take any of the actions described in Section 8.12 and 8.13 hereof.

8.12 Special Approval Rights. Notwithstanding the other provisions set forth in this Agreement (except for Section 8.13 herein, which will take priority over this Section 8.12), neither the Company nor the Board shall approve or take any of the following actions without the unanimous affirmative vote of all Board members:

8.12.1 the sale or other transfer of all or a substantial disposition of the Company's assets;

8.12.2 the dissolution or termination of the Company;

8.12.3 any material change in the Company's Business, including but not limited to the addition of new service lines, or a change in the Location of Services;

8.12.4 any merger, consolidation or combination of the Company with another entity;

8.12.5 the issuance of new or transfer of existing Membership Interests in the Company;

8.12.6 the amendment, restatement or revocation of the Articles of Organization other than minor, technical amendments that do not change the substantive powers of the Company;

8.12.7 any tax elections on behalf of the Company;

8.12.8 incurring any indebtedness or series of indebtedness, either of which exceeds $1000, or the guarantee of any indebtedness or series of indebtedness, either of which exceeds $1000;

8.12.9 any transactions with an Affiliate of a Member;

8.12.10 the execution, amendment or termination of contracts;

8.12.11 the approval of capital expenditures in excess of $10,000.00 and other expenditures in excess of $2,000, which are not expressly covered in the Company's operating budget;

8.12.12 the approval of Company's distributions, and Company's operating and capital budgets and any significant deviations therefrom;

8.12.13 any amendment to the Operating Agreement other than minor, technical amendments;

8.12.14 incurring any obligation requiring a pledge of the Company's assets or a guaranty of the Members;

8.12.15 indemnification of and/or purchase of liability insurance;

8.12.16 selection of an initial, independent appraiser required by Section 11.4 herein;

8.12.17 approval of the credentialing requirements of the Service or the closure of additional staff privileges within the Service; and

8.12.18 entering into, renewing, amending, or terminating any arrangement or agreement with any Company administrator, management company, Member or other senior employee or executive of the Company, including, without limitation, the Management Agreement and the Radiology Services Agreement.

8.13 Reserve Powers. Notwithstanding any other provisions set forth in this Agreement and the relative Percentage Membership Interest of the Members, the following reserve powers will be exercisable solely by the Hospital Board Members as necessitated by Hospital's tax-exempt status and will include the ability to promulgate or approve policies for the Company in the following areas:

8.13.1 Determination of whether the Company is in compliance with the Tax Exempt Commitments set forth in Section 4.2 herein and, what, if any action, is necessary to assure such commitments;

8.13.2 Approval and adoption of any other policies necessary to conduct the operations of the Company in such a manner as to preserve the tax-exempt status and charitable mission of Hospital; and

8.13.3 Determination of whether the operations of the Company negatively affect the tax-exempt status of the Hospital or its charitable purposes and, if such a determination is made, Hospital may pursue its options pursuant to Section 30 herein.

These reserve powers are intended to be used by Hospital solely to assure that the Company does not act in a manner that threatens or otherwise jeopardizes Hospital's tax-exempt status. The Board here and throughout this Section 8 is expected to assure that the Board takes actions in voting on such matters set forth in this Section 8 in a manner intended to assure and cause appropriate prudent business development and operation of the Company consistent with purposes as set forth in Sections 4.1 and 4.2 herein. Further, it will be a breach of the fiduciary duty of the Board member voting pursuant to this Section and throughout this Section 8 to vote in a manner intended to protect the business objective of the Manager or Member or their Affiliates to the detriment of the Company, including decisions which may relate to budgeting and to all other matters.

8.14 Non-Liability of the Board and its Members. The Board shall not be liable to any Member because of any act or failure to act hereunder, except to the extent the Board acts in bad faith or with gross negligence or in violation of Section 8.12 or Section 8.13 herein.

8.15 Deadlock. In the event of a deadlock of the Board, the action shall be put to the vote of the Members, in accordance with Section 15.5 herein, at a special meeting of the Members called for that purpose.

9. Officers.

9.1 Officer Designation. The Company shall at all times have Officers acting as Chief Manager and Secretary and may have additional Officers as the Members may determine. Any number of offices may be held by the same Person, except that the Chief Manager may not serve as the Secretary.

9.2 Officer Election. The Members shall elect the Officers at the annual meeting of the Members, except that initially the Chief Manager and Secretary shall be those individuals indicated on Exhibit B.

9.3 Term. The Officers shall hold office for a term of one (1) year or until their successors have been duly elected and qualified.

9.4 Removal. The Members may remove any Officer with or without cause and such removal shall be without prejudice to the contract rights, if any, of the Officer so removed.

9.5 Vacancies. A vacancy in any Officer position because of death, resignation, removal or any other cause may be filled by the Members for the unexpired portion of the term.

9.6 Duties of Chief Manager. The Chief Manager shall serve as the chief executive officer of the Company and shall have the responsibilities, duties, obligations, powers and authority contained herein or expressly delegated to him by the Board. The Chief Manager, or his designee, shall keep full and correct account of receipts and disbursements in the books belonging to Company, and shall deposit all monies and other valuable effects in the name and to the credit of Company, in such banks as may be designated by the Board. The Chief Manager, or his designee shall dispose of funds of Company as may be ordered by the Members, taking proper vouchers for such disbursements, and shall render to the Board, whenever they may require it of him, an account of all his transactions and of the financial condition of Company. The Members hereby agree and acknowledge that the day-to-day operations of the Company shall be managed by the Manager pursuant to that certain Management Agreement between the Company and Hospital.

9.7 Duties of Other Officers/Secretary. The Secretary shall have the responsibilities, duties, obligations, powers and authority prescribed by the Board for the Secretary.

9.8 Qualification. Officers need not be residents of the Commonwealth of Pennsylvania or Members.

9.9 Right to Rely Upon the Authority of the Chief Manager. No person dealing with the Chief Manager shall be required to determine the Chief Manager's authority to make any commitment or undertaking on behalf of the Company, nor to determine any fact or circumstances bearing upon the existence of his or her authority. In addition, no purchaser of any property of the Company shall be required to determine the sole and exclusive authority of the Chief Manager to sign and deliver on behalf of the Company any instrument of transfer, or to see to the application or distribution of revenues or proceeds paid or credited in connection therewith, unless such purchasers shall have received written notice from the Company affecting the same.

9.10 Expenses. The Members may provide for reimbursement to Officers for all reasonable and necessary expenses incurred in the performance of their duties.

9.11 Specific Limitations on the Officers. Without the approval of the Board, no Officer shall do any of the following acts on behalf of the Company, each of which is considered to be outside the ordinary course of business of the Company;

9.11.1 enter into with another Person a partnership or joint venture involving assets of the Company;

9.11.2 sell, lease, or otherwise dispose of any operating assets outside the ordinary course of business;

9.11.3 incur any indebtedness other than trade payables and other short-term liabilities in the ordinary course of business;

9.11.4 change the Location or general character of the Service; or

9.11.5 enter into or modify any agreement, arrangement, or business dealings between the Company and any Member (or any Affiliate of any Member).

9.12 Compensation of Officers. Except as otherwise agreed upon by the Board, the officers shall not receive any compensation for service in such capacity. If the duties of the officers require full time attention to the affairs of the Company, such officers shall be employed and compensated at reasonable rates by the Company, consistent with industry practice in such amounts as determined in the reasonable discretion of the Board.

10. Books, Records and Reporting Requirements.

10.1 Books and Records. The Board shall keep, or cause to be kept, at the principal place of business of the Company true and correct books of account, in which shall be entered fully and accurately each and every transaction of the Company. Each Member or his designated agent shall have access at reasonable times on business days at the Company's office to inspect the Company's books of account and all other information concerning the Company required by the Act to be made available to Members, and may make copies at such Member's expense. A Member must give the Company written notice of its desire to exercise rights under the preceding sentence at least five (5) business days in advance. The Company's books shall be kept on the accrual method of accounting in accordance with generally accepted accounting principles, consistently applied for each Fiscal Year. The Board shall cause to be prepared and distributed to each Member (a) a copy of the annual financial statements of the Company for each Fiscal Year, and (b) information necessary to complete the Member's federal income tax return within ninety (90) days after the close of each Fiscal Year.

10.2 Banking. All funds of the Company shall be deposited in its name in such federally-insured commercial bank or invested in such federally-insured savings and loan account or accounts, in such U.S. Treasury obligations, or in such bank certificates of deposit, as the Board and the Officers may reasonably determine (the "Bank Accounts"). All funds of the Company shall only be used for Company purposes as provided in this Agreement in accordance with the terms hereof. The Officers shall have signature rights on the Bank Accounts.

10.3 Reporting Requirements. The Board shall provide each Member with the Company's financial information, including on a monthly basis, a comparison of operations, on a year-to-date basis, reflecting income, cash flow, and operations compared to the Approved Budget.

11. Transfers of Membership Interests.

11.1 Member's or Assignee's Right to Transfer or Withdraw. Except for Transfers of Membership Interests to Affiliates or as otherwise provided herein, without the prior written consent of the other Members, no Member may Transfer all or any part of its Membership Interest in the Company. In the event a Member desires to Transfer all or any part of its Membership Interest to a third-party and such proposed transfer is consented to by the other Members, for a period of sixty (60) days prior to the closing of any such Transfer, Hospital shall have a right of first refusal to purchase said Membership Interest for a purchase price equal to the price to be paid by the proposed third-party purchaser. Any Person who acquires in any manner whatsoever the interest (or any part thereof) of any Member in the Company, irrespective of whether such Person has accepted and assumed in writing the terms and provisions of this Agreement, shall be deemed, by acceptance of the benefit of the acquisition thereof, to have requested and agreed to be subject to and bound by all of the obligations of this Agreement, with the same force and effect as any predecessor in interest in the Company, shall have only such rights as are provided in this Agreement, and, without limiting the generality of the foregoing, such Person shall not have the value of his interest ascertained or receive the value of such interest, or, in lieu thereof, profits attributable to any right in the Company, except as set forth in this Agreement. In addition, no Member shall have the right to withdraw from the Company without the prior written consent of the other Members.

11.2 Non-Complying Transfers Void. Any attempted Transfer of all or any part of a Member's Membership Interest that does not comply with the provisions of this Agreement shall be null and void and of no legal effect. In addition, in the case of an attempted Transfer of Interests that is not permitted hereunder, the parties engaging or attempting to engage in such Transfer shall be liable to indemnify and hold harmless the Company and the other Members from all cost, liability, and damage that any of such indemnified persons may incur (including, without limitation, incremental tax liability and legal fees and expenses) as a result of such Transfer or attempted Transfer and efforts to enforce the indemnity granted hereby.

11.3 Irreparable Harm. Each Member specifically acknowledges that a breach of this Section 11 would cause the Company and the Members to suffer immediate and irreparable harm, which could not be remedied by the payment of money damages. In the event of a breach or a threatened breach by a Member of the provisions of Section 11.1, the Company or any Member shall be entitled to injunctive relieve to prevent or end such breach, without the requirement of posting a bond. Nothing herein shall be construed to prevent the Company or other Members from pursuing any other remedies available to it for such breach or such threatened breach, including the recovery of damages, reasonable attorneys' fees and expenses.

11.4 Right of First Refusal of Hospital. In the event the Board determines that the Company should sell substantially all of its assets, Hospital shall have a right of first refusal to either purchase such assets, or to purchase the Class B Membership Interests from the other Members. In the event that Hospital chooses to exercise such right, such right shall be exercised within (60) days of the Board's determination. The purchase

price, in either event, shall be equal to the fair market value of the Class B Membership Interests or the assets of the Company as determined by a reputable, independent appraiser retained by the Company discounted to reflect the Class B Membership Interests' Percentage Membership Interests. If either party is dissatisfied a second appraisal may be obtained from a reputable appraiser, at the dissatisfied party's sole expense, and the fair market value shall be the average of the two appraisals. For purposes herein, "reputable" shall mean an appraiser experienced in the area of conducting health care appraisals.

11.5 Admission of Transferees. A transferee (not already a Member) may be admitted to the Company as a substitute Member only with the prior written consent of the other Members; provided, Class A Membership Interests may be transferred if incident to a whole hospital merger/transfer, and/or sale of assets to an Affiliate or parent of Hospital.

11.6 Obligation of Permitted Transferees. In the case of any approved transfer or disposition of Membership Interests, the transferee shall execute and deliver an appropriate instrument agreeing to be bound by this Agreement as a Member and such additional agreements or instruments as the Board may require. Any permitted transferee of Membership Interests shall receive and hold such Membership Interests subject to this Agreement and all of the restrictions, obligations and rights created hereunder, and the Members and such transferee shall be bound by their obligations under this Agreement with respect to each subsequent transferee.

11.7 Units are Restricted Securities. The Units have not been registered under the Securities Act of 1933 as amended (the "Securities Act"), or under the securities laws of any state, and may not be offered, sold, pledged, hypothecated or otherwise transferred unless and until registered under the Securities Act or, in the opinion of counsel in form and substance satisfactory to the Company, such offer, sale, pledge, hypothecation or transfer is in compliance therewith.

11.8. Involuntary Assignment by a Member. In the event a Member's interest is taken or disturbed by levy, foreclosure, charging order, execution, bankruptcy or other similar proceeding, the Company shall not dissolve. The assignee of that Member's Interest shall receive only the Member's rights to distributions and allocations of federal income tax items of the Company and shall, in no event, have the right to interfere in the management or the administration of the Company's business or affairs or to act as a Member. The assignee shall only have the right to receive distributions and allocations of federal income tax items attributable to the Member's interest in the Company. Any entity to which an interest in the Company is involuntarily transferred shall be deemed without further act to have accepted and assumed all of the rights, limitations, terms, and obligations arising under this Agreement on or after the date of such assignment. Upon demand any such assignee shall execute and deliver to each other party to this Agreement an instrument confirming such assumption. Failure to deliver such instrument shall be deemed a default hereunder by the assignee.

11.9 Acquisition of an Interest Conveyed to Another Without Authority. If any Person acquires an interest in the Company or becomes an assignee as a result of an order of a court which the Company is required by law to recognize, or if a Member makes an unauthorized Transfer of a Company interest, which the Company is required by law (and by order of a court) to recognize, the Hospital shall have the unilateral option to acquire the interest of the transferee or assignee, or any fraction or part thereof, upon the following terms and conditions:

(i) The Hospital shall have the option to acquire the interest by giving notice to the transferee or assignee of its intent to purchase within ninety (90) days from the date it is finally determined that the Company is required to recognize the transfer;

(ii) The valuation date for the determination of the purchase price of the interest shall be the first day of the month following the month in which notice is delivered;

(iii) Unless the Hospital and the transferee or assignee agree otherwise in writing, the purchase price for the interest, or any fraction to be acquired by the Company, shall be the Capital Account of the transferred interest as reflected on the books and records of the Company;

(iv) Closing of the sale shall occur at the principal office of the Company at 10:00 a.m. on the second Tuesday of the month following the month in which the appraisal described above is rendered; and

(v) In order to reduce the burden upon the resources of the Hospital, the Hospital shall have the option, to be exercised in writing delivered at closing, to pay its purchase money obligation in five (5) annual installments (or the remaining term of the Company if less than five (5) years) with interest payable at the applicable federal rate for mid-term obligations published by the United States Treasury Department. The first installment shall be due and payable on the first day of the calendar year following the closing, and subsequent annual installments, with accrued interest, shall be due and payable on the first day of each succeeding calendar year until the entire amount of the obligation is paid. The Hospital shall have the right to prepay all or any part of the purchase money obligation at any time without penalty.

11.10. Withdrawal Restrictions. A Member may withdraw from the Company with the written consent of the other Members; however, such withdrawal shall not be effective until ninety (90) days after written consent is given by the other Members. Any Member withdrawing under this Section 11.10 shall remain liable for and shall indemnify and hold the Company and the other Members harmless for any and all contingent liabilities, known or unknown, accruing prior to the date of withdrawal

Any Member who voluntarily withdraws from the Company, for any reason, shall be entitled to receive an amount equal to the fair market value of such

Member's interest as determined under Section 11.12.1 as of the effective date of such withdrawal as hereinabove defined.

11.11 Failure of Member to Maintain Good Standing. Any Member who fails to remain in Good Standing shall sell, assign and convey such Member's interest in the Company to the Company and the Company shall purchase such Member's interest for an amount equal to the Capital Account balance of such Member as of the date such Member fails to remain in Good Standing and upon payment of such Capital Account balance, such Member shall cease to be a Member of the Company. Provided, further, if a Member's Capital Account is negative, such Capital Account must be restored to positive. For purposes of this Agreement, a Member fails to remain in Good Standing upon the happening of any one or more of the following events:

(i) As a result of any disciplinary action, such Member's ability to perform professional medical services at the Company's principal office are suspended or terminated and such privileges are not reinstated within thirty (30) days of such suspension or termination, or

(ii) Such Member is found by an appropriate legal authority to be guilty of any immoral conduct tending to injure the reputation of Company or such Member's profession, or

(iii) Such Member, without first obtaining the written consent of Company, becomes a proprietor, partner, agent, member, shareholder, joint venturer, officer, director, or any type of principal, employee or agent whatsoever of another firm, partnership, limited liability company, joint venture, association, corporation, business organization, professional corporation, professional association or other enterprise authorized to practice medicine in the Commonwealth of Pennsylvania, which competes with the Company or

(iv) Such Member dies, suffers a Disability or withdraws from the Company or

11.12. Termination of Hospital Contract. Upon the expiration or termination, for whatever reason, of the Hospital Contract, and provided no interim Hospital Contract agreement is executed within 60 days of the expiration or termination of the Hospital contract, Hospital shall have the option, at its sole discretion, to purchase ARAI's Membership Interest for an amount equal to the fair market value thereof, payable over a 5 year period with interest at the applicable federal rate. The fair market value shall be determined by a reputable independent appraiser retained by the Company. If either party is dissatisfied with the appraisal, a second appraisal may be obtained from a reputable appraiser, as mutually agreed upon by the parties, at the dissatisfied party's sole expense, and the fair market value shall be the average of the two appraisals. For purposes herein, "reputable" shall mean an appraiser experienced in the area of conducting health care appraisals.

11.13. Merger or Assignment. If any Member is acquired by another entity, merges into another entity, or otherwise transfers a majority of its assets to another entity (the "Transaction") that Member must provide notice to the other Members (the "Unaffected Members") of the identity of the other party to the Transaction, the details of the Transaction and the effective date of the Transaction. The Company shall then have one hundred eighty (180) days from the effective date of the Transaction to decide whether to acquire the Interest of the Member who is involved in the Transaction. If the Company decides of that Member's Interest to so acquire the interest of the Member involved in the Transaction, then the purchase price shall be Fifty Percent (50%) of the fair market value payable over three (3) years. If the Company elects not to acquire the interest of the Member who is involved in the Transaction at that time, then the Member who was involved in the Transaction will remain a Member except then, if that Member subsequently acquires the Interest of the Unaffected Members, the Interest of the Unaffected Members shall be valued at Two Hundred percent (200%) of the fair market value multiplied by the Unaffected Members' respective Interest in the Company, such price to be due and payable immediately. The fair market value shall be determined as specified in Section 11.12.1 of this Agreement.

11.14. Voluntary Withdraw. Any Member desiring to voluntarily withdraw from the Company may offer its Membership Interest to the Company in writing. The Company shall have sixty (60) days from the date of such written offer to accept or decline the offer. Should the Company elect to accept the offer, the Membership Interest of the member who wishes to Voluntarily Withdraw from the Company shall be purchased at Fifty Percent (50%) of the fair market value, such price to be paid over five (5) years at no interest. Should the Company decline the offer, the Membership Interest may not be sold or transferred except as otherwise provided in this Agreement.

11.15. Multiple Withdrawals. In the event that two or more Members have withdrawn, become disabled or been expelled, in the event that the Company is obligated to make payments while withdrawing, disabled, deceased, or expelled Members within their estates, without the benefit of insurance, in these events, the Board may determine to reasonably extend the terms of payment to said withdrawing Members or their beneficiaries by reducing the amount of monthly payments otherwise provided herein.

12. Restrictive Covenants.

12.1 Confidential Information. Each of the Members and their Affiliates agree that while such Members are Members of the Company, the Members and their Affiliates will keep confidential and not directly or indirectly divulge to anyone, except for such Member's employees, agents, advisors, consultants, or other representatives, or use or otherwise appropriate for their own benefit or for the benefit of others, any Confidential Information. Each Member and their Affiliates hereby acknowledges and agrees that the prohibitions against disclosure of Confidential Information recited herein are in addition to, and not in lieu of, any rights or remedies which Company may have available pursuant to the laws of any jurisdiction or at common law to prevent the disclosure of confidential information, and the enforcement by Company of its rights and remedies

WPAHS-000690

pursuant hereto shall not be construed as a waiver of any other rights or available remedies which Company may possess in law or equity.

12.2 Non-Competition. NPIS agrees that while a Member of the Company and for a period of two (2) years after ceasing to be a Member for any reason unless due to the dissolution of the Company (the "Period of Restriction"), NPIS and their Affiliates shall not at any time or place or to any extent whatsoever, either directly or indirectly, without the express prior written consent of the other Members, engage in any activity competitive with or adverse to the business, practice, management, administration, or affairs of the Company within the Restricted Area (as hereinafter defined). The "Restricted Area" means the area within the ZIP Codes delineated in section 12.7. The foregoing restriction shall not apply to any client or facility within such Restricted Area with which NPIS has a pre-existing business or business relationship as of the effective date of this Agreement. Hospital and ARAI, together and collectively, at their sole option, may ask NPIS to participate in freestanding imaging center projects in the area identified as the Restricted Area. Except when conducting Business on behalf of the Company, no Member, directly or indirectly, whether personally or through any other person, shall engage in the copying of patient files or address lists, or the solicitation of patients of the Company.

12.3 Company Employees. Without first obtaining the consent of the other Member, each Member, and their Affiliates, further agree that while such Members are Members of the Company and for a period of two (2) years after ceasing to be a Member for any reason unless due to the dissolution of the Company, the Member or their Affiliates shall not induce, nor attempt to induce, any employee of the other Members, or any of the other Member's Affiliates, or the Company, to terminate his or her association with any such Member or Affiliate. However, all Members agree that in the mutual interest of all parties involved and with the prior written consent of all Members, employees of the Members and the Company may be leased, loaned or borrowed to another Member or Members affiliate as agreed upon. All Members and the Company must be in agreement as to the duration of service, compensation to the loaning/leasing Member or Company, and necessity for the service. Any loaned or leased employee of any Member or Company shall return to their original position immediately should the loaning/leasing Member or Company experience and unforeseen staffing shortage.

12.4 Availability of Equitable Remedies. The covenants contained in this Section 12 are considered by the Members to be fair, reasonable and necessary for the protection of the other Members. The Members mutually agree that if a violation of any covenant contained in this Section 12 occurs, such violation or threatened violation will cause immediate and irreparable injury to the Company and the other Members and the remedy at law for any such violation or threatened violation will be inadequate. The Members therefore agree that the Company and the injured Members shall be entitled to appropriate equitable relief, including, but not limited to, a temporary restraining order or a preliminary injunction, in addition to any other remedy that might be available at law or in equity without the necessity of posting a bond.

12.5 Enforcement. If any provision or covenant contained in this Section 12 is hereafter held by any court or governmental authority of competent jurisdiction to be invalid or unenforceable in any jurisdiction because of the duration, breadth or scope thereof or otherwise, such provision or covenants shall be deemed to be reduced in duration, breadth or scope or otherwise, as the case may be, to the extent required to make it valid and enforceable and in its revised form, such provision shall remain in full force and effect.

12.6 Independent Medical Judgment. Nothing in this Section 12 shall be deemed to prohibit any physician from exercising his or her medical judgment concerning the treatment of his or her patient in any manner whatsoever in any location whatsoever, and shall not be deemed to require the referral of any such patient to any facility of the Members, the Company or any of their Affiliates.

12.7 Restricted Area.

15010 Allison Park
15106 Carnegie
15108 Coraopolis
15116 Glenshaw
15136 McKees Rocks
15143 Sewickley
15201 Arsenal
15202 Bellevue
15204 Sheriden
15205 Robinson Twp.
15209 Millvale
15212 Northside
15214 Ross
15215 Sharpsburg
15216 Dormont
15219 Uptown
15220 Greentree
15222 Downtown
15223 Etna
15225 Neville Island
15229 West View
15233 Manchester
15237 McKnight
15282 Pittsburgh

13. Dissolution.

13.1 Dissolution. The Company shall be dissolved and its business terminated upon the happening of the earliest of the following:

13.1.1 The unanimous written consent of all of the Members to dissolve, wind up and liquidate the Company;

13.1.2 The passage of thirty (30) days following the sale or other disposition of all or substantially all of the assets of the Company to a non-Member; provided, however, if a promissory note is received for consideration for such sale or disposition, unless dissolved under other provisions of this Agreement, the Company shall not dissolve until the passage of thirty (30) days following the date on which the note is paid; or

13.1.3 The occurrence of any other event, which, under the mandatory provisions of the Act, would cause a termination or dissolution of the Company except that the Members hereby expressly provide that none of the events set forth in [State LLC Act, if necessary] will constitute an event of dissolution.

13.2 Continuation of Business. Notwithstanding the provisions of Section 13.1 so long as there is at least one (1) remaining Member of the Company, the remaining Member, within ninety (90) days of any event described in Section 13.1 above, may agree to (i) continue the Company or (ii) transfer the assets of the Company to a newly organized entity and accept an ownership interest in the entity in exchange for its interest in the Company at the time of dissolution. An appropriate amendment to or cancellation of the Articles of Organization and all other filings required by law shall be made in accordance with any action taken pursuant to this Section 13.2. Upon such transfer the company or the newly organized entity shall pay to the Member who is not participating in the continuation of the Company's business, the fair market value (as determined by the methodology set forth in Section 11.4) of such Member's Percentage Membership Interest, and such Member shall thereafter have no interest in the Company's business or assets.

13.3 Statement of Assets. Upon any dissolution of the Company, the accountant then retained by the Company shall prepare a statement setting forth the assets and liabilities of the Company as of the date of dissolution, and such statements shall be furnished to all Members.

14. Liquidation.

14.1 Sale of Assets. In the event of the dissolution of the Company, which dissolution is not followed by an election of the Members to continue the Company, the Company shall first file a notice with the Pennsylvania Secretary of State. The assets of the Company shall then be sold or distributed as promptly as possible, but in an orderly and businesslike manner as the Members in their discretion shall determine; provided, that Hospital is given a right of first refusal with respect to such assets. Such right of refusal shall be exercised within sixty (60) days after Hospital becomes aware of the existence of an event of dissolution of the Company. Any remaining Member or Affiliate thereof may purchase the assets of the Company at such sale, provided that the purchase price is not less than either (i) book value or (ii) upon terms no less favorable than a third

WPAHS-000693

party would receive. If for any reason the remaining Member is unable to take charge of the liquidation a Person qualified to act as a receiver shall be chosen to be in charge of the liquidation.

14.2 Distribution of Assets. The proceeds of any sale described in Section 14.1 above, in addition to the cash on hand, shall be applied and distributed in the following order of priority:

14.2.1 To the payment of debts and liabilities of the Company and the expenses of liquidation; then

14.2.2 To the setting up of such reserves as the Members may deem necessary for any continent liabilities or obligations of the Company provided that any such reserves shall be paid over to an independent escrow agent, to be held by such agent or his successor for such period as such Person shall deem advisable for the purpose of applying such reserves to the payment of such liabilities or obligations and, at the expiration of such period, the balance of such reserves, if any shall be distributed as hereafter provided; then

14.2.3 To the Members in proportion to the positive balances of their respective Capital Accounts after all Net Income and Net Loss resulting from the liquidation and/or distribution of all assets of the company have been allocated.

15. Member Meetings.

15.1 Annual Meetings. The annual meeting of Members shall be held at the Principal Office of the Company or such other place at such times and dates as may be determined by the Members (as hereinafter defined).

15.2 Notice of Annual Meeting. A notice of the annual meeting shall be served in writing by the secretary upon each Member at the address as appears in the stock book of the Company not less than ten (10) days and no more than sixty (60) days prior to the date of said annual meeting. Any Member that voluntarily attends the meeting waives all right to notice thereof, unless such Member attends for the sole purpose of objecting to the manner in which notice was provided.

15.3 Special Meetings. Special meetings of Members may be called at any time by any Member. Notice of such special meeting shall be given no less than ten (10) business days prior to the date of such meeting and shall set forth the date, time, place, and purpose for which the special meeting is called. No other business shall be permitted to be transacted at such special meeting unless the consent of all the Members is first obtained.

15.4 Quorum. The holders of a majority of both classes of the Membership Interests must be present in person or represented by proxy at any Member meeting in order to constitute a quorum for the transaction of any business. If a quorum shall not be

present or represented, the Members entitled to vote thereon shall have the power to adjourn the meeting from time to time until a quorum shall be present or otherwise represented.

15.5 Voting. Members entitled to vote shall have voting power in proportion to their Percentage Membership Interests. Subject to Section 8.12 and Section 8.13 herein, at a meeting of Members at which a quorum is present, the affirmative vote of Members holding a majority of the Membership Interests and entitled to vote on the matter shall be the act of the Members unless the vote of a greater number is required by this Agreement or the Act. There shall be no cumulative voting of Membership Interests.

15.6 Investment Representations. The undersigned Members acknowledge (i) that the Membership Interests evidenced by this Agreement have not been registered under the Securities Act of 1933 or Commonwealth of Pennsylvania securities laws or the securities laws of any other state (the "Securities Acts") because the Company is issuing these Membership Interests in reliance upon the exemptions from the registrations requirements of the Securities Acts providing for issuance of securities not involving a public offering, (ii) that the Company has relied upon the fact that the Membership Interests are to be held by each member (or Assignee) for investment, and (3) that exemption from registrations under the Securities Acts would not e available if the Membership Interests were acquired by a Member (or Assignee) with a view to distribution.

Accordingly, each Member hereby represents and warrants to the Company and the other Members that such Member is acquiring the Interest for such Member's own account for investment and not with a view to the resale or distribution thereof. Each Member agrees not to transfer, sell or offer for sale any of portion of such Member's Membership Interest unless there is an effective registration or other qualification relating thereto under the Securities Act of 1933 and under any applicable state securities laws or unless the holder of such Interest delivers to the Company an opinion of counsel, satisfactory to the Company, that such registration or other qualification under such Act and applicable state securities laws is not required in connection with such transfer, offer or sale. Each Member acknowledges that the Company is under no obligation to register such Member's Membership Interest or to assist such Member in complying with any exemption from registration under the Securities Acts if such Member should at a later date wish to dispose of the Membership Interest. Furthermore, each member realizes that such Interest is unlikely to qualify for disposition under Rule 144 of the Securities and Exchange Commission unless such Member is not as "Affiliate" of the Company and the Membership Interest has been beneficially owned and fully paid for by such Member for at least three years.

Prior to acquiring an Interest in the Company, each Member has made an investigation of the Company and its business and has had made available to each such Member all information with respect thereto which such member needed to make an informed decision to acquire the Interest. Each Member is an "accredited investor" as that term is defined in Regulation D promulgated under the Securities Act, or if the

Member is an entity, all of the equity owners of the Member are accredited investors. Further, each Member considers himself, herself or itself to be a Person possessing experience and sophistication as an investor which are adequate for the evaluation of the merits and risks of such Member's investment in the Membership Interest. Each Member has no need for liquidity with respect to its investment in the Company and each Member's financial situation is such that the Member can afford to bear the economic risk of holding the Membership Interests for an indefinite period of time, has adequate means for providing for Members current needs and personal contingencies, and can afford to suffer a complete loss of Member's investment in the Membership Interests.

Each Member understands that the Company has only recently been organized and has no financial or operating history and that investment in the Membership Interests is a speculative investment which involves a high degree of risk of loss of members investment therein, that there are substantial restrictions on the transferability of the Membership Interests, and, on the Effective Date and for an indefinite period following the Effective Date, that there will be no public market for the Membership Interests and, accordingly, it may not be possible for the Member to liquidate the Members investment in case of emergency, if at all. Each Member understands and has taken cognizance of all the risk factors related to the purchase of the Membership Interests, and, other than as set forth in this Agreement, no representations or warranties have been made to the Member or Members representatives concerning the Membership Interests r the Company or their prospects or other matters.

15.7 Health Care Acknowledgment. Each Member hereby acknowledges that the Company shall be engaged in the delivery of health care services that are subject to numerous federal, state and local laws and neither the Company, the Company's operation, the ability to transfer the Service, the member's ability to invest in the Company, nor the Member's ability to make referrals to the company have been specifically reviewed, approved or authorized by any authorized government agency and, although the Company believes it is operating in material compliance with all applicable laws, no assurances can be given that a federal or state agency charged with enforcement and/or interpreting such laws, or a private party, might not successfully assert a contrary position.

All representations, warranties and acknowledgements made in this Section 15 shall survive execution and delivery of this Agreement.

16. Other Representation and Warranties. Each Member, and in the case of an organization, the person(s) executing this Agreement on behalf of the organization, hereby warrants and represents to the Company and each other Member that he, she or it: (a) if an entity, is duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania and that it has full organizational power and authority to own its property and carry on its business; (b) has the individual or organizational power and authority to execute and deliver this Agreement and to perform its obligations hereunder; (c) the execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate, partnership or organization action;

(d) this Agreement constitutes the legal, valid and binding obligation of such Member; and (e) neither the execution, delivery and performance of this Agreement nor the consummation of the transactions contemplated thereby (i) conflict with, violate or result in a breach of any of term, condition or provision of law, regulation, order, writ, injunction, decree, determination, or award of any court or governmental department, board agency r instrumentality, or any arbitrator, applicable to such Member or any of its Affiliates, (ii) if an entity, conflict with, violate or result in a breach of, or constitute a default under any of the terms, conditions or provisions of its articles or organization, articles of incorporation, operating agreement, bylaws, or partnership agreement of such Member or any of its Affiliates, or (iii) conflict with, violate or result in a breach of any agreement or instrument to which such Member or any of its Affiliates is a party or is otherwise bound. All representations and warranties set forth in this Section 16 shall survive the execution and delivery of this Agreement.

17. Indemnification. The Company shall indemnify and hold the Members and each of such Members' officers, directors, members or employees harmless from any loss or damage, including costs and attorneys' fees (including those incurred in appellate proceedings), they may incur by reason of any act performed in exercising their duties on behalf of the Company to the fullest extent permitted under the Act.

18. Litigation. In the event of any litigation under this Agreement or between the parties hereto, the each party shall pay its own court costs and attorneys' fees, including those at trial and on appeal.

19. Notices Any notice or other communication to any party pursuant to or relating to this Agreement shall be deemed to have been given or delivered when deposited in the United States mail, certified, return receipt requested and with proper postage prepaid addressed as follows:

Board: _____
_____
_____
Attn: _____

With regard to Members, the address for notice purposes shall be that address on file with the Company for such Member.

20. Governing Body of Members. Each Member that is an entity shall be obligated to inform the Company as to who serves on its current governing board or body and the identity of all officers of the Member.

21. Successors and Assigns. This Agreement shall be binding upon the Members and their heirs, legal representatives, successors and assigns.

22. Amendments. This Agreement may be altered or amended only in a writing signed by all the parties hereto.

23. Governing Law. Unless otherwise provided herein, all questions regarding the construction, interpretation or enforcement hereof shall be governed by the laws of the Commonwealth of Pennsylvania without regard to the state's conflict of laws provision.

24. Counterparts. This Agreement may be executed in counterparts. Each and every counterpart shall, for all purposes, be deemed an original, but all such counterparts together shall constitute one and the same instrument.

25. Entire Agreement. This Agreement supersedes and revokes any and all prior agreements, written or oral, relating to the Company, except such agreements referenced in this Agreement and the terms and conditions hereof shall be solely determinative of the subject matter of the Agreement with respect to the relationship hereto.

26. Waiver. The failure by a party to exercise a right or demand strict performance of an obligation such as payment of interest under this Agreement, shall not constitute a waiver of such right in the future.

27. Section Headings. The headings of each Section of this Agreement are solely for the convenience of reference and they shall be of no force or effect in interpreting the substance of each such Section.

28. Severability. If any provision of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby, unless such provision is material and its invalidity, illegality or unenforceability results in a substantial economic detriment to a Member, in which case the Members shall negotiate in good faith a resolution which to the maximum extent feasible preserves to each Member the rights and benefits contemplated hereunder.

29. Further Assurances. Each Member shall execute such deeds, assignments, endorsements, evidences of Transfer and other instruments and documents and shall give such further assurances as shall be necessary to perform its obligations hereunder.

30. Changes in Law and Regulations. In the event any applicable federal, state or local law or any regulation, order or policy issued under any such law is changed (or any judicial interpretation thereof is developed or changed) in a way which will have a material adverse effect on the practical realization of the benefits anticipated by one or more parties to this Agreement or Hospital determines that continued operation of the Company may adversely affects its tax-exempt status, the adversely affected party or parties shall notify the other party or parties in writing of such change or determination and the effect of the change or determination. Such notification shall be accompanied by an opinion of counsel, reasonably versed in health care matters, addressed to the Company setting forth its concerns. The parties shall enter into good faith negotiations to modify this Agreement to compensate for such change or determination. If an agreement on a method for modifying this Agreement is not reached within thirty (30) days of such

written notice, the adversely affected party may, at its options, provide written notice to the other Members that it is willing, because of the inability of the Members to resolve the issues raised to the reasonable satisfaction of the adversely affected party, to either (i) make cash payment to the other party in consideration for the transfer of such party's membership interest in the Company or (ii) to transfer its Membership Interest in the Company in exchange of a cash payment from the other party. Within thirty (30) days of receipt of such notice, the party receiving the notice shall be required to elect either to make such cash payment or to accept such cash payment from the party sending the notice. Such cash payment shall be at fair market value pursuant to the methodology set forth in Section 11.4 and shall be payable within sixty (60) days of the receipt of the receiving party's election.

IN WITNESS WHEREOF, the parties hereto have executed this Operating Agreement on the date first above written.

HOSPITAL: _____

By: Cawrie M. Gibbons

Title: President & CEO

ARAI: _____

By: PAUL M KIPROFF

Title: President

NPIS: _____

By: FRANK MADONNA, MD

Title: PRESIDENT

EXHIBIT A

Members, Membership Interests, and Capital Contributions

The name, address, Capital Contribution and Percentage Membership Interest of each Member is as follows:

Name and Address:	Capital Contributions	Percentage Membership Interest
Allegheny General Hospital 320 E. North Avenue Pittsburgh, PA 15212	$45,000.00	45%
Allegheny Radiology Associates Imaging, LLC 320 E. North Avenue Pittsburgh, PA 15212	$30,000.00	30%
North Pittsburgh Imaging Specialists, LLC 6001 Stonewood Drive Wexford, PA 15090	$25,000.00	25%

EXHIBIT B

Board and Officers

1. Initial Members of the Board:

AGH - DANIEL SACCO
ARAI – Paul M. Kiproff, MD
NPIS – Frank Madonna, MD
AGH Alternates - KEN ANTHONY
ARAI Alternates - ROBERT SCIULLI / Cathy Kim
NPIS Alternates - GARY KEELING / RICK PICA

2. Initial Officers:

a. _____, Chief Manager
b. FRANK MADONNA, Secretary

EXHIBIT C

Form of Management Agreement

(Not Attached)

EXHIBIT D

Form of Radiology Services Agreement

(Not Attached)

WPAHS-000704

Document Divider

BYLAWS

ALLEGHENY MEDICAL PRACTICE NETWORK
Pittsburgh, Pennsylvania

As Revised September 18, 2008

Previous Revisions:

August 9, 2000

Adopted as of August 9, 2000

AMENDED AND RESTATED BYLAWS OF ALLEGHENY MEDICAL PRACTICE NETWORK

ARTICLE I

NAME AND LOCATION

Section 1. Name. The name of the Corporation is Allegheny Medical Practice Network (the "Corporation").

Section 2. Principal Office. The principal office of the Corporation shall be located at 320 East North Avenue, Pittsburgh, Pennsylvania 15212 or at such other address as the Board of Directors shall determine.

ARTICLE II

PURPOSE; PARTICIPATION IN SYSTEM

Section 1. Purpose. The Corporation is formed and is to be operated exclusively for the following charitable, scientific and educational purposes, within the meaning of sections 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"):

(a) establishing, maintaining and operating programs and facilities rendering diagnostic and clinical and other health care services and health related services in the Western Pennsylvania community (including, without limitation, offices and clinics, hospitals, psychiatric hospitals, children's hospitals, rehabilitation hospitals, ambulatory care services and facilities, long term care facilities, and agencies or facilities providing for persons in their homes);

(b) providing health care for sick, injured, disabled, indigent, or infirm persons in the Western Pennsylvania community;

(c) providing for the preservation of health of the Western Pennsylvania community;

(d) establishing, maintaining and operating such activities, services, and facilities as are designed or intended to advance or support medical education, clinical research, and preventive health activity; in each case as determined by the Corporation's sole member and as an integral part of the regional health care system comprised of corporations of which the Corporation's sole member is also the sole member and that are described in section 501(c)(3) of the Code; and

(e) exercising such powers in furtherance of the foregoing purposes as are now or may be granted hereafter by the Nonprofit Corporation Law of the Commonwealth of Pennsylvania, as amended from time to time, or any successor legislation (the "PNCL").

Section 2. Participation in System. The Corporation is a constituent entity of the health care system serving Western Pennsylvania known as West Penn Allegheny Health System (the "System") which, as of the date of the adoption of these bylaws, is comprised of affiliated hospitals and certain other affiliated organizations. These Bylaws, among other things, establish the relative authority and responsibility of the entities and individuals participating in the governance and management of the Corporation in its capacity as part of the System.

ARTICLE III

MEMBER

Section 1. Member. Subject to Section 9 of this Article III, the sole voting member of the Corporation shall be West Penn Allegheny Health System, Inc. (the "Member"), acting through its Board of Directors (the "Member Board"), or through its Executive Committee (the "Member Executive Committee") or designated officers of the Member (the "Designated Representatives") to the extent that the Member has, pursuant to its Bylaws or by resolution duly adopted by the Member Board, delegated its authority herein to the Member Executive Committee or to a Designated Representative; provided, however, that neither the Member Executive Committee nor any Designated Representative shall have the authority to act on behalf of the Member with respect to any of the actions identified in Section 2.B of this Article III.

Section 2. Powers and Rights of Member.

A. The Member shall have such powers and rights as are set forth in the PNCL and the Articles of Incorporation of the Corporation. Without limiting and in addition to such powers and rights, the Member shall have the exclusive authority to exercise the following powers:

(1) Adopt and/or approve and interpret the statement of mission and philosophy of the Corporation, and require the Corporation to operate in conformance with its statement of mission and philosophy;

(2) Adopt and/or approve amendments or restatements of the bylaws and Articles of Incorporation of the Corporation, subject, however, to Section 9 of this Article III, and with respect to amendments of the following provisions in the bylaws and Articles of Incorporation of the Corporation, subject to prior notice to the Attorney General and the prior approval of the Orphans' Court: (i) provisions setting forth the purposes of the Corporation; (ii) provisions setting forth the powers reserved exclusively to the Member; (iii) provisions describing the manner in which the assets of the Corporation are to be distributed upon termination, dissolution or winding up of the Corporation; and (iv) provisions requiring notice to the Attorney General or approval of the Orphans' Court prior to the taking of certain action by the Corporation.

(3) Fix the number of, and elect, appoint, fill vacancies in and remove, with or without cause, the Directors; and elect and remove, with or without cause, the Chair and Vice Chair of the Board of Directors of the Corporation, and the Secretary and Treasurer of the Corporation; provided that no Director or officer shall be removed by the Member without 10 days prior notice of such removal from the Member to the Board of Directors;

(4) Designate the administrative structure of the Corporation and, after consultation with the Board of Directors of the Corporation, elect and remove, with or without cause, the President and Chief Executive Officer and all vice presidents and other officers of the Corporation, provided that no officer shall be removed by the Member without 10 days prior notice of such removal from the Member to the Board of Directors;

(5) Cause or approve any merger, consolidation, division, conversion, or dissolution of the Corporation, or the filing of a petition in bankruptcy or execution of a deed of assignment for the benefit of creditors;

(6) Approve or cause the Corporation to engage in any acquisition or any sale, lease, exchange, mortgage, pledge or other alienation of any personal property of the Corporation having a value in excess of an amount to be fixed from time to time by the Member or any real property of the Corporation;

(7) Adopt and/or approve any capital or operating budgets of the Corporation, and approve or direct any unbudgeted expenditure to be undertaken individually or collectively by the Corporation and any affiliated corporations controlled by the Corporation (other than unbudgeted expenditures which are required in order for the Corporation to be in compliance with applicable laws, rules and regulations, and state licensing and accreditation requirements), where the cumulative amount of such unbudgeted expenditures is in excess of an amount to be fixed from time to time by the Member;

(8) Adopt and/or approve any operating plan or financial plan with respect to the Corporation, and require the Corporation to comply with such operating or financial plan;

(9) Approve and/or cause the Corporation to undertake or engage itself in respect of any bond issuance or any other indebtedness for borrowed money of the Corporation, or any lending of funds by the Corporation to an unrelated person, corporation or other legal entity, including without limitation any capital leases (other than indebtedness to provide funds for expenditures necessary in order for the Corporation to be in compliance with applicable laws, rules and regulations, and state licensing and accreditation requirements, to the extent such funds are not otherwise reasonably available), representing obligations of the Corporation in excess of an amount per annum in the aggregate established from time to time by the Member;

(10) Approve and/or direct the allocation and transfer of the Corporation's excess cash (as determined by the Member) among those charitable nonprofit health care organizations operating in Western Pennsylvania of which the Member is the sole

Member, which organizations are exempt from federal income taxation under Section 501(a) of the Code because they are organizations described in Section 501(c)(3) of the Code, provided that any such allocation and transfer shall be in furtherance of the Corporation's charitable purposes;

(11) Establish and/or approve the criteria for, and conduct the evaluation of, the performance of the President and Chief Executive Officer and all vice presidents and officers of similar rank of the Corporation;

(12) Approve and/or cause the adoption by the Corporation of proposed settlements of litigation when such settlements exceed applicable insurance coverage or the amounts reserved in respect thereof of any applicable self-insurance fund;

(13) Approve and/or cause the adoption by the Corporation of any contracts between the Corporation and any managed care organization (including without limitation any health maintenance organization or independent practice association) or insurance company;

(14) Approve and/or cause any corporate reorganization of the Corporation or the establishment or dissolution of any subsidiary organizations, including corporations, partnerships or other entities, of the Corporation;

(15) Adopt and/or approve the strategic plan of the Corporation; and

(16) Approve or direct the taking of any other action outside of ordinary course of business and such matters as are required to be submitted to corporate members of a Pennsylvania nonprofit corporation.

Except as otherwise required by the PNCL, and subject to Section 9 of this Article III, the action of the Member with respect to each of the foregoing actions shall be sufficient to approve such actions, no action by the Board of Directors of the Corporation shall be required with respect to any such actions, and, to the full extent permitted by law, no action of the Board of Directors with respect to any such actions shall be effective for any purpose without the approval of the Member.

B. Each of the following actions may be approved by the Member only through action of the Member Board, and not through action of the Member Executive Committee or any Designated Representative:

(1) The adoption or approval of a statement of mission and philosophy of the Corporation;

(2) The adoption or approval of any amendments of the Bylaws or Articles of Incorporation of the Corporation;

(3) The approval of any merger, consolidation, division, conversion, or dissolution of the Corporation, or the filing of a petition in bankruptcy or execution of a

deed of assignment for the benefit of creditors, or the sale or other disposition of all or substantially all of the assets of the Corporation;

(4) The election, appointment and removal of the Directors, the Chair and Vice Chair of the Board of Directors of the Corporation, and the Secretary and Treasurer of the Corporation;

(5) The approval of any bond issuance or incurrence of any other indebtedness for borrowed money of the Corporation, or any lending of funds by the Corporation to an unrelated person, corporation or other legal entity, including without limitation any capital leases; and

(6) The approval and/or direction of the allocation and transfer of the Corporation's excess cash (as determined by the Member) among those charitable nonprofit health care organizations operating in Western Pennsylvania of which the Member is the sole Member.

Section 3. Meetings of Member. Meetings of the Member may be held at such place within the Commonwealth of Pennsylvania as the Member may from time to time determine, or as may be designated in the notice of the meeting.

Section 4. Annual Meeting of the Member.

A. Unless otherwise fixed by the Member, the annual meeting of the Corporation shall be held in June of each year. At each annual meeting, (i) the Board of Directors shall present to the Member an annual report regarding the financial performance of the Corporation, and (ii) the Member shall appoint the Board of Directors of the Corporation in accordance with Article IV and all officers that pursuant to the Bylaws are then to be appointed by the Member. If the annual meeting shall not be called and held within one (1) month of the date specified in this Article III, Section 4 or fixed by the Member in accordance with this Article III, Section 4, as applicable, any members of the Board of Directors and any officers theretofore appointed by the Member shall continue to serve unless removed by the Member (or unless the applicable member of the Board of Directors or officer resigns), and a special meeting may be held in place thereof with the same force and effect as the annual meeting, and in such case all references in these Bylaws, except in this Article III, Section 4, to the annual meeting of the Corporation shall be deemed to refer to such special meeting. Any such special meeting shall be called and notice given as provided in Article III, Sections 5 and 7, as applicable.

B. Immediately after each annual appointment of the Board of Directors by the Member at the annual meeting or a special meeting, the Board of Directors of the Corporation shall meet for the transaction of business to be conducted by the Board of Directors at the place where the annual or special meeting of the Member was held. Notice of such meeting need not be given. If such meeting is to be held at any other time or place, notice thereof shall be given as provided in Article V, Section 2 for special meetings of the Board of Directors.

Section 5. Special Meetings of the Member. Special meetings of the Member shall be held whenever called by the Board of Directors of the Corporation, or by written demand of the Member.

Section 6. Action Without a Meeting. Any action which may be taken at a meeting of the Member may be taken without a meeting if a consent in writing setting forth the actions so taken shall be signed by the Member, and filed with the Secretary of the Corporation.

Section 7. Notice of Meetings; Participation by Conference Telephone.

A. Unless otherwise provided in these Bylaws, whenever written notice is required to be given to the Member under the provisions of the Articles of Incorporation, these Bylaws, or the PNCL, it may be given by sending a copy thereof first class mail, postage prepaid, by personal delivery, or in the case of notices other than notices of meetings, by telecopy with confirmed receipt to the address of the Member appearing on the books of the Corporation. If the notice is sent by mail, it shall be deemed to have been given to the Member entitled thereto when deposited in the United States. A notice of meeting shall specify the place, day and hour of the meeting and any other information required by law or these Bylaws, and, unless the meeting is an annual meeting, shall indicate that the notice is being issued by or at the direction of the person(s) calling the meeting. Notice of each meeting of the Member shall be given not less than five days before the date of the meeting, except in the case where fundamental changes to the Corporation under Chapter 59 of the PNCL will be considered, in which case such notice shall be given not less than ten days before the date of the meeting. Every such notice shall state the date, time and place of the meeting, and notices of special meetings of the Member shall also set forth the general nature of the business to be conducted at such meeting.

B. When a meeting is adjourned, it shall not be necessary to give any notice of the adjourned meeting and of the business to be transacted at an adjourned meeting in accordance with the provisions of this Article III, Section 7 if the day, time and place to which the meeting is adjourned is announced at the meeting at which the adjournment is taken.

C. Whenever notice of a meeting is required, such notice need not be given to the Member if a written waiver of notice executed by the Member is filed with the records of the Corporation. Attendance by the Member at any meeting of the Member shall constitute a waiver by the Member of notice of such meeting, except where the Member attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

D. One or more persons may participate in a meeting of the Member by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

Section 8. Resolutions. Whenever the language of a proposed resolution is included in a written notice of a meeting of the Member, the meeting considering the resolution may

without further notice adopt it with such clarifying or other amendments as do not enlarge its original purpose.

Section 9. Additional Members. Notwithstanding anything herein to the contrary, upon the occurrence of a Triggering Event (as defined below), then effective immediately and automatically upon the occurrence of such Triggering Event and without further action by the Member, the voting members of the Corporation shall include, in addition to the Member identified in Section 1 of this Article III hereof, all of the then-current members of the Board of Directors of the Corporation, and any reference in these bylaws to "the Member" shall be deemed to be a reference to "the Members" as identified in this Article III, Section 9, each of whom shall have one vote, and all of whom together shall have the authority that, but for operation of this Article III, Section 9, would be vested in the Member. From and after the occurrence of a Triggering Event, (i) a majority of the Members shall constitute a quorum at any meeting of the Members and (ii) the affirmative vote of two-thirds (or greater) of the whole number of Members shall be required to approve any matter to be voted on by the Members. For purposes of this Section, "Triggering Event" shall mean any of the following occurrences:

(1) a Final Determination (as defined below) shall have been entered denying the Member's application for recognition as an Exempt Organization (as defined below) or revoking the Member's status as an Exempt Organization;

(2) the Member shall have taken all corporate action necessary to approve (x) the dissolution of the Member or (y) the filing by the Member of a voluntary petition in bankruptcy;

(3) the Member shall have admitted in writing its inability to pay its debts as they come due; or

(4) an involuntary petition for the dissolution and winding up of the Member shall have been filed, which such petition is not dismissed within 60 days of the filing thereof.

"Final Determination" shall mean a decision, judgment, decree or other order by the Internal Revenue Service or a court of competent jurisdiction which is final and unappealable, or which has become unappealable because the time for instituting an appeal has expired. "Exempt Organization" shall mean an organization exempt from federal income taxation pursuant to Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code. Notwithstanding anything herein to the contrary, amendment of this Section 9 shall require approval of both the Member and at least two-thirds of the entire Board of Directors of the Corporation.

Section 10. Operating Reports. The Board of Directors of the Corporation shall submit operating reports to the Member in such form and on such schedule as shall be established by the Member. Such operating reports shall reflect the results of operations of the Corporation and of any affiliates of the Corporation that are controlled by the Corporation.

ARTICLE IV

THE BOARD OF DIRECTORS

Section 1. Powers and Responsibility. Subject to Article III hereof and to the other rights and powers of the Member specified herein or in the Articles of Incorporation or otherwise provided hereby or in the Articles of Incorporation or by law, the Board of Directors shall have charge, control, and management of the administrative affairs, property and funds of the Corporation and shall have the power and authority to do and perform all acts and functions not inconsistent with these Bylaws, the Articles of Incorporation, and applicable law, in each case as amended from time to time. Such responsibility shall include without limitation: implementation of any operational or financial plan adopted by the Member and institutional management and planning. Without limiting the generality of the foregoing, the Board of Directors shall have power and authority to, and shall be responsible to, establish and manage the Corporation's program for compliance with all legal requirements applicable to the Corporation. The Board of Directors shall also prepare, for the Member's review and approval, on such timetable as the Member shall establish, proposed annual budgets for the Corporation, which budgets shall be consistent with any operating plan or financial plan adopted or approved by the Member and then in effect.

Section 2. Composition of the Board; Appointment Qualifications. The Board of Directors shall be composed of not fewer than three nor more than twenty voting members, exclusive of non-voting ex officio Directors. The exact number of voting Directors shall be as fixed from time to time by the Member. Directors shall generally be appointed at the annual meeting of the Member, but may be appointed at any regular or special meeting of the Member. Each Director of the Corporation shall be a natural person of at least eighteen years of age, of good moral character and who enjoys a good reputation in the community, and who, by his or her experience, community interest, or prior action, demonstrates a willingness to devote time and talent to the affairs of the Corporation and to exercise his or her judgment with undivided loyalty to the Corporation. Each Director shall further satisfy the requirements set forth in Section 9 of this Article IV.

Section 3. Term of Office. Subject to Section 5 of this Article IV, Directors, other than ex officio Directors, shall serve for one, two, or three year terms, as specified by the Member. In the event that the Member elects to classify the Board of Directors for purposes of staggering their respective terms of office, then the number of Directors assigned to each class shall be as nearly equal as possible to those assigned to each other class. Each Director shall retain his or her position as Director until his or her successor shall be duly appointed and qualified or until his or her earlier death, resignation or removal, except that an ex officio Director shall retain his or her position as Director only during his or her tenure in the position from which his or her respective ex officio status is derived, or until his or her earlier death, resignation, or removal. Directors may be re-elected for unlimited successor terms.

Section 4. *Ex Officio* Directors. The following persons shall serve as *ex officio* Directors of the Corporation with vote:

WPAHS-000713

(1) President and Chief Executive Officer of the Member; and

(2) President and Chief Executive Officer of the Corporation.

In the event that any individual holds multiple *ex officio* positions s/he shall have one vote.

Section 5. Removal Resignation; Vacancies.

A. The Member may, in its discretion, remove any Director at any time, with or without cause, upon 10 days prior notice to the Board of Directors. Without limiting the generality of the foregoing, upon such notice the Member may, in its discretion, remove and replace all or a portion of the Board of Directors if the Member determines that the Corporation has failed to comply with any operating or financial plan adopted or approved by the Member. Unless such removal notice is revoked by the Member during the 10 day notice period, any such removal shall be effective immediately upon expiration of the notice period.

B. Any Director may resign from office with or without cause, by delivering a written statement of resignation to the Secretary of the Corporation. Any such resignation shall take effect immediately upon its receipt by the Secretary of the Corporation, unless a later effective time or date for the resignation is specified in the notice of resignation.

C. Any person appointed to fill a vacancy on the Board of Directors shall be appointed for the unexpired term of the Director whose death, resignation, or removal gave rise to the applicable vacancy.

Section 6. Orientation of Directors. Newly elected or appointed Directors shall be oriented to the functions and procedures of the Board of Directors. Such orientation shall be carried out under the supervision of the President and Chief Executive Officer.

Section 7. No Compensation. No Director shall receive any compensation for acting as a Director. Directors who are officers or employees of the Corporation may receive compensation for those duties.

Section 8. Review of Bylaws. The Board of Directors shall review these Bylaws of the Corporation annually, and based on such review, may propose amendments to these Bylaws to the Member of the Corporation.

Section 9. Conflict of Interest. Directors shall exercise good faith in all transactions touching upon their duties at the Corporation and its property. No director shall use his or her position, or knowledge gained therefrom, in any way that might give rise to a conflict between the interest of the Corporation and that of the individual Director. The Board of Directors shall adopt a conflict of interest policy, and each Director and officer of the Corporation shall agree in writing to be bound thereby as a prerequisite to his or her qualification as a Director or officer, as the case may be.

ARTICLE V

MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Regular and Annual Meetings of the Board of Directors. The Board of Directors shall hold regular meetings at such time and place as determined by the Board or the Chair; provided that the Board shall meet not less than four times per year. The Annual Meeting shall be held as provided in Article III, Section 4 of these Bylaws. Notice of any meeting shall be mailed, personally delivered or faxed to each Director at least 5 days prior to the meeting to the Director's address (or fax number) on the books of the Corporation. Voting by proxy shall not be permitted at any meeting.

Section 2. Special Meetings. Special meetings may be held at any time upon call of the Member or the Chair or upon receipt by the President and Chief Executive Officer of the written request of at least three Directors.

Section 3. Quorum. A majority of the entire Board of Directors (without counting non-voting *ex officio* Directors) shall constitute a quorum at any regular meeting. Once a quorum is established, subsequent withdrawal of individuals to less than a quorum shall not affect the validity of any subsequent action taken at the meeting. Except as otherwise required by the PNCL, approval of any matter before the Board of Directors by a majority of the Directors present at a meeting shall constitute approval of the applicable matter by the Board.

Section 4. Action Without a Meeting. Any action which may be taken at a meeting of the Board or any committee thereof may be taken without a meeting if consent in writing setting forth such action is signed by all of the Directors or members of the committee, and is filed in the minutes of the proceedings of the Board or of the committee.

Section 5. Rules of Conduct. Meetings of the Board of Directors and Committees of the Board of Directors will be conducted in accordance with such rules as may be established by the Board of Directors.

Section 6. Participation by Conference Telephone. One or more Directors or members of a Committee established pursuant hereto may participate in a meeting of the Board of Directors or such Committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

Section 7. Waiver of Notice. Whenever any written notice is required to be given under the provisions of the these bylaws or the PNCL, such notice need not be given to any Director who submits a signed waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Director.

ARTICLE VI

OFFICERS

Section 1. Officers Generally. The officers shall be a Chair, a Secretary, a Treasurer, a President and Chief Executive Officer, and such Vice Presidents and other subordinate officers as the Member shall designate.

Section 2. Appointment of Officers. The officers shall be appointed by the Member, after consultation with the Board of Directors of the Corporation, at the Annual Meeting of the Member each year and shall hold office for terms of one year and until their successors are duly installed, subject in each case to an officer's earlier death, resignation or removal. Vacancies in any office may be filled by action of the Member after consultation with the Board of Directors of the Corporation. Nothing contained herein shall be construed as prejudicing any officer's rights with respect to compensation under any employment agreement with the Corporation.

Section 3. Chair. The Chair shall preside at all meetings of the Board of Directors, and at the Annual Meeting of the Member each year shall present the report of the Board of Directors. The Chair shall be responsible to review the performance of the Board of Directors on an annual basis, and to report on such performance to the Member. The Chair shall have such authority, and shall perform all duties, ordinarily required of an officer in like position, and such other authority and duties as may be assigned by the Member.

Section 4. President and Chief Executive Officer. The President and Chief Executive Officer of the Corporation shall be an *ex officio* member of the Board. The President and Chief Executive Officer shall have all authority and responsibility necessary to operate the Corporation in all its activities, subject, however, to the policies and directives of the Member and of the Board of Directors with regard to the matters as to which the Board of Directors is responsible, and to the provisions of the Corporation's Articles of Incorporation and Bylaws.

Section 5. Vice Chair. The Vice-Chair shall perform the duties of the Chair when for any reason the Chair is unable to perform the same.

Section 6. Secretary. The Secretary shall keep and properly record the minutes of the proceedings of the Board of Directors, notify officers of their election and committee members of their appointment, give notice of all meetings of the Board of Directors and the Executive Committee, have custody of the corporate seal and of all books and papers pertaining to the office, and generally shall have such authority, and shall perform all duties, ordinarily required of an officer in like position.

Section 7. Treasurer. The Treasurer shall receive and have custody of all funds, money, and income of the Corporation not otherwise specifically provided for by the Member and shall deposit the same in such depository or depositories as the Board shall designate. The Treasurer shall have such authority, and shall perform all duties, ordinarily required of an officer in like position, and such other authority and duties as may be assigned by the Member.

Section 8. Resignation. Any officer may resign at any time by giving written notice thereof to the Chair, the President and Chief Executive Officer or the Secretary of the Corporation. Any such resignation shall take effect on the date of receipt of such notice by one of the above-specified officers, or at such later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 9. Removal. Any officer of the Corporation may be removed, with or without cause, by the Member whenever in the judgment of the Member the best interests of the Corporation will be served thereby. Nothing contained herein shall be construed as prejudicing any officer's rights with respect to compensation under any employment agreement with the Corporation.

ARTICLE VII

COMMITTEES OF THE BOARD OF DIRECTORS

Section 1. Committees Generally. The Directors, upon direction of the Member, shall establish the following committees, and, upon the approval of the Member, may establish such other committees (standing or special) as the Board of Directors shall determine to establish, with such authority and composition as the Board of Directors shall determine (subject only to the rights and powers of the Members as set forth in the PNCL, the Articles of Incorporation, and these Bylaws, and the limitations or delegation of the Board's authority pursuant to the PNCL):

A. Executive Committee

B. Finance Committee

C. Strategic Planning and Capital Development Committee

Section 2. Powers of the Executive Committee. From and after its establishment, the Executive Committee shall have and may exercise the powers of the Board of Directors in the management of the business affairs of the Corporation, except that the Executive Committee shall not have authority with respect to any of the following matters:

A. The submission to the Member of any action requiring approval of the Member;

B. Amending or repealing any resolution of the Board of Directors; or

C. Approving any matters which pursuant to the Bylaws or resolution of the Board of Directors is reserved to another established committee of the Board.

Section 3. Finance Committee. From and after its establishment, this Committee shall review and recommend to the Board of Directors the annual budget to be proposed to the Member, establish and review periodic budgetary reports and meet with the Corporation's independent auditors following receipt of the annual audit. This Committee shall also review and

recommend the financial plan of the Corporation. This Committee shall meet at least quarterly to review the budget and financial performance of the Corporation and its affiliates, and to review and recommend approval or disapproval of any proposed unbudgeted expenditures by the Corporation where the cumulative amount of such unbudgeted expenditures is in excess of the amount fixed from time to time by the Member.

Section 4. Strategic Planning and Capital Development Committee. From and after its establishment, this Committee shall propose long range plans for the Corporation for the consideration of the Member, with the goal of constantly improving services, facilities and programs. These plans shall be periodically reviewed and revised by the Committee, and shall be subject to approval by the Member.

Section 5. Appointment of Committees. The members of any standing or special Committee shall be appointed by the Board. Each Committee shall include at least three Directors, including *ex officio* members. The Chair and the President and Chief Executive Officer shall be *ex officio* members of all committees with full voting privileges. Each other member of a committee shall serve for a term of one year and until his or her successor has been appointed, subject to his or her earlier death, resignation or removal.

Section 6. Meetings of Committees. All standing Committees shall function under the direction of the Board of Directors and shall meet as often as necessary to transact their business and shall make such reports as they may deem necessary or which may be specifically required of them. Minutes shall be kept of each meeting of each Committee and such minutes shall be disseminated to all members of the Board of Directors, and to the Member.

Section 7. Quorum Act of Committee. A majority of the members of a Committee shall constitute a quorum for the transaction of business. Once a quorum has been established, subsequent withdrawal of committee members so as to reduce the number of members present to less than a quorum shall not affect the validity of any subsequent action taken at the meeting. Approval of any matter before any Committee by a majority of those present at a meeting of a Committee where a quorum is present shall constitute approval of the applicable matter by the applicable Committee.

Section 8. Resignation. Any Committee member may resign at any time by giving written notice thereof to the Chair, the President and Chief Executive Officer or the Secretary of the Corporation. Any such resignation shall take effect on the date of receipt of such notice by one of the above-specified officers, or at such later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 9. Removal. Any Committee member may be removed, with or without cause, by the Board or the Member whenever in the judgment of the Board or the Member the best interests of the Corporation will be served thereby, provided that if any Committee member is removed by the Member, at least 10 days advance notice of such removal shall be given by the Member to the Board of Directors.

ARTICLE VIII

FISCAL YEAR AND ANNUAL REPORT

Section 1. Fiscal Year. The Fiscal Year of the Corporation shall be begin on the first day of July of each year and end on the last day of June of the succeeding year.

Section 2. Annual Report. As soon as may be convenient following the close of the Fiscal Year, the Board of Directors may cause to be published for general distribution an Annual Report containing such information regarding the work and affairs of the Hospital for the preceding Fiscal Year as in their discretion may be deemed advisable.

ARTICLE IX

SEAL

Section 1. Seal. The seal of the Corporation shall be in such form as may be approved by the Board of Directors.

ARTICLE X

LIABILITY OF DIRECTORS

Section 1. Standard of Care and Fiduciary Duty. Each Director shall stand in a fiduciary relation to this Corporation and shall perform his or her duties as a Director, including his or her duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner the Director reasonably believes to be in the best interests of this Corporation, and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. In performing his or her duties, each Director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

(a) one or more officers or employees of this Corporation whom the Director reasonably believes to be reliable and competent in the matters presented;

(b) counsel, public accountants or other persons as to matters which the Director reasonably believes to be within the professional or expert competence of such persons; and

(c) a committee of the Board of this Corporation upon which the Director does not serve, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence.

A Director shall not be considered to be acting in good faith if the Director has knowledge concerning the matter in question that would cause his reliance to be unwarranted.

Section 2. Limitation on Liability. Neither the Member nor any Director of the Corporation shall be personally liable for monetary damages for any action taken, or any failure to take any action, provided however, that this provision shall not eliminate or limit the liability of the Member or any Director to the extent that such elimination or limitation of liability is expressly prohibited by, Section 5713 of the PNCL, as in effect at the time of the alleged action or failure to take action by such Member or Director.

Section 3. Preservation of Rights. Any repeal or modification of this Article shall not adversely affect any right or protection existing at the time of such repeal or modification to which any Member, Director or former Member or Director may be entitled under this Article. The rights conferred by this Article shall continue as to any person who has ceased to be the Member or a Director of the Corporation and shall inure to the benefit of the successors, heirs, executors, and administrators of such person.

ARTICLE XI

INDEMNIFICATION

Section 1. Mandatory Indemnification of Directors and Officers. The Corporation shall indemnify, to the fullest extent now or hereafter permitted by law, each Director and officer (including each former Director or officer) of the Corporation who was or is or is threatened to be made a party to or a witness in any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that the Director or officer is or was an authorized representative of the Corporation, or is or was serving at the written request of the Corporation as a representative of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the Director or officer in connection with such action, suit or proceeding if such Director or officer acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful.

Section 2. Mandatory Advancement of Expenses to Directors and Officers. The Corporation shall pay expenses (including attorneys' fees) incurred by a Director or officer of the Corporation referred to in Section 1 of this Article XI in defending or appearing as a witness in any civil or criminal action, suit or proceeding described in Section 1 of this Article XI in advance of the final disposition of such action, suit or proceeding. The expenses incurred by such Director or officer shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding only upon receipt of an undertaking by or on behalf of such Director or officer to repay all amounts advanced if it shall ultimately be determined that the Director or officer is not entitled to be indemnified by the Corporation as provided in Section 4 of this Article XI.

Section 3. Permissive Indemnification and Advancement of Expenses. The Corporation may, as determined by the Board of Directors from time to time, indemnify, in full or in part, to the fullest extent now or hereafter permitted by law, any person who was or is or is

threatened to be made a party to or a witness in, or is otherwise involved in, any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was an authorized representative of the Corporation or is or was serving at the request of the Corporation as a representative of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise, both as to action in his official capacity and as to action in another capacity while holding such office or position, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in conjunction with such action, suit or proceeding if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The Corporation may, as determined by the Board of Directors from time to time, pay expenses incurred by any such person by reason of such person's participation in an action, suit or proceeding referred to in this Section 3 in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as provided in Section 4 of this Article XI.

Section 4. Scope of Indemnification. Indemnification under this Article shall not be made by the Corporation in any case where a court determines that the alleged act or failure to act giving rise to the claim for indemnification is expressly prohibited by Chapter 57, Subchapter D of the PNCL or any successor statute as in effect at the time of such alleged action or failure to take action.

Section 5. Miscellaneous. Each Director and officer of the Corporation shall be deemed to act in such capacity in reliance upon such rights of indemnification and advancement of expenses as are provided in this Article. The rights of indemnification and advancement of expenses provided by this Article shall not be deemed exclusive of any other rights to which any person seeking indemnification or advancement of expenses may be entitled under any agreement, vote of members (if any), disinterested Directors, statute or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office or position, and shall continue as to a person who has ceased to be an authorized representative of the Corporation and shall inure to the benefit of the heirs, executors and administrators of such person. Any repeal or modification of this Article by the members (if any) or the Board of Directors of the Corporation shall not adversely affect any right or protection existing at the time of such appeal or modification to which any person may be entitled under this Article.

Section 6. Definition of Authorized Representative. For the purposes of this Article, the term, "authorized representative" shall mean a director, officer (including a former director of officer), or employee of the Corporation or of any corporation controlled by the Corporation, or a trustee, custodian, administrator, committeeman or fiduciary of any employee benefit plan established and maintained by the Corporation or by any corporation controlled by the Corporation, or person serving another corporation, partnership, joint venture, trust or other enterprise in any of the foregoing capacities at the written request of the Corporation. The term "authorized representative" shall not include money managers or investment advisors (or any

employees thereof) hired by the Corporation, and shall not include agents of the Corporation unless indemnification thereof is expressly approved by the Board of Directors.

Section 7. Funding to Meet Indemnification Obligations. Subject to the approval of the Member, the Board of Directors shall have the power to borrow money on behalf of the Corporation, including the power to pledge the assets of the Corporation, from time to time to discharge the Corporation's obligations with respect to indemnification, the advancement and reimbursement of expenses, and the purchase and maintenance of insurance for the benefit of the Corporation and any person indemnified pursuant hereto. Upon the approval of the Member, the Corporation may, in lieu of or in addition to the purchase and maintenance of insurance, establish and maintain a fund of any nature or otherwise secure or insure in any manner its indemnification obligations, whether arising pursuant to this Article or otherwise.

ARTICLE XII

AMENDMENTS OF THESE BYLAWS AND/OR THE ARTICLES OF INCORPORATION OF THE CORPORATION

The power to amend, modify, alter or repeal these Bylaws or the Articles of Incorporation, is hereby exclusively vested in the Member of the Corporation subject, however, to Section 9 of Article III, and with respect to amendments of the following provisions in the bylaws and Articles of Incorporation of the Corporation, subject to prior notice to the Attorney General and the prior approval of the Orphans' Court: (i) provisions setting forth the purposes of the Corporation; (ii) provisions setting forth the powers reserved exclusively to the Member; (iii) provisions describing the manner in which the assets of the Corporation are to be distributed upon termination, dissolution or winding up of the Corporation; and (iv) provisions requiring notice to the Attorney General or approval of the Orphans' Court prior to the taking of certain action by the Corporation.

ARTICLE XIII

SUBVENTIONS

The Corporation shall be authorized by resolution of the Board of Directors or the Member to accept subventions from the Member or nonmembers on terms and conditions not inconsistent with PNCL § 5542, and to issue certificates therefor. The resolution of the Board of Directors or the Member may provide that the holders of subvention certificates shall be entitled to a fixed or contingent periodic payment out of the corporate assets equal to a percentage of the original amount or value of the subvention. The rights of holders of subvention certificates shall at all times be subordinate to the rights of creditors of the Corporation.

* * * *

EXHIBIT A

Name	Term

WPAHS-000723

Document Divider

BYLAWS

ALLEGHENY SINGER RESEARCH INSTITUTE

As Revised September 18, 2008

Previous Revisions:

January 11, 2007
July 28, 2005
August 9, 2000
August 1 1999

AMENDED AND RESTATED BYLAWS
OF
ALLEGHENY-SINGER RESEARCH INSTITUTE

ARTICLE I

NAME AND LOCATION

Section 1. Name. The name of the Corporation is Allegheny-Singer Research Institute.

Section 2. Principal Office. The principal office of the Corporation shall be located at 320 East North Avenue, Pittsburgh, Pennsylvania 15212 or at such other address as the Board of Directors shall determine.

ARTICLE II

PURPOSE; PARTICIPATION IN SYSTEM

Section 1. Purpose. The purposes of the Corporation are as set forth in the Articles of Incorporation and include the following:

(1) Carrying on investigations, experiments, and studies to discover, develop, or verify knowledge relating to the causes, diagnosis, treatment, prevention, or control of physical or mental diseases and impairments;

(2) Carrying on training, research, educational and supportive activities related to the rendering of care to the sick, injured and disabled, the furthering of knowledge in the medical arts and in the promotion of health;

(3) Maintaining itself as a not-for-profit corporation organized exclusively for charitable, scientific and educational purposes, with activities conducted in such a manner that no part of its net earnings shall inure to the benefit of any member, Director, officer or other individual. Upon termination, dissolution or winding up, the assets remaining after payment of all liabilities shall be distributed to another organization described in Section 501(c) (3) of the Code as selected by the Directors in their sole discretion, subject, however, to prior notice to the Attorney General of the Commonwealth of Pennsylvania (the "Attorney General"), approval by the Orphans' Court of the Commonwealth of Pennsylvania (the "Orphans' Court"), and all applicable law.

(4) Carrying on any lawful activities in furtherance of the foregoing purposes as are now or may be granted hereafter by the Nonprofit Corporation Law of the

Commonwealth of Pennsylvania, as amended from time to time, or any successor legislation (the "PNCL").

Section 2. Participation in System. The Corporation is a constituent entity of the health care system serving Western Pennsylvania known as West Penn Allegheny Health System, Inc. (the "System") which, as of the date of the adoption of these bylaws, is comprised of the Corporation, certain affiliated hospitals and certain other affiliated organizations. These Bylaws, among other things, establish the relative authority and responsibility of the entities and individuals participating in the governance and management of the Corporation in its capacity as part of the System.

ARTICLE III

MEMBER

Section 1. Member. Subject to Section 9 of this Article III, the sole voting member of the Corporation shall be West Penn Allegheny Health System, Inc., Inc. (the "Member"), acting through its Board of Directors (the "Member Board"), or through its Executive Committee (the "Member Executive Committee") or designated officers of the Member (the "Designated Representatives") to the extent that the Member has, pursuant to its Bylaws or by resolution duly adopted by the Member Board, delegated its authority herein to the Member Executive Committee or to a Designated Representative; provided, however, that neither the Member Executive Committee nor any Designated Representative shall have the authority to act on behalf of the Member with respect to any of the actions identified in Section 2.B of this Article III.

Section 2. Powers and Rights of Member.

A. The Member shall have such powers and rights as are set forth in the PNCL and the Articles of Incorporation of the Corporation. Without limiting and in addition to such powers and rights, the Member shall have the exclusive authority to exercise the following powers:

(1) Adopt and/or approve and interpret the statement of mission and philosophy of the Corporation, and require the Corporation to operate in conformance with its statement of mission and philosophy;

(2) Adopt and/or approve amendments or restatements of the bylaws and Articles of Incorporation of the Corporation, subject, however, to Section 9 of this Article III, and with respect to amendments of the following provisions in the bylaws and Articles of Incorporation of the Corporation, subject to prior notice to the Attorney General and the prior approval of the Orphans' Court: (i) provisions setting forth the purposes of the Corporation; (ii) provisions setting forth the powers reserved exclusively to the Member; (iii) provisions describing the manner in which the assets of the Corporation are to be distributed upon termination, dissolution or winding up of the Corporation; and (iv) provisions requiring notice to the Attorney General or approval of the Orphans' Court prior to the taking of certain action by the Corporation.

WPAHS-000726

(3) Fix the number of, and elect, appoint, fill vacancies in and remove, with or without cause, the Directors; and elect and remove, with or without cause, the Chair and Vice Chair of the Board of Directors of the Corporation, and the Secretary and Treasurer of the Corporation; provided that no Director or officer shall be removed by the Member without 10 days prior notice of such removal from the Member to the Board of Directors;

(4) Designate the administrative structure of the Corporation and, after consultation with the Board of Directors of the Corporation, elect and remove, with or without cause, the President and Chief Executive Officer and all vice presidents and other officers of the Corporation, provided that no officer shall be removed by the Member without 10 days prior notice of such removal from the Member to the Board of Directors;

(5) Cause or approve any merger, consolidation, division, conversion, or dissolution of the Corporation, or the filing of a petition in bankruptcy or execution of a deed of assignment for the benefit of creditors;

(6) Approve or cause the Corporation to engage in any acquisition or any sale, lease, exchange, mortgage, pledge or other alienation of any personal property of the Corporation having a value in excess of an amount to be fixed from time to time by the Member or any real property of the Corporation;

(7) Adopt and/or approve any capital or operating budgets of the Corporation, and approve or direct any unbudgeted expenditure to be undertaken individually or collectively by the Corporation and any affiliated corporations controlled by the Corporation (other than unbudgeted expenditures which are required in order for the Corporation to be in compliance with applicable laws, rules and regulations, and state licensing and accreditation requirements), where the cumulative amount of such unbudgeted expenditures is in excess of an amount to be fixed from time to time by the Member;

(8) Adopt and/or approve any operating plan or financial plan with respect to the Corporation, and require the Corporation to comply with such operating or financial plan;

(9) Approve and/or cause the Corporation to undertake or engage itself in respect of any bond issuance or any other indebtedness for borrowed money of the Corporation, or any lending of funds by the Corporation to an unrelated person, corporation or other legal entity, including without limitation any capital leases (other than indebtedness to provide funds for expenditures necessary in order for the Corporation to be in compliance with applicable laws, rules and regulations, and state licensing and accreditation requirements, to the extent such funds are not otherwise reasonably available), representing obligations of the Corporation in excess of an amount per annum in the aggregate established from time to time by the Member;

(10) Establish and/or approve the criteria for, and conduct the evaluation of, the performance of the President and Chief Executive Officer and all vice presidents and officers of similar rank of the Corporation;

WPAHS-000727

(11) Approve and/or cause the adoption by the Corporation of proposed settlements of litigation when such settlements exceed applicable insurance coverage or the amounts reserved in respect thereof of any applicable self-insurance fund;

(12) Approve and/or cause any corporate reorganization of the Corporation or the establishment or dissolution of any subsidiary organizations, including corporations, partnerships or other entities, of the Corporation;

(13) Adopt and/or approve the strategic plan of the Corporation; and

(14) Approve or direct the taking of any other action outside of ordinary course of business and such matters as are required to be submitted to corporate members of a Pennsylvania nonprofit corporation.

Except as otherwise required by the PNCL, and subject to Section 9 of this Article III, the action of the Member with respect to each of the foregoing actions shall be sufficient to approve such actions, no action by the Board of Directors of the Corporation shall be required with respect to any such actions, and, to the full extent permitted by law, no action of the Board of Directors with respect to any such actions shall be effective for any purpose without the approval of the Member.

B. Each of the following actions may be approved by the Member only through action of the Member Board, and not through action of the Member Executive Committee or any Designated Representative:

(1) The adoption or approval of a statement of mission and philosophy of the Corporation;

(2) The adoption or approval of any amendments of the Bylaws or Articles of Incorporation of the Corporation;

(3) The approval of any merger, consolidation, division, conversion, or dissolution of the Corporation, or the filing of a petition in bankruptcy or execution of a deed of assignment for the benefit of creditors, or the sale or other disposition of all or substantially all of the assets of the Corporation;

(4) The election, appointment and removal of the Directors, the Chair and Vice Chair of the Board of Directors of the Corporation, and the Secretary and Treasurer of the Corporation; and

(5) The approval of any bond issuance or incurrence of any other indebtedness for borrowed money of the Corporation, or any lending of funds by the Corporation to an unrelated person, corporation or other legal entity, including without limitation any capital leases.

Section 3. Meetings of Member. Meetings of the Member may be held at such place within the Commonwealth of Pennsylvania as the Member may from time to time determine, or as may be designated in the notice of the meeting.

WPAHS-000728

Section 4. Annual Meeting of the Member.

A. Unless otherwise fixed by the Member, the annual meeting of the Corporation shall be held in June of each year. At each annual meeting, (i) the Board of Directors shall present to the Member an annual report regarding the financial performance of the Corporation, and (ii) the Member shall appoint the Board of Directors of the Corporation in accordance with Article IV and all officers that pursuant to the Bylaws are then to be appointed by the Member. If the annual meeting shall not be called and held within one (1) month of the date specified in this Article III, Section 4 or fixed by the Member in accordance with this Article III, Section 4, as applicable, any members of the Board of Directors and any officers theretofore appointed by the Member shall continue to serve unless removed by the Member (or unless the applicable member of the Board of Directors or officer resigns), and a special meeting may be held in place thereof with the same force and effect as the annual meeting, and in such case all references in these Bylaws, except in this Article III, Section 4, to the annual meeting of the Corporation shall be deemed to refer to such special meeting. Any such special meeting shall be called and notice given as provided in Article III, Sections 5 and 7, as applicable.

B. Immediately after each annual appointment of the Board of Directors by the Member at the annual meeting or a special meeting, the Board of Directors of the Corporation shall meet for the transaction of business to be conducted by the Board of Directors at the place where the annual or special meeting of the Member was held. Notice of such meeting need not be given. If such meeting is to be held at any other time or place, notice thereof shall be given as provided in Article V, Section 2 for special meetings of the Board of Directors.

Section 5. Special Meetings of the Member. Special meetings of the Member shall be held whenever called by the Board of Directors of the Corporation, or by written demand of the Member.

Section 6. Action Without a Meeting. Any action which may be taken at a meeting of the Member may be taken without a meeting if a consent in writing setting forth the actions so taken shall be signed by the Member, and filed with the Secretary of the Corporation.

Section 7. Notice of Meetings; Participation by Conference Telephone.

A. Unless otherwise provided in these Bylaws, whenever written notice is required to be given to the Member under the provisions of the Articles of Incorporation, these Bylaws, or the PNCL, it may be given by sending a copy thereof first class mail, postage prepaid, by personal delivery, or in the case of notices other than notices of meetings, by telecopy with confirmed receipt to the address of the Member appearing on the books of the Corporation. If the notice is sent by mail, it shall be deemed to have been given to the Member entitled thereto when deposited in the United States mail, postage prepaid. A notice of meeting shall specify the place, day and hour of the meeting and any other information required by law or these Bylaws, and, unless the meeting is an annual meeting, shall indicate that the notice is being issued by or at the direction of the person(s) calling the meeting. Notice of each meeting of the Member shall be given not less than five days before the date of the meeting, except in the case where fundamental changes to the Corporation under Chapter 59 of the PNCL will be

WPAHS-000729

considered, in which case such notice shall be given not less than ten days before the date of the meeting. Every such notice shall state the date, time and place of the meeting, and notices of special meetings of the Member shall also set forth the general nature of the business to be conducted at such meeting.

B. When a meeting is adjourned, it shall not be necessary to give any notice of the adjourned meeting and of the business to be transacted at an adjourned meeting in accordance with the provisions of this Article III, Section 7 if the day, time and place to which the meeting is adjourned is announced at the meeting at which the adjournment is taken.

C. Whenever notice of a meeting is required, such notice need not be given to the Member if a written waiver of notice executed by the Member is filed with the records of the Corporation. Attendance by the Member at any meeting of the Member shall constitute a waiver by the Member of notice of such meeting, except where the Member attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

D. One or more persons may participate in a meeting of the Member by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

Section 8. Resolutions. Whenever the language of a proposed resolution is included in a written notice of a meeting of the Member, the meeting considering the resolution may without further notice adopt it with such clarifying or other amendments as do not enlarge its original purpose.

Section 9. Additional Members. Notwithstanding anything herein to the contrary, upon the occurrence of a Triggering Event (as defined below), then effective immediately and automatically upon the occurrence of such Triggering Event and without further action by the Member, the voting members of the Corporation shall include, in addition to the Member identified in Section 1 of this Article III hereof, all of the then-current members of the Board of Directors of the Corporation, and any reference in these bylaws to "the Member" shall be deemed to be a reference to "the Members" as identified in this Article III, Section 9, each of whom shall have one vote, and all of whom together shall have the authority that, but for operation of this Article III, Section 9, would be vested in the Member. From and after the occurrence of a Triggering Event, (i) a majority of the Members shall constitute a quorum at any meeting of the Members and (ii) the affirmative vote of two-thirds (or greater) of the whole number of Members shall be required to approve any matter to be voted on by the Members. For purposes of this Section, "Triggering Event" shall mean any of the following occurrences:

(1) a Final Determination (as defined below) shall have been entered denying the Member's application for recognition as an Exempt Organization (as defined below) or revoking the Member's status as an Exempt Organization;

WPAHS-000730

(2) the Member shall have taken all corporate action necessary to approve (x) the dissolution of the Member or (y) the filing by the Member of a voluntary petition in bankruptcy;

(3) the Member shall have admitted in writing its inability to pay its debts as they come due; or

(4) an involuntary petition for the dissolution and winding up of the Member shall have been filed, which such petition is not dismissed within 60 days of the filing thereof.

"Final Determination" shall mean a decision, judgment, decree or other order by the Internal Revenue Service or a court of competent jurisdiction which is final and unappealable, or which has become unappealable because the time for instituting an appeal has expired. "Exempt Organization" shall mean an organization exempt from federal income taxation pursuant to Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code. Notwithstanding anything herein to the contrary, amendment of this Section 9 shall require approval of both the Member and at least two-thirds of the entire Board of Directors of the Corporation.

Section 10. Operating Reports. The Board of Directors of the Corporation shall submit operating reports to the Member in such form and on such schedule as shall be established by the Member. Such operating reports shall reflect the results of operations of the Corporation and of any affiliates of the Corporation that are controlled by the Corporation.

ARTICLE IV

THE BOARD OF DIRECTORS

Section 1. Powers and Responsibility. Subject to Article III hereof and to the other rights and powers of the Member specified herein or in the Articles of Incorporation or otherwise provided hereby or in the Articles of Incorporation or by law, the Board of Directors shall have charge, control, and management of the administrative affairs, property and funds of the Corporation and shall have the power and authority to do and perform all acts and functions not inconsistent with these Bylaws, the Articles of Incorporation, and applicable law, in each case as amended from time to time. Such responsibility shall include without limitation implementation of any operational or financial plan adopted by the Member and institutional management and planning. Without limiting the generality of the foregoing, the Board of Directors shall have power and authority to, and shall be responsible to, establish and manage the Corporation's program for compliance with all legal requirements applicable to the Corporation. The Board of Directors shall also prepare, for the Member's review and approval, on such timetable as the Member shall establish, proposed annual budgets for the Corporation, which budgets shall be consistent with any operating plan or financial plan adopted or approved by the Member and then in effect.

Section 2. Composition of the Board; Appointment Qualifications. The Board of Directors shall be composed of not fewer than three nor more than twenty voting members,

WPAHS-000731

exclusive of non-voting *ex officio* Directors. The exact number of voting Directors shall be as fixed from time to time by the Member. Directors shall generally be appointed at the annual meeting of the Member, but may be appointed at any regular or special meeting of the Member. Each Director of the Corporation shall be a natural person of at least eighteen years of age, of good moral character and who enjoys a good reputation in the community, and who, by his or her experience, community interest, or prior action, demonstrates a willingness to devote time and talent to the affairs of the Corporation and to exercise his or her judgment with undivided loyalty to the Corporation. Each Director shall further satisfy the requirements set forth in Section 9 of this Article IV.

Section 3. Term of Office. Subject to Section 5 of this Article IV, Directors, other than *ex officio* Directors, shall serve for one, two or three year terms, as specified by the Member. In the event that the Member elects to classify the Board of Directors for purposes of staggering their respective terms of office, then the number of Directors assigned to each class shall be as nearly equal as possible to those assigned to each other class. Each Director shall retain his or her position as Director until his or her successor shall be duly appointed and qualified or until his or her earlier death, resignation or removal, except that an *ex officio* Director shall retain his or her position as Director only during his or her tenure in the position from which his or her respective *ex officio* status is derived, or until his or her earlier death, resignation, or removal. Directors may be re-elected for unlimited successor terms.

Section 4. *Ex Officio* Directors.

The following persons shall serve as *ex officio* Directors of the Corporation with vote:

(1) President and Chief Executive Officer of the Member; and

(2) President of the Corporation;

In the event that any individual holds multiple *ex officio* positions s/he shall have one vote.

Section 5. Removal, Resignation, Vacancies.

A. The Member may, in its discretion, remove any Director at any time, with or without cause, upon 10 days prior notice to the Board of Directors. Without limiting the generality of the foregoing, upon such notice the Member may, in its discretion, remove and replace all or a portion of the Board of Directors if the Member determines that the Corporation has failed to comply with any operating or financial plan adopted or approved by the Member. Unless such removal notice is revoked by the Member during the 10 day notice period, any such removal shall be effective immediately upon expiration of the notice period.

B. Any Director may resign from office with or without cause, by delivering a written statement of resignation to the Secretary of the Corporation. Any such resignation shall take effect immediately upon its receipt by the Secretary of the Corporation, unless a later effective time or date for the resignation is specified in the notice of resignation.

WPAHS-000732

C. Any person appointed to fill a vacancy on the Board of Directors shall be appointed for the unexpired term of the Director whose death, resignation, or removal gave rise to the applicable vacancy.

Section 6. Orientation of Directors. Newly elected or appointed Directors shall be oriented to the functions and procedures of the Board of Directors. Such orientation shall be carried out under the supervision of the President and Chief Executive Officer.

Section 7. No Compensation. No Director shall receive any compensation for acting as a Director. Directors who are officers or employees of the Corporation may receive compensation for those duties.

Section 8. Review of Bylaws. The Board of Directors shall review these Bylaws of the Corporation annually, and based on such review, may propose amendments to these Bylaws to the Member of the Corporation.

Section 9. Conflict of Interest. Directors shall exercise good faith in all transactions touching upon their duties at the Corporation and its property. No director shall use his or her position, or knowledge gained therefrom, in any way that might give rise to a conflict between the interest of the Corporation and that of the individual Director. The Board of Directors shall adopt a conflict of interest policy, and each Director and officer of the Corporation shall agree in writing to be bound thereby as a prerequisite to his or her qualification as a Director or officer, as the case may be.

ARTICLE V

MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Regular and Annual Meetings of the Board of Directors. The Board of Directors shall hold regular meetings at such time and place as determined by the Board or the Chair; provided that the Board shall meet not less than four times per year. The Annual Meeting shall be held as provided in Article III, Section 4 of these Bylaws. Notice of any meeting shall be mailed, personally delivered or faxed to each Director entitled to vote at least 5 days prior to the meeting to the Director's address (or fax number) on the books of the Corporation. Voting by proxy shall not be permitted at any meeting.

Section 2. Special Meetings. Special meetings may be held at any time upon call of the Member or the Chair or upon receipt by the President and Chief Executive Officer of the written request of at least three Directors.

Section 3. Quorum. A majority of the entire Board of Directors (without counting non-voting *ex officio* Directors) shall constitute a quorum at any regular meeting. Once a quorum is established, subsequent withdrawal of individuals to less than a quorum shall not affect the validity of any subsequent action taken at the meeting. Except as otherwise required by the PNCL, approval of any matter before the Board of Directors by a majority of the Directors present at a meeting shall constitute approval of the applicable matter by the Board.

WPAHS-000733

Section 4. Action Without a Meeting. Any action which may be taken at a meeting of the Board or any committee thereof may be taken without a meeting if consent in writing setting forth such action is signed by all of the Directors entitled to vote or members of the committee, and is filed in the minutes of the proceedings of the Board or of the committee.

Section 5. Rules of Conduct. Meetings of the Board of Directors and Committees of the Board of Directors will be conducted in accordance with such rules as may be established by the Board of Directors.

Section 6. Participation by Conference Telephone. One or more Directors or members of a Committee established pursuant hereto may participate in a meeting of the Board of Directors or such Committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

Section 7. Waiver of Notice. Whenever any written notice is required to be given under the provisions of the these bylaws or the PNCL, such notice need not be given to any Director who submits a signed waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Director.

ARTICLE VI

OFFICERS

Section 1. Officers Generally. The officers shall be a Chair, a Secretary, a Treasurer, a President, a Chief Executive Officer, and such Vice Presidents and other subordinate officers as the Member shall designate.

Section 2. Appointment of Officers. The officers shall be appointed by the Member, after consultation with the Board of Directors of the Corporation, at the Annual Meeting of the Member each year and shall hold office for terms of one year and until their successors are duly installed, subject in each case to an officer's earlier death, resignation or removal. Vacancies in any office may be filled by action of the Member after consultation with the Board of Directors of the Corporation. Nothing contained herein shall be construed as prejudicing any officer's rights with respect to compensation under any employment agreement with the Corporation.

Section 3. Chair. The Chair shall preside at all meetings of the Board of Directors, and at the Annual Meeting of the Member each year shall present the report of the Board of Directors. The Chair shall be responsible to review the performance of the Board of Directors on an annual basis, and to report on such performance to the Member. The Chair shall have such authority, and shall perform all duties, ordinarily required of an officer in like position, and such other authority and duties as may be assigned by the Member.

Section 4. Chief Executive Officer. The Chief Executive Officer of the Corporation shall be an *ex officio* member of the Board. The Chief Executive Officer shall have all authority and responsibility necessary to operate the Corporation in all its activities, subject, however, to

WPAHS-000734

the policies and directives of the Member and of the Board of Directors with regard to the matters as to which the Board of Directors is responsible, and to the provisions of the Corporation's Articles of Incorporation and Bylaws.

Section 5. President. The President of the Corporation shall perform such duties as designated, from time to time, by the Chief Executive Officer.

Section 6. Vice Chair. The Vice-Chair shall perform the duties of the Chair when for any reason the Chair is unable to perform the same.

Section 7. Secretary. The Secretary shall keep and properly record the minutes of the proceedings of the Board of Directors, notify officers of their election and committee members of their appointment, give notice of all meetings of the Board of Directors and the Executive Committee, have custody of the corporate seal and of all books and papers pertaining to the office, and generally shall have such authority, and shall perform all duties, ordinarily required of an officer in like position.

Section 8. Treasurer. The Treasurer shall receive and have custody of all funds, money, and income of the Corporation not otherwise specifically provided for by the Member and shall deposit the same in such depository or depositories as the Board shall designate. The Treasurer shall have such authority, and shall perform all duties, ordinarily required of an officer in like position, and such other authority and duties as may be assigned by the Member.

Section 9. Resignation. Any officer may resign at any time by giving written notice thereof to the Chair, the President and Chief Executive Officer or the Secretary of the Corporation. Any such resignation shall take effect on the date of receipt of such notice by one of the above-specified officers, or at such later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 10. Removal. Any officer of the Corporation may be removed, with or without cause, by the Member whenever in the judgment of the Member the best interests of the Corporation will be served thereby. Nothing contained herein shall be construed as prejudicing any officer's rights with respect to compensation under any employment agreement with the Corporation.

ARTICLE VII

COMMITTEES OF THE BOARD OF DIRECTORS

Section 1. Committees Generally. The Directors, upon direction of the Member, shall establish the following committees, and, upon the approval of the Member, may establish such other committees (standing or special) as the Board of Directors shall determine to establish, with such authority and composition as the Board of Directors shall determine (subject only to the rights and powers of the Members as set forth in the PNCL, the Articles of Incorporation, and these Bylaws, and the limitations or delegation of the Board's authority pursuant to the PNCL):

A. Executive Committee

WPAHS-000735

B. Finance Committee

C. Strategic Planning and Capital Development Committee

D. Research Committee

E. Scientific Advisory Committee

Section 2. Powers of the Executive Committee. From and after its establishment, the Executive Committee shall have and may exercise the powers of the Board of Directors in the management of the business affairs of the Corporation, except that the Executive Committee shall not have authority with respect to any of the following matters:

A. The submission to the Member of any action requiring approval of the Member;

B. Amending or repealing any resolution of the Board of Directors; or

C. Approving any matters which pursuant to the Bylaws or resolution of the Board of Directors is reserved to another established committee of the Board.

Section 3. Finance Committee. From and after its establishment, this Committee shall review and recommend to the Board of Directors the annual budget to be proposed to the Member, establish and review periodic budgetary reports and meet with the Corporation's independent auditors following receipt of the annual audit. This Committee shall also review and recommend the financial plan of the Corporation. This Committee shall meet at least quarterly to review the budget and financial performance of the Corporation and its affiliates, and to review and recommend approval or disapproval of any proposed unbudgeted expenditures by the Corporation where the cumulative amount of such unbudgeted expenditures is in excess of the amount fixed from time to time by the Member.

Section 4. Strategic Planning and Capital Development Committee. From and after its establishment, this Committee shall propose long range plans for the Corporation for the consideration of the Member, with the goal of constantly improving services, facilities and programs. These plans shall be periodically reviewed and revised by the Committee, and shall be subject to approval by the Member.

Section 5. Research Committee. From and after its establishment, this Committee shall be charged with responsibility for the following: (1) identification of external reviewers and oversight of external scientific review; (2) monitoring progress on funded programs; (3) assurance of qualify of grant proposals; (4) establishment of standards and assurance mechanisms for ethics in research; (5) internal review of small projects; (6) sponsoring a continuing education lecture series for medical, house staff and other interested parties on research related topics.

Section 6. Scientific Advisory Committee. From and after its establishment, this Committee shall assist the organization in setting the scientific direction for the Corporation and

WPAHS-000736

shall periodically measure the progress of achievement of the goals of the Corporation and report such information to the Board.

Section 7. Appointment of Committees. The members of any standing or special Committee shall be appointed by the Board, and so long as the Member is the sole Member of the Corporation, such appointment shall be from among individuals nominated by the Nominating Committee of the Member. Each Committee shall include at least three Directors, including *ex officio* members. The Chair and the President and Chief Executive Officer shall be ex officio members of all committees with full voting privileges. Each other member of a committee shall serve for a term of one year and until his or her successor has been appointed, subject to his or her earlier death, resignation or removal.

Section 8. Meetings of Committees. All standing Committees shall function under the direction of the Board of Directors and shall meet as often as necessary to transact their business and shall make such reports as they may deem necessary or which may be specifically required of them. Minutes shall be kept of each meeting of each Committee and such minutes shall be disseminated to all members of the Board of Directors, and to the Member.

Section 9. Quorum; Act of Committee. A majority of the members of a Committee shall constitute a quorum for the transaction of business. Once a quorum has been established, subsequent withdrawal of committee members so as to reduce the number of members present to less than a quorum shall not affect the validity of any subsequent action taken at the meeting. Approval of any matter before any Committee by a majority of those present at a meeting of a Committee where a quorum is present shall constitute approval of the applicable matter by the applicable Committee.

Section 10. Resignation. Any Committee member may resign at any time by giving written notice thereof to the Chair, the President and Chief Executive Officer or the Secretary of the Corporation. Any such resignation shall take effect on the date of receipt of such notice by one of the above-specified officers, or at such later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 11. Removal. Any Committee member may be removed, with or without cause, by the Board or the Member whenever in the judgment of the Board or the Member the best interests of the Corporation will be served thereby, provided that if any Committee member is removed by the Member, at least 10 days advance notice of such removal shall be given by the Member to the Board of Directors.

ARTICLE VIII

FISCAL YEAR AND ANNUAL REPORT

Section 1. Fiscal Year. The Fiscal Year of the Corporation shall be begin on the first day of July of each year and end on the last day of June of the succeeding year.

Section 2. Annual Report. As soon as may be convenient following the close of the Fiscal Year, the Board of Directors may cause to be published for general distribution an Annual

WPAHS-000737

Report containing such information regarding the work and affairs of the Corporation for the preceding Fiscal Year as in their discretion may be deemed advisable.

ARTICLE IX

SEAL

Section 1. Seal. The seal of the Corporation shall be in such form as may be approved by the Board of Directors.

ARTICLE X

LIABILITY OF DIRECTORS

Section 1. Standard of Care and Fiduciary Duty. Each Director shall stand in a fiduciary relation to this Corporation and shall perform his or her duties as a Director, including his or her duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner the Director reasonably believes to be in the best interests of this Corporation, and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. In performing his or her duties, each Director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

(a) one or more officers or employees of this Corporation whom the Director reasonably believes to be reliable and competent in the matters presented;

(b) counsel, public accountants or other persons as to matters which the Director reasonably believes to be within the professional or expert competence of such persons; and

(c) a committee of the Board of this Corporation upon which the Director does not serve, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence

A Director shall not be considered to be acting in good faith if the Director has knowledge concerning the matter in question that would cause his reliance to be unwarranted.

Section 2. Limitation on Liability. Neither the Member nor any Director of the Corporation shall be personally liable for monetary damages for any action taken, or any failure to take any action, provided however, that this provision shall not eliminate or limit the liability of the Member or any Director to the extent that such elimination or limitation of liability is expressly prohibited by, Section 5713 of the PNCL, as in effect at the time of the alleged action or failure to take action by such Member or Director.

Section 3. Preservation of Rights. Any repeal or modification of this Article shall not adversely affect any right or protection existing at the time of such repeal or modification to which any Member, Director or former Member or Director may be entitled under this Article.

WPAHS-000738

The rights conferred by this Article shall continue as to any person who has ceased to be the Member or a Director of the Corporation and shall inure to the benefit of the successors, heirs, executors, and administrators of such person.

ARTICLE XI

INDEMNIFICATION

Section 1. Mandatory Indemnification of Directors and Officers. The Corporation shall indemnify, to the fullest extent now or hereafter permitted by law, each Director and officer (including each former Director or officer) of the Corporation who was or is or is threatened to be made a party to or a witness in any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that the Director or officer is or was an authorized representative of the Corporation, or is or was serving at the written request of the Corporation as a representative of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the Director or officer in connection with such action, suit or proceeding if such Director or officer acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful.

Section 2. Mandatory Advancement of Expenses to Directors and Officers. The Corporation shall pay expenses (including attorneys' fees) incurred by a Director or officer of the Corporation referred to in Section 1 of this Article XI in defending or appearing as a witness in any civil or criminal action, suit or proceeding described in Section 1 of this Article XI in advance of the final disposition of such action, suit or proceeding. The expenses incurred by such Director or officer shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding only upon receipt of an undertaking by or on behalf of such Director or officer to repay all amounts advanced if it shall ultimately be determined that the Director or officer is not entitled to be indemnified by the Corporation as provided in Section 4 of this Article XI.

Section 3. Permissive Indemnification and Advancement of Expenses. The Corporation may, as determined by the Board of Directors from time to time, indemnify, in full or in part, to the fullest extent now or hereafter permitted by law, any person who was or is or is threatened to be made a party to or a witness in, or is otherwise involved in, any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was an authorized representative of the Corporation or is or was serving at the request of the Corporation as a representative of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise, both as to action in his official capacity and as to action in another capacity while holding such office or position, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in conjunction with such action, suit or proceeding if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his

WPAHS-000739

or her conduct was unlawful. The Corporation may, as determined by the Board of Directors from time to time, pay expenses incurred by any such person by reason of such person's participation in an action, suit or proceeding referred to in this Section 3 in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as provided in Section 4 of this Article XI.

Section 4. Scope of Indemnification. Indemnification under this Article shall not be made by the Corporation in any case where a court determines that the alleged act or failure to act giving rise to the claim for indemnification is expressly prohibited by Chapter 57, Subchapter D of the PNCL or any successor statute as in effect at the time of such alleged action or failure to take action.

Section 5. Miscellaneous. Each Director and officer of the Corporation shall be deemed to act in such capacity in reliance upon such rights of indemnification and advancement of expenses as are provided in this Article. The rights of indemnification and advancement of expenses provided by this Article shall not be deemed exclusive of any other rights to which any person seeking indemnification or advancement of expenses may be entitled under any agreement, vote of members (if any), disinterested Directors, statute or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office or position, and shall continue as to a person who has ceased to be an authorized representative of the Corporation and shall inure to the benefit of the heirs, executors and administrators of such person. Any repeal or modification of this Article by the members (if any) or the Board of Directors of the Corporation shall not adversely affect any right or protection existing at the time of such appeal or modification to which any person may be entitled under this Article.

Section 6. Definition of Authorized Representative. For the purposes of this Article, the term, "authorized representative" shall mean a director, officer (including a former director of officer), or employee of the Corporation or of any corporation controlled by the Corporation, or a trustee, custodian, administrator, committeeman or fiduciary of any employee benefit plan established and maintained by the Corporation or by any corporation controlled by the Corporation, or person serving another corporation, partnership, joint venture, trust or other enterprise in any of the foregoing capacities at the written request of the Corporation. The term "authorized representative" shall not include money managers or investment advisors (or any employees thereof) hired by the Corporation, and shall not include (i)agents of the Corporation unless indemnification thereof is expressly approved by the Board of Directors, or (ii) any scientist in his or her teaching or research capacity.

Section 7. Funding to Meet Indemnification Obligations. Subject to the approval of the Member, the Board of Directors shall have the power to borrow money on behalf of the Corporation, including the power to pledge the assets of the Corporation, from time to time to discharge the Corporation's obligations with respect to indemnification, the advancement and reimbursement of expenses, and the purchase and maintenance of insurance for the benefit of the Corporation and any person indemnified pursuant hereto. Upon the approval of the Member, the Corporation may, in lieu of or in addition to the purchase and maintenance of insurance,

WPAHS-000740

establish and maintain a fund of any nature or otherwise secure or insure in any manner its indemnification obligations, whether arising pursuant to this Article or otherwise.

ARTICLE XII

AMENDMENTS OF THESE BYLAWS AND/OR THE ARTICLES OF INCORPORATION OF THE CORPORATION

The power to amend, modify, alter or repeal these Bylaws or the Articles of Incorporation, is hereby exclusively vested in the Member of the Corporation subject, however, to Section 9 of Article III, and with respect to amendments of the following provisions in the bylaws and Articles of Incorporation of the Corporation, subject to prior notice to the Attorney General and the prior approval of the Orphans' Court: (i) provisions setting forth the purposes of the Corporation; (ii) provisions setting forth the powers reserved exclusively to the Member; (iii) provisions describing the manner in which the assets of the Corporation are to be distributed upon termination, dissolution or winding up of the Corporation; and (iv) provisions requiring notice to the Attorney General or approval of the Orphans' Court prior to the taking of certain action by the Corporation.

ARTICLE XIII

SUBVENTIONS

The Corporation shall be authorized by resolution of the Board of Directors or the Member to accept subventions from the Member or nonmembers on terms and conditions not inconsistent with PNCL § 5542, and to issue certificates therefor. The resolution of the Board of Directors or the Member may provide that the holders of subvention certificates shall be entitled to a fixed or contingent periodic payment out of the corporate assets equal to a percentage of the original amount or value of the subvention. The rights of holders of subvention certificates shall at all times be subordinate to the rights of creditors of the Corporation.

ARTICLE XIV

EXPENDITURES OF CONTRIBUTIONS

All contributions received by the Corporation from individual donors shall be spent for medical research before January 1 of the fifth year which begins after the date such contribution is made. The Corporation shall not, however, be obligated to expend contributions received from other corporations, foundations, or other persons within any set period of time, save for such limitations as may be set by the donor of such funds where such donors are not subject to the fifty (50%) percent limitation on contributions set forth in Treasury Regulation 1.170 A-9(c)(2) or its equivalent.

* * * *

WPAHS-000741

Exhibit A

Name	Term

WPAHS-000742

Document Divider

BYLAWS

ALLEGHENY SPECIALTY PRACTICE NETWORK
Pittsburgh, Pennsylvania

As Revised September 18, 2008

Previous Revisions:

August 9, 2000

BYLAWS
OF
ALLEGHENY SPECIALTY PRACTICE NETWORK

ARTICLE I

NAME AND LOCATION

Section 1. Name. The name of the Corporation is Allegheny Specialty Practice Network (the "Corporation").

Section 2. Principal Office. The principal office of the Corporation shall be located at 320 East North Avenue, Pittsburgh, Pennsylvania 15212 or at such other address as the Board of Directors shall determine.

ARTICLE II

PURPOSE; PARTICIPATION IN SYSTEM

Section 1. Purpose. The Corporation is formed and is to be operated exclusively for the following charitable, scientific and educational purposes, within the meaning of section 501 (c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"): supporting, benefiting and carrying out the functions of a regional health care system, comprised of corporations, each of which (x) has a sole corporate member that is also the sole corporate member of the Corporation, (y) either (i) operates, raises funds for, or conducts activities otherwise ancillary to the operation of, health care facilities in Western Pennsylvania without regard to age, sex, race, religion, national origin or sexual orientation, or (ii) carries on scientific research related to the causes, diagnosis, treatment, prevention or control of physical or mental diseases and impairments of persons, and (z) is described in sections 501(c)(3) and either 509(a)(1) or 509(a)(2) of the Code (all health care facilities operated by such corporations are referred to herein as the "Constituent Hospitals", and such corporations are referred to herein as the "Constituent Corporations") by:

(a) maintaining and operating programs rendering diagnostic and clinical and other health care services and health related services in support of clinical programs, education and research in the Western Pennsylvania community;

(b) providing health care for sick injured, disabled, indigent, or infirm persons in the Western Pennsylvania community;

(c) supporting or carrying on research and educational activities of the Constituent Hospitals and Constituent Corporations, related to the rendering of care to the

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sick, injured and disabled, the furthering of knowledge in the medical arts and in promotion of health;

(d) assisting the Constituent Hospitals and Constituent Corporations in their residency training programs in various medical specialties and related teaching programs; and

(e) exercising such powers in furtherance of the foregoing purposes as are now or may be granted hereafter by the Nonprofit Corporation Law of the Commonwealth of Pennsylvania, as amended from time to time, or any successor legislation (the "PNCL").

Section 2. Participation in System. The Corporation is a constituent entity of the health care system serving Western Pennsylvania known as West Penn Allegheny Health System (the "System") which, as of the date of the adoption of these bylaws, is comprised of affiliated hospitals and certain other affiliated organizations. These Bylaws, among other things, establish the relative authority and responsibility of the entities and individuals participating in the governance and management of the Corporation in its capacity as part of the System.

ARTICLE III

MEMBER

Section 1. Member. Subject to Section 9 of this Article III, the sole voting member of the Corporation shall be West Penn Allegheny Health System, Inc. (the "Member"), acting through its Board of Directors (the "Member Board"), or through its Executive Committee (the "Member Executive Committee") or designated officers of the Member (the "Designated Representatives") to the extent that the Member has, pursuant to its Bylaws or by resolution duly adopted by the Member Board, delegated its authority herein to the Member Executive Committee or to a Designated Representative; provided, however, that neither the Member Executive Committee nor any Designated Representative shall have the authority to act on behalf of the Member with respect to any of the actions identified in Section 2.B of this Article III.

Section 2. Powers and Rights of Member.

A. The Member shall have such powers and rights as are set forth in the PNCL and the Articles of Incorporation of the Corporation. Without limiting and in addition to such powers and rights, the Member shall have the exclusive authority to exercise the following powers:

(1) Adopt and/or approve and interpret the statement of mission and philosophy of the Corporation, and require the Corporation to operate in conformance with its statement of mission and philosophy;

WPAHS-000745

(2) Adopt and/or approve amendments or restatements of the bylaws and Articles of Incorporation of the Corporation, subject, however, to Section 9 of this Article III, and with respect to amendments of the following provisions in the bylaws and Articles of Incorporation of the Corporation, subject to prior notice to the Attorney General and the prior approval of the Orphans' Court: (i) provisions setting forth the purposes of the Corporation; (ii) provisions setting forth the powers reserved exclusively to the Member; (iii) provisions describing the manner in which the assets of the Corporation are to be distributed upon termination, dissolution or winding up of the Corporation; and (iv) provisions requiring notice to the Attorney General or approval of the Orphans' Court prior to the taking of certain action by the Corporation.

(3) Fix the number of, and elect, appoint, fill vacancies in and remove, with or without cause, the Directors; and elect and remove, with or without cause, the Chair and Vice Chair of the Board of Directors of the Corporation, and the Secretary and Treasurer of the Corporation; provided that no Director or officer shall be removed by the Member without 10 days prior notice of such removal from the Member to the Board of Directors;

(4) Designate the administrative structure of the Corporation and, after consultation with the Board of Directors of the Corporation, elect and remove, with or without cause, the President and Chief Executive Officer and all vice presidents and other officers of the Corporation, provided that no officer shall be removed by the Member without 10 days prior notice of such removal from the Member to the Board of Directors;

(5) Cause or approve any merger, consolidation, division, conversion, or dissolution of the Corporation, or the filing of a petition in bankruptcy or execution of a deed of assignment for the benefit of creditors;

(6) Approve or cause the Corporation to engage in any acquisition or any sale, lease, exchange, mortgage, pledge or other alienation of any personal property of the Corporation having a value in excess of an amount to be fixed from time to time by the Member or any real property of the Corporation;

(7) Adopt and/or approve any capital or operating budgets of the Corporation, and approve or direct any unbudgeted expenditure to be undertaken individually or collectively by the Corporation and any affiliated corporations controlled by the Corporation (other than unbudgeted expenditures which are required in order for the Corporation to be in compliance with applicable laws, rules and regulations, and state licensing and accreditation requirements), where the cumulative amount of such unbudgeted expenditures is in excess of an amount to be fixed from time to time by the Member;

(8) Adopt and/or approve any operating plan or financial plan with respect to the Corporation, and require the Corporation to comply with such operating or financial plan;

(9) Approve and/or cause the Corporation to undertake or engage itself in respect of any bond issuance or any other indebtedness for borrowed money of the

WPAHS-000746

Corporation, or any lending of funds by the Corporation to an unrelated person, corporation or other legal entity, including without limitation any capital leases (other than indebtedness to provide funds for expenditures necessary in order for the Corporation to be in compliance with applicable laws, rules and regulations, and state licensing and accreditation requirements, to the extent such funds are not otherwise reasonably available), representing obligations of the Corporation in excess of an amount per annum in the aggregate established from time to time by the Member;

(10) Approve and/or direct the allocation and transfer of the Corporation's excess cash (as determined by the Member) among those charitable nonprofit health care organizations operating in Western Pennsylvania of which the Member is the sole Member, which organizations are exempt from federal income taxation under Section 501(a) of the Code because they are organizations described in Section 501 (c)(3) of the Code, provided that any such allocation and transfer shall be in furtherance of the Corporation's charitable purposes;

(11) Establish and/or approve the criteria for, and conduct the evaluation of, the performance of the President and Chief Executive Officer and all vice presidents and officers of similar rank of the Corporation;

(12) Approve and/or cause the adoption by the Corporation of proposed settlements of litigation when such settlements exceed applicable insurance coverage or the amounts reserved in respect thereof of any applicable self-insurance fund;

(13) Approve and/or cause the adoption by the Corporation of any contracts between the Corporation and any managed care organization (including without limitation any health maintenance organization or independent practice association) or insurance company;

(14) Approve and/or cause any corporate reorganization of the Corporation or the establishment or dissolution of any subsidiary organizations, including corporations, partnersbips or other entities, of the Corporation;

(15) Adopt and/or approve the strategic plan of the Corporation; and

(16) Approve or direct the taking of any other action outside of ordinary course of business and such matters as are required to be submitted to corporate members of a Pennsylvania nonprofit corporation.

Except as otherwise required by the PNCL, and subject to Section 9 of this Article III, the action of the Member with respect to each of the foregoing actions shall be sufficient to approve such actions, no action by the Board of Directors of the Corporation shall be required with respect to any such actions, and, to the full extent permitted by law, no action of the Board of Directors with respect to any such actions shall be effective for any purpose without the approval of the Member.

WPAHS-000747

B. Each of the following actions may be approved by the Member only through action of the Member Board, and not through action of the Member Executive Committee or any Designated Representative:

(1) The adoption or approval of a statement of mission and philosophy of the Corporation;

(2) The adoption or approval of any amendments of the Bylaws or Articles of Incorporation of the Corporation;

(3) The approval of any merger, consolidation, division, conversion, or dissolution of the Corporation, or the filing of a petition in bankruptcy or execution of a deed of assignment for the benefit of creditors, or the sale or other disposition of all or substantially all of the assets of the Corporation;

(4) The election, appointment and removal of the Directors, the Chair and Vice Chair of the Board of Directors of the Corporation, and the Secretary and Treasurer of the Corporation;

(5) The approval of any bond issuance or incurrence of any other indebtedness for borrowed money of the Corporation, or any lending of funds by the Corporation to an unrelated person, corporation or other legal entity, including without limitation any capital leases; and

(6) The approval and/or direction of the allocation and transfer of the Corporation's excess cash (as determined by the Member) among those charitable nonprofit health care organizations operating in Western Pennsylvania of which the Member is the sole Member.

Section 3. Meetings of Member. Meetings of the Member may be held at such place within the Commonwealth of Pennsylvania as the Member may from time to time determine, or as may be designated in the notice of the meeting.

Section 4. Annual Meeting of the Member.

A. Unless otherwise fixed by the Member, the annual meeting of the Corporation shall be held in June of each year. At each annual meeting, (i) the Board of Directors shall present to the Member an annual report regarding the financial performance of the Corporation, and (ii) the Member shall appoint the Board of Directors of the Corporation in accordance with Article IV and all officers that pursuant to the Bylaws are then to be appointed by the Member. If the annual meeting shall not be called and held within one (1) month of the date specified in this Article III, Section 4 or fixed by the Member in accordance with this Article III, Section 4, as applicable, any members of the Board of Directors and any officers theretofore appointed by the Member shall continue to serve unless removed by the Member (or unless the applicable member of the Board of Directors or officer resigns), and a special meeting may be held in place thereof with the same force and effect as the annual meeting, and in such case all references in these Bylaws, except in this Article III, Section 4, to the annual meeting of

the Corporation shall be deemed to refer to such special meeting. Any such special meeting shall be called and notice given as provided in Article III, Sections 5 and 7, as applicable.

B. Immediately after each annual appointment of the Board of Directors by the Member at the annual meeting or a special meeting, the Board of Directors of the Corporation shall meet for the transaction of business to be conducted by the Board of Directors at the place where the annual or special meeting of the Member was held. Notice of such meeting need not be given. If such meeting is to be held at any other time or place, notice thereof shall be given as provided in Article V, Section 2 for special meetings of the Board of Directors.

Section 5. Special Meetings of the Member. Special meetings of the Member shall be held whenever called by the Board of Directors of the Corporation, or by written demand of the Member.

Section 6. Action Without a Meeting. Any action which may be taken at a meeting of the Member may be taken without a meeting if a consent in writing setting forth the actions so taken shall be signed by the Member, and filed with the Secretary of the Corporation.

Section 7. Notice of Meetings; Participation by Conference Telephone.

A. Unless otherwise provided in these Bylaws, whenever written notice is required to be given the Member under the provisions of the Articles of Incorporation, these Bylaws, or the PNCL, it may be given by sending a copy thereof first class mail, postage prepaid, by personal delivery, or in the case of notices other than notices of meetings, by telecopy with confirmed receipt to the address of the Member appearing on the books of the Corporation. If the notice is sent by mail, it shall be deemed to have been given to the Member entitled thereto when deposited in the United States. A notice of meeting shall specify the place, day and hour of the meeting and any other information required by law or these Bylaws, and, unless the meeting is an annual meeting, shall indicate that the notice is being issued by or at the direction of the person(s) calling the meeting. Notice of each meeting of the Member shall be given not less than five days before the date of the meeting, except in the case where fundamental changes to the Corporation under Chapter 59 of the PNCL will be considered, in which case such notice shall be given not less than ten days before the date of the meeting. Every such notice shall state the date, time and place of the meeting, and notices of special meetings of the Member shall also set forth the general nature of the business to be conducted at such meeting.

B. When a meeting is adjourned, it shall not be necessary to give any notice of the adjourned meeting and of the business to be transacted at an adjourned meeting in accordance with the provisions of this Article III, Section 7 if the day, time and place to which the meeting is adjourned is announced at the meeting at which the adjournment is taken.

C. Whenever notice of a meeting is required, such notice need not be given to the Member if a written waiver of notice executed by the Member is filed with the records of the Corporation. Attendance by the Member at any meeting of the Member shall constitute a waiver

WPAHS-000749

by the Member of notice of such meeting, except where the Member attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

D. One or more persons may participate in a meeting of the Member by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

Section 8. Resolutions. Whenever the language of a proposed resolution is included in a written notice of a meeting of the Member, the meeting considering the resolution may without further notice adopt it with such clarifying or other amendments as do not enlarge its original purpose.

Section 9. Additional Members. Notwithstanding anything herein to the contrary, upon the occurrence of a Triggering Event (as defined below), then effective immediately and automatically upon the occurrence of such Triggering Event and without further action by the Member, the voting members of the Corporation shall include, in addition to the Member identified in Section 1 of this Article III hereof, all of the then-current members of the Board of Directors of the Corporation, and any reference in these bylaws to "the Member" shall be deemed to be a reference to "the Members" as identified in this Article III, Section 9, each of whom shall have one vote, and all of whom together shall have the authority that, but for operation of this Article III, Section 9, would be vested in the Member. From and after the occurrence of a Triggering Event, (i) a majority of the Members shall constitute a quorum at any meeting of the Members and (ii) the affirmative vote of two-thirds (or greater) of the whole number of Members shall be required to approve any matter to be voted on by the Members. For purposes of this Section, "Triggering Event" shall mean any of the following occurrences:

(1) a Final Determination (as defined below) shall have been entered denying the Member's application for recognition as an Exempt Organization (as defined below) or revoking the Member's status as an Exempt Organization;

(2) the Member shall have taken all corporate action necessary to approve (x) the dissolution of the Member or (y) the filing by the Member of a voluntary petition in bankruptcy;

(3) the Member shall have admitted in writing its inability to pay its debts as they come due; or

(4) an involuntary petition for the dissolution and winding up of the Member shall have been filed, which such petition is not dismissed within 60 days of the filing thereof

"Final Determination" shall mean a decision, judgment, decree or other order by the Internal Revenue Service or a court of competent jurisdiction which is final and unappealable, or which

has become unappealable because the time for instituting an appeal has expired. "Exempt Organization" shall mean an organization exempt from federal income taxation pursuant to Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code. Notwithstanding anything herein to the contrary, amendment of this Section 9 shall require approval of both the Member and at least two-thirds of the entire Board of Directors of the Corporation.

Section 10. Operating Reports. The Board of Directors of the Corporation shall submit operating reports to the Member in such form and on such schedule as shall be established by the Member. Such operating reports shall reflect the results of operations of the Corporation and of any affiliates of the Corporation that are controlled by the Corporation.

ARTICLE IV

THE BOARD OF DIRECTORS

Section 1. Powers and Responsibility. Subject to Article III hereof and to the other rights and powers of the Member specified herein or in the Articles of Incorporation or otherwise provided hereby or in the Articles of Incorporation or by law, the Board of Directors shall have charge, control, and management of the administrative affairs, property and funds of the Corporation and shall have the power and authority to do and perform all acts and functions not inconsistent with these Bylaws, the Articles of Incorporation, and applicable law, in each case as amended from time to time. Such responsibility shall include without limitation: implementation of any operational or financial plan adopted by the Member and institutional management and planning. Without limiting the generality of the foregoing, the Board of Directors shall have power and authority to, and shall be responsible to, establish and manage the Corporation's program for compliance with all legal requirements applicable to the Corporation. The Board of Directors shall also prepare, for the Member's review and approval, on such timetable as the Member shall establish, proposed annual budgets for the Corporation, which budgets shall be consistent with any operating plan or financial plan adopted or approved by the Member and then in effect.

Section 2. Composition of the Board Appointment Qualifications. The Board of Directors shall be composed of not fewer than three nor more than twenty voting members, exclusive of non-voting *ex officio* Directors. The exact number of voting Directors shall be as fixed from time to time by the Member. Directors shall generally be appointed at the annual meeting of the Member, but may be appointed at any regular or special meeting of the Member. Each Director of the Corporation shall be a natural person of at least eighteen years of age, of good moral character and who enjoys a good reputation in the community, and who, by his or her experience, community interest, or prior action, demonstrates a willingness to devote time and talent to the affairs of the Corporation and to exercise his or her judgment with undivided loyalty to the Corporation. Each Director shall further satisfy the requirements set forth in Section 9 of this Article IV.

Section 3. Term of Office. Subject to Section 5 of this Article IV, Directors, other than *ex officio* Directors, shall serve for one, two, or three year terms, as

WPAHS-000751

specified by the Member. In the event that the Member elects to classify the Board of Directors for purposes of staggering their respective terms of office, then the number of Directors assigned to each class shall be as nearly equal as possible to those assigned to each other class. Each Director shall retain his or her position as Director until his or her successor shall be duly appointed and qualified or until his or her earlier death, resignation or removal, except that an *ex officio* Director shall retain his or her position as Director only during his or her tenure in the position from which his or her respective *ex officio* status is derived, or until his or her earlier death, resignation, or removal. Directors may be re-elected for unlimited successor terms.

Section 4. *Ex Officio* Directors. The following persons shall serve as ex officio Directors of the Corporation with vote:

(1) President and Chief Executive Officer of the Member; and

(2) President and Chief Executive Officer of the Corporation.

In the event that any individual holds multiple *ex officio* positions s/he shall have one vote.

Section 5. Removal Resignation, Vacancies.

A. The Member may, in its discretion, remove any Director at any time, with or without cause, upon 10 days prior notice to the Board of Directors. Without limiting the generality of the foregoing, upon such notice the Member may, in its discretion, remove and replace all or a portion of the Board of Directors if the Member determines that the Corporation has failed to comply with any operating or financial plan adopted or approved by the Member. Unless such removal notice is revoked by the Member during the 10 day notice period, any such removal shall be effective immediately upon expiration of the notice period.

B. Any Director may resign from office with or without cause, by delivering a written statement of resignation to the Secretary of the Corporation. Any such resignation shall take effect immediately upon its receipt by the Secretary of the Corporation, unless a later effective time or date for the resignation is specified in the notice of resignation.

C. Any person appointed to fill a vacancy on the Board of Directors shall be appointed for the unexpired term of the Director whose death, resignation, or removal gave rise to the applicable vacancy.

Section 6. Orientation of Directors. Newly elected or appointed Directors shall be oriented to the functions and procedures of the Board of Directors. Such orientation shall be carried out under the supervision of the President and Chief Executive Officer.

Section 7. No Compensation. No Director shall receive any compensation for acting as a Director. Directors who are officers or employees of the Corporation may receive compensation for those duties.

WPAHS-000752

Section 8. Review of Bylaws. The Board of Directors shall review these Bylaws of the Corporation annually, and based on such review, may propose amendments to these Bylaws to the Member of the Corporation.

Section 9. Conflict of Interest. Directors shall exercise good faith in all transactions touching upon their duties at the Corporation and its property. No director shall use his or her position, or knowledge gained therefrom, in any way that might give rise to a conflict between the interest of the Corporation and that of the individual Director. The Board of Directors shall adopt a conflict of interest policy, and each Director and officer of the Corporation shall agree in writing to be bound thereby as a prerequisite to his or her qualification as a Director or officer, as the case may be.

ARTICLE V

MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Regular and Annual Meetings of the Board of Directors. The Board of Directors shall hold regular meetings at such time and place as determined by the Board or the Chair; provided that the Board shall meet not less than four times per year. The Annual Meeting shall be held as provided in Article III, Section 4 of these Bylaws. Notice of any meeting shall be mailed, personally delivered or faxed to each Director at least 5 days prior to the meeting to the Director's address (or fax number) on the books of the Corporation. Voting by proxy shall not be permitted at any meeting.

Section 2. Special Meetings. Special meetings may be held at any time upon call of the Member or the Chair or upon receipt by the President and Chief Executive Officer of the written request of at least three Directors.

Section 3. Quorum. A majority of the entire Board of Directors shall constitute a quorum at any regular meeting. Once a quorum is established, subsequent withdrawal of individuals to less than a quorum shall not affect the validity of any subsequent action taken at the meeting. Except as otherwise required by the PNCL, approval of any matter before the Board of Directors by a majority of the Directors present at a meeting shall constitute approval of the applicable matter by the Board.

Section 4. Action Without a Meeting. Any action which may be taken at a meeting of the Board or any committee thereof may be taken without a meeting if consent in writing setting forth such action is signed by all of the Directors or members of the committee, and is filed in the minutes of the proceedings of the Board or of the committee.

Section 5. Rules of Conduct. Meetings of the Board of Directors and Committees of the Board of Directors will be conducted in accordance with such rules as may be established by the Board of Directors.

Section 6. Participation by Conference Telephone. One or more Directors or members of a Committee established pursuant hereto may participate in a meeting of the Board of Directors or such Committee by means of conference telephone or similar

WPAHS-000753

communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

Section 7. Waiver of Notice. Whenever any written notice is required to be given under the provisions of the these bylaws or the PNCL, such notice need not be given to any Director who submits a signed waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Director.

ARTICLE VI

OFFICERS

Section 1. Officers Generally. The officers shall be a Chair, a Secretary, a Treasurer, a President and Chief Executive Officer, and such Vice Presidents and other subordinate officers as the Member shall designate.

Section 2. Appointment of Officers. The officers shall be appointed by the Member, after consultation with the Board of Directors of the Corporation, at the Annual Meeting of the Member each year and shall hold office for terms of one year and until their successors are duly installed, subject in each case to an officer's earlier death, resignation or removal. Vacancies in any office may be filled by action of the Member after consultation with the Board of Directors of the Corporation. Nothing contained herein shall be construed as prejudicing any officer's rights with respect to compensation under any employment agreement with the Corporation.

Section 3. Chair. The Chair shall preside at all meetings of the Board of Directors, and at the Annual Meeting of the Member each year shall present the report of the Board of Directors. The Chair shall be responsible to review the performance of the Board of Directors on an annual basis, and to report on such performance to the Member. The Chair shall have such authority, and shall perform all duties, ordinarily required of an officer in like position, and such other authority and duties as may be assigned by the Member.

Section 4. President and Chief Executive Officer. The President and Chief Executive Officer of the Corporation shall be an *ex officio* member of the Board. The President and Chief Executive Officer shall have all authority and responsibility necessary to operate the Corporation in all its activities, subject, however, to the policies and directives of the Member and of the Board of Directors with regard to the matters as to which the Board of Directors is responsible, and to the provisions of the Corporation's Articles of Incorporation and Bylaws.

Section 5. Vice Chair. The Vice-Chair shall perform the duties of the Chair when for any reason the Chair is unable to perform the same.

WPAHS-000754

Section 6. Secretary. The Secretary shall keep and properly record the minutes of the proceedings of the Board of Directors, notify officers of their election and committee members of their appointment, give notice of all meetings of the Board of Directors and the Executive Committee, have custody of the corporate seal and of all books and papers pertaining to the office, and generally shall have such authority, and shall perform all duties, ordinarily required of an officer in like position.

Section 7. Treasurer. The Treasurer shall receive and have custody of all funds, money, and income of the Corporation not otherwise specifically provided for by the Member and shall deposit the same in such depository or depositories as the Board shall designate. The Treasurer shall have such authority, and shall perform all duties, ordinarily required of an officer in like position, and such other authority and duties as may be assigned by the Member.

Section 8. Resignation. Any officer may resign at any time by giving written notice thereof to the Chair, the President and Chief Executive Officer or the Secretary of the Corporation. Any such resignation shall take effect on the date of receipt of such notice by one of the above-specified officers, or at such later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 9. Removal. Any officer of the Corporation may be removed, with or without cause, by the Member whenever in the judgment of the Member the best interests of the Corporation will be served thereby. Nothing contained herein shall be construed as prejudicing any officer's rights with respect to compensation under any employment agreement with the Corporation.

ARTICLE VII

COMMITTEES OF THE BOARD OF DIRECTORS

Section 1. Committees Generally. The Directors, upon direction of the Member, shall establish the following committees, and, upon the approval of the Member, may establish such other committees (standing or special) as the Board of Directors shall determine to establish, with such authority and composition as the Board of Directors shall determine (subject only to the rights and powers of the Members as set forth in the PNCL, the Articles of Incorporation, and these Bylaws, and the limitations or delegation of the Board's authority pursuant to the PNCL):

A. Executive Committee

B. Finance Committee

C. Strategic Planning and Capital Development Committee

WPAHS-000755

Section 2. Powers of the Executive Committee. From and after its establishment, the Executive Committee shall have and may exercise the powers of the Board of Directors in the management of the business affairs of the Corporation, except that the Executive Committee shall not have authority with respect to any of the following matters:

A. The submission to the Member of any action requiring approval of the Member;

B. Amending or repealing any resolution of the Board of Directors; or

C. Approving any matters which pursuant to the Bylaws or resolution of the Board of Directors is reserved to another established committee of the Board.

Section 3. Finance Committee. From and after its establishment, this Committee shall review and recommend to the Board of Directors the annual budget to be proposed to the Member, establish and review periodic budgetary reports and meet with the Corporation's independent auditors following receipt of the annual audit. This Committee shall also review and recommend the financial plan of the Corporation. This Committee shall meet at least quarterly to review the budget and financial performance of the Corporation and its affiliates, and to review and recommend approval or disapproval of any proposed unbudgeted expenditures by the Corporation where the cumulative amount of such unbudgeted expenditures is in excess of the amount fixed from time to time by the Member.

Section 4. Strategic Planning and Capital Development Committee. From and after its establishment, this Committee shall propose long range plans for the Corporation for the consideration of the Member, with the goal of constantly improving services, facilities and programs. These plans shall be periodically reviewed and revised by the Committee, and shall be subject to approval by the Member.

Section 5. Appointment of Committees. The members of any standing or special Committee shall be appointed by the Board. Each Committee shall include at least three Directors, including *ex officio* members. The Chair and the President and Chief Executive Officer shall be *ex officio* members of all committees with full voting privileges. Each other member of a committee shall serve for a term of one year and until his or her successor has been appointed, subject to his or her earlier death, resignation or removal.

Section 6. Meetings of Committees. All standing Committees shall function under the direction of the Board of Directors and shall meet as often as necessary to transact their business and shall make such reports as they may deem necessary or which may be specifically required of them. Minutes shall be kept of each meeting of each Committee and such minutes shall be disseminated to all members of the Board of Directors, and to the Member.

WPAHS-000756

Section 7. Quorum; Act of Committee. A majority of the members of a Committee shall constitute a quorum for the transaction of business. Once a quorum has been established, subsequent withdrawal of committee members so as to reduce the number of members present to less than a quorum shall not affect the validity of any subsequent action taken at the meeting. Approval of any matter before any Committee by a majority of those present at a meeting of a Committee where a quorum is present shall constitute approval of the applicable matter by the applicable Committee.

Section 8. Resignation. Any Committee member may resign at any time by giving written notice thereof to the Chair, the President and Chief Executive Officer or the Secretary of the Corporation. Any such resignation shall take effect on the date of receipt of such notice by one of the above-specified officers, or at such later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 9. Removal. Any Committee member may be removed, with or without cause, by the Board or the Member whenever in the judgment of the Board or the Member the best interests of the Corporation will be served thereby, provided that if any Committee member is removed by the Member, at least 10 days advance notice of such removal shall be given by the Member to the Board of Directors.

ARTICLE VIII

FISCAL YEAR AND ANNUAL REPORT

Section 1. Fiscal Year. The Fiscal Year of the Corporation shall be begin on the first day of July of each year and end on the last day of June of the succeeding year.

Section 2. Annual Report. As soon as may be convenient following the close of the Fiscal Year, the Board of Directors may cause to be published for general distribution an Annual Report containing such information regarding the work and affairs of the Hospital for the preceding Fiscal Year as in their discretion may be deemed advisable.

ARTICLE IX

SEAL

Section 1. Seal. The seal of the Corporation shall be in such form as may be approved by the Board of Directors.

WPAHS-000757

ARTICLE X

LIABILITY OF DIRECTORS

Section 1. Standard of Care and Fiduciary Duty. Each Director shall stand in a fiduciary relation to this Corporation and shall perform his or her duties as a Director, including his or her duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner the Director reasonably believes to be in the best interests of this Corporation, and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. In performing his or her duties, each Director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

(a) one or more officers or employees of this Corporation whom the Director reasonably believes to be reliable and competent in the matters presented;

(b) counsel, public accountants or other persons as to matters which the Director reasonably believes to be within the professional or expert competence of such persons; and

(c) a committee of the Board of this Corporation upon which the Director does not serve, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence.

A Director shall not be considered to be acting in good faith if the Director has knowledge concerning the matter in question that would cause his reliance to be unwarranted.

Section 2. Limitation on Liability. Neither the Member nor any Director of the Corporation shall be personally liable for monetary damages for any action taken, or any failure to take any action, provided however, that this provision shall not eliminate or limit the liability of the Member or any Director to the extent that such elimination or limitation of liability is expressly prohibited by, Section 5713 of the PNCL, as in effect at the time of the alleged action or failure to take action by such Member or Director.

Section 3. Preservation of Rights. Any repeal or modification of this Article shall not adversely affect any right or protection existing at the time of such repeal or modification to which any Member, Director or former Member or Director may be entitled under this Article. The rights conferred by this Article shall continue as to any person who has ceased to be the Member or a Director of the Corporation and shall inure to the benefit of the successors, heirs, executors, and administrators of such person.

ARTICLE XI

INDEMNIFICATION

Section 1. Mandatory Indemnification of Directors and Officers. The Corporation shall indemnify, to the fullest extent now or hereafter permitted by law, each Director and officer (including each former Director or officer) of the Corporation who was or is or is threatened to be made a party to or a witness in any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that the Director or officer is or was an authorized representative of the Corporation, or is or was serving at the written request of the Corporation as a representative of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the Director or officer in connection with such action, suit or proceeding if such Director or officer acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful.

Section 2. Mandatory Advancement of Expenses to Directors and Officers. The Corporation shall pay expenses (including attorneys' fees) incurred by a Director or officer of the Corporation referred to in Section 1 of this Article XI in defending or appearing as a witness in any civil or criminal action, suit or proceeding described in Section 1 of this Article XI in advance of the final disposition of such action, suit or proceeding. The expenses incurred by such Director or officer shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding only upon receipt of an undertaking by or on behalf of such Director or officer to repay all amounts advanced if it shall ultimately be determined that the Director or officer is not entitled to be indemnified by the Corporation as provided in Section 4 of this Article XI.

Section 3. Permissive Indemnification and Advancement of Expenses. The Corporation may, as determined by the Board of Directors from time to time, indemnify, in full or in part, to the fullest extent now or hereafter permitted by law, any person who was or is or is threatened to be made a party to or a witness in, or is otherwise involved in, any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was an authorized representative of the Corporation or is or was serving at the request of the Corporation as a representative of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise, both as to action in his official capacity and as to action in another capacity while holding such office or position, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in conjunction with

such action, suit or proceeding if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The Corporation may, as determined by the Board of Directors from time to time, pay expenses incurred by any such person by reason of such person's participation in an action, suit or proceeding referred to in this Section 3 in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as provided in Section 4 of this Article XI.

Section 4. Scope of Indemnification. Indemnification under this Article shall not be made by the Corporation in any case where a court determines that the alleged act or failure to act giving rise to the claim for indemnification is expressly prohibited by Chapter 57, Subchapter D of the PNCL or any successor statute as in effect at the time of such alleged action or failure to take action.

Section 5. Miscellaneous. Each Director and officer of the Corporation shall be deemed to act in such capacity in reliance upon such rights of indemnification and advancement of expenses as are provided in this Article. The rights of indemnification and advancement of expenses provided by this Article shall not be deemed exclusive of any other rights to which any person seeking indemnification or advancement of expenses may be entitled under any agreement, vote of members (if any), disinterested Directors, statute or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office or position, and shall continue as to a person who has ceased to be an authorized representative of the Corporation and shall inure to the benefit of the heirs, executors and administrators of such person. Any repeal or modification of this Article by the members (if any) or the Board of Directors of the Corporation shall not adversely affect any right or protection existing at the time of such appeal or modification to which any person may be entitled under this Article.

Section 6. Definition of Authorized Representative. For the purposes of this Article, the term, "authorized representative" shall mean a director, officer (including a former director of officer), or employee of the Corporation or of any corporation controlled by the Corporation, or a trustee, custodian, administrator, committeeman or fiduciary of any employee benefit plan established and maintained by the Corporation or by any corporation controlled by the Corporation, or person serving another corporation, partnership, joint venture, trust or other enterprise in any of the foregoing capacities at the written request of the Corporation. The term "authorized representative" shall not include money managers or investment advisors (or any employees thereof) hired by the Corporation, and shall not include agents of the Corporation unless indemnification thereof is expressly approved by the Board of Directors.

WPAHS-000760

Section 7. Funding to Meet Indemnification Obligations. Subject to the approval of the Member, the Board of Directors shall have the power to borrow money on behalf of the Corporation, including the power to pledge the assets of the Corporation, from time to time to discharge the Corporation's obligations with respect to indemnification, the advancement and reimbursement of expenses, and the purchase and maintenance of insurance for the benefit of the Corporation and any person indemnified pursuant hereto. Upon the approval of the Member, the Corporation may, in lieu of or in addition to the purchase and maintenance of insurance, establish and maintain a fund of any nature or otherwise secure or insure in any manner its indemnification obligations, whether arising pursuant to this Article or otherwise.

ARTICLE XII

AMENDMENTS OF THESE BYLAWS AND/OR THE ARTICLES OF INCORPORATION OF THE CORPORATION

The power to amend, modify, alter or repeal these Bylaws or the Articles of Incorporation, is hereby exclusively vested in the Member of the Corporation subject, however, to Section 9 of Article III, and with respect to amendments of the following provisions in the bylaws and Articles of Incorporation of the Corporation, subject to prior notice to the Attorney General and the prior approval of the Orphans' Court: (i) provisions setting forth the purposes of the Corporation; (ii) provisions setting forth the powers reserved exclusively to the Member; (iii) provisions describing the manner in which the assets of the Corporation are to be distributed upon termination, dissolution or winding up of the Corporation; and (iv) provisions requiring notice to the Attorney General or approval of the Orphans' Court prior to the taking of certain action by the Corporation.

ARTICLE XIII

SUBVENTIONS

The Corporation shall be authorized by resolution of the Board of Directors or the Member to accept subventions from the Member or nonmembers on terms and conditions not inconsistent with PNCL § 5542, and to issue certificates therefor. The resolution of the Board of Directors or the Member may provide that the holders of subvention certificates shall be entitled to a fixed or contingent periodic payment out of the corporate assets equal to a percentage of the original amount or value of the subvention. The rights of holders of subvention certificates shall at all times be subordinate to the rights of creditors of the Corporation.

* * * *

EXHIBIT A

Name	Term

WPAHS-000762

Document Divider

BYLAWS

ALLE-KISKI MEDICAL CENTER
Natrona Heights, Pennsylvania 15065

As Revised May 29, 2009

Previous Revisions:
9/18/08
5/10/07
1/12/06
7/28/05
8/14/03
12/12/02
9/19/02
2/9/01
8/9/00
8/1/99

BYLAWS
OF
ALLE-KISKI MEDICAL CENTER

ARTICLE I

NAME AND LOCATION

Section 1. Name. The name of the Corporation is Alle-Kiski Medical Center. It is understood that the Corporation includes, by definition, and these bylaws apply to, all aspects of the Corporation, including, without limitation, any separately licensed facility which is owned by Alle-Kiski Medical Center and which is not otherwise a separate legal entity.

Section 2. Principal Office. The principal office of the Corporation shall be located at 1301 Carlisle Street, Natrona Heights, PA 15065, or at such other address as the Board of Directors shall determine.

ARTICLE II

PURPOSE; PARTICIPATION IN SYSTEM

Section 1. Purpose. The purposes of the Corporation are as set forth in the Articles of Incorporation and include the following:

(1) To provide, maintain, operate, and support the provision, maintenance and operation of, on a not-for-profit basis, in-patient and out-patient hospital facilities and health care services throughout Western Pennsylvania, to all persons who are acutely ill or otherwise require medical care and services of the kind customarily furnished most effectively by hospitals without regard to race, creed, color, sex, age, religion, national origin, sexual orientation, ability to pay, or any other criteria not related to medical indications for admission or treatment, all in a manner that is described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"); and

(2) To carry on educational and scientific activities related to the care of the sick and injured.

(3) To carry on scientific research related to the care of the sick and injured.

(4) To carry on activities designed and carried on to promote the general health of the Western Pennsylvania community.

(5) To maintain itself as a not-for-profit corporation organized exclusively for charitable, scientific and educational purposes, with activities conducted in such a manner that no part of its net earnings shall inure to the benefit of any member, Director,

WPAHS-000764

officer or other individual. Upon termination, dissolution or winding up, the assets remaining after payment of all liabilities shall be distributed to another organization described in Section 501(c)(3) of the Code as selected by the Directors in their sole discretion, subject, however, to prior notice to the Attorney General of the Commonwealth of Pennsylvania (the "Attorney General"), approval by the Orphans' Court of the Commonwealth of Pennsylvania (the "Orphans' Court"), and all applicable law.

(6) To exercise such powers in furtherance of the foregoing purposes as are now or may be granted hereafter by the Nonprofit Corporation Law of the Commonwealth of Pennsylvania, as amended from time to time, or any successor legislation (the "PNCL").

Section 2. Participation in System. The Corporation is a constituent entity of the health care system serving Western Pennsylvania known as West Penn Allegheny Health System (the "System") which, as of the date of the adoption of these bylaws, is comprised of affiliated hospitals and certain other affiliated organizations. These Bylaws, among other things, establish the relative authority and responsibility of the entities and individuals participating in the governance and management of the Corporation in its capacity as part of the System.

ARTICLE III

MEMBER

Section 1. Member. Subject to Section 9 of this Article III, the sole voting member of the Corporation shall be West Penn Allegheny Health System, Inc. (the "Member"), acting through its Board of Directors (the "Member Board"), or through its Executive Committee (the "Member Executive Committee") or designated officers of the Member (the "Designated Representatives") to the extent that the Member has, pursuant to its Bylaws or by resolution duly adopted by the Member Board, delegated its authority herein to the Member Executive Committee or to a Designated Representative; provided, however, that neither the Member Executive Committee nor any Designated Representative shall have the authority to act on behalf of the Member with respect to any of the actions identified in Section 2.B of this Article III.

Section 2. Powers and Rights of Member.

A. The Member shall have such powers and rights as are set forth in the PNCL and the Articles of Incorporation of the Corporation. Without limiting and in addition to such powers and rights, the Member shall have the exclusive authority to exercise the following powers:

(1) Adopt and/or approve and interpret the statement of mission and philosophy of the Corporation, and require the Corporation to operate in conformance with its statement of mission and philosophy;

(2) Adopt and/or approve amendments or restatements of the bylaws and Articles of Incorporation of the Corporation, subject, however, to Section 9 of this Article III;

(3) Fix the number of, and elect, appoint, fill vacancies in and remove, with or without cause, the Directors; and elect and remove, with or without cause, the Chair and Vice Chair of the Board of Directors of the Corporation, and the Secretary and Treasurer of the Corporation; provided that no Director or officer shall be removed by the Member without 10 days prior notice of such removal from the Member to the Board of Directors;

(4) Designate the administrative structure of the Corporation and, after consultation with the Board of Directors of the Corporation, elect and remove, with or without cause, the President and Chief Executive Officer and all vice presidents and other officers of the Corporation, provided that no officer shall be removed by the Member without 10 days prior notice of such removal from the Member to the Board of Directors;

(5) Cause or approve any merger, consolidation, division, conversion, or dissolution of the Corporation, or the filing of a petition in bankruptcy or execution of a deed of assignment for the benefit of creditors;

(6) Approve or cause the Corporation to engage in any acquisition or any sale, lease, exchange, mortgage, pledge or other alienation of any personal property of the Corporation having a value in excess of an amount to be fixed from time to time by the Member or any real property of the Corporation;

(7) Adopt and/or approve any capital or operating budgets of the Corporation, and approve or direct any unbudgeted expenditure to be undertaken individually or collectively by the Corporation and any affiliated corporations controlled by the Corporation (other than unbudgeted expenditures which are required in order for the Corporation to be in compliance with applicable laws, rules and regulations, and state licensing and accreditation requirements), where the cumulative amount of such unbudgeted expenditures is in excess of an amount to be fixed from time to time by the Member;

(8) Adopt and/or approve any operating plan or financial plan with respect to the Corporation, and require the Corporation to comply with such operating or financial plan;

(9) Approve and/or cause the Corporation to undertake or engage itself in respect of any bond issuance or any other indebtedness for borrowed money of the Corporation, or any lending of funds by the Corporation to an unrelated person, corporation or other legal entity, including without limitation any capital leases (other than indebtedness to provide funds for expenditures necessary in order for the Corporation to be in compliance with applicable laws, rules and regulations, and state licensing and accreditation requirements, to the extent such funds are not otherwise reasonably available), representing obligations of the Corporation in excess of an amount per annum in the aggregate established from time to time by the Member;

(10) Establish and/or approve the criteria for, and conduct the evaluation of, the performance of the President and Chief Executive Officer and all vice presidents and officers of similar rank of the Corporation;

(11) Approve and/or cause the adoption by the Corporation of proposed settlements of litigation when such settlements exceed applicable insurance coverage or the amounts reserved in respect thereof of any applicable self-insurance fund;

(12) Approve and/or cause the adoption by the Corporation of any contracts between the Corporation and any managed care organization (including without limitation any health maintenance organization or independent practice association) or insurance company;

(13) Approve and/or cause any corporate reorganization of the Corporation or the establishment or dissolution of any subsidiary organizations, including corporations, partnerships or other entities, of the Corporation;

(14) Adopt and/or approve the strategic plan of the Corporation; and

(15) Approve or direct the taking of any other action outside of ordinary course of business and such matters as are required to be submitted to corporate members of a Pennsylvania nonprofit corporation.

Except as otherwise required by the PNCL, and subject to Section 9 of this Article III, the action of the Member with respect to each of the foregoing actions shall be sufficient to approve such actions, no action by the Board of Directors of the Corporation shall be required with respect to any such actions, and, to the full extent permitted by law, no action of the Board of Directors with respect to any such actions shall be effective for any purpose without the approval of the Member.

B. Each of the following actions may be approved by the Member only through action of the Member Board, and not through action of the Member Executive Committee or any Designated Representative:

(1) The adoption or approval of a statement of mission and philosophy of the Corporation;

(2) The adoption or approval of any amendments of the Bylaws or Articles of Incorporation of the Corporation;

(3) The approval of any merger, consolidation, division, conversion, or dissolution of the Corporation, or the filing of a petition in bankruptcy or execution of a deed of assignment for the benefit of creditors, or the sale or other disposition of all or substantially all of the assets of the Corporation;

(4) The election, appointment and removal of the Directors, the Chair and Vice Chair of the Board of Directors of the Corporation, and the Secretary and Treasurer of the Corporation; and

(5) The approval of any bond issuance or incurrence of any other indebtedness for borrowed money of the Corporation, or any lending of funds by the

Corporation to an unrelated person, corporation or other legal entity, including without limitation any capital leases.

Section 3. Meetings of Member. Meetings of the Member may be held at such place within the Commonwealth of Pennsylvania as the Member may from time to time determine, or as may be designated in the notice of the meeting.

Section 4. Annual Meeting of the Member.

A. Unless otherwise fixed by the Member, the annual meeting of the Corporation shall be held in June of each year. At each annual meeting, (i) the Board of Directors shall present to the Member an annual report regarding the financial performance of the Corporation, and (ii) the Member shall appoint the Board of Directors of the Corporation in accordance with Article IV and all officers that pursuant to the Bylaws are then to be appointed by the Member. If the annual meeting shall not be called and held within one (1) month of the date specified in this Article III, Section 4 or fixed by the Member in accordance with this Article III, Section 4, as applicable, any members of the Board of Directors and any officers theretofore appointed by the Member shall continue to serve unless removed by the Member (or unless the applicable member of the Board of Directors or officer resigns), and a special meeting may be held in place thereof with the same force and effect as the annual meeting, and in such case all references in these Bylaws, except in this Article III, Section 4, to the annual meeting of the Corporation shall be deemed to refer to such special meeting. Any such special meeting shall be called and notice given as provided in Article III, Sections 5 and 7, as applicable.

B. Immediately after each annual appointment of the Board of Directors by the Member at the annual meeting or a special meeting, the Board of Directors of the Corporation shall meet for the transaction of business to be conducted by the Board of Directors at the place where the annual or special meeting of the Member was held. Notice of such meeting need not be given. If such meeting is to be held at any other time or place, notice thereof shall be given as provided in Article V, Section 1 for special meetings of the Board of Directors.

Section 5. Special Meetings of the Member. Special meetings of the Member shall be held whenever called by the Board of Directors of the Corporation, or by written demand of the Member.

Section 6. Action Without a Meeting. Any action which may be taken at a meeting of the Member may be taken without a meeting if a consent in writing setting forth the actions so taken shall be signed by the Member, and filed with the Secretary of the Corporation.

Section 7. Notice of Meetings; Participation by Conference Telephone.

A. Unless otherwise provided in these Bylaws, whenever written notice is required to be given to the Member under the provisions of the Articles of Incorporation, these Bylaws, or the PNCL, it may be given by sending a copy thereof first class mail, postage prepaid, by personal delivery, or in the case of notices other than notices of meetings, by telecopy with confirmed receipt to the address of the Member appearing on the books of the Corporation. If the notice is sent by mail, it shall be deemed to have been given to the Member entitled thereto when deposited in the United States mail, postage prepaid. A notice of meeting

shall specify the place, day and hour of the meeting and any other information required by law or these Bylaws, and, unless the meeting is an annual meeting, shall indicate that the notice is being issued by or at the direction of the person(s) calling the meeting. Notice of each meeting of the Member shall be given not less than five days before the date of the meeting, except in the case where fundamental changes to the Corporation under Chapter 59 of the PNCL will be considered, in which case such notice shall be given not less than ten days before the date of the meeting. Every such notice shall state the date, time and place of the meeting, and notices of special meetings of the Member shall also set forth the general nature of the business to be conducted at such meeting.

B. When a meeting is adjourned, it shall not be necessary to give any notice of the adjourned meeting and of the business to be transacted at an adjourned meeting in accordance with the provisions of this Article III, Section 7 if the day, time and place to which the meeting is adjourned is announced at the meeting at which the adjournment is taken.

C. Whenever notice of a meeting is required, such notice need not be given to the Member if a written waiver of notice executed by the Member is filed with the records of the Corporation. Attendance by the Member at any meeting of the Member shall constitute a waiver by the Member of notice of such meeting, except where the Member attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

D. One or more persons may participate in a meeting of the Member by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

Section 8. Resolutions. Whenever the language of a proposed resolution is included in a written notice of a meeting of the Member, the meeting considering the resolution may without further notice adopt it with such clarifying or other amendments as do not enlarge its original purpose.

Section 9. Additional Members. Notwithstanding anything herein to the contrary, upon the occurrence of a Triggering Event (as defined below), then effective immediately and automatically upon the occurrence of such Triggering Event and without further action by the Member, the voting members of the Corporation shall include, in addition to the Member identified in Section 1 of this Article III hereof, all of the then-current members of the Board of Directors of the Corporation, and any reference in these bylaws to "the Member" shall be deemed to be a reference to "the Members" as identified in this Article III, Section 9, each of whom shall have one vote, and all of whom together shall have the authority that, but for operation of this Article III, Section 9, would be vested in the Member. From and after the occurrence of a Triggering Event, (i) a majority of the Members shall constitute a quorum at any meeting of the Members and (ii) the affirmative vote of two-thirds (or greater) of the whole number of Members shall be required to approve any matter to be voted on by the Members. For purposes of this Section, "Triggering Event" shall mean any of the following occurrences:

(1) a Final Determination (as defined below) shall have been entered denying the Member's application for recognition as an Exempt Organization (as defined below) or revoking the Member's status as an Exempt Organization;

(2) the Member shall have taken all corporate action necessary to approve (x) the dissolution of the Member or (y) the filing by the Member of a voluntary petition in bankruptcy;

(3) the Member shall have admitted in writing its inability to pay its debts as they come due; or

(4) an involuntary petition for the dissolution and winding up of the Member shall have been filed, which such petition is not dismissed within 60 days of the filing thereof.

"Final Determination" shall mean a decision, judgment, decree or other order by the Internal Revenue Service or a court of competent jurisdiction which is final and unappealable, or which has become unappealable because the time for instituting an appeal has expired. "Exempt Organization" shall mean an organization exempt from federal income taxation pursuant to Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code. Notwithstanding anything herein to the contrary, amendment of this Section 9 shall require approval of both the Member and at least two-thirds of the entire Board of Directors of the Corporation.

Section 10. Operating Reports. The Board of Directors of the Corporation shall submit operating reports to the Member in such form and on such schedule as shall be established by the Member. Such operating reports shall reflect the results of operations of the Corporation and of any affiliates of the Corporation that are controlled by the Corporation.

ARTICLE IV

THE BOARD OF DIRECTORS

Section 1. Powers and Responsibility. Subject to Article III hereof and to the other rights and powers of the Member specified herein or in the Articles of Incorporation or otherwise provided hereby or in the Articles of Incorporation or by law, the Board of Directors shall have charge, control, and management of the administrative affairs, property and funds of the Corporation and shall have the power and authority to do and perform all acts and functions not inconsistent with these Bylaws, the Articles of Incorporation, and applicable law, in each case as amended from time to time Such responsibility shall include without limitation management of the Medical Staff as contemplated by Article VIII, Section 1 hereof; adoption, amendment, repeal and restatement of the Medical Staff Bylaws, as proposed by the Medical Staff pursuant to Article VIII, Section 1 hereof, implementation of any operational or financial plan adopted by the Member; maintenance of quality patient care; and institutional management and planning. Without limiting the generality of the foregoing, the Board of Directors shall have power and authority to, and shall be responsible to, establish and manage the Corporation's program for compliance with all legal requirements applicable to the Corporation, all accreditation and

licensing requirements and the conditions of participation in all governmental payor programs. The Board of Directors shall also prepare, for the Member's review and approval, on such timetable as the Member shall establish, proposed annual budgets for the Corporation, which budgets shall be consistent with any operating plan or financial plan adopted or approved by the Member and then in effect.

Section 2. Composition of the Board; Appointment Qualifications. The Board of Directors shall be composed of not fewer than five nor more than twenty voting members. The exact number of Directors shall be as fixed from time to time by the Member, except that as of the date of adoption of these bylaws, the Board of Directors of the Corporation shall be comprised of the members identified on Exhibit A hereto, each having the term identified for such individual by the Member (and any individuals serving as Directors immediately before the effectiveness of these bylaws who are not identified on Exhibit A shall be deemed removed immediately upon such effectiveness). Directors shall generally be appointed at the annual meeting of the Member, but may be appointed at any regular or special meeting of the Member: three (3) members of the Board shall be physicians on the Medical Staff, one (1) of whom shall be an ex officio member as the President of the Medical Staff of the Corporation, provided, that the physician members of the Board shall not comprise more than forty-nine percent of the Board of Directors, and that except for the *ex officio* Directors specified in Section 4 of this Article IV and the physician members of the Board, the Board of Directors shall not include any full time employees of the Member, of the Corporation or of any of the other "Constituent Corporations" as defined in the Bylaws of the Member. Each Director of the Corporation shall be a natural person of at least eighteen years of age, of good moral character and who enjoys a good reputation in the community, and who, by his or her experience, community interest, or prior action, demonstrates a willingness to devote time and talent to the affairs of the Corporation and to exercise his or her judgment with undivided loyalty to the Corporation. Each Director shall further satisfy the requirements set forth in Section 9 of this Article IV.

Section 3. Term of Office. Subject to Section 5 of this Article IV, Directors, other than *ex officio* Directors, shall serve for one, two or three year terms, as specified by the Member. In the event that the Member elects to classify the Board of Directors for purposes of staggering their respective terms of office, then the number of Directors assigned to each class shall be as nearly equal as possible to those assigned to each other class. Each Director shall retain his or her position as Director until his or her successor shall be duly appointed and qualified or until his or her earlier death, resignation or removal, except that an *ex officio* Director shall retain his or her position as Director only during his or her tenure in the position from which his or her respective *ex officio* status is derived, or until his or her earlier death, resignation, or removal. Directors may be re-elected for unlimited successor terms.

Section 4. *Ex Officio* Directors. The following persons shall serve as *ex officio* Directors of the Corporation with vote:

(1) President and Chief Executive Officer of the Member or the designee of the President and Chief Executive Officer of the Member;

(2) President and Chief Executive Officer of the Corporation;

(3) President of the Medical Staff of the Corporation; and

(4) Board Chair of the Member or the designee of the Board Chair of the Member.

In the event that any individual holds multiple *ex officio* positions such individual shall have one vote.

Section 5. Removal, Resignation, Vacancies.

A. The Member may, in its discretion, remove any Director at any time, with or without cause, upon 10 days prior notice to the Board of Directors. Without limiting the generality of the foregoing, upon such notice the Member may, in its discretion, remove and replace all or a portion of the Board of Directors if the Member determines that the Corporation has failed to comply with any operating or financial plan adopted or approved by the Member. Notwithstanding the foregoing, until the third anniversary of the Closing (as defined in the Transaction Agreement), vacancies howsoever arising shall be filled by candidates nominated by the nominating committee described in Section 2 of this Article IV. Unless such removal notice is revoked by the Member during the 10 day notice period, any such removal shall be effective immediately upon expiration of the notice period.

B. Any Director may resign from office with or without cause, by delivering a written statement of resignation to the Secretary of the Corporation. Any such resignation shall take effect immediately upon its receipt by the Secretary of the Corporation, unless a later effective time or date for the resignation is specified in the notice of resignation.

C. Any person appointed to fill a vacancy on the Board of Directors shall be appointed for the unexpired term of the Director whose death, resignation, or removal gave rise to the applicable vacancy.

Section 6. Orientation of Directors. Newly elected or appointed Directors shall be oriented to the functions and procedures of the Board of Directors. Such orientation shall be carried out under the supervision of the President and Chief Executive Officer.

Section 7. No Compensation. No Director shall receive any compensation for acting as a Director. Directors who are officers or employees of the Corporation may receive compensation for those duties.

Section 8. Review of Bylaws. The Board of Directors shall review these Bylaws of the Corporation annually, and based on such review, may propose amendments to these Bylaws to the Member of the Corporation.

Section 9. Conflict of Interest. Directors shall exercise good faith in all transactions touching upon their duties at the Corporation and its property. No director shall use his or her position, or knowledge gained therefrom, in any way that might give rise to a conflict between the interest of the Corporation and that of the individual Director. The Board of Directors shall adopt a conflict of interest policy, and each Director and officer of the Corporation shall agree in

WPAHS-000772

writing to be bound thereby as a prerequisite to his or her qualification as a Director or officer, as the case may be.

Section 10. Emeritus Directors. The Corporation may maintain an emeritus class of Directors to recognize the service of individuals previously serving on the Board and provide the Corporation with the benefit of continued access to the knowledge and expertise of such individuals. Emeritus directors shall be entitled to receive such information regarding the Corporation as deemed appropriate by the Board and as a courtesy may attend regularly scheduled Board meetings at the discretion of the Board. Emeritus directors may be appointed by the Board for indefinite terms, but may be removed at any time upon the majority vote of the members of the Board.

ARTICLE V

MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Regular and Annual Meetings of the Board of Directors. The Board of Directors shall hold regular meetings at such time and place as determined by the Board or the Chair; provided that the Board shall meet not less than four times per year. The Annual Meeting shall be held as provided in Article III, Section 4 of these Bylaws. Notice of any meeting shall be mailed, personally delivered or faxed to each Director entitled to vote at least 5 days prior to the meeting to the Director's address (or fax number) on the books of the Corporation. Voting by proxy shall not be permitted at any meeting.

Section 2. Special Meetings. Special meetings may be held at any time upon call of the Member or the Chair or upon receipt by the President and Chief Executive Officer of the written request of at least three Directors.

Section 3. Public Meeting. The general public shall be invited to attend at least one meeting of the Board of Directors on an annual basis. Such meeting shall be well-publicized in advance of the meeting date and shall be held at a time convenient for attendance by the general public.

Section 4. Quorum. A majority of the entire Board of Directors shall constitute a quorum at any regular meeting; provided that a quorum shall not be present at any meeting unless a majority of those Directors present are not members of the medical staff of the Corporation. Once a quorum is established, subsequent withdrawal of individuals to less than a quorum shall not affect the validity of any subsequent action taken at the meeting. Except as otherwise required by the PNCL, approval of any matter before the Board of Directors by a majority of the Directors entitled to vote and present at a meeting shall constitute approval of the applicable matter by the Board.

Section 5. Action Without a Meeting. Any action which may be taken at a meeting of the Board or any committee thereof may be taken without a meeting if consent in writing setting forth such action is signed by all of the Directors entitled to vote or members of the committee, and is filed in the minutes of the proceedings of the Board or of the committee.

Section 6. Rules of Conduct. Meetings of the Board of Directors and Committees of the Board of Directors will be conducted in accordance with such rules as may be established by the Board of Directors.

Section 7. Participation by Conference Telephone. One or more Directors or members of a Committee established pursuant hereto may participate in a meeting of the Board of Directors or such Committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

Section 8. Waiver of Notice. Whenever any written notice is required to be given under the provisions of the these bylaws or the PNCL, such notice need not be given to any Director who submits a signed waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Director.

ARTICLE VI

OFFICERS

Section 1. Officers Generally. The officers shall be a Chair, a Secretary, a Treasurer, a President and Chief Executive Officer, and such Vice Presidents and other subordinate officers as the Member shall designate. The Chair shall be appointed from among the elected (i.e., non-*ex officio*) members of the Board of Directors. All other officers need not, but may, be selected from among such elected members of the Board of Directors. No full-time employee of the Member or of the Corporation shall be eligible to serve as Chair of the Corporation.

Section 2. Appointment of Officers. The officers shall be appointed by the Member, after consultation with the Board of Directors of the Corporation, at the Annual Meeting of the Member each year and shall hold office for terms of one year and until their successors are duly installed, subject in each case to an officer's earlier death, resignation or removal. Vacancies in any office may be filled by action of the Member after consultation with the Board of Directors of the Corporation. So long as the Member is the sole Member of the Corporation, no full-time employee of the Member or of the Corporation shall be eligible to serve as Chair or Vice Chair of the Corporation. Further, the Chair shall be appointed from among individuals who also serve on the Member's Board of Directors; provided that the Member shall not affect any change in its Bylaws whereby the Chair need not be appointed from among individuals who also serve on the Member's Board of Directors except upon advance consultation with the Board of Directors of the Corporation. Nothing contained herein shall be construed as prejudicing any officer's rights with respect to compensation under any employment agreement with the Corporation.

Section 3. Chair. The Chair shall preside at all meetings of the Board of Directors, and at the Annual Meeting of the Member each year shall present the report of the Board of Directors. The Chair shall be responsible to review the performance of the Board of Directors on an annual basis, and to report on such performance to the Member. The Chair shall have such

authority, and shall perform all duties, ordinarily required of an officer in like position, and such other authority and duties as may be assigned by the Member.

Section 4. President and Chief Executive Officer. The President and Chief Executive Officer of the Corporation shall be an *ex officio* member of the Board and each committee of the Board. The President and Chief Executive Officer shall have all authority and responsibility necessary to operate the Corporation in all its activities, subject, however, to the policies and directives of the Member and of the Board of Directors with regard to the matters as to which the Board of Directors is responsible, and to the provisions of the Corporation's Articles of Incorporation and Bylaws. The President and Chief Executive Officer shall have responsibility for implementing compliance with state licensing regulations and Joint Commission on Accreditation of Health Care Organizations accreditation requirements including regulations and requirements relative to quality of care and quality assessment and improvement mechanisms. The President and Chief Executive Officer shall serve as the liaison between the Board of Directors and the Medical Staff and assist the Medical Staff with its organization and medical-administrative responsibilities.

Section 5. Vice Chair. The Vice-Chair shall perform the duties of the Chair when for any reason the Chair is unable to perform the same.

Section 6. Secretary. The Secretary shall keep and properly record the minutes of the proceedings of the Board of Directors, notify officers of their election and committee members of their appointment, give notice of all meetings of the Board of Directors and the Executive Committee, have custody of the corporate seal and of all books and papers pertaining to the office, and generally shall have such authority, and shall perform all duties, ordinarily required of an officer in like position.

Section 7. Treasurer. The Treasurer shall receive and have custody of all funds, money, and income of the Corporation not otherwise specifically provided for by the Member and shall deposit the same in such depository or depositories as the Board shall designate. The Treasurer shall have such authority, and shall perform all duties, ordinarily required of an officer in like position, and such other authority and duties as may be assigned by the Member.

Section 8. Resignation. Any officer may resign at any time by giving written notice thereof to the Chair, the President and Chief Executive Officer or the Secretary of the Corporation. Any such resignation shall take effect on the date of receipt of such notice by one of the above-specified officers, or at such later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 9. Removal. Any officer of the Corporation may be removed, with or without cause, by the Member whenever in the judgment of the Member the best interests of the Corporation will be served thereby. Nothing contained herein shall be construed as prejudicing any officer's rights with respect to compensation under any employment agreement with the Corporation.

ARTICLE VII

COMMITTEES OF THE BOARD OF DIRECTORS

Section 1. Committees Generally. The Directors may establish the following committees, and, upon the approval of the Member, may establish such other committees (standing or special) as the Board of Directors shall determine to establish, with such authority and composition as the Board of Directors shall determine (subject only to the rights and powers of the Members as set forth in the PNCL, the Articles of Incorporation, and these Bylaws, and the limitations or delegation of the Board's authority pursuant to the PNCL):

A. Executive Committee

B. Strategic Planning and Finance Committee

C. Quality and Medical Affairs Committee

Section 2. Powers of the Executive Committee. From and after its establishment, the Executive Committee shall have and may exercise the powers of the Board of Directors in the management of the business affairs of the Corporation, except that the Executive Committee shall not have authority with respect to any of the following matters:

A. The submission to the Member of any action requiring approval of the Member;

B. Amending or repealing any resolution of the Board of Directors; or

C. Approving any matters which pursuant to the Bylaws or resolution of the Board of Directors is reserved to another established committee of the Board.

Section 3. Strategic Planning & Finance Committee. From and after its establishment, this Committee shall review and recommend to the Board of Directors the annual budget to be proposed to the Member, establish and review periodic budgetary reports, meet with the Corporation's independent auditors following receipt of the annual audit and propose long range plans for the Corporation for the consideration of the Member, with the goal of constantly improving services, facilities and programs. This Committee shall also review and recommend the financial plan of the Corporation. This Committee shall meet at least annually, and at such other times as the Chair of the Committee deems appropriate, to review the budget and financial performance of the Corporation and its affiliates, and to review and recommend approval or disapproval of any proposed unbudgeted expenditures by the Corporation where the cumulative amount of such unbudgeted expenditures is in excess of the amount fixed from time to time by the Member. This Committee shall also be responsible for serving as liaison with the communities served by the Corporation, including determining the services to be offered by the Corporation, promotion of the Corporation's services to the communities it serves, and education of the community relative to the services provided by the Corporation.

Section 4. Quality & Medical Affairs Committee. From and after its establishment, this Committee shall conduct itself as a forum for the discussion, analysis, review and oversight

WPAHS-000776

of hospital policy and procedure concerning performance improvement activities and standards as outlined in the Corporation's performance improvement program; shall be responsible for evaluating and monitoring the Corporation's performance improvement program; and shall make recommendations to the Board of Directors pursuant to its findings. The Committee shall evaluate the types and scopes of clinical programs and services provided by the Corporation and make recommendations to the Board of Directors regarding the same; shall provide medico-administrative liaison with the Board of Directors, Medical Staff and the President and Chief Executive Officer; shall monitor the activities of the Corporation in the areas of medical education and research; and to the extent requested by the Board, shall assist the Board with the resolution of disputes concerning medical affairs, including, without limitation, interdisciplinary disputes and credentialing disputes.

Section 5. Appointment of Committees. The members of any standing or special Committee shall be appointed by the Board. Each Committee shall include at least three Directors, including *ex officio* members, and may include such other interested individuals as determined appropriate by the Board. The Chair and the President and Chief Executive Officer shall be *ex officio* members of all committees with full voting privileges. Each other member of a committee shall serve for a term of one year and until his or her successor has been appointed, subject to his or her earlier death, resignation or removal. No committee that serves in other than an advisory capacity may have voting members who are not Directors.

Section 6. Medical Staff Participation. Except for the Executive Committee, each Committee shall include at least two members of the Medical Staff.

Section 7. Meetings of Committees. All standing Committees shall function under the direction of the Board of Directors and shall meet as often as necessary to transact their business and shall make such reports as they may deem necessary or which may be specifically required of them. Minutes shall be kept of each meeting of each Committee and such minutes shall be disseminated to all members of the Board of Directors, and to the Member.

Section 8. Quorum; Act of Committee. Four members of a Committee shall constitute a quorum for the transaction of business. Once a quorum has been established, subsequent withdrawal of committee members so as to reduce the number of members present to less than a quorum shall not affect the validity of any subsequent action taken at the meeting. Approval of any matter before any Committee by a majority of those present at a meeting of a Committee where a quorum is present shall constitute approval of the applicable matter by the applicable Committee.

Section 9. Resignation. Any Committee member may resign at any time by giving written notice thereof to the Chair, the President and Chief Executive Officer or the Secretary of the Corporation. Any such resignation shall take effect on the date of receipt of such notice by one of the above-specified officers, or at such later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 10. Removal. Any Committee member may be removed, with or without cause, by the Board or the Member whenever in the judgment of the Board or the Member the best interests of the Corporation will be served thereby, provided that if any Committee member

is removed by the Member, at least 10 days advance notice of such removal shall be given by the Member to the Board of Directors.

ARTICLE VIII

THE MEDICAL STAFF

Section 1. Medical Staff Generally. The Board of Directors shall create a functional unit within the Corporation known as the Medical Staff. It shall be composed of physicians, dentists, and such other health care practitioners as determined by the Board. The Medical Staff shall be delegated the responsibility for making recommendations concerning the clinical privileges and Medical Staff appointment of practitioners, the quality of medical care delivered in the hospital operated by the Corporation (the "Hospital"), and rules and regulations governing the practice of practitioners within the Hospital. The Medical Staff shall be an internal component of the Hospital. It shall have bylaws outlining its structure and function so that it may fulfill its delegated responsibilities in an effective fashion. Only such Medical Staff Bylaws as are adopted by the Board of Directors shall be effective. The Board retains the right to rescind any authority or procedures delegated to the Medical Staff by bylaws or otherwise and to amend the bylaws as necessary for the good operation of the Hospital. The power of the Board of Directors to adopt or amend Medical Staff bylaws, rules, and regulations, shall not be dependent upon ratification by the Medical Staff.

Section 2. Organization of Medical Staff. The Medical Staff shall be divided into clinical departments. The appointment of clinical department chairs, and of all Medical Staff standing committee chairs shall be approved by the Board of Directors.

Section 3. Appointment to Medical Staff. All appointments to the Medical Staff shall be made by the Board of Directors for a period not to exceed two years. Appointments, reappointments, and the delineation of privileges shall be made in accordance with Hospital policy and/or the Medical Staff bylaws; provided, however, that nothing therein contained shall limit the legal rights and obligations of the Board of Directors with respect to such matters.

Section 4. Denial of Privileges. In the circumstances delineated in the Medical Staff bylaws, and to the extent provided therein, an applicant to the Medical Staff or a Medical Staff member affected by an action relating to Medical Staff privileges shall be afforded the opportunity of a full hearing before an appropriately constituted body (which body may be a joint conference of other hospitals comprising part of the System), conducted in such manner as to assure due process and to afford full opportunity for the presentation of all pertinent information, pursuant to the Corporation's hospital policy or the Medical Staff bylaws. No recommendation or action other than as set forth in the Medical Staff bylaws shall constitute grounds for a hearing.

ARTICLE IX

PATIENT'S BILL OF RIGHTS

Section 1. Patient's Bill of Rights. The individual designated by the President and Chief Executive Officer as "Patient Representative" or other responsible management individual as may be charged by the President and Chief Executive Officer from time to time shall be responsible to ensure that a Patient's Bill of Rights not less in substance and coverage than required by the Pennsylvania Department of Health regulations shall be disseminated to all patients of the Hospital.

ARTICLE X

FISCAL YEAR AND ANNUAL REPORT

Section 1. Fiscal Year. The Fiscal Year of the Corporation shall be begin on the first day of July of each year and end on the last day of June of the succeeding year.

Section 2. Annual Report. As soon as may be convenient following the close of the Fiscal Year, the Board of Directors may cause to be published for general distribution an Annual Report containing such information regarding the work and affairs of the Hospital for the preceding Fiscal Year as in their discretion may be deemed advisable.

ARTICLE XI

AUXILIARY ORGANIZATIONS

Section 1. Auxiliary Organizations. The Board of Directors may provide for the establishment or permit the operation of one or more auxiliary organizations. The bylaws of these organizations shall be subject to approval by the Board of Directors and the Member.

ARTICLE XII

SEAL

Section 1. Seal. The seal of the Corporation shall be in such form as may be approved by the Board of Directors.

ARTICLE XIII

LIABILITY OF DIRECTORS

Section 1. Standard of Care and Fiduciary Duty. Each Director shall stand in a fiduciary relation to this Corporation and shall perform his or her duties as a Director, including his or her duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner the Director reasonably believes to be in the best interests of this Corporation, and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. In performing his or her duties, each

WPAHS-000779

Director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

(a) one or more officers or employees of this Corporation whom the Director reasonably believes to be reliable and competent in the matters presented;

(b) counsel, public accountants or other persons as to matters which the Director reasonably believes to be within the professional or expert competence of such persons; and

(c) a committee of the Board of this Corporation upon which the Director does not serve, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence.

A Director shall not be considered to be acting in good faith if the Director has knowledge concerning the matter in question that would cause his reliance to be unwarranted.

Section 2. Limitation on Liability. Neither the Member nor any Director of the Corporation shall be personally liable for monetary damages for any action taken, or any failure to take any action, provided however, that this provision shall not eliminate or limit the liability of the Member or any Director to the extent that such elimination or limitation of liability is expressly prohibited by, Section 5713 of the PNCL, as in effect at the time of the alleged action or failure to take action by such Member or Director.

Section 3. Preservation of Rights. Any repeal or modification of this Article shall not adversely affect any right or protection existing at the time of such repeal or modification to which any Member, Director or former Member or Director may be entitled under this Article. The rights conferred by this Article shall continue as to any person who has ceased to be the Member or a Director of the Corporation and shall inure to the benefit of the successors, heirs, executors, and administrators of such person.

ARTICLE XIV

INDEMNIFICATION

Section 1. Mandatory Indemnification of Directors and Officers. The Corporation shall indemnify, to the fullest extent now or hereafter permitted by law, each Director and officer (including each former Director or officer) of the Corporation who was or is or is threatened to be made a party to or a witness in any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that the Director or officer is or was an authorized representative of the Corporation, or is or was serving at the written request of the Corporation as a representative of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the Director or officer in connection with such action, suit or proceeding if such Director or officer acted in good faith and in a manner he or she reasonably

believed to be in, or not opposed to, the best interest of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful.

Section 2. Mandatory Advancement of Expenses to Directors and Officers. The Corporation shall pay expenses (including attorneys' fees) incurred by a Director or officer of the Corporation referred to in Section 1 of this Article XIV in defending or appearing as a witness in any civil or criminal action, suit or proceeding described in Section 1 of this Article XIV in advance of the final disposition of such action, suit or proceeding. The expenses incurred by such Director or officer shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding only upon receipt of an undertaking by or on behalf of such Director or officer to repay all amounts advanced if it shall ultimately be determined that the Director or officer is not entitled to be indemnified by the Corporation as provided in Section 4 of this Article XIV.

Section 3. Permissive Indemnification and Advancement of Expenses. The Corporation may, as determined by the Board of Directors from time to time, indemnify, in full or in part, to the fullest extent now or hereafter permitted by law, any person who was or is or is threatened to be made a party to or a witness in, or is otherwise involved in, any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was an authorized representative of the Corporation or is or was serving at the request of the Corporation as a representative of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise, both as to action in his official capacity and as to action in another capacity while holding such office or position, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in conjunction with such action, suit or proceeding if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The Corporation may, as determined by the Board of Directors from time to time, pay expenses incurred by any such person by reason of such person's participation in an action, suit or proceeding referred to in this Section 3 in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as provided in Section 4 of this Article XIV.

Section 4. Scope of Indemnification. Indemnification under this article shall not be made by the Corporation in any case where a court determines that the alleged act or failure to act giving rise to the claim for indemnification is expressly prohibited by Chapter 57, Subchapter D of the PNCL or any successor statute as in effect at the time of such alleged action or failure to take action.

Section 5. Miscellaneous. Each Director and officer of the Corporation shall be deemed to act in such capacity in reliance upon such rights of indemnification and advancement of expenses as are provided in this Article. The rights of indemnification and advancement of expenses provided by this Article shall not be deemed exclusive of any other rights to which any person seeking indemnification or advancement of expenses may be entitled under any agreement, vote of members (if any), disinterested Directors, statute or otherwise, both as to

action in such person's official capacity and as to action in another capacity while holding such office or position, and shall continue as to a person who has ceased to be an authorized representative of the Corporation and shall inure to the benefit of the heirs, executors and administrators of such person. Any repeal or modification of this Article by the members (if any) or the Board of Directors of the Corporation shall not adversely affect any right or protection existing at the time of such appeal or modification to which any person may be entitled under this Article.

Section 6. Definition of Authorized Representative. For the purposes of this Article, the term, "authorized representative" shall mean a director, officer (including a former director of officer), or employee of the Corporation or of any corporation controlled by the Corporation, or a trustee, custodian, administrator, committeeman or fiduciary of any employee benefit plan established and maintained by the Corporation or by any corporation controlled by the Corporation, or person serving another corporation, partnership, joint venture, trust or other enterprise in any of the foregoing capacities at the written request of the Corporation. The term "authorized representative" shall not include money managers or investment advisors (or any employees thereof) hired by the Corporation, and shall not include (i) agents of the Corporation unless indemnification thereof is expressly approved by the Board of Directors, or (ii) any Medical Staff appointee serving in his or her teaching or clinical capacity.

Section 7. Funding to Meet Indemnification Obligations. Subject to the approval of the Member, the Board of Directors shall have the power to borrow money on behalf of the Corporation, including the power to pledge the assets of the Corporation, from time to time to discharge the Corporation's obligations with respect to indemnification, the advancement and reimbursement of expenses, and the purchase and maintenance of insurance for the benefit of the Corporation and any person indemnified pursuant hereto. Upon the approval of the Member, the Corporation may, in lieu of or in addition to the purchase and maintenance of insurance, establish and maintain a fund of any nature or otherwise secure or insure in any manner its indemnification obligations, whether arising pursuant to this Article or otherwise.

ARTICLE XV

AMENDMENTS OF THESE BYLAWS AND/OR THE ARTICLES OF INCORPORATION OF THE CORPORATION

The power to amend, modify, alter or repeal these Bylaws or the Articles of Incorporation, is hereby exclusively vested in the Member of the Corporation subject, however, to Section 9 of Article III.

ARTICLE XVI

SUBVENTIONS

The Corporation shall be authorized by resolution of the Board of Directors or the Member to accept subventions from the Member or nonmembers on terms and conditions not inconsistent with PNCL § 5542, and to issue certificates therefor. The resolution of the Board of Directors or the Member may provide that the holders of subvention certificates shall be entitled

to a fixed or contingent periodic payment out of the corporate assets equal to a percentage of the original amount or value of the subvention. The rights of holders of subvention certificates shall at all times be subordinate to the rights of creditors of the Corporation.

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Document Divider

BYLAWS

ALLE-KISKI MEDICAL CENTER TRUST
Natrona Heights, Pennsylvania 15065

As Revised September 26, 2006

Previous Revisions:
January 4, 2006

BYLAWS

OF

ALLE-KISKI MEDICAL CENTER TRUST

ARTICLE I

NAME AND LOCATION

Section 1. Name. The name of the Corporation is Alle-Kiski Medical Center Trust.

Section 2. Principal Office. The principal office of the Corporation shall be located at 1301 Carlisle Street, Natrona Heights, Pennsylvania 15065 or at such other address as the Board of Trustees shall determine.

ARTICLE II

PURPOSE; PARTICIPATION IN SYSTEM

Section 1. Purpose. The purposes of the Corporation are as set forth in the Articles of Incorporation and include the following:

(a) Soliciting, receiving, managing, investing and distributing funds which will promote and support by donation, loan or otherwise, the interests of the Alle-Kiski Medical Center, a corporation exempt from Federal income taxation under section 501(a) of the Code as an organization described in section 501(c) (3) of the Code, and (ii) contributions to which are deductible under sections 170(c) (2), 2055(a) (2) and 2522 (a)(2) of the Code;

(b) Providing funds to further the erection, establishment, organization, equipment, operation, management and maintenance of those corporations described in (a);

(c) Carrying on training, research, educational and supportive activities related to rendering of care to the sick, injured and disabled; the furthering of knowledge in the medical arts; and the promotion of health;

(d) Carrying on any lawful activity in furtherance of the foregoing purposes, subject to limitations on its actions imposed under section 501(c) (3) of the Code.

Section 2. Participation in System. The Corporation is a constituent entity of the health care system serving Western Pennsylvania known as West Penn Allegheny Health System, Inc. (the "System") which, as of the date of the adoption of these bylaws, is comprised of the

WPAHS-000785

Corporation, certain affiliated hospitals and certain other affiliated organizations. These Bylaws, among other things, establish the relative authority and responsibility of the entities and individuals participating in the governance and management of the Corporation in its capacity as part of the System.

ARTICLE III

MEMBER

Section 1. Member. The sole voting member of the Corporation shall be Alle-Kiski Medical Center (the "Member"), acting through its Board of Directors (the "Member Board") or through its Executive Committee (the "Member Executive Committee") or designated officers of the Member (the "Designated Representatives") to the extent that the Member has, pursuant to its Bylaws or by resolution duly adopted by the Member Board, delegated its authority herein to the Member Executive Committee or to a Designated Representative; provided, however, that neither the Member Executive Committee nor any Designated Representative shall have the authority to act on behalf of the Member with respect to any of the actions identified in Section 2.B of this Article III.

Section 2. Powers and Rights of Member.

A. The Member shall have such powers and rights as are set forth in the Pennsylvania Nonprofit Code of Law (PNCL) and the Articles of Incorporation of the Corporation. Without limiting and in addition to such powers and rights, the Member shall have the authority to exercise the following powers:

(1) Adopt and/or approve and interpret the statement of mission and philosophy of the Corporation, and require the Corporation to operate in conformance with its statement of mission and philosophy;

(2) Adopt and/or approve amendments or restatements of the bylaws and Articles of Incorporation of the Corporation;

(3) Fix the number of, and elect, appoint, fill vacancies in and remove, with or without cause, the Trustees; and elect and remove, with or without cause, the Chair, Vice Chair, Secretary, and/or Treasurer of the Corporation; provided that no Trustee or officer shall be removed by the Member without 10 days prior notice of such removal from the Member to the Board of Trustees;

(4) Designate the administrative structure of the Corporation and, after consultation with the Board of Trustees of the Corporation, elect and remove, with or without cause, the Executive Director and all vice presidents and other officers of the Corporation, provided that no officer shall be removed by the Member without 10 days prior notice of such removal from the Member to the Board of Trustees;

(5) Cause or approve any merger, consolidation, division, conversion, or dissolution of the Corporation, or the filing of a petition in bankruptcy or execution of a deed of assignment for the benefit of creditors;

(6) Approve or cause the Corporation to engage in any acquisition or any sale, lease, exchange, mortgage, pledge or other alienation of any personal property of the Corporation having a value in excess of an amount to be fixed from time to time by the Member or any real property of the Corporation;

(7) Adopt and/or approve any capital or operating budgets of the Corporation, and approve or direct any unbudgeted expenditure to be undertaken individually or collectively by the Corporation and any affiliated corporations controlled by the Corporation (other than unbudgeted expenditures which are required in order for the Corporation to be in compliance with applicable laws, rules and regulations, and state licensing and accreditation requirements), where the cumulative amount of such unbudgeted expenditures is in excess of an amount to be fixed from time to time by the Member;

(8) Adopt and/or approve any operating plan or financial plan with respect to the Corporation, and require the Corporation to comply with such operating or financial plan;

(9) Approve and/or cause the Corporation to undertake or engage itself in respect of any bond issuance or any other indebtedness for borrowed money of the Corporation, or any lending of funds by the Corporation to an unrelated person, corporation or other legal entity, including without limitation any capital leases (other than indebtedness to provide funds for expenditures necessary in order for the Corporation to be in compliance with applicable laws, rules and regulations, and state licensing and accreditation requirements, to the extent such funds are not otherwise reasonably available), representing obligations of the Corporation in excess of an amount per annum in the aggregate established from time to time by the Member;

(10) Establish and/or approve the criteria for, and conduct the evaluation of, the performance of the Executive Director and all vice presidents and officers of similar rank of the Corporation;

(11) Approve and/or cause the adoption by the Corporation of proposed settlements of litigation when such settlements exceed applicable insurance coverage or the amounts reserved in respect thereof of any applicable self-insurance fund;

(12) Approve and/or cause any corporate reorganization of the Corporation or the establishment or dissolution of any subsidiary organizations, including corporations, partnerships or other entities, of the Corporation;

(13) Adopt and/or approve the strategic plan of the Corporation; and

(14) Approve or direct the taking of any other action outside of ordinary course of business and such matters as are required to be submitted to corporate members of a Pennsylvania nonprofit corporation.

Except as otherwise required by the PNCL, the action of the Member with respect to each of the foregoing actions shall be sufficient to approve such actions, no action by the Board of Trustees of the Corporation shall be required with respect to any such actions, and, to the full extent permitted by law, no action of the Board of Trustees with respect to any such actions shall be effective for any purpose without the approval of the Member.

B. Each of the following actions may be approved by the Member only through action of the Member Board, and not through action of the Member Executive Committee or any Designated Representative:

(1) The adoption or approval of a statement of mission and philosophy of the Corporation;

(2) The adoption or approval of any amendments of the Bylaws or Articles of Incorporation of the Corporation;

(3) The approval of any merger, consolidation, division, conversion, or dissolution of the Corporation, or the filing of a petition in bankruptcy or execution of a deed of assignment for the benefit of creditors, or the sale or other disposition of all or substantially all of the assets of the Corporation;

(4) The election, appointment and removal of the Trustees, the Chair, the Vice Chair, the Secretary, and the Treasurer of the Corporation; and

(5) The approval of any bond issuance or incurrence of any other indebtedness for borrowed money of the Corporation, or any lending of funds by the Corporation to an unrelated person, corporation or other legal entity, including without limitation any capital leases.

Section 3. Meetings of Member. Meetings of the Member may be held at such place within the Commonwealth of Pennsylvania as the Member may from time to time determine, or as may be designated in the notice of the meeting.

Section 4. Annual Meeting of the Member. Unless otherwise fixed by the Member, the annual meeting of the Member shall be held in June of each year. At each annual meeting, (i) the financial performance of the Corporation shall be reviewed, and (ii) the Member shall appoint the Board of Trustees of the Corporation in accordance with Article IV and all officers that pursuant to the Bylaws are then to be appointed by the Member. If the annual meeting shall not be called and held within one (1) month of the date specified in this Article III, Section 4 or fixed by the Member in accordance with this Article III, Section 4, as applicable, any members of the

Board of Trustees and any officers theretofore appointed by the Member shall continue to serve unless removed by the Member (or unless the applicable member of the Board of Trustees or officer resigns), and a special meeting may be held in place thereof with the same force and effect as the annual meeting, and in such case all references in these Bylaws, except in this Article III, Section 4, to the annual meeting of the Corporation shall be deemed to refer to such special meeting. Any such special meeting shall be called and notice given as provided in Article III, Sections 5 and 7, as applicable.

Section 5. Special Meetings of the Member. Special meetings of the Member shall be held whenever called by the Board of Trustees of the Corporation, or by written demand of the Member.

Section 6. Action Without a Meeting. Any action which may be taken at a meeting of the Member may be taken without a meeting if a consent in writing setting forth the actions so taken shall be signed by the Member, and filed with the Secretary of the Corporation.

Section 7. Notice of Meetings; Participation by Conference Telephone.

A. Unless otherwise provided in these Bylaws, whenever written notice is required to be given to the Member under the provisions of the Articles of Incorporation, these Bylaws, or the PNCL, it may be given by sending a copy thereof first class mail, postage prepaid, by personal delivery, or in the case of notices other than notices of meetings, by facsimile or electronic mail with confirmed receipt. If the notice is sent by mail, it shall be deemed to have been given to the Member entitled thereto when deposited in the United States mail, postage prepaid. A notice of meeting shall specify the place, day and hour of the meeting and any other information required by law or these Bylaws, and, unless the meeting is an annual meeting, shall indicate that the notice is being issued by or at the direction of the person(s) calling the meeting. Notice of each meeting of the Member shall be given not less than five days before the date of the meeting, except in the case where fundamental changes to the Corporation under Chapter 59 of the PNCL will be considered, in which case such notice shall be given not less than ten days before the date of the meeting. Every such notice shall state the date, time and place of the meeting, and notices of special meetings of the Member shall also set forth the general nature of the business to be conducted at such meeting.

B. When a meeting is adjourned, it shall not be necessary to give any notice of the adjourned meeting and of the business to be transacted at an adjourned meeting in accordance with the provisions of this Article III, Section 7 if the day, time and place to which the meeting is adjourned is announced at the meeting at which the adjournment is taken.

C. Whenever notice of a meeting is required, such notice need not be given to the Member if a written waiver of notice executed by the Member is filed with the records of the Corporation. Attendance by the Member at any meeting of the Member shall constitute a waiver by the Member of notice of such meeting, except where the Member attends a meeting for

the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

D. One or more persons may participate in a meeting of the Member by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

Section 8. Resolutions. Whenever the language of a proposed resolution is included in a written notice of a meeting of the Member, the meeting considering the resolution may without further notice adopt it with such clarifying or other amendments as do not enlarge its original purpose.

Section 9. Operating Reports. The Board of Trustees of the Corporation shall submit operating reports to the Member in such form and on such schedule as shall be established by the Member. Such operating reports shall reflect the results of operations of the Corporation and of any affiliates of the Corporation that are controlled by the Corporation.

ARTICLE IV

THE BOARD OF TRUSTEES

Section 1. Powers and Responsibility. Subject to Article III hereof and to the other rights and powers of the Member specified herein or in the Articles of Incorporation or otherwise provided hereby or in the Articles of Incorporation or by law, the Board of Trustees shall have charge, control, and management of the administrative affairs, property and funds of the Corporation and shall have the power and authority to do and perform all acts and functions not inconsistent with these Bylaws, the Articles of Incorporation, and applicable law, in each case as amended from time to time. Such responsibility shall include without limitation implementation of any operational or financial plan adopted by the Member and institutional management and planning. Without limiting the generality of the foregoing, the Board of Trustees shall have power and authority to, and shall be responsible to, establish and manage the Corporation's program for compliance with all legal requirements applicable to the Corporation. The Board of Trustees shall also prepare, for the Member's review and approval, on such timetable as the Member shall establish, proposed annual budgets for the Corporation, which budgets shall be consistent with any operating plan or financial plan adopted or approved by the Member and then in effect.

Section 2. Composition of the Board; Appointment Qualifications. The Board of Trustees shall be composed of not fewer than five nor more than thirty voting members, exclusive of any non-voting *ex officio* Trustees. The exact number of voting Trustees shall be as fixed from time to time by the Member. Trustees shall generally be appointed at the annual meeting of the Member, but may be appointed at any regular or special meeting of the Member, provided that, except for the *ex officio* Trustees specified In Section 4 of this Article, the Board of Trustees shall

not include full-time employees of the Corporation. Each Trustee of the Corporation shall be a natural person of at least eighteen years of age, of good moral character and who enjoys a good reputation in the community, and who, by his or her experience, community interest, or prior action, demonstrates a willingness to devote time and talent to the affairs of the Corporation and to exercise his or her judgment with undivided loyalty to the Corporation. Each Trustee shall further satisfy the requirements set forth in Section 9 of this Article IV.

Section 3. Term of Office. Subject to Section 5 of this Article IV, Trustees, other than *ex officio* Trustees, shall serve for one, two, or three year terms, as specified by the Member. In the event that the Member elects to classify the Board of Trustees for purposes of staggering their respective terms of office, then the number of Trustees assigned to each class shall be as nearly equal as possible to those assigned to each other class. Each Trustee shall retain his or her position as Trustee until his or her successor shall be duly appointed and qualified or until his or her earlier death, resignation or removal, except that an *ex officio* Trustee shall retain his or her position as Trustee only during his or her tenure in the position from which his or her respective *ex officio* status is derived, or until his or her earlier death, resignation, or removal. Trustees may be re-elected for unlimited successor terms.

Section 4. *Ex Officio* Trustees.

The following persons shall serve as *ex officio* Trustees of the Corporation with vote:

(1) President and Chief Executive Officer of the Member; and

(2) Executive Director of the Corporation;

In the event that any individual holds multiple *ex officio* positions s/he shall have one vote.

Section 5. Removal, Resignation, Vacancies.

A. The Member may, in its discretion, remove any Trustee at any time, with or without cause, upon 10 days prior notice to the Board of Trustees. Without limiting the generality of the foregoing, upon such notice the Member may, in its discretion, remove and replace all or a portion of the Board of Trustees if the Member determines that the Corporation has failed to comply with any operating or financial plan adopted or approved by the Member. Unless such removal notice is revoked by the Member during the 10 day notice period, any such removal shall be effective immediately upon expiration of the notice period.

B. Any Trustee may resign from office with or without cause, by delivering a written statement of resignation to the Secretary of the Corporation. Any such resignation shall take effect immediately upon its receipt by the Secretary of the Corporation, unless a later effective time or date for the resignation is specified in the notice of resignation.

C. Any person appointed to fill a vacancy on the Board of Trustees shall be appointed for the unexpired term of the Trustee whose death, resignation, or removal gave rise to the applicable vacancy.

WPAHS-000791

Section 6. Orientation of Trustees. Newly elected or appointed Trustees shall be oriented to the functions and procedures of the Board of Trustees. Such orientation shall be carried out under the supervision of the Executive Director.

Section 7. No Compensation. No Trustee shall receive any compensation for acting as a Trustee. Trustees who are officers or employees of the Corporation may receive compensation for those duties.

Section 8. Review of Bylaws. The Board of Trustees shall review these Bylaws of the Corporation annually, and based on such review, may propose amendments to these Bylaws to the Member of the Corporation.

Section 9. Conflict of Interest. Trustees shall exercise good faith in all transactions touching upon their duties at the Corporation and its property. No Trustee shall use his or her position, or knowledge gained therefrom, in any way that might give rise to a conflict between the interest of the Corporation and that of the individual Trustee. The Corporation shall utilize and comply with the System's conflict of interest policy.

ARTICLE V

MEETINGS OF THE BOARD OF TRUSTEES

Section 1. Regular and Annual Meetings of the Board of Trustees. The Board of Trustees shall hold regular meetings at such time and place as determined by the Board or the Chair; provided that the Board shall meet not less than four times per year. The Annual Meeting shall be held in June of each year or at such other time as directed by the Board. Notice of any meeting shall be mailed, personally delivered, electronically mailed, or sent via facsimile to each Trustee entitled to vote at least 5 days prior to the meeting to the Trustee's address, e-mail address, or fax number on the books of the Corporation. Voting by proxy shall not be permitted at any meeting.

Section 2. Special Meetings. Special meetings may be held at any time upon call of the Member or the Chair or upon receipt by the Executive Director of the written request of at least three Trustees.

Section 3. Quorum. A majority of the voting members of the Board of Trustees, excluding non-voting *ex officio* Trustees, shall constitute a quorum at any regular meeting. Once a quorum is established, subsequent withdrawal of individuals to less than a quorum shall not affect the validity of any subsequent action taken at the meeting. Except as otherwise required by the PNCL, approval of any matter before the Board of Trustees by a majority of the Trustees present at a meeting shall constitute approval of the applicable matter by the Board.

Section 4. Action Without a Meeting. Any action which may be taken at a meeting of the Board or any committee thereof may be taken without a meeting if consent in writing

setting forth such action is signed by all of the Trustees entitled to vote or members of the committee, and is filed in the minutes of the proceedings of the Board or of the committee.

Section 5. Rules of Conduct. Meetings of the Board of Trustees and Committees of the Board of Trustees will be conducted in accordance with such rules as may be established by the Board of Trustees.

Section 6. Participation by Conference Telephone. One or more Trustees or members of a Committee established pursuant hereto may participate in a meeting of the Board of Trustees or such Committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

Section 7. Waiver of Notice. Whenever any written notice is required to be given under the provisions of the these bylaws or the PNCL, such notice need not be given to any Trustee who submits a signed waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Trustee.

ARTICLE VI

OFFICERS

Section 1. Officers Generally. The officers shall be a Chair, a Vice-Chair, a Secretary, a Treasurer, and an Executive Director. The Corporation may designate one or more vice presidents and other subordinate officers. The Chair and Vice Chair shall be appointed from among the elected (i.e., non-*ex officio*) members of the Board of Trustees. All other officers need not, but may, be selected from among such elected members of the Board of Trustees. No full-time employee of the Member or of the Corporation shall be eligible to serve as Chair or Vice Chair of the Corporation.

Section 2. Appointment of Officers. The officers shall be appointed by the Member, after consultation with the Board of Trustees of the Corporation, at the Annual Meeting of the Member each year and shall hold office for terms of one year and until their successors are duly installed, subject in each case to an officer's earlier death, resignation or removal. Vacancies in any office may be filled by action of the Member after consultation with the Board of Trustees of the Corporation. So long as the Member is the sole Member of the Corporation, officers shall be appointed from among candidates nominated by the Nominating Committee of the Member, if one so exists, provided that, no full-time employee of the Member or of the Corporation shall be eligible to serve as Chair or Vice Chair of the Corporation. Nothing contained herein shall be construed as prejudicing any officer's rights with respect to compensation under any employment agreement with the Corporation.

Section 3. Chair. The Chair shall preside at all meetings of the Board of Trustees.

The Chair shall have such authority, and shall perform all duties, ordinarily required of an officer in like position, and such other authority and duties as may be assigned by the Member.

Section 4. Executive Director. The Executive Director of the Corporation shall be an *ex officio* member of the Board. The Executive Director shall have all authority and responsibility necessary to operate the Corporation in all its activities, subject, however, to the policies and directives of the Member and of the Board of Trustees with regard to the matters as to which the Board of Trustees is responsible, and to the provisions of the Corporation's Articles of Incorporation and Bylaws.

Section 5. Vice Chair. The Vice-Chair shall perform the duties of the Chair when for any reason the Chair is unable to perform the same.

Section 6. Secretary. The Secretary shall keep and properly record the minutes of the proceedings of the Board of Trustees, notify officers of their election and committee members of their appointment, give notice of all meetings of the Board of Trustees and the Executive Committee, have custody of the corporate seal and of all books and papers pertaining to the office, and generally shall have such authority, and shall perform all duties, ordinarily required of an officer in like position.

Section 7. Treasurer. The Treasurer shall receive and have custody of all funds, money, and income of the Corporation not otherwise specifically provided for by the Member and shall deposit the same in such depository or depositories as the Board shall designate. The Treasurer shall have such authority, and shall perform all duties, ordinarily required of an officer in like position, and such other authority and duties as may be assigned by the Member.

Section 8. Resignation. Any officer may resign at any time by giving written notice thereof to the Chair, the Executive Director, or the Secretary of the Corporation. Any such resignation shall take effect on the date of receipt of such notice by one of the above-specified officers, or at such later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 9. Removal. Any officer of the Corporation may be removed, with or without cause, by the Member whenever in the judgment of the Member the best interests of the Corporation will be served thereby. Nothing contained herein shall be construed as prejudicing any officer's rights with respect to compensation under any employment agreement with the Corporation.

ARTICLE VII

COMMITTEES OF THE BOARD OF TRUSTEES

Section 1. Committees Generally. The Trustees, upon direction of the Member, shall establish the following committees, and, upon the approval of the Member, may establish such other committees (standing or special) as the Board of Trustees shall determine to establish,

with such authority and composition as the Board of Trustees shall determine (subject only to the rights and powers of the Member as set forth in the PNCL, the Articles of Incorporation, and these Bylaws, and the limitations or delegation of the Board's authority pursuant to the PNCL):

A. Executive Committee;
B. Finance and Gift Administration Committee;
C. Fund Development Committee: Strategic Planning, Capital Campaign, Major Gifts, Annual Fund;
D. Special Events Committee;
E. Nominating Committee.

Section 2. Powers of the Executive Committee. From and after its establishment, the Executive Committee shall have and may exercise the powers of the Board of Trustees in the management of the business affairs of the Corporation, except that the Executive Committee shall not have authority with respect to any of the following matters:

A. The submission to the Member of any action requiring approval of the Member;

B. Amending or repealing any resolution of the Board of Trustees; or

C. Approving any matters which pursuant to the Bylaws or resolution of the Board of Trustees is reserved to another established committee of the Board.

Section 3. Finance and Gift Administration Committee. From and after its establishment, this Committee shall review and recommend to the Board of Trustees the annual budget to be proposed to the Member, establish and review periodic budgetary reports and, except to the extent this function is delegated to a West Penn Allegheny Health System Committee, meet with the Corporation's independent auditors following receipt of the annual audit. This Committee shall also review and recommend the financial plan of the Corporation. This Committee shall meet at least quarterly to review the budget and financial performance of the Corporation, and to review and recommend approval or disapproval of any proposed unbudgeted expenditures by the Corporation where the cumulative amount of such unbudgeted expenditures is in excess of the amount fixed from time to time by the Member.

Section 4. Fund Development Committee: Strategic Planning, Capital Campaign, Major Gifts and Annual Fund. From and after its establishment, this Committee shall propose long range philanthropic plans for the Corporation for the consideration of the Member, with the goal of funding programs and projects directed at improving services, facilities and programs at Alle-Kiski Medical Center. These plans shall be periodically reviewed and revised by the Committee and, as appropriate, submitted to the Board of Trustees and the Member for appropriate action. This Committee shall also be charged with responsibility for identifying

internal or external constituencies, individual and institutional donors. This Committee shall monitor and review the prospect and donor call schedule and follow-up system of the Foundation and review management's plans relating to these functions. This Committee shall also identify, research, and develop appropriate cultivation plans directed by Corporation staff regarding the solicitation of individuals and institutions capable of providing major contributions.

Section 5. Special Event Committee: From and after its establishment, this Committee shall review and recommend to the Board of Trustees and the Member the type and number of annual special events to be implemented for the purpose of raising funds to benefit Alle-Kiski Medical Center.

Section 6. Nominating Committee: From and after its establishment, this Committee shall review and recommend to the Board of Trustees the slate of new Trustees for elections, shall analyze strengths and weaknesses of the Board of Trustees and help to recruit members with the skills and expertise to develop a strong and well-rounded Board of Trustees. This Committee will work with Trust staff to develop an orientation program for new members.

Section 7. Meetings of Committees. All standing Committees shall function under the direction of the Board of Trustees and shall meet as often as necessary to transact their business and shall make such reports as they may deem necessary or which may be specifically required of them. Minutes shall be kept of each meeting of each Committee and such minutes shall be disseminated to all members of the Board of Trustees, and to the Member.

Section 8. Quorum; Act of Committee. A majority of the members of a Committee shall constitute a quorum for the transaction of business. Once a quorum has been established, subsequent withdrawal of committee members so as to reduce the number of members present to less than a quorum shall not affect the validity of any subsequent action taken at the meeting. Approval of any matter before any Committee by a majority of those present at a meeting of a Committee where a quorum is present shall constitute approval of the applicable matter by the applicable Committee.

Section 9. Resignation. Any Committee member may resign at any time by giving written notice thereof to the Chair, the Executive Director, or the Secretary of the Corporation. Any such resignation shall take effect on the date of receipt of such notice by one of the above-specified officers, or at such later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 10. Removal. Any Committee member may be removed, with or without cause, by the Board or the Member whenever in the judgment of the Board or the Member the best interests of the Corporation will be served thereby, provided that if any Committee member

is removed by the Member, at least 10 days advance notice of such removal shall be given by the Member to the Board of Trustees.

ARTICLE VIII

FISCAL YEAR AND ANNUAL REPORT

Section 1. Fiscal Year. The Fiscal Year of the Corporation shall be begin on the first day of July of each year and end on the last day of June of the succeeding year.

Section 2. Annual Report. As soon as may be convenient following the close of the Fiscal Year, the Board of Trustees may cause to be published for general distribution an Annual Report containing such information regarding the work and affairs of the Corporation for the preceding Fiscal Year as in their discretion may be deemed advisable.

ARTICLE IX

SEAL

Section 1. Seal. The seal of the Corporation shall be in such form as may be approved by the Board of Trustees.

ARTICLE X

LIABILITY OF TRUSTEES

Section 1. Standard of Care and Fiduciary Duty. Each Trustee shall stand in a fiduciary relation to this Corporation and shall perform his or her duties as a Trustee, including his or her duties as a member of any committee of the Board upon which the Trustee may serve, in good faith, in a manner the Trustee reasonably believes to be in the best interests of this Corporation, and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. In performing his or her duties, each Trustee shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

(a) one or more officers or employees of this Corporation whom the Trustee reasonably believes to be reliable and competent in the matters presented;

(b) counsel, public accountants or other persons as to matters which the Trustee reasonably believes to be within the professional or expert competence of such persons; and

(c) a committee of the Board of this Corporation upon which the Trustee does not serve, as to matters within its designated authority, which committee the Trustee reasonably believes to merit confidence.

A Trustee shall not be considered to be acting in good faith if the Trustee has knowledge concerning the matter in question that would cause his reliance to be unwarranted.

Section 2. Limitation on Liability. Neither the Member nor any Trustee of the Corporation shall be personally liable for monetary damages for any action taken, or any failure to take any action, provided however, that this provision shall not eliminate or limit the liability of the Member or any Trustee to the extent that such elimination or limitation of liability is expressly prohibited by, Section 5713 of the PNCL, as in effect at the time of the alleged action or failure to take action by such Member or Trustee.

Section 3. Preservation of Rights. Any repeal or modification of this Article shall not adversely affect any right or protection existing at the time of such repeal or modification to which any Member, Trustee or former Member or Trustee may be entitled under this Article. The rights conferred by this Article shall continue as to any person who has ceased to be the Member or a Trustee of the Corporation and shall inure to the benefit of the successors, heirs, executors, and administrators of such person.

ARTICLE XI

INDEMNIFICATION

Section 1. Mandatory Indemnification of Trustees and Officers. The Corporation shall indemnify, to the fullest extent now or hereafter permitted by law, each Trustee and officer (including each former Trustee or officer) of the Corporation who was or is or is threatened to be made a party to or a witness in any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that the Trustee or officer is or was an authorized representative of the Corporation, or is or was serving at the written request of the Corporation as a representative of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the Trustee or officer in connection with such action, suit or proceeding if such Trustee or officer acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful.

Section 2. Mandatory Advancement of Expenses to Trustees and Officers. The Corporation shall pay expenses (including attorneys' fees) incurred by a Trustee or officer of the Corporation referred to in Section 1 of this Article XI in defending or appearing as a witness in any civil or criminal action, suit or proceeding described in Section 1 of this Article XI in advance of the final disposition of such action, suit or proceeding. The expenses incurred by such Trustee or officer shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding only upon receipt of an undertaking by or on behalf of such Trustee or officer to repay all amounts advanced if it shall ultimately be determined that the Trustee or

officer is not entitled to be indemnified by the Corporation as provided in Section 4 of this Article XI.

Section 3. Permissive Indemnification and Advancement of Expenses. The Corporation may, as determined by the Board of Trustees from time to time, indemnify, in full or in part, to the fullest extent now or hereafter permitted by law, any person who was or is or is threatened to be made a party to or a witness in, or is otherwise involved in, any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was an authorized representative of the Corporation or is or was serving at the request of the Corporation as a representative of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise, both as to action in his official capacity and as to action in another capacity while holding such office or position, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in conjunction with such action, suit or proceeding if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The Corporation may, as determined by the Board of Trustees from time to time, pay expenses incurred by any such person by reason of such person's participation in an action, suit or proceeding referred to in this Section 3 in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as provided in Section 4 of this Article XI.

Section 4. Scope of Indemnification. Indemnification under this Article shall not be made by the Corporation in any case where a court determines that the alleged act or failure to act giving rise to the claim for indemnification is expressly prohibited by Chapter 57, Subchapter D of the PNCL or any successor statute as in effect at the time of such alleged action or failure to take action.

Section 5. Miscellaneous. Each Trustee and officer of the Corporation shall be deemed to act in such capacity in reliance upon such rights of indemnification and advancement of expenses as are provided in this Article. The rights of indemnification and advancement of expenses provided by this Article shall not be deemed exclusive of any other rights to which any person seeking indemnification or advancement of expenses may be entitled under any agreement, vote of members (if any), disinterested Trustees, statute or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office or position, and shall continue as to a person who has ceased to be an authorized representative of the Corporation and shall inure to the benefit of the heirs, executors and administrators of such person. Any repeal or modification of this Article by the members (if any) or the Board of Trustees of the Corporation shall not adversely affect any right or protection existing at the time of such appeal or modification to which any person may be entitled under this Article.

Section 6. Definition of Authorized Representative. For the purposes of this Article, the term, "authorized representative" shall mean a Trustee, officer (including a former Trustee of officer), or employee of the Corporation or of any corporation controlled by the Corporation, or a trustee, custodian, administrator, committeeman or fiduciary of any employee benefit plan established and maintained by the Corporation or by any corporation controlled by the Corporation, or person serving another corporation, partnership, joint venture, trust or other enterprise in any of the foregoing capacities at the written request of the Corporation. The term "authorized representative" shall not include money managers or investment advisors (or any employees thereof) hired by the Corporation, and shall not include (i) agents of the Corporation unless indemnification thereof is expressly approved by the Board of Trustees, or (ii) any scientist in his or her teaching or research capacity.

Section 7. Funding to Meet Indemnification Obligations. Subject to the approval of the Member, the Board of Trustees shall have the power to borrow money on behalf of the Corporation, including the power to pledge the assets of the Corporation, from time to time to discharge the Corporation's obligations with respect to indemnification, the advancement and reimbursement of expenses, and the purchase and maintenance of insurance for the benefit of the Corporation and any person indemnified pursuant hereto. Upon the approval of the Member, the Corporation may, in lieu of or in addition to the purchase and maintenance of insurance, establish and maintain a fund of any nature or otherwise secure or insure in any manner its indemnification obligations, whether arising pursuant to this Article or otherwise.

ARTICLE XII

AMENDMENTS OF THESE BYLAWS AND/OR THE ARTICLES OF INCORPORATION OF THE CORPORATION

The power to amend, modify, alter or repeal these Bylaws or the Articles of Incorporation, is hereby exclusively vested in the Member of the Corporation.

ARTICLE XIII

SUBVENTIONS

The Corporation shall be authorized by resolution of the Board of Trustees or the Member to accept subventions from the Member or nonmembers on terms and conditions not inconsistent with PNCL § 5542, and to issue certificates therefor. The resolution of the Board of Trustees or the Member may provide that the holders of subvention certificates shall be entitled to a fixed or contingent periodic payment out of the corporate assets equal to a percentage of the original amount or value of the subvention. The rights of holders of subvention certificates shall at all times be subordinate to the rights of creditors of the Corporation.

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BYLAWS

CANONSBURG GENERAL HOSPITAL
Canonsburg, Pennsylvania 15317

As Revised September 18, 2008

Previous Revisions:
5/10/07
1/12/06
7/28/05
8/14/03
12/12/02
9/19/02
2/9/01

AMENDED AND RESTATED
BYLAWS
OF
CANONSBURG GENERAL HOSPITAL

ARTICLE I

NAME AND LOCATION

Section 1. Name. The name of the Corporation is Canonsburg General Hospital.

Section 2. Principal Office. The principal office of the Corporation shall be located at 100 Medical Boulevard, Canonsburg, PA 15317, or at such other address as the Board of Directors shall determine.

ARTICLE II

PURPOSE; PARTICIPATION IN SYSTEM

Section 1. Purpose. The purposes of the Corporation are as set forth in the Articles of Incorporation and include the following:

(1) To provide, maintain, operate, and support the provision, maintenance and operation of, on a not-for-profit basis, in-patient and out-patient hospital facilities and health care services throughout Western Pennsylvania, to all persons who are acutely ill or otherwise require medical care and services of the kind customarily furnished most effectively by hospitals without regard to race, creed, color, sex, age, religion, national origin, sexual orientation, ability to pay, or any other criteria not related to medical indications for admission or treatment, all in a manner that is described in Section 501(c) (3) of the Internal Revenue Code of 1986, as amended (the "Code"); and

(2) To carry on educational and scientific activities related to the care of the sick and injured.

(3) To carry on scientific research related to the care of the sick and injured.

(4) To carry on activities designed and carried on to promote the general health of the Western Pennsylvania community.

(5) To maintain itself as a not-for-profit corporation organized exclusively for charitable, scientific and educational purposes, with activities conducted in such a manner that no part of its net earnings shall inure to the benefit of any member, Director, officer or other individual. Upon termination, dissolution or winding up, the assets remaining after payment of all liabilities shall be distributed to another organization described in Section 501(c) (3) of the Code as selected by the Directors in their sole

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discretion, subject, however, to prior notice to the Attorney General of the Commonwealth of Pennsylvania (the "Attorney General"), approval by the Orphans' Court of the Commonwealth of Pennsylvania (the "Orphans' Court"), and all applicable law.

(6) To exercise such powers in furtherance of the foregoing purposes as are now or may be granted hereafter by the Nonprofit Corporation Law of the Commonwealth of Pennsylvania, as amended from time to time, or any successor legislation (the "PNCL")

Section 2. Participation in System. The Corporation is a constituent entity of the health care system serving Western Pennsylvania known as West Penn Allegheny Health System (the "System") which, as of the date of the adoption of these bylaws, is comprised of affiliated hospitals and certain other affiliated organizations. These Bylaws, among other things, establish the relative authority and responsibility of the entities and individuals participating in the governance and management of the Corporation in its capacity as part of the System.

ARTICLE III

MEMBER

Section 1. Member. Subject to Section 9 of this Article III, the sole voting member of the Corporation shall be West Penn Allegheny Health System, Inc. (the "Member"), acting through its Board of Directors (the "Member Board"), or through its Executive Committee (the "Member Executive Committee") or designated officers of the Member (the "Designated Representatives") to the extent that the Member has, pursuant to its Bylaws or by resolution duly adopted by the Member Board, delegated its authority herein to the Member Executive Committee or to a Designated Representative; provided, however, that neither the Member Executive Committee nor any Designated Representative shall have the authority to act on behalf of the Member with respect to any of the actions identified in Section 2.B of this Article III.

Section 2. Powers and Rights of Member.

A. The Member shall have such powers and rights as are set forth in the PNCL and the Articles of Incorporation of the Corporation. Without limiting and in addition to such powers and rights, the Member shall have the exclusive authority to exercise the following powers:

(1) Adopt and/or approve and interpret the statement of mission and philosophy of the Corporation, and require the Corporation to operate in conformance with its statement of mission and philosophy;

(2) Adopt and/or approve amendments or restatements of the bylaws and Articles of Incorporation of the Corporation, subject, however, to Section 9 of this Article III, and with respect to amendments of the following provisions in the bylaws and Articles of Incorporation of the Corporation, subject to prior notice to the Attorney General and the prior approval of the Orphans' Court: (i) provisions setting forth the purposes of the Corporation; (ii) provisions setting forth the powers reserved exclusively

to the Member; (iii) provisions describing the manner in which the assets of the Corporation are to be distributed upon termination, dissolution or winding up of the Corporation; and (iv) provisions requiring notice to the Attorney General or approval of the Orphans' Court prior to the taking of certain action by the Corporation.

(3) Fix the number of, and elect, appoint, fill vacancies in and remove, with or without cause, the Directors; and elect and remove, with or without cause, the Chair and Vice Chair of the Board of Directors of the Corporation, and the Secretary and Treasurer of the Corporation; provided that no Director or officer shall be removed by the Member without 10 days prior notice of such removal from the Member to the Board of Directors;

(4) Designate the administrative structure of the Corporation and, after consultation with the Board of Directors of the Corporation, elect and remove, with or without cause, the President and Chief Executive Officer and all vice presidents and other officers of the Corporation, provided that no officer shall be removed by the Member without 10 days prior notice of such removal from the Member to the Board of Directors;

(5) Cause or approve any merger, consolidation, division, conversion, or dissolution of the Corporation, or the filing of a petition in bankruptcy or execution of a deed of assignment for the benefit of creditors;

(6) Approve or cause the Corporation to engage in any acquisition or any sale, lease, exchange, mortgage, pledge or other alienation of any personal property of the Corporation having a value in excess of an amount to be fixed from time to time by the Member or any real property of the Corporation;

(7) Adopt and/or approve any capital or operating budgets of the Corporation, and approve or direct any unbudgeted expenditure to be undertaken individually or collectively by the Corporation and any affiliated corporations controlled by the Corporation (other than unbudgeted expenditures which are required in order for the Corporation to be in compliance with applicable laws, rules and regulations, and state licensing and accreditation requirements), where the cumulative amount of such unbudgeted expenditures is in excess of an amount to be fixed from time to time by the Member;

(8) Adopt and/or approve any operating plan or financial plan with respect to the Corporation, and require the Corporation to comply with such operating or financial plan;

(9) Approve and/or cause the Corporation to undertake or engage itself in respect of any bond issuance or any other indebtedness for borrowed money of the Corporation, or any lending of funds by the Corporation to an unrelated person, corporation or other legal entity, including without limitation any capital leases (other than indebtedness to provide funds for expenditures necessary in order for the Corporation to be in compliance with applicable laws, rules and regulations, and state licensing and accreditation requirements, to the extent such funds are not otherwise

reasonably available), representing obligations of the Corporation in excess of an amount per annum in the aggregate established from time to time by the Member;

(10) Establish and/or approve the criteria for, and conduct the evaluation of, the performance of the President and Chief Executive Officer and all vice presidents and officers of similar rank of the Corporation;

(11) Approve and/or cause the adoption by the Corporation of proposed settlements of litigation when such settlements exceed applicable insurance coverage or the amounts reserved in respect thereof of any applicable self-insurance fund;

(12) Approve and/or cause the adoption by the Corporation of any contracts between the Corporation and any managed care organization (including without limitation any health maintenance organization or independent practice association) or insurance company;

(13) Approve and/or cause any corporate reorganization of the Corporation or the establishment or dissolution of any subsidiary organizations, including corporations, partnerships or other entities, of the Corporation;

(14) Adopt and/or approve the strategic plan of the Corporation; and

(15) Approve or direct the taking of any other action outside of ordinary course of business and such matters as are required to be submitted to corporate members of a Pennsylvania nonprofit corporation.

Except as otherwise required by the PNCL, and subject to Section 9 of this Article III, the action of the Member with respect to each of the foregoing actions shall be sufficient to approve such actions, no action by the Board of Directors of the Corporation shall be required with respect to any such actions, and, to the full extent permitted by law, no action of the Board of Directors with respect to any such actions shall be effective for any purpose without the approval of the Member.

B. Each of the following actions may be approved by the Member only through action of the Member Board, and not through action of the Member Executive Committee or any Designated Representative:

(1) The adoption or approval of a statement of mission and philosophy of the Corporation;

(2) The adoption or approval of any amendments of the Bylaws or Articles of Incorporation of the Corporation;

(3) The approval of any merger, consolidation, division, conversion, or dissolution of the Corporation, or the filing of a petition in bankruptcy or execution of a deed of assignment for the benefit of creditors, or the sale or other disposition of all or substantially all of the assets of the Corporation;

(4) The election, appointment and removal of the Directors, the Chair and Vice Chair of the Board of Directors of the Corporation, and the Secretary and Treasurer of the Corporation; and

(5) The approval of any bond issuance or incurrence of any other indebtedness for borrowed money of the Corporation, or any lending of funds by the Corporation to an unrelated person, corporation or other legal entity, including without limitation any capital leases.

Section 3. Meetings of Member. Meetings of the Member may be held at such place within the Commonwealth of Pennsylvania as the Member may from time to time determine, or as may be designated in the notice of the meeting.

Section 4. Annual Meeting of the Member.

A. Unless otherwise fixed by the Member, the annual meeting of the Corporation shall be held in June of each year. At each annual meeting, (i) the Board of Directors shall present to the Member an annual report regarding the financial performance of the Corporation, and (ii) the Member shall appoint the Board of Directors of the Corporation in accordance with Article IV and all officers that pursuant to the Bylaws are then to be appointed by the Member. If the annual meeting shall not be called and held within one (1) month of the date specified in this Article III, Section 4 or fixed by the Member in accordance with this Article III, Section 4, as applicable, any members of the Board of Directors and any officers theretofore appointed by the Member shall continue to serve unless removed by the Member (or unless the applicable member of the Board of Directors or officer resigns), and a special meeting may be held in place thereof with the same force and effect as the annual meeting, and in such case all references in these Bylaws, except in this Article III, Section 4, to the annual meeting of the Corporation shall be deemed to refer to such special meeting. Any such special meeting shall be called and notice given as provided in Article III, Sections 5 and 7, as applicable.

B. Immediately after each annual appointment of the Board of Directors by the Member at the annual meeting or a special meeting, the Board of Directors of the Corporation shall meet for the transaction of business to be conducted by the Board of Directors at the place where the annual or special meeting of the Member was held. Notice of such meeting need not be given. If such meeting is to be held at any other time or place, notice thereof shall be given as provided in Article V, Section 1 for special meetings of the Board of Directors.

Section 5. Special Meetings of the Member. Special meetings of the Member shall be held whenever called by the Board of Directors of the Corporation, or by written demand of the Member.

Section 6. Action Without a Meeting. Any action which may be taken at a meeting of the Member may be taken without a meeting if a consent in writing setting forth the actions so taken shall be signed by the Member, and filed with the Secretary of the Corporation.

Section 7. Notice of Meetings; Participation by Conference Telephone.

A. Unless otherwise provided in these Bylaws, whenever written notice is required to be given to the Member under the provisions of the Articles of Incorporation, these Bylaws, or the PNCL, it may be given by sending a copy thereof first class mail, postage prepaid, by personal delivery, or in the case of notices other than notices of meetings, by telecopy with confirmed receipt to the address of the Member appearing on the books of the Corporation. If the notice is sent by mail, it shall be deemed to have been given to the Member entitled thereto when deposited in the United States mail, postage prepaid. A notice of meeting shall specify the place, day and hour of the meeting and any other information required by law or these Bylaws, and, unless the meeting is an annual meeting, shall indicate that the notice is being issued by or at the direction of the person(s) calling the meeting. Notice of each meeting of the Member shall be given not less than five days before the date of the meeting, except in the case where fundamental changes to the Corporation under Chapter 59 of the PNCL will be considered, in which case such notice shall be given not less than ten days before the date of the meeting. Every such notice shall state the date, time and place of the meeting, and notices of special meetings of the Member shall also set forth the general nature of the business to be conducted at such meeting.

B. When a meeting is adjourned, it shall not be necessary to give any notice of the adjourned meeting and of the business to be transacted at an adjourned meeting in accordance with the provisions of this Article III, Section 7 if the day, time and place to which the meeting is adjourned is announced at the meeting at which the adjournment is taken.

C. Whenever notice of a meeting is required, such notice need not be given to the Member if a written waiver of notice executed by the Member is filed with the records of the Corporation. Attendance by the Member at any meeting of the Member shall constitute a waiver by the Member of notice of such meeting, except where the Member attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

D. One or more persons may participate in a meeting of the Member by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

Section 8. Resolutions. Whenever the language of a proposed resolution is included in a written notice of a meeting of the Member, the meeting considering the resolution may without further notice adopt it with such clarifying or other amendments as do not enlarge its original purpose.

Section 9. Additional Members. Notwithstanding anything herein to the contrary, upon the occurrence of a Triggering Event (as defined below), then effective immediately and automatically upon the occurrence of such Triggering Event and without further action by the Member, the voting members of the Corporation shall include, in addition to the Member identified in Section 1 of this Article III hereof, all of the then-current members of the Board of Directors of the Corporation, and any reference in these bylaws to "the Member" shall be

deemed to be a reference to "the Members" as identified in this Article III, Section 9, each of whom shall have one vote, and all of whom together shall have the authority that, but for operation of this Article III, Section 9, would be vested in the Member. From and after the occurrence of a Triggering Event, (i) a majority of the Members shall constitute a quorum at any meeting of the Members and (ii) the affirmative vote of two-thirds (or greater) of the whole number of Members shall be required to approve any matter to be voted on by the Members. For purposes of this Section, "Triggering Event" shall mean any of the following occurrences:

(1) a Final Determination (as defined below) shall have been entered denying the Member's application for recognition as an Exempt Organization (as defined below) or revoking the Member's status as an Exempt Organization;

(2) the Member shall have taken all corporate action necessary to approve (x) the dissolution of the Member or (y)the filing by the Member of a voluntary petition in bankruptcy;

(3) the Member shall have admitted in writing its inability to pay its debts as they come due; or

(4) an involuntary petition for the dissolution and winding up of the Member shall have been filed, which such petition is not dismissed within 60 days of the filing thereof.

"Final Determination" shall mean a decision, judgment, decree or other order by the Internal Revenue Service or a court of competent jurisdiction which is final and unappealable, or which has become unappealable because the time for instituting an appeal has expired. "Exempt Organization" shall mean an organization exempt from federal income taxation pursuant to Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code. Notwithstanding anything herein to the contrary, amendment of this Section 9 shall require approval of both the Member and at least two-thirds of the entire Board of Directors of the Corporation.

Section 10. Operating Reports. The Board of Directors of the Corporation shall submit operating reports to the Member in such form and on such schedule as shall be established by the Member. Such operating reports shall reflect the results of operations of the Corporation and of any affiliates of the Corporation that are controlled by the Corporation.

ARTICLE IV

THE BOARD OF DIRECTORS

Section 1. Powers and Responsibility. Subject to Article III hereof and to the other rights and powers of the Member specified herein or in the Articles of Incorporation or otherwise provided hereby or in the Articles of Incorporation or by law, the Board of Directors shall have charge, control, and management of the administrative affairs, property and funds of the Corporation and shall have the power and authority to do and perform all acts and functions not inconsistent with these Bylaws, the Articles of Incorporation, and applicable law, in each case as amended from time to time. Such responsibility shall include without limitation management of

the Medical Staff as contemplated by Article VIII, Section 1 hereof; adoption, amendment, repeal and restatement of the Medical Staff Bylaws, as proposed by the Medical Staff pursuant to Article VIII, Section 1 hereof; implementation of any operational or financial plan adopted by the Member; maintenance of quality patient care; and institutional management and planning. Without limiting the generality of the foregoing, the Board of Directors shall have power and authority to, and shall be responsible to, establish and manage the Corporation's program for compliance with all legal requirements applicable to the Corporation, all accreditation and licensing requirements and the conditions of participation in all governmental payor programs. The Board of Directors shall also prepare, for the Member's review and approval, on such timetable as the Member shall establish, proposed annual budgets for the Corporation, which budgets shall be consistent with any operating plan or financial plan adopted or approved by the Member and then in effect.

Section 2. Composition of the Board; Appointment Qualifications. The Board of Directors shall be composed of not fewer than five nor more than twenty voting members. The exact number of Directors shall be as fixed from time to time by the Member, except that as of the date of adoption of these bylaws, the Board of Directors of the Corporation shall be comprised of the members identified on Exhibit A hereto, each having the term identified for such individual by the Member (and any individuals serving as Directors immediately before the effectiveness of these bylaws who are not identified on Exhibit A shall be deemed removed immediately upon such effectiveness). Directors shall generally be appointed at the annual meeting of the Member, but may be appointed at any regular or special meeting of the Member; provided that, at least thirty percent (but no more than forty-nine percent) of the Board shall be composed of physicians on the Medical Staff, and provided further, that except for the *ex officio* Directors specified in Section 4 of this Article IV, the Board of Directors shall not include any full time employees of the Member, of the Corporation or of any of the other "Constituent Corporations" as defined in the Bylaws of the Member. Each Director of the Corporation shall be a natural person of at least eighteen years of age, of good moral character and who enjoys a good reputation in the community, and who, by his or her experience, community interest, or prior action, demonstrates a willingness to devote time and talent to the affairs of the Corporation and to exercise his or her judgment with undivided loyalty to the Corporation. Each Director shall further satisfy the requirements set forth in Section 9 of this Article IV.

Section 3. Term of Office. Subject to Section 5 of this Article IV, Directors, other than *ex officio* Directors, shall serve for one, two or three year terms, as specified by the Member. In the event that the Member elects to classify the Board of Directors for purposes of staggering their respective terms of office, then the number of Directors assigned to each class shall be as nearly equal as possible to those assigned to each other class. Each Director shall retain his or her position as Director until his or her successor shall be duly appointed and qualified or until his or her earlier death, resignation or removal, except that an *ex officio* Director shall retain his or her position as Director only during his or her tenure in the position from which his or her respective *ex officio* status is derived, or until his or her earlier death, resignation, or removal. Directors may be re-elected for unlimited successor terms.

Section 4. *Ex Officio* Directors. The following persons shall serve as *ex officio* Directors of the Corporation with vote:

(1) President and Chief Executive Officer of the Member or the designee of the President and Chief Executive Officer of the Member;

(2) President and Chief Executive Officer of the Corporation;

(3) President of the Medical Staff of the Corporation; and

(4) Board Chair of the Member or the designee of the Board Chair of the Member.

In the event that any individual holds multiple *ex officio* positions such individual shall have one vote.

Section 5. Removal, Resignation, Vacancies.

A. The Member may, in its discretion, remove any Director at any time, with or without cause, upon 10 days prior notice to the Board of Directors. Without limiting the generality of the foregoing, upon such notice the Member may, in its discretion, remove and replace all or a portion of the Board of Directors if the Member determines that the Corporation has failed to comply with any operating or financial plan adopted or approved by the Member. Unless such removal notice is revoked by the Member during the 10 day notice period, any such removal shall be effective immediately upon expiration of the notice period.

B. Any Director may resign from office with or without cause, by delivering a written statement of resignation to the Secretary of the Corporation. Any such resignation shall take effect immediately upon its receipt by the Secretary of the Corporation, unless a later effective time or date for the resignation is specified in the notice of resignation.

C. Any person appointed to fill a vacancy on the Board of Directors shall be appointed for the unexpired term of the Director whose death, resignation, or removal gave rise to the applicable vacancy.

Section 6. Orientation of Directors. Newly elected or appointed Directors shall be oriented to the functions and procedures of the Board of Directors. Such orientation shall be carried out under the supervision of the President and Chief Executive Officer.

Section 7. No Compensation. No Director shall receive any compensation for acting as a Director. Directors who are officers or employees of the Corporation may receive compensation for those duties.

Section 8. Review of Bylaws. The Board of Directors shall review these Bylaws of the Corporation annually, and based on such review, may propose amendments to these Bylaws to the Member of the Corporation.

Section 9. Conflict of Interest. Directors shall exercise good faith in all transactions touching upon their duties at the Corporation and its property. No director shall use his or her position, or knowledge gained therefrom, in any way that might give rise to a conflict between the interest of the Corporation and that of the individual Director. The Board of Directors shall adopt a conflict of interest policy, and each Director and officer of the Corporation shall agree in writing to be bound thereby as a prerequisite to his or her qualification as a Director or officer, as the case may be.

Section 10. Emeritus Directors. The Corporation may maintain an emeritus class of Directors to recognize the service of individuals previously serving on the Board and provide the Corporation with the benefit of continued access to the knowledge and expertise of such individuals. Emeritus directors shall be entitled to receive such information regarding the Corporation as deemed appropriate by the Board and as a courtesy may attend regularly scheduled Board meetings at the discretion of the Board. Emeritus directors may be appointed by the Board for indefinite terms, but may be removed at any time upon the majority vote of the members of the Board.

ARTICLE V

MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Regular and Annual Meetings of the Board of Directors. The Board of Directors shall hold regular meetings at such time and place as determined by the Board or the Chair; provided that the Board shall meet not less than four times per year. The Annual Meeting shall be held as provided in Article III, Section 4 of these Bylaws. Notice of any meeting shall be mailed, personally delivered or faxed to each Director entitled to vote at least 5 days prior to the meeting to the Director's address (or fax number) on the books of the Corporation. Voting by proxy shall not be permitted at any meeting.

Section 2. Special Meetings. Special meetings may be held at any time upon call of the Member or the Chair or upon receipt by the President and Chief Executive Officer of the written request of at least three Directors.

Section 3. Public Meeting. The general public shall be invited to attend at least one meeting of the Board of Directors on an annual basis. Such meeting shall be well-publicized in advance of the meeting date and shall be held at a time convenient for attendance by the general public.

Section 4. Quorum. A majority of the entire Board of Directors shall constitute a quorum at any regular meeting; provided that a quorum shall not be present at any meeting unless a majority of those Directors present are not members of the medical staff of the Corporation. Once a quorum is established, subsequent withdrawal of individuals to less than a quorum shall not affect the validity of any subsequent action taken at the meeting. Except as otherwise required by the PNCL, approval of any matter before the Board of Directors by a majority of the Directors entitled to vote and present at a meeting shall constitute approval of the applicable matter by the Board.

Section 5. Action Without a Meeting. Any action which may be taken at a meeting of the Board or any committee thereof may be taken without a meeting if consent in writing setting forth such action is signed by all of the Directors entitled to vote or members of the committee, and is filed in the minutes of the proceedings of the Board or of the committee.

Section 6. Rules of Conduct. Meetings of the Board of Directors and Committees of the Board of Directors will be conducted in accordance with such rules as may be established by the Board of Directors.

Section 7. Participation by Conference Telephone. One or more Directors or members of a Committee established pursuant hereto may participate in a meeting of the Board of Directors or such Committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

Section 8. Waiver of Notice. Whenever any written notice is required to be given under the provisions of the these bylaws or the PNCL, such notice need not be given to any Director who submits a signed waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Director.

ARTICLE VI

OFFICERS

Section 1. Officers Generally. The officers shall be a Chair, a Secretary, a Treasurer, a President and Chief Executive Officer, and such Vice Presidents and other subordinate officers as the Member shall designate. The Chair shall be appointed from among the elected (i.e., non-*ex officio*) members of the Board of Directors. All other officers need not, but may, be selected from among such elected members of the Board of Directors. No full-time employee of the Member or of the Corporation shall be eligible to serve as Chair of the Corporation.

Section 2. Appointment of Officers. The officers shall be appointed by the Member, after consultation with the Board of Directors of the Corporation, at the Annual Meeting of the Member each year and shall hold office for terms of one year and until their successors are duly installed, subject in each case to an officer's earlier death, resignation or removal. Vacancies in any office may be filled by action of the Member after consultation with the Board of Directors of the Corporation. So long as the Member is the sole Member of the Corporation, no full-time employee of the Member or of the Corporation shall be eligible to serve as Chair or Vice Chair of the Corporation. Further, the Chair shall be appointed from among individuals who also serve on the Member's Board of Directors. Nothing contained herein shall be construed as prejudicing any officer's rights with respect to compensation under any employment agreement with the Corporation.

Section 3. Chair. The Chair shall preside at all meetings of the Board of Directors, and at the Annual Meeting of the Member each year shall present the report of the Board of

Directors. The Chair shall be responsible to review the performance of the Board of Directors on an annual basis, and to report on such performance to the Member. The Chair shall have such authority, and shall perform all duties, ordinarily required of an officer in like position, and such other authority and duties as may be assigned by the Member.

Section 4. President and Chief Executive Officer. The President and Chief Executive Officer of the Corporation shall be an *ex officio* member of the Board and each committee of the Board. The President and Chief Executive Officer shall have all authority and responsibility necessary to operate the Corporation in all its activities, subject, however, to the policies and directives of the Member and of the Board of Directors with regard to the matters as to which the Board of Directors is responsible, and to the provisions of the Corporation's Articles of Incorporation and Bylaws. The President and Chief Executive Officer shall have responsibility for implementing compliance with state licensing regulations and Joint Commission on Accreditation of Health Care Organizations accreditation requirements including regulations and requirements relative to quality of care and quality assessment and improvement mechanisms. The President and Chief Executive Officer shall serve as the liaison between the Board of Directors and the Medical Staff and assist the Medical Staff with its organization and medical-administrative responsibilities.

Section 5. Vice Chair. The Vice-Chair shall perform the duties of the Chair when for any reason the Chair is unable to perform the same.

Section 6. Secretary. The Secretary shall keep and properly record the minutes of the proceedings of the Board of Directors, notify officers of their election and committee members of their appointment, give notice of all meetings of the Board of Directors and the Executive Committee, have custody of the corporate seal and of all books and papers pertaining to the office, and generally shall have such authority, and shall perform all duties, ordinarily required of an officer in like position.

Section 7. Treasurer. The Treasurer shall receive and have custody of all funds, money, and income of the Corporation not otherwise specifically provided for by the Member and shall deposit the same in such depository or depositories as the Board shall designate. The Treasurer shall have such authority, and shall perform all duties, ordinarily required of an officer in like position, and such other authority and duties as may be assigned by the Member.

Section 8. Resignation. Any officer may resign at any time by giving written notice thereof to the Chair, the President and Chief Executive Officer or the Secretary of the Corporation. Any such resignation shall take effect on the date of receipt of such notice by one of the above-specified officers, or at such later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 9. Removal. Any officer of the Corporation may be removed, with or without cause, by the Member whenever in the judgment of the Member the best interests of the Corporation will be served thereby. Nothing contained herein shall be construed as prejudicing any officer's rights with respect to compensation under any employment agreement with the Corporation.

ARTICLE VII

COMMITTEES OF THE BOARD OF DIRECTORS

Section 1. Committees Generally. The Directors, upon direction of the Member, shall establish the following committees, and, upon the approval of the Member, may establish such other committees (standing or special) as the Board of Directors shall determine to establish, with such authority and composition as the Board of Directors shall determine (subject only to the rights and powers of the Members as set forth in the PNCL, the Articles of Incorporation, and these Bylaws, and the limitations or delegation of the Board's authority pursuant to the PNCL):

A. Executive Committee

B. Finance Committee

C. Strategic Planning and Capital Development Committee

D. Medical Affairs Committee

Section 2. Powers of the Executive Committee. From and after its establishment, the Executive Committee shall have and may exercise the powers of the Board of Directors in the management of the business affairs of the Corporation, except that the Executive Committee shall not have authority with respect to any of the following matters:

A. The submission to the Member of any action requiring approval of the Member;

B. Amending or repealing any resolution of the Board of Directors; or

C. Approving any matters which pursuant to the Bylaws or resolution of the Board of Directors is reserved to another established committee of the Board.

Section 3. Finance Committee. From and after its establishment, this Committee shall review and recommend to the Board of Directors the annual budget to be proposed to the Member, establish and review periodic budgetary reports and meet with the Corporation's independent auditors following receipt of the annual audit. This Committee shall also review and recommend the financial plan of the Corporation. This Committee shall meet at least annually, and at such other times as the Chair of the Committee deems appropriate, to review the budget and financial performance of the Corporation and its affiliates, and to review and recommend approval or disapproval of any proposed unbudgeted expenditures by the Corporation where the cumulative amount of such unbudgeted expenditures is in excess of the amount fixed from time to time by the Member.

Section 4. Strategic Planning and Capital Development Committee. From and after its establishment, this Committee shall propose long range plans for the Corporation for the consideration of the Member, with the goal of constantly improving services, facilities and programs. These plans shall be periodically reviewed and revised by the Committee, and shall

WPAHS-000814

be subject to approval by the Member. This Committee shall also be responsible for serving as liaison with the communities served by the Corporation, including determining the services to be offered by the Corporation, promotion of the Corporation's services to the communities it serves, and education of the community relative to the services provided by the Corporation.

Section 5. Medical Affairs Committee. From and after its establishment, the Committee shall conduct itself as a forum for the discussion, analysis, review and oversight of hospital policy and procedure concerning performance improvement activities and standards as outlined in the Corporation's performance improvement program; shall be responsible for evaluating and monitoring the Corporation's performance improvement program; and shall make recommendations to the Board of Directors pursuant to its findings. The Committee shall evaluate the types and scopes of clinical programs and services provided by the Corporation and make recommendations to the Board of Directors regarding the same; shall provide medico-administrative liaison with the Board of Directors, Medical and the President and Chief Executive Officer; shall monitor the activities of the Corporation in the areas of medical education and research; and to the extent requested by the Board, shall assist the Board with the resolution of disputes concerning medical affairs, including, without limitation, interdisciplinary disputes and credentialling disputes.

Section 6. Appointment of Committees. The members of any standing or special Committee shall be appointed by the Board. Each Committee shall include at least three Directors, including *ex officio* members, and may include such other interested individuals as determined appropriate by the Board. The Chair and the President and Chief Executive Officer shall be *ex officio* members of all committees with full voting privileges. Each other member of a committee shall serve for a term of one year and until his or her successor has been appointed, subject to his or her earlier death, resignation or removal.

Section 7. Medical Staff Participation. Each Committee shall include at least two members of the Medical Staff.

Section 8. Meetings of Committees. All standing Committees shall function under the direction of the Board of Directors and shall meet as often as necessary to transact their business and shall make such reports as they may deem necessary or which may be specifically required of them. Minutes shall be kept of each meeting of each Committee and such minutes shall be disseminated to all members of the Board of Directors, and to the Member.

Section 9. Quorum; Act of Committee. Four members of a Committee shall constitute a quorum for the transaction of business. Once a quorum has been established, subsequent withdrawal of committee members so as to reduce the number of members present to less than a quorum shall not affect the validity of any subsequent action taken at the meeting. Approval of any matter before any Committee by a majority of those present at a meeting of a Committee where a quorum is present shall constitute approval of the applicable matter by the applicable Committee.

Section 10. Resignation. Any Committee member may resign at any time by giving written notice thereof to the Chair, the President and Chief Executive Officer or the Secretary of the Corporation. Any such resignation shall take effect on the date of receipt of such notice by

one of the above-specified officers, or at such later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 11. Removal. Any Committee member may be removed, with or without cause, by the Board or the Member whenever in the judgment of the Board or the Member the best interests of the Corporation will be served thereby, provided that if any Committee member is removed by the Member, at least 10 days advance notice of such removal shall be given by the Member to the Board of Directors.

ARTICLE VIII

MEDICAL STAFF

Section 1. Medical Staff Generally. The Board of Directors shall create a functional unit within the Corporation known as the Medical Staff. It shall be composed of physicians, dentists, and such other health care practitioners as determined by the Board. The Medical Staff shall be delegated the responsibility for making recommendations concerning the clinical privileges and Medical Staff appointment of practitioners, the quality of medical care delivered in the hospital operated by the Corporation (the "Hospital"), and rules and regulations governing the practice of practitioners within the Hospital. The Medical Staff shall be an internal component of the Hospital. It shall have bylaws outlining its structure and function so that it may fulfill its delegated responsibilities in an effective fashion. Only such Medical Staff Bylaws as are adopted by the Board of Directors shall be effective. The Board retains the right to rescind any authority or procedures delegated to the Medical Staff by bylaws or otherwise and to amend the bylaws as necessary for the good operation of the Hospital. The power of the Board of Directors to adopt or amend Medical Staff bylaws, rules, and regulations, shall not be dependent upon ratification by the Medical Staff.

Section 2. Organization of Medical Staff. The Medical Staff shall be divided into clinical departments. The appointment of clinical department chairs, and of all Medical Staff standing committee chairs shall be approved by the Board of Directors.

Section 3. Appointment to Medical Staff. All appointments to the Medical Staff shall be made by the Board of Directors for a period not to exceed two years. Appointments, reappointments, and the delineation of privileges shall be made in accordance with Hospital policy and/or the Medical Staff bylaws; provided, however, that nothing therein contained shall limit the legal rights and obligations of the Board of Directors with respect to such matters.

Section 4. Denial of Privileges. In the circumstances delineated in the Medical Staff bylaws, and to the extent provided therein, an applicant to the Medical Staff or a Medical Staff member affected by an action relating to Medical Staff privileges shall be afforded the opportunity of a full hearing before an appropriately constituted body (which body may be a joint conference of other hospitals comprising part of the System), conducted in such manner as to assure due process and to afford full opportunity for the presentation of all pertinent information, pursuant to the Corporation's hospital policy or the Medical Staff bylaws. No recommendation or action other than as set forth in the Medical Staff bylaws shall constitute grounds for a hearing.

ARTICLE IX

PATIENT'S BILL OF RIGHTS

Section 1. Patient's Bill of Rights. The individual designated by the President and Chief Executive Officer as "Patient Representative" or other responsible management individual as may be charged by the President and Chief Executive Officer from time to time shall be responsible to ensure that a Patient's Bill of Rights not less in substance and coverage than required by the Pennsylvania Department of Health regulations shall be disseminated to all patients of the Hospital.

ARTICLE X

FISCAL YEAR AND ANNUAL REPORT

Section 1. Fiscal Year. The Fiscal Year of the Corporation shall be begin on the first day of July of each year and end on the last day of June of the succeeding year.

Section 2. Annual Report. As soon as may be convenient following the close of the Fiscal Year, the Board of Directors may cause to be published for general distribution an Annual Report containing such information regarding the work and affairs of the Hospital for the preceding Fiscal Year as in their discretion may be deemed advisable.

ARTICLE XI

AUXILIARY ORGANIZATIONS

Section 1. Auxiliary Organizations. The Board of Directors may provide for the establishment or permit the operation of one or more auxiliary organizations. The bylaws of these organizations shall be subject to approval by the Board of Directors and the Member.

ARTICLE XII

SEAL

Section 1. Seal. The seal of the Corporation shall be in such form as may be approved by the Board of Directors.

ARTICLE XIII

LIABILITY OF DIRECTORS

Section 1. Standard of Care and Fiduciary Duty. Each Director shall stand in a fiduciary relation to this Corporation and shall perform his or her duties as a Director, including his or her duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner the Director reasonably believes to be in the best interests of this Corporation, and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. In performing his or her duties, each

Director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

(a) one or more officers or employees of this Corporation whom the Director reasonably believes to be reliable and competent in the matters presented;

(b) counsel, public accountants or other persons as to matters which the Director reasonably believes to be within the professional or expert competence of such persons; and

(c) a committee of the Board of this Corporation upon which the Director does not serve, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence.

A Director shall not be considered to be acting in good faith if the Director has knowledge concerning the matter in question that would cause his reliance to be unwarranted.

Section 2. Limitation on Liability. Neither the Member nor any Director of the Corporation shall be personally liable for monetary damages for any action taken, or any failure to take any action, provided however, that this provision shall not eliminate or limit the liability of the Member or any Director to the extent that such elimination or limitation of liability is expressly prohibited by, Section 5713 of the PNCL, as in effect at the time of the alleged action or failure to take action by such Member or Director.

Section 3. Preservation of Rights. Any repeal or modification of this Article shall not adversely affect any right or protection existing at the time of such repeal or modification to which any Member, Director or former Member or Director may be entitled under this Article. The rights conferred by this Article shall continue as to any person who has ceased to be the Member or a Director of the Corporation and shall inure to the benefit of the successors, heirs, executors, and administrators of such person.

ARTICLE XIV

INDEMNIFICATION

Section 1. Mandatory Indemnification of Directors and Officers. The Corporation shall indemnify, to the fullest extent now or hereafter permitted by law, each Director and officer (including each former Director or officer) of the Corporation who was or is or is threatened to be made a party to or a witness in any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that the Director or officer is or was an authorized representative of the Corporation, or is or was serving at the written request of the Corporation as a representative of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the Director or officer in connection with such action, suit or proceeding if such Director or officer acted in good faith and in a manner he or she reasonably

believed to be in, or not opposed to, the best interest of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful.

Section 2. Mandatory Advancement of Expenses to Directors and Officers. The Corporation shall pay expenses (including attorneys' fees) incurred by a Director or officer of the Corporation referred to in Section 1 of this Article XIV in defending or appearing as a witness in any civil or criminal action, suit or proceeding described in Section 1 of this Article XIV in advance of the final disposition of such action, suit or proceeding. The expenses incurred by such Director or officer shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding only upon receipt of an undertaking by or on behalf of such Director or officer to repay all amounts advanced if it shall ultimately be determined that the Director or officer is not entitled to be indemnified by the Corporation as provided in Section 4 of this Article XIV.

Section 3. Permissive Indemnification and Advancement of Expenses. The Corporation may, as determined by the Board of Directors from time to time, indemnify, in full or in part, to the fullest extent now or hereafter permitted by law, any person who was or is or is threatened to be made a party to or a witness in, or is otherwise involved in, any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was an authorized representative of the Corporation or is or was serving at the request of the Corporation as a representative of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise, both as to action in his official capacity and as to action in another capacity while holding such office or position, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in conjunction with such action, suit or proceeding if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The Corporation may, as determined by the Board of Directors from time to time, pay expenses incurred by any such person by reason of such person's participation in an action, suit or proceeding referred to in this Section 3 in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as provided in Section 4 of this Article XIV.

Section 4. Scope of Indemnification. Indemnification under this article shall not be made by the Corporation in any case where a court determines that the alleged act or failure to act giving rise to the claim for indemnification is expressly prohibited by Chapter 57, Subchapter D of the PNCL or any successor statute as in effect at the time of such alleged action or failure to take action.

Section 5. Miscellaneous. Each Director and officer of the Corporation shall be deemed to act in such capacity in reliance upon such rights of indemnification and advancement of expenses as are provided in this Article. The rights of indemnification and advancement of expenses provided by this Article shall not be deemed exclusive of any other rights to which any person seeking indemnification or advancement of expenses may be entitled under any agreement, vote of members (if any), disinterested Directors, statute or otherwise, both as to

action in such person's official capacity and as to action in another capacity while holding such office or position, and shall continue as to a person who has ceased to be an authorized representative of the Corporation and shall inure to the benefit of the heirs, executors and administrators of such person. Any repeal or modification of this Article by the members (if any) or the Board of Directors of the Corporation shall not adversely affect any right or protection existing at the time of such appeal or modification to which any person may be entitled under this Article.

Section 6. Definition of Authorized Representative. For the purposes of this Article, the term, "authorized representative" shall mean a director, officer (including a former director of officer), or employee of the Corporation or of any corporation controlled by the Corporation, or a trustee, custodian, administrator, committeeman or fiduciary of any employee benefit plan established and maintained by the Corporation or by any corporation controlled by the Corporation, or person serving another corporation, partnership, joint venture, trust or other enterprise in any of the foregoing capacities at the written request of the Corporation. The term "authorized representative" shall not include money managers or investment advisors (or any employees thereof) hired by the Corporation, and shall not include (i) agents of the Corporation unless indemnification thereof is expressly approved by the Board of Directors, or (ii) any Medical Staff appointee serving in his or her teaching or clinical capacity.

Section 7. Funding to Meet Indemnification Obligations. Subject to the approval of the Member, the Board of Directors shall have the power to borrow money on behalf of the Corporation, including the power to pledge the assets of the Corporation, from time to time to discharge the Corporation's obligations with respect to indemnification, the advancement and reimbursement of expenses, and the purchase and maintenance of insurance for the benefit of the Corporation and any person indemnified pursuant hereto. Upon the approval of the Member, the Corporation may, in lieu of or in addition to the purchase and maintenance of insurance, establish and maintain a fund of any nature or otherwise secure or insure in any manner its indemnification obligations, whether arising pursuant to this Article or otherwise.

ARTICLE XV

AMENDMENTS OF THESE BYLAWS AND/OR THE ARTICLES OF INCORPORATION OF THE CORPORATION

The power to amend, modify, alter or repeal these Bylaws or the Articles of Incorporation, is hereby exclusively vested in the Member of the Corporation subject, however, to Section 9 of Article III, and with respect to amendments of the following provisions in the bylaws and Articles of Incorporation of the Corporation, subject to prior notice to the Attorney General and the prior approval of the Orphans' Court: (i) provisions setting forth the purposes of the Corporation; (ii) provisions setting forth the powers reserved exclusively to the Member; (iii) provisions describing the manner in which the assets of the Corporation are to be distributed upon termination, dissolution or winding up of the Corporation; and (iv) provisions requiring notice to the Attorney General or approval of the Orphans' Court prior to the taking of certain action by the Corporation.

ARTICLE XVI

SUBVENTIONS

The Corporation shall be authorized by resolution of the Board of Directors or the Member to accept subventions from the Member or nonmembers on terms and conditions not inconsistent with PNCL § 5542, and to issue certificates therefor. The resolution of the Board of Directors or the Member may provide that the holders of subvention certificates shall be entitled to a fixed or contingent periodic payment out of the corporate assets equal to a percentage of the original amount or value of the subvention. The rights of holders of subvention certificates shall at all times be subordinate to the rights of creditors of the Corporation.

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AMENDED AND RESTATED BYLAWS
OF
CANONSBURG AMBULANCE SERVICE, INC.

ARTICLE I

NAME AND LOCATION

Section 1. Name. The name of the Corporation is Canonsburg Ambulance Service, Inc.

Section 2. Principal Office. The principal office of the Corporation shall be located at R.D. #1, Route 519, Canonsburg, PA, or at such other address as the Board of Directors shall determine.

ARTICLE II

PURPOSE; PARTICIPATION IN SYSTEM

Section 1. Purpose. The Corporation is formed and is to be operated exclusively for the following charitable, scientific and educational purposes, within the meaning of sections 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"):

(a) Establishing, maintaining and operating and supporting the provision, maintenance and operation of, on a not-for-profit basis, facilities and health care services throughout Western Pennsylvania, to all persons who are acutely ill or otherwise require medical care and services, including but not limited to community based health care transport services and agencies or facilities providing for persons in their home, without regard to race, creed, color, sex, age, religion, national original, sexual orientation, ability to pay, or any other criteria not related to medical indications or treatment, all in a manner that is described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code");

(b) Carrying on educational and scientific activities related to the care of the sick and injured;

(c) Carrying on scientific research related to the care of the sick and injured;

(d) Carrying on activities designed and carried on to promote the general health care of the Western Pennsylvania community;

(e) Maintaining itself as a not-for-profit corporation organized exclusively for charitable, scientific and educational purposes, with activities conducted in such a manner that no part of its net earnings shall inure to the benefit of any member, Director, officer or other individual. Upon termination, dissolution or winding up, the assets remaining after payment of all liabilities shall be distributed to another organization

described in Section 501(c)(3) of the Code as selected by the Directors in their sole discretion, subject, however, to prior notice to the Attorney General of the Commonwealth of Pennsylvania (the "Attorney General"), approval by the Orphans' Court of the Commonwealth of Pennsylvania (the "Orphan's Court"), and all applicable law; and

(f) Exercising such powers in furtherance of the foregoing purposes as are now or may be granted hereafter by the Nonprofit Corporation Law of the Commonwealth of Pennsylvania, as amended from time to time, or any successor legislation (the "PNCL").

Section 2. Participation in System. The Corporation is a constituent entity of the health care system serving Western Pennsylvania known as West Penn Allegheny Health System (the "System") which, as of the date of the adoption of these bylaws, is comprised of affiliated hospitals and certain other affiliated organizations. These Bylaws, among other things, establish the relative authority and responsibility of the entities and individuals participating in the governance and management of the Corporation in its capacity as part of the System.

ARTICLE III

MEMBER

Section 1. Member. Subject to Section 9 of this Article III, the sole voting member of the Corporation shall be Canonsburg General Hospital (the "Member"), acting exclusively through its member, West Penn Allegheny Health System, Inc. ("WPAHS") which in turn shall act through its Board of Directors (the "WPAHS Board"), or through its Executive Committee (the "WPAHS Executive Committee") or designated officers of WPAHS (the "Designated Representatives") to the extent that WPAHS has, pursuant to its Bylaws or by resolution duly adopted by the WPAHS Board, delegated its authority herein to the WPAHS Executive Committee or to a Designated Representative; provided, however, that neither the WPAHS Executive Committee nor any Designated Representative shall have the authority to act on behalf of the Member with respect to any of the actions identified in Section 2.B of this Article III.

Section 2. Powers and Rights of Member.

A. The Member shall have such powers and rights as are set forth in the PNCL and the Articles of Incorporation of the Corporation. Without limiting and in addition to such powers and rights, the Member shall have the exclusive authority to exercise the following powers:

(1) Adopt and/or approve and interpret the statement of mission and philosophy of the Corporation, and require the Corporation to operate in conformance with its statement of mission and philosophy;

(2) Adopt and/or approve amendments or restatements of the bylaws and Articles of Incorporation of the Corporation, subject, however, to Section 9 of this Article III, and with respect to amendments of the following provisions in the bylaws and

Articles of Incorporation of the Corporation, subject to prior notice to the Attorney General and the prior approval of the Orphans' Court: (i) provisions setting forth the purposes of the Corporation; (ii) provisions setting forth the powers reserved exclusively to the Member; (iii) provisions describing the manner in which the assets of the Corporation are to be distributed upon termination, dissolution or winding up of the Corporation; and (iv) provisions requiring notice to the Attorney General or approval of the Orphans' Court prior to the taking of certain action by the Corporation.

(3) Fix the number of, and elect, appoint, fill vacancies in and remove, with or without cause, the Directors; and elect and remove, with or without cause, the Chair and Vice Chair of the Board of Directors of the Corporation, and the Secretary and Treasurer of the Corporation; provided that no Director or officer shall be removed by the Member without 10 days prior notice of such removal from the Member to the Board of Directors;

(4) Designate the administrative structure of the Corporation and, after consultation with the Board of Directors of the Corporation, elect and remove, with or without cause, the President and Chief Executive Officer and all vice presidents and other officers of the Corporation, provided that no officer shall be removed by the Member without 10 days prior notice of such removal from the Member to the Board of Directors;

(5) Cause or approve any merger, consolidation, division, conversion, or dissolution of the Corporation, or the filing of a petition in bankruptcy or execution of a deed of assignment for the benefit of creditors;

(6) Approve or cause the Corporation to engage in any acquisition or any sale, lease, exchange, mortgage, pledge or other alienation of any personal property of the Corporation having a value in excess of an amount to be fixed from time to time by the Member or any real property of the Corporation;

(7) Adopt and/or approve any capital or operating budgets of the Corporation, and approve or direct any unbudgeted expenditure to be undertaken individually or collectively by the Corporation and any affiliated corporations controlled by the Corporation (other than unbudgeted expenditures which are required in order for the Corporation to be in compliance with applicable laws, rules and regulations, and state licensing and accreditation requirements), where the cumulative amount of such unbudgeted expenditures is in excess of an amount to be fixed from time to time by the Member;

(8) Adopt and/or approve any operating plan or financial plan with respect to the Corporation, and require the Corporation to comply with such operating or financial plan;

(9) Approve and/or cause the Corporation to undertake or engage itself in respect of any bond issuance or any other indebtedness for borrowed money of the Corporation, or any lending of funds by the Corporation to an unrelated person, corporation or other legal entity, including without limitation any capital leases (other than indebtedness to provide funds for expenditures necessary in order for the

Corporation to be in compliance with applicable laws, rules and regulations, and state licensing and accreditation requirements, to the extent such funds are not otherwise reasonably available), representing obligations of the Corporation in excess of an amount per annum in the aggregate established from time to time by the Member;

(10) Establish and/or approve the criteria for, and conduct the evaluation of, the performance of the President and Chief Executive Officer and all vice presidents and officers of similar rank of the Corporation;

(11) Approve and/or cause the adoption by the Corporation of proposed settlements of litigation when such settlements exceed applicable insurance coverage or the amounts reserved in respect thereof of any applicable self-insurance fund;

(12) Approve and/or cause the adoption by the Corporation of any contracts between the Corporation and any managed care organization (including without limitation any health maintenance organization or independent practice association) or insurance company;

(13) Approve and/or cause any corporate reorganization of the Corporation or the establishment or dissolution of any subsidiary organizations, including corporations, partnerships or other entities, of the Corporation;

(14) Adopt and/or approve the strategic plan of the Corporation; and

(15) Approve or direct the taking of any other action outside of ordinary course of business and such matters as are required to be submitted to corporate members of a Pennsylvania nonprofit corporation.

Except as otherwise required by the PNCL, and subject to Section 9 of this Article III, the action of the Member with respect to each of the foregoing actions shall be sufficient to approve such actions, no action by the Board of Directors of the Corporation shall be required with respect to any such actions, and, to the full extent permitted by law, no action of the Board of Directors with respect to any such actions shall be effective for any purpose without the approval of the Member.

B. Each of the following actions may be approved by the Member only through action of the WPAHS Board, and not through action of the WPAHS Executive Committee or any Designated Representative:

(1) The adoption or approval of a statement of mission and philosophy of the Corporation;

(2) The adoption or approval of any amendments of the Bylaws or Articles of Incorporation of the Corporation;

(3) The approval of any merger, consolidation, division, conversion, or dissolution of the Corporation, or the filing of a petition in bankruptcy or execution of a

deed of assignment for the benefit of creditors, or the sale or other disposition of all or substantially all of the assets of the Corporation;

(4) The election, appointment and removal of the Directors, the Chair and Vice Chair of the Board of Directors of the Corporation, and the Secretary and Treasurer of the Corporation; and

(5) The approval of any bond issuance or incurrence of any other indebtedness for borrowed money of the Corporation, or any lending of funds by the Corporation to an unrelated person, corporation or other legal entity, including without limitation any capital leases.

Section 3. Meetings of Member. Meetings of the Member may be held at such place within the Commonwealth of Pennsylvania as the Member may from time to time determine, or as may be designated in the notice of the meeting.

Section 4. Annual Meeting of the Member.

A. Unless otherwise fixed by the Member, the annual meeting of the Corporation shall be held in June of each year. At each annual meeting, (i) the Board of Directors shall present to the Member an annual report regarding the financial performance of the Corporation, and (ii) the Member shall appoint the Board of Directors of the Corporation in accordance with Article IV and all officers that pursuant to the Bylaws are then to be appointed by the Member. If the annual meeting shall not be called and held within one (1) month of the date specified in this Article III, Section 4 or fixed by the Member in accordance with this Article III, Section 4, as applicable, any members of the Board of Directors and any officers theretofore appointed by the Member shall continue to serve unless removed by the Member (or unless the applicable member of the Board of Directors or officer resigns), and a special meeting may be held in place thereof with the same force and effect as the annual meeting, and in such case all references in these Bylaws, except in this Article III, Section 4, to the annual meeting of the Corporation shall be deemed to refer to such special meeting. Any such special meeting shall be called and notice given as provided in Article III, Sections 5 and 7, as applicable.

B. Immediately after each annual appointment of the Board of Directors by the Member at the annual meeting or a special meeting, the Board of Directors of the Corporation shall meet for the transaction of business to be conducted by the Board of Directors at the place where the annual or special meeting of the Member was held. Notice of such meeting need not be given. If such meeting is to be held at any other time or place, notice thereof shall be given as provided in Article V, Section 2 for special meetings of the Board of Directors.

Section 5. Special Meetings of the Member. Special meetings of the Member shall be held whenever called by the Board of Directors of the Corporation, or by written demand of the Member.

Section 6. Action Without a Meeting. Any action which may be taken at a meeting of the Member may be taken without a meeting if a consent in writing setting forth the actions so taken shall be signed by the Member, and filed with the Secretary of the Corporation.

Section 7. Notice of Meetings; Participation by Conference Telephone.

A. Unless otherwise provided in these Bylaws, whenever written notice is required to be given to the Member under the provisions of the Articles of Incorporation, these Bylaws, or the PNCL, it may be given by sending a copy thereof first class mail, postage prepaid, by personal delivery, or in the case of notices other than notices of meetings, by telecopy with confirmed receipt to the address of the Member appearing on the books of the Corporation. If the notice is sent by mail, it shall be deemed to have been given to the Member entitled thereto when deposited in the United States. A notice of meeting shall specify the place, day and hour of the meeting and any other information required by law or these Bylaws, and, unless the meeting is an annual meeting, shall indicate that the notice is being issued by or at the direction of the person(s) calling the meeting. Notice of each meeting of the Member shall be given not less than five days before the date of the meeting, except in the case where fundamental changes to the Corporation under Chapter 59 of the PNCL will be considered, in which case such notice shall be given not less than ten days before the date of the meeting. Every such notice shall state the date, time and place of the meeting, and notices of special meetings of the Member shall also set forth the general nature of the business to be conducted at such meeting.

B. When a meeting is adjourned, it shall not be necessary to give any notice of the adjourned meeting and of the business to be transacted at an adjourned meeting in accordance with the provisions of this Article III, Section 7 if the day, time and place to which the meeting is adjourned is announced at the meeting at which the adjournment is taken.

C. Whenever notice of a meeting is required, such notice need not be given to the Member if a written waiver of notice executed by the Member is filed with the records of the Corporation. Attendance by the Member at any meeting of the Member shall constitute a waiver by the Member of notice of such meeting, except where the Member attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

D. One or more persons may participate in a meeting of the Member by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

Section 8. Resolutions. Whenever the language of a proposed resolution is included in a written notice of a meeting of the Member, the meeting considering the resolution may without further notice adopt it with such clarifying or other amendments as do not enlarge its original purpose.

Section 9. Additional Members. Notwithstanding anything herein to the contrary, upon the occurrence of a Triggering Event (as defined below), then effective immediately and

automatically upon the occurrence of such Triggering Event and without further action by the Member, the voting members of the Corporation shall include, in addition to the Member identified in Section 1 of this Article III hereof, all of the then-current members of the Board of Directors of the Corporation, and any reference in these bylaws to "the Member" shall be deemed to be a reference to "the Members" as identified in this Article III, Section 9, each of whom shall have one vote, and all of whom together shall have the authority that, but for operation of this Article III, Section 9, would be vested in the Member. From and after the occurrence of a Triggering Event, (i) a majority of the Members shall constitute a quorum at any meeting of the Members and (ii) the affirmative vote of two-thirds (or greater) of the whole number of Members shall be required to approve any matter to be voted on by the Members. For purposes of this Section, "Triggering Event" shall mean any of the following occurrences:

(1) a Final Determination (as defined below) shall have been entered denying WPAHS's application for recognition as an Exempt Organization (as defined below) or revoking the Member's status as an Exempt Organization;

(2) WPAHS shall have taken all corporate action necessary to approve (x) the dissolution of WPAHS or (y) the filing by WPAHS of a voluntary petition in bankruptcy;

(3) WPAHS shall have admitted in writing its inability to pay its debts as they come due; or

(4) an involuntary petition for the dissolution and winding up of WPAHS shall have been filed, which such petition is not dismissed within 60 days of the filing thereof.

"Final Determination" shall mean a decision, judgment, decree or other order by the Internal Revenue Service or a court of competent jurisdiction which is final and unappealable, or which has become unappealable because the time for instituting an appeal has expired. "Exempt Organization" shall mean an organization exempt from federal income taxation pursuant to Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code. Notwithstanding anything herein to the contrary, amendment of this Section 9 shall require approval of both the Member and at least two-thirds of the entire Board of Directors of the Corporation.

Section 10. Operating Reports. The Board of Directors of the Corporation shall submit operating reports to the Member in such form and on such schedule as shall be established by the Member. Such operating reports shall reflect the results of operations of the Corporation and of any affiliates of the Corporation that are controlled by the Corporation.

ARTICLE IV

THE BOARD OF DIRECTORS

Section 1. Powers and Responsibility. Subject to Article III hereof and to the other rights and powers of the Member specified herein or in the Articles of Incorporation or otherwise provided hereby or in the Articles of Incorporation or by law, the Board of Directors shall have

charge, control, and management of the administrative affairs, property and funds of the Corporation and shall have the power and authority to do and perform all acts and functions not inconsistent with these Bylaws, the Articles of Incorporation, and applicable law, in each case as amended from time to time. Such responsibility shall include without limitation: implementation of any operational or financial plan adopted by the Member and institutional management and planning. Without limiting the generality of the foregoing, the Board of Directors shall have power and authority to, and shall be responsible to, establish and manage the Corporation's program for compliance with all legal requirements applicable to the Corporation. The Board of Directors shall also prepare, for the Member's review and approval, on such timetable as the Member shall establish, proposed annual budgets for the Corporation, which budgets shall be consistent with any operating plan or financial plan adopted or approved by the Member and then in effect.

Section 2. Composition of the Board; Appointment Qualifications. The Board of Directors shall be composed of not fewer than three nor more than twenty voting members, exclusive of non-voting ex officio Directors. The exact number of voting Directors shall be as fixed from time to time by the Member. Directors shall generally be appointed at the annual meeting of the Member, but may be appointed at any regular or special meeting of the Member. Each Director of the Corporation shall be a natural person between eighteen and seventy years of age, of good moral character and who enjoys a good reputation in the community, and who, by his or her experience, community interest, or prior action, demonstrates a willingness to devote time and talent to the affairs of the Corporation and to exercise his or her judgment with undivided loyalty to the Corporation. Each Director shall further satisfy the requirements set forth in Section 9 of this Article IV.

Section 3. Term of Office. Subject to Section 5 of this Article IV, Directors, other than ex officio Directors, shall serve for one, two, or three year terms, as specified by the Member. In the event that the Member elects to classify the Board of Directors for purposes of staggering their respective terms of office, then the number of Directors assigned to each class shall be as nearly equal as possible to those assigned to each other class. Each Director shall retain his or her position as Director until his or her successor shall be duly appointed and qualified or until his or her earlier death, resignation or removal, except that an ex officio Director shall retain his or her position as Director only during his or her tenure in the position from which his or her respective ex officio status is derived, or until his or her earlier death, resignation, or removal. Directors may be re-elected for unlimited successor terms.

Section 4. *Ex Officio* Directors. The following persons shall serve as *ex officio* Directors of the Corporation with vote:

(1) President and Chief Executive Officer of WPAHS;

(2) President and Chief Executive of the Member; and

(3) President and Chief Executive Officer of the Corporation.

In the event that any individual holds multiple *ex officio* positions s/he shall have one vote.

Section 5. Removal; Resignation; Vacancies.

A. The Member may, in its discretion, remove any Director at any time, with or without cause, upon 10 days prior notice to the Board of Directors. Without limiting the generality of the foregoing, upon such notice the Member may, in its discretion, remove and replace all or a portion of the Board of Directors if the Member determines that the Corporation has failed to comply with any operating or financial plan adopted or approved by the Member. Unless such removal notice is revoked by the Member during the 10 day notice period, any such removal shall be effective immediately upon expiration of the notice period.

B. Any Director may resign from office with or without cause, by delivering a written statement of resignation to the Secretary of the Corporation. Any such resignation shall take effect immediately upon its receipt by the Secretary of the Corporation, unless a later effective time or date for the resignation is specified in the notice of resignation.

C. Any person appointed to fill a vacancy on the Board of Directors shall be appointed for the unexpired term of the Director whose death, resignation, or removal gave rise to the applicable vacancy.

Section 6. Orientation of Directors. Newly elected or appointed Directors shall be oriented to the functions and procedures of the Board of Directors. Such orientation shall be carried out under the supervision of the President and Chief Executive Officer.

Section 7. No Compensation. No Director shall receive any compensation for acting as a Director. Directors who are officers or employees of the Corporation may receive compensation for those duties.

Section 8. Conflict of Interest. Directors shall exercise good faith in all transactions touching upon their duties at the Corporation and its property. No director shall use his or her position, or knowledge gained therefrom, in any way that might give rise to a conflict between the interest of the Corporation and that of the individual Director. The Board of Directors shall adopt a conflict of interest policy, and each Director and officer of the Corporation shall agree in writing to be bound thereby as a prerequisite to his or her qualification as a Director or officer, as the case may be.

ARTICLE V

MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Regular and Annual Meetings of the Board of Directors. The Board of Directors shall hold regular meetings at such time and place as determined by the Board or the Chair. The Annual Meeting shall be held as provided in Article III, Section 4 of these Bylaws. Notice of any meeting shall be mailed, personally delivered or faxed to each Director entitled to vote at least 5 days prior to the meeting to the Director's address (or fax number) on the books of the Corporation. Voting by proxy shall not be permitted at any meeting.

Section 2. Special Meetings. Special meetings may be held at any time upon call of the Member or the Chair or upon receipt by the President and Chief Executive Officer of the written request of at least three Directors.

Section 3. Quorum. A majority of the entire Board of Directors (without counting non-voting *ex officio* Directors) shall constitute a quorum at any regular meeting. Once a quorum is established, subsequent withdrawal of individuals to less than a quorum shall not affect the validity of any subsequent action taken at the meeting. Except as otherwise required by the PNCL, approval of any matter before the Board of Directors by a majority of the Directors entitled to vote present at a meeting shall constitute approval of the applicable matter by the Board.

Section 4. Action Without a Meeting. Any action which may be taken at a meeting of the Board or any committee thereof may be taken without a meeting if consent in writing setting forth such action is signed by all of the Directors or members of the committee, and is filed in the minutes of the proceedings of the Board or of the committee.

Section 5. Rules of Conduct. Meetings of the Board of Directors and Committees of the Board of Directors will be conducted in accordance with such rules as may be established by the Board of Directors.

Section 6. Participation by Conference Telephone. One or more Directors or members of a Committee established pursuant hereto may participate in a meeting of the Board of Directors or such Committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

Section 7. Waiver of Notice. Whenever any written notice is required to be given under the provisions of the these bylaws or the PNCL, such notice need not be given to any Director who submits a signed waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Director.

ARTICLE VI

OFFICERS

Section 1. Officers Generally. The officers shall be a Chair, a Secretary, a Treasurer, a President and Chief Executive Officer, and such Vice Presidents and other subordinate officers as the Member shall designate. The Chair, Vice Chair, Secretary, and Treasurer shall be appointed from among the elected (i.e., non-*ex officio*) members of the Board of Directors. All other officers need not, but may, be selected from among such elected members of the Board of Directors. No full-time employee of the Member or of the Corporation shall be eligible to serve as Chair or Vice Chair of the Corporation.

Section 2. Appointment of Officers. The officers shall be appointed by the Member, after consultation with the Board of Directors of the Corporation, at the Annual Meeting of the Member each year and shall hold office for terms of one year and until their successors are duly installed, subject in each case to an officer's earlier death, resignation or removal. Vacancies in any office may be filled by action of the Member after consultation with the Board of Directors of the Corporation. Further, the Chair shall be appointed from among individuals who also serve on the Member's Board of Directors. Nothing contained herein shall be construed as prejudicing any officer's rights with respect to compensation under any employment agreement with the Corporation.

Section 3. Chair. The Chair shall preside at all meetings of the Board of Directors, and at the Annual Meeting of the Member each year shall present the report of the Board of Directors. The Chair shall be responsible to review the performance of the Board of Directors on an annual basis, and to report on such performance to the Member. The Chair shall have such authority, and shall perform all duties, ordinarily required of an officer in like position, and such other authority and duties as may be assigned by the Member.

Section 4. President and Chief Executive Officer. The President and Chief Executive Officer of the Corporation shall be an *ex officio* member of the Board. The President and Chief Executive Officer shall have all authority and responsibility necessary to operate the Corporation in all its activities, subject, however, to the policies and directives of the Member and of the Board of Directors with regard to the matters as to which the Board of Directors is responsible, and to the provisions of the Corporation's Articles of Incorporation and Bylaws.

Section 5. Secretary. The Secretary shall keep and properly record the minutes of the proceedings of the Board of Directors, notify officers of their election and committee members of their appointment, give notice of all meetings of the Board of Directors and the Executive Committee, have custody of the corporate seal and of all books and papers pertaining to the office, and generally shall have such authority, and shall perform all duties, ordinarily required of an officer in like position.

Section 6. Treasurer. The Treasurer shall receive and have custody of all funds, money, and income of the Corporation not otherwise specifically provided for by the Member and shall deposit the same in such depository or depositories as the Board shall designate. The Treasurer shall have such authority, and shall perform all duties, ordinarily required of an officer in like position, and such other authority and duties as may be assigned by the Member.

Section 7. Resignation. Any officer may resign at any time by giving written notice thereof to the Chair, the President and Chief Executive Officer or the Secretary of the Corporation. Any such resignation shall take effect on the date of receipt of such notice by one of the above-specified officers, or at such later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 8. Removal. Any officer of the Corporation may be removed, with or without cause, by the Member whenever in the judgment of the Member the best interests of the Corporation will be served thereby. Nothing contained herein shall be construed as prejudicing

WPAHS-000832

any officer's rights with respect to compensation under any employment agreement with the Corporation.

ARTICLE VII

COMMITTEES OF THE BOARD OF DIRECTORS

Section 1. Committees Generally. The Directors, upon approval of the Member, may establish such committees (standing or special) as the Board of Directors shall determine to establish, with such authority and composition as the Board of Directors shall determine (subject only to the rights and powers of the Members as set forth in the PNCL, the Articles of Incorporation, and these Bylaws, and the limitations or delegation of the Board's authority pursuant to the PNCL).

Section 2. Appointment of Committees. The members of any standing or special Committee shall be appointed by the Board. Each Committee shall include at least three Directors, including *ex officio* members. The Chair and the President and Chief Executive Officer shall be *ex officio* members of all committees with full voting privileges. Each other member of a committee shall serve for a term of one year and until his or her successor has been appointed, subject to his or her earlier death, resignation or removal.

Section 3. Meetings of Committees. All standing Committees shall function under the direction of the Board of Directors and shall meet as often as necessary to transact their business and shall make such reports as they may deem necessary or which may be specifically required of them. Minutes shall be kept of each meeting of each Committee and such minutes shall be disseminated to all members of the Board of Directors, and to the Member.

Section 4. Quorum Act of Committee. A majority of the members of a Committee shall constitute a quorum for the transaction of business. Once a quorum has been established, subsequent withdrawal of committee members so as to reduce the number of members present to less than a quorum shall not affect the validity of any subsequent action taken at the meeting. Approval of any matter before any Committee by a majority of those present at a meeting of a Committee where a quorum is present shall constitute approval of the applicable matter by the applicable Committee.

Section 5. Resignation. Any Committee member may resign at any time by giving written notice thereof to the Chair, the President and Chief Executive Officer or the Secretary of the Corporation. Any such resignation shall take effect on the date of receipt of such notice by one of the above-specified officers, or at such later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Removal. Any Committee member may be removed, with or without cause, by the Board or the Member whenever in the judgment of the Board or the Member the best interests of the Corporation will be served thereby, provided that if any Committee member is removed by the Member, at least 10 days advance notice of such removal shall be given by the Member to the Board of Directors.

ARTICLE VIII

FISCAL YEAR AND ANNUAL REPORT

Section 1. Fiscal Year. The Fiscal Year of the Corporation shall be begin on the first day of July of each year and end on the last day of June of the succeeding year.

Section 2. Annual Report. As soon as may be convenient following the close of the Fiscal Year, the Board of Directors may cause to be published for general distribution an Annual Report containing such information regarding the work and affairs of the Hospital for the preceding Fiscal Year as in their discretion may be deemed advisable.

ARTICLE IX

SEAL

Section 1. Seal. The seal of the Corporation shall be in such form as may be approved by the Board of Directors.

ARTICLE X

LIABILITY OF DIRECTORS

Section 1. Standard of Care and Fiduciary Duty. Each Director shall stand in a fiduciary relation to this Corporation and shall perform his or her duties as a Director, including his or her duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner the Director reasonably believes to be in the best interests of this Corporation, and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. In performing his or her duties, each Director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

(a) one or more officers or employees of this Corporation whom the Director reasonably believes to be reliable and competent in the matters presented;

(b) counsel, public accountants or other persons as to matters which the Director reasonably believes to be within the professional or expert competence of such persons; and

(c) a committee of the Board of this Corporation upon which the Director does not serve, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence.

A Director shall not be considered to be acting in good faith if the Director has knowledge concerning the matter in question that would cause his reliance to be unwarranted.

Section 2. Limitation on Liability. Neither the Member nor any Director of the Corporation shall be personally liable for monetary damages for any action taken, or any failure to take any action, provided however, that this provision shall not eliminate or limit the liability of the Member or any Director to the extent that such elimination or limitation of liability is expressly prohibited by, Section 5713 of the PNCL, as in effect at the time of the alleged action or failure to take action by such Member or Director.

Section 3. Preservation of Rights. Any repeal or modification of this Article shall not adversely affect any right or protection existing at the time of such repeal or modification to which any Member, Director or former Member or Director may be entitled under this Article. The rights conferred by this Article shall continue as to any person who has ceased to be the Member or a Director of the Corporation and shall inure to the benefit of the successors, heirs, executors, and administrators of such person.

ARTICLE XI

INDEMNIFICATION

Section 1. Mandatory Indemnification of Directors and Officers. The Corporation shall indemnify, to the fullest extent now or hereafter permitted by law, each Director and officer (including each former Director or officer) of the Corporation who was or is or is threatened to be made a party to or a witness in any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that the Director or officer is or was an authorized representative of the Corporation, or is or was serving at the written request of the Corporation as a representative of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the Director or officer in connection with such action, suit or proceeding if such Director or officer acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful.

Section 2. Mandatory Advancement of Expenses to Directors and Officers. The Corporation shall pay expenses (including attorneys' fees) incurred by a Director or officer of the Corporation referred to in Section 1 of this Article XI in defending or appearing as a witness in any civil or criminal action, suit or proceeding described in Section 1 of this Article XI in advance of the final disposition of such action, suit or proceeding. The expenses incurred by such Director or officer shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding only upon receipt of an undertaking by or on behalf of such Director or officer to repay all amounts advanced if it shall ultimately be determined that the Director or officer is not entitled to be indemnified by the Corporation as provided in Section 4 of this Article XI.

Section 3. Permissive Indemnification and Advancement of Expenses. The Corporation may, as determined by the Board of Directors from time to time, indemnify, in full or in part, to the fullest extent now or hereafter permitted by law, any person who was or is or is threatened to be made a party to or a witness in, or is otherwise involved in, any threatened,

WPAHS-000835

pending or completed action or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was an authorized representative of the Corporation or is or was serving at the request of the Corporation as a representative of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise, both as to action in his official capacity and as to action in another capacity while holding such office or position, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in conjunction with such action, suit or proceeding if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The Corporation may, as determined by the Board of Directors from time to time, pay expenses incurred by any such person by reason of such person's participation in an action, suit or proceeding referred to in this Section 3 in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as provided in Section 4 of this Article XI.

Section 4. Scope of Indemnification. Indemnification under this Article shall not be made by the Corporation in any case where a court determines that the alleged act or failure to act giving rise to the claim for indemnification is expressly prohibited by Chapter 57, Subchapter D of the PNCL or any successor statute as in effect at the time of such alleged action or failure to take action.

Section 5. Miscellaneous. Each Director and officer of the Corporation shall be deemed to act in such capacity in reliance upon such rights of indemnification and advancement of expenses as are provided in this Article. The rights of indemnification and advancement of expenses provided by this Article shall not be deemed exclusive of any other rights to which any person seeking indemnification or advancement of expenses may be entitled under any agreement, vote of members (if any), disinterested Directors, statute or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office or position, and shall continue as to a person who has ceased to be an authorized representative of the Corporation and shall inure to the benefit of the heirs, executors and administrators of such person. Any repeal or modification of this Article by the members (if any) or the Board of Directors of the Corporation shall not adversely affect any right or protection existing at the time of such appeal or modification to which any person may be entitled under this Article.

Section 6. Definition of Authorized Representative. For the purposes of this Article, the term, "authorized representative" shall mean a director, officer (including a former director of officer), or employee of the Corporation or of any corporation controlled by the Corporation, or a trustee, custodian, administrator, committeeman or fiduciary of any employee benefit plan established and maintained by the Corporation or by any corporation controlled by the Corporation, or person serving another corporation, partnership, joint venture, trust or other enterprise in any of the foregoing capacities at the written request of the Corporation. The term "authorized representative" shall not include money managers or investment advisors (or any

WPAHS-000836

employees thereof) hired by the Corporation, and shall not include agents of the Corporation unless indemnification thereof is expressly approved by the Board of Directors.

Section 7. Funding to Meet Indemnification Obligations. Subject to the approval of the Member, the Board of Directors shall have the power to borrow money on behalf of the Corporation, including the power to pledge the assets of the Corporation, from time to time to discharge the Corporation's obligations with respect to indemnification, the advancement and reimbursement of expenses, and the purchase and maintenance of insurance for the benefit of the Corporation and any person indemnified pursuant hereto. Upon the approval of the Member, the Corporation may, in lieu of or in addition to the purchase and maintenance of insurance, establish and maintain a fund of any nature or otherwise secure or insure in any manner its indemnification obligations, whether arising pursuant to this Article or otherwise.

ARTICLE XII

AMENDMENTS OF THESE BYLAWS AND/OR THE ARTICLES OF INCORPORATION OF THE CORPORATION

The power to amend, modify, alter or repeal these Bylaws or the Articles of Incorporation, is hereby exclusively vested in the Member of the Corporation subject, however, to Section 9 of Article III, and with respect to amendments of the following provisions in the bylaws and Articles of Incorporation of the Corporation, subject to prior notice to the Attorney General and the prior approval of the Orphans' Court: (i) provisions setting forth the purposes of the Corporation; (ii) provisions setting forth the powers reserved exclusively to the Member; (iii) provisions describing the manner in which the assets of the Corporation are to be distributed upon termination, dissolution or winding up of the Corporation; and (iv) provisions requiring notice to the Attorney General or approval of the Orphans' Court prior to the taking of certain action by the Corporation.

ARTICLE XIII

SUBVENTIONS

The Corporation shall be authorized by resolution of the Board of Directors or the Member to accept subventions from the Member or nonmembers on terms and conditions not inconsistent with PNCL § 5542, and to issue certificates therefor. The resolution of the Board of Directors or the Member may provide that the holders of subvention certificates shall be entitled to a fixed or contingent periodic payment out of the corporate assets equal to a percentage of the original amount or value of the subvention. The rights of holders of subvention certificates shall at all times be subordinate to the rights of creditors of the Corporation.

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Document Divider

BYLAWS

FORBES HEALTH FOUNDATION

Dated as of July 31, 2009

Previous Revisions:

September 18, 2008
July 19, 2006
July 28, 2005
July 1, 2005

BYLAWS
OF
FORBES HEALTH FOUNDATION

ARTICLE I

NAME AND LOCATION

Section 1. Name. The name of the Corporation is Forbes Health Foundation.

Section 2. Principal Office. The principal office of the Corporation shall be located at 2570 Haymaker Road, Monroeville, Pennsylvania 15146 or at such other address as the Board of Directors shall determine.

ARTICLE II

PURPOSE; PARTICIPATION IN SYSTEM

Section 1. Purpose. The purposes of the Corporation are as set forth in the Articles of Incorporation and include the following:

(a) Soliciting, receiving, managing, investing and distributing funds which will promote and support by donation, loan or otherwise, the interests of The Western Pennsylvania Hospital, Forbes Regional Campus, a hospital operated by The Western Pennsylvania Hospital, a corporation which is exempt from Federal income taxation under section 501(a) of the Code as an organization described in section 501(c) (3) of the Code, and (ii) contributions to which are deductible under sections 170(c) (2), 2055(a) (2) and 2522 (a)(2) of the Code;

(b) Providing funds to further the erection, establishment, organization, equipment, operation, management and maintenance of The Western Pennsylvania Hospital, Forbes Regional Campus;

(c) Carrying on training, research, educational and supportive activities related to rendering of care to the sick, injured and disabled, the furthering of knowledge in the medical arts and the promotion of health

(d) Carrying on any lawful activity in furtherance of the foregoing purposes, subject to limitations on its actions imposed under section 501(c) (3) of the Code.

Section 2. Participation in System. The Corporation is a constituent entity of the health care system serving Western Pennsylvania known as West Penn Allegheny Health System, Inc. (the "System") which, as of the date of the adoption of these bylaws, is comprised of the Corporation, certain affiliated hospitals and certain other affiliated organizations. These Bylaws, among other things, establish the relative authority and

responsibility of the entities and individuals participating in the governance and management of the Corporation in its capacity as part of the System.

ARTICLE III

MEMBER

Section 1. Member. Subject to Section 9 of this Article III, the sole voting member of the Corporation shall be West Penn Allegheny Health System, Inc., (the "Member"), acting through its Board of Directors (the "Member Board"), or through its Executive Committee (the "Member Executive Committee") or designated officers of the Member (the "Designated Representatives") to the extent that the Member has, pursuant to its Bylaws or by resolution duly adopted by the Member Board, delegated its authority herein to the Member Executive Committee or to a Designated Representative; provided, however, that neither the Member Executive Committee nor any Designated Representative shall have the authority to act on behalf of the Member with respect to any of the actions identified in Section 2.B of this Article III.

Section 2. Powers and Rights of Member.

A. The Member shall have such powers and rights as are set forth in the Pennsylvania Nonprofit Corporation Law ("PNCL") and the Articles of Incorporation of the Corporation. Without limiting and in addition to such powers and rights, the Member shall have the exclusive authority to exercise the following powers:

(1) Adopt and/or approve and interpret the statement of mission and philosophy of the Corporation, and require the Corporation to operate in conformance with its statement of mission and philosophy;

(2) Adopt and/or approve amendments or restatements of the bylaws and Articles of Incorporation of the Corporation, subject, however, to Section 9 of this Article III, and subject to notice to the Attorney General or approval of the Orphans' Court as required by the PNCL.

(3) Fix the number of, and elect, appoint, fill vacancies in and remove, with or without cause, the Directors; and elect and remove, with or without cause, the Chair and Vice Chair of the Board of Directors of the Corporation, and the Secretary and Treasurer of the Corporation; provided that no Director or officer shall be removed by the Member without 10 days prior notice of such removal from the Member to the Board of Directors and provided further that the Member shall elect and appoint Directors after consultation with the Chair of the Board of Directors of the Corporation;

(4) Designate the administrative structure of the Corporation and, after consultation with the Board of Directors of the Corporation, elect and remove, with or without cause, the President and Chief Executive Officer and all vice presidents and other officers of the Corporation, provided that no officer shall be

removed by the Member without 10 days prior notice of such removal from the Member to the Board of Directors;

(5) Cause or approve any merger, consolidation, division, conversion, or dissolution of the Corporation, or the filing of a petition in bankruptcy or execution of a deed of assignment for the benefit of creditors;

(6) Approve or cause the Corporation to engage in any acquisition or any sale, lease, exchange, mortgage, pledge or other alienation of any personal property of the Corporation having a value in excess of an amount to be fixed from time to time by the Member or any real property of the Corporation;

(7) Adopt and/or approve any capital or operating budgets of the Corporation, and approve or direct any unbudgeted expenditure to be undertaken individually or collectively by the Corporation and any affiliated corporations controlled by the Corporation (other than unbudgeted expenditures which are required in order for the Corporation to be in compliance with applicable laws, rules and regulations, and state licensing and accreditation requirements), where the cumulative amount of such unbudgeted expenditures is in excess of an amount to be fixed from time to time by the Member;

(8) Adopt and/or approve any operating plan or financial plan with respect to the Corporation, and require the Corporation to comply with such operating or financial plan;

(9) Approve and/or cause the Corporation to undertake or engage itself in respect of any bond issuance or any other indebtedness for borrowed money of the Corporation, or any lending of funds by the Corporation to an unrelated person, corporation or other legal entity, including without limitation any capital leases (other than indebtedness to provide funds for expenditures necessary in order for the Corporation to be in compliance with applicable laws, rules and regulations, and state licensing and accreditation requirements, to the extent such funds are not otherwise reasonably available), representing obligations of the Corporation in excess of an amount per annum in the aggregate established from time to time by the Member;

(10) Establish and/or approve the criteria for, and conduct the evaluation of, the performance of the President and Chief Executive Officer and all vice presidents and officers of similar rank of the Corporation;

(11) Approve and/or cause the adoption by the Corporation of proposed settlements of litigation when such settlements exceed applicable insurance coverage or the amounts reserved in respect thereof of any applicable self-insurance fund;

(12) Approve and/or cause any corporate reorganization of the Corporation or the establishment or dissolution of any subsidiary organizations, including corporations, partnerships or other entities, of the Corporation;

(13) Adopt and/or approve the strategic plan of the Corporation; and

(14) Approve or direct the taking of any other action outside of ordinary course of business and such matters as are required to be submitted to corporate members of a Pennsylvania nonprofit corporation.

Except as otherwise required by the PNCL, and subject to Section 9 of this Article III, the action of the Member with respect to each of the foregoing actions shall be sufficient to approve such actions, no action by the Board of Directors of the Corporation shall be required with respect to any such actions, and, to the full extent permitted by law, no action of the Board of Directors with respect to any such actions shall be effective for any purpose without the approval of the Member.

B. Each of the following actions may be approved by the Member only through action of the Member Board, and not through action of the Member Executive Committee or any Designated Representative:

(1) The adoption or approval of a statement of mission and philosophy of the Corporation;

(2) The adoption or approval of any amendments of the Bylaws or Articles of Incorporation of the Corporation;

(3) The approval of any merger, consolidation, division, conversion, or dissolution of the Corporation, or the filing of a petition in bankruptcy or execution of a deed of assignment for the benefit of creditors, or the sale or other disposition of all or substantially all of the assets of the Corporation;

(4) The election, appointment and removal of the Directors, the Chair and Vice Chair of the Board of Directors of the Corporation, and the Secretary and Treasurer of the Corporation; and

(5) The approval of any bond issuance or incurrence of any other indebtedness for borrowed money of the Corporation, or any lending of funds by the Corporation to an unrelated person, corporation or other legal entity, including without limitation any capital leases.

Section 3. Meetings of Member. Meetings of the Member may be held at such place within the Commonwealth of Pennsylvania as the Member may from time to time determine, or as may be designated in the notice of the meeting.

Section 4. Annual Meeting of the Member.

A. Unless otherwise fixed by the Member, the annual meeting of the Corporation shall be held in June of each year. At each annual meeting, (i) the Board of Directors shall present to the Member an annual report regarding the financial performance of the Corporation, and (ii) the Member shall appoint the Board of Directors of the Corporation in accordance with Article IV and all officers that pursuant to the Bylaws are then to be appointed by the Member. If the annual meeting shall not be called and held within one (1) month of the date specified in this Article III, Section 4 or fixed by the Member in accordance with this Article III, Section 4, as applicable, any members of the Board of Directors and any officers theretofore appointed by the Member shall continue to serve unless removed by the Member (or unless the applicable member of the Board of Directors or officer resigns), and a special meeting may be held in place thereof with the same force and effect as the annual meeting, and in such case all references in these Bylaws, except in this Article III, Section 4, to the annual meeting of the Corporation shall be deemed to refer to such special meeting. Any such special meeting shall be called and notice given as provided in Article III, Sections 5 and 7, as applicable.

B. Immediately after each annual appointment of the Board of Directors by the Member at the annual meeting or a special meeting, the Board of Directors of the Corporation shall meet for the transaction of business to be conducted by the Board of Directors at the place where the annual or special meeting of the Member was held. Notice of such meeting need not be given. If such meeting is to be held at any other time or place, notice thereof shall be given as provided in Article V, Section 2 for special meetings of the Board of Directors.

Section 5. Special Meetings of the Member. Special meetings of the Member shall be held whenever called by the Board of Directors of the Corporation, or by written demand of the Member.

Section 6. Action Without a Meeting. Any action which may be taken at a meeting of the Member may be taken without a meeting if a consent in writing setting forth the actions so taken shall be signed by the Member, and filed with the Secretary of the Corporation.

Section 7. Notice of Meetings; Participation by Conference Telephone.

A. Unless otherwise provided in these Bylaws, whenever written notice is required to be given to the Member under the provisions of the Articles of Incorporation, these Bylaws, or the PNCL, it may be given by sending a copy thereof first class mail, postage prepaid, by personal delivery, or in the case of notices other than notices of meetings, by telecopy with confirmed receipt to the address of the Member appearing on the books of the Corporation. If the notice is sent by mail, it shall be deemed to have been given to the Member entitled thereto when deposited in the United States mail, postage prepaid. A notice of meeting shall specify the place, day and hour of the meeting and any other information required by law or these Bylaws, and, unless the meeting is an annual meeting, shall indicate that the notice is being issued by or at the direction of the person(s) calling the meeting. Notice of each meeting of the Member shall be given not less than five days before the date of the meeting, except in the case

where fundamental changes to the Corporation under Chapter 59 of the PNCL will be considered, in which case such notice shall be given not less than ten days before the date of the meeting. Every such notice shall state the date, time and place of the meeting, and notices of special meetings of the Member shall also set forth the general nature of the business to be conducted at such meeting.

B. When a meeting is adjourned, it shall not be necessary to give any notice of the adjourned meeting and of the business to be transacted at an adjourned meeting in accordance with the provisions of this Article III, Section 7 if the day, time and place to which the meeting is adjourned is announced at the meeting at which the adjournment is taken.

C. Whenever notice of a meeting is required, such notice need not be given to the Member if a written waiver of notice executed by the Member is filed with the records of the Corporation. Attendance by the Member at any meeting of the Member shall constitute a waiver by the Member of notice of such meeting, except where the Member attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

D. One or more persons may participate in a meeting of the Member by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

Section 8. Resolutions. Whenever the language of a proposed resolution is included in a written notice of a meeting of the Member, the meeting considering the resolution may without further notice adopt it with such clarifying or other amendments as do not enlarge its original purpose.

Section 9. Additional Members. Notwithstanding anything herein to the contrary, upon the occurrence of a Triggering Event (as defined below), then effective immediately and automatically upon the occurrence of such Triggering Event and without further action by the Member, the voting members of the Corporation shall include, in addition to the Member identified in Section 1 of this Article III hereof, all of the then-current members of the Board of Directors of the Corporation, and any reference in these bylaws to "the Member" shall be deemed to be a reference to "the Members" as identified in this Article III, Section 9, each of whom shall have one vote, and all of whom together shall have the authority that, but for operation of this Article III, Section 9, would be vested in the Member. From and after the occurrence of a Triggering Event, (i) a majority of the Members shall constitute a quorum at any meeting of the Members and (ii) the affirmative vote of two-thirds (or greater) of the whole number of Members shall be required to approve any matter to be voted on by the Members. For purposes of this Section, "Triggering Event" shall mean any of the following occurrences:

(1) a Final Determination (as defined below) shall have been entered denying the Member's application for recognition as an Exempt Organization (as defined below) or revoking the Member's status as an Exempt Organization;

(2) the Member shall have taken all corporate action necessary to approve (x) the dissolution of the Member or (y) the filing by the Member of a voluntary petition in bankruptcy;

(3) the Member shall have admitted in writing its inability to pay its debts as they come due; or

(4) an involuntary petition for the dissolution and winding up of the Member shall have been filed, which such petition is not dismissed within 60 days of the filing thereof.

"Final Determination" shall mean a decision, judgment, decree or other order by the Internal Revenue Service or a court of competent jurisdiction which is final and unappealable, or which has become unappealable because the time for instituting an appeal has expired. "Exempt Organization" shall mean an organization exempt from federal income taxation pursuant to Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code. Notwithstanding anything herein to the contrary, amendment of this Section 9 shall require approval of both the Member and at least two-thirds of the entire Board of Directors of the Corporation.

Section 10. Operating Reports. The Board of Directors of the Corporation shall submit operating reports to the Member in such form and on such schedule as shall be established by the Member. Such operating reports shall reflect the results of operations of the Corporation and of any affiliates of the Corporation that are controlled by the Corporation.

ARTICLE IV

THE BOARD OF DIRECTORS

Section 1. Powers and Responsibility. Subject to Article III hereof and to the other rights and powers of the Member specified herein or in the Articles of Incorporation or otherwise provided hereby or in the Articles of Incorporation or by law, the Board of Directors shall have charge, control, and management of the administrative affairs, property and funds of the Corporation and shall have the power and authority to do and perform all acts and functions not inconsistent with these Bylaws, the Articles of Incorporation, and applicable law, in each case as amended from time to time. Such responsibility shall include without limitation implementation of any operational or financial plan adopted by the Member and institutional management and planning. Without limiting the generality of the foregoing, the Board of Directors shall have power and authority to, and shall be responsible to, establish and manage the Corporation's program for compliance with all legal requirements applicable to the Corporation. The Board of Directors shall also prepare, for the Member's review and approval, on such

timetable as the Member shall establish, proposed annual budgets for the Corporation, which budgets shall be consistent with any operating plan or financial plan adopted or approved by the Member and then in effect.

Section 2. Composition of the Board; Appointment Qualifications. The Board of Directors shall be composed of not fewer than five nor more than twenty voting members, exclusive of non-voting *ex officio* Directors and Advisory Directors. The exact number of voting Directors shall be as fixed from time to time by the Member. Directors shall generally be appointed at the annual meeting of the Member, but may be appointed at any regular or special meeting of the Member, provided that, except for the *ex officio* Directors specified in Section 4 of this Article and physicians, the Board of Directors shall not include full-time employees of the Member, of the Corporation or of any of the other "Constituent Corporations" as defined in the Bylaws of the Member. Notwithstanding the foregoing, in no event shall more than 49% of the voting directors of the Board be comprised of employees of the Corporation or any Constituent Corporation. Each Director of the Corporation shall be a natural person of at least eighteen years of age, of good moral character and who enjoys a good reputation in the community, and who, by his or her experience, community interest, or prior action, demonstrates a willingness to devote time and talent to the affairs of the Corporation and to exercise his or her judgment with undivided loyalty to the Corporation. Each Director shall further satisfy the requirements set forth in Section 9 of this Article IV.

Section 3. Term of Office. Subject to Section 5 of this Article IV, Directors, other than *ex officio* Directors, shall serve for one, two or three year terms, as specified by the Member. In the event that the Member elects to classify the Board of Directors for purposes of staggering their respective terms of office, then the number of Directors assigned to each class shall be as nearly equal as possible to those assigned to each other class. Each Director shall retain his or her position as Director until his or her successor shall be duly appointed and qualified or until his or her earlier death, resignation or removal, except that an *ex officio* Director shall retain his or her position as Director only during his or her tenure in the position from which his or her respective *ex officio* status is derived, or until his or her earlier death, resignation, or removal. Directors may be re-elected for unlimited successor terms.

Section 4. *Ex Officio* Directors.

The following persons shall serve as *ex officio* Directors of the Corporation with vote:

(1) President and Chief Executive Officer of the Member;

(2) President and Chief Executive Officer of The Western Pennsylvania Hospital – Forbes Regional Campus; and

(3) President and Chief Executive Officer of the Corporation;

In the event that any individual holds multiple *ex officio* positions s/he shall have one vote.

Section 5. The Member may appoint persons to serve as Advisory Directors of the corporation. Advisory Directors shall advise and assist the Board of directors and the corporation with, among other things, the solicitation and receipt of funds to promote and support the interests of The Western Pennsylvania Hospital, Forbes Regional Campus. Advisory Directors serve without vote and have no meeting responsibilities.

Section 6. Removal, Resignation, Vacancies.

A. The Member may, in its discretion, remove any Director at any time, with or without cause, upon 10 days prior notice to the Board of Directors. Without limiting the generality of the foregoing, upon such notice the Member may, in its discretion, remove and replace all or a portion of the Board of Directors if the Member determines that the Corporation has failed to comply with any operating or financial plan adopted or approved by the Member. Unless such removal notice is revoked by the Member during the 10 day notice period, any such removal shall be effective immediately upon expiration of the notice period.

B. Any Director may resign from office with or without cause, by delivering a written statement of resignation to the Secretary of the Corporation. Any such resignation shall take effect immediately upon its receipt by the Secretary of the Corporation, unless a later effective time or date for the resignation is specified in the notice of resignation.

C. Any person appointed to fill a vacancy on the Board of Directors shall be appointed for the unexpired term of the Director whose death, resignation, or removal gave rise to the applicable vacancy.

Section 7. Orientation of Directors. Newly elected or appointed Directors shall be oriented to the functions and procedures of the Board of Directors. Such orientation shall be carried out under the supervision of the President and Chief Executive Officer.

Section 8. No Compensation. No Director shall receive any compensation for acting as a Director. Directors who are officers or employees of the Corporation may receive compensation for those duties.

Section 9. Review of Bylaws. The Board of Directors shall review these Bylaws of the Corporation annually, and based on such review, may propose amendments to these Bylaws to the Member of the Corporation.

Section 10. Conflict of Interest. Directors shall exercise good faith in all transactions touching upon their duties at the Corporation and its property. No director shall use his or her position, or knowledge gained therefrom, in any way that might give rise to a conflict between the interest of the Corporation and that of the individual Director. The Board of Directors shall adopt a conflict of interest policy, and each Director and officer of the Corporation shall agree in writing to be bound thereby as a prerequisite to his or her qualification as a Director or officer, as the case may be.

ARTICLE V

MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Regular and Annual Meetings of the Board of Directors. The Board of Directors shall hold regular meetings at such time and place as determined by the Board or the Chair; provided that the Board shall meet not less than four times per year. The Annual Meeting shall be held as provided in Article III, Section 4 of these Bylaws. Notice of any meeting shall be mailed, personally delivered or faxed to each Director entitled to vote at least 5 days prior to the meeting to the Director's address (or fax number) on the books of the Corporation. Voting by proxy shall not be permitted at any meeting.

Section 2. Special Meetings. Special meetings may be held at any time upon call of the Member or the Chair or upon receipt by the President and Chief Executive Officer of the written request of at least three Directors.

Section 3. Quorum. A majority of the entire Board of Directors (without counting non-voting *ex officio* Directors and Advisory Directors) shall constitute a quorum at any regular meeting. Once a quorum is established, subsequent withdrawal of individuals to less than a quorum shall not affect the validity of any subsequent action taken at the meeting. Except as otherwise required by the PNCL, approval of any matter before the Board of Directors by a majority of the Directors present at a meeting shall constitute approval of the applicable matter by the Board.

Section 4. Action Without a Meeting. Any action which may be taken at a meeting of the Board or any committee thereof may be taken without a meeting if consent in writing setting forth such action is signed by all of the Directors entitled to vote or members of the committee, and is filed in the minutes of the proceedings of the Board or of the committee.

Section 5. Rules of Conduct. Meetings of the Board of Directors and Committees of the Board of Directors will be conducted in accordance with such rules as may be established by the Board of Directors.

Section 6. Participation by Conference Telephone. One or more Directors or members of a Committee established pursuant hereto may participate in a meeting of the Board of Directors or such Committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

Section 7. Waiver of Notice. Whenever any written notice is required to be given under the provisions of the these bylaws or the PNCL, such notice need not be given to any Director who submits a signed waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Director.

ARTICLE VI

OFFICERS

Section 1. Officers Generally. The officers shall be a Chair, a Secretary, a Treasurer, a President and Chief Executive Officer, and such Vice Presidents and other subordinate officers as the Member shall designate. The Chair shall be appointed from among the elected (*i.e.*, non-*ex officio*) members of the Board of Directors. All other officers need not, but may, be selected from among such elected members of the Board of Directors. No full-time employee of the Member or of the Corporation shall be eligible to serve as Chair of the Corporation.

Section 2. Appointment of Officers. The officers shall be appointed by the Member, after consultation with the Board of Directors of the Corporation, at the Annual Meeting of the Member each year and shall hold office for terms of one year and until their successors are duly installed, subject in each case to an officer's earlier death, resignation or removal. Vacancies in any office may be filled by action of the Member after consultation with the Board of Directors of the Corporation. So long as the Member is the sole Member of the Corporation, officers shall be appointed from among candidates nominated by the Nominating Committee of the Member, provided that, no full-time employee of the Member or of the Corporation shall be eligible to serve as Chair or Vice Chair of the Corporation. Nothing contained herein shall be construed as prejudicing any officer's rights with respect to compensation under any employment agreement with the Corporation.

Section 3. Chair. The Chair shall preside at all meetings of the Board of Directors, and at the Annual Meeting of the Member each year shall present the report of the Board of Directors. The Chair shall be responsible to review the performance of the Board of Directors on an annual basis, and to report on such performance to the Member. The Chair shall have such authority, and shall perform all duties, ordinarily required of an officer in like position, and such other authority and duties as may be assigned by the Member.

Section 4. President and Chief Executive Officer. The President and Chief Executive Officer of the Corporation shall be an *ex officio* member of the Board. The President and Chief Executive Officer shall have all authority and responsibility necessary to operate the Corporation in all its activities, subject, however, to the policies and directives of the Member and of the Board of Directors with regard to the matters as to which the Board of Directors is responsible, and to the provisions of the Corporation's Articles of Incorporation and Bylaws.

Section 5. Vice Chair. The Vice-Chair shall perform the duties of the Chair when for any reason the Chair is unable to perform the same.

Section 6. Secretary. The Secretary shall keep and properly record the minutes of the proceedings of the Board of Directors, notify officers of their election and committee members of their appointment, give notice of all meetings of the Board of

WPAHS-000849

Directors and the Executive Committee, have custody of the corporate seal and of all books and papers pertaining to the office, and generally shall have such authority, and shall perform all duties, ordinarily required of an officer in like position.

Section 7. Treasurer. The Treasurer shall receive and have custody of all funds, money, and income of the Corporation not otherwise specifically provided for by the Member and shall deposit the same in such depository or depositories as the Board shall designate. The Treasurer shall have such authority, and shall perform all duties, ordinarily required of an officer in like position, and such other authority and duties as may be assigned by the Member.

Section 8. Resignation. Any officer may resign at any time by giving written notice thereof to the Chair, the President and Chief Executive Officer or the Secretary of the Corporation. Any such resignation shall take effect on the date of receipt of such notice by one of the above-specified officers, or at such later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 9. Removal. Any officer of the Corporation may be removed, with or without cause, by the Member whenever in the judgment of the Member the best interests of the Corporation will be served thereby. Nothing contained herein shall be construed as prejudicing any officer's rights with respect to compensation under any employment agreement with the Corporation.

ARTICLE VII

COMMITTEES OF THE BOARD OF DIRECTORS

Section 1. Committees Generally. The Directors, upon direction or approval of the Member, shall establish the such committees (standing or special) as the Board of Directors shall determine to establish, with such authority and composition as the Board of Directors shall determine (subject only to the rights and powers of the Members as set forth in the PNCL, the Articles of Incorporation, and these Bylaws, and the limitations or delegation of the Board's authority pursuant to the PNCL).

Section 2. Appointment of Committees. The members of any standing or special Committee shall be appointed by the Board, and so long as the Member is the sole Member of the Corporation, such appointment shall be from among individuals nominated by the Nominating Committee of the Member. Each Committee shall include at least three Directors, including *ex officio* members. The Chair and the President and Chief Executive Officer shall be ex officio members of all committees with full voting privileges. Each other member of a committee shall serve for a term of one year and until his or her successor has been appointed, subject to his or her earlier death, resignation or removal.

Section 3. Meetings of Committees. All standing Committees shall function under the direction of the Board of Directors and shall meet as often as necessary to

transact their business and shall make such reports as they may deem necessary or which may be specifically required of them. Minutes shall be kept of each meeting of each Committee and such minutes shall be disseminated to all members of the Board of Directors, and to the Member.

Section 4. Quorum; Act of Committee. A majority of the members of a Committee shall constitute a quorum for the transaction of business. Once a quorum has been established, subsequent withdrawal of committee members so as to reduce the number of members present to less than a quorum shall not affect the validity of any subsequent action taken at the meeting. Approval of any matter before any Committee by a majority of those present at a meeting of a Committee where a quorum is present shall constitute approval of the applicable matter by the applicable Committee.

Section 5. Resignation. Any Committee member may resign at any time by giving written notice thereof to the Chair, the President and Chief Executive Officer or the Secretary of the Corporation. Any such resignation shall take effect on the date of receipt of such notice by one of the above-specified officers, or at such later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Removal. Any Committee member may be removed, with or without cause, by the Board or the Member whenever in the judgment of the Board or the Member the best interests of the Corporation will be served thereby, provided that if any Committee member is removed by the Member, at least 10 days advance notice of such removal shall be given by the Member to the Board of Directors.

ARTICLE VIII

FISCAL YEAR AND ANNUAL REPORT

Section 1. Fiscal Year. The Fiscal Year of the Corporation shall be begin on the first day of July of each year and end on the last day of June of the succeeding year.

Section 2. Annual Report. As soon as may be convenient following the close of the Fiscal Year, the Board of Directors may cause to be published for general distribution an Annual Report containing such information regarding the work and affairs of the Corporation for the preceding Fiscal Year as in their discretion may be deemed advisable.

ARTICLE IX

SEAL

Section 1. Seal. The seal of the Corporation shall be in such form as may be approved by the Board of Directors.

WPAHS-000851

ARTICLE X

LIABILITY OF DIRECTORS

Section 1. Standard of Care and Fiduciary Duty. Each Director shall stand in a fiduciary relation to this Corporation and shall perform his or her duties as a Director, including his or her duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner the Director reasonably believes to be in the best interests of this Corporation, and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. In performing his or her duties, each Director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

(a) one or more officers or employees of this Corporation whom the Director reasonably believes to be reliable and competent in the matters presented;

(b) counsel, public accountants or other persons as to matters which the Director reasonably believes to be within the professional or expert competence of such persons; and

(c) a committee of the Board of this Corporation upon which the Director does not serve, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence

A Director shall not be considered to be acting in good faith if the Director has knowledge concerning the matter in question that would cause his reliance to be unwarranted.

Section 2. Limitation on Liability. Neither the Member nor any Director of the Corporation shall be personally liable for monetary damages for any action taken, or any failure to take any action, provided however, that this provision shall not eliminate or limit the liability of the Member or any Director to the extent that such elimination or limitation of liability is expressly prohibited by, Section 5713 of the PNCL, as in effect at the time of the alleged action or failure to take action by such Member or Director.

Section 3. Preservation of Rights. Any repeal or modification of this Article shall not adversely affect any right or protection existing at the time of such repeal or modification to which any Member, Director or former Member or Director may be entitled under this Article. The rights conferred by this Article shall continue as to any person who has ceased to be the Member or a Director of the Corporation and shall inure to the benefit of the successors, heirs, executors, and administrators of such person.

ARTICLE XI

INDEMNIFICATION

Section 1. Mandatory Indemnification of Directors and Officers. The Corporation shall indemnify, to the fullest extent now or hereafter permitted by law, each Director and officer (including each former Director or officer) of the Corporation who was or is or is threatened to be made a party to or a witness in any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that the Director or officer is or was an authorized representative of the Corporation, or is or was serving at the written request of the Corporation as a representative of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the Director or officer in connection with such action, suit or proceeding if such Director or officer acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful.

Section 2. Mandatory Advancement of Expenses to Directors and Officers. The Corporation shall pay expenses (including attorneys' fees) incurred by a Director or officer of the Corporation referred to in Section 1 of this Article XI in defending or appearing as a witness in any civil or criminal action, suit or proceeding described in Section 1 of this Article XI in advance of the final disposition of such action, suit or proceeding. The expenses incurred by such Director or officer shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding only upon receipt of an undertaking by or on behalf of such Director or officer to repay all amounts advanced if it shall ultimately be determined that the Director or officer is not entitled to be indemnified by the Corporation as provided in Section 4 of this Article XI.

Section 3. Permissive Indemnification and Advancement of Expenses. The Corporation may, as determined by the Board of Directors from time to time, indemnify, in full or in part, to the fullest extent now or hereafter permitted by law, any person who was or is or is threatened to be made a party to or a witness in, or is otherwise involved in, any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was an authorized representative of the Corporation or is or was serving at the request of the Corporation as a representative of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise, both as to action in his official capacity and as to action in another capacity while holding such office or position, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in conjunction with such action, suit or proceeding if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The Corporation may, as determined by the Board of

Directors from time to time, pay expenses incurred by any such person by reason of such person's participation in an action, suit or proceeding referred to in this Section 3 in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as provided in Section 4 of this Article XI.

Section 4. Scope of Indemnification. Indemnification under this Article shall not be made by the Corporation in any case where a court determines that the alleged act or failure to act giving rise to the claim for indemnification is expressly prohibited by Chapter 57, Subchapter D of the PNCL or any successor statute as in effect at the time of such alleged action or failure to take action.

Section 5. Miscellaneous. Each Director and officer of the Corporation shall be deemed to act in such capacity in reliance upon such rights of indemnification and advancement of expenses as are provided in this Article. The rights of indemnification and advancement of expenses provided by this Article shall not be deemed exclusive of any other rights to which any person seeking indemnification or advancement of expenses may be entitled under any agreement, vote of members (if any), disinterested Directors, statute or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office or position, and shall continue as to a person who has ceased to be an authorized representative of the Corporation and shall inure to the benefit of the heirs, executors and administrators of such person. Any repeal or modification of this Article by the members (if any) or the Board of Directors of the Corporation shall not adversely affect any right or protection existing at the time of such appeal or modification to which any person may be entitled under this Article.

Section 6. Definition of Authorized Representative. For the purposes of this Article, the term, "authorized representative" shall mean a director, officer (including a former director of officer), or employee of the Corporation or of any corporation controlled by the Corporation, or a trustee, custodian, administrator, committeeman or fiduciary of any employee benefit plan established and maintained by the Corporation or by any corporation controlled by the Corporation, or person serving another corporation, partnership, joint venture, trust or other enterprise in any of the foregoing capacities at the written request of the Corporation. The term "authorized representative" shall not include money managers or investment advisors (or any employees thereof) hired by the Corporation, and shall not include (i)agents of the Corporation unless indemnification thereof is expressly approved by the Board of Directors, or (ii) any scientist in his or her teaching or research capacity.

Section 7. Funding to Meet Indemnification Obligations. Subject to the approval of the Member, the Board of Directors shall have the power to borrow money on behalf of the Corporation, including the power to pledge the assets of the Corporation, from time to time to discharge the Corporation's obligations with respect to indemnification, the advancement and reimbursement of expenses, and the purchase and maintenance of insurance for the benefit of the Corporation and any person indemnified pursuant hereto. Upon the approval of the Member, the Corporation may, in lieu of or in

addition to the purchase and maintenance of insurance, establish and maintain a fund of any nature or otherwise secure or insure in any manner its indemnification obligations, whether arising pursuant to this Article or otherwise.

ARTICLE XII

AMENDMENTS OF THESE BYLAWS AND/OR THE ARTICLES OF INCORPORATION OF THE CORPORATION

The power to amend, modify, alter or repeal these Bylaws or the Articles of Incorporation, is hereby exclusively vested in the Member of the Corporation subject, however, to Section 9 of Article III.

ARTICLE XIII

SUBVENTIONS

The Corporation shall be authorized by resolution of the Board of Directors or the Member to accept subventions from the Member or nonmembers on terms and conditions not inconsistent with PNCL § 5542, and to issue certificates therefor. The resolution of the Board of Directors or the Member may provide that the holders of subvention certificates shall be entitled to a fixed or contingent periodic payment out of the corporate assets equal to a percentage of the original amount or value of the subvention. The rights of holders of subvention certificates shall at all times be subordinate to the rights of creditors of the Corporation.

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OPERATING AGREEMENT

OF

FORBES REGIONAL UROLOGIC, L.L.C.

THIS OPERATING AGREEMENT, made as of this 26th day of July, 2006, by and among West Penn Allegheny Foundation, L.L.C. (hereinafter "Foundation"), Carl O. Bruning, III, M.D., Stewart L. Feldman, M.D., Thomas K. Rosvanis, M.D. and Gregory Halenda, M.D., (hereinafter collectively called the "Members" and individually as a "Member").

WITNESSETH:

WHEREAS, Foundation is a Pennsylvania single member limited liability company whose sole member is West Penn Allegheny Health System (hereinafter "System");

WHEREAS, Carl O. Bruning, III, M.D., Stewart L. Feldman, M.D., Thomas K. Rosvanis, M.D. and Gregory Halenda, M.D. are physicians duly licensed in the Commonwealth of Pennsylvania who are engaged in the practice of urology;

WHEREAS, the Members desire to form a limited liability company under the Pennsylvania Limited Liability Company Law;

WHEREAS, the Members desire to acquire and lease lithotripsy equipment to The Western Pennsylvania Hospital – Forbes Regional Campus, 2570 Haymaker Road, Monroeville, PA 15146 (hereinafter "Hospital"); and

WHEREAS, the Members desire to set forth their mutual understandings, rights and obligations in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein and intending to be legally bound, the parties hereto agree as follows:

Definitions.

For the purposes of this Agreement, the following terms shall have the meanings set forth below, except as otherwise specified or as the context may otherwise require:

"Act" shall mean the Pennsylvania Limited Liability Company Law of 1994, as amended from time to time.

"Agreement" shall mean this Operating Agreement of Forbes Regional Urologic, L.L.C., as amended from time to time.

"Bankruptcy" shall mean (i) the entry of a decree or order for relief by a court having jurisdiction in respect of a Person in an involuntary proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of a Person or for any substantial part of such Person's property or the entry of an order for the winding up or liquidation of its affairs, which decree or order remains unstayed and in effect for a period of ninety (90) consecutive days; (ii) the commencement by a Person of a voluntary proceeding under any applicable bankruptcy, insolvency or similar law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary case under any such law, or consent to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of a Person or for any substantial part of such Person's property or any general assignment by a Person for the benefit of creditors; (iii) the attachment by a creditor of a Person's interest in the Company, which attachment is not discharged or vacated within ninety (90) days from the date it becomes effective.

WPAHS-000857

"Capital Account(s)" shall mean the individual account(s) maintained by the Company with respect to each Member as provided in Section 3.e of this Agreement.

"Capital Contribution(s)" shall mean the amount of cash, the agreed value of the property or services (as determined by the Members of the Company) or amount of money secured by a commercial loan that is contributed by each Member of the Company as provided in Section 3 of this Agreement.

"Cash Flow" shall mean all cash, revenues and funds received by the Company from Company's operations, less the sum of the following to the extent paid or set aside by the Company: (i) all principal and interest payments on indebtedness of the Company and all other sums paid to lenders; (ii) all cash expenditures incurred incident to the normal operations of the Company's business; and (iii) such cash reserves as the Managers deem reasonably necessary to the proper operation of the business of the Company.

"Code" shall mean the Internal Revenue Code of 1986, as amended. All references to the Code or any regulations adopted thereunder, including Treasury Regulations or Temporary Treasury Regulations are references to the Code or such regulations as they are in effect of the date hereof.

"Company" shall mean Forbes Regional Urologic, L.L.C., a Pennsylvania limited liability company.

"Disability" shall mean those circumstances whereby a Member has sustained an injury or contracted an illness that restricts his or her ability to perform the material and substantial duties associated with his or her professional practice for a period of ninety (90) days within a twelve (12) consecutive month period, is or otherwise determined to be disabled under

WPAHS-000858

any disability income insurance plan maintained by such Member or Company and insuring such Member against disability.

"Manager" shall mean the individuals elected as "Managers" under Section 7 hereof, and on the "Management Committee".

"Member" shall mean any Member.

"Member Nonrecourse Deductions" shall have the same meaning as partner nonrecourse deductions set forth in Sections 1.704-2(i)(1) and 1.704-(2)(i)(2) of the Treasury Regulations.

"Nonrecourse Deductions" shall mean deductions having the meaning set forth in Sections 1.704-2(b)(1) and 1.704-2(c) of the Treasury Regulations.

"Person" shall mean any individual, partnership, corporation, trust or any other type entity or business organization.

"Transfer" means, as a noun, any voluntary or involuntary transfer, sale, and pledge; as a verb, voluntary or involuntary to transfer, sell, pledge, hypothecate or otherwise dispose of.

"Voting Interest" shall mean the number of votes possessed by a Member as reflected on Exhibit "A" attached hereto and as amended from time to time.

1. FORMATION OF LIMITED LIABILITY COMPANY. The Members hereby form a limited liability company (hereinafter "Company") pursuant to the provisions of Act.

2. GENERAL PROVISIONS

a. Name. The name of the Company shall be Forbes Regional Urologic, L.L.C. and all business of the Company shall be conducted in that name.

WPAHS-000859

b. Purpose. The purposes of the Company are to (i) acquire and lease lithotripsy equipment and (ii) engage in and do any act concerning any and all lawful business for which limited liability companies may be organized according to the Act to which the Members unanimously agree.

c. Principal Office. The principal office and place of business of the Company shall be 2570 Haymaker Road, Monroeville, PA 15146 or such other place as the Members may from time to time determine.

d. Term. The term of the Company shall commence on the date the Certificate of Organization is filed with the Office of the Secretary of State of the Commonwealth of Pennsylvania in accordance with the Act. The period of duration of the Company shall be perpetual, unless the Company is dissolved and terminated in accordance with the provisions of Section 11 of this Agreement.

3. CAPITAL.

a. Capital Contribution of Member. In exchange for each Member's interest in the Company, the Members shall contribute to the Company in cash, property or an amount of money secured through a commercial loan the amounts set forth opposite their name on Exhibit "A", attached hereto and incorporated herein by reference.

b. Timing of Contributions. Contributions to the capital of the Company described in Section 3(a) shall be made upon call of the Members by written notice delivered to said Member at least ten (10) days prior to the date of the required contribution, or such shorter period as said Member may agree.

c. No right to Withdraw Capital. No interest shall accrue on any contribution to the capital of the Company, and no Member shall have the right to withdraw from

WPAHS-000860

any disability income insurance plan maintained by such Member or Company and insuring such Member against disability.

"Manager" shall mean the individuals elected as "Managers" under Section 7 hereof, and on the "Management Committee".

"Member" shall mean any Member.

"Member Nonrecourse Deductions" shall have the same meaning as partner nonrecourse deductions set forth in Sections 1.704-2(i)(1) and 1.704-(2)(i)(2) of the Treasury Regulations.

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a. Name. The name of the Company shall be Forbes Regional Urologic, L.L.C. and all business of the Company shall be conducted in that name.

WPAHS-000861

b. Purpose. The purposes of the Company are to (i) acquire and lease lithotripsy equipment and (ii) engage in and do any act concerning any and all lawful business for which limited liability companies may be organized according to the Act to which the Members unanimously agree.

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b. Timing of Contributions. Contributions to the capital of the Company described in Section 3(a) shall be made upon call of the Members by written notice delivered to said Member at least ten (10) days prior to the date of the required contribution, or such shorter period as said Member may agree.

c. No right to Withdraw Capital. No interest shall accrue on any contribution to the capital of the Company, and no Member shall have the right to withdraw from

WPAHS-000862

the Company or be repaid any Capital Contribution except as otherwise specifically provided herein.

d. Additional Capital Contributions. In the event that, at any time during the Term, the Management Committee decides additional capital is necessary, and the Members unanimously ratify said decision, additional capital contributions to the Company will be required in such amounts as is determined. All calls shall be in writing and shall be forwarded to the Members by hand delivery, registered or certified mail, return receipt requested. Within forty-five (45) days from the date of delivery of the call, the Members shall deliver to the Company their checks for their share of the additional capital contribution.

If a Member shall fail to make his or her capital contributions within forty-five (45) days after the date due, (hereinafter "Defaulting Member"), then the other Members shall have the right to advance such amount to the Company on behalf of the Defaulting Member. Each of the other Members shall have the right to provide a share of the advance proportionate to his or her interest in the Company or in such other portions as the other Members may agree. In the event the other Members make the additional capital contributions contemplated by this paragraph on behalf of the Defaulting Member, said other Members' interests in the Company shall be reconstituted to consider their new respective interests in the Company.

e. Capital Accounts. For tax purposes, a separate Capital Account shall be maintained for each Member in accordance with Code Section 704 and Treas. Reg. Section 1.704-1(b) and the following provisions: There shall be credited to each Member's Capital Account: 1) the amount of cash and the basis of any property contributed by the Member, 2) the Member's share of the profits of the Company, and 3) the amount of any increase to the

WPAHS-000863

basis of assets of the Company due to an election under §754 of the Code, if such an election is made. There shall be charged against each Member's Capital Account: 1) the amount of all distributions to the Member and 2) the Member's share of losses of the Company.

4. MEMBER'S INTEREST.

a. The Company Units. The interest of the Members in the Company shall initially be divided into one hundred (100) units (hereinafter "Units"), each unit representing one percent of the capital interest in the Company. The Members and their respective interest in the Company following the contributions described in Section 3 hereof shall be as set forth on Exhibit "A", attached hereto and incorporated herein by reference. The Company may issue certificates of interest to the holders of the Units in such form as it may consider appropriate.

b. Sales of Units. The Company shall, with respect to any sale of any Units, (i) make a notation in the appropriate records of the Company with respect to such sale, and (ii) obtain a written representation from each purchaser of Units as to his or her residence.

c. Liability of Members. Each Member's liability shall be limited to his or her capital contribution and as otherwise set forth in the Act and other applicable law.

d. Rights or Powers. The Members shall not have any right or power to take part in the management or control of the Company or its business and affairs or to act for or bind the Company in any way unless a Member is acting as a Manager pursuant to Section 7. Notwithstanding the foregoing, the Members have all the rights and powers specifically set forth in this Agreement and, to the extent not inconsistent with this Agreement, the Act.

WPAHS-000864

e. Voting Rights. No Member has any voting right except with respect to those matters specifically reserved for a Member vote that are set forth in this Agreement or as required in the Act.

f. Member Meetings.

(i) An annual meeting of the Members shall be held between November 1 and December 31 of each year on such day and at such time and place as may be designated by the Management Committee, or, if not so designated, as shall be agreed to by the Members; or if not so designated or agreed to, on December 30 at 10:00 a.m., local time, at the principal office of the Company. Written notice of the annual meeting shall be given at least five (5) days prior to the meeting to each Member of record entitled to vote. Any business may be transacted at the annual meeting, irrespective of whether the notice of such meeting contains a reference thereto;

(ii) Special meetings of the Members may be called at any time, for the purpose or purposes set forth in the call by any Manager, or by any one or more Members holding, in the aggregate, more than 10% of the Voting Interests in the Company by delivering a written request to the Secretary. Special meetings of the Members shall be held at such place as may be designated by the Management Committee, or if not so designated, at the principal office of the Company. Written notice of special meetings shall be given at least five (5) days prior to the special meeting to each Member entitled to vote at the special meeting. No business may be transacted at any special meeting, other than the general nature of which has been stated in the notice of the meeting, and business that is germane thereto;

(iii) A Member's meeting duly called shall not be organized for the transaction of business unless a quorum is present. At any meeting, the presence in person or by

WPAHS-000865

proxy of Members entitled to cast at least a majority of the votes that all Members are entitled to cast on the particular matter to be acted upon at the meeting shall constitute a quorum for the purpose of consideration and action on such matter. The Members present at a duly organized meeting can continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum. If a meeting cannot be organized because a quorum has not attended, including a meeting called for the election of Managers, those present may adjourn the meeting to such time and place as they may determine, by giving immediate notice of such time and place to the absent Members, until a quorum as aforesaid shall be present;

(iv) Resolutions of the Members shall be adopted, and any action of the Members at a meeting upon any matter shall be taken and be valid, if authorized by a majority of the votes cast at the meeting by the Members entitled to vote thereon, except as otherwise provided in this Agreement;

(v) The Chairman of the Management Committee shall preside at all meetings of the Members. In the absence of the presiding officer hereinabove designated, the presiding officer shall be designated by the Management Committee or, if not so designated, selected by the Members present. The presiding officer shall designate any person to take the minutes of the meeting;

(vi) One or more of the Members may participate in a meeting of the Members by means of conference telephone or similar communication equipment by means through which all persons participating in the meeting can hear each other; and

(vii) Any action required or permitted to be taken at a meeting of the Members may be taken without a meeting if, prior to the action, a consent or consents in

WPAHS-000866

writing, setting forth the action so taken, are signed by all of the Members who would be entitled to vote at a meeting for such purpose.

5. ALLOCATIONS.

Taxable income, gain, loss, deduction or credit shall be allocated among the Members in accordance with their percentage interest in the Company; provided, however, that if any Members have contributed property other than money to the Company, the allocations shall be governed by §704(c) of the Code, if applicable. If any Units have been transferred or assigned during any taxable year, the allocation of the interest represented thereby shall be prorated between the transferor and the transferee based upon the number of days the transferor and transferee held the Units during the year.

6. DISTRIBUTIONS.

The Cash Flow of the Company may be distributed to the Members in accordance with each Member's percentage interest in the Company. Such distributions shall occur within thirty (30) days after the end of each calendar quarter and with such lesser or greater frequency as the Management Committee determines is consistent with the orderly administration of the business of the Company.

7. MANAGEMENT – BY COMMITTEE.

a. Managers: Management By Managers. Except as otherwise expressly provided herein, all decisions respecting any matter set forth in this Agreement or otherwise affecting or arising out of the conduct of the business of the Company shall be made by Managers on the management committee (hereinafter "Management Committee").

WPAHS-000867

(i) The number of Managers on the Management Committee shall be two. The initial Managers of the Company shall be Carl O. Bruning, II, M.D. and Hospital's Vice-President of Operations;

(ii) The chairman of the Management Committee shall be elected at the first meeting of the Management Committee each year, which shall be held on the second Tuesday in the month of January;

(iii) A Manager shall remain in office until removed by the unanimous consent of all the Members;

(iv) In the event any Manager dies or is unwilling or unable to serve as such or is removed from the office by the Members who designated such Manager, the appropriate Members shall promptly designate a successor to such Manager. A Manager chosen to fill a vacancy shall be designated by the Member(s) whose previously designated Manager shall have been removed or shall have resigned;

(v) Each Manager shall have one (1) vote. Except as otherwise provided in this Agreement, the Managers shall act by unanimous vote of the Managers on the Management Committee. In the event of a deadlock between the Managers on the Management Committee, Hospital's Vice President of Operations shall have the sole authority to make a decision on behalf of the Company in order to ensure compliance with the provisions of Section 12 of this Agreement;

(vi) Each Manager shall perform his or her duties as a Manager in good faith, in a manner that he or she reasonably believes to be in the best interests of the Company, and with such care as an ordinarily prudent person in a like position would use under

WPAHS-000868

similar circumstances. A person who so performs his or her duties shall not have any liability by reason of being or having been a Manager of the Company;

(vii) The Management Committee shall have the power to delegate authority to such committees of Managers, officers, employees, agents and representatives of the Company as it may from time to time deem appropriate. Any delegation of authority to take any action must be approved in the same manner as would be required for the Management Committee to approve such action directly; and

(viii) A Manager shall not be liable under a judgment, decree or order of court, or in any other manner, for a debt, obligation or liability of the Company.

b. Meetings of the Management Committee.

(i) The Management Committee shall hold regular meetings no less frequently than once every calendar quarter and shall establish meeting times, dates and places and requisite notice requirements (not shorter than those provided in Section 7.b.ii.) and adopt rules or procedures consistent with the terms of this Agreement. Unless otherwise approved by the Management Committee, each regular meeting of the Management Committee will be held at the Company's principal place of business. At such meetings the Management Committee shall transact such business as may properly be brought before the meeting, whether or not notice of such meeting referenced the action to be taken at such meeting;

(ii) Special meetings of the Management Committee may be called by any Manager. Notice of each such meeting shall be given to each Manager of the Management Committee by telephone, telecopy, telegram or similar method (in each case, notice shall be given at least seventy-two (72) hours before the time of the meeting), or sent by first-class mail (in which case notice shall be given at least five (5) days before the meeting, unless a

WPAHS-000869

longer notice period is established by the Management Committee). Each such notice shall state (A) the time, date, place (which shall be at the principal office of the Company unless otherwise agreed to by all Managers) or other means of conducting such meeting; and, (B) the purpose of the meeting to be so held. No actions other than those specified in the notice may be considered at any special meeting unless unanimously approved by the Managers. Any Manager may waive notice of any meeting in writing before, at, or after such meeting. The attendance of a Manager at a meeting shall constitute a waiver of notice of such meeting, except when a Manager attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not properly called;

(iii) Any action required to be taken at a meeting of the Management Committee, or any action that may be taken at a meeting of the Management Committee, may be taken at a meeting held by means of conference telephone or other communication equipment by means of which all persons participating in the meeting can hear one another. Participation in such a meeting shall constitute presence in person at such meeting; and

(iv) Notwithstanding anything to the contrary in this Section, the Management Committee may take any action without a meeting that may be taken by the Management Committee under this Agreement if such action is approved by the unanimous written consent of the Managers.

c. Duties and Obligation of the Management Committee.

(i) The Management Committee shall cause the Company to conduct its business and operations separate and apart from that of any Member or Manager or any of its affiliates, including, without limitation, (A) segregating Company assets and not

WPAHS-000870

allowing funds or other assets of the Company to be commingled with the funds or other assets of, held by, or registered in the name of, any Member or Manager or any of its affiliates; (B) maintaining books and financial records of the Company separate from the books and financial records of any Member or Manager and its affiliates, and observing all Company procedures and formalities, including, without limitation, maintaining minutes of Company meetings and acting on behalf of the Company only pursuant to due authorization of the Members; (C) causing the Company to pay its liabilities from assets of the Company and (D) causing the Company to conduct its dealings with third parties in its own name and as a separate and independent entity;

(ii) The Management Committee shall take all actions that may be necessary or appropriate (A) for the continuation of the Company's valid existence as a limited liability company under the laws of the Commonwealth of Pennsylvania and of each other jurisdiction in which such existence is necessary to protect the limited liability of the Members or to enable the Company to conduct the business in which it is engaged and (B) for the accomplishment of the Company's purposes, including the acquisition, leasing or maintenance of property in accordance with the provisions of this Agreement and applicable laws and regulations;

(iii) The Management Committee shall be under a fiduciary duty to conduct the affairs of the Company in the best interests of the Company and of the Members;

(iv) The Managers may, from time to time, designate one or more Persons to be officers of the Company. Any officers so designated shall have such authority and perform such duties as the Managers may, from time to time, delegate to them. The Managers may assign titles to particular officers. The Managers shall delegate to each such officer the authority and duties that are set forth in the resolution appointing the officer. Each officer shall

WPAHS-000871

hold office until his or her successor shall be duly designated and shall qualify or until his death or until he or she shall resign or shall have been removed in the manner hereinafter provided. Any number of offices may be held by the same Person. The salaries or other compensation, if any, of the officers and agents of the company shall be fixed from time to time by the Managers.

Any officer may resign as such at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or if no time be specified, at the time of its receipt by the Managers. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation. Any officer may be removed as such, either with or without cause, by unanimous consent of the Managers whenever in their judgment the best interests of the Company will be served thereby; provided, however, that such removal shall be without prejudice to the contract rights, if any, of the Person so removed. Designation of an officer shall not of itself create contractual rights. Any vacancy occurring in any office of the Company may be filled by the Managers.

d. Management Committee Powers.

Except as otherwise provided in this Agreement, all powers to control and manage the business and affairs of Company on a day-to-day basis shall be exclusively vested in the Management Committee, including but not limited to the power:

(i) To enter upon and take possession of any property belonging to the Company;

(ii) To ask, collect and receive any rents, issues, profits or income of any property of the Company or any part or parts thereof; to make loans, execute any note, indenture or instrument of indebtedness on behalf of the Company;

WPAHS-000872

(iii) To pay any and all taxes, charges and assessments that may be levied, assessed or imposed upon any of the property of the Company;

(iv) To sell or lease any land, buildings or other property, or any part or parts thereof, at such prices and upon such terms and conditions as they may determine, and in payment for such property or lease to accept any mortgage or mortgages affecting the property sold or any other property, and to make, execute and deliver any deed, mortgage or lease, whether with or without covenant and warranties in respect of any such lands, buildings or other property, or any part or parts thereof, and to extend, renew, replace or increase any mortgage or mortgages now or hereafter affecting any such lands, buildings or other property belonging to the Company;

(v) To manage, repair, rebuild, alter or reconstruct any building or property belonging to the Company, including facilities for heating or lighting the same and the supply of heat, steam, gas, hot and cold water, and sewers thereto, and to rearrange the means of furnishing power, electric, gas, steam, hot and cold water and sewer facilities to any such buildings or properties;

(vi) To obtain insurance of any kind, nature or description whatsoever upon or in connection with the management, use or operation of any of the land or property belonging to the Company, including personal property, or in respect of the rents, issues and profits arising therefrom, and to make, execute and to file proof or proofs of all loss or losses sustained or claimable thereunder, and all other instruments in or about the same, and to make, execute and deliver receipts, releases or other discharges therefor;

(vii) To demand, sue for, collect, recover and receive all goods, claims, debts, monies, interest and demands whatsoever now due or that may hereafter become

WPAHS-000873

due or belong to the Company, including the right to institute any action, suit or other legal proceeding for the recovery of any land, buildings, other property or any part or parts thereof to the possession of which the Company may be entitled, and to make, execute and deliver receipts, releases or other discharges therefor under seal or otherwise;

(viii) To make, execute, endorse, accept, collect and deliver any and all bills of exchange, checks, drafts, notes and trade acceptances, and open and pay into and draw from a bank account or accounts of the Company;

(ix) To pay all sums of money at any time or times that may hereafter be owing by the Company upon any bill of exchange, check, draft, note or trade acceptance made, executed, endorsed, accepted or delivered by or for the Company;

(x) To sell, mortgage or hypothecate any and all mortgages, notes or other evidences of indebtedness owned by the Company;

(xi) To defend, settle, adjust, compound, submit to arbitration and compromise all actions, suits, accounts, reckonings, claims and demands whatsoever that hereafter shall be pending between the Company and any person, firm, association or corporation, in such manner and all respects as they shall think fit;

(xii) To file any proof of debt or take any other proceedings under the Bankruptcy Act or any law of any state in the United States in connection with any claim, debt, money or demand due to the Company, including the election of any trustee or trustees or the designation of assignee or assignees, and to demand, receive and accept a dividend or dividends or distribution or distributions that may be or become payable thereon;

WPAHS-000874

(xiii) To hire accountants, attorneys, clerks, workmen and others, and to remove them and appoint others in their place, and to pay and allow the persons to be so employed, such salaries, wages or remuneration as they shall think fit;

(xiv) To cause title to the property or any part thereof to be taken and held for the Company in the name of such nominee or nominees as they may designate;

(xv) Without in any way limiting the foregoing, to execute and perform any other act, deed, matter or thing whatsoever, that ought to be done, executed and performed, or that in their opinion ought to be done, executed or performed in and about the premises, of every nature and kind whatsoever;

(xvi) To comply with such filing requirements as may be required to maintain the Company's status as a Pennsylvania Limited Liability Company;

(xvii) To cause the Company's regularly employed accounting firm, no less often than annually, to render a review of the Company books and records and prepare all necessary income tax or other informational returns at the expense of the Company. A Member may, at his or her expense, cause the books of the Company to be audited at any time;

(xviii) To pay the taxes, insurance and expenses of operating the Company; and

(xix) To lease, sell, mortgage or commence development of property or any part thereof or sell or discount any Mortgage or obligation owned by the Company;

(xx) To mortgage, encumber, lease (for periods which may exceed the term of the Company), sell, assign, transfer, exchange or otherwise dispose of the Company's property and any interests therein and to borrow money and issue evidences of indebtedness

WPAHS-000875

(which evidences of indebtedness may include confession of judgment provisions) and to secure the same by mortgage, deed of trust, pledge or other lien or security interest (which documents may also contain confession of judgement provisions);

(xxi) To enter into and perform contracts and agreements of any kind necessary or desirable to the development and operation of the Company's business and in connection with any matters incidental or related thereto; and

(xxii) To take such action and execute such documents as may be required in connection with any mortgage, note, loan agreement, construction contract, bond, indemnity, security agreement, escrow or bank letter or credit that may be required in connection with the Company's property.

e. Exculpation. No Member or Manager or any officer, director, employee or agent of any Member or the Company shall be liable to the Company or any other Member for losses or liabilities arising from the conduct of the affairs of the Company or from the conduct of any employee or agent of the Company, except for those items which Members remain personally liable for under the Act.

f. Reimbursements. The Company shall reimburse the Members and Managers for all expenses incurred and paid by any of them as authorized by the Company, in the conduct of the Company's business. Such expenses shall not include any expenses incurred in connection with a Member's or Manager's exercise of his or her rights as a Member or a Manager apart from the authorized conduct of the Company's business. The Managers' determination of which expenses are allocated to and reimbursed as a result of the Company's activities or business and amount of such expenses shall be conclusive. Such reimbursement

WPAHS-000876

shall be treated as expenses of the Company and shall not be deemed to constitute distributions to any Member of profit, loss or capital of the Company.

g. Indemnification.

(i) The Company shall indemnify and hold harmless the Members, Managers, officers, employees or other agents of the Company against all damages, losses, fines, costs and expenses (including reasonable attorneys' fees and disbursements) resulting from or relating in any way to any claim or demand made or threatened, or any action, proceeding or investigation commenced or threatened, arising out of or in any way relating to any action taken or omitted to have been taken (or alleged to have been taken or omitted to have been taken) by such person in connection with the organization, business or other affairs of the Company (including any amounts paid or property transferred, and all costs and expenses, including attorneys' fees and disbursements, incurred in connection with any settlement of any such claim, action, proceeding, or investigation), except that such indemnification shall be made only if such action or omission of such person is not determined to constitute willful misconduct, recklessness, gross negligence or material breach of this Agreement, with respect to the matter or matters as to which indemnity is sought. Notwithstanding the foregoing, such indemnification shall not include any expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by a Member, Manager, officer, employee or other agent of the Company in connection with any action, suit or proceeding against a Member, Manager, officer, employee or other agent of the Company for his or her own professional liability or malpractice in rendering professional services for the Company;

(ii) For the purpose of this Section, the determination that the action or omission of any person constitutes willful misconduct, recklessness, gross negligence

WPAHS-000877

or material breach of this Agreement shall be made by a court of competent jurisdiction or other body before which the relevant action, proceeding or investigation is pending. In the absence of a determination by such court or other body, such determination may be made by legal counsel to the Company in a written legal opinion to the Company; and

(iii) Costs and expenses incurred in defending or responding to any pending or threatened civil or criminal action, proceeding or investigation may be advanced by the Company to the person who is the subject thereof in advance of the final disposition of such action, proceeding or investigation, upon receipt of an undertaking by the person seeking such advance to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified pursuant to this Section.

8. REQUIRED MEMBER CONSENTS.

Notwithstanding any other provision of this Agreement, the following actions may be taken by the Company (whether by the Management Committee, or otherwise) in connection with any of the following matters only with the unanimous written consent of all Members:

(i) Any act in contravention of this Agreement;

(ii) A material change in the nature of the Company's business of acquiring and leasing lithotripsy equipment;

(iii) Any sale of assets of the Company involving total consideration in excess of $25,000;

(iv) Any transaction by the Company involving incurrence of any indebtedness for borrowed money in excess of $25,000;

(v) Any capital expenditures in excess of $25,000;

WPAHS-000878

(vi) Any transaction between the Company and any Member, Manager or affiliate thereof, which is not an arm's-length basis;

(vii) Any material acquisition by the Company involving total consideration in excess of $25,000;

(viii) Any transaction to liquidate or dissolve the Company; and

(ix) The admission of additional members to the Company.

9. BOOKS, RECORDS AND AUDITS.

a. Books and Records. The Company shall keep, or cause to be kept, at its principal office full and true books and records of account for the Company, which shall be open to reasonable inspection and examination by the Members or their duly authorized representatives. The Company shall not be required to deliver or mail copies of the articles of organization, or any amendment or cancellation thereof to the Members. The Company shall maintain its books on the cash method of accounting.

b. Accounting Period, Annual Financial Statements. The accounting period of the Company shall be the calendar year ending December 31. The Company shall provide each Member with a financial statement of the Company as soon after the end of the calendar year as is reasonably possible.

c. Federal Income Tax Information. As soon as possible after the close of each calendar year, a report shall be furnished of the net profits or losses of the Company to each Member, together with a statement indicating the Member's share in the profits or losses for such year. In addition, each Member shall be provided with such additional information as may be reasonably required in preparing his or her own state and federal income tax returns.

WPAHS-000879

10. ASSIGNMENT, WITHDRAWAL OR TRANSFER OF INTERESTS IN COMPANY.

The Units of any Member may not be assigned or transferred, except in accordance with this Agreement.

a. Units are Restricted Securities. The Units have not been registered under the Securities Act of 1933 as amended (hereinafter "Securities Act"), or under the securities laws of any state, and may not be offered, sold, pledged, hypothecated or otherwise transferred unless and until registered under the Securities Act or, in the opinion of counsel in form and substance satisfactory to the Company, such offer, sale, pledge, hypothecation or transfer is in compliance therewith.

b. Permissible Transfers. Transfers of interest in the Company shall be subject to and made only in accordance with this Section 10, and any purported Transfer to the contrary shall be null and void ab initio and shall not be recognized by or binding upon the Company. No Member may Transfer all or any part of his or her interest in the Company to any other Person without first obtaining the prior written consent of the other Members. However, such Member shall be permitted to withdraw from the Company in accordance with this Section 10. Notwithstanding the foregoing, Foundation may Transfer its interest in the Company to any Person without the consent of other Members.

c. Involuntary Assignment by a Member. In the event a Member's interest is taken or disturbed by levy, foreclosure, charging order, execution, bankruptcy or other similar proceeding, the Company shall not dissolve. The assignee of that Member's interest shall receive only the Member's rights to distributions and allocations of federal income tax items attributable to the Member's interest in the Company and shall, in no event, have the right

WPAHS-000880

to interfere in the management or the administration of the Company's business or affairs or to act as a Member. Any entity to which an interest in the Company is involuntarily transferred shall be deemed without further act to have accepted and assumed all of the rights, limitations, terms, and obligations arising under this Agreement on or after the date of such assignment. Upon demand, any such assignee shall execute and deliver to each other party to this Agreement an instrument confirming such assumption. Failure to deliver such instrument shall be deemed a default hereunder by the assignee.

d. Acquisition of an Interest Conveyed to Another Without Authority. If any Person acquires an interest in the Company or becomes an assignee as a result of an order of a court that the Company is required by law to recognize, or if a Member makes an unauthorized Transfer of his or her interest in the Company that the Company is required by law (and by order of a court) to recognize, the Company shall have the unilateral option to acquire the interest of the transferee or assignee, or any fraction or part thereof, upon the following terms and conditions:

(i) The Company shall have the option to acquire the interest by giving notice to the transferee or assignee of its intent to purchase within ninety (90) days from the date it is finally determined that the Company is required to recognize the transfer;

(ii) The valuation date for the determination of the purchase price of the interest shall be the first day of the month following the month in which notice is delivered;

(iii) Unless the Company and the transferee or assignee agree otherwise in writing, the purchase price for the interest, or any fraction to be acquired by the

WPAHS-000881

Company, shall be the Capital Account of the transferred interest as reflected on the books and records of the Company;

(iv) Closing of the sale shall occur at the principal office of the Company at 10:00 a.m. on the second Tuesday of the month following the month in which the valuation described above is rendered; and

(v) In order to reduce the burden upon the resources of the Company, the Company shall have the option, to be exercised in writing delivered at closing, to pay its purchase money obligation in five (5) annual installments (or the remaining term of the Company if less than five (5) years) with interest payable at the applicable federal rate for mid-term obligations published by the United States Treasury Department. The first installment shall be due and payable on the first day of the calendar year following the closing, and subsequent annual installments, with accrued interest, shall be due and payable on the first day of each succeeding calendar year until the entire amount of the obligation is paid. The Company shall have the right to prepay all or any part of the purchase money obligation at any time without penalty.

e. Additional Members. Except as otherwise provided in this Agreement, no additional members may be admitted to the Company without the prior unanimous written consent of the Members. In no event shall the admission of an additional member be permitted unless the additional member shall have:

(i) Acquired the interest with respect to which the additional member is being admitted in compliance with the terms of this Agreement;

(ii) Signed, accepted and assumed, in form satisfactory to the Management Committee, in its discretion, all the terms and provisions of this Agreement;

WPAHS-000882

(iii) Executed such other documents or instruments, or provided such other opinions of legal counsel, as the Management Committee may require to effect the admission of such assignee as an additional Member;

(iv) Paid, as requested by the Company, all legal, accounting, filing and other expenses the Company may incur in connection with such admission;

(v) Active medical staff membership and full clinical privileges in urology at Hospital; and

(vi) Made a Capital Contribution to the Company in the amount of twenty thousand dollars ($20,000).

f. Indemnity. If a Member shall, or shall attempt to, Transfer its Company interest (except in a transaction with or consented to by the other Members as provided in this Agreement) without compliance with the requirements of this Section, such Member shall indemnify and hold harmless the other Members and the Company against and from any and all liabilities, obligations, costs and expenses the other Members or the Company may incur as a result of such failure.

g. Withdrawal Restrictions. Any Member may withdraw from the Company; however, such withdrawal shall not be effective until ninety (90) days after such Member gives written notice of his withdrawal to the Management Committee.

Any Member who voluntarily withdraws from the Company, for reasons other than Disability, retires from the full-time practice of urology or fails to maintain active staff membership with full clinical privileges in urology at Hospital shall continue to be contingently liable for a proportionate share of continued Company liabilities until such liabilities have been satisfied, or until an alternate method of satisfying liabilities has been

WPAHS-000883

agreed to by the Management Committee. Contingently liable shall mean known liabilities, including those accrued or directly resulting from an occurrence prior to the date of voluntary withdrawal from the Company.

Any Member who voluntarily withdraws from the Company, for any reason, retires from the full-time practice of urology or fails to maintain active staff membership with full clinical privileges in urology at Hospital shall be entitled to receive therefore his or her Capital Account, as the same may be reflected on the Company's books and records, as of the effective date of such withdrawal as hereinabove defined.

h. Failure of Member to Maintain Good Standing. Any Member who fails to remain in good standing shall sell, assign and convey such Member's interest in the Company to the Company and the Company shall purchase such Member's interest for an amount equal to the Capital Account balance of such Member as of the date such Member fails to remain in good standing and upon payment of such Capital Account balance, such Member shall cease to be a Member of the Company; provided, further, that if a Member's Capital Account is negative, that Member shall be obligated to restore his or her Capital Account to at least a zero balance within sixty (60) days of the Member's sale, assignment or conveyance of his/her membership interest to the Company. For purposes of this Agreement, a Member fails to remain in good standing upon the happening of any one or more of the following events:

(i) As a result of any disciplinary action, a physician Member's ability to perform professional medical services at Hospital are suspended or terminated and such privileges are not reinstated within thirty (30) days of such suspension or termination;

WPAHS-000884

(ii) Such Member is found by an appropriate legal authority to be guilty of any immoral conduct tending to injure the reputation of Company or such Member's profession;

(iii) Such Member, without first obtaining the written consent of Company, becomes a proprietor, partner, agent, member, shareholder, joint venturer, officer, director, or any type of principal, employee or agent whatsoever of another firm, partnership, limited liability company, joint venture, association, corporation, business organization, professional corporation, professional association or other enterprise authorized to practice medicine in the Commonwealth of Pennsylvania, which competes with the Company;

(iv) Such Member dies, suffers a Disability or withdraws from the Company;

(v) A physician Member retires from the full-time practice of urology; or

(vi) A physician Member fails to maintain active medical staff membership with full clinical privileges in urology at Hospital.

i. Multiple Withdrawals. In the event that two or more Members have withdrawn, become disabled or been expelled, in the event that the Company is obligated to make payments while withdrawing, disabled, deceased, or expelled Members within their estates, without the benefit of insurance, in these events, the Management Committee may determine to reasonably extend the terms of payment to said withdrawing Members or their beneficiaries by reducing the amount of monthly payments otherwise provided herein.

WPAHS-000885

11. DISSOLUTION AND TERMINATION.

a. Events of Dissolution. The Company shall be dissolved (i) upon the sale or other disposition of all or substantially all of its property and assets; (ii) upon the occurrence of any event resulting in there being no Members of the Company; (iii) upon the unanimous consent of the Members; or (iv) any other event causing dissolution under the Act. Notwithstanding the foregoing, in any event of the dissolution of the Company under this paragraph that is outside the control of the Members, the business and affairs of the Company shall not be discontinued and the Company shall remain in existence as a limited liability company under the laws of the Commonwealth of Pennsylvania if the Members agree to continue the Company under this Agreement within sixty (60) days of such event of dissolution.

b. Liquidation. The dissolution of the Company shall be effective on the date on which the event occurs giving rise to such dissolution, but the Company shall not be wound up until the expiration of the sixty (60) day period if applicable, the Company's certificate of organization shall have been canceled, and the assets of the Company shall have been distributed as provided herein. Notwithstanding the dissolution of the Company prior to the winding-up of the Company, the business of the Company and the rights of the Members shall continue to be governed by this Agreement. Upon dissolution of the Company, a liquidator shall be appointed upon the unanimous consent of the Members, and he or she shall liquidate the assets of the Company, apply and distribute the proceeds thereof as contemplated by this Agreement, and cause the cancellation of the Company's certificate of organization.

c. Distributions in Liquidation. Upon the dissolution of the Company and incident to the winding-up of the Company's business and affairs, a liquidator shall pay or make provision for the payment of all liabilities and obligations of the Company, actual or

WPAHS-000886

contingent, and all expenses of liquidation. Any amounts deemed necessary by liquidator to provide a reserve for any unforeseen liabilities and obligations may, in the liquidator's discretion, be deposited in a bank or trust company upon such terms and for such period of time as the liquidator may determine. Following the payment of or provision for the liabilities of the Company as aforesaid, the remaining assets of the Company shall be distributed in the following order of priority: (i) to the payment of the Members of any amounts of income and/or cash flow then distributable to them under Section 6 of this Agreement; and (ii) any remaining assets then to be allocated to the Members proportionately in accordance with their percentage interest in the Company.

d. Right of First Refusal of Foundation. In the event the Members determine that the Company should sell substantially all of its assets, Foundation shall have a right of first refusal to either purchase such assets or the interests of the other Members. In the event that Foundation chooses to exercise such right, such right shall be exercised within sixty (60) days of the Members' determination. The purchase price, in either event, shall be equal to the fair market value of the Members' interests or the assets of the Company as determined by a reputable, independent appraiser retained by the Company. For purposes herein, "reputable" shall mean an appraiser experienced in the area of conducting health care appraisals.

12. RESERVE POWERS, TAX EXEMPT COMMITMENT, PRIORITY OF COMMUNITY BENEFIT, PERMISSIBLE REALTIONSHIPS AND TAX MATTERS.

a. Reserve Powers. Notwithstanding any other provisions set forth in this Agreement or the relative percentage membership interest of the Members, the following reserve powers will be exercisable solely by Foundation to preserve the tax-exempt status of System and

WPAHS-000887

Hospital and will include the ability to promulgate or approve policies for the Company in the following areas:

i. Determination of whether the Company is in compliance with the Tax Exempt Commitments set forth in Section 12b herein and what, if any, action is necessary to assure such commitments;

ii. Approval and adoption of any other policies necessary to conduct the operations of the Company in such a manner as to preserve the tax-exempt status and charitable missions of System and Hospital; and

iii. Determination of whether the operations of the Company negatively affect the tax-exempt status of System or Hospital or their charitable purposes and, if such a determination is made, Foundation may pursue its options pursuant to Section 12f herein.

These reserve powers are intended for use by Foundation solely to assure that the Company does not act in a manner that threatens or otherwise jeopardizes the tax-exempt status of System or Hospital.

b. Tax Exempt Commitment. The Members acknowledge and agree that Company shall not operate in any manner inconsistent with the tax-exempt status of System or Hospital. In furtherance of such tax-exempt purposes, the Company shall (the following to be referred to herein as "Tax Exempt Commitments"): (1) provide services to Medicare, Medicaid and indigent patients; (2) cooperate and generally participate in and provide assistance with respect to System and Hospital's charitable purposes, including community outreach, education, and preventive health programs; and (3) place the community benefits above profit motive consistent with Section 12c. Determination of whether this commitment is being satisfied and

WPAHS-000888

what action the Company must take to remedy such a determination shall be solely determined by Foundation.

c. Priority of Community Benefit. The Members acknowledge and understand that the duty to serve community benefits overrides the profit maximization objectives of the Company. Subject solely to the foregoing, all Members shall exercise their responsibilities and duties to the Company with the highest level of fiduciary duty of care and loyalty to the Company and will take all actions and make all votes in good faith with such duties.

d. Permissible Relationships. The Members understand that the Company's operations are subject to various state and federal laws regulating permissible relationships between the Members and entities such as the Company, including 42 U.S.C. §1320a-7b (the "Federal Anti-Kickback Statute") and 42 U.S.C. §1395nn (the "Stark Law"). It is the intent of the parties that the Company operates in a manner consistent with the foregoing statutes. Accordingly, each Member represents and warrants that such Member has not provided or received remuneration to induce the referral of Medicare or Medicaid items or services to any other Person, including a Member or the Company, that no Person has requested information from the Member regarding the Member's ability to refer Medicare and Medicaid items or services, that no Member or Affiliate has lent money to another Member for the purpose of permitting investment herein or otherwise, and that the Members have not been encouraged to invest or not invest based on their ability to direct referrals to the Company, other entities, Members or affiliates.

e. Tax Matters Partner. Foundation or its designee shall be the "tax matters partner" of the Company pursuant to Section 6231(a)(7) of the Code (the "Tax Matters

WPAHS-000889

Partner"). The Tax Matters Partner shall be authorized and required to represent the Company (at the expense of the Company) in connection with all examinations of the affairs of the Company by any federal, state or local tax authorities, including any resulting administrative and judicial proceedings, and to expend funds of the Company for professional services and costs associated therewith. The Tax Matters Partner shall take all actions necessary to preserve the rights of the Members with respect to audits and shall provide all Members with notices of all such proceedings and other information as required by law. The Tax Matters Partner shall obtain the prior written consent of each Member before settling, compromising or otherwise altering the defense of any proceeding before the Internal Revenue Service if such Member or any of its Members could be affected thereby. The Tax Matters Partner shall keep the Members timely informed of its activities under this Section. The Tax Matters Partner may prepare and file protests or other appropriate responses to such audits. The Tax Matters Partner shall select counsel to represent the Company in connection with any audit conducted by the Internal Revenue Service or by any state or local authority. All costs incurred in connection with the foregoing activities, including legal and accounting costs, shall be borne by the Company. Any additional expenses with respect to judicial review of adverse determinations in connection with any such tax audits or the defense of any Member against any claim asserted by the Internal Revenue Service or state or local tax authority of additional tax liability arising out of the Member's ownership of its membership interest shall only be incurred by the Member(s) who have authorized the Tax Matters Partner, in writing, to proceed with such judicial review or defense. Each Member agrees to cooperate with the Tax Matters Partner and to do or refrain from doing any or all things reasonably required by the Tax Matters Partner in connection with the conduct of all such proceedings.

WPAHS-000890

f. Changes in Law and Regulations. In the event any applicable federal, state or local law or any regulation, order or policy issued under any such law is changed (or any judicial interpretation thereof is developed or changed) in a way that will have a material adverse effect on the practical realization of the benefits anticipated by one or more Members to this Agreement or Foundation determines that continued operation of the Company may adversely affect the tax-exempt status of System or Hospital, the adversely affected Member or Members shall notify the other Member or Members in writing of such change or determination and the effect of the change or determination. Such notification shall be accompanied by an opinion of counsel, reasonably versed in health care matters, addressed to the Company setting forth its concerns. The Members shall enter into good faith negotiations to modify this Agreement to compensate for such change or determination. If an agreement on a method for modifying this Agreement is not reached within thirty (30) days of such written notice, the adversely affected Member may, at his or her option, provide written notice to the other Members that he or she is willing, because of the inability of the Members to resolve the issues raised to the reasonable satisfaction of the adversely affected Member, to either (i) make cash payment to the other Member or Members in consideration for the transfer of such Member's membership interest in the Company or (ii) transfer its membership interest in the Company in exchange for a cash payment from the other Members. Within thirty (30) days of receipt of such notice, the Member or Members receiving the notice shall be required to elect either to make such cash payment or to accept such cash payment from the Member sending the notice. Such cash payment shall be at fair market value and payable within sixty (60) days of the receipt of the receiving Member's election.

WPAHS-000891

13. AMENDMENTS.

Any Member may propose an amendment to this Agreement. A proposed amendment shall be adopted and shall be effective as an amendment hereto if it receives the unanimous vote of the Members.

14. MISCELLANEOUS.

a. Notices. Any and all notices, elections, consent or demands permitted or required to be made under this Agreement shall be made in writing signed by the Member giving such notice, election, consent or demand and shall be delivered personally, or sent by registered or certified mail, or sent by telecopy (fax), to the Company or other Members at the address or addresses set forth in the Company's records or to such other address as may be supplied by written notice given in conformity with the terms of this Paragraph.

b. Successors and Assigns. Subject to the restrictions on transfers set forth herein, this Agreement and each and every provision hereof shall be binding upon and shall inure to the benefit of the Members, their respective successors, successors in title, heirs and assigns, and each and every successor in interest of any Member, whether such successor acquires such an interest by way of gift, purchase, foreclosure or by any other method, shall hold such interest subject to all the terms and provisions of this Agreement.

c. Applicable Law. This Agreement and the rights of the parties hereunder shall be governed by the laws of the Commonwealth of Pennsylvania.

d. Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall be deemed one original instrument notwithstanding that all parties are not signatory to the same counterpart.

WPAHS-000892

e. Headings. The headings used in this Agreement are used solely for convenience of reference and shall not constitute a part of this Agreement or affect its meaning, construction or effect.

f. Entire Agreement. This Agreement contains the entire agreement among the Members with respect to the subject matter hereof.

g. Waiver of Partition. The Members hereby waive any right of partition or any right to take any other action that otherwise might be available to them for the purpose of severing their relationship with the Company or their interest in the assets held by the Company from the interest of other Members.

h. Severability. This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable law, ordinances, rules and regulations of the jurisdiction in which the Company does business. If any provisions of this Agreement or the application thereof to any person or circumstance shall, for any reason, and to any extent, be invalid or unenforceable, the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

i. Reliance on Acts of the Members. No financial institution or any other person, firm or corporation dealing with the Members shall be required to ascertain whether the Members are acting in accordance with this Agreement, but such financial institution or such other person, firm or corporation shall be protected in relying solely upon the deed, transfer or assurance of and the execution of such instrument or instruments of the Members.

WPAHS-000893

IN WITNESS WHEREOF, this Agreement has been executed by the Members as of the day and year first above written.

MEMBERS:

WEST PENN ALLEGHENY FOUNDATION

By: _____

Title: _____

WITNESS

WITNESS

Carl O. Bruning, III, M.D.

WITNESS

Stewart L. Feldman, M.D.

WITNESS

Thomas K. Rosvanis, M.D.

WITNESS

Gregory Halenda, M.D.

WPAHS-000894

EXHIBIT A

SCHEDULE OF MEMBERS, CAPITAL CONTRIBUTIONS AND UNITS

MEMBER	CAPITAL CONTRIBUTION	UNITS
1. West Penn Allegheny Foundation	$55,000.00	20
2. Carl O. Bruning, III, M.D.	$55,000.00	20
3. Stewart L. Feldman, M.D.	$55,000.00	20
4. Gregory Halenda, M.D.	$55,000.00	20
5. Thomas K. Rosvanis, M.D.	$55,000.00	20

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OPERATING AGREEMENT
of
McCandless Endoscopy Center, LLC
a Pennsylvania Limited Liability Company

This **OPERATING AGREEMENT** (this "Agreement") is dated effective as of November 1, 2007 by and among **ACDH ENDOSCOPY II, LLC**, a Pennsylvania limited liability company ("ACDH II"); and **ALLEGHENY GENERAL HOSPITAL**, a Pennsylvania non-profit corporation ("AGH") (individually a "Member" and collectively "Members") and **MCCANDLESS ENDOSCOPY CENTER, LLC** (the "Company").

RECITAL

WHEREAS, McCandless Endoscopy Center, LLC (the "Company") was established effective June 7, 2007; and

WHEREAS, the parties hereto agree to operate the Company in accordance with the terms of, and subject to the conditions set forth in, this Agreement.

NOW, THEREFORE, the parties, intending legally to be bound hereby, agree as follows:

Article I
Definitions

The following capitalized terms shall have the meanings specified in this Article I. Other terms are defined in the text of this Agreement; and, throughout this Agreement, those terms shall have the meanings respectively ascribed to them.

"ACDH II Principal" means any member or owner of ACDH II.

"Agreement" means this Operating Agreement, as amended from time to time.

"Applicable Non-Compete Period" means (i) in the case of a Member, the time during which it is a Member and a period of eighteen (18) months thereafter; and (ii) in the case of a ACDH II Principal, the period during which a Person is an ACDH II Principal (or a principal of an entity that is a member of ACDH II), and for a period of eighteen (18) months thereafter.

"Board" means the Board of Managers.

"Book Value" means with respect to any Company asset, the asset's book value as carried on the books and records of the Company, determined in compliance with the provisions of Treasury Regulation Section 1.704-1(b)(2)(iv).

"Capital Account" means the account to be maintained by the Company for each Interest Holder in accordance with the following provisions:

WPAHS-000896

(i) An Interest Holder's Capital Account shall be credited with the Interest Holder's Capital Contributions, the amount of any Company liabilities assumed by the Interest Holder (or which are secured by Company property distributed to the Interest Holder), and the Interest Holder's distributive share of Profit; and

(ii) An Interest Holder's Capital Account shall be debited with the amount of money and the fair market value of any Company property distributed to the Interest Holder, the amount of any liabilities of the Interest Holder assumed by the Company (or which are secured by property contributed by the Interest Holder to the Company), and the Interest Holder's distributive share of Loss.

If any Interest is transferred pursuant to the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent the Capital Account is attributable to the transferred Interest. If the book value of Company property is adjusted, the Capital Account of each Interest Holder shall be adjusted to reflect the aggregate adjustment in the same manner as if the Company had recognized gain or loss equal to the amount of such aggregate adjustment. It is intended that the Capital Accounts of all Interest Holders shall be maintained in compliance with the provisions of Regulation Section 1.704 1(b), and all provisions of this Agreement relating to the maintenance of Capital Accounts shall be interpreted and applied in a manner consistent with that Regulation.

"Capital Contribution" means the total amount of cash and the fair market value of any other assets contributed (or deemed contributed under Regulation Section 1.704 1(b)(2)(iv)(d)) to the Company by a Member, net of liabilities assumed or to which the assets are subject.

"Capital Proceeds" means the gross receipts received by the Company from a Capital Transaction.

"Capital Transaction" means any transaction not in the ordinary course of business which results in the Company's receipt of cash or other consideration other than Capital Contributions, including, without limitation, proceeds of sales or exchanges or other dispositions of property not in the ordinary course of business, financings, refinancings, condemnations, recoveries of damage awards, and insurance proceeds.

"Cash Flow" means all cash funds derived from operations of the Company (including interest received on reserves), without reduction for any noncash charges, but less cash funds used to pay current operating expenses and to pay or establish reasonable reserves for future expenses, debt payments, capital improvements, and replacements as determined by the Board. Cash Flow shall not include Capital Proceeds but shall be increased by the reduction of any reserve previously established.

"Code" means the Internal Revenue Code of 1986, as amended, or any corresponding provision of any succeeding law.

"Company" means the limited liability company formed in accordance with this Agreement.

"Deadlock" shall have the meaning set forth in Section 5.14.

"Events of Default" shall have the meaning set forth in Section 9.1.

"Excluded Business" means any (i) free standing endoscopy center, or (ii) free standing ambulatory surgery center, or (iii) private medical office, that provides esophageal, gastro or duodenal endoscopy, colonscopy, ERCP, EUS or enteroscopy procedures (collectively, the "Excluded Procedures"); provided, however, the term "Excluded Business" shall not include a free standing ambulatory surgery center that is owned (in whole or in part) or operated, directly or indirectly, by AGH or any ACDH II Principal, respectively, if such free standing ambulatory surgery center's aggregate volume of Excluded Procedures is less than three percent (3%) of its total surgical volume.

"Fair Market Value of a Unit" means the then current fair market value of a Unit as agreed upon by the Members or as determined by an independent third party appraiser.

"Gross Fair Market Value" means the agreed fair market value of an asset or as determined by an independent third party appraiser determined without taking into account any liabilities that are secured by such asset or which are otherwise associated with such asset.

"Interest" means a Person's share of the Profits and Losses of, and the right to receive distributions from, the Company.

"Interest Holder" means any Person who holds an Interest, whether as a Member or as an un-admitted assignee of a Member.

"Involuntary Withdrawal" means, with respect to any Member, the occurrence of any of the following events:

(i) The Member makes an assignment for the benefit of creditors;

(ii) The Member files a voluntary petition of bankruptcy;

(iii) The Member is adjudged bankrupt or insolvent or there is entered against the Member an order for relief in any bankruptcy or insolvency proceeding;

(iv) The Member files a petition or answer seeking for the Member any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law, or regulation;

(v) The Member seeks, consents to, or acquiesces in the appointment of a trustee for, receiver for, or liquidation of the Member or of all or any substantial part of the Member's properties;

(vi) The Member files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Member in any proceeding described in Subsections (i) through (v);

(vii) Any proceeding against the Member seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute,

law, or regulation, continues for one hundred twenty (120) days after the commencement therefor, the appointment of a trustee, receiver, or liquidator for the Member or all or any substantial part of the Member's properties without the Member's agreement or acquiescence, which appointment is not vacated or stayed for one hundred twenty (120) days or, if the appointment is stayed, for one hundred twenty (120) days after the expiration of the stay during which period the appointment is not vacated;

(viii) If the Member is an individual, the Member's death or adjudication by a court of competent jurisdiction as incompetent to manage the Member's person or property;

(ix) If the Member is acting as a Member by virtue of being a trustee of a trust, the termination of the trust;

(x) If the Member is a partnership or another limited liability company, the dissolution and commencement of winding up of the partnership or limited liability company;

(xi) If the Member is a corporation, the dissolution of the corporation or the revocation of its charter; or

(xii) If the Member is an estate, the distribution by the fiduciary of the estate's entire interest in the limited liability company.

"Law" means the Pennsylvania Limited Liability Company Act, as amended from time to time.

"Manager" is a Person designated as such pursuant to Article V.

"Member" means each Person signing this Agreement and any Person who subsequently is admitted as a member of the Company; but only so long as such Person is shown as a Member on the Company's books and records.

"Membership Rights" means all of the rights of a Member in the Company, including a Member's: (i) Interest; (ii) right to inspect the Company's books and records; and (iii) right to participate in the management of and vote on matters coming before the Members.

"Nonrecourse Deductions" shall have the meaning set forth in Regulation Section 1.704-2(b)(1).

"Nonrecourse Liability" means any liability of the Company with respect to which no Member has personal liability determined in accordance with Code Section 752 and the Regulations promulgated thereunder.

"Percentage Interest" means the ratio of an Interest Holder's total Units to the total Units of all Interest Holders expressed as a percentage.

"Person" means and includes any individual, corporation, partnership, association, limited liability company, trust, estate, or other entity.

"Positive Capital Account" means a Capital Account with a balance greater than zero.

"Profit" and "Loss" mean, for each taxable year of the Company (or other period for which Profit or Loss must be computed) the Company's taxable income or loss determined in accordance with Code Section 703(a), with the following adjustments:

(i) All items of income, gain, loss, deduction, or credit required to be stated separately pursuant to Code Section 703(a)(1) shall be included in computing taxable income or loss;

(ii) Any tax-exempt income of the Company, not otherwise taken into account in computing Profit or Loss, shall be added to taxable income or loss;

(iii) Any expenditures of the Company described in Code Section 705(a)(2)(B) (or treated as such pursuant to Regulation Section 1.704 1(b)(2)(iv)(i)) and not otherwise taken into account in computing Profit or Loss, shall be subtracted from taxable income or loss;

(iv) Gain or loss resulting from any taxable disposition of Company property shall be computed by reference to the adjusted book value of the property disposed of, notwithstanding the fact that the adjusted book value differs from the adjusted basis of the property for federal income tax purposes; and

(v) In lieu of the depreciation, amortization, or cost recovery deductions allowable in computing taxable income or loss, there shall be taken into account the depreciation computed based upon the adjusted book value of the asset.

"Regulation" means the income tax regulations, including any temporary regulations, from time to time promulgated under the Code.

"Restricted Area" means a 7.5 mile radius from the Company's location at 9335 McKnight Road, Pittsburgh, PA 15237 plus a 47.5 mile radius from 1307 Federal Street, Pittsburgh, PA 15212.

"Taxes" means income, franchise, transfer, withholding, employment or any other taxes, and interest, charges and penalties.

"Transfer" means, any transfer of or attempt to transfer or the placing of any encumbrance upon or attempt to encumber or suffering an encumbrance to exist upon either legal title to or any beneficial interest in any Interest in the Company by means of a gift, sale, pledge, assignment, death, hypothecation, alienation or other disposition, with or without consideration and whether voluntarily or involuntarily or by operation of law. Without limiting the generality of the foregoing, Transfer shall include a merger of Member.

"Unit" means the unit into which the proprietary interests of the Company is divided. Each Unit in the Company shall entitle the Member owning such Unit to one (1) vote. The authorized number of Units of the Company shall be Five Hundred (500). Units shall be not be in certificate form.

"Voluntary Withdrawal" means a Member's dissociation with the Company by means other than by a Transfer or an Involuntary Withdrawal.

Article II
Formation and Name: Office; Purpose; Term

2.1 Organization. The parties hereby approve the organization of this Company in accordance with the Law and the provisions of this Agreement by their authorized agent and, further approve the Certificate of Organization of the Company attached hereto as Exhibit B which was filed of record with the Commonwealth of Pennsylvania.

2.2 Name of the Company. The name of the Company shall be McCandless Endoscopy Center, LLC. The Company may do business under that name and under any other name or names that the Board selects, subject to appropriate registration.

2.3 Purpose. The purposes of the Company and the business to be carried on are as follows:

A. to operate and manage a freestanding endoscopy facility and;

B. to do any and all other acts and things which may be necessary, incidental or convenient to carry on the foregoing purposes of the Company.

2.4 Tax Exempt Commitment. The Members acknowledge and agree that the Company shall not operate in any manner inconsistent with the tax-exempt status of AGH. In furtherance of such tax-exempt purposes, the Company shall (1) provide services to Medicare, Medicaid and indigent patients; and (2) cooperate and generally participate in and provide assistance with respect to AGH's charitable purpose, including community outreach, education and preventive health programs.

In addition, the Members acknowledge and understand that the duty to serve community benefit overrides the profit maximization objectives of the Company. Subject solely to the foregoing, all Board members shall exercise their responsibilities and duties to the Company with the highest level of fiduciary duty of care and loyalty to the Company and will take all actions and make all votes in good faith with such duties.

2.5 Term. The term of the Company shall being with the filing of the Certificate of Organization and shall continue in existence until terminated pursuant to Article VII of this Agreement.

2.6 Registered Office; Principal Office. The registered office of the Company shall be 1307 Federal Street, Pittsburgh, PA 15212 or at any other place as selected by the Board. The

principal office of the Company shall be located at the same location as the registered address or such other place as selected by the Board.

2.7 Members. The name, present mailing address, taxpayer identification number, and Percentage Interest of each Member are set forth on Exhibit A attached hereto and made a part hereof.

2.8 Permissible Relationships. The Members understand that the Company's operations are subject to various state and federal laws regulating permissible relationships between the Members and entities such as the Company, including 42 U.S.C. § 1320a-7b (the "Federal Anti-Kickback Statute"), and 42 U.S.C. § 1395nn (the "Stark Law"). It is the intent of the parties that the Company operates in a manner consistent with the foregoing statutes. Accordingly, each Member represents and warrants that such Member has not provided or received remuneration to induce the referral of Medicare or Medicaid items or services at the facility to any other Person, including a Member or the Company, that no person has requested information from the Member regarding the Member's ability to refer Medicare and Medicaid items or services at the facility or to the Company, that no Member or affiliate has lent money to another Member for the purpose of obtaining its investment herein or otherwise, and that the Members have not been encouraged to invest or not invest based on their ability to direct referrals to the Company, other entities, Members or affiliates. The Members also acknowledge that, to their best knowledge, no physician, as that term is defined in the Stark law, is being compensated by such Member or the Company in a manner that takes into account the volume of value of referrals or other business generated by such physician.

Article III
Members; Capital; Capital Accounts

3.1 Capital Contributions.

Upon the execution of this Agreement, ACDH II and AGH shall each contribute to the Company cash in the amount of $90,000 and each shall receive 90 Units of the Company.

3.2 Additional Capital Contributions.

A. If the Board at any time or from time to time determines that the Company requires additional Capital Contributions, then the Board shall give notice to each Member of (i) the total amount of additional Capital Contributions required, (ii) the reason the additional Capital Contribution is required, (iii) each Member's proportionate share of the total additional Capital Contribution (determined in accordance with this Section), and (iv) the date each Member's additional Capital Contribution is due and payable, which date shall be thirty (30) days after the notice has been given. Notwithstanding the foregoing, the Board shall not request additional Capital Contributions pursuant to this Section 3.2A, in excess of $100,000 in the aggregate, unless such request has been approved by Members holding at least Seventy-five percent (75%) of all outstanding Units at the time of such request. A Member's proportionate share shall be payable in cash or by certified check.

B. Except as provided in Section 3.2 A, no Member shall be required to contribute any additional capital to the Company, and no Member shall have any personal liability for any obligation of the Company.

C. If a Member fails to pay when due all or any portion of any additional Capital Contribution, the Board may request the non-defaulting Members to pay the unpaid amount of the defaulting Member's additional Capital Contribution.

D. If a Member fails to pay when due all or any portion of any additional Capital Contribution, the Company shall issue to the contributing Member(s) additional Units in the Company, the number of which shall be calculated by dividing the additional Capital Contribution by the then current Fair Market Value of a Unit. The Board shall amend Exhibit A accordingly. This remedy is in addition to any other remedies allowed by law or by this Agreement.

3.3 No Interest on Capital Contributions. Interest Holders shall not be paid interest on their Capital Contributions.

3.4 Return of Capital Contributions. No Interest Holder shall have the right to receive the return of any Capital Contribution.

3.5 Capital Accounts; Determination of and Adjustments to Book Value and Capital Accounts. A separate Capital Account shall be maintained for each Interest Holder.

When determining the Book Value of the assets of the Company and the appropriate balances in each Member's respective Capital Account resulting from any adjustments to such Book Value, in accordance with the provisions of Treasury Regulation Section 1.704-1(b)(2)(iv), the following accounting rules shall apply:

(a) The initial Book Value of any asset contributed by a Member to the Company shall be its Gross Fair Market Value on the date of contribution.

(b) The Book Values of all Company assets shall be adjusted to equal their respective Gross Fair Market Values, as of the following times:

(i) the acquisition of an interest (including an additional interest) in the Company by any new or existing Member if the Manager determines that such adjustment is necessary or appropriate to reflect the relative economic interests of the Members with respect to the Company;

(ii) the distribution by the Company to a Member of more than a de minimis (as determined by the Manager) amount of money or other Company property if the Manager determines that such adjustment is necessary or appropriate to reflect the relative economic interests of the Members with respect to the Company;

(iii) the liquidation of the Company within the meaning of Treasury Regulation Section 1.704-1(b)(2)(ii)(g);

(iv) the grant of an interest in the Company, other than a de minimis interest, as consideration for the provision of services to or for the benefit of the Company; or

(v) the occurrence of any other event (including, without limitation, a refinancing of any property of the Company) if the Manager determines that such adjustment is necessary or appropriate to reflect the economic interests of the Members with respect to the Company and is not prevented by applicable regulations.

(c) The Book Value of any Company asset distributed to any Member shall be adjusted to equal its Gross Fair Market Value on the date of such distribution.

(d) The Book Value of Company assets shall not be increased or decreased to reflect any adjustments to the adjusted tax basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), except to the extent that such adjustments are taken into account in determining and maintaining capital accounts pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m); provided, however, that Book Value shall not be adjusted pursuant to this Section 3.5(d) to the extent that such adjustment was previously reflected in the Book Value of the Company's assets.

3.6 Additional Members. A Person may be admitted to the Company as a Member by unanimous vote of the Members and only upon furnishing to the Board (a) a letter of acceptance, in form satisfactory to the Board, of all of the terms and conditions of this Agreement, and (b) such other documents and instruments as the Board deems necessary or appropriate to effect such Person's admission as a Member. Such admission shall become effective on the date on which the Board determines in its sole discretion that such conditions have been satisfied.

3.7 Investment Representations. Each Member represents and warrants to the Company and the other Member that:

A. No Registration. Such Member understands the Interests issued pursuant to this Agreement have not been registered under the Securities Act of 1933 or any state securities laws (the "Securities Acts") because the Company is issuing these Interests in reliance upon, among other things, the exemptions from the registrations requirements of the Securities Acts providing for issuance of securities not involving a public offering.

B. Purchase for Own Account. Such Member's Interest is to be held by such Member for its own account for investment and not with a view toward any resale or other distribution thereof.

C. Knowledge and Experience, Investigation. Such Member has such knowledge and experience in financial and business maters that it is capable of evaluating the merits and risks of a purchase of its Interest. Such Member has, prior to purchasing its Interest, conducted its own investigation and has consulted with his own legal, tax and business advisors to arrive at his own independent evaluation of its Interest. Such Member has had an opportunity to ask questions and receive answers concerning the Company, and all such questions have been answered to its full satisfaction, and to obtain any additional information that it considers necessary.

D. Risk. It has been called to such Member's attention that an investment in the Interests involves a high degree of risk, and no assurances have been made regarding any tax or financial advantages which may inure to its benefit from its investment in the Interest. Such Member understands that (i) there will be no market for its Interest; (ii) that there is no right to withdraw from the Company and receive payment for its Interest; (iii) the sale, pledge or transfer of Interests is severely restricted by conditions set forth in this Agreement; (iv) it should be prepared to hold its Interest indefinitely and cannot expect to be able to liquidate the Interest readily in cases of emergency; and (v) the transfer of its Interest may result in adverse tax consequences to the transferor or transferee of the Interest. Such Member has the financial resources to bear the risk of investing in its Interest.

E. No Other Representation. Such Member has received no representations or warranties from the other Members or the Company other than those contained in this Agreement.

Article IV
Profit, Loss, and Distributions

4.1 Allocations of Profit or Loss and Distributions of Cash Flow and Capital Proceeds.

A. Profit or Loss. Profit or Loss shall be allocated to the Interest Holders in proportion to their Percentage Interest.

B. Cash Flow. The Company may, in the sole and absolute discretion of the Board, distribute Cash Flow to the Interest Holders in proportion to their Percentage Interest. Notwithstanding the foregoing, in the event that Profit is allocated to the Interest Holders in any tax year and the distribution of Cash Flow determined by the Board and distributed to the Interest Holders for such tax year is insufficient to enable the Interest Holders (or the ACDH II Principals in the aggregate, including the principals of an entity that is a member of ACDH II) to pay the federal, state and local taxes owed on account of such allocation of Profit, (the amount by which the tax liability to an Interest Holder (or the ACDH II Principals in the aggregate, including the principals of an entity that is a member of ACDH II) exceeds distributions to them, respectively, hereinafter referred to as the "Tax Shortfall") the Company shall, (upon the request of a Member submitted to the Board and upon the Board's verification of the Tax Shortfall) within ninety (90) days after the commencement of the following tax year, but only to the extent that Cash Flow is available and to the extent not inconsistent with the Company's obligations under loan documents, if any, make a special distribution to each Interest Holder in proportion to their Percentage Interest, in an amount not to exceed the greatest Tax Shortfall realized by an Interest Holder or the ACDH II Principals in the aggregate. Such tax distributions, if any, shall be made pro rata to the Interest Holders in accordance with the deemed allocation of taxable income to them as if each Interest Holder is required to pay taxes.

C. Capital Proceeds. Capital Proceeds may, in the sole and absolute discretion of the Board, be distributed and applied by the Company in the following order and priority:

(i) To the payment of all expenses of the Company incident to the Capital Transaction; then

(ii) To the payment of debts and liabilities of the Company then due and outstanding (including all debts due to any Interest Holder); then

(iii) To the establishment of any reserves which the Board deems necessary for liabilities or obligations of the Company; then

(iv) The balance shall be distributed to the Interest Holders in proportion to their Percentage Interest.

4.2 Regulatory Allocations.

A. Contributed Property. In accordance with IRC Section 704(c) and the Regulations thereunder, as well as Regulation Section 1.704 1(b)(2)(iv)(d)(3), income, gain, loss, and deduction with respect to any property contributed (or deemed contributed) to the Company shall, solely for tax purposes, be allocated among the Interest Holders so as to take account of any variation between the adjusted basis of the property to the Company for federal income tax purposes and its fair market value at the date of contribution (or deemed contribution). If the adjusted book value of any Company asset is adjusted as provided herein, subsequent allocations of income, gain, loss, and deduction with respect to the asset shall take account of any variation between the adjusted basis of the asset for federal income tax purposes and its adjusted book value in the manner required under IRC Section 704(c) and the Regulations thereunder. The Board shall determine the applicable method of applying IRC Section 704(c) and the Regulations thereunder.

B. IRC Section 754 Adjustment. To the extent an adjustment to the tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulation Section 1.704 1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of the adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases basis), and the gain or loss shall be specially allocated to the Interest Holders in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to that Section of the Regulations.

C. Nonrecourse Deductions. Nonrecourse Deductions for a taxable year or other period shall be allocated among the Interest Holders in proportion to their Percentages.

D. Guaranteed Payments. To the extent any compensation paid to any Member by the Company, including any fees payable to any Member pursuant to Section 5.9 hereof, is determined by the Internal Revenue Service not to be a guaranteed payment under Code Section 707(c) or is not paid to the Member other than in the Person's capacity as a Member within the meaning of Code Section 707(a), the Member shall be specially allocated gross income of the Company in an amount equal to the amount of that compensation, and the Member's Capital Account shall be adjusted to reflect the payment of that compensation.

E. Withholding. All amounts required to be withheld pursuant to Code Section 1445 or 1446 or any other provision of federal, state, or local tax law shall be treated as amounts actually distributed to the affected Interest Holders for all purposes under this Agreement.

4.3 Liquidation and Dissolution.

A. If the Company is liquidated, the assets of the Company shall be distributed to the Interest Holders in accordance with the balances in their respective Capital Accounts, after taking into account the allocations of Profit or Loss pursuant to Section 4.1A.

B. No Interest Holder shall be obligated to restore a Negative Capital Account.

4.4 General.

A. Except as otherwise provided in this Agreement, the timing and amount of all distributions shall be determined by the Board.

B. If any assets of the Company are distributed in kind to the Interest Holders, those assets shall be valued on the basis of their fair market value, and any Interest Holder entitled to any interest in those assets shall receive that interest as a tenant in common with all other Interest Holders so entitled. Unless the Members otherwise agree, the fair market value of the assets shall be determined by an independent appraiser who shall be selected by the Board. The Profit or Loss for each unsold asset shall be determined as if the asset had been sold at its fair market value, and the Profit or Loss shall be allocated as provided in Section 4.1A and shall be properly credited or charged to the Capital Accounts of the Interest Holders prior to the distribution of the assets in liquidation pursuant to Section 4.3.

C. Except as otherwise provided in Section 4.1C, all Profit and Loss shall be allocated, and all distributions shall be made to the Persons shown on the records of the Company to have been Interest Holders as of the last day of the taxable year for which the allocation or distribution is to be made. Notwithstanding the foregoing, unless the Company's taxable year is separated into segments, if there is a Transfer or an Involuntary Withdrawal during the taxable year, the Profit and Loss shall be allocated between the original Interest Holder and the successor on the basis of the number of days each was an Interest Holder during the taxable year; provided, however, the Company's taxable year shall be segregated into two or more segments in order to account for Profit, Loss, or proceeds attributable to a Capital Transaction or to any other extraordinary nonrecurring items of the Company.

D. The Board is hereby authorized, upon the advice of the Company's tax counsel, to amend this Article IV to comply with the Code and the Regulations promulgated under IRC Section 704(b); provided, however, that no amendment shall materially affect distributions to an Interest Holder without the Interest Holder's prior written consent.

Article V
Management: Rights, Powers, and Duties; Members

5.1 Board of Managers.

A. The Company shall, except as limited by this Agreement, be managed in all respects by the Board of Managers consisting initially of four (4) Managers. Each Member shall appoint two (2) Persons to serve on the Board of Managers; provided, however that AGH shall not appoint any physician who competes with any ACDH II Principal. The initial Managers

shall be (i) Katie Farah, MD and Paul Lebovitz, MD for ACDH II and (ii) Dawn Javersack and Edward Banos for AGH, each having been appointed by the Member indicated next to such Manager's name. Each Manager shall hold office until the next annual meeting of Members or until his or her successor shall have been elected and qualified, or until his or her earlier death, resignation or removal.

B. If a vacancy occurs on the Board of Managers, the Member that appointed the departing Manager shall appoint a replacement Person to serve on the Board of Managers. Any Manager may be removed, with or without cause, by the Member that appointed the Manager. Any Manager may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or if no time be specified, at the time of its receipt by the remaining Managers. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

5.2 Action of Board of Managers. The Board may take action at meetings at such times and places as it may find necessary or appropriate. The Board shall establish such regular or special meetings as it may find necessary or appropriate and, although the presence of a majority of the Board shall constitute a quorum, all actions of the Board must be approved by seventy-five percent (75%) of the Board. The Board may also take action by unanimous written consent of the Board of Managers without a meeting.

5.3 Officers; Normal Ordinary Course Business. The Board of Managers of the Company shall appoint such officers from time to time as the Board of Managers deems appropriate. Except as otherwise expressly set forth in this Agreement, the day-to-day operations of the Company shall be managed in substantially the same manner as of the date hereof unless otherwise agree upon by the Board of Managers consistent with Section 5.2.

5.4 General Powers. Except as limited by Section 5.5 below, the Board shall have full, exclusive, and complete discretion, power, and authority, subject in all cases to the other provisions of this Agreement and the requirements of applicable law, to manage, control, administer, and operate the business and affairs of the Company for the purposes herein stated, and to delegate any ordinary course business powers to any individual or individuals appointed to manage the day-to-day operations of the Company, and to make all decisions affecting such business and affairs, including without limitation, for Company purposes, the power to:

A. Acquire by purchase, lease, or otherwise, any personal property, tangible or intangible in the ordinary course of business;

B. Construct, operate, maintain, finance, and improve, any personal property in the ordinary course of business;

C. Sell, dispose, trade, or exchange Company assets in the ordinary course of the Company's business;

D. Enter into and terminate agreements and contracts and to give receipts, releases, and discharges;

E. Purchase liability and other insurance (1) to protect the Company's properties and business, and (2) to protect the Managers and officers in connection with the performance of their duties hereunder (including insurance commonly known as director and officer liability coverage);

F. Execute or modify leases with respect to any part or all of the assets of the Company;

G. Execute any and all other instruments and documents which may be necessary or in the opinion of the Board desirable to carry out the intent and purpose of this Agreement in the ordinary course of business;

H. Make any and all expenditures which the Board, in its discretion, deems necessary or appropriate in connection with the management of the affairs of the Company and the carrying out of its obligations and responsibilities under this Agreement, including, without limitation, all legal, accounting, and other related expenses incurred in connection with the organization and financing and operation of the Company;

I. Enter into any kind of activity necessary to, in connection with, or incidental to, the accomplishment of the purposes of the Company;

J. Invest and reinvest Company reserves in short term instruments or money market funds; and

K. Develop and approve the Company's operating budget.

5.5 Extraordinary Transactions. Notwithstanding anything to the contrary in this Agreement, the Board shall not undertake any of the following without the affirmative unanimous approval of the Members:

A. Any Capital Transaction;

B. Conveyance or Mortgage of any Company Property;

C. Prepay, in whole or in part, refinance, amend, modify, or extend any mortgages or deeds of trust which may affect any asset of the Company and in connection therewith to execute for and on behalf of the Company any extensions, renewals, or modifications of such mortgages or deeds of trust;

D. The Company's lending more than $5,000.00 on any one occasion;

E. The admission of additional Members to the Company;

F. The Company's engaging in business in any jurisdiction other than Pennsylvania;

G. The amendment, modification or repeal of the Certificate of Organization or this Agreement;

H. Borrow money for and on behalf of the Company, and, in connection therewith, execute and deliver instruments authorizing the confession of judgment against the Company;

I. Sale or other disposition of all or substantially all of the assets or Interests of the Company.

J. Merger, dissolution or other disposition of the Company.

K. A call for Capital Contributions in excess of $100,000 in the aggregate.

L. The purchase or lease of capital equipment with a value over $200,000.

5.6 Annual Budget.

On or before December 1st of each year this Agreement shall be in effect, the Board shall prepare a proposed budget for the next succeeding fiscal year for the Company. In the event that the Board is unable to reach agreement with respect to the budget prior to the start of the applicable fiscal year, the proposed budget shall be deemed to be accepted (except for the objectionable items) and the Company may expend funds with respect to any objectionable item in an amount not to exceed that approved or in effect for the prior fiscal year. If the Board cannot agree on a majority of the items in the proposed budget, the prior years approved budget shall continue to be the budget used by the Company pending the resolution of the matter through arbitration.

5.7 Limitation on Authority of Members.

A. No Member is an agent of the Company solely by virtue of being a Member, and no Member has authority to act for the Company solely by virtue of being a Member.

B. Any Member who takes any action or binds the Company in violation of this Article V shall be solely responsible for any loss and expense incurred by the Company as a result of the unauthorized action and shall indemnify and hold the Company harmless with respect to the loss or expense.

C. A Manager may resign upon ninety (90) days written notice to the Members, after which notice the Members may elect a new Manager following the procedure set forth at Section 5.1.

D. A Member, at any time and from time to time and for any reason, may remove any Manager it has appointed and elect a new Manager following the procedure set forth at Section 5.1.

5.8 Meetings of and Voting by Members.

A. A meeting of the Members may be called at any time by the Board or by those Members holding at least Fifty percent (50%) of the Percentages then held by Members. Meetings of Members shall be held at the Company's principal place of business or at any other

place in the Commonwealth of Pennsylvania and within sixty (60) miles of the Company's principal place of business designated by the Person calling the meeting. Not less than ten (10) nor more than ninety (90) days before each meeting, the Person calling the meeting shall give written notice of the meeting to each Member entitled to vote at the meeting. The notice shall state the time, place, and purpose of the meeting. Notwithstanding the foregoing provisions, each Member who is entitled to notice waives notice if before or after the meeting the Member signs a waiver of the notice which is filed with the records of Members' meetings, or is present at the meeting in person or by proxy. Unless this Agreement provides otherwise, at a meeting of Members, the presence in person or by proxy of Members holding not less than Seventy-five (75%) of the Percentages then held by Members constitutes a quorum. A Member may vote either in person or by written proxy signed by the Member or by his duly authorized attorney-in-fact.

B. Except as otherwise provided in this Agreement, the affirmative vote of Members holding Seventy-five percent (75%) of the Percentages then held by Members shall be required to approve any matter coming before the Members.

C. In lieu of holding a meeting, the Members may vote or otherwise take action by a written instrument indicating the consent of Members holding 100% of the Percentages then held by Members.

5.9 Personal Services.

A. No Member shall be required to perform services for the Company solely by virtue of being a Member. Unless approved by the Board, no Member shall perform services for the Company or be entitled to compensation for services performed for the Company.

B. Unless approved by Members holding Seventy-five percent (75%) of the Percentages then held by Members, Managers shall not be entitled to compensation for services performed for the Company. However, upon substantiation of the amount and purpose thereof, any Manager shall be entitled to reimbursement for expenses reasonably incurred in connection with the activities of the Company.

5.10 Duties of Parties.

A. The Board shall devote such time to the business and affairs of the Company as is necessary to carry out the Board's duties set forth in this Agreement.

B. Each Member understands and acknowledges that the conduct of the Company's business may involve business dealings and undertakings with Members and their affiliates. In any of those cases, those dealings and undertakings shall be at arm's length and on commercially reasonable terms.

C. Except as otherwise expressly provided in this Agreement, nothing in this Agreement shall be deemed to restrict in any way the rights of any Member, or any of its members, shareholders, partners or affiliates, to conduct any business or activity whatsoever, whether or not such business or activity is competitive with the business or interests of the Company, which for the purposes of this Agreement are limited to owning, operating and

managing a freestanding endoscopy facility and the other lawful purposes described in Section 2.3, above (the "Company's Business").

D. Except as otherwise specified in this Agreement, any Member may have other business interests and may engage in other activities in addition to those relating to the Company, and neither the Company nor any Member shall have any right (by virtue of this Agreement) to share in such other investments or activities of the Member or to the income or proceeds derived therefrom.

5.11 Liability and Indemnification.

A. The Board shall not be liable, responsible, or accountable, in damages or otherwise, to any Member or to the Company for any act performed by the Board within the scope of the authority conferred on the Board by this Agreement, except for fraud, gross negligence, or an intentional breach of this Agreement.

B. The Company shall indemnify the Managers for any act performed by any Manager within the scope of the authority conferred on the Managers by this Agreement, except for fraud, gross negligence, or an intentional breach of this Agreement.

5.12 Confidentiality.

A. In the course of negotiations prior to execution of this Agreement and during the term of the Company, each Member may have made or may make available to the Company or the other Member, and the Company may have made or may make available to the Members, in each case directly or indirectly to their affiliates, agents or employees (each, a "*Recipient*"), certain information, including, without limitation, information relating to such Person's research, development, product design, processes, planning, purchasing, accounting, finance, selling, marketing, market research, promotional plans, customers, suppliers, and other information of a similar nature, which may include information in which the disclosing Person or its affiliates have proprietary interests (collectively, "*Confidential Information*"). Confidential Information shall remain the property of the disclosing Person; and the Recipient shall ensure that such Confidential Information, except as permitted by this Section 5.12, shall be held in the strictest confidence and shall be used by the Recipient only in the performance of its obligations under this Agreement and other agreements contemplated hereunder, unless disclosure thereof is consented to by the other Member.

B. The obligations set forth in this Section 5.12 shall survive termination of this Agreement indefinitely, but shall not apply to Confidential Information disclosed by the Recipient to a third party to the extent that such Confidential Information:

(i) at the time of disclosure is part of the public knowledge or literature and readily accessible to such third party other than as a result of an unauthorized disclosure by a Recipient;

(ii) is required by law to be disclosed, is required to be disclosed in connection with compliance by either Member or any of their affiliates with federal, state or local

laws, rules and regulations, or is requested to be disclosed by governmental regulators having jurisdiction over the Member or such affiliate;

(iii) was lawfully in the possession of the Recipient prior to its disclosure by the disclosing Person, as evidenced by the Recipients' written materials;

(iv) has been lawfully obtained by the Recipient from a third party or third parties who the Recipient knew or had every reason to believe were not in breach of any nondisclosure obligation to the disclosing Person; or

(v) was developed by employees or agents of the Recipient independently of and without reference to any Confidential Information.

In the event that the Recipient is requested pursuant to, or required by, applicable law or regulation or by legal process to disclose any Confidential Information, Recipient shall provide the Company or other Member, as the case may be, with prompt notice of such request(s) to enable the Company or other Member, as applicable, to seek an appropriate protective order or other appropriate remedy.

5.13 Non-Competition.

A. Subject to Section 5.13(B), during the Applicable Non-Compete Period, no Member shall, no entity controlled by a Member (for purposes of this Section 5.13 Allegheny Specialty Practice Network ("ASPN") shall be deemed to be controlled by AGH) shall, and no ACDH II Principal nor a principal of an entity that is a member of ACDH II, shall:

(i) for itself, himself, herself or others (whether as an officer, director, shareholder, member, owner, partner, joint venturer, employee, independent contractor, consultant, advisor or representative), establish, enter into, be employed by or for, advise, consult with, negotiate with or for, or become an owner of any Person, other than the Company, that engages in an Excluded Business within the Restricted Area; or

(ii) induce or attempt to induce any employee of the Company to leave the employ of the Company, or in any way interfere with the relationship between the Company and any employee of the Company, or employ or otherwise engage as an employee, independent contractor, or otherwise, any employee of the Company.

B. The following activities shall not constitute a violation of this Section 5.13;

(i) Ownership of not more than 5% of the capital stock of a business engaged in an Excluded Business, whose stock is traded on a national securities exchange or over the counter;

(ii) The provision of any Excluded Business at an AGH hospital facility; or in the case of a merger that is a Permitted Transfer (as defined in Section 6.1) the provision of any Excluded Business in existence immediately prior to the merger, provided that neither Member nor any ACDH II Principal facilitated or participated directly or

indirectly in the formation of such Excluded Business for the purpose of circumventing the restrictions of this Agreement;

(iii) The provision of any Excluded Business at an ASPN office, provided that such procedures are not performed by physician practicing in the specialty of gastroenterology and, further provided, that such procedures do not make up more that 20% of the total CPT codes of the physician(s) performing such procedures; and

(iv) Ownership of a direct or indirect interest in North Shore Endoscopy Center, LLC.

C. Notwithstanding anything herein to the contrary, any ACDH II Principal who is or becomes a principal of ACDH Endoscopy, LLC and AGH shall be permitted to engage in an Excluded Business within the Restricted Area to the extent permitted pursuant to the North Shore Endoscopy Center, LLC, Operating Agreement.

5.14 Deadlock; Arbitration.

In the event the Board of Mangers or the Members, as applicable, are unable to agree (by the requisite majority) on matters described in Section 5.4 (K), Sections 5.5 (I), (J), (K) or (L), and whether there is sufficient cash flow to make distributions pursuant to Section 4.1 (B) (a "*Deadlock*"), then, notwithstanding any other provisions under this Agreement, either Member may elect to, after thirty (30) days from the date of the Deadlock occurred and after using commercially reasonable efforts to resolve such Deadlock during such 30-day period, commence arbitration. Any such controversy shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. Within 15 days after the commencement of arbitration, each party shall select one person to act as arbitrator and the two selected shall select a third arbitrator within 10 days of their appointment. If the arbitrators selected by the parties are unable or fail to agree upon the third arbitrator, the third arbitrator shall be selected by the American Arbitration Association. Should this selection procedure fail for any reason, the arbitrators shall be appointed as provided in the Commercial Arbitration Rules of the American Arbitration Association. Unless otherwise agreed upon by the Members, the place of arbitration shall be in Pittsburgh, Pennsylvania. The arbitrators shall base their decision on what is in the best interest of the Company (as opposed to what is in the best interest of either or both Members).

Article VI
Transfer of Interests and Withdrawals of Members

6.1 Transfers.

A. Except for Permitted Transfers (as defined below), (i) no Interest Holder may Transfer all, or any portion of, or any interest or rights in, its Interest and (ii) ACDH II shall not permit ACDH II Principals to Transfer their respective membership interests in ACDH II, in either case without the consent of the Members.

B. The following Transfers shall be "*Permitted Transfers*":

(i) Transfers from one Member to another Member;

(ii) Transfers from a Member to the Company;

(iii) Transfers from an ACDH II Principal to an ACDH II Principal;

(iv) Transfers from an ACDH II Principal to ACDH II;

(v) Transfers from an ACDH II Principal or ACDH II to a member of the AGH medial staff, provided, that such physician does not have any financial, strategic or other relationship with any competitor of AGH or its affiliates;

(vi) Transfers pursuant to a merger between AGH and another entity, provided, that AGH is the surviving entity; or

(vii) Unanimous consent of the Members.

C. ACDH II shall not permit any ACDH II Principal to have any financial, strategic or other relationship with any competitor of AGH or its affiliates. The foregoing shall not prohibit, however, any ACDH II Principal from holding staff privileges or participating in an insurance product that may be controlled by a competitor, unless such ACDH II Principal is otherwise restricted pursuant to an employment or other agreement with AGH or any of its affiliates. To the extent, that any ACDH II Principal violates the restriction contained herein, ACDH II shall require the ACDH II Principal to Transfer his, her or its interest in ACDH II in accordance with Section 6.1 B.

D. Notwithstanding anything herein to the contrary, no Person may Transfer all or any portion of or any interest or rights in the Person's Membership Rights or Interest unless the following conditions ("Conditions of Transfer") are satisfied:

(i) The Transfer will not require registration of Interests or Membership Rights under any federal or state securities laws;

(ii) The transferee delivers to the Company a written instrument agreeing to be bound by the terms of this Agreement.

(iii) The Transfer will not result in the termination of the Company pursuant to IRC Section 708;

(iv) The Transfer will not result in the Company being subject to the Investment Company Act of 1940, as amended;

(v) The transferor or the transferee delivers the following information to the Company: (1) the transferee's taxpayer identification number; and (2) the transferee's initial tax basis in the Transferred Interest and;

(vi) The Company does not have an unexpired option to purchase the Person's Membership Rights or Interest.

E. Each Member hereby acknowledges the reasonableness of the prohibition contained in this Section 6.1 in view of the purposes of the Company and the relationship of the Members. The Transfer of any Membership Rights or Interests in violation of the prohibition contained in this Section 6.1 shall be deemed invalid, null and void, and of no force or effect. Any Person to whom Membership Rights are attempted to be transferred in violation of this Section shall not be entitled to vote on matters coming before the Members, participate in the management of the Company, act as an agent of the Company, receive distributions from the Company or have any other rights in or with respect to the Membership.

6.2 Voluntary Withdrawal. No Member shall have the right or power to Voluntarily Withdraw from the Company.

6.3 Involuntary Withdrawal. Immediately upon the occurrence of an Involuntary Withdrawal, the Member or the successor of the Member who or which is involuntarily withdrawing (Withdrawing Member) shall thereupon become an Interest Holder but shall not become a Member.

Article VII
Dissolution, Liquidation, and Termination of the Company

7.1 Events of Dissolution. The Company shall be dissolved upon the happening of any of the following events:

A. Upon the unanimous agreement of all of the Members;

B. Upon the entry of a court order of dissolution.

Except as otherwise set forth in this Article VII, the Company is intended to have perpetual existence.

7.2 Procedure for Winding Up and Dissolution. If the Company is dissolved, the Board shall wind up its affairs. On winding up of the Company, the assets of the Company shall be distributed, first, to creditors of the Company, in satisfaction of the liabilities of the Company, and then to the Interest Holders in accordance with Section 4.3.

7.3 Cancellation of Certificate. On completion of the distribution of Company assets as provided herein, the Company is terminated (and the Company shall not be terminated prior to such time), and the Board (or such other Person or Persons as the Law may require or permit) shall file a certificate of cancellation with the Secretary of Commonwealth of Pennsylvania, cancel any other filings made pursuant to this Agreement that are or should be canceled and take such other actions as may be necessary to terminate the Company. Notwithstanding anything to the contrary contained herein, the Company shall be deemed to continue in existence for all purposes of this Agreement until it is terminated pursuant to this Section 7.3.

7.4 Reasonable Time for Winding Up. A reasonable time shall be allowed for the orderly winding up of the business and affairs of the Company and the liquidation of its assets pursuant to Sections 7.2 in order to minimize any losses otherwise attendant upon such winding up.

Article VIII
Books, Records, Accounting, and Tax Elections

8.1 Bank Accounts. All funds of the Company shall be deposited in a bank account or accounts maintained in the Company's name. The Board shall determine the institution or institutions at which the accounts will be opened and maintained, the types of accounts, and the Persons who will have authority with respect to the accounts and the funds therein.

8.2 Books and Records.

A. The Board shall keep or cause to be kept complete and accurate books and records of the Company and supporting documentation of the transactions with respect to the conduct of the Company's business. The Company shall be on a cash basis for both tax and accounting purposes. In addition, applicable financial reports and related records shall be prepared and maintained in accordance with generally accepted accounting procedures, consistently applied, in compliance with the needs of the Company's nonprofit Members. The records shall include, but not be limited to, complete and accurate information regarding the state of the business and financial condition of the Company, a copy of the articles of organization and operating agreement and all amendments to the articles and operating agreement; a current list of the names and last known business, residence, or mailing addresses of all Members; and the Company's federal, state, or local tax returns.

B. The books and records shall be maintained in accordance with sound accounting practices and shall be available at the Company's principal office for examination by any Member or the Member's duly authorized representative at any and all reasonable times during normal business hours.

C. Each Member shall reimburse the Company for all costs and expenses incurred by the Company in connection with the Member's inspection and copying of the Company's books and records.

8.3 Annual Accounting Period. The annual accounting period of the Company shall be its taxable year. The Company's taxable year shall be selected by the Board, subject to the requirements and limitations of the Code.

8.4 Reports. Within seventy five (75) days after the end of each taxable year of the Company, the Board shall cause to be sent to each Person who was a Member at any time during the accounting year then ended: (i) year-end financial statements, prepared by the Company's independent accountants; and (ii) a report summarizing the fees and other remuneration paid by the Company to any Member, any Manager or any affiliate in respect of the taxable year. In addition, within seventy five (75) days after the end of each taxable year of the Company, the Board shall cause to be sent to each Person who was an Interest Holder at any time during the taxable year then ended, that tax information concerning the Company which is necessary for preparing the Interest Holder's income tax returns for that year. At the request of any Member, and at the Member's expense, the Board shall cause an audit of the Company's books and records to be prepared by independent accountants for the period requested by the Member.

8.5 Tax Matters Partner. AGH shall be designated as the Tax Matters Partner ("Tax Matters Partner") and shall serve as Tax Matters Partner until removed by the same percentage of interest. The Tax Matters Partner shall have all powers and responsibilities provided in IRC Section 6231, *et seq*. The Tax Matters Partner shall keep all Members informed of all notices from government taxing authorities which may come to the attention of the Tax Matters Partner. The Tax Matters Partner shall perform its duties without change to the Company, unless it is responding to correspondence or contact from the IRS or any other regulatory agency. The Company shall pay and be responsible for all reasonable third party costs and expenses incurred by the Tax Matters Partner in performing those duties; however, such costs and expenses shall not exceed $10,000 without the approval of the Board of Managers. A Member shall be responsible for any costs incurred by the Member with respect to any tax audit or tax-related administrative or judicial proceeding against any Member, even though it relates to the Company. The Tax Matters Partner may not compromise any dispute with the Internal Revenue Service without the approval of the Members.

8.6 Tax Elections. The Tax Matters Partner shall have the authority to make all Company elections permitted under the Code, including, without limitation, elections of methods of depreciation and elections under IRC Section 754. The decision to make or not make an election shall be at the Board's sole and absolute discretion.

8.7 Title to Company Property. All real and personal property acquired by the Company shall be acquired and held by the Company in its name.

8.8 Tax Returns. The Company shall duly and timely file with appropriate federal, state and other governmental agencies all tax returns and other reports required to be filed by it. The Company shall timely pay in full and/or make adequate provisions for the payment of all taxes, interest, penalties, assessments or deficiencies shown to be due on the Company's tax returns or by any taxing authorities. At least 20 days prior to the due date (excluding extensions) of the filing of the Company's United States partnership income tax return, the Company shall provide each Member with: (i) statements indicating the allocable share of each Member in the Company's items of Profits, Losses, tax credits and other tax attributes flowing through to the Members for such taxable year; and (ii) any additional information a Member may require for the preparation for its Federal, state and local tax returns. Any Member may review the Company's partnership tax return, as well as the other information specified in the previous sentence, prior to the Company's filing of the tax return. The Company shall consult with the Members and negotiate in good faith to resolve any issues arising as a result of the Members review of such tax return. Upon the resolution of all issues, the Members and the Company shall consent to the filing of such tax return. The Members and the Company shall use all reasonable efforts to resolve any issue in dispute as promptly as possible, but in any event prior to the due date (including extensions) for filing of such tax return.

Article IX
Events of Default

9.1 Events of Default.

The following acts shall constitute "Events of Default" hereunder:

(a) The failure to make a Capital Contribution when due;

(b) Any Transfer other than a Permitted Transfer;

(c) A material breach by a Member of any representation or warranty made herein, which breach is not cured within 30 days of written notice thereof by any other Member; or

(d) A material breach by a Member of any covenant or agreement hereunder, which breach is not cured with 30 days of written notice thereof by any other Member.

A breach by any ACDH II Principal of the sections of this Agreement to which they are bound shall not be deemed a breach by ACDH II.

9.2 Remedies.

If an Event of Default has occurred and is continuing, then the non-defaulting Member(s) may elect any one or more of the following remedies:

(a) The non-defaulting Members may seek specific performance of any covenant or agreement contained herein, or seek to enjoin the breach of any covenant or agreement. It is acknowledged that in such event it would be impossible to measure in money the damages that would be suffered if the parties hereto fail to comply with any of the obligations imposed herein on them and that, in the event of any such failure, an aggrieved party hereto will be irreparably damaged and will not have an adequate remedy at law. In addition to being entitled to exercise all rights granted by law, any such party shall, therefore, be entitled to equitable relief from any court having jurisdiction over such dispute, and if any action should be brought in equity to enforce any of the provisions of this Agreement, none of the parties shall raise the defense that there is an adequate remedy at law.

(b) Each non-defaulting Member shall be entitled to recover from the defaulting Member in an appropriate proceeding any and all damages, losses and expenses (including reasonable attorneys' fees and disbursements) suffered or incurred by the Company or the non-defaulting Members as a result of such Event of Default, including all such damages, losses and expenses reasonably foreseeable to the defaulting Member as a result of its default.

(c) If an Event of Default arises from a Transfer that is not a Permitted Transfer, the transferring Member shall take or cause to be taken all action necessary to reverse such Transfer, and shall in addition pay all damages, losses and expenses (including reasonable attorneys' fees and disbursements) incurred by the Company and the non-defaulting Members as a consequence of such purported Transfer.

(d) The non-defaulting Member may purchase the defaulting Member's entire Percentage Interest at the Fair Market Value of such Percentage Interest, payable in installments over a period not to exceed 36 months.

(e) In addition to the foregoing remedies, each defaulting Member hereby agrees to indemnify and hold harmless the Company, each non-defaulting Member and their respective partners, members, managers, officers, directors, agents, representatives, employees, trustees and Affiliates from and against any and all damages, losses and expenses (including reasonable attorneys' fees and disbursements arising out of or related to such Event of Default, and agrees to pay for the defense of any such indemnified Person in any suit by the Company, another Member or a third party growing out of such Event of Default.

(f) The remedies set forth in this Section 9.2 shall be without prejudice to, restriction on, or limitation of, any other rights, claims or remedies which a non-defaulting Member or the Company may have against a defaulting Member, all of which claims, rights, or remedies are hereby expressly reserved. The rights and remedies of a non-defaulting Member or the Company as specified in this Agreement are not to the exclusion of each other or of any other rights or remedies of the non-defaulting Member or the Company. The non-defaulting Member or the Company may decline to exercise one or more of its rights and remedies as such Person may deem appropriate without jeopardizing any other of its other rights or remedies, and all of such Person's rights and remedies shall survive the expiration or termination of this Agreement.

Article X
General Provisions

10.1 Assurances. Each Member shall execute all such certificates and other documents and shall do all such filing, recording, publishing, and other acts as the Board deems appropriate to comply with the requirements of law for the formation and operation of the Company and to comply with any laws, rules, and regulations relating to the acquisition, operation, or holding of the property of the Company.

10.2 Notifications. Any notice, demand, consent, election, offer, approval, request, or other communication (collectively a "notice") required or permitted under this Agreement must be in writing and either delivered personally or sent by U.S. certified or registered mail, postage prepaid, return receipt requested. Any notice to be given hereunder by the Company shall be given by the Board or the Secretary. A notice must be addressed to an Interest Holder at the Interest Holder's last known address on the records of the Company. A notice to the Company must be addressed to the Company's principal office. A notice delivered personally will be deemed given only when acknowledged in writing by the person to whom it is delivered. A notice that is sent by mail will be deemed given three (3) business days after it is mailed. Any party may designate, by notice to all of the others, substitute addresses or addressees for notices; and, thereafter, notices are to be directed to those substitute addresses or addressees.

10.3 Specific Performance. The parties recognize that irreparable injury will result from a breach of any provision of this Agreement and that money damages will be inadequate to fully remedy the injury. Accordingly, in the event of a breach or threatened breach of one or more of the provisions of this Agreement, any party who may be injured (in addition to any other remedies which may be available to that party) shall be entitled to one or more preliminary or permanent orders (i) restraining and enjoining any act which would constitute a breach; or (ii) compelling the performance of any obligation which, if not performed, would constitute a breach.

10.4 Complete Agreement. This Agreement constitutes the complete and exclusive statement of the agreement among the Members. It supersedes all prior written and oral statements, including any prior representation, statement, condition, or warranty. Except as expressly provided otherwise herein, this Agreement may not be amended without the written consent of all of the Members.

10.5 Applicable Law. All questions concerning the construction, validity, and interpretation of this Agreement and the performance of the obligations imposed by this Agreement shall be governed by the internal law, not the law of conflicts, of the Commonwealth of Pennsylvania.

10.6 Section Titles. The headings herein are inserted as a matter of convenience only and do not define, limit, or describe the scope of this Agreement or the intent of the provisions hereof.

10.7 Binding Provisions. This Agreement is binding upon, and inures to the benefit of, the parties hereto and their respective heirs, executors, administrators, personal and legal representatives, successors, and permitted assigns.

10.8 Terms. Common nouns and pronouns shall be deemed to refer to the masculine, feminine, neuter, singular and plural, as the identity of the Person may in the context require.

10.9 Severability of Provisions. Each provision of this Agreement shall be considered severable; and if, for any reason, any provision or provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid.

10.10 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which, when taken together, constitute one and the same document. The signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

10.11 Representations and Warranties of Members.

A. Each Member hereby represents and warrants to the other Member and the Company, as follows:

(i) It is a duly organized, validly existing and in good standing under the laws of the state of its formation. It has the legal power and authority to own, lease, and operate its assets, properties, and businesses and to enter into this Agreement and to carry out its obligations hereunder. The execution, delivery, and performance of this Agreement by it has been duly authorized by all necessary actions on the part of it, and this Agreement is legally binding upon it in accordance with its terms, except that enforcement of this Agreement is subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws now or hereafter in effect relating to creditors rights generally and that the remedy of specific performance and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding thereafter may be brought.

(ii) The execution, delivery, and performance by it of this Agreement and the transactions contemplated hereby will not: (a) violate the provisions of any order, judgment, or decree of any court or other governmental agency or any arbitrator applicable to it or its governing documents (b) result in a material breach of or constitute (with due notice or lapse of time or both) a material default under any contract or agreement to which it is a party or by which it is bound; or (c) violate any provision of law of the United States or any state thereof, the violation of which is likely to have a material adverse effect on the business, operations or condition (financial or otherwise) of it or its affiliates.

10.12 Joinder. ACDH II shall cause each current and future ACDH II Principal to join in this Agreement for the purpose of being bound by Sections 5.13 and 6.1 of this Agreement.

EXHIBIT "A"

OWNERSHIP PERCENTAGES

Member	Ownership Percentages	No. Units
ACDH II 1307 Federal Street Pittsburgh, Pa. 15212 EIN: 26-1284249	50%	90
ALLEGHENY GENERAL HOSPITAL 320 East North Avenue Pittsburgh, PA 15212 EIN:25-1322626	50%	90

EXHIBIT "B"

CERTIFICATE OF ORGANIZATION

IN WITNESS WHEREOF, the parties have executed, or caused this Operating Agreement of McCandless Endoscopy Center, LLC to be executed, under seal, as of the date set forth hereinabove.

MEMBERS:

ACDH II

By: _____
Paul Lebovitz, M.D.

Allegheny General Hospital

By: _____
Connie Cibrone
President & CEO

McCandless Endoscopy Center, LLC

By: _____
Paul Lebovitz, M.D.
Manager

By: _____
Katie Farah, M.D.
Manager

By: _____
Dawn Javersack
Manager

By: _____
Edward Banos
Manager

Joinder

The undersigned ACDH II Principals join in this Agreement for the sole purpose of being bound by Sections 5.13 and 6.1.

ACDH II Principals:

ACDH Endoscopy, LLC

By: _____
Paul Lebovitz, M.D.

_____
Katie Farah, M.D.

_____
Robin Midian- Singh, M.D.

_____
~~Sandeep Sekhon, M.D.~~

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AMENDED AND RESTATED

OPERATING AGREEMENT
of
NORTH SHORE ENDOSCOPY CENTER, L.L.C.
a Pennsylvania Limited Liability Company

This **AMENDED AND RESTATED OPERATING AGREEMENT** (this "Agreement") is dated effective as of July 1, 2006 by and among **ACDH ENDOSCOPY, LLC**, a Pennsylvania corporation ("ACDH"); and **ALLEGHENY GENERAL HOSPITAL**, a Pennsylvania non-profit corporation ("AGH").

RECITAL

WHEREAS, North Shore Endoscopy Center, L.L.C. (the "Company") was established effective January 31, 2001; and

WHEREAS, immediately prior to the date hereof, Drs. Paul Lebovitz, Abhijit Kulkarni, Michael Babich, Manish Dhawan, Jose Oliva, and Robin LaPorte have contributed their respective interests in the Company to ACDH; and

WHEREAS, as of the date hereof ACDH is the sole member of the Company; and

WHEREAS, ACDH, as the sole Member of the Company, wishes to admit AGH as a Member of Company and AGH desires to be admitted as a Member; and

WHEREAS, the parties hereto agree to operate the Company in accordance with the terms of, and subject to the conditions set forth in, this Agreement.

NOW, THEREFORE, the parties, intending legally to be bound hereby, agree as follows:

Article I
Definitions

The following capitalized terms shall have the meanings specified in this Article I. Other terms are defined in the text of this Agreement; and, throughout this Agreement, those terms shall have the meanings respectively ascribed to them.

"ACDH Principal" means any member or owner of ACDH.

"Agreement" means this Amended and Restated Operating Agreement, as amended from time to time.

"Applicable Non-Compete Period" means (i) in the case of a Member, the time during which it is a Member and a period of eighteen (18) months thereafter; and (ii) in the case of a

WPAHS-000927

ACDH Principal, the period during which a Person is an ACDH Principal and for a period of eighteen (18) months thereafter.

"Board" means the Board of Managers.

"Book Value" means with respect to any Company asset, the asset's book value as carried on the books and records of the Company, determined in compliance with the provisions of Treasury Regulation Section 1.704-1(b)(2)(iv).

"Capital Account" means the account to be maintained by the Company for each Interest Holder in accordance with the following provisions:

(i) An Interest Holder's Capital Account shall be credited with the Interest Holder's Capital Contributions, the amount of any Company liabilities assumed by the Interest Holder (or which are secured by Company property distributed to the Interest Holder), and the Interest Holder's distributive share of Profit; and

(ii) An Interest Holder's Capital Account shall be debited with the amount of money and the fair market value of any Company property distributed to the Interest Holder, the amount of any liabilities of the Interest Holder assumed by the Company (or which are secured by property contributed by the Interest Holder to the Company), and the Interest Holder's distributive share of Loss.

If any Interest is transferred pursuant to the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent the Capital Account is attributable to the transferred Interest. If the book value of Company property is adjusted, the Capital Account of each Interest Holder shall be adjusted to reflect the aggregate adjustment in the same manner as if the Company had recognized gain or loss equal to the amount of such aggregate adjustment. It is intended that the Capital Accounts of all Interest Holders shall be maintained in compliance with the provisions of Regulation Section 1.704-1(b), and all provisions of this Agreement relating to the maintenance of Capital Accounts shall be interpreted and applied in a manner consistent with that Regulation.

"Capital Contribution" means the total amount of cash and the fair market value of any other assets contributed (or deemed contributed under Regulation Section 1.704-1(b)(2)(iv)(d)) to the Company by a Member, net of liabilities assumed or to which the assets are subject.

"Capital Proceeds" means the gross receipts received by the Company from a Capital Transaction.

"Capital Transaction" means any transaction not in the ordinary course of business which results in the Company's receipt of cash or other consideration other than Capital Contributions, including, without limitation, proceeds of sales or exchanges or other dispositions of property not in the ordinary course of business, financings, refinancings, condemnations, recoveries of damage awards, and insurance proceeds.

WPAHS-000928

"Cash Flow" means all cash funds derived from operations of the Company (including interest received on reserves), without reduction for any noncash charges, but less cash funds used to pay current operating expenses and to pay or establish reasonable reserves for future expenses, debt payments, capital improvements, and replacements as determined by the Board. Cash Flow shall not include Capital Proceeds but shall be increased by the reduction of any reserve previously established.

"Code" means the Internal Revenue Code of 1986, as amended, or any corresponding provision of any succeeding law.

"Company" means the limited liability company formed in accordance with this Agreement.

"Deadlock" shall have the meaning set forth in Section 5.14.

"Events of Default" shall have the meaning set forth in Section 9.1.

"Excluded Business" means any (i) free standing endoscopy center, or (ii) free standing ambulatory surgery center, or (iii) private medical office, that provides esophageal, gastro or duodenal endoscopy, colonscopy, ERCP, EUS or enteroscopy procedures (collectively, the "Excluded Procedures"); provided, however, the term "Excluded Business" shall not include a free standing ambulatory surgery center that is owned (in whole or in part) or operated, directly or indirectly, by AGH or any ACDH Principal, respectively, if such free standing ambulatory surgery center's aggregate volume of Excluded Procedures is less than three percent (3%) of its total surgical volume.

"Fair Market Value of a Unit" means the then current fair market value of a Unit as agreed upon by the Members or as determined by an independent third party appraiser.

"Gross Fair Market Value" means the agreed fair market value of an asset or as determined by an independent third party appraiser determined without taking into account any liabilities that are secured by such asset or which are otherwise associated with such asset.

"Interest" means a Person's share of the Profits and Losses of, and the right to receive distributions from, the Company.

"Interest Holder" means any Person who holds an Interest, whether as a Member or as an un-admitted assignee of a Member.

"Involuntary Withdrawal" means, with respect to any Member, the occurrence of any of the following events:

(i) The Member makes an assignment for the benefit of creditors;

(ii) The Member files a voluntary petition of bankruptcy;

(iii) The Member is adjudged bankrupt or insolvent or there is entered against the Member an order for relief in any bankruptcy or insolvency proceeding;

(iv) The Member files a petition or answer seeking for the Member any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law, or regulation;

(v) The Member seeks, consents to, or acquiesces in the appointment of a trustee for, receiver for, or liquidation of the Member or of all or any substantial part of the Member's properties;

(vi) The Member files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Member in any proceeding described in Subsections (i) through (v);

(vii) Any proceeding against the Member seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law, or regulation, continues for one hundred twenty (120) days after the commencement therefor, the appointment of a trustee, receiver, or liquidator for the Member or all or any substantial part of the Member's properties without the Member's agreement or acquiescence, which appointment is not vacated or stayed for one hundred twenty (120) days or, if the appointment is stayed, for one hundred twenty (120) days after the expiration of the stay during which period the appointment is not vacated;

(viii) If the Member is an individual, the Member's death or adjudication by a court of competent jurisdiction as incompetent to manage the Member's person or property;

(ix) If the Member is acting as a Member by virtue of being a trustee of a trust, the termination of the trust;

(x) If the Member is a partnership or another limited liability company, the dissolution and commencement of winding up of the partnership or limited liability company;

(xi) If the Member is a corporation, the dissolution of the corporation or the revocation of its charter; or

(xii) If the Member is an estate, the distribution by the fiduciary of the estate's entire interest in the limited liability company.

"Law" means the Pennsylvania Limited Liability Company Act, as amended from time to time.

"Manager" is a Person designated as such pursuant to Article V.

"Member" means each Person signing this Agreement and any Person who subsequently is admitted as a member of the Company; but only so long as such Person is shown as a Member on the Company's books and records.

"Membership Rights" means all of the rights of a Member in the Company, including a Member's: (i) Interest; (ii) right to inspect the Company's books and records; and (iii) right to participate in the management of and vote on matters coming before the Members.

"Nonrecourse Deductions" shall have the meaning set forth in Regulation Section 1.704-2(b)(1).

"Nonrecourse Liability" means any liability of the Company with respect to which no Member has personal liability determined in accordance with Code Section 752 and the Regulations promulgated thereunder.

"Percentage Interest" means the ratio of an Interest Holder's total Units to the total Units of all Interest Holders expressed as a percentage.

"Person" means and includes any individual, corporation, partnership, association, limited liability company, trust, estate, or other entity.

"Positive Capital Account" means a Capital Account with a balance greater than zero.

"Profit" and "Loss" mean, for each taxable year of the Company (or other period for which Profit or Loss must be computed) the Company's taxable income or loss determined in accordance with Code Section 703(a), with the following adjustments:

(i) All items of income, gain, loss, deduction, or credit required to be stated separately pursuant to Code Section 703(a)(1) shall be included in computing taxable income or loss;

(ii) Any tax-exempt income of the Company, not otherwise taken into account in computing Profit or Loss, shall be added to taxable income or loss;

(iii) Any expenditures of the Company described in Code Section 705(a)(2)(B) (or treated as such pursuant to Regulation Section 1.704-1(b)(2)(iv)(i)) and not otherwise taken into account in computing Profit or Loss, shall be subtracted from taxable income or loss;

(iv) Gain or loss resulting from any taxable disposition of Company property shall be computed by reference to the adjusted book value of the property disposed of, notwithstanding the fact that the adjusted book value differs from the adjusted basis of the property for federal income tax purposes; and

(v) In lieu of the depreciation, amortization, or cost recovery deductions allowable in computing taxable income or loss, there shall be taken into account the depreciation computed based upon the adjusted book value of the asset.

"Regulation" means the income tax regulations, including any temporary regulations, from time to time promulgated under the Code.

"Restricted Area" means a 7.5 mile radius from the Company's Federal Street, Pittsburgh, PA 15212 location.

"Taxes" means income, franchise, transfer, withholding, employment or any other taxes, and interest, charges and penalties.

"Transfer" means, any transfer of or attempt to transfer or the placing of any encumbrance upon or attempt to encumber or suffering an encumbrance to exist upon either legal title to or any beneficial interest in any Interest in the Company by means of a gift, sale, pledge, assignment, death, hypothecation, alienation or other disposition, with or without consideration and whether voluntarily or involuntarily or by operation of law. Without limiting the generality of the foregoing, Transfer shall include a merger of Member.

"Unit" means the unit into which the proprietary interests of the Company is divided. Each Unit in the Company shall entitle the Member owning such Unit to one (1) vote. The authorized number of Units of the Company shall be Five Hundred (500). Units shall be not be in certificate form.

"Voluntary Withdrawal" means a Member's dissociation with the Company by means other than by a Transfer or an Involuntary Withdrawal.

Article II
Formation and Name: Office; Purpose; Term

2.1. Organization. The parties hereby ratify, approve and confirm the organization of this Company in accordance with the Law and the provisions of this Agreement by their authorized agent and, further ratify, approve and confirm the Certificate of Organization of the Company attached hereto as Exhibit B which was filed of record with the Commonwealth of Pennsylvania on January 31, 2001.

2.2. Name of the Company. The name of the Company shall be "**North Shore Endoscopy Center.**" The Company may do business under that name and under any other name or names that the Board selects, subject to appropriate registration.

2.3. Purpose. The purposes of the Company and the business to be carried on are as follows:

A. to operate and manage a freestanding endoscopy facility and;

B. to do any and all other acts and things which may be necessary, incidental or convenient to carry on the foregoing purposes of the Company.

2.4. Tax Exempt Commitment. The Members acknowledge and agree that the Company shall not operate in any manner inconsistent with the tax-exempt status of AGH. In furtherance of such tax-exempt purposes, the Company shall (1) provide services to Medicare, Medicaid and indigent patients; and (2) cooperate and generally participate in and provide assistance with respect to AGH's charitable purpose, including community outreach, education and preventive health programs.

In addition, the Members acknowledge and understand that the duty to serve community benefit overrides the profit maximization objectives of the Company. Subject solely to the foregoing, all Board members shall exercise their responsibilities and duties to the Company with the highest level of fiduciary duty of care and loyalty to the Company and will take all actions and make all votes in good faith with such duties.

2.5. Term. The term of the Company began as of January 31, 2001 and shall continue in existence until terminated pursuant to Article VII of this Agreement.

2.6. Registered Office; Principal Office. The registered office of the Company shall be 1307 Federal Street, Suite 101, Pittsburgh, PA 15212 or at any other place as selected by the Board. The principal office of the Company shall be located at the same location as the registered address or such other place as selected by the Board.

2.7. Members. The name, present mailing address, taxpayer identification number, and Percentage Interest of each Member are set forth on Exhibit A attached hereto and made a part hereof.

2.8. Permissible Relationships. The Members understand that the Company's operations are subject to various state and federal laws regulating permissible relationships between the Members and entities such as the Company, including 42 U.S.C. § 1320a-7b (the "Federal Anti-Kickback Statute"), and 42 U.S.C. § 1395nn (the "Stark Law"). It is the intent of the parties that the Company operates in a manner consistent with the foregoing statutes. Accordingly, each Member represents and warrants that such Member has not provided or received remuneration to induce the referral of Medicare or Medicaid items or services at the facility to any other Person, including a Member or the Company, that no person has requested information from the Member regarding the Member's ability to refer Medicare and Medicaid items or services at the facility or to the Company, that no Member or affiliate has lent money to another Member for the purpose of obtaining its investment herein or otherwise, and that the Members have not been encouraged to invest or not invest based on their ability to direct referrals to the Company, other entities, Members or affiliates. The Members also acknowledge that, to their best knowledge, no physician, as that term is defined in the Stark law, is being compensated by such Member or the Company in a manner that takes into account the volume of value of referrals or other business generated by such physician.

Article III
Members; Capital; Capital Accounts

3.1. Capital Contributions.

A. As of the date hereof the parties agree that the total value of the capital contribution of ACDH is equal to $139,000 and the number of Units held by ACDH is 139.

B. Upon the execution of this Agreement, AGH shall contribute to the Company cash in the amount of $139,000 and shall receive 139 Units of the Company.

3.2. Additional Capital Contributions.

A. If the Board at any time or from time to time determines that the Company requires additional Capital Contributions, then the Board shall give notice to each Member of (i) the total amount of additional Capital Contributions required, (ii) the reason the additional Capital Contribution is required, (iii) each Member's proportionate share of the total additional Capital Contribution (determined in accordance with this Section), and (iv) the date each Member's additional Capital Contribution is due and payable, which date shall be thirty (30) days after the notice has been given. Notwithstanding the foregoing, the Board shall not request additional Capital Contributions pursuant to this Section 3.2A, in excess of $100,000 in the aggregate, unless such request has been approved by Members holding at least Seventy-five percent (75%) of all outstanding Units at the time of such request. A Member's proportionate share shall be payable in cash or by certified check.

B. Except as provided in Section 3.2 A, no Member shall be required to contribute any additional capital to the Company, and no Member shall have any personal liability for any obligation of the Company.

C. If a Member fails to pay when due all or any portion of any additional Capital Contribution, the Board may request the non-defaulting Members to pay the unpaid amount of the defaulting Member's additional Capital Contribution.

D. If a Member fails to pay when due all or any portion of any additional Capital Contribution, the Company shall issue to the contributing Member(s) additional Units in the Company, the number of which shall be calculated by dividing the additional Capital Contribution by the then current Fair Market Value of a Unit. The Board shall amend Exhibit A accordingly. This remedy is in addition to any other remedies allowed by law or by this Agreement.

3.3. No Interest on Capital Contributions. Interest Holders shall not be paid interest on their Capital Contributions.

3.4. Return of Capital Contributions. No Interest Holder shall have the right to receive the return of any Capital Contribution.

3.5. Capital Accounts; Determination of and Adjustments to Book Value and Capital Accounts. A separate Capital Account shall be maintained for each Interest Holder.

When determining the Book Value of the assets of the Company and the appropriate balances in each Member's respective Capital Account resulting from any adjustments to such Book Value, in accordance with the provisions of Treasury Regulation Section 1.704-1(b)(2)(iv), the following accounting rules shall apply:

(a) The initial Book Value of any asset contributed by a Member to the Company shall be its Gross Fair Market Value on the date of contribution.

(b) The Book Values of all Company assets shall be adjusted to equal their respective Gross Fair Market Values, as of the following times:

(i) the acquisition of an interest (including an additional interest) in the Company by any new or existing Member if the Manager determines that such adjustment is necessary or appropriate to reflect the relative economic interests of the Members with respect to the Company;

(ii) as of the Effective Date, to the extent required to accurately reflect the value of ACDH's Capital Contribution in accordance with Section 3.1(A);

(iii) the distribution by the Company to a Member of more than a de minimis (as determined by the Manager) amount of money or other Company property if the Manager determines that such adjustment is necessary or appropriate to reflect the relative economic interests of the Members with respect to the Company;

(iv) the liquidation of the Company within the meaning of Treasury Regulation Section 1.704-1(b)(2)(ii)(g);

(v) the grant of an interest in the Company, other than a de minimis interest, as consideration for the provision of services to or for the benefit of the Company; or

(vi) the occurrence of any other event (including, without limitation, a refinancing of any property of the Company) if the Manager determines that such adjustment is necessary or appropriate to reflect the economic interests of the Members with respect to the Company and is not prevented by applicable regulations.

(c) The Book Value of any Company asset distributed to any Member shall be adjusted to equal its Gross Fair Market Value on the date of such distribution.

(d) The Book Value of Company assets shall not be increased or decreased to reflect any adjustments to the adjusted tax basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), except to the extent that such adjustments are taken into account in determining and maintaining capital accounts pursuant to Treasury Regulation Section 1.704-

1(b)(2)(iv)(m); provided, however, that Book Value shall not be adjusted pursuant to this Section 3.5(d) to the extent that such adjustment was previously reflected in the Book Value of the Company's assets.

3.6. Additional Members. A Person may be admitted to the Company as a Member by unanimous vote of the Members and only upon furnishing to the Board (a) a letter of acceptance, in form satisfactory to the Board, of all of the terms and conditions of this Agreement, and (b) such other documents and instruments as the Board deems necessary or appropriate to effect such Person's admission as a Member. Such admission shall become effective on the date on which the Board determines in its sole discretion that such conditions have been satisfied.

3.7. Investment Representations. Each Member represents and warrants to the Company and the other Member that:

A. No Registration. Such Member understands the Interests issued pursuant to this Agreement have not been registered under the Securities Act of 1933 or any state securities laws (the "Securities Acts") because the Company is issuing these Interests in reliance upon, among other things, the exemptions from the registrations requirements of the Securities Acts providing for issuance of securities not involving a public offering.

B. Purchase for Own Account. Such Member's Interest is to be held by such Member for its own account for investment and not with a view toward any resale or other distribution thereof.

C. Knowledge and Experience, Investigation. Such Member has such knowledge and experience in financial and business maters that it is capable of evaluating the merits and risks of a purchase of its Interest. Such Member has, prior to purchasing its Interest, conducted its own investigation and has consulted with his own legal, tax and business advisors to arrive at his own independent evaluation of its Interest. Such Member has had an opportunity to ask questions and receive answers concerning the Company, and all such questions have been answered to its full satisfaction, and to obtain any additional information that it considers necessary.

D. Risk. It has been called to such Member's attention that an investment in the Interests involves a high degree of risk, and no assurances have been made regarding any tax or financial advantages which may inure to its benefit from its investment in the Interest. Such Member understands that (i) there will be no market for its Interest; (ii) that there is no right to withdraw from the Company and receive payment for its Interest; (iii) the sale, pledge or transfer of Interests is severely restricted by conditions set forth in this Agreement; (iv) it should be prepared to hold its Interest indefinitely and cannot expect to be able to liquidate the Interest readily in cases of emergency; and (v) the transfer of its Interest may result in adverse tax consequences to the transferor or transferee of the Interest. Such Member has the financial resources to bear the risk of investing in its Interest.

E. No Other Representation. Such Member has received no representations or warranties from the other Members or the Company other than those contained in this Agreement.

Article IV
Profit, Loss, and Distributions

4.1. Allocations of Profit or Loss and Distributions of Cash Flow and Capital Proceeds.

A. Profit or Loss. Profit or Loss shall be allocated to the Interest Holders in proportion to their Percentage Interest.

B. Cash Flow. The Company may, in the sole and absolute discretion of the Board, distribute Cash Flow to the Interest Holders in proportion to their Percentage Interest. Notwithstanding the foregoing, in the event that Profit is allocated to the Interest Holders in any tax year and the distribution of Cash Flow determined by the Board and distributed to the Interest Holders for such tax year is insufficient to enable the Interest Holders (or the ACDH Principals in the aggregate) to pay the federal, state and local taxes owed on account of such allocation of Profit, (the amount by which the tax liability to an Interest Holder (or the ACDH Principals in the aggregate) exceeds distributions to them, respectively, hereinafter referred to as the "Tax Shortfall") the Company shall, (upon the request of a Member submitted to the Board and upon the Board's verification of the Tax Shortfall) within ninety (90) days after the commencement of the following tax year, but only to the extent that Cash Flow is available and to the extent not inconsistent with the Company's obligations under loan documents, if any, make a special distribution to each Interest Holder in proportion to their Percentage Interest, in an amount not to exceed the greatest Tax Shortfall realized by an Interest Holder or the ACDH Principals in the aggregate. Such tax distributions, if any, shall be made pro rata to the Interest Holders in accordance with the deemed allocation of taxable income to them as if each Interest Holder is required to pay taxes.

C. Pre-Closing Period. Notwithstanding anything herein to the contrary, in the case of the period from January 1, 2006 to the Effective Date of this Agreement, Profits, Losses, Taxes and Cash Flow shall be determined based on an interim closing of the books on the Effective Date and all such Profits, Losses Taxes and Cash Flow, if any, shall be for the account of the member or members of the Company immediately prior to the Effective Date. In addition, ACDH and AGH agree that ACDH shall prepare (or caused to be prepared) all tax returns of the Company, if any, that are required to be filed by law for the taxable period ending on the Effective Date. The ACDH Principals shall be entitled to receive distributions of all net revenues allocable to services provided by the Company prior to the Effective Date of this Agreement. For purposes of this subsection "net revenues" shall mean cash collections attributable to services provided by the Company prior to the Effective Date less all costs and expenses related to the Company's activities prior to the Effective Date even if incurred subsequent to the Effective Date including, but not limited to, all billing and collection activities that occur subsequent to the Effective Date. Furthermore, ACHD and the ACHD Principals shall

WPAHS-000937

jointly and severally indemnify and hold the Company and AGH harmless from and against any loss, claim, liability, expense or other damage, not otherwise reserved for (other than long term debt which is not otherwise due and owing as of the Effective Date) or covered by insurance proceeds, including, but not limited to Taxes, attributable to the activities of the Company prior to the Effective Date; provided, however that such liability of any ACDH Principal shall not exceed the aggregate cash distributions received by such ACHD Principal as a result of the interim closing of the books. Furthermore, at the ACHD Principals' option, the Company will offset any amounts due hereunder against future distributions.

D. Capital Proceeds. Capital Proceeds may, in the sole and absolute discretion of the Board, be distributed and applied by the Company in the following order and priority:

(i) To the payment of all expenses of the Company incident to the Capital Transaction; then

(ii) To the payment of debts and liabilities of the Company then due and outstanding (including all debts due to any Interest Holder); then

(iii) To the establishment of any reserves which the Board deems necessary for liabilities or obligations of the Company; then

(iv) The balance shall be distributed to the Interest Holders in proportion to their Percentage Interest.

4.2. Regulatory Allocations.

A. Contributed Property. In accordance with IRC Section 704(c) and the Regulations thereunder, as well as Regulation Section 1.704-1(b)(2)(iv)(d)(3), income, gain, loss, and deduction with respect to any property contributed (or deemed contributed) to the Company shall, solely for tax purposes, be allocated among the Interest Holders so as to take account of any variation between the adjusted basis of the property to the Company for federal income tax purposes and its fair market value at the date of contribution (or deemed contribution). If the adjusted book value of any Company asset is adjusted as provided herein, subsequent allocations of income, gain, loss, and deduction with respect to the asset shall take account of any variation between the adjusted basis of the asset for federal income tax purposes and its adjusted book value in the manner required under IRC Section 704(c) and the Regulations thereunder. The Board shall determine the applicable method of applying IRC Section 704(c) and the Regulations thereunder.

B. IRC Section 754 Adjustment. To the extent an adjustment to the tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulation Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of the adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases basis), and the gain or loss shall be specially allocated to the Interest Holders in a

WPAHS-000938

manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to that Section of the Regulations.

C. Nonrecourse Deductions. Nonrecourse Deductions for a taxable year or other period shall be allocated among the Interest Holders in proportion to their Percentages.

D. Guaranteed Payments. To the extent any compensation paid to any Member by the Company, including any fees payable to any Member pursuant to Section 5.9 hereof, is determined by the Internal Revenue Service not to be a guaranteed payment under Code Section 707(c) or is not paid to the Member other than in the Person's capacity as a Member within the meaning of Code Section 707(a), the Member shall be specially allocated gross income of the Company in an amount equal to the amount of that compensation, and the Member's Capital Account shall be adjusted to reflect the payment of that compensation.

E. Withholding. All amounts required to be withheld pursuant to Code Section 1445 or 1446 or any other provision of federal, state, or local tax law shall be treated as amounts actually distributed to the affected Interest Holders for all purposes under this Agreement.

4.3. Liquidation and Dissolution.

A. If the Company is liquidated, the assets of the Company shall be distributed to the Interest Holders in accordance with the balances in their respective Capital Accounts, after taking into account the allocations of Profit or Loss pursuant to Section 4.1A.

B. No Interest Holder shall be obligated to restore a Negative Capital Account.

4.4. General.

A. Except as otherwise provided in this Agreement, the timing and amount of all distributions shall be determined by the Board.

B. If any assets of the Company are distributed in kind to the Interest Holders, those assets shall be valued on the basis of their fair market value, and any Interest Holder entitled to any interest in those assets shall receive that interest as a tenant-in-common with all other Interest Holders so entitled. Unless the Members otherwise agree, the fair market value of the assets shall be determined by an independent appraiser who shall be selected by the Board. The Profit or Loss for each unsold asset shall be determined as if the asset had been sold at its fair market value, and the Profit or Loss shall be allocated as provided in Section 4.1A and shall be properly credited or charged to the Capital Accounts of the Interest Holders prior to the distribution of the assets in liquidation pursuant to Section 4.3.

C. Except as otherwise provided in Section 4.1C, all Profit and Loss shall be allocated, and all distributions shall be made to the Persons shown on the records of the Company to have been Interest Holders as of the last day of the taxable year for which the

allocation or distribution is to be made. Notwithstanding the foregoing, unless the Company's taxable year is separated into segments, if there is a Transfer or an Involuntary Withdrawal during the taxable year, the Profit and Loss shall be allocated between the original Interest Holder and the successor on the basis of the number of days each was an Interest Holder during the taxable year; provided, however, the Company's taxable year shall be segregated into two or more segments in order to account for Profit, Loss, or proceeds attributable to a Capital Transaction or to any other extraordinary nonrecurring items of the Company.

D. The Board is hereby authorized, upon the advice of the Company's tax counsel, to amend this Article IV to comply with the Code and the Regulations promulgated under IRC Section 704(b); provided, however, that no amendment shall materially affect distributions to an Interest Holder without the Interest Holder's prior written consent.

Article V
Management: Rights, Powers, and Duties; Members

5.1. Board of Managers.

A. The Company shall, except as limited by this Agreement, be managed in all respects by the Board of Managers consisting initially of four (4) Managers. Each Member shall appoint two (2) Persons to serve on the Board of Managers; provided, however that AGH shall not appoint any physician who competes with any ACDH Principal. The initial Managers shall be (i) Paul Lebovitz, M.D. and Manish Dhawan, M.D. for ACDH and (ii) Dawn Javersack and Edward Banos for AGH, each having been appointed by the Member indicated next to such Manager's name. Each Manager shall hold office until the next annual meeting of Members or until his or her successor shall have been elected and qualified, or until his or her earlier death, resignation or removal.

B. If a vacancy occurs on the Board of Managers, the Member that appointed the departing Manager shall appoint a replacement Person to serve on the Board of Managers. Any Manager may be removed, with or without cause, by the Member that appointed the Manager. Any Manager may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or if no time be specified, at the time of its receipt by the remaining Managers. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

5.2. Action of Board of Managers. The Board may take action at meetings at such times and places as it may find necessary or appropriate. The Board shall establish such regular or special meetings as it may find necessary or appropriate and, although the presence of a majority of the Board shall constitute a quorum, all actions of the Board must be approved by seventy-five percent (75%) of the Board. The Board may also take action by unanimous written consent of the Board of Managers without a meeting.

5.3. Officers; Normal Ordinary Course Business. The Board of Managers of the Company shall appoint such officers from time to time as the Board of Managers deems appropriate. Except as otherwise expressly set forth in this Agreement, the day-to-day

operations of the Company shall be managed in substantially the same manner as of the date hereof unless otherwise agree upon by the Board of Managers consistent with Section 5.2.

5.4. General Powers. Except as limited by Section 5.5 below, the Board shall have full, exclusive, and complete discretion, power, and authority, subject in all cases to the other provisions of this Agreement and the requirements of applicable law, to manage, control, administer, and operate the business and affairs of the Company for the purposes herein stated, and to delegate any ordinary course business powers to any individual or individuals appointed to manage the day-to-day operations of the Company, and to make all decisions affecting such business and affairs, including without limitation, for Company purposes, the power to:

A. Acquire by purchase, lease, or otherwise, any personal property, tangible or intangible in the ordinary course of business;

B. Construct, operate, maintain, finance, and improve, any personal property in the ordinary course of business;

C. Sell, dispose, trade, or exchange Company assets in the ordinary course of the Company's business;

D. Enter into and terminate agreements and contracts and to give receipts, releases, and discharges;

E. Purchase liability and other insurance (1) to protect the Company's properties and business, and (2) to protect the Managers and officers in connection with the performance of their duties hereunder (including insurance commonly known as director and officer liability coverage);

F. Execute or modify leases with respect to any part or all of the assets of the Company;

G. Execute any and all other instruments and documents which may be necessary or in the opinion of the Board desirable to carry out the intent and purpose of this Agreement in the ordinary course of business;

H. Make any and all expenditures which the Board, in its discretion, deems necessary or appropriate in connection with the management of the affairs of the Company and the carrying out of its obligations and responsibilities under this Agreement, including, without limitation, all legal, accounting, and other related expenses incurred in connection with the organization and financing and operation of the Company;

I. Enter into any kind of activity necessary to, in connection with, or incidental to, the accomplishment of the purposes of the Company;

J. Invest and reinvest Company reserves in short-term instruments or money market funds; and

WPAHS-000941

K. Develop and approve the Company's operating budget.

5.5. Extraordinary Transactions. Notwithstanding anything to the contrary in this Agreement, the Board shall not undertake any of the following without the affirmative unanimous approval of the Members:

A. Any Capital Transaction;

B. Conveyance or Mortgage of any Company Property;

C. Prepay, in whole or in part, refinance, amend, modify, or extend any mortgages or deeds of trust which may affect any asset of the Company and in connection therewith to execute for and on behalf of the Company any extensions, renewals, or modifications of such mortgages or deeds of trust;

D. The Company's lending more than $5,000.00 on any one occasion;

E. The admission of additional Members to the Company;

F. The Company's engaging in business in any jurisdiction other than Pennsylvania;

G. The amendment, modification or repeal of the Certificate of Organization or this Agreement;

H. Borrow money for and on behalf of the Company, and, in connection therewith, execute and deliver instruments authorizing the confession of judgment against the Company;

I. Sale or other disposition of all or substantially all of the assets or Interests of the Company.

J. Merger, dissolution or other disposition of the Company.

K. A call for Capital Contributions in excess of $100,000 in the aggregate.

L. The purchase or lease of capital equipment with a value over $200,000.

5.6. Annual Budget.

On or before December 1st of each year this Agreement shall be in effect, the Board shall prepare a proposed budget for the next succeeding fiscal year for the Company. In the event that the Board is unable to reach agreement with respect to the budget prior to the start of the applicable fiscal year, the proposed budget shall be deemed to be accepted (except for the objectionable items) and the Company may expend funds with respect to any objectionable item

in an amount not to exceed that approved or in effect for the prior fiscal year. If the Board cannot agree on a majority of the items in the proposed budget, the prior years approved budget shall continue to be the budget used by the Company pending the resolution of the matter through arbitration.

5.7. Limitation on Authority of Members.

A. No Member is an agent of the Company solely by virtue of being a Member, and no Member has authority to act for the Company solely by virtue of being a Member.

B. Any Member who takes any action or binds the Company in violation of this Article V shall be solely responsible for any loss and expense incurred by the Company as a result of the unauthorized action and shall indemnify and hold the Company harmless with respect to the loss or expense.

C. A Manager may resign upon ninety (90) days written notice to the Members, after which notice the Members may elect a new Manager following the procedure therefor set forth at Section 5.1.

D. A Member, at any time and from time to time and for any reason, may remove any Manager it has appointed and elect a new Manager following the procedure therefor set forth at Section 5.1.

5.8. Meetings of and Voting by Members.

A. A meeting of the Members may be called at any time by the Board or by those Members holding at least Fifty percent (50%) of the Percentages then held by Members. Meetings of Members shall be held at the Company's principal place of business or at any other place in the Commonwealth of Pennsylvania and within sixty (60) miles of the Company's principal place of business designated by the Person calling the meeting. Not less than ten (10) nor more than ninety (90) days before each meeting, the Person calling the meeting shall give written notice of the meeting to each Member entitled to vote at the meeting. The notice shall state the time, place, and purpose of the meeting. Notwithstanding the foregoing provisions, each Member who is entitled to notice waives notice if before or after the meeting the Member signs a waiver of the notice which is filed with the records of Members' meetings, or is present at the meeting in person or by proxy. Unless this Agreement provides otherwise, at a meeting of Members, the presence in person or by proxy of Members holding not less than Seventy-five (75%) of the Percentages then held by Members constitutes a quorum. A Member may vote either in person or by written proxy signed by the Member or by his duly authorized attorney-in-fact.

B. Except as otherwise provided in this Agreement, the affirmative vote of Members holding Seventy-five percent (75%) of the Percentages then held by Members shall be required to approve any matter coming before the Members.

C. In lieu of holding a meeting, the Members may vote or otherwise take action by a written instrument indicating the consent of Members holding 100% of the Percentages then held by Members.

5.9. Personal Services.

A. No Member shall be required to perform services for the Company solely by virtue of being a Member. Unless approved by the Board, no Member shall perform services for the Company or be entitled to compensation for services performed for the Company.

B. Unless approved by Members holding Seventy-five percent (75%) of the Percentages then held by Members, Managers shall not be entitled to compensation for services performed for the Company. However, upon substantiation of the amount and purpose thereof, any Manager shall be entitled to reimbursement for expenses reasonably incurred in connection with the activities of the Company.

5.10. Duties of Parties.

A. The Board shall devote such time to the business and affairs of the Company as is necessary to carry out the Board's duties set forth in this Agreement.

B. Each Member understands and acknowledges that the conduct of the Company's business may involve business dealings and undertakings with Members and their affiliates. In any of those cases, those dealings and undertakings shall be at arm's length and on commercially reasonable terms.

C. Except as otherwise expressly provided in this Agreement, nothing in this Agreement shall be deemed to restrict in any way the rights of any Member, or any of its members, shareholders, partners or affiliates, to conduct any business or activity whatsoever, whether or not such business or activity is competitive with the business or interests of the Company, which for the purposes of this Agreement are limited to owning, operating and managing a freestanding endoscopy facility and the other lawful purposes described in Section 2.3, above (the "Company's Business").

D. Except as otherwise specified in this Agreement, any Member may have other business interests and may engage in other activities in addition to those relating to the Company, and neither the Company nor any Member shall have any right (by virtue of this Agreement) to share in such other investments or activities of the Member or to the income or proceeds derived therefrom.

5.11. Liability and Indemnification.

A. The Board shall not be liable, responsible, or accountable, in damages or otherwise, to any Member or to the Company for any act performed by the Board within the scope of the authority conferred on the Board by this Agreement, except for fraud, gross negligence, or an intentional breach of this Agreement.

B. The Company shall indemnify the Managers for any act performed by any Manager within the scope of the authority conferred on the Managers by this Agreement, except for fraud, gross negligence, or an intentional breach of this Agreement.

5.12. Confidentiality.

A. In the course of negotiations prior to execution of this Agreement and during the term of the Company, each Member may have made or may make available to the Company or the other Member, and the Company may have made or may make available to the Members, in each case directly or indirectly to their affiliates, agents or employees (each, a "***Recipient***"), certain information, including, without limitation, information relating to such Person's research, development, product design, processes, planning, purchasing, accounting, finance, selling, marketing, market research, promotional plans, customers, suppliers, and other information of a similar nature, which may include information in which the disclosing Person or its affiliates have proprietary interests (collectively, "***Confidential Information***"). Confidential Information shall remain the property of the disclosing Person; and the Recipient shall ensure that such Confidential Information, except as permitted by this Section 5.12, shall be held in the strictest confidence and shall be used by the Recipient only in the performance of its obligations under this Agreement and other agreements contemplated hereunder, unless disclosure thereof is consented to by the other Member.

B. The obligations set forth in this Section 5.12 shall survive termination of this Agreement indefinitely, but shall not apply to Confidential Information disclosed by the Recipient to a third party to the extent that such Confidential Information:

(i) at the time of disclosure is part of the public knowledge or literature and readily accessible to such third party other than as a result of an unauthorized disclosure by a Recipient;

(ii) is required by law to be disclosed, is required to be disclosed in connection with compliance by either Member or any of their affiliates with federal, state or local laws, rules and regulations, or is requested to be disclosed by governmental regulators having jurisdiction over the Member or such affiliate;

(iii) was lawfully in the possession of the Recipient prior to its disclosure by the disclosing Person, as evidenced by the Recipients' written materials;

(iv) has been lawfully obtained by the Recipient from a third party or third parties who the Recipient knew or had every reason to believe were not in breach of any nondisclosure obligation to the disclosing Person; or

(v) was developed by employees or agents of the Recipient independently of and without reference to any Confidential Information.

In the event that the Recipient is requested pursuant to, or required by, applicable law or regulation or by legal process to disclose any Confidential Information, Recipient shall provide the Company or other Member, as the case may be, with prompt notice of such request(s) to enable the Company or other Member, as applicable, to seek an appropriate protective order or other appropriate remedy.

5.13. Non-Competition.

A. Subject to Section 5.13(C), during the Applicable Non-Compete Period, no Member shall, no entity controlled by a Member (for purposes of this Section 5.13 Allegheny Specialty Practice Network ("ASPN") shall be deemed to be controlled by AGH) shall, and no ACDH Principal shall:

(i) for itself, himself, herself or others (whether as an officer, director, shareholder, member, owner, partner, joint venturer, employee, independent contractor, consultant, advisor or representative), establish, enter into, be employed by or for, advise, consult with, negotiate with or for, or become an owner of any Person, other than the Company, that engages in an Excluded Business within the Restricted Area;

(ii) for itself, himself, herself or others (whether as an officer, director, shareholder, member, owner, partner, joint venturer, employee, independent contractor, consultant, advisor or representative), establish, enter into, be employed by or for, advise, consult with, negotiate with or for, or become an owner in part of any Person, other than the Company, that engages in an Excluded Business within 40 miles of the boundary of the Restricted Area unless (x) in the case of AGH, (I) the ACDH Principals who are physicians are offered a nonexclusive right or exclusive right (at AGH's option) to participate in such Excluded Business; (II) physician investors (including the ACDH Principals) or at AGH's option only the ACDH Principals who are physicians, are offered an opportunity to purchase an aggregate ownership interest of up to 50% (but they may elect to purchase a lesser percentage at their option) on substantially similar terms as all other investors (including AGH), and (III) in the event other physicians are included in such offer the ACDH Principals who are physicians shall have the right, at their option, to purchase up to one-half of the fifty percent interest offered to physician investors (including ACDH Principals); or (y) in the case of ACDH or any ACDH Principal, AGH is offered the opportunity to purchase up to 50% of such Excluded Business on substantially similar terms as that of ACDH, if ACDH is the investor, or that of the aggregate of the ACDH Principals, if any ACDH Principal is the direct or indirect investor; provided, however that any such right to invest shall expire 90 days following notice thereof to AGH, or the ACDH Principals, as the case may be, and, further provided, in the case of clauses (x)(I-III) of this subsection if any physician (other than the ACDH Principals) to whom the investment offer was extended fails to purchase the percentage interest offered, the ACDH Principals who are physicians will have the option to purchase such percentage interest; if, however, the ACDH Principals who are

physicians fail to purchase the percentage interest offered to them, AGH shall not be required to offer such percentage interest to any other physician investors;

(iii) induce or attempt to induce any employee of the Company to leave the employ of the Company, or in any way interfere with the relationship between the Company and any employee of the Company, or employ or otherwise engage as an employee, independent contractor, or otherwise, any employee of the Company.

B. For purposes of Section 5.13(A)(ii), key management personnel of any such new venture may be offered an investment interest in such venture upon majority vote of the members of such venture. In addition for purposes of Section 5.13(A)(ii)(x), some or all of the ACDH Principals who are physicians who desire to invest in the venture may make such investment on an aggregate bases through a separate entity.

C. The following activities shall not constitute a violation of this Section 5.13;

(i) Ownership of not more than 5% of the capital stock of a business engaged in an Excluded Business, whose stock is traded on a national securities exchange or over-the-counter;

(ii) Engaging in any manner under a transaction that would be included in the definition of Excluded Business outside the Restricted Area if prior to engaging in such transaction, (A) the party desiring to engage in the transaction offers to the Members or ACDH Principals, as applicable, the opportunity to engage in such transaction as described above and (B) the Members or ACDH Principals, as applicable, decide not to engage in such transaction.

(iii) The provision of any Excluded Business at an AGH hospital facility; or in the case of a merger that is a Permitted Transfer the provision of any Excluded Business in existence immediately prior to the merger, provided that neither Member nor any ACDH principal facilitated or participated directly or indirectly in the formation of such Excluded Business for the purpose of circumventing the restrictions of this Agreement.

(iv) The provision of any Excluded Business at an ASPN office, provided that such procedures are not performed by physician practicing in the specialty of gasteroenterology and, further provided, that such procedures do not make up more that 20% of the total CPT codes of the physician(s) performing such procedures.

5.14. Deadlock; Arbitration.

In the event the Board of Mangers or the Members, as applicable, are unable to agree (by the requisite majority) on matters described in Section 5.4 (K), Sections 5.5 (I), (J), (K) or (L), and whether there is sufficient cash flow to make distributions pursuant to Section 4.1 (B) (a "*Deadlock*"), then, notwithstanding any other provisions under this Agreement, either Member may elect to, after thirty (30) days from the date of the Deadlock occurred and after using

commercially reasonable efforts to resolve such Deadlock during such 30-day period, commence arbitration. Any such controversy shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. Within 15 days after the commencement of arbitration, each party shall select one person to act as arbitrator and the two selected shall select a third arbitrator within 10 days of their appointment. If the arbitrators selected by the parties are unable or fail to agree upon the third arbitrator, the third arbitrator shall be selected by the American Arbitration Association. Should this selection procedure fail for any reason, the arbitrators shall be appointed as provided in the Commercial Arbitration Rules of the American Arbitration Association. Unless otherwise agreed upon by the Members, the place of arbitration shall be in Pittsburgh, Pennsylvania. The arbitrators shall base their decision on what is in the best interest of the Company (as opposed to what is in the best interest of either or both Members).

Article VI
Transfer of Interests and Withdrawals of Members

6.1. Transfers.

A. Except for Permitted Transfers (as defined below), (i) no Interest Holder may Transfer all, or any portion of, or any interest or rights in, its Interest and (ii) ACDH shall not permit ACDH Principals to Transfer their respective membership interests in ACDH, in either case without the consent of the Members.

B. The following Transfers shall be "***Permitted Transfers***":

(i) Transfers from one Member to another Member;

(ii) Transfers from a Member to the Company;

(iii) Transfers from an ACDH Principal to an ACDH Principal;

(iv) Transfers from an ACDH Principal to ACDH;

(v) Transfers from an ACDH Principal or ACDH to a member of the AGH medial staff, provided, that such physician does not have any financial, strategic or other relationship with any competitor of AGH or its affiliates;

(vi) Transfers pursuant to a merger between AGH and another entity, provided, that AGH is the surviving entity; or

(vii) Unanimous consent of the Members.

C. ACDH shall not permit any ACDH Principal to have any financial, strategic or other relationship with any competitor of AGH or its affiliates. The foregoing shall not prohibit, however, any ACDH Principal from holding staff privileges or participating in an insurance product that may be controlled by a competitor, unless such ACDH Principal is otherwise restricted pursuant to an employment or other agreement with AGH or any of its affiliates. To the extent, that any ACDH Principal violates the restriction contained herein, ACDH shall require the ACDH Principal to Transfer his, her or its interest in ACDH in accordance with Section 6.1 B.

D. Notwithstanding anything herein to the contrary, no Person may Transfer all or any portion of or any interest or rights in the Person's Membership Rights or Interest unless the following conditions ("Conditions of Transfer") are satisfied:

(i) The Transfer will not require registration of Interests or Membership Rights under any federal or state securities laws;

(ii) The transferee delivers to the Company a written instrument agreeing to be bound by the terms of this Agreement.

(iii) The Transfer will not result in the termination of the Company pursuant to IRC Section 708;

(iv) The Transfer will not result in the Company being subject to the Investment Company Act of 1940, as amended;

(v) The transferor or the transferee delivers the following information to the Company: (1) the transferee's taxpayer identification number; and (2) the transferee's initial tax basis in the Transferred Interest and;

(vi) The Company does not have an unexpired option to purchase the Person's Membership Rights or Interest.

E. Each Member hereby acknowledges the reasonableness of the prohibition contained in this Section 6.1 in view of the purposes of the Company and the relationship of the Members. The Transfer of any Membership Rights or Interests in violation of the prohibition contained in this Section 6.1 shall be deemed invalid, null and void, and of no force or effect. Any Person to whom Membership Rights are attempted to be transferred in violation of this Section shall not be entitled to vote on matters coming before the Members, participate in the management of the Company, act as an agent of the Company, receive distributions from the Company or have any other rights in or with respect to the Membership.

6.2. Voluntary Withdrawal. No Member shall have the right or power to Voluntarily Withdraw from the Company.

6.3. Involuntary Withdrawal. Immediately upon the occurrence of an Involuntary Withdrawal, the Member or the successor of the Member who or which is involuntarily

withdrawing (Withdrawing Member) shall thereupon become an Interest Holder but shall not become a Member.

Article VII
Dissolution, Liquidation, and Termination of the Company

7.1. Events of Dissolution. The Company shall be dissolved upon the happening of any of the following events:

A. Upon the unanimous agreement of all of the Members;

B. Upon the entry of a court order of dissolution.

Except as otherwise set forth in this Article VII, the Company is intended to have perpetual existence.

7.2. Procedure for Winding Up and Dissolution. If the Company is dissolved, the Board shall wind up its affairs. On winding up of the Company, the assets of the Company shall be distributed, first, to creditors of the Company, in satisfaction of the liabilities of the Company, and then to the Interest Holders in accordance with Section 4.3.

7.3. Cancellation of Certificate. On completion of the distribution of Company assets as provided herein, the Company is terminated (and the Company shall not be terminated prior to such time), and the Board (or such other Person or Persons as the Law may require or permit) shall file a certificate of cancellation with the Secretary of Commonwealth of Pennsylvania, cancel any other filings made pursuant to this Agreement that are or should be canceled and take such other actions as may be necessary to terminate the Company. Notwithstanding anything to the contrary contained herein, the Company shall be deemed to continue in existence for all purposes of this Agreement until it is terminated pursuant to this Section 7.3.

7.4. Reasonable Time for Winding Up. A reasonable time shall be allowed for the orderly winding up of the business and affairs of the Company and the liquidation of its assets pursuant to Sections 7.2 in order to minimize any losses otherwise attendant upon such winding up.

Article VIII
Books, Records, Accounting, and Tax Elections

8.1. Bank Accounts. All funds of the Company shall be deposited in a bank account or accounts maintained in the Company's name. The Board shall determine the institution or institutions at which the accounts will be opened and maintained, the types of accounts, and the Persons who will have authority with respect to the accounts and the funds therein.

8.2. Books and Records.

A. The Board shall keep or cause to be kept complete and accurate books and records of the Company and supporting documentation of the transactions with respect to the conduct of the Company's business. The Company shall be on a cash basis for both tax and accounting purposes. In addition, applicable financial reports and related records shall be prepared and maintained in accordance with generally accepted accounting procedures, consistently applied, in compliance with the needs of the Company's nonprofit Members. The records shall include, but not be limited to, complete and accurate information regarding the state of the business and financial condition of the Company, a copy of the articles of organization and operating agreement and all amendments to the articles and operating agreement; a current list of the names and last known business, residence, or mailing addresses of all Members; and the Company's federal, state, or local tax returns.

B. The books and records shall be maintained in accordance with sound accounting practices and shall be available at the Company's principal office for examination by any Member or the Member's duly authorized representative at any and all reasonable times during normal business hours.

C. Each Member shall reimburse the Company for all costs and expenses incurred by the Company in connection with the Member's inspection and copying of the Company's books and records.

8.3. Annual Accounting Period. The annual accounting period of the Company shall be its taxable year. The Company's taxable year shall be selected by the Board, subject to the requirements and limitations of the Code.

8.4. Reports. Within seventy-five (75) days after the end of each taxable year of the Company, the Board shall cause to be sent to each Person who was a Member at any time during the accounting year then ended: (i) year-end financial statements, prepared by the Company's independent accountants; and (ii) a report summarizing the fees and other remuneration paid by the Company to any Member, any Manager or any affiliate in respect of the taxable year. In addition, within seventy-five (75) days after the end of each taxable year of the Company, the Board shall cause to be sent to each Person who was an Interest Holder at any time during the taxable year then ended, that tax information concerning the Company which is necessary for preparing the Interest Holder's income tax returns for that year. At the request of any Member, and at the Member's expense, the Board shall cause an audit of the Company's books and records to be prepared by independent accountants for the period requested by the Member.

8.5. Tax Matters Partner. AGH shall be designated as the Tax Matters Partner ("Tax Matters Partner") and shall serve as Tax Matters Partner until removed by the same percentage of interest. The Tax Matters Partner shall have all powers and responsibilities provided in IRC Section 6231, *et seq.* The Tax Matters Partner shall keep all Members informed of all notices from government taxing authorities which may come to the attention of the Tax Matters Partner. The Tax Matters Partner shall perform its duties without change to the Company, unless it is responding to correspondence or contact from the IRS or any other regulatory agency. The

Company shall pay and be responsible for all reasonable third-party costs and expenses incurred by the Tax Matters Partner in performing those duties; however, such costs and expenses shall not exceed $10,000 without the approval of the Board of Managers. A Member shall be responsible for any costs incurred by the Member with respect to any tax audit or tax-related administrative or judicial proceeding against any Member, even though it relates to the Company. The Tax Matters Partner may not compromise any dispute with the Internal Revenue Service without the approval of the Members.

8.6. Tax Elections. The Tax Matters Partner shall have the authority to make all Company elections permitted under the Code, including, without limitation, elections of methods of depreciation and elections under IRC Section 754. The decision to make or not make an election shall be at the Board's sole and absolute discretion.

8.7. Title to Company Property. All real and personal property acquired by the Company shall be acquired and held by the Company in its name.

8.8. Tax Returns. The Company shall duly and timely file with appropriate federal, state and other governmental agencies all tax returns and other reports required to be filed by it. The Company shall timely pay in full and/or make adequate provisions for the payment of all taxes, interest, penalties, assessments or deficiencies shown to be due on the Company's tax returns or by any taxing authorities. At least 20 days prior to the due date (excluding extensions) of the filing of the Company's United States partnership income tax return, the Company shall provide each Member with: (i) statements indicating the allocable share of each Member in the Company's items of Profits, Losses, tax credits and other tax attributes flowing through to the Members for such taxable year; and (ii) any additional information a Member may require for the preparation for its Federal, state and local tax returns. Any Member may review the Company's partnership tax return, as well as the other information specified in the previous sentence, prior to the Company's filing of the tax return. The Company shall consult with the Members and negotiate in good faith to resolve any issues arising as a result of the Members review of such tax return. Upon the resolution of all issues, the Members and the Company shall consent to the filing of such tax return. The Members and the Company shall use all reasonable efforts to resolve any issue in dispute as promptly as possible, but in any event prior to the due date (including extensions) for filing of such tax return.

Article IX
Events of Default

9.1. Events of Default.

The following acts shall constitute "Events of Default" hereunder:

(a) The failure to make a Capital Contribution when due;

(b) Any Transfer other than a Permitted Transfer;

(c) A material breach by a Member of any representation or warranty made herein, which breach is not cured within 30 days of written notice thereof by any other Member; or

(d) A material breach by a Member of any covenant or agreement hereunder, which breach is not cured with 30 days of written notice thereof by any other Member.

A breach by any ACDH Principal of the sections of this Agreement to which they are bound shall not be deemed a breach by ACDH.

9.2. Remedies.

If an Event of Default has occurred and is continuing, then the non-defaulting Member(s) may elect any one or more of the following remedies:

(a) The non-defaulting Members may seek specific performance of any covenant or agreement contained herein, or seek to enjoin the breach of any covenant or agreement. It is acknowledged that in such event it would be impossible to measure in money the damages that would be suffered if the parties hereto fail to comply with any of the obligations imposed herein on them and that, in the event of any such failure, an aggrieved party hereto will be irreparably damaged and will not have an adequate remedy at law. In addition to being entitled to exercise all rights granted by law, any such party shall, therefore, be entitled to equitable relief from any court having jurisdiction over such dispute, and if any action should be brought in equity to enforce any of the provisions of this Agreement, none of the parties shall raise the defense that there is an adequate remedy at law.

(b) Each non-defaulting Member shall be entitled to recover from the defaulting Member in an appropriate proceeding any and all damages, losses and expenses (including reasonable attorneys' fees and disbursements) suffered or incurred by the Company or the non-defaulting Members as a result of such Event of Default, including all such damages, losses and expenses reasonably foreseeable to the defaulting Member as a result of its default.

(c) If an Event of Default arises from a Transfer that is not a Permitted Transfer, the transferring Member shall take or cause to be taken all action necessary to reverse such Transfer, and shall in addition pay all damages, losses and expenses (including reasonable attorneys' fees and disbursements) incurred by the Company and the non-defaulting Members as a consequence of such purported Transfer.

(d) The non-defaulting Member may purchase the defaulting Member's entire Percentage Interest at the Fair Market Value of such Percentage Interest, payable in installments over a period not to exceed 36 months.

(e) In addition to the foregoing remedies, each defaulting Member hereby agrees to indemnify and hold harmless the Company, each non-defaulting Member and their respective partners, members, managers, officers, directors, agents, representatives, employees, trustees and Affiliates from and against any and all damages, losses and expenses (including

reasonable attorneys' fees and disbursements arising out of or related to such Event of Default, and agrees to pay for the defense of any such indemnified Person in any suit by the Company, another Member or a third party growing out of such Event of Default.

(f) The remedies set forth in this Section 9.2 shall be without prejudice to, restriction on, or limitation of, any other rights, claims or remedies which a non-defaulting Member or the Company may have against a defaulting Member, all of which claims, rights, or remedies are hereby expressly reserved. The rights and remedies of a non-defaulting Member or the Company as specified in this Agreement are not to the exclusion of each other or of any other rights or remedies of the non-defaulting Member or the Company. The non-defaulting Member or the Company may decline to exercise one or more of its rights and remedies as such Person may deem appropriate without jeopardizing any other of its other rights or remedies, and all of such Person's rights and remedies shall survive the expiration or termination of this Agreement.

Article X
General Provisions

10.1. Assurances. Each Member shall execute all such certificates and other documents and shall do all such filing, recording, publishing, and other acts as the Board deems appropriate to comply with the requirements of law for the formation and operation of the Company and to comply with any laws, rules, and regulations relating to the acquisition, operation, or holding of the property of the Company.

10.2. Notifications. Any notice, demand, consent, election, offer, approval, request, or other communication (collectively a "notice") required or permitted under this Agreement must be in writing and either delivered personally or sent by U.S. certified or registered mail, postage prepaid, return receipt requested. Any notice to be given hereunder by the Company shall be given by the Board or the Secretary. A notice must be addressed to an Interest Holder at the Interest Holder's last known address on the records of the Company. A notice to the Company must be addressed to the Company's principal office. A notice delivered personally will be deemed given only when acknowledged in writing by the person to whom it is delivered. A notice that is sent by mail will be deemed given three (3) business days after it is mailed. Any party may designate, by notice to all of the others, substitute addresses or addressees for notices; and, thereafter, notices are to be directed to those substitute addresses or addressees.

10.3. Specific Performance. The parties recognize that irreparable injury will result from a breach of any provision of this Agreement and that money damages will be inadequate to fully remedy the injury. Accordingly, in the event of a breach or threatened breach of one or more of the provisions of this Agreement, any party who may be injured (in addition to any other remedies which may be available to that party) shall be entitled to one or more preliminary or permanent orders (i) restraining and enjoining any act which would constitute a breach; or (ii) compelling the performance of any obligation which, if not performed, would constitute a breach.

10.4. Complete Agreement. This Agreement constitutes the complete and exclusive statement of the agreement among the Members. It supersedes all prior written and oral statements, including any prior representation, statement, condition, or warranty. Except as expressly provided otherwise herein, this Agreement may not be amended without the written consent of all of the Members.

10.5. Applicable Law. All questions concerning the construction, validity, and interpretation of this Agreement and the performance of the obligations imposed by this Agreement shall be governed by the internal law, not the law of conflicts, of the Commonwealth of Pennsylvania.

10.6. Section Titles. The headings herein are inserted as a matter of convenience only and do not define, limit, or describe the scope of this Agreement or the intent of the provisions hereof.

10.7. Binding Provisions. This Agreement is binding upon, and inures to the benefit of, the parties hereto and their respective heirs, executors, administrators, personal and legal representatives, successors, and permitted assigns.

10.8. Terms. Common nouns and pronouns shall be deemed to refer to the masculine, feminine, neuter, singular and plural, as the identity of the Person may in the context require.

10.9. Separability of Provisions. Each provision of this Agreement shall be considered separable; and if, for any reason, any provision or provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid.

10.10. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which, when taken together, constitute one and the same document. The signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

10.11. Representations and Warranties of Members.

A. Each Member hereby represents and warrants to the other Member and the Company, as follows:

(i) It is a duly organized, validly existing and in good standing under the laws of the state of its formation. It has the legal power and authority to own, lease, and operate its assets, properties, and businesses and to enter into this Agreement and to carry out its obligations hereunder. The execution, delivery, and performance of this Agreement by it has been duly authorized by all necessary actions on the part of it, and this Agreement is legally binding upon it in accordance with its terms, except that enforcement of this Agreement is subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws now or hereafter in effect relating to creditors rights generally and that the remedy of specific performance and other forms of

equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding thereafter may be brought.

(ii) The execution, delivery, and performance by it of this Agreement and the transactions contemplated hereby will not: (a) violate the provisions of any order, judgment, or decree of any court or other governmental agency or any arbitrator applicable to it or its governing documents (b) result in a material breach of or constitute (with due notice or lapse of time or both) a material default under any contract or agreement to which it is a party or by which it is bound; or (c) violate any provision of law of the United States or any state thereof, the violation of which is likely to have a material adverse effect on the business, operations or condition (financial or otherwise) of it or its affiliates.

10.12. Joinder. ACDH shall cause each current and future ACDH Principal to join in this Agreement for the purpose of being bound by Sections 5.13 and 6.1 of this Agreement.

IN WITNESS WHEREOF, the parties have executed, or caused this Agreement to be executed, under seal, as of the date set forth hereinabove.

MEMBERS:

ACDH Endoscopy, LLC

By: _____

Title: _____

Allegheny General Hospital

By: _____

Title: _____

Joinder

The undersigned ACDH Principals join in this Agreement for the sole purpose of being bound by Sections 5.13 and 6.1.

ACDH Principals:

_____

_____

_____

_____

EXHIBIT "A"

OWNERSHIP PERCENTAGES

Member	Ownership Percentages	No. Units
ACDH ENDOSCOPY LLC [Address] [EIN]	50%	139
ALLEGHENY GENERAL HOSPITAL 320 East North Avenue Pittsburgh, PA 15212 EIN:25-1322626	50%	139

EXHIBIT "B"

CERTIFICATE OF FORMATION

WPAHS-000958

Document Divider

OPERATING AGREEMENT
of
OPEN MRI OF WASHINGTON COUNTY, L.L.C.
a Delaware Limited Liability Company

This **OPERATING AGREEMENT** (this "Agreement") is dated effective as of February 1, 2003 by and among **MID-ATLANTIC UNIFIED HEALTH SYSTEMS, INC.**, a Pennsylvania corporation, having an address of 107 Paintersville Road, New Stanton, Pennsylvania 15672 (**"Mid-Atlantic"**); and **WEST PENN CORPORATE MEDICAL SERVICES, INC.**, a Pennsylvania corporation, having an address of 4815 Friendship Avenue, Pittsburgh, Pennsylvania 15219 ("West Penn").

RECITAL

The parties have agreed to organize and operate a limited liability company in accordance with the terms of, and subject to the conditions set forth in, this Agreement.

NOW, THEREFORE, the parties, intending legally to be bound hereby, agree as follows:

Section I.
Definitions

The following capitalized terms shall have the meanings specified in this Section I. Other terms are defined in the text of this Agreement; and, throughout this Agreement, those terms shall have the meanings respectively ascribed to them.

"Adjusted Capital Balance" means, as of any day, an Interest Holder's total Capital Contributions less all amounts actually distributed to the Interest Holder pursuant to Sections 4.1C(iv)(a) and 4.3 hereof. If any Interest is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Adjusted Capital Balance of the transferor to the extent the Adjusted Capital Balance relates to the Interest transferred.

"Agreement" means this Operating Agreement, as amended from time to time.

"Board" means the Board of Managers.

"Capital Account" means the account to be maintained by the Company for each Interest Holder in accordance with the following provisions:

(i) An Interest Holder's Capital Account shall be credited with the Interest Holder's Capital Contributions, the amount of any Company liabilities assumed by the Interest Holder (or which are secured by Company property distributed to the Interest Holder), and the Interest Holder's distributive share of Profit; and

(ii) An Interest Holder's Capital Account shall be debited with the amount of money and the fair market value of any Company property distributed to the Interest Holder, the amount of any liabilities of the Interest Holder assumed by the Company (or which are secured by property contributed by the Interest Holder to the Company), and the Interest Holder's distributive share of Loss.

If any Interest is transferred pursuant to the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent the Capital Account is attributable to the transferred Interest. If the book value of Company property is adjusted pursuant to Section 4.1C, the Capital Account of each Interest Holder shall be adjusted to reflect the aggregate adjustment in the same manner as if the Company had recognized gain or loss equal to the amount of such aggregate adjustment. It is intended that the Capital Accounts of all Interest Holders shall be maintained in compliance with the provisions of Regulation Section 1.704-1(b), and all provisions of this Agreement relating to the maintenance of Capital Accounts shall be interpreted and applied in a manner consistent with that Regulation.

"Capital Contribution" means the total amount of cash and the fair market value of any other assets contributed (or deemed contributed under Regulation Section 1.704-1(b)(2)(iv)(d)) to the Company by a Member, net of liabilities assumed or to which the assets are subject.

"Capital Proceeds" means the gross receipts received by the Company from a Capital Transaction.

"Capital Transaction" means any transaction not in the ordinary course of business which results in the Company's receipt of cash or other consideration other than Capital Contributions, including, without limitation, proceeds of sales or exchanges or other dispositions of property not in the ordinary course of business, condemnations, recoveries of damage awards, and insurance proceeds.

"Cash Flow" means all cash funds derived from operations of the Company (including interest received on reserves), without reduction for any noncash charges, but less cash funds used to pay current operating expenses and to pay or establish reasonable reserves for future expenses, debt payments, capital improvements, and replacements as determined by the Board. Cash Flow shall not include Capital Proceeds but shall be increased by the reduction of any reserve previously established.

"Code" means the Internal Revenue Code of 1986, as amended, or any corresponding provision of any succeeding law.

"Company" means the limited liability company formed in accordance with this Agreement.

"Interest" means a Person's share of the Profits and Losses of, and the right to receive distributions from, the Company.

WPAHS-000960

"Interest Holder" means any Person who holds an Interest, whether as a Member or as an un-admitted assignee of a Member.

"Involuntary Withdrawal" means, with respect to any Member, the occurrence of any of the following events:

(i) The Member makes an assignment for the benefit of creditors;

(ii) The Member files a voluntary petition of bankruptcy;

(iii) The Member is adjudged bankrupt or insolvent or there is entered against the Member an order for relief in any bankruptcy or insolvency proceeding;

(iv) The Member files a petition or answer seeking for the Member any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law, or regulation;

(v) The Member seeks, consents to, or acquiesces in the appointment of a trustee for, receiver for, or liquidation of the Member or of all or any substantial part of the Member's properties;

(vi) The Member files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Member in any proceeding described in Subsections (i) through (v);

(vii) Any proceeding against the Member seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law, or regulation, continues for one hundred twenty (120) days after the commencement therefor, the appointment of a trustee, receiver, or liquidator for the Member or all or any substantial part of the Member's properties without the Member's agreement or acquiescence, which appointment is not vacated or stayed for one hundred twenty (120) days or, if the appointment is stayed, for one hundred twenty (120) days after the expiration of the stay during which period the appointment is not vacated;

(viii) If the Member is an individual, the Member's death or adjudication by a court of competent jurisdiction as incompetent to manage the Member's person or property;

(ix) If the Member is acting as a Member by virtue of being a trustee of a trust, the termination of the trust;

(x) If the Member is a partnership or another limited liability company, the dissolution and commencement of winding up of the partnership or limited liability company;

WPAHS-000961

(xi) If the Member is a corporation, the dissolution of the corporation or the revocation of its charter; or

(xii) If the Member is an estate, the distribution by the fiduciary of the estate's entire interest in the limited liability company.

"Law" means the Delaware Limited Liability Company Act, 6 Del. C. §18-101 *et seq.*, as amended from time to time.

"Manager" is a Person designated as such pursuant to Section V.

"Member" means each Person signing this Agreement and any Person who subsequently is admitted as a member of the Company; but only so long as such Person is shown as a Member on a Company's books and records.

"Member Loan Nonrecourse Deductions" means any Company deductions that would be Nonrecourse Deductions if they were not attributable to a loan made or guaranteed by a Member within the meaning of Regulation Section 1.704-2(i).

"Membership Rights" means all of the rights of a Member in the Company, including a Member's: (i) Interest; (ii) right to inspect the Company's books and records; and (iii) right to participate in the management of and vote on matters coming before the Members. A Member's Membership Rights in the Company shall be evidenced by Certificates of the Company in such form as the Board shall determine from time to time.

"Nonrecourse Deductions" shall have the meaning set forth in Regulation Section 1.704-2(b)(1).

"Nonrecourse Liability" means any liability of the Company with respect to which no Member has personal liability determined in accordance with Code Section 752 and the Regulations promulgated thereunder.

"Percentage" means as to a Member, the percentage set forth after the Member's name on Exhibit A, as amended from time to time, and as to an Interest Holder who is not a Member, the Percentage of the Member whose Interest has been acquired by such Interest Holder, to the extent the Interest Holder has succeeded to that Member's Interest.

"Person" means and includes any individual, corporation, partnership, association, limited liability company, trust, estate, or other entity.

"Positive Capital Account" means a Capital Account with a balance greater than zero.

"Profit" and "Loss" mean, for each taxable year of the Company (or other period for which Profit or Loss must be computed) the Company's taxable income or loss determined in accordance with Code Section 703(a), with the following adjustments:

WPAHS-000962

(i) All items of income, gain, loss, deduction, or credit required to be stated separately pursuant to Code Section 703(a)(1) shall be included in computing taxable income or loss;

(ii) Any tax-exempt income of the Company, not otherwise taken into account in computing Profit or Loss, shall be added to taxable income or loss;

(iii) Any expenditures of the Company described in Code Section 705(a)(2)(B) (or treated as such pursuant to Regulation Section 1.704-1(b)(2)(iv)(i)) and not otherwise taken into account in computing Profit or Loss, shall be subtracted from taxable income or loss;

(iv) Gain or loss resulting from any taxable disposition of Company property shall be computed by reference to the adjusted book value of the property disposed of, notwithstanding the fact that the adjusted book value differs from the adjusted basis of the property for federal income tax purposes;

(v) In lieu of the depreciation, amortization, or cost recovery deductions allowable in computing taxable income or loss, there shall be taken into account the depreciation computed based upon the adjusted book value of the asset; and

"Regulation" means the income tax regulations, including any temporary regulations, from time to time promulgated under the Code.

"Transfer" means, any transfer of or attempt to transfer or the placing of any encumbrance upon or attempt to encumber or suffering an encumbrance to exist upon either legal title to or any beneficial interest in any Interest in the Company by means of a gift, sale, pledge, assignment, death, hypothecation, alienation or other disposition, with or without consideration and whether voluntarily or involuntarily or by operation of law.

"Unit" means the Interest of an Interest Holder in the Company representing a fractional part of the Interests of all Interest Holders.

"Voluntary Withdrawal" means a Member's dissociation with the Company by means other than by a Transfer or an Involuntary Withdrawal.

Section II.
Formation and Name: Office; Purpose; Term

2.1. Organization. The parties hereby ratify, approve and confirm the organization of this Company in accordance with the Law and the provisions of this Agreement by their authorized agent and, further ratify, approve and confirm the Certificate of Organization of the Company attached hereto as Exhibit B which was filed of record with the State of Delaware on _____ ___, 2003.

WPAHS-000963

2.2. Name of the Company. The name of the Company shall be "**Open MRI of Washington County, L.L.C.**" The Company may do business under that name and under any other name or names which the Board selects.

2.3. Purpose. The purposes of the Company and the business to be carried on are as follows:

(i) owning, operating and managing an open magnetic resonance imaging facility.

(ii) to do any and all other acts and things which may be necessary, incidental or convenient to carry on the foregoing purposes of the Company.

(iii) to engage in any and all lawful business for which limited liability companies may be organized in the State of Delaware.

2.4. Term. The term of the Company shall begin upon the filing of the Certificate of Formation with the State of Delaware and shall continue in existence until terminated pursuant to Section VII of this Agreement.

2.5. Registered Office; Principal Office. The registered office of the Company in the State of Delaware shall be located at 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808 or at any other place as selected by the Board. The principal office of the Company shall be located at the same location as the registered address or such other place as selected by the Board. The Board shall undertake all necessary action to properly qualify the Company as a foreign limited liability company in the Commonwealth of Pennsylvania and in any other states in which the Company is transacting or will transact any business or is otherwise required to be registered or qualified.

2.6. Members. The name, present mailing address, taxpayer identification number, and Percentage of each Member are set forth on Exhibit A attached hereto and made a part hereof.

2.7 No State Law Partnership. The parties intend that the Company not be a partnership (including without limitation, a limited partnership) or joint venture, and that no Interest Holder be a partner or joint venturer of any other Interest Holder by virtue of this Agreement, for any purposes other than as set forth in the last sentence of this Section 2.7, and neither this Agreement nor any document entered into by the company or any Interest Holder relating to the subject matter hereof shall be construed to suggest otherwise. The parties intend that the Company shall be treated as a partnership for federal and, if applicable state or local tax purposes (including income tax purposes), and that each Interest Holder and the Company shall file all tax returns and shall otherwise take all tax and financial reporting positions in a manner consistent with such treatment.

WPAHS-000964

Section III.
Members; Capital; Capital Accounts

3.1. Initial Capital Contributions. Upon the execution of this Agreement, the Members shall contribute to the Company cash and/or property in the amounts respectively set forth on Exhibit A and agree to the fair market value of property contributed as set forth on Exhibit A.

3.2. Additional Capital Contributions.

A. If the Board at any time or from time to time determines that the Company requires additional Capital Contributions, then the Board shall give notice to each Member of (i) the total amount of additional Capital Contributions required, (ii) the reason the additional Capital Contribution is required, (iii) each Member's proportionate share of the total additional Capital Contribution (determined in accordance with this Section), and (iv) the date each Member's additional Capital Contribution is due and payable, which date shall be thirty (30) days after the notice has been given. Notwithstanding the foregoing, the Board shall not request additional Capital Contributions pursuant to this Section 3.2A, in excess of $100,000 in the aggregate, unless such request has been approved by Members holding at least Seventy-five percent (75%) of all Percentages outstanding at the time of such request. A Member's proportionate share shall be payable in cash or by certified check.

B. Except as provided in Section 3.2A, no Member shall be required to contribute any additional capital to the Company, and no Member shall have any personal liability for any obligation of the Company.

C. If a Member fails to pay when due all or any portion of any Capital Contribution, the Board shall request the non-defaulting Members to pay the unpaid amount of the defaulting Member's Capital Contribution (the "Unpaid Contribution"). To the extent the Unpaid Contribution requested by the Board pursuant to Section 3.2A is contributed by any other Member, the defaulting Member's Percentage shall be reduced and the Percentage of each Member who makes up the Unpaid Contribution shall be increased, so that each Member's Percentage is equal to a fraction, the numerator of which is that Member's total Capital Contribution and the denominator of which is the total Capital Contributions of all Interest Holders. The Board shall amend Exhibit A accordingly. This remedy is in addition to any other remedies allowed by law or by this Agreement.

3.3. No Interest on Capital Contributions. Interest Holders shall not be paid interest on their Capital Contributions.

3.4 Return of Capital Contributions. Except as otherwise provided in this Agreement, no Interest Holder shall have the right to receive the return of any Capital Contribution.

3.5. Form of Return of Capital. If an Interest Holder is entitled to receive a return of a Capital Contribution, the Interest Holder shall not have the right to receive anything but Cash in return of the Interest Holder's Capital Contribution.

WPAHS-000965

3.6. Capital Accounts. A separate Capital Account shall be maintained for each Interest Holder.

3.7. Loans. Any Member may, at any time, make or cause a loan to be made to the Company in any amount and on those terms upon which the Company and the Member agree.

3.8. Additional Members. A Person may be admitted to the Company as a Member by affirmative vote of One Hundred percent (100%) of the Percentages then held by the Members and only upon furnishing to the Board (a) a letter of acceptance, in form satisfactory to the Board, of all of the terms and conditions of this Agreement, including the power of attorney granted in Section 5.11, and (b) such other documents and instruments as the Board deems necessary or appropriate to effect such Person's admission as a Member. Such admission shall become effective on the date on which the Board determines in its sole discretion that such conditions have been satisfied.

Section IV.
Profit, Loss, and Distributions

4.1. Allocations of Profit or Loss and Distributions of Cash Flow and Capital Proceeds.

A. Profit or Loss. Profit or Loss shall be allocated to the Interest Holders in proportion to their Percentages.

B. Cash Flow. The Company may, in the sole and absolute discretion of the Board, distribute Cash Flow to the Interest Holders in proportion to their Percentages. Notwithstanding the foregoing, in the event that Profit is allocated to an Interest Holder in any tax year and the distribution of Cash Flow determined by the Board and distributed to the Interest Holder for such tax year is insufficient to enable the Interest Holder to pay the federal, state and local taxes owed on account of such allocation of Profit, (the amount by which the tax liability exceeds distributions hereinafter referred to as the "Tax Shortfall") the Company shall, (upon the request of an Interest Holder submitted to the Board and upon the Board's verification of the Tax Shortfall) within ninety (90) days after the commencement of the following tax year, but only to the extent that Cash Flow is available, make a special distribution to each Interest Holder in proportion to their Percentages, in an amount not to exceed the greatest Tax Shortfall realized by an Interest Holder.

C. Capital Proceeds. Capital Proceeds may, in the sole and absolute discretion of the Board, be distributed and applied by the Company in the following order and priority:

(i) To the payment of all expenses of the Company incident to the Capital Transaction; then

WPAHS-000966

(ii) To the payment of debts and liabilities of the Company then due and outstanding (including all debts due to any Interest Holder); then

(iii) To the establishment of any reserves which the Board deems necessary for liabilities or obligations of the Company; then

(iv) The balance shall be distributed as follows:

(a) To the Interest Holders in proportion to their Adjusted Capital Balances, until their remaining Adjusted Capital Balances have been paid in full;

(b) The balance, to the Interest Holders in proportion to their Percentages.

4.2. Regulatory Allocations.

A. Contributed Property. In accordance with IRC Section 704(c) and the Regulations thereunder, as well as Regulation Section 1.704-1(b)(2)(iv)(d)(3), income, gain, loss, and deduction with respect to any property contributed (or deemed contributed) to the Company shall, solely for tax purposes, be allocated among the Interest Holders so as to take account of any variation between the adjusted basis of the property to the Company for federal income tax purposes and its fair market value at the date of contribution (or deemed contribution). If the adjusted book value of any Company asset is adjusted as provided herein, subsequent allocations of income, gain, loss, and deduction with respect to the asset shall take account of any variation between the adjusted basis of the asset for federal income tax purposes and its adjusted book value in the manner required under IRC Section 704(c) and the Regulations thereunder. The Board shall determine the applicable method of applying IRC Section 704(c) and the Regulations thereunder.

B. IRC Section 754 Adjustment. To the extent an adjustment to the tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulation Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of the adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases basis), and the gain or loss shall be specially allocated to the Interest Holders in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to that Section of the Regulations.

C. Nonrecourse Deductions. Nonrecourse Deductions for a taxable year or other period shall be allocated among the Interest Holders in proportion to their Percentages.

D. Guaranteed Payments. To the extent any compensation paid to any Member by the Company, including any fees payable to any Member pursuant to Section 5.8 hereof, is determined by the Internal Revenue Service not to be a guaranteed payment under Code Section 707(c) or is not paid to the Member other than in the Person's capacity as a

WPAHS-000967

Member within the meaning of Code Section 707(a), the Member shall be specially allocated gross income of the Company in an amount equal to the amount of that compensation, and the Member's Capital Account shall be adjusted to reflect the payment of that compensation.

E. Withholding. All amounts required to be withheld pursuant to Code Section 1445 or 1446 or any other provision of federal, state, or local tax law shall be treated as amounts actually distributed to the affected Interest Holders for all purposes under this Agreement.

4.3. Liquidation and Dissolution.

A. If the Company is liquidated, the assets of the Company shall be distributed to the Interest Holders in accordance with the balances in their respective Capital Accounts, after taking into account the allocations of Profit or Loss pursuant to Section 4.1A and distributions, if any, of cash or property, if any, pursuant to Sections 4.1B.

B. No Interest Holder shall be obligated to restore a Negative Capital Account.

4.4. General.

A. Except as otherwise provided in this Agreement, the timing and amount of all distributions shall be determined by the Board.

B. If any assets of the Company are distributed in kind to the Interest Holders, those assets shall be valued on the basis of their fair market value, and any Interest Holder entitled to any interest in those assets shall receive that interest as a tenant-in-common with all other Interest Holders so entitled. Unless the Members otherwise agree, the fair market value of the assets shall be determined by an independent appraiser who shall be selected by the Board. The Profit or Loss for each unsold asset shall be determined as if the asset had been sold at its fair market value, and the Profit or Loss shall be allocated as provided in Section 4.1A and shall be properly credited or charged to the Capital Accounts of the Interest Holders prior to the distribution of the assets in liquidation pursuant to Section 4.3.

C. All Profit and Loss shall be allocated, and all distributions shall be made to the Persons shown on the records of the Company to have been Interest Holders as of the last day of the taxable year for which the allocation or distribution is to be made. Notwithstanding the foregoing, unless the Company's taxable year is separated into segments, if there is a Transfer or an Involuntary Withdrawal during the taxable year, the Profit and Loss shall be allocated between the original Interest Holder and the successor on the basis of the number of days each was an Interest Holder during the taxable year; provided, however, the Company's taxable year shall be segregated into two or more segments in order to account for Profit, Loss, or proceeds attributable to a Capital Transaction or to any other extraordinary nonrecurring items of the Company.

WPAHS-000968

D. The Board is hereby authorized, upon the advice of the Company's tax counsel, to amend this Article IV to comply with the Code and the Regulations promulgated under IRC Section 704(b); provided, however, that no amendment shall materially affect distributions to an Interest Holder without the Interest Holder's prior written consent.

Section V.
Management: Rights, Powers, and Duties

5.1. Board of Managers.

A. The Company shall, except as limited by this Agreement, be managed in all respects by the Board of Managers consisting initially of two (2) Managers. Each initial Member shall appoint one (1) Person to serve on the Board of Managers. The initial Managers shall be Jesse W. Keller for Mid-Atlantic and Barbara A. Bensaia for West Penn, each having been appointed by the initial Member indicated next to such Manager's name. Each Manager shall hold office until the next annual meeting of Members or until his or her successor shall have been elected and qualified, or until his or her earlier death, resignation or removal.

B. If a vacancy occurs on the Board of Managers, the Member that appointed the departing Manager shall appoint a replacement Person to serve on the Board of Managers. Any Manager may be removed, with or without cause, by the Member that appointed the Manager. Any Manager may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or if no time be specified, at the time of its receipt by the remaining Managers. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

5.2. Action of Board of Managers. The Board may take action at meetings at such times and places as it may find necessary or appropriate. The Board shall establish such regular or special meetings as it may find necessary or appropriate and, although the presence of a majority of the Board shall constitute a quorum, all actions of the Board must be approved by Seventy-five percent (75%) of the Board. The Board may also take action by unanimous written consent of the Board of Managers without a meeting. In the event of a deadlock vote by the Board, such matter shall be submitted to the Members for resolution.

5.3. Officers. The officers of the Company shall be a President, one or more Vice-Presidents, a Treasurer and a Secretary. The officers shall be appointed by the Board and the President and Vice-President(s) shall be responsible for the operation of the Company. All such officers shall serve at the pleasure of the Board and may be removed for any reason.

A. President. The President shall be the chief executive officer of the Company and shall have general supervision over the affairs of the Company. The President shall oversee the implementation of the policies and strategies adopted by the Board. The President shall also have such powers and duties as are otherwise provided in this Agreement or assigned by the Board.

WPAHS-000969

B. Vice-Presidents. If the President is absent or for any reason is unable to act, any Vice-President may perform the duties and exercise the powers and authorities of the President, unless a particular individual shall have been designated by the President or the Board for such purpose or purposes. Each Vice-President shall also have such other powers and authorities and perform such other duties as may be conferred upon or assigned to him by the President or the Board.

C. Secretary. The Secretary shall keep minutes of all meetings of the Board (including, without limitation, all actions taken by written consent as provided in Section 5.2 of this Agreement). The Secretary shall also keep records of all actions of the Member that pertain to the Company. The Secretary shall have such other powers and authorities and perform such other duties as may be incidental to those heretofore set forth and as may be conferred upon or assigned to him by the President or the Board.

D. Assistant Secretaries. The Board may appoint one or more Assistant Secretaries. If the Secretary is absent or for any reason is unable to act, any Assistant Secretary may perform the duties and exercise the powers and authorities of the Secretary, unless a particular Assistant Secretary shall have been designated by the Secretary or the Board for that purpose. Each Assistant Secretary shall also have such other powers and authorities and perform such other duties as may be conferred upon or assigned to him by the Secretary or the Board.

E. The Treasurer. The Treasurer shall: (a) be custodian of the Company's contracts, policies, leases, deeds and other indicia of title, and all other business records, tax matters, financial documents and accounting records; (b) see that the lists, books, reports, statements, tax returns, certificates and other documents and records required by law are properly prepared, kept and filed; (c) have charge and custody of and be responsible for the Company's funds, securities, and investments; (d) receive, endorse for collection and give receipts for checks, notes, obligations, funds and securities of the Company, and deposit moneys and other valuable effects in the name and to the credit of the Company, in such depositories as shall be designated by the Board of Managers; (e) cause to be kept appropriate, complete and accurate books and records of account of all the Company's business and transactions; (f) render to the President and the Board when and as required, an account of all his transactions as treasurer, and a report as to the financial position and operations of the Company; and (g) have all powers and perform all duties incident to the office of treasurer, and such other powers and duties as may from time to time be prescribed by the President or the Board.

F. Vacancies. All vacancies in the executive offices in this Article resulting from death, resignation or any other cause whatsoever shall be filled by the Board.

G. Rotation of Officers. Except as otherwise provided for herein or upon unanimous consent of the Members, the positions of President and Vice-President of the Company shall be appointed on an annual rotating basis such that the President shall be appointed by one Member and the Vice-President shall be appointed by the other Member. The initial President of the Company shall be a Person appointed by Mid-

WPAHS-000970

Atlantic and the initial Vice-President shall be a Person appointed by West Penn. The initial term of the President and Vice-Presidents appointed by the two (2) initial Members shall begin on the date of this Agreement and end upon the later of December 31, 2003 or the date such officer's successor is appointed in writing in accordance with the rotation provided for herein.

5.4. General Powers. Except as limited by Section 5.5 below, the Board shall have full, exclusive, and complete discretion, power, and authority, subject in all cases to the other provisions of this Agreement and the requirements of applicable law, to manage, control, administer, and operate the business and affairs of the Company for the purposes herein stated, and to make all decisions affecting such business and affairs, including without limitation, for Company purposes, the power to:

A. Acquire by purchase, lease, or otherwise, any real or personal property, tangible or intangible;

B. Construct, operate, maintain, finance, and improve, and to own, sell, convey, assign, mortgage, or lease any real estate and any personal property,

C. Sell, dispose, trade, or exchange Company assets in the ordinary course of the Company's business;

D. Enter into and terminate agreements and contracts and to give receipts, releases, and discharges;

E. Purchase liability and other insurance (1) to protect the Company's properties and business, and (2) to protect the Managers and officers in connection with the performance of their duties hereunder (including insurance commonly known as director and officer liability coverage);

F. Borrow money for and on behalf of the Company, and, in connection therewith, execute and deliver instruments authorizing the confession of judgment against the Company;

G. Execute or modify leases with respect to any part or all of the assets of the Company;

H. Prepay, in whole or in part, refinance, amend, modify, or extend any mortgages or deeds of trust which may affect any asset of the Company and in connection therewith to execute for and on behalf of the Company any extensions, renewals, or modifications of such mortgages or deeds of trust;

I. Execute any and all other instruments and documents which may be necessary or in the opinion of the Board desirable to carry out the intent and purpose of this Agreement, including, but not limited to, documents whose operation and effect extend beyond the term of the Company;

WPAHS-000971

J. Make any and all expenditures which the Board, in its discretion, deems necessary or appropriate in connection with the management of the affairs of the Company and the carrying out of its obligations and responsibilities under this Agreement, including, without limitation, all legal, accounting, and other related expenses incurred in connection with the organization and financing and operation of the Company;

K. Enter into any kind of activity necessary to, in connection with, or incidental to, the accomplishment of the purposes of the Company; and

L. Invest and reinvest Company reserves in short term instruments or money market funds.

5.5. Extraordinary Transactions. Notwithstanding anything to the contrary in this Agreement, the Board shall not undertake any of the following without the affirmative unanimous approval of the Members:

A. Any Capital Transaction;

B. The Company's lending more than $5,000.00 on any one occasion;

C. The admission of additional Members to the Company;

D. The Company's engaging in business in any jurisdiction which does not provide for the registration of limited liability companies;

E. The Company's electing to exercise any Purchase Option pursuant to Section 6.4; and

F. The amendment, modification or repeal of the Certificate of Organization or this Agreement.

5.6. Limitation on Authority of Members.

A. No Member is an agent of the Company solely by virtue of being a Member, and no Member has authority to act for the Company solely by virtue of being a Member.

B. Any Member who takes any action or binds the Company in violation of this Section V shall be solely responsible for any loss and expense incurred by the Company as a result of the unauthorized action and shall indemnify and hold the Company harmless with respect to the loss or expense.

WPAHS-000972

C. A Manager may resign upon ninety (90) days written notice to the Members, after which notice the Members may elect a new Manager following the procedure therefor set forth at Section 5.1.

D. The Members, at any time and from time to time and for any reason, may remove a Manager then acting and elect a new Manager following the procedure therefor set forth at Section 5.1.

5.7. Meetings of and Voting by Members.

A. A meeting of the Members may be called at any time by the Board or by those Members holding at least Fifty percent (50%) of the Percentages then held by Members. Meetings of Members shall be held at the Company's principal place of business or at any other place in the Commonwealth of Pennsylvania and within Sixty (60) miles of the Company's principal place of business designated by the Person calling the meeting. Not less than ten (10) nor more than ninety (90) days before each meeting, the Person calling the meeting shall give written notice of the meeting to each Member entitled to vote at the meeting. The notice shall state the time, place, and purpose of the meeting. Notwithstanding the foregoing provisions, each Member who is entitled to notice waives notice if before or after the meeting the Member signs a waiver of the notice which is filed with the records of Members' meetings, or is present at the meeting in person or by proxy. Unless this Agreement provides otherwise, at a meeting of Members, the presence in person or by proxy of Members holding not less than Seventy-five (75%) of the Percentages then held by Members constitutes a quorum. A Member may vote either in person or by written proxy signed by the Member or by his duly authorized attorney-in-fact.

B. Except as otherwise provided in this Agreement, the affirmative vote of Members holding Seventy-five percent (75%) of the Percentages then held by Members shall be required to approve any matter coming before the Members.

C. In lieu of holding a meeting, the Members may vote or otherwise take action by a written instrument indicating the consent of Members holding 100% of the Percentages then held by Members.

D. Except as otherwise provided in this Agreement, wherever the Law requires unanimous consent to approve or take any action, that consent shall be given in writing and, in all cases, shall mean, rather than the consent of all Members, the consent of Members holding One Hundred percent (100%) of the Percentages then held by Members.

5.8. Personal Services.

A. No Member shall be required to perform services for the Company solely by virtue of being a Member. Unless approved by the Board, no Member shall perform

WPAHS-000973

services for the Company or be entitled to compensation for services performed for the Company.

B. Unless approved by Members holding Seventy-five percent (75%) of the Percentages then held by Members, Managers shall not be entitled to compensation for services performed for the Company. However, upon substantiation of the amount and purpose thereof, any Manager shall be entitled to reimbursement for expenses reasonably incurred in connection with the activities of the Company.

5.9. Duties of Parties.

A. The Board shall devote such time to the business and affairs of the Company as is necessary to carry out the Board's duties set forth in this Agreement.

B. Each Member understands and acknowledges that the conduct of the Company's business may involve business dealings and undertakings with Members and their "Affiliates," as defined below. In any of those cases, those dealings and undertakings shall be at arm's length and on commercially reasonable terms. An "Affiliate" is defined, for purposes of this Agreement, as a person or entity who is in control of, controlled by, or under common control with, a Member, or a person whom or an entity which has entered into an affiliation or similar agreement with a Member for the purposes of sharing facilities, furnishing services or providing mutual cooperation.

C. Except as otherwise expressly provided in this Agreement, nothing in this Agreement shall be deemed to restrict in any way the rights of any Member, or any of its shareholders, partners or Affiliates, to conduct any business or activity whatsoever, whether or not such business or activity is competitive with the business or interests of the Company, which for the purposes of this Agreement are limited to owning, operating and managing an open magnetic resonance imaging facility and the other lawful purposes described in Section 2.3, above (the "Company's Business").

D. Except as specified in this Section 5.9, any Member may have other business interests and may engage in other activities in addition to those relating to the Company, and neither the Company nor any Member shall have any right (by virtue of this Agreement) to share in such other investments or activities of the Member or to the income or proceeds derived therefrom.

E. Non-Compete.

(i) Each of West Penn and Canonsburg General Hospital covenants to Mid-Atlantic and agrees and undertakes that, while the Company is in operation, and except as otherwise provided in this Agreement, neither one will engage in, participate in or assist any Person in engaging or participating in any Competitive Business, as defined below, in Washington County, Pennsylvania (the "Territory").

WPAHS-000974

(ii) Mid-Atlantic covenants to West Penn and agrees and undertakes that, while the Company is in operation, and except as otherwise provided in this Agreement, that it will not engage in, participate in or assist any Person in engaging or participating in any Competitive Business, as defined below, in the Territory.

(iii) Additionally, should either Member acquire the Interest of the other, the Member whose Interest is acquired shall not engage in, participate in or assist any Person in engaging or participating in any Competitive Business in the Territory for a period of twenty-four (24) months following the date of such acquisition.

(iv) For purposes of this Section 5.9, the term "Competitive Business" means the direct or indirect ownership, leasing, operation or management of an Open Magnetic Resonance Imaging Machine, as defined below, or a facility containing an Open Magnetic Resonance Imaging Machine. For purposes of this Agreement, the term Open Magnetic Resonance Imaging Machine means a magnetic resonance imaging machine or unit with a strength of .35 TESLA or less.

the same type which is owned, leased, operated or managed during the term of this Agreement by the Company within the Territory.

F. Nonsolicitation of Employees. In the event that a person employed as a radiological technician by Canonsburg General Hospital applies for employment with the Company, the Members agree to cause the Company to obtain the prior written consent of Canonsburg General Hospital before hiring such person.

5.10. Liability and Indemnification.

A. The Board shall not be liable, responsible, or accountable, in damages or otherwise, to any Member or to the Company for any act performed by the Board within the scope of the authority conferred on the Board by this Agreement, except for fraud, gross negligence, or an intentional breach of this Agreement.

B. The Company shall indemnify the Managers for any act performed by any Manager within the scope of the authority conferred on the Managers by this Agreement, except for fraud, gross negligence, or an intentional breach of this Agreement.

5.11. Power of Attorney. Each Member constitutes and appoints the Board as the Member's true and lawful attorney-in-fact ("Attorney-in-Fact"), and in the Member's name, place and stead, to make, execute, sign, acknowledge, and file.

(i) all documents (including amendments to articles of organization) which the Attorney-in-Fact deems appropriate to reflect any amendment, change, or modification of this Agreement;

WPAHS-000975

(ii) any and all other certificates or other instruments required to be filed by the Company under the laws of the State of Delaware or of any other state or jurisdiction, including, without limitation, any certificate or other instruments necessary in order for the Company to continue to qualify as a limited liability company under the laws of the State of Delaware, and as a foreign limited liability company under the laws of the Commonwealth of Pennsylvania;

(iii) one or more fictitious or trade name certificates; and

(iv) all documents which may be required to dissolve and terminate the Company and to cancel its certificate of organization.

5.12. Irrevocability. The foregoing power of attorney is irrevocable and is coupled with an interest, and, to the extent permitted by applicable law, shall survive the death or disability of a Member. It also shall survive the Transfer of an Interest, except that if the transferee is approved for admission as a Member, this power of attorney shall survive the delivery of the assignment for the sole purpose of enabling the Attorney-in-Fact to execute, acknowledge, and file any documents needed to effectuate the substitution. Each Member shall be bound by any representations made by the Attorney-in-Fact acting in good faith pursuant to this power of attorney, and each Member hereby waives any and all defenses which may be available to contest, negate, or disaffirm the action of the Attorney-in-Fact taken in good faith under this power of attorney.

Section VI.
Transfer of Interests and Withdrawals of Members

6.1 Transfers.

A. No Person may Transfer all or any portion of or any interest or rights in the Person's Membership Rights or Interest unless the following conditions ("Conditions of Transfer") are satisfied:

(i) The Transfer will not require registration of Interests or Membership Rights under any federal or state securities laws;

(ii) The transferee delivers to the Company a written instrument agreeing to be bound by the terms of Section VI of this Agreement

(iii) The Transfer will not result in the termination of the Company pursuant to IRC Section 708;

(iv) The Transfer will not result in the Company being subject to the Investment Company Act of 1940, as amended;

WPAHS-000976

(v) The transferor or the transferee delivers the following information to the Company: (i) the transferee's taxpayer identification number; and (ii) the transferee's initial tax basis in the Transferred Interest;

(vi) The Company does not have an unexpired option to purchase the Person's Membership Rights or Interest; and

(v) The transferor complies with the provisions set forth in Section 6.1.D.

B. If the Conditions of Transfer are satisfied, then a Member or Interest Holder may Transfer all or any portion of that Person's Interest. The Transfer of an Interest pursuant to this Section 6.1 shall not result, however, in the Transfer of any of the transferor's other Membership Rights, if any, and the transferee of the Interest shall have no right to: (i) become a Member; (ii) exercise any Membership Rights other than those specifically pertaining to the ownership of an Interest; or (iii) act as an agent of the Company.

C. Each Member hereby acknowledges the reasonableness of the prohibition contained in this Section 6.1 in view of the purposes of the Company and the relationship of the Members. The Transfer of any Membership Rights or Interests in violation of the prohibition contained in this Section 6.1 shall be deemed invalid, null and void, and of no force or effect. Any Person to whom Membership Rights are attempted to be transferred in violation of this Section shall not be entitled to vote on matters coming before the Members, participate in the management of the Company, act as an agent of the Company, receive distributions from the Company or have any other rights in or with respect to the Membership.

D. Right of First Offer and Tag Along Rights.

(i) If an Interest Holder (a "Transferor") desires to Transfer all or any portion of, or any interest or rights in, the Transferor's Interest (the "Transferor Interest"), the Transferor shall notify the Company of that desire (the "Transfer Notice"). The Transfer Notice shall describe the Transferor Interest. The Company shall have the option (the "Purchase Option") to purchase all of the Transferor Interest for a price (the "Purchase Price") equal to the amount the Transferor would receive if the Company were liquidated and an amount equal to the Company Value (as determined pursuant to Section 6.4) were available for distribution to the Members pursuant to Section 4.3.

(ii) The Purchase Option shall be and remain irrevocable for a period (the "Option Period") ending at 11:59 p.m., local time, at the Company's principal office on the later of (i) the thirtieth (30th) day following the day the Transfer Notice is given to the Company, or (ii) the tenth (10th) day following the determination of Company Value.

WPAHS-000977

(iii) At any time during the Option Period, the Company may elect to exercise the Purchase Option by giving written notice of its election to the Transferor. The Transferor shall not be deemed a Member for the purpose of voting on whether the Company shall elect to exercise the Purchase Option.

(iv) If the Company fails to elect to exercise the Purchase Option within the time and in the manner specified above, then the Transferor shall notify the Members of the desire to transfer all or any portion of, or any interest or rights in the Transferor's Interest by written notice (the "Member Transfer Notice"). The Member Transfer Notice shall describe the Transferor Interest. Within twenty (20) days after receipt of the Member Transfer Notice, the other Members shall notify the Transferor, in writing, whether or not (A) the Member elects to exercise his or her right to purchase a pro-rata portion of the Transferor Interest (the "Member Purchase Option") and (B) in the event that the Company and all of the other Members fail to exercise their Purchase Options, the Member elects to exercise his or her Tag Along Rights, as defined below in subsection (viii).

(v) Any Member may elect in the notification to purchase, in addition to a pro-rata portion of the Transferor Interest, the balance (or the balance up to a maximum stated by the Member) of any interest being offered to the other Members which are not accepted by such other Members (with such election being hereinafter referred to as the "Additional Purchase Option"). If more than one Member elects to exercise an Additional Purchase Option, their elective purchase shall be (up to the stated maximums) in proportion to the interests then owned by each Member making such election.

(vi) If the Company or the Members elect to exercise the Purchase Option, the notice of the election shall fix a closing date (the "Transfer Closing Date") for the purchase, which shall not be earlier than five (5) days after the date of the notice of election or more than thirty (30) days after the expiration of the Option Period.

(vii) If the Company or the Members elect to exercise the Purchase Option, five (5%) of the Purchase Price shall be paid in cash or by check on the Transfer Closing Date, and the balance shall be paid in sixty (60) equal monthly installments consisting of principal and interest amortized over said sixty (60) month period, commencing thirty (30) days after the Transfer Closing Date with initial interest at the prime rate of interest published as of the Closing Date by the Wall Street Journal and which prime rate of interest shall be adjusted annually thereafter to reflect the then current prime rate published by the Wall Street Journal. However, if the Company shall receive any proceeds of any life insurance policy on the life of the Transferor, the amount of cash paid at closing shall not be less than the amount of such insurance proceeds.

(viii) If the Company and all of the other Members fail to exercise their Purchase Options during the Option Period, the Transferor shall be permitted to

WPAHS-000978

offer and sell the Transferor Interest for a period of ninety (90) days (the "Transfer Period") after the expiration of the Option Period at a price not less than the Purchase Price. Notwithstanding the foregoing, if any other Member has elected to participate in such Transfer pursuant to written notice delivered in accordance with Section 6.1D(iv), above (the "Tag Along Notice"), each of the Transferor and such other Member will be entitled to sell in the contemplated Transfer, at the same price and on the same terms and conditions, a number of Units equal to the product of (A) the quotient determined by dividing the number of Units owned by such person by the aggregate number of Units owned by the Transferor and the other Members participating in such Transfer and (B) the number of Units to be sold in the contemplated Transfer. If the Transferor does not Transfer the Transferor Interest within the Transfer Period, the Transferor's right and the right of such other Member to Transfer the Transferor Interest pursuant to this Section shall cease and terminate.

(ix) Any Transfer of the Transferor Interest made after the last day of the Free Transfer Period or without strict compliance with the terms, provisions, and conditions of this Section and other terms, provisions, and conditions of this Agreement, shall be null, void, and of no force or effect.

E. Each Member hereby acknowledges and agrees that notwithstanding anything to the contrary herein, West Penn shall not Transfer all or any portion of, or any interest or rights in, its Interest to any indirect or direct competitor of Mid-Atlantic, and Mid-Atlantic shall not Transfer all or any portion of, or any interest or rights in, its Interest to (i) the UPMC Health System or any Affiliate thereof, (ii) The Washington Hospital or any Affiliate thereof, or (iii) St. Clair Health Corporation or any Affiliate thereof.

F. Notwithstanding anything to the contrary contained in this Section 6, a Member may assign such Member's Membership Rights or Interest to another Member without the consent of any other Member.

6.2. Voluntary Withdrawal.

A. Any Member may voluntarily withdraw (a "Voluntary Withdraw") from the Company at any time after the eleventh (11th) anniversary of this Agreement pursuant to the provisions of this Section 6.2 only. after 2/11/14

B. A Member desiring to withdraw (the "Withdrawing Member") such Withdrawing Member shall provide the Company, all other Members (each a "Non-withdrawing Member") with written notice of its intent to withdraw ("Withdrawal Notice") at least ninety (90) days prior to the effective date of its withdrawal.

C. The Company is hereby granted an option to buy, all, but not less than all, of the Withdrawing Member's Interest for an amount equal to the Withdrawing Member's Adjusted Capital Balance as of the effective date of the withdrawal. The

WPAHS-000979

Company shall have thirty (30) days from the date of the Withdrawal Notice to exercise the option (the "First Option Period"). Neither the Withdrawing Member, nor the Withdrawing Member's appointed Manager, if any, shall participate in any vote of the Members or Board with respect to the Withdrawing Member's withdrawal from the Company or the Company's exercise of the option.

D. To exercise the option granted in subsection (c) above, the Company shall notify the Withdrawing Member and all other Non-withdrawing Members of its intent to do so within the First Option Period. The notice shall include a closing date not more than thirty (30) days from the date of such notice. At the closing, the Company shall pay the purchase price in cash, and the Withdrawing Membershall deliver unit certificates representing the Withdrawing Member's Interest in the Company, together with duly executed instruments of transfer, and any other documents that are necessary to transfer to the Company good and valid marketable title thereto.

E. If the Company does not elect to exercise its option within the First Option Period, then the Non-withdrawing Members' shall have a pro-rata and under allotment portion, if any, option to buy, all, but not less than all, of the Withdrawing Member's Interest for an amount equal to the Withdrawing Member's Adjusted Capital Balance as of the effective date of the withdrawal. Each Non-withdrawing Member shall have thirty (30) days from the end of the First Option Period to exercise its option (the "Second Option Period").

F. To exercise the option granted in subsection (c) above, Each Non-withdrawing Member shall notify the Company and the Withdrawing Memberand all other Non-withdrawing Members of its intent to do so within the Second Option Period. The notice shall include a closing date not more than thirty (30) days from the date of such notice. At the closing, the Non-withdrawing Members shall pay the purchase price in cash, and the Withdrawing Member shall deliver unit certificates representing the Withdrawing Member's Interest in the Company, together with duly executed instruments of transfer, and any other documents that are necessary to transfer to the purchasing Non-withdrawing Members good and valid marketable title thereto.

G. In the event neither the Company nor the Non-withdrawing Member's elect to exercise their respective options to purchase all of the Withdrawing Member's Interest, then the Company shall dissolve and liquidate pursuant to Section VII.

6.3. Involuntary Withdrawal. Immediately upon the occurrence of an Involuntary Withdrawal, the Member or the successor of the Member who or which is involuntarily withdrawing ("Withdrawing Member") shall thereupon become an Interest Holder but shall not become a Member. The successor Interest Holder shall have all the rights of an Interest Holder but shall not be entitled to receive in liquidation of the Interest, pursuant to Section 18-604 of the Law, the fair market value of the Member's Interest as of the date the Member involuntarily withdrew from the Company.

WPAHS-000980

6.4. Company Value. The term "Company Value" means the fair market value of the Company as hereinafter provided. Within ten (10) days after the date a Transfer Notice is given, the Company and the Withdrawing Member shall use their best efforts to agree upon the Company Value. If the parties do not agree on the fair market value of the Company within ten (10) days, the Company and the Withdrawing Member shall each appoint an appraiser to determine the Company Value. If the two appraisers agree upon the Company Value, they shall jointly render a single written report stating the Company Value. If the two appraisers cannot agree upon the Company Value, each shall, within forty (40) days of the Transfer Notice, render a separate written report and they shall jointly appoint a third appraiser, who shall appraise the Company Value, and shall, within twenty (20) days following his appointment, render a written report of his opinion thereon. Each party shall pay the fees and costs of the appraiser appointed by that party, and the fees and other costs of the third appraiser shall be shared equally by both parties. The appraisers shall value the Company's assets based upon a sale of the assets as an ongoing concern, with no value placed on the goodwill of the Company. The appraised value contained in the aforesaid joint written report or written report of the third appraiser, as the case may be, shall be the Company Value; provided, however, that if the Company Value contained in the appraisal report of the third appraiser is more than the higher of the first two appraisals, the higher of the first two appraisals shall govern; and provided, further, that if the Company Value contained in the appraisal report of the third appraiser is less than the lower of the first two appraisals, the lower of the first two appraisals shall govern. The Company Value shall include the fair market value of any equity or other interests owned or held by the Company in third parties, including any subsidiaries of the Company.

6.5 Restricted Legend. The Units have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), and therefore, in addition to the other restrictions on Transfer contained in this Agreement, cannot be sold unless subsequently registered under the Securities Act or an exemption from such registration is then available. To the extent such Units have been certificated, each certificate evidencing Units and each certificate issued in exchange for or upon the Transfer of any Units (if such securities remain Units as defined herein after such Transfer) shall be stamped or otherwise imprinted with a legend in substantially the following form:

"THE UNITS REPRESENTED BY THIS CERTIFICATE WERE ORIGINALLY ISSUED ON [_____], 2003 AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN EXEMPTION FROM REGISTRATION THEREUNDER. THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE ALSO SUBJECT TO ADDITIONAL RESTRICTIONS ON TRANSFER SPECIFIED IN THE OPERATING AGREEMENT, DATED AS OF [_____], 2003, AS AMENDED AND MODIFIED FROM TIME TO TIME, AMONG THE ISSUER (THE "COMPANY"), AND CERTAIN MEMBERS, AND THE COMPANY RESERVES THE RIGHT TO REFUSE THE TRANSFER OF SUCH UNITS UNTIL SUCH CONDITIONS HAVE BEEN FULFILLED WITH RESPECT TO ANY TRANSFER. A COPY OF SUCH CONDITIONS SHALL

WPAHS-000981

BE FURNISHED BY THE COMPANY TO THE HOLDER HEREOF UPON WRITTEN REQUEST AND WITHOUT CHARGE."

Section VII.
Dissolution, Liquidation, and
Termination of the Company

7.1. Events of Dissolution. The Company shall be dissolved upon the happening of any of the following events:

A. Upon the unanimous written agreement of all of the Members;

B. Upon the written election of either Mid-Atlantic or West Penn if the Company has not secured financing for the purchase and/or lease of an Open Magnetic Resonance Imaging Machine acceptable to the Company on or before June 1, 2003; or

C. Upon the entry of an order of judicial dissolution under Section 18-802 of the Law.

Except as otherwise set forth in this Article VII, the Company is intended to have perpetual existence.

It is understood and agreed that upon the effective election of either Mid-Atlantic or West Penn to dissolve the Company pursuant to Section 7.1B, above, the Non-Compete covenant contained in Section 5.9E, above, and the Mid-Atlantic Agreements shall terminate, except to the extent of existing payment obligations.

7.2. Procedure for Winding Up and Dissolution. If the Company is dissolved, the Board shall wind up its affairs. On winding up of the Company, the assets of the Company shall be distributed, first, to creditors of the Company, including Interest Holders and the Board who are creditors, in satisfaction of the liabilities of the Company, and then to the Interest Holders in accordance with Section 4.4.

7.3 Cancellation of Certificate. On completion of the distribution of Company assets as provided herein, the Company is terminated (and the Company shall not be terminated prior to such time), and the Board (or such other Person or Persons as the Law may require or permit) shall file a certificate of cancellation with the Secretary of State of Delaware, cancel any other filings made pursuant to this Agreement that are or should be canceled and take such other actions as may be necessary to terminate the Company. Notwithstanding anything to the contrary contained herein, the Company shall be deemed to continue in existence for all purposes of this Agreement until it is terminated pursuant to this Section 7.3.

7.4 Reasonable Time for Winding Up. A reasonable time shall be allowed for the orderly winding up of the business and affairs of the Company and the liquidation of its assets

WPAHS-000982

pursuant to Sections 7.2 in order to minimize any losses otherwise attendant upon such winding up.

Section VIII
Books, Records, Accounting, and Tax Elections

8.1. Bank Accounts. All funds of the Company shall be deposited in a bank account or accounts maintained in the Company's name. The Board shall determine the institution or institutions at which the accounts will be opened and maintained, the types of accounts, and the Persons who will have authority with respect to the accounts and the funds therein

8.2. Books and Records.

A. The Board shall keep or cause to be kept complete and accurate books and records of the Company and supporting documentation of the transactions with respect to the conduct of the Company's business. The Company shall be on a cash basis for both tax and accounting purposes. In addition, applicable financial reports and related records shall be prepared and maintained in accordance with generally accepted accounting procedures, consistently applied, in compliance with the needs of the Company's nonprofit Members. The records shall include, but not be limited to, complete and accurate information regarding the state of the business and financial condition of the Company, a copy of the articles of organization and operating agreement and all amendments to the articles and operating agreement; a current list of the names and last known business, residence, or mailing addresses of all Members; and the Company's federal, state, or local tax returns.

B. The books and records shall be maintained in accordance with sound accounting practices and shall be available at the Company's principal office for examination by any Member or the Member's duly authorized representative at any and all reasonable times during normal business hours.

C. Each Member shall reimburse the Company for all costs and expenses incurred by the Company in connection with the Member's inspection and copying of the Company's books and records.

8.3. Annual Accounting Period. The annual accounting period of the Company shall be its taxable year. The Company's taxable year shall be selected by the Board, subject to the requirements and limitations of the Code.

8.4. Reports. Within seventy-five (75) days after the end of each taxable year of the Company, the Board shall cause to be sent to each Person who was a Member at any time during the accounting year then ended: (i) year-end financial statements, prepared by the Company's independent accountants; and (ii) a report summarizing the fees and other remuneration paid by the Company to any Member, any Manager or any Affiliate thereof in respect of the taxable year. In addition, within seventy-five (75) days after the end of each taxable year of the Company, the Board shall cause to be sent to each Person who was an Interest Holder at any time during the

WPAHS-000983

taxable year then ended, that tax information concerning the Company which is necessary for preparing the Interest Holder's income tax returns for that year. At the request of any Member, and at the Member's expense, the Board shall cause an audit of the Company's books and records to be prepared by independent accountants for the period requested by the Member.

8.5. Tax Matters Partner. The Tax Matters Partner shall be designated by vote of One Hundred percent (100%) interest of the Members ("Tax Matters Partner") and shall serve as Tax Matters Partner until removed by the same percentage of interest. The Tax Matters Partner shall have all powers and responsibilities provided in IRC Section 6231, *et seq.* The Tax Matters Partner shall keep all Members informed of all notices from government taxing authorities which may come to the attention of the Tax Matters Partner. The Company shall pay and be responsible for all reasonable third-party costs and expenses incurred by the Tax Matters Partner in performing those duties. A Member shall be responsible for any costs incurred by the Member with respect to any tax audit or tax-related administrative or judicial proceeding against any Member, even though it relates to the Company. The Tax Matters Partner may not compromise any dispute with the Internal Revenue Service without the approval of the Members.

8.6. Tax Elections. The Board shall have the authority to make all Company elections permitted under the Code, including, without limitation, elections of methods of depreciation and elections under IRC Section 754. The decision to make or not make an election shall be at the Board's sole and absolute discretion.

8.7. Title to Company Property.

A. Except as provided in Section 8.7.B, all real and personal property acquired by the Company shall be acquired and held by the Company in its name.

B. The Board may direct that legal title to all or any portion of the Company's property be acquired or held in a name other than the Company's name. Without limiting the foregoing, the Board may cause title to be acquired and held in its name or in the names of trustees, nominees, or straw parties for the Company. It is expressly understood and agreed that the manner of holding title to the Company's property (or any part thereof) is solely for the convenience of the Company, and all of that property shall be treated as Company property.

8.8. Tax Returns. The Company shall duly and timely file with appropriate federal, state and other governmental agencies all tax returns and other reports required to be filed by it. The Company shall timely pay in full and/or make adequate provisions for the payment of all taxes, interest, penalties, assessments or deficiencies shown to be due on the Company's tax returns or by any taxing authorities. At least 20 days prior to the due date (excluding extensions) of the filing of the Company's United States partnership income tax return, the Company shall provide each Member with: (i) statements indicating the allocable share of each Member in the Company's items of Profits, Losses, tax credits and other tax attributes flowing through to the Members for such taxable year; and (ii) any additional information a Member may require for the preparation for its Federal, state and local tax returns. Any Member may review the Company's partnership tax return, as well as the other information specified in the previous sentence, prior to the Company's filing of the tax return. The Company

WPAHS-000984

shall consult with the Members and negotiate in good faith to resolve any issues arising as a result of the Members review of such tax return. Upon the resolution of all issues, the Members and the Company shall consent to the filing of such tax return. The Members and the Company shall use all reasonable efforts to resolve any issue in dispute as promptly as possible, but in any event prior to the due date (including extensions) for filing of such tax return.

Section IX.
General Provisions

9.1. Assurances. Each Member shall execute all such certificates and other documents and shall do all such filing, recording, publishing, and other acts as the Board deems appropriate to comply with the requirements of law for the formation and operation of the Company and to comply with any laws, rules, and regulations relating to the acquisition, operation, or holding of the property of the Company.

9.2. Notifications. Any notice, demand, consent, election, offer, approval, request, or other communication (collectively a "notice") required or permitted under this Agreement must be in writing and either delivered personally or sent by U.S. certified or registered mail, postage prepaid, return receipt requested. Any notice to be given hereunder by the Company shall be given by the Board or the Secretary. A notice must be addressed to an Interest Holder at the Interest Holder's last known address on the records of the Company. A notice to the Company must be addressed to the Company's principal office. A notice delivered personally will be deemed given only when acknowledged in writing by the person to whom it is delivered. A notice that is sent by mail will be deemed given three (3) business days after it is mailed. Any party may designate, by notice to all of the others, substitute addresses or addressees for notices; and, thereafter, notices are to be directed to those substitute addresses or addressees.

9.3. Specific Performance. The parties recognize that irreparable injury will result from a breach of Sections 5.9E or F of this Agreement and that money damages will be inadequate to fully remedy the injury. Accordingly, in the event of such a breach or threatened breach, any party who may be injured (in addition to any other remedies which may be available to that party) shall be entitled to one or more preliminary or permanent orders (i) restraining and enjoining any act which would constitute a breach of Sections 5.9E or F; or (ii) compelling the performance of any obligation which, if not performed, would constitute a breach.

9.4. Complete Agreement. This Agreement constitutes the complete and exclusive statement of the agreement among the Members. It supersedes all prior written and oral statements, including any prior representation, statement, condition, or warranty. Except as expressly provided otherwise herein, this Agreement may not be amended without the written consent of all of the Members.

9.5. Applicable Law. All questions concerning the construction, validity, and interpretation of this Agreement and the performance of the obligations imposed by this Agreement shall be governed by the internal law, not the law of conflicts, of the State of Delaware.

WPAHS-000985

9.6. Section Titles. The headings herein are inserted as a matter of convenience only and do not define, limit, or describe the scope of this Agreement or the intent of the provisions hereof.

9.7. Binding Provisions. This Agreement is binding upon, and inures to the benefit of, the parties hereto and their respective heirs, executors, administrators, personal and legal representatives, successors, and permitted assigns.

9.8. Dispute Resolution. Any controversy among the Members relating to this Agreement including, without limitation, a deadlock vote of the Members, (a "Dispute") shall be resolved by the Members participation in good faith in the procedure set forth in this Section 9.8.

A. Internal Dispute Resolution. If either Member shall have a Dispute with the other party, such party (the "Disputing Party") shall notify the other (the "Responding Party") of the existence and nature of the Dispute. The notification shall fully set forth the Disputing Party's contention and position and include any information helpful to the resolution of the dispute through this procedure.

(i) Within ten (10) days of receipt of the notice of dispute, the Responding Party shall provide a written response to the Disputing Party, which response shall set forth the Responding Party's position and include any information helpful to the resolution of the Dispute through this procedure.

(ii) Within twenty (20) days of the dispute notice, the parties to the Dispute shall provide any additional information or position statements in light of the information provided hereunder.

(iii) Within thirty (30) days of the dispute notice, the parties shall meet and attempt in good faith to settle the Dispute (the "Resolution Meeting").

B. Arbitration. If the parties are unable to resolve the Dispute pursuant to the procedure described in Subsection A, above, on the request of any party hereto, whether made before or after the institution of any legal proceeding, any Dispute shall be resolved by binding arbitration in accordance with the terms hereof, to be held in Pittsburgh, Pennsylvania. Any party may, by summary proceedings, bring an action in court to compel arbitration of any Dispute. Any arbitration shall be administered by the American Arbitration Association (the "AAA") in accordance with the terms of this Section, the Commercial Arbitration Rules of the AAA, and, to the maximum extent applicable, the Federal Arbitration Act. Judgment on any award rendered by an arbitrator may be entered in any court having jurisdiction. Each party shall bear its own expenses (including without limitation the fees and expenses of legal counsel and accountants) in connection with such arbitration and the Members shall each bear one-half of the arbitrators' fees and expenses, provided that the arbitral award shall allocate such fees and expenses of counsel, accountants, other advisors and the arbitrators according to the relative success of the contesting parties in the arbitration, as determined by the arbitrators.

WPAHS-000986

C. Non-arbitrable Disputes.

(i) Noncompetition and Nonsolicitation Covenants. Notwithstanding anything to the contrary contained in this Operating Agreement, disputes which involve the noncompetition and nonsolicitation obligations contained in Sections 5.9E and 5.9F of this Agreement, will not be resolved pursuant to Subsections 9.8A or B, above, but may be resolved by litigation in a court of law with jurisdiction to hear such disputes.

(ii) Related Party Agreements. In the event of a Dispute among the Members concerning the Company's enforcement of its rights under the Mid-Atlantic Agreements, as defined below, the Members shall attempt in good faith to resolve the Dispute pursuant to the internal dispute resolution provisions of Section 9.8A, above. If the Members are unable to resolve the Dispute pursuant to the provisions of Section 9.8A and if West Penn believes that Mid-Atlantic has materially breached one or more of the Mid-Atlantic Agreements, West Penn on behalf of the Company, may take all reasonably necessary efforts to enforce the Company's rights against Mid-Atlantic under the Mid-Atlantic Agreements including, arbitration under such Agreements. West Penn shall bear all costs and expenses (including without limitation the fees and expenses of legal counsel, accountants and other advisors) in connection with such enforcement of the Company's rights against Mid-Atlantic; provided that the arbitral award shall allocate such fees and expenses of counsel, accountants, other advisors and the arbitrator(s) according to the relative success of the contesting parties in the arbitration, as determined by the arbitrators.

For purposes of this Agreement, the term "Mid-Atlantic Agreements" means the Management Agreement, Billing and Collection Agreementand the Purchase Service Agreement by and between the Company and Mid-Atlantic.

9.9. Terms. Common nouns and pronouns shall be deemed to refer to the masculine, feminine, neuter, singular and plural, as the identity of the Person may in the context require.

9.10. Separability of Provisions. Each provision of this Agreement shall be considered separable; and if, for any reason, any provision or provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid.

9.11. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which, when taken together, constitute one and the same document. The signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

9.12 Estoppel Certificate. Each Member shall, within ten (10) days after written request by any Member or the Board, deliver to the requesting Person a certificate stating, to the Member's knowledge, that: (a) this Agreement is in full force and effect; (b) this Agreement has not been modified except by any instrument or instruments identified in the certificate; and (c) there is no default hereunder by the requesting Person, or if there is a default, the nature and extent thereof. If the certificate is not received within that ten (10) day period, the Board shall

WPAHS-000987

execute and deliver the certificate on behalf of the requested Member, without qualification, pursuant to the power of attorney granted in Section 5.6.

9.13 Transactions with Related Parties. Except as otherwise expressly provided in this Agreement or the Management Agreement: (i) no Member or any of its affiliates shall have any obligation to deal with the Company, whether as buyer, seller, or otherwise; and (ii) the Company shall not have any obligation to deal with a Member or any of its affiliates, whether as buyer, seller, or otherwise.

9.14 Representations and Warranties of Members.

A. Each Member hereby represents and warrants to the other Member and the Company, as follows:

(i) It is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation. It has the corporate power and authority to own, lease, and operate its assets, properties, and businesses and to enter into this Agreement and to carry out its obligations hereunder. The execution, delivery, and performance of this Agreement by it has been duly authorized by all necessary corporate action on the part of it, and this Agreement is legally binding upon it in accordance with its terms, except that enforcement of this Agreement is subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws now or hereafter in effect relating to creditors rights generally and that the remedy of specific performance and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding thereafter may be brought.

(ii) The execution, delivery, and performance by it of this Agreement and the transactions contemplated hereby will not: (a) violate the provisions of any order, judgment, or decree of any court or other governmental agency or any arbitrator applicable to it or its Articles of Incorporation or Bylaws; (b) result in a material breach of or constitute (with due notice or lapse of time or both) a material default under any contract or agreement to which It is a party or by which it is bound; or (c) violate any provision of law of the United States or any state thereof, the violation of which is likely to have a material adverse effect on the business, operations or condition (financial or otherwise) of it or its Affiliates.

[SIGNATURES APPEAR ON NEXT PAGE]

WPAHS-000988

IN WITNESS WHEREOF, the parties have executed, or caused this Agreement to be executed, under seal, as of the date set forth hereinabove.

ATTEST:

By: _____

Title: V.P.

By: _____

Title: Director Finance

MEMBERS:

MID-ATLANTIC UNIFIED HEALTH SYSTEMS, INC.

By: _____

Title: President

WEST PENN CORPORATE MEDICAL SERVICES, INC.

By: Barbara A. Benson

Title: CEO

EXHIBIT "A"

OWNERSHIP PERCENTAGES

Member	Ownership Percentages	Initial Capital
Mid-Atlantic Unified Health Systems, Inc. 107 Painterville Road New Stanton, PA 15672 E.I.N. 25-1796146	50%	$5,000.00
West Penn Corporate Medical Services, Inc. 4815 Friendship Avenue Pittsburgh, PA 15219 E.I.N. 25-1437405	50%	$5,000.00

EXHIBIT "B"

CERTIFICATE OF FORMATION

Delaware

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "OPEN MRI OF WASHINGTON COUNTY, L.L.C.", FILED IN THIS OFFICE ON THE THIRTY-FIRST DAY OF JANUARY, A.D. 2003, AT 3:16 O'CLOCK P.M.

Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

3621022 8100

030068168

AUTHENTICATION: 2237735

DATE: 02-03-03

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 03:16 PM 01/31/2003
030069168 - 3621022

CERTIFICATE of FORMATION

This Certificate of Formation of **Open MRI of Washington County, L.L.C.** (the "Company"), dated January 31, 2003, is being duly executed and filed by Robert J. Courie, Esquire, as an authorized person, to form a limited liability company under the Delaware Limited Liability Company Act (6 Del. C. §18-101, et seq.).

FIRST: The name of the limited liability company formed hereby is:

Open MRI of Washington County, L.L.C.

SECOND: The address of the registered office of the Company in the State of Delaware is:

2711 Centerville Road
Suite 400
Wilmington, DE 19808

THIRD: The name and address of the Registered Agent for service of process on the LLC in the State of Delaware is:

Corporation Service Company
2711 Centerville Road
Suite 400
Wilmington, DE 19808

In Witness Whereof, the undersigned has executed this Certificate of Formation as of the date first above written.

Robert J. Courie, Authorized Person

Document Divider

CONFIDENTIAL

OPERATING AGREEMENT

FOR

PETERS TOWNSHIP SURGERY CENTER, LLC

A PENNSYLVANIA LIMITED LIABILITY COMPANY

THE MEMBERSHIP INTERESTS CREATED BY THIS AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER ANY STATE SECURITIES LAW. EXCEPT AS SPECIFICALLY OTHERWISE PROVIDED IN THIS AGREEMENT, THE MEMBERSHIP INTERESTS MAY NOT BE SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED WITHOUT REGISTRATION UNDER THE SECURITIES ACT OR APPLICABLE STATE SECURITIES ACTS OR AN OPINION OF COUNSEL THAT SUCH TRANSFER MAY BE LEGALLY EFFECTED WITHOUT SUCH REGISTRATION. ADDITIONAL RESTRICTIONS ON TRANSFER AND SALE ARE SET FORTH IN THIS AGREEMENT.

TABLE OF CONTENTS

Page

1. BACKGROUND. 1

2. CERTAIN DEFINITIONS 1

3. ORGANIZATION OF THE COMPANY. 8
   - 3.1 Formation. 8
   - 3.2 Name. 8
   - 3.3 Term. 8
   - 3.4 Registered Agent. 8
   - 3.5 Principal Place of Business. 8
   - 3.6 Purpose of the Company. 8
   - 3.7 Licensing. 8
   - 3.8 Charitable Purpose. 8

4. CAPITAL ACCOUNTS AND ADDITIONAL CAPITAL CONTRIBUTIONS. 9
   - 4.1 Initial Capital Contributions. 9
     - 4.1.1 Loan Guarantees. 9
     - 4.1.2 Reimbursement of Guarantor who Pays Company Obligations under Personal Guarantee. 9
   - 4.2 Capital Accounts. 10
   - 4.3 Additional Capital Contributions. 10
   - 4.4 Limited Liability and Cap on Contributions. 11
   - 4.5 Effect of Additional Contributions. 11
   - 4.6 Results of Failure to Make Required Capital Contributions. 11
     - 4.6.1 Additional Capital Contributions. 11
     - 4.6.2 Loan to Non-Contributing Member. 11
     - 4.6.3 Member Buy-Out. 12
   - 4.7 No Withdrawal of Capital; No Interest. 12
   - 4.8 Dilution. 12

5. MEMBERS. 12
   - 5.1 Admission of New Members. 12
   - 5.2 Withdrawals or Resignations. 13
   - 5.3 Payments to Members. 13
   - 5.4 Termination of Membership Status. 13
     - 5.4.1 Membership Termination Events. 13
     - 5.4.2 Certification of Status. 13
   - 5.5 Loans and other Transactions with the Company. 14
   - 5.6 Meetings of Members. 14
     - 5.6.1 Notice. 14
     - 5.6.2 Proxies and Electronic Communication. 14
     - 5.6.3 Written Consent. 14
     - 5.6.4 Quorum. 15
     - 5.6.5 Rules and Procedures. 15

5.7 Competing Activities. 15
5.7.1 Non-Competition. 15
5.7.2 Definition of Competitor. 16
5.7.3 Confidentiality. 16
5.7.4 Unenforceability of Invalid Provision; Governing Law. 16
5.7.5 Specific Performance. 16
5.8 Regulatory Compliance. 16
5.9 Members are not Agents. 17

6. MANAGEMENT AND CONTROL OF THE COMPANY. 18
6.1 Control of the Company by the Board of Managers. 18
6.1.1 Election of Managers. 18
6.1.2 Removal of Managers. 19
6.1.3 Board Votes. 19
6.1.4 Alternate Managers. 19
6.1.5 Meetings of the Board 19
6.1.6 Payments to Managers. 20
6.1.7 Chairman of the Board. 20
6.2 Limitations on Power of Board. 20
6.3 Medical Director. 21
6.4 Interested Transactions. 21
6.5 Delegation to the Management Company 21
6.5.1 Project Development. 21
6.5.2 Management Services. 21
6.5.3 Management Company as Attorney-in-Fact. 22
6.5.4 Nature of Special Power. 23
6.5.5 Support Personnel. 23
6.5.6 Limits on Authority of Management Company. 23
6.5.7 Removal of Management Company. 24
6.6 Reimbursement and Compensation of Management Company 25
6.6.1 Development Fee. 25
6.6.2 Management Fee. 25
6.6.3 Reimbursement. 25
6.6.4 Accrual of Expenses. 26
6.7 Limited Liability 26
6.8 Responsibility of Managers and Management Company 26

7. TAX ALLOCATIONS OF NET INCOME AND NET LOSS. 27
7.1 Net Income. 27
7.2 Net Loss. 27
7.3 Special Allocations. 27
7.3.1 Minimum Gain Chargeback. 27
7.3.2 Chargeback of Minimum Gain Attributable to Member Nonrecourse Debt. 27
7.3.3 Nonrecourse Deductions. 28
7.3.4 Member Nonrecourse Deductions. 28
7.3.5 Qualified Income Offset. 28

WPAHS-000996

7.4 Code Section 704(c) Allocations. 28
7.5 Allocation of Net Income and Net Loss and Distributions on Transferred Interest 28
7.6 Recapture Chargeback. 29
7.7 Section 754 Adjustment. 29
7.8 Obligations of Members to Report Allocations. 29

8. DISTRIBUTIONS OF DISTRIBUTABLE CASH. 29
8.1 Distribution of Distributable Cash. 29
8.2 Restoration of Deficit Capital Account Balance. 29
8.3 Maintenance of Working Capital Reserve. 29
8.4 Limitations on Distributions. 29

9. TRANSFER AND ASSIGNMENT OF INTERESTS. 29
9.1 Transfer and Assignment of Interests. 29
9.2 Substitution of Members. 30
9.3 Family and Affiliate Transfers. 30
9.4 Transfers in Violation of this Agreement. 30
9.5 Execution of Spousal Consents. 30
9.6 Right of First Refusal. 30
9.6.1 Notice of Proposed Transfer. 31
9.6.2 Exercise of Right of First Refusal. 31
9.6.3 Offered Price. 31
9.6.4 Holder's Right to Transfer. 31

10. CONSEQUENCES OF MEMBERSHIP TERMINATION. 31
10.1 Membership Termination Option 31
10.2 Purchase Price. 32
10.2.1 Capital Account. 32
10.2.2 Fair Market Value/Appraisal. 32
10.2.3 Without Cause Value. 32
10.3 Notice of Intent to Purchase. 32
10.4 Election to Purchase Less than all of the Former Member's Units. 33
10.5 Payment of Purchase Price. 33
10.6 Closing of Purchase of Former Member's Units. 34

11. DIVORCE OF PHYSICIAN INVESTOR. 34
11.1 Award of Units to Spouse. 34
11.2 First Option by Divorced Physician. 34
11.3 Second Option by Company. 34
11.4 Election to Purchase Less than All of the Divorced Interest. 34
11.5 Payment of Purchase Price and Closing. 35

12. ACCOUNTING, RECORDS, REPORTING BY MEMBERS. 35
12.1 Books and Records. 35
12.2 Reports. 36
12.2.1 Tax. 36
12.2.2 Financial. 36

WPAHS-000997

12.3 Bank Accounts. 36
12.4 Tax Matters Partner 36

13. DISSOLUTION AND WINDING UP. 36
13.1 Conditions of Dissolution. 36
13.2 Winding Up 37
13.3 Limitations on Payments Made in Dissolution. 37

14. INDEMNIFICATION OF MEMBERS AND AGENTS. 37
14.1 General Right to Indemnification. 37
14.2 Advancement of Expenses. 38
14.3 Cooperation 38
14.4 Settlement and Compromise. 38
14.5 Assumption of Defense. 38
14.6 Conflict. 38

15. MISCELLANEOUS. 38
15.1 Entire Agreement. 38
15.2 Interpretation. 39
15.3 Severability. 39
15.4 Notice. 39
15.5 Amendment. 39
15.6 Counterparts. 39
15.7 Attorneys' Fees; Prejudgment Interest 39
15.8 Remedies Cumulative. 40
15.9 Governing Law. 40
15.10 Additional Documents and Acts. 40
15.11 Dispute Resolution Procedures. 40
15.11.1 Application of this Section 40
15.11.2 Negotiation 40
15.11.3 Mediation. 40
15.12 Waiver of Jury Trial. 40

WPAHS-000998

THE UNITS REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER THIS ACT OR AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED.

OPERATING AGREEMENT
FOR
PETERS TOWNSHIP SURGERY CENTER, LLC
A PENNSYLVANIA LIMITED LIABILITY COMPANY

This Operating Agreement ("Agreement") for PETERS TOWNSHIP SURGERY CENTER, LLC ("Company") is entered into by WEST PENN AMBULATORY SURGICAL COMPANY, LLC, a Pennsylvania limited liability company ("WPASC") and the undersigned effective as of October 31, 2010 ("Effective Date"), as follows:

1. BACKGROUND.

1.1 As of the Effective Date, the Members have adopted and approved this Agreement for the Company and this Agreement shall take effect and any prior operating agreement of the Company shall be null and void. This Agreement controls all rights and obligations of the Members and Managers to the fullest extent permitted by law. As of the Effective Date, the Members of the Company are WPASC and local area physicians.

1.2 WPASC is owned by the West Penn Allegheny Health System ("WPAHS") and Titan Health of West Penn, Inc. ("Titan").

1.3 The Members intend to form the Company to operate an ambulatory surgery center ("Center").

2. CERTAIN DEFINITIONS.

The following terms shall have the meanings set forth below:

"Act" means the Limited Liability Act of 1994 of the Commonwealth of Pennsylvania, as the same may be amended from time to time.

"Adjusted Capital Account Deficit" means with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant Fiscal Year, after effecting the following adjustments: (a) increase such Capital Account by any amounts that the Member is obligated to restore and the Member's share of member nonrecourse debt minimum gain and Company minimum gain; and (b) reduce such Capital Account by the items described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), and 1.704-1(b)(2)(ii)(d)(6).

"Affiliate" means (a) any individual, partnership, corporation, trust or other entity or association, that directly or indirectly, through one (1) or more intermediaries, controls, is controlled by, or is under common control with a Person, or that holds a substantial beneficial interest in a Person, or (b) any relative or spouse of any Person who holds a substantial beneficial interest in a Person. The term "control," as used above, means, with respect to a corporation, limited liability

company, partnership, trust or other entity, the right to exercise, directly or indirectly, fifty percent (50%) or more of the voting rights and economic rights attributable to the controlled entity.

"Agreement" means this Operating Agreement of the Company, as originally executed and as amended from time to time.

"ASC Procedures" shall mean those surgical procedures on the list of Medicare covered procedures for ambulatory surgery centers under applicable Medicare regulations in effect at the time a procedure is performed.

"Bankruptcy" means:

(a) the filing of an application by a Person for, or his, her or its consent to, the appointment of a trustee, receiver or custodian of his, her or its assets;

(b) the entry of an order for relief with respect to a Person in proceedings under the United States Bankruptcy Code, as amended or superseded from time to time;

(c) the making by a Person of a general assignment for the benefit of creditors;

(d) the entry of an order, judgment or decree by any court of competent jurisdiction appointing a trustee, receiver, or custodian of the assets of a Person unless the proceedings and the trustee, receiver or custodian of the assets appointed are dismissed within ninety (90) days; or

(e) the failure by a Person generally to pay his, her or its debts as the debts become due within the meaning of Section 303(h)(1) of the United States Bankruptcy Code, as determined by the Bankruptcy Court, or the admission in writing of the Person's inability to pay his, her or its debts as they become due.

"Beneficial Owner" means a Person who holds, directly or indirectly, an interest in the equity of a Physician Investor, whether as a shareholder, partner, member or by contractual means.

"Board" means the Company's governing board of managers as further defined in Section 6.1.

"Business" has the meaning set forth in Section 3.6.

"Capital Account" means an account reflecting the Capital Contribution of a Member, which the Company establishes and maintains for such Member pursuant to Section 4.2 and consistent with the rules under Regulations Sections 1.704-1(b), 1.704-2, 1.704-3 and 1.704-4.

"Capital Contribution" means the total value of cash and fair market value of property (including any promissory notes or other obligation to contribute cash or property as agreed to by the Board) contributed to the Company by a Member.

"Certificate" means the certificate of organization, pursuant to which the Company was formed with the office of the Secretary of State of the Commonwealth of Pennsylvania and as amended from time to time thereafter.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, the provisions of succeeding law, and to the extent applicable, the Regulations.

"Company" means Peters Township Surgery Center, LLC, a Pennsylvania limited liability company.

"Confidential Information" means all proprietary information, trade secrets and other information relating to the present or planned operation of the Company, Titan, WPASC or WPAHS that has been identified as confidential or proprietary or that a Person would reasonably recognize as confidential information of the Company. Specifically included in the definition of Confidential Information are: (a) the Company's Board and Member meeting minutes and materials, (b) the Company's business plans, proposals, marketing and sales plans or programs, patient lists, customer referral sources, patient and supplier information, financial data and pricing information, and (c) information concerning the existence or resolution of a Claim under Section 15.11.

"Distributable Cash" means cash from any source including the net revenues from operations, net proceeds from any sales or other dispositions or refinancing of Company assets, and all principal and interest payments with respect to any note or other obligation received by the Company in connection with sales and other dispositions of Company assets, less any portion used to pay into or establish a Working Capital Reserve.

"Distribution" means the transfer of money or property by the Company to its Members without consideration.

"EBITDA" means earnings before interest, taxes, depreciation and amortization for the applicable period, calculated as follows:

(a) the Net Income of the Company, plus the following, each determined in accordance with GAAP, without duplication and to the extent deducted from Net Income: (1) interest expense, (2) federal, state and local income tax expense, (3) depreciation and (4) amortization of intangible assets; and

(b) shall be calculated without regard to (1) any extraordinary gain or loss, (2) any non-recurring or non-operating items related to activities outside the ordinary course of business, and (3) when determining the purchase price under Section 10.2.3, any income or expenses related to procedures performed by the Former Member or if the Former Member is an entity, then the physician causing the Membership Termination Event.

"Economic Interest" means a share of the Company's Net Income and Net Loss, and/or Distributions of the Company's assets as represented by the holding of Units, pursuant to Articles 7 and 8 of this Agreement, but shall not include any other rights of a Member, including, without limitation, the right to vote on or participate in the management, or any right to information concerning the business and affairs, of the Company. Economic Interests are subject to the restrictions on transfer in Article 9.

"Economic Interest Owner" means the owner of an Economic Interest who is not a Member in accordance with the requirements of this Agreement. To the maximum extent permitted by law, Economic Interest Owners do not have any right to vote on any matter or participate in the management of the Company.

"Extension of Practice Requirements" means the requirements that a Physician Investor (or if the Physician Investor is a legal entity, then all of the Beneficial Owners of the Physician Investor):

(a) derive at least one-third (1/3) of his or her annual medical practice income from all sources from performing ASC Procedures;

(b) commencing twelve (12) months after the Center Opening, perform at least one-third (1/3) of his or her ASC Procedures at the Company in the prior fiscal year or prior twelve (12)-month period;

(c) if the Physician Investor is a legal entity, then each Beneficial Owner and physician employee of the Physician Investor either (1) will receive a return from the Company that is substantially the same as if such physician directly held his pro rata share of the Units held by the legal entity based on his ownership interest in the legal entity; or (2) the Physician Investor qualifies as a "group practice" as defined in Section 1877(h)(4) of the Social Security Act and 42 C.F.R. §1001.952(p);

(d) treat patients receiving medical benefits or assistance under any federally funded healthcare programs (including Medicare and Medicaid) in a nondiscriminatory manner; and

(e) implement reasonable procedures to fully inform each patient referred to the Company by such Physician Investor of his or her investment in the Company.

"Fiscal Year" means the Company's fiscal year, which shall end on December 31.

"Former Member" has the meaning set forth in Section 10.1.

"Indemnification Expenses" shall mean any costs, expenses, damages, reasonable attorneys' fees, court costs and expert fees.

"Interest Bearing Debt" means the principal amount of any notes payable or other indebtedness, provided that such indebtedness accrues interest and is reflected on the balance sheet of the Company.

"Majority in Interest" means the approval of Members holding a majority of the outstanding Units held by Members (but excluding any Units held by an Economic Interest Owner).

"Management Company" shall mean Titan Health of West Penn, Inc. ("Titan"), so long as WPASC or Titan (or a Titan Affiliate) is a Member, and thereafter, Titan's successors and assigns (Titan being authorized to assign its rights and obligations as the Management Company in connection with an entity acquiring the assets of Titan).

"Manager" means an individual who serves as a member of the Board.

"Member" means each Person who:

(a) is listed on **Schedule 1** as having been admitted to the Company as a Member or is otherwise admitted as a Member in accordance with this Agreement either by the issuance of new Units (Section 5.1) or becoming a Substitute Member (Section 9.2);

(b) has not withdrawn; and

(c) has not had his, her or its status as a Member terminated.

"Membership Interest" means a Member's entire interest in the Company including the Member's Economic Interest, the right to vote on or participate in the management, and the right to receive information concerning the business and affairs of the Company. A Member's Membership Interest shall consist of the total number of Units held by the Member as set forth in **Schedule 1** as adjusted from time to time in accordance with this Agreement. Any such adjustment shall be recorded on a revised **Schedule 1**. From time to time in this Agreement, a Person may be stated as having "X Units of Membership Interest." This statement means the Person has been admitted as a Member with a Percentage Interest that is determined by dividing X by the total number of Units outstanding, and multiplying the result by one hundred (100).

"Membership Termination Event" means one (1) or more of the following with respect to a Member (where applicable):

(a) death, Permanent Disability, Relocation or Retirement;

(b) if a Physician Investor, dissolution of the Physician Investor (if an entity, unless a permitted transfer occurs in connection with such dissolution);

(c) the Member has been sanctioned by, barred or excluded from, a government health program or convicted or plead nolo contende to a felony or other crime of moral turpitude;

(d) if a Physician Investor, Bankruptcy;

(e) if a Physician Investor, the Member fails to maintain professional liability insurance with at least the minimum coverage required by applicable statute or if there is no applicable minimum coverage provided by statute, then in amounts set by the Board;

(f) if a Physician Investor, loss, revocation or suspension of the Member's professional license or the Member's medical staff privileges at the Company's facility for any reason or at any healthcare facility for reasons related to professional conduct or quality of care;

(g) a finding by a majority of all Managers (including any Managers who may have a conflict on such issue) or an arbitrator as contemplated by Section 15.11 of this Agreement, that a Member has engaged in repeated or continuing gross negligence, willful misconduct or breach of this Agreement that adversely and materially affected the Company's business, including, but not limited to, a breach of Section 5.7 by a Member or its Beneficial Owner or Affiliates; provided that before any breach of this Agreement by WPASC may result in a Membership Termination Event, WPASC

shall have received written notice of the breach from a Physician Manager and shall have had thirty (30) days in which to diligently commence curing such breach and so long as diligently curing such breach, shall not be in default;

(h) any transfer or assignment of Units in breach of Article 9 (subject to the applicable cure periods);

(i) failure of a Member to make the Capital Contributions in Section 4.1 or failure to execute the Personal Guarantee or termination or default of a Personal Guarantee as described in Section 4.1.1;

(j) the Board's finding that a Member does not meet the Qualifications; provided that the Board first sends written notice to the Member and provides the Member sixty (60) days in which to meet the Qualifications;

(k) the Board's finding that a Member failed to obtain an executed copy of the Consent of Spouse from his or her spouse as required by Section 9.5 after giving the Member at least ten (10) days' written notice and an opportunity to cure;

(l) subject to Section 5.4.1, failure of a Physician Investor to meet the Extension of Practice Requirements; or

(m) a vote of at least seventy percent (70%) of the Membership Interests held by Physician Investors to terminate the Member status of a Physician Investor.

If a Physician Investor transfers his, her or its Units (or a portion thereof) to a trust or another entity as permitted by Section 9.3, then the occurrence of any events set forth in this definition to the trust or other entity or to the Physician Investor who transferred his, her or its interest to the trust shall be deemed a Membership Termination Event as to such Units (e.g., if an individual transfers his or her Units to a trust for the benefit of his or her spouse and child and then the individual dies, that person's death is a Membership Termination Event).

"Net Income and Net Loss" means for any Fiscal Year or other period, the Company's taxable income or loss for such period, determined in accordance with Code Section 703(a) (and, for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), subject to the following adjustments:

(a) any income of the Company that is exempt from federal income tax shall be added to such taxable income or loss;

(b) any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as such pursuant to Regulations Section 1.704-1(b)(2)(iv)(i) shall be subtracted from such taxable income or loss;

(c) for purposes of computing taxable income or loss on the disposition of an item of Company property or for purposes of determining the cost recovery, depreciation, or amortization deduction with respect to any property, the Company shall use such

property's book value determined in accordance with Regulations Section 1.704-1(b); and

(d) if the book value of any Company asset is adjusted pursuant to Section 4.2(b), the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing net profit or loss.

"Percentage Interest" means the percentage of Net Income and Net Loss to which a Person is entitled as determined by the ratio of Units held by such Person to the total number of outstanding Units, as set forth opposite the name of the Person in **Schedule 1**, as the percentage may be adjusted from time to time as provided in this Agreement.

"Permanent Disability" means a Physician Investor (or, if the Physician Investor is an entity, the Beneficial Owner of a Physician Investor) has suffered a physical or mental disability that has prevented him or her from performing surgery for a period of at least twelve (12) months.

"Person" means any individual, corporation, partnership, association, limited liability company, trust, estate or other entity.

"Physician Investor" means any Member or Economic Interest Owner other than WPASC and its successors (including WPAHS and Titan and their Affiliates and their successors) and other than any spouse of a Member that receives a Membership Interest pursuant to an Award to Spouse; provided that Economic Interest Owners have limited rights (see definitions of "Economic Interest" and "Economic Interest Owners").

"Qualifications" means that the Person is: (a) WPASC and its successors and assigns, or an entity that directly or indirectly through its Affiliate provides management services to the Company (or an Affiliate of such an entity); (b) a physician licensed and registered in good standing to practice medicine in the Commonwealth of Pennsylvania who is (or the Board believes will become) a member of the active medical staff of the Center and at least one (1) hospital that is an Affiliate of WPAHS; provided that the Board may waive the condition that the hospital be an Affiliate of WPAHS so long as the Board has determined that an adequate credentialing process has taken place; (c) a legal entity whose Beneficial Owners are all members of the active medical staff of the Center (or the Board believes will become) (except as permitted by Section 9.3(a)); or (d) Allegheny Specialty Practice Network ("ASPN").

"Regulations," unless the context indicates otherwise, means the regulations in force have been issued by the United States Department of Treasury pursuant to its authority under the Code, and any successor regulations.

"Relocation" means a Physician Investor (or, if the Physician Investor is an entity, the Beneficial Owner of a Physician Investor) moves his or her medical practice more than twenty-five (25) miles from the Center with the intention of not returning for a period of at least twelve (12) months.

"Remaining Members" has the meaning set forth in Section 10.1.

"Retirement" shall mean the Physician Investor (or, if the Physician Investor is an entity, the Beneficial Owner) practices medicine for less than an average of twenty (20) hours per week assuming the Person works at least forty-six (46) weeks per year, or elects to restrict his or her

surgical practice to emergencies and office-based procedures activities only, with the intent to so limit his or her practice of medicine for the foreseeable future.

"Substitute Member" means a transferee of Units who becomes a Member pursuant to Article 9.

"Supermajority in Interest" means Members collectively holding seventy-five percent (75%) or more of the outstanding Units held by Members (but excluding any Units held by an Economic Interest Owner).

"Units" means a measure of ownership in the Company based on the number of Units outstanding.

"Working Capital Reserve" means a cash reserve for normal expenses and contingencies maintained pursuant to Section 8.3 that shall be established by Board, except as otherwise required by law.

3. ORGANIZATION OF THE COMPANY.

3.1 Formation. The Company was formed by the filing of the Certificate on October 22, 2010. The Members intend the Company to be a limited liability company under the Act and classified as a partnership for tax purposes.

3.2 Name. The name of the Company is "Peters Township Surgery Center, LLC." The Company may conduct business under that name or any other name determined by the Board.

3.3 Term. The Company commenced operation on the date of the filing of the Certificate and shall continue until terminated in accordance with this Agreement.

3.4 Registered Agent. The Company's registered agent in the Commonwealth of Pennsylvania is CT Corporation. The Board may change the registered agent from time to time.

3.5 Principal Place of Business. The principal place of business and principal address of the Company shall be in Peters Township, Pennsylvania or other location as the Board may deem advisable within the general area of Peters Township, Pennsylvania.

3.6 Purpose of the Company. The purpose of the Company is to own and operate the Center located in the greater Peters Township community (the "Business"), and such other activities directly related to the foregoing Business as may be necessary or advisable in the reasonable opinion of the Board to further such Business and not prohibited under the terms of this Agreement or applicable law or regulation. The specification of this specific purpose shall not limit the general authority of the Company to engage in any other lawful business activity; provided that any approvals required by this Agreement are first obtained.

3.7 Licensing. The Center will be licensed by the Pennsylvania Department of Health as an ambulatory surgical facility and will obtain Medicare certification as an ambulatory surgery center.

3.8 Charitable Purpose. It is the intention of the Members that the Company will be operated in such a manner as to preserve the tax-exempt status of WPAHS. For so long as WPAHS or its Affiliate or successor is a member of WPASC and WPASC is a Member of the Company, the

Company shall be operated and managed in a manner that furthers WPAHS' charitable purposes by promoting health for a broad cross-section of the community, especially those persons who are poor. The promotion of health and the performance of charity care are specifically made part of the purpose of the Company, and the provision of a reasonable level of charity care shall be prioritized over the Members' desire to generate short-term profits. The Members hereby affirm that operating the Company to fulfill these charitable objectives is fully consistent with the fiduciary duties owed to the Company and its Members by the Board and the Management Company. Eligibility for charity care at the Center shall be determined based upon the eligibility criteria in force at WPAHS, as amended from time to time. The Company shall make known its charity care policies to patients and prospective patients and shall participate in governmental programs oriented towards caring for the medically indigent.

4. CAPITAL ACCOUNTS AND ADDITIONAL CAPITAL CONTRIBUTIONS.

4.1 Initial Capital Contributions. The Members shall make the Capital Contributions set forth in the Subscription Agreement. No Member shall be entitled to withdraw any part of that Member's Capital Contribution except as provided in this Agreement.

4.1.1 Loan Guarantees. Notwithstanding the above or any other contrary provision, in addition to each Member's Capital Contribution, each Member agrees to execute and agrees (if requested by the Board or the lender) to cause its Beneficial Owners (collectively, "Guarantors") to execute a personal guarantee on a several basis equal to a pro rata share (based on Percentage Interest) up to one hundred twenty percent (120%) of the Company's indebtedness ("Personal Guarantee"), and to take other actions reasonably requested by the Company's lender as contemplated by the Personal Guarantee. The Personal Guarantee shall be a commercially standard personal guarantee as required by the Company's lender(s) that is negotiated by the Management Company and approved by the Board, each in their absolute sole discretion.

IF A GUARANTOR FAILS TO EXECUTE A PERSONAL GUARANTEE THAT HAS BEEN APPROVED BY THE BOARD, OR TERMINATES A PERSONAL GUARANTEE, OR IS IN DEFAULT UNDER THE PERSONAL GUARANTEE (AND SUCH DEFAULT IS NOT CURED WITHIN THIRTY (30) DAYS), THEN THAT EVENT SHALL BE DEEMED THE MEMBER WITHDRAWING AS A MEMBER OF THE COMPANY IN BREACH OF THIS AGREEMENT, AND IN ADDITION TO ANY CLAIM THE COMPANY MAY HAVE FOR DAMAGES, THE MEMBER SHALL BE DEEMD TO FORFEIT HIS UNITS. A MEMBER'S GOOD FAITH DECISION TO WITHHOLD PAYMENT WHILE IT SEEKS TO ENFORCE ITS RIGHT TO SEEK CONTRIBUTION UNDER SECTION 4.1.2, SHALL NOT BE A DEFAULT UNDER SECTION 4.1.1 OR CONSIDERED A MEMBERSHIP TERMINATION EVENT.

4.1.2 Reimbursement of Guarantor who Pays Company Obligations under Personal Guarantee. The parties intend that the aggregate liabilities arising pursuant to the Personal Guarantees (the "Liabilities") shall be shared among all Guarantors in accordance with their respective (direct or indirect) Percentage Interests at the time when such Liabilities arise. In the event that any lender seeks to enforce a Personal Guarantee that would result in a Guarantor paying an amount in excess of such Guarantor's pro rata share of any Liability ("Paying Member"), then each Guarantor (including any Guarantor who failed to sign the Personal Guarantee as required by Section 4.1.1) who has paid less than such Guarantor's pro rata share (based on Percentage Interests) shall promptly indemnify and contribute to the Paying Member such cash amount as will, subsequent to such indemnification and contribution, result in all Guarantors having paid their respective pro rata

shares of the Liability; provided that in no event shall any Guarantor be required to pay any amounts (when combined with amounts paid under such Guarantor's own Personal Guarantee) that shall exceed the amount of such Guarantor's Personal Guarantee.

WITHOUT LIMITING EACH GUARANTOR'S RIGHT OF REIMBURSEMENT FROM THE COMPANY FOR AMOUNTS PAID UNDER THE PERSONAL GUARANTEES, THE PAYING MEMBER HAS A RIGHT TO INITIATE LEGAL PROCEEDINGS TO COLLECT AMOUNTS OWED UNDER THIS SECTION 4.1.2 AGAINST THE OTHER GUARANTORS (SPECIFICALLY INCLUDING WITHOUT LIMITATION, PERSONS WHO ARE OBLIGATED TO EXECUTE A PERSONAL GUARANTEE UNDER SECTION 4.1.1, EVEN IF SUCH PERSONS DID NOT EXECUTE THE PERSONAL GUARANTEE). SECTIONS 4.1.1 AND 4.1.2 SHALL BIND EACH PHYSICIAN INVESTOR AND ITS BENEFICIAL OWNERS IN THEIR INDIVIDUAL CAPACITY. EACH PHYSICIAN INVESTOR WHO IS NOT AN INDIVIDUAL COVENANTS THAT ITS ORGANIZATIONAL DOCUMENTS SHALL SUBJECT ITS BENEFICIAL OWNERS TO THE OBLIGATIONS CONTAINED IN SECTIONS 4.1.1 AND 4.1.2.

The Members of WPASC who execute guarantees of the Company's indebtedness shall be treated as Guarantors for purposes of this section, and are intended third-party beneficiaries of this section.

4.2 Capital Accounts. The Company shall establish and maintain an individual Capital Account for each Member. The Member's initial Capital Contributions have been credited to their respective Capital Accounts. Capital Accounts shall be increased by the amount of any Net Income allocated to, or additional Capital Contributions contributed by, the Member, and decreased by any Net Loss allocated to, or Distributions received by, the Member, all in accordance with Regulations Section 1.704-1(b)(2)(iv). If a Member transfers Units in accordance with this Agreement, such Member's Capital Account shall carry over to the new holder of such Units pursuant to Regulations Section 1.704-1(b)(2)(iv)(1). The book value of all Company properties shall be adjusted to equal their respective gross fair market values, as determined by the Board as of the following times: (a) in connection with the acquisition of an interest in the Company by a new or existing Member for more than a de minimis Capital Contribution; (b) in connection with the liquidation of the Company as defined in Regulations Section 1.704(1)(b)(2)(ii)(g); (c) in connection with the issuance of Units for the provision of services, to or for the benefit of the Company by an Economic Interest Owner or in anticipation of becoming such; or (d) in connection with a more than de minimis distribution to a retiring or a continuing Member as consideration for all or a portion of his or its interest in the Company. In the event of a revaluation of any Company assets hereunder, the Capital Accounts of the Members shall be adjusted, including continuing adjustments for depreciation, to the extent provided in Regulations Section 1.704(1)(b)(2)(iv)(f).

4.3 Additional Capital Contributions. From time to time, the Board may submit to the Members a request for additional Capital Contributions ("Contribution Request") as reasonably deemed necessary by the Board for the Business or for a Working Capital Reserve for the Company. Additional Capital Contributions shall only require the approval of the Board if the aggregate of all additional Capital Contributions since the Effective Date combined with the proposed additional Capital Contribution is less than Two Hundred Thousand Dollars ($200,000.00). Any request by the Board for additional Capital Contributions above Two Hundred Thousand Dollars ($200,000.00) shall require approval under Section 6.2. If a Contribution Request is so approved, then a notice of approval of the Contribution Request shall be sent to each Member. Within twenty (20) days following the receipt of notice of approval of the Contribution Request, the Members shall contribute

the required additional Capital Contributions on a pro rata basis in accordance with their Percentage Interests. When the Member makes such contribution, the Company shall credit the Member's Capital Account with the amount contributed.

4.4 Limited Liability and Cap on Contributions. Other than the obligations in Sections 4.1, 4.1.1, 4.1.2, 4.3 and 4.6.2, no Member shall have any obligation to make any additional Capital Contributions, or loan to the Company or guarantee of Company's indebtedness and a Member shall not be bound by, or be personally liable for, the expenses, liabilities or obligations of the Company except as otherwise provided in the Act or in this Agreement.

4.5 Effect of Additional Contributions. Capital Contributions made pursuant to Section 4.3 shall only result in the issuance of Units if the Members so elect as set forth in Section 4.6.1.

4.6 Results of Failure to Make Required Capital Contributions. If any Member fails to contribute the full amount that it is required to contribute as an additional Capital Contribution approved under the terms of Section 4.3, then the Management Company shall notify the Members of this contribution deficiency. The Members acknowledge that the Company and the other Members will suffer damages due to the failure of any Member to make a required additional Capital Contribution pursuant to Section 4.3. Within ten (10) days following receipt of the notice, the Board shall approve one (1) of the following three (3) responses to the failure of Member to make such a required additional Capital Contribution:

4.6.1 Additional Capital Contributions. The contributing Members may make further contributions up to the amount of the deficiency, and treat such further contributions as additional Capital Contributions in exchange for the issuance of additional Units. If the amount of elected further contributions exceeds the deficiency, then the Members electing to make the further contributions shall contribute pro rata in accordance with their relative Percentage Interests. Immediately following receipt of these further contributions, the number of Units held by each Member and the resulting Percentage Interests shall be adjusted to reflect the further Capital Contributions by translating the further Capital Contributions into the acquisition of additional Units at an issuance price equal to the purchase price determined under Section 10.2.1 as if the non-contributing Member had sold his Units. If the total amount contributed by the Members is less than the total amount set forth in the Contribution Request, then the Board shall have the right to seek a loan to the Company in the amount of the deficiency.

4.6.2 Loan to Non-Contributing Member. The contributing Members may make further contributions up to the amount of the deficiency, and treat such further contributions as amounts loaned to the non-contributing Member by the Members making the further contributions, and contributed by the non-contributing Member. The non-contributing Member shall execute a promissory note in favor of those Members that have advanced the further contributions, in the principal amount of the further contributions, with a term of no more than one (1) year, requiring four (4) equal quarterly payments of principal and interest, and bearing interest at the lower of the following rates: six percent (6%) per annum above the prime rate published in the Wall Street Journal on the business day following the date of receipt by the Members of the notice of approval of the Contribution Request or the maximum rate permitted by law. The promissory note shall be secured by a pledge of the non-contributing Member's Units. However, the contributing Members' remedy for default shall not be limited to the non-contributing Member's Units (i.e. the non-contributing Member shall have personal liability related to such promissory note). Each Member hereby (a) grants a security interest to the Members who contribute any deficiency resulting from the

Member's failure to make a required additional Capital Contribution if the deficiency is treated as a loan under this section, with the security interest to arise as of the date the deficiency is contributed by the contributing Members, (b) further agrees to execute any additional documents as the Board may determine are warranted under the circumstances in connection with the documentation of the loan and the attachment and perfection of the security interest, and (c) authorizes the Board to take any and all actions necessary to perfect the security interest, including the filing of a UCC-1. As long as any amounts of principal and interest remain unpaid under the promissory note, the non-contributing Member shall not be entitled to receive Distributions from the Company. The Company shall pay any Distributions otherwise distributable to the non-contributing Member to the Members who loaned the deficiency to the non-contributing Member, and applied first against accrued interest and then against unpaid principal until all accrued interest and outstanding principal is paid in full. If there is more than one (1) Member who loaned the deficiency to the non-contributing Member, the Members shall be repaid in proportion to the amount loaned to the non-contributing Member as to the total amount loaned to the non-contributing Member with the repayment of the loans having priority of the oldest loan is paid before any more recent loan.

4.6.3 **Member Buy-Out.** The Company may exercise the option to purchase the non-contributing Member's Units under Section 10.1.

4.7 **No Withdrawal of Capital; No Interest.** Except as provided in this Agreement, no Member may withdraw his, her or its Capital Contribution. The Company shall not pay any interest on Capital Contributions.

4.8 **Dilution.** Notwithstanding anything to the contrary, the WPASC Managers may cause the Company to issue Units equaling twenty percent (20%) of the Company (on an after dilution basis), to new Physician Investors who are either employed by or are otherwise affiliated with WPAHS or a clinical department or entity associated with those physicians, in accordance with Section 5.1 and such decision by the WPASC Managers shall be deemed the decision of the Board. The right of the WPASC Managers to cause the issuance of Units pursuant to the last sentence shall cease on the second anniversary of the Center Opening. In addition, except as set forth in Section 4.6.1, the Members agree WPASC shall be entitled to maintain a forty-nine percent (49%) Percentage Interest in the Company. Therefore, notwithstanding anything to the contrary and except as set forth in Section 4.6.1, as part of any issuance of Units, the Company shall automatically be deemed to issue to WPASC (without an additional contribution by WPASC) sufficient additional Units so that WPASC maintains a forty-nine percent (49%) Percentage Interest in the Company, but the Company shall also cause a special allocation of income and distribution to the Physician Investors of the proceeds from such offering (to the extent affected by this sentence) on a pro rata basis based on Units held. The closing of any issuance of Units pursuant to the last sentence shall be at the same time as the closing of the offering of Units to persons other than WPASC.

5. MEMBERS.

5.1 **Admission of New Members.** The Board may cause the Company to issue new Units to (a) Persons the Board reasonably believes meet the Qualifications, and admit those Persons as Members, or (b) an existing Member; provided that the Board may condition the issuance of Units to a Member that is a legal entity upon the legal entity agreeing to offer a portion of its own equity interest to individuals who meet the Qualifications. Substitute Members may be admitted only in accordance with Section 9.2. Additional Members and Substitute Members must meet the Qualifications. Upon admission of a new Member, including a Substitute Member, **Schedule 1** shall

be updated to set forth the name, Units and Percentage Interest of the new Member and the new Member shall enter into and be bound by this Agreement, as amended. The purchase price for the issuance of Units by the Company shall be the fair market value of the Units as determined by the Board.

5.2 Withdrawals or Resignations. A Member may not withdraw from the Company. If notwithstanding the last sentence, a Member withdraws from the Company or is deemed to withdraw from the Company as set forth in Section 4.1.1, then a Member is in breach of this Agreement and the Member's status as a Member shall immediately terminate and the Member shall forfeit the Units the Member holds in the Company. The Member shall remain subject to the covenant not to compete set forth in Section 5.7 for two (2) years from the date of withdrawal and the Member's withdrawal shall not relieve the Member of any obligation under the Personal Guarantee or any amounts the Member may owe the Company or other Members, including, but not limited to, a Member's obligations under Section 4.1.2.

5.3 Payments to Members. Except as agreed upon by a Supermajority in Interest, or otherwise specified in this Agreement, or permitted by a transaction pursuant to Section 5.5, no Member or Affiliate is entitled to remuneration for services rendered or goods provided to the Company. However, the Company shall reimburse the Members and Affiliates for the actual cost of goods and materials used by the Company in the ordinary course of the Business.

5.4 Termination of Membership Status.

5.4.1 Membership Termination Events. Upon the occurrence of a Membership Termination Event to a Member and as set forth in the next paragraph, the Membership status of a Member may be terminated by the Board and thereafter that Member shall be an Economic Interest Owner only unless such Units are purchased in accordance with Articles 10 and 11. Notwithstanding the last sentence, if the Membership Termination Event is a transfer of a Member's Units in breach of this Agreement, then the Member shall be reinstated as a Member if (a) such breach is cured within thirty (30) days of the Member receiving notice from the Board that such transfer breaches this Agreement and (b) the Member reimburses the Company for any costs related to such breach. Each Member acknowledges and agrees that such termination of Membership status and purchase of Units upon the occurrence of any of the Membership Termination Events is not unreasonable under the circumstances existing as of the date hereof.

The occurrence of one (1) of the events listed as a "Membership Termination Event" to the Beneficial Owner of a Physician Investor shall cause the Physician Investor to be subject to a Membership Termination Event as of thirty (30) days after the occurrence of such event unless during such thirty (30)-day period (a) the event is cured to the satisfaction of the Board or (b) the Physician Investor repurchases the interest of the affected Beneficial Owner. Any Physician Investor who is not an individual covenants that its organizational documents shall, at all times, grant such Physician Investor substantially similar rights to repurchase the interests of the Beneficial Owners of such Physician Investor upon the occurrence of any events listed as a "Membership Termination Event" to any Beneficial Owner of the Physician Investor. Each Physician Investor who is not an individual agrees that upon the occurrence of such events, such Physician Investor shall exercise its right to repurchase if requested by the Management Company or the Board.

5.4.2 Certification of Status. At the request of the Board or WPASC, Physician Investors shall certify on an annual basis to the Company, in a form acceptable to the Board, that the Physician

Investor is not subject to any Membership Termination Event. In addition, if requested by the Board, Physician Investors shall provide information requested by the Board regarding whether Physician Investors (and their Beneficial Owners and physician employees) meet the Extension of Practice Requirements. Notwithstanding the above, before a failure of a Physician Investor to meet the Extension of Practice Requirements shall be deemed a "Membership Termination Event," the Board shall send the Physician Investor notice, and the Physician Investor shall have sixty (60) days from the date of such notice to "cure" such event, if possible. The Board may in good faith extend a Physician Investor's cure period if the Physician Investor is diligently attempting to cure such breach or if the Board finds that such Physician Investor's failure to meet the Extension of Practice Requirements will not create a material regulatory risk to the Company. In the case of a Physician Investor that is a legal entity, the event may be "cured" by the Physician Investor repurchasing the beneficial ownership interest of the Beneficial Owner subject to or causing the relevant event.

5.5 Loans and other Transactions with the Company. With the express prior approval of the Board following full disclosure of the terms of the loan or transaction, a Member may loan money to, and engage in other transactions with the Company. All such loans shall be repaid from amounts otherwise constituting Distributions under Section 8.1, as a priority payment, and shall comprise a deduction from Distributable Cash. No such loan shall constitute a Capital Contribution or increase the Percentage Interest of the lending Member unless otherwise agreed by the Board and a Supermajority in Interest.

5.6 Meetings of Members. No annual or regular meetings of the Members are required. If any annual, regular or special meetings are held, then such meetings shall be held in accordance with applicable law, provided, that:

5.6.1 Notice. Meeting of the Members may be called at any time by the Board, or by Members representing a ten percent (10%) Percentage Interest for the purpose of addressing any matters on which the Members may vote. If a meeting of the Members is called by the Members, notice of the meeting shall be delivered to the Board. Meetings may be held at the principal executive office of the Company or at such other location as may be designated by the Board. Following the call of a meeting, the Board shall give notice of the meeting not less than five (5), or more than twenty (20) calendar days before the date of the meeting and the general nature of business to be transacted (a Member shall be deemed to waive the right to such notice by either executing a writing evidencing such waiver or by appearance at such meeting either in person or by written proxy). The notice shall state the place, date and hour of the meeting and the general nature of the business to be transacted. No other business may be transacted at the meeting.

5.6.2 Proxies and Electronic Communication. Members are permitted to vote by written proxies. Members may participate in a meeting by means of conference telephone or similar communications equipment by which all Members participating in the meeting can hear each other at the same time. Such participation will constitute presence in person at the meeting and waiver of any required notice. The Chairperson of WPASC or his or her written designee shall be authorized to vote WPASC's Units.

5.6.3 Written Consent. In lieu of a meeting, the Members may vote by written consent signed by Members holding not less than the number of Units necessary to authorize or take such action; provided that notice of such written consent shall be sent to the non-signing Members within five (5) days of execution.

5.6.4 Quorum. A quorum at any meeting of Members will consist of Members who together hold sufficient Units to take the action proposed to be taken at the meeting. Any meeting at which a quorum is not present may adjourn the meeting to a place, day and hour without further notice. If a quorum is present at any meeting of the Members, the affirmative vote of Members as expressly required by this Agreement will be the act of the Members.

5.6.5 Rules and Procedures. The Board may appoint a person to preside at the meeting or absent such appointment, the Management Company shall preside at the meeting. The Board may adopt rules and procedures for the orderly conduct of the meeting.

5.7 Competing Activities.

5.7.1 Non-Competition. A Member shall not (and shall cause its Beneficial Owners and Affiliates not to) for so long as a Person is a Member (as opposed to an Economic Interest Owner) and for two (2) years thereafter, directly or indirectly own any interest in a Competitor, manage a Competitor, provide any sort of consulting or other service to or for any Competitor, or extend any sort of loan facility or other credit arrangement to a Competitor. Notwithstanding the above, a Member or its Affiliates may:

(a) practice medicine at a facility, office or clinic owned or operated by a Competitor;

(b) hold an ownership interest the Member or Affiliate owns in a Competitor to the extent and in substantially the form and scope such ownership was disclosed or permitted in a written Subscription Agreement related to the Member's first purchase of Units;

(c) if WPAHS and its non-physician Affiliates, then this Section 5.7.1 shall only be construed to prevent direct or indirect ownership or day-to-day management of a Competitor's surgical services and any other relationship shall only be prohibited if it provides benefits that are similar to ownership or day-to-day management of a Competitor's surgical services;

(d) if Titan and its Affiliates, continue to own and manage Southwestern Ambulatory Surgery Center, LLC; and

(e) if WPASC and its Affiliates, develop, own and manage an ambulatory surgery center located at One Robinson Plaza, Robinson Township, Pennsylvania (or such other location within a fifteen (15)-mile radius of such address).

For purposes of clarification, the term "practice medicine" refers solely to those medical services reimbursed as part of the professional component, and does not include services reimbursed under the technical component or by means of a facility fee.

THIS SECTION 5.7 SHALL BIND EACH PHYSICIAN INVESTOR AND ITS BENEFICIAL OWNERS IN THEIR INDIVIDUAL CAPACITY. EACH PHYSICIAN INVESTOR WHO IS NOT AN INDIVIDUAL COVENANTS THAT ITS ORGANIZATIONAL DOCUMENTS SHALL SUBJECT ITS BENEFICIAL OWNERS TO THE COVENANT NOT TO COMPETE AND ALL OTHER OBLIGATIONS CONTAINED IN THIS SECTION 5.7.

5.7.2 Definition of Competitor. A "Competitor" is any Person who directly or indirectly owns or operates any of the following within a fifteen (15)-mile radius of the site where the Company currently owns its Center or any relocation of the Center:

(a) an ambulatory surgical center certified as such under Part 416 of Title 42 of the Code of Federal Regulations;

(b) an ambulatory surgery center licensed under Pennsylvania law;

(c) a hospital that includes direct or indirect physician owners, but excluding (1) any hospital with solely inpatient capacity and (2) any proposed hospital where the Company was provided the option for a period of at least ninety (90) days to contribute the Company (or its assets) to entity owning such hospital in exchange for equity equal to the fair market value of the Company as determined by appraisal in accordance with Section 10.2.2; or

(d) as to any Physician Investor, any other business (including a physician's medical office) that, directly or as part of a global fee or similar arrangement, provides the nonprofessional component of surgical services.

Notwithstanding the foregoing, the definition of a "Competitor" shall not include a physician performing surgical procedures in his or her private practice office where no separate facility fee would be available if such procedure had been performed at an ambulatory surgery center.

5.7.3 Confidentiality. Each Member understands that Confidential Information that the Member may have acquired or to which the Member may have access is of great value to the Company. Each Member and the Beneficial Owners of each Member agree that none shall disclose any or all of the Confidential Information to anyone other than the Member's employees, attorneys, and accountants who need to have access to the Confidential Information for the internal use of the Member, the reasonable use of the Member when servicing the Company, or as required by law.

5.7.4 Unenforceability of Invalid Provision; Governing Law. If any provision of this Section 5.7 is deemed by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, the offending provision shall be deemed ineffective to the extent of such invalidity, illegality or unenforceability without invalidating or impairing the remainder of this section, which shall remain in full force and effect to the maximum extent permitted by law. If necessary, the court is authorized and directed to modify this section to render it enforceable by deleting or modifying the offending provision.

5.7.5 Specific Performance. The parties acknowledge that there is no adequate remedy at law for a breach of Section 5.7. Therefore, if a Member or its Affiliate breaches or threatens to breach this section, the Company may seek the specific performance and/or an injunction prohibiting its violation. The Company shall not be required to post any bond or other security in connection with any temporary restraining order, preliminary equitable relief or final equitable relief. Such equitable remedies are in addition to, and not instead of, any other remedy at law or in equity to which the Company may be entitled.

5.8 Regulatory Compliance. The Members acknowledge that the right of certain persons to refer patients to an entity in which they own an interest, or the right to own an interest in certain

organizations providing outpatient surgery services, may be restricted in the future by legislation, regulation or by the refusal of a material number of third-party payors to pay for services rendered to patients referred by persons who own an interest in the entity that provided the service ("Regulatory Prohibitions"). In addition, counsel to WPAHS may determine that one (1) or more aspects of this Agreement (or any agreement entered into in connection with this Agreement) would jeopardize or has jeopardized WPAHS' tax exempt status under state or federal law ("Exemption Concern"). If, in the opinion of counsel to the Company, the Regulatory Prohibitions or Exemption Concern become applicable to the Center, then:

(a) the Board shall meet in good faith to consider means to restructure the Company with the understanding that the Board and Members will use their best efforts to amend the Agreement in order to achieve the least burdensome alternative that still renders the Agreement in compliance with the Regulatory Prohibitions or Exemption Concern (as applicable) and preserves to the greatest extent possible the benefit of the bargain anticipated by the Members; and

(b) if the Board and Members do not agree to a restructuring of the Company within ninety (90) days of the date of the opinion of counsel, then (1) with respect to the Regulatory Prohibitions, WPASC shall have the option to cause the Company (without the need to obtain the Consent of the Board or the other Members), so long as Regulatory Prohibition is in existence to redeem the Units held by all Persons whose ownership of Units is affected by application of the Regulatory Provisions ("Affected Member"); and (2) with respect to an Exemption Concern, WPAHS shall transfer its interest in WPASC to a for-profit entity.

No attempt to exercise the option shall be effective unless the interests of all Affected Members are to be purchased. Notwithstanding anything to the contrary, if WPASC is an Affected Member, then at the option of WPASC, the Company shall be obligated to purchase WPASC' Units in accordance with Section 10.2.

The purchase price shall be determined under Section 10.2.2 (taking into account the economic effects of the Regulatory Prohibitions) and shall be paid in a series of installments on the last day of the month following the end of each calendar quarter in the amount of forty percent (40%) of Distributable Cash until the purchase price has been paid, with each Member whose interest is purchased under this section receiving a pro rata share thereof. Interest on the deferred portion of the purchase price shall bear interest on the unpaid balance from the date the option is exercised at two percent (2%) above the then prime rate published in the Wall Street Journal on the date the option is exercised. The deferred portion of the purchase price shall be evidenced by negotiable promissory notes, containing the terms set forth above, and allowing for prepayment of outstanding principal and interest at any time.

5.9 Members are not Agents. Pursuant to Section 6.1 and the Certificate, control of the Company is vested in the Board. The Members shall have no power to participate in the management of the Company in their capacity as Members, or to vote on any matters, except as expressly authorized by this Agreement, or except as expressly required by the Act. No Member, acting solely in the capacity of a Member, is an agent of the Company nor can any Member in such capacity bind or act on behalf of the Company to execute any instrument on behalf of the Company, to pledge its credit or to render it liable for any purpose.

6. MANAGEMENT AND CONTROL OF THE COMPANY.

6.1 Control of the Company by the Board of Managers. Subject to the right of the Members to approve certain actions as set forth in this Agreement, the Board shall have full, complete and exclusive authority, power and discretion to control the business, property and affairs of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business, property and affairs. The Managers shall only act as a Board and shall not have any power in their individual capacities to bind the Company; provided that the Board may, by resolution or written consent, grant a Manager, or other officer of the Company the power and authority to execute documents on behalf of Company.

The Board is the "Governing Body" of the Company. The Board is authorized to promulgate Governing Body Bylaws for the Company and such Governing Body Bylaws may address issues such as quality of care, additional procedures for Board meetings, the appointment and composition of committees and overall operation of the Company. The Management Company shall manage the Company in conformity with the Governing Body Bylaws. However, if there is a conflict between the Governing Body Bylaws and this Agreement (including, but not limited to, the authority granted the Management Company), this Agreement shall control.

6.1.1 Election of Managers. The number of Managers of the Board shall be fixed at four (4). The Board may by resolution increase the number of Managers; provided that (1) there shall always be an equal number of WPASC Managers and Physician Managers and (2) the Board shall never be larger than eight (8) Managers. Each Manager (whenever elected) shall hold office until his or her successor has been duly elected and qualified, or until his or her earlier death, resignation, or removal.

(a) WPASC shall have the right to elect two (2) Managers (the "WPASC Managers").

(b) The Physician Investors shall have the right as a group to elect two (2) Managers (the "Physician Managers"). The Physician Managers must be licensed physicians who are Members. Notwithstanding Section 5.6, the election of the Physician Managers shall occur at a meeting of the Members. Such meeting may be called by Physician Investors holding a ten percent (10%) Membership Interest, and elections shall occur no more frequently than annually, except where required to replace a vacant Board seat. Physician Managers shall serve a minimum of a one (1)-year term subject to early removal as set forth in Section 6.1.2 and shall otherwise serve until the next election of Physician Managers. When voting for a Physician Manager, a Physician Investor shall be entitled to cumulate votes by either (1) giving one (1) candidate for the office of Manager a number of votes equal to the number of Physician Managers to be elected multiplied by the number of Units held by that Physician Investor, or (2) by distributing the Physician Investors' votes on the same principle among as many candidates as the Physician Investor chooses. The candidates for Physician Manager receiving the highest number of affirmative votes, up to the number of Physician Managers to be elected, shall be elected; votes against any candidate and votes withheld shall have no legal effect. Cumulative voting

shall not be required or allowed for any other matter other than the election or removal of Physician Managers.

6.1.2 Removal of Managers. The Member(s) electing a Manager may remove the Manager at any time with or without cause (e.g., WPASC has the sole authority to remove the WPASC Managers; the Physician Investors have the sole authority to remove the Physician Manager). In the case of WPASC, removal shall be effective on the date indicated in a notice sent to the Board at the Company's main office. In the case of a Physician Manager, the removal shall be effective upon a vote of the Physician Investors at a meeting called in accordance with Section 6.1.1(b) and the delivery of the notice to the Company. No Physician Manager may be removed from the Board with or without cause if the votes cast against his removal would be sufficient to elect such Physician Manager at a meeting where all Physician Managers are being elected using cumulative voting (e.g., if (a) there are two (2) Physician Manager seats and (b) five hundred ten (510) Units are held by Physician Investors, then six hundred seventy-nine (679) of the one thousand twenty (1,020) votes are needed to remove a Physician Manager). If a Manager is removed, or if there is a vacancy, then the Member(s) shall immediately elect or appoint a new Manager (as applicable) to fill the vacancy.

6.1.3 Board Votes. Other than as provided in Section 4.8, all actions of the Board may be taken by (and only by) (a) the affirmative vote of a majority of the votes held by the Managers in office at a duly constituted meeting, or (b) the written consent of a majority of the votes held by the Managers in office specifically including at least one (1) Manager appointed by each of WPASC and the Physician Investors. For purposes of voting, all Managers have one (1) vote; provided that, if any Physician Manager is not present at the meeting, then the Physician Managers who are present may cast such additional vote. (For example, if there are two (2) Physician Managers and only one (1) attends the meeting, then that Physician Manager may cast two (2) votes.) If, on any matter, the Board deadlocks (other than those matters specified in Section 6.2), then the Board shall schedule a new meeting to discuss the matters and hold a second vote.

6.1.4 Alternate Managers. The Members shall be entitled to designate one (1) or more alternate Managers (selected as set forth above), who shall be entitled to attend all meetings of the Board and participate in all Board discussions, and who shall be entitled to vote as a Manager when the primary Manager is absent from a meeting. Alternate Managers shall be selected and removed in the same fashion and subject to the same rules as Managers.

6.1.5 Meetings of the Board. Meetings may be called at any time upon the request of any two (2) Managers. These meetings may be held by telephonic, live video, or live electronic communication, so long as the communication is simultaneous and all Managers can fully participate in the meetings. Minutes shall be kept of these meetings. At their first meeting each year, the Board shall schedule regular meetings for the balance of the year.

(a) Managers will receive at least five (5) business days' notice of any meeting of the Board unless two (2) Managers determine an issue needs more immediate attention, in which case the Managers shall receive reasonable notice of the meeting given the circumstances. Notice shall be by mail, personal delivery or by telephone, electronic mail or facsimile. A notice need not specify the purpose of any meeting. Notice of a meeting need not be given to anyone who signs a waiver of notice or consents to holding the meeting upon approval of the minutes thereafter, whether before or after the meeting, or

who attends the meeting. All the waivers, consents and approvals shall be filed with the Company records or made a part of the minutes of the meeting.

(b) A majority of the Managers may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, then notice of the new time and place will be sent to any Managers who were not present at the time of adjournment.

(c) Meetings of the Board shall be held at the Company's principal place of business, unless otherwise specified in the notice of the meeting.

(d) Participation in a meeting constitutes presence in person at the meeting.

6.1.6 Payments to Managers. Except as specified in this Agreement, no Manager is entitled to remuneration for services rendered or goods provided to the Company. The Managers are not entitled to remuneration for serving as Managers, but shall be reimbursed for reasonable travel costs and other expenses associated with attending meetings.

6.1.7 Chairman of the Board. The Board shall appoint one (1) of the Managers to serve as Chairman of the Board, who shall preside at all meetings of the Board. The Board may also appoint other formal positions, such as a chief executive officer, treasurer, secretary, administrative director or vice president ("Officers").

6.2 Limitations on Power of Board. Notwithstanding anything to the contrary, the Board shall not have authority to cause the Company to engage in the following transactions without first obtaining the affirmative vote or written consent of a Supermajority in Interest:

(a) Continuing the Business following an event specified in Section 13.1;

(b) The sale, lease, exchange or other disposition of all, or substantially all, of the Company's assets, except in the orderly liquidation and winding up upon its duly authorized dissolution;

(c) Any merger, reorganization or conversion of the Company, provided that the consent of all Members assuming unlimited liability for the business of the Company as a result of the merger shall also be required;

(d) An alteration of the primary purpose of the Company (see Section 3.6);

(e) The amendment of this Agreement, except a vote of only three (3) Managers shall be required for amendments that are required, on advice of counsel, as provided in Section 5.8(a);

(f) Any act that would make it impossible to carry on the ordinary business of the Company;

(g) The confession of a judgment against the Company;

(h) The requirement to make additional Capital Contributions in an amount in excess of the amounts set forth in Section 4.3;

(i) Decision to voluntarily dissolve the Company; and

(j) Relocate the Center.

6.3 Medical Director. The Management Company shall appoint a licensed physician as the Medical Director who shall be compensated for his or her administrative services under a Medical Director Agreement between the Company and such person.

6.4 Interested Transactions. No contract or transaction among the Company and one (1) or more of its Members, or Managers, or among the Company and any other entity in which one (1) or more of the Managers have a financial interest, shall be void or voidable solely for this reason, or solely because a Manager is present at or participates in the meeting of the Board that authorizes the contract or transaction, or solely because his or her vote is counted for such purpose, if:

(a) The material facts as to such Manager's or officer's relationship or interest as to the contract or transaction are disclosed or are known to the Board, and the contract or transaction is authorized in good faith by the affirmative vote of a majority of the votes held by the disinterested Managers; or

(b) The contract or transaction is approved by a Majority in Interest of the disinterested Members; or

(c) The material facts as to such Manager's or officer's relationship or interest as to the contract or transaction are disclosed or are known to the Board, and the Board authorizes the contract or transaction by the affirmative vote of a majority of the votes held by the interested and disinterested Managers, and the contract or transaction is fair as to the Company.

6.5 Delegation to the Management Company. The Board hereby delegates to the Management Company the duty to develop the Center and the day-to-day management of the Center with the authority to provide or arrange for the provision of administrative and management services and items as may be necessary or appropriate for the development or operation of the Center. Subject to the limitations in this Agreement, the Management Company shall have authority to execute any note, mortgage, evidence of indebtedness, contract, certificate, statement, conveyance, or other document or instrument in writing, and any assignment or endorsement thereof, on behalf of the Company.

6.5.1 Project Development. The Management Company will assist the Company in (a) developing architectural plans for the Center; (b) obtaining any permits or approvals required for the construction and operation of the Center; (c) selecting and negotiating contracts with a qualified and experienced design team and construction team; and (d) overseeing the design of the Center.

6.5.2 Management Services. The management services performed by the Management Company shall include:

(a) the selection, hiring, training, retention and termination of personnel;

(b) overseeing billing and collections;

(c) purchasing, public relations, marketing and contracting support;

(d) negotiating procurement of equipment;

(e) supervising the maintenance of the Center;

(f) development, updating and negotiating of professional services contracts, operating contracts, payer contracts and transfer agreements;

(g) assisting Center's Medical Staff with the development of Medical Staff bylaws and policy and procedure manuals subject to approval of the Board and the Medical Staff;

(h) ensuring the Center meets all state and federal licensing guidelines and required accreditation and certification standards;

(i) quality control for the Center;

(j) planning regarding (i) any proposed substantial expansion of the Center or its services and (ii) substantial expansion of staffing plans;

(k) financial management, including the preparation of annual capital and operating budgets for approval by the Board and the preparation of financial reports as described in Section 12.2;

(l) marketing activities and the development of appropriate strategies for the Center; and

(m) advising the Board concerning the value of the Company when issuing Units.

In carrying out the duties under Sections 6.5.1 and 6.5.2, the Management Company shall have authority over charges, cash flow, planning, accounts receivable and third-party payor reimbursements. The Management Company shall undertake all of its management services for the account of the Company, and not for the account of the Management Company, and shall have no responsibility or liability for performing any duties that involve making payments or incurring expenses unless the Company makes adequate funds available therefor.

6.5.3 Management Company as Attorney-in-Fact. The Physician Investors and each Spouse hereby appoint the Management Company as their true and lawful attorney-in-fact, with full power of substitution and resubstitution, and with full power and authority to act in their name, place and stead to execute, sign, certify, swear to, acknowledge, deliver, publish, record and file all instruments and documents related to the Company that will include the following:

(a) all certificates, instruments and documents as may be required by law or by any governmental agency for the Company;

(b) any document that may be required to effect the admission of an additional or Substitute Member, or the dissolution and termination of the Company, provided such continuation, admission or dissolution and termination are in accordance with the terms of this Agreement;

(c) all amendments to this Agreement made pursuant to the terms of this Agreement;

(d) the promissory note, security agreement, and any other document required to carry out the provisions of Section 10.6; and

(e) any documents required to implement Article 11, including but not limited to the instrument of transfer.

Each Physician Investor and each Spouse authorizes such attorney-in-fact to take any further action that such attorney-in-fact shall consider necessary or advisable in connection with any of the foregoing, hereby giving each such attorney-in-fact full power and authority to do and perform each and every act or thing whatsoever requisite to be done in connection with the foregoing as fully as such Physician Investor or Spouse might or could do personally, and hereby ratify and confirm all that any such attorney-in-fact shall lawfully do, or cause to be done, by virtue thereof or hereof.

6.5.4 Nature of Special Power. The power of attorney granted pursuant to Section 6.5.3:

(a) Is a special power of attorney coupled with an interest and is irrevocable;

(b) May be exercised by any such attorney-in-fact by listing the Members executing any agreement, certificate, instrument, or other document with the single signature of any such attorney-in-fact acting as attorney-in-fact for such Members; and

(c) Shall survive the death, disability, legal incapacity, Bankruptcy, insolvency, dissolution, or cessation of existence of a Member and shall survive the delivery of an assignment by a Member of the whole or a portion of its Interest (except that where the assignment is of such Member's entire Membership Interest and the assignee, in accordance with the procedures set forth in this Agreement, is admitted as a Member, the power of attorney shall survive the delivery of such assignment for the sole purpose of enabling any such attorney-in-fact to effect the substitution) and shall extend to such Member's or such assignee's successors and assigns.

6.5.5 Support Personnel. The Management Company shall arrange for the provision of non-physician personnel as may be necessary or appropriate for the proper and efficient operation of the Center. Each and every person providing services to the Center shall be and remain an employee of or independent contractor of the Company, except such employees of the Management Company as may, from time to time and for special purposes, provide consultations regarding the operation of the Center. The Company's employees shall include the Center's administrator. The Company employees will receive support and oversight by the Management Company; the Management Company will train certain Company management and administrative employees.

6.5.6 Limits on Authority of Management Company. The Management Company shall not have the authority to cause or permit the Company to do any of the following without the approval of the Board (and any other applicable approvals):

(a) any act that requires the approval of the Members;

(b) incur indebtedness by the Company other than trade payables incurred in the ordinary course of business and borrowings in the ordinary course under credit facilities previously approved by the Board, or grant or permit any security interest, mortgage or other lien in any asset of the Company other than under approved credit facilities;

(c) adopt an annual operating budget or an annual capital budget;

(d) approve a commitment for any single unbudgeted operating expenditure or several related operating expenditures or substitute any budgeted expenditure for any other budgeted expenditure in excess of Fifty Thousand Dollars ($50,000.00) individually or One Hundred Thousand Dollars ($100,000.00) in the aggregate during any Fiscal Year (amounts under each such threshold being subject only to the approval of the Management Company); provided that if the number of the Center's cases exceeds the number projected in the Company's current operating budget, the Management Company may increase the budget for each variable cost line item that is directly related to the number of cases by an amount that is proportionate to the increase in the number of cases and may make commitments based on the budget as so revised, which shall then constitute an approved budget;

(e) make any single unbudgeted capital expenditure or several related capital expenditures or substitute any budgeted capital expenditure for any other budgeted expenditure in excess of Fifty Thousand Dollars ($50,000.00) individually or One Hundred Thousand Dollars ($100,000.00) in the aggregate during any Fiscal Year (amounts under such threshold being subject only to the approval of the Management Company);

(f) enter into any contract or transaction or series of related contracts or transactions which requires payments by the Company of more than Fifty Thousand Dollars ($50,000.00) individually or One Hundred Thousand Dollars ($100,000.00) in the aggregate during any Fiscal Year (amounts under such thresholds being subject only to the approval of the Management Company) or which imposes restrictive covenants on the Company's business (such as contracts containing non-competition provisions);

(g) confess judgment or authorize a confession of judgment against the Company; and

(h) authorize the settlement of any claim or litigation, whether insured or otherwise (excluding, however, reimbursement adjustments made in the ordinary course of business with third-party payers), for any amount greater than Ten Thousand Dollars ($10,000.00) or any claim or litigation, regardless of amount, alleging professional malpractice.

6.5.7 Removal of Management Company. The Board may remove the Management Company upon a finding by an arbitrator as contemplated by Section 15.114 of this Agreement, that

the Management Company has engaged in repeated or continuing negligence, willful misconduct or material breach of this Agreement that adversely and materially affected the Company's business, including, but not limited to, a breach of Section 5.7 by Management Company or its Affiliates; provided that before any breach of this Agreement by Management Company may result in removal, Management Company shall have received written notice of the breach from the Board and shall have had thirty (30) days in which to diligently commence curing such breach and so long as diligently curing such breach, shall not be in default. Upon removal of the Management Company, the Board shall appoint a new Management Company.

6.6 Reimbursement and Compensation of Management Company.

6.6.1 Development Fee. Management Company shall be paid One Hundred Forty-Five Thousand Dollars ($145,000.00) for work performed preparing the Center for operation ("Development Fee"). The Development Fee shall be paid to Management Company as follows:

(a) one-third (1/3) paid upon formation of the Company and capitalization of the Center, as set forth in the Subscription Agreement to be executed by the initial Physician Investors;

(b) one-third (1/3) paid upon obtaining the Certificate of Occupancy for the Center and

(c) all remaining amounts paid upon the first case being performed at the Center ("Center Opening").

In addition to the Development Fee, Management Company is entitled, under Section 6.6.3, to reimbursement of any reasonable out-of-pocket expenses directly related to the development of the Center including, but not limited to, attorneys' costs, permits, licenses, travel, lodging and meals, and architectural fees; provided that the Company shall directly pay such out-of-pocket expenditures whenever possible.

6.6.2 Management Fee. The Management Company shall receive a fee for serving as the Management Company equal to six percent (6%) of monthly Net Patient Revenue in any given month ("Management Fee"). "Net Patient Revenue" shall mean gross patient charges less contractual allowances. The Management Fee shall be paid monthly based on the prior month's Net Patient Revenues by the twentieth (20th) calendar day following each respective months end and no Distributions shall be made until payment of the Management Fee for a given month and any unpaid Management Fee shall be accrued and paid before any Distributions are made.

6.6.3 Reimbursement. The parties intend that the Management Fee will reimburse the Management Company for the cost of providing those routine management services to the Company provided by individuals whose normal responsibilities are dispersed among the Company, the Management Company and other entities that the Management Company manages. The Company is responsible for reimbursing the Management Company for other ordinary and necessary Company expenses initially paid by the Management Company, including:

(a) reasonable travel and lodging expenses for the Management Company-Affiliated employees while providing services to the Company; and

(b) compensation costs for any Center personnel positions covered by the Management Company employees.

The Management Company shall supply documentation for all reimbursed expenses consistent with Internal Revenue Service guidelines.

6.6.4 Accrual of Expenses. Any expenses that are subject to reimbursement under this Section 6.6.3 or any amounts due with respect to the Development Fee in Section 6.6.1 or the Management Fee in Section 6.6.2 and are not paid by the end of the month following the month in which such expense was incurred or fee earned, shall accrue interest thereafter at the interest rate set forth in Section 10.5(b).

6.7 Limited Liability. No Person who is the Management Company or a Manager, Member or officer of the Company shall be personally liable under any judgment of a court, or in any other manner, for any debt, obligation, or liability of the Company, whether that liability or obligation arises in contract, tort, or otherwise, solely by reason of being the Management Company, Manager, Member or officer of the Company.

6.8 Responsibility of Managers and Management Company. The Managers shall act in good faith and exercise ordinary business judgment in managing the affairs of the Company. The Management Company shall perform their duties under this Agreement in good faith, in a manner reasonably believed to be in the best interests of the Company, and with at least such care, effort and skill as is reasonably appropriate for the provision of management services in accordance with industry standards. In the performance of the duties under this Agreement, the Management Company and the Managers may rely on information obtained from agents and consultants retained by the Company provided that the Management Company or the Managers reasonably and in good faith believes such persons to be competent as to such matters.

None of the Managers or the Management Company shall be liable or obligated to the Members or the Company for any good faith mistake of fact or judgment made by the Managers or the Management Company in operating the business of the Company which results in any loss to the Company or its Members. Moreover, the Management Company shall not be deemed to breach this Agreement or to be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member, unless the result of the Management Company's willful material breach of this Agreement, or the Management Company's gross negligence or intentional misconduct. The Managers and the Management Company do not, in any way, guarantee the return of the Members' capital or a profit from the operations of the Company.

The Management Company and WPASC shall devote such attention and business capacity to the affairs of the Company as may be reasonably necessary. Subject to the obligations in Section 5.7, the parties hereby acknowledge that the Management Company, WPASC and WPAHS may be the manager or general partner of other entities and may continue to manage other entities, and may continue to engage in other distinct or related businesses, whether in competition with this Company or otherwise.

The directors, officers, managers and agents, as applicable, of the Management Company and WPASC shall be subject to and shall benefit from the provisions of this section with respect to any actions taken by the Management Company or WPASC on behalf of the Company. The provisions of this Agreement (including this Section 6.8) replace, eliminate and otherwise supplant those duties

(including fiduciary duties) that a Manager, Member or management company might otherwise have under applicable law.

7. TAX ALLOCATIONS OF NET INCOME AND NET LOSS.

7.1 Net Income. Net Income shall be allocated to the Members as follows:

7.1.1 First, among the Members to the extent of the ratio that allocations of Net Loss to each Member under Section 7.2.2 bears to the total allocation of Net Loss to all Members under Section 7.2.2 until the allocation under this Section 7.1.1 equals the prior allocation of Net Loss under Section 7.2.2; and

7.1.2 Thereafter, in accordance with each Member's Percentage Interest.

7.2 Net Loss. Net Loss shall be allocated to the Members;

7.2.1 First, in accordance with each Member's Percentage Interest. Notwithstanding the previous sentence, loss allocations to a Member shall be made only to the extent that such loss allocations will not create an Adjusted Capital Account Deficit for that Member in excess of an amount, if any, equal to such Member's share of Company minimum gain, as such term is used in Regulations Section 1.704-2(g)(2).

7.2.2 Second, any loss not allocated to a Member because of the limitation under Section 7.2.1 shall be allocated to the other Members (to the extent the other Members are not limited in respect of the allocation of losses under this Section 7.2.2).

7.3 Special Allocations. Special allocations shall be made in the following order:

7.3.1 Minimum Gain Chargeback. Notwithstanding Sections 7.1 and 7.2, if there is a net decrease in Company minimum gain, as such term is used in Regulations Section 1.704-2(g)(2), during any Fiscal Year, each Member shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, in subsequent Fiscal Years) in an amount equal to the portion of such Member's share of the net decrease in Company minimum gain that is allocable to the disposition of Company property subject to a nonrecourse liability, which share of such net decrease shall be determined in accordance with Regulations Section 1.704-2(g)(2). Allocations pursuant to this Section 7.3.1 shall be made in proportion to the amounts required to be allocated to each Member under this Section 7.3.1. The items to be so allocated shall be determined in accordance with Regulations Section 1.704-2(f). This Section 7.3.1 is intended to comply with the minimum gain chargeback requirement contained in Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

7.3.2 Chargeback of Minimum Gain Attributable to Member Nonrecourse Debt. Notwithstanding Sections 7.1 and 7.2 of this Agreement, if there is a net decrease in Company minimum gain attributable to a Member nonrecourse debt, during any Fiscal Year, each Member who has a share of the Company minimum gain attributable to such Member nonrecourse debt (which share shall be determined in accordance with Regulations Section 1.704-2(i)(5)) shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, in subsequent Fiscal Years) in an amount equal to that portion of such Member's share of the net decrease in Company minimum gain attributable to such Member nonrecourse debt that is allocable to the disposition of Company property subject to such Member nonrecourse debt (which share of

such net decrease shall be determined in accordance with Regulations Section 1.704-2(i)(5)). Allocations pursuant to this Section 7.3.2 shall be made in proportion to the amounts required to be allocated to each Member under this Article 7. The items to be so allocated shall be determined in accordance with Regulations Section 1.704-2(i)(4). This Section 7.3.2 is intended to comply with the minimum gain chargeback requirement contained in Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

7.3.3 **Nonrecourse Deductions.** Notwithstanding Section 7.3.2, any nonrecourse deductions (as defined in Regulations Section 1.704-2(b)(1)) for any Fiscal Year or other period shall be specially allocated to the Members in proportion to their Percentage Interests.

7.3.4 **Member Nonrecourse Deductions.** Notwithstanding Section 7.3.2, those items of Company loss, deduction, or Code Section 705(a)(2)(B) expenditures that are attributable to Member nonrecourse debt for any Fiscal Year or other period shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member nonrecourse debt to which such items are attributable in accordance with Regulations Section 1.704-2(i).

7.3.5 **Qualified Income Offset.** Notwithstanding Sections 7.1 and 7.2, if a Member unexpectedly receives any adjustments, allocations or distributions described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), or any other event creates an Adjusted Capital Account Deficit for such Member, items of Company income and gain shall be specially allocated to such Adjusted Capital Account Deficit as quickly as possible. Any special allocations of items of income and gain pursuant to this Section 7.3.5 shall be taken into account in computing subsequent allocations of income and gain pursuant to this Article 7, so that the net amount of any item so allocated and the income, gain and loss allocated to each Member pursuant to this Section 7.3.5 to the extent possible, shall be equal to the net amount that would have been allocated to each such Member pursuant to the provisions of this Article 7 if such unexpected adjustments, allocations or distributions had not occurred.

7.4 **Code Section 704(c) Allocations.** Notwithstanding any other provision in this Article 7, in accordance with Code Section 704(c) and the Regulations promulgated thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its fair market value on the date of the contribution. The same procedure shall apply to any revaluation of Company property as permitted under Regulations Section 1.704-1(b)(2)(iv)(f). Allocations pursuant to Section 7.3 are solely for purposes of federal, state and local taxes. As such, they shall not affect or in any way be taken into account in computing a Member's Capital Account or share of profits, losses, or other items of distributions pursuant to any provision of this Agreement. Upon advice of the Company's accountant, the Board shall determine the method to make such Code Section 704(c) allocations consistent with Regulations Section 1.704-3 with respect to each property contributed to the capital of the Company.

7.5 **Allocation of Net Income and Net Loss and Distributions on Transferred Interest.** If any Economic Interest is transferred, or is increased or decreased by reason of the admission of a new Member or otherwise, during any Fiscal Year, each item of income, gain, loss, deduction or credit of the Company for such Fiscal Year shall be assigned pro rata to each day in the particular period of such Fiscal Year to which such item is attributable (i.e. the day on or during which it is

accrued or otherwise incurred) and the amount of each such item so assigned to any such day shall be allocated to the Member based upon his or her respective Economic Interest at the close of such day.

7.6 Recapture Chargeback. In the event the Company has taxable income chargeable as ordinary income under the recapture provisions of the Code, each Member's share of taxable gain or loss as a result of gain from sales shall be allocated, to the extent possible, pro rata among the Members who received depreciation or cost recovery allocations which gave rise to the recapture income until the amount of such prior allocations has been charged back to such Members.

7.7 Section 754 Adjustment. The Board may make an election under Code Section 754. The Board shall act in its sole and absolute discretion. To the extent an adjustment to the adjusted tax basis of a Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required to be taken into account in determining Capital Accounts, each Member's Capital Account shall be adjusted as required under Regulations Section 1.704-1(b)(2)(iv)(m).

7.8 Obligations of Members to Report Allocations. The Members acknowledge and agree to the allocations made by this Article 7 and agree to be bound by the provisions of this Article 7 in reporting their shares of Company income and loss for income tax purposes.

8. DISTRIBUTIONS OF DISTRIBUTABLE CASH.

8.1 Distribution of Distributable Cash. Except as otherwise provided in this Agreement, all Distributable Cash shall be distributed in accordance with Percentage Interests of ownership, as of the first day of the preceding month, on a monthly basis.

8.2 Restoration of Deficit Capital Account Balance. No Member shall be obligated to contribute to the Company to restore a deficit in that Member's Capital Account balance. No Member shall be obligated to contribute to the Company to allow a return of capital to any other Member.

8.3 Maintenance of Working Capital Reserve. The Board may set aside out of operating revenues and cash from capital transactions, a Working Capital Reserve for repayment of any Company indebtedness, operating expenses and replacement or preservation of any Company asset. Any portion of such Working Capital Reserve that the Board deems unnecessary for the prudent conduct of Company business may be distributed to the Members in accordance with Section 8.1.

8.4 Limitations on Distributions. Notwithstanding the above, no cash or property shall be distributed to a Member to the extent that the Distribution would (a) violate any of the Company's loan covenants or other agreements or (b) violate principles of fraudulent conveyance law. A Member may be required to return to the Company all Distributions made to that Member in violation of this section.

9. TRANSFER AND ASSIGNMENT OF INTERESTS.

9.1 Transfer and Assignment of Interests. Except for certain permitted transfers under Section 9.3 or where the Board consents to such transfer, no Person shall be entitled to transfer, assign, convey, sell, encumber or in any way alienate a Person's Units (collectively, "transfer") without first subjecting such transfer to the right of first refusal in Section 9.6. Transfers in violation of this Article 9 shall be treated as set forth in Section 9.4. After the consummation of any transfer of any part of a Unit, the Unit so transferred shall continue to be subject to the terms and provisions of

this Agreement and any further transfers shall be required to comply with all the terms and provisions of this Agreement. Each Member agrees that the Units will not be resold unless they are registered or qualify for an exemption from registration under federal law and applicable state law.

9.2 Substitution of Members. A transferee of a Unit shall have the right to become a Substitute Member only if:

(a) consent of the Board is given in accordance with Section 9.1 (except in the case of a transfer under Section 9.3);

(b) where requested by the Management Company, an opinion of counsel to the Member transferring the Units shall be provided to the Board stating the transfer complies with applicable securities laws;

(c) such Person executes an instrument reasonably satisfactory to the Management Company accepting and adopting the terms and provisions of this Agreement;

(d) such Person pays any reasonable Company expenses in connection with his or her admission as a new Member; and

(e) the Person meets the Qualifications.

The admission of a Substitute Member shall not release the Member who assigned the Units from any liability that such Member may have to the Company with respect to the period prior to the admission of the Substitute Member.

9.3 Family and Affiliate Transfers. Subject to the rights of Members and the Company set forth in Article 10, and subject to compliance with (b) and (c) of Section 9.2, a Member may transfer Units to

(a) a trust solely for the benefit of the Member or the spouse, parent, sibling, in law, child or grandchild of the Member; and

(b) if WPASC, an entity that is an Affiliate of WPASC, Titan or WPAHS and meets the Qualifications.

9.4 Transfers in Violation of this Agreement. Any transfer in violation of this Article 9 shall be null and void, except that the Member making the purported transfer shall thereafter have no right to vote or participate in the management of the Company or to exercise any rights of a Member, and shall thereafter be an Economic Interest Owner only.

9.5 Execution of Spousal Consents. Notwithstanding anything to the contrary, a Member shall cause a Member's spouse to execute the attached Consent of Spouse in connection with admission as a Member and shall cause any new spouse to execute such Consent of Spouse within ninety (90) days of such marriage.

9.6 Right of First Refusal. Except for transfers permitted by Section 9.3 or where the Board consents to such transfer, before any Person may sell, encumber or otherwise transfer any Units, the Company or its assignee(s) shall have a right of first refusal to purchase the Units on the terms and conditions set forth in this section (the "Right of First Refusal").

9.6.1 Notice of Proposed Transfer. The Person desiring to sell his or her Units ("Selling Person") shall deliver to the Company a written notice (the "Notice") stating:

(a) the Selling Person's bona fide intention to sell or otherwise transfer such Units;

(b) the name of each proposed purchaser or other transferee ("Proposed Transferee");

(c) the number of Units to be transferred to each Proposed Transferee; and

(d) the bona fide cash price or other consideration for which the Selling Person proposes to transfer the Units (the "Offered Price"), and that the Selling Person shall offer the Units at the Offered Price to the Company or its assignee(s).

9.6.2 Exercise of Right of First Refusal. At any time within thirty (30) days after receipt of the Notice, the Company and/or its assignee(s) may, by giving written notice to the Selling Person, elect to purchase all, but not less than all, of the Units proposed to be transferred to any one (1) or more of the Proposed Transferees.

9.6.3 Offered Price. The price for the Units purchased by the Company or its assignee(s) under this section shall be the Offered Price. If the Offered Price includes consideration other than cash, the cash equivalent value of the non-cash consideration shall be determined by the Board in good faith. As a bona fide third party offer, the Offered Price is deemed by the parties to include the value of the Selling Person's goodwill in the Company.

9.6.4 Holder's Right to Transfer. If all of the Units proposed in the Notice to be transferred to a given Proposed Transferee are not purchased by the Company and/or its assignee(s) as provided in this section, then the Selling Person may sell or otherwise transfer such Units to that Proposed Transferee at the Offered Price or at a higher price, provided that: (a) such sale or other transfer is consummated within one hundred eighty (180) days after the date of the Notice; (b) any such sale or other transfer is effected in accordance with any applicable securities laws; (c) the Proposed Transferee agrees in writing that the provisions of this section shall continue to apply to the Units in the hands of such Proposed Transferee; and (d) such Proposed Transferee shall be an Economic Interest Owner unless admitted as a "Member" by complying with Section 9.2. If the Units described in the Notice are not transferred to the Proposed Transferee within such period, a new Notice shall be given to the Company, and the Company and/or its assignees shall again be offered the Right of First Refusal before any Units may be sold or otherwise transferred.

10. CONSEQUENCES OF MEMBERSHIP TERMINATION.

10.1 Membership Termination Option. Except where Article 11 applies, upon the termination of Membership status under Section 5.4, the Remaining Members ("Remaining Members") and/or the Company may purchase, and the Person (or his or her legal representative) whose Membership status terminated ("Former Member"), shall sell the Former Member's Units as provided in this Article 10. Upon the termination of Membership status (and any applicable cure periods), the Former Members shall send written notice to the Board; provided that any Member, who has knowledge of such termination, may also send such notice if it so chooses ("Termination Notice"). The decision as to whether the Remaining Members will have the opportunity to exercise the option

contained in this Section 10.1 (in addition to or in lieu of the Company) shall be decided by the Board within ninety (90) days of receipt of the Termination Notice.

10.2 Purchase Price. The purchase price for the Former Member's Units shall be determined as follows:

10.2.1 Capital Account. If the event giving rise to the purchase is defined under subsections (b), (c), (d), (e), (f), (g), (h), (i), (j), (k) or (l) of the definition of Membership Termination Event and is occurring to a Physician Investor (whether occurring to a Physician Investor or a Beneficial Owner of a Physician Investor), then the purchase price for the Former Member's Units shall equal the lesser of: (1) the Former Member's Initial Capital Account for the Units (with the per Unit price determined by dividing such Initial Capital Account by the number of Units to be sold) or (2) the amount determined in accordance with Section 10.2.2. A Member's "Initial Capital Account" shall equal the price the Member paid for the Units when purchasing the Units (but without giving effect to any guarantee or liabilities assumed) plus any additional cash Capital Contributions made pursuant to Section 4.3. If the price for the Former Member's Units is determined under this Section 10.2.1, then the purchaser is not obligated to assume any Personal Guarantee; or

10.2.2 Fair Market Value/Appraisal. Except as set forth in Sections 10.2.1 and 10.2.3, then in all other situations, the purchase price shall equal the fair market value of the Former Member's Units (including the valuation of goodwill) as agreed to by the Former Member and the Board. If the Former Member and the Board are unable to agree on the fair market value of the Former Member's Units within thirty (30) days of the date of the Termination Notice, then the Board and the Former Member shall select an independent appraiser or, if they cannot agree on an appraiser within such thirty (30) days of the Termination Notice, the American Arbitration Association office in Pittsburg, Pennsylvania shall appoint an appraiser. Except as otherwise set forth, the Company and Former Member shall equally share the cost of the appraisal, and the appraiser shall produce a report, that shall set forth the basis and method for the appraisal. If the price for purchasing a Former Member's Units is determined under this Section 10.2.2, then in connection with the closing, the purchaser of the Former Member's Units shall use reasonable efforts (a) to remove the Former Member from the Personal Guarantee and to assume the Personal Guarantee and (b) to the extent the Former Member is not removed from the Personal Guarantee, shall enter into an agreement, in a form acceptable to the Company, to reimburse the Former Member for amounts paid under the Personal Guarantee by the Former Member.

10.2.3 Without Cause Value. In the event giving rise to the purchase is defined under subsections (a) and (m) of the definition of Membership Termination Event, then the purchase price for the Former Members Units shall equal: "twelve (12) months trailing" EBIDTA multiplied by three (3) and then reduced by the Interest-Bearing Debt and finally, multiplied by the Former Member's Percentage Interest. "Twelve (12) months trailing" is defined as the twelve (12) full calendar months prior to the month of the Termination Notice.

10.3 Notice of Intent to Purchase. If the Company is to exercise its option to purchase all of a Former Member's Units, it will notify the Former Member of this fact within thirty (30) days after the fair market value of the Former Member's Units is determined pursuant to Section 10.2. If the Remaining Members have the opportunity to exercise an option pursuant to Section 10.1, the option must be exercised within thirty (30) days after the fair market value of the Former Member's Units has been determined in accordance with Section 10.2, and they receive notice of such valuation, by

providing written notice to the Company and the Former Member, along with the number of Units the Remaining Member desires to purchase. The failure of any Remaining Member to submit a notice within the applicable period shall constitute an election on the part of the Member not to purchase any of the Former Member's Units. Each Remaining Member so electing to purchase shall be entitled to purchase a portion of the Former Member's Units in the same proportion that the Percentage Interest of the Remaining Member bears to the aggregate of the Percentage Interests of all of the Remaining Members electing to purchase the Former Member's Units.

10.4 Election to Purchase Less than all of the Former Member's Units. If any Remaining Member elects to purchase none or less than all of his, her or its pro rata share of the Former Member's Units pursuant to the procedures set forth above, then the other Remaining Members (who also hold such option) may purchase more than their pro rata share. If more than one (1) Remaining Member seeks to purchase any such unpurchased portion, the unpurchased portion shall be divided among these Remaining Members on a pro rata basis in accordance with their Percentage Interests. If the Remaining Members fail to purchase all of the Former Member's Units, the Company may purchase any remaining share of the Former Member's Units. If the Remaining Members and the Company fail to purchase all of the Former Member's Units, any remaining portion shall become an Economic Interest that shall continue to be held by the Former Member or his successor. The Company shall keep the Remaining and Former Members reasonably apprised of the exercise or failure to exercise of the various options set forth above, and each party shall promptly inform the others as to their intentions with respect to the purchase of the Former Member's Units. Any failure to exercise any option pursuant to this Section 10.4 within ten (10) days of receiving notice or learning that the option is available shall be deemed a waiver of the option.

10.5 Payment of Purchase Price. The Company and/or the Remaining Members, as the case may be, shall deliver at the closing (defined in Section 10.6) either cash in the amount of the purchase price, or cash in the amount of twenty-five percent (25%) of the purchase price, with a promissory note evidencing the debt for the remainder. The promissory note shall contain the following terms:

(a) payment in full of principal and interest in three (3) annual installments, with the first installment due one (1) year from the date of the closing;

(b) an interest rate on the unpaid principal balance equal to two percent (2%) above the then prime rate published in the Wall Street Journal on the date the note was executed;

(c) no prepayment penalty, and Company has right to set-off for damages caused to the Company by the Former Member;

(d) acceleration of payment upon the:

(1) failure to make any payment when due (after receiving written notice of default and ten (10) days in which to cure such default);

(2) sale, lease, exchange, release, assignment, transfer or other disposition of all or substantially all of the Company's assets; or

(3) merger of the Company; and

(e) any other terms agreed to between the parties. The obligation evidenced by the promissory note shall be secured by a pledge of the Units being purchased, which shall be evidenced by a written security agreement containing usual and customary provisions.

If the Former Member (or its Beneficial Owner) has breached this Agreement or has otherwise damaged the Company or Remaining Members, then the Company may set-off against the payment of the purchase price the damages suffered by the Company or the Remaining Members.

10.6 Closing of Purchase of Former Member's Units. The closing for the purchase of a Former Member's Units pursuant to this Article 10 shall be held no later than sixty (60) days after the determination of the purchase price and the expiration of applicable exercise periods. At the closing, the Former Member shall deliver to the Company or the Remaining Members an instrument of transfer (containing warranties of title and no encumbrances) conveying the Former Member's Units in a form reasonably satisfactory to the Board. The Former Member, the Company and the Remaining Members shall do all things and execute and deliver all papers as may be necessary to fully consummate such sale and purchase in accordance with the terms and provisions of this Agreement.

11. DIVORCE OF PHYSICIAN INVESTOR.

11.1 Award of Units to Spouse. In the event that Units owned by a Physician Investor are transferred pursuant to divorce proceedings (or settlement thereof) to a spouse or a former spouse of the Physician Investor or in the case of a Physician Investor who is a legal entity, any transfer of any interest in the Physician Investor pursuant to divorce proceedings or in settlement thereof that in any way causes any representations or warranties of the Physician Investor to no longer be true or any diminution in the interest of the physician owner in the Units held by the Physician Investor (collectively, an "Award to Spouse"), the Units shall be subject to the provisions of this Article 11 notwithstanding anything else set forth in this Agreement to the contrary.

11.2 First Option by Divorced Physician. Upon the occurrence of an Award to Spouse of Physician Investor, the Physician Investor whose Units were transferred to his or her spouse or ex-spouse (or in the event of an Award to Spouse with respect to Units owned by a Physician Investor that is a legal entity, the physician whose interest in the Physician Investor was transferred pursuant to such award) (collectively, the "Divorced Physician") may purchase, and the spouse or former spouse of the physician or the Physician Investor who received a transfer of Units ("Spouse"), shall sell the Units ("Divorced Interest") as provided in this Article 11. To exercise this option, the Divorced Physician shall give notice of the intent to exercise the option to the Spouse and the Company within fourteen (14) days of the date upon which the Company receives the notice of the Award to Spouse.

11.3 Second Option by Company. If the option set forth in Section 11.2 is not exercised, the Company may purchase, and the Spouse shall sell, the Units ("Former Member's Units") as provided in this Article 11. To exercise this option, the Company shall give notice of the intent to exercise the option to the Spouse and the Divorced Physician within forty-two (42) days of the date upon which the Company receives the notice of the Award to Spouse.

11.4 Election to Purchase Less than All of the Divorced Interest. If the Divorced Physician elects to purchase none or less than all of the Units owned by the Spouse, then the options in

Section 11.3 shall apply. The provisions of Section 10.4 shall apply with any necessary changes to this Article 11.

11.5 Payment of Purchase Price and Closing. The purchase price for the Units that are the subject of the Award to Spouse (the "Divorced Interest") shall be determined pursuant to Section 10.2.1. The purchase price shall be subject to the terms of Section 10.5, and the closing shall be as in Section 10.6.

12. ACCOUNTING, RECORDS, REPORTING BY MEMBERS.

12.1 Books and Records. The books and records of the Company shall be kept, and the financial position and the results of its operations recorded, in accordance with generally accepted accounting principles consistently applied on an accrual basis ("GAAP"). The books and records of the Company shall reflect all the Company transactions and shall be appropriate and adequate for the Company's business.

Upon ten (10) business days' notice, the Company shall make available the following books and records of the Company at the Center:

(a) a current list of the full name and last known business or residence address of each Member, together with the Capital Contribution and the share in Profits and Losses of each Member;

(b) a current list of the full name and business or residence address of each Manager;

(c) a copy of the Certificate, as amended;

(d) copies of the Company's federal, state, and local income tax or information returns and reports, if any, for the six (6) most recent taxable years;

(e) an original executed copy or counterparts of this Agreement, as amended;

(f) any powers of attorney under which the Certificate or any amendments to said articles were executed;

(g) financial statements of the Company for the six (6) most recent Fiscal Years; and

(h) the books and records of the Company as they relate to the Company's internal affairs for the current and past four (4) Fiscal Years.

If the Board deems that any of the foregoing items shall be kept beyond the term of existence of the Company, the repository of said items shall be as designated by the Management Company.

The Company will make available, at the Company's expense, at the Company's principal office separate books of account for the Company which will show a true and accurate record of all costs and expenses incurred, all credits made and received and all income derived in connection with the operation of the Company and the Business. Each Member will, at its sole expense, have the right, at any time, to examine, copy and audit the Company's books and records.

12.2 Reports.

12.2.1 Tax. The Management Company, at the expense of the Company, shall cause to be prepared at least annually information necessary for the preparation of the Members' federal and state income tax returns. The Management Company shall send or cause to be sent to each Member within seventy-five (75) days after the end of each Fiscal Year such information as is necessary to complete federal and state income tax or information returns.

12.2.2 Financial. The Management Company, at the expense of the Company shall also cause to be prepared and distributed to the Board the following reports:

(a) Monthly: an income statement and a balance sheet, prepared in accordance with GAAP, within forty-five (45) calendar days after the last day of each month on a monthly and year-to-date basis;

(b) No less than annually: a report outlining the charity care provided by the Company. The WPASC Manager appointed by WPAHS may review such report and give the Company direction to improve compliance with WPAHS' charity care policy as described in Section 3.8; and

(c) Other: from time to time and with reasonable promptness, such other financial statements, budgets, plans, schedules, narrative information and further information in respect of the business, affairs and financial condition of the Company as any Manager may reasonably request, which shall include audited financial statements at Company's expense if a Manager so requests; and

(d) Annual: unaudited annual financial statements prepared on an annual basis within forty-five (45) calendar days after the last day of each Fiscal Year.

12.3 Bank Accounts. The Company shall maintain the funds of the Company in one (1) or more separate bank accounts in the name of the Company, and shall not permit the funds of the Company to be commingled in any fashion with the funds of any other Person. The Management Company shall have authority to endorse checks, drafts and other evidences of indebtedness made payable to the order of the Company for purposes of deposit into the Company's accounts.

12.4 Tax Matters Partner. The Board shall from time to time cause the Company to make such tax elections as they deem to be in the best interests of the Company and the Members. WPASC shall be the "Tax Matters Partner," as defined in Code Section 6231. The Tax Matters Partner shall take such action as is necessary to cause each other Member to become a "notice partner" with the meaning of Code Section 6223. The Tax Matters Partner shall provide periodic updates to the Board on significant matters that may come to its attention in its capacity as "tax matters partner." The Tax Matters Partner shall not enter into any settlement which binds the Members or the Company without the prior written consent of the Board and a Supermajority in Interest.

13. DISSOLUTION AND WINDING UP.

13.1 Conditions of Dissolution. The Company shall only dissolve upon the occurrence of any of the following events:

(a) The happening of any event of dissolution specified in the Certificate or this Agreement;

(b) The entry of a decree of judicial dissolution pursuant to Section 18-802 of the Act;

(c) Approval of the Board, and the vote of a Supermajority in Interest in favor of dissolution; or

(d) The sale, lease, exchange or other disposition of all or substantially all of the assets of Company or the cessation of the Company's Business.

13.2 Winding Up. Upon the dissolution of the Company, the Company's assets shall be disposed of and its affairs wound up. The Board shall do the following:

(a) Make provision for the debts and liabilities of the Company to creditors that or who are non-Members; and

(b) Liquidate any remaining assets and distribute the proceeds in the following order:

(1) Pay any debts and liabilities to the Members who are creditors; and

(2) Upon the dissolution, liquidation or winding-up of the Company, after satisfaction of all of the Company's liabilities (whether by payment or the making of reasonable provision for payment therefore), the balance, if any, of the Company's assets (including cash or in-kind property as determined by the Board) shall be distributed to the Members in accordance with their respective Capital Accounts.

Such liquidating distributions, to the extent possible, shall be made by the earlier of (a) the end of the Company's taxable year in which the Company is liquidated, or (b) ninety (90) days after the date of such liquidation.

13.3 Limitations on Payments Made in Dissolution. Except as otherwise specifically provided in this Agreement, each Member shall be entitled to look solely to the assets of the Company for the return of the Member's positive Capital Account balance and shall have no recourse for his, her or its Capital Contribution and/or share of Company profits against any other Member.

14. INDEMNIFICATION OF MEMBERS AND AGENTS.

14.1 General Right to Indemnification. Except where a Person has otherwise agreed to indemnify the Company or any of the Members, the Company shall defend, indemnify and hold harmless each Member, Manager and Management Company (including such Management Company's, officers, directors, employees and agents) ("Indemnified Party") who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he, she or it is or was a Member, Manager, Management Company, officer, employee or other agent of the Company or that, being or having been such a Member, Manager, Management Company, officer, employee or agent, he or she is or was serving at the request of the Company as a manager, director, officer, employee or other agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise to the fullest extent permitted by applicable law in effect on the date hereof

and to such greater extent as applicable law may hereafter from time to time permit, except to the extent that the claim giving rise to such indemnification rights arises out of a willful or knowing breach of this Agreement by the Indemnified Party or such Indemnified Party's gross negligence, willful misconduct or knowing violation of law.

14.2 Advancement of Expenses. Indemnification Expenses incurred shall be paid by the Company in advance of the final disposition upon receipt of a written undertaking by or on behalf of the Indemnified Party to repay the amount if it shall ultimately be determined that the Indemnified Party is not entitled to such indemnification rights; provided that the advancement of expenses by the Company shall cease if a majority of the Board finds that an Indemnified Party is not entitled to indemnification under Section 14.1. Any amounts indemnified pursuant to this Article 14 will be recoverable only from the assets of the Company as authorized in this Article 14. There shall be no requirement that the Members make additional Capital Contributions to fund the obligations of this Article 14.

14.3 Cooperation. The parties agree to reasonably cooperate with one another and their respective counsel in contesting and defending any claim subject to indemnification under this Article 14 (including granting reasonable access to the pertinent books, records and personnel in their possession or control, or in the possession or control of any of the parties).

14.4 Settlement and Compromise. Notwithstanding in this Article 14 to the contrary, the Company shall not, without the written consent of the Indemnified Party (a) settle or compromise any claim or consent to the entry of any judgment with respect to such claim that does not include as an unconditional term thereof the delivery by the claimant or plaintiff to the Indemnified Party of a written release from all liability in respect to such claim, (b) settle or compromise any claim in any manner that may materially and adversely affect the Indemnified Party, or (c) settle or compromise any claim in a manner that will require the Indemnified Party to pay any money.

14.5 Assumption of Defense. If the Company fails to diligently and promptly prosecute, defend or settle any third party claim, (except to the extent caused by an Indemnified Party's representatives on the Board) then the Indemnified Party shall have the right to defend or compromise and settle, at the sole cost and expense of the Company, the third party claim by all reasonably appropriate proceedings, which proceedings may be prosecuted by the Indemnified Party to a final non-appealable order of a court of competent jurisdiction or settled without the consent of the Company. In such event, the Indemnified Party shall have full control of such defense and proceedings.

14.6 Conflict. Notwithstanding anything to the contrary, if, in the written opinion of legal counsel, a conflict exists such that the Company's legal counsel should advise the Indemnified Party to obtain separate counsel to represent Indemnified Party's interests in the proceedings, then the Company shall pay the costs of Indemnified Party retaining conflict counsel.

15. MISCELLANEOUS.

15.1 Entire Agreement. This document, along with its schedules and exhibits, constitutes the entire agreement between the parties, all oral agreements being merged herein, and supersedes all prior representations. There are no representations, agreements, arrangements or understandings, oral or written, between or among the parties relating to the subject matter of this Agreement that are not fully expressed herein. If there is any conflict between this Agreement and any Bylaws

promulgated by the Board or any Bylaws adopted by the Medical Staff, then this Agreement shall control.

15.2 Interpretation. All pronouns shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the context in which they are used may require. All headings herein are inserted only for convenience and ease of reference and are not considered the interpretation of any provision of this Agreement. Numbered or lettered articles, sections and subsections herein contained refer to articles, sections and subsections of this Agreement unless otherwise expressly stated. In the event any claim is made by any Member relating to any conflict, omission or ambiguity in this Agreement, no presumption or burden of proof or persuasion shall be implied by virtue of the fact that this Agreement was prepared by or at the request of a particular Member or his, her or its counsel.

15.3 Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force and effect without being impaired or invalidated in any way.

15.4 Notice. Any notice under this Agreement shall be in writing, and any written notice or other document shall be deemed to have been duly given:

(a) on the date of personal service on the parties;

(b) on the third (3rd) business day after mailing by registered or certified mail;

(c) one (1) day after being sent by professional or overnight courier or messenger service guaranteeing one (1)-day delivery, with receipt confirmed by the courier; or

(d) on the date of transmission if sent by facsimile or means of electronic transmission resulting in written copies, with receipt confirmed.

Any such notice shall be delivered or addressed to the parties at the addresses set forth in the Company's books and records through written notice under this provision. Failure to conform to the requirement that mailings be done by registered or certified mail shall not defeat the effectiveness of notice actually received by the addressee.

15.5 Amendment. The provisions of this Agreement and the Certificate may be modified at any time by a vote of the Board (subject to obtaining the approval required by Section 6.2); provided however, that all Members must consent to any amendment that (a) modifies the limited liability of a Member, or (b) amends the terms of Section 4.1.1, 4.3 and 4.6.

15.6 Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if the parties had all signed the same document. All counterparts shall be construed together and shall constitute one (1) agreement.

15.7 Attorneys' Fees; Prejudgment Interest. If the services of an attorney are required by any party to secure the performance of this Agreement or otherwise upon the breach or default of another party to this Agreement, or if any judicial remedy or arbitration is necessary to enforce or interpret any provision of this Agreement or the rights and duties of any Person in relation thereto, the prevailing party shall be entitled to reasonable attorneys' fees, costs and other expenses at the pre-trial, trial and appellate level, in addition to any other relief to which such party may be entitled. Any award of damages following judicial remedy as a result of the breach of this Agreement or any

of its provisions shall include an award of prejudgment interest from the date of the breach equal to two percent (2%) above the prime rate published in the Wall Street Journal as of the date of such award.

15.8 Remedies Cumulative. No remedy or election hereunder shall be deemed exclusive but shall whenever possible be cumulative with all other remedies at law or in equity.

15.9 Governing Law. Pennsylvania law shall govern the rights and obligations of the parties and the interpretation and performance of this Agreement, excluding Pennsylvania's conflict of laws rules. Each Member hereby consents to venue in the Commonwealth of Pennsylvania for all purposes in connection with any action or proceeding commenced between the parties hereto in connection with or arising from this Agreement.

15.10 Additional Documents and Acts. The Managers, Management Company and each Member agrees to execute and deliver the additional documents and instruments and to perform the additional acts as may be necessary or appropriate to effectuate, carry out and perform all of the terms, provisions and conditions of this Agreement and the transactions contemplated hereby.

15.11 Dispute Resolution Procedures.

15.11.1 Application of this Section. This Section 15.11 does not apply to the following matters: (a) a dispute as to "fair market value" under Section 10.2.2; and (b) any request for immediate injunctive or other equitable relief may be brought without following the procedures of this Section 15.11.

15.11.2 Negotiation. Except as set forth in Section 15.11.1, any claim or dispute under this Agreement or otherwise related to the operation of the Company (whether such claim is based upon contract or tort law) ("Claim") shall be resolved in accordance with this Section 15.11. The dispute procedures shall be initiated by a Member delivering a writing containing reasonable detail summarizing the nature of the Claim and invoking the procedures contained in this section. For a period of thirty (30) days from receipt of the notice, the Members will consult with each other in a good faith effort to resolve the Claim.

15.11.3 Mediation. If within thirty (30) days after receipt of the notice of negotiation in Section 15.11.1, there is not a settlement of the Claim, then the Claim will be submitted to mediation administered by submitting a request to the Alternative Dispute Resolution Service (the "Service") of the American Health Lawyers Association ("AHLA"), requesting that the Service select/appoint a mediator using Rules of Procedure developed by AHLA for selection of dispute resolvers, including the use of the ranking list, naming five (5) neutrals with relevant expertise. In filing the special request, a party shall complete the AHLA Request for Dispute Resolver List, accessed at www.healthlawyers.org/adr and identify the qualifications required in paragraph 9 of the request as: a neutral associated with a nationally recognized health care practice, with experience representing organizations that manage ambulatory surgical centers who does not currently perform a material amount of work for the Company or any Member or its Affiliate. If the mediation does not result in a resolution of the Claim within sixty (60) days of the first in-person mediation, then either party may file an action in a court with proper jurisdiction.

15.12 Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHTS IT MAY HAVE TO DEMAND THAT ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN ANY WAY RELATED

TO THIS AGREEMENT OR THE RELATIONSHIPS OF THE PARTIES HERETO BE TRIED BY JURY. THIS WAIVER EXTENDS TO ANY AND ALL RIGHTS TO DEMAND A TRIAL BY JURY ARISING FROM ANY SOURCE INCLUDING, BUT NOT LIMITED TO, THE CONSTITUTION OF THE UNITED STATES OR ANY STATE THEREIN, COMMON LAW OR ANY APPLICABLE STATUTE OR REGULATIONS. EACH PARTY HERETO ACKNOWLEDGES THAT IT IS KNOWINGLY AND VOLUNTARILY WAIVING ITS RIGHT TO DEMAND TRIAL BY JURY.

~ Signature Page Follows ~

~ Signature Page for
Operating Agreement for Peters Township Surgery Center, LLC ~

COMPANY:

PETERS TOWNSHIP SURGERY CENTER, LLC, a Pennsylvania limited liability company

By: _____
Name: _____
Its: _____

MANAGEMENT COMPANY:

TITAN HEALTH OF WEST PENN, INC., a California close corporation

By: _____
Name: _____
Its: CEO

WPASC:

WEST PENN AMBULATORY SURGICAL COMPANY, LLC, a Pennsylvania limited liability company

By: _____
Name: BOYD FAUST
Its: Chairman

ASPN:

ALLEGHENY SPECIALTY PRACTICE NETWORK

By: _____
Name: _____
Its: _____

IN WITNESS WHEREOF, this Agreement has been duly executed by the Chief Executive Officer of Titan Health of West Penn, Inc., as Management Company, as Attorney-In-Fact for those persons listed below, pursuant to the Power of Attorney contained in the Subscription Agreements dated July 15, 2010.

By: _____
Name: _____
Title: Chief Executive Officer/Attorney-In-Fact

1. James B. Dickey, M.D.
2. Hani F. Gabriel, M.D.
3. Michael A. Pezzone, M.D.
4. Joseph J. Scherer, M.D.
5. Roger P. Zelt, M.D.

~ Signature Page for
Operating Agreement for Peters Township Surgery Center, LLC ~

COMPANY:

PETERS TOWNSHIP SURGERY CENTER, LLC, a Pennsylvania limited liability company

By: S-P
Name: SEAN RAMBO
Its: GOV. BOARD MEMBER/CHAIRMAN

MANAGEMENT COMPANY:

TITAN HEALTH OF WEST PENN, INC., a California close corporation

By: _____
Name: _____
Its: _____

WPASC:

WEST PENN AMBULATORY SURGICAL COMPANY, LLC, a Pennsylvania limited liability company

By: _____
Name: _____
Its: _____

ASPN:

ALLEGHENY SPECIALTY PRACTICE NETWORK

By: _____
Name: _____
Its: _____

IN WITNESS WHEREOF, this Agreement has been duly executed by the Chief Executive Officer of Titan Health of West Penn, Inc., as Management Company, as Attorney-In-Fact for those persons listed below, pursuant to the Power of Attorney contained in the Subscription Agreements dated July 15, 2010.

By:_____
Name:_____
Title: Chief Executive Officer/Attorney-In-Fact

1. James B. Dickey, M.D.
2. Hani F. Gabriel, M.D.
3. Michael A. Pezzone, M.D.
4. Joseph J. Scherer, M.D.
5. Roger P. Zelt, M.D.

~ Signature Page for
Operating Agreement for Peters Township Surgery Center, LLC ~

COMPANY:

PETERS TOWNSHIP SURGERY CENTER, LLC, a Pennsylvania limited liability company

By: _____
Name: _____
Its: _____

MANAGEMENT COMPANY:

TITAN HEALTH OF WEST PENN, INC., a California close corporation

By: _____
Name: _____
Its: _____

WPASC:

WEST PENN AMBULATORY SURGICAL COMPANY, LLC, a Pennsylvania limited liability company

By: _____
Name: _____
Its: _____

ASPN:

ALLEGHENY SPECIALTY PRACTICE NETWORK

By: _____
Name: Isaac Kurtz, MD
Its: CEO

IN WITNESS WHEREOF, this Agreement has been duly executed by the Chief Executive Officer of Titan Health of West Penn, Inc., as Management Company, as Attorney-In-Fact for those persons listed below, pursuant to the Power of Attorney contained in the Subscription Agreements dated July 15, 2010.

By:_____
Name:_____
Title: Chief Executive Officer/Attorney-In-Fact

1. James B. Dickey, M.D.
2. Hani F. Gabriel, M.D.
3. Michael A. Pezzone, M.D.
4. Joseph J. Scherer, M.D.
5. Roger P. Zelt, M.D.

CONFIDENTIAL

CONSENT OF SPOUSE

I acknowledge that I have read the foregoing Operating Agreement. I understand its contents, and acknowledge that under its provisions all of my spouse's interest in the Company, including any interest that may be awarded to me pursuant to divorce proceedings (or in settlement thereof), are subject to purchase on the occurrence of certain events specified in the foregoing Operating Agreement.

I hereby consent to my spouse's purchase of an interest in the Company and agree that my spouse's Units and my interest in the Units are subject to the provisions of the foregoing Operating Agreement. I further agree that I will not take any action to oppose such a purchase or to otherwise hinder the operation of the provisions of the foregoing Operating Agreement.

BY SIGNING BELOW, I HEREBY ACKNOWLEDGE THAT: IF MY SPOUSE'S MEMBERSHIP INTEREST IN THE COMPANY IS AWARDED TO ME IN A DIVORCE PROCEEDING, THE PURCHASE PRICE FOR SUCH INTEREST WILL BE GOVERNED BY THE FOREGOING AGREEMENT; AND I AM BOUND BY THE IRREVOCABLE POWER OF ATTORNEY SET FORTH IN SECTIONS 6.5.3 AND 6.5.4.

Date:_____ Signature:_____

Print Name:_____

SCHEDULE 1

Membership Interests

Members	Units of Membership Interest	Percentage Interest
WPASC	490	49%
ASPN	200	20%
Hani F. Gabriel, M.D.	10	1%
James B. Dickey, M.D.	100	10%
Michael A. Pezzone, M.D.	70	7%
Joseph J. Scherer, M.D.	50	5%
Roger P. Zelt, M.D.	80	8%
Total	1000	100%

ALLEGHENY SPECIALTY PRACTICE NETWORK

December ___, 2010

Peters Township Surgery Center, LLC
a Pennsylvania limited liability company
Attn: Boyd Faust, CFO
2150 River Plaza Drive, Suite 185
Sacramento, CA 95833

Titan Health of West Penn, Inc.,
a California close corporation
Attn: Boyd Faust, CFO
2150 River Plaza Drive, Suite 185
Sacramento, CA 95833

Re: Designated representative to Execute Documents and Vote on Matters for Allegheny Specialty Practice Network ("ASPN")

Ladies and Gentlemen:

ASPN shall at all times designate a person as its representative ("Representative") with the legal authority and power to execute the Operating Agreement for Peters Township Surgery Center, LLC, a Pennsylvania limited liability company ("Company"), the power and authority to execute any additional documents with respect to the Company, the voting of ASPN's membership interest in the Company and to address all other matters related to the Company.

As of the date of this letter, ASPN has designated _____ as its Representative. ASPN shall immediately provide written notice to the Company and Titan Health of West Penn, Inc. of any change of Representative. Until such time as ASPN has notified the Company of a change of Representative, the Company may rely in good faith upon any decisions or the execution of any documents made by the current Representative.

Very truly yours,

Allegheny Specialty Practice Network

By: _____

Its: CEO

Document Divider

AMENDED AND RESTATED

BYLAWS

OF

SUBURBAN HEALTH FOUNDATION

Bellevue, Pittsburgh, Pennsylvania 15202

Adopted July, 1984
Reviewed August, 1985
Reviewed September, 1986
Reviewed October, 1987
Reviewed August, 1988
Reviewed June, 1989
Reviewed March, 1990
Amended May 28, 1991
Reviewed June, 1992
Amended June 29, 1993
Amended May 9, 1995
Adopted July 10, 2000
Reviewed November 8, 2001
Amended March 14, 2002
Amended May 15, 2003
Amended & Restated January 1 , 2005
Amended March 10, 2005

AMENDED AND RESTATED

BYLAWS

OF

SUBURBAN HEALTH FOUNDATION

Bellevue, Pittsburgh, Pennsylvania 15202

ARTICLE I - CORPORATION

Section 1 Purpose

Suburban Health Foundation (the "Foundation") was formed by the division of Suburban General Hospital under the provisions of 7942 of the Pennsylvania Non-profit Corporation Law of 1972, Act of November 15, 1972, P.L. 1063, No. 271. The purposes for which the Foundation was formed are exclusively charitable, scientific, or educational within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1954, as amended, and are more fully set forth in the amended and restated Foundation's Articles of Incorporation.

Section 2 Participation in the System

The Foundation is a constituent entity of the health care system serving Western Pennsylvania known as West Penn Allegheny Health System, Inc. which, as of the date of the adoption of these bylaws, is comprised of the Foundation, certain affiliated hospitals and certain other affiliated organizations. These Bylaws, among other things, establish the relative authority and responsibility of the entities and individuals participating in the governance and management of the Foundation in its capacity as part of the System.

Section 3 Annual Meeting

The annual meeting of the Foundation shall be held at a place and time designated by the Board of Directors on the date of the annual meeting of the Board of Directors of Allegheny General Hospital, but after the adjournment of that meeting, or within fifteen days thereafter.

ARTICLE II - MEMBER

Section 1 Member

The sole member of the Foundation shall be Allegheny General Hospital ("Allegheny General Hospital" or the "Member"), which shall be subject to the powers and authority of its member, West Penn Allegheny Health System, Inc.

WPAHS-001047

Section 2 Meetings of Member.

Meetings of the Member may be held at such place within the Commonwealth of Pennsylvania as the Member may from time to time determine, or as may be designated in the notice of the meeting.

Section 3 Annual Meeting of the Member

A. Unless otherwise fixed by the Member, the annual meeting of the Foundation shall be held in June of each year. At each annual meeting, (i) the Board of Directors shall present to the Member an annual unaudited report regarding the financial performance of the Foundation, and (ii) the Member shall appoint the Board of Directors of the Foundation. If the annual meeting shall not be called and held within one (1) month of the date specified in this Article II, Section 3 or fixed by the Member in accordance with this Article II, Section 3, as applicable, any director of the Board of Directors of the Foundation and theretofore appointed by the Member shall continue to serve unless removed by the Member (or unless the applicable director of said Board of Directors dies or resigns), and a special meeting may be held in place thereof with the same force and effect as the annual meeting, and in such case all references in these Bylaws, except in this Article II, Section 3, to the annual meeting of the Foundation shall be deemed to refer to such special meeting. Any such special meeting shall be called and notice given as provided herein.

B. Immediately after each annual appointment of the Board of Directors of the Foundation by the Member at its annual meeting or a special meeting, the Board of Directors of the Foundation shall meet for the transaction of business to be conducted by its Board of Directors at the place where the annual or special meeting of the Member was held. Notice of such meeting need not be given. If such meeting is to be held at any other time or place, notice thereof shall be given as provided herein for special meetings of the Board of Directors.

Section 4 Special Meetings of the Member

Special meetings of the Member shall be held whenever called by the Board of Directors of the Foundation, or by written notice of the Member.

Section 5 Action Without a Meeting

Any action affecting the Foundation which may be taken at a meeting of the Member may be taken without a meeting if a consent in writing setting forth the actions so taken shall be signed by the Member, and filed with the Secretary of the Foundation.

Section 6 Notice of Meetings; Participation by Conference Telephone

WPAHS-001048

A. Unless otherwise provided in these Bylaws, whenever written notice is required to be given to the Member under the provisions of the Articles of Incorporation, these Bylaws, or the PNCL, it may be given by sending a copy thereof first class mail, postage prepaid, by personal delivery, or in the case of notices other than notices of meetings, by telecopy with confirmed receipt to the address of the Member appearing on the books of the Foundation. If the notice is sent by mail, it shall be deemed to have been given to the Member when deposited in the United States mail, postage prepaid. A notice of meeting shall specify the place, day and hour of the meeting and any other information required by law or these Bylaws, and, unless the meeting is an annual meeting, shall indicate that the notice is being issued by or at the direction of the person(s) calling the meeting. Notice of each meeting of the Member shall be given not less than five days before the date of the meeting, except in the case where fundamental changes to the Foundation under Chapter 59 of the PNCL will be considered, in which case such notice shall be given not less than ten days before the date of the meeting. Every such notice shall state the date, time and place of the meeting, and notices of special meetings of the Member shall also set forth the general nature of the business to be conducted at such meeting.

B. When a meeting is adjourned, it shall not be necessary to give any notice of the adjourned meeting and of the business to be transacted at an adjourned meeting in accordance with the provisions of this Article II, Section 6 if the day, time and place to which the meeting is adjourned is announced at the meeting at which the adjournment is taken.

C. Whenever notice of a meeting is required, such notice need not be given to the Member if a written waiver of notice executed by the Member is filed with the records of the Foundation. Attendance by the Member at any meeting of the Member shall constitute a waiver by the Member of notice of such meeting, except where the Member attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

D. One or more persons may participate in a meeting of the Member by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

Section 7 Resolutions

Whenever the language of a proposed resolution is included in a written notice of a meeting of the Member, the meeting considering the resolution may without further notice adopt it with such clarifying or other amendments as do not enlarge its original purpose.

Section 8 Operating Reports

The Board of Directors of the Foundation shall submit operating reports to the Member in such form and on such schedule as shall be established by the Member. Such operating reports shall reflect the results of operations of the Foundation and of any affiliates of the Foundation that are controlled by the Foundation.

ARTICLE III - BOARD OF DIRECTORS

Section 1 Number and Term

The Board of Directors of the Foundation shall consist of at least seven persons, six or more of whom shall be elected initially by the Member for undesignated terms not to exceed three (3) years and one of whom shall be designated and elected or re-elected by West Penn Allegheny Health System, Inc. for two-year terms. Subsequent terms of Directors elected or re-elected by the Member shall be for three (3) years or to fill unexpired terms.

The Board of Directors of the Foundation shall establish staggered one, two and three-year terms for said Directors and shall appoint each elected and re-elected Director to one such term, keeping the initial and future number thereof in each term as equal as possible.

Section 2 Qualifications for Directors

At the time of election, or re-election, to the Board of Directors a person must be at least twenty-one years of age, a resident of Allegheny County or a county contiguous to Allegheny County. Eligibility for election to membership shall not otherwise be denied to any person because of age, sex, religion, race, or national origin.

Section 3 Powers of the Board of Directors

Subject to the rights and powers of the Member specified herein or in the Articles of Incorporation or otherwise provided hereby or in the Articles of Incorporation, the Board of Directors shall have sole charge, control, and management of the administrative affairs, property and funds of the Foundation and shall have the power and authority to perform all acts and

functions not inconsistent with these Bylaws, the Articles of Incorporation, and applicable law. In performing such duties, the most current edition of Roberts Rules of Order shall govern the actions of the Directors unless specific provisions governing such actions are otherwise set forth in these Bylaws.

Section 4 Delegation of Power to Allegheny General Hospital

Pursuant to Section 7725(b) and 7751(b) of the Pennsylvania Non-profit Corporation Law of 1972, Act of November 14, 1972, P.L. 1063, No. 271, the Board of Directors of the Foundation expressly delegates to the Board of Directors of Allegheny General Hospital the right to:

(a) elect all Directors of the Foundation, with the right to remove them with or without cause;

(b) approve or disapprove any amendments to the Foundation's Articles of Incorporation and Bylaws before they become effective;

(c) approve or disapprove annual budgets;

(d) approve or disapprove any unbudgeted business expenditure in excess of 5% of the total current annual budget, excluding transfers and investments of funds made pursuant to Foundation approved investment policy; and

(e) approve or disapprove any other action of the Foundation which is not in the ordinary course of the Foundation's business.

Section 5 Delegation of Power to West Penn Allegheny Health System, Inc.

Pursuant to Sections 7725(b) and 7751(b) of the Pennsylvania Non-profit Corporation Law of 1972, Act of November 14, 1972, the Board of Directors of the Foundation expressly delegates to the Board of Directors of West Penn Allegheny Health System, Inc. the right to:

(a) approve or disapprove any amendments of the Articles of Incorporation of the Foundation before they become effective; and

(b) approve or disapprove the Bylaws and any amendments of the Bylaws of the Foundation before they become effective.

The powers granted by the Foundation to West Penn Allegheny Health System, Inc. shall not be unilaterally altered, amended, or rescinded by the Foundation.

Section 6 Vacancies

Vacancies occurring on the Board of Directors of the Foundation may be filled by the Board of Allegheny General Hospital from names proposed by the Nominating Committee of

Allegheny General Hospital or by a member of the Board of Directors of Allegheny General Hospital at a meeting at least thirty (30) days prior to the filling of the vacancy. Any member of the Board of the Foundation may submit recommendations to the Nominating Committee concerning vacancies on the Foundation's Board. Appointments shall be for the unexpired term so filled.

Section 7 Attendance

If a Director is absent from six consecutive meetings without action by the Board of Directors excusing such absence, said Director shall be declared no longer a Director by action of the Board of Directors; provided, however, that before such action is taken the President shall notify the Director of such pending action so that the Director may request the Board of Directors to excuse the absences and continue the Directorship. Additionally, the Board of Directors of Allegheny General Hospital, at any time and without assigning cause, may remove any Director from office.

Section 8 Emeritus Directors

A member of the Board of Directors who has served the Foundation faithfully may be appointed an Emeritus Director by action of the Board of Directors of Allegheny General Hospital. The Board of Directors of the Foundation may submit recommendations for Emeritus Directors to the Board of Directors of Allegheny General Hospital. An Emeritus Director will be elected or re-elected for two-year terms and will be entitled to all the rights and privileges of a director of the Board of Directors including service on committees, except the power to vote.

Section 9 Conflict of Interest

Each Director shall execute on an annual basis a statement disclosing any business or personal interests which are in fact or may appear to be a conflict of interest with those of the Foundation or of any other corporation which is included in the multi-corporate system of which this Foundation is a part. Each Director shall refrain from participating in deliberations and actions on such matters. Each Director shall inform the Board and any of its committees, at the time that an issue is under consideration, if he or she has, or could be perceived to have, a conflict of interest. The Board of Directors shall have the ultimate responsibility and authorization to determine if a conflict of interest exists and the appropriate action.

ARTICLE IV - REGULAR AND SPECIAL MEETINGS OF THE BOARD OF DIRECTORS

Section 1 Regular Meetings

The Board of Directors shall hold regular bi-monthly meetings, or meetings as frequently as deemed required to facilitate the business of the Foundation, at times and places designated by the Board.

Section 2 Special Meetings

Special meetings may be called by the Chair or the President of the Foundation and shall be called by either officer at the written request of three (3) members of the Board of Directors. Written notice of special meetings shall be mailed to each member of the Board of Directors at least three (3) days before the date of such special meetings. This notice shall state the business for which the special meeting has been called, and no business other than that stated in the notice shall be transacted at such special meeting.

Section 3 Quorum

One half of the number of active Directors shall constitute a quorum.

Section 4 Action by Written Consent

Except as otherwise provided in the Bylaws, any action which may be taken at a meeting of the Board of Directors may be taken without a meeting if a Consent in writing setting forth the action so taken shall be signed by all the Directors and filed with the minutes of the Foundation.

Section 5 Use of Conference Telephone or Similar Equipment

Except as otherwise provided in the Bylaws, one or more persons may participate in a meeting of the Board of Directors using conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this section shall constitute presence in person at the meeting.

ARTICLE V - OFFICERS OF THE BOARD OF DIRECTORS

Section 1 Designation and Term

The officers of the Board of Directors of the Foundation shall be a Chair, a Vice-Chair, a President, a Secretary, a Treasurer, and such other officers as the Board of Directors may authorize, all of whom shall be elected by the Board of Directors from among its own membership from candidates nominated by a member of the Board of Directors at the first regular meeting after the annual meeting.

Officers shall hold office for one year or until their successors shall have been duly elected and qualified. No person shall be elected to the office of Chair for more than three (3) consecutive years; provided, however, such person may be re-elected to the office of Chair after having been out of such office for at least one (1) year. One person may not hold two offices.

Section 2 Duties

The Chair shall call and preside at all meetings of the Board of Directors and shall be an ex-officio member of all committees. The Chair shall appoint all committees and the persons to chair such committees who shall serve for one year or until their successors are appointed.

WPAHS-001053

The Vice-Chair shall act as Chair in the absence, death, or disability of the Chair and, when so acting, shall have all the power and authority of the Chair.

The President shall be the Chief Executive Officer of the Foundation and the representative of the Board of Directors responsible for the day-to-day operation of the Foundation. The President shall act as the duly authorized representative of the Board of Directors in all matters in which the Board of Directors has not formally designated some other person to so act.

The Secretary shall act as secretary of both the Foundation and the Board of Directors, shall send appropriate notices and prepare agendas for all meetings of the Board of Directors, shall act as custodian of all records and reports and shall be responsible for the keeping and reporting of adequate records of all meetings of the Board of Directors. The Secretary shall turn over to the Board of Directors all such records and reports belonging to the Foundation when no longer serving in such office.

The Treasurer shall have the responsibility of performing or causing to be performed the following functions:

(a) to receive and keep in trust all monies of the Foundation and deposit same in the name of the Foundation in such bank or banks as may be designated by the Board of Directors.

(b) to keep accurate records of all of the financial activities of the Foundation including receipts, disbursements, and all assets and liabilities. Such records shall be open for inspection by the Board of Directors at any time.

(c) to turn over to the Board of Directors all records, monies, securities, and assets of every kind belonging to the Foundation when no longer serving in such office.

Section 3 Succession in Office

If neither the Chair nor the Vice-Chair is able to perform the duties of the Chair for any reason, such duties shall be assumed by another officer in the following order of succession: Secretary, Treasurer.

Section 4 Signing Checks, Notes, Etc.

Unless otherwise provided by Resolution of the Board of Directors, all checks, notes or other obligations for the payment of money by the Foundation shall be signed by any two of the following of the Foundation: Chair, Vice Chair, President, Secretary, Treasurer, and Chief Financial Officer. A facsimile may be used for any signature aforementioned. All persons authorized to sign checks shall be bonded or insured with an approved corporate surety in such amounts as the Board may determine.

WPAHS-001054

ARTICLE VI - COMMITTEES OF THE BOARD OF DIRECTORS

Section 1 Designation

Committees of the Board of Directors may be standing or special. There shall be no standing committees except as created by adoption of a separate resolution by its Board.

Section 2 Special Committees

Special Committees may be appointed by the Chair with the concurrence of the Board of Directors for such special tasks as circumstances warrant. Such special committees shall limit their activities to the accomplishment of the task for which created and appointed and shall have no power to act except such as is specifically conferred by action of the Board of Directors. Upon completion of the task for which appointed, such special committees shall stand discharged.

Section 3 Membership

All committees shall consist of two or more persons as determined and appointed by the Chair. The Chair and the President shall serve ex-officio on all committees. The Chair shall so serve, with vote. The President shall so serve, without vote.

Section 4 Quorum

At a committee meeting, a quorum shall be one-half the number of persons on the committee entitled to vote.

ARTICLE VII - ENDOWMENT AND SPECIAL FUNDS

Section 1 Compliance with Corporate Purpose

The Articles of Incorporation of the Foundation state that the corporate purpose of the Foundation is to solely promote, by donation, loan, or otherwise, the interest of Allegheny General Hospital, Suburban Campus. Accordingly, no funds of any nature at any time held or received by the Foundation, including but not limited to gifts, bequests, or contributions, or the income earned thereon, shall at any time be used or expended for the benefit of any entity or person, or for any purpose, other than those specified in the amended and restated Articles of Incorporation of the Foundation. Similarly, the Foundation shall not accept any gift, bequest, or contribution if the purposes, terms, or conditions prescribed by the donor would be inconsistent with the corporate purpose of the Foundation.

Section 2 Gifts, Bequests, Devises, and Contributions

All gifts, bequests, devises, and contributions received by the Foundation shall be used for the purpose for which they were given by the donor and in accordance with any terms and conditions given by the donor. Gifts, bequests, devises, and contributions received by the Foundation where no purpose, terms, or conditions are prescribed in writing by the donor, shall be used solely for the current work or other purpose of Allegheny General Hospital, Suburban Campus or set apart as Foundation endowment funds for such specific purposes as the Board of Directors, with the concurrence of the Board of Directors of Allegheny General Hospital, may determine.

Section 3 Trustees and Depositories

The Board of Directors of the Foundation may designate and appoint from time to time, as may become expedient, individual or corporate trustee(s) and depositories for endowment funds or other special funds, the individual trustee(s) to be members of the Fund Development and Investment Committee or an equivalent committee of said Board of Directors and the corporate trustee(s) and depositories to be selected from financial institutions qualified to do business in Pennsylvania.

Section 4 Accounts, Records, and Reports

The Board of Directors shall keep or cause to be kept accurate accounts, records and reports of all endowment funds and other special funds, and the Chair shall make an annual report to the members of the Board concerning the funds so set apart and held and the use made of such funds and of the income thereof.

ARTICLE VIII - DIRECTORS' LIABILITY

Section 1 Elimination of Certain Liability of Directors

A Director of the Foundation shall not be personally liable for monetary damages for any action taken or any failure to take any action as a Director unless (a) such Director has breached or failed to perform his duties relating to standard of care and justifiable reliance under section 8363 of the Pennsylvania Directors' Liability Act and (b) such breach or failure to perform constitutes self-dealing, willful misconduct or recklessness; this provision is intended to operate to the fullest extent required or permitted by Pennsylvania law, as the same exists or may be hereafter amended from time to time.

Section 2 Right to Indemnification

Except as prohibited by law, each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative (hereinafter a "proceeding"), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a Director or Officer of the Foundation or is or was, as such Director or Officer, serving at the request of the Foundation as a

Director, Officer, Fiduciary, Employee, or Agent of another corporation or of a partnership, joint venture, trust, or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a Director, Officer, Employee, or Agent or in any other capacity while serving as a Director, Officer, or by virtue of being a Director or Officer, as a Fiduciary, Employee, or Agent, shall be entitled to and shall be indemnified and held harmless by the Foundation to the fullest extent required or permitted by Pennsylvania law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Foundation to provide broader indemnification rights than said law permitted the Foundation to provide prior to such amendment), against all expense, liability, and loss (including, but not limited to, attorneys' fees, judgments, fines, ERISA excise taxes or penalties, and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a Director, Officer and shall inure to the benefit of his or her heirs, executors, administrators, or legal representatives.

Section 3 Non-Exclusivity of Rights

The right to indemnification shall not be exclusive of any other right or rights which any person may have or hereafter acquire under any statute or provision of any articles of incorporation or by virtue of any bylaws, agreement, vote of disinterested directors or otherwise.

ARTICLE IX - AMENDMENTS

Section 1 Procedure

Subject to the delegation of powers to the Boards of Directors of Allegheny General Hospital and West Penn Allegheny Health System, Inc. pertaining to Amendment of these Bylaws as set forth at Article III, these Bylaws may be amended by a vote of a majority of all of the members of the Board of Directors of the Foundation at any regular or special meeting of said Board of Directors. Written notice of the meeting, and actions proposed to be taken thereat relative to the Bylaws, shall be mailed or hand-delivered to each member of said Board of Directors no less than ten days prior to the meeting at which action to amend these Bylaws will be taken. Further, such amendment is subject to approval or disapproval by the Boards of Directors of Allegheny General Hospital and West Penn Allegheny Health System, Inc. before it becomes effective. Approvals or disapprovals by said Boards shall be acted upon as soon as reasonably possible.

Section 2 Annual Review

These Bylaws shall be reviewed periodically (but no less often than annually) and revised as necessary. Following any such review or amendment described in Section 1, the Bylaws shall be signed by the Chair and President to demonstrate approval by the Board of Directors and dated to indicate when last reviewed or revised.

(Bylaws Approved 3-10-05.bylaws)

WPAHS-001058

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BYLAWS

THE WESTERN PENNSYLVANIA HOSPITAL FOUNDATION
Pittsburgh, Pennsylvania 15224

As Revised September 18, 2008

Previous Revisions:

July 28, 2005
August 9, 2000
April 3, 1998
September 15, 1995
February 1, 1990

AMENDED AND RESTATED BYLAWS
OF
THE WESTERN PENNSYLVANIA HOSPITAL FOUNDATION

ARTICLE I

NAME AND LOCATION

Section 1. Name. The name of the Corporation is The Western Pennsylvania Hospital Foundation.

Section 2. Principal Office. The principal office of the Corporation shall be located at 4800 Friendship Avenue, Pittsburgh, Pennsylvania 15224 or at such other address as the Board of Directors shall determine.

ARTICLE II

PURPOSE; PARTICIPATION IN SYSTEM

Section 1. Purpose. The purposes of the Corporation are as set forth in the Articles of Incorporation and include the following:

(a) Soliciting, receiving, managing, investing and distributing funds which will promote and support by donation, loan or otherwise, the interests of the Western Pennsylvania Hospital and West Penn Allegheny Health System, Inc., each of which is exempt from Federal income taxation under section 501(a) of the Code as an organization described in section 501(c) (3) of the Code, and (ii) contributions to which are deductible under sections 170(c) (2), 2055(a) (2) and 2522 (a)(2) of the Code;

(b) Providing funds to further the erection, establishment, organization, equipment, operation, management and maintenance of those corporations described in (a);

(c) Carrying on training, research, educational and supportive activities related to rendering of care to the sick, injured and disabled, the furthering of knowledge in the medical arts and the promotion of health

(d) Carrying on any lawful activity in furtherance of the foregoing purposes, subject to limitations on its actions imposed under section 501(c) (3) of the Code.

Section 2. Participation in System. The Corporation is a constituent entity of the health care system serving Western Pennsylvania known as West Penn Allegheny Health System, Inc. (the "System") which, as of the date of the adoption of these bylaws, is comprised of the Corporation, certain affiliated hospitals and certain other affiliated organizations. These

WPAHS-001060

Bylaws, among other things, establish the relative authority and responsibility of the entities and individuals participating in the governance and management of the Corporation in its capacity as part of the System.

ARTICLE III

MEMBER

Section 1. Member. Subject to Section 9 of this Article III, the sole voting member of the Corporation shall be West Penn Allegheny Health System, Inc., Inc. (the "Member"), acting through its Board of Directors (the "Member Board"), or through its Executive Committee (the "Member Executive Committee") or designated officers of the Member (the "Designated Representatives") to the extent that the Member has, pursuant to its Bylaws or by resolution duly adopted by the Member Board, delegated its authority herein to the Member Executive Committee or to a Designated Representative; provided, however, that neither the Member Executive Committee nor any Designated Representative shall have the authority to act on behalf of the Member with respect to any of the actions identified in Section 2.B of this Article III.

Section 2. Powers and Rights of Member.

A. The Member shall have such powers and rights as are set forth in the PNCL and the Articles of Incorporation of the Corporation. Without limiting and in addition to such powers and rights, the Member shall have the exclusive authority to exercise the following powers:

(1) Adopt and/or approve and interpret the statement of mission and philosophy of the Corporation, and require the Corporation to operate in conformance with its statement of mission and philosophy;

(2) Adopt and/or approve amendments or restatements of the bylaws and Articles of Incorporation of the Corporation, subject, however, to Section 9 of this Article III, and with respect to amendments of the following provisions in the bylaws and Articles of Incorporation of the Corporation, subject to prior notice to the Attorney General and the prior approval of the Orphans' Court: (i) provisions setting forth the purposes of the Corporation; (ii) provisions setting forth the powers reserved exclusively to the Member; (iii) provisions describing the manner in which the assets of the Corporation are to be distributed upon termination, dissolution or winding up of the Corporation; and (iv) provisions requiring notice to the Attorney General or approval of the Orphans' Court prior to the taking of certain action by the Corporation.

(3) Fix the number of, and elect, appoint, fill vacancies in and remove, with or without cause, the Directors; and elect and remove, with or without cause, the Chair and Vice Chair of the Board of Directors of the Corporation, and the Secretary and Treasurer of the Corporation; provided that no Director or officer shall be removed by the Member without 10 days prior notice of such removal from the Member to the Board of Directors;

WPAHS-001061

(4) Designate the administrative structure of the Corporation and, after consultation with the Board of Directors of the Corporation, elect and remove, with or without cause, the President and Chief Executive Officer and all vice presidents and other officers of the Corporation, provided that no officer shall be removed by the Member without 10 days prior notice of such removal from the Member to the Board of Directors;

(5) Cause or approve any merger, consolidation, division, conversion, or dissolution of the Corporation, or the filing of a petition in bankruptcy or execution of a deed of assignment for the benefit of creditors;

(6) Approve or cause the Corporation to engage in any acquisition or any sale, lease, exchange, mortgage, pledge or other alienation of any personal property of the Corporation having a value in excess of an amount to be fixed from time to time by the Member or any real property of the Corporation;

(7) Adopt and/or approve any capital or operating budgets of the Corporation, and approve or direct any unbudgeted expenditure to be undertaken individually or collectively by the Corporation and any affiliated corporations controlled by the Corporation (other than unbudgeted expenditures which are required in order for the Corporation to be in compliance with applicable laws, rules and regulations, and state licensing and accreditation requirements), where the cumulative amount of such unbudgeted expenditures is in excess of an amount to be fixed from time to time by the Member;

(8) Adopt and/or approve any operating plan or financial plan with respect to the Corporation, and require the Corporation to comply with such operating or financial plan;

(9) Approve and/or cause the Corporation to undertake or engage itself in respect of any bond issuance or any other indebtedness for borrowed money of the Corporation, or any lending of funds by the Corporation to an unrelated person, corporation or other legal entity, including without limitation any capital leases (other than indebtedness to provide funds for expenditures necessary in order for the Corporation to be in compliance with applicable laws, rules and regulations, and state licensing and accreditation requirements, to the extent such funds are not otherwise reasonably available), representing obligations of the Corporation in excess of an amount per annum in the aggregate established from time to time by the Member;

(10) Establish and/or approve the criteria for, and conduct the evaluation of, the performance of the President and Chief Executive Officer and all vice presidents and officers of similar rank of the Corporation;

(11) Approve and/or cause the adoption by the Corporation of proposed settlements of litigation when such settlements exceed applicable insurance coverage or the amounts reserved in respect thereof of any applicable self-insurance fund;

WPAHS-001062

(12) Approve and/or cause any corporate reorganization of the Corporation or the establishment or dissolution of any subsidiary organizations, including corporations, partnerships or other entities, of the Corporation;

(13) Adopt and/or approve the strategic plan of the Corporation; and

(14) Approve or direct the taking of any other action outside of ordinary course of business and such matters as are required to be submitted to corporate members of a Pennsylvania nonprofit corporation.

Except as otherwise required by the PNCL, and subject to Section 9 of this Article III, the action of the Member with respect to each of the foregoing actions shall be sufficient to approve such actions, no action by the Board of Directors of the Corporation shall be required with respect to any such actions, and, to the full extent permitted by law, no action of the Board of Directors with respect to any such actions shall be effective for any purpose without the approval of the Member.

B. Each of the following actions may be approved by the Member only through action of the Member Board, and not through action of the Member Executive Committee or any Designated Representative:

(1) The adoption or approval of a statement of mission and philosophy of the Corporation;

(2) The adoption or approval of any amendments of the Bylaws or Articles of Incorporation of the Corporation;

(3) The approval of any merger, consolidation, division, conversion, or dissolution of the Corporation, or the filing of a petition in bankruptcy or execution of a deed of assignment for the benefit of creditors, or the sale or other disposition of all or substantially all of the assets of the Corporation;

(4) The election, appointment and removal of the Directors, the Chair and Vice Chair of the Board of Directors of the Corporation, and the Secretary and Treasurer of the Corporation; and

(5) The approval of any bond issuance or incurrence of any other indebtedness for borrowed money of the Corporation, or any lending of funds by the Corporation to an unrelated person, corporation or other legal entity, including without limitation any capital leases.

Section 3. Meetings of Member. Meetings of the Member may be held at such place within the Commonwealth of Pennsylvania as the Member may from time to time determine, or as may be designated in the notice of the meeting.

Section 4. Annual Meeting of the Member.

WPAHS-001063

A. Unless otherwise fixed by the Member, the annual meeting of the Corporation shall be held in June of each year. At each annual meeting, (i) the Board of Directors shall present to the Member an annual report regarding the financial performance of the Corporation, and (ii) the Member shall appoint the Board of Directors of the Corporation in accordance with Article IV and all officers that pursuant to the Bylaws are then to be appointed by the Member. If the annual meeting shall not be called and held within one (1) month of the date specified in this Article III, Section 4 or fixed by the Member in accordance with this Article III, Section 4, as applicable, any members of the Board of Directors and any officers theretofore appointed by the Member shall continue to serve unless removed by the Member (or unless the applicable member of the Board of Directors or officer resigns), and a special meeting may be held in place thereof with the same force and effect as the annual meeting, and in such case all references in these Bylaws, except in this Article III, Section 4, to the annual meeting of the Corporation shall be deemed to refer to such special meeting. Any such special meeting shall be called and notice given as provided in Article III, Sections 5 and 7, as applicable.

B. Immediately after each annual appointment of the Board of Directors by the Member at the annual meeting or a special meeting, the Board of Directors of the Corporation shall meet for the transaction of business to be conducted by the Board of Directors at the place where the annual or special meeting of the Member was held. Notice of such meeting need not be given. If such meeting is to be held at any other time or place, notice thereof shall be given as provided in Article V, Section 2 for special meetings of the Board of Directors.

Section 5. Special Meetings of the Member. Special meetings of the Member shall be held whenever called by the Board of Directors of the Corporation, or by written demand of the Member.

Section 6. Action Without a Meeting. Any action which may be taken at a meeting of the Member may be taken without a meeting if a consent in writing setting forth the actions so taken shall be signed by the Member, and filed with the Secretary of the Corporation.

Section 7. Notice of Meetings; Participation by Conference Telephone.

A. Unless otherwise provided in these Bylaws, whenever written notice is required to be given to the Member under the provisions of the Articles of Incorporation, these Bylaws, or the PNCL, it may be given by sending a copy thereof first class mail, postage prepaid, by personal delivery, or in the case of notices other than notices of meetings, by telecopy with confirmed receipt to the address of the Member appearing on the books of the Corporation. If the notice is sent by mail, it shall be deemed to have been given to the Member entitled thereto when deposited in the United States mail, postage prepaid. A notice of meeting shall specify the place, day and hour of the meeting and any other information required by law or these Bylaws, and, unless the meeting is an annual meeting, shall indicate that the notice is being issued by or at the direction of the person(s) calling the meeting. Notice of each meeting of the Member shall be given not less than five days before the date of the meeting, except in the case where fundamental changes to the Corporation under Chapter 59 of the PNCL will be considered, in which case such notice shall be given not less than ten days before the date of the meeting. Every such notice shall state the date, time and place of the meeting, and notices of

WPAHS-001064

special meetings of the Member shall also set forth the general nature of the business to be conducted at such meeting.

B. When a meeting is adjourned, it shall not be necessary to give any notice of the adjourned meeting and of the business to be transacted at an adjourned meeting in accordance with the provisions of this Article III, Section 7 if the day, time and place to which the meeting is adjourned is announced at the meeting at which the adjournment is taken.

C. Whenever notice of a meeting is required, such notice need not be given to the Member if a written waiver of notice executed by the Member is filed with the records of the Corporation. Attendance by the Member at any meeting of the Member shall constitute a waiver by the Member of notice of such meeting, except where the Member attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

D. One or more persons may participate in a meeting of the Member by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

Section 8. Resolutions. Whenever the language of a proposed resolution is included in a written notice of a meeting of the Member, the meeting considering the resolution may without further notice adopt it with such clarifying or other amendments as do not enlarge its original purpose.

Section 9. Additional Members. Notwithstanding anything herein to the contrary, upon the occurrence of a Triggering Event (as defined below), then effective immediately and automatically upon the occurrence of such Triggering Event and without further action by the Member, the voting members of the Corporation shall include, in addition to the Member identified in Section 1 of this Article III hereof, all of the then-current members of the Board of Directors of the Corporation, and any reference in these bylaws to "the Member" shall be deemed to be a reference to "the Members" as identified in this Article III, Section 9, each of whom shall have one vote, and all of whom together shall have the authority that, but for operation of this Article III, Section 9, would be vested in the Member. From and after the occurrence of a Triggering Event, (i) a majority of the Members shall constitute a quorum at any meeting of the Members and (ii) the affirmative vote of two-thirds (or greater) of the whole number of Members shall be required to approve any matter to be voted on by the Members. For purposes of this Section, "Triggering Event" shall mean any of the following occurrences:

(1) a Final Determination (as defined below) shall have been entered denying the Member's application for recognition as an Exempt Organization (as defined below) or revoking the Member's status as an Exempt Organization;

(2) the Member shall have taken all corporate action necessary to approve (x) the dissolution of the Member or (y) the filing by the Member of a voluntary petition in bankruptcy;

WPAHS-001065

(3) the Member shall have admitted in writing its inability to pay its debts as they come due; or

(4) an involuntary petition for the dissolution and winding up of the Member shall have been filed, which such petition is not dismissed within 60 days of the filing thereof.

"Final Determination" shall mean a decision, judgment, decree or other order by the Internal Revenue Service or a court of competent jurisdiction which is final and unappealable, or which has become unappealable because the time for instituting an appeal has expired. "Exempt Organization" shall mean an organization exempt from federal income taxation pursuant to Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code. Notwithstanding anything herein to the contrary, amendment of this Section 9 shall require approval of both the Member and at least two-thirds of the entire Board of Directors of the Corporation.

Section 10. Operating Reports. The Board of Directors of the Corporation shall submit operating reports to the Member in such form and on such schedule as shall be established by the Member. Such operating reports shall reflect the results of operations of the Corporation and of any affiliates of the Corporation that are controlled by the Corporation.

ARTICLE IV

THE BOARD OF DIRECTORS

Section 1. Powers and Responsibility. Subject to Article III hereof and to the other rights and powers of the Member specified herein or in the Articles of Incorporation or otherwise provided hereby or in the Articles of Incorporation or by law, the Board of Directors shall have charge, control, and management of the administrative affairs, property and funds of the Corporation and shall have the power and authority to do and perform all acts and functions not inconsistent with these Bylaws, the Articles of Incorporation, and applicable law, in each case as amended from time to time. Such responsibility shall include without limitation implementation of any operational or financial plan adopted by the Member and institutional management and planning. Without limiting the generality of the foregoing, the Board of Directors shall have power and authority to, and shall be responsible to, establish and manage the Corporation's program for compliance with all legal requirements applicable to the Corporation. The Board of Directors shall also prepare, for the Member's review and approval, on such timetable as the Member shall establish, proposed annual budgets for the Corporation, which budgets shall be consistent with any operating plan or financial plan adopted or approved by the Member and then in effect.

Section 2. Composition of the Board; Appointment Qualifications. The Board of Directors shall be composed of not fewer than five nor more than twenty voting members, exclusive of non-voting *ex officio* Directors. The exact number of voting Directors shall be as fixed from time to time by the Member, except that as of the date of adoption of these bylaws, the Board of Directors of the Corporation shall be comprised of the members identified on Exhibit A hereto, each having the term identified for such individual by the Member (and any

WPAHS-001066

individuals serving as Directors immediately before the effectiveness of these bylaws who are not identified on Exhibit A shall be deemed removed immediately upon such effectiveness) . Directors shall generally be appointed at the annual meeting of the Member, but may be appointed at any regular or special meeting of the Member, provided that, except for the *ex officio* Directors specified in Section 4 of this Article, the Board of Directors shall not include full-time employees of the Member, of the Corporation or of any of the other "Constituent Corporations" as defined in the Bylaws of the Member. Each Director of the Corporation shall be a natural person of at least eighteen years of age, of good moral character and who enjoys a good reputation in the community, and who, by his or her experience, community interest, or prior action, demonstrates a willingness to devote time and talent to the affairs of the Corporation and to exercise his or her judgment with undivided loyalty to the Corporation. Each Director shall further satisfy the requirements set forth in Section 9 of this Article IV.

Section 3. Term of Office. Subject to Section 5 of this Article IV, Directors, other than *ex officio* Directors, shall serve for one, two or three year terms, as specified by the Member. In the event that the Member elects to classify the Board of Directors for purposes of staggering their respective terms of office, then the number of Directors assigned to each class shall be as nearly equal as possible to those assigned to each other class. Each Director shall retain his or her position as Director until his or her successor shall be duly appointed and qualified or until his or her earlier death, resignation or removal, except that an *ex officio* Director shall retain his or her position as Director only during his or her tenure in the position from which his or her respective *ex officio* status is derived, or until his or her earlier death, resignation, or removal. Directors may be re-elected for unlimited successor terms.

Section 4. *Ex Officio* Directors.

The following persons shall serve as *ex officio* Directors of the Corporation with vote:

(1) President and Chief Executive Officer of the Member;

(2) President and Chief Executive Officer of the Corporation; and

(3) President and Chief Executive Officer (or such successor position) of The Western Pennsylvania Hospital.

In the event that any individual holds multiple *ex officio* positions s/he shall have one vote.

Section 5. Removal, Resignation, Vacancies.

A. The Member may, in its discretion, remove any Director at any time, with or without cause, upon 10 days prior notice to the Board of Directors. Without limiting the generality of the foregoing, upon such notice the Member may, in its discretion, remove and replace all or a portion of the Board of Directors if the Member determines that the Corporation has failed to comply with any operating or financial plan adopted or approved by the Member. Unless such removal notice is revoked by the Member during the 10 day notice period, any such removal shall be effective immediately upon expiration of the notice period.

WPAHS-001067

B. Any Director may resign from office with or without cause, by delivering a written statement of resignation to the Secretary of the Corporation. Any such resignation shall take effect immediately upon its receipt by the Secretary of the Corporation, unless a later effective time or date for the resignation is specified in the notice of resignation.

C. Any person appointed to fill a vacancy on the Board of Directors shall be appointed for the unexpired term of the Director whose death, resignation, or removal gave rise to the applicable vacancy.

Section 6. Orientation of Directors. Newly elected or appointed Directors shall be oriented to the functions and procedures of the Board of Directors. Such orientation shall be carried out under the supervision of the President and Chief Executive Officer.

Section 7. No Compensation. No Director shall receive any compensation for acting as a Director. Directors who are officers or employees of the Corporation may receive compensation for those duties.

Section 8. Review of Bylaws. The Board of Directors shall review these Bylaws of the Corporation annually, and based on such review, may propose amendments to these Bylaws to the Member of the Corporation.

Section 9. Conflict of Interest. Directors shall exercise good faith in all transactions touching upon their duties at the Corporation and its property. No director shall use his or her position, or knowledge gained therefrom, in any way that might give rise to a conflict between the interest of the Corporation and that of the individual Director. The Board of Directors shall adopt a conflict of interest policy, and each Director and officer of the Corporation shall agree in writing to be bound thereby as a prerequisite to his or her qualification as a Director or officer, as the case may be.

ARTICLE V

MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Regular and Annual Meetings of the Board of Directors. The Board of Directors shall hold regular meetings at such time and place as determined by the Board or the Chair; provided that the Board shall meet not less than four times per year. The Annual Meeting shall be held as provided in Article III, Section 4 of these Bylaws. Notice of any meeting shall be mailed, personally delivered or faxed to each Director entitled to vote at least 5 days prior to the meeting to the Director's address (or fax number) on the books of the Corporation. Voting by proxy shall not be permitted at any meeting.

Section 2. Special Meetings. Special meetings may be held at any time upon call of the Member or the Chair or upon receipt by the President and Chief Executive Officer of the written request of at least three Directors.

Section 3. Quorum. A majority of the entire Board of Directors (without counting non-voting *ex officio* Directors) shall constitute a quorum at any regular meeting. Once a

WPAHS-001068

quorum is established, subsequent withdrawal of individuals to less than a quorum shall not affect the validity of any subsequent action taken at the meeting. Except as otherwise required by the PNCL, approval of any matter before the Board of Directors by a majority of the Directors present at a meeting shall constitute approval of the applicable matter by the Board.

Section 4. Action Without a Meeting. Any action which may be taken at a meeting of the Board or any committee thereof may be taken without a meeting if consent in writing setting forth such action is signed by all of the Directors entitled to vote or members of the committee, and is filed in the minutes of the proceedings of the Board or of the committee.

Section 5. Rules of Conduct. Meetings of the Board of Directors and Committees of the Board of Directors will be conducted in accordance with such rules as may be established by the Board of Directors.

Section 6. Participation by Conference Telephone. One or more Directors or members of a Committee established pursuant hereto may participate in a meeting of the Board of Directors or such Committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

Section 7. Waiver of Notice. Whenever any written notice is required to be given under the provisions of the these bylaws or the PNCL, such notice need not be given to any Director who submits a signed waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Director.

ARTICLE VI

OFFICERS

Section 1. Officers Generally. The officers shall be a Chair, a Secretary, a Treasurer, a President and Chief Executive Officer, and such Vice Presidents and other subordinate officers as the Member shall designate. The Chair, Secretary, and Treasurer shall be appointed from among the elected (i.e., non-*ex officio*) members of the Board of Directors. All other officers need not, but may, be selected from among such elected members of the Board of Directors. No full-time employee of the Member or of the Corporation shall be eligible to serve as Chair of the Corporation.

Section 2. Appointment of Officers. The officers shall be appointed by the Member, after consultation with the Board of Directors of the Corporation, at the Annual Meeting of the Member each year and shall hold office for terms of one year and until their successors are duly installed, subject in each case to an officer's earlier death, resignation or removal. Vacancies in any office may be filled by action of the Member after consultation with the Board of Directors of the Corporation. So long as the Member is the sole Member of the Corporation, officers shall be appointed from among candidates nominated by the Nominating Committee of the Member, provided that, no full-time employee of the Member or of the Corporation shall be eligible to

WPAHS-001069

serve as Chair or Vice Chair of the Corporation. Nothing contained herein shall be construed as prejudicing any officer's rights with respect to compensation under any employment agreement with the Corporation.

Section 3. Chair. The Chair shall preside at all meetings of the Board of Directors, and at the Annual Meeting of the Member each year shall present the report of the Board of Directors. The Chair shall be responsible to review the performance of the Board of Directors on an annual basis, and to report on such performance to the Member. The Chair shall have such authority, and shall perform all duties, ordinarily required of an officer in like position, and such other authority and duties as may be assigned by the Member.

Section 4. President and Chief Executive Officer. The President and Chief Executive Officer of the Corporation shall be an *ex officio* member of the Board. The President and Chief Executive Officer shall have all authority and responsibility necessary to operate the Corporation in all its activities, subject, however, to the policies and directives of the Member and of the Board of Directors with regard to the matters as to which the Board of Directors is responsible, and to the provisions of the Corporation's Articles of Incorporation and Bylaws.

Section 5. Vice Chair. The Vice-Chair shall perform the duties of the Chair when for any reason the Chair is unable to perform the same.

Section 6. Secretary. The Secretary shall keep and properly record the minutes of the proceedings of the Board of Directors, notify officers of their election and committee members of their appointment, give notice of all meetings of the Board of Directors and the Executive Committee, have custody of the corporate seal and of all books and papers pertaining to the office, and generally shall have such authority, and shall perform all duties, ordinarily required of an officer in like position.

Section 7. Treasurer. The Treasurer shall receive and have custody of all funds, money, and income of the Corporation not otherwise specifically provided for by the Member and shall deposit the same in such depository or depositories as the Board shall designate. The Treasurer shall have such authority, and shall perform all duties, ordinarily required of an officer in like position, and such other authority and duties as may be assigned by the Member.

Section 8. Resignation. Any officer may resign at any time by giving written notice thereof to the Chair, the President and Chief Executive Officer or the Secretary of the Corporation. Any such resignation shall take effect on the date of receipt of such notice by one of the above-specified officers, or at such later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 9. Removal. Any officer of the Corporation may be removed, with or without cause, by the Member whenever in the judgment of the Member the best interests of the Corporation will be served thereby. Nothing contained herein shall be construed as prejudicing any officer's rights with respect to compensation under any employment agreement with the Corporation.

WPAHS-001070

ARTICLE VII

COMMITTEES OF THE BOARD OF DIRECTORS

Section 1. Committees Generally. The Directors, upon direction of the Member, shall establish the following committees, and, upon the approval of the Member, may establish such other committees (standing or special) as the Board of Directors shall determine to establish, with such authority and composition as the Board of Directors shall determine (subject only to the rights and powers of the Members as set forth in the PNCL, the Articles of Incorporation, and these Bylaws, and the limitations or delegation of the Board's authority pursuant to the PNCL):

A. Executive Committee

B. Finance Committee

C. Strategic Planning and Capital Development Committee

D. Research Committee

E. Scientific Advisory Committee

Section 2. Powers of the Executive Committee. From and after its establishment, the Executive Committee shall have and may exercise the powers of the Board of Directors in the management of the business affairs of the Corporation, except that the Executive Committee shall not have authority with respect to any of the following matters:

A. The submission to the Member of any action requiring approval of the Member;

B. Amending or repealing any resolution of the Board of Directors; or

C. Approving any matters which pursuant to the Bylaws or resolution of the Board of Directors is reserved to another established committee of the Board.

Section 3. Finance Committee. From and after its establishment, this Committee shall review and recommend to the Board of Directors the annual budget to be proposed to the Member, establish and review periodic budgetary reports and meet with the Corporation's independent auditors following receipt of the annual audit. This Committee shall also review and recommend the financial plan of the Corporation. This Committee shall meet at least quarterly to review the budget and financial performance of the Corporation and its affiliates, and to review and recommend approval or disapproval of any proposed unbudgeted expenditures by the Corporation where the cumulative amount of such unbudgeted expenditures is in excess of the amount fixed from time to time by the Member.

Section 4. Strategic Planning and Capital Development Committee. From and after its establishment, this Committee shall propose long range plans for the Corporation for the consideration of the Member, with the goal of constantly improving services, facilities and

WPAHS-001071

programs. These plans shall be periodically reviewed and revised by the Committee, and shall be subject to approval by the Member.

Section 5. Research Committee. From and after its establishment, this Committee shall be charged with responsibility for approving all research projects and internal or external funding therefore to be conducted at the Corporation's building or under the auspices of the Corporation.

Section 6. Scientific Advisory Committee. From and after its establishment, this Committee shall assist the organization in setting the scientific direction for the Corporation and shall periodically measure the progress of achievement of the goals of the Corporation and report such information to the Board.

Section 7. Appointment of Committees. The members of any standing or special Committee shall be appointed by the Board, and so long as the Member is the sole Member of the Corporation, such appointment shall be from among individuals nominated by the Nominating Committee of the Member. Each Committee shall include at least three Directors, including *ex officio* members. The Chair and the President and Chief Executive Officer shall be ex officio members of all committees with full voting privileges. Each other member of a committee shall serve for a term of one year and until his or her successor has been appointed, subject to his or her earlier death, resignation or removal.

Section 8. Meetings of Committees. All standing Committees shall function under the direction of the Board of Directors and shall meet as often as necessary to transact their business and shall make such reports as they may deem necessary or which may be specifically required of them. Minutes shall be kept of each meeting of each Committee and such minutes shall be disseminated to all members of the Board of Directors, and to the Member.

Section 9. Quorum; Act of Committee. A majority of the members of a Committee shall constitute a quorum for the transaction of business. Once a quorum has been established, subsequent withdrawal of committee members so as to reduce the number of members present to less than a quorum shall not affect the validity of any subsequent action taken at the meeting. Approval of any matter before any Committee by a majority of those present at a meeting of a Committee where a quorum is present shall constitute approval of the applicable matter by the applicable Committee.

Section 10. Resignation. Any Committee member may resign at any time by giving written notice thereof to the Chair, the President and Chief Executive Officer or the Secretary of the Corporation. Any such resignation shall take effect on the date of receipt of such notice by one of the above-specified officers, or at such later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 11. Removal. Any Committee member may be removed, with or without cause, by the Board or the Member whenever in the judgment of the Board or the Member the best interests of the Corporation will be served thereby, provided that if any Committee member is removed by the Member, at least 10 days advance notice of such removal shall be given by the Member to the Board of Directors.

WPAHS-001072

ARTICLE VIII

FISCAL YEAR AND ANNUAL REPORT

Section 1. Fiscal Year. The Fiscal Year of the Corporation shall be begin on the first day of July of each year and end on the last day of June of the succeeding year.

Section 2. Annual Report. As soon as may be convenient following the close of the Fiscal Year, the Board of Directors may cause to be published for general distribution an Annual Report containing such information regarding the work and affairs of the Corporation for the preceding Fiscal Year as in their discretion may be deemed advisable.

ARTICLE IX

SEAL

Section 1. Seal. The seal of the Corporation shall be in such form as may be approved by the Board of Directors.

ARTICLE X

LIABILITY OF DIRECTORS

Section 1. Standard of Care and Fiduciary Duty. Each Director shall stand in a fiduciary relation to this Corporation and shall perform his or her duties as a Director, including his or her duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner the Director reasonably believes to be in the best interests of this Corporation, and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. In performing his or her duties, each Director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

(a) one or more officers or employees of this Corporation whom the Director reasonably believes to be reliable and competent in the matters presented;

(b) counsel, public accountants or other persons as to matters which the Director reasonably believes to be within the professional or expert competence of such persons; and

(c) a committee of the Board of this Corporation upon which the Director does not serve, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence

A Director shall not be considered to be acting in good faith if the Director has knowledge concerning the matter in question that would cause his reliance to be unwarranted.

WPAHS-001073

Section 2. Limitation on Liability. Neither the Member nor any Director of the Corporation shall be personally liable for monetary damages for any action taken, or any failure to take any action, provided however, that this provision shall not eliminate or limit the liability of the Member or any Director to the extent that such elimination or limitation of liability is expressly prohibited by, Section 5713 of the PNCL, as in effect at the time of the alleged action or failure to take action by such Member or Director.

Section 3. Preservation of Rights. Any repeal or modification of this Article shall not adversely affect any right or protection existing at the time of such repeal or modification to which any Member, Director or former Member or Director may be entitled under this Article. The rights conferred by this Article shall continue as to any person who has ceased to be the Member or a Director of the Corporation and shall inure to the benefit of the successors, heirs, executors, and administrators of such person.

ARTICLE XI

INDEMNIFICATION

Section 1. Mandatory Indemnification of Directors and Officers. The Corporation shall indemnify, to the fullest extent now or hereafter permitted by law, each Director and officer (including each former Director or officer) of the Corporation who was or is or is threatened to be made a party to or a witness in any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that the Director or officer is or was an authorized representative of the Corporation, or is or was serving at the written request of the Corporation as a representative of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the Director or officer in connection with such action, suit or proceeding if such Director or officer acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful.

Section 2. Mandatory Advancement of Expenses to Directors and Officers. The Corporation shall pay expenses (including attorneys' fees) incurred by a Director or officer of the Corporation referred to in Section 1 of this Article XI in defending or appearing as a witness in any civil or criminal action, suit or proceeding described in Section 1 of this Article XI in advance of the final disposition of such action, suit or proceeding. The expenses incurred by such Director or officer shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding only upon receipt of an undertaking by or on behalf of such Director or officer to repay all amounts advanced if it shall ultimately be determined that the Director or officer is not entitled to be indemnified by the Corporation as provided in Section 4 of this Article XI.

Section 3. Permissive Indemnification and Advancement of Expenses. The Corporation may, as determined by the Board of Directors from time to time, indemnify, in full or in part, to the fullest extent now or hereafter permitted by law, any person who was or is or is threatened to be made a party to or a witness in, or is otherwise involved in, any threatened,

WPAHS-001074

pending or completed action or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was an authorized representative of the Corporation or is or was serving at the request of the Corporation as a representative of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise, both as to action in his official capacity and as to action in another capacity while holding such office or position, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in conjunction with such action, suit or proceeding if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The Corporation may, as determined by the Board of Directors from time to time, pay expenses incurred by any such person by reason of such person's participation in an action, suit or proceeding referred to in this Section 3 in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as provided in Section 4 of this Article XI.

Section 4. Scope of Indemnification. Indemnification under this Article shall not be made by the Corporation in any case where a court determines that the alleged act or failure to act giving rise to the claim for indemnification is expressly prohibited by Chapter 57, Subchapter D of the PNCL or any successor statute as in effect at the time of such alleged action or failure to take action.

Section 5. Miscellaneous. Each Director and officer of the Corporation shall be deemed to act in such capacity in reliance upon such rights of indemnification and advancement of expenses as are provided in this Article. The rights of indemnification and advancement of expenses provided by this Article shall not be deemed exclusive of any other rights to which any person seeking indemnification or advancement of expenses may be entitled under any agreement, vote of members (if any), disinterested Directors, statute or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office or position, and shall continue as to a person who has ceased to be an authorized representative of the Corporation and shall inure to the benefit of the heirs, executors and administrators of such person. Any repeal or modification of this Article by the members (if any) or the Board of Directors of the Corporation shall not adversely affect any right or protection existing at the time of such appeal or modification to which any person may be entitled under this Article.

Section 6. Definition of Authorized Representative. For the purposes of this Article, the term, "authorized representative" shall mean a director, officer (including a former director of officer), or employee of the Corporation or of any corporation controlled by the Corporation, or a trustee, custodian, administrator, committeeman or fiduciary of any employee benefit plan established and maintained by the Corporation or by any corporation controlled by the Corporation, or person serving another corporation, partnership, joint venture, trust or other enterprise in any of the foregoing capacities at the written request of the Corporation. The term "authorized representative" shall not include money managers or investment advisors (or any employees thereof) hired by the Corporation, and shall not include (i)agents of the Corporation

WPAHS-001075

unless indemnification thereof is expressly approved by the Board of Directors, or (ii) any scientist in his or her teaching or research capacity.

Section 7. Funding to Meet Indemnification Obligations. Subject to the approval of the Member, the Board of Directors shall have the power to borrow money on behalf of the Corporation, including the power to pledge the assets of the Corporation, from time to time to discharge the Corporation's obligations with respect to indemnification, the advancement and reimbursement of expenses, and the purchase and maintenance of insurance for the benefit of the Corporation and any person indemnified pursuant hereto. Upon the approval of the Member, the Corporation may, in lieu of or in addition to the purchase and maintenance of insurance, establish and maintain a fund of any nature or otherwise secure or insure in any manner its indemnification obligations, whether arising pursuant to this Article or otherwise.

ARTICLE XII

AMENDMENTS OF THESE BYLAWS AND/OR THE ARTICLES OF INCORPORATION OF THE CORPORATION

The power to amend, modify, alter or repeal these Bylaws or the Articles of Incorporation, is hereby exclusively vested in the Member of the Corporation subject, however, to Section 9 of Article III, and with respect to amendments of the following provisions in the bylaws and Articles of Incorporation of the Corporation, subject to prior notice to the Attorney General and the prior approval of the Orphans' Court: (i) provisions setting forth the purposes of the Corporation; (ii) provisions setting forth the powers reserved exclusively to the Member; (iii) provisions describing the manner in which the assets of the Corporation are to be distributed upon termination, dissolution or winding up of the Corporation; and (iv) provisions requiring notice to the Attorney General or approval of the Orphans' Court prior to the taking of certain action by the Corporation.

ARTICLE XIII

SUBVENTIONS

The Corporation shall be authorized by resolution of the Board of Directors or the Member to accept subventions from the Member or nonmembers on terms and conditions not inconsistent with PNCL § 5542, and to issue certificates therefor. The resolution of the Board of Directors or the Member may provide that the holders of subvention certificates shall be entitled to a fixed or contingent periodic payment out of the corporate assets equal to a percentage of the original amount or value of the subvention. The rights of holders of subvention certificates shall at all times be subordinate to the rights of creditors of the Corporation.

* * * *

WPAHS-001076

EXHIBIT A

Name	Term

September 18, 2008>

WPAHS-001077

Document Divider

JOINT VENTURE AGREEMENT

BETWEEN

THE WESTERN PENNSYLVANIA HOSPITAL

AND

5148 LIBERTY AVENUE ASSOCIATES

Dated _____, 1991

Thomas R. Solomich, Esquire
Rothman Gordon Foreman
& Groudine, P.C.
Third Floor, Grant Building
Pittsburgh, PA 15219
(412) 338-1100

JOINT VENTURE AGREEMENT
BETWEEN
THE WESTERN PENNSYLVANIA HOSPITAL
AND
5148 LIBERTY AVENUE ASSOCIATES

TABLE OF CONTENTS

ARTICLE I FORMATION AND NAME 1
Section 1.1. Formation 1
Section 1.2. Name 2

ARTICLE II GENERAL DEFINITIONS 2
Section 2.1. Definitions 2

ARTICLE III PURPOSES AND SCOPE OF JOINT VENTURE 4
Section 3.1. Property and Improvements 4
Section 3.2. Purposes 4
Section 3.3. Scope of Venturers' Authority 4

ARTICLE IV TERM 5
Section 4.1. Term 5

ARTICLE V PRINCIPAL OFFICE 5
Section 5.1. Principal Office 5

ARTICLE VI MANAGEMENT 5
Section 6.1. Management Committee 5
Section 6.2. The Manager and the Building Manager . . . 6
Section 6.3. Major Decisions 6
Section 6.4. Appointment of Manager and Building Manager 8
Section 6.5. Duties of Manager 9
Section 6.6. Appointment of Contractor 9
Section 6.7. Prior Authorization 9
Section 6.8. Rights Not Assignable 10
Section 6.9. Project Plan and Budgets 10
Section 6.10. Tax Controversies 11

ARTICLE VII CAPITAL CONTRIBUTIONS 11
Section 7.1. Percentage Interests 11
Section 7.2. Adjustments 11
Section 7.3. Capital Accounts Defined 11
Section 7.4. Transfer of Property and Improvements by West Penn; Lease of Parking Area . . . 12

WPAHS-001079

Table of Contents (cont.)

Section 7.5. Title Insurance 13
Section 7.6. Assignment of Contract Rights 13
Section 7.7. Contributions by Ross and West Penn . . . 13
Section 7.8. Additional Capital Contributions 13
Section 7.9. Contribution Loans 14
Section 7.10. Repayment through Distributions 14
Section 7.11. Remedies 15
Section 7.12. No Third Party Rights 16
Section 7.13. No Interest on Capital 16
Section 7.14. Withdrawals from Capital Accounts 16
Section 7.15. Capital Accounts 16
Section 7.16. Determination of and Adjustments to Book Value and Capital Accounts 17
Section 7.17. Debt Service Loan 18

Article VIII PROFITS, LOSSES AND DISTRIBUTIONS 19
Section 8.1. Positive Cash Flow 19
Section 8.2. Distribution of Positive Cash Flow 19
Section 8.3. Determination of Profit and Losses 19
Section 8.4. Allocation of Net Book Profits and Net Book Losses From Operations 21
Section 8.5. Allocations to Comply With Regulations . . 21
Section 8.6. Federal Income Tax Allocations 23
Section 8.7. Allocation of Profits and Losses and Tax Credits on the Transfer of a Joint Venture Interest 24
Section 8.8. Interest 24

ARTICLE IX BOOKS OF ACCOUNT, RECORDS AND REPORTS 24
Section 9.1. Books and Records 24
Section 9.2. Tax Information 24
Section 9.3. Annual Reports 25
Section 9.4. Accounting Principles 25

ARTICLE X FISCAL YEAR 25
Section 10.1. Fiscal Year 25

ARTICLE XI LIABILITY OF VENTURERS 25
Section 11.1. Liability of Venturers 25
Section 11.2. Management 25

ARTICLE XII TRANSFER OF INTERESTS BY VENTURERS; ADMISSION OF NEW VENTURERS 26
Section 12.1. Prohibited Transfers 26
Section 12.2. Permitted Transfers 26
Section 12.3. Substitution of Venturers 26
Section 12.4. Restrictions on Substitution of Interests in the Joint Venture 26

WPAHS-001080

Table of Contents (cont.)

Section 12.5. Admission of Substitute Venturer 26
Section 12.6. Compliance with UPA 27
Section 12.7. Compliance with Securities Act 27
Section 12.8. Transferee(s) 27
Section 12.9. Tax Elections 27
Section 12.10. Indemnity 28
Section 12.11. Admission of Additional Venturers 28

ARTICLE XIII EVENTS OF DEFAULT 28
Section 13.1. Definitions and Cure Periods 28
Section 13.2. Purchase of Defaulter's Interest 30
Section 13.3. Closing 30
Section 13.4. Election to Dissolve 31

ARTICLE XIV DISSOLUTION OF THE JOINT VENTURE 31
Section 14.1. Events of Dissolution 31

ARTICLE XV ADDITIONAL PROVISIONS CONCERNING DISSOLUTION OF THE JOINT VENTURE 31
Section 15.1. Winding Up Affairs; Liquidation 31
Section 15.2. Time for Liquidation 32
Section 15.3. Required Reports 32
Section 15.4. Termination 32
Section 15.5. Distribution of Proceeds From Sale and Liquidation of Joint Venture Property 32
Section 15.6. Capital Account Adjustments 33
Section 15.7. Compliance With Treasury Regulations . . 33

ARTICLE XVI APPRAISAL 34
Section 16.1. General 34
Section 16.2. Appraisal Procedure 34

ARTICLE XVII NOTICES 35
Section 17.1. Notices 35

ARTICLE XVIII AMENDMENT OF JOINT VENTURE AGREEMENT 36
Section 18.1. Amendment of Agreement 36

ARTICLE XIX FINANCING 36
Section 19.1. Financing 36

ARTICLE XX MISCELLANEOUS 36
Section 20.1. Certificates, etc 36
Section 20.2. Venturers' Relationship Inter Se 36
Section 20.3. Partition Waived 36
Section 20.4. Entire Agreement 37

WPAHS-001081

Table of Contents (cont.)

Section 20.5.	Governing Law	37
Section 20.6.	Binding Effect	37
Section 20.7.	Gender and Number	37
Section 20.8.	Captions	37
Section 20.9.	Severance	37
Section 20.10.	No Third Parties Benefitted	37
Section 20.11.	Counterparts	37

Exhibits

A. The Property
B. General Description of the Project
C. Form of Lease, With Work Letter
D. Form of Building Management Agreement
E. Form of Construction Contract
F. Title Exceptions
G. Contract Rights
H. Obligations Assumed

Prepared by

Rothman Gordon Foreman & Groudine, P.C.
Third Floor, Grant Building
Pittsburgh, Pennsylvania 15219

(412) 338-1100

WPAHS-001082

JOINT VENTURE AGREEMENT

THIS JOINT VENTURE AGREEMENT (this "Agreement") is made and entered into this _____ day of _____, 1991, by and between THE WESTERN PENNSYLVANIA HOSPITAL, a Pennsylvania non-profit corporation with its principal place of business located at 4800 Friendship Avenue, Pittsburgh, Pennsylvania 15224, (hereinafter "West Penn") and 5148 LIBERTY AVENUE ASSOCIATES, a Pennsylvania general partnership consisting of KENNETH ROSS, ANTHONY J. ROSS, JAMES L. ROSS and JOANNE ROSS SIMON, with its principal place of business located at 12th Floor, One Oxford Centre, Pittsburgh, Pennsylvania 15219 (hereinafter "Ross").

WITNESSETH:

WHEREAS, West Penn owns fee simple title to certain real property situate in the 8th Ward of the City of Pittsburgh, Allegheny County, Pennsylvania, as more particularly described in Exhibit "A" attached hereto and made a part hereof together with all buildings and improvements located thereon (hereinafter referred to as the "Property"); and

WHEREAS, the parties hereto desire to enter into a joint venture in order to acquire, hold, develop and operate on the Property an office project ("Project") consisting of those improvements described generally on Exhibit "B" attached hereto and made a part hereof.

NOW, THEREFORE, with the foregoing recitals being incorporated herein by reference, as though fully set forth at length, in consideration of the premises and the mutual agreements hereinafter set forth, and for other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

ARTICLE I

FORMATION AND NAME

Section 1.1. Formation. The parties hereto (jointly the "Venturers" and individually a "Venturer") hereby enter into and form a joint venture (the "Joint Venture" or the "Venture") for the limited purposes and scope set forth in this Agreement. The Joint Venture shall be governed by the Uniform Partnership Act.

Section 1.2. Name. The name of the Joint Venture shall be "West Penn/5148 Liberty Avenue Associates". The business of the Joint Venture may be conducted under the name "West Penn Medical Annex" and such other registered fictitious names as the Venturers shall determine are appropriate.

ARTICLE II

GENERAL DEFINITIONS

Section 2.1. Definitions. As used in this Agreement, the following terms shall have the following meanings;

(a) Act shall mean the Federal Securities Act of 1933, as amended.

(b) Agreement shall mean this Joint Venture Agreement.

(c) Book Value shall mean, with respect to any Joint Venture asset, the asset's book value as carried on the books and records of the Joint Venture, determined in compliance with the provisions of Treasury Regulation Section 1.704-1(b)(2)(iv), and more particularly described in Section 7.4 hereof.

(d) Capital Account shall mean the capital account established for each Venturer and maintained pursuant to the terms of this Agreement in accordance with the provisions of Treasury Regulation Section 1.704-1(b)(2)(iv).

(e) Code shall mean the Internal Revenue Code of 1986, as amended.

(f) Depreciation shall mean, for each fiscal year or other period, the depreciation , amortization or other cost recovery expense determined pursuant to Section 8.3 (a) hereof.

(g) Gross Fair Market Value shall mean the agreed fair market value of an asset determined without taking into account any liabilities which are secured by such asset or which are otherwise associated with such asset.

(h) Minimum Gain shall mean the aggregate amount of gain (of whatever character), computed with respect to each property of the Joint Venture that secures a Third Party Nonrecourse Liability of the Joint Venture, that would be recognized by the Joint Venture if, in a taxable transaction, the Joint Venture were to dispose of such property in full satisfaction of such Third Party Nonrecourse Liability. The amount of Minimum Gain and the amount of any Venturer's share of Minimum Gain shall be determined in accordance with the provisions of Treasury Regulation Section 1.704-1T(b)(4)(iv).

WPAHS-001084

(i) Net Book Losses and Net Book Profits shall have the meanings ascribed to such terms in Section 8.3 hereof.

(j) Net Fair Market Value shall mean, in connection with the contribution of an asset to the Joint Venture by a Venturer and/or in connection with the distribution of an asset by the Joint Venture to a Venturer, the Gross Fair Market Value of such asset reduced by any liabilities (i) assumed by such Venturer or the Joint Venture or (ii) subject to which such Venturer or the Joint Venture takes such asset.

(k) Nonrecourse Deduction shall mean an allocation of loss and/or expense (or item thereof) attributable to Third Party Nonrecourse Liabilities, determined in accordance with the provisions of Treasury Regulation Section 1.704-1T(b)(4)(iv)(b).

(l) Venturer Nonrecourse Deduction shall mean an allocation of loss and/or expense (or item thereof) attributable to Venturer Nonrecourse Liabilities, determined in accordance with the provisions of Treasury Regulation Section 1.704-1T(b)(4)(iv)(h)(3).

(m) Venturer Nonrecourse Liabilities shall mean liabilities of the Joint Venture which are nonrecourse debt (as defined in Treasury Regulation Section 1.704-1T(b)(4)(iv)(k)(2)) but with respect to which one (1) or more Venturer (or the affiliate of any Venturer) bears the economic risk of loss (as defined in Treasury Regulation Section 1.752-1T(d)(2)).

(n) Venturer Nonrecourse Liability Minimum Gain shall mean the aggregate amount of gain (of whatever character), computed with respect to each property of the Joint Venture which secures a Venturer Nonrecourse Liability of the Joint Venture, that would be recognized by the Joint Venture if, in a taxable transaction, the Joint Venture were to dispose of such property in full satisfaction of such Venturer Nonrecourse Liability. The amount of Venturer Nonrecourse Liability Minimum Gain and the amount of any Venturer's share of Venturer Nonrecourse Liability Minimum Gain shall be determined in accordance with the provisions of Treasury Regulation Section 1.704.1T(b)(4)(iv)(h).

(o) Venturers shall mean West Penn and Ross.

(p) Joint Venture shall mean the joint venture created under this Agreement and known as West Penn/5148 Liberty Avenue Associates.

(q) Person shall mean an individual person or persons, corporation, partnership, trust, joint venture, proprietorship, estate, or other incorporated or unincorporated enterprise, entity or organization of any kind whatsoever.

WPAHS-001085

(r) Positive Cash Flow shall have the meaning ascribed to it in Section 8.1 below.

(s) Tax Matters Partner shall mean the Venturer designated in this Agreement as the Tax Matters Partner as defined in Code Section 6231(a)(7).

(t) Third Party Nonrecourse Liabilities shall mean liabilities of the Joint Venture which are nonrecourse debt (as defined in Treasury Regulation Section 1.704-1T(b)(4)(iv)(k)(2)) and which are not Venturer Nonrecourse Liabilities.

(u) Total Minimum Gain shall mean the aggregate of the Minimum Gain and the Venturer Nonrecourse Liability Minimum Gain.

(v) Treasury Regulations shall mean any regulations promulgated under the Internal Revenue Code of 1986, as amended.

(w) Uniform Partnership Act shall mean the Pennsylvania Uniform Partnership Act, as amended (the "UPA").

ARTICLE III

PURPOSES AND SCOPE OF JOINT VENTURE

Section 3.1. Property and Improvements. Contemporaneously with or immediately following the execution of this Agreement, West Penn shall transfer or cause to be transferred to the Joint Venture, the Property, together with all buildings and other improvements located thereon (such buildings and improvements, together with any other buildings and improvements from time to time constructed or to be constructed on the Property, shall be hereinafter collectively called the "Improvements"), together with all rights, appurtenances, easements, rights-of-way and other interests appertaining to the Property and the Improvements.

Section 3.2. Purposes. The sole and only purposes of the Joint Venture are: (a) to acquire, own, develop, construct, lease, operate and manage the Property and Improvements in accordance with this Agreement, or for any other business purpose "Approved by the Management Committee" (as hereinafter defined); (b) to lease, sell or otherwise transfer or dispose of the Property, the Improvements or any part thereof or interest therein, when and to the extent expressly permitted by this Agreement; and (c) to engage in such other activities as are reasonably incidental to the foregoing with respect to the Property and the Improvements.

Section 3.3. Scope of Venturers' Authority. Except as otherwise expressly and specifically provided in this Agreement, neither Venturer shall have any authority to bind or act for, or assume any obligations or responsibility on behalf of, the other Venturer or the Joint Venture. Neither the Joint Venture nor

WPAHS-001086

either Venturer shall be responsible or liable for any indebtedness or obligation of the other Venturer or otherwise relating to the Project incurred or arising either before or after the execution of this Agreement, except as to those joint responsibilities, liabilities, indebtedness, or obligations incurred after the date hereof pursuant to and as limited by the terms of this Agreement. This Agreement shall not be deemed to create a general partnership between the Venturers with respect to any activities whatsoever other than activities within the scope and business purposes of the Joint Venture specified in Subsection 3.2.

ARTICLE IV

TERM

Section 4.1. Term. The term of the Joint Venture shall commence on the date hereof and shall terminate upon the mutual agreement of the Venturers, unless sooner terminated as hereinafter provided.

ARTICLE V

PRINCIPAL OFFICE

Section 5.1. Principal Office. The principal office of the Joint Venture shall be at 12th Floor, One Oxford Centre, Pittsburgh, Pennsylvania 15219. The Venturers may change or relocate the principal office of the Joint Venture and establish other or additional places of business of the Joint Venture.

ARTICLE VI

MANAGEMENT

Section 6.1. Management Committee. The overall management and control of the business and affairs of the Joint Venture shall be vested in a management committee ("Management Committee"). Except where herein expressly provided to the contrary, all decisions with respect to the management and control of the Joint Venture that are "Approved by the Management Committee" shall be binding on the Joint Venture and each of the Venturers. The Management Committee of the Joint Venture shall be composed of one (1) representative for each Venturer. Each Venturer shall designate in writing from time to time its respective representative on the Management Committee and an alternate. Each such representative shall be fully authorized to provide any consent or approval which may be required hereunder of the Management Committee. When the phrases "Approved by the Management Committee" or "Approval of the Management Committee" are used in this Agreement, such phrases shall mean approval in writing by the Venturers acting through their representatives on the

WPAHS-001087

Management Committee who shall have been designated pursuant to this Subsection 6.1. In the event of any need for approval or other action by the Management Committee, the representatives of the Venturers shall use their best efforts to respond within ten (10) days of the date such representative is notified of the need for such approval or other action; provided, however, failure of such representative to respond within thirty (30) days of notice of such need which is delivered as set forth in Section 17.1 shall be deemed approval; provided, however, that if the notice states that the need for approval or other action by the Management Committee is of an emergency nature, the representatives of the Venturers shall use their best efforts to respond within one (1) day of the date such representative is notified of the need for such approval or other action; provided, however, failure of such representative to respond within five (5) days of notice of such need which is delivered as set forth in Section 17.1 shall be deemed approval.

Section 6.2. The Manager and the Building Manager. The Joint Venture shall have a manager (the "Manager"), who shall be designated pursuant to Section 6.4 hereof. The Manager shall be responsible for the implementation of the decisions of the Management Committee and for conducting the ordinary and usual business and affairs of the Joint Venture as more fully set forth in Section 6.5 hereof. The acts of the Manager shall bind the Venturers and the Joint Venture when within the scope of the Manager's authority. The Manager shall at all times be subject to the direction of the Management Committee, subject to the terms of this Agreement, and the Management Committee shall require that the Manager shall keep the Management Committee informed as to all matters of concern to the Joint Venture.

The Joint Venture shall also have a building manager (the "Building Manger") who shall execute the Building Management Agreement designated in Section 6.4 hereof.

Section 6.3. Major Decisions. No act shall be taken, sum expended, decision made or obligation incurred by the Joint Venture, the Management Committee, the Manager, the Building Manager, the Construction Manager (as hereinafter defined), or either Venturer with respect to a matter within the scope of any of the major decisions enumerated below (the "Major Decisions"), unless and until the same has been Approved by the Management Committee or expressly delegated by the Management Committee in writing. The Major Decisions shall include:

(a) Acquisitions of any land or other real property or interest therein;

(b) Financing or refinancing of the Joint Venture or any assets of the Joint Venture, including, without limitation, the financing of the acquisition of the Project, the construction of

WPAHS-001088

the Project, interim and long-term financing or refinancing of the Project, and financing operations of the Joint Venture;

(c) Sale or other transfer of, or mortgaging or the placing or suffering of any other encumbrance on or affecting the Project or any part or parts thereof;

(d) Approval of the form or forms of leases and adoption of the general terms, conditions and standards (the "lease guidelines") for the leasing of space within any of the Project, pursuant to which the Building Manager shall be authorized to negotiate and execute, on behalf of the Joint Venture, leases of such space, except as specifically delegated to the Building Manager in the Building Management Agreement. The parties acknowledge that the initial lease guidelines are set forth in the Building Management Agreement which includes, inter alia, the requirement that the rental rate for the Project for the first Lease Year of any initial lease shall be less than or equal to $17.00 per square foot and the rental rate in subsequent lease years shall be less than or equal to the average rental rate per square foot in the Mellon Pavilion owned by West Penn. (The form of the approved lease with tenant's work letter attached is attached hereto as Exhibit "C");

(e) Execution of any lease or other arrangement involving the rental, use or occupancy of the Project or any part thereof, if such lease or other arrangement provides for terms, conditions or standards substantially less favorable to the Venture than those contained in the lease guidelines or otherwise materially varies from the approved lease guidelines, or from the lease forms attached hereto as Exhibit C.

(f) Termination or modification of any lease or other arrangement involving the rental, use or occupancy of the Project or any part thereof, if such lease or other arrangement was required to be Approved by the Management Committee pursuant hereto or if such modification would result in a modified lease or other arrangement which, if it were a new lease, would be required to be Approved by the Management Committee pursuant hereto;

(g) The making of any capital improvements in, to or of the Project or any part thereof, except for such matters as may be expressly delegated to the Manager by the Management Committee;

(h) Selecting or varying depreciation and accounting methods and making other decisions with respect to treatment of various transactions for state or federal income tax purposes or other financial purposes not otherwise specifically provided for herein, provided that such methods and decisions shall be consistent with the other provisions of this Agreement;

WPAHS-001089

(i) Varying or changing any portion of the insurance program Approved by the Management Committee;

(j) Approving the Project Plan and all Budgets pursuant to Section 6.9 hereof;

(k) Making any expenditure or incurring any obligation by or on behalf of the Joint Venture involving a sum in excess of $5,000.00, except for (i) expenditures made and obligations incurred in an amount in each instance of $10,000.00 or less pursuant to and specifically set forth in a Budget theretofore Approved by the Management Committee, (ii) expenditures relating to the initial construction of the Project, and (iii) ongoing expenditures of the Project (such as real estate taxes, utility bills, etc. even if in excess of $10,000.00, if set forth in Budget Approved by the Management Committee);

(l) Making any expenditure or incurring any obligation which when added to any other expenditure for the fiscal year of the Joint Venture materially exceeds the Budget or any line item specified in the Budget;

(m) Selection or termination or removal of the Manager or the Building Manager other than pursuant to the terms of the Building Management Agreement;

(n) Retention of counsel for the Joint Venture or institution of any legal action, except for such action as the Management Committee may in writing expressly authorize the Manager to institute and except for counsel needed for drafting of tenant leases and enforcing tenant leases as determined by the Building Manager;

(o) Any other decision or action which by any provision of this Agreement is required to be Approved by the Management Committee or which materially affects the Joint Venture or the assets or operations thereof.

Section 6.4. Appointment of Manager and Building Manager. Anthony J. Ross is hereby appointed as the initial Manager of the Joint Venture and is subject to the review of the Management Committee. Ross Development Company is hereby appointed as the initial Building Manager of the Joint Venture. The duties, obligations and compensation of the Building Manager shall be as set forth in a Building Management Agreement to be entered into between the Joint Venture and the Building Manager in the form attached hereto as Exhibit "D" (the "Building Management Agreement"). The Building Manager shall be compensated as set forth in the Building Management Agreement. During any period of time in which there shall not be a Manager or a Building Manager actively serving in such capacity, the Management Committee shall

WPAHS-001090

carry out all responsibilities of the Manager hereunder and/or the Building Manager under the Building Management Agreement.

The decisions which shall be within the scope of the Manager's authority shall include, but not be limited to, the following:

(a) Construction of the initial improvements, so long as they materially conform to the Project Plan, described in Section 6.9 hereof; and

(b) Final approval of all construction and architectural contracts and all architectural plans, specifications and drawings prior to the construction.

Section 6.5. Duties of Manager. The Manager, at the expense of and on behalf of the Joint Venture, shall implement or cause to be implemented all decisions Approved by the Management Committee and delegated to the Manager in writing by the Management Committee, and all decisions specifically set forth herein and shall conduct or cause to be conducted the ordinary and usual business and affairs of the Joint Venture in accordance with and as limited by this Agreement.

Section 6.6. Appointment of Contractor. Ross Development Company is hereby designated as the contractor (the "Contractor") in connection with the construction of the Project who shall perform the construction services set forth in the Construction Contract to be entered into between the Joint Venture and Contractor in the general form attached hereto as Exhibit "E" (the "Construction Contract"). The compensation to the Contractor shall be based on actual costs incurred by Contractor for the Project including administrative expenses, but shall not include any profit.

Contractor shall not enter into any contracts for labor, materials, furniture, fixtures or equipment with an affiliate (as hereinafter defined) of Contractor without the prior written approval of the Management Committee. An "affiliate" of Contractor means a person, corporation, partnership or other entity that directly or indirectly controls, is controlled by, or is under common control with Contractor or the partners of Ross.

Ross guaranties to the Joint Venture that Ross shall complete the Project with the proceeds of the financing described in Section 19.1 of this Agreement. In the event the proceeds of the financing are insufficient to complete the construction of the Project in accordance with the Construction Contract, Ross shall pay all sums necessary to complete the construction of the Project. Ross shall not be reimbursed by the Joint Venture for any sums so paid by Ross.

WPAHS-001091

Section 6.7. Prior Authorization. Any provision hereof to the contrary notwithstanding, except for expenditures made and obligations incurred that were previously Approved by the Management Committee or are incurred directly pursuant to a Budget Approved by the Management Committee (subject to Section 6.3(k)), or are otherwise not required to be Approved by the Management Committee but are in the scope of the Manager's duties pursuant to this Agreement, the Manager shall not have any authority to make any expenditure or incur any obligation on behalf of the Joint Venture. The Manager shall not expend more than what the Manager in good faith believes to be the fair and reasonable market value at the time and place of contracting for any goods purchased or services engaged on behalf of the Joint Venture.

Section 6.8. Rights Not Assignable. The rights and obligations of the Manager, the Building Manager and Contractor under this Agreement and under the Building Management Agreement and Construction Contract, respectively, shall not be assignable voluntarily or by operation of law by the Manager, the Building Manager or the Contractor.

Section 6.9. Project Plan and Budgets.

(a) Within fourteen (14) days following the date of this Agreement, the Manager shall prepare a Project Plan and submit it to the Management Committee for approval. The Project Plan shall be the overall plan for development, construction, completion, financing, leasing and operation of the Project, including, but not limited to, the following:

(i) A site plan, together with a description of the Improvements and intended uses of the Project as well as a statement of the conditions and restrictions applicable thereto.

(ii) Plans and specifications for construction of the Improvements.

(iii) A plan for responding to all conditions required by the City of Pittsburgh or other governmental authorities to construct and operate the Project, including, but not limited to, all permits and approvals.

(iv) All cost estimates for development and operating expenses, including a construction budget and pro forma income projections.

(v) A comprehensive insurance program for the Venture and the Project.

(vi) The terms of the architectural services contract for the Project.

WPAHS-001092

(vii) Feasibility studies, including projected leasing studies and recommendations as to a leasing plan, and such other reports, studies, investigations, and recommendations as are requested by the Management Committee, or are, in the judgment of the Manager, necessary or advisable in order to provide the Venturers with adequate and timely information with respect to development of the Project.

(viii) The terms of the Construction Contract.

(b) Not less often than one (1) time each fiscal year, the Manager shall prepare and submit to the Management Committee for its consideration a budget ("Budget") setting forth the estimated receipts and expenditures (capital, operating, and other) of the Joint Venture for the period covered by the Budget. When Approved by the Management Committee, the Manager shall implement the Budget and shall be authorized, subject to the provisions of Section 6.3, to make the expenditures and incur the obligations provided for in the Budget. When requested by the Manager, the Management Committee shall review and adjust the Budget.

Section 6.10. Tax Controversies. Ross shall be the "Tax Matters Partner" for the purposes of Code Section 6231(a)(7). Should there be any question or controversy with the Internal Revenue Service or other taxing authority involving the Joint Venture, Ross shall act as the agent of the Joint Venture to resolve such question or controversy and may, on behalf of the Joint Venture, incur any expenses it deems necessary or advisable in the interest of the Venturers in connection with any such question or controversy, including professional fees and the cost of any protest, litigation and/or appeals.

ARTICLE VII

CAPITAL CONTRIBUTIONS

Section 7.1. Percentage Interests. The Venturers shall have the following undivided percentage interests in the Joint Venture (individually a "Percentage Interest" and jointly "Percentage Interests").

West Penn	50%
Ross	50%
	100%

Section 7.2. Adjustments. Unless otherwise agreed by both Venturers, no adjustment to the Percentage Interest of either Venturer shall be made except as specifically provided in this Agreement.

WPAHS-001093

Section 7.3. Capital Accounts Defined. As used herein, the term Capital Account" shall mean and refer to the capital account of each Venturer in the Joint Venture reflecting the value of each contribution of such Venturer to the capital of the Joint Venture as of the date of such contribution. A Capital Account, as defined herein, shall be maintained for each Venturer and shall be subject to adjustment as specifically provided in this Agreement.

Section 7.4. Transfer of Property and Improvements by West Penn; Lease of Parking Area. Contemporaneously with or immediately following the execution of this Agreement, West Penn shall convey or cause to be conveyed to the Joint Venture fee simple title in and to the Property and the Improvements subject only to the liens, encumbrances and other matters affecting title set forth in Exhibit "F" attached hereto. West Penn shall convey the Property to the Joint Venture for the sum of $715,000.00, which shall not be paid at the time of conveyance, but shall be paid by the Joint Venture on the earlier to occur of (a) the substantial completion of the work to be performed under the Construction Contract, or (b) one hundred fifty (150) days after the earlier to occur of (i) the date of issuance of a commitment from a financial institution for the financing of the Project, or (ii) the start of construction of the Project. In order to secure payment of said sum of $715,000.00, at the time of conveyance by West Penn, the Joint Venture shall execute a deed conveying the Property and Improvements to West Penn. This deed shall be delivered to Lawyers Title Insurance Corporation ("Title Insurer") to be held in escrow pending payment in full to West Penn of said sum of $715,000.00. The Joint Venture shall deliver said sum of $715,000.00 in readily available funds to Title Insurer on behalf of West Penn and Title Insurer shall simultaneously redeliver the deed being held in escrow to the Joint Venture. In the event said sum of $715,000.00 is not so paid to Title Insurer timely in accordance with this Section 7.4, then upon written notice to Title Insurer by West Penn certified under oath to be true and correct, that said payment of $715,000.00 has not been so timely paid, Title Insurer shall deliver said deed to West Penn.

West Penn shall also lease to the Joint Venture seventy (70) parking spaces for the sum of $25.00 per parking space per month in property owned by West Penn located at Liberty Avenue and Aspen Street designated by the Deed Registry Office of Allegheny County, Pennsylvania as Block 51-F, Lot 99, plus any additional parking spaces needed in order for the Project to receive all necessary zoning appeals. West Penn shall continue to so lease the parking spaces to the Joint Venture as long as the Joint Venture is in existence, unless otherwise agreed upon by West Penn and the Joint Venture.

West Penn shall have the right to relocate the parking area to other property it now owns or may hereafter acquire which is comparably located to the Property and which will permit the

WPAHS-001094

Project to continue to be in compliance with all zoning requirements. It is contemplated that if West Penn does relocate the parking area it will initially be on the western side of Liberty Avenue between South Winebiddle Street and Gross Street.

The Joint Venture will install a token and/or card system for control of the use of its parking spaces. Any income received by the Joint Venture from the parking spaces shall be retained by the Joint Venture.

Section 7.5. Title Insurance. At the time of such conveyance of the Property and Improvements, the Joint Venture shall obtain an ALTA extended coverage Owner's title insurance policy insuring fee simple ownership of the Joint Venture in and to the Property and the Improvements, subject only to the liens, encumbrances and other matters affecting title set forth in Exhibit "F". Such title insurance shall be in an amount sufficient at all times to insure the Joint Venture's full insurable interest in the Property and the Improvements, as determined and Approved by the Management Committee. The cost of all such title insurance, any escrow fees and recording fees incurred in connection with the aforesaid conveyance shall be paid by the Joint Venture. The cost of any documentary transfer taxes shall be paid by the Joint Venture.

Section 7.6. Assignment of Contract Rights.

(a) West Penn hereby assigns to the Joint Venture: all contract rights, leases, and other rights or agreements of any nature affecting the Property and the Improvements, as more fully described in Exhibit "G", and any and all rents, profits and income therefrom; all permits and approvals in effect for the Property, the Improvements and the Project as of the date of contribution of the Property; all demolition and construction contracts relating to the Project and all plans, specifications, drawings and design materials for the Improvements and the Project.

(b) The Venture hereby assumes all those obligations of West Penn incurred prior to the date of this Agreement related to the Project, the Property or the Improvements which are specifically described in Exhibit "H" attached hereto.

Section 7.7. Contributions by Ross and West Penn. Ross and West Penn shall each contribute One Thousand ($1,000.00) Dollars to the Joint Venture as their respective initial capital contribution.

Section 7.8. Additional Capital Contributions. To the extent the Joint Venture requires funds in addition to the capital contributions provided for above in Section 7.7 (except for debt service), the Venturers agree to make additional capital contributions (but not for construction financing shortfalls either

WPAHS-001095

during or after completion of construction) from time to time in accordance with the provisions herein and in the same percentages as their Percentage Interests set forth in Subsection 7.1 above (as the same may be adjusted from time to time as specifically provided in this Agreement) and in such amounts as are sufficient to enable the Joint Venture to carry out the purposes of this Agreement.

If additional capital contributions are required to be made pursuant to this Section 7.8, the Manager shall give notice to each Venturer in the manner provided in Section 17.1. Such notice shall specify in reasonable detail the amount and purpose of any such additional capital contributions. Each Venturer shall, within ten (10) days of the receipt of such notice from the Manager, deposit the additional capital contribution required by such notice with the Manager.

Section 7.9. Contribution Loans.

(a) In the event either Venturer ("Non-Contributing Venturer") fails to make any additional capital contribution within the time specified, the Manager shall give prompt notice of such failure to the other Venturer (the "Contributing Venturer") who shall have the right, but not the obligation, to advance directly to the Joint Venture the funds required from the Non-Contributing Venturer as a loan to such Venturer ("Contribution Loan").

(b) In the event the Contributing Venturer does not elect to advance the full amount of the additional funds required from the Non-Contributing Venturer, then the Contributing Venturer shall be entitled to withdraw its additional capital contribution and treat the failure of the Non-Contributing Venturer to make the additional capital contribution as an Event of Default.

Section 7.10. Repayment through Distributions. In the event the Contributing Venturer elects to make a Contribution Loan, then the Contribution Loan shall bear interest at a rate equal to the prime rate in effect from time to time of Mellon Bank, NA, plus two (2) percentage points, shall be repaid by the Non-Contributing Venturer solely out of any subsequent distributions made pursuant to this Agreement to which the Non-Contributing Venturer for whose account the Contribution Loan was made would otherwise be entitled, which amounts shall be applied first to interest and then to principal, until the Contribution Loan is paid in full. Repayment of either Venturer's Contribution Loan shall be secured by the Non-Contributing Venturer's Joint Venture interest, and the Non-Contributing Venturer hereby grants a security interest in such Joint Venture interest to the Contributing Venturer who has advanced such Contribution Loan and hereby irrevocably appoints the Contributing Venturer, and any of its agents, officers or employees, as his or its attorneys-in-fact with full power to prepare and execute any documents, instruments and agreements, including but not limited to any note evidencing the Contribution

WPAHS-001096

Loan, and such Uniform Commercial Code financing, continuation statements, and other security instruments as may be appropriate to perfect and continue such security interest in favor of such Contributing Venturer.

Section 7.11. Remedies. In the event any Contribution Loan has not been repaid in full within ninety (90) days of the date the Contribution Loan is made, then at any time thereafter the Venturer making such Contribution Loan may elect to proceed under subparagraph (a) or (b) below.

(a) Upon thirty (30) days' prior written notice to the other Venturer, such Venturer may elect to treat the outstanding principal balance of the Contribution Loan as a contribution to capital, and the Percentage Interest of each Venturer shall thereupon be recalculated as of the effective date of the notice of such election (the "Computation Date"), and shall be equal to a fraction, of which the numerator shall be (A) the aggregate amount of all capital contributions of such Venturer pursuant to Section 7.7, plus (B) any additional capital contributions made to the Joint Venture by such Venturer (other than by way of a Contribution Loan made by such Venturer and not previously converted to capital) pursuant to Section 7.8 as of the Computation Date, but excluding any sums advanced for the account of such Venturer as a Contribution Loan by the other Venturer, plus (C) the amount of such Venturer's share of the Contribution Loan to be converted by such Venturer to capital, plus (D) the Venturer's Percentage Interest in the value of the Joint Venture determined in accordance with Article XVI of this Agreement; and the denominator shall be (E) the total aggregate amount contributed by each Venturer pursuant to Section 7.7; plus (F) the aggregate amount of all additional capital contributions made by each of the Venturers as of the Computation Date, including the Contribution Loan which is being converted to capital, but excluding the principal balance of all Contribution Loans which remain outstanding immediately after such recalculation, plus (G) the value of the Joint Venture, as determined in accordance with Article XVI of this Agreement. Accrued interest on any Contribution Loan which is converted to capital as provided above shall not be converted to capital and shall be payable as provided in Section 7.10 above; provided, however, that if such accrued interest is not paid in full upon demand, the Venturer making such demand may at any time thereafter exercise its rights under subparagraph (b) below with respect to the then outstanding amount of such accrued interest. Notwithstanding the foregoing, neither Venturer shall be entitled to elect to convert any Contribution Loan to capital as provided herein prior to the date of final completion of the Improvements unless the other Venturer shall have consented thereto.

(b) Such Venturer may elect to make written demand upon the Non-Contributing Venturer for payment in full of such Contributing Venturer's Contribution Loan, including accrued

WPAHS-001097

interest attributable to such Contributing Venturer's Contribution Loan, and upon failure of the Non-Contributing Venturer to pay the Contributing Loan and interest in full within ten (10) days of such demand, to treat such failure to pay as an Event of Default as provided in Section 13.1 hereof.

(c) Until a Venturer has elected to proceed under subparagraph (a) or (b) above, such Venturer's Contribution Loan shall remain in place and shall bear interest and be repaid as provided in Section 7.10 above. The rights of a Venturer under subparagraph (a) or (b) above shall be mutually exclusive and a Venturer electing to proceed under subparagraph (a) or (b) shall waive its rights to proceed under the subparagraph not so elected as to that particular Contribution Loan (except as otherwise provided in subparagraph (a) with respect to the payment of accrued interest on any Contribution Loan which is converted to capital).

Section 7.12. No Third Party Rights. The right of the Joint Venture or the Venturers to require any additional contributions under the terms of this Agreement shall not be construed as conferring any rights or benefits to or upon any party not a party to this Agreement, including, but not limited to, any tenant of any part of the Project, or the holder of any obligations secured by a mortgage, deed of trust, security interest of other lien or encumbrance upon or affecting the Joint Venture or any interest of a Venturer therein or the Property or Improvements or the Project, the Additional Properties, or any part thereof or interest therein.

Section 7.13. No Interest on Capital. Interest earned on Joint Venture funds shall inure solely to the benefit of the Joint Venture, and except as specifically provided in Section 7.10 with respect to the payment of interest on a Contribution Loan, no interest shall be paid upon any contributions or advances to the capital of the Joint Venture nor upon any undistributed or reinvested income or profits of the Joint Venture.

Section 7.14. Withdrawals from Capital Accounts. No Venturer shall be entitled to receive interest on or to withdraw any amount from such Venturer's Capital Account other than as expressly provided herein.

Section 7.15. Capital Accounts. A Capital Account shall be established and maintained for each Venturer in compliance with the provisions of Treasury Regulations Section 1.704-1(b)(2) (iv). In general, such Capital Accounts shall be maintained as follows:

(a) General Rules. Each Venturer's Capital Account shall be (i) credited with the amount of money and the Net Fair Market Value of property or services contributed by such Venturer to the Joint Venture, (ii) credited or debited as the case may be, with such Venturer's allocation of income, gain, loss and expense under Article VIII hereof and (iii) debited with the amount of cash

WPAHS-001098

and the Net Fair Market Value of property distributed to such Venturer under Article VIII and/or Article XV hereof.

(b) Special Rules. If any Venturer's interest in the Joint Venture is sold or liquidated, the following special rules shall apply when determining the Capital Account balances of any new or remaining Venturers:

(i) If such sale or exchange (together with such other sales or exchanges of interests in the Joint Venture as occur during any relevant time period) causes a termination of the Joint Venture within the meaning of Code Section 708(b)(1)(B), the Capital Accounts of the Joint Venture shall be redetermined in accordance with this Section 7.15 as though property deemed to be distributed to the Venturers pursuant to Treasury Regulation Section 1.708 (b)(1) (iv) were recontributed to the Joint Venture by the deemed distributees at its then Net Fair Market Value.

(ii) If such sale or exchange does not cause a termination of the Joint Venture within the meaning of Code Section 708(b)(1)(B) and if the Joint Venture has in effect, or effective, at the time of such sale or exchange an election under Code Section 754, the Capital Account of the selling or exchanging Venturer shall be carried over to the transferee Venturer, and there shall not be made to the Capital Account of the Venturer who receives the special tax basis adjustment under Code Section 743 a corresponding adjustment except to the extent such a special tax basis adjustment would be reflected in a Venturer's respective Capital Account pursuant to Treasury Regulation Section 1.704-1 (b)(2)(iv)(m).

(iii) If such sale or exchange is not described in clause (i) or (ii) of this paragraph (b), the Capital Account of the selling or exchanging Venturer shall be carried over to the transferee Venturer.

(iv) If a Venturer's interest in the Joint Venture is redeemed by the Joint Venture through a distribution in complete liquidation of such interest, except as provided in paragraph (a) of this Section 7.15, the Capital Accounts of the remaining Venturers shall be adjusted only to the extent required by Treasury Regulation Section 1.704-1(b)(2)(iv)(m).

Section 7.16. Determination of and Adjustments to Book Value and Capital Accounts. When determining the Book Value of the assets of the Joint Venture and the appropriate balances in each Venturer's respective Capital Account resulting from any adjustments to such Book Value, in accordance with the provisions of Treasury Regulation Section 1.704-1(b)(2)(iv), the following accounting rules shall apply:

WPAHS-001099

(a) The initial Book Value of any asset contributed by a Venturer to the Joint Venture shall be its Gross Fair Market Value on the date of contribution.

(b) The Book Values of all Joint Venture assets shall be adjusted to equal their respective Gross Fair Market Values, as of the following times:

(i) the acquisition of an interest (including an additional interest) in the Joint Venture by any new or existing Venturer in exchange for more than a de minimis (as determined by the Venturers) capital contribution to the Joint Venture;

(ii) The distribution by the Joint Venture to a Venturer of more than a de minimis (as determined by the Venturers) amount of money or other Joint Venture property if the Venturers determine that such adjustment is necessary or appropriate to reflect the relative economic interests of the Venturers with respect to the Joint Venture;

(iii) The liquidation of the Joint Venture within the meaning of Treasury Regulation Section 1.704-1(b)(2)(ii)(g); or

(iv) The occurrence of any other event (including, without limitation, a refinancing of any property of the Joint Venture) if the Venturers determine that such adjustment is necessary or appropriate to reflect the economic interests of the Venturers with respect to the Joint Venture and is not prevented by applicable regulations.

(c) The Book Value of any Joint Venture asset distributed to any Venturer shall be adjusted to equal its Gross Fair Market Value on the date of such distribution.

(d) The Book Value of partnership assets shall not be increased or decreased to reflect any adjustments to the adjusted tax basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), except to the extent that such adjustments are taken into account in determining and maintaining capital accounts pursuant to Treasury Regulation Section 1.704-1(b)(2)(9)(m); provided, however, that book Value shall not be adjusted pursuant to this Section 7.5(d) to the extent that such adjustment was previously reflected in the Book Value of the Joint Venture's assets.

(e) If the Book Value of an asset has been determined or adjusted pursuant to Sections 7.5 (a) 7.5 (b) 7.5 (c) and 7.5 (d) hereof, such Book Value shall thereafter be reduced by the Depreciation taken into account with respect to such asset for the purposes of computing the Net Book Profits and the Net Book Losses of the Joint Venture under Section 8.3 below.

WPAHS-001100

Section 7.17. Debt Service Loan. West Penn shall make loans, without interest from time to time to the Joint Venture in the event the Joint Venture has insufficient funds to pay its debt service for the Project (after paying all operating expenses of the Project) until such time as a break even position is first reached for the Project (estimated to be when the Project attains 65% occupancy) ("Debt Service Loan"); provided the interest reserve referred to in Section 19.1 of this Agreement has been first exhausted. Such Debt Service Loan shall be in the amount of the debt service deficiency and not in the full amount of the debt service payments. West Penn shall be entitled to repayment of the Debt Service Loan from Positive Cash Flow prior to any other payments to the Venturers, except for Contribution Loans.

Article VIII

PROFITS, LOSSES AND DISTRIBUTIONS

Section 8.1. Positive Cash Flow. The term "Positive Cash Flow" as used in this Agreement shall mean the gross cash receipts generated from the operation of the business of the Joint Venture from all sources, including, without limitation, all revenue and income obtained from the sale of the assets or property of the Joint Venture as well as the proceeds from all refinancing of mortgages or replacements of existing mortgages encumbering the property of the Joint Venture available to the Joint Venture after (i) the payment or accrual for payment of all current operating expense in connection therewith, including, without limitation, interest and principal on loans, interest, amortization and other charges pursuant to any mortgages encumbering the property of the Joint Venture and after (ii) making provisions for the reasonable working capital requirements of the Joint Venture and investments and reinvestments appropriate to enable the Joint Venture to carry out its purpose. In determining Positive Cash Flow, depreciation, amortization and other noncash items shall be disregarded.

Section 8.2. Distribution of Positive Cash Flow. Positive Cash Flow of the Joint Venture, to the extent available, shall be distributed at such times as are determined by the Management Committee in proportion to each Venturer's respective Percentage Interest.

Section 8.3. Determination of Profit and Losses. For purposes of computing the amount of any items of income, gain, loss or expense to be reflected in the Venturers' Capital Accounts (hereafter the net of such items being referred to as the "Net Book Profits" or the "Net Book Losses" of the Joint Venture), the determination, recognition and classification of such items shall be the same as their determination, recognition and classification for Federal income tax purposes, with the following modifications:

WPAHS-001101

(a) Any item of expense attributable to depreciation, amortization or other cost recovery with respect to any asset of the Joint Venture shall be in an amount which bears the same ratio to the Book Value of such asset at the beginning of the applicable period as the Federal income tax deduction for depreciation, amortization or other cost recovery with respect to such asset for such fiscal year or other period bears to the adjusted tax basis of such asset at the beginning of such applicable period; provided that if the Federal income tax deduction attributable to depreciation, amortization or other cost recovery for such fiscal year or other period with respect to any asset is zero, the item of expense attributable to depreciation, amortization or other cost recovery with respect to such asset for such applicable period shall be determined with reference to the Book Value of such asset as of the beginning of such applicable period using any reasonable method selected by the Venturers.

(b) Any item of income, gain, loss or expense attributable to the taxable disposition of any property with an adjusted tax basis which is different from the Book Value of such property shall be determined as if the adjusted tax basis of such property as of such date of disposition were equal in amount to the Book Value of such property.

(c) If the Joint Venture's adjusted tax basis in an item of depreciable property is adjusted pursuant to Code Section 48(q)(1) to reflect any investment tax credit available with respect to such asset, the amount of such adjustment shall be treated as a Joint Venture expense and shall be allocated in the ratio in which the investment tax credit (or qualified investment in Code Section 38 property) which gave rise to such basis adjustment is allocated. Any restoration of such adjusted tax basis pursuant to Code Section 48(q)(2) occurring as the result of any recapture of previously allowed investment tax credit with respect to any Joint Venture property shall be treated as Joint Venture income and shall be allocated in the ratio in which was allocated the investment tax credit (or qualified investment in Code Section 38 property the disposition of which gave rise to such restoration of adjusted tax basis).

(d) All expenditures of the Joint Venture not deductible in computing its taxable income and not properly chargeable to A Capital Account, and any otherwise nondeductible organization and syndication expenses of the Joint Venture (as described in Code Section 7089) shall be treated as Joint Venture expenses.

(e) Revenue of the Joint Venture which is exempt from Federal income tax shall be included in the Net Book Profits or the Net Book Losses of the Joint Venture without regard to the fact that such revenue is not includable in gross income for Federal income tax purposes.

WPAHS-001102

(f) Payments made to any Venturer which are treated for Federal income tax purposes as guaranteed payments pursuant to Code Section 707(c) shall be treated as Joint Venture expenses.

(g) In the event the Book Value of any Joint Venture asset is adjusted pursuant to paragraphs (a) through (d) of Section 7.5 hereof, the amount of such adjustment shall be treated as gain or loss (as appropriate) from a sale of such asset.

Section 8.4. Allocation of Net Book Profits and Net Book Losses From Operations. For purposes of maintaining the Capital Accounts of the Venturers and in determining the rights of the Venturers among themselves with respect to the assets of the Joint Venture, the Net Book Profits or Net Book Losses of the Joint Venture for each period shall be allocated among the Venturers in the order of priority set forth below. Each item of such income, gain, loss or expense giving rise to such Net Book Profits or Net Book Losses of the Joint Venture for such period shall be allocated among the Venturers in the same proportion that such Net Book Profits or Net Book Losses of the partnership for such period are allocated among the Venturers.

(a) Allocation of Net Book Profits. Net Book Profits for any period shall be allocated among the Venturers in accordance with the Percentage Interest of the Venturers in effect for such period.

(b) Allocation of Net Book Losses. Net Book Losses for any period shall be allocated among the Venturers in accordance with the Percentage Interest of the Venturers in effect for such period.

Section 8.5. Allocations to Comply With Regulations. In order to comply with the provisions of Treasury Regulation Section 1.704-1(b) and 1.704-1T, the following special allocations of income, gain, loss and expense shall be made notwithstanding the provisions of Section 8.4 hereof.

(a) Deficit Capital Account Allocations. Subject to the remaining provisions of this Section 8.5, in accordance with Treasury Regulation Section 1.704-1(b)(2)(ii)(d), no allocation of expenses or losses shall be made pursuant to Section 8.4 to the extent such allocation would cause or increase a net deficit balance in a Venturer's Capital Account as of the end of the period to which such allocation relates in excess of any dollar amount of such net deficit balance that such Venturer is obligated to restore under this Agreement. Such expenses and losses shall instead be allocated among the other Venturers not subject to this limitation in accordance with their relative Percentage Interest. For purposes of this paragraph (a), the following rules shall apply:

WPAHS-001103

(i) each Venturer's net deficit balance in its respective Capital Account shall be determined by adding to such Capital Account balance the amount of such Venturer's share (as determined pursuant to Treasury Regulation Section 1.704-IT(b)(4)(iv) of the Total Minimum Gain of the Joint Venture as of the end of the period with respect to which such determination is being made; and

(ii) in determining whether an allocation of loss or expense would cause or increase a net deficit balance in a Venturer's Capital Account as of the end of the period to which such allocation relates, the initial balance in such Venturer's Capital Account shall be treated as if it reflected an amount equal to the excess of any distributions that, as of the end of such period, reasonably are expected to be made to such Venturer in any future period over the Net book Profits reasonably expected to be allocated to such partner during (or prior to) the period in which such distributions are expected to be made.

(b) Qualified Income Offset Provision. If a Venturer unexpectedly receives an adjustment, allocation or distribution under this Agreement which causes or increases a net deficit balance in such Venturer's Capital Account as of the end of the period to which such adjustment, allocation or distribution relates in excess of any dollar amount of such net deficit balance that such Venturer is obligated to restore under this Agreement, such Venturer will be allocated items of income and gain in an amount and manner sufficient to eliminate such net deficit balance as quickly as possible. The rules set forth in subparagraph (a) (i) and (ii) of this Section 8.5 shall apply for purposes of determining whether any adjustment, allocation or distribution would cause or increase a net deficit balance in any Venturer's Capital Account.

(c) Special Allocations of Nonrecourse Deductions. Notwithstanding any provision in Sections 8.4, 8.5(a) and 8.5(b), in compliance with Treasury Regulation Section 1.704-IT(b)(4)(iv)(b), allocations of Nonrecourse Deductions shall be made among the Venturers in the same manner as Net Book Losses are allocated under Section 8.4 of this Agreement.

(d) Minimum Gain Chargeback Provision. If there is a net decrease in the Minimum Gain of the Joint Venture (as determined pursuant to Treasury Regulation Section 1.704-IT(b)(4)(iv) during any period, then each Venturer shall be allocated items of income and gain in accordance with the provisions of Treasury Regulation Section 1.704 -IT (b)(4)(iv)(e).

(e) Special Allocations of Venturer Nonrecourse Deductions. Notwithstanding any provision in Sections 8.4, 8.5(a) and 8.5(b), in compliance with Treasury Regulation Section 1.704-IT(b)(4)(iv)(h)(3), allocations of Venturer Nonrecourse Deductions shall be made among the Venturers in accordance with the ratios in

WPAHS-001104

which the Venturers share the economic risk of loss with respect to the Venturer Nonrecourse Liabilities to which such Venturer Nonrecourse Deductions are attributable.

(f) Venturer Nonrecourse Liability Minimum Gain Chargeback Provision. If there is a net decrease in the Venturer Nonrecourse Liability Minimum Gain (as determined pursuant to Treasury Regulation Section 1.704-IT(b)(4)(iv)(h)) during any period, then each Venturer shall be allocated items of income and gain in accordance with the provisions of Treasury Regulation Section 1.704-IT(b)(4)(iv)(h)(4).

(g) Subsequent Allocations. Any special allocations of items of income gain, loss or expense made pursuant to this Section 8.5 shall be taken into account in computing subsequent allocations of income, gain, loss and expense pursuant to Section 8.4, so that the net amount of any item of income gain, loss and expense allocated to each Venturer pursuant to Section 8.4 and this Section 8.5 shall, to the extent possible, be equal to the amount of such items of income, gain, loss and expense that would have been allocated to such Venturer pursuant to such sections if the special allocations of income, gain, loss or expense required by this Section 8.5 had not been made.

Section 8.6. Federal Income Tax Allocations. The allocations of income, gain, loss and expense made pursuant to Sections 8.4 and 8.5 are allocations of book income which are made for accounting purposes to determine the respective balances in the Capital Accounts of the Venturers and to establish the rights of the Venturers among themselves with respect to the assets of the Joint Venture. These allocations may be different from the allocations among the Venturers of the income, gain, loss, deduction, tax preference and tax credits of the Joint Venture for Federal income tax purposes. Allocations of income, gain, loss, deduction, tax preference and tax credits of the Joint Venture for Federal income tax purposes for each taxable year shall be made among the Venturers as follows:

(a) General Rules Regarding Allocations of Income, Loss, Etc. In general, for Federal income tax purposes, all items of income, gain, loss, deduction and tax preference of the Joint Venture for each taxable year shall be allocated among the Venturers in the same manner as the items of income, gain, loss and expense (as determined pursuant to Section 8.3) which gave rise to such items of income, gain, loss, deduction and tax preference for Federal income tax purposes are allocated among the Venturers pursuant to sections 8.4 and 8.5.

(b) Special rules Where Tax Basis Differs From Book Value. If the Joint Venture's adjusted tax basis for Federal income tax purposes of any of its property differs from the Book Value of such property at the beginning of any taxable year in

WPAHS-001105

determining each Venturer's distributive share of the taxable income or loss or items thereof) of the Joint Venture, each item of income gain, loss or deduction with respect to such property shall be allocated among the Venturers in such a manner as will take into account (as required by Code Section 704(c) and any applicable Treasury Regulations promulgated thereunder or by Treasury Regulation Section 1.704-1(b)(4)(i)) the difference between the adjusted tax basis for Federal income tax purposes of such property and its Book Value, all as of the beginning of such taxable year.

Section 8.7. Allocation of Profits and Losses and Tax Credits on the Transfer of a Joint Venture Interest. The items of income, gain, loss, expense, deduction, tax preference and/or tax credit allocable under any of Sections 8.4, 8.5 and 8.6 to any interest in the Joint Venture which may have been transferred during any period shall be allocated among the persons who were the holders of such interest during such period in a manner which takes into account the varying interests of the Venturers in the Joint Venture during such period, all in accordance with any Treasury Regulations promulgated under Code Section 706(d); provided, that the allocation of gain or loss on the disposition of any property in which the Joint Venture has a direct or indirect interest shall, to the extent not prohibited under such regulations, be allocated among the Venturers who are Venturers in the Joint Venture on the date the event giving rise to such gain or loss occurs in accordance with the provisions of Sections 8.4, 8.5 and 8.6 hereof.

Section 8.8. Interest. If, pursuant to applicable law, a portion of the amounts paid on any Venturer notes issued with respect to capital contributions to the Joint Venture shall be deemed to constitute interest rather than principal for Federal income tax purposes, the interest income attributable thereto shall be allocated to the Venturers who shall have made such deemed interest payments on such Venturer notes; and the amount of such interest income shall be taken into account in determining the amount of capital contributions made by such Venturer to the Joint Venture.

ARTICLE IX

BOOKS OF ACCOUNT, RECORDS AND REPORTS

Section 9.1. Books and Records. Proper and complete records and books of account shall be kept by the Joint Venture. The Joint Venture books and records shall be kept on the accrual method of accounting or on such other acceptable method as the Venturers shall determine. The books and records shall at all times be maintained at the principal office of the Joint Venture and shall be open to the reasonable inspection and examination of the Venturers or their duly authorized representatives during normal business hours.

WPAHS-001106

Section 9.2. Tax Information. As soon as available after the end of each fiscal year of the Joint Venture, the Joint Venture shall send or cause to be sent to each Venturer such tax information as shall be necessary for the preparation by such holder of his, her or its Federal income tax return, state income tax return and other tax returns. The Venturers acknowledge that because of the nature of the Joint Venture, it may be difficult or impossible accurately to set forth on Form K-1 and other tax forms which the Joint Venture may file and/or provide to the Venturers the actual interests of the Venturers in the Joint Venture's income, losses and capital. The Venturers agree among themselves that no information on any such form will be evidence of the true interest in the Joint Venture of any Venturer.

Section 9.3. Annual Reports. As soon as available after the end of each fiscal year, the Joint Venture shall cause to be prepared and transmitted to each Venturer a report containing (i) a balance sheet of the Joint Venture at the close of such year; (ii) a statement of income of the Joint Venture showing the results of operations during such year; (iii) a cash flow statement of the Joint Venture showing the cash receipts and disbursements of the Joint Venture during such year; (iv) a statement showing each Venturer's share of the profits or losses of the Joint Venture for such year for Federal income tax purposes; and (v) such other financial information as the Venturers deem appropriate.

Section 9.4. Accounting Principles. Except as otherwise provided in this Agreement, all books and records of the Joint Venture shall be kept, and all financial statements furnished to the Venturers hereunder shall be prepared, in accordance with sound and generally accepted accounting principles consistently applied.

ARTICLE X

FISCAL YEAR

Section 10.1. Fiscal Year. The fiscal year of the Joint Venture shall end on December 31 of each year.

ARTICLE XI

LIABILITY OF VENTURERS

Section 11.1. Liability of Venturers. To the extent that assets of the Joint Venture are insufficient to satisfy any and all of the Joint Venture's liabilities, the Venturers shall bear such liability in the same proportion as their Percentage Interests.

Section 11.2. Management. Except as provided for in this Agreement, no Venturer shall take part in the management or

WPAHS-001107

control of the business of the partnership nor transact any business in the name of the Joint Venture. No Venturer shall have any power or authority with respect to the Joint Venture except as specifically stated in this Agreement.

ARTICLE XII

TRANSFER OF INTERESTS BY VENTURERS; ADMISSION OF NEW VENTURERS

Section 12.1. Prohibited Transfers. Except as expressly permitted in Section 12.2, no partner may transfer all or any part of its respective interest in the Joint Venture without the express written consent of all Venturers, which consent may be withheld at the complete discretion of any Venturer.

Section 12.2. Permitted Transfers. A Venturer may transfer all (but no less than all) of its interest in the Joint Venture to any wholly owned subsidiary of such Venturer or to a general or limited partnership controlled by such Venturer upon compliance with all of the provisions in Sections 12.5(b) and 12.7 below. If one of the Venturers is a partnership, the transfer of an interest of a partner in the partnership pursuant to a will or intestate transfer, or pursuant to an inter vivos transfer to a family member, shall also be permitted; provided, however, if Kenneth Ross and Anthony J. Ross are both no longer alive, West Penn shall have the unqualified right to appoint itself as Manager.

Section 12.3. Substitution of Venturers. Except as provided in Section 12.2 above, no Venturer shall have the right to sell, assign or transfer such Venturer's interest in the Joint Venture without the written consent of all Venturers, which consent may be granted or withheld in any Venturer's absolute discretion.

Section 12.4. Restrictions on Substitution of Interests in the Joint Venture. Absent any provision in this Agreement to the contrary, no interest in the Joint Venture may be sold, transferred or assigned in whole or in part if it would cause the termination of the Joint Venture for Federal income tax purposes unless all Venturers agree in writing to such sale, transfer or assignment.

Section 12.5. Admission of Substitute Venturer.

(a) Except as otherwise expressly provided in this Article XII, the assignee of a Venturer's interest in the Joint Venture shall not be admitted as a Venturer of the Joint Venture without the prior written consent of all Venturers, which consent may be granted or withheld in any Venturer's absolute discretion.

(b) Absent any provision of this Agreement to the contrary, no assignee of a Venturer's interest in the Joint Venture

WPAHS-001108

shall be admitted as a Venturer of the Joint Venture until such assignee satisfactorily completes the following:

(i) The assignee shall have agreed to be bound by the terms and provisions of this Agreement and shall have assumed all of the obligations, if any, of the assigning Venturer;

(ii) If the assignee is a corporation, the assignee shall have provided the Joint Venture with a certified copy of a resolution of its Board of Directors authorizing it to become a Venturer under the terms and conditions of this Agreement;

(iii) The assignee shall have executed this Agreement (or an addendum hereto) and such other documents or instruments as the Venturers may require in order to effect the admission of such entity as a Venturer; and

(iv) The assignee shall have delivered to the Joint Venture a letter containing the representations and agreements set forth in Section 12.7 of this Agreement.

Section 12.6. Compliance with UPA. In the event of a transfer pursuant to the provisions of this Article XII, any transferee shall become only an assignee of a Venturer in accordance with the UPA, and shall not have the rights of a substituted Venturer unless, with the approval of all Venturers, such transferee shall execute an addendum to this Agreement, agreeing to be bound by all the terms and conditions hereof and to assume all the obligations of the transferor partner hereunder.

Section 12.7. Compliance with Securities Act. Each Venturer represents and covenants that (i) such Venturer's interest in the Joint Venture has been acquired for investment purposes and not for resale, (ii) to the extent applicable, such interest was acquired hereunder in compliance with the Federal Securities Act of 1933, as amended (the "Act"), the rules and regulations promulgated thereunder by the Securities and Exchange Commission (the "SEC") and (iii) any applicable state securities law, and such interest shall not be sold or disposed of in violation of the Act, the rules and regulations of the SEC, or any applicable state securities law. If required by the Venturers, no transfer shall be accomplished under this Article XII unless the Joint Venture shall have received an opinion of counsel for the transferring Venturer satisfactory in form and substance to counsel for the Joint Venture, to the effect that the proposed transfer will not be in violation of the Act, the rules and regulations promulgated thereunder, or of any applicable state securities law.

Section 12.8. Transferee(s). Any transfer, bequest or gift of an interest in the Joint Venture hereunder is conditioned upon the transferee(s) (or, in the case of a trust, the trustee(s)) being sui juris and mentally competent.

WPAHS-001109

Section 12.9. Tax Elections. In the event of the transfer of any interest in the Joint Venture or the distribution of property to any Venturer, the Joint Venture may, at the determination of the Venturers, file an election under Code Section 754 to cause the basis of the Joint Venture's assets to be adjusted for Federal income tax purposes as provided by Code Sections 734 and 743.

Section 12.10. Indemnity. Upon the acquisition of all of the interest in the Joint Venture of any Venturer, the Person(s) acquiring such interest hereby agree(s) that such Person(s) shall indemnify and hold harmless such Venturer from and against any Joint Venture debts guaranteed by such Venturer.

Section 12.11. Admission of Additional Venturers. Additional Venturers may be admitted to the Joint Venture from time to time only with the unanimous agreement of all Venturers. No person shall be admitted as a Venturer pursuant to this Section 12.11 until:

(i) Such person shall have agreed to be bound by the terms and provisions of this Agreement and shall have assumed all of the obligations, if any, of a Venturer;

(ii) Such Person shall have executed this Agreement (or an addendum hereto) and such other documents or instruments as the Venturers may require in order to effect the admission of such Person as a Venturer; and

(iii) Such Person shall have delivered to the Joint Venture a letter containing the representations and agreements set forth in Section 12.7 above.

Upon the admission of a additional Venturer pursuant to this Section 12.11, the Venturers shall attach an additional Exhibit to this Agreement, setting forth the names of all the Venturers and setting forth therein the capital contributions (and deemed capital contributions) of the Venturers.

ARTICLE XIII

EVENTS OF DEFAULT

Section 13.1. Definitions and Cure Periods. The occurrence of any of the following events shall constitute an event of default ("Event of Default") hereunder on the part of the Venturer with respect to whom such event occurs ("Defaulter") if within thirty (30) days following notice of such default from the other Venturer (ten (10) days if the default is due solely to the nonpayment of monies), the Defaulter fails to pay such monies, or in the case of non-monetary defaults, fails to commence substantial efforts to cure such default or thereafter fails within a reason-

WPAHS-001110

able time to prosecute to completion with diligence and continuity the curing of such default; provided, however, that the occurrence of any of the events described in subparagraphs (e) - (l) below shall constitute an Event of Default immediately upon such occurrence without any requirement of notice or passage of time except as specifically set forth in any such paragraph:

(a) the failure by a Venturer to make any additional capital contributions to the Joint Venture as required pursuant to the provisions of Section 7.8, and the other Venturer does not make a Contribution Loan to such Non-Contributing Venturer as provided therein;

(b) the violation by a Venturer of any of the restrictions set forth in Article XII of this Agreement upon the right of a Venturer to transfer its Joint Venture interest;

(c) the failure of a Venturer (i) to repay a Contribution Loan on demand, as required pursuant to Section 7.11 or (ii) to pay upon demand the accrued interest on a Contribution Loan which has ben converted to capital;

(d) the failure of a Venturer's transferee to assume in writing and agree to be bound by all of the transferring Venturer's obligations, as provided in Section 12.5;

(e) institution by a Venturer of proceedings of any nature under any laws of the United States or of any state, whether now existing or subsequently enacted or amended, for the relief of debtors wherein such Venturer is seeking relief as debtor;

(f) a general assignment by a Venturer for the benefit of creditors;

(g) the institution by a Venturer of a case or other proceeding under any section or chapter of the federal Bankruptcy Code as now existing or hereafter amended or becoming effective;

(h) the institution against a Venturer of a case or other proceeding under any section or chapter of the federal Bankruptcy Code as now existing or hereafter amended or becoming effective, which proceeding is not dismissed, stayed or discharged within a period of one hundred twenty (120) days after the filing thereof or if stayed, which stay is thereafter lifted without a contemporaneous discharge or dismissal of such proceeding;

(i) a proposed plan of arrangement or other action by a Venturer's creditors taken as a result of a general meeting of the creditors of such Venturer;

(j) the appointment of a receiver, custodian, trustee or like officer, to take possession of assets having a value in excess

WPAHS-001111

of $100,000.00 of a Venturer if the pendency of said receivership would reasonably tend to have a materially adverse effect upon the performance by said Venturer of its obligations under this Agreement; which receivership remains undischarged for a period of thirty (30) days from the date of its imposition;

(k) admission by a Venturer in writing of its inability to pay its debts as they mature;

(l) attachment, execution or other judicial seizure of all or any substantial part of a Venturer's assets or of a Venturer's Joint Venture interest, or any part thereof, such attachment, execution or seizure being with respect to an amount not less than $100,000.00 and remaining undismissed or undischarged for a period of fifteen (15) days after the levy thereof, if the occurrence of such attachment, execution or other judicial seizure would reasonably tend to have a materially adverse effect upon the performance by said Venturer of its obligations under this Agreement; provided, however, that said attachment, execution or seizure shall not constitute an Event of Default hereunder if said Venturer posts a bond sufficient to fully satisfy the amount of such claim or judgment within fifteen (15) days after the levy thereof and the Venturer's assets are thereby released from the lien of such attachment; and

(m) default in performance of or failure to comply with any other agreements, obligations or undertakings of a Venturer herein contained.

Section 13.2. Purchase of Defaulter's Interest. Upon the occurrence of an Event of Default by either Venturer ("Defaulter"), the other Venturer (a "Non-Defaulter") shall have the right to acquire the Joint Venture interest of the Defaulter for cash, at a price determined pursuant to the appraisal procedure set forth in Article XVI. In furtherance of such right, the non-Defaulter may notify the Defaulter at any time following an Event of Default of its election to institute the appraisal procedure set forth in Article XVI. Upon receipt of notice of determination of the Net Fair Market Value of the Defaulter's Joint Venture interest, the Non-Defaulter may notify the Defaulter of its election to purchase the interest of the Defaulter.

Section 13.3. Closing. Closing of the purchase shall take place within thirty (30) days of the notice to purchase; provided that upon the closing of such purchase the Non-Defaulter may elect to offset against the purchase price the amount of any loss, damage or injury, the amount of which has been established by a final non-appealable judgment, caused to it by the default of the Defaulter, or if there is not a final nonappealable judgment, to escrow with an independent third party, a reasonable estimate of the amount of any such loss or damage or injury, until such time as

WPAHS-001112

the amount of which has been established by a final, nonappealable judgment.

Section 13.4. Election to Dissolve. If the Non-Defaulter does not elect to acquire the entire interest of the Defaulter as set forth in Section 13.2, the Non-Defaulter may elect to dissolve and terminate the Joint Venture pursuant to Article XV of this Agreement by written notice to the Defaulter. The right of the Non-Defaulter to institute the procedures for purchase of the Defaulter's Joint Venture interest as set forth in this Article XIII shall continue until such Non-Defaulter elects to exercise its right to terminate the Joint Venture as provided in this Subsection 13.4.

ARTICLE XIV

DISSOLUTION OF THE JOINT VENTURE

Section 14.1. Events of Dissolution. The happening of any one of the following events shall cause an immediate dissolution of the Joint Venture:

(a) The expiration of the term of the Joint Venture;

(b) The unanimous election of the Venturers to dissolve the Joint Venture;

(c) The termination of the business of the Joint Venture;

(d) The entry of a final judgment, order or decree of a court of competent jurisdiction adjudicating the Joint Venture to be a bankrupt and the expiration of the period, if any, allowed by applicable law in which to appeal therefrom.

ARTICLE XV

ADDITIONAL PROVISIONS CONCERNING DISSOLUTION OF THE JOINT VENTURE

Section 15.1. Winding Up Affairs; Liquidation. In the event of the dissolution of the Joint Venture for any reason, the Venturers, or a liquidating agent or committee selected by the affirmative vote or written concurrence of Venturers owning at least fifty-one percent (51%) in value of the interests in the Joint Venture owned at the time by all Venturers, shall commence to wind up the affairs of the Joint Venture and to liquidate its assets. Allocations of income, gain, loss, expense, deductions, tax preference items and tax credits shall continue to be made among the Venturers during the period of liquidation in accordance with the provisions of Article VIII above. The Venturers or such liquidating agent or committee, as the case may be, shall have the

WPAHS-001113

full right and unlimited discretion to determine the time, manner and terms of (i) any sale or sales of Joint Venture assets pursuant to such liquidation, having due regard to the activity and condition of the relevant market and general financial and economic conditions, and (ii) any in-kind liquidating distributions to Venturers, so long as any non-ratable distributions of property interests result in the distributees receiving value in accordance with Section 15.5 below.

Section 15.2. Time for Liquidation. A reasonable time shall be allowed for the orderly liquidation of the assets of the Joint Venture and the discharge of its liabilities so as to enable the Venturers or liquidating agent or committee, as the case may be, to minimize the normal losses attendant upon such a liquidation.

Section 15.3. Required Reports. If requested by either Venturer, the Venturers or liquidating agent or committee, as the case may be, shall furnish each Venturer with a statement audited and certified by a responsible firm of certified public accountants showing (i) the net profit or net loss of the Joint Venture from the date of the last annual statement prepared under Section 9.3 above, to the date of the final distribution of the proceeds of the liquidation to the Venturers and (ii) the manner in which the proceeds of liquidation were distributed.

Section 15.4. Termination. The Joint Venture shall terminate when all property owned by the Joint Venture shall have been disposed of or distributed and the net proceeds from sales of properties, after satisfaction of liabilities to creditors, shall have been distributed among the Venturers as aforesaid. The establishment of any reserves in accordance with the provisions of Section 15.5(b) below shall not have the effect of extending the term of the Joint Venture.

Section 15.5. Distribution of Proceeds From Sale and Liquidation of Joint Venture Property. The net proceeds of liquidation and any other funds or property of the Joint Venture shall be distributed and applied to the extent available in the following order of priority:

(a) To the payment of debts and liabilities of the Joint Venture including any debts and liabilities to a Venturer arising under this Agreement;

(b) To the setting up of any reserves which the Venturers or the liquidating agent or committee, as the case may be, deem reasonably necessary for contingent or unforeseen liabilities or obligations of the Joint Venture; and

WPAHS-001114

(c) To the Venturers in accordance with their respective Percentage Interests in the Joint Venture with appropriate adjustment for net negative balances in any Venturer's capital account.

Section 15.6. Capital Account Adjustments. For purposes of Section 15.5 above, the respective balance in the Capital Account of each Venturer shall be determined (i) after allocating all income, gain, loss and expense of the Joint Venture pursuant to Article VIII above and (ii) after taking into account all prior distributions to the Venturers. In addition, if property is distributed in kind to the Venturers, for purposes of Section 15.5 above, any unsold Joint Venture property shall be valued by the Venturers or the liquidating agent or committee, as the case may be, to determine the gain or loss which would have resulted if the property were sold for its fair market value, and, to the extent not previously reflected in the Venturers' Capital Accounts, the respective balance of the Capital Account of each Venturer shall be adjusted to reflect such gain or loss that would have been allocated to such Venturer if the property had been sold at its then fair market value.

Section 15.7. Compliance With Treasury Regulations. In the event the Joint Venture or any Venturer's interest in the Joint Venture is "liquidated" within the meaning of Treasury Regulation Section 1.704-1(b)(2)(ii)(g), the following action shall be taken by the later to occur of (i) the last day of the Joint Venture's taxable year in which such liquidation occurred or (ii) the 90th day following the date of such liquidation:

(a) If any Venturer has a deficit balance in its Capital Account at the time of such liquidation (after giving effect to all contributions, distributions and allocations for all taxable years including the year during which such liquidation occurs), such Venturer shall contribute to the capital of the Joint Venture funds in an amount equal to the deficit balance in its Capital Account.

(b) If the Joint Venture is liquidated, distributions shall be made to the Venturers who have positive Capital Account balances in compliance with Treasury Regulation Section 1.704-1(b)(2)(ii)(b)(2) and the provisions of Section 15.5 above.

(c) In the discretion of the Venturers or the liquidating agent or committee, as the case may be, distributions pursuant to this Section 14.7 may be distributed to a trust of which the Venturers or the liquidating agent or committee is (are) the trustee(s) (hereinafter the "Trustee") established for the benefit of the Venturers for the purposes of liquidating Joint Venture assets, collecting amounts owed to the Joint Venture, and paying any contingent or unforeseen liabilities or obligations of

WPAHS-001115

the Joint Venture so long as an opinion of counsel is obtained to the effect that such trust will not be taxed as an association taxable as a corporation. The assets of any such trust shall be distributed to the Venturers from time to time, in the reasonable discretion of the Trustee, in the same proportions as the amount distributed to such trust by the Joint Venture would otherwise have been distributed to the Venturers pursuant to this Agreement; and a portion or all of such assets may be withheld by the Trustee to provide a reasonable reserve for liabilities.

ARTICLE XVI

APPRAISAL

Section 16.1. General. Whenever this Agreement provides for the valuation of an interest in the Joint Venture, the value of such interest in the Joint Venture shall be determined as follows. The parties shall first attempt to agree upon the net fair market value of the Joint Venture and of the interests in the Joint Venture to be purchased or sold. The net fair market value of the Joint Venture shall mean the cash price which a sophisticated purchaser would pay on the effective date of the appraisal for all tangible assets of the Joint Venture in excess of the financing then encumbering the Joint Venture assets, such valuation to be made on the assumption that such assets are subject to this Agreement and to any other agreements, including leases, management and service agreements then in effect. A sophisticated purchaser shall be one who would take into account the nature, extent, maturity date, and other terms of the liabilities of the Joint Venture, whether fixed or contingent, including the favorable or unfavorable nature of any financing then encumbering the Project or other Joint Venture assets, and the prospects that the income from the Joint Venture assets would be sufficient to satisfy such liabilities when due, excluding any liability under any financing already taken into account. The Net Fair Market Value of a Joint Venture interest shall mean the value of the interest to be sold or purchased, based on the Net Fair Market Value of the Joint Venture, and subject to the terms and provisions of this Agreement.

Section 16.2. Appraisal Procedure. In the event the Venturers are unable to mutually agree upon the net fair market value of the Joint Venture and of the Joint Venture interests to be sold or purchased within thirty (30) days of the date the appraisal procedure of this Article XVI is instituted as provided in this Agreement, the Venturers shall then attempt to agree upon the appointment of three (3) disinterested appraisers who shall be members of the American Institute of Appraisers. If the Venturers are unable to agree upon the selection of three (3) appraisers within seventy-five (75) days of the date the appraisal procedure is instituted as provided in this Agreement, then a petition may be

WPAHS-001116

made by either Venturer to the president judge of the Common Pleas Court for Allegheny County, for such selection. Each Venturer shall have the right to submit the names of three (3) appraisers so qualified and the judge shall select the three (3) appraisers from the names so submitted. Each appraiser so selected shall furnish the Venturers and the certified public accountants for the Venture with a written appraisal within ninety (90) days of his selection, setting forth his determination of the net fair market value of all real estate and other tangible assets owned by the Venture as of the date of the application to the Common Pleas Court. Such appraisal shall assume that the Project shall be the highest and best use of the Property, and the appraisal shall not include any value for any intangible assets of the Venture, such as good will. The average of the two (2) closest valuations of such appraisers shall be treated as the net fair market value of the Venture. Upon receipt of the appraisals of the net fair market value of the Venture, the independent certified public accountants of the Venture shall make the final determination as to the net fair market value of the Joint Venture and of the Joint Venture interests to be sold or purchased, and in making their determination shall decide what effect, if any, should be given to the terms and provisions of this Agreement. The accountants shall notify the Venturers in writing of their determination within sixty (60) days of the date of receipt of the appraisals prepared by the appraisers. The determination of the accountants shall be treated as the net fair market value of the Joint Venture and of the Joint Venture interests to be sold or purchased determined pursuant to this Article XVI and the determination shall be final and binding on the Venturers. The cost of the appraisal shall be an expense of the Joint Venture except that if the appraisal is instituted pursuant to Section 13.2, the cost shall be at the expense of the Defaulter.

ARTICLE XVII

NOTICES

Section 17.1. Notices. All notices and demands required or permitted under this Agreement shall be in writing and may be personally delivered or sent by certified or registered mail, Federal Express or comparable courier service, postage or freight prepaid, to the Venturers at their addresses as shown from time to time on the records of the Joint Venture. Any Venturer may specify a different address by notifying the Joint Venture in writing of such different address. Any notice personally delivered shall be effective upon the date of delivery. Any notice mailed or sent by air courier as provided herein shall be deemed given and become effective on the second business day following the date so sent.

WPAHS-001117

ARTICLE XVIII

AMENDMENT OF JOINT VENTURE AGREEMENT

Section 18.1. Amendment of Agreement. This Agreement may be modified or amended only by a writing signed by all of the Venturers.

ARTICLE XIX

FINANCING

Section 19.1. Financing. Ross is solely responsible for obtaining financing for the entire cost of the purchase of the Property and the construction of the Project. The construction financing shall provide for an interest reserve in an amount not to exceed $70,000.00. Ross shall proceed diligently to obtain said financing. The only personal liability for financial debt service is (a) during construction by the Venturers, and (b) after construction by West Penn strictly limited to its obligations under Section 7.17. If financing commitment(s) are not obtained by Ross substantially in accordance with this Section 19.1, within sixty (60) days of the execution of this Agreement, either Venturer may terminate this Agreement by written notice to the other Venturer. If the Agreement is so terminated, any costs and expenses paid or incurred by or on behalf of the Venture will be shared equally (i.e. 50% - 50%) by the Venturers.

All draw requests to the construction financing lender shall require the signatures of both members of the Management Committee.

ARTICLE XX

MISCELLANEOUS

Section 20.1. Certificates, etc. At the expense of the Joint Venture, the Venturers shall promptly have prepared and executed all legally required applications, registrations, publications, certificates and affidavits (and amendments thereof) for filing with the proper governmental authorities and arrange for the proper advertisement, publication and filing thereof for record.

Section 20.2. Venturers' Relationship Inter Se. Nothing herein contained shall be construed to constitute any Venturer the agent of any other Venturer. Each Venturer may, without accountability to the Joint Venture or to any other Venturer, and without any consent whatsoever, engage jointly and/or severally in any other business, whether or not similar to the business of the Joint Venture or any of its assets.

Section 20.3. Partition Waived. The Venturers agree that the Joint Venture Property is not and will not be suitable for partition. Accordingly, each Venturer hereby irrevocably waives

WPAHS-001118

any and all rights that it may have to maintain any action for partition of any of the Joint Venture Property.

Section 20.4. Entire Agreement. This Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof. It supersedes any prior agreement or understandings among the parties, and it may not be modified or amended in any manner other than as set forth herein.

Section 20.5. Governing Law. This Agreement and the rights of the parties hereunder shall be governed by and interpreted in accordance with the laws of the Commonwealth of Pennsylvania.

Section 20.6. Binding Effect. Except as herein otherwise specifically provided, this Agreement shall be binding upon and inure to the benefit of the parties and their legal representatives, heirs, administrators, executors, successors and assigns.

Section 20.7. Gender and Number. Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural, and pronouns stated in either the masculine, the feminine or the neuter gender shall include the masculine, feminine and neuter.

Section 20.8. Captions. Captions contained in this Agreement are inserted only as a matter of convenience and in no way define, limit or extend the scope of any provision hereof.

Section 20.9. Severance. If any provision of this Agreement or the application of such provision to any person or circumstance shall be held invalid, the remainder of this Agreement, or the application of such provisions to persons or circumstances other than those to which it is held invalid, shall not be affected thereby; and this Agreement shall be construed so as to be enforceable to the maximum extent allowed at law or in equity.

Section 20.10. No Third Parties Benefitted. This Agreement is made and entered into for the sole protection and benefit of the Venturers. No other persons or entities shall have any right of action under this Agreement.

Section 20.11. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original but all of which shall constitute one (1) and the same instrument. In addition, this Agreement may contain more than one (1) counterpart of the signature page and any schedule, and this Agreement may be executed by the affixing of the signatures of each

WPAHS-001119

of the Venturers to one (1) of such counterparts. All of such counterparts shall be read as though one (1), and they shall have the same force and effect as though all the signers had signed a single page.

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

ATTEST:

THE WESTERN PENNSYLVANIA HOSPITAL

By _____, President

WITNESS:

5148 LIBERTY AVENUE ASSOCIATES

By _____
Kenneth Ross

By _____
Anthony J. Ross

By _____
James L. Ross

By _____
Joanne Ross Simon

WPAHS-001120

JOINT VENTURE AGREEMENT
BETWEEN
THE WESTERN PENNSYLVANIA HOSPITAL
AND
5148 LIBERTY AVENUE ASSOCIATES

EXHIBIT A

THE PROPERTY

ALL THAT CERTAIN piece or parcel of ground located in the 8th Ward, City of Pittsburgh, Allegheny County, Pennsylvania, and being more particularly bounded and described in accordance with the Plan, as follows, to-wit:

BEGINNING at the Intersection of the southwesterly right of way line of Liberty Avenue, 80.09 feet wide, and the northwesterly right of way line of Osceola Street, 50.06 feet wide; thence from said point of beginning by the northwesterly right of way line of Osceola Street South 35° 43'15" West a distance of 100.12 feet to a point on the line dividing lands now or formerly of the Loyal Order of Moose Lodge No. 46 and a private way, 10.00 feet wide, being lands now or formerly of the City of Pittsburgh; thence by said dividing line North 54° 16'15" West a distance of 158.17 feet to a point on the line dividing lands now or formerly of the Loyal Order of Moose Lodge No. 46 and lands now or formerly of McKean Properties; thence by said dividing line North 35° 43'15" East a distance of 100.12 feet to a point onto the southwesterly right of way line of Liberty Avenue; thence by the southwesterly right of way line of Liberty Avenue South 54° 16'15" East a distance of 158.17 feet to its intersection with the northwesterly right of way line of Osceola Street at the point of beginning.

BEING designated as Block and Lot 51-F-114, 111 and 117 in the records of the Deed Registry Officer of Allegheny County, Pennsylvania.

JOINT VENTURE AGREEMENT
Between
THE WESTERN PENNSYLVANIA HOSPITAL
And
5148 LIBERTY AVENUE ASSOCIATES

Exhibit "B"

The project will consist of the construction of certain improvements to the Property which will generally include, but not be limited to, the following:

1. Removal of existing exterior wall panels;

2. Installation of windows;

3. Installation of two building entry systems;

4. New water, gas, electric, telephone, HVAC, and sanitary lines;

5. Installation of a new elevator;

6. Installation of a new roof;

7. Patching and paving of parking lot where necessary;

8. Installation in the parking lot of guard rails, a token and card activated entry system, and lighting.

9. Construction of approximately 32,000 square feet of medical office space in accordance with the Work Letter attached to Exhibit "C" of this agreement.

Table of Contents (cont.)

NOTICES 16
WAIVER BY LANDLORD 17
WAIVER OF JURY TRIAL 17
REMEDIES CUMULATIVE 17
FORCE MAJEURE 17
NEGATION OF PERSONAL LIABILITY 17
COMPLETE OBLIGATIONS 18
SEVERABILITY 18
MISCELLANEOUS 18
PROVISIONS BINDING 18

EXHIBIT A - FLOOR PLAN
EXHIBIT B - DEFINITION AND CALCULATION OF RENTABLE AREAS
EXHIBIT C - WORK LETTER
EXHIBIT D - RULES AND REGULATIONS

Prepared by:

Rothman Gordon Foreman & Groudine, P.C.
Third Floor, Grant Building,
Pittsburgh, PA 15219
(412) 338-1100

WPAHS-001123

JOINT VENTURE AGREEMENT
BETWEEN
THE WESTERN PENNSYLVANIA HOSPITAL
AND
5148 LIBERTY AVENUE ASSOCIATES

EXHIBIT C

LEASE

WEST PENN/5148 LIBERTY AVENUE ASSOCIATES, Landlord

TO

_____, Tenant

TABLE OF CONTENTS

	PAGE
PREMISES	1
TERM	1
RENT	2
LANDLORD'S SERVICES	3
ADDITIONAL RENT	5
ALTERATIONS	8
FIRE OR OTHER CASUALTY	8
INDEMNITY AND INSURANCE BY TENANT	9
PROPERTY IN DEMISED PREMISES	11
ASSIGNMENT AND SUBLETTING	11
CONDEMNATION	11
USE	12
RULES AND REGULATIONS	12
SUBORDINATION	12
ESTOPPEL CERTIFICATE	13
WAIVER	13
MECHANIC'S LIEN	13
ACCESS TO DEMISED PREMISES	13
SURRENDER AND REMOVAL	14
WAIVER OF SUBROGATION	14
HOLD OVER	14
BREACHES AND REMEDIES	15
CONFESSIONS OF JUDGMENT	16

L E A S E

THIS LEASE ("LEASE") made this ____ day of _____, 199_, by and between WEST PENN/5148 LEBERTY AVENUE ASSOCIATES, a Joint Venture, having its office at 12th Floor, One Oxford Centre, Pittsburgh, PA 15219 (hereinafter referred to as "Landlord")

A N D

_____, Pittsburgh, Pennsylvania 15260 (hereinafter referred to as "Tenant")

W I T N E S S E T H:

It is mutually agreed between Landlord and Tenant as follows:

1. PREMISES: Landlord hereby leases to Tenant and Tenant hereby rents from Landlord, in an "as is" condition, except as set forth below, that certain office suite containing approximately _____ square feet of Rentable Area (as hereinafter defined) on the _____ floor of the building, (hereinafter referred to as the "Building") known and numbered as The West Penn Medical Annex, 5148 Liberty Avenue, in the City of Pittsburgh, County of Allegheny and Commonwealth of Pennsylvania (hereinafter referred to as "demised premises"). The demised premises are outlined in red on the floor plan, attached hereto, and marked Exhibit A. Rentable Area is defined and shall be computed in the manner specified on Exhibit B, attached hereto and incorporated by reference.

Prior to the commencement of the term of this Lease, Landlord shall, subject to delays caused by Force Majeure (as hereinafter defined), substantially complete the demised premises in accordance with the floor plan and the Work Letter marked Exhibit C, attached hereto and incorporated herein by reference. Substantial completion shall be construed to mean such completion as shall enable Tenant to reasonably use and occupy the demised premises for the conduct of his ordinary business, even though minor details, decorations and mechanical adjustments remain to be completed by Landlord.

2. TERM: The term of this Lease shall commence upon the "date of occupancy by Tenant" as that term is defined below and shall terminate on the last day of the _____ Lease Year during the Term.

"Lease Year shall mean each twelve-month period beginning with the first (1st) day of the term of this Lease, and each anniversary thereof, provided the commencement of the term of this Lease is on the first (1st) day of a calendar month. If the term of this Lease commences on any day other than the first (1st) day of a calendar month, the first Lease Year shall commence on the first (1st) day of the term of this Lease and shall end on the last

WPAHS-001125

day of the twelfth (12th) full calendar month during the Term. Each subsequent twelve-month period shall be another Lease Year.

The term "date of occupancy by Tenant" as used in this Lease shall be the first to occur of the following two dates:

(a) the date upon which Tenant shall be open for business; or

(b) the date that Landlord has substantially completed all of its work set forth in Article 1 of this Lease.

It is contemplated by the parties hereto that the term of this Lease shall commence on or about _____.

Immediately after the date of occupancy by Tenant, Landlord and Tenant shall execute a writing stipulating the date of commencement of the term of this Lease.

Acceptance by Tenant of the demised premises or opening same for business shall be deemed conclusive evidence that Landlord has fully completed all of its work, and that Tenant has waived any objection to the condition of the demised premises, unless Tenant provides notice to Landlord of any defect in the work and the condition of the demised premises within fifteen (15) days of the commencement of the term of this Lease.

3. RENT: Tenant covenants and agrees to pay to Landlord at Twelfth Floor, One Oxford Centre, Pittsburgh, Pennsylvania 15219 or at such other address as specified by Landlord during the term of this Lease, as rent for the demised premises, the annual rent set forth below, payable in equal monthly rental installments, subject to adjustment as hereinafter set forth in this Lease, payable in advance, on the first day of each month without prior demand therefor and without deduction or set-off, the first installment to be paid on the date of execution of this Lease during the entire term of this Lease:

A. During the First Lease Year, annual rent of _____ ($_____) DOLLARS per square foot;

B. During the Second Lease Year, annual rent of _____ ($_____) DOLLARS per square foot;

C. During the Third Lease Year, annual rent of _____ ($_____) DOLLARS per square foot;

WPAHS-001126

D. During the Fourth Lease Year, annual rent of _____ ($_____) DOLLARS per square foot;

E. During the Fifth Lease Year, annual rent of _____ ($_____) DOLLARS per square foot;

In the event said date of occupancy by Tenant shall not occur on the first day of a month, the monthly rent for the month in which said date of occupancy by Tenant occurs shall be a sum computed by multiplying the base rent for said month by a fraction in which the numerator is the number of days from said date of occupancy by Tenant to the end of said month and the denominator is the number of days in said month. On said date of occupancy by Tenant, Tenant shall pay said monthly rent to Landlord for the month in which said date of occupancy by Tenant occurs.

If any installment of rent is not paid on or before the fifth (5th) day of the month, a monthly late charge of ten (10%) percent of the amount of that installment of rent shall be due and payable by Tenant as additional rent for each and every month that said installment of rent is delinquent.

4. LANDLORD'S SERVICES:

A. Landlord agrees that it shall provide, the following:

(1) Air conditioning, ventilation and heating Monday to Friday from 7:00 A.M. to 9:00 P.M. and Saturday and Sunday from 8:00 A.M. to 5:00 P.M. and at other hours as Tenant may request, provided that such request is made prior to 12:00 o'clock noon in the case of after-hours service on Monday through Friday and prior to 12:00 o'clock noon on Friday for after-hours service on weekends. Tenant shall pay to Landlord, Landlord's actual cost for providing any after hours service to that portion of the demised premises for which after hours service is requested.

(2) Electric current for building standard level of illumination using standard fixtures of Landlord's choice, and relamping and reballasting in the common areas of the Building. However, relamping and reballasting in the demised premises shall be performed by Landlord at Tenant's direction and at Tenant's sole cost and expense, which shall be Landlord's actual cost;

WPAHS-001127

(3) Cleaning and maintenance of the common areas;

(4) Ordinary janitorial service five (5) days per week for the demised premises as necessary to maintain the demised premises in a good and clean condition, including sanitary and toilet supplies for bathrooms within the demised premises;

(5) Continuous elevator service;

(6) Sanitary and toilet facilities for use by the Tenant, its employees, customers and invitees, in common with other tenants and their respective employees, guests, customers and invitees in the common areas of the building; and

(7) Window washing at reasonable intervals.

B. Except as provided in the Work Letter, Exhibit C, Landlord shall not provide:

(1) Maintenance, repair or replacement of any wall coverings, except those in the common areas;

(2) Sinks for examination rooms, laboratories, lounges, etc.; and

(3) Special electric outlets, plumbing or other mechanical requirements for the specialized equipment or uses of Tenant. Landlord's agreement to furnish electricity for lighting does include electricity for reproduction machinery, desk-top computers, electric typewriters and desk-type adding machines, and standard medical office equipment, but not any other equipment requiring a greater voltage than the lighting circuits standard in the Building. Such additional electrical service will be furnished, if reasonably available, upon Tenant's tendering all costs of installation, including wiring and separate metering, and agreeing in writing to pay the cost of electrical current as additional rent.

C. Landlord does not warrant that the services provided for in paragraph (A) hereof shall be free from any slow-down, interruption or stoppage pursuant to voluntary agreement by and between Landlord and governmental bodies and regulatory agencies, or caused by the maintenance, repair, substitution, renewal, replacement of any of the equipment involved in the furnishing of any such services, or caused by changes of services,

WPAHS-001128

alterations, or Force Majeure and specifically, no such slow-down, interruption or stoppage of any of such services shall ever be construed as an eviction, actual or constructive, of Tenant, nor shall same cause any abatement of base rental or additional rent payable hereunder or in any manner or for any purpose relieve Tenant from any of its obligations hereunder, and in no event shall Landlord be liable for damages to persons or property or be in default hereunder as a result of such slow-down, interruption or stoppage. Landlord agrees to use due reasonable diligence to resume the service upon any such slow-down, interruption or stoppage.

D. Notwithstanding anything set forth above, Landlord shall not be required to make any repairs, maintenance or cleaning, caused by the acts, omissions, or negligence of Tenant, its agents, servants, employees, contractors, business invitees, and persons making deliveries to the demised premises.

E. Landlord will provide signage for Tenant in accordance with building standards and shall include Tenant on all building directories.

5. ADDITIONAL RENT:

A. For purposes of this Article 5, Tenant's pro-rata share with regard to Operating Expenses, as hereinafter defined, and real estate taxes, shall be _____ _____ (_____%) percent, which is equal to a fraction in which the numerator is the Rentable Area of the demised premises and the denominator is the Rentable Area of all of the demised premises within the Building.

B. During the term of this Lease, and any extension or renewal thereof, Tenant shall pay, within thirty (30) days of billing by Landlord, as additional rent, Tenant's pro rata share of all increases in real estate taxes levied or imposed upon the Building and the land on which it is situate over the real estate taxes paid by Landlord over 1991. For the calendar years in which the term of this Lease commences and terminates, Tenant's pro-rata share of all real estate taxes shall be multiplied by a fraction, the numerator of which is the number of months of the term in the calendar year and the denominator of which is twelve.

The term "real estate taxes" shall include, but not be limited to, all federal, state and local governmental taxes, assessments and charges, including water charges, and sewer rents, (including transit or transit district

WPAHS-001129

taxes or assessments) of every kind or nature, whether general, special, ordinary or extraordinary, which Landlord shall pay or become obligated to pay because of or in connection with the ownership, leasing, management, control or operation of the Building or the land upon which the Building is situated (the "Land"), or of the personal property, fixtures, machinery, equipment, systems and apparatus located therein or used in connection therewith (including any rental or similar taxes levied in lieu of or in addition to general real and/or personal property taxes). For purposes hereof, real estate taxes for any year shall be the real estate taxes which are due for payment or paid in that year, rather than the real estate taxes which are assessed or become a lien during such year. There shall be included in the real estate taxes for any year the amount of all fees, costs and expenses (including reasonable attorneys' fees) paid by Landlord during such year in seeking or obtaining any refund or reduction of the real estate taxes. If a special assessment payable in installments is levied against the Land or Building, real estate taxes for any year shall include only the installment of such assessment and any interest payable or paid during such year. Real estate taxes shall not include any federal, state or local sales, use, franchise, capital stock, inheritance, general income, business privilege, gift or estate taxes, except that if a change occurs in the method of taxation resulting in whole or in part in the substitution of any such taxes, or any other assessment, for any real estate taxes as above defined, such substitute taxes or assessments shall be included in real estate taxes.

C. In order to compensate Landlord for increased operating expenses for the demised premises during the term of this Lease, the base rental payable by Tenant pursuant to Article 3 hereof shall be increased as hereinafter set forth:

(1) "Operating Expenses" shall mean all expenses, costs and disbursements of every kind and nature which Landlord shall pay or become obligated to pay because of, or in connection with, the management, maintenance and operation of the Building, including but not limited to the following:

(a) Wages and salaries of all employees engaged in operation and maintenance or security of the Building, including taxes, insurance and benefits related thereto;

WPAHS-001130

(b) All supplies and materials used in the operation and maintenance of the Building;

(c) Cost of all utilities for the Building, including the cost of water and power, heating, lighting, air conditioning and ventilating for the Building.

(d) Cost of all maintenance and service agreements, if any, for the Building and the equipment therein, including alarm service, window cleaning, elevator maintenance and janitorial service;

(e) Cost of all insurance relating to the Building, including the cost of casualty and liability insurance applicable to the Building and Landlord's personal property used in connection therewith;

(f) Cost, as amortized by Landlord, of any labor saving or cost saving device or equipment provided Tenant has approved the installation of the same in advance; and

(g) A normal and customary management fee for the Manager of the Building, if any, excluding leasing or brokerage fees.

(2) "Operating expenses" shall not include:

(a) Capital improvements which do not involve labor saving or cost saving devices or equipment;

(b) Legal fees in enforcing the terms of any lease;

(c) Leasing or brokerage fees;

(d) Mortgage payments;

(e) Depreciation; and

(f) Advertising expenses.

(3) On each January 1 during the term of this Lease, the base monthly rental shall be increased by an amount equal to one-twelfth (1/12th) of Tenant's pro-rata share of Operating Expenses for that calendar year as estimated by Landlord, less one-twelfth (1/12th) of the Base Escalation Amount (as

WPAHS-001131

hereinafter defined). Landlord shall make its estimate on or before the fifteenth (15th) day of December of the preceding calendar year.

(4) On or before May 1 of each year during the term of this Lease (except for the first full calendar year) Landlord shall provide Tenant with a statement setting forth the Operating Expenses for the Building during the preceding calendar year. An adjustment shall thereupon be made between Landlord and Tenant to reflect any difference between Tenant's payments hereunder and the actual Operating Expenses of the Building for the preceding calendar year in excess of the Base Escalation Amount. Tenant shall pay to Landlord the amount, if any, of the sums owed to Landlord with the next installment of base monthly rental. Tenant shall receive a credit for the amount, if any, of sums owed to Tenant, against the next ensuing payments of base monthly rental. In no event, however, shall the monthly rental paid by Tenant be less than the base rent set forth in this Lease.

(5) For the calendar year in which the term of the Lease terminates, Landlord shall provide said statement to Tenant within sixty (60) days after the termination of the Lease, with any sums due and owing to be paid within thirty (30) days thereafter. The parties' obligations hereunder shall survive the termination of this Lease.

(6) The "Base Escalation Amount" shall be equal to the respective Operating Expenses for the Building for 1991.

6. ALTERATIONS: Tenant shall not make any alterations, additions or improvements to the demised premises without the prior written consent of Landlord.

7. FIRE OR OTHER CASUALTY: If the Building or any part thereof is damaged by fire or any other casualty to such an extent that the cost of restoration, as reasonably estimated by Landlord, will equal or exceed thirty (30%) percent of the replacement value of the Building (exclusive of foundations) just prior to the occurrence of the damage, or if the Building is damaged by fire or any other casualty during the last two (2) years during the term of this Lease, then Landlord may, within sixty (60) days of the date of the fire or other casualty, terminate the Lease by notice in writing to Tenant. Said termination shall be effective on the last day of the month in which notice is given or within ten (10) days of the date notice is given, whichever date is later. Tenant shall surrender possession of the demised premises on the effective date

WPAHS-001132

of termination of the Lease and prepaid and unpaid rent and additional rent shall be apportioned as of said date.

If the cost of restoration as estimated by Landlord shall amount to less than thirty (30%) percent of said replacement value of the Building, or if despite the cost Landlord does not elect to terminate this Lease, Landlord shall restore the Building with reasonable promptness, subject to Force Majeure and Tenant shall have no right to terminate this Lease. Landlord shall not be required to restore the fixtures and improvements of Tenant. In the event Landlord does not substantially complete its restoration work within one hundred fifty (150) days of the fire or other casualty, Tenant may cancel this Lease, by notice in writing to Landlord, said notice being given at any time prior to substantial completion of the restoration work by Landlord.

In any case in which the use of the demised premises is affected by any damage to the Building, there shall be either an abatement or an equitable reduction in base rent only depending on the period for which and to the extent the demised premises are not reasonably usable for the purposes for which they are leased hereunder. If the damage results from the fault of Tenant, or Tenant's agents, servants, invitees or licensees, Tenant shall not be entitled to any abatement or reduction of rent, except to the extent, if any, that Landlord receives the proceeds of rent insurance in lieu of rent.

8. INDEMNITY AND INSURANCE BY TENANT:

A. Tenant covenants and agrees that it will protect and save and keep Landlord forever free and harmless and indemnified against and from any penalty or damage or charges imposed for any violation of any law or ordinance, whether occasioned by the neglect or intentional act of Tenant or those holding under Tenant; and that Tenant will at all times protect, indemnify and save and keep Landlord free and harmless and indemnified against and from all claims, loss, cost, damage and expense arising out of or from any accident or other occurrence on or about the demised premises other than the roof or exterior or other portions of the building for which Landlord is responsible under the terms of this Lease, causing injury to any person or property whomsoever or whatsoever; and will protect, indemnify, save and keep Landlord free and harmless and indemnified against and from any and all claims on account of any and all losses, costs, damages or expenses arising out of any failure of Tenant in any respect to comply with and perform all the terms, conditions, covenants and provisions in the within Lease to be performed by Tenant.

WPAHS-001133

B. Tenant covenants and agrees to provide on or before the commencement of the term and to keep in force during the entire term of this Lease:

(1) Comprehensive general liability insurance for the mutual benefit of Landlord and Tenant relating to the demised premises and its appurtenances in an amount of not less than ONE MILLION ($1,000,000.00) DOLLARS in respect of personal injury or death and of not less than FIVE HUNDRED THOUSAND ($500,000.00) DOLLARS in respect of property damage, which insurance shall name Landlord as an additional insured;

(2) Fire and extended coverage, vandalism, malicious mischief and special extended coverage insurance in an amount adequate to cover the cost of replacement of all leasehold or building improvements in the demised premises which were originally constructed or provided by or on behalf of Tenant, at Tenant's cost, as well as the cost of replacement of all fixtures, equipment, decoration, contents and personal property therein; and

(3) If there is a boiler or air-conditioning equipment in, on, adjoining or beneath the demised premises which Tenant has installed for its own use, broad-form, boiler or machine insurance in the amount of TWO HUNDRED FIFTY THOUSAND ($250,000.00) DOLLARS unless in Landlord's reasonable judgment Tenant's other insurance coverage as required under this Lease provides adequate coverage for such boiler or air conditioning equipment. Tenant agrees to deliver to Landlord at least fifteen (15) days prior to the time such insurance is first required to be carried by Tenant, and thereafter at least fifteen (15) days prior to the expiration of any such policy, either a duplicate original or a certificate evidencing all policies procured by Tenant in compliance with its obligations hereunder, together with evidence of payment therefor.

C. All of the aforesaid insurance shall be written by one (1) or more responsible insurance companies reasonably satisfactory to Landlord; all such insurance may be carried under a blanket policy covering the demised premises and any other of Tenant's offices or properties and shall contain endorsements that: (1) Such insurance may not be canceled, or fail to be renewed, or amended with respect to Landlord and/or its designee(s), except upon ten (10) days prior written notice, by certified mail-return receipt requested, to Landlord and/or such

WPAHS-001134

designee(s) from the insurance company; and (2) Tenant shall be solely responsible for payment of premiums for such insurance. In the event Tenant fails to furnish such insurance, the Landlord may obtain such insurance and the premiums shall be deemed additional rent to be paid by Tenant to the Landlord within five (5) days after receipt of an invoice therefor.

9. PROPERTY IN DEMISED PREMISES: All personal property of every kind or description that may at any time be in or on the demised premises shall be at Tenant's sole risk or at the risk of others claiming under the Tenant and the Landlord shall not be liable for any damage to said property or loss suffered by the business or occupation of Tenant caused in any matter whatsoever.

At the expiration of the term herein provided or any renewals thereof, the Tenant may remove all the trade fixtures and furnishings, which can be removed without injury to or defacement of the demised premises, provided all the terms and conditions of this Lease have been fully performed by Tenant and rents hereinbefore stipulated are paid in full and all damage to the demised premises caused by the removal of said trade fixtures is repaired. Notwithstanding the foregoing, all alterations, leasehold improvements, and additions to the demised premises, all chattels affixed by Tenant to the demised premises, all carpeting, and all air conditioning, heating, lighting and plumbing equipment and fixtures installed by Tenant at the demised premises shall, unless Landlord gives Tenant notice to remove the same within thirty (30) days of the end of the term of this Lease, remain upon the demised premises at the end of the term of the Lease and shall become the property of Landlord.

10. ASSIGNMENT AND SUBLETTING: References elsewhere herein to assignees or sublessees notwithstanding, Tenant covenants and agrees not to assign this Lease nor to sublet the whole or any part of the demised premises nor to permit any other person to occupy the whole or any part of the demised premises. The acceptance of rent from any other person shall not be deemed to be a waiver of any of the terms, conditions, covenants and provisions of this Lease or to be a consent to the assignment of this Lease or the subletting of the demised premises or any part thereof.

11. CONDEMNATION: If the whole of the Building shall be taken by any government or public authority under the power of eminent domain, or conveyed in lieu thereof, then the term of this Lease shall cease from the day possession of the Building shall be taken and the rent shall be paid up to that day. In the event that less than the whole of the Building shall be taken, Landlord shall have the option, to be exercised within thirty (30) days of the date that possession of the part of the Building is taken, to terminate this Lease, and the rent shall be paid up to the date of termination.

WPAHS-001135

In the event Landlord does not exercise said option, then this Lease shall continue in full force and effect, except that the rent shall be equitably reduced to the extent the demised premises are not reasonably usable for the purposes for which they are leased hereunder.

The entire compensation award, both fee and leasehold, shall belong to the Landlord without any deductions therefrom for any present or future estate of Tenant, and Tenant hereby assigns to Landlord all its right, title and interest to any such award. Tenant shall, however, be entitled to such award as may be allowed for fixtures and other equipment installed by it, and other compensation allowed under the laws of the Commonwealth of Pennsylvania, but only if such award or other compensation shall be in addition to the award for the land and the Building.

12. USE: Tenant shall occupy and use the demised premises only as _____ offices, and for no other purpose whatsoever during the entire term of this Lease. Tenant shall, in the use and occupancy of the demised premises, conform to and obey all laws, orders and regulations of all federal, state, county and municipal bodies, boards, or commissions.

13. RULES AND REGULATIONS: Tenant, his agents, servants, employees and invitees, shall observe and comply with the rules and regulations attached hereto and marked Exhibit D, and with such alterations, additions and modifications thereto, as Landlord may prescribe for the safety, care and cleanliness of the Building or the comfort, quiet and convenience of other occupants of the Building. Landlord shall not be liable to Tenant for the non-observance or violation of any of said rules and regulations by any other Tenant.

14. SUBORDINATION: Tenant agrees that this Lease shall be subordinated to any mortgage now or hereafter placed upon the demised premises, to any and all advances to be made thereunder, and to all renewals, replacements and extensions thereof. Tenant agrees that immediately upon the request of Landlord in writing, it will, without charge therefor, execute an instrument or instruments to confirm the subordination of this Lease to the lien of any present or future mortgage. Tenant hereby irrevocably appoints Landlord the attorney-in-fact of Tenant to execute and deliver such instrument or instruments for and in the name of Tenant, in the event Tenant shall fail to execute such instrument or instruments within ten (10) days after written notice to do so. In the event of any mortgagee electing to have the Lease be prior in lien to its mortgage, then, upon such mortgagee notifying Tenant to that effect, this Lease shall be deemed prior in lien to the said mortgage, whether this Lease is dated prior to or subsequent to the date of said mortgage. In the event any person or entity shall succeed to all or part of Landlord's interest in the demised premises, whether by purchase or foreclosure, or otherwise and if

WPAHS-001136

so requested or required by such successor in interest, Tenant shall attorn to such successor in interest and shall execute such agreement in confirmation of such attornment as such successor in interest shall reasonably request.

15. ESTOPPEL CERTIFICATE: At any time, and from time to time, upon the written request of Landlord or any mortgagee, Tenant, within ten (10) days of the date of such written request, agrees to execute and deliver to Landlord and/or a mortgagee, without charge and in a form satisfactory to Landlord and/or a mortgagee, a written statement; (a) ratifying this Lease; (b) confirming the commencement and expiration dates of the term of this Lease; (c) certifying that Tenant is in occupancy of the demised premises, and that this Lease is in full force and effect and has not been modified, assigned, supplemented, or amended, except by such writings as shall be stated; (d) certifying that all conditions and agreements under this Lease to be satisfied and performed have been satisfied and performed, except as shall be stated; (e) certifying that Landlord is not in default under this Lease and there are no defenses or offsets against the enforcement of this Lease by Landlord, or stating the defaults and/or defenses claimed by Tenant; (f) reciting the amount of advance rent, if any, paid by Tenant and the date to which rent has been paid; (g) reciting the amount of security deposited with Landlord, if any; and (h) any other information which Landlord or the mortgagee shall require.

16. WAIVER: The Tenant expressly waives to the Landlord the benefit of Act No. 20, approved April 6, 1951, entitled "The Landlord and Tenant Act of 1951" requiring notice to vacate the premises at the end of the term or any subsequent term for which this Lease may be renewed and covenants and agrees to give up quiet and peaceable possession, without further notice from Landlord.

17. MECHANIC'S LIEN: Any mechanic's lien filed against the demised premises or the building in which the demised premises is a part for work claimed to have been done or for materials claimed to have been furnished to Tenant shall be discharged by Tenant within thirty (30) days after the filing of any mechanic's lien. If Tenant shall fail to cause such lien to be discharged within the period aforesaid, then, in addition to any other right or remedy which Landlord may have, Landlord may, but shall not be obligated to, discharge said lien either by paying the amount claimed to be due or by procuring the discharge of such lien by deposit or by bonding procedures, and any amount so paid by Landlord and all costs and expenses incurred by Landlord in connection therewith, plus interest, shall constitute additional rental payable by Tenant under this Lease and shall be paid by Tenant to Landlord on demand.

18. ACCESS TO DEMISED PREMISES: Tenant agrees to permit Landlord to inspect or examine the demised premises during working hours and to permit Landlord to enter the demised premises during

WPAHS-001137

working hours to make any repairs, alterations, improvements or additions in and to the demised premises that Landlord may deem desirable or necessary or that Tenant has failed to do although required to do under the terms, conditions, covenants and provisions of this Lease. Such entrance into the demised premises by Landlord shall not be construed as an eviction of Tenant from the demised premises in whole or in part, and the rent, additional rent and any other payments provided in the within Lease to be made by Tenant shall in no way abate while such repairs, alterations, improvements or additions are being made by reason of any claim by Tenant on account of loss or interruption of business. Any repairs that are being made shall be done in a manner so as to be the least disruptive as possible under the circumstances to the operation of Tenant's business.

Landlord shall also have the right to enter upon the demised premises for a period commencing one hundred eighty (180) days prior to the termination of this Lease for the purpose of exhibiting the same to prospective tenants or purchasers. During said period, Landlord may place signs in, on, or about said demised premises to indicate that same are for rent or sale, which signs shall not be removed, obliterated or hidden by Tenant.

19. SURRENDER AND REMOVAL: Tenant covenants and agrees to deliver and surrender to Landlord possession of the demised premises upon the expiration of the term of this Lease, broom clean and in as good condition and repair as the same shall be at the commencement of the term of this Lease or may have been put by Landlord or Tenant during the continuance thereof, ordinary wear and tear and damage by fire or the elements excepted.

20. WAIVER OF SUBROGATION: Landlord and Tenant release each other from any liability on account of loss, damage, cost or expense resulting from fire or other casualty insurable under standard fire and extended coverage insurance and waive any right of subrogation which might otherwise exist in or accrue to any person on account thereof, to the extent of any proceeds received pursuant to said insurance, provided that such release of liability and waiver of the right of subrogation shall not be operative in any case where the effect thereof is to invalidate any insurance coverage.

21. HOLD OVER: If Tenant lawfully occupies the demised premises after the end of the term hereof, this Lease and all its terms, conditions and provisions shall be in force for another month and so on from month to month, at twice the base monthly rent as of the end of the term of this Lease as set forth in this Lease, unless either party gives notice to the other party at least thirty (30) days prior to the end of any such month not to continue the within Lease beyond the end of any such month, in which event Tenant covenants and agrees to vacate the demised premises on or before the end of any such month. Notwithstanding the foregoing,

WPAHS-001138

if Landlord and Tenant are negotiating for a new lease for the demised premises, the holdover rate shall be equal to the base monthly rent as of the end of the term of this Lease during those negotiations and for a period of one (1) month thereafter, at which time the holdover rate will then be increased to twice the base monthly rent as of the end of the term of this Lease.

22. BREACHES AND REMEDIES: Any one or more of the following shall constitute an "Event of Default" under this Lease:

(a) failure by Tenant to pay any installment of rent, additional rent or of any sum provided for under this Lease as the same becomes due and payable;

(b) breach by Tenant of any covenant or condition contained in this Lease, which breach shall continue after twenty (20) days written notice thereof from Landlord to Tenant;

(c) removal, attempt to remove, or the expression or declaration of an intention to remove any of the goods and chattels from the demised premises for any reason other than in the normal and usual operation of Tenant's business within the demised premises;

(d) abandonment of the demised premises or the expression of an intention to do so;

(e) issuance of an execution against Tenant which is not stayed by payment or otherwise within five (5) days from the date of issuance of said execution;

(f) institution of bankruptcy proceedings by Tenant, or institution of bankruptcy proceedings against Tenant which are not withdrawn or dismissed within twenty (20) days after the institution of said proceedings;

(g) an assignment by Tenant for the benefit of creditors, or appointment of a receiver for Tenant by legal proceedings or otherwise.

In the event that Tenant commits an Event of Default, the entire rent for the balance of the said term shall, at Landlord's option, become due and payable as if by the terms of this Lease it were all payable in advance. In such event, Landlord may also serve upon Tenant a written notice that the term of this Lease has terminated and, in such event, Tenant shall have no right to avoid the termination by payment of any sum due or by the performance of any condition, term or covenant broken. Upon the date specified in the aforesaid notice of termination, the term of this Lease shall terminate, and Tenant shall surrender the demised premises to Landlord. Notwithstanding any statute, rule of law, or decision of

WPAHS-001139

any court to the contrary, Tenant shall remain liable, even after termination of the Lease, for rent, additional rent and/or accelerated rent due under this Lease, and for all damages caused by Tenant's breach or breaches of the Lease.

In case this Lease shall be terminated as aforesaid, or if the premises become vacant or deserted, then, in addition to all other remedies of Landlord, Landlord may without notice terminate all services and/or re-enter the demised premises either by force or otherwise and dispossess Tenant. Landlord may, but shall not be required to, attempt to relet the demised premises or any part or parts thereof for a term which may at Landlord's option be less than or exceed the period which would otherwise have constituted the balance of the term of this Lease, and may grant concessions or free rent or make improvements or additions to the demised premises in order to facilitate a reletting of the demised premises.

23. CONFESSIONS OF JUDGMENT: For value received and in the event an Event of Default occurs hereunder, Tenant does hereby empower any attorney of any court of record within Pennsylvania, to appear for Tenant and with or without declaration filed, confess judgment against Tenant and in favor of said Landlord, his heirs, devisees, executors, administrators or assigns, for the sum due by reason of said default in the payment of rent and other sums, including unpaid rent, and additional rental for the balance of the term and/or for the sum due by reason of any breach of covenant or agreement by Tenant herein, with costs of suit and attorney's commission of ten (10%) percent for collection, and forthwith issue writ or writs of execution thereon with release of all errors and without stay of execution.

For value received and in the event an Event of Default occurs hereunder, or upon termination of the term of the Lease and the failure of Tenant to deliver possession to Landlord, Tenant further, at the option of Landlord, authorizes and empowers any such attorney, either in addition to or without such judgment for the amount due according to the terms of this Lease, to appear for said Tenant and confess judgment forthwith against Tenant and in favor of Landlord in an amicable action of ejectment for the demised premises, with release of all errors and forthwith issue a writ or writs of possession for the demised premises and a writ or writs of execution for the amount of any judgment and costs, without leave of Court, and Landlord may without notice re-enter and expel Tenant from the demised premises, and also any person holding under Tenant, and in each case, this Lease or a true copy thereof shall be a sufficient warrant of any person.

These Confessions of Judgment shall survive the termination of this Lease.

24. NOTICES: Any notice, request, demand, approval or consent given or required to be given under this Lease shall be in

WPAHS-001140

writing and shall be deemed to have been given on the day when the same shall have been mailed by United States registered or certified mail, return receipt requested, with all postal charges prepaid, addressed, if intended to Landlord to Twelfth Floor, One Oxford Centre, Pittsburgh, PA 15219, with a copy to Landlord's attorneys, Rothman Gordon Foreman & Groudine, P.C., Third Floor, Grant Building, Pittsburgh PA 15219, or, if intended for Tenant, to Tenant at the demised premises. Either party may, at any time, change its address for the above purposes by sending a notice to the other party stating the new address.

25. WAIVER BY LANDLORD: The waiver by Landlord of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or of any other term, covenant or condition herein contained. The subsequent acceptance of rent due hereunder or any or all other monetary obligations of Tenant hereunder, whether or not denoted as rent hereunder, by Landlord shall not be deemed to be a waiver of any breach by Tenant of any term, covenant or condition of this Lease, regardless of Landlord's knowledge of such breach at the time of acceptance of such rent.

26. WAIVER OF JURY TRIAL: The Tenant and Landlord both waive a trial by jury of any and all issues arising in any action or proceeding between the parties hereto or their successors, under or in connection with this Lease or any of its provisions.

27. REMEDIES CUMULATIVE: Mention in this Lease or institution of any particular remedy by Landlord shall not preclude Landlord from any other remedies under this Lease, or now or hereafter existing at law or in equity or by statute.

28. FORCE MAJEURE: Force Majeure is herein defined as strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war or other reason of a like nature, foreseen or unforeseen, ordinary or extraordinary, beyond the control of the Landlord.

29. NEGATION OF PERSONAL LIABILITY: Notwithstanding anything to the contrary herein contained, Tenant agrees that Landlord shall have no personal liability with respect to any of the provisions of this Lease and Tenant shall look solely to the estate and property of Landlord in the Building and the land on which it is situate for the satisfaction of Tenant's remedies or claims including without limitation the collection of any judgment requiring the payment of money by Landlord in the event of any default or breach by Landlord with respect to any of the terms and provisions of this Lease to be observed and/or performed by Landlord.

WPAHS-001141

30. COMPLETE OBLIGATIONS: This Lease contains the entire agreement between the parties hereto, and neither party has made any statement, agreement or representation, either oral or written, in connection therewith, modifying, adding or changing the terms, conditions, covenants and provisions herein set forth. No modification of this Lease shall be binding unless such modification shall be in writing and signed by the parties hereto.

31. SEVERABILITY: If any particular term, covenant or provision of this Lease shall be determined to be invalid and unenforceable, the same shall not affect the remaining provisions of this Lease which shall nevertheless remain in full force and effect.

32. MISCELLANEOUS: As used in this Lease and when required by the context, each number (singular or plural) includes all numbers, each gender includes all genders and the word "it" includes any appropriate pronoun as the context requires.

33. PROVISIONS BINDING: This Lease and all the terms and provisions hereof shall inure to the benefit of and be binding upon the parties hereto, their respective heirs, administrators, executors, successors, and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Lease with the intention legally to be bound hereby the day and year first above written.

WITNESS:

WEST PENN/5148 LIBERTY AVENUE ASSOCIATES,

_____ (SEAL)

By: _____

_____ (SEAL)

By: _____

WITNESS:

_____

_____ (SEAL)

By: _____

Title: _____

WPAHS-001142

EXHIBIT B

DEFINITION AND CALCULATION OF RENTABLE AREAS

GENERAL

Architectural plans when available are to be used.

Tenant special installations including, but not limited to, private elevators, stairs, special flues, dumbwaiter shafts and special air conditioning facilities are included within the Rentable Area of such tenant.

In determining whether a floor is, and in computing the aggregate Rentable Area of, a single tenancy floor, any special installation on said floor of another tenant shall be disregarded.

In computing the aggregate Rentable Area of any multiple occupancy floor, any special installation of a tenant who is not a tenant of any other part of such floor shall be disregarded.

SINGLE TENANCY FLOORS

Three steps are to be followed to determine the Rentable Area:

1A) Compute gross area

2B) Deduct certain areas

3C) Add applicable share of areas to be apportioned. (See below paragraph 3C).

1A GROSS AREA:

The gross area of a floor shall be the entire area within the exterior walls. If the exterior wall consists in whole or in part of windows, fixed clear glass, or other transparent material, the measurement shall be taken to the inside of the glass or other transparent material. If it consists solely of a non-transparent material, the measurement shall be taken to the inside surface of the outer masonry building wall.

2B DEDUCTIONS FROM GROSS AREA:

The following non-rentable building areas, with their finished enclosing walls, are to be deducted:

1. Public elevator shafts and elevator machine rooms

2. Public stairs

3. Fire tower and fire tower court

4. Main telephone and electric switchboard room except: (a) where the same is leased by tenant, or (b) is a special installation

5. Areas within the gross area which are to be apportioned (See Paragraph 3C below)

(NOTE): If a base building area to be deducted and a base building area that is rentable have a common wall, the thickness of the wall is to be equally divided; e.g. if an elevator shaft is adjacent to a telephone closet, the elevator shaft and half of the finished dividing wall are to be deducted.

3C AREAS TO BE APPORTIONED:

1. Air conditioning facilities: All air conditioning floors and other areas throughout and within the building (exclusive of tenant's special air conditioning facilities) including their finished enclosing walls containing equipment or enclosing pipes, ducts, or shafts serving the facilities are to be apportioned to the areas they serve.

2. Whenever the height of an air conditioning facility room or floor above the grade floor shall exceed the average story height in the Building by more than 25%, then the area of such room or floor shall be determined by multiplying the floor area by the percentage that the height of the room or floor exceeds the average story height, and adding the area so determined to the area of the room or floor.

MULTIPLE OCCUPANCY FLOORS

The total of the Rentable Areas for two or more tenants on a floor shall be the Rentable Area for that floor, as computed in the manner for single tenancy floors, except that public corridors of the floor shall be included.

Three steps are to be followed:

a. Compute the net area for such floor.

b. Compute the net area for each tenant.

c. To determine the Rentable Area for any tenant, multiply the Rentable Area of such floor by a fraction whose numerator is the net area for such tenant and whose denominator is the net area for such floor.

a) NET AREA FOR ANY FLOOR:

The net area shall be the gross area as described for single tenancy floors less the entire core areas (including the finished enclosing walls thereof, but excluding any part of the core rented to a tenant) and corridors (excluding the enclosing wall thereof).

b) NET AREA FOR EACH TENANT:

Exterior walls are to be measured as described in procedure for gross area. Demising walls between tenants are to be equally divided. Corridor walls to the finished corridor side are to be included in the net area of each tenant.

EXHIBIT C

WORK LETTER

Gentlemen:

For the purpose of implementing the provisions of the Lease, Landlord and Tenant, each intending to be legally bound, covenant and agree as follows (unless the context hereof otherwise clearly indicates the terms used herein are as defined in the Lease):

1. TENANT PLANS

(a) Tenant will submit Tenant's Detailed Layout Plans ("Tenant Plans") (it being understood that Tenant Plans are being drafted with Tenant's directions by Landlord's Architect) and specifications for partitioning, reflected ceiling, lighting fixtures, switches, decorating plans and plumbing fixtures, on or before the date(s) specified in subsection (d) of this section. Decorating plans shall include paint colors, wall coverings, and carpet selection, as well as locations of telephone and communication outlets. Landlord shall be entitled, in all respects, to rely upon all plans, drawings, and information so supplied by Tenant.

Tenant Plans shall include tracings and other reproducible drawings and be in a form suitable, upon submission to Landlord for approval, for filing with appropriate governmental authorities. Landlord's architects or engineers will coordinate the mechanical, electrical, plumbing, and structural engineering drawings from Tenant Plans furnished under subsection (d) of this section in order that all of Tenant's drawings and specifications comply with the plans for the Building. Landlord's engineer shall prepare required mechanical and electrical engineering drawings for Building Standard Work (identified in Paragraph 2 hereof) at Landlord's expense.

(b) Tenant may require work (which is hereinafter sometimes referred to as "Non-Building Standard Work") different from or in addition to Building Standard Work. Landlord's engineer shall prepare mechanical and electrical engineering drawings for such Non-Building Standard Work at Tenant's sole cost and expense and thereafter Tenant will pay to Landlord the cost of all Non-Building Standard Work.

(c) All plans and specifications referred to in subsection (a) and (b) of this section are subject to Landlord's approvals, which approvals shall not

be unreasonably withheld. Tenant shall submit working drawings by the date of execution of the Lease, and complete final plans and specifications for the work specified in subsection (a) and (b) by the date of execution of the Lease.

2. BUILDING STANDARD WORK AT LANDLORD'S COST AND EXPENSE

Landlord will, at Landlord's sole cost and expense, furnish and install throughout the demised premises all of the following Building Standard Work, limited to the qualities and quantities specified in this section:

(a) Partitions

Description: 1/2" dry set sheet rock with tape and spackeling (over 1-1/2" insulation on exterior walls). Partitions shall be full height floor to finished ceiling, 26 gage galvanized steel heads and corners, 3-5/8" x 26" gage metal studs (maximum 16" o.c.). All joints shall be spackeled and taped.

Allowance or Quantity: As shown on Tenant's Plans.

(b) Door, Frames and Hardware Description: Factory finished 3'0" x 6'8" oak veneer with factory finished dark bronze painted door frames. Entrance doors shall be 3'0" x 6'8" with locksets and closer, interior doors shall be with latchsets. Doors to be U.S. Plywood Corp., Eggers Hardware Products Corp. or equal. Hardware shall be Sargent & Co. polished chrome ball-type or equal. Hinges shall be 2 pair Soss Mgr. with polished chrome finish or equal.

Allowance or Quantity: As shown on Tenant's Plan.

(c) Acoustical Ceiling

Description: Modular ceiling at 8'6" constant height with 20" x 60" x 3/4" lay-in acoustical panels. Acoustical panels shall be Armstrong "Cortega" or equal. Grid System shall be Technical Ceiling, Inc., white enamel-painted extruded aluminum or equal.

Allowance or Quantity: Throughout demised premises.

(d) Lighting Fixtures

Description: Recessed fluorescent Westinghouse 20" x 48", 277 volt, 2-40 W. lamp.

WPAHS-001147

NOTE: All fixtures shall be installed as coordinated with Building Standard ceiling grid system.

Allowance or Quantity: Throughout demised premises in alternate 5' x 5' module.

(e) Switches

Description: Quiet-type, toggle with finish plates to match door hardware.

Allowance or Quantity: (a) 1 per office; and (b) as reasonably required in "open" areas and as agreed between Landlord and Tenant.

(f) Duplex Outlets

Description: 3-prong, 110 volt, ground type, in partitions. Finish plates for wall outlets to match door hardware.

Allowance or Quantity: 1 per 100 sq. ft. Rentable Area.

(g) Telephone Outlets

Description: In partitions. Finish plates for wall outlets to match door hardware.

Allowance or Quantity: 1 per 150 sq. ft. of Rentable Area.

(h) H.V.A.C. - Throughout demised premises.

(i) Venetian Blinds

Description: 1" narrow slat with nylon cords and tilter wand control, Levelor Lorentzen, Inc. or equal.

Allowance or Quantity: At all Building perimeter windows.

(j) Carpet

Beach Point Marquesa Lana Olefin (Amoco Plastics), 24 oz., 1/8" gauge, tufted (cut and loop pole), 4.33 stitches per inch, 10 year anti-static and 10 year anti-wear warranty (10% in 10 years), for gluedown installation. Colors to be selected from Building Standards.

Allowance or Quantity: Carpet throughout demised premises.

(k) Painting:

Initial painting in the Premises of the drywall conditions painted in Building Standard colors as selected by Tenant.

Landlord shall furnish all labor, material, equipment and services to perform all work required to complete the preparation of the demised premises. The Work shall generally consist of installation of partitioning, reflecting ceiling, electrical fixtures, outlets and switches, telephone outlets (no wiring), HVAC system with controls, floor and wall coverings, painting and all other work necessary to make the demised premises "ready for occupancy" (the "Work").

Landlord further covenants and agrees that all of the Work shall be done and performed in the best and most workmanlike manner and that all materials and labor shall be in conformity with the drawings and specifications and shall be subject to the inspection and approval of Tenant, which approval shall not be unreasonably withheld.

In addition to the items already listed and described in this Section 2, Landlord shall provide as part of the Work, at Landlord's sole cost and expense, the following items as noted on Tenant's Plans: _____

_____;

and all mechanical and electrical engineering drawings for the Building Standard Work described in this Exhibit C. Landlord, at Tenant's expense, shall provide engineering services for any Non-Building Standard Work necessitated by Tenant's Plans.

3. NON-BUILDING STANDARD WORK AT TENANT'S COST AND EXPENSE

Landlord shall cause Tenant's Non-Building Standard Work to be installed by Landlord's contractor, but at Tenant's sole cost and expense. Notwithstanding anything set forth herein, wiring for computer and/or telephone systems shall be deemed to be included in Tenant's Non-Building Standard Work.

Prior to commencing any Non-Building Standard Work requested by Tenant, Landlord shall submit to Tenant a detailed written estimate of the cost of such work. If Tenant shall fail to approve or disapprove any such estimate in writing within (10) days after receipt thereof Landlord's contractor shall neither proceed with such work nor any of the Building Standard Work affected thereby.

Tenant shall be liable for any increased cost in completing the affected Building Standard Work resulting from Tenant's unreasonable disapproval of, or lack of Tenant's response to Landlord's cost estimate. Tenant shall be responsible for the design and function of Tenant's Non-Building Standard improvements whether or not installed by Landlord at Tenant's request. As hereinafter described Landlord shall be entitled to full reimbursement for any such Non-Building Standard Work.

At Tenant's request, Landlord will provide Tenant with a cost for any such Non-Building Standard Work, which cost, including Landlord's financing costs, will be amortized over the term of the Lease, and paid to Landlord on a monthly basis, on the first day of the month, as additional rent.

4. SUBSTITUTIONS

Tenant may select different materials (except venetian blinds) in place of "Building Standard" materials which would otherwise be initially furnished and installed by Landlord under the provisions of this Work Letter, provided such selection is indicated on Tenant's approved plans and specifications. If Tenant shall make any such selection and if the cost of such different materials of Tenant's selection shall exceed the Landlord's cost of Building Standard materials thereby replaced, Tenant shall pay to Landlord promptly after the rendering of bills therefor by Landlord, the difference between the cost of the Landlord's Building Standards material and the cost of any such different materials requested by Tenant. Any such different materials shall be surrendered by Tenant to Landlord at the end of the initial or other expiration of the term of this Lease. No credit shall be granted for the omission of any materials where no replacement in kind is made.

All prices quoted by Landlord in detailed estimates for any such different materials or for Non-Building Standard Work or any other special work for which Tenant has the obligation to pay Landlord shall be based on Landlord's general pricing arrangement with its contractor for providing Tenant installations.

5. DELIVERY OF SPACE

Landlord shall be responsible for completing and making the demised premises available to Tenant for occupancy provided that:

(a) Tenant furnishes Landlord with Tenant Plans as described in Section 1 of this Work Letter;

(b) Tenant does not make any changes to the Drawings which would cause a material delay;

(c) The delivery of materials, finishes or installations other than Building Standard as required by Tenant's Drawings do not cause any delay;

(d) Tenant promptly responds within (10) date after receipt of all written detailed estimates submitted by Landlord to Tenant for the cost of any additional work as described in Section 3 and 4 herein;

(e) Tenant does not cause any other delay due to action or inaction by Tenant, including, without limitation, delay in providing necessary approvals or disapprovals. Tenant's inaction, failure to promptly respond or the use of any Non-Building Standard materials shall not affect, in any way, the date of commencement of the term of the Lease.

Landlord shall supervise and direct the Work, using its best skill and attention. Landlord shall be solely responsible for all construction means, methods, techniques, sequences and procedures and for coordinating all portions of the Work except as provided for in Section 4 herein. Landlord shall submit required shop drawings and samples to Tenant for Tenant's review and approval, which approval shall not be unreasonably withheld.

Landlord shall maintain at the job site and shall make readily available to Tenant for Tenant's on-site review one copy of all drawings, specifications, and approved shop drawings in good order and reasonably marked to record all changes made during construction.

At the completion of the Work, Landlord shall remove all waste materials and rubbish from and about the demised premises as well as its tools, construction equipment, machinery and surplus materials, and shall clean all glass surfaces, vacuum all floor surfaces as required and shall in general, leave the demised premises in move-in condition.

Tenant shall have reasonable access to the demised premises at all reasonable times to observe, examine and inspect the Work while in process and at completion.

Landlord warrants all material and equipment furnished under this Work Letter will be new and free from defects in material and workmanship, and that Work will be of good quality and free from defects for a period of one (1) year from the date the demised premises are substantially completed as defined in the Lease.

6. TENANT PAYMENTS

Tenant shall pay to Landlord for the performance of Work under Sections 3 and 4 herein in progress payments on a monthly basis as follows:

(a) Tenant shall reimburse Landlord during construction for the costs of Work approved by Tenant under Sections 3 and 4 herein. Invoices for such work will be submitted to Tenant not more frequently than once each calendar month and shall be payable to Landlord within fifteen (15) days after receipt thereof by Tenant.

7. CONFLICT

If there is any conflict between the terms of this Work Letter and the terms of the Lease, the terms of the Lease shall control.

8. ACCEPTANCE

The undersigned, intending to be legally bound, agree to this letter.

TENANT: _____

LANDLORD: WEST PENN/5148 LIBERTY AVENUE ASSOCIATES

BY: _____ (SEAL)

Title: _____

BY: _____ (SEAL)

BY: _____ (SEAL)

EXHIBIT D

RULES AND REGULATIONS

(1) Wherever in these Rules and Regulations the words "Tenant," or "Tenants" are used it shall be taken to apply to and include the Tenant, other tenants of the Building and their servants, employees, licensees and invitees and is to be deemed of such number and gender as the circumstances require.

(2) The streets, sidewalks, entrances, halls, passages, elevators and stairways shall not be obstructed by any of the tenants, or used by them for any other purpose than for ingress and egress to and from their respective premises.

(3) Tenants shall not make or commit any improper noises or disturbances of any kind in the Building, use musical instruments or radios without the consent of Landlord, smoke in the elevators, or mark or defile them or mark or defile the toilet rooms, or the walls, windows or doors of the building, or interfere in any way with other tenants or those having business with them.

(4) No carpet, rug or other article shall be hung or shaken out of any window, and nothing shall be thrown or allowed to drop by the Tenants out of the windows or doors, or down the passage or light-wells of the Building, and no Tenant shall sweep or throw, or permit to be swept or thrown from the demised premises, any dirt or other substance into any of the corridors or halls, elevators or stairways of the Building, or into the light-well thereof.

(5) The floors, skylights, windows, doors and transoms that reflect or admit light into passage ways, or into any place in the Building, shall not be covered or obstructed by any of the Tenants. The toilet-rooms and water apparatus shall not be used for any purposes other than those for which they were constructed, and no sweepings, rubbish, rags, chemicals, or other unsuitable substances, shall be thrown therein. Any damage resulting from such misuse or abuse shall be borne by the Tenant by whom or by whose employees or visitors it shall be caused.

(6) Nothing shall be placed on the outside of the Building, or on the windows, window-sills or projections.

(7) No sign, advertisement or notice shall be inscribed, painted or affixed on any window or on any part of the outside or inside of the Building.

WPAHS-001153

(8) If Tenants desire to install telephones or electric wires, the Landlord will direct where and how the same are to be placed. No wires shall be run in any part of the Building excepting by or under the direction of Landlord. The attaching of wires to the outside of the Building is absolutely prohibited.

(9) Tenants may use their own safes which must be light steel safes of quantity and type to be determined by Landlord and no safe shall be hoisted or placed in any part of the Building excepting under the direction of the Landlord's agent.

(10) In order that the demised premises may be kept in a good state of preservation and cleanliness each Tenant shall, during the continuance of his lease, permit the janitor of the Landlord to take charge of and clean the demised premises.

(11) No Tenant shall employ any person or persons, other than the janitor of the Landlord, for the purpose of such cleaning or taking charge of the demised premises. Tenants will see that the windows are closed and the doors securely locked and the lights extinguished before leaving the Building.

(12) No animals or birds shall be kept in or upon the demised premises.

(13) No machinery (other than usual office machinery) of any kind will be allowed to be operated on the demised premises without the written consent of the Landlord.

(14) No interference with the heating or cooling apparatus will be permitted. All regulating and adjusting will be done by the employees of the Landlord.

(15) The use of rooms as sleeping apartments is absolutely prohibited.

(16) Tenants are prohibited from giving fees to employees of the Building.

(17) Landlord shall have the right to prohibit any advertising by Tenant which, in its opinion tends to impair the reputation of the Building or its desirability as a building for offices, and upon written notice from Landlord said Tenant shall refrain from or discontinue such advertising.

(18) Landlord reserves the right to designate the time when and method whereby freight, furniture, safes, goods, merchandise and other articles may be brought into or taken from the Building.

JOINT VENTURE AGREEMENT
Between
THE WESTERN PENNSYLVANIA HOSPITAL
And
5148 LIBERTY AVENUE ASSOCIATES

Exhibit "D"
MANAGEMENT AGREEMENT

THIS AGREEMENT, made as of the _____ day of _____, 1991, by and between West Penn / 5148 Liberty Avenue Associates, having offices at 12th Floor, One Oxford Centre, Pittsburgh, Pennsylvania, (the "Owner") and Ross Development Company, with offices at 12th Floor, One Oxford Centre, Pittsburgh, Pennsylvania 15219 (the "Agent").

WHEREAS, the Owner desires to employ the Agent as its exclusive leasing and management Agent for that certain building commonly known and referred to as The West Penn Medical Building ("Building") located at 5148 Liberty Avenue in the City of Pittsburgh (The Building and the land on which the Building is erected are hereinafter collectively referred to as the "Property").

WHEREAS, Owner and Agent have entered into a certain Joint Venture Agreement ("Agreement") for the Property which provides, among other things, for the management of the Property as more fully set forth herein.

W I T N E S S E T H

IN CONSIDERATION of the mutual promises and covenants herein contained, Owner and Agent agree as follows:

1. APPOINTMENT OF AGENT: Owner hereby appoints Agent and Agent hereby accepts appointment on the terms and conditions hereinafter provided, as sole and exclusive Agent of Owner, to lease, manage, supervise, maintain and operate the Property in the name of the Owner. Agent shall use its best efforts in the management of the Property, and due diligence in collecting the rents and all other income therefrom.

2. TERM AND TERMINATION:

2.1 Owner hereby grants to Agent the exclusive right to manage the operation, maintenance, and leasing of the Property for a three (3) year term commencing on the date of the Agreement and ending at midnight on the day which is thirty-six (36) months after said date, provided that either Owner or Agent may terminate this Agreement at any time by giving sixty (60) days prior written notice of its election to terminate this agreement; and provided further, that this agreement may also be terminated immediately upon the happening of any of the following events:

2.1.1. On written notice (after a prior written notice and a reasonable opportunity to cure) by either party to the other of an uncured material default in the performance of its obligations hereunder.

2.1.2. The commission by Agent of gross negligence or fraud in connection with the performance of its duties hereunder.

2.1.3. Failure or refusal by either party to comply with or abide by any rule, order, determination, ordinance or law of any Federal, State, or Municipal Authority.

2.2. In the event of the early termination of the employment of Agent or upon the expiration of the term hereof, whichever occurs first, Agent shall immediately deliver possession of the Property to the Owner, including real property and improvements thereon and all furniture, fixtures and equipment therein (except those owned by tenants) and all replacements thereof and additions thereto; disburse to the Owner all sums pertaining to the Property; pay all amounts through the said expiration date which are the obligation of Agent to pay hereunder; and deliver to the Owner all records, accounts, current leases, documents and files required for the ongoing operation of the Property, together with a statement of all amounts of rent, other revenues payable pursuant to lease and rental agreements affecting the Property, and a full certified accounting in such detail as shall permit the Owner to verify all of the foregoing matters.

2.3. In the event this Agreement is terminated by either Owner or Agent under this Paragraph 2, Owner will either assume all obligations of Agent to the employees of the Property hired by Agent or reimburse Agent for all agreed upon costs and expenses incurred in terminating the employment relationship of such employees. To the extent that the funds in the General Account are not sufficient to compensate and/or reimburse Agent as aforesaid, Owner shall pay directly to Agent such amounts as are due within thirty (30) days following the date of termination.

3. RENEWAL: Unless this Agreement is terminated as set forth herein, and in particular in Paragraph 2 hereof, the term of this Agreement shall be deemed to be renewed and extended for successive periods of one (1) year upon the same covenants, terms, and conditions as those of this Agreement, without execution of any further instrument.

4. GENERAL RESPONSIBILITY OF AGENT: Agent is hereby charged with the sole and exclusive management of the Property and shall provide Owner with the services customarily provided for in such instances in order to maintain and operate the Property as a first-class medical office building complex. Said services shall be consistent with high standards of office building management, including but not limited to, doing and performing any and all things reasonably and customarily necessary for the rental, maintenance, operation and service of the Property, complying with

all covenants, and agreements of all mortgage loans and providing an annual energy management assessment of the Property.

Agent agrees to use its best efforts to the end that all services rendered to tenants or occupants of the Building shall be kept at a minimum cost to Owner, consistent with Owner's established standards for the Property, and Agent will not perform or promise to perform services for tenants other than the usual services provided by owners or lessors of similar properties, unless otherwise instructed by Owner.

Agent will make available to Owner the advice and consultation of its technical staff in connection with the ordinary repairs to the Property and with respect to tenant alteration work and installations provided by Owner. Agent is authorized on behalf of Owner, to consent to and approve tenant alterations and installations which are provided for in the tenant's leases within the Building. With respect to alterations and installations not provided for by leases, Agent is authorized to approve and consent to such work provided (i) such alterations and installations are made solely at tenant's expense in accordance with governmental requirements and (ii) such alterations and installations do not affect the basic structure of the Property or interfere with essential Building services to other tenants.

If it becomes advisable or necessary to make repairs or engage in reconstruction or rehabilitation of the Property or any part thereof, or if Agent is called upon to perform any services not customarily a part of the usual services performed by a managing agent, it is agreed by the parties hereto that Agent shall receive an additional fee therefor in an amount agreed upon between the parties, but in each instance, where Agent is to receive an additional fee, Agent shall give Owner prior written notice thereof.

5. SERVICE CONTRACTS: Agent shall prepare and procure all such contracts and agreements as are required in the ordinary course of business for the operation, maintenance and service of the Property for the execution by Agent on behalf of Owner. Agent agrees, subject to adequate funds being available, to make all payments due under such contracts and agreements out of the revenues of the Property.

6. SUPPLIES: Subject to adequate funds being available, Agent shall, on behalf of Owner and at the expense of Owner, purchase such supplies and other expendable items as are necessary and customary to operate and maintain the Property and make any repairs required in connection with the Property, provided however, if the total amount payable for any such single purchase, or repair expense exceeds the sum of Three Thousand Five Hundred Dollars ($3,500.00), Agent shall be required to obtain the prior written consent of Owner therefore, unless such purchase or repair is made under circumstances which Agent shall reasonably consider to constitute an emergency, and then, only after reasonably attempting

to first notify Owner. When taking bids or issuing purchase orders, Agent shall be under a duty to secure any discounts, commissions or rebates reasonably obtainable as a result of such purchase, which will accrue to the benefit of the Owner.

7. EMPLOYMENT OF PERSONNEL: To the extent required, Agent will hire, train, supervise, direct the work of and discharge all personnel working on the Property. Such personnel shall in every instance be deemed employees of Agent and not of Owner. Owner shall have no right to hire, discharge, supervise or direct such employees. All salaries, wages and other compensation of personnel employed by Agent hereunder, including so-called fringe benefits, medical and health insurance, group life insurance, social security, taxes, workmen's compensation insurance, and the like, shall be evidenced by weekly payrolls certified by Agent.

8. E.E.O.: Either party will not knowingly engage in any conduct or practices which violates any applicable law, order or regulation prohibiting discrimination against any person by reason of his or her race, religion, national origin, sex or age (as defined in the Age and Discrimination in Employment Act of 1967) in the performance of this Agreement, including Title VI of the Civil Rights Act of 1964 (Public Law 88-352, 78 Stat. 241); all requirements imposed by or pursuant to the Regulations of HUD (24 CFR, Subtitle A, Part 1) issued pursuant to Executive Order 11063; and Title VIII of the 1968 Civil Rights Act.

9. ANNUAL BUDGET: Within at least sixty (60) days prior to the beginning of each fiscal year, Agent shall prepare and submit to Owner, a proposed budget of the estimated operating expenses of the Property for the current fiscal year or other operating period as may be agreed to by the parties. Such budget shall be used by Agent as a guide for the actual operation of the Property and shall be subject to comparisons based upon monthly reports rendered by Agent to Owner. Agent shall make no expenditures for capital improvements, furniture, fixtures or equipment without prior approval of Owner except for the interposition of circumstances beyond the reasonable control of Agent creating the advisability or necessity for such expenditures. Within at least sixty (60) days prior to the beginning of each fiscal year, Agent shall prepare and submit to Owner a proposed leasing plan for the Property. This leasing plan will express, in the Agent's judgment, the new rental and renewal rates to be achieved within the Building. A schedule of proposed renewals should be included. The plan will also include a survey of comparables in the area, an analysis of supply and demand in the market and proposed advertising media and public relations programs.

10. BANK ACCOUNTS: Agent shall establish a separate checking account in the name of the Owner in a bank which shall be a member bank of the FDIC or FSLIC from which all disbursements for the Property shall be made. The title of such account and all banking transactions relating thereto shall clearly establish that such account and the monies therein are the property of Owner and that

Agent is acting merely as agent with respect thereto. The account shall be known herein as the "General Account" and Agent agrees to deposit all funds collected from the operation of the Property in said account, it being understood that all such funds so deposited in said account shall be held in trust for Owner. Subject to funds being available, funds from the General Account shall be disbursed by Agent to pay its compensation hereunder, necessary expenses incurred in the operation, service and maintenance of the Property pursuant hereto, principal and interest on mortgages, insurance premiums on all insurance procured by Owner for the Property and taxes, assessments, utilities and other obligations of the Property. The excess cash, if any, of gross revenues over the management fees and other items of expense, including an adequate reserve for future expenses (as directed by Owner), shall be remitted to Owner in accordance with the directions from Owner. Nothing herein contained shall be construed to deprive Agent of the right to maintain petty cash funds and to make payment therefrom as same are understood and employed in the office building management business. If at any time the available funds in the General Account shall not be sufficient to pay the current fees, bills, or charges incurred in the operation of the Property, as authorized by the terms of this Agreement, Agent shall submit to Owner a statement of such unpaid fees, bills or charges for which monies shall be required and Owner shall provide, within 2 days, sufficient monies to Agent to pay such unpaid fees, bills, or charges.

11. COLLECTION OF RENTS: Agent shall use its best efforts and due diligence to collect all rents, security deposits and other charges due from tenants, and all income from concessionaires. Agent shall institute legal proceedings (provided such legal proceedings have been approved by Owner in accordance with the applicable provisions of the Agreement) in the name of and on behalf of Owner, and at the expense of Owner, for the collection thereof and for dispossession of tenants, guests, and other persons from the Property, and such expense may include the engaging of counsel for any such matter. All monies collected by Agent, excluding security deposits, shall be forthwith deposited in the General Account. Agent may retain counsel for the purposes of enforcing tenant leases or for the drafting of tenant leases.

12. BOOKS, RECORDS AND MONTHLY REPORTS: Agent shall maintain at its office, true and complete books and records in connection with its management and operation of the Property. Such books and records shall be kept in accordance with generally accepted accounting principles. Owner shall have the right and privilege of examining said books and records at Agent's office at any and all reasonable times. Agent shall render to Owner on or about the 10th day of each month, a detailed statement for the preceding month and the fiscal year to date.

13. COMPLIANCE WITH LEGAL REQUIREMENTS: Owner and Agent shall take such action as may be necessary to comply with any and all orders or requirements affecting the Property by any Federal,

State, County or municipal Authority having jurisdiction thereover. Agent shall, however, not take any action so long as Owner is contesting or has affirmed its intention to contest, and promptly institutes proceedings contesting, any such order or requirement except when failure to comply promptly with any such order or requirement might expose Agent to criminal or civil liability. Except as otherwise provided herein, Agent may comply with any such order or requirement without the prior approval of Owner, if the cost of same does not exceed Two Thousand Dollars ($2,000.00). Agent shall promptly notify Owner, in writing, of all such orders, notices or requirements received by Agent.

14. CLAIMS AND AWARDS: When requested by Owner, Agent shall, without extra charge except for direct expenses, render advice and assistance to Owner in the negotiation and prosecution of all claims including claims for the abatement or reduction of property taxes and other taxes affecting the Property and for awards for taking by eminent domain affecting the Property.

15. INSURANCE: Owner shall cause to be placed and continuously kept in force, machinery insurance, fire and extended coverage insurance, plate glass insurance, loss of rental insurance and other customary property and public liability insurance. All such insurance coverage shall be placed with such companies and in such amount as Owner deems necessary under the circumstances and after placement by Owner shall be paid for by Agent as an expense of the Property out of the revenues produced by the Property. All such policies of insurance shall name the Owner, Agent and such other parties as may be required by any mortgagee of the Property, as the named insureds thereunder, as their respective interests may appear. Within at least thirty (30) days from the date hereof, Owner shall furnish to Agent certificates of insurance evidencing such coverage. Agent shall be authorized to settle any and all claims not in excess of $250.00 and to execute proof of loss, releases, adjustments of losses and receipts. If any such claim is greater than $250.00, Agent shall not act without the prior approval of Owner. Agent agrees to not knowingly permit the use of the Property for any purpose which might void any policy of insurance relating to the Property or which might render any loss thereunder uncollectible, or which would be in violation of any law or governmental restriction.

16. USE AND MAINTENANCE OF PREMISES: It shall be the duty of the Agent, at all times during the term of this Agreement, to use, operate and maintain the Property according to the reasonable standards requested by Owner.

17. LEASING: Agent shall use its best efforts to secure and/or retain tenants for the Property. Agent shall lease the space in the Property pursuant to a marketing program and lease form approved by Owner and otherwise in such manner and upon such terms and conditions as Owner deems reasonable, including but not limited to, the advertising of the availability of space in the Property, the preparation, printing, and mailing of leasing

brochures and floor plans, retaining an architect for the purpose of preparing tenant floor plans, and to perform all other duties necessary to the conduct of a successful leasing program.

On and after the effective date hereof, and thereafter during the term of this agreement, Owner agrees to refer to Agent all offers and inquiries of prospective tenants for the Property, and Agent agrees to diligently investigate and develop such offers or inquiries and to canvass, solicit and otherwise employ its services to endeavor at all times to keep the Property fully rented.

Agent agrees it will work with and cooperate with all recognized real estate agents in the geographic area in which the Property is located.

Notwithstanding anything herein contained to the contrary: (i) leases and amendments thereto may be executed by Agent and shall not require prior approval by Owner if said lease is in substantial compliance with the Leasing Plan and the form or forms of leases and the general terms, conditions, and standards for the leasing of space in the Building as previously approved by the Owner and the rental rate for the first lease year is less than or equal to $17 per square foot and the rental rate in subsequent lease years is less than or equal to the average rental rate in the Mellon Pavillion; (ii) no leasing commissions shall be paid to Agent; and (iii) all expenditures for tenant alterations shall not require the prior written approval of Owner if the same are in accordance with the Leasing Plan.

18. COMPENSATION OF AGENT: The compensation of Agent for its services hereunder shall be an annual fee of $30,000, payable in monthly payments of $2,500.

19. INDEMNIFICATION: Owner agrees to indemnify and hold Agent harmless from claims of third parties when Agent is acting within the scope of this Agreement. Agent shall not be liable to Owner for any matters arising out of or in the course of carrying out the duties devolving upon Agent under this Agreement. Notwithstanding the foregoing provisions to the contrary, Owner shall not be required to indemnify or hold harmless Agent (its officers, employees and agents) against damages, losses and expenses suffered as a result of the gross negligence or willful misconduct on the part of Agent, its officers, employees or agents and Agent agrees to indemnify Owner and hold Owner harmless from claims of third parties when Agent is not acting within the scope of this Agreement.

20. OTHER OWNER EXPENSES: The expenses, costs, fees, compensation and other renumeration of any persons engaged by Agent to perform duties of a specialist nature such as attorneys, accountants, auditors, ad valorem tax consultants and the like, shall require the prior consent of Owner and shall be deemed to be an expense of Owner for the Property. Agent may, as set forth in this agreement and at Owner's sole cost and expense, advertise the

Property or portions thereof, and prepare and secure special signs, plans, circular matter and/or forms of advertising. Notwithstanding the generality of the foregoing, the wages and salaries (including benefits and overhead but without any adjustment for profit) of Agent's in-house maintenance personnel shall be deemed to be an expense of Owner for the Property.

21. RELATIONSHIP: For all purposes under this Agreement, Agent shall be deemed to be the authorized agent of Owner. Nothing herein contained shall be construed to mean that Agent is acting as an independent contractor. Agent and Owner shall not be construed to be joint venturer or general partners of each other and neither shall have the power to bind or obligate the other party except as set forth in this Agreement. Nothing herein shall deprive or otherwise affect the right of either party hereto to own, invest in, manage or operate properties or to conduct business activities which are competitive with the business of the Property, so long as any of such activities, on the part of Agent, do not interfere with the proper performance by Agent of its duties hereunder.

22. NOTICE: All notices provided for in this Agreement shall be in writing and served by Registered, postage prepaid, or Certified Mail at the address appearing in this Agreement.

23. ASSIGNMENT: This Agreement shall not be assignable by either party hereto without the prior written consent of the other party.

24. ENTIRE AGREEMENT: This Agreement is the entire agreement between the parties with respect to the subject matter hereof, and no alteration, modification or interpretation hereof shall be binding unless in writing and signed by both parties.

25. BENEFITS AND OBLIGATIONS: Subject to the other provisions hereof, the covenants and agreements herein contained shall inure to the benefit of, and be binding upon the parties hereto and their respective heirs, executors, successors, assigns and subcontractors.

26. SEVERABILITY: If any provisions of this Agreement or application to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement or the application of such provision to such person or circumstance shall not be affected thereby, and each provision hereof shall be valid and shall be enforced to the fullest extent permitted by law.

27. APPLICABLE LAW: This Agreement shall be construed and enforced in accordance with the laws in the Commonwealth of Pennsylvania.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

OWNER: West Penn/5148 Liberty Avenue Associates

By: _____ (Seal)

By: _____ (Seal)

WITNESS:

_____ (Seal)

AGENT: Ross Development Company

By: _____

Title: _____

ATTEST:

_____

Secretary
(Corporate Seal)

JOINT VENTURE AGREEMENT
Between
THE WESTERN PENNSYLVANIA HOSPITAL
And
5148 LIBERTY AVENUE ASSOCIATES

Exhibit "E"

AIA Document A111

Standard Form of Agreement Between Owner and Contractor

where the basis of payment is the

COST OF THE WORK PLUS A FEE

with or without a Guaranteed Maximum Price

1987 EDITION

THIS DOCUMENT HAS IMPORTANT LEGAL CONSEQUENCES; CONSULTATION WITH AN ATTORNEY IS ENCOURAGED WITH RESPECT TO ITS COMPLETION OR MODIFICATION.

The 1987 Edition of AIA Document A201, General Conditions of the Contract for Construction, is adopted in this document by reference. Do not use with other general conditions unless this document is modified.

This document has been approved and endorsed by The Associated General Contractors of America.

AGREEMENT

made as of the day of in the year of
Nineteen Hundred and Ninety-one

BETWEEN the Owner: *(Name and address)*
West Penn/5148 Liberty Avenue Associates
12th Floor, One Oxford Centre
301 Grant Street
Pittsburgh, PA 15219

and the Contractor: *(Name and address)*
5148 Liberty Avenue Associates
12th Floor, One Oxford Centre
301 Grant Street
Pittsburgh, PA 15219

the Project is: *(Name and address)*
West Penn Medical Annex
5148 Liberty Avenue
Pittsburgh, PA 15224

the Architect is: *(Name and address)*
IKM, Incorporated
One PPG Place
Pittsburgh, PA 15222

The Owner and Contractor agree as set forth below.

Copyright 1920, 1925, 1951, 1958, 1961, 1963, 1967, 1974, 1978, ©1987 by The American Institute of Architects, 1735 New York Avenue, N.W., Washington, D.C. 20006. Reproduction of the material herein or substantial quotation of its provisions without written permission of the AIA violates the copyright laws of the United States and will be subject to legal prosecution.

WPAHS-001164

ARTICLE 1
THE CONTRACT DOCUMENTS

1.1 The Contract Documents consist of this Agreement, Conditions of the Contract (General, Supplementary and other Conditions), Drawings, Specifications, Addenda issued prior to execution of this Agreement, other documents listed in this Agreement and Modifications issued after execution of this Agreement; these form the Contract, and are as fully a part of the Contract as if attached to this Agreement or repeated herein. The Contract represents the entire and integrated agreement between the parties hereto and supersedes prior negotiations, representations or agreements, either written or oral. An enumeration of the Contract Documents, other than Modifications, appears in Article 16. If anything in the other Contract Documents is inconsistent with this Agreement, this Agreement shall govern.

ARTICLE 2
THE WORK OF THIS CONTRACT

2.1 The Contractor shall execute the entire Work described in the Contract Documents, except to the extent specifically indicated in the Contract Documents to be the responsibility of others, or as follows:

None

ARTICLE 3
RELATIONSHIP OF THE PARTIES

3.1 The Contractor accepts the relationship of trust and confidence established by this Agreement and covenants with the Owner to cooperate with the Architect and utilize the Contractor's best skill, efforts and judgment in furthering the interests of the Owner; to furnish efficient business administration and supervision; to make best efforts to furnish at all times an adequate supply of workers and materials; and to perform the Work in the best way and most expeditious and economical manner consistent with the interests of the Owner. The Owner agrees to exercise best efforts to enable the Contractor to perform the Work in the best way and most expeditious manner by furnishing and approving in a timely way information required by the Contractor and making payments to the Contractor in accordance with requirements of the Contract Documents.

ARTICLE 4
DATE OF COMMENCEMENT AND SUBSTANTIAL COMPLETION

4.1 The date of commencement is the date from which the Contract Time of Subparagraph 4.2 is measured; it shall be the date of this Agreement, as first written above, unless a different date is stated below or provision is made for the date to be fixed in a notice to proceed issued by the Owner.

(Insert the date of commencement if it differs from the date of this Agreement or, if applicable, state that the date will be fixed in a notice to proceed.)

The date will be fixed in a notice to proceed.

Unless the date of commencement is established by a notice to proceed issued by the Owner, the Contractor shall notify the Owner in writing not less than five days before commencing the Work to permit the timely filing of mortgages, mechanic's liens and other security interests.

WPAHS-001165

4.2 The Contractor shall achieve* Substantial Completion of the entire Work not later than 120 days after the

(Insert the calendar date or number of calendar days after the date of commencement. Also insert any requirements for earlier Substantial Completion of certain portions of the Work, if not stated elsewhere in the Contract Documents.)

date of commencement.

, subject to adjustments of this Contract Time as provided in the Contract Documents.

(Insert provisions, if any, for liquidated damages relating to failure to complete on time.)

None

ARTICLE 5
CONTRACT SUM

5.1 The Owner shall pay the Contractor in current funds for the Contractor's performance of the Contract the Contract Sum consisting of the Cost of the Work as defined in Article 7 and the Contractor's Fee determined as follows:

(State a lump sum, percentage of Cost of the Work or other provision for determining the Contractor's Fee and explain how the Contractor's Fee is to be adjusted for changes in the Work.)

No fee to be paid to contractor.

5.2 GUARANTEED MAXIMUM PRICE (IF APPLICABLE) N/A

5.2.1 The sum of the Cost of the Work and the Contractor's Fee is guaranteed by the Contractor not to exceed Dollars ($), subject to additions and deductions by Change Order as provided in the Contract Documents. Such maximum sum is referred to in the Contract Documents as the Guaranteed Maximum Price. Costs which would cause the Guaranteed Maximum Price to be exceeded shall be paid by the Contractor without reimbursement by the Owner.

(Insert specific provisions if the Contractor is to participate in any savings.)

N/A

* use best efforts to

WPAHS-001166

5.2.2 The Guaranteed Maximum Price is based upon the following alternates, if any, which are described in the Contract Documents and are hereby accepted by the Owner:

(State the numbers or other identification of accepted alternates. Insert only if a Guaranteed Maximum Price is inserted in Subparagraph 5.2.1. If decisions on other alternates are to be made by the Owner subsequent to the execution of this Agreement, attach a schedule of such other alternates showing the amount for each and the date until which that amount is valid.)

N/A

5.2.3 The amounts agreed to for unit prices, if any, are as follows:

(State unit prices only if a Guaranteed Maximum Price is inserted in Subparagraph 5.2.1.)

N/A

ARTICLE 6
CHANGES IN THE WORK

6.1 CONTRACTS WITH A GUARANTEED MAXIMUM PRICE

6.1.1 Adjustments to the Guaranteed Maximum Price on account of changes in the Work may be determined by any of the methods listed in Subparagraph 7.3.3 of the General Conditions.

6.1.2 In calculating adjustments to subcontracts (except those awarded with the Owner's prior consent on the basis of cost plus a fee), the terms "cost" and "fee" as used in Clause 7.3.3.3 of the General Conditions and the terms "costs" and "a reasonable allowance for overhead and profit" as used in Subparagraph 7.3.6 of the General Conditions shall have the meanings assigned to them in the General Conditions and shall not be modified by Articles 5, 7 and 8 of this Agreement. Adjustments to subcontracts awarded with the Owner's prior consent on the basis of cost plus a fee shall be calculated in accordance with the terms of those subcontracts.

6.1.3 In calculating adjustments to this Contract, the terms "cost" and "costs" as used in the above-referenced provisions of the General Conditions shall mean the Cost of the Work as defined in Article 7 of this Agreement and the terms "fee" and "a reasonable allowance for overhead and profit" shall mean the Contractor's Fee as defined in Paragraph 5.1 of this Agreement.

WPAHS-001167

6.2 CONTRACTS WITHOUT A GUARANTEED MAXIMUM PRICE

6.2.1 Increased costs for the items set forth in Article 7 which result from changes in the Work shall become part of the Cost of the Work, and the Contractor's Fee shall be adjusted as provided in Paragraph 5.1

6.3 ALL CONTRACTS

6.3.1 If no specific provision is made in Paragraph 5.1 for adjustment of the Contractor's Fee in the case of changes in the Work, or if the extent of such changes is such, in the aggregate, that application of the adjustment provisions of Paragraph 5.1 will cause substantial inequity to the Owner or Contractor, the Contractor's Fee shall be equitably adjusted on the basis of the Fee established for the original Work

ARTICLE 7

COSTS TO BE REIMBURSED

7.1 The term Cost of the Work shall mean costs necessarily incurred by the Contractor in the proper performance of the Work. Such costs shall be at rates not higher than the standard paid at the place of the Project except with prior consent of the Owner. The Cost of the Work shall include only the items set forth in this Article 7

7.1.1 LABOR COSTS

7.1.1.1 Wages of construction workers directly employed by the Contractor to perform the construction of the Work at the site or, with the Owner's agreement, at off site workshops.

7.1.1.2 Wages or salaries of the Contractor's supervisory and administrative personnel ~~when stationed at the site with the Owner's agreement~~ including those stationed at Contractor's office when said personnel are performing duties solely related to the work, said "included" personnel will not include Kenneth Ross and Anthony Ross.

(If it is intended that the wages or salaries of certain personnel stationed at the Contractor's principal or other offices shall be included in the Cost of the Work, identify in Article 14 the personnel to be included and whether for all or only part of their time.)

7.1.1.3 Wages and salaries of the Contractor's supervisory or administrative personnel engaged, at factories, workshops or on the road, in expediting the production or transportation of materials or equipment required for the Work, but only for that portion of their time required for the Work.

7.1.1.4 Costs paid or incurred by the Contractor for taxes, insurance, contributions, assessments and benefits ~~required by law or collective bargaining agreements~~ for personnel ~~not stationed at the site at the Owner's~~ customary benefits such as sick leave, medical and health benefits, holidays, vacations and pensions, provided such costs are based on wages and salaries included in the Cost of the Work under Clauses 7.1.1.1 through 7.1.1.3.

7.1.2 SUBCONTRACT COSTS

Payments made by the Contractor to Subcontractors in accordance with the requirements of the subcontracts.

7.1.3 COSTS OF MATERIALS AND EQUIPMENT INCORPORATED IN THE COMPLETED CONSTRUCTION

7.1.3.1 Costs, including transportation, of materials and equipment incorporated or to be incorporated in the completed construction.

7.1.3.2 Costs of materials described in the preceding Clause 7.1.3.1 in excess of those actually installed but required to provide reasonable allowance for waste and for spoilage. Unused excess materials, if any, shall be handed over to the Owner at the completion of the Work or, at the Owner's option, shall be sold by the Contractor; amounts realized, if any, from such sales shall be credited to the Owner as a deduction from the Cost of the Work.

7.1.4 COSTS OF OTHER MATERIALS AND EQUIPMENT, TEMPORARY FACILITIES AND RELATED ITEMS

7.1.4.1 Costs, including transportation, installation, maintenance, dismantling and removal of materials, supplies, temporary facilities, machinery, equipment, and hand tools not customarily owned by the construction workers, which are provided by the Contractor at the site and fully consumed in the performance of the Work; and cost less salvage value on such items if not fully consumed, whether sold to others or retained by the Contractor. Cost for items previously used by the Contractor shall mean fair market value.

7.1.4.2 Rental charges for temporary facilities, machinery, equipment, and hand tools not customarily owned by the construction workers, which are provided by the Contractor at the site, whether rented from the Contractor or others, and costs of transportation, installation, minor repairs and replacements, dismantling and removal thereof. Rates and quantities of equipment rented shall be subject to the Owner's prior approval.

7.1.4.3 Costs of removal of debris from the site.

7.1.4.4 Costs of telegrams and long distance telephone calls, postage and parcel delivery charges, telephone service ~~at the site~~ and reasonable petty cash expenses ~~of the site office~~ and other office supplies used directly and solely for the Project.

7.1.4.5 That portion of the reasonable travel and subsistence expenses of the Contractor's personnel incurred while traveling in discharge of duties connected with the Work.

WPAHS-001168

7.1.5 MISCELLANEOUS COSTS

7.1.5.1 That portion directly attributable to this Contract of premiums for insurance and bonds

7.1.5.2 Sales, use or similar taxes imposed by a governmental authority which are related to the Work and for which the Contractor is liable.

7.1.5.3 Fees and assessments for the building permit and for other permits, licenses and inspections for which the Contractor is required by the Contract Documents to pay

7.1.5.4 Fees of testing laboratories for tests required by the Contract Documents, except those related to defective or nonconforming Work for which reimbursement is excluded by Subparagraph 13.5.3 of the General Conditions or other provisions of the Contract Documents and which do not fall within the scope of Subparagraphs 7.2.2 through 7.2.4 below.

7.1.5.5 Royalties and license fees paid for the use of a particular design, process or product required by the Contract Documents; the cost of defending suits or claims for infringement of patent rights arising from such requirement by the Contract Documents; payments made in accordance with legal judgments against the Contractor resulting from such suits or claims and payments of settlements made with the Owner's consent; provided, however, that such costs of legal defenses, judgment and settlements shall not be included in the calculation of the Contractor's Fee or of a Guaranteed Maximum Price, if any, and provided that such royalties, fees and costs are not excluded by the last sentence of Subparagraph 3.17.1 of the General Conditions or other provisions of the Contract Documents.

7.1.5.6 Deposits lost for causes other than the Contractor's fault or negligence

7.1.6 OTHER COSTS

7.1.6.1 Other costs incurred in the performance of the Work if and to the extent approved in advance in writing by the Owner.

7.2 EMERGENCIES; REPAIRS TO DAMAGED, DEFECTIVE OR NONCONFORMING WORK

The Cost of the Work shall also include costs described in Paragraph 7.1 which are incurred by the Contractor:

7.2.1 In taking action to prevent threatened damage, injury or loss in case of an emergency affecting the safety of persons and property, as provided in Paragraph 10.3 of the General Conditions.

7.2.2 In repairing or correcting Work damaged or improperly executed by construction workers in the employ of the Contractor, provided such damage or improper execution did not result from the fault or negligence of the Contractor or the Contractor's foremen, engineers or superintendents or other supervisory, administrative or managerial personnel of the Contractor

7.2.3 In repairing damaged Work other than that described in Subparagraph 7.2.2, provided such damage did not result from the fault or negligence of the Contractor or the Contractor's personnel, and only to the extent that the cost of such repairs is not recoverable by the Contractor from others and the Contractor is not compensated therefor by insurance or otherwise.

7.2.4 In correcting defective or nonconforming Work performed or supplied by a Subcontractor or material supplier and not corrected by them, provided such defective or nonconforming Work did not result from the fault or neglect of the Contractor or the Contractor's personnel adequately to supervise and direct the Work of the Subcontractor or material supplier, and only to the extent that the cost of correcting the defective or nonconforming Work is not recoverable by the Contractor from the Subcontractor or material supplier

ARTICLE 8

COSTS NOT TO BE REIMBURSED

8.1 The Cost of the Work shall not include:

8.1.1 Salaries and other compensation of the Contractor's personnel stationed at the Contractor's principal office or offices other than the site office, except as specifically provided in Clauses 7.1.1.2 and 7.1.1.3 or as may be provided in Article 14.

8.1.2 Expenses of the Contractor's principal office and offices other than the site office., except as provided in clause 7.1.4.4.

8.1.3 Overhead and general expenses, except as may be expressly included in Article 7.

8.1.4 The Contractor's capital expenses, including interest on the Contractor's capital employed for the Work.

8.1.5 Rental costs of machinery and equipment, except as specifically provided in Clause 7.1.1.2

8.1.6 Except as provided in Subparagraphs 7.2.2 through 7.2.4 and Paragraph 13.5 of this Agreement, costs due to the ~~negligence~~ negligence of the Contractor, Subcontractors, anyone directly or indirectly employed by any of them, or for whose acts any of them may be liable, including but not limited to costs for the correction of damaged, defective or nonconforming Work, disposal and replacement of materials and equipment incorrectly ordered or supplied, and making good damage to property not forming part of the Work.

8.1.7 Any cost not specifically and expressly described in Article 7.

8.1.8 Costs which would cause the Guaranteed Maximum Price, if any, to be exceeded.

WPAHS-001169

ARTICLE 9
DISCOUNTS, REBATES AND REFUNDS

9.1 Cash discounts obtained on payments made by the Contractor shall accrue to the Owner if (1) before making the payment, the Contractor included them in an Application for Payment and received payment therefor from the Owner, or (2) the Owner has deposited funds with the Contractor with which to make payments; otherwise, cash discounts shall accrue to the Contractor. Trade discounts, rebates, refunds and amounts received from sales of surplus materials and equipment shall accrue to the Owner, and the Contractor shall make provisions so that they can be secured.

9.2 Amounts which accrue to the Owner in accordance with the provisions of Paragraph 9.1 shall be credited to the Owner as a deduction from the Cost of the Work.

ARTICLE 10
SUBCONTRACTS AND OTHER AGREEMENTS

10.1 Those portions of the Work that the Contractor does not customarily perform with the Contractor's own personnel shall be performed under subcontracts or by other appropriate agreements with the Contractor. The Contractor shall obtain bids from Subcontractors and from suppliers of materials or equipment fabricated especially for the Work and shall deliver such bids to the Architect. The Owner will then determine, with the advice of the Contractor and subject to the reasonable objection of the Architect, which bids will be accepted. The Owner may designate specific persons or entities from whom the Contractor shall obtain bids; however, if a Guaranteed Maximum Price has been established, the Owner may not prohibit the Contractor from obtaining bids from others. The Contractor shall not be required to contract with anyone to whom the Contractor has reasonable objection.

10.2 If a Guaranteed Maximum Price has been established and a specific bidder among those whose bids are delivered by the Contractor to the Architect (1) is recommended to the Owner by the Contractor; (2) is qualified to perform that portion of the Work; and (3) has submitted a bid which conforms to the requirements of the Contract Documents without reservations or exceptions, but the Owner requires that another bid be accepted; then the Contractor may require that a Change Order be issued to adjust the Guaranteed Maximum Price by the difference between the bid of the person or entity recommended to the Owner by the Contractor and the amount of the subcontract or other agreement actually signed with the person or entity designated by the Owner.

10.3 Subcontracts or other agreements shall conform to the payment provisions of Paragraphs 12.7 and 12.8, and shall not be awarded on the basis of cost plus a fee without the prior consent of the Owner.

ARTICLE 11
ACCOUNTING RECORDS

11.1 The Contractor shall keep full and detailed accounts and exercise such controls as may be necessary for proper financial management under this Contract; the accounting and control systems shall be satisfactory to the Owner. The Owner and the Owner's accountants shall be afforded access to the Contractor's records, books, correspondence, instructions, drawings, receipts, subcontracts, purchase orders, vouchers, memoranda and other data relating to this Contract, and the Contractor shall preserve these for a period of three years after final payment, or for such longer period as may be required by law.

ARTICLE 12
PROGRESS PAYMENTS

12.1 Based upon Applications for Payment submitted to the Architect by the Contractor and Certificates for Payment issued by the Architect, the Owner shall make progress payments on account of the Contract Sum to the Contractor as provided below and elsewhere in the Contract Documents.

12.2 The period covered by each Application for Payment shall be one calendar month ending on the last day of the month, or as follows:

12.3 Provided an Application for Payment is received by the Architect not later than the 25th day of a month, the Owner shall make payment to the Contractor not later than the 5th day of the next month. If an Application for Payment is received by the Architect after the application date fixed above, payment shall be made by the Owner not later than 15 days after the Architect receives the Application for Payment.

12.4 With each Application for Payment the Contractor shall submit payrolls, petty cash accounts, receipted invoices or invoices with check vouchers attached, and any other evidence required by the Owner or Architect to demonstrate that cash disbursements already made by the Contractor on account of the Cost of the Work equal or exceed (1) progress payments already received by the Contractor; less (2) that portion of those payments attributable to the Contractor's Fee; plus (3) payrolls for the period covered by the present Application for Payment; plus (4) retainage provided in Subparagraph 12.5.4, if any, applicable to prior progress payments.

WPAHS-001170

12.5 CONTRACTS WITH A GUARANTEED MAXIMUM PRICE

12.5.1 Each Application for Payment shall be based upon the most recent schedule of values submitted by the Contractor in accordance with the Contract Documents. The schedule of values shall allocate the entire Guaranteed Maximum Price among the various portions of the Work, except that the Contractor's Fee shall be shown as a single separate item. The schedule of values shall be prepared in such form and supported by such data to substantiate its accuracy as the Architect may require. This schedule, unless objected to by the Architect, shall be used as a basis for reviewing the Contractor's Applications for Payment.

12.5.2 Applications for Payment shall show the percentage completion of each portion of the Work as of the end of the period covered by the Application for Payment. The percentage completion shall be the lesser of (1) the percentage of that portion of the Work which has actually been completed or (2) the percentage obtained by dividing (a) the expense which has actually been incurred by the Contractor on account of that portion of the Work for which the Contractor has made or intends to make actual payment prior to the next Application for Payment by (b) the share of the Guaranteed Maximum Price allocated to that portion of the Work in the schedule of values.

12.5.3 Subject to other provisions of the Contract Documents, the amount of each progress payment shall be computed as follows:

12.5.3.1 Take that portion of the Guaranteed Maximum Price properly allocable to completed Work as determined by multiplying the percentage completion of each portion of the Work by the share of the Guaranteed Maximum Price allocated to that portion of the Work in the schedule of values. Pending final determination of cost to the Owner of changes in the Work, amounts not in dispute may be included as provided in Subparagraph 7.3.7 of the General Conditions, even though the Guaranteed Maximum Price has not yet been adjusted by Change Order.

12.5.3.2 Add that portion of the Guaranteed Maximum Price properly allocable to materials and equipment delivered and suitably stored at the site for subsequent incorporation in the Work or, if approved in advance by the Owner, suitably stored off the site at a location agreed upon in writing.

12.5.3.3 Add the Contractor's Fee, less retainage of percent (%). The Contractor's Fee shall be computed upon the Cost of the Work described in the two preceding Clauses at the rate stated in Paragraph 5.1 or, if the Contractor's Fee is stated as a fixed sum in that Paragraph, shall be an amount which bears the same ratio to that fixed-sum Fee as the Cost of the Work in the two preceding Clauses bears to a reasonable estimate of the probable Cost of the Work upon its completion.

12.5.3.4 Subtract the aggregate of previous payments made by the Owner.

12.5.3.5 Subtract the shortfall, if any, indicated by the Contractor in the documentation required by Paragraph 12.4 to substantiate prior Applications for Payment, or resulting from errors subsequently discovered by the Owner's accountants in such documentation.

12.5.3.6 Subtract amounts, if any, for which the Architect has withheld or nullified a Certificate for Payment as provided in Paragraph 9.5 of the General Conditions.

12.5.4 Additional retainage, if any, shall be as follows:

(If it is intended to retain additional amounts from progress payments to the Contractor beyond (1) the retainage from the Contractor's Fee provided in Clause 12.5.3.3, (2) the retainage from Subcontracts provided in Paragraph 12.7 below, and (3) the retainage, if any, provided by other provisions of the Contract, insert provision for such additional retainage here. Such provision, if made, should also describe any arrangement for limiting or reducing the amount retained after the Work reaches a certain state of completion.)

12.6 CONTRACTS WITHOUT A GUARANTEED MAXIMUM PRICE

12.6.1 Applications for Payment shall show the Cost of the Work actually incurred by the Contractor through the end of the period covered by the Application for Payment and for which the Contractor has made or intends to make actual payment prior to the next Application for Payment.

12.6.2 Subject to other provisions of the Contract Documents, the amount of each progress payment shall be computed as follows:

12.6.2.1 Take the Cost of the Work as described in Subparagraph 12.6.1.

12.6.2.2 Add the Contractor's Fee, less retainage of percent (%). The Contractor's Fee shall be computed upon the Cost of the Work described in the preceding Clause 12.6.2.1 at the rate stated in Paragraph 5.1 or, if the Contractor's Fee is stated as a fixed sum in that Paragraph, an amount which bears the same ratio to that fixed sum Fee as the Cost of the Work in the preceding Clause bears to a reasonable estimate of the probable Cost of the Work upon its completion.

12.6.2.3 Subtract the aggregate of previous payments made by the Owner.

12.6.2.4 Subtract the shortfall, if any, indicated by the Contractor in the documentation required by Paragraph 12.4 or to substantiate prior Applications for Payment or resulting from errors subsequently discovered by the Owner's accountants in such documentation.

WPAHS-001171

12.6.2.5 Subtract amounts, if any, for which the Architect has withheld or withdrawn a Certificate for Payment as provided in the Contract Documents.

12.6.3 Additional retainage, if any, shall be as follows:

12.7 Except with the Owner's prior approval, payments to Subcontractors included in the Contractor's Applications for Payment shall not exceed an amount for each Subcontractor calculated as follows:

12.7.1 Take that portion of the Subcontract Sum properly allocable to completed Work as determined by multiplying the percentage completion of each portion of the Subcontractor's Work by the share of the total Subcontract Sum allocated to that portion in the Subcontractor's schedule of values, less retainage of percent (%). Pending final determination of amounts to be paid to the Subcontractor for changes in the Work, amounts not in dispute may be included as provided in Subparagraph 7.3.7 of the General Conditions even though the Subcontract Sum has not yet been adjusted by Change Order

12.7.2 Add that portion of the Subcontract Sum properly allocable to materials and equipment delivered and suitably stored at the site for subsequent incorporation in the Work or, if approved in advance by the Owner, suitably stored off the site at a location agreed upon in writing, less retainage of percent (%)

12.7.3 Subtract the aggregate of previous payments made by the Contractor to the Subcontractor.

12.7.4 Subtract amounts, if any, for which the Architect has withheld or nullified a Certificate for Payment by the Owner to the Contractor for reasons which are the fault of the Subcontractor.

12.7.5 Add, upon Substantial Completion of the entire Work of the Contractor, a sum sufficient to increase the total payments to the Subcontractor to percent (%) of the Subcontract Sum, less amounts, if any, for incomplete Work and unsettled claims; and, if final completion of the entire Work is thereafter materially delayed through no fault of the Subcontractor, add any additional amounts payable on account of Work of the Subcontractor in accordance with Subparagraph 9.10.3 of the General Conditions.

(If it is intended, prior to Substantial Completion of the entire Work of the Contractor, to reduce or limit the retainage from Subcontractors resulting from the percentages inserted in Subparagraphs 12.7.1 and 12.7.2 above, and this is not explained elsewhere in the Contract Documents, insert here provisions for such reduction or limitation.)

The Subcontract Sum is the total amount stipulated in the subcontract to be paid by the Contractor to the Subcontractor for the Subcontractor's performance of the subcontract.

12.8 Except with the Owner's prior approval, the Contractor shall not make advance payments to suppliers for materials or equipment which have not been delivered and stored at the site.

12.9 In taking action on the Contractor's Applications for Payment, the Architect shall be entitled to rely on the accuracy and completeness of the information furnished by the Contractor and shall not be deemed to represent that the Architect has made a detailed examination, audit or arithmetic verification of the documentation submitted in accordance with Paragraph 12.4 or other supporting data; that the Architect has made exhaustive or continuous on-site inspections or that the Architect has made examinations to ascertain how or for what purposes the Contractor has used amounts previously paid on account of the Contract. Such examinations, audits and verifications, if required by the Owner, will be performed by the Owner's accountants acting in the sole interest of the Owner.

ARTICLE 13
FINAL PAYMENT

13.1 Final payment shall be made by the Owner to the Contractor when (1) the Contract has been fully performed by the Contractor except for the Contractor's responsibility to correct defective or nonconforming Work, as provided in Subparagraph 12.2.2 of the General Conditions, and to satisfy other requirements, if any, which necessarily survive final payment; (2) a final Application for Pay-

WPAHS-001172

ment and a final accounting for the Cost of the Work have been submitted by the Contractor and reviewed by the Owner's accountants; and (3) a final Certificate for Payment has then been issued by the Architect; such final payment shall be made by the Owner not more than 30 days after the issuance of the Architect's final Certificate for Payment, [illegible]

13.2 The amount of the final payment shall be calculated as follows:

13.2.1 Take the sum of the Cost of the Work substantiated by the Contractor's final accounting and the Contractor's Fee; but not more than the Guaranteed Maximum Price, if any.

13.2.2 Subtract amounts, if any, for which the Architect withholds, in whole or in part, a final Certificate for Payment as provided in Subparagraph 9.5.1 of the General Conditions or other provisions of the Contract Documents.

13.2.3 Subtract the aggregate of previous payments made by the Owner.

If the aggregate of previous payments made by the Owner exceeds the amount due the Contractor, the Contractor shall reimburse the difference to the Owner.

13.3 The Owner's accountants will review and report in writing on the Contractor's final accounting within 30 days after delivery of the final accounting to the Architect by the Contractor. Based upon such Cost of the Work as the Owner's accountants report to be substantiated by the Contractor's final accounting, and provided the other conditions of Paragraph 13.1 have been met, the Architect will, within seven days after receipt of the written report of the Owner's accountants, either issue to the Owner a final Certificate for Payment with a copy to the Contractor, or notify the Contractor and Owner in writing of the Architect's reasons for withholding a certificate as provided in Subparagraph 9.5.1 of the General Conditions. The time periods stated in this Paragraph 13.3 supersede those stated in Subparagraph 9.4.1 of the General Conditions.

13.4 If the Owner's accountants report the Cost of the Work as substantiated by the Contractor's final accounting to be less than claimed by the Contractor, the Contractor shall be entitled to demand arbitration of the disputed amount without a further decision of the Architect. Such demand for arbitration shall be made by the Contractor within 30 days after the Contractor's receipt of a copy of the Architect's final Certificate for Payment; failure to demand arbitration within this 30 day period shall result in the substantiated amount reported by the Owner's accountants becoming binding on the Contractor. Pending a final resolution by arbitration, the Owner shall pay the Contractor the amount certified in the Architect's final Certificate for Payment.

13.5 If, subsequent to final payment and at the Owner's request, the Contractor incurs costs described in Article 7 and not excluded by Article 8 to correct defective or nonconforming Work, the Owner shall reimburse the Contractor such costs and the Contractor's Fee applicable thereto on the same basis as if such costs had been incurred prior to final payment, but not in excess of the Guaranteed Maximum Price if any. If the Contractor has participated in savings as provided in Paragraph 5.2, the amount of such savings shall be recalculated and appropriate credit given to the Owner in determining the net amount to be paid by the Owner to the Contractor.

ARTICLE 14
MISCELLANEOUS PROVISIONS

14.1 Where reference is made in this Agreement to a provision of the General Conditions or another Contract Document, the reference refers to that provision as amended or supplemented by other provisions of the Contract Documents.

14.2 Payments due and unpaid under the Contract shall bear interest from the date payment is due at the rate stated below, or in the absence thereof, at the legal rate prevailing from time to time at the place where the Project is located.

(Insert rate of interest agreed upon, if any.)

Prime rate of interest.

(If state and requirements under the Federal Truth in Lending Act, similar state and local consumer credit laws and other regulations at the Owner's and Contractor's principal places of business, the location of the Project and elsewhere may affect the validity of this provision. Legal advice should be obtained with respect to deletions or modifications, and also regarding requirements such as written disclosures or waivers.)

WPAHS-001173

14.3 Other provisions: Any subcontracts to be entered into pursuant to this agreement with entities affiliated in any way with the Contractor will require prior written approval by The Western Pennsylvania Hospital.

ARTICLE 15
TERMINATION OR SUSPENSION

15.1 The Contract may be terminated by the Contractor as provided in Article 14 of the General Conditions; however, the amount to be paid to the Contractor under Subparagraph 14.1.2 of the General Conditions shall not exceed the amount the Contractor would be entitled to receive under Paragraph 15.4 below, except that the Contractor's Fee shall be calculated as if the Work had been fully completed by the Contractor, including a reasonable estimate of the Cost of the Work for Work not actually completed.

15.2 If a Guaranteed Maximum Price is established in Article 5, the Contract may be terminated by the Owner for cause as provided in Article 14 of the General Conditions; however, the amount, if any, to be paid to the Contractor under Subparagraph 14.2.4 of the General Conditions shall not cause the Guaranteed Maximum Price to be exceeded, nor shall it exceed the amount the Contractor would be entitled to receive under Paragraph 15.4 below.

15.3 If no Guaranteed Maximum Price is established in Article 5, the Contract may be terminated by the Owner for cause as provided in Article 14 of the General Conditions; however, the Owner shall then pay the Contractor an amount calculated as follows:

15.3.1 Take the Cost of the Work incurred by the Contractor to the date of termination.

15.3.2 Add the Contractor's Fee computed upon the Cost of the Work to the date of termination at the rate stated in Paragraph 5.1 or, if the Contractor's Fee is stated as a fixed sum in that Paragraph, an amount which bears the same ratio to that fixed sum Fee as the Cost of the Work at the time of termination bears to a reasonable estimate of the probable Cost of the Work upon its completion.

15.3.3 Subtract the aggregate of previous payments made by the Owner.

The Owner shall also pay the Contractor fair compensation, either by purchase or rental at the election of the Owner, for any equipment owned by the Contractor which the Owner elects to retain and which is not otherwise included in the Cost of the Work under Subparagraph 15.3.1. To the extent that the Owner elects to take legal assignment of subcontracts and purchase orders (including rental agreements), the Contractor shall, as a condition of receiving the payments referred to in this Article 15, execute and deliver all such papers and take all such steps, including the legal assignment of such subcontracts and other contractual rights of the Contractor, as the Owner may require for the purpose of fully vesting in the Owner the rights and benefits of the Contractor under such subcontracts or purchase orders.

15.4 The Work may be suspended by the Owner as provided in Article 14 of the General Conditions; in such case, the Guaranteed Maximum Price, if any, shall be increased as provided in Subparagraph 14.4.2 of the General Conditions except that the term "cost of performance of the Contract" in that Subparagraph shall be understood to mean the Cost of the Work and the term "profit" shall be understood to mean the Contractor's Fee as described in Paragraphs 5.1 and 6.3 of this Agreement

ARTICLE 16
ENUMERATION OF CONTRACT DOCUMENTS

16.1 The Contract Documents, except for Modifications issued after execution of this Agreement, are enumerated as follows:

16.1.1 The Agreement is this executed Standard Form of Agreement Between Owner and Contractor, AIA Document A111, 1987 Edition.

16.1.2 The General Conditions are the General Conditions of the Contract for Construction, AIA Document A201, 1987 Edition.

WPAHS-001174

16.1.3 The Supplementary and other Conditions of the Contract are those contained in the Project Manual dated , and are as follows:

Document	Title	Pages

16.1.4 The Specifications are those contained in the Project Manual dated as in Paragraph 16.1.3, and are as follows:

(Either list the Specifications here or refer to an exhibit attached to this Agreement.)

Section	Title	Pages

WPAHS-001175

16.1.5 The Drawings are as follows, and are dated unless a different date is shown below:

(Either list the Drawings here or refer to an exhibit attached to this Agreement.)

Number	Title	Date

16.1.6 The Addenda, if any, are as follows:

Number	Date	Pages

Portions of Addenda relating to bidding requirements are not part of the Contract Documents unless the bidding requirements are also enumerated in this Article 16.

WPAHS-001176

16.1.7 Other Documents, if any, forming part of the Contract Documents are as follows:

(List here any additional documents which are intended to form part of the Contract Documents. The General Conditions provide that bidding requirements such as advertisement or invitation to bid, Instructions to Bidders, sample forms and the Contractor's bid are not part of the Contract Documents unless enumerated in this Agreement. They should be listed here only if intended to be part of the Contract Documents.)

This Agreement is entered into as of the day and year first written above and is executed in at least three original copies of which one is to be delivered to the Contractor, one to the Architect for use in the administration of the Contract, and the remainder to the Owner.

OWNER: West Penn/5148 Liberty Avenue Associates	CONTRACTOR: 5148 Liberty Avenue Associates
(Signature)	*(Signature)*
(Printed name and title)	*(Printed name and title)*

WPAHS-001177

JOINT VENTURE AGREEMENT
BETWEEN
THE WESTERN PENNSYLVANIA HOSPITAL
AND
5148 LIBERTY AVENUE ASSOCIATES

EXHIBIT F

TITLE EXCEPTIONS

1. Party walls and the rights of adjoining owners therein.

2. The following matters shown on the survey of Donald W. Hannegan, dated July 31, 1990, Drawing no. 44,409:

(a) Canopy extending out from building onto/over Liberty Avenue.

(b) .02 foot encroachment of building corner onto City of Pittsburgh private way.

(c) .42 foot encroachment of building onto McKean Property adjoining on the West.

(d) The 10 foot strip along southwesterly boundary line is private, not public.

JOINT VENTURE AGREEMENT
BETWEEN
THE WESTERN PENNSYLVANIA HOSPITAL
AND
5148 LIBERTY AVENUE ASSOCIATES

EXHIBIT G

CONTRACT RIGHTS

None

JOINT VENTURE AGREEMENT
BETWEEN
THE WESTERN PENNSYLVANIA HOSPITAL
AND
5148 LIBERTY AVENUE ASSOCIATES

EXHIBIT H

OBLIGATIONS ASSUMED

None

Document Divider

OPERATING AGREEMENT

of

WEST PENN ALLEGHENY FOUNDATION, LLC

A Pennsylvania Limited Liability Company

THE INTERESTS REPRESENTED BY THIS AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT") OR ANY STATE SECURITIES LAW, AND MAY NOT BE OFFERED FOR SALE, SOLD, OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR APPLICABLE STATE SECURITIES LAWS OR AN EXEMPTION FROM REGISTRATION THEREUNDER.

Effective as of May 15, 2004

TABLE OF CONTENTS

ARTICLE 1 DEFINITIONS 1

1.1 Act. 1
1.2 Affiliate. 2
1.3 Assign and Assignment. 2
1.4 Authorized Representative. 2
1.5 Bankruptcy. 2
1.6 Board. 2
1.7 Capital Account. 2
1.8 Capital Contribution. 3
1.9 Certificate. 3
1.10 Code. 3
1.11 Exempt Duty. 3
1.12 Majority or other Percentage in Interest. 3
1.13 Manager. 3
1.14 Member. 3
1.15 Member Duty. 4
1.16 Percentage Interest. 4
1.17 Person. 4
1.18 System. 4
1.19 Unit. 4

ARTICLE 2 FORMATION; NAME; PRINCIPAL PLACE OF BUSINESS 4

2.1 Formation. 4
2.2 Name. 4
2.3 Principal Place of Business and Registered Office. 4

ARTICLE 3 PURPOSES; POWERS 5

ARTICLE 4 TERM OF THE COMPANY 5

ARTICLE 5 CAPITAL CONTRIBUTIONS 5

5.1 Capital Contributions. 5
5.2 Additional Capital Contributions and Additional Members. 6
5.3 Loans. 6
5.4 No Interest on Capital Contributions. 6
5.5 No Withdrawal or Demand for Return of Contribution. 6
5.6 Title to Property. 6

WPAHS-001182

ARTICLE 6 DISTRIBUTIONS AND ALLOCATIONS 7

6.1 Distributions. 7

ARTICLE 7 FISCAL MATTERS; RECORDS AND REPORTS; COMPANY FUNDS 8

7.1 Fiscal Year. 8
7.2 Books and Records. 8
7.3 Tax Matters Partner. 8
7.4 Company Funds. 8
7.5 Tax Elections. 8

ARTICLE 8 MANAGEMENT 9

8.1 Management by Board. 9
8.2. Board of Managers. 10
8.3 Limitations on the Authority of the Board. 11
8.4 Time Devoted to Company; Other Permissible Activities. 12
8.5 Limitation on Liability. 12
8.6 Day-to-Day Management. 13
8.7 Election of Officers. 13
8.8 General Powers and Limitations of the Officers. 13
8.9 Indemnification. 14

ARTICLE 9 RIGHTS AND OBLIGATIONS OF THE MEMBERS 16

9.1 Liability of Members. 16
9.2 Voting Rights and Meetings of Members. 16
9.3 Voting Rights of Members. 17
9.4 Action by Written Consent. 17
9.5 Actions by Initial Member. 17

ARTICLE 10 ASSIGNMENT OF A MEMBER'S INTEREST 18

10.1 Restrictions on Assignment. 18
10.2 Permitted Assignments. 18
10.3 Admitted Members; Rights of Assignee. 19

ARTICLE 11 DISSOLUTION 19

11.1 Dissolution. 19
11.2 Reconstitution of Company. 19
11.3 Liquidation and Distribution. 19
11.4 Termination. 20
11.5 Charitable Purpose. 20

WPAHS-001183

ARTICLE 12 AMENDMENTS 20

ARTICLE 13 MISCELLANEOUS PROVISIONS 20

13.1 Illegality. 20
13.2 Tax-Exempt Status. 21
13.3 Contracts and Negotiable Instruments. 21
13.4 Notices. 21
13.5 Governing Law 22
13.6 Execution in Counterparts. 22
13.7 Successors in Interest. 22
13.8 Entire Agreement. 22
13.9 Severability. 22
13.10 Execution of Additional Documents. 22
13.11 Headings 22
13.12 Specific Performance. 23
13.13 Pronouns. 23
13.14 Investment Representation 23
13.15 Dispute Resolution Procedures. 23
13.16 No Waiver. 23
13.17 Survival. 24
13.18 HIPAA. 24

WPAHS-001184

OPERATING AGREEMENT

of

WEST PENN ALLEGHENY FOUNDATION, LLC

THIS OPERATING AGREEMENT (this **"Agreement"**) is entered into and is effective as of the 15th of May, 2004 (the **"Effective Date"**), by **West Penn Allegheny Health System**, a Pennsylvania non-profit corporation, as the initial member (the **"Initial Member"**), and any other Persons becoming new or substitute Members of the Company as provided for herein.

WITNESSETH:

WHEREAS, the Initial Member has organized West Penn Allegheny Foundation, LLC (the **"Company"** or the **"LLC"**) as a Pennsylvania limited liability company to engage in any and all lawful acts or activities that support the West Penn Allegheny Health System and its controlled charitable Affiliates; and

WHEREAS, the Initial Member wishes to set forth in this Agreement the provisions for the purposes, management and operation of the Company.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, and intending to be legally bound hereby, the parties hereto agree as follows.

ARTICLE 1

DEFINITIONS

In addition to terms defined elsewhere in this Agreement, the following terms (whether or not capitalized) shall have the meanings specified below unless the context clearly requires otherwise.

1.1 Act. "Act" means the Pennsylvania Limited Liability Company Law of 1994, as amended from time to time, or any successor act.

1.2 **Affiliate.** "Affiliate" means, with reference to any Person, any partner, officer, director, shareholder, trustee, employee or agent of such Person or any Person directly or indirectly controlling, controlled by or under common control with such Person, or any Person who is a member of the family of any such partner, officer, director, shareholder, trustee, employee or agent, or a trustee or beneficiary of any trust for the benefit of any such Person or any such partner, officer, director, shareholder, employee or agent or any such family member.

1.3 **Assign and Assignment.** "Assign" means, with respect to any interest in the Company, to offer, sell, assign, transfer, give, pledge, encumber or otherwise dispose of, whether voluntarily or involuntarily or by operation of law. "Assignment" means any of the foregoing transactions involving a Member's interest in the Company.

1.4 **Authorized Representative.** "Authorized Representative", solely for purposes of Article 8 hereof, shall have the meaning ascribed to such term in Section 8.9(g).

1.5 **Bankruptcy.** "Bankruptcy" means, with respect to any Member, when (a) such Member shall (i) admit in writing its inability to pay its debts generally as they become due, (ii) commence a voluntary proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, (iii) make a general assignment for the benefit of its creditors, (iv) consent to the appointment of a receiver for itself or any substantial part of its property, (v) consent to the relief sought in an involuntary proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or (vi) take any action in furtherance of any of the aforesaid purposes; or (b) a court of competent jurisdiction shall enter an order, decree or order for relief (i) in respect of such Member in an involuntary proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, (ii) appointing without the consent of such Member a receiver for such Member or for a substantial part of its property, or (iii) approving commencement of an involuntary proceeding filed against such Member under any applicable law now or hereafter in effect seeking the winding up or liquidation of its affairs, which order, decree or order for relief shall not have been vacated or set aside or stayed within sixty (60) days from the date of entry thereof.

1.6 **Board.** "Board" means the Board of Managers established in accordance with Section 8.2 hereof.

1.7 **Capital Account.** "Capital Account" means the individual account maintained by the Company with respect to each Member as provided in Section 6.2 hereof.

1.8 **Capital Contribution.** "Capital Contribution" means the amount of money and/or the fair market value of other property contributed to the Company by a Member pursuant to Article 5 hereof. The fair market value of contributed property shall be the value as agreed to by the contributing Member and the Board, net of liabilities assumed

WPAHS-001186

by the Company or to which the property is subject, determined consistently with Code Section 752(c).

1.9 **Certificate.** "Certificate" means the Certificate of Organization filed pursuant to the Act; as such Certificate of Organization may be corrected, amended, modified or restated from time to time, as provided for herein.

1.10 **Code.** "Code" means the Internal Revenue Code of 1986, as amended from time to time. References to sections of the Code or to Treasury Regulations promulgated hereunder shall include the applicable provisions of any succeeding law or regulation.

1.11 **Exempt Duty.** ""Exempt Duty" means the duties and obligations of a Member as an organization described in Section 501(c) (3) of the Code. With respect to the Initial Member, "Exempt Duty" means the obligation of the System to operate exclusively for charitable, scientific and educational purposes by supporting and managing a regional health care system, supporting educational, research, and scientific activities relating to the health of the residents in western Pennsylvania, and supporting the System hospitals by providing central management and operational services and access to capital.

1.12 **Majority or other Percentage in Interest.** "Majority in Interest" or other specified percentage in interest, when used with reference to the Members, means, at any given time, those Members who hold Units that in the aggregate exceed fifty percent (50%), or equal or exceed another specified percentage, of the Units held by all the Members.

1.13 **Manager.** "Manager" means any member of the Board of Managers.

1.14 **Member.** "Member" means (i) West Penn Allegheny Health System and (ii) any other Person admitted to the Company as a new or substituted Member in accordance with the provisions of this Agreement, but does not include any Person who has ceased to be a Member. Each Member must meet the requirements of all applicable laws, be admitted in accordance with the terms of this Agreement and be an organization that qualifies for exemption under Section 501(c)(3) of the Code.

1.15 **Member Duty.** "Member Duty" means the duties and obligations of any Member under this Agreement or applicable law.

1.16 **Percentage Interest.** "Percentage Interest" means as to any Member, a fraction (expressed as a percentage), the numerator of which is the number of Units held by such Member and the denominator of which is the number of Units held by all Members.

1.17 **Person.** "Person" means a natural person, a partnership, a corporation, a limited liability company, a trust, an estate, an unincorporated association, or any other entity.

WPAHS-001187

1.18 System. "System" means the West Penn Allegheny Health System and, as required by the content, its controlled Affiliates.

1.19 Unit. "Unit" is the measure of an economic interest in the Company.

ARTICLE 2

FORMATION; NAME; PRINCIPAL PLACE OF BUSINESS

2.1 Formation. The Company has been formed as a limited liability company pursuant to the provisions of the Act.

2.2 Name. The name of the Company is "West Penn Allegheny Foundation, LLC".

2.3 Principal Place of Business and Registered Office. The registered office and principal place of business of the Company shall be located at 320 East North Avenue, Pittsburgh, PA 15212, or such other place as the Board may from time to time determine.

ARTICLE 3

PURPOSES; POWERS

The Company has been formed as a limited liability company pursuant to the provisions of the Act. The initial purpose and business of the Company is to purchase, finance or lease equipment for resale or release to the System or, on behalf of the System, to controlled charitable Affiliates thereof, and to engage in such other lawful activities as may be in furtherance of or incidental to such purpose. Unless all the Members agree otherwise, the Company shall not engage in any other business.

Notwithstanding anything contained herein to the contrary, the Company is organized for the purposes set forth in Section 501(c)(3) of the Code and to support the System, its Initial Member, which is a Section 501(c)(3) organization qualifying as an organization described in Section 509(a)(1) of the Code, or any tax-exempt successor to its interest hereunder. More particularly, the Company is organized to support the System in furthering its Exempt Duty. The Company will operate at all times in a manner consistent with the charitable, scientific, educational or other tax-exempt purpose of the Initial Member or any tax-exempt successor to its interest hereunder. All Members of the Company shall at all times qualify for exemption under Section 501(c)(3) of the Code. Upon the admission of any additional Members pursuant to the terms of this Agreement, then the Board and the Members shall amend the Certificate and this Agreement to provide for the support of such additional Members.

WPAHS-001188

ARTICLE 4

TERM OF THE COMPANY

The term of the Company commenced on the filing of the Certificate on May 3, 2004 and will continue unless and until terminated pursuant to Article 11 hereof.

ARTICLE 5

CAPITAL CONTRIBUTIONS

5.1 **Capital Contributions.** The Members shall make the Capital Contributions to the Company in return for a proportional number of Units. As of the Effective Date, the amount and characterization of Capital Contribution and the issued and outstanding Units held by the Initial Member are set forth on Exhibit A attached hereto and incorporated herein by reference, which may be amended from time to time.

5.2 **Additional Capital Contributions and Additional Members.**

(a) The Board, with the prior approval of the Members owning at least two-thirds all of the issued and outstanding Units, is authorized to issue additional Units to any Member, and to Persons who are not existing Members, in such amounts and for such Capital Contribution as the Board, with the approval of the Members owning at least two-thirds all of the issued and outstanding Units, may determine, and to admit them to the Company as a Member.

(b) No Member shall be required to make any additional contributions to the capital of the Company or, without the consent of the Board and the Members, permitted to make any such contributions.

5.3 **Loans.** The Members or their Affiliates may advance money to the Company in such amounts and proportions, and upon such repayment terms, as the Board may approve. Amounts so advanced shall be considered as loans to the Company and shall bear interest at such fair market rate, and be repaid upon such terms and conditions, as may be agreed upon by the Board and the lender.

5.4 **No Interest on Capital Contributions.** No Member shall be paid interest on any Capital Contribution, provided that loans to the Company pursuant to the System's Capital Contribution commitment and made as described in Section 5.3 shall (a) bear interest at fair market rates as shall be acceptable to the System and the Company and (b) be subject to and comply in all respects with the provisions of Section 3.18(d) of the Amended and Restated Master Indenture of Trust dated as of July 1, 2000, between the System, *et al.*, and Chase Manhattan Trust Company, National Association.

WPAHS-001189

5.5 **No Withdrawal or Demand for Return of Contribution.** No Member shall be entitled to dissociate (*i.e.* withdraw) from the Company or withdraw any part of such Member's Capital Contribution or receive any distributions from the Company except as provided by this Agreement. No Member or Manager shall be liable to any other Member for the return of any Member's Capital Contribution. No Member shall have the right to demand and receive any distribution from the Company in any form other than cash.

5.6 **Title to Property.** Legal title to all property owned by the Company shall be held in the name of the Company. Each Member waives any claim of title to such property or any right to partition Company property. Such waiver shall not affect the treatment of property of the Company as that of the Members for tax purposes to the extent permitted and contemplated by Section 7.5 hereof and the Code.

5.7 **Obligations Limited.** The trades or businesses of the Company shall, subject to the limitations contained in Article 3 and elsewhere in this Agreement with respect to their purposes, be conducted independently of those of the System or its Affiliates. The obligations of the Company which may now or hereafter incurred pursuant to this Agreement or otherwise, including without limitation obligations for borrowed funds, leases, asset acquisitions or other contracts (for purposes of this Section "Company Obligations") shall be solely obligations of the Company, and no Member or other Person except the Company shall have any duty, obligation or liability in respect of any Company Obligation, notwithstanding that property owned, leased or operated by the Company may be used or useful in such Member or other Person's trade or business. Recourse on such Company Obligations shall be limited to assets owned by the Company and shall exclude recourse against the assets of any Member or other Person.

ARTICLE 6

DISTRIBUTIONS AND ALLOCATIONS

6.1 **Distributions.**

(a) The Board shall have the sole discretion as to the amounts and timing of distributions to Members, subject to the retention of, or payment to, third parties of such funds as they shall deem necessary with respect to the reasonable business needs of the Company, which shall include (but not by way of limitation) the payment or the making of provision for the payment when due of Company obligations. No Member shall have any right to demand or to receive any distributions from the Company in any form.

(b) Distributions, including liquidating distributions, shall be made to the Members in proportion to their respective Percentage Interests.

WPAHS-001190

6.2 Capital Accounts; Allocations of Profits or Losses. The Company shall be treated as a disregarded entity for Federal and Pennsylvania tax purposes, and the Company covenants that it shall execute and file all instruments, documents and agreements and such information as the Internal Revenue Service and the Pennsylvania Department of Revenue shall require in order that such status be recognized by such agencies and shall remain in effect throughout the term of this Agreement.

If the Company is not treated as a disregarded entity for Federal tax purposes, a separate Capital Account shall be maintained for each Member in accordance with the Regulations promulgated under Section 704(b) of the Code. Except as otherwise required under the Code, the Company's profits and losses for each fiscal year shall be allocated to the Members in proportion to their Percentage Interests.

ARTICLE 7

FISCAL MATTERS; RECORDS AND REPORTS; COMPANY FUNDS

7.1 Fiscal Year. The Company's fiscal year shall end on June 30th.

7.2 Books and Records. The Company shall keep, or cause to be kept, complete and accurate books and accounts of all operations of the Company in accordance with generally accepted accounting principles consistently applied. The books and records shall be kept at the principal office of the Company or at such other location as may be designated by the Board. All Members shall have reasonable access to the accounting and other records of the Company during regular business hours, by appointment, and may review, audit and copy the records, and may make reasonable inquiries as to the Company's affairs.

7.3 Tax Matters Partner. If the Company is not treated as a disregarded entity for Federal tax purposes, the Board will designate a tax matters member (the **"Tax Matters Member"**). The Tax Matters Member shall have the responsibility of a tax matters partner specified under the Code. The Company shall reimburse the Tax Matters Member for all expenses reasonably incurred in connection with its duties hereunder.

7.4 Company Funds. The funds of the Company shall be deposited in such banks or other institutions as the Board shall determine, and all debts and obligations of the Company shall be paid by check, except petty expense items. Checks shall be drawn on a Company account for Company purposes only, and shall require such signatures as the Board may from time to time determine.

7.5 Tax Elections. The Company shall be treated as a disregarded entity for Federal tax purposes. If the Company is not treated as a disregarded entity, either as a result of an election adopted through a resolution of the Members or otherwise, then all

WPAHS-001191

tax elections available to the Company for Federal, state or local tax purposes shall be made by the Tax Matters Member.

ARTICLE 8

MANAGEMENT

8.1 **Management by Board.** The business and affairs of the Company shall be managed by or under the direction of the Board and the Board shall have the exclusive authority to make all decisions regarding the Company and its business, to exercise all powers of the Company and to do all such lawful acts and things as are not by law or this Agreement directed or required to be exercised or done by the Members. Each of the Managers shall have those duties as are customarily possessed by directors of a Pennsylvania nonprofit corporation, including, without limitation:

(a) provide overall direction and supervision of the business and affairs of the Company;

(b) to elect and remove the officers of the Company;

(c) to enter into, make, and perform contracts, agreements, and other undertakings binding the Company that may be necessary, appropriate, or advisable in furtherance of the purposes of the Company and to make all decisions and waivers thereunder;

(d) to open and maintain bank and investment accounts and arrangements, draw checks and other orders for the payment of money, and designate individuals with authority to sign or give instructions with respect to those accounts and arrangements;

(e) to maintain the assets of the Company in good order;

(f) to collect sums due the Company;

(g) to the extent that funds of the Company are available therefore, pay debts and obligations of the Company;

(h) to acquire, utilize for Company purposes, and dispose of any asset of the Company;

(i) to borrow money or otherwise commit the credit of the Company for Company activities and voluntary prepayments or extensions of debt;

(j) to select, remove, and change the authority and responsibility of lawyers, accountants, and other advisers and consultants;

(k) to obtain insurance for the Company;

(l) to determine distributions of Company cash and other property; and

(m) to establish a seal for the Company.

8.2. **Board of Managers.**

(a) The full Board shall consist of three (3) persons, with any increase or decrease to be determined from time to time by a resolution of the Members. At each annual meeting of the Members, the Managers shall be elected to serve until the annual meeting of the Members or until his or her successor is duly elected and qualified, or until his or her death, resignation or removal.

(b) The Board may hold regularly scheduled, periodic meetings without notice at such times and places as the Board shall decide. Special meetings (a) may be called by the President and (b) shall be called by the President or Secretary on the written request of a majority of the Board. Notice of each special meeting shall be given, either personally or as hereinafter provided, to each Director at least 24 hours before the meeting.

(c) The President shall act as the presiding officer at the Board meetings (or such other person as designated by the Board) and shall designate a person to take the minutes of the meeting. One or more of the Managers may participate in a meeting of the Board by means of conference telephone or similar communication equipment by means of which all persons participating in the meeting can hear each other.

(d) Each Manager shall be entitled to cast one vote on all matters. At all meetings of the Board of Managers, the presence of at least two (2) Managers shall be necessary and sufficient to constitute a quorum for the transaction of business. If a quorum is not present at any meeting, the meeting may be adjourned from time to time by a majority of the Managers present, until a quorum is present; but notice of the time and place to which such meeting is adjourned shall be given to any Manager not present on at least the day prior to the date of reconvening. Resolutions of the Board shall be adopted, and any action of the Board at a meeting upon any matter shall be taken and be valid, only with the affirmative vote of a majority of the Board of Managers.

(e) Any Manager may resign by submitting his or her resignation to the other Managers, which (unless otherwise specified therein) need not be accepted to make it effective and shall be effective immediately upon its receipt by any other Manager. A Manager who becomes ineligible to serve as such shall be deemed to have resigned at that time.

(f) The entire Board or any individual Manager may be removed from office at any time without assigning any cause, only by the vote of the Members. In case the Board or any one or more Managers are so removed, new Managers may be elected at the same meeting in accordance with this Section 8.2.

WPAHS-001193

(g) Vacancies in the Board shall be filled by the Members and each person so elected shall be a Manager until his or her successor is elected by the Members; such election may be made at the next annual meeting of the Members or at any special meeting duly called for the purpose and held prior thereto.

(h) Managers, as such, shall not receive any stated salary for their services, but by resolution of the Board a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board; provided, that, nothing herein contained shall be construed to preclude any Manager from serving the Company in any proper capacity and receiving compensation therefore.

(i) Any action required or permitted to be taken at a meeting of the Managers may be taken without a meeting, if, prior or subsequent to the action, a consent or consents in writing setting forth the action so taken is signed by all of the Managers.

(j) Persons who are not Managers but who are eligible to serve as Managers may attend meetings of the Board, without vote, subject to the right of the Board to place reasonable limits and restrictions on the number of such persons in attendance and the extent of their participation.

8.3 Limitations on the Authority of the Board.

(a) The Board may not cause the Company to do any of the following without the approval of the Members owning at least two-thirds (2/3) of the issued and outstanding Units:

(i) sell, transfer, assign or otherwise dispose of all or substantially all the business or assets of the Company;

(ii) merge, consolidate or affiliate with any other entity;

(iii) materially change the scope or type of services provided by the Company;

(iv) approve the annual operating budgets for the Company;

(v) except as may relate to the operating budget for the Company and except for loans made as part of a Member's Capital Contributions, create or incur indebtedness (A) which does not exclude recourse against the Members in the event of a default; (B) which exceeds $200,000, or such other amount as established by Members owning at least two-thirds (2/3) of the issued and outstanding Units, from time to time, or (C) if such individual indebtedness is less than said amount, such indebtedness which, when added to the aggregate unpaid balance of all of the Company's

WPAHS-001194

outstanding indebtedness (excluding indebtedness related to the Company's start up) causes the Company's aggregate indebtedness to exceed $250,000, or such other amount as established by Members owning at least two-thirds (2/3) of the issued and outstanding Units, from time to time;

(vi) except as may relate to the operating budget of the Company or as may be involved thereafter in ordinary repairs, maintenance and replacement, make any capital expenditures or any capital additions or improvements requiring the payment of more than $200,000 for any one capital item, or such other amount as established by Members owning at least two-thirds (2/3) of the issued and outstanding Units, from time to time; or

(vii) amend, restate or terminate this Agreement or the Certificate.

(b) The Board may not engage or take any other action or task which requires the consent of the Members by virtue of any other provision of this Agreement or by resolutions enacted by the Board or the Members from time to time.

8.4 Time Devoted to Company; Other Permissible Activities. The Managers shall devote such time to the Company's business as they deem necessary for the effective conduct of the Company's business. Nothing in this Agreement shall preclude the employment, at the expense of the Company, of any agent or third party to manage or provide other services with respect to the Company's business, subject to the control of the Board. The Managers, Members and their respective Affiliates may engage in or possess any interest in other business ventures of any kind, nature or description, independently or with others, whether such ventures shall be competitive with the Company or otherwise. The Company shall not have any rights or obligations by virtue of this Agreement or the relationship created hereby in or to such independent ventures or the income or profits or losses derived therefrom, and the pursuit of such ventures, even if competitive with the business of the Company, shall not be deemed wrongful or improper. No Member, Manager or officer or any Affiliate of any of the foregoing, shall be obligated to present any particular business opportunity to the Company, even if such business opportunity shall be of a character which, if presented to the Company, could be taken by the Company, and each Member, Manager and officer and any of their Affiliates shall have the right to take for his or its own account (individually or as a trustee, partner or fiduciary) or to recommend to others any such particular opportunity.

8.5 Limitation on Liability. No Manager shall be personally liable, as such, for any action taken unless: (a) such Manager breached or failed to perform the duties of his or her office and (b) the breach or failure to perform constituted self-dealing, gross negligence, willful misconduct or recklessness. The foregoing shall not apply to any

WPAHS-001195

responsibility or liability under a criminal statute or liability for the payment of taxes under Federal, state or local law.

8.6 Day-to-Day Management. The Members hereby authorize the Board to employ the services of such employees or contract personnel as the Board determines appropriate to manage the day-to-day operations of the Company. All such persons shall serve at the pleasure of the Board and in accordance with the terms of this Agreement.

8.7 Election of Officers. The Board shall designate a President, Treasurer and Secretary, and such other officers and assistant officers as the Board determines appropriate, to whom it shall delegate authority appropriate with respect to such positions. Each such officer shall report to the Board. Each office shall be held for a term of one (1) year, which term shall be automatically extended for subsequent one (1) year terms until a successor has been duly elected and qualified by the Board. An officer may be removed by the Board with or without cause. Any officer may resign at any time with prior, written notice to the Board. Any vacancy may be filled by the Board. The President may, however, fill vacancies in any office designated by the Board for the period ending upon the date when such vacancy is filled by the Board.

8.8 General Powers and Limitations of the Officers. Subject to the limitations of this Agreement with respect to actions required to be taken by the Members or the Board, the officers shall have those duties as are customarily possessed by such officers of a Pennsylvania nonprofit corporation, including, without limitation, those duties set forth below, except as such duties may be limited or expanded by action of the Board. Officers under this Agreement shall be deemed "Managers" for purposes of 15 Pa. C.S.A. § 8945 regarding limited liability, but shall not, by virtue of this sentence, have any of the authority of the "Managers" under or within the meaning of the Act.

(a) President – The President shall be responsible for overseeing the affairs of the Company and shall preside at all meetings of the Board.

(b) Secretary – The Secretary shall make or cause to be made minutes of all meetings of the Board. The Secretary shall be responsible for the timely mailing or delivery of all notices of meetings of the Board, shall affix the corporate seal at the direction of the President and, generally, will perform all duties incident to the office of secretary and such other duties as may be required by law, by the Certificate or by this Agreement, or which may be assigned from time to time by the Board.

(c) Treasurer – The Treasurer shall supervise the financial activities of the Company. Specifically, the Treasurer shall see that (a) full and accurate accounts of receipts and disbursements are kept, (b) a system is in place such that all monies and other valuable effects are deposited in the name and to the credit of the Company, (c) the Managers at the regular meetings of the Board or whenever they may require it, receive an account of the financial condition of the Company and (d) an annual audit of the Company's books and records is performed by an auditor selected by the Board. In

WPAHS-001196

performing these functions, the Treasurer may rely on employees of the Company or any Affiliate corporation who possess special financial training and skills and whose employment responsibilities include management of the Company's financial affairs.

8.9 **Indemnification.**

(a) The Company shall indemnify and hold harmless, to the fullest extent now or hereafter permitted by law, each Member, Manager and officer acting on behalf of or at the direction of the Company from and against any and all damages, losses, costs and expenses (including reasonable attorney's fees) resulting from or relating in any way to any action taken or omitted to be taken, in good faith, by such Member, Manager or officer in connection with the business or affairs of the Company, except that they shall not be indemnified in respect of any damage, loss, cost or expense incurred by reason of self-dealing, gross negligence, recklessness, or willful misconduct, liability under a criminal statute or liability for the payment of taxes under Federal, state or local law.

(b) The Company may, as determined by the Board from time to time, indemnify and hold harmless, to the fullest extent now or hereafter permitted by law, any other Authorized Representative (as defined in Section 8.9(g)) acting on behalf of or at the direction of the Company from and against any and all damages, losses, costs and expenses (including reasonable attorney's fees) resulting from or relating in any way to any action taken or omitted to be taken, in good faith, by such Person in connection with the business or affairs of the Company, except that they shall not be indemnified in respect of any damage, loss, cost or expense incurred by reason of self-dealing, gross negligence, recklessness, or willful misconduct, liability under a criminal statute or liability for the payment of taxes under Federal, state or local law.

(c) Costs and expenses incurred in defending or responding to any legal action may be advanced by the Company to the Authorized Representative who is the subject thereof in advance of the final disposition of such action, upon receipt of an undertaking by the Authorized Representative seeking such advance to repay such amount if it shall ultimately be determined that such Authorized Representative is not entitled to be indemnified pursuant to this Section.

(d) For the purposes of this Section, the determination that any Authorized Representative has engaged in self-dealing, acted with gross negligence, recklessness or willful misconduct may be made by the court or other body before which the relevant action, proceeding or investigation is pending. In the absence of a determination by such court or other body, such determination shall be made by independent legal counsel in a written legal opinion to the Company.

(e) Notwithstanding anything contained herein to the contrary, indemnification under this Section shall not be made by the Company in any case where a court determines that the alleged act or failure to act giving raise to the claim for indemnification is expressly prohibited by the Act or any applicable law in effect at the time of such alleged action or failure to take action.

WPAHS-001197

(f) Each Authorized Representative shall be deemed to act in such capacity in reliance upon such rights of indemnification and advancement of expenses as are provided in this Section. The rights of indemnification and advancement of expenses provided by this Section shall not be deemed exclusive of any other rights to which any Person seeking indemnification or advancement of expenses may be entitled under any agreement, statute or otherwise, both as to action in such Person's official capacity and as to action in another capacity while holding such office or position, and shall continue as to a Person who has ceased to be an Authorized Representative of the Company and shall inure to the benefit of the heirs and personal representatives of such person. Indemnification and advancement of expenses under this Section shall be provided whether or not the indemnified liability arises or arose from any threatened, pending or completed action by or in the right of the Company. Any repeal or modification of this Section shall not adversely affect any right or protection existing at the time of such repeal or modification to which any person may be entitled under this Section.

(g) For purposes of this Section "Authorized Representative" shall mean a Member, Manager, officer or employee of the Company or of any Affiliate of the foregoing or the Company, or a trustee, custodian, administrator, committeeman or fiduciary of any employee benefit plan established and maintained by the Company or by any corporation controlled by the Company, or Person serving another corporation, partnership, joint venture, trust or other enterprise in any of the foregoing capacities at the request of the Company. The term "Authorized Representative" shall not include agents of the Company unless indemnification thereof is expressly approved by the Board. For purposes of this Section only, references to "Company" shall include all constituent limited liability companies, corporations or other entities absorbed in a consolidation, merger or division, as well as the surviving or new limited liability companies, corporations or other entities surviving or resulting therefrom, so that (i) any Person who is or was an Authorized Representative of a constituent, surviving or new limited liability company, corporation or other entity shall stand in the same position under the provisions of this Section with respect to the surviving or new limited liability company, corporation or other entity as such Person would if such Person had served the surviving or new corporation or other entity in the same capacity and (ii) any Person who is or was an Authorized Representative of the Company shall stand in the same position under the provisions of this Section with respect to the surviving or new corporation or other entity as such Person would with respect to the Company if its separate existence had continued.

(h) The provisions of this Section shall survive the termination or expiration of this Agreement for any reason.

WPAHS-001198

ARTICLE 9

RIGHTS AND OBLIGATIONS OF THE MEMBERS

9.1 Liability of Members.

(a) No Member shall have any personal liability with respect to the debts, liabilities or obligations of the Company of any kind or for the acts of any Member, Manager, agent or employee of the Company, except (i) as otherwise required by the Act, or (ii) to the extent that such Member expressly and voluntarily assumes in writing any obligations of the Company; and

(b) No Member shall be personally liable or obligated, except as otherwise required by the Act, either (i) to pay to the Company, any other Member or any creditor of the Company any deficiency in the Member's Capital Account, or (ii) to return to the Company or to pay any creditor or any other Member the amount of any return of the Member's Capital Contribution or any other distribution made to the Member.

9.2 Voting Rights and Meetings of Members.

(a) Each Member owning Units shall be entitled to one vote for each Unit registered in such Member's name pursuant to this Agreement in all matters to which Members are entitled to vote hereunder or under the Act. No Member shall be entitled to vote as a class with respect to any matter. No Member and no class or group of Members shall be entitled to any express or implied appraisal or dissenters' rights of any kind whatsoever under any circumstances whatsoever.

(b) An annual meeting of the Members shall be held each year within four (4) months before or after the end of the fiscal year on such day and at such time as the Board may designate. Other meetings of the Members for any purpose may be called by the Board or any Member. Meetings shall be held at the principal office of the Company, or at such other place as may be designated by the Board or, if called by a Member, as designated by such Member.

(c) Unless a different notice is required by the Act, a notice of a meeting shall be given either personally or by mail, not less than one (1) day nor more than sixty (60) days before the date of the meeting, to each Member at its record address, or at such other address which it may have furnished in writing to the Company. Such notice shall be in writing, and shall state the place, date and hour of the meeting, and shall indicate that it is being issued by or at the direction of the Board or Members calling the meeting. The notice may state the purpose or purposes of the meeting. If a meeting is adjourned to another time or place, and if any announcement of the adjournment of time or place is made at the meeting, it shall not be necessary to give notice of the adjourned meeting.

WPAHS-001199

(d) The presence in person of all of the Members shall constitute a quorum at all meetings of the Members; provided, however, that if there be no such quorum, holders of a Majority in Interest of such Members so present may adjourn the meeting from time to time without further notice, until a quorum shall have been obtained.

(e) No notice of the time, place or purpose of any meeting of Members need be given to any Member who attends in person (except when a Member attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business on the ground that the meeting is not lawfully called or convened), or to any Member entitled to such notice who, in writing, has executed and filed with the records of the meeting, either before or after the time thereof, waiver of such notice.

(f) Each Member shall be entitled to cast one vote for each Unit it owns at a meeting, in person or by a signed writing directing the manner in which it desires that its vote be cast, which writing must be received by a Manager designated by the Board for such purpose (or the Member calling the meeting) prior to such meeting.

(g) Any Member may attend by means of conference telephone or similar communication equipment by means of which all Persons participating in the meeting can hear each other.

(h) Resolutions shall be adopted by the affirmative vote of a Majority in Interest of the Members unless a greater percentage is required herein or by law.

9.3 **Voting Rights of Members.** The Members shall be entitled to vote only on those matters (a) specified (i) in this Agreement or (ii) under nonwaivable provisions of the Act as subject to the vote of such Members or (b) which the Board elects to submit to them.

9.4 **Action by Written Consent.** Any action permitted or required by the Act, the Certificate or this Agreement to be taken by the Members at a meeting may be taken without a meeting if a consent in writing setting forth the action to be taken is signed by all of the Members.

9.5 **Actions by Initial Member.** Where the act of the Initial Member is required under the Act or this Agreement, the Initial Member may act through its board of directors, any board committee of its board of directors, or any authorized officer of the Initial Member. The Initial Member shall, as appropriate, act by executing and delivering to the Board or the President of the Company a written instrument signed by an officer of the Initial Member setting forth the action taken by its board, board committee or authorized officer.

WPAHS-001200

ARTICLE 10

ASSIGNMENT OF A MEMBER'S INTEREST

10.1 **Restrictions on Assignment.**

(a) No Member (or assignee of a Member) may Assign all or any part of its interest in the Company, including economic and non-economic rights, to any Person at any time without the prior, written approval of all the Members and compliance with the other terms, conditions and provisions of this Agreement. Any purported Assignment of an interest in the Company that violates this Article 10 shall not be recognized by the Company.

(b) Provided the requirements of Section 10.1(a) are met, when a Member's interest in the Company is transferred, the Member's successor shall immediately be vested with all of the Member's rights, authority and power as a Member of the Company.

(c) In the event that a Member's interest is taken or distributed by levy, foreclosure, charging order, execution or other similar proceeding, the Company shall not dissolve, but the assignee of said Member's interest shall be entitled to no more than to receive distributions if and when made as provided herein, and profits and losses attributable to the Member's interest in the Company, in accordance with this Agreement, and in no event shall said assignee have the right to interfere with the management or administration of the Company's business or affairs or to vote or to become a substituted Member except as may otherwise be provided herein.

10.2 **Permitted Assignments.** Notwithstanding anything contained herein to the contrary, the following Assignments are hereby permitted provided that any such Assignments comply with applicable law, the assignee qualifies for exemption under Section 501(c)(3) of the Code, and the assignment shall not adversely affect the Company's status as a disregarded entity under the Code.

(a) any Member may Assign all or a portion of its interest in the Company to the other Members on a pro rata basis based on the other Members' Percentage Interest in the Company; and

(b) the Initial Member may Assign all or a portion of its interest in the Company to an Affiliate.

10.3 **Admitted Members; Rights of Assignee.**

A Person that is permitted to become a Member hereunder shall agree in writing, in form satisfactory to the Board, to be bound by this Agreement as a Member. The number of Units offered to new members and the value of the Capital Contribution by such new members, if any, shall be determined conclusively by the Board at the time

WPAHS-001201

immediately prior to such admission. An assignee who does not become a Member (for example, by way of a Bankruptcy) shall be entitled to receive distributions of cash or other property or allocations from the Company attributable to the interest Assigned and shall receive the tax information, but shall have no right to any other information or accounting or to inspect the Company's books and records and shall not be entitled to any other right of a Member under the Act or this Agreement.

ARTICLE 11

DISSOLUTION

11.1 **Dissolution.**

(a) The Company shall be dissolved, and shall terminate and wind-up its affairs, upon the first to occur of the following:

(i) the Board and the Members owning at least two-thirds (2/3) of the issued and outstanding Units vote to dissolve the Company; or

(ii) entry of a decree of judicial dissolution of the Company under Section 8972 of the Act.

(b) Neither the death, insanity, bankruptcy, retirement, resignation, expulsion or dissolution of a Member, or any other action or event affecting a Member, shall result in the dissolution of the Company.

11.2 **Reconstitution of Company.** In the event the Company shall be dissolved pursuant to Section 11.1(a)(il) above, the Members who have not been the cause of such dissolution shall have the right, upon a vote of not less than all of such Members after notice of such dissolution, by a declaration in writing and delivered to the Members, to reconstitute the Company, creating a new Company, under all of the terms and conditions of this Agreement, with the interest of the affected Member reallocated among the remaining Members.

11.3 **Liquidation and Distribution.** On the dissolution of the Company, the Board shall act as liquidator. The liquidator shall proceed diligently to wind up the affairs of the Company and make final distributions as provided herein and in the Act. The costs of liquidation shall be borne as a Company expense. Until final distribution, the liquidator shall continue to operate the Company properties with all of the power and authority of the Board.

11.4 **Termination.** Upon the completion of the liquidation of the Company and the distribution of all Company funds, the Company shall terminate. The establishment of any reserves as required by the Act or as determined by the liquidator shall not have the effect of extending the term of the Company.

WPAHS-001202

11.5 **Charitable Purpose.** Notwithstanding anything contained herein to the contrary, in the event of the dissolution of the Company or in the winding up of its affairs, or other liquidation of its assets, the Company's property shall not be conveyed to any organization created or operated for profit or to any individual for less than the fair market value of such property; all assets remaining after all debts and expenses of the Company have been paid or provided for shall be conveyed or distributed by the Board to the Members in accordance with their Percentage Interests provided such Members then qualify as an organizations described in Section 501(c)(3) of the Code; provided further that in the event any such Member does not so qualify then to one or more organizations recognized as exempt under Section 501(c)(3) of the Code and having purposes similar to those of this Company as determined by the Board of this Company. Any such assets not so distributed shall be disposed of pursuant to an order by a court of competent jurisdiction, exclusively for such purposes or to such organization or organizations, as said court shall determine.

ARTICLE 12

AMENDMENTS

Except as otherwise required by law, this Agreement and the Certificate may be amended only by agreement of Members owning at least two-thirds (2/3) of the issued and outstanding Units and the Board as set forth in Section 8.3.

ARTICLE 13

MISCELLANEOUS PROVISIONS

13.1 **Illegality.** If in the reasonable opinion of counsel for any Member, applicable health care or other laws, or the interpretation thereof, prohibit the transactions contemplated by this Agreement, then the Members shall be required to act in good-faith to restructure the business arrangement between the Members to conform with the applicable laws or the requirements of any federal state and/or local governmental agency.

13.2 **Tax-Exempt Status.** Notwithstanding any other provision in this Agreement, a Member's Member Duty is hereby expressly subordinated to its Exempt Duty. Each Member hereby acknowledges that in the event of any conflict between a Member's Member Duty and Exempt Duty, the Member shall observe its Exempt Duty and such course or course of action shall not breach this Agreement or give rise to any liability for the Member for breach of its Member Duty. The Members intend that this Agreement shall not adversely affect any Member's status as an organization described in Section 501(c)(3) of the Code and they agree to Interpret this Agreement in accordance with such intent. In the event the Internal Revenue Service shall inform a

WPAHS-001203

Member or legal counsel for the Member that this Agreement threatens the status of the Member as an organization described in Section 501(c)(3) of the Code, then upon the written request of the Member, the Members shall be required to act in good faith to modify this Agreement in order to cure the threat.

13.3 **Contracts and Negotiable Instruments.** Except as otherwise provided by law or this Agreement, any contract or other instrument relative to the business of the Company may be executed and delivered in the name of the Company and on its behalf by the President; and the Board may authorize any other officer or agent of the Company to enter into any contract or execute and deliver any contract in the name and on behalf of the Company, and such authority may be general or confined to specific instances as the Board may by resolution determine. All bills, notes, checks or other instruments for the payment of money shall be signed or countersigned by such officer, officers, agent or agents and in such manner as are permitted by this Agreement and/or as, from time to time, may be prescribed by resolution (whether general or special) of the Board. Unless authorized so to do by this Agreement or by the Board, no officer, agent or employee shall have any power or authority to bind the Company by any contract or engagement, or to pledge its credit, or to render it liable pecuniarily for any purpose or to any amount.

13.4 **Notices.** All notices or other communications required or permitted to be given or made hereunder shall be in writing and shall be deemed to be delivered when given either personally or by sending a copy by certified, registered or express mail, postage prepaid, or by telegram (with messenger service specified) or courier service, charges prepaid, or by confirmed telecopier transmission, to the party being given such notice at its last known address (or telecopier number) or, in the case of the Managers, supplied by them to the Company for the purpose of notice. If the notice is sent by mail, telegraph or courier service, it shall be deemed to have been given to the Person entitled thereto when deposited in the United States mail or with a telegraph office or courier service for delivery to that Person or, in the case of telecopy, when dispatched. The address shown on a Member's signature page shall be considered a Member's last known address unless the Member shall otherwise notify the other parties in the manner set forth in this Section. All notices to the Company shall be addressed to the Company's principal place of business unless the Members are otherwise notified.

13.5 **Governing Law.** This Agreement shall be construed in accordance with, and governed by, the laws of the Commonwealth of Pennsylvania.

13.6 **Execution in Counterparts.** This Agreement may be executed in one or more counterparts, and in such event each such counterpart shall constitute an original and all of such counterparts shall constitute one agreement.

13.7 **Successors in Interest.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, and permitted successors and assigns.

WPAHS-001204

13.8 Entire Agreement. This Agreement constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings of such parties in connection herewith.

13.9 Severability. Any provision of this Agreement which is invalid, illegal or unenforceable in any respect shall not affect the validity, legality or enforceability of the remaining provisions hereof.

13.10 Execution of Additional Documents. Upon the request of the Board or liquidator, each Member shall promptly execute all certificates and other documents necessary or desirable for the Board or liquidator to accomplish all such filings, recordings, publications and other acts as they determine may be appropriate to comply with the requirements of the formation, operation, amendment, or dissolution, as the case may be, of a limited liability company under the laws of Pennsylvania in accordance with this Agreement.

13.11 Headings. The headings in this Agreement are inserted for convenience and identification only and shall not control or affect the meaning of any provision hereof.

13.12 Specific Performance. The parties declare that it is impossible to measure in money the damages which will accrue to a party by reason of a failure to perform any of the obligations under this Agreement. Therefore, any party which institutes any action or proceeding to enforce the provisions hereof shall be entitled to a decree requiring specific performance of the provisions hereof, and any Person against whom such action or proceeding is brought hereby waives the claim or defense that such party has an adequate remedy at law, and such Person shall not urge in any such action or proceeding the claim or defense that such remedy at law exists.

13.13 Pronouns. Unless the context indicates otherwise, as used in this Agreement, words in the masculine shall include the feminine and neuter and vice versa. Words in the singular shall include the plural where the context so indicates.

13.14 Investment Representation. Each Person who holds an interest in the Company shall be deemed to have represented and warranted to the Company that it acquired such interest for investment and not for resale or distribution.

13.15 Dispute Resolution Procedures.

In the event of a dispute concerning the terms or conditions of this Agreement that cannot be resolved informally, any member may require that the parties shall submit the dispute to non-binding mediation, pursuant to the mediation procedures of a mediation agency selected by the parties. This mediation shall consist of two mediation sessions of at least four hours each, or until the mediator declares that the parties have reached an impasse, whichever occurs sooner. The parties are not required to exercise their right to mediation prior to providing a notice of termination and the mediation provisions set forth herein shall not act to extend the effective date of

termination as specified in this notice, unless the party providing the notice of termination specifically agrees to such an extension.

13.16 No Waiver. No failure on the part of any party hereto in exercising any right, power or privilege hereunder shall, except as otherwise expressly provided herein, operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein specified are cumulative and, except as otherwise herein provided, are not exclusive of any rights or remedies which any party hereto would otherwise have.

13.17 Survival. The obligations of the parties which expressly extend beyond the life of the Company and/or termination or expiration of this Agreement shall continue in full force and effect.

13.18 HIPAA. The Company agrees to undertake efforts to ensure that the Company maintains compliance with the Health Insurance Portability and Accountability Act of 1996, 65 Fed. Reg §§ 160.101 et seq. and 164.101 et seq. (December 28, 2000) ("**HIPAA**") and all amendments thereto. In addition, the Company shall require participation of any relevant parties in continued education on the requirements of HIPAA as necessary. The Members agree to enter into a mutually acceptable amendment to this Agreement as necessary to comply with applicable federal laws and regulations governing the use and/or disclosure of individually identifiable health information, including HIPAA. The provisions of this Section shall continue to survive after termination or expiration of this Agreement for any reason.

[Signature Page To Follow]

WITNESS, the due execution hereof as of the date first above written.

ATTEST:

By: _____
Name: Robert J. Rogalski
Title: Asst. Secretary

INITIAL MEMBER:

WEST PENN ALLEGHENY HEALTH SYSTEM

By: _____
Name: David A. Samuel
Title: Sr. V.P. & Treasurer

(WPAF Operating Agreement.con)

EXHIBIT A

CAPITAL CONTRIBUTIONS; UNITS

Initial Member	Capital Contributions	Units
West Penn Allegheny Health System	Equity contribution of $2,500,000.	1,000

Document Divider

WEST PENN ALLEGHENY HEALTH SYSTEM, INC.
Pittsburgh, Pennsylvania 15224

BYLAWS

Revised September 22, 2009

Previous Revisions:
November 20, 2008
September 18, 2008
January 1, 2008
January 12, 2006
May 12, 2005
August 14, 2003
December 12, 2002
February 9, 2001
August 9, 2000

Amended and Restated Bylaws
Of West Penn Allegheny Health System, Inc.
(formerly The Western Pennsylvania Hospital)

BYLAWS

OF

WEST PENN ALLEGHENY HEALTH SYSTEM, INC.

(OPERATING ALLEGHENY GENERAL HOSPITAL (INCLUDING THE SUBURBAN CAMPUS); THE WESTERN PENNSYLVANIA HOSPITAL - WEST PENN CAMPUS; AND THE WESTERN PENNSYLVANIA HOSPITAL – FORBES REGIONAL CAMPUS)

ARTICLE I.

NAME AND LOCATION

Section 1. *Name*. The name of the Corporation is West Penn Allegheny Health System, Inc.

Section 2. *Office*. The initial registered office of the Corporation is located at 4800 Friendship Avenue, Pittsburgh, Pennsylvania 15224. The Board of Directors may from time to time change the address of the registered office of the Corporation and shall amend the Articles of Incorporation of the Corporation or file the appropriate statement with the Department of State.

ARTICLE II.

PURPOSE

The purposes of the Corporation are:

To provide, maintain, operate, and support, directly and through its controlled affiliates, the provision, maintenance, management, and operation of, on a not-for-profit basis, in-patient and out-patient hospital facilities and health care services for the benefit of persons who require medical care and services of the kind customarily furnished most effectively by hospitals, without regard to race, creed, color, sex, age, religion, national origin, sexual orientation, ability to pay, or any other criteria not related to medical indications for admission or treatment;

To carry on educational and scientific activities related to the care of the sick and injured;

To carry on scientific research related to the care of the sick and injured;

To carry on activities designed to promote the general health of the communities in which it operates;

To support and manage a regional health care system (the "Health Care System"), comprised of the Corporation and its controlled affiliates, each of which (i) operates, raises funds for, or conducts activities otherwise ancillary to the operation of, health care facilities in order to extend health care to sick, injured and disabled persons, without regard to age, sex, race, religion, national origin or sexual orientation, or (ii) carries on educational and/or scientific research activities related to the causes, diagnosis, treatment, prevention or control of physical or mental diseases and impairments of persons, and each of which is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") and are not private foundations under Section 509(a)(1) or (2) and Section 170(b)(1)(A)(vi) of the Code. All hospitals operated directly by the Corporation (the "Corporation Hospitals") or operated by controlled affiliates of the Corporation are collectively referred to herein as the "Constituent Hospitals", and the corporations operated by the Corporation or a controlled affiliate of the Corporation are referred to herein as the "Constituent Corporations"; the Corporation Hospitals are Allegheny General Hospital (including the Suburban Campus; The Western Pennsylvania Hospital – West Penn Campus; and The Western Pennsylvania Hospital – Forbes Regional Campus). The term "Constituent Corporations" shall include all "Constituent Hospitals (including the Corporation Hospitals);

To maintain itself as a not-for-profit corporation organized exclusively for charitable, scientific and educational purposes, with activities conducted in such a manner that no part of its net earnings shall inure to the benefit of any member, Director, officer or other individual. Upon termination, dissolution or winding up, the assets remaining after payment of all liabilities shall be distributed to another organization described in Section 501(c) (3) of the Code as selected by the Directors in their sole discretion, subject, however, to all applicable law; and

To exercise all such powers in furtherance of the foregoing purposes as are now or may be granted hereafter by the Nonprofit Corporation Law of the Commonwealth of Pennsylvania, as amended from time to time, or any successor legislation (the "PNCL"), all in a manner that is described in Section 501(c) (3) of the Code.

ARTICLE III.

MEMBERSHIP

The Corporation shall have no members.

ARTICLE IV.

THE BOARD OF DIRECTORS

Section 1. *Powers*. All corporate powers of the Corporation shall be vested in and exercised by and under the authority of the Board of Directors (sometimes hereinafter referred to as the "Board"), which shall have full charge, control and management of the property, affairs and funds of the Corporation. The Board of Directors shall have full power to establish and direct the policies governing the business and affairs of the Corporation. Such responsibility shall include, without limitation, management of the Medical Staffs as contemplated herein; adoption, amendment, repeal and restatement of the Medical Staff Bylaws, as proposed by the Medical Staff pursuant to these bylaws; maintenance of quality patient care; institutional management and planning; and periodic reexamination of the relationship of the Board to the communities of the Corporation Hospitals. Without limiting the generality of the foregoing, the Board of Directors shall have power and authority to, and shall be responsible to, establish and manage the Corporation's program for compliance with all legal requirements applicable to the Corporation and the Corporation Hospitals, all accreditation and licensing requirements and the conditions of participation in all governmental payor programs applicable to the Corporation or the Corporation Hospitals. The Board of Directors shall generally coordinate the activities of the Corporation and the Constituent Corporations. The Board of Directors shall, among other things:

(a) Approve the strategic plans of the Corporation and the Constituent Corporations;

(b) Direct the managed care activities of the Corporation and the Constituent Corporations;

(c) Adopt and/or approve the capital budgets, operating budgets, operating plans and financial plans of the Corporation and the Constituent Corporations; and

(d) Exercise the powers vested in the Corporation in its capacity as member of each of the Constituent Corporations or as member of a Constituent Corporation which in turn is the sole member of another Constituent Corporation (subject to delegation of such power to the Executive Committee or the President and Chief Executive Officer of the Corporation to the extent permitted in these Bylaws) which shall include the power to (either directly or in its capacity as

member of a Constituent Corporation which in turn is the sole member of another Constituent Corporation):

(1) Adopt and/or approve and interpret the statement of mission and philosophy of each of the Constituent Corporations, and require them to operate in conformance with the Constituent Corporations' respective statements of mission and philosophy;

(2) Adopt and/or approve amendments or restatements of the bylaws and Articles of Incorporation of the Constituent Corporations;

(3) Fix the number of, and elect, appoint, fill vacancies in and remove, with or without cause, the Directors; and elect and remove, with or without cause, the Chair and Vice Chair of the Board of Directors of each of the Constituent Corporations, and the Secretary and Treasurer of each of the Constituent Corporations;

(4) Designate the administrative structure of each of the Constituent Corporations and, after consultation with the Board of Directors of the applicable Constituent Corporation, elect and remove, with or without cause, the President and Chief Executive Officer and all other officers of such Constituent Corporation;

(5) Cause or approve any merger, consolidation, division, conversion, or dissolution of any of the Constituent Corporations, or the filing of a petition in bankruptcy or execution of a deed of assignment for the benefit of creditors by any of the Constituent Corporations;

(6) Approve or cause any Constituent Corporation to engage in any acquisition or any sale, lease, exchange, mortgage, pledge or other alienation of any personal property of such Constituent Corporation having a value in excess of an amount to be fixed from time to time by the Board in its capacity as member or as member of a Constituent Corporation which is the sole member of another Constituent Corporation, or any real property of any Constituent Corporation;

(7) Adopt and/or approve any capital or operating budgets of the Constituent Corporations, and approve or direct any unbudgeted expenditure to be undertaken individually or collectively by the Constituent Corporations and any affiliated corporations controlled by the Constituent Corporations (other than unbudgeted expenditures which are required in order for the Constituent Corporations to be in compliance with applicable laws, rules and regulations, and state licensing and accreditation requirements), where the cumulative amount of such unbudgeted expenditures is in excess of an amount to be fixed from time to time by the Board in its capacity as member or as member of a

WPAHS-001213

Constituent Corporation which is the sole member of another Constituent Corporation;

(8) Adopt and/or approve any operating plan or financial plan with respect to each of the Constituent Corporations, and require each of the Constituent Corporations to comply with such operating or financial plan;

(9) Approve, and/or cause any of the Constituent Corporations to undertake or engage itself in respect of, any bond issuance or any other indebtedness for borrowed money of such Constituent Corporation, or any lending of funds by any Constituent Corporation to an unrelated person, corporation or other legal entity, including without limitation any capital leases (other than indebtedness to provide funds for expenditures necessary in order for the Constituent Corporation to be in compliance with applicable laws, rules and regulations, and state licensing and accreditation requirements, to the extent such funds are not otherwise reasonably available), representing obligations of any Constituent Corporation in excess of an amount per annum in the aggregate established from time to time by the Board in its capacity as member of such Constituent Corporation or as member of a Constituent Corporation which is the sole member of another Constituent Corporation;

(10) Establish and/or approve the criteria for, and conduct the evaluation of, the performance of the President and Chief Executive Officer and all vice presidents and officers of similar rank of each Constituent Corporation;

(11) Approve and/or cause the adoption by any of the Constituent Corporations of proposed settlements of litigation when such settlements exceed applicable insurance coverage or the amounts reserved in respect thereof of any applicable self-insurance fund;

(12) Approve and/or cause the adoption by any of the Constituent Corporations of any contracts between such Constituent Corporation and any managed care organization (including without limitation any health maintenance organization or independent practice association) or insurance company;

(13) Approve and/or cause any corporate reorganization of any Constituent Corporation or the establishment or dissolution of any subsidiary organizations, including corporations, partnerships or other entities, of any of the Constituent Corporations;

(14) Adopt and/or approve the respective strategic plans of the Constituent Corporations; and

WPAHS-001214

(15) Approve or direct the taking of any other action outside of ordinary course of business and such matters as are required to be submitted to corporate members of a Pennsylvania nonprofit corporation.

As set forth herein, the Board of Directors' authority to "adopt", "establish", "direct", or "cause" an action on behalf of a Constituent Corporation shall mean that the Board of Directors of the Corporation shall have the authority to directly bind a Constituent Corporation on such matters, irrespective of whether the Constituent Corporation has acted on such matter.

Section 2. *Qualifications*. Each Director of the Corporation shall be a natural person of at least eighteen years of age, of good moral character and who enjoys a good reputation in the community, and who, by his or her experience, community interest, or prior action, demonstrates a willingness to devote time and talent to the affairs of the Corporation and to exercise his or her judgment with undivided loyalty to the Corporation. Physicians on the medical staff of one or more of the Constituent Hospitals, shall comprise between twenty-five percent (25%) and thirty-five percent (35%) of the Board, with the goal that physician representation shall be approximately 30%. With the exception of Physician Directors and the President and Chief Executive Officer of the Corporation, no Director shall be a full time employee of the Corporation or any Constituent Corporation. A "Physician Director" shall include only those employed physicians who are employed by the Corporation or an entity controlled by the Corporation (a) in a full-time clinical capacity; (b) as a Chair, Vice Chair, or Division Chief of a clinical department; or (c) who hold an administrative role within the Corporation or any Constituent Corporation that requires less than fifty percent (50%) of his or her compensated time. Employing the criteria set forth in the prior sentence, the President and Chief Executive Officer, in consultation with the Chair, shall determine whether a physician qualifies as a Physician Director. Notwithstanding the foregoing, at all times at least 51% of the Directors comprising the Board shall be community members who are neither members of the medical staff of a Constituent Hospital nor employed by the Corporation or a Constituent Corporation. Each Director shall further satisfy the requirements set forth in Section 7 of this Article IV.

Section 3. *Number, Election, Ex Officio Directors, and Term of Office*. The Board of Directors shall be comprised of at least nine but no more than 40 voting members, as determined by the Board of Directors from time to time, including (i) the President and Chief Executive Officer of the Corporation and (ii) each Chair of the Board of Directors of each Constituent Hospital corporation, all of whom shall be *ex officio* voting members of the Board of the Corporation. The Board of Directors shall at each annual meeting fix the number of Directors constituting the Board and elect the persons who shall replace the Directors whose terms of office are then expiring (except there shall be no such election in respect of any Director whose term is expiring but whose seat on the Board is being eliminated due to a reduction in the size of the Board), and (ii) each newly-elected Director (other than the *ex officio* Directors and the initial Directors) shall serve for a three year term, and until his or her successor shall have been elected and qualified, subject, however, to his or her earlier death, resignation, or removal. The initial Directors elected by the Board to serve immediately upon the adoption of these

Bylaws shall be elected for one, two, or three year terms. No voting Director who has served four full three year terms following the adoption of these Bylaws shall be eligible for re-election until he or she has not served as a voting Director for at least one year; provided that such limitation shall not apply to *ex officio* Directors or to the officers of the Corporation.

Section 4. *Vacancies*. Vacancies howsoever arising may be filled by vote of the Board of Directors, at any regular or special meeting of the Board of Directors. Directors elected pursuant to this Section shall serve for the unexpired portion of the term of the Director whose death, resignation or removal gave rise to the applicable vacancy, or, in case of vacancies attributable to an increase in the number of Directors, for a term determined by the Board of Directors at the time of appointment and, in each case, until his or her successor shall have been elected and qualified, subject however, to such replacement Director's earlier death, resignation or removal.

Section 5. *Resignation*.

(a) Any Director may resign at any time by giving written notice thereof to the Chair, the President, or the Secretary of the Corporation. Any such resignation shall take effect on the date of receipt of such notice by one of the above-specified officers, or at such later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

(b) Subject to Article VI, Section 9, the Board of Directors may, in its discretion, by a two-thirds vote of all voting Directors in office, remove and declare vacant the office of any Director at any time, with or without assigning any cause.

Section 6. *Compensation*. At the direction of the Board, the Corporation may elect to compensate one or more Directors for their service as a Director. Directors who are also officers or employees of the Corporation may receive compensation in their capacity as officers or employees.

Section 7. *Conflict of Interest*. Directors shall exercise good faith in all transactions touching upon their duties as to the Corporation and its property. No Director shall use his or her position, or knowledge gained therefrom, in any way that might give rise to a conflict between the interest of the Corporation and that of the individual Director. The Board of Directors shall adopt a conflict of interest policy, and each Director and officer of the Corporation shall agree to be bound thereby as a prerequisite to his or her qualification as a Director or officer, as the case may be.

Section 8. *Orientation of Directors*. Newly elected or appointed Directors shall be oriented to the functions and procedures of the Board of Directors. Such orientation shall be carried out under the supervision of the President and Chief Executive Officer.

Section 9. *Emeritus Directors*. The Corporation may maintain an emeritus class of Directors, who shall be non-voting, to recognize the service of individuals previously serving on the Board and provide the Corporation with the benefit of continued access to the knowledge and expertise of such individuals. Emeritus directors shall be entitled to receive such information regarding the Corporation as deemed appropriate by the Board. Emeritus directors may be appointed by the Board for indefinite terms, but may be removed at any time upon the majority vote of the members of the Board.

ARTICLE V.

MEETINGS OF THE BOARD OF DIRECTORS

Section 1. *Regular and Annual Meetings*. The Board of Directors shall hold regular meetings at such time and place as determined by the Board or the Chair; provided that the Board shall meet not less than four times per year. The Annual Meeting shall be set by the Board or Chair.

Section 2. *Special Meetings*. Special meetings may be held at any time upon call of the Chair, or upon call by the President and Chief Executive Officer after the President and Chief Executive Officer has received a written request for such a meeting signed by at least three Directors.

Section 3. *Notice*. Notice of each regular, annual, and special meeting shall be mailed (U.S. Mail or electronically), personally delivered or faxed to each Director at least five days prior to the meeting to the Director's address (mailing address, e-mail address or fax number as applicable) on the books of the Corporation. Voting by proxy shall not be permitted at any meeting.

Section 4. *Public Meeting*. The general public shall be invited to attend at least one meeting of the *Board* of Directors on an annual basis. Such meeting shall be well-publicized in advance of the meeting date and shall be held at a time convenient for attendance by the general public.

Section 5. *Quorum and Vote*. A majority of the Directors then in office shall constitute a quorum at *any* regular meeting; provided that a quorum shall not be present at any meeting unless a majority of those Directors present are not members of the medical staff of any Constituent Hospital. Once a quorum is established, subsequent withdrawal of individuals to less than a quorum shall not affect the validity of any subsequent action taken at the meeting. Each Director shall be entitled to one vote on each matter submitted to a vote of the Board of Directors. Except as otherwise required by the PNCL, approval of any matter before the Board of Directors by a majority of the Directors present at the applicable meeting shall constitute approval of the applicable matter by the Board.

Section 6. *Action by Directors Without a Meeting*. Any action which may be taken at a meeting of the Board or any committee thereof may be taken without a meeting

if consent in writing setting forth such action is signed by all of the Directors or members of the committee. Such consent shall be filed in the minutes of the proceedings of the Board or of the applicable committee.

Section 7. *Conduct of Meetings*. Meetings of the Board of Directors and committees of the Board of Directors shall be conducted in accordance with such rules as may be established by the Board of Directors.

Section 8. *Meeting By Conference Telephone*. One or more Directors or members of a committee established hereby or pursuant hereto may participate in a meeting of the Board of Directors or such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence at such meeting for quorum, voting, and all other purposes.

Section 9. *Waiver of Notice*. Whenever any written notice is required to be given under the provisions of the these bylaws or the PNCL, a waiver of such notice in writing signed by the person or persons entitled to notice, whether before or after the time of the meeting stated in such notice, shall be deemed equivalent to the giving of such notice. In the case of a special meeting, such waiver of notice shall specify the general nature of the business to be transacted. Attendance of a Director at a meeting shall constitute a waiver of the notice of the meeting unless the Director attends for the express purpose of objecting and objects at the beginning of the meeting to the transaction of any business because the meeting was not lawfully called or convened.

ARTICLE VI.

OFFICERS

Section 1. *Officers*. The officers shall be a Chair, a President and Chief Executive Officer, a Secretary, and a Treasurer, and such other officers, including Vice Chairs, Senior Vice Presidents, or Executive Vice Presidents as the Board of Directors may, from time to time, appoint. The President shall have authority to appoint one or more Vice Presidents as the President may determine in his or her sole discretion. No officer other than the Chair and the Vice Chairs need be members of the Board of Directors. Any two or more offices may be held by the same person, except that the same person may not be the President and either Secretary or Treasurer. No full-time employee of the Corporation or any Constituent Corporation shall be eligible to serve as Chair or Vice Chair of the Corporation.

Section 2. *Election and Term of Office; Vacancies*. The Chair, President and Chief Executive Officer, Vice Chairs, Secretary, and Treasurer, and such other officers as the Board of Directors shall determine to appoint, shall be appointed by the Board of Directors at the Annual Meeting of the Board of Directors for a term of one year and until the officer's successor is duly elected and takes office or until the officer's earlier death, resignation, or removal. At the Annual Meeting, Vice Presidents and other subordinate officers, if any, shall be appointed by the President for a term of one year or until the

officer's earlier death, resignation, or removal. Vacancies howsoever arising in any office to be filled by the Board of Directors (including without limitation vacancies in newly established offices created by the Board of Directors) may be filled by vote of the Board of Directors, at any regular or special meeting of the Board of Directors, and vacancies howsoever arising in any officer to be filled by the President may be appointed by the President at any time. Officers appointed to fill vacancies or otherwise appointed mid-year shall serve until the next annual meeting of the Board of Directors and the appointment of their successor, subject to each such officer's earlier death, resignation or removal. Nothing contained herein shall be construed as prejudicing any officer's rights with respect to compensation under any employment agreement with the Corporation.

Section 3. *Chair*. The Chair shall preside at all meetings of the Board of Directors. The Chair shall have such authority, and shall perform all duties customarily incident to the office of Chairperson of a Board of Directors, and such other authority and duties appropriate to such office as may be assigned by the Board of Directors. The Chair shall be a voting, ex officio member of each committee of the Board, subject to fulfilling any applicable independent director requirements. In the absence of the Chair or any Vice Chairs at a meeting of the Board of Directors, the Board shall select a Director to preside over such meeting and perform such other duties as may be required. No Director shall serve as Chair for more than six consecutive years. Service as a Chair of the Corporation or one or more of the Constituent Corporations prior to the effective date of these Bylaws shall not be considered when determining years served.

Section 4. *President and Chief Executive Officer*. The President and Chief Executive Officer (sometimes referred to herein as the "President") shall be the chief executive officer of the Corporation. The President shall be a voting, *ex officio*, member of the Board and each committee of the Board with the exception of the Compensation Committee and the Audit and Compliance Committee. The President shall have all authority and responsibility necessary to operate the Corporation in all its activities, subject only to the policies and oversight of the Board of Directors. The President shall also serve as the liaison between the Board and boards of the Constituent Corporations and perform such other duties as are customarily incident to the office, and such other authority and duties appropriate to such office as may be assigned by the Board of Directors. Without limiting the generality of the foregoing, the President is hereby authorized to exercise, on behalf of the Corporation in its capacity as sole member of Constituent Corporations, the following powers reserved to the Corporation pursuant to Article IV, Section 1 hereof: (i) approval, and/or causing the adoption by one or more of the Constituent Corporations, of any contracts between the applicable Constituent Corporation and any managed care organization (including without limitation any health maintenance organization or independent practice association) or insurance company; (ii) designation of the administrative structure of the Constituent Hospitals and/or Constituent Corporations and, in consultation with the boards of the Constituent Corporations, appointment and removal, with or without cause, of officers of the Constituent Corporations, provided, however, that no officer shall be removed by the President on behalf of the Corporation without 10 days prior notice of such removal from the President to the Board of Directors of the applicable Constituent Corporation, and (iii) such other actions as the Board of Directors shall authorize in a resolution of the Board of Directors.

Section 5. *Vice Chairs*. The Vice Chairs, in the order of their standing, shall perform the duties of the Chair when for any reason the Chair is unable to perform the same.

Section 6. *Secretary*. The Secretary shall keep and properly record the minutes of the proceedings of the Board of Directors and the Executive Committee; notify officers of their election and committee members of their appointment; be responsible for timely notice of all meetings of the Board of Directors and the Executive Committee; have custody of the corporate seal and of all books and papers pertaining to the office and shall perform all duties customarily incident to the office, and shall have such other authority and perform such other duties appropriate to such office as may be assigned by the Board of Directors.

Section 7. *Treasurer*. The Treasurer shall supervise the financial activities of the Corporation. Specifically, the Treasurer shall ensure that The Treasurer shall supervise the financial activities of the Corporation. Specifically, the Treasurer shall ensure that (a) full and accurate accounts of receipts and disbursements are kept; (b) a system is in place such that all monies and other valuable effects are deposited in the name and to the credit of the Corporation in such depositories as shall be designated by the Board; (c) the Directors at the regular meetings of the Board or whenever they may require it, receive an account of the financial condition of the Corporation; and (d) that an annual audit of the Corporation's books and records is performed by an auditor selected by the Board or a committee thereof. The Treasurer shall perform all duties, customarily incident to the office, and such other authority and duties appropriate to such office as may be assigned by the Board of Directors. In performing these functions, the Treasurer may rely on employees of the Corporation or any Constituent Corporation who possess special financial training and skills and whose employment responsibilities include management of the Corporation's financial affairs.

Section 8. *Other Officers*. Each other officer shall have such responsibilities and perform such duties as may be prescribed by the Board or the President and Chief Executive Officer from time to time. Each assistant officer shall carry out the responsibilities and duties of the officer which the assistant officer assists in the event such officer is unable to perform such duties, except that no assistant officer shall become a Director solely by virtue of being an assistant officer.

Section 9. *Resignation*. Any officer may resign at any time by giving written notice thereof to the Chair, the President, or the Secretary of the Corporation. Any such resignation shall take effect on the date of receipt of such notice by one of the above-specified officers, or at such later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 10. *Removal*. Any officer of the Corporation may be removed, with or without cause, by the Board of Directors whenever in the judgment of the Board of Directors the best interests of the Corporation will be served thereby. Any vice-president or other subordinate officer appointed by the President may also be removed with or without cause by the President in his or her discretion. Nothing contained herein shall be

construed as prejudicing any officer's rights with respect to compensation under any employment agreement with the Corporation.

ARTICLE VII.

EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

Section 1. *Powers of the Executive Committee*. The Board of Directors shall maintain an Executive Committee which shall have and may exercise the powers of the Board of Directors in the management of the business affairs of the Corporation (including exercise of the Corporation's powers in its capacity as member of Constituent Corporations), except that the Executive Committee shall not have authority with respect to any of the following matters:

(a) Appointing, electing, or removing Directors of the Corporation; however, the Executive Committee shall act to nominate members to serve on the Boards of the Corporation and Constituent Corporations.

(b) Adopting, amending or repealing the Articles of Incorporation or Bylaws of the Corporation;

(c) Amending or repealing any resolution of the Board of Directors;

(d) Approving any matters which pursuant to the Bylaws or resolution of the Board of Directors is reserved to another committee of the Board;

(e) Adopting, approving, or interpreting the statement of mission and philosophy of any Constituent Corporation or any requirement that a Constituent Corporation operate in conformance with its statement of mission and philosophy;

(f) Adopting or approving any amendments or restatement of the Bylaws or Articles of Incorporation of any Constituent Corporation;

(g) Approving or causing any merger, consolidation, division, conversion, or dissolution of any Constituent Corporation, or the filing of a petition in bankruptcy or execution of a deed of assignment for the benefit of creditors of any Constituent Corporation, or the sale or other disposition of all or substantially all of the assets of any Constituent Corporation;

(h) Approving and/or causing any corporate reorganization of any of the Constituent Corporations or the establishment or dissolution of any subsidiary organizations, including corporations, partnerships or other entities, of the Constituent Corporations;

(i) Approving any bond issuance or incurrence of any other indebtedness for borrowed money of any of the Constituent Corporations, or any lending of funds by any of the Constituent Corporations to an unrelated person,

corporation or other legal entity, including without limitation any capital leases; and

(j) Appointing, electing or removing any of the Directors of any Constituent Corporation, the Chair and Vice Chair of the Board of Directors of any Constituent Corporation, or the Secretary/Treasurer of any Constituent Corporation.

Section 2. *Term*. The Executive Committee shall be comprised of the Chair, each Chair of the Board of each Constituent Hospital corporation, the President and Chief Executive Officer, and such other Directors as the Chair may, from time to time, appoint. Members of the Executive Committee shall serve until their respective successors have been appointed, subject to their earlier death, resignation or removal.

Section 3. *Meetings*. The Executive Committee may hold regular meetings as often as necessary, but shall not be required to do so. The Executive Committee shall meet at such an hour and place as may be agreed upon or be set by the Chair. The Chair may call special meetings of the Executive Committee at any time and place whenever the exigency of business shall require. A majority of the members of the Executive Committee then in office shall constitute a quorum at any meeting of the Executive Committee. Once a quorum has been established, subsequent withdrawal of Executive Committee members so as to reduce the number of members present to less than a quorum shall not affect the validity of any subsequent action taken at the meeting. The affirmative vote of a majority of all of the members of the Executive Committee then in office shall be required to constitute approval of any matter before the Executive Committee, regardless of whether such members are present at the applicable meeting.

Section 4. *Rules and Regulations*. The Executive Committee shall adopt such rules and regulations as may be deemed proper for its own guidance in the conduct of the affairs of the Corporation, subject to change at any time by the Board of Directors.

Section 5. *Recordkeeping*. Full and accurate minutes of all transactions of the Executive Committee shall be entered in a book kept for such purpose.

ARTICLE VIII.

OTHER STANDING COMMITTEES OF THE BOARD OF DIRECTORS

Section 1. *Designation of Standing Committees*. In addition to the Executive Committee, the Board of Directors shall maintain the following other standing committees: Audit and Compliance, Investment, Compensation, Medical Education and Research, and Finance and Operating. Subject to specific composition requirements applicable to a committee as described herein, each committee shall be comprised of three or more members of the Board of Directors (the precise number to be established by the Board of Directors) and may include such other interested individuals as may be determined appropriate by the Board of Directors, who shall be appointed by the Board of Directors, provided, that the Compensation Committee shall have no physician members,

employees of the Corporation, or any other person deemed to be an "insider" under guidelines promulgated or issued by the Internal Revenue Service. Members of standing committees shall be appointed by the Board and shall serve for one year terms and until their respective successors have been appointed, subject to their earlier death, resignation or removal. Committee chairs shall not serve for more than six consecutive years; provided that service as a chair of any committee of the Corporation or one or more of the Constituent Corporations prior to the effective date of these Bylaws shall not be considered when determining years served. Notwithstanding the foregoing, if the Board determines that to do so would be in the best interest of the Corporation, the Board may elect to waive the term limit for one or more committee chairs from time to time.

Section 2. *Audit and Compliance Committee*. For the Corporation and each of the Constituent Corporations, this Committee shall oversee the compliance program for the Health Care System, the accounting and financial reporting process, the systems of internal accounting and financial controls, the internal audit function, and the independent audit of financial statements for the Corporation and each Constituent Corporation, including the selection and evaluation of the external auditors. In addition, this Committee shall be responsible for accepting the annual independent audit report of the Health Care System's financial statements prepared by the external auditors. At the close of each year, this Committee shall render or cause to be rendered an audit report to the Corporation at its annual meeting, and shall have such other responsibilities and authority as designated by the Board. This Committee shall be comprised of three to five members who have no relationship to the Corporation or its Constituent Corporations or Constituent Hospitals that would, in the judgment of the Board, interfere with the exercise of their independent judgment. No member of this Committee shall have had an employment relationship within the two prior years with the independent audit firm engaged by the Corporation to perform the annual audit. All Committee members shall have a working knowledge of financial or audit matters.

Section 3. *Investment Committee*. This Committee shall supervise the investment and safekeeping of all funds belonging to the Corporation and the Constituent Corporations or held by them in trust. Securities owned by this Corporation and the Constituent Corporations shall be purchased or sold and transferred when authorized either by the Board of Directors, by the Executive Committee, or by this Committee.

Section 4. *Compensation Committee*. This Committee shall determine the compensation of officers, and senior management of the Corporation and Constituent Corporations, and shall provide information regarding the Committee's determination to any Director upon his or her request. Either this Committee or a separate committee appointed by the Board shall evaluate and determine compensation parameters for physicians employed by or under contract with the Health Care System. Subject to the subsequent sentence, this Committee shall include as members the Chair of the Board of Directors, along with such other Directors as the Board may determine from time to time. This Committee shall have no physician members, employees of the Corporation, or any other person deemed to be an "insider" under guidelines promulgated or issued by the Internal Revenue Service who is compensated in his or her capacity as such.

Section 5. *Medical Education and Research Committee.* This Committee shall be responsible for overseeing, evaluating the quality, costs, and benefits, and making recommendations to the Board with respect to the medical education and research programs undertaken from time to time by the Corporation and any Constituent Corporation. This Committee shall include physicians from the medical staffs of the Constituent Hospitals who are responsible for medical education and research activities.

Section 6. *Finance and Operating.* This Committee shall review and recommend to the Board of Directors the annual operating plan for the Corporation, including the Corporation Hospitals. The operating plan shall include, but not be limited to, initiatives related to the quality of patient care, patient satisfaction, and financial performance at each of the Corporation Hospitals. This Committee shall meet as needed to review the status of the operating plan of the Corporation, and to review and recommend approval or disapproval of any proposed changes to the operating plan by the Corporation.

Section 7. *Quality and Satisfaction Committee.* This Committee shall have oversight of the quality of care throughout the System. The Committee shall make recommendations to improve quality and satisfaction and shall have the authority to take action on behalf of the Board to approve routine regulatory and accreditation issues, such as patient safety, safety, and environment of care.

Section 8. *Quorum.* A majority of the members of a committee then in office or four committee members, whichever is less, shall constitute a quorum for the transaction of business. Once a quorum has been established, subsequent withdrawal of committee members so as to reduce the number of members present to less than a quorum shall not affect the validity of any subsequent action taken at the meeting.

Section 9. *Other Standing or Special Committees.* Other standing or special committees may be created by the Board of Directors as it may deem necessary, and shall be appointed by the Board of Directors.

Section 10. *Meetings.* The several standing committees shall function under the direction of the Board of Directors and the Executive Committee and except to the extent required to meet more frequently pursuant hereto shall meet as often as necessary to transact their business and shall make such reports as they may deem necessary or which may be specifically required of them. Except as otherwise provided with respect to the Executive Committee in Article VII, Section 3 hereof, the affirmative vote of a majority of the members of any Committee present shall be required to constitute approval of any matter before such Committee.

Section 11. *Resignation.* Any Committee member may resign at any time by giving written notice thereof to the Chair, the President or the Secretary of the Corporation. Any such resignation shall take effect on the date of receipt of such notice by one of the above-specified officers, or at such later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 12. *Removal*. Any Committee member may be removed, with or without cause, by the Board of Directors whenever in the judgment of the Board of Directors the best interests of the Corporation will be served thereby.

Section 13. *Vacancies*. Vacancies in any Committee howsoever arising may be filled by vote of the Board of Directors at any regular or special meeting of the full Board. Committee members appointed pursuant to this Section shall serve for the unexpired portion of the term of the Committee member whose death, resignation or removal gave rise to the applicable vacancy, and until his or her successor shall have been elected and qualified, subject however, to such replacement Committee member's earlier death, resignation or removal.

ARTICLE IX.

MEDICAL STAFFS

Section 1. *Medical Staffs Generally*. The Board of Directors shall create one functional unit within Allegheny General Hospital ("AGH Medical Staff") and one functional unit covering both The Western Pennsylvania Hospital – West Penn Campus, and The Western Pennsylvania Hospital – Forbes Regional Campus ("WPH Medical Staff"; the AGH Medical Staff and the WPH Medical Staff are sometimes hereinafter referred to collectively as the "Medical Staffs"; each a "Medical Staff"). The AGH Medical Staff and the WPH Medical Staff shall each be composed of physicians, dentists, and such other health care practitioners as determined by the Board. Each Medical Staff shall be delegated the responsibility for making recommendations at their respective Corporation Hospital(s) concerning clinical privileges, the medical staff appointment of practitioners, the quality of medical care delivered in the respective Corporation Hospital(s), and the rules and regulations governing the practice of practitioners within such Corporation Hospital(s). The AGH Medical Staff shall be an internal component of Allegheny General Hospital and the WPH Medical Staff shall be an internal component of The Western Pennsylvania Hospital – West Penn Campus and The Western Pennsylvania Hospital – Forbes Regional Campus. Each Medical Staff shall have bylaws outlining its structure and function so that it may fulfill its delegated responsibilities in an effective fashion. Only such Medical Staff Bylaws as are adopted by the Board of Directors shall be effective. The Board retains the right to rescind any authority or procedures delegated to either or both of the AGH Medical Staff or the WPH Medical Staff by bylaws or otherwise and to amend the bylaws as necessary for the good operation of the relevant Corporation Hospital. The power of the Board of Directors to adopt or amend Medical Staff bylaws, rules, and regulations, shall not be dependent upon ratification by the respective Medical Staff.

Section 2. *Organization of Medical Staff*. The AGH Medical Staff and the WPH Medical Staff shall be divided into clinical departments. The appointment of clinical department chairs and of all Medical Staff standing committee chairs for each Medical Staff shall be approved by the Board of Directors.

Section 3. *Appointment to Medical Staff*. All appointments to the AGH Medical Staff and to the WPH Medical Staff shall be made by the Board of Directors for a period not to exceed two years. Appointments, reappointments, and the delineation of privileges shall be made in accordance with such Corporation Hospital's policy and/or its or their Medical Staff bylaws; provided, however, that nothing therein contained shall limit the legal rights and obligations of the Board of Directors with respect to such matters.

Section 4. *Denial of Privileges*. In the circumstances delineated in, as appropriate, the AGH Medical Staff bylaws or the WPH Medical Staff Bylaws and to the extent provided therein, an applicant to the Medical Staff or a Medical Staff member affected by an action relating to Medical Staff privileges shall be afforded the opportunity of a full hearing before an appropriately constituted body (which body may be a joint conference of other hospitals comprising part of the System), conducted in such manner as to assure due process and to afford full opportunity for the presentation of all pertinent information, pursuant to the specific Corporation Hospital policy or the respective Medical Staff bylaws. No recommendation or action other than as set forth in the relevant Medical Staff bylaws shall constitute grounds for a hearing.

ARTICLE X.

PATIENT'S BILL OF RIGHTS

The President and Chief Executive Officer shall designate one or more management individuals with the responsibility of ensuring that a Patient's Bill of Rights for each of the Corporation Hospitals not less in substance and coverage than required by the Pennsylvania Department of Health regulations is disseminated to all patients of the Hospital.

ARTICLE XI.

FISCAL YEAR AND ANNUAL REPORT

Section 1. *Fiscal Year*. The Fiscal Year of the Corporation shall begin on the first day of July each year and end on the thirtieth day of June of the succeeding year, or on such other date as may be fixed from time to time by resolution of the Board of Directors.

Section 2. *Annual Report*. The Treasurer shall submit annually to the Board of Directors a statement containing those details required to be included under the provisions of the PNCL, as it may be amended from time to time or any successor statute governing Pennsylvania nonprofit corporations or these Bylaws.

ARTICLE XII.

AUXILIARY ORGANIZATIONS

The Board may provide for the establishment of auxiliary organizations. The bylaws of these organizations shall be subject to approval by the Board of Directors.

ARTICLE XIII.

SEAL

The Seal of the Corporation shall be selected by the Board.

ARTICLE XIV.

LIABILITY OF DIRECTORS

Section 1. *Limitation of Directors' Personal Liability.* A Director of the Corporation shall not be personally liable for monetary damages for any action taken unless the Director has breached or failed to perform the duties of his office under the PNCL as in effect at the time of the alleged action by such Director and the breach or failure to perform constitutes self-dealing, willful misconduct, or recklessness. Such limitation on liability does not apply to the responsibility or liability of a Director pursuant to any criminal statute or for payment of taxes pursuant to any Federal, state, or local law.

Section 2. *Standard of Care and Fiduciary Duty.* Each Director shall stand in a fiduciary relationship to this Corporation and shall perform his or her duties as a Director, including his or her duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner the Director reasonably believes to be in the best interests of this Corporation, and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. In performing his or her duties, each Director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

(a) One or more officers or employees of this Corporation whom the Director reasonably believes to be reliable and competent in the matters presented;

(b) Counsel, public accountants or other persons as to matters which the Director reasonably believes to be within the professional or expert competence of such persons; and

(c) A committee of the Board of this Corporation upon which the Director does not serve, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence.

Section 3. *Preservation of Rights*. Any repeal or modification of this Article by the Board Shall not adversely affect any right or protection existing at the time of such repeal or modification to which any Director or former Director may be entitled under this Article. The rights conferred by this Article shall continue as to any person who has ceased to be a Director of the Corporation and shall inure to the benefit of the heirs, executors, and administrators of such person.

ARTICLE XV.

INDEMNIFICATION

Section 1. *Mandatory Indemnification of Directors and Officers*. The Corporation shall indemnify, to the fullest extent now or hereafter permitted by law, each Director and officer (including each former Director or officer) of the Corporation who was or is or is threatened to be made a party to or a witness in any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative including an action by or in the right of the Corporation, by reason of the fact that the Director or officer is or was an authorized representative of the Corporation, or is or was serving at the written request of the Corporation as a representative of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the Director or officer in connection with such action, suit or proceeding if such Director or officer acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action or proceeding by judgment, order, settlement, or conviction or upon a plea of nolo contendre or its equivalent shall not of itself create a presumption that the person did not act in good faith and in a manner that he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation and, with respect to any criminal proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. *Mandatory Advancement of Expenses to Directors and Officers*. The Corporation shall pay expenses (including attorneys' fees) incurred by a Director or officer of the Corporation referred to in Section 1 of this Article XV in defending or appearing as a witness in any civil or criminal action, suit, or proceeding described in Section 1 of this Article XV in advance of the final disposition of such action, suit or proceeding. The expenses incurred by such Director or officer shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding only upon receipt of an undertaking by or on behalf of such Director or officer to repay all amounts advanced if it shall ultimately be determined that the Director or officer is not entitled to be indemnified by the Corporation as provided in Section 4 of this Article XV.

Section 3. *Permissive Indemnification and Advancement of Expenses*. The Corporation may, as determined by the Board of Directors from time to time, indemnify, in full or in part, to the fullest extent now or hereafter permitted by law, any person who was or is or is threatened to be made a party to or a witness in, or is otherwise involved in, any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative including an action by or in the right of the Corporation, by reason of the fact that such person is or was an authorized representative of the Corporation or is or was serving at the request of the Corporation as a representative of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise, both as to action in his official capacity and as to action in another capacity while holding such office or position, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in conjunction with such action, suit or proceeding if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The Corporation may, as determined by the Board of Directors from time to time, pay expenses incurred by any such person by reason of such person's participation in an action, suit or proceeding referred to in this Section 3 in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as provided in Section 4 of this Article XV.

Section 4. *Scope of Indemnification*. Indemnification under this Article shall not be made by the Corporation in any case where a court determines that the alleged act or failure to act giving rise to the claim for indemnification is expressly prohibited by Chapter 57, Subchapter D of the PNCL or any successor statute as in effect at the time of such alleged action or failure to take action.

Section 5. *Miscellaneous*. Each Director and officer of the Corporation shall be deemed to act in such capacity in reliance upon such rights of indemnification and advancement of expenses as are provided in this Article. The rights of indemnification and advancement of expenses provided by this Article shall not be deemed exclusive of any other rights to which any person seeking indemnification or advancement of expenses may be entitled under any agreement, vote of members (if any), disinterested Directors, statute or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office or position, and shall continue as to a person who has ceased to be an authorized representative of the Corporation and shall inure to the benefit of the heirs, executors and administrators of such person. Any repeal or modification of this Article by the members (if any) or the Board of Directors of the Corporation shall not adversely affect any right or protection existing at the time of such appeal or modification to which any person may be entitled under this Article.

Section 6. *Definition of Authorized Representative*. For the purposes of this Article, the term, "authorized representative" shall mean a director, officer (including a former director of officer), or employee of the Corporation or of any Constituent Corporation, or a trustee, custodian, administrator, committee-person or fiduciary of any

employee benefit plan established and maintained by the Corporation or by any Constituent Corporation, or person serving another corporation, partnership, joint venture, trust or other enterprise in any of the foregoing capacities at the written request of the Corporation. The term "authorized representative" shall not include money managers or investment advisors (or any employees thereof) hired by the Corporation, and shall not include (i) agents of the Corporation unless indemnification thereof is expressly approved by the Board of Directors, or (ii) any medical staff appointee serving in his or her teaching or clinical capacity.

Section 7. *Funding to Meet Indemnification Obligations.* The Board of Directors shall have the power to borrow money on behalf of the Corporation, including the power to pledge the assets of the Corporation, from time to time to discharge the Corporation's obligations with respect to indemnification, the advancement and reimbursement of expenses, and the purchase and maintenance of insurance for the benefit of the Corporation and any person indemnified pursuant hereto. The Corporation may, in lieu of or in addition to the purchase and maintenance of insurance, establish and maintain a fund of any nature or otherwise secure or insure in any manner its indemnification obligations, whether arising pursuant to this Article or otherwise.

Section 8. *Procedure for Effecting Indemnification.* Unless ordered by a court, any indemnification under this Article or the PNCL shall be made only following a determination that the indemnification is proper in the circumstances because the person seeking indemnification has met the applicable standard of conduct. Such determination shall be made:

(a) By the Board of Directors by a majority vote of a quorum consisting of Directors who were not party to the action or proceeding; or

(b) If such quorum is not obtainable or if obtainable, in the event a majority vote of a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion.

ARTICLE XVI.

REVIEW & AMENDMENTS

These Bylaws shall be reviewed at least annually. These Bylaws and the Articles of Incorporation may be amended or repealed and new Bylaws and new Articles of Incorporation adopted at any regular meeting of the Board of Directors of the Corporation or at any special meeting called for that purpose, provided that notice of any such proposed amendment, repeal or adoption of Bylaws or Articles of Incorporation shall have been given to the Board in accordance with the notice requirements set forth in the PNCL relating thereto or, if none, at least ten days prior to such regular or special meeting and that a copy of the proposed amendment or new Bylaws or new Articles of Incorporation shall have been mailed to each member of the Board of Directors with the notice of the meeting. Amendments for technical, grammatical or spelling errors may be

changed at any meeting of the Board without the notice provisions required above and shall be effective immediately.

ARTICLE VII.

SUBVENTIONS

The Corporation shall be authorized by resolution of the Board of Directors to accept subventions from nonmembers on terms and conditions not inconsistent with PNCL § 5542, or any successor provision and to issue certificates therefor. The resolution of the Board of Directors may provide that the holders of subvention certificates shall be entitled to a fixed or contingent periodic payment out of the corporate assets equal to a percentage of the original amount or value of the subvention. The rights of holders of subvention certificates shall at all times be subordinate to the rights of creditors of the Corporation.

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WPAHS-001231

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BYLAWS
OF
WEST PENN ALLEGHENY ONCOLOGY NETWORK

ARTICLE I

NAME AND LOCATION

Section 1. Name. The name of the Corporation is West Penn Allegheny Oncology Network.

Section 2. Principal Office. The principal office of the Corporation shall be located at 4800 Friendship Avenue, Pittsburgh, PA 15224, or at such other address as the Board of Directors shall determine.

ARTICLE II

PURPOSE; PARTICIPATION IN SYSTEM

Section 1. Purpose. The Corporation is formed and is to be operated exclusively for the following charitable, scientific and educational purposes, within the meaning of section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"): supporting, benefitting and carrying out the functions of a regional health care system, comprised of corporations, each of which (x) has a sole corporate member that maintains governance control and oversight of the Corporation, (y) either (i) operates, raises funds for, or conducts activities otherwise ancillary to the operation of, health care facilities in Western Pennsylvania without regard to age, sex, race, religion, national origin or sexual orientation, or (ii) carries on scientific research related to the causes, diagnosis, treatment, prevention or control of physical or mental diseases and impairments of persons, and (z) is described in sections 501(c)(3) and either 509(a)(1) or 509(a)(2) of the Code (all health care facilities operated by such corporations are referred to herein as the "Constituent Hospitals," and such corporations are referred to herein as the Constituent Corporations") by:

(1) maintaining and operating programs rendering diagnostic and clinical and other health care services and health related services in support of clinical programs, education and research in the Western Pennsylvania community;

(2) providing health care for sick, injured, disabled, indigent or infirm persons in the Western Pennsylvania community;

(3) supporting or carrying on research and educational activities of the Constituent Hospitals and Constituent Corporations, related to the rendering of care to the sick, injured and disabled, the furthering of knowledge in the medical arts and in promotion of health;

WPAHS-001232

(4) assisting the Constituent Hospitals and Constituent Corporations in their residency training programs in various medical specialties and related teaching programs; and

(5) exercising such powers in furtherance of the foregoing purposes as are now or may be granted hereafter by the Nonprofit Corporation Law of the Commonwealth of Pennsylvania, as amended from time to time, or any successor legislation.

ARTICLE III

MEMBER

Section 1. Member. The sole voting member of the Corporation shall be The Western Pennsylvania Hospital (the "Member"), acting through its Board of Directors (the "Member Board"), or through its Executive Committee (the "Member Executive Committee") or designated officers of the Member (the "Designated Representatives") to the extent that the Member has, pursuant to its Bylaws or by resolution duly adopted by the Member Board, delegated its authority herein to the Member Executive Committee or to a Designated Representative; provided, however, that neither the Member Executive Committee nor any Designated Representative shall have the authority to act on behalf of the Member with respect to any of the actions identified in Section 2.B of this Article III.

Section 2. Powers and Rights of Member.

A. The Member shall have such powers and rights as are set forth in the PNCL and the Articles of Incorporation of the Corporation. Without limiting and in addition to such powers and rights, the Member shall have the exclusive authority to exercise the following powers:

(1) Adopt and/or approve and interpret the statement of mission and philosophy of the Corporation, and require the Corporation to operate in conformance with its statement of mission and philosophy;

(2) Adopt and/or approve amendments or restatements of the bylaws and Articles of Incorporation of the Corporation;

(3) Elect, appoint, fill vacancies in and remove, with or without cause, the Directors; and elect and remove, with or without cause, the Chair and Vice Chair of the Board of Directors of the Corporation, and the Secretary and Treasurer of the Corporation;

(4) Elect and remove, with or without cause, the President and Chief Executive Officer and all vice presidents and other officers of the Corporation;

(5) Cause or approve any merger, consolidation, division, conversion, or dissolution of the Corporation, or the filing of a petition in bankruptcy or execution of a deed of assignment for the benefit of creditors;

WPAHS-001233

(6) Approve and/or cause the Corporation to undertake or engage itself in respect of any bond issuance or any other indebtedness for borrowed money of the Corporation, or any lending of funds by the Corporation to an unrelated person, corporation or other legal entity, including without limitation any capital leases (other than indebtedness to provide funds for expenditures necessary in order for the Corporation to be in compliance with applicable laws, rules and regulations, and state licensing and accreditation requirements, to the extent such funds are not otherwise reasonably available), representing obligations of the Corporation in excess of an amount per annum in the aggregate established from time to time by the Member;

(7) Approve and/or cause any corporate reorganization of the Corporation or the establishment or dissolution of any subsidiary organizations, including corporations, partnerships or other entities, of the Corporation; and

(8) Approve or direct the taking of any other action outside of ordinary course of business and such matters as are required to be submitted to corporate members of a Pennsylvania nonprofit corporation.

Except as otherwise required by the PNCL, the action of the Member with respect to each of the foregoing actions shall be sufficient to approve such actions, no action by the Board of Directors of the Corporation shall be required with respect to any such actions, and, to the full extent permitted by law, no action of the Board of Directors with respect to any such actions shall be effective for any purpose without the approval of the Member.

B. Each of the following actions may be approved by the Member only through action of the Member Board, and not through action of the Member Executive Committee or any Designated Representative:

(1) The adoption or approval of a statement of mission and philosophy of the Corporation;

(2) The adoption or approval of any amendments of the Bylaws or Articles of Incorporation of the Corporation;

(3) The approval of any merger, consolidation, division, conversion, or dissolution of the Corporation, or the filing of a petition in bankruptcy or execution of a deed of assignment for the benefit of creditors, or the sale or other disposition of all or substantially all of the assets of the Corporation;

(4) The election, appointment and removal of the Directors, the Chair and Vice Chair of the Board of Directors of the Corporation, the President and Chief Executive Officer, and the Secretary and Treasurer of the Corporation; and

(5) The approval of any bond issuance or incurrence of any other indebtedness for borrowed money of the Corporation, or any lending of funds by the Corporation to an unrelated person, corporation or other legal entity, including without limitation any capital leases.

WPAHS-001234

Section 3. Operating Reports. The Board of Directors of the Corporation shall submit operating reports to the Member in such form and on such schedule as shall be established by the Member. Such operating reports shall reflect the results of operations of the Corporation and of any affiliates of the Corporation that are controlled by the Corporation.

ARTICLE IV

THE BOARD OF DIRECTORS

Section 1. Powers and Responsibility. Subject to Article III hereof and to the other rights and powers of the Member specified herein, in the Articles of Incorporation or by law, the Board of Directors shall have charge, control, and management of the administrative affairs, property and funds of the Corporation and shall have the power and authority to do and perform all acts and functions not inconsistent with these Bylaws, the Articles of Incorporation, and applicable law, in each case as amended from time to time.

Section 2. Composition of the Board; Appointment Qualifications. The Board of Directors shall be composed of six voting members. Directors shall generally be appointed at the annual meeting of the Member, but may be appointed at any regular or special meeting of the Member; provided that two members of the Board shall be composed of physicians engaged in active clinical practice on behalf of the Corporation. Each Director of the Corporation shall be a natural person between eighteen and seventy years of age, of good moral character and who enjoys a good reputation in the community, and who, by his or her experience, community interest, or prior action, demonstrates a willingness to devote time and talent to the affairs of the Corporation and to exercise his or her judgment with undivided loyalty to the Corporation. Each Director shall further satisfy the requirements set forth in Section 7 of this Article IV.

Section 3. Term of Office. Subject to Section 4 of this Article IV, Directors, shall serve for one year terms. Each Director shall retain his or her position as Director until his or her successor shall be duly appointed and qualified or until his or her earlier death, resignation or removal. Directors may be re-elected for unlimited successor terms.

Section 4. Removal, Resignation, Vacancies.

A. The Member may, in its discretion, remove any Director at any time, with or without cause.

B. Any Director may resign from office with or without cause, by delivering a written statement of resignation to the Secretary of the Corporation. Any such resignation shall take effect immediately upon its receipt by the Secretary of the Corporation, unless a later effective time or date for the resignation is specified in the notice of resignation.

C. Any person appointed to fill a vacancy on the Board of Directors shall be appointed for the unexpired term of the Director whose death, resignation, or removal gave rise to the applicable vacancy.

WPAHS-001235

Section 5. No Compensation. No Director shall receive any compensation for acting as a Director. Directors who are officers or employees of the Corporation may receive compensation for those duties.

Section 6. Review of Bylaws. The Board of Directors shall review these Bylaws of the Corporation annually, and based on such review, may propose amendments to these Bylaws to the Member of the Corporation.

Section 7. Conflict of Interest. Directors shall exercise good faith in all transactions touching upon their duties at the Corporation and its property. No director shall use his or her position, or knowledge gained therefrom, in any way that might give rise to a conflict between the interest of the Corporation and that of the individual Director. The Board of Directors shall adopt a conflict of interest policy, and each Director and officer of the Corporation shall agree in writing to be bound thereby as a prerequisite to his or her qualification as a Director or officer, as the case may be.

ARTICLE V

MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Regular and Annual Meetings of the Board of Directors. The Board of Directors shall hold regular meetings at such time and place as determined by the Board or the Chair. The Annual Meeting of the Board of Directors shall be held in March of each year. At each annual meeting, the Boards of Directors shall submit its recommendations to the Member regarding the appointment of all Members of the Board of Directors and Officers of the Corporation for the upcoming fiscal year of the Corporation. Notice of any meeting shall be mailed, personally delivered or faxed to each Director entitled to vote at least 5 days prior to the meeting to the Director's address (or fax number) on the books of the Corporation. Voting by proxy shall not be permitted at any meeting.

Section 2. Special Meetings. Special meetings may be held at any time upon call of the Member or the Chair or upon receipt by the President and Chief Executive Officer of the written request of at least two Directors.

Section 3. Quorum. A majority of the entire Board of Directors shall constitute a quorum at any regular meeting; provided that a quorum shall not be present at any meeting unless a majority of those Directors present are not physicians engaged in active clinical practice on behalf of the Corporation. Once a quorum is established, subsequent withdrawal of individuals to less than a quorum shall not affect the validity of any subsequent action taken at the meeting. Except as otherwise required by the PNCL, approval of any matter before the Board of Directors by a majority of the Directors entitled to vote and present at a meeting shall constitute approval of the applicable matter by the Board.

Section 4. Action Without a Meeting. Any action which may be taken at a meeting of the Board or any committee thereof may be taken without a meeting if consent in writing setting forth such action is signed by all of the Directors entitled to vote or members of the committee, and is filed in the minutes of the proceedings of the Board or of the committee.

WPAHS-001236

Section 5. Rules of Conduct. Meetings of the Board of Directors and Committees of the Board of Directors will be conducted in accordance with such rules as may be established by the Board of Directors.

Section 6. Participation by Conference Telephone. One or more Directors or members of a Committee established pursuant hereto may participate in a meeting of the Board of Directors or such Committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

Section 7. Waiver of Notice. Whenever any written notice is required to be given under the provisions of the these bylaws or the PNCL, such notice need not be given to any Director who submits a signed waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Director.

ARTICLE VI

OFFICERS

Section 1. Officers Generally. The officers shall be a Chair, a Secretary, a Treasurer, a President and Chief Executive Officer, and such Vice Presidents and other subordinate officers as the Board of Directors shall designate, subject to the approval of the Member. All officers need not, but may, be selected from among such elected members of the Board of Directors.

Section 2. Appointment of Officers. The officers shall be appointed by the Member, after consultation with the Board of Directors of the Corporation, at the Annual Meeting of the Member each year and shall hold office for terms of one year and until their successors are duly installed, subject in each case to an officer's earlier death, resignation or removal. Vacancies in any office may be filled by action of the Member after consultation with the Board of Directors of the Corporation.

Section 3. Chair. The Chair shall preside at all meetings of the Board of Directors. The Chair shall have such authority, and shall perform all duties, ordinarily required of an officer in like position, and such other authority and duties as may be assigned by the Member.

Section 4. President and Chief Executive Officer. The President and Chief Executive Officer of the Corporation shall be an *ex officio* member of the Board and each committee of the Board. The President and Chief Executive Officer shall have all authority and responsibility necessary to operate the Corporation in all its activities, subject, however, to the policies and directives of the Member and of the Board of Directors with regard to the matters as to which the Board of Directors is responsible, and to the provisions of the Corporation's Articles of Incorporation and Bylaws.

Section 5. Secretary. The Secretary shall keep and properly record the minutes of the proceedings of the Board of Directors, notify officers of their election and committee members of their appointment, give notice of all meetings of the Board of Directors, have custody of the

WPAHS-001237

corporate seal and of all books and papers pertaining to the office, and generally shall have such authority, and shall perform all duties, ordinarily required of an officer in like position.

Section 6. Treasurer. The Treasurer shall receive and have custody of all funds, money, and income of the Corporation and shall deposit the same in such depository or depositories as the Board shall designate. The Treasurer shall have such authority, and shall perform all duties, ordinarily required of an officer in like position, and such other authority and duties as may be assigned by the Member.

Section 7. Resignation. Any officer may resign at any time by giving written notice thereof to the Chair, the President and Chief Executive Officer or the Secretary of the Corporation. Any such resignation shall take effect on the date of receipt of such notice by one of the above-specified officers, or at such later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 8. Removal. Any officer of the Corporation may be removed, with or without cause, by the Board of Directors or the Member whenever in the judgment of the Board of Directors or the Member the best interests of the Corporation will be served thereby.

ARTICLE VII

COMMITTEES OF THE BOARD OF DIRECTORS

Section 1. Committees Generally. The Board of Directors shall establish an Operating Committee as set forth in these Bylaws and may establish such other committees (standing or special) as the Board of Directors shall determine appropriate or necessary, with such authority and composition as the Board of Directors shall designate (subject to the rights and powers of the Member as set forth in the PNCL, the Articles of Incorporation, and these Bylaws, and the limitations on delegation of the Board's authority pursuant to the PNCL).

Section 2. Operating Committee. The Operating Committee shall be comprised of six members appointed by the Board of Directors, three of which shall be physicians engaged in active clinical practice on behalf of the Corporation and three of which shall be designated by the Member. Additionally, the Practice Director of the Corporation shall serve as an ex-officio member of the Operating Committee, without vote. The Operating Committee shall have responsibility to oversee the day-to-day operations of the Corporation consistent with the provisions of the Master Agreement between the Corporation and West Penn Allegheny Health System dated July 15, 2003, establish strategic and operating plans for the Corporation, and develop annual capital and operating budgets of the Corporation subject to approval of the Member.

Section 3. Appointment of Committees. The members of any standing or special Committee shall be appointed by the Board of Directors. Each Committee shall include at least two Directors, and may include such other interested individuals as determined appropriate by the Board of Directors. Each member of a committee shall serve for a term of one year and until his or her successor has been appointed, subject to his or her earlier death, resignation or removal.

WPAHS-001238

Section 4. Meetings of Committees. All standing Committees shall function under the direction of the Board of Directors and shall meet as often as necessary to transact their business and shall make such reports as they may deem necessary or which may be specifically required of them. Minutes shall be kept of each meeting of each Committee and such minutes shall be disseminated to all members of the Board of Directors, and to the Member.

Section 5. Quorum; Act of Committee. Four members of a Committee shall constitute a quorum for the transaction of business. Once a quorum has been established, subsequent withdrawal of committee members so as to reduce the number of members present to less than a quorum shall not affect the validity of any subsequent action taken at the meeting. Approval of any matter before any Committee by a majority of those present at a meeting of a Committee where a quorum is present shall constitute approval of the applicable matter by the applicable Committee.

Section 6. Resignation. Any Committee member may resign at any time by giving written notice thereof to the Chair, the President and Chief Executive Officer or the Secretary of the Corporation. Any such resignation shall take effect on the date of receipt of such notice by one of the above-specified officers, or at such later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 7. Removal. Any Committee member may be removed, with or without cause, by the Board of Directors or the Member whenever in the judgment of the Board of Directors or the Member the best interests of the Corporation will be served thereby.

ARTICLE VIII

FISCAL YEAR

Section 1. Fiscal Year. The Fiscal Year of the Corporation shall be begin on the first day of July of each year and end on the last day of June of the succeeding year.

ARTICLE IX

SEAL

Section 1. Seal. The seal of the Corporation shall be in such form as may be approved by the Board of Directors.

ARTICLE X

LIABILITY OF DIRECTORS

Section 1. Standard of Care and Fiduciary Duty. Each Director shall stand in a fiduciary relation to this Corporation and shall perform his or her duties as a Director, including

WPAHS-001239

his or her duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner the Director reasonably believes to be in the best interests of this Corporation, and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. In performing his or her duties, each Director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

(a) one or more officers or employees of this Corporation whom the Director reasonably believes to be reliable and competent in the matters presented;

(b) counsel, public accountants or other persons as to matters which the Director reasonably believes to be within the professional or expert competence of such persons; and

(c) a committee of the Board of this Corporation upon which the Director does not serve, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence.

A Director shall not be considered to be acting in good faith if the Director has knowledge concerning the matter in question that would cause his reliance to be unwarranted.

Section 2. Limitation on Liability. No Director of the Corporation shall be personally liable for monetary damages for any action taken, or any failure to take any action, provided however, that this provision shall not eliminate or limit the liability of or any Director to the extent that such elimination or limitation of liability is expressly prohibited by, Section 5713 of the PNCL, as in effect at the time of the alleged action or failure to take action by such Director.

Section 3. Preservation of Rights. Any repeal or modification of this Article shall not adversely affect any right or protection existing at the time of such repeal or modification to which any Director or former Director may be entitled under this Article. The rights conferred by this Article shall continue as to any person who has ceased to be a Director of the Corporation and shall inure to the benefit of the successors, heirs, executors, and administrators of such person.

ARTICLE XI

INDEMNIFICATION

Section 1. Mandatory Indemnification of Directors and Officers. The Corporation shall indemnify, to the fullest extent now or hereafter permitted by law, each Director and officer (including each former Director or officer) of the Corporation who was or is or is threatened to be made a party to or a witness in any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that the Director or officer is or was an authorized representative of the Corporation, or is or was serving at the written request of the Corporation as a representative of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise, against all

WPAHS-001240

expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the Director or officer in connection with such action, suit or proceeding if such Director or officer acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful.

Section 2. Mandatory Advancement of Expenses to Directors and Officers. The Corporation shall pay expenses (including attorneys' fees) incurred by a Director or officer of the Corporation referred to in Section 1 of this Article XI in defending or appearing as a witness in any civil or criminal action, suit or proceeding described in Section 1 of this Article XI in advance of the final disposition of such action, suit or proceeding. The expenses incurred by such Director or officer shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding only upon receipt of an undertaking by or on behalf of such Director or officer to repay all amounts advanced if it shall ultimately be determined that the Director or officer is not entitled to be indemnified by the Corporation as provided in Section 4 of this Article XI.

Section 3. Permissive Indemnification and Advancement of Expenses. The Corporation may, as determined by the Board of Directors from time to time, indemnify, in full or in part, to the fullest extent now or hereafter permitted by law, any person who was or is or is threatened to be made a party to or a witness in, or is otherwise involved in, any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was an authorized representative of the Corporation or is or was serving at the request of the Corporation as a representative of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise, both as to action in his official capacity and as to action in another capacity while holding such office or position, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in conjunction with such action, suit or proceeding if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The Corporation may, as determined by the Board of Directors from time to time, pay expenses incurred by any such person by reason of such person's participation in an action, suit or proceeding referred to in this Section 3 in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as provided in Section 4 of this Article XI.

Section 4. Scope of Indemnification. Indemnification under this article shall not be made by the Corporation in any case where a court determines that the alleged act or failure to act giving rise to the claim for indemnification is expressly prohibited by Chapter 57, Subchapter D of the PNCL or any successor statute as in effect at the time of such alleged action or failure to take action.

Section 5. Miscellaneous. Each Director and officer of the Corporation shall be deemed to act in such capacity in reliance upon such rights of indemnification and advancement of expenses as are provided in this Article. The rights of indemnification and advancement of

WPAHS-001241

expenses provided by this Article shall not be deemed exclusive of any other rights to which any person seeking indemnification or advancement of expenses may be entitled under any agreement, vote of members (if any), disinterested Directors, statute or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office or position, and shall continue as to a person who has ceased to be an authorized representative of the Corporation and shall inure to the benefit of the heirs, executors and administrators of such person. Any repeal or modification of this Article by the members (if any) or the Board of Directors of the Corporation shall not adversely affect any right or protection existing at the time of such appeal or modification to which any person may be entitled under this Article.

Section 6. Definition of Authorized Representative. For the purposes of this Article, the term, "authorized representative" shall mean a director, officer (including a former director of officer), or employee of the Corporation or of any corporation controlled by the Corporation, or a trustee, custodian, administrator, committeeman or fiduciary of any employee benefit plan established and maintained by the Corporation or by any corporation controlled by the Corporation, or person serving another corporation, partnership, joint venture, trust or other enterprise in any of the foregoing capacities at the written request of the Corporation. The term "authorized representative" shall not include money managers or investment advisors (or any employees thereof) hired by the Corporation, and shall not include (i) agents of the Corporation unless indemnification thereof is expressly approved by the Board of Directors, or (ii) any Medical Staff appointee serving in his or her teaching or clinical capacity.

Section 7. Funding to Meet Indemnification Obligations. Subject to the approval of the Member, the Board of Directors shall have the power to borrow money on behalf of the Corporation, including the power to pledge the assets of the Corporation, from time to time to discharge the Corporation's obligations with respect to indemnification, the advancement and reimbursement of expenses, and the purchase and maintenance of insurance for the benefit of the Corporation and any person indemnified pursuant hereto. Upon the approval of the Member, the Corporation may, in lieu of or in addition to the purchase and maintenance of insurance, establish and maintain a fund of any nature or otherwise secure or insure in any manner its indemnification obligations, whether arising pursuant to this Article or otherwise.

ARTICLE XII

AMENDMENTS OF THESE BYLAWS AND/OR THE ARTICLES OF INCORPORATION OF THE CORPORATION

The power to amend, modify, alter or repeal these Bylaws or the Articles of Incorporation, is hereby exclusively vested in the Member.

WPAHS-001242

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CONFIDENTIAL

OPERATING AGREEMENT

FOR

WEST PENN AMBULATORY SURGICAL COMPANY, LLC

A PENNSYLVANIA LIMITED LIABILITY COMPANY

THE MEMBERSHIP INTERESTS CREATED BY THIS AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER ANY STATE SECURITIES LAW. EXCEPT AS SPECIFICALLY OTHERWISE PROVIDED IN THIS AGREEMENT, THE MEMBERSHIP INTERESTS MAY NOT BE SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED WITHOUT REGISTRATION UNDER THE SECURITIES ACT OR APPLICABLE STATE SECURITIES ACTS OR AN OPINION OF COUNSEL THAT SUCH TRANSFER MAY BE LEGALLY EFFECTED WITHOUT SUCH REGISTRATION. ADDITIONAL RESTRICTIONS ON TRANSFER AND SALE ARE SET FORTH IN THIS AGREEMENT.

TABLE OF CONTENTS

Page

1. BACKGROUND 1

2. CERTAIN DEFINITIONS 1

3. ORGANIZATION OF THE COMPANY 5
   - 3.1 Formation 5
   - 3.2 Name 5
   - 3.3 Term 6
   - 3.4 Registered Agent 6
   - 3.5 Principal Place of Business 6
   - 3.6 Purpose of the Company 6
   - 3.7 Charitable Purpose 6

4. CAPITAL ACCOUNTS AND ADDITIONAL CAPITAL CONTRIBUTIONS. 6
   - 4.1 Initial Capital Contributions 6
     - 4.1.1 Loan Guarantees 7
     - 4.1.2 Reimbursement of Guarantor who Pays Company Obligations under Personal Guarantee 7
   - 4.2 Capital Accounts 8
   - 4.3 Additional Capital Contributions 8
   - 4.4 Limited Liability and Cap on Contributions 8
   - 4.5 Effect of Additional Contributions 8
   - 4.6 Results of Failure to Make Required Capital Contributions 8
     - 4.6.1 Additional Capital Contributions 9
     - 4.6.2 Loan to Non-Contributing Member 9
     - 4.6.3 Member Buy-Out 9
   - 4.7 No Withdrawal of Capital; No Interest 9

5. MEMBERS 9
   - 5.1 Withdrawals or Resignations 9
   - 5.2 Payments to Members 10
   - 5.3 Membership 10
   - 5.4 Loans and Other Transactions with the Company 10
   - 5.5 Meetings of Members 10
   - 5.6 Competing Activities 10
     - 5.6.1 Non-Competition 10
     - 5.6.2 Definition of Competitor 11
     - 5.6.3 Confidentiality 11
     - 5.6.4 Unenforceability of Invalid Provision; Governing Law 11
     - 5.6.5 Specific Performance 11
     - 5.6.6 Existing Covenants 12

6. MANAGEMENT AND CONTROL OF THE COMPANY. 12
   - 6.1 Control of the Company by the Board of Managers. 12
     - 6.1.1 Appointment of Managers 12

WPAHS-001244

6.1.2 Removal of Managers. 12
6.1.3 Board Votes. 12
6.1.4 Alternate Managers. 12
6.1.5 Meetings of the Board. 12
6.1.6 Payments to Managers. 13
6.1.7 Chairperson of the Board. 13
6.1.8 Appointment of Operating Company Board Members. 13
6.1.9 Reserve Powers of Members. 13
6.2 Limited Liability 14
6.3 Responsibility of Managers. 14
6.4 Formation of Operating Companies. 14

7. TAX ALLOCATIONS OF NET INCOME AND NET LOSS. 14
7.1 Net Income. 14
7.2 Net Loss 15
7.3 Special Allocations. 15
7.3.1 Minimum Gain Chargeback. 15
7.3.2 Chargeback of Minimum Gain Attributable to Member Nonrecourse Debt. 15
7.3.3 Nonrecourse Deductions. 16
7.3.4 Member Nonrecourse Deductions. 16
7.3.5 Qualified Income Offset. 16
7.4 Code Section 704(c) Allocations 16
7.5 Allocation of Net Income and Net Loss and Distributions on Transferred Interest. 16
7.6 Recapture Chargeback. 16
7.7 Section 754 Adjustment. 17
7.8 Obligations of Members to Report Allocations 17

8. DISTRIBUTIONS OF DISTRIBUTABLE CASH. 17
8.1 Distribution of Distributable Cash 17
8.2 Restoration of Deficit Capital Account Balance 17
8.3 Maintenance of Working Capital Reserve 17
8.4 Limitations on Distributions 17

9. TRANSFER AND ASSIGNMENT OF INTERESTS. 17
9.1 Transfer and Assignment of Interests 17
9.2 Substitution of Members. 18
9.3 Transfers in Violation of this Agreement. 18
9.4 Transfer of Operating Company Equity. 18

10. CONSEQUENCES OF MEMBERSHIP TERMINATION. 18
10.1 Membership Termination Option. 18
10.2 Purchase Price. 19
10.2.1 Initial Capital Account. 19
10.2.2 Fair Market Value/Appraisal. 19
10.3 Notice of Intent to Purchase. 19
10.4 Payment of Purchase Price. 20
10.5 Closing of Purchase of Former Member's Units 20

WPAHS-001245

11. ACCOUNTING, RECORDS, REPORTING BY MEMBERS. 20
11.1 Books and Records 20
11.2 Reports. 21
11.2.1 Tax 21
11.2.2 Financial 21
11.3 Bank Accounts 21
11.4 Tax Matters Partner 21

12. DISSOLUTION AND WINDING UP. 21
12.1 Conditions of Dissolution 21
12.2 Winding Up 22
12.3 Limitations on Payments Made in Dissolution 22

13. INDEMNIFICATION OF MEMBERS AND AGENTS. 22
13.1 General Right to Indemnification 22
13.2 Advancement of Expenses 23
13.3 Cooperation 23
13.4 Settlement and Compromise 23
13.5 Assumption of Defense 23
13.6 Conflict 23

14. MISCELLANEOUS. 23
14.1 Entire Agreement 23
14.2 Interpretation 24
14.3 Severability 24
14.4 Notice 24
14.5 Amendment 24
14.6 Counterparts 24
14.7 Attorneys' Fees; Prejudgment Interest 24
14.8 Remedies Cumulative 24
14.9 Governing Law 25
14.10 Additional Documents and Acts 25
14.11 Dispute Resolution Procedures. 25
14.11.1 Application of this Section 25
14.11.2 Negotiation 25
14.11.3 Mediation 25
14.12 Waiver of Jury Trial 25

CONFIDENTIAL

THE UNITS REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER THIS ACT OR AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED.

OPERATING AGREEMENT
FOR
WEST PENN AMBULATORY SURGICAL COMPANY, LLC
A PENNSYLVANIA LIMITED LIABILITY COMPANY

This Operating Agreement ("Agreement") for WEST PENN AMBULATORY SURGICAL COMPANY, LLC, a Pennsylvania limited liability company ("WPASC" or the "Company") is entered into between West Penn Allegheny Health System, Inc. ("WPAHS") and Titan Health of West Penn, Inc. ("Titan"), effective as of January 1, 2010 ("Effective Date"), as follows:

1. BACKGROUND.

1.1 As of the Effective Date, the Members have adopted and approved this Agreement for the Company to be formed as of the Effective Date or soon thereafter, as practical. This Agreement controls all rights and obligations of the Members and Managers to the fullest extent permitted by law. As of the Effective Date, the Members of the Company are WPAHS and Titan.

1.2 WPAHS is a Pennsylvania nonprofit corporation described in Section 501(c)(3) of the Code. Its charitable purpose is to improve the health of the people of the Western Pennsylvania Region, and it has joined with Titan to further the WPAHS mission by furnishing high quality surgical services through ASCs to be managed by Titan and owned by limited liability companies jointly owned by the Company and local physicians who will use the ASCs as an extension of their medical practice.

1.3 Titan is a wholly-owned subsidiary of Titan Health Corporation, a nationwide surgery center development, acquisition and management company that partners with physicians and hospitals to create successful, multi-specialty surgery centers.

2. CERTAIN DEFINITIONS. The following terms shall have the meanings set forth below:

"Act" means the Limited Liability Act of 1994 of the Commonwealth of Pennsylvania, as the same may be amended from time to time.

"Adjusted Capital Account Deficit" means with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant Fiscal Year, after effecting the following adjustments: (a) increase such Capital Account by any amounts that the Member is obligated to restore and the Member's share of member nonrecourse debt minimum gain and Company minimum gain; and (b) reduce such Capital Account by the items described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), and 1.704-1(b)(2)(ii)(d)(6).

"Affiliate" means (a) any individual, partnership, corporation, trust or other entity or association, that directly or indirectly, through one (1) or more intermediaries, controls, is controlled by, or is under common control with a Person, or that holds a substantial beneficial interest in a

Person, or (b) any relative or spouse of any Person who holds a substantial beneficial interest in a Person. The term "control," as used above, means, with respect to a corporation, limited liability company, partnership, trust or other entity, the right to exercise, directly or indirectly, fifty percent (50%) or more of the voting rights and economic rights attributable to the controlled entity.

"Agreement" means this Operating Agreement of the Company, as originally executed and as amended from time to time.

"ASC" means an outpatient clinic (a) licensed by the Pennsylvania Department of Health as an ambulatory surgery center or (b) certified to participate in the Medicare program as an ambulatory surgical center.

"Bankruptcy" means:

(a) the filing of an application by a Person for, or his, her or its consent to, the appointment of a trustee, receiver or custodian of his, her or its assets;

(b) the entry of an order for relief with respect to a Person in proceedings under the United States Bankruptcy Code, as amended or superseded from time to time;

(c) the making by a Person of a general assignment for the benefit of creditors;

(d) the entry of an order, judgment or decree by any court of competent jurisdiction appointing a trustee, receiver or custodian of the assets of a Person unless the proceedings and the trustee, receiver or custodian of the assets appointed are dismissed within ninety (90) days; or

(e) the failure by a Person generally to pay his, her or its debts as the debts become due within the meaning of Section 303(h)(1) of the United States Bankruptcy Code, as determined by the Bankruptcy Court, or the admission in writing of the Person's inability to pay his, her or its debts as they become due.

"Board" means the Company's governing board of managers as further defined in Section 6.1.

"Capital Account" means an account reflecting the Capital Contribution of a Member, which the Company establishes and maintains for such Member pursuant to Section 4.2 and consistent with the rules under Regulations Sections 1.704-1(b), 1.704-2, 1.704-3 and 1.704-4.

"Capital Contribution" means the total value of cash and fair market value of property (including any promissory notes or other obligation to contribute cash or property as agreed to by the Members) contributed to the Company by a Member.

"Certificate" means the certificate of organization, pursuant to which the Company was formed with the office of the Secretary of State of the Commonwealth of Pennsylvania and as amended from time to time thereafter.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, the provisions of succeeding law, and to the extent applicable, the Regulations.

"**Company**" means West Penn Ambulatory Surgical Company, LLC, a Pennsylvania limited liability company.

"**Competitor**" is defined in Section 5.6.2.

"**Confidential Information**" means all proprietary information, trade secrets and other information relating to the present or planned operation of the Company that has been identified as Confidential or proprietary or that a Person would reasonably recognize as Confidential Information of the Company. Specifically included in the definition of Confidential Information are: (a) Member meeting minutes and materials, (b) the Company's business plans, proposals, marketing and sales plans or programs, patient lists, customer referral sources, patient and supplier information, financial data and pricing information, and (c) information concerning the existence or resolution of a Claim under Section 14.11.

"**Distributable Cash**" means cash from any source including the net revenues from operations, net proceeds from any sales or other dispositions or refinancing of Company assets, and all principal and interest payments with respect to any note or other obligation received by the Company in connection with sales and other dispositions of Company assets, less any portion used to pay into or establish a Working Capital Reserve.

"**Distribution**" means the transfer of money or property by the Company to its Members without consideration.

"**Economic Interest**" means a share of the Company's Net Income and Net Loss, and/or Distributions of the Company's assets as represented by the holding of Units, pursuant to Articles 7 and 8 of this Agreement, but shall not include any other rights of a Member, including, without limitation, the right to vote on or participate in the management, or any right to information concerning the business and affairs, of the Company. Economic Interests are subject to the restrictions on transfer in Article 9.

"**Economic Interest Owner**" means the owner of an Economic Interest who is not a Member in accordance with the requirements of this Agreement. To the maximum extent permitted by law, Economic Interest Owners do not have any right to vote on any matter or participate in the management of the Company.

"**Exemption Concern**" means counsel to WPAHS determines that one (1) or more aspects of this Agreement (or any agreement entered into in connection with this Agreement or an Operating Company) would jeopardize or has jeopardized WPAHS' tax exempt status under state or federal law

"**Fiscal Year**" means the Company's fiscal year, which shall end on December 31.

"**Former Member**" has the meaning set forth in Section 10.1.

"**Indemnification Expenses**" shall mean any costs, expenses, damages, reasonable attorneys' fees, court costs and expert fees.

"**Interest Bearing Debt**" means the principal amount of any notes payable or other indebtedness, provided that such indebtedness accrues interest and is reflected on the balance sheet of the Company.

"Manager" means an individual who serves as a member of the Board.

"Member" means WPAHS, Titan, and any Substitute Member; provided that a Person shall cease being a Member if it withdraws (whether or not in contravention of this Agreement) or has its status as a Member terminated.

"Membership Interest" means a Member's entire interest in the Company including the Member's Economic Interest, the right to vote on or participate in the management, and the right to receive information concerning the business and affairs of the Company. A Member's Membership Interest shall consist of the total number of Units held by the Member as set forth in Schedule 1 as adjusted from time to time in accordance with this Agreement. Any such adjustment shall be recorded on a revised Schedule 1. From time to time in this Agreement, a Person may be stated as having "X Units of Membership Interest." This statement means the Person has been admitted as a Member with a Percentage Interest that is determined by dividing X by the total number of Units outstanding, and multiplying the result by one hundred (100).

"Membership Termination Event" means one (1) or more of the following with respect to a Member (where applicable):

(a) the dissolution of a Member under applicable law;

(b) the Bankruptcy of a Member;

(c) the Member (1) has been sanctioned by, barred or excluded from, a government health program and such action materially affects the Company's business or (2) convicted or plead nolo contende to a felony or other crime that jeopardizes its continuing participation in any federal health care program;

(d) any transfer or assignment of Units in breach of Article 9 (subject to the applicable cure periods);

(e) failure of a Member to make the Capital Contributions in Section 4.1 or failure to execute the Personal Guarantee or termination or default of a Personal Guarantee as described in Section 4.1.1; or

(f) as to Titan, the transfer of Titan's equity to University of Pittsburgh Medical Center.

"Net Income and Net Loss" means for any Fiscal Year or other period, the Company's taxable income or loss for such period, determined in accordance with Code Section 703(a) (and, for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), subject to the following adjustments:

(a) any income of the Company that is exempt from federal income tax shall be added to such taxable income or loss;

(b) any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as such pursuant to Regulations Section 1.704-1(b)(2)(iv)(i) shall be subtracted from such taxable income or loss;

(c) for purposes of computing taxable income or loss on the disposition of an item of Company property or for purposes of determining the cost recovery, depreciation or amortization deduction with respect to any property, the Company shall use such property's book value determined in accordance with Regulations Section 1.704-1(b); and

(d) if the book value of any Company asset is adjusted pursuant to Section 4.2(b), the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing net profit or loss.

"Operating Company" means a limited liability company or other entity in which this Company has an ownership interest formed to own and operate an ASC.

"Percentage Interest" means the percentage of Net Income and Net Loss to which a Person is entitled as determined by the ratio of Units held by such Person to the total number of outstanding Units, as set forth opposite the name of the Person in Schedule 1, as the percentage may be adjusted from time to time as provided in this Agreement.

"Person" means any individual, corporation, partnership, association, limited liability company, trust, estate or other entity.

"Regulations," unless the context indicates otherwise, means the regulations in force have been issued by the United States Department of Treasury pursuant to its authority under the Code, and any successor regulations.

"Remaining Member" has the meaning set forth in Section 10.1.

"Substitute Member" means a transferee of Units who becomes a Member pursuant to Article 9.

"Territory" means the areas set forth on Schedule 2, as the same may be amended from time to time by the parties.

"Units" means a measure of ownership in the Company based on the number of Units outstanding. The Company will be authorized to issue one hundred (100) Units to the Members as shown on Schedule 1. Persons may hold Units either as an Economic Interest Owner or a Member.

"Working Capital Reserve" means a cash reserve for normal expenses and contingencies maintained pursuant to Section 8.3.

3. ORGANIZATION OF THE COMPANY.

3.1 Formation. The Company shall be formed by the filing of the Certificate as of January 1, 2010 or soon thereafter, as practical. The Members intend the Company to be a limited liability company under the Act and classified as a partnership for tax purposes.

3.2 Name. The name of the Company is "West Penn Ambulatory Surgical Company, LLC." The Company may conduct business under that name or any other name determined by Board.

3.3 **Term.** The Company shall commence operation on the date of the filing of the Certificate and shall continue until terminated in accordance with this Agreement.

3.4 **Registered Agent.** The Company's registered agent in the Commonwealth of Pennsylvania is C T Corporation System. The Board may change the registered agent from time to time.

3.5 **Principal Place of Business.** The principal place of business and principal address of the Company shall be 30 Isabella Street, Pittsburgh, PA, 15212 (with correspondence sent, Attn: General Counsel).

3.6 **Purpose of the Company.** The purpose of the Company is to further the charitable purpose of WPAHS by owning and operating one (1) or more Titan-managed ASC providing high-quality surgical services to the people of Western Pennsylvania (the "Business"), and such other activities directly related to the foregoing Business as may be necessary or advisable in the reasonable opinion of the Board to further such Business and not prohibited under the terms of this Agreement or applicable law or regulation. The specification of this specific purpose shall not limit the general authority of the Company to engage in any other lawful business activity; provided that any approvals required by this Agreement are first obtained. The ASCs in which the Company shall invest will be licensed by the Pennsylvania Department of Health and certified to participate in the Medicare program.

3.7 **Charitable Purpose.** The Members intend to operate the Company in a manner that will further the tax-exempt purpose and preserve the tax-exempt status of WPAHS. For so long as WPAHS or its Affiliate is a member of the Company, the Company shall be operated and managed in a manner that furthers WPAHS' charitable purposes by promoting health for a broad cross section of the community, especially those persons who are poor. The promotion of health and the performance of charity care are specifically made part of the purpose of the Company, and the provision of a reasonable level of charity care shall be prioritized over the Members' desire to generate short-term profits. The Members hereby affirm that operating the Company to fulfill these charitable objectives is fully consistent with the fiduciary duties owed to the Company by the Members and the Managers. Eligibility for charity care at the ASC shall be determined based upon the eligibility criteria in force at WPAHS-affiliated hospitals, as amended from time to time. The Company shall make known its charity care policies to patients and prospective patients and shall participate in governmental programs oriented towards caring for the medically indigent.

4. CAPITAL ACCOUNTS AND ADDITIONAL CAPITAL CONTRIBUTIONS.

4.1 **Initial Capital Contributions.** The Members shall make the Capital Contributions set forth in Schedule 4.1. Those Capital Contributions have been set at a level sufficient to fund the Company's immediate working capital needs. However, the parties acknowledge that funding the Company's capital contribution to Operating Companies will require additional Capital Contributions in amounts to be determined.

No Member shall be entitled to withdraw any part of that Member's Capital Contribution except as provided in this Agreement. If a Member fails to make a Member's Capital Contribution when due pursuant to this Agreement, then the other Member may send written notice to the non-contributing Member. The non-contributing Member shall have twenty (20) days from the date of such notice to make the Capital Contribution or the non-contributing Member shall be deemed subject to a Membership Termination Event.

4.1.1 **Loan Guarantees.** Notwithstanding the above or any other contrary provision, in addition to each Member's Capital Contribution, each Member agrees to execute and agrees to cause its beneficial owners (collectively, "Guarantors") to execute a personal guarantee on a several basis of the Guarantor's pro rata share of up to one hundred twenty percent (120%) of the indebtedness of any Operating Company ("Personal Guarantee"), and to take other actions reasonably requested by the Operating Company's lender as contemplated by the Personal Guarantee. Each Guarantor's pro rata share of that indebtedness shall equal the indirect beneficial interest in the Operating Company owned by the Member beneficially owned by the Guarantor. On the Effective Date, the parties anticipate that the pro rata share of WPAHS will be twenty-five percent (25%), and the pro rata share of Titan will be twenty-four percent (24%). The Personal Guarantee shall be a commercially standard personal guarantee as required by the Operating Company's lender that is negotiated by Titan (in its capacity as the manager of the Operating Company) and approved by the Operating Company's Board (if the Operating Company's operating agreement calls for a governing board and requires the governing board to approve the form of any guarantee), each in their absolute sole discretion.

IF A GUARANTOR FAILS TO EXECUTE A PERSONAL GUARANTEE REQUIRED BY THIS SECTION, OR TERMINATES SUCH A PERSONAL GUARANTEE, OR IS IN DEFAULT UNDER THE PERSONAL GUARANTEE (AND SUCH DEFAULT IS NOT CURED WITHIN THIRTY (30) DAYS), THEN THAT EVENT SHALL BE DEEMED THE MEMBER WITHDRAWING AS A MEMBER OF THE COMPANY IN BREACH OF THIS AGREEMENT, AND IN ADDITION TO ANY CLAIM THE COMPANY OR THE OTHER MEMBER MAY HAVE FOR DAMAGES, THE MEMBER SHALL BE DEEMED TO FORFEIT ITS UNITS. A MEMBER'S GOOD FAITH OBJECTION TO ENFORCEMENT OF ITS RIGHTS TO SEEK CONTRIBUTION UNDER SECTION 4.1.2, SHALL NOT BE A DEFAULT UNDER SECTION 4.1.1 OR CONSIDERED A MEMBERSHIP TERMINATION EVENT.

4.1.2 **Reimbursement of Guarantor who Pays Company Obligations under Personal Guarantee.** The parties intend that the aggregate liabilities arising pursuant to the Personal Guarantees (the "Liabilities") shall be shared among all Guarantors in accordance with their respective (direct or indirect) percentage interest in the Operating Company at the time when such Liabilities arise. For purposes of this Section, (a) "Guarantors" includes all those who execute Personal Guarantees of the indebtedness of an Operating Company, regardless of whether the guarantee was executed by a beneficial owner of a Member of the Operating Company or by a beneficial owner of this Company, and (b) "Personal Guarantee" includes any guarantee of the indebtedness of an Operating Company. If any lender seeks to enforce a Personal Guarantee that would result in a Guarantor paying an amount in excess of such Guarantor's pro rata share of any Liability ("Paying Member"), then each Guarantor (including any Guarantor who failed to sign the Personal Guarantee as required by Section 4.1.1) who has paid less than such Guarantor's pro rata share (based on Percentage Interests) shall promptly indemnify and contribute to the Paying Member such cash amount as will, subsequent to such indemnification and contribution, result in all Guarantors having paid their respective pro rata shares of the Liability; provided that in no event shall any Guarantor be required to pay any amounts (when combined with amounts paid under such Guarantor's own Personal Guarantee) that shall exceed the amount of such Guarantor's Personal Guarantee. Beneficial owners and Members of an Operating Company who have guaranteed Operating Company indebtedness are intended third-party beneficiaries of this section.

WITHOUT LIMITING EACH GUARANTOR'S RIGHT OF REIMBURSEMENT FROM THE COMPANY FOR AMOUNTS PAID UNDER THE PERSONAL GUARANTEES, THE

PAYING MEMBER HAS A RIGHT TO INITIATE LEGAL PROCEEDINGS TO COLLECT AMOUNTS OWED UNDER THIS SECTION 4.1.2 AGAINST THE OTHER GUARANTORS (SPECIFICALLY INCLUDING WITHOUT LIMITATION, PERSONS WHO ARE OBLIGATED TO EXECUTE A PERSONAL GUARANTEE UNDER SECTION 4.1.1, EVEN IF SUCH PERSONS DID NOT EXECUTE THE PERSONAL GUARANTEE).

4.2 **Capital Accounts.** The Company has established and maintained an individual Capital Account for each Member. The Member's initial Capital Contributions have been credited to their respective Capital Accounts. Capital Accounts shall be increased by the amount of any Net Income allocated to, or additional Capital Contributions contributed by, the Member, and decreased by any Net Loss allocated to, or Distributions received by, the Member, all in accordance with Regulations Section 1.704-1(b)(2)(iv). If a Member transfers Units in accordance with this Agreement, such Member's Capital Account shall carry over to the new holder of such Units pursuant to Regulations Section 1.704-1(b)(2)(iv)(1). The book value of all Company properties shall be adjusted to equal their respective gross fair market values, as determined by the Board as of the following times: (a) in connection with the acquisition of an interest in the Company by a new or existing Member for more than a de minimis Capital Contribution; (b) in connection with the liquidation of the Company as defined in Regulations Section 1.704(1)(b)(2)(ii)(g); (c) in connection with the issuance of Units for the provision of services, to or for the benefit of the Company by an Economic Interest Owner or in anticipation of becoming such; or (d) in connection with a more than de minimis distribution to a retiring or a continuing Member as consideration for all or a portion of his or its interest in the Company. In the event of a revaluation of any Company assets hereunder, the Capital Accounts of the Members shall be adjusted, including continuing adjustments for depreciation, to the extent provided in Regulations Section 1.704(1)(b)(2)(iv)(f).

4.3 **Additional Capital Contributions.** From time to time, the Members may agree, in writing, to make additional Capital Contributions to the Company. In addition, the Members contribute their pro rata share of any additional Capital Contributions required of this Company under any Operating Company's operating agreement.

4.4 **Limited Liability and Cap on Contributions.** Other than the obligations in Sections 4.1, 4.1.1, 4.1.2, 4.3 and 4.6.2, no Member shall have any obligation to make any additional Capital Contributions, or loan to the Company or guarantee of Company's indebtedness and a Member shall not be bound by, or be personally liable for, the expenses, liabilities, or obligations of the Company except as otherwise provided in the Act or in this Agreement. For purposes of this section only, "Company" includes each Operating Company.

4.5 **Effect of Additional Contributions.** Capital Contributions made pursuant to Section 4.3 shall only result in the issuance of Units if the Members so elect as set forth in Section 4.6.1.

4.6 **Results of Failure to Make Required Capital Contributions.** If any Member fails to contribute the full amount of any Capital Contribution required under this Agreement that it is required to contribute as an additional Capital Contribution approved under the terms of Section 4.3, then the other Member shall notify the Member of this contribution deficiency. The Members acknowledge that the Company and the other Member will suffer damages due to the failure of any Member to make a required additional Capital Contribution pursuant to Section 4.3. Within ten (10) days following receipt of the notice, the other Members shall approve one (1) of the following three (3) responses to the failure of the Member to make such a required additional Capital Contribution:

4.6.1 **Additional Capital Contributions.** The contributing Member may make further contributions up to the amount of the deficiency, and treat such further contributions as additional Capital Contributions in exchange for the issuance of additional Units. Immediately following receipt of these further contributions, the number of Units held by the contributing Member and the resulting Percentage Interests shall be adjusted to reflect the further Capital Contributions by translating the further Capital Contributions into the acquisition of additional Units at an issuance price equal to the purchase price determined under Section 10.2.1 as if the non-contributing Member had sold his Units. If the total amount contributed by the contributing Member is less than the total amount set forth in the contribution request, then the contributing Member shall have the right to seek a loan to the Company in the amount of the deficiency.

4.6.2 **Loan to Non-Contributing Member.** The contributing Member may make further contributions up to the amount of the deficiency, and treat such further contributions as amounts loaned to the non-contributing Member by the Member making the further contributions, and contributed by the non-contributing Member. The non-contributing Member shall execute a promissory note in favor of the Member that has advanced the further contributions, in the principal amount of the further contributions, with a term of no more than one (1) year, requiring four (4) equal quarterly payments of principal and interest, and bearing interest at the lower of the following rates: six percent (6%) per annum above the prime rate published in the Wall Street Journal on the business day following the date of receipt by the Members of the notice of approval of the contribution request or the maximum rate permitted by law. The promissory note shall be secured by a pledge of the non-contributing Member's Units. However, the contributing Member's remedy for default shall not be limited to the non-contributing Member's Units (i.e. the non-contributing Member shall have personal liability related to such promissory note). Each Member hereby (a) grants a security interest to the Member who contributes any deficiency resulting from the Member's failure to make a required additional Capital Contribution if the deficiency is treated as a loan under this section, with the security interest to arise as of the date the deficiency is contributed by the contributing Member, (b) further agrees to execute any additional documents as the other Member may determine are warranted under the circumstances in connection with the documentation of the loan and the attachment and perfection of the security interest, and (c) authorizes the other Member to take any and all actions necessary to perfect the security interest, including the filing of a UCC-1. As long as any amounts of principal and interest remain unpaid under the promissory note, the non-contributing Member shall not be entitled to receive Distributions from the Company. The Company shall pay any Distributions otherwise distributable to the non-contributing Member to the Member who loaned the deficiency to the non-contributing Member, and applied first against accrued interest and then against unpaid principal until all accrued interest and outstanding principal are paid in full.

4.6.3 **Member Buy-Out.** The other Member may exercise (or cause the Company to exercise) the option to purchase the non-contributing Member's Units under Section 10.1.

4.7 **No Withdrawal of Capital; No Interest.** Except as provided in this Agreement, no Member may withdraw his, her or its Capital Contribution. The Company shall not pay any interest on Capital Contributions.

5. **MEMBERS.**

5.1 **Withdrawals or Resignations.** A Member may not withdraw from the Company. If, notwithstanding the last sentence, a Member withdraws from the Company or is deemed to withdraw

from the Company as set forth in Section 4.1.1, then a Member is in breach of this Agreement and the Member's status as a Member shall immediately terminate and the Member shall forfeit the Units the Member holds in the Company. The Member shall remain subject to the covenant not to compete set forth in Section 5.6 for two (2) years from the date of withdrawal and the Member's withdrawal shall not relieve the Member of any obligation under the Personal Guarantee or any amounts the Member may owe the Company or other Members, including, but not limited to, a Member's obligations under Section 4.1.2.

5.2 **Payments to Members.** Except as agreed upon by the Board or elsewhere in this Agreement, no Member or Affiliate is entitled to remuneration for services rendered or goods provided to the Company. However, the Company shall reimburse the Members and Affiliates for the actual cost of goods and materials used by the Company in the ordinary course of the Business.

5.3 **Membership Termination Events.** Any Member who has undergone a Membership Termination Event ("Affected Member") shall immediately notify the other Member. If that notice is not timely furnished, the Member who has not undergone the Membership Termination Event may notify the Affected Member without waiving the breach of this Agreement caused by the Affected Member's failure to provide the notice. The Membership status of an Affected Member shall be terminated and the Affected Member shall be an Economic Interest Owner only unless the Affected Member's Units are purchased in accordance with Article 10. Notwithstanding the last sentence, if the Membership Termination Event is a transfer of a Member's Units in breach of this Agreement, then the Affected Member shall be reinstated as a Member if (a) such breach is cured within thirty (30) days of the Affected Member receiving notice from the other Member that such transfer breaches this Agreement and (b) the Affected Member reimburses the Company for any costs related to such breach. The Affected Member shall be an Economic Interest Owner only during the cure period. Each Member acknowledges and agrees that such termination of Membership status and purchase of Units upon the occurrence of any of the Membership Termination Events is not unreasonable under the circumstances existing as of the date hereof.

5.4 **Loans and Other Transactions with the Company.** With the express prior approval of the Board following full disclosure of the terms of the loan or transaction, a Member may loan money to, and engage in other transactions with the Company. All such loans shall be repaid from amounts otherwise constituting Distributions under Section 8.1, as a priority payment, and shall comprise a deduction from Distributable Cash. No such loan shall constitute a Capital Contribution or increase the Percentage Interest of the lending Member unless otherwise agreed by both Members.

5.5 **Meetings of Members.** No annual or regular meetings of the Members are required.

5.6 **Competing Activities.**

5.6.1 **Non-Competition.** Except as disclosed on Schedule 5.6.1 and the side letter attached thereto, the Members intend that the Company be the exclusive vehicle for the Members to invest in ASCs in the Territory. Neither a Member, a beneficial owner of a Member, nor an Affiliate of a Member shall, for so long as a Person is a Member (or beneficial owner or Affiliate of a Member) and for two (2) years thereafter, directly or indirectly own any interest in a Competitor, manage a Competitor, provide any sort of consulting or other service to or for any Competitor, or extend any sort of loan facility or other credit arrangement to a Competitor. Notwithstanding the above, a Member or its Affiliates may retain:

(a) the ownership interests it owns on the Effective Date to the extent they are disclosed on Schedule 5.6.1 or permitted by the attached side letter;

(b) any other business relationship with a Competitor in existence on the Effective Date that are also disclosed on that schedule; and

(c) if WPAHS and its non-physician Affiliates, then this Section 5.6.1 shall only be construed to prevent direct or indirect ownership or day-to-day management of a Competitor's surgical services and any other relationship shall only be prohibited if it provides benefits that are similar to ownership or day-to-day management of a Competitor's surgical services.

5.6.2 **Definition of Competitor.** A "Competitor" is any Person who directly or indirectly owns or operates any of the following within the Territory:

(a) an ambulatory surgical center certified as such under Part 416 of Title 42 of the Code of Federal Regulations;

(b) an ambulatory surgery center licensed under Pennsylvania law; or

(c) a hospital that includes direct or indirect physician ownership, but excluding (1) any hospital with solely inpatient capacity and (2) any hospital where the relevant ASC owned by Operating Company is given the opportunity to invest in such hospital as set forth in the Operating Company's governing documents.

5.6.3 **Confidentiality.** Each Member understands that Confidential Information that the Member may have acquired or to which the Member may have access is of great value to the Company. Each Member, Affiliate of a Member and the beneficial owners of each Member agree that none shall disclose any or all of the Confidential Information to anyone other than the Member's employees, attorneys and accountants who need to have access to the Confidential Information for the internal use of the Member, the reasonable use of the Member when servicing the Company, or as required by law.

5.6.4 **Unenforceability of Invalid Provision; Governing Law.** If any provision of this Section 5.6 is deemed by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, the offending provision shall be deemed ineffective to the extent of such invalidity, illegality or unenforceability without invalidating or impairing the remainder of this section, which shall remain in full force and effect to the maximum extent permitted by law. If necessary, the court is authorized and directed to modify this section to render it enforceable by deleting or modifying the offending provision.

5.6.5 **Specific Performance.** The parties acknowledge that there is no adequate remedy at law for a breach of Section 5.6. Therefore, if a Member or its Affiliate breaches or threatens to breach this section, the Company may seek the specific performance and/or an injunction prohibiting its violation. The Company shall not be required to post any bond or other security in connection with any temporary restraining order, preliminary equitable relief or final equitable relief. Such equitable remedies are in addition to, and not instead of, any other remedy at law or in equity to which the Company may be entitled.

5.6.6 **Existing Covenants.** The Members acknowledge that WPAHS and its Affiliates are subject to a restrictive covenant related to gastroenterology and that the Members agree to operate the Company consistent with such restrictive covenants by either limiting operations or obtaining necessary waivers.

6. MANAGEMENT AND CONTROL OF THE COMPANY.

6.1 **Control of the Company by the Board of Managers.** Subject to the right of the Members to approve certain actions as set forth in this Agreement, the Board shall have full, complete and exclusive authority, power and discretion to control the business, property and affairs of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business, property and affairs. The Managers shall only act as a Board and shall not have any power in their individual capacities to bind the Company; provided that the Board may by resolution or written consent may grant a Manager, or other officer of the Company the power and authority to execute documents on behalf of Company.

6.1.1 **Appointment of Managers.** The number of Managers of the Board shall be fixed at six (6). Each Manager (whenever appointed) shall hold office until his or her successor has been duly appointed and qualified, or until his or her earlier death, resignation, or removal. WPAHS shall have the right to appoint three (3) Managers ("WPAHS Managers") and Titan shall have the right to appoint three (3) Managers ("Titan Managers").

6.1.2 **Removal of Managers.** The Member(s) appointing a Manager may remove the Manager at any time with or without cause. Removal of a Manager shall be effective on the date indicated in a notice sent to the Board at the Company's main office. If a Manager is removed, or if there is a vacancy, then the Member with the right to appoint such Manager shall fill the vacancy.

6.1.3 **Board Votes.** All actions of the Board may be taken by (and only by) the affirmative vote of a majority of the votes held by the Managers in office at a duly constituted meeting, or the written consent of a majority of the votes held by the Managers in office; provided that any such vote or written consent shall include at least one (1) WPAHS Manager and Titan Manager. If on any matter, the Board deadlocks, then the Board shall schedule a new meeting to discuss the matters and hold a second vote.

6.1.4 **Alternate Managers.** The Members may designate one (1) or more alternate Managers (selected as set forth above), who may attend all meetings of the Board and participate in all Board discussions, and who shall be entitled to vote as a Manager when the primary Manager is absent from a meeting. Alternate Managers shall be selected and removed in the same fashion and subject to the same rules as Managers.

6.1.5 **Meetings of the Board.** Meetings may be called at any time upon the request of any three (3) Managers. These meetings may be held by telephonic, live video, or live electronic communication, so long as the communication is simultaneous and all Managers can fully participate in the meetings. Minutes shall be kept of these meetings. At their first meeting each year, the Board shall schedule regular meetings for the balance of the year.

(a) Managers will receive at least five (5) business days' notice of any meeting of the Board unless three (3) Managers determine an issue needs more immediate attention, in which case the Managers shall receive reasonable

notice of the meeting given the circumstances. Notice shall be by mail, personal delivery or by telephone, electronic mail or facsimile. A notice need not specify the purpose of any meeting. Notice of a meeting need not be given to anyone who signs a waiver of notice or consents to holding the meeting upon approval of the minutes thereafter, whether before or after the meeting, or who attends the meeting. All the waivers, consents and approvals shall be filed with the Company records or made a part of the minutes of the meeting.

(b) A majority of the Managers may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, then notice of the new time and place will be sent to any Managers who were not present at the time of adjournment.

(c) Meetings of the Board shall be held at the Company's principal place of business, unless otherwise specified in the notice of the meeting.

(d) Participation in a meeting by telephone constitutes presence in person at the meeting.

6.1.6 **Payments to Managers.** Except as agreed in writing with the Company, no Manager is entitled to remuneration for services rendered or goods provided to the Company. The Managers are not entitled to remuneration for serving as Managers, but shall be reimbursed for reasonable travel costs and other expenses associated with attending meetings.

6.1.7 **Chairperson of the Board.** The Board shall appoint one (1) of the Managers to serve as Chairperson of the Board, who shall preside at all meetings of the Board. The Chairperson or his or her written designee shall be authorized to vote the membership interests or other equity held by the Company in any Operating Company. The Board may also appoint other formal positions, such as a chief executive officer, treasurer, secretary, administrative director or vice president ("Officers").

6.1.8 **Appointment of Operating Company Board Members.** The Titan Managers and the WPAHS Managers shall each have the right to appoint an equal number of persons to serve on the board of managers or other governing body of any Operating Company (i.e., if the Company has the right to appoint two (2) Members to an Operating Company's board of managers, then Titan Managers may appoint one (1) person and the WPAHS Managers may appoint one (1) person).

6.1.9 **Reserve Powers of Members.** Notwithstanding anything to the contrary in this Agreement, the Board shall not undertake any of the following without the affirmative unanimous approval of the Members:

(a) Approval of any request for an additional Capital Contribution by the Company or an Operating Company;

(b) The Company's lending more than Fifty Thousand Dollars ($50,000) on any one (1) occasion;

(c) The Company's engaging in business in any jurisdiction other than Pennsylvania;

(d) The amendment, modification or repeal of the Certificate of Organization or this Agreement;

(e) Borrow money for and on behalf of the Company, and, in connection therewith, execute and deliver instruments authorizing the confession of judgment against the Company; and

(f) Merger, dissolution, sale of substantially all of the assets or other disposition of the Company.

6.2 **Limited Liability.** No Person who is a Manager, Member or officer of the Company shall be personally liable under any judgment of a court, or in any other manner, for any debt, obligation, or liability of the Company, whether that liability or obligation arises in contract, tort, or otherwise, solely by reason of being a Manager, Member or officer of the Company.

6.3 **Responsibility of Managers.** The Managers shall act in good faith and exercise ordinary business judgment in managing the affairs of the Company. In the performance of the duties under this Agreement, the Managers may rely on information obtained from agents and consultants retained by the Company provided that the Managers reasonably and in good faith believes such persons to be competent as to such matters.

None of the Managers shall be liable or obligated to the Members or the Company for any good faith mistake of fact or judgment made by the Managers in operating the business of the Company which results in any loss to the Company or its Members. Moreover, no Manager or Member shall not be deemed to breach this Agreement or to be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member, unless the result of such party's willful material breach of this Agreement, gross negligence or intentional misconduct.

The Managers shall devote such attention and business capacity to the affairs of the Company as may be reasonably necessary. Subject to the obligations in Section 5.6, the parties hereby acknowledge that the Managers and Members may be the manager or general partner of other entities and may continue to manage other entities, and may continue to engage in other distinct or related businesses, whether in competition with this Company or otherwise.

6.4 **Formation of Operating Companies.** The Members expect the Company to form Operating Companies to own and operate ASCs in the Territory. The limited liability company operating agreement or other governing documents for each Operating Company shall be substantially similar to the operating agreement for the first Operating Company. The governing documents of the Operating Companies shall contain provisions requiring the Operating Company's ASC to operate in a way consistent with the charitable purposes of WPAHS. As soon as may be practical, the Members will explore the formation of Operating Companies designed to own ASCs to be located in Monroeville and in Canonsburg, Pennsylvania..

7. TAX ALLOCATIONS OF NET INCOME AND NET LOSS.

7.1 **Net Income.** Net Income shall be allocated to the Members as follows:

7.1.1 First, among the Members to the extent of the ratio that allocations of Net Loss to each Member under Section 7.2.2 bears to the total allocation of Net Loss to all Members under

WPAHS-001260

Section 7.2.2 until the allocation under this Section 7.1.1 equals the prior allocation of Net Loss under Section 7.2.2; and

7.1.2 Thereafter, in accordance with each Member's Percentage Interest.

7.2 Net Loss. Net Loss shall be allocated to the Members:

7.2.1 First, in accordance with each Member's Percentage Interest. Notwithstanding the previous sentence, loss allocations to a Member shall be made only to the extent that such loss allocations will not create an Adjusted Capital Account Deficit for that Member in excess of an amount, if any, equal to such Member's share of Company minimum gain, as such term is used in Regulations Section 1.704-2(g)(2).

7.2.2 Second, any loss not allocated to a Member because of the limitation under Section 7.2.1 shall be allocated to the other Members (to the extent the other Members are not limited in respect of the allocation of losses under this Section 7.2.2).

7.3 Special Allocations. Special allocations shall be made in the following order:

7.3.1 **Minimum Gain Chargeback.** Notwithstanding Sections 7.1 and 7.2, if there is a net decrease in Company minimum gain, as such term is used in Regulations Section 1.704-2(g)(2), during any Fiscal Year, each Member shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, in subsequent Fiscal Years) in an amount equal to the portion of such Member's share of the net decrease in Company minimum gain that is allocable to the disposition of Company property subject to a nonrecourse liability, which share of such net decrease shall be determined in accordance with Regulations Section 1.704-2(g)(2). Allocations pursuant to this Section 7.3.1 shall be made in proportion to the amounts required to be allocated to each Member under this Section 7.3.1. The items to be so allocated shall be determined in accordance with Regulations Section 1.704-2(f). This Section 7.3.1 is intended to comply with the minimum gain chargeback requirement contained in Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

7.3.2 **Chargeback of Minimum Gain Attributable to Member Nonrecourse Debt.** Notwithstanding Sections 7.1 and 7.2 of this Agreement, if there is a net decrease in Company minimum gain attributable to a Member nonrecourse debt, during any Fiscal Year, each Member who has a share of the Company minimum gain attributable to such Member nonrecourse debt (which share shall be determined in accordance with Regulations Section 1.704-2(i)(5)) shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, in subsequent Fiscal Years) in an amount equal to that portion of such Member's share of the net decrease in Company minimum gain attributable to such Member nonrecourse debt that is allocable to the disposition of Company property subject to such Member nonrecourse debt (which share of such net decrease shall be determined in accordance with Regulations Section 1.704-2(i)(5)). Allocations pursuant to this Section 7.3.2 shall be made in proportion to the amounts required to be allocated to each Member under this Article 7. The items to be so allocated shall be determined in accordance with Regulations Section 1.704-2(i)(4). This Section 7.3.2 is intended to comply with the minimum gain chargeback requirement contained in Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith..

7.3.3 **Nonrecourse Deductions.** Notwithstanding Section 7.3.2, any nonrecourse deductions (as defined in Regulations Section 1.704-2(b)(1)) for any Fiscal Year or other period shall be specially allocated to the Members in proportion to their Percentage Interests.

7.3.4 **Member Nonrecourse Deductions.** Notwithstanding Section 7.3.2, those items of Company loss, deduction, or Code Section 705(a)(2)(B) expenditures that are attributable to Member nonrecourse debt for any Fiscal Year or other period shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member nonrecourse debt to which such items are attributable in accordance with Regulations Section 1.704-2(i).

7.3.5 **Qualified Income Offset.** Notwithstanding Sections 7.1 and 7.2, if a Member unexpectedly receives any adjustments, allocations or distributions described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), or any other event creates an Adjusted Capital Account Deficit for such Member, items of Company income and gain shall be specially allocated to such Adjusted Capital Account Deficit as quickly as possible. Any special allocations of items of income and gain pursuant to this Section 7.3.5 shall be taken into account in computing subsequent allocations of income and gain pursuant to this Article 7, so that the net amount of any item so allocated and the income, gain and loss allocated to each Member pursuant to this Section 7.3.5 to the extent possible, shall be equal to the net amount that would have been allocated to each such Member pursuant to the provisions of this Article 7 if such unexpected adjustments, allocations or distributions had not occurred.

7.4 **Code Section 704(c) Allocations.** Notwithstanding any other provision in this Article 7, in accordance with Code Section 704(c) and the Regulations promulgated thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its fair market value on the date of the contribution. The same procedure shall apply to any revaluation of Company property as permitted under Regulations Section 1.704-1(b)(2)(iv)(f). Allocations pursuant to Section 7.3 are solely for purposes of federal, state and local taxes. As such, they shall not affect or in any way be taken into account in computing a Member's Capital Account or share of profits, losses, or other items of distributions pursuant to any provision of this Agreement. Upon advice of the Company's accountant, the Board shall determine the method to make such Code Section 704(c) allocations consistent with Regulations Section 1.704-3 with respect to each property contributed to the capital of the Company.

7.5 **Allocation of Net Income and Net Loss and Distributions on Transferred Interest.** If any Economic Interest is transferred, or is increased or decreased by reason of the admission of a new Member or otherwise, during any Fiscal Year, each item of income, gain, loss, deduction or credit of the Company for such Fiscal Year shall be assigned pro rata to each day in the particular period of such Fiscal Year to which such item is attributable (i.e. the day on or during which it is accrued or otherwise incurred) and the amount of each such item so assigned to any such day shall be allocated to the Member based upon his or her respective Economic Interest at the close of such day.

7.6 **Recapture Chargeback.** In the event the Company has taxable income chargeable as ordinary income under the recapture provisions of the Code, each Member's share of taxable gain or loss as a result of gain from sales shall be allocated, to the extent possible, pro rata among the Members who received depreciation or cost recovery allocations which gave rise to the recapture income until the amount of such prior allocations has been charged back to such Members.

7.7 **Section 754 Adjustment.** The Members may make an election under Code Section 754. To the extent an adjustment to the adjusted tax basis of and Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required to be taken into account in determining Capital Accounts, each Member's Capital Account shall be adjusted as required under Regulations Section 1.704-1(b)(2)(iv)(m).

7.8 **Obligations of Members to Report Allocations.** The Members acknowledge and agree to the allocations made by this Article 7 and agree to be bound by the provisions of this Article 7 in reporting their shares of Company income and loss for income tax purposes.

8. DISTRIBUTIONS OF DISTRIBUTABLE CASH.

8.1 **Distribution of Distributable Cash.** Except as otherwise provided in this Agreement, all Distributable Cash shall be distributed in accordance with Percentage Interests of ownership, as of the first day of the preceding month, on a monthly basis.

8.2 **Restoration of Deficit Capital Account Balance.** No Member shall be obligated to contribute to the Company to restore a deficit in that Member's Capital Account balance. No Member shall be obligated to contribute to the Company to allow a return of capital to any other Member.

8.3 **Maintenance of Working Capital Reserve.** The Board may set aside out of operating revenues and cash from capital transactions, a Working Capital Reserve for repayment of any Company indebtedness, operating expenses and replacement or preservation of any Company asset. Any portion of such Working Capital Reserve that the Board deem unnecessary for the prudent conduct of Company business may be distributed to the Members in accordance with Section 8.1.

8.4 **Limitations on Distributions.** Notwithstanding the above, no cash or property shall be distributed to a Member to the extent that the Distribution would (a) violate any of the Company's loan covenants or other agreements or (b) violate principles of fraudulent conveyance law. A Member may be required to return to the Company all Distributions made to that Member in violation of this section.

9. TRANSFER AND ASSIGNMENT OF INTERESTS.

9.1 **Transfer and Assignment of Interests.** Except for certain permitted transfers under Section 9.2, no Member shall be entitled to transfer, assign, convey, sell, encumber or in any way alienate a Member's Units or any economic or other interest in those Units (collectively, "transfer"). The Members acknowledge their desire to completely restrict the alienability of their interests pursuant to Sections 8924 and 8916(b) of the Act, and the official comments thereto. Transfers in violation of this Article 9 shall be treated as set forth in Section 9.3. After the consummation of any transfer of any part of a Unit, the Unit so transferred shall continue to be subject to the terms and provisions of this Agreement and any further transfers shall be required to comply with all the terms and provisions of this Agreement; provided, however, that unless otherwise agreed in writing by the non-transferring Member, the transferee shall be an Economic Interest Owner only, and the non-transferring Member shall be the sole Member. Each Member agrees that the Units will not be resold unless they are registered or qualify for an exemption from registration under federal law and applicable state law.

9.2 **Substitution of Members.** Notwithstanding Section 9.1, WPAHS may transfer its Units to a for-profit entity wholly owned by WPAHS if an Exemption Concern occurs, but only as permitted by the Operating Company's operating agreement or other governing document. In response to an Exemption Concern, such a for-profit entity may become a substitute Member in place of WPAHS only for so long as the entity remains a wholly owned subsidiary of WPAHS, and only if the for-profit entity executes an instrument reasonably satisfactory to Titan:

(a) accepting and adopting the terms and provisions of this Agreement;

(b) certifying that the entity is wholly owned by WPAHS;

(c) undertaking to advise the Company and Titan within five (5) business days of an event that causes the entity to no longer be a wholly owned subsidiary of WPAHS; and

(d) acknowledging that the entity will be an Economic Interest Owner and not a Substitute Member once it is no longer a wholly owned subsidiary of WPAHS.

Wholly owned subsidiary of WPAHS includes an entity that is wholly owned by WPAHS indirectly through one (1) or more wholly owned subsidiaries. The admission of a Substitute Member shall not release WPAHS from any liability that such Member may have to the Company for the period prior to the admission of the Substitute Member. Titan shall not, without the advance written consent of WPAHS, permit its outstanding voting securities to be owned by any corporation owning a hospital located in the Territory or by an Affiliate of such a person.

9.3 **Transfers in Violation of this Agreement.** Any transfer in violation of this Article 9 shall be null and void, except: (a) the Member making the purported transfer shall thereafter have no right to vote or participate in the management of the Company or to exercise any rights of a Member, and shall thereafter be an Economic Interest Owner only; and (b) the other Member may purchase all of the interest in the Company owned by the Member making the purported transfer for an amount equal to the Capital Account of the Member making the purported transfer.

9.4 **Transfer of Operating Company Equity.** If WPAHS sells or otherwise transfers control or ownership of a hospital affiliated with WPAHS system that is within fifteen (15) miles of an Operating Company ASC, then upon such sale or transfer, WPAHS agrees that Titan shall have the right for a period of one hundred eighty (180) days to purchase the Company's equity in such Operating Company ("Operating Company Equity") at a price equal to fair market value as determined by appraisal of the Operating Company Equity using the procedures set forth in Section 10.2.2 for the selection of an appraiser and the other procedures in Sections 10.3, 10.4 and 10.5, but treating the sale of the Operating Company Equity as if it were the sale of Former Member Units to Titan. The acquisition of an ASC by Titan under this Section 9.4 shall not violate Section 5.6.

10. CONSEQUENCES OF MEMBERSHIP TERMINATION.

10.1 **Membership Termination Option.** Immediately upon the termination of Membership status (and any applicable cure periods), the Former Member shall send written notice describing the Membership Termination Event to the Remaining Member; provided that if the Remaining Member has knowledge of the Membership Termination Event, the Remaining Member may also send such notice if it so chooses ("Termination Notice"). Upon the termination of Membership status under

Section 5.3, the Member not affected by the Membership Termination Event ("Remaining Member") shall have the option to purchase, and the right to require Person (or his or her legal representative) whose Membership status terminated ("Former Member") to sell, the Former Member's Units as provided in this Article 10. The Remaining Member may elect to exercise this option by causing the Company to redeem the Units of the Former Member. The Remaining Member may tentatively exercise this option subject to determination of the purchase price, or cause the Company to tentatively exercise this option subject to determination of the purchase price, at any time during the one (1)-year period following the Termination Notice.

10.2 Purchase Price. The purchase price for the Former Member's Units shall be determined as follows:

10.2.1 Initial Capital Account. If the event giving rise to the purchase is defined under subsections (c), (d), or (e) of the definition of Membership Termination Event, then the purchase price for the Former Member's Units shall equal the lesser of: (1) the Former Member's Capital Account for the Units (with the per Unit price determined by dividing such Capital Account by the number of Units to be sold) or (2) the amount determined in accordance with Section 10.2.2. A Member's "Initial Capital Account" shall equal the price the Member paid for the Units when purchasing the Units (but without giving effect to any guarantee or liabilities assumed) plus any additional cash Capital Contributions made pursuant to Section 4.3. If the price for the Former Member's Units is determined under this Section 10.2.1, then the purchaser is not obligated to assume any Personal Guarantee; or

10.2.2 Fair Market Value/Appraisal. Except as set forth in Section 10.2.1, the purchase price shall equal the fair market value of the Former Member's Units (including the valuation of goodwill) as agreed to by the Former Member and the Remaining Member. If the Former Member and the Remaining Member are unable to agree on the fair market value of the Former Member's Units within thirty (30) days of the date of the Termination Notice, then the Remaining Member and the Former Member shall select an independent appraiser or, if they cannot agree on an appraiser within such thirty (30) days of the Termination Notice, the American Arbitration Association office in Pittsburg, Pennsylvania shall appoint an appraiser. The independent appraiser shall determine the value of all of the Former Member's Units by determining the fair market value of the Company as a going concern (including goodwill and taking into account Interest Bearing Debt) and multiplying that value by the Percentage Interest held by the Former Member. Except as otherwise set forth, the Company and Former Member shall equally share the cost of the appraisal, and the appraiser shall produce a report, that shall set forth the basis and method for the appraisal. If the price for purchasing a Former Member's Units is determined under this Section 10.2.2, then in connection with the closing, the Remaining Member shall use reasonable efforts (a) to remove the Former Member from the Personal Guarantee and to assume the Personal Guarantee and (b) to the extent the Former Member is not removed from the Personal Guarantee, shall enter into an agreement to reimburse the Former Member for amounts paid under the Personal Guarantee by the Former Member.

10.3 Notice of Intent to Purchase. If the Remaining Member definitively elects to exercise the option under Section 10.1 (or cause the Company to exercise the option) once the purchase price has been determined, the Remaining Member shall notify the Former Member of this fact within thirty (30) days after the fair market value of the Former Member's Units is determined pursuant to Section 10.2. The Remaining Member may elect to exercise the option as to some but not all of the

Former Member's Units, and leave the Former Member an Economic Interest Owner as to the Units not acquired by the Remaining Member and the Company.

10.4 Payment of Purchase Price. The Company and/or the Remaining Member, as the case may be, shall deliver cash at the closing (defined in Section 10.5).

10.5 Closing of Purchase of Former Member's Units. The closing for the purchase of a Former Member's Units pursuant to this Article 10 shall be held no later than sixty (60) days after the determination of the purchase price and the expiration of applicable exercise periods. At the closing, the Former Member shall deliver to the Company or the Remaining Member an instrument of transfer (containing warranties of title and no encumbrances) conveying the Former Member's Units in a form reasonably satisfactory to the Remaining Member. The Former Member, the Company and the Remaining Member shall do all things and execute and deliver all papers as may be necessary to fully consummate such sale and purchase in accordance with the terms and provisions of this Agreement.

11. ACCOUNTING, RECORDS, REPORTING BY MEMBERS.

11.1 Books and Records. The books and records of the Company shall be kept, and the financial position and the results of its operations recorded, in accordance with generally accepted accounting principles consistently applied on an accrual basis ("GAAP"). The books and records of the Company shall reflect all the Company transactions and shall be appropriate and adequate for the Company's business.

Upon ten (10) business days' notice, the Company shall make available the following books and records of the Company at the Company's principal place of business:

(a) a current list of the full name and last known business or residence address of each Member, together with the Capital Contribution and the share in Profits and Losses of each Member;

(b) a copy of the Certificate, as amended;

(c) copies of the Company's federal, state, and local income tax or information returns and reports, if any, for the six (6) most recent taxable years;

(d) an original executed copy or counterparts of this Agreement, as amended;

(e) financial statements of the Company for the six (6) most recent Fiscal Years; and

(f) the books and records of the Company as they relate to the Company's internal affairs for the current and past four (4) Fiscal Years.

If the Board deems that any of the foregoing items shall be kept beyond the term of existence of the Company, the repository of said items shall be as designated by the Board.

The Company will make available, at the Company's expense, at the Company's principal office separate books of account for the Company which will show a true and accurate record of all costs and expenses incurred, all credits made and received and all income derived in connection with

the operation of the Company and the Business. Each Member will, at its sole expense, have the right, at any time, to examine, copy and audit the Company's books and records.

11.2 Reports.

11.2.1 Tax. WPAHS shall cause to be prepared at least annually information necessary for the preparation of the Members' federal and state income tax returns. WPAHS shall send or cause to be sent to each Member within seventy-five (75) days after the end of each Fiscal Year such information as is necessary to complete federal and state income tax or information returns.

11.2.2 Financial. Titan shall cause to be prepared and distributed to the Members the following reports:

(a) Monthly: an income statement and a balance sheet, prepared in accordance with GAAP, within forty-five (45) calendar days after the last day of each month on a monthly and year-to-date basis;

(b) No less than annually: a report outlining the charity care provided by the Company's Operating Companies. The WPAHS Mangers may review such report and give the board of managers of the Operating Company direction to improve compliance with WPAHS' charity care policy; and

(c) Other: from time to time and with reasonable promptness, such other financial statements, budgets, plans, schedules, narrative information and further information in respect of the business, affairs and financial condition of the Company as any Member may reasonably request.

11.3 Bank Accounts. The Company shall maintain the funds of the Company in one (1) or more separate bank accounts in the name of the Company, and shall not permit the funds of the Company to be commingled in any fashion with the funds of any other Person. The Chairperson of the Board and such other persons appointed by the Board shall have authority to endorse checks, drafts and other evidences of indebtedness made payable to the order of the Company for purposes of deposit into the Company's accounts.

11.4 Tax Matters Partner. Titan shall be the "Tax Matters Partner," as defined in Code Section 6231, and shall from time to time cause the Company to make such tax elections as it deems to be in the best interests of the Company and the Members, taking into account the status of WPAHS as an organization described in Section 501(c)(3) of the Code. The Tax Matters Partner shall take such action as is necessary to cause the other Member to become a "notice partner" with the meaning of Code Section 6223. The Tax Matters Partner shall provide periodic updates to WPAHS on significant matters that may come to its attention in its capacity as "tax matters partner." The Tax Matters Partner shall not enter into any settlement which binds the Members or the Company without the prior written consent of the Members.

12. DISSOLUTION AND WINDING UP.

12.1 Conditions of Dissolution. The Company shall only dissolve upon the occurrence of any of the following events:

(a) The happening of any event of dissolution specified in the Certificate or this Agreement;

(b) The entry of a decree of judicial dissolution pursuant to Section 18-802 of the Act;

(c) A determination by the Members in favor of dissolution; or

(d) The sale, lease, exchange or other disposition of all or substantially all of the assets of Company or the cessation of the Company's Business.

12.2 **Winding Up.** Upon the dissolution of the Company, the Company's assets shall be disposed of and its affairs wound up. The Board shall do the following:

(a) Make provision for the debts and liabilities of the Company to creditors that or who are non-Members; and

(b) Liquidate any remaining assets and distribute the proceeds in the following order:

(1) Pay any debts and liabilities to the Members who are creditors; and

(2) Upon the dissolution, liquidation or winding-up of the Company, after satisfaction of all of the Company's liabilities (whether by payment or the making of reasonable provision for payment therefore), the balance, if any, of the Company's assets (including cash or in-kind property as determined by the Board) shall be distributed to the Members in accordance with their respective Capital Accounts.

Such liquidating distributions, to the extent possible, shall be made by the earlier of (a) the end of the Company's taxable year in which the Company is liquidated, or (b) ninety (90) days after the date of such liquidation.

12.3 **Limitations on Payments Made in Dissolution.** Except as otherwise specifically provided in this Agreement, each Member shall be entitled to look solely to the assets of the Company for the return of the Member's positive Capital Account balance and shall have no recourse for his, her or its Capital Contribution and/or share of Company profits against any other Member.

13. INDEMNIFICATION OF MEMBERS AND AGENTS.

13.1 **General Right to Indemnification.** Except where a Person has otherwise agreed to indemnify the Company or any of the Members, the Company shall defend, indemnify and hold harmless each Member (including such Member's, officers, directors, employees and agents) and Manager ("Indemnified Party") who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he, she or it is or was a Member, Manager, officer, employee or other agent of the Company or that, being or having been such a Member, Manager, officer, employee or agent, he or she is or was serving at the request of the Company as a manager, director, officer, employee or other agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise to the fullest extent permitted by applicable law in effect on the date hereof and to such greater extent as applicable law may hereafter from time to time permit, except to the extent that the claim giving rise to such indemnification rights arises out of a willful or knowing

breach of this Agreement by the Indemnified Party or such Indemnified Party's gross negligence, willful misconduct or knowing violation of law.

13.2 **Advancement of Expenses.** Indemnification Expenses incurred shall be paid by the Company in advance of the final disposition upon receipt of a written undertaking by or on behalf of the Indemnified Party to repay the amount if it shall ultimately be determined that the Indemnified Party is not entitled to such indemnification rights. Any amounts indemnified pursuant to this Article 13 will be recoverable only from the assets of the Company as authorized in this Article 13. There shall be no requirement that the Members make additional Capital Contributions to fund the obligations of this Article 13.

13.3 **Cooperation.** The parties agree to reasonably cooperate with one another and their respective counsel in contesting and defending any claim subject to indemnification under this Article 13 (including granting reasonable access to the pertinent books, records and personnel in their possession or control, or in the possession or control of any of the parties).

13.4 **Settlement and Compromise.** Notwithstanding in this Article 13 to the contrary, the Company shall not, without the written consent of the Indemnified Party (a) settle or compromise any claim or consent to the entry of any judgment with respect to such claim that does not include as an unconditional term thereof the delivery by the claimant or plaintiff to the Indemnified Party of a written release from all liability in respect to such claim, (b) settle or compromise any claim in any manner that may materially and adversely affect the Indemnified Party, or (c) settle or compromise any claim in a manner that will require the Indemnified Party to pay any money.

13.5 **Assumption of Defense.** If the Company fails to diligently and promptly prosecute, defend or settle any third party claim, then the Indemnified Party shall have the right to defend or compromise and settle, at the sole cost and expense of the Company, the third party claim by all reasonably appropriate proceedings, which proceedings may be prosecuted by the Indemnified Party to a final non-appealable order of a court of competent jurisdiction or settled without the consent of the Company. In such event, the Indemnified Party shall have full control of such defense and proceedings.

13.6 **Conflict.** Notwithstanding anything to the contrary, if, in the written opinion of legal counsel, a conflict exists such that the Company's legal counsel should advise the Indemnified Party to obtain separate counsel to represent Indemnified Party's interests in the proceedings, then the Company shall pay the costs of Indemnified Party retaining conflict counsel.

14. MISCELLANEOUS.

14.1 **Entire Agreement.** This document, along with its schedules and exhibits, constitutes the entire agreement between the parties, all oral agreements being merged herein, and supersedes all prior representations. There are no representations, agreements, arrangements or understandings, oral or written, between or among the parties relating to the subject matter of this Agreement that are not fully expressed herein.

14.2 **Interpretation.** All pronouns shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the context in which they are used may require. All headings herein are inserted only for convenience and ease of reference and are not considered the interpretation of any provision of this Agreement. Numbered or lettered articles, sections and subsections herein contained refer to articles, sections and subsections of this Agreement unless otherwise expressly stated. In the event

any claim is made by any Member relating to any conflict, omission or ambiguity in this Agreement, no presumption or burden of proof or persuasion shall be implied by virtue of the fact that this Agreement was prepared by or at the request of a particular Member or his, her or its counsel.

14.3 **Severability.** If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force and effect without being impaired or invalidated in any way.

14.4 **Notice.** Any notice under this Agreement shall be in writing, and any written notice or other document shall be deemed to have been duly given:

(a) on the date of personal service on the parties;

(b) on the third (3rd) business day after mailing by registered or certified mail;

(c) one (1) day after being sent by professional or overnight courier or messenger service guaranteeing one (1)-day delivery, with receipt confirmed by the courier; or

(d) on the date of transmission if sent by facsimile or means of electronic transmission resulting in written copies, with receipt confirmed.

Any such notice shall be delivered or addressed to the parties at the addresses set forth in the Company's books and records through written notice under this provision. Failure to conform to the requirement that mailings be done by registered or certified mail shall not defeat the effectiveness of notice actually received by the addressee.

14.5 **Amendment.** The provisions of this Agreement and the Certificate may be modified at any time with the consent of both Members.

14.6 **Counterparts.** This Agreement may be executed in any number of counterparts with the same effect as if the parties had all signed the same document. All counterparts shall be construed together and shall constitute one (1) agreement.

14.7 **Attorneys' Fees; Prejudgment Interest.** If the services of an attorney are required by any party to secure the performance of this Agreement or otherwise upon the breach or default of another party to this Agreement, or if any judicial remedy or arbitration is necessary to enforce or interpret any provision of this Agreement or the rights and duties of any Person in relation thereto, the prevailing party shall be entitled to reasonable attorneys' fees, costs and other expenses at the pre-trial, trial and appellate level, in addition to any other relief to which such party may be entitled. Any award of damages following judicial remedy as a result of the breach of this Agreement or any of its provisions shall include an award of prejudgment interest from the date of the breach equal to two percent (2%) above the prime rate published in the Wall Street Journal as of the date of such award.

14.8 **Remedies Cumulative.** No remedy or election hereunder shall be deemed exclusive but shall whenever possible be cumulative with all other remedies at law or in equity.

14.9 **Governing Law.** Pennsylvania law shall govern the rights and obligations of the parties and the interpretation and performance of this Agreement, excluding Pennsylvania's conflict of laws rules. Each Member hereby consents to venue in the Commonwealth of Pennsylvania for all

purposes in connection with any action or proceeding commenced between the parties hereto in connection with or arising from this Agreement.

14.10 Additional Documents and Acts. Each Member and Manager agrees to execute and deliver the additional documents and instruments and to perform the additional acts as may be necessary or appropriate to effectuate, carry out and perform all of the terms, provisions and conditions of this Agreement and the transactions contemplated hereby.

14.11 Dispute Resolution Procedures.

14.11.1 Application of this Section. This Section 14.11 does not apply to the following matters: (a) a dispute as to "fair market value" under Section 10.2.2; (b) any request for immediate injunctive or other equitable relief may be brought without following the procedures of this Section 14.11; and (c) a deadlocked Board vote.

14.11.2 Negotiation. Except as set forth in Section 14.11.1, any claim or dispute under this Agreement or otherwise related to the operation of the Company (whether such claim is based upon contract or tort law) ("Claim") shall be resolved in accordance with this Section 14.11. The dispute procedures shall be initiated by a Member delivering a writing containing reasonable detail summarizing the nature of the Claim and invoking the procedures contained in this section. For a period of thirty (30) days from receipt of the notice, the Members will consult with each other in a good faith effort to resolve the Claim.

14.11.3 Mediation. If within thirty (30) days after receipt of the notice of negotiation in Section 14.11.1, there is not a settlement of the Claim, then the Claim will be submitted to mediation administered by submitting a request to the Alternative Dispute Resolution Service ("the Service") of the American Health Lawyers' Association ("AHLA"), requesting that the Service select/appoint a mediator using Rules of Procedure developed by AHLA for selection of dispute resolvers, including the use of the ranking list, naming five (5) neutrals with relevant expertise. In filing the special request, a party shall complete the AHLA Request for Dispute Resolver List, accessed at www.healthlawyers.org/adr and identify the qualifications required in paragraph 9 of the request as: a neutral associated with a nationally recognized health care practice, with experience representing organizations that manage ambulatory surgical centers who does not currently perform a material amount of work for the Company or any Member or its Affiliate. If the mediation does not result in a resolution of the Claim within sixty (60) days of the first in-person mediation, then either party may file an action in a court with proper jurisdiction.

14.12 Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHTS IT MAY HAVE TO DEMAND THAT ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT OR THE RELATIONSHIPS OF THE PARTIES HERETO BE TRIED BY JURY. THIS WAIVER EXTENDS TO ANY AND ALL RIGHTS TO DEMAND A TRIAL BY JURY ARISING FROM ANY SOURCE INCLUDING, BUT NOT LIMITED TO, THE CONSTITUTION OF THE UNITED STATES OR ANY STATE THEREIN, COMMON LAW OR ANY APPLICABLE STATUTE OR REGULATIONS. EACH PARTY HERETO ACKNOWLEDGES THAT IT IS KNOWINGLY AND VOLUNTARILY WAIVING ITS RIGHT TO DEMAND TRIAL BY JURY.

~ Signature Page Follows ~

~ Signature Page for Operating Agreement ~

WPAHS

West Penn Allegheny Health System, Inc.
a Pennsylvania nonprofit corporation

By: _____
Name: _____
Its: _____

TITAN

Titan Health of West Penn, Inc., a California close corporation

By: _____
Name: _____
Its: _____

Titan Health Corporation is a party to this Agreement for the limited purpose of ensuring Titan Health of West Penn, Inc. complies with Article 4 and Section 5.6 of this Agreement and Titan's duties as the "Management Company" of any Operating Company. The last sentence is for the sole benefit of WPAHS and no third party is intended to be a beneficiary of such agreement.

Titan Health Corporation, a Delaware corporation

By: _____
Name: _____
Its: _____

SCHEDULE 1

Membership Interests

Members	Units of Membership Interest	Percentage Interest
WPAHS	51	51%
Titan	49	49%
Total	100	100%

SCHEDULE 2

Territory

15 mile radius from 160 Gallery Drive, McMurray, PA, 15317 or such other location in Peters Township where Company operates an ASC

15 mile radius from 1 Robinson Plaza, Robinson, PA, 15205 or such other location in Robinson Township where Company operates an ASC

SCHEDULE 4.1

Initial Capital Contributions

Members	Initial Capital Contribution
WPAHS	$15,000
Titan	$14,412
Total	$29,412

SCHEDULE 5.6.1

Ownership Interests and Business Relationships with "Competitors" In Existence on the Effective Date

Members		Ownership Interest	Other Business Relationship
WPAHS	[redacted]	Equity in an ASC that is substantially limited to endoscopy procedures	Some Management
WPAHS	[redacted]	Equity in an ASC that is substantially limited to endoscopy procedures	Some Management
Titan	Gamma Surgery Center, Gama Drive RIDC Park, PA	substantial equity owned in facility that provides multi-specialty surgery	Management
Titan	Southwestern Ambulatory Surgery Center Lewis Run Road, Pleasant Hills, PA	substantial equity owned in facility that provides multi-specialty surgery	Management

Document Divider

BYLAWS

WEST PENN PHYSICIAN PRACTICE NETWORK
Pittsburgh, Pennsylvania

As Revised September 18, 2008

Previous Revisions:

AMENDED AND RESTATED BYLAWS
OF
WEST PENN PHYSICIAN PRACTICE NETWORK
(formerly Valley Development and Management Corporation)
(the "Corporation")

ARTICLE I

NAME, LOCATION AND GOVERNING LAW

Section 1. Name. The name of the Corporation is West Penn Physician Practice Network.

Section 2. Principal Office. The principal office of the Corporation shall be located at 4800 Friendship Avenue, Pittsburgh, PA 15224, or at such other address as the Board of Directors shall determine.

Section 3. Governing Law. The Corporation is governed by the Pennsylvania Nonprofit Corporation Law of 1988, as it may be amended from time to time (the "PNCL").

ARTICLE II

PURPOSE

Section 1. Purpose. The Corporation is formed and is to be operated exclusively for the charitable, scientific and educational purposes as defined and limited by Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (or the corresponding provision of any future United States Internal Revenue Law) (the "Code") and to do all lawful acts incidental to the accomplishment of said charitable, scientific, and educational purposes.

ARTICLE III

MEMBER

Section 1. Member. The sole voting member of the Corporation shall be The Western Pennsylvania Hospital (the "Member"), acting through its Board of Directors (the "Member Board"), or through its Executive Committee (the "Member Executive Committee") or designated officers of the Member (the "Designated Representatives") to the extent that the Member has, pursuant to its Bylaws or by resolution duly adopted by the Member Board, delegated its authority herein to the Member Executive Committee or to a Designated Representative; provided, however, that neither the Member Executive Committee nor any Designated Representative shall have the authority to act on behalf of the Member with respect to any of the actions identified in Section 2.B of this Article III.

WPAHS-001278

Section 2. Powers and Rights of Member.

A. The Member shall have such powers and rights as are set forth in the PNCL and the Articles of Incorporation of the Corporation. Without limiting and in addition to such powers and rights, the Member shall have the exclusive authority to exercise the following powers:

(1) Adopt and/or approve and interpret the statement of mission and philosophy of the Corporation, and require the Corporation to operate in conformance with its statement of mission and philosophy;

(2) Adopt and/or approve amendments or restatements of the bylaws and Articles of Incorporation of the Corporation;

(3) Elect, appoint, fill vacancies in and remove, with or without cause, the Directors; and elect and remove, with or without cause, the Chair of the Board of Directors of the Corporation, and the Secretary and Treasurer of the Corporation;

(4) Elect and remove, with or without cause, the President and Chief Executive Officer and all vice presidents and other officers of the Corporation;

(5) Cause or approve any merger, consolidation, division, conversion, or dissolution of the Corporation, or the filing of a petition in bankruptcy or execution of a deed of assignment for the benefit of creditors;

(6) Approve and/or cause the Corporation to undertake or engage itself in respect of any bond issuance or any other indebtedness for borrowed money of the Corporation, or any lending of funds by the Corporation to an unrelated person, corporation or other legal entity, including without limitation any capital leases (other than indebtedness to provide funds for expenditures necessary in order for the Corporation to be in compliance with applicable laws, rules and regulations, and state licensing and accreditation requirements, to the extent such funds are not otherwise reasonably available), representing obligations of the Corporation in excess of an amount per annum in the aggregate established from time to time by the Member;

(7) Approve and/or cause any corporate reorganization of the Corporation or the establishment or dissolution of any subsidiary organizations, including corporations, partnerships or other entities, of the Corporation; and

(8) Approve or direct the taking of any other action outside of ordinary course of business and such matters as are required to be submitted to members of a Pennsylvania nonprofit corporation.

Except as otherwise required by the PNCL, the action of the Member with respect to each of the foregoing actions shall be sufficient to approve such actions, no action by the Board of Directors of the Corporation shall be required with respect to any such actions, and, to the full extent permitted by law, no action of the Board of Directors with respect to any such actions shall be effective for any purpose without the approval of the Member.

September 18, 2008

WPAHS-001279

B. Each of the following actions may be approved by the Member only through action of the Member Board, and not through action of the Member Executive Committee or any Designated Representative:

(1) The adoption or approval of a statement of mission and philosophy of the Corporation;

(2) The adoption or approval of any amendments of the Bylaws or Articles of Incorporation of the Corporation;

(3) The approval of any merger, consolidation, division, conversion, or dissolution of the Corporation, or the filing of a petition in bankruptcy or execution of a deed of assignment for the benefit of creditors, or the sale or other disposition of all or substantially all of the assets of the Corporation;

(4) The election, appointment and removal of the Directors, the Chair and Vice Chair of the Board of Directors of the Corporation, the President and Chief Executive Officer, and the Secretary and Treasurer of the Corporation; and

(5) The approval of any bond issuance or incurrence of any other indebtedness for borrowed money of the Corporation, or any lending of funds by the Corporation to an unrelated person, corporation or other legal entity, including without limitation any capital leases.

Section 3. Operating Reports. The Board of Directors of the Corporation shall submit operating reports to the Member in such form and on such schedule as shall be established by the Member. Such operating reports shall reflect the results of operations of the Corporation and of any affiliates of the Corporation that are controlled by the Corporation.

ARTICLE IV

THE BOARD OF DIRECTORS

Section 1. Powers and Responsibility. Subject to Article III hereof and to the other rights and powers of the Member specified in the Articles of Incorporation or these Bylaws, the Board of Directors shall have charge, control, and management of the administrative affairs, property and funds of the Corporation and shall have the power and authority to do and perform all acts and functions not inconsistent with these Bylaws, the Articles of Incorporation, and applicable law, in each case as amended from time to time. The responsibilities of the Board of Directors shall include, without limitation: (a) mission assurance; (b) review and approval of budgets and business plans; (c) review and approval of compensation and incentive plans of physicians and non-physicians; (d) review and approval of contracts and leases and all other obligations and liabilities of the Corporation; (e) review and approval of compliance matters; and (f) review and approval of organizational policies.

Section 2. Composition of the Board; Qualifications. The Board of Directors shall be composed of not fewer than three nor more than twenty voting members, exclusive of non-voting *ex officio* Directors. The exact number of voting Directors shall be as fixed from time to time by

WPAHS-001280

the Member. Directors shall generally be appointed at the annual meeting of the Member, but may be appointed at any regular or special meeting of the Member. Each Director of the Corporation shall be a natural person of at least eighteen years of age, of good moral character and who enjoys a good reputation in the community, and who, by his or her experience, community interest, or prior action, demonstrates a willingness to devote time and talent to the affairs of the Corporation and to exercise his or her judgment with undivided loyalty to the Corporation. Each Director shall further satisfy the requirements set forth in Section 7 of this Article IV.

Section 3. Term of Office. Subject to Section 4 of this Article IV, Directors shall serve for one-year terms. Each Director shall retain his or her position as Director until his or her successor shall be duly elected and qualified or until his or her earlier death, resignation or removal. Directors may be re-elected for unlimited successor terms.

Section 4. Removal, Resignation, Vacancies.

A. The Member may, in its discretion, remove any Director at any time, with or without cause.

B. Any Director may resign from office with or without cause, by delivering a written statement of resignation to the Secretary of the Corporation. Any such resignation shall take effect immediately upon its receipt by the Secretary of the Corporation, unless a later effective time or date for the resignation is specified in the notice of resignation.

C. Any person appointed to fill a vacancy on the Board of Directors shall be appointed for the unexpired term of the Director whose death, resignation, or removal gave rise to the applicable vacancy.

Section 5. No Compensation. No Director shall receive any compensation for acting as a Director. Directors who are officers or employees of the Corporation may receive reasonable compensation for those duties.

Section 6. Review of Bylaws. The Board of Directors shall review these Bylaws of the Corporation annually, and based on such review, may propose amendments to these Bylaws to the Member of the Corporation.

Section 7. Conflict of Interest. Directors shall exercise good faith in all transactions touching upon their duties at the Corporation and its property. No director shall use his or her position, or knowledge gained therefrom, in any way that might give rise to a conflict between the interest of the Corporation and that of the individual Director. The Board of Directors shall adopt a conflict of interest policy, and each Director and officer of the Corporation shall agree in writing to be bound thereby as a prerequisite to his or her qualification as a Director or officer, as the case may be.

ARTICLE V

MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Regular and Annual Meetings of the Board of Directors. The Board of Directors shall hold regular meetings at such time and place as determined by the Board or the Chair. The Annual Meeting of the Board of Directors shall be held in June of each year. At each annual meeting, the Board of Directors shall submit its recommendations to the Member regarding the election of all Directors and officers of the Corporation for the upcoming fiscal year of the Corporation.

Section 2. Special Meetings. Special meetings of the Board of Directors may be held at any time upon call of the Member or the Chair or upon receipt by the President and Chief Executive Officer of the written request of at least two Directors.

Section 3. Notices. Written notice of the date, time, and place of each meeting of the Board of Directors, whether annual, regular, or special, shall be mailed, personally delivered, or faxed to each Director entitled to vote at least five (5) days prior to the meeting to the Director's address or fax number on the books of the Corporation.

Section 4. Quorum. A majority of the entire Board of Directors shall constitute a quorum at any meeting; provided that a quorum shall not be deemed present at any meeting unless a majority of those Directors present are not Physician Directors. Once a quorum is established, subsequent withdrawal of individuals to less than a quorum shall not affect the validity of any subsequent action taken at the meeting. Except as otherwise required by the PNCL, approval of any matter before the Board of Directors by a majority of the Directors entitled to vote and present at a meeting shall constitute approval of the applicable matter by the Board. Attendance or voting by proxy shall not be permitted at any meeting.

Section 5. Action Without a Meeting. Any action which may be taken at a meeting of the Board or any committee thereof may be taken without a meeting if consent in writing setting forth such action is signed by all of the Directors entitled to vote or members of the committee entitled to vote, and is filed in the minutes of the proceedings of the Board or of the committee.

Section 6. Rules of Conduct. Meetings of the Board of Directors and committees of the Board of Directors will be conducted in accordance with such rules as may be established by the Board of Directors.

Section 7. Participation by Conference Telephone. One or more Directors or members of a committee established pursuant hereto may participate in a meeting of the Board of Directors or such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

Section 8. Waiver of Notice. Whenever any written notice is required to be given under the provisions of the these bylaws or the PNCL, such notice need not be given to any

WPAHS-001282

Director who submits a signed waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Director.

ARTICLE VI

OFFICERS

Section 1. Officers Generally. The officers shall be a Chair, a Secretary, a Treasurer, a President and Chief Executive Officer, and such Vice Presidents and other subordinate officers as the Board of Directors shall designate, subject to the approval of the Member. All officers need not, but may, be selected from among the elected members of the Board of Directors.

Section 2. Election and Term of Office. With the exception of the initial officers, the officers shall be elected by the Member, after consultation with the Board of Directors of the Corporation, at the Annual Meeting of the Member each year. The officers shall hold office for terms of one year and until their successors are duly installed, subject in each case to an officer's earlier death, resignation or removal. Vacancies in any office may be filled by action of the Member after consultation with the Board of Directors of the Corporation.

Section 3. Chair. The Chair shall preside at all meetings of the Board of Directors. The Chair shall have such authority, and shall perform all duties, ordinarily required of an officer in like position, and such other authority and duties as may be assigned by the Member.

Section 4. President and Chief Executive Officer. The President and Chief Executive Officer shall have all authority and responsibility necessary to operate the Corporation in all its activities, subject, however, to the policies and directives of the Member and of the Board of Directors with regard to the matters as to which the Board of Directors is responsible, and to the provisions of the Corporation's Articles of Incorporation and Bylaws. The President and Chief Executive Officer shall be a non-voting, ex-officio member of all committees of the Board.

Section 5. Secretary. The Secretary shall keep and properly record the minutes of the proceedings of the Board of Directors, notify officers of their election and committee members of their appointment, give notice of all meetings of the Board of Directors, have custody of the corporate seal and of all books and papers pertaining to the office, and generally shall have such authority, and shall perform all duties, ordinarily required of an officer in like position.

Section 6. Treasurer. The Treasurer shall receive and have custody of all funds, money, and income of the Corporation and shall deposit the same in such depository or depositories as the Board shall designate. The Treasurer shall have such authority, and shall perform all duties, ordinarily required of an officer in like position, and such other authority and duties as may be assigned by the Member.

Section 7. Other Officers. Each other officer shall have such responsibilities and perform such duties as may be prescribed by the Board of Directors or Member from time to time. Each assistant officer shall carry out the responsibilities and duties of the officer whom the assistant officer assists in the event such officer is unable to perform such responsibilities or duties.

WPAHS-001283

Section 8. Resignation. Any officer may resign at any time by giving written notice thereof to the Chair, the President and Chief Executive Officer or the Secretary of the Corporation. Any such resignation shall take effect on the date of receipt of such notice by one of the above-specified officers, or at such later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 9. Removal. Any officer of the Corporation may be removed, with or without cause, by the Board of Directors or the Member whenever in the judgment of the Board of Directors or the Member the best interests of the Corporation will be served thereby.

ARTICLE VII

COMMITTEES OF THE BOARD OF DIRECTORS

Section 1. Committees Generally. The Corporation shall have the following standing committees: Operating Committee, Surgery Department Operating Subcommittee, Medicine Department Operating Subcommittee, Anesthesia Department Operating Subcommittee, and Ob/Gyn Department Operating Subcommittee. The Corporation shall also have such other standing and special committees and subcommittees as the Board shall determine appropriate or necessary in the administration and affairs or the Corporation. Each committee shall have such authority and composition as provided for in these Bylaws or in the resolution creating such committee, subject to the rights and powers of the Member as set forth in the PNCL, the Articles of Incorporation, and these Bylaws, and the limitations on delegation of the Board's authority pursuant to the PNCL. The designation of one or more committees and the delegation of authority thereto shall not operate to relieve the Board, or any individual Director, of any responsibility imposed by law upon it or such Director. No committee (other than the Executive Committee, if any) shall have the power or authority to act for the Board, but rather shall act in an advisory capacity with respect to the Board. All committee recommendations shall be reviewed by the Board and may be approved, modified and approved, or rejected by the Board.

Section 2. Appointment of Committees. Except as otherwise provided herein, the members and chairpersons of any standing or special committee shall be appointed annually by the Board of Directors. Each committee (other than Departmental Operating Subcommittees, as defined in Section 8 of this Article VII) shall include at least two Directors, and may include such other interested individuals as determined appropriate by the Board of Directors. Each chairperson and member of a committee shall serve for a term of one year and until his or her successor has been appointed, subject to his or her earlier death, resignation or removal.

Section 3. Meetings of Committees. All standing committees shall function under the direction of the Board of Directors and shall meet as often as necessary to transact their business and shall make such reports as they may deem necessary or which may be specifically required of them. The chairperson of each committee shall determine the date, time, and place of all committee meetings. Minutes shall be kept of each meeting of each committee and such minutes shall be disseminated to all members of the Board of Directors, and to the Member. Each committee may adopt its own rules of procedure not inconsistent with these Bylaws.

Section 4. Quorum; Act of Committee. Except as otherwise provided herein, a majority of the members of a committee entitled to vote shall constitute a quorum for the transaction of business. Once a quorum has been established, subsequent withdrawal of committee members so as to reduce the number of members present to less than a quorum shall not affect the validity of any subsequent action taken at the meeting. Approval of any matter before any committee by a majority of those present at a meeting of a committee where a quorum is present shall constitute approval of the applicable matter by the applicable committee.

Section 5. Resignation. Any committee member may resign at any time by giving written notice thereof to the Chair, the President and Chief Executive Officer or the Secretary of the Corporation. Any such resignation shall take effect on the date of receipt of such notice by one of the above-specified officers, or at such later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Removal. Any committee member may be removed, with or without cause, by the Board of Directors or the Member whenever in the judgment of the Board of Directors or the Member the best interests of the Corporation will be served thereby.

Section 7. Operating Committee. The Operating Committee shall be comprised of at least eight (8) members appointed by the Board of Directors, including (i) four (4) non-physician representatives from the management of Member; and (ii) one physician representative from each clinical department of Member participating in the Corporation, which representative shall be the chair or acting chair of the respective clinical department or if the chair or acting chair declines to serve, a designee of the chair or acting chair of the applicable clinical department approved by the Board. The Operating Committee shall have responsibility to develop and recommend to the Board of Directors: (a) organizational and departmental budgets; (b) strategic goals with respect to financial, academic, and administrative matters; (c) practice development strategies and business plans; (d) policies and allocation methods with respect to staff, rent, and central services; (e) physician employment arrangements, productivity and performance guidelines, and compensation; (f) compliance plans; (g) operating principles and service standard plans; (h) evaluations of management and central services; and (i) marketing and promotion strategies. The Operating Committee shall meet at least quarterly and shall report to the Board of Directors after each such meeting regarding its actions and recommendations and the actions and recommendations of the Departmental Operating Subcommittees.

Section 8. Departmental Operating Subcommittees. Each of the Surgery Department Operating Subcommittee, Medicine Department Operating Subcommittee, Anesthesia Department Operating Subcommittee, Ob/Gyn Department Operating Subcommittee, and such other departmental operating subcommittees as shall be created by the Board (each a "Departmental Operating Subcommittee" and collectively, the "Departmental Operating Subcommittees") shall be comprised of the following members: (i) one physician (who shall serve as the chairperson of the Department Operating Subcommittee) appointed by the Board of Directors, which physician shall be the chair, acting chair, or if the chair or acting chair declines to serve, the designee of the chair or the acting chair of the applicable clinical department approved by the Board; (ii) the Vice President of the Member responsible for oversight of the department; (iii) and such other members as may be appointed by the chairperson of the Departmental Operating Subcommittee. Each Departmental Operating Subcommittee shall have

the responsibility to oversee the day-to-day operations of its associated clinical department and practice, which responsibilities shall include, without limitation (a) oversight of physician and non-physician productivity, performance guidelines, and compensation; (b) physician and non-physician performance evaluations and disciplinary actions; and (c) operating hours and service standard plans. Each Departmental Operating Subcommittee shall also make recommendations to the Operating Committee and Board of Directors regarding business plans and budgets, compensation and incentive plans, and hiring and firing of physician and non-physician staff. Each Departmental Operating Subcommittee shall meet at least quarterly and shall report to the Operating Committee after each such meeting regarding its actions and recommendations.

ARTICLE VIII

FISCAL YEAR

Section 1. Fiscal Year. The Fiscal Year of the Corporation shall begin on the first day of July of each year and end on the last day of June of the succeeding year.

ARTICLE IX

SEAL

Section 1. Seal. The seal of the Corporation shall be in such form as may be approved by the Board of Directors.

ARTICLE X

LIABILITY OF DIRECTORS

Section 1. Standard of Care and Fiduciary Duty. Each Director shall stand in a fiduciary relation to this Corporation and shall perform his or her duties as a Director, including his or her duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner the Director reasonably believes to be in the best interests of this Corporation, and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. In performing his or her duties, each Director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

(a) one or more officers or employees of this Corporation whom the Director reasonably believes to be reliable and competent in the matters presented;

(b) counsel, public accountants or other persons as to matters which the Director reasonably believes to be within the professional or expert competence of such persons; and

(c) a committee of the Board of this Corporation upon which the Director does not serve, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence.

A Director shall not be considered to be acting in good faith if the Director has knowledge concerning the matter in question that would cause his reliance to be unwarranted.

Section 2. Limitation on Liability. No Director of the Corporation shall be personally liable for monetary damages for any action taken, or any failure to take any action, provided however, that this provision shall not eliminate or limit the liability of or any Director to the extent that such elimination or limitation of liability is expressly prohibited by, Section 5713 of the PNCL, as in effect at the time of the alleged action or failure to take action by such Director.

Section 3. Preservation of Rights. Any repeal or modification of this Article shall not adversely affect any right or protection existing at the time of such repeal or modification to which any Director or former Director may be entitled under this Article. The rights conferred by this Article shall continue as to any person who has ceased to be a Director of the Corporation and shall inure to the benefit of the successors, heirs, executors, and administrators of such person.

ARTICLE XI

INDEMNIFICATION

Section 1. Mandatory Indemnification of Directors and Officers. The Corporation shall indemnify, to the fullest extent now or hereafter permitted by law (including but not limited to the indemnification provided by Chapter 57, Subchapter D of the PNCL), each Director and officer (including each former Director or officer) of the Corporation who was or is or is threatened to be made a party to or a witness in any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that the Director or officer is or was an authorized representative of the Corporation, or is or was serving at the written request of the Corporation as a representative of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the Director or officer in connection with such action, suit or proceeding if such Director or officer acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful.

Section 2. Mandatory Advancement of Expenses to Directors and Officers. The Corporation shall pay expenses (including attorneys' fees) incurred by a Director or officer of the Corporation referred to in Section 1 of this Article XI in defending or appearing as a witness in any civil or criminal action, suit or proceeding described in Section 1 of this Article XI in advance of the final disposition of such action, suit or proceeding. The expenses incurred by such Director or officer shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding only upon receipt of an undertaking by or on behalf of such Director or officer to repay all amounts advanced if it shall ultimately be determined that the Director or officer is not entitled to be indemnified by the Corporation as provided in Section 4 of this Article XI.

Section 3. Permissive Indemnification and Advancement of Expenses. The Corporation may, as determined by the Board of Directors from time to time, indemnify, in full or in part, to the fullest extent now or hereafter permitted by law, any person who was or is or is threatened to be made a party to or a witness in, or is otherwise involved in, any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was an authorized representative of the Corporation or is or was serving at the request of the Corporation as a representative of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise, both as to action in his official capacity and as to action in another capacity while holding such office or position, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in conjunction with such action, suit or proceeding if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The Corporation may, as determined by the Board of Directors from time to time, pay expenses incurred by any such person by reason of such person's participation in an action, suit or proceeding referred to in this Section 3 in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as provided in Section 4 of this Article XI.

Section 4. Scope of Indemnification. Indemnification under this article shall not be made by the Corporation in any case where a court determines that the alleged act or failure to act giving rise to the claim for indemnification is expressly prohibited by Chapter 57, Subchapter D of the PNCL or any successor statute as in effect at the time of such alleged action or failure to take action.

Section 5. Miscellaneous. Each Director and officer of the Corporation shall be deemed to act in such capacity in reliance upon such rights of indemnification and advancement of expenses as are provided in this Article. The rights of indemnification and advancement of expenses provided by this Article shall not be deemed exclusive of any other rights to which any person seeking indemnification or advancement of expenses may be entitled under any agreement, vote of members (if any), disinterested Directors, statute or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office or position, and shall continue as to a person who has ceased to be an authorized representative of the Corporation and shall inure to the benefit of the heirs, executors and administrators of such person. Any repeal or modification of this Article by the members (if any) or the Board of Directors of the Corporation shall not adversely affect any right or protection existing at the time of such appeal or modification to which any person may be entitled under this Article.

Section 6. Definition of Authorized Representative. For the purposes of this Article, the term, "authorized representative" shall mean a director, officer (including a former director of officer), or employee of the Corporation or of any corporation controlled by the Corporation, or a trustee, custodian, administrator, committeeman or fiduciary of any employee benefit plan established and maintained by the Corporation or by any corporation controlled by the Corporation, or person serving another corporation, partnership, joint venture, trust or other

enterprise in any of the foregoing capacities at the written request of the Corporation. The term "authorized representative" shall not include money managers or investment advisors (or any employees thereof) hired by the Corporation, and shall not include (i) agents of the Corporation unless indemnification thereof is expressly approved by the Board of Directors, or (ii) any Medical Staff appointee serving in his or her teaching or clinical capacity.

Section 7. Funding to Meet Indemnification Obligations. Subject to the approval of the Member, the Board of Directors shall have the power to borrow money on behalf of the Corporation, including the power to pledge the assets of the Corporation, from time to time to discharge the Corporation's obligations with respect to indemnification, the advancement and reimbursement of expenses, and the purchase and maintenance of insurance for the benefit of the Corporation and any person indemnified pursuant hereto. Upon the approval of the Member, the Corporation may, in lieu of or in addition to the purchase and maintenance of insurance, establish and maintain a fund of any nature or otherwise secure or insure in any manner its indemnification obligations, whether arising pursuant to this Article or otherwise.

ARTICLE XII

AMENDMENTS OF THESE BYLAWS AND/OR THE ARTICLES OF INCORPORATION OF THE CORPORATION

The power to amend, modify, alter or repeal these Bylaws or the Articles of Incorporation, is hereby exclusively vested in the Member.