

**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 5.1.1.7 FROM THE
PENNSYLVANIA INSURANCE DEPARTMENT**

REQUEST 5.1.1.7:

A full and complete copy of Form 1023 filed to apply for recognition under Section 501(c)(3) of the Internal Revenue Code, if applicable, and any communication (whether by letter, e-mail or otherwise) and/or other document provided and/or received by the entity regarding any Form 1023 filing and any amendments thereto.

RESPONSE:

See attached.

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

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West Penn Allegheny Health System
 IRS Form 1023 Summary

Organization	Form 1023 - Y/N	
West Penn Allegheny Health System, Inc.	N	(A)
Alle-Kiski Medical Center	Y	
Canonsburg General Hospital	N	(B)
Allegheny Singer Research Institute	N	(C)
Allegheny Medical Practice Network	Y	
Allegheny Specialty Practice Network	Y	
Canonsburg General Hospital Ambulance Service, Inc.	Y	
West Penn Allegheny Oncology Network	Y	
West Penn Physician Practice Network	Y	
Alle-Kiski Medical Center Trust	Y	
Forbes Health Foundation	N	(D)
Suburban Health Foundation	Y	
The Western Pennsylvania Hospital Foundation	Y	

- (A) West Penn Allegheny Health System, Inc (FKA: The Western Pennsylvania Hospital) was incorporated in 1848. No IRS Form 1023 exists for this entity.
- (B) It is unclear if an IRS Form 1023 exists for Canonsburg General Hospital. The EIN associated with Canonsburg General Hospital was formerly associated with a different tax exempt organization. Canonsburg General Hospital may have been granted tax exempt status through a private letter ruling instead of the filing of Form 1023. The West Penn Allegheny Health System Tax Department does not have the historical background surrounding this matter.
- (C) IRS Form 1023 can not be located. West Penn Allegheny Health System inquired with the IRS in an attempt to have the IRS provide us a copy. The IRS responded that they no longer retain a copy of Form 1023.
- (D) Formed through the filing of a private letter ruling. Forbes Health Foundation (FKA: Forbes Regional Hospital) spun out of the merger of Forbes Regional Hospital with and into The Western Pennsylvania Hospital.

Document Divider

**Application for Recognition of Exemption
 Under Section 501(c)(3) of the Internal Revenue Code**

OMB No. 1545-0046
 Note: If exempt status is approved, this application will be open for public inspection.

Read the instructions for each Part carefully.
 A User Fee must be attached to this application.
 If the required information and appropriate documents are not submitted along with Form 8718 (with payment of the appropriate user fee), the application may be returned to you.
 Complete the Procedural Checklist on page 8 of the instructions.

Part I Identification of Applicant

1a Full name of organization (as shown in organizing document) Alla-Kobi Medical Center		2 Employer identification number (EIN) (If none, see page 3 of the Specific Instructions.) 28-1878178
1b c/o Name (if applicable)		3 Name and telephone number of person to be contacted if additional information is needed (212) 830-7258; Michael A. Lehman
1c Address (number and street) 1301 Carlisle Street	Room/Suite	
1d City, town, or post office, state, and ZIP + 4. If you have a foreign address, see Specific Instructions for Part I, page 3. Natrone Heights, Pennsylvania 15068		4 Month the annual accounting period ends June
1e Web site address www.wpahs.org/AKMC/Index.html (See Attachment #1)		5 Date incorporated or formed November 13, 2000
7 Did the organization previously apply for recognition of exemption under this Code section or under any other section of the Code? If "Yes," attach an explanation.		6 Check here if applying under section: a <input type="checkbox"/> 501(a) b <input type="checkbox"/> 501(b) c <input type="checkbox"/> 501(c) d <input type="checkbox"/> 501(h)
8 Is the organization required to file Form 990 (or Form 990-EZ)? If "No," attach an explanation (see page 3 of the Specific Instructions).		<input type="checkbox"/> N/A <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
9 Has the organization filed Federal income tax returns or exempt organization information returns? If "Yes," state the form numbers, years filed, and Internal Revenue office where filed.		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

10 Check the box for the type of organization. ATTACH A CONFORMED COPY OF THE CORRESPONDING ORGANIZING DOCUMENTS TO THE APPLICATION BEFORE MAILING. (See Specific Instructions for Part I, Line 10, on page 3.) See also Pub. 557 for examples of organizational documents.)

- a Corporation—Attach a copy of the Articles of Incorporation (including amendments and restatements) showing approval by the appropriate state official; also include a copy of the bylaws.
- b Trust— Attach a copy of the Trust Indenture or Agreement, including all appropriate signatures and dates.
- c Association— Attach a copy of the Articles of Association, Constitution, or other creating document, with a declaration (see instructions) or other evidence the organization was formed by adoption of the document by more than one person; also include a copy of the bylaws.

If the organization is a corporation or an unincorporated association that has not yet adopted bylaws, check here

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and that I have examined this application, including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete.

Please Sign Here  Secretary Jerry J. Fedele 11/21/00
(Signature) (Type or print name and title or authority of signer) (Date)

Part II Activities and Operational Information

- 1 Provide a detailed narrative description of all the activities of the organization—past, present, and planned. Do not merely refer to or repeat the language in the organizational document. List each activity separately in the order of importance based on the relative time and other resources devoted to the activity. Indicate the percentage of time for each activity. Each description should include, as a minimum, the following: (a) a detailed description of the activity including its purpose and how each activity furthers your exempt purpose; (b) when the activity was or will be initiated; and (c) where and by whom the activity will be conducted.

See Attachment #4

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- 2 What are or will be the organization's sources of financial support? List in order of size.
See Attachment #7

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- 3 Describe the organization's fundraising program, both actual and planned, and explain to what extent it has been put into effect. Include details of fundraising activities such as selective mailings, formation of fundraising committees, use of volunteers or professional fundraisers, etc. Attach representative copies of solicitations for financial support.
See Attachment #8
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Part II Activities and Operational Information (Continued)

4 Give the following information about the organization's governing body:

a Names, addresses, and titles of officers, directors, trustees, etc.

See Attachment #9

b Annual compensation

See Attachment #9

c Do any of the above persons serve as members of the governing body by reason of being public officials or being appointed by public officials? Yes No
If "Yes," name those persons and explain the basis of their selection or appointment.

d Are any members of the organization's governing body "disqualified persons" with respect to the organization (other than by reason of being a member of the governing body) or do any of the members have either a business or family relationship with "disqualified persons"? (See Specific Instructions for Part II, Line 4d, on page 3.) Yes No
If "Yes," explain.

5 Does the organization control or is it controlled by any other organization? Yes No
Is the organization the outgrowth of (or successor to) another organization, or does it have a special relationship with another organization by reason of interlocking directorates or other factors? Yes No
If either of these questions is answered "Yes," explain.

See Attachment #10

6 Does or will the organization directly or indirectly engage in any of the following transactions with any political organization or other exempt organization (other than a 501(c)(3) organization): (a) grants; (b) purchases or sales of assets; (c) rental of facilities or equipment; (d) loans or loan guarantees; (e) reimbursement arrangements; (f) performance of services, membership, or fundraising solicitations; or (g) sharing of facilities, equipment, mailing lists or other assets, or paid employees? Yes No
If "Yes," explain fully and identify the other organizations involved.

7 Is the organization financially accountable to any other organization? Yes No
If "Yes," explain and identify the other organization. Include details concerning accountability or attach copies of reports if any have been submitted.

See Attachment #11

Part II Activities and Operational Information (Continued)

8 What assets does the organization have that are used in the performance of its exempt function? (Do not include property producing investment income.) If any assets are not fully operational, explain their status, what additional steps remain to be completed, and when such final steps will be taken. If none, indicate "N/A."

See Attachment #12

9 Will the organization be the beneficiary of tax-exempt bond financing within the next 2 years? Yes No
See Attachment #13

10a Will any of the organization's facilities or operations be managed by another organization or individual under a contractual agreement? Yes No

b Is the organization a party to any leases? Yes No
If either of these questions is answered "Yes," attach a copy of the contracts and explain the relationship between the applicant and the other parties.

See Attachment #14

11 Is the organization a membership organization? Yes No
If "Yes," complete the following:

a Describe the organization's membership requirements and attach a schedule of membership fees and dues.

See Attachment #15

b Describe the organization's present and proposed efforts to attract members and attach a copy of any descriptive literature or promotional material used for this purpose.

See Attachment #15

c What benefits do (or will) the members receive in exchange for their payment of dues?

See Attachment #15

12a If the organization provides benefits, services, or products, are the recipients required, or will they be required, to pay for them? N/A Yes No
If "Yes," explain how the charges are determined and attach a copy of the current fee schedule.

See Attachment #16

b Does or will the organization limit its benefits, services, or products to specific individuals or classes of individuals? N/A Yes No
If "Yes," explain how the recipients or beneficiaries are or will be selected.

13 Does or will the organization attempt to influence legislation? Yes No
If "Yes," explain. Also, give an estimate of the percentage of the organization's time and funds that it devotes or plans to devote to this activity.

14 Does or will the organization intervene in any way in political campaigns, including the publication or distribution of statements? Yes No
If "Yes," explain fully.

Part III Technical Requirements

1 Are you filing Form 1023 within 15 months from the end of the month in which your organization was created or formed? Yes No
If you answer "Yes," do not answer questions on lines 2 through 6 below.

2 If one of the exceptions to the 15-month filing requirement shown below applies, check the appropriate box and proceed to question 7.

Exceptions--You are not required to file an exemption application within 15 months if the organization:

- a Is a church, interchurch organization of local units of a church, a convention or association of churches, or an integrated auxiliary of a church. See **Specific Instructions**, Line 2a, on page 4;
- b Is not a private foundation and normally has gross receipts of not more than \$5,000 in each tax year; or
- c Is a subordinate organization covered by a group exemption letter, but only if the parent or supervisory organization timely submitted a notice covering the subordinate.

3 If the organization does not meet any of the exceptions on line 2 above, are you filing Form 1023 within 27 months from the end of the month in which the organization was created or formed? Yes No

If "Yes," your organization qualifies under Regulation section 301.9100-2, for an automatic 12-month extension of the 15-month filing requirement. Do not answer questions 4 through 6.

If "No," answer question 4.

4 If you answer "No" to question 3, does the organization wish to request an extension of time to apply under the "reasonable action and good faith" and the "no prejudice to the interest of the government" requirements of Regulations section 301.9100-3? Yes No

If "Yes," give the reasons for not filing this application within the 27-month period described in question 3. See **Specific Instructions**, Part III, Line 4, before completing this item. Do not answer questions 5 and 6.

If "No," answer questions 5 and 6.

5 If you answer "No" to question 4, your organization's qualification as a section 501(c)(3) organization can be recognized only from the date this application is filed. Therefore, do you want us to consider the application as a request for recognition of exemption as a section 501(c)(3) organization from the date the application is received and not retroactively to the date the organization was created or formed? Yes No

6 If you answer "Yes" to question 5 above and wish to request recognition of section 501(c)(4) status for the period beginning with the date the organization was formed and ending with the date the Form 1023 application was received (the effective date of the organization's section 501(c)(3) status), check here and attach a completed page 1 of Form 1024 to this application.

Part III Technical Requirements (Continued)

- 7 Is the organization a private foundation?
 Yes (Answer question 8.)
 No (Answer question 9 and proceed as instructed.)

- 8 If you answer "Yes" to question 7, does the organization claim to be a private operating foundation?
 Yes (Complete Schedule E.)
 No

After answering question 8 on this line, go to line 14 on page 7.

- 9 If you answer "No" to question 7, indicate the public charity classification the organization is requesting by checking the box below that most appropriately applies:

THE ORGANIZATION IS NOT A PRIVATE FOUNDATION BECAUSE IT QUALIFIES:

- | | | |
|---|--|---|
| a | <input type="checkbox"/> As a church or a convention or association of churches
(CHURCHES MUST COMPLETE SCHEDULE A.) | Sections 509(a)(1)
and 170(b)(1)(A)(i) |
| b | <input type="checkbox"/> As a school (MUST COMPLETE SCHEDULE B.) | Sections 509(a)(1)
and 170(b)(1)(A)(ii) |
| c | <input checked="" type="checkbox"/> As a hospital or a cooperative hospital service organization, or a medical research organization operated in conjunction with a hospital (These organizations, except for hospital service organizations, MUST COMPLETE SCHEDULE C.) | Sections 509(a)(1)
and 170(b)(1)(A)(iii) |
| d | <input type="checkbox"/> As a governmental unit described in section 170(c)(1). | Sections 509(a)(1)
and 170(b)(1)(A)(iv) |
| e | <input type="checkbox"/> As being operated solely for the benefit of, or in connection with, one or more of the organizations described in a through d, g, h, or i (MUST COMPLETE SCHEDULE D.) | Section 509(a)(3) |
| f | <input type="checkbox"/> As being organized and operated exclusively for testing for public safety. | Section 509(a)(4) |
| g | <input type="checkbox"/> As being operated for the benefit of a college or university that is owned or operated by a governmental unit. | Sections 509(a)(1)
and 170(b)(1)(A)(v) |
| h | <input type="checkbox"/> As receiving a substantial part of its support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public. | Sections 509(a)(1)
and 170(b)(1)(A)(vi) |
| i | <input type="checkbox"/> As normally receiving not more than one-third of its support from gross investment income and more than one-third of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions). | Section 509(a)(2) |
| j | <input type="checkbox"/> The organization is a publicly supported organization but is not sure whether it meets the public support test of h or i. The organization would like the IRS to decide the proper classification. | Sections 509(a)(1)
and 170(b)(1)(A)(vii)
or Section 509(a)(2) |

If you checked one of the boxes a through f in question 9, go to question 14. If you checked box g in question 9, go to questions 11 and 12. If you checked box h, i, or j, in question 9, go to question 10.

Part III Technical Requirements (Continued)

- 10 If you checked box h, i, or j in question 9, has the organization completed a tax year of at least 8 months?
- Yes—Indicate whether you are requesting:
 - A definitive ruling. (Answer questions 11 through 14.)
 - An advance ruling. (Answer questions 11 and 14 and attach two Forms 872-C completed and signed.)
 - No—You must request an advance ruling by completing and signing two Forms 872-C and attaching them to the Form 1023.
- 11 If the organization received any unusual grants during any of the tax years shown in Part IV-A, **Statement of Revenue and Expenses**, attach a list for each year showing the name of the contributor; the date and the amount of the grant; and a brief description of the nature of the grant.

- 12 If you are requesting a definitive ruling under section 170(b)(1)(A)(iv) or (vi), check here and:
- a Enter 2% of line 8, column (e), Total, of Part IV-A _____
 - b Attach a list showing the name and amount contributed by each person (other than a governmental unit or "publicly supported" organization) whose total gifts, grants, contributions, etc., were more than the amount entered on line 12a above.

- 13 If you are requesting a definitive ruling under section 509(a)(2), check here and:
- a For each of the years included on lines 1, 2, and 9 of Part IV-A, attach a list showing the name of and amount received from each "disqualified person." (For a definition of "disqualified person," see **Specific Instructions**, Part II, Line 4d, on page 3.)
 - b For each of the years included on line 9 of Part IV-A, attach a list showing the name of and amount received from each payer (other than a "disqualified person") whose payments to the organization were more than \$5,000. For this purpose, "payer" includes, but is not limited to, any organization described in sections 170(b)(1)(A)(i) through (vi) and any governmental agency or bureau.

14 Indicate if your organization is one of the following. If so, complete the required schedule. (Submit only those schedules that apply to your organization. Do not submit blank schedules.)	Yes	No	If "Yes," complete Schedule:
Is the organization a church?		✓	A
Is the organization, or any part of it, a school?		✓	B
Is the organization, or any part of it, a hospital or medical research organization?	✓		C
Is the organization a section 509(a)(3) supporting organization?		✓	D
Is the organization a private operating foundation?		✓	E
Is the organization, or any part of it, a home for the aged or handicapped?		✓	F
Is the organization, or any part of it, a child care organization?		✓	G
Does the organization provide or administer any scholarship benefits, student aid, etc.?		✓	H
Has the organization taken over, or will it take over, the facilities of a "for profit" institution? . . .		✓	I

Part IV Financial Data

Complete the financial statements for the current year and for each of the 3 years immediately before it. If in existence less than 4 years, complete the statements for each year in existence. If in existence less than 1 year, also provide proposed budgets for the 2 years following the current year.

A. Statement of Revenue and Expenses

	Current tax year	3 prior tax years or proposed budget for 2 years			(e) TOTAL
	(a) From 10/6/30/01 to 6/30/01	(b) 7/1/01 6/30/02	(c) 7/1/02 6/30/03	(d)	
Revenue					
1 Gifts, grants, and contributions received (not including unusual grants—see page 6 of the instructions).	\$ 10,000	\$ 11,000	\$ 12,100		\$33,100
2 Membership fees received	0	0	0		0
3 Gross investment income (see instructions for definition)	\$661,894	\$714,846	\$772,033		\$2,148,773
4 Net income from organization's unrelated business activities not included on line 3	\$230,000	\$236,900	\$244,007		\$710,907
5 Tax revenues levied for and either paid to or spent on behalf of the organization	0	0	0		0
6 Value of services or facilities furnished by a governmental unit to the organization without charge (not including the value of services or facilities generally furnished the public without charge)	0	0	0		0
7 Other income (not including gain or loss from sale of capital assets) (attach schedule)	\$625,610	\$644,378	\$663,710		\$1,933,698
8 Total (add lines 1 through 7)	\$1,527,504	\$1,607,124	\$1,691,850		\$4,826,478
9 Gross receipts from admissions, sales of merchandise or services, or furnishing of facilities in any activity that is not an unrelated business within the meaning of section 513. Include related cost of sales on line 22	\$86,398,740	\$96,353,397	\$98,280,465		\$281,032,602
10 Total (add lines 8 and 9)	\$87,926,244	\$97,960,521	\$99,972,315		\$285,859,080
11 Gain or loss from sale of capital assets (attach schedule)	0	0	0		0
12 Unusual grants	0	0	0		0
13 Total revenue (add lines 10 through 12)	\$87,926,244	\$97,960,521	\$99,972,315		\$285,859,080
Expenses					
14 Fundraising expenses	0	0	0		
15 Contributions, gifts, grants, and similar amounts paid (attach schedule)	0	0	0		
16 Disbursements to or for benefit of members (attach schedule)	0	0	0		
17 Compensation of officers, directors, and trustees (attach schedule)	0	0	0		
18 Other salaries and wages	\$41,777,253	\$45,770,647	\$46,686,060		
19 Interest	\$4,805,953	\$5,312,188	\$5,232,505		
20 Occupancy (rent, utilities, etc.)	\$1,420,601	\$1,620,601	\$1,653,013		
21 Depreciation and depletion	\$5,356,735	\$5,735,400	\$5,810,400		
22 Other (attach schedule)	\$32,739,500	\$36,782,685	\$37,796,557		
23 Total expenses (add lines 14 through 22)	\$86,100,042	\$95,221,521	\$97,178,535		
24 Excess of revenue over expenses (line 13 minus line 23)	\$1,826,202	\$2,739,000	\$2,793,780		

Part IV Financial Data (Continued)

B. Balance Sheet (at the end of the period shown)		Current tax year Date 11/13/00
Assets		
1	Cash	1 \$3,207,449
2	Accounts receivable, net	2 \$12,448,628
3	Inventories	3 \$643,000
4	Bonds and notes receivable (attach schedule)	4 0
5	Corporate stocks (attach schedule)	5 0
6	Mortgage loans (attach schedule)	6 0
7	Other investments (attach schedule)	7 \$15,347,000
8	Depreciable and depletable assets (attach schedule)	8 \$32,587,648
9	Land	9 \$1,764,500
10	Other assets (attach schedule)	10 0
11	Total assets (add lines 1 through 10)	11 \$77,168,780
Liabilities		
12	Accounts payable	12 \$2,470,844
13	Contributions, gifts, grants, etc., payable	13 0
14	Mortgages and notes payable (attach schedule)	14 0
15	Other liabilities (attach schedule)	15 \$71,144,967
16	Total liabilities (add lines 12 through 15)	16 \$73,615,811
Fund Balances or Net Assets		
17	Total fund balances or net assets	17 \$3,552,969
18	Total liabilities and fund balances or net assets (add line 16 and line 17)	18 \$77,168,780

If there has been any substantial change in any aspect of the organization's financial activities since the end of the period shown above, check the box and attach a detailed explanation

NOTE: The Applicant is a newly-formed corporation that has no assets or liabilities. The balance sheet shown above represents the Allegheny Valley Hospital balance sheet as of the date above, which is expected to be the Applicant's initial balance sheet.

Schedule C. Hospitals and Medical Research Organizations

- Check here if claiming to be a hospital; complete the questions in Section I of this schedule; and write "N/A" in Section II.
- Check here if claiming to be a medical research organization operated in conjunction with a hospital; complete the questions in Section II of this schedule; and write "N/A" in Section I.

Section I Hospitals

1a How many doctors are on the hospital's courtesy staff? 277

b Are all the doctors in the community eligible for staff privileges? Yes No
If "No," give the reasons why and explain how the courtesy staff is selected.

2a Does the hospital maintain a full-time emergency room? Yes No

b What is the hospital's policy on administering emergency services to persons without apparent means to pay?

See Attachment #21

c Does the hospital have any arrangements with police, fire, and voluntary ambulance services for the delivery or admission of emergency cases? Yes No
Explain.

3a Does or will the hospital require a deposit from persons covered by Medicare or Medicaid in its admission-practices? Yes No
If "Yes," explain.

b Does the same deposit requirement, if any, apply to all other patients? Yes No
If "No," explain.

4 Does or will the hospital provide for a portion of its services and facilities to be used for charity patients? Yes No
Explain the policy regarding charity cases. Include data on the hospital's past experience in admitting charity patients and arrangements it may have with municipal or government agencies for absorbing the cost of such care.

See Attachment #22

5 Does or will the hospital carry on a formal program of medical training and research? Yes No
If "Yes," describe.

See Attachment #23

6 Does the hospital provide office space to physicians carrying on a medical practice? Yes No
If "Yes," attach a list setting forth the name of each physician, the amount of space provided, the annual rent, the expiration date of the current lease and whether the terms of the lease represent fair market value.

Section II Medical Research Organizations

1 Name the hospitals with which the organization has a relationship and describe the relationship.

2 Attach a schedule describing the organization's present and proposed (indicate which) medical research activities; show the nature of the activities, and the amount of money that has been or will be spent in carrying them out. (Making grants to other organizations is not direct conduct of medical research.)

3 Attach a statement of assets showing their fair market value and the portion of the assets directly devoted to medical research.

For more information, see back of Schedule C.

Alle-Kiski Medical Center
EIN: 25-1875178
Application for Recognition of Section 501(c)(3) Status

List of Attachments

- Attachment #1: Web Site
- Attachment #2: Articles of Incorporation
- Attachment #3: By-Laws
- Attachment #4: Response to Part II, Question 1: Activities and Operational Information
- Attachment #5: Excerpt from West Penn Allegheny Health System, Inc. Form 1023 regarding creation of the Applicant
- Attachment #6: Plan of Division
- Attachment #7: Response to Part II, Question 2: Sources of Financial Support
- Attachment #8: Response to Part II, Question 3: Fund Raising
- Attachment #9: Response to Part II, Question 4: Directors and Officers
- Attachment #10: Response to Part II, Question 5: Control by Another Organization
- Attachment #11: Response to Part II, Question 7: Financial Accountability
- Attachment #12: Response to Part II, Question 8: Assets
- Attachment #13: Response to Part II, Question 9: Tax-Exempt Bond Financing
- Attachment #14: CGH Lease
- Attachment #15: Response to Part II, Question 11: Status as a Membership Organization
- Attachment #16: Response to Part II, Question 12: Benefits, Services or Products
- Attachment #17: Schedule to Part IV, Section A, Line 7
- Attachment #18: Schedule to Part IV, Section A, Line 22
- Attachment #19: Response to Part IV, Section B, Lines 7 and 8: Other Investments; Depreciable Assets
- Attachment #20: Response to Part IV, Section B, Line 15: Other Liabilities
- Attachment #21: Response to Schedule C, Section I, Question 2(b): Emergency Room
- Attachment #22: Response to Schedule C, Section I, Question 5: Charity Care
- Attachment #23: Response to Schedule C, Section I, Question 5: Medical Training
- Attachment #24: Response to Schedule C, Section I, Question 6: Office Space

Alle-Kiski Medical Center
EIN: 25-1875178
Application for Recognition of Section 501(c)(3) Status

Attachment #1
Response to Part I, Question 1(e): Web Site

The web site address is not yet effective. As described below, the Applicant will become the corporate successor of Allegheny Valley Hospital, an operating division of Allegheny University Medical Centers, a Pennsylvania not-for-profit corporation, augmented by certain operating programs of Citizens General Hospital, also a Pennsylvania not-for-profit corporation. Information on Allegheny Valley Hospital is included on the web site of its parent corporation, West Penn Allegheny Health System, Inc. at www.wpahs.org/AVH/index.html. The Allegheny Valley Hospital web site will be deactivated and replaced with the Applicant's web site address once the Applicant becomes the successor to Allegheny Valley Hospital. The effective date of that transaction is discussed in Attachment #4, below.

Alle-Kiski Medical Center
EIN: 25-1875178
Application for Recognition of Section 501(c)(3) Status

Attachment #2
Response to Part I, Question 10(a): Articles of Incorporation

Because the Applicant came into existence through the division of Allegheny University Medical Centers (as described in further detail in Attachment #4 below), the Applicant's Articles of Incorporation are contained within the Articles of Division of Allegheny University Medical Centers. Under Pennsylvania Not-For-Profit Corporation Law, the Applicant's Articles of Incorporation became effective upon the filing of the Articles of Division. A copy of the Articles of Division bearing the stamp of the Pennsylvania Secretary of State follows.

WPAHS-001418

ARTICLES OF DIVISION

OF

ALLEGHENY UNIVERSITY MEDICAL CENTERS

In compliance with the requirements of 15 Pa. C.S. § 5954 (relating to articles of division) the undersigned nonprofit corporation, desiring to effect a division, hereby states that:

FIRST: The name of the dividing domestic corporation is Allegheny University Medical Centers.

SECOND: The dividing corporation is a domestic nonprofit corporation and the address of its current registered office in this Commonwealth is 120 Fifth Avenue, Suite 2900, Pittsburgh, Pennsylvania 15222, located in the county of Allegheny.

THIRD: The dividing corporation was incorporated under the Pennsylvania Nonprofit Corporation Law of 1988, and its date of incorporation was June 5, 1996.

FOURTH: Allegheny University Medical Centers will survive the division.

FIFTH: The name and address of the registered office of the new domestic nonprofit corporation is as follows:

(a) Alle-Kiski Medical Center - 1301 Carlisle Street, Natrona Heights, Pennsylvania 15065, located in the county of Allegheny.

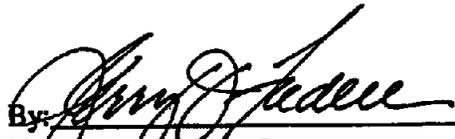
SIXTH: The Plan of Division shall be effective upon the filing of these Articles of Division with the Department of State of the Commonwealth of Pennsylvania.

SEVENTH: The Plan of Division was approved and adopted by the action of the sole Member of Allegheny University Medical Centers pursuant to 15 Pa C.S. § 5905.

EIGHTH: The Plan of Division is set forth in Exhibit A, attached hereto and made a part hereof.

IN TESTIMONY WHEREOF, the undersigned nonprofit corporation has caused these Articles of Division to be signed by a duly authorized officer thereof this 8th day of November, 2000.

ALLEGHENY UNIVERSITY
MEDICAL CENTERS

By: 
Name: JERRY J. FEDELE
Title SECRETARY

PLAN OF DIVISION
OF
ALLEGHENY UNIVERSITY MEDICAL CENTERS

The sole Member of Allegheny University Medical Centers, in compliance with the Pennsylvania Nonprofit Corporation Law, adopts the following Plan of Division (the "Plan"):

FIRST: Allegheny University Medical Centers ("AUMC"), the dividing corporation, is a Pennsylvania nonprofit corporation.

SECOND: The division of AUMC will be effective immediately upon the filing of the Articles of Division with the Department of State of the Commonwealth of Pennsylvania, but the transfer of assets pursuant to this Plan of Division from AUMC to the newly created corporation referred to in paragraph FIFTH hereof shall not occur until satisfaction of the conditions, and delivery of the certificate, described in paragraph SEVENTH hereof.

THIRD: AUMC will survive the division.

FOURTH: Upon the deemed transfer of assets pursuant to this Plan of Division from AUMC to the newly created corporation referred to in paragraph FIFTH hereof, the Articles of Incorporation of AUMC, the surviving corporation, shall be amended to change (i) the name of AUMC to Forbes Regional Hospital; and (ii) the location of the registered office of AUMC to 2570 Haymaker Road, Monroeville, PA 15146-3592. The Amended and Restated Articles of Incorporation of AUMC are attached as Exhibit 1.

FIFTH: The division shall result in the creation of one nonprofit corporation: Alle-Kiski Medical Center ("AKMC"). The Articles of Incorporation of AKMC are attached as Exhibit 2.

SIXTH: Upon the effectiveness of the division, the sole Member of AUMC, West Penn Allegheny Health System, Inc. a Pennsylvania nonprofit corporation, will also be the sole Member of AKMC and will provide overall direction to AKMC. Upon satisfaction of all of the conditions, and delivery of the certificate, referred to in paragraph SEVENTH hereof, the assets of AUMC located at and/or used exclusively in connection with the operation of, the Allegheny Valley Hospital ("AVH") division of AUMC, including, without limitation, the assets identified on Exhibit 3 hereto (collectively, the "AKMC Assets"), shall be transferred to and vested in, and thereafter the operation of the AVH division of AUMC shall be carried out by, AKMC. AKMC

shall assume any and all liabilities associated with the AKMC Assets, including but not limited to any existing mortgage on any and all real property comprising part of the AKMC Assets.

SEVENTH: The actual transfer of the AKMC Assets pursuant to this Plan of Division, and the vesting of those assets in AKMC, will be deemed to occur upon the satisfaction of all of the following conditions, and delivery to AUMC of a certificate of the Secretary of AKMC that such conditions have been satisfied: (1) receipt by AKMC of a favorable determination letter from the Internal Revenue Service recognizing AKMC as exempt from federal income taxation under Section 501(a) of the Internal Revenue Code of 1986, as amended (the "Code"), as an organization described in Section 501(c)(3) of the Code; (2) approval of such transfer of the AKMC Assets by the Orphan's Court Division of the Court of Common Pleas of Allegheny County, Pennsylvania; and (3) addition of AKMC as a member of the obligated group referred to in the indenture dated as of July 1, 2000 among AUMC, certain of its affiliates, and Chase Manhattan Trust Company, National Association, as Master Trustee.

EIGHTH: The initial Directors of AKMC will be the individuals named in attached Exhibit 4. The initial officers of AKMC shall be appointed by the initial Directors of AKMC, subject to ratification by the sole Member of AKMC after consultation with the Board of Directors of AKMC.

NINTH: Except as provided in paragraph SIXTH of this plan, AUMC will retain all of its current property and such property shall not be contributed or otherwise transferred to the resulting corporation.

TENTH: A meeting of the sole Member of AUMC was duly called and convened on October 27, 2000. Pursuant to the Bylaws of AUMC, at such meeting the sole Member adopted a resolution adopting the Plan of Division and the Articles of Division, a copy of which is attached as Exhibit 5, adopting the Plan.

IN WITNESS WHEREOF, the undersigned nonprofit corporation has caused this Plan to be signed by a duly authorized officer this 8th day of November, 2000.

ALLEGHENY UNIVERSITY
MEDICAL CENTERS

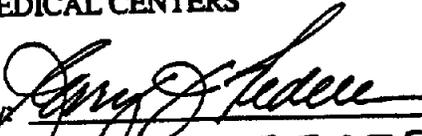
By: 
Name: JERRY J. FEDELE
Title: SECRETARY

EXHIBIT 1

**AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
ALLEGHENY UNIVERSITY MEDICAL CENTERS**

In compliance with the requirements of 15 Pa.C.S. § 5915 (relating to Articles of Amendment), the undersigned nonprofit corporation, desiring to amend and restate its Articles of Incorporation in their entirety, hereby states that:

1. The name of the corporation is Allegheny University Medical Centers (hereinafter the "Corporation")
2. The address of the Corporation's current registered office in this Commonwealth is 120 Fifth Avenue, Suite 2900, Pittsburgh, Pennsylvania 15222, located in the county of Allegheny.
3. The Corporation was incorporated under the Pennsylvania Nonprofit Corporation Law of 1988.
4. The date of incorporation was June 5, 1996.
5. The amendment shall be effective upon filing these Articles of Amendment in the Department of State.
6. The amendment, restating the Articles of Incorporation, was adopted by the sole member pursuant to 15 Pa.C.S. § 5914(a).
7. The amendment, restating the Articles of Incorporation, adopted by the corporation, set forth in full, is as follows:

FIRST: The name of the corporation is Forbes Regional Hospital (hereinafter the "Corporation").

SECOND: The address of the Corporation's registered office in this Commonwealth is 2570 Haymaker Road, Monroeville, Pennsylvania 15146-3592, located in the county of Allegheny.

THIRD: The Corporation is formed and is to be operated exclusively for charitable, scientific and educational purposes in such a manner that the Corporation will be an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") by:

Providing, maintaining, operating, and supporting 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;

Carrying on training, research and educational 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; and

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.

FOURTH: The Corporation does not contemplate pecuniary gain or profit, incidental or otherwise.

FIFTH: The Corporation is organized upon a nonstock basis.

SIXTH: The Member or Members shall be the entity and/or persons identified as such in the Corporation's Bylaws. As such, the Member or Members shall have all of the rights and privileges conferred upon nonprofit corporate Members under the laws of the Commonwealth of Pennsylvania, except as otherwise specified in the Bylaws of the Corporation, as well as such additional rights and privileges as shall be specified in the Bylaws of the Corporation.

SEVENTH: Notwithstanding any other provision herein, the Corporation is organized and is to be operated exclusively for one or more of the purposes specified in section 501(c)(3) of the Code and shall neither have nor exercise any power, nor shall it engage directly or indirectly in any activity, that would invalidate (i) its status as 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) its status as an organization, contributions to which are deductible under sections 170(c)(2), 2055(a)(2) and 2522(a)(2) of the Code.

EIGHTH: No part of the net earnings of the Corporation shall inure to the benefit of any trustee, director or officer of the Corporation or any private individual, firm, corporation or association, except that reasonable compensation may be paid for services rendered and payments and distributions may be made in furtherance of the purposes set forth in Article THIRD hereof, and no trustee, director or officer of the Corporation, nor any private individual, firm, corporation or association, shall be entitled to share in the distribution of any of the corporate assets on dissolution of the Corporation.

NINTH: In the event of dissolution of the Corporation, its Board of Directors, after making provision for the payment of all of the liabilities of the Corporation, and subject to providing prior notice to the Attorney General, obtaining the approval of the Orphans' Court of the Commonwealth of Pennsylvania, and compliance with the laws of the Commonwealth of Pennsylvania, shall arrange for either the direct distribution of all of the assets of the Corporation for the purposes of the Corporation (as set forth in Article THIRD hereof) or the distribution to one or more organizations (i) which qualify for exemption under the provisions of section 501(a) of the Code as an organization described in section 501(c)(3) of the Code and classified as a public charity pursuant to section 509 (a) of the Code and the Treasury Regulations promulgated thereunder, and (ii) contributions to which then are deductible under sections 170(c)(2), 2055(a)(2) and 2522 (a)(2) of the Code.

TENTH: No substantial part of the activities of the Corporation shall be carrying on propaganda, or otherwise attempting to influence legislation, except as may otherwise be permitted by section 501(h) of the Code. No part of the activities of the Corporation shall be participating in, or intervening in, any political campaign on behalf of or in opposition to any candidate for public office (including the publishing or distributing of statements).

ELEVENTH: The Member or Members may alter or amend these Articles, subject to obtaining any additional approvals required by the By-laws of the Corporation, and provided that any such alteration or amendment shall be consistent with the Corporation's status as a corporation (i) 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.

TWELFTH: Reference in these Articles to sections of the "Code" shall be deemed to include corresponding provisions of any future United States Internal Revenue law.

8. The restated Articles of Incorporation supersede the original Articles and all amendments thereto.

EXHIBIT 2

ARTICLES OF INCORPORATION

OF

ALLE-KISKI MEDICAL CENTER

In compliance with the requirements of 15 Pa.C.S. § 5306 (relating to articles of incorporation), the undersigned, desiring to incorporate a nonprofit corporation, hereby states that:

FIRST: The name of the corporation is Alle-Kiski Medical Center (hereinafter the "Corporation").

SECOND: The address of the Corporation's registered office in this Commonwealth is 1301 Carlisle Street, Natrona Heights, Pennsylvania, located in the county of Allegheny.

THIRD: - The Corporation is formed under the Nonprofit Corporation Law of 1988 and is to be operated exclusively for charitable, scientific and educational purposes in such a manner that the Corporation will be an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") by:

(a) Providing, maintaining, operating, and supporting 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;

(b) Carrying on training, research and educational 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; and

(c) 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.

FOURTH: The names and addresses of the initial directors of the Corporation are as follows:

Charles M. O'Brien, Jr.
4800 Friendship Avenue
Pittsburgh, PA 15224

Jerry J. Fedele
320 E. North Avenue
Pittsburgh, PA 15212

David A. Samuel
320 E. North Avenue
Pittsburgh, PA 15224

Joseph Calig
1301 Carlisle Street
Natrona Heights, PA 15065

FIFTH: The Corporation does not contemplate pecuniary gain or profit, incidental or otherwise.

SIXTH: The Corporation is organized upon a nonstock basis.

SEVENTH: The Member or Members shall be the entity and/or persons identified as such in the Corporation's Bylaws. As such, the Member or Members shall have all of the rights and privileges conferred upon nonprofit corporate Members under the laws of the Commonwealth of Pennsylvania, except as otherwise specified in the Bylaws of the Corporation, as well as such additional rights and privileges as shall be specified in the Bylaws of the Corporation.

EIGHTH: Notwithstanding any other provision herein, the Corporation is organized and is to be operated exclusively for one or more of the purposes specified in section 501(c)(3) of the Code and shall neither have nor exercise any power, nor shall it engage directly or indirectly in any activity, that would invalidate (i) its status as 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) its status as an organization, contributions to which are deductible under sections 170(c)(2), 2055(a)(2) and 2522(a)(2) of the Code.

NINTH: No part of the net earnings of the Corporation shall inure to the benefit of any trustee, director or officer of the Corporation or any private individual, firm, corporation or association, except that reasonable compensation may be paid for services rendered and payments and distributions may be made in furtherance of the purposes set forth in Article THIRD hereof, and no trustee, director or officer of the Corporation, nor any private individual, firm, corporation or association, shall be entitled to share in the distribution of any of the corporate assets on dissolution of the Corporation.

TENTH: In the event of dissolution of the Corporation, its Board of Directors, after making provision for the payment of all of the liabilities of the Corporation, and subject to providing prior notice to the Attorney General, obtaining the approval of the Orphans' Court of the Commonwealth of Pennsylvania, and compliance with the laws of the Commonwealth of Pennsylvania, shall arrange for either the direct distribution of all of the assets of the Corporation for the purposes of the Corporation (as

set forth in Article THIRD hereof) or the distribution to one or more organizations (i) which qualify for exemption under the provisions of section 501(a) of the Code as an organization described in section 501(c)(3) of the Code and classified as a public charity pursuant to section 509 (a) of the Code and the Treasury Regulations promulgated thereunder, and (ii) contributions to which then are deductible under sections 170(c)(2), 2055(a)(2) and 2522 (a)(2) of the Code.

ELEVENTH: No substantial part of the activities of the Corporation shall be carrying on propaganda, or otherwise attempting to influence legislation, except as may otherwise be permitted by section 501(h) of the Code. No part of the activities of the Corporation shall be participating in, or intervening in, any political campaign on behalf of or in opposition to any candidate for public office (including the publishing or distributing of statements).

TWELFTH: The Member or Members may alter or amend these Articles, subject to obtaining any additional approvals required by the By-laws of the Corporation, and provided that any such alteration or amendment shall be consistent with the Corporation's status as a corporation (i) 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.

THIRTEENTH: Reference in these Articles to sections of the "Code" shall be deemed to include corresponding provisions of any future United States Internal Revenue law.

EXHIBIT 3

TRANSFERRED ASSETS

The transferred assets shall include all of the operating assets, real and personal, tangible and intangible, used or useful in connection with the operation by AUMC of Allegheny Valley Hospital and located in Harrison Township, Allegheny County, or in the City of New Kensington, Allegheny County, Pennsylvania, including without limitation and without duplication the following:

1. All assets described in "An Appraisal of Allegheny Valley Hospital, 1301 Carlisle Street, Natrona Heights, Pennsylvania 15065", dated April 24, 2000, and prepared by Valuation Counselors Group, Inc., which assets include land, land improvements, buildings, equipment and intangibles including goodwill, having an appraised value of \$45,000,000.
2. All assets and all liabilities reflected on the books and records of Allegheny University Medical Centers as pertaining to Allegheny Valley Hospital as of the date of the transfer thereof.
3. All shares of stock in Valley Development & Management Corp.
4. All real property owned of record by Allegheny Valley Hospital as described in the records of the Office of the Recorder of Deeds of Allegheny County, Pennsylvania, including any easements, rights of way or other appurtenances benefiting same and including without limitation the following parcels owned of record by Allegheny Valley Hospital, a predecessor organization thereof, or AUMC:

Hospital Campus (11 Buildings)

Property conveyed by Hospital Aid Association of Tarentum and Vicinity to Allegheny Valley Hospital by deed dated October 10, 1919 and recorded at Deed Book Volume 2041, Page 100 on April 9, 1920.

PARCEL I:

ALL THAT CERTAIN piece or parcel of land situate in Harrison Township, Allegheny County, State of Pennsylvania, bounded and described as follows, to wit:

BEGINNING at a concrete monument on the North line of Carlisle Street, which monument is located at a point distant one hundred (100) feet West from the West line of Alabama Avenue, extended across Carlisle Street; thence on a line parallel

with the West line of Alabama Avenue, North twenty-three degrees and fifty-four minutes West (N. 23° 54' W.), a distance of eight hundred fifty (850) feet to a concrete monument; thence South eighty-two degrees thirty-nine minutes East (S. 82° 39' E.) a distance of five hundred twenty-seven and three hundred seventy-five thousandths (527.375) feet to a concrete monument, thence South twenty-three degrees fifty-four minutes East (S. 23° 54' E.), a distance of five hundred seventy-five (575) feet to a concrete monument on the said North line of Carlisle Street; and thence along the said North line of Carlisle Street in a westerly direction, four hundred fifty (450) feet to the place of beginning. Containing seven acres and fifty-six and seven tenths perches (7 A. 56.7 p.).

BEING the same premises which Hospital Aid Association of Tarentum and Vicinity, by deed dated October 10, 1919 and recorded in the Recorder's Office of Allegheny County, Pennsylvania in Deed Book Volume 2041, Page 100, granted and conveyed to Allegheny Valley Hospital.

PARCEL II:

Property conveyed by Brackenridge-McKelvy Land Company to Allegheny Valley Hospital Association by deed dated June 2, 1947 and recorded at Deed Book Volume 3004, Page 206 on May 25, 1948.

1. ALL THAT tract of parcel of land situate in the Township of Harrison, County of Allegheny and Commonwealth of Pennsylvania, designated as Plot No. 2 upon the plan attached hereto and made a part of this deed, said Plot No. 2 being bounded and described, as follows, to-wit:

BEGINNING at a concrete monument at the South-east corner of property designated as Plot No. 1 upon the attached plan, said Plot No. 1 being heretofore conveyed to The Hospital Aid Association of Tarentum and Vicinity by deed dated May 31, 1917, of record in the Recorder's Office of Allegheny County, Pennsylvania, in Deed Book Vol. 1876, page 604; thence North Twenty-three Degrees, Fifty-four Minutes, West (N. 23° 54' W.) along the easterly line of Plot No. 1, as shown on the attached plan a distance of Five Hundred Seventy-five (575) feet to a concrete monument; thence North Fifty-seven Degrees, Twelve Minutes East (N. 57° 12' E.) a distance of Four Hundred Seventy-Seven and five tenths (477.5) feet to a monument on the westerly line of a public road maintained by the Commonwealth of Pennsylvania, said road being known as the Pughtown Road; thence along the westerly line of the said Pughtown Road, South Twenty-two Degrees, Seven Minutes East (S. 22° 07' E.) a distance of Six Hundred Forty-nine (649) feet to the northerly line of Carlisle Street; thence along the northerly line of Carlisle Street, south Sixty-six Degrees, Six Minutes, West, a distance of Four Hundred Fifty (450) feet to the monument at the place of beginning. Containing 6.46 Acres.

2. **ALL THAT** tract or parcel of land situate in the Township of Harrison, County of Allegheny and Commonwealth of Pennsylvania, designated as Plot No. 3 upon the plan hereto attached and made a part of this deed, said Plot No. 3 being bounded and described as follows, to-wit:

BEGINNING at a concrete monument at the Northwest corner of property designated as Plot No. 1 upon the attached plan, said Plot No. 1 having been heretofore conveyed to The Hospital Aid Association of Tarentum and Vicinity, by deed dated May 31, 1917, of record in the Recorder's Office of Allegheny County, Pennsylvania, in Deed Book Vol. 1876, page 604; thence North Sixty-six Degrees, Six Minutes East a distance of Four Hundred Fifty (450) feet to a monument; thence South Twenty-three Degrees, Fifty-four Minutes East (S. 23° 54' E.) a distance of Two Hundred Seventy-five (275) feet to a concrete monument at the Northeast corner of the tract described in deed of record in Deed Book Vol. 1876, page 604; thence North Eighty-two Degrees, Thirty-nine Minutes West (N. 82° 39' W.) and along the northerly line of the tract described in Deed Book Vol. 1876, page 604, a distance of Five Hundred Twenty-seven and Thirty-seven Hundredths (527.37) feet to the monument at the place of beginning. Containing 1.42 acres.

BEING the same premises which Brackenridge-McKelvy Land Company, by deed dated June 2, 1947 and recorded May 25, 1948 in the Recorder's Office of Allegheny County, Pennsylvania in Deed Book Volume 3004, Page 206, granted and conveyed to Allegheny Valley Hospital Association, a non-profit corporation. Corrected Deed dated February 17, 1964 recorded at Deed Book Volume 4110, page 209

5 Story, 450 Space Parking Garage

Property conveyed by Ira R. Wood and Frances Wood, his wife to Allegheny Valley Hospital Association by deed dated December 23, 1988 and recorded at Deed Book Volume 7937, Page 70 on December 30, 1988.

ALL THAT CERTAIN lot or piece of ground situate in the Township of Harrison, County of Allegheny, Commonwealth of Pennsylvania being bounded and described as follows, to-wit:

BEGINNING at a point on the westerly line of Pleasantville Road (L.R. 02158) at a point common to other lands of the grantee herein; thence along the line of land of other property of the grantee herein South 57° 12' West a distance of 477.50 feet to a point; thence continuing along line of lands of the grantee herein, North 23° 54' West a distance of 275 feet to a point; thence North 66° 6' East a distance of 381.52 feet to a point on the westerly line of the Pleasantville Road, South 50° 32' 40" East a distance of 41.26 feet to a point; thence continuing along the same South 47° 57' 15" East a distance of 35.53 feet to a point; thence continuing along the same South 47°

53' 50" East a distance of 65.41 feet to a point; thence continuing along the same 45° 04' 40" East a distance of 60 feet to a point at the place of BEGINNING.

CONTAINING 2.382 acres according to a survey of R.B. Shannon & Associates dated April 19, 1987 drawing No. F-1095.

BEING the same premises which Ira R. Wood and Frances Wood, his wife, by deed dated December 23, 1988 and recorded December 30, 1988 in the Recorder's Office of Allegheny County, Pennsylvania in Deed Book Volume 7937, Page 70, granted and conveyed to Allegheny Valley Hospital, a Pennsylvania not-for-profit corporation.

EXHIBIT 4

INITIAL DIRECTORS OF AKMC

Charles M. O'Brien, Jr.
4800 Friendship Avenue
Pittsburgh, PA 15224

Jerry J. Fedele
320 E. North Avenue
Pittsburgh, PA 15212

David A. Samuel
320 E. North Avenue
Pittsburgh, PA 15224

Joseph Calig
1301 Carlisle Street
Natrona Heights, PA 15065

EXHIBIT 5

RESOLUTIONS

CORPORATE DIVISION OF AUMC

The Board of Directors of West Penn Allegheny Health System, Inc. ("WPAHS"), which is the sole member of Allegheny University Medical Centers ("AUMC"), has been presented with a Plan of Division for AUMC, pursuant to which, among other things:

(1) AUMC will undergo a corporate division under the Pennsylvania Nonprofit Corporation Law.

(2) A new corporation, Alle-Kiski Medical Center ("AKMC") will be created, to succeed to the assets and operations of Allegheny Valley Hospital ("AVH") as augmented by the consolidation of the operations of Citizens General Hospital into AVH.

(3) AUMC will survive, and be renamed Forbes Regional Hospital.

(4) The transfer of assets to AKMC will occur upon the satisfaction of various conditions described in the Plan of Division, including recognition of AKMC as exempt from federal income taxation under Section 501(a) of the Internal Revenue Code, as amended (the "Code"), as an organization described in Section 501(c)(3) of the Code; approval of the transfer of assets by the Orphans Court; and addition of AKMC as a member of the obligated group under the Master Trust Indenture among WPAHS, various of its affiliates, and Chase Manhattan Trust Company.

The Board of Directors of WPAHS believes that the Plan of Division is in the best interests of AUMC and of the WPAHS system.

NOW, THEREFORE, BE IT

RESOLVED, that a Plan of Division as described above, in substantially the form attached hereto as Exhibit A, with such changes thereto as may be approved by an officer of WPAHS, such approval to be conclusively evidenced by the filing with the Department of State of the Commonwealth of Pennsylvania of the Articles of Division described in the next paragraph, is hereby approved and adopted; and be it further

RESOLVED, that Articles of Division to implement the Plan of Division, in substantially the form attached hereto as Exhibit B, with such changes thereto as may be approved by an officer of WPAHS, such approval to be conclusively evidenced by the filing of such Articles with the Department of State of the Commonwealth of

Pennsylvania, is hereby approved and adopted, and such filing of the Articles of Division with the Department of State is hereby authorized and approved; and be it further

RESOLVED, that all action heretofore taken by the officers of WPAHS and/or AUMC in carrying out the foregoing resolutions are hereby ratified, approved and authorized; and be it further

RESOLVED, that the officers of WPAHS and AUMC be, and each of them hereby is, authorized and directed to take any and all further action and to execute, deliver and file any and all instruments and documents in the name and on behalf of WPAHS and AUMC, and to pay any and all fees and expenses, as in his or her judgment may be necessary or advisable in order to carry out the intent and purposes of the foregoing resolutions.

REVENUE _____ LABOR & INDUSTRY _____
OTHER _____
FILE CODE _____
FILED DATE _____

FILED FEE: NONE

This form and all accompanying documents shall be mailed to:
COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
CORPORATION BUREAU
P.O. BOX 8722
HARRISBURG, PA 17105-8722

Part I. COMPLETE FOR EACH FILING:

Current name of entity or registrant affected by the submittal to which this statement relates: (survivor or new entity i merger or consolidation)

Allegheny University Medical Centers

Entity number, if known: _____ NOTE: ENTITY NUMBER is the computer index number assigned to an entity upon initial filing in the Department of State.

Incorporation/qualification date in Pa.: 6/5/96 State of Incorporation: Pennsylvania

Federal Identification Number: _____

Specified effective date, if any: _____

Part II. COMPLETE FOR EACH FILING This statement is being submitted with (check proper box):

___ Amendment: complete Section A only

___ Merger, Consolidation or Division: complete Section B, C or D

___ Consolidation: complete Section C

X Division: complete Section D

___ Conversion: complete Section A and E only

___ Statement of Correction: complete Section A only

___ Statement of Termination: complete Section H

___ Statement of Revival: complete Section G

___ Dissolution by Shareholders or Incorporators before Commencement of Business: complete Section F only

Part III. COMPLETE IF APPROPRIATE: The delayed effective date of the accompanying submittal is:

_____ month _____ day _____ year _____ hour, if any

X Section A. CHANGES TO BE MADE TO THE ENTITY NAMED IN Part I: (Check box/boxes which pertain)

X Name: Forbes Regional Hospital

X Registered Office: 2570 Haymaker Road, Monroeville, PA 15146 Allegheny County
Number & street/RD number & box number City State Zip County

____ Purpose: _____

____ Stock: aggregate number of shares authorized _____ (attach additional provisions, if any)

____ Term of Existence: _____

____ Other: _____

____ Section B. MERGER (Complete Section A if any changes to surviving entity):

MERGING ENTITIES ARE: (List only the merging entities-SURVIVOR IS LISTED IN PART I)

1. Name: _____

Entity Number, if known: _____ Inc./quali. date in Pa.: _____ State of Incorporation: _____

2. Name: _____

Entity Number, if known: _____ Inc./quali. date in Pa.: _____ State of Incorporation: _____

Attach sheet containing above corporate information if there are additional merging entities.

____ Section C. CONSOLIDATION (NEW entity information should be completed in Part I. Also, complete and attach DOCKETING STATEMENT DSCB:15-134A for the NEW entity formed.)

CONSOLIDATING ENTITIES ARE:

1. Name: _____

Entity Number, if known: _____ Inc./quali. date in Pa.: _____ State of Incorporation: _____

2. Name: _____

Entity Number, if known: _____ Inc./quali. date in Pa.: _____ State of Incorporation: _____

Attach sheet containing above corporate information if there are additional consolidating entities.

BOOKING STATEMENT DSCB:15-134A (Rev 95)
DEPARTMENTS OF STATE AND REVENUE

BUREAU USE ONLY:

Dept. of State Entity Number _____

Revenue Box Number _____

DUPLICATION FEE: NONE

Reporting Period _____ Date 3 4 5 _____
Report Code _____

This form and all accompanying documents shall be mailed to:
COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
CORPORATION BUREAU
P.O. BOX 8722
HARRISBURG, PA 17105-8722

Check proper box:

Pa. Business-stock Pa. Business-nonstock Pa. Business-Management Pa. Professional
 Pa. Business-statutory close Pa. Business-cooperative Pa. Nonprofit-stock Pa. Nonprofit-nonstock
 Foreign-business Foreign-nonprofit Motor Vehicle for Hire Insurance
 Foreign-Certificate of Authority to D/B/A _____
 Business Trust

Pa. Limited Liability Company Pa. Restricted Professional Limited Liability Company
 Foreign Limited Liability Company Foreign Restricted Professional Limited Liability Company

Association registering as a result of (check box):

Incorporation (Pa.) Domestication Consolidation
 Authorization of a foreign association Division Summary of Record
 Organization (Pa.)

1. Name of entity: Alle-Kiski Medical Center

2. Location of (a) initial registered office in Pennsylvania or (b) the name and county of the commercial registered office provider:

(a) 1301 Carlisle Street Natrons Heights PA 15065 Allegheny County
Number and Street/RD number and Box City State Zip code County

(b) c/o: _____
Name of commercial registered office provider County

3. State or Country of Incorporation/Organization: Pennsylvania

4. Specified effective date, if applicable: _____

5. Federal Identification Number: Pending

6. Describe principal Pennsylvania activity to be engaged in, within one year of this application date: acute care hospital.

Names, residences and social security numbers of the chief executive officer, secretary and treasurer or individual responsible for maintaining financial records:

Name	Address	Title	Social Security #
John Callig	1301 Carlisle Street Natrona Heights, PA 15065	President/CEO	
J. Fedele	1301 Carlisle Street Natrona Heights, PA 15065	Secretary	
A. Samuel	1301 Carlisle Street Natrona Heights, PA 15065	Treasurer	

Professional association, include officer's professional license numbers with the respective Pennsylvania Professional Board.

Location of principal place of business:

1301 Carlisle Street, Natrona Heights, PA 15065
Number and Street/RD number and Box City State Zip

Mailing address if different than #8 (Location where correspondence, tax report form, etc. are to be sent):

Number and Street/RD number and Box City State Zip

This entity is organized or incorporated under the General Association Act of 1988. (Not applicable if a foreign entity)

Act of General Assembly or authority under which you are organized or incorporated (foreign entity only):

Date and state of incorporation or organization (foreign association only):

Date business started in Pennsylvania (foreign association only):

Is the entity authorized to issue capital stock? YES X NO

Entity's fiscal year ends: June 30th

Has the association solicited or does it intend to solicit contributions with the Commonwealth of Pennsylvania? X YES NO

This statement shall be deemed to have been executed by the individual who executed the accompanying submittal. See 18 Pa.C.S. 24 (relating to unsworn falsification to authorities).

Instructions for Completion of Form:

A separate completed set of copies of this form shall be submitted for each entity or registration resulting from the section.

The Bureau of Corporation Taxes in the Pennsylvania Department of Revenue should be notified of any address changes. Notification should be sent to the Processing Division, Bureau of Corporation Taxes, Pa. Department of Revenue, Dept. 705, Harrisburg, PA 17128-0705.

All Pennsylvania corporate tax reports, except those for motor vehicle for hire, must be filed with the Commonwealth on the fiscal basis as filed with the U.S. government. Motor vehicle for hire, i.e., gross receipts tax reports, must be filed on an annual year basis only.

The disclosure of the social security numbers of the corporate officers in Paragraph 7 is voluntary. The numbers are used to ensure the proper identification of corporation officers by the Department of Revenue in accordance with the Fiscal Code.

Alle-Kiski Medical Center
EIN: 25-1875178
Application for Recognition of Section 501(c)(3) Status

Attachment #3
Response to Part I, Question 10(a): By-Laws

WPAHS-001442

BYLAWS
OF
ALLE-KISKI MEDICAL CENTER

ARTICLE I

NAME AND LOCATION

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

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, 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 (the "Member") 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 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, except that as of the effective 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. 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, until the third anniversary of the Closing (as defined in the Transaction Agreement (the "Transaction Agreement"), dated as of October 12, 2000, by and among the Member, Allegheny University Medical Centers, Citizens General Group, Inc, Citizens General Hospital and Citizens General Enterprises, Inc.), any Directors so appointed shall be individuals nominated by a nominating committee established by the Member and having the composition required by the Transaction Agreement. Such nominating committee shall have the authority to propose nominees to the Board of Directors regardless of affiliation, but subject to compliance with these By-laws, including the following requirements: (1) At least thirty percent (but no more than forty-nine percent) of the Board shall be composed of physicians on the Medical Staff. (2) 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. (3) 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. (4) 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 of the Medical Staff 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. 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 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. 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 (without counting non-voting *ex officio* 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 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 Vice-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. 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 and, so long as the Chair serves as Chair, he or she shall serve as an *ex officio* member of 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. 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 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. Medical Affairs Committee. From and after its establishment, this 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 Board 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 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. 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. 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

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(s) 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 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 or 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.

* * * *

EXHIBIT A

Name

Charles M. O'Brien, Jr.

Jerry J. Fedele

David A. Samuel

Joseph Calig

Alle-Kiski Medical Center
EIN: 25-1875178
Application for Recognition of Section 501(c)(3) Status

Attachment #4

Response to Part II, Question 1: Activities and Operational Information

Alle-Kiski Medical Center (the "Applicant") will become the corporate successor of an operating division of Allegheny University Medical Centers ("AUMC"), taxpayer identification number 25-1798379, upon the satisfaction of certain conditions described below. The Applicant has acquired certain operating programs of Citizens General Hospital ("CGH"), taxpayer identification number 25-0965298, in a transaction also described below.

I. The AUMC Transaction

A. Background

AUMC is a Pennsylvania not-for-profit corporation that operates two hospitals and several allied health care facilities serving western Pennsylvania communities near Pittsburgh. AUMC was created in 1996 through the merger of two Pennsylvania not-for-profit health care corporations: Allegheny Valley Hospital ("AVH") and Forbes Health System. Forbes Health System had several operating divisions: Forbes Regional Hospital, Forbes Hospice, and Forbes Nursing Center. AUMC was created to be a member of a health care system sponsored by the now-defunct Allegheny Health Education and Research Foundation ("AHERF").

In 1999, West Penn Allegheny Health System, Inc. ("WPAHS"), taxpayer identification number 25-1848306, was formed to become the sole member of corporations based in western Pennsylvania that formerly were members of the AHERF system, as well as the corporations that then were members of another health care system that served western Pennsylvania, The Western Pennsylvania Healthcare System, Inc. ("West Penn"). WPAHS actually became the sole member of the corporations formerly affiliated with AHERF and the West Penn corporations on August 9, 2000, upon the closing of the tax-exempt bond offering described below.

When WPAHS applied for recognition of Section 501(c)(3) status in December 1999, WPAHS disclosed that it intended to return AVH and the members of the former Forbes Health System to two separate corporations whose sole member would be WPAHS. The disclosure stated that WPAHS would accomplish that either by causing a formal Pennsylvania State law division of AUMC into two separate corporations under the Pennsylvania Nonprofit Corporation Law, or by causing AUMC to transfer the assets of AVH to a new corporation that would assume the liabilities of AVH. See Attachment #6.

WPAHS has several reasons for returning AVH and the members of the former Forbes Health System to separate corporations. First, the operating synergies that AHERF had predicted would result from the merger of AVH and the Forbes Health System failed to occur, and WPAHS believes that they are unlikely to occur. Second,

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WPAHS believes that the process of maintaining the accreditation of AVH and Forbes Regional Hospital will be streamlined if they are in separate legal entities. Third, WPAHS believes that it is important for liability reasons to operate the hospitals in separate corporations. With the hospitals in separate corporations, the charitable assets of one entity will not be exposed to potential liabilities of the other entity. Fourth, WPAHS believes that operating the hospitals through separate legal entities will help WPAHS's senior management maintain clearer lines of responsibility and reporting between them and the individuals vested with day-to-day management of the hospitals, thus enabling the hospitals to further their charitable missions more effectively. Finally, AVH on the one hand and the Forbes operating divisions on the other hand serve diverse communities. WPAHS believes that those communities will be served more effectively by placing AVH and the Forbes into separate corporations whose direct governing bodies are drawn from their respective local communities.

B. The Division of AUMC

Several months after WPAHS received its Section 501(c)(3) status it became the sole member of AUMC and other corporations formerly affiliated with AHERF and the West Penn system with the issuance on its behalf of \$465 million tax-exempt bonds. The tax-exempt bond financing is described in further detail in Attachment #13. The bond documents permit AVH to be separated from AUMC through a Pennsylvania State law division of AUMC. Accordingly, WPAHS, as sole member of AUMC, approved a Plan of Division on October 27, 2000 (the "Plan"). A copy of the Plan is included as Attachment #6.

Pursuant to the Plan, all assets and liabilities of AUMC that are part of AVH will be transferred to the Applicant, effective upon the satisfaction of certain conditions described in the Plan, including the Applicant's receipt of a determination letter from the Internal Revenue Service recognizing it as an organization described in Section 501(c)(3) of the Code. The Applicant will then continue operating the current AVH hospital in all material respects as before, except that the name will change. The Applicant has applied to the Pennsylvania Department of Health for consent to maintain the same provider number that AVH has used.

As part of the division, AUMC will be renamed Forbes Regional Hospital, and will continue to operate Forbes Regional Hospital and the other health care providers that were formerly part of the Forbes Health System prior to its 1996 merger into AUMC.

C. Allegheny Valley Hospital

AVH is a 237-bed hospital located in Natrona Heights, Pennsylvania. The primary communities that it serves are Allegheny, Armstrong, Butler and Westmoreland counties. The Applicant does not anticipate changing the number of beds or the primary communities that it serves.

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AVH provides general medical and surgical services, and also offers X-ray and megavoltage radiation therapy, magnetic resonance imaging, physical therapy, occupational therapy, inpatient psychiatric care and psychiatric emergency services, an emergency room open to all persons without regard to their ability to pay, social work, dental services, pediatric services, cardiac catheterization, oncology, obstetrics and home care. The Applicant does not anticipate materially altering the services provided.

Medicare and Medicaid revenues historically have contributed approximately 60% of AVH's revenues. The Applicant expects that percentage to remain materially unchanged in the foreseeable future.

AVH's medical staff is an open medical staff, and consists of 220 physicians, of which 159 are active or associate members and 61 are consulting or courtesy members. The Applicant expects that substantially all of those physicians will maintain privileges with the Applicant.

AVH employs approximately 1,067 persons, approximately 47% of which are nursing personnel, and approximately 1% of which are administration. The Applicant expects that those figures will increase in the near future as a result of the closure of Citizens General Hospital, discussed below. The Joint Commission on Accreditation of Healthcare Organizations accredits AVH, and the Applicant anticipates maintaining that accreditation.

II. The CGH Transaction

Citizens General Hospital, a Pennsylvania non-profit corporation ("CGH"), was until recently the principal operating entity in a health care system that served New Kensington, Westmoreland County, Pennsylvania and its surrounding communities. It operated a 172-bed acute care general medical/surgical hospital and a 20-bed skilled nursing facility in New Kensington. The parent of the system, Citizens General Hospital Group ("CGHG"), is also a Pennsylvania not-for-profit corporation. The third entity of the system is Citizens General Enterprises, Inc., a Pennsylvania for-profit corporation that operates an assisted living facility. Collectively, the members of the CGHG system will be referred to as the "CG Entities."

Due to severe shifts in local and national health care market conditions, CGH experienced significant operating losses over the past several years, and offset those losses by using financial reserves that were built up over almost a century of serving the local community. CGHG believed that the erosion of CGH's financial reserves would continue for the foreseeable future and that such financial reserves therefore would become unavailable in the long-term to provide for the enhancement of health care in the local community unless significant steps were taken to restructure the system's activities.

CGHG's board determined that the long-term health care interests of the New Kensington community could best be served by consolidating CGH's clinical health

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services with the Applicant. WPAHS and the Applicant believe that such consolidation will significantly strengthen not only the Applicant's operations but also the long-term availability of quality health care in the portion of western Pennsylvania currently served by AVH.

Accordingly, the CG Entities, WPAHS and AUMC entered into an agreement pursuant to which the CG Entities have ceased providing all inpatient and outpatient clinical health services, other than assisted living services. After satisfaction of their collective liabilities, the CG Entities will focus their activities (either directly or through an affiliated foundation) on making grants to enhance the health care resources available to the population they served historically. The urgent care center, ambulatory surgery center, outpatient endoscopy center and outpatient diagnostic center formerly operated by CGH will be operated by AVH and then by the Applicant as AVH's successor.

The parties have formed a joint Strategic Planning Committee, to facilitate the development of services to meet the health care needs of the Alle-Kiski Valley population and will coordinate development and implementation of a strategy to transition to AVH, and ultimately to the Applicant, the clinical health services (other than assisted living) currently offered by the CG Entities, and the parties have formed a Transaction Planning Committee to provide for the orderly wind-down of the clinical health services formerly offered by the CG Entities. Subject to applicable credentialing requirements, the medical staff of CGH will be appointed to the medical staff of AVH.

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Attachment #5

Excerpt from the WPAHS Form 1023 describing contemplated division of AUMC.

WPAHS-001468

West Penn Allegheny Health System, Inc.
EIN: 25-1848306

AGH's medical staff is an open medical staff, and consists of approximately 950 physicians, of which 642 are active or associate members and 258 are consulting or courtesy members. However, AGH has a medical staff development plan for employed physicians covering certain specialty practices that, consistent with applicable law, limits the number of staff in such areas. AGH employs approximately 4,896 persons, 31% of which are nursing personnel and 0.4% of which are administration. AGH is accredited by JCAHO.

In addition, the Operations Center of the National Surgical Adjuvant Breast and Bowel Project, a cancer research project sponsored by the National Cancer Institute, is housed on the AGH campus.

D. Allegheny University Medical Centers

Allegheny University Medical Centers, taxpayer identification number 25-1798379, is a Pennsylvania not-for-profit corporation that directly operates several health-care facilities that serve the Region, and serves as the sole corporate member of AUMC-Canonsburg, discussed below. AHERF formed AUMC in 1996 to serve as the focus of its integrated delivery system in western Pennsylvania. Two corporations, Forbes Health System ("FHS") and Allegheny Valley Hospital ("AVH"), merged into AUMC. Both corporations were Section 501(c)(3) organizations and public charities. FHS's hospitals and health care facilities became operating divisions of AUMC called AUMC-Forbes Regional, AUMC-Forbes Hospice and AUMC-Forbes Nursing Center. AVH's hospital became an operating division of AUMC called AUMC-Allegheny Valley. AUMC also became the sole corporate member of Forbes Health System Faculty Practice Plan. Forbes Health System Faculty Practice Plan merged with Canonsburg General Hospital in 1997, survived the merger, and was renamed AUMC-Canonsburg. The Applicant anticipates that at some point in the near future the operations of AVH and FHS will be returned to separate corporations whose sole member would be the Applicant, either through a formal division of AUMC into two separate corporations, or through the transfer of either AVH or FHS assets and liabilities to a new corporation whose sole member would be the applicant and the retention of the other assets and liabilities by AUMC (which would be renamed appropriately). In the meantime, AUMC will continue to operate AVH, AUMC-Forbes Regional, AUMC-Forbes Hospice and AUMC-Forbes Nursing Center. In addition, the Applicant anticipates that at some point in the near future the Applicant will be substituted for AUMC as the sole member of AUMC-Canonsburg.

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Attachment #6

Plan of Division

WPAHS-001470

PLAN OF DIVISION
OF
ALLEGHENY UNIVERSITY MEDICAL CENTERS

The sole Member of Allegheny University Medical Centers, in compliance with the Pennsylvania Nonprofit Corporation Law, adopts the following Plan of Division (the "Plan"):

FIRST: Allegheny University Medical Centers ("AUMC"), the dividing corporation, is a Pennsylvania nonprofit corporation.

SECOND: The division of AUMC will be effective immediately upon the filing of the Articles of Division with the Department of State of the Commonwealth of Pennsylvania, but the transfer of assets pursuant to this Plan of Division from AUMC to the newly created corporation referred to in paragraph FIFTH hereof shall not occur until satisfaction of the conditions, and delivery of the certificate, described in paragraph SEVENTH hereof.

THIRD: AUMC will survive the division.

FOURTH: Upon the deemed transfer of assets pursuant to this Plan of Division from AUMC to the newly created corporation referred to in paragraph FIFTH hereof, the Articles of Incorporation of AUMC, the surviving corporation, shall be amended to change (i) the name of AUMC to Forbes Regional Hospital; and (ii) the location of the registered office of AUMC to 2570 Haymaker Road, Monroeville, PA 15146-3592. The Amended and Restated Articles of Incorporation of AUMC are attached as Exhibit 1.

FIFTH: The division shall result in the creation of one nonprofit corporation: Alle-Kiski Medical Center ("AKMC"). The Articles of Incorporation of AKMC are attached as Exhibit 2.

SIXTH: Upon the effectiveness of the division, the sole Member of AUMC, West Penn Allegheny Health System, Inc. a Pennsylvania nonprofit corporation, will also be the sole Member of AKMC and will provide overall direction to AKMC. Upon satisfaction of all of the conditions, and delivery of the certificate, referred to in paragraph SEVENTH hereof, the assets of AUMC located at and/or used exclusively in connection with the operation of, the Allegheny Valley Hospital ("AVH") division of AUMC, including, without limitation, the assets identified on Exhibit 3 hereto (collectively, the "AKMC Assets"), shall be transferred to and vested in, and thereafter the operation of the AVH division of AUMC shall be carried out by, AKMC. AKMC

shall assume any and all liabilities associated with the AKMC Assets, including but not limited to any existing mortgage on any and all real property comprising part of the AKMC Assets.

SEVENTH: The actual transfer of the AKMC Assets pursuant to this Plan of Division, and the vesting of those assets in AKMC, will be deemed to occur upon the satisfaction of all of the following conditions, and delivery to AUMC of a certificate of the Secretary of AKMC that such conditions have been satisfied: (1) receipt by AKMC of a favorable determination letter from the Internal Revenue Service recognizing AKMC as exempt from federal income taxation under Section 501(a) of the Internal Revenue Code of 1986, as amended (the "Code"), as an organization described in Section 501(c)(3) of the Code; (2) approval of such transfer of the AKMC Assets by the Orphan's Court Division of the Court of Common Pleas of Allegheny County, Pennsylvania; and (3) addition of AKMC as a member of the obligated group referred to in the indenture dated as of July 1, 2000 among AUMC, certain of its affiliates, and Chase Manhattan Trust Company, National Association, as Master Trustee.

EIGHTH: The initial Directors of AKMC will be the individuals named in attached Exhibit 4. The initial officers of AKMC shall be appointed by the initial Directors of AKMC, subject to ratification by the sole Member of AKMC after consultation with the Board of Directors of AKMC.

NINTH: Except as provided in paragraph SIXTH of this plan, AUMC will retain all of its current property and such property shall not be contributed or otherwise transferred to the resulting corporation.

TENTH: A meeting of the sole Member of AUMC was duly called and convened on October 27, 2000. Pursuant to the Bylaws of AUMC, at such meeting the sole Member adopted a resolution adopting the Plan of Division and the Articles of Division, a copy of which is attached as Exhibit 5, adopting the Plan.

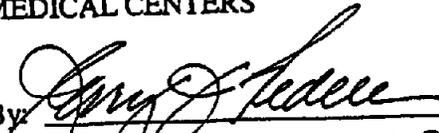
IN WITNESS WHEREOF, the undersigned nonprofit corporation has caused this Plan to be signed by a duly authorized officer this 8th day of November, 2000.

ALLEGHENY UNIVERSITY
MEDICAL CENTERS

By

Name:

Title:



JERRY J. FEDELE
SECRETARY

EXHIBIT 1

**AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
ALLEGHENY UNIVERSITY MEDICAL CENTERS**

In compliance with the requirements of 15 Pa.C.S. § 5915 (relating to Articles of Amendment), the undersigned nonprofit corporation, desiring to amend and restate its Articles of Incorporation in their entirety, hereby states that:

1. The name of the corporation is Allegheny University Medical Centers (hereinafter the "Corporation")
2. The address of the Corporation's current registered office in this Commonwealth is 120 Fifth Avenue, Suite 2900, Pittsburgh, Pennsylvania 15222, located in the county of Allegheny.
3. The Corporation was incorporated under the Pennsylvania Nonprofit Corporation Law of 1988.
4. The date of incorporation was June 5, 1996.
5. The amendment shall be effective upon filing these Articles of Amendment in the Department of State.
6. The amendment, restating the Articles of Incorporation, was adopted by the sole member pursuant to 15 Pa.C.S. § 5914(a).
7. The amendment, restating the Articles of Incorporation, adopted by the corporation, set forth in full, is as follows:

FIRST: The name of the corporation is Forbes Regional Hospital (hereinafter the "Corporation").

SECOND: The address of the Corporation's registered office in this Commonwealth is 2570 Haymaker Road, Monroeville, Pennsylvania 15146-3592, located in the county of Allegheny.

THIRD: The Corporation is formed and is to be operated exclusively for charitable, scientific and educational purposes in such a manner that the Corporation will be an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") by:

Providing, maintaining, operating, and supporting 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;

Carrying on training, research and educational 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; and

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.

FOURTH: The Corporation does not contemplate pecuniary gain or profit, incidental or otherwise.

FIFTH: The Corporation is organized upon a nonstock basis.

SIXTH: The Member or Members shall be the entity and/or persons identified as such in the Corporation's Bylaws. As such, the Member or Members shall have all of the rights and privileges conferred upon nonprofit corporate Members under the laws of the Commonwealth of Pennsylvania, except as otherwise specified in the Bylaws of the Corporation, as well as such additional rights and privileges as shall be specified in the Bylaws of the Corporation.

SEVENTH: Notwithstanding any other provision herein, the Corporation is organized and is to be operated exclusively for one or more of the purposes specified in section 501(c)(3) of the Code and shall neither have nor exercise any power, nor shall it engage directly or indirectly in any activity, that would invalidate (i) its status as 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) its status as an organization, contributions to which are deductible under sections 170(c)(2), 2055(a)(2) and 2522(a)(2) of the Code.

EIGHTH: No part of the net earnings of the Corporation shall inure to the benefit of any trustee, director or officer of the Corporation or any private individual, firm, corporation or association, except that reasonable compensation may be paid for services rendered and payments and distributions may be made in furtherance of the purposes set forth in Article THIRD hereof, and no trustee, director or officer of the Corporation, nor any private individual, firm, corporation or association, shall be entitled to share in the distribution of any of the corporate assets on dissolution of the Corporation.

NINTH: In the event of dissolution of the Corporation, its Board of Directors, after making provision for the payment of all of the liabilities of the Corporation, and subject to providing prior notice to the Attorney General, obtaining the approval of the Orphans' Court of the Commonwealth of Pennsylvania, and compliance with the laws of the Commonwealth of Pennsylvania, shall arrange for either the direct distribution of all of the assets of the Corporation for the purposes of the Corporation (as set forth in Article THIRD hereof) or the distribution to one or more organizations (i) which qualify for exemption under the provisions of section 501(a) of the Code as an organization described in section 501(c)(3) of the Code and classified as a public charity pursuant to section 509 (a) of the Code and the Treasury Regulations promulgated thereunder, and (ii) contributions to which then are deductible under sections 170(c)(2), 2055(a)(2) and 2522 (a)(2) of the Code.

TENTH: No substantial part of the activities of the Corporation shall be carrying on propaganda, or otherwise attempting to influence legislation, except as may otherwise be permitted by section 501(h) of the Code. No part of the activities of the Corporation shall be participating in, or intervening in, any political campaign on behalf of or in opposition to any candidate for public office (including the publishing or distributing of statements).

ELEVENTH: The Member or Members may alter or amend these Articles, subject to obtaining any additional approvals required by the By-laws of the Corporation, and provided that any such alteration or amendment shall be consistent with the Corporation's status as a corporation (i) 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.

TWELFTH: Reference in these Articles to sections of the "Code" shall be deemed to include corresponding provisions of any future United States Internal Revenue law.

8. The restated Articles of Incorporation supersede the original Articles and all amendments thereto.

EXHIBIT 2

ARTICLES OF INCORPORATION

OF

ALLE-KISKI MEDICAL CENTER

In compliance with the requirements of 15 Pa.C.S. § 5306 (relating to articles of incorporation), the undersigned, desiring to incorporate a nonprofit corporation, hereby states that:

FIRST: The name of the corporation is Alle-Kiski Medical Center (hereinafter the "Corporation").

SECOND: The address of the Corporation's registered office in this Commonwealth is 1301 Carlisle Street, Natrona Heights, Pennsylvania, located in the county of Allegheny.

THIRD: The Corporation is formed under the Nonprofit Corporation Law of 1988 and is to be operated exclusively for charitable, scientific and educational purposes in such a manner that the Corporation will be an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") by:

(a) Providing, maintaining, operating, and supporting 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;

(b) Carrying on training, research and educational 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; and

(c) 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.

FOURTH: The names and addresses of the initial directors of the Corporation are as follows:

Charles M. O'Brien, Jr.
4800 Friendship Avenue
Pittsburgh, PA 15224

Jerry J. Fedele
320 E. North Avenue
Pittsburgh, PA 15212

David A. Samuel
320 E. North Avenue
Pittsburgh, PA 15224

Joseph Calig
1301 Carlisle Street
Natrona Heights, PA 15065

FIFTH: The Corporation does not contemplate pecuniary gain or profit, incidental or otherwise.

SIXTH: The Corporation is organized upon a nonstock basis.

SEVENTH: The Member or Members shall be the entity and/or persons identified as such in the Corporation's Bylaws. As such, the Member or Members shall have all of the rights and privileges conferred upon nonprofit corporate Members under the laws of the Commonwealth of Pennsylvania, except as otherwise specified in the Bylaws of the Corporation, as well as such additional rights and privileges as shall be specified in the Bylaws of the Corporation.

EIGHTH: Notwithstanding any other provision herein, the Corporation is organized and is to be operated exclusively for one or more of the purposes specified in section 501(c)(3) of the Code and shall neither have nor exercise any power, nor shall it engage directly or indirectly in any activity, that would invalidate (i) its status as 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) its status as an organization, contributions to which are deductible under sections 170(c)(2), 2055(a)(2) and 2522(a)(2) of the Code.

NINTH: No part of the net earnings of the Corporation shall inure to the benefit of any trustee, director or officer of the Corporation or any private individual, firm, corporation or association, except that reasonable compensation may be paid for services rendered and payments and distributions may be made in furtherance of the purposes set forth in Article THIRD hereof, and no trustee, director or officer of the Corporation, nor any private individual, firm, corporation or association, shall be entitled to share in the distribution of any of the corporate assets on dissolution of the Corporation.

TENTH: In the event of dissolution of the Corporation, its Board of Directors, after making provision for the payment of all of the liabilities of the Corporation, and subject to providing prior notice to the Attorney General, obtaining the approval of the Orphans' Court of the Commonwealth of Pennsylvania, and compliance with the laws of the Commonwealth of Pennsylvania, shall arrange for either the direct distribution of all of the assets of the Corporation for the purposes of the Corporation (as

set forth in Article THIRD hereof) or the distribution to one or more organizations (i) which qualify for exemption under the provisions of section 501(a) of the Code as an organization described in section 501(c)(3) of the Code and classified as a public charity pursuant to section 509 (a) of the Code and the Treasury Regulations promulgated thereunder, and (ii) contributions to which then are deductible under sections 170(c)(2), 2055(a)(2) and 2522 (a)(2) of the Code.

ELEVENTH: No substantial part of the activities of the Corporation shall be carrying on propaganda, or otherwise attempting to influence legislation, except as may otherwise be permitted by section 501(h) of the Code. No part of the activities of the Corporation shall be participating in, or intervening in, any political campaign on behalf of or in opposition to any candidate for public office (including the publishing or distributing of statements).

TWELFTH: The Member or Members may alter or amend these Articles, subject to obtaining any additional approvals required by the By-laws of the Corporation, and provided that any such alteration or amendment shall be consistent with the Corporation's status as a corporation (i) 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.

THIRTEENTH: Reference in these Articles to sections of the "Code" shall be deemed to include corresponding provisions of any future United States Internal Revenue law.

EXHIBIT 3

TRANSFERRED ASSETS

The transferred assets shall include all of the operating assets, real and personal, tangible and intangible, used or useful in connection with the operation by AUMC of Allegheny Valley Hospital and located in Harrison Township, Allegheny County, or in the City of New Kensington, Allegheny County, Pennsylvania, including without limitation and without duplication the following:

1. All assets described in "An Appraisal of Allegheny Valley Hospital, 1301 Carlisle Street, Natrona Heights, Pennsylvania 15065", dated April 24, 2000, and prepared by Valuation Counselors Group, Inc., which assets include land, land improvements, buildings, equipment and intangibles including goodwill, having an appraised value of \$45,000,000.
2. All assets and all liabilities reflected on the books and records of Allegheny University Medical Centers as pertaining to Allegheny Valley Hospital as of the date of the transfer thereof.
3. All shares of stock in Valley Development & Management Corp.
4. All real property owned of record by Allegheny Valley Hospital as described in the records of the Office of the Recorder of Deeds of Allegheny County, Pennsylvania, including any easements, rights of way or other appurtenances benefiting same and including without limitation the following parcels owned of record by Allegheny Valley Hospital, a predecessor organization thereof, or AUMC:

Hospital Campus (11 Buildings)

Property conveyed by Hospital Aid Association of Tarentum and Vicinity to Allegheny Valley Hospital by deed dated October 10, 1919 and recorded at Deed Book Volume 2041, Page 100 on April 9, 1920.

PARCEL I:

ALL THAT CERTAIN piece or parcel of land situate in Harrison Township, Allegheny County, State of Pennsylvania, bounded and described as follows, to wit:

BEGINNING at a concrete monument on the North line of Carlisle Street, which monument is located at a point distant one hundred (100) feet West from the West line of Alabama Avenue, extended across Carlisle Street; thence on a line parallel

with the West line of Alabama Avenue, North twenty-three degrees and fifty-four minutes West (N. 23° 54' W.), a distance of eight hundred fifty (850) feet to a concrete monument; thence South eighty-two degrees thirty-nine minutes East (S. 82° 39' E.) a distance of five hundred twenty-seven and three hundred seventy-five thousandths (527.375) feet to a concrete monument, thence South twenty-three degrees fifty-four minutes East (S. 23° 54' E.), a distance of five hundred seventy-five (575) feet to a concrete monument on the said North line of Carlisle Street; and thence along the said North line of Carlisle Street in a westerly direction, four hundred fifty (450) feet to the place of beginning. Containing seven acres and fifty-six and seven tenths perches (7 A. 56.7 p.).

BEING the same premises which Hospital Aid Association of Tarentum and Vicinity, by deed dated October 10, 1919 and recorded in the Recorder's Office of Allegheny County, Pennsylvania in Deed Book Volume 2041, Page 100, granted and conveyed to Allegheny Valley Hospital.

PARCEL II:

Property conveyed by Brackenridge-McKelvy Land Company to Allegheny Valley Hospital Association by deed dated June 2, 1947 and recorded at Deed Book Volume 3004, Page 206 on May 25, 1948.

1. ALL THAT tract of parcel of land situate in the Township of Harrison, County of Allegheny and Commonwealth of Pennsylvania, designated as Plot No. 2 upon the plan attached hereto and made a part of this deed, said Plot No. 2 being bounded and described, as follows, to-wit:

BEGINNING at a concrete monument at the South-east corner of property designated as Plot No. 1 upon the attached plan, said Plot No. 1 being heretofore conveyed to The Hospital Aid Association of Tarentum and Vicinity by deed dated May 31, 1917, of record in the Recorder's Office of Allegheny County, Pennsylvania, in Deed Book Vol. 1876, page 604; thence North Twenty-three Degrees, Fifty-four Minutes, West (N. 23° 54' W.) along the easterly line of Plot No. 1, as shown on the attached plan a distance of Five Hundred Seventy-five (575) feet to a concrete monument; thence North Fifty-seven Degrees, Twelve Minutes East (N. 57° 12' E.) a distance of Four Hundred Seventy-Seven and five tenths (477.5) feet to a monument on the westerly line of a public road maintained by the Commonwealth of Pennsylvania, said road being known as the Pughtown Road; thence along the westerly line of the said Pughtown Road, South Twenty-two Degrees, Seven Minutes East (S. 22° 07' E.) a distance of Six Hundred Forty-nine (649) feet to the northerly line of Carlisle Street; thence along the northerly line of Carlisle Street, south Sixty-six Degrees, Six Minutes, West, a distance of Four Hundred Fifty (450) feet to the monument at the place of beginning. Containing 6.46 Acres.

2. **ALL THAT** tract or parcel of land situate in the Township of Harrison, County of Allegheny and Commonwealth of Pennsylvania, designated as Plot No. 3 upon the plan hereto attached and made a part of this deed, said Plot No. 3 being bounded and described as follows, to-wit:

BEGINNING at a concrete monument at the Northwest corner of property designated as Plot No. 1 upon the attached plan, said Plot No. 1 having been heretofore conveyed to The Hospital Aid Association of Tarentum and Vicinity, by deed dated May 31, 1917, of record in the Recorder's Office of Allegheny County, Pennsylvania, in Deed Book Vol. 1876, page 604; thence North Sixty-six Degrees, Six Minutes East a distance of Four Hundred Fifty (450) feet to a monument; thence South Twenty-three Degrees, Fifty-four Minutes East (S. 23° 54' E.) a distance of Two Hundred Seventy-five (275) feet to a concrete monument at the Northeast corner of the tract described in deed of record in Deed Book Vol. 1876, page 604; thence North Eighty-two Degrees, Thirty-nine Minutes West (N. 82° 39' W.) and along the northerly line of the tract described in Deed Book Vol. 1876, page 604, a distance of Five Hundred Twenty-seven and Thirty-seven Hundredths (527.37) feet to the monument at the place of beginning. Containing 1.42 acres.

BEING the same premises which Brackenridge-McKelvy Land Company, by deed dated June 2, 1947 and recorded May 25, 1948 in the Recorder's Office of Allegheny County, Pennsylvania in Deed Book Volume 3004, Page 206, granted and conveyed to Allegheny Valley Hospital Association, a non-profit corporation. Corrected Deed dated February 17, 1964 recorded at Deed Book Volume 4110, page 209

5 Story, 450 Space Parking Garage

Property conveyed by Ira R. Wood and Frances Wood, his wife to Allegheny Valley Hospital Association by deed dated December 23, 1988 and recorded at Deed Book Volume 7937, Page 70 on December 30, 1988.

ALL THAT CERTAIN lot or piece of ground situate in the Township of Harrison, County of Allegheny, Commonwealth of Pennsylvania being bounded and described as follows, to-wit:

BEGINNING at a point on the westerly line of Pleasantville Road (L.R. 02158) at a point common to other lands of the grantee herein; thence along the line of land of other property of the grantee herein South 57° 12' West a distance of 477.50 feet to a point; thence continuing along line of lands of the grantee herein, North 23° 54' West a distance of 275 feet to a point; thence North 66° 6' East a distance of 381.52 feet to a point on the westerly line of the Pleasantville Road, South 50° 32' 40" East a distance of 41.26 feet to a point; thence continuing along the same South 47° 57' 15" East a distance of 35.53 feet to a point; thence continuing along the same South 47°

53' 50" East a distance of 65.41 feet to a point; thence continuing along the same 45°
04' 40" East a distance of 60 feet to a point at the place of BEGINNING.

CONTAINING 2.382 acres according to a survey of R.B. Shannon & Associates dated
April 19, 1987 drawing No. F-1095.

BEING the same premises which Ira R. Wood and Frances Wood, his wife, by deed
dated December 23, 1988 and recorded December 30, 1988 in the Recorder's Office of
Allegheny County, Pennsylvania in Deed Book Volume 7937, Page 70, granted and
conveyed to Allegheny Valley Hospital, a Pennsylvania not-for-profit corporation.

EXHIBIT 4

INITIAL DIRECTORS OF AKMC

Charles M. O'Brien, Jr.
4800 Friendship Avenue
Pittsburgh, PA 15224

Jerry J. Fedele
320 E. North Avenue
Pittsburgh, PA 15212

David A. Samuel
320 E. North Avenue
Pittsburgh, PA 15224

Joseph Calig
1301 Carlisle Street
Natrona Heights, PA 15065

EXHIBIT 5
RESOLUTIONS

CORPORATE DIVISION OF AUMC

The Board of Directors of West Penn Allegheny Health System, Inc. ("WPAHS"), which is the sole member of Allegheny University Medical Centers ("AUMC"), has been presented with a Plan of Division for AUMC, pursuant to which, among other things:

- (1) AUMC will undergo a corporate division under the Pennsylvania Nonprofit Corporation Law.
- (2) A new corporation, Alle-Kiski Medical Center ("AKMC") will be created, to succeed to the assets and operations of Allegheny Valley Hospital ("AVH") as augmented by the consolidation of the operations of Citizens General Hospital into AVH.
- (3) AUMC will survive, and be renamed Forbes Regional Hospital.
- (4) The transfer of assets to AKMC will occur upon the satisfaction of various conditions described in the Plan of Division, including recognition of AKMC as exempt from federal income taxation under Section 501(a) of the Internal Revenue Code, as amended (the "Code"), as an organization described in Section 501(c)(3) of the Code; approval of the transfer of assets by the Orphans Court; and addition of AKMC as a member of the obligated group under the Master Trust Indenture among WPAHS, various of its affiliates, and Chase Manhattan Trust Company.

The Board of Directors of WPAHS believes that the Plan of Division is in the best interests of AUMC and of the WPAHS system.

NOW, THEREFORE, BE IT

RESOLVED, that a Plan of Division as described above, in substantially the form attached hereto as Exhibit A, with such changes thereto as may be approved by an officer of WPAHS, such approval to be conclusively evidenced by the filing with the Department of State of the Commonwealth of Pennsylvania of the Articles of Division described in the next paragraph, is hereby approved and adopted; and be it further

RESOLVED, that Articles of Division to implement the Plan of Division, in substantially the form attached hereto as Exhibit B, with such changes thereto as may be approved by an officer of WPAHS, such approval to be conclusively evidenced by the filing of such Articles with the Department of State of the Commonwealth of

Pennsylvania, is hereby approved and adopted, and such filing of the Articles of Division with the Department of State is hereby authorized and approved; and be it further

RESOLVED, that all action heretofore taken by the officers of WPAHS and/or AUMC in carrying out the foregoing resolutions are hereby ratified, approved and authorized; and be it further

RESOLVED, that the officers of WPAHS and AUMC be, and each of them hereby is, authorized and directed to take any and all further action and to execute, deliver and file any and all instruments and documents in the name and on behalf of WPAHS and AUMC, and to pay any and all fees and expenses, as in his or her judgment may be necessary or advisable in order to carry out the intent and purposes of the foregoing resolutions.

____ REVENUE ____ LABOR & INDUSTRY
OTHER _____
FILE CODE _____
FILED DATE _____

FILING FEE: NONE

This form and all accompanying documents shall be mailed to:
COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
CORPORATION BUREAU
P.O. BOX 8722
HARRISBURG, PA 17105-8722

Part I. COMPLETE FOR EACH FILING:

Current name of entity or registrant affected by the submittal to which this statement relates: (survivor or new entity if merger or consolidation)

Allegheny University Medical Centers

Entity number, if known: _____ NOTE: ENTITY NUMBER is the computer index number assigned to an entity upon initial filing in the Department of State.

Incorporation/qualification date in Pa.: 6/5/96 State of Incorporation: Pennsylvania

Federal Identification Number: _____

Specified effective date, if any: _____

Part II. COMPLETE FOR EACH FILING This statement is being submitted with (check proper box):

____ Amendment: complete Section A only

____ Merger, Consolidation or Division: complete Section B, C or D

____ Consolidation: complete Section C

Division: complete Section D

____ Conversion: complete Section A and E only

____ Statement of Correction: complete Section A only

____ Statement of Termination: complete Section H

____ Statement of Revival: complete Section G

____ Dissolution by Shareholders or Incorporators before Commencement of Business: complete Section F only

Part III. COMPLETE IF APPROPRIATE: The delayed effective date of the accompanying submittal is:

_____ month day year hour, if any

X Section A. CHANGES TO BE MADE TO THE ENTITY NAMED IN Part I: (Check box/boxes which pertain)

X Name: Forbes Regional Hospital

X Registered Office: 2570 Haymaker Road, Monroeville, PA 15146 Allegheny County
Number & street/RD number & box number City State Zip County

Purpose: _____

Stock aggregate number of shares authorized _____ (attach additional provisions, if any)

Term of Existence: _____

Other: _____

Section B. MERGER (Complete Section A if any changes to surviving entity):

MERGING ENTITIES ARE: (List only the merging entities-SURVIVOR IS LISTED IN PART I)

1. Name: _____

Entity Number, if known: _____ Inc./quali. date in Pa.: _____ State of Incorporation: _____

2. Name: _____

Entity Number, if known: _____ Inc./quali. date in Pa.: _____ State of Incorporation: _____

Attach sheet containing above corporate information if there are additional merging entities.

Section C. CONSOLIDATION (NEW entity information should be completed in Part I. Also, complete and attach DOCKETING STATEMENT DSCB:15-134A for the NEW entity formed.)

CONSOLIDATING ENTITIES ARE:

1. Name: _____

Entity Number, if known: _____ Inc./quali. date in Pa.: _____ State of Incorporation: _____

2. Name: _____

Entity Number, if known: _____ Inc./quali. date in Pa.: _____ State of Incorporation: _____

Attach sheet containing above corporate information if there are additional consolidating entities.

DOCKETING STATEMENT DSCB:15-134A (Rev 95)
DEPARTMENTS OF STATE AND REVENUE

BUREAU USE ONLY:

Dept. of State Entity Number _____

Revenue Box Number _____

FILING FEE: NONE

Filing Period _____ Date 3 4 5 _____
SIC _____ Report Code _____

This form and all accompanying documents shall be mailed to:
COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
CORPORATION BUREAU
P.O. BOX 8722
HARRISBURG, PA 17105-8722

Check proper box:

Pa. Business-stock Pa. Business-nonstock Pa. Business-Management Pa. Professional
 Pa. Business-statutory close Pa. Business-cooperative Pa. Nonprofit-stock Pa. Nonprofit-nonstock
 Foreign-business Foreign-nonprofit Motor Vehicle for Hire Insurance
 Foreign-Certificate of Authority to D/B/A _____
 Business Trust

Pa. Limited Liability Company Pa. Restricted Professional Limited Liability Company
 Foreign Limited Liability Company Foreign Restricted Professional Limited Liability Company

Association registering as a result of (check box):

Incorporation (Pa.) Domestication Consolidation
 Authorization of a foreign association Division Summary of Record
 Organization (Pa.)

1. Name of entity: Alle-Kiski Medical Center

2. Location of (a) initial registered office in Pennsylvania or (b) the name and county of the commercial registered office provider:

(a) 1301 Carlisle Street Natrona Heights PA 15065 Allegheny County
Number and Street/RD number and Box City State Zip code County

(b) c/o: _____
Name of commercial registered office provider County

3. State or Country of Incorporation/Organization: Pennsylvania

4. Specified effective date, if applicable: _____

5. Federal Identification Number: Pending

6. Describe principal Pennsylvania activity to be engaged in, within one year of this application date: acute care hospital.

Alle-Kiski Medical Center
EIN: 25-1875178
Application for Recognition of Section 501(c)(3) Status

Attachment #7

Response to Part II, Question 2: Sources of Financial Support

Source	Percentage
Patient Care Revenue	98.26%
Gross Investment Income	0.75%
Physician Practices	0.39%
Unrelated Business (Laboratory)	0.26%
Tuition from Nursing Program	0.17%
Parking Garage	0.13%
Miscellaneous Fees (Record copies, etc.)	0.03%
Gifts	0.01%
Total	100.00%

Detailed information on the Applicant's expected sources of financial support is provided in Part IV(A).

Alle-Kiski Medical Center
EIN: 25-1875178
Application for Recognition of Section 501(c)(3) Status

Attachment #8
Response to Part II, Question 3: Fund Raising

All fund raising efforts for the Applicant and other members of the WPAHS system are undertaken under the oversight of WPAHS. WPAHS has existed for only one year, and to date has not implemented a formal fund raising program for the members of its system, and AUMC does not have a fund raising program at the present time.

Alle-Kiski Medical Center
EIN: 25-1875178
Application for Recognition of Section 501(c)(3) Status

Attachment #9
Response to Part II, Question 4: Directors and Officers

Directors

Name:	Address:
Charles M. O'Brien, Jr.	4800 Friendship Avenue Pittsburgh, PA 15224
Jerry J. Fedele	320 E. North Avenue Pittsburgh, PA 15212
David A. Samuel	320 E. North Avenue Pittsburgh, PA 15212
Joseph Calig	1301 Carlisle Street Natrona Heights, PA 15065

All directors serve without compensation in their capacity as such.

Officers

Name/Title:	Address:
Joseph Calig, President & CEO	Address Above
David A. Samuel, Treasurer	Address Above
Jerry J. Fedele, Secretary	Address Above
Robert Rogalski, Assistant Secretary	320 E. North Avenue Pittsburgh, PA 15212
Dawn Javersack, Assistant Treasurer	320 E. North Avenue Pittsburgh, PA 15212

All officers serve without compensation in their capacity as such.

Alle-Kiski Medical Center

EIN: 25-1875178

Application for Recognition of Section 501(c)(3) Status

Attachment #10

Response to Part II, Question 5: Control by Another Organization

As noted above, the Applicant is a Pennsylvania not-for-profit corporation that has a sole member, WPAHS. Article III, Section 2.B.(3) of the Applicant's by-laws provides that WPAHS appoints the Applicant's board of directors. Accordingly, WPAHS controls the Applicant.

WPAHS-001496

Alle-Kiski Medical Center
EIN: 25-1875178
Application for Recognition of Section 501(c)(3) Status

Attachment #11
Response to Part II, Question 7: Financial Accountability

Section 5553 of the Pennsylvania Nonprofit Corporation Law requires that the board of directors of the Applicant present annually to its sole member, WPAHS, a report verified by the president and treasurer showing in appropriate detail the following financial information with respect to the year immediately preceding the date of such report:

- (1) assets and liabilities of the Applicant
- (2) principal changes in assets and liabilities;
- (3) revenue or receipts of the Applicant; and
- (4) expenses or disbursements of the Applicant.

In addition, the By-laws of the Applicant state that the powers and rights of the sole member include:

- (1) ability to adopt and/or approve of any capital or operating budgets of the Applicant;
- (2) ability to adopt and/or approve of any operating plan or financial plan with respect to the Applicant; and
- (3) ability to approve and/or cause the Applicant to undertake or engage itself in respect of any bond issuance or any other indebtedness.

See Applicant's By-laws Article III, Section 2.A.(7), (8) and (9).

Alle-Kiski Medical Center
EIN: 25-1875178
Application for Recognition of Section 501(c)(3) Status

Attachment #12
Response to Part II, Question 8: Assets

Pursuant to the Plan of Division, the Applicant will acquire the assets of AVH, which are described in detail in Exhibit 3 to the Plan of Division. See Attachment #6. All of such assets will be utilized by the Applicant in the performance of its exempt function through the continued operation of a community hospital.

In addition, WPAHS will acquire from the CG Entities certain equipment and inventory for the Applicant's use. WPAHS has not yet determined specifically which inventory and equipment it will acquire, but it does not anticipate acquiring a substantial amount of equipment and inventory.

WPAHS-001498

Alle-Kiski Medical Center
EIN: 25-1875178
Application for Recognition of Section 501(c)(3) Status

Attachment #13
Response to Part II, Question 9: Tax-Exempt Bond Financing

As noted above, on August 9, 2000 WPAHS became the beneficiary of \$465 million tax-exempt bonds due through 2030 (the "Bonds") issued by the Allegheny County Hospital Development Authority, Allegheny County, Pennsylvania. Pursuant to an Amended and Restated Master Indenture of Trust in respect of the Bonds, WPAHS and various other entities, including AUMC, became part of the obligated group (the "Obligated Group"), and thus jointly and severally responsible for repayment of the Bonds.¹ The Bonds are secured by a mortgage on the principal assets of the members of the Obligated Group. Accordingly, the principal assets constituting the AVH division of AUMC currently are subject to the mortgage. Through a Supplemental Master Indenture, the Applicant will become part of the Obligated Group, and its assets will remain subject to the mortgage.

No additional tax-exempt bond financing involving the Applicant is anticipated.

¹ The Obligated Group consists of The Western Pennsylvania Hospital, Allegheny General Hospital, AUMC, AUMC-Canonsburg, AUMC-Canonsburg Ambulance Service, Inc., Allegheny-Singer Research Institute, Inc., Allegheny Medical Practice Network, Allegheny Specialty Practice Network, Suburban General Hospital, Suburban Health Foundation, The Western Pennsylvania Hospital, The Western Pennsylvania Hospital Foundation, Inc., West Penn Corporate Medical Services, Inc., West Penn Specialty MSO, Inc. and Valley Development and Management Corp.

Alle-Kiski Medical Center
EIN: 25-1875178
Application for Recognition of Section 501(c)(3) Status

Attachment #14
Response to Part II, Question 10: Leases

AUMC will lease part of the former Citizens General Hospital building for outpatient services. A copy of the current draft of that lease, which is still under negotiation, is attached. The Applicant will succeed to the lessee position when the Applicant succeeds to the operations of AVH.

LEASE AGREEMENT

THIS Lease Agreement ("Lease") is made this ____ day of November, 2000, between CITIZENS GENERAL HOSPITAL, a non-profit corporation organized under the laws of the Commonwealth of Pennsylvania, hereinafter called "Landlord," and ALLEGHENY UNIVERSITY MEDICAL CENTER d/b/a ALLEGHENY VALLEY HOSPITAL herein after called "Tenant".

LEASE OF PREMISES

In consideration of the mutual covenants herein, Landlord hereby leases to Tenant and Tenant hereby hires from Landlord, subject to all of the terms and conditions hereinafter set forth, those certain premises (hereinafter called the "Premises") set forth in Items 1 and 2 of the Basic Lease Provisions and shown on the drawings attached hereto and made a part hereof, as "Exhibit A-1." The first floor of the hospital building in which the Premises are located, the land on which the office building is situated (described in the attached "Exhibit A-2), and all improvements and appurtenances as to the building and the land are referred to collectively herein as the "Building."

BASIC LEASE PROVISIONS

The following provisions set forth various basic terms of this Lease and are sometimes referred to as the "Basic Lease Provisions."

1. Building Name: Citizens General Hospital

Address: 651 Fourth Avenue
New Kensington, PA 15068

2. Floor(s): First

Rentable Area: _____ square feet

(See "Exhibit B" for definitions)

3. Total Rentable Area of Building: 239,000 square feet

Tenant's Proportionate Share: . _____ % (See Article 2)

4. a. Base Annual Rent: \$ _____

b. Base Monthly Rent: \$ _____

- 5. Term: Five (5) years and zero (0) months.
- 6. Target Commencement Date: November , 2000
- 7. Renewal: Two (2) one-year terms
- 8. Expansion: Negotiable with Landlord
- 9. Security Deposit: \$ 0.00 ; payable on Lease execution.
- 10. Rental Deposit: \$ 0.00 ; payable on Lease execution.
- 11. Broker(s): _____
- 12. Permitted Use: Medical/Outpatient Surgical
- 13. Addresses for notices due under this Lease:

To Landlord:

With Copy to
 Landlord's Representative:

To Tenant:

AUMC, Allegheny Valley Hospital
1301 Carlisle Street
Natrona Heights, PA 15065

With Copy to

Tenant's Representative:

West Penn Allegheny Health System
320 E. North Avenue
Pittsburgh, PA 1521

Attn: President & CEO

Jerry J. Fedele, Esq.

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**ARTICLE 1
TERM AND POSSESSION**

Section 1.01. Commencement and Expiration. The term of this Lease shall be the period of time specified in Item 5 of the Basic Lease Provisions, adjusted as provided below. The Term shall commence as set forth below in Section 1.02. The Term of this Lease shall expire, without notice to Tenant, on the Expiration Date. If the Lease commences on any day other than the first day of a calendar month, the term of the Lease shall be extended by that part of one month necessary to cause the expiration of the term to be on the last day of a calendar month.

Section 1.02. Construction of Tenant Improvements. Landlord will permit Tenant to perform or cause to be performed the "Uniform Tenant Improvement," "Standard Tenant Improvements" and "Above-Standard Work" as defined in "Exhibit D" in accordance with the terms of said "Exhibit D." Landlord may, subject to the terms of "Exhibit D," perform or cause to be performed "Non-Standard Tenant Work," if any is required by the Tenant Construction Documents.

Section 1.03. Surrender of the Premises. Upon the expiration or earlier termination of this Lease, or upon the exercise by Landlord of its right to re-enter the Premises, Tenant shall immediately surrender to Landlord the Premises and all keys to the Premises and the Building, together with all alterations, improvements and other property as provided elsewhere herein, in good order, condition and repair, except for ordinary wear and tear.

Section 1.04. Holding Over. In the event Tenant or any party claiming under Tenant retains possession of the Premises after the expiration or earlier termination of this Lease, such possession shall be an unlawful detainer and no tenancy or interest shall result from such possession; such parties shall be subject to immediate eviction and removal; and Tenant or any such party shall pay Landlord as rent for the period of such hold-over and amount equal to the greater of (a) one and one-half times the Base Monthly Rent payable for the last month of the Term or (b) one and one-half times the total market rent during the time of hold-over, such amount to be total market rent during the time of hold-over, such amount to be determined by Landlord at its sole discretion. Tenant shall also pay any and all damages sustained by Landlord as a result of such hold-over. Tenant will vacate the Premises and deliver same to Landlord immediately upon Tenant's receipt of notice from Landlord to so vacate. The rent during such hold-over period shall be payable to Landlord on demand. No holding over by Tenant, whether with or without consent of Landlord, shall operate to extend this Lease, unless expressly agreed to by the parties in writing.

**ARTICLE 2
RENT**

Section 2.01. Base Rent. Tenant agrees to pay as Base Rent for the Premises the annual sum shown in Item 4 (a) of the Basic Lease Provisions. The Base Rent shall be payable in equal monthly installments in advance, without deduction, commencing on the Commencement Date (subject to the provisions of Section 2.02 D. hereof) and continuing on the first day of each calendar month thereafter. If the term of this Lease commences on a day other than the first day of a calendar month, the rent for such partial month shall be prorated in the proportion that the number of days this Lease is in effect during such partial month bears to the number of days in that calendar month.

Section 2.02. Additional Rent.

A. Definitions. For purposes of this Section 2.02, the following definitions shall apply:

1. "Additional Rent" shall mean the amount of Tenant's Proportionate Share of that part of Building Operating Expenses for a particular calendar year or portion thereof.
2. "Building Operating Expenses" shall mean the following items:
 - (1) All wages, salaries and fees of all employees and agents engaged in the security of the Building, including taxes, insurance and all other benefits relating therefor;
 - (2) All utility costs including without limitation, steam, gas, water, sewage, electricity, power, heating, lighting, air conditioning and ventilating consumed by the Building and servicing thereof;
 - (3) All "Real Estate Taxes" which, for the purpose of this Article, shall mean all gross real property taxes without discounts and personal property taxes, charges and assessments which are levied, assessed upon or imposed by any governmental authority during any calendar year of the term hereof with respect to the Building and the Land or which the Building is located and any improvements, fixtures and equipment and all other property of Landlord, real or personal, located in the Building and used in connection with the operation of the Building and any tax which shall be levied or assessed in addition to or in lieu of such real or personal property taxes (including, without limitation, any municipal income tax), and any license fees, tax measured by or imposed upon rents, or other tax or charge upon Landlord's business of leasing the Building, but shall not include any Federal or State Income Tax, or any Franchise, Capital Stock, Estate of Inheritance Taxes.

For the purpose of this Article, payments made by Tenants of the Building, either to third parties or to Landlord, under agreements for direct reimbursement for services (e.g., separately metered utilities, property taxes directly reimbursed to Landlord, etc.) shall not be included in "Building Operating Expenses." However, each category of expense for which one or more tenants of the Building makes such payments, Tenant's Building Expense Percentage shall be adjusted by excluding from the denominator thereof the Rentable Area of all Tenants making such payments (for instance, if Tenants leasing a total of 10% of the Rentable Area of the Building pay their own electricity bills under an arrangement of separate metering, the Building Expense Percentage for each Tenant not making such payment will increase proportionately with respect to that category of expense).

If Tenant makes any such payment, Building Operating Expenses, for purposes of this Article, shall exclude the category of expense for which such payment is made, but only to the extent that the category of expense includes payments made or charges incurred with respect to space actually leased to other tenants.

3. "Tenant's Proportionate Share" shall mean the percentage specified in Item 3 of the Basic Lease Provisions. This percentage was determined by dividing Rentable Area in the Premises, as specified in Item 2 of the Basic Lease Provisions, by the Total Rentable Area in the Building.

B. Payment Obligation. During each calendar year or portion thereof included in the original term of this Lease and any renewal thereof, Tenant shall pay Landlord as additional rent Tenant's Proportionate Share of any increase over the dollar costs set forth below for the following items, which costs shall be referred to as "Initial Costs:"

1. The Initial Cost of the Real Estate Taxes as defined hereinabove shall be those costs incurred during Base Year 2000.
2. The Initial Cost of all other Building Operating Expenses as defined hereinabove shall be those costs incurred during Base Year 2000.

During December of each calendar year, or as soon thereafter as practicable, Landlord shall give Tenant written notice of its estimate of any increased amounts payable for the ensuing calendar year. On or before the first day of each month during the ensuing calendar year, Tenant shall pay to Landlord 1/12 of such estimated amounts.

Within ninety (90) days after the close of each calendar year or as soon after such ninety (90) day period as practicable, Landlord shall deliver to Tenant a statement of the adjustments to be made. If, on the basis of such statement, Tenant owes an amount that is more than the estimated payments for such calendar year previously made by Tenant, Tenant shall pay the deficiency to Landlord within thirty (30) days after delivery of the statement. In no event, however, shall the monthly rent paid by Tenant be less than the Base Rent set forth in this Lease or any renewals thereof. In the event Tenant paid estimates in excess of the actual Additional Rent due, such amount shall be credited toward Tenant's next Base Rent payment.

Section 2.03. Rent. The Base Rent, the Additional Rent, and all other sums required to be paid by Tenant hereunder, including any sums due under the Agreement for Construction, are sometimes collectively referred to as, and shall constitute, "Rent."

Tenant agrees to pay Rent when due, without prior demand therefor and without deduction or setoff, at the office of the Building Manager or at such other place as Landlord may designate.

ARTICLE 3 SECURITY DEPOSIT

Tenant has paid or will pay Landlord the sum set forth in Item 9 of the Basic Lease Provisions as security for the performance of the terms hereof by Tenant. Tenant shall not be entitled to interest thereon. If Tenant defaults with respect to any provision of this Lease, Landlord may, but shall not be required to, use, apply or retain all or any part of this security deposit for the payment of any rent or any other sum in default, or for the payment of any other amount which Landlord may spend or become obligated to spend by reason of Tenant's default, or to compensate Landlord for any other loss or damage which Landlord may suffer by

reason of Tenant's default, including, without limitation, costs and attorney's fees incurred by Landlord to

recover possession of the Premises. If any portion of said deposit is so used or applied, Tenant shall, upon demand therefor, deposit cash with Landlord in an amount sufficient to restore the security deposit to its original amount and Tenant's failure to do so shall constitute a default hereunder by Tenant. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, the security deposit shall be returned to Tenant within sixty (60) days after the Expiration Date.

ARTICLE 4 OCCUPANCY AND USE

Section 4.01. Use of Premises. The Premises shall be used solely for the purpose specified in Item 12 of the Basic Lease Provisions. Tenant will not use, occupy or permit the use or occupancy of the Premises for any purpose which is, directly or indirectly, forbidden by law, ordinance or governmental or municipal regulation or order, or which may be dangerous to life, limb or property; or permit the maintenance of any public or private nuisance; or permit anything to be done which would increase the fire and extended coverage insurance rate on the Building or contents, and if there is any increase in such rate by reason of acts of Tenant, then Tenant agrees to pay such increase promptly upon demand therefor by Landlord. Payment by Tenant of any such rate increase shall not be a waiver of Tenant's duty to comply herewith.

Landlord shall ensure that the part of the Premises which is designated for ambulatory surgery services in Exhibit A-1 shall meet all building and construction requirements of Title 28, Subpart F of the Pennsylvania Code which pertain to physical plant requirements for ambulatory surgery centers.

Section 4.02. Rules and Regulations. Such reasonable rules and regulations applying to all tenants in the Building as may be adopted by Landlord for the safety, care and cleanliness of, and preservation of good order in, the Premises and the Building. Any such rules and regulations shall be presented to Tenant for review and approval before the same become binding upon the Tenant.

Section 4.03. Compliance with Laws. Tenant shall comply with all laws, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments and appropriate departments, commissions and boards thereof. Tenant at its expense shall have the right to contest the validity of the same by appropriate legal proceedings. If the terms of such law, ordinance, rule, regulation or requirement permit compliance to be legally held in abeyance without incurrance of any lien, charge or liability of any kind against the Premises and improvements of the interest of the Landlord therein and without subjecting Landlord or Tenant to liability for failure to comply therewith during such period of abeyance, Tenant may postpone compliance therewith until the final determination of any such proceeding, provided that all such proceedings shall be prosecuted with diligence.

Section 4.04. Signs. Tenant shall have the right to inscribe, paint, affix or display any signs, advertisements or notices on or in the Building at Tenant's expense. Landlord shall reserve the right to review and approve the signage, including the content thereof, which approval shall not be unreasonably withheld.

Section 4.05. Access. Landlord or its authorized agents shall at any and all reasonable times and upon reasonable notice (except in the event of an emergency) have the right to enter the Premises to inspect the same, to supply any of the services to be provided by Landlord to Tenant hereunder, to show the Premises to prospective purchasers or tenants, to alter, improve or repair the Premises or any other portion of the

Building, all without being deemed guilty of an eviction of Tenant and without abatement of Rent, and may

for that purpose erect scaffolding and other necessary structures where reasonably required by the character of the work to be performed, provided the business of Tenant shall be interfered with as little as is reasonably practicable. Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of Premises, and any other loss occasioned thereby. For each of the aforesaid purposes, Landlord shall at all times have and retain a key with which to unlock all the doors in, upon and about the Premises, excluding Tenant's vaults and safes. Landlord shall have the right to use any and all means which Landlord may deem proper to open any door(s) in an emergency without liability therefor.

Section 4.06. Quiet Possession. Upon Tenant's paying the Rent reserved hereunder and observing and performing all of the covenants, conditions and provisions on Tenant's part to be observed and performed hereunder, Tenant shall have the quiet possession of the premises for the entire Term hereof, subject to all of the provisions of this Lease.

ARTICLE 5 UTILITIES AND SERVICES

Section 5.01. Services to be Provided. Landlord agrees to furnish or cause to be furnished to the Premises the utilities and services described below, subject to the conditions and in accordance with the standards set forth herein:

- A. On a 24-hour per day, seven-day per week basis, Landlord shall ventilate the Premises and furnish heat or air conditioning, at such temperatures and in such amounts as Tenant deems standard for the uses described in this Lease, subject to any governmental requirements or standards relating to, among other things, energy conservation.
- B. Landlord shall furnish to the Premises at all times, subject to interruptions beyond Landlord's control, electric current as required for the uses described in this Lease. Tenant's use of electric current shall at no time exceed the capacity of the feeders to the Building or the risers or wiring installation, shall be consistent with the permitted use of the Premises as specified herein, and shall generally be during normal business hours. Tenant agrees to furnish and replace electric bulbs and fluorescent tubes within the Premises at its sole cost and expense or, should Landlord do so on behalf of Tenant at Tenant's request, to reimburse Landlord for its cost in providing such material and service.
- C. Landlord shall furnish water for common drinking, cleaning and lavatory purposes.
- D. Landlord shall provide security services on a 24-hour per day, seven day per week basis.
- 5.

Landlord shall provide Tenant access and use of all parking spaces on the property with the exception of thirty (30) spaces which are to be designated for the use of the Landlord or its designees. Landlord reserves the right to designate up to _____ additional spaces for the use of other tenants of the Building but only after Landlord has entered into

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lease agreements with such tenants. Notwithstanding

the foregoing, Landlord hereby agrees at all times to provide on-site parking through _____ designated spaces for use of Tenant in the night shifts defined as between 7:00 p.m. and 7:00 a.m. of each day.

Section 5.02. Tenant's Obligation. Tenant agrees to cooperate fully at all times with Landlord and to abide by all regulations and requirements which Landlord may prescribe for the use of the above utilities and services. Any failure to pay any excess costs as described above upon demand by Landlord shall constitute a breach of the obligation to pay Rent under this Lease and shall entitle the Landlord to the rights herein granted for such breach.

Section 5.03. Service Interruption. Landlord shall not be liable for, and Tenant shall not be entitled to any abatement or reduction of Rent by reason of Landlord's failure to maintain temperature or electrical constancy levels or to furnish any of the foregoing services when such failure is caused by accident, breakage, repairs, strikes, lockouts or other labor disturbance or labor dispute of any character, governmental regulation, moratorium or other governmental action, inability by exercise of reasonable diligence to obtain electricity, water or fuel, or by any other cause beyond Landlord's reasonable control, nor shall any such failure, stoppage or interruption of any such service to construed as an eviction of Tenant, or relieve Tenant from the obligation to perform any covenant or agreement herein. In the event of any failure, stoppage or interruption thereof, however, Landlord shall use reasonable diligence to resume service promptly.

ARTICLE 6 REPAIRS, MAINTENANCE, ALTERATIONS AND IMPROVEMENTS

Section 6.01. Repairs and Maintenance of the Premises. Landlord shall not be required to make repairs of any kind or character to Tenant Improvements made within the Premises during the Term of this Lease, unless such repairs are required as a result of damage to the Premises by the Landlord, its agents, employees, invitees or visitors. Tenant agrees to maintain and keep the interior of the Premises in good repair and condition at Tenant's expense. Tenant agrees not to commit or allow any waste or damage to be committed on any portion of the Premises. Should Tenant fail to perform such obligations, Landlord may cause the same to be done for Tenant and charge the cost thereof to Tenant as Additional Rent hereunder.

Section 6.02. Repairs and Maintenance of the Building. Landlord shall maintain in good condition and repair the common areas of the Building; its service facilities; its exterior walls, windows and roof; its life safety systems; and those portions of its structural, electrical, plumbing and mechanical components that are not Tenant Improvements. Any damage to such areas, facilities, systems, and components or to the Premises of other Tenants in the Building which damage shall have been caused by the Tenant, its agents, employees, licensees, invitees or visitors shall be repaired by Landlord at Tenant's expense and Tenant shall pay Landlord's cost therefor to Landlord upon demand.

Section 6.03. Improvements and Alterations.

- A. Landlord shall have no construction obligation under this Lease.
- B. Landlord shall have the right at any time to change the arrangement, location and/or size of entrances or passageways, doors and doorways, corridors, elevators, stairs, toilets or other public parts of the

Building and, upon giving Tenant reasonable notice thereof, to change the name, number, address or designation by which the Building is commonly known.

- C. Tenant shall not make any alterations, additions or improvements to the Premises without the prior written consent of Landlord.

ARTICLE 7 INSURANCE, FIRE AND CASUALTY

Section 7.01. Damage or Destruction. In the event of a fire or other casualty in the Premises, Tenant shall immediately give Landlord notice thereof. Except as provided to the contrary in Section 7.02 below, Landlord and Tenant agree that if the Premises are partially or totally destroyed by fire or other casualty covered by the fire and extended coverage insurance to be carried by Landlord under the terms of this Lease, then Landlord may, at its option, repair and restore the Premises, or Landlord may terminate this Lease without liability to Landlord. In the event that Landlord does not elect to terminate this Lease as a result of such damage or destruction, then Landlord, at its expense, shall repair and restore the Premises as soon as reasonably practicable to substantially the same condition as the Premises were prior to the casualty, provided however, that Landlord's obligation hereunder shall be limited to the repair and restoration of such of the Tenant Improvements as were originally required to be made by Landlord at Landlord's expense. Notwithstanding any of the foregoing provisions to the contrary, in the event the Premises or the Building are destroyed or damaged to the extent that repairs to be made by Landlord, as estimated by a responsible contractor selected by Landlord, cannot be substantially completed within one hundred eighty (180) days from the date of the casualty, Landlord shall forthwith give Tenant written notice of such estimate, and Tenant shall have the right to terminate this Lease without liability to Landlord within fourteen (14) days after Tenant's receipt of said notice from Landlord.

In the event the Premises are totally destroyed or so damaged by fire or other casualty covered by the fire and extended coverage insurance to be carried by Landlord under the terms of this Lease that the Premises cannot reasonably be used by Tenant for the purposes herein provided and this Lease is not terminated as above set forth, then there shall be a total abatement of Rent from the date of casualty until substantial completion of the repair and restoration work to be performed by Landlord; and this Lease shall continue in full force and effect for the balance of the Term. In the event the Premises are partially destroyed or damaged by fire or other casualty so that the Premises can be used only partially by Tenant for the purposes herein provided and this Lease is not terminated as above set forth, then Rent shall be abated in the proportion which the approximate area of the damage part bears to the total area in the Premises from the date of the casualty until substantial completion of the repair and restoration work to be performed by Landlord; and this Lease shall continue in full force and effect for the balance of the Term.

Section 7.02. Tenant's Responsibilities.

If the Building or the Premises shall be damaged by fire or other casualty resulting from the fault or negligence of Tenant, or the agents, employees, licensees or invitees of Tenant, Rent shall continue without abatement.

Section 7.03. Tenant's Insurance. Tenant covenants and agrees that from and after the date of deliver of the Premises from Landlord to Tenant, Tenant will carry and maintain, at its sole cost and expense, the

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following types of insurance, in the amounts specified and in the form hereinafter provided, as follows:

A. Public Liability and Property Damage. General Public Liability Insurance covering the Premises and Tenant's use thereof against claims for personal injury or death and property damage occurring upon, in or about the Premises, such insurance to insure both Landlord and Tenant and to afford protection to the limit of not less than \$1,000,000 in respect of injury or death to any number of persons arising out of any one occurrence, and such insurance against property damage to afford protection to the limit of not less than \$500,000 in respect of any instance of property damage.

B. Tenant Improvements and Property. Fire insurance and extended coverage, vandalism, and malicious mischief endorsements covering its real and personal property in, or upon the Premises.

All insurance policies maintained by Tenant pursuant to the requirements hereof shall provide that no cancellations thereof shall be effective until at least thirty (30) days after receipt by Landlord of written notice thereof. Tenant agrees to provide Landlord, on or prior to the Commencement Date, with certificates of such insurance and to permit Landlord at all reasonable times to inspect the policies of insurance required herein.

Section 7.04. Landlord's Insurance. Landlord shall at all times during the Term maintain in effect a policy or policies of insurance covering the Building (excluding property required to be insured by Tenant) in such amounts as Landlord may from time to time determine, providing protection against perils included within the standard form of fire and extended coverage insurance policy, together with insurance against sprinkler damage, vandalism and malicious mischief, and such other risks as Landlord may from time to time determine and with any such deductibles as Landlord may from time to time determine. Any insurance provided for in this Section 7.04 may be effected by a policy or policies of blanket insurance, covering additional items or locations or assureds, provided that the requirements of this Section are otherwise satisfied.

Section 7.05. Waiver of Subrogation. Landlord and Tenant hereby waive any rights each may have against the other, on account of any loss or damage occasioned to Landlord or Tenant, as the case may be, their respective property, the Premises, its contents or to the other portion of the Building arising from any risk covered by fire and extended coverage insurance. Landlord and Tenant each agree to cause an endorsement to be issued to their respective insurance policies recognizing this waiver of subrogation.

ARTICLE 8 CONDEMNATION

In the event the Building, or any portion thereof necessary, in the sole opinion of the Landlord, to the continued efficient and/or economically feasible use of the building, shall be taken or condemned in whole or in part for public purposes, or sold to a condemning authority to prevent taking, then the term of this Lease shall, at the option of the Landlord, forthwith cease and terminate, and the Landlord shall receive the entire award for land and buildings; Tenant hereby expressly assigning to Landlord any and all right, title and interest of the Tenant now and hereafter arising in and to any such award. Nothing contained herein shall be construed to preclude the Tenant from prosecuting any claim directly against the condemning authority in such condemnation proceedings for loss of business, or depreciation to, damage to, or cost of removal of, or for the value of stock, trade fixtures, furniture, and other personal property belonging to the Tenant; provided, however, that no such claim shall diminish or otherwise adversely affect the Landlord's award or

the award of any mortgagee.

**ARTICLE 9
LIENS**

Tenant shall keep the Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by or for Tenant. No work which Landlord permits Tenant to perform in the Premises shall be deemed to be for the immediate use and benefit of Landlord so that no mechanics or other lien shall be allowed against the estate of Landlord by reason of its consent to such work.

**ARTICLE 10
TAXES ON TENANT'S PROPERTY**

Tenant shall be liable for and shall pay, prior to their becoming delinquent, any and all taxes and assessments levied against any personal property or trade or other fixtures placed by Tenant in or about the Premises, including any additional real estate taxes or assessments which may be levied against the Building by reason of Tenant's requirements for "Above-Standard Tenant Work" or "Non-Standard Tenant Work" in the Premises.

**ARTICLE 11
SUBLETTING AND ASSIGNING**

Section 11.01. Responsibilities. Tenant shall not assign this Lease, or allow it to be assigned, in whole or in part, by operation of law or otherwise (including without limitation by transfer of stock, merger, dissolution or change in occupancy), mortgage or pledge the same, or sublet the Premises, or any part thereof, without the prior written consent of Landlord, and in no event shall any such assignment or sublease ever release Tenant from any obligation or liability hereunder. No assignee or sublessee of the Premises or any portion thereof may assign or sublet the Premises or any portion thereof.

Section 11.02. Conditions of Sublease. If the Tenant desires to assign or sublet all or any part of the Premises, it shall so notify Landlord at least thirty (30) days in advance of the date on which Tenant desires to make such assignment or sublease. Tenant shall provide Landlord with a copy of the proposed assignment or sublease, and such information as Landlord might request concerning the proposed sublessee or assignee to allow Landlord to make informed judgments as to the financial condition, reputation, operations and general desirability of the proposed subtenant(s) or assignee. Within thirty (30) days after Landlord's receipt of Tenant's proposed assignment or sublease, and all required information concerning the proposed subtenant(s) or assignee, Landlord shall have the option to:

- A. Cancel the Lease as to the Premises or portion thereof proposed to be assigned or sublet; or
- B. Consent to the proposed assignment or sublease, in which event, however, if the rent due and payable by any assignee or sublessee under any such permitted assignment or sublease (or a combination of the rent payable under such assignment or sublease plus any bonus or any other consideration therefor or any payment incident thereto) exceeds the Rent payable under this Lease for such space, Tenant shall pay to Landlord all such excess rent and other excess consideration within ten (10) days following receipt thereof by Tenant; or

- C. Refuse its consent to the proposed assignment or sublease but allow Tenant to continue in the search of an assignee or sublessee that may be acceptable to Landlord, which option shall be deemed to be elected unless Landlord gives Tenant written notice providing otherwise.

ARTICLE 12
TRANSFERS BY LANDLORD; SUBORDINATION

Section 12.01. Sale of the Building. In the event of a sale or conveyance by Landlord of its interest in the Building, the same shall operate to release Landlord from any and all liability under this Lease arising after the date of such sale. Tenant's right to quiet possession of the Premises shall not be disturbed so long as Tenant shall pay the Rent and observe and perform all of the provisions of this Lease to be observed and performed by Tenant, unless this Lease is terminated pursuant to specific provisions relating thereto or contained herein. If any security deposit has been made by Tenant, Landlord may transfer such security deposit to the Purchaser, and thereupon Landlord shall be discharged from any further liability in reference thereto.

Section 12.02. Subordination and Attornment.

- A. This Lease is subject and subordinate to any lease wherein Landlord is the Tenant and to the lien of any and all mortgages or deeds of trust, regardless of whether such lease, mortgages or deeds or trust now exist or may hereafter be created with regard to all or any part of the Building, and to any and all advances to be made thereunder, and to the interest thereon, and all modifications, consolidations, renewals, replacements and extensions thereof. Tenant also agrees that any lessor, mortgagee or trustee may elect to have this Lease prior to any lease or lien of its mortgage or deed of trust, and in the event of such election and upon notification by such lessor, mortgagee or trustee to Tenant to that effect, this Lease shall be deemed prior to the said lease, mortgage or deed of trust, whether this Lease is dated prior to or subsequent to the date of said lease, mortgage or deed of trust.
- B. Tenant shall, in the event of the sale or assignment of Landlord's interest in the Premises (except in a sale - leaseback financing transaction), or in the event of the termination of any lease in a sale-leaseback transaction wherein Landlord is the lessee, attorn to and recognize such purchaser or assignee or mortgagee as Landlord under this Lease.
- C. Tenant shall, in the event of any proceedings brought for the foreclosure of, or in the event of the exercise of the power of sale under, any mortgage or deed of trust covering the Premises, attorn to and recognize such purchaser or assignee or mortgagee as Landlord under this Lease.
- D. Simultaneously with deliver of any notice of default to Landlord, Tenant shall deliver to any existing or future Landlord's mortgagee(s) a copy of such notice of default from Tenant to Landlord (provided that Tenant shall have been notified of such mortgagee's address), and such mortgagee(s) shall have the right, but not the obligation, to cure all defaults of Landlord within the same time period provided in this Lease for curing such defaults by Landlord, plus an additional period of thirty (30) days. Tenant shall not be entitled to exercise any of its remedies hereunder as a result of any such default by Landlord unless and until such notice shall have been given to such mortgagee(s) and the requisite time period for curing such default by Landlord's mortgagee shall have expired and such default shall not have been cured. Unless the prior written consent of Landlord's mortgagee(s) is obtained, none of the following shall be effective as to any such Landlord's mortgagee(s).

- (a) any amendment or modification to this Lease;
- (b) any surrender of this Lease, or any termination of this Lease except pursuant to a right to terminate expressly set forth herein; or
- (c) payment of any Rent for more than one month in advance or payment of any Rent other than in strict accordance with the terms of this Lease.

E. The above subordination and attornment and mortgagee protection clauses shall be self-operative and no further instruments of subordination or attornment or mortgagee protection need be required by any mortgagee, trustee, lessor, purchaser or assignee. In confirmation thereof, Tenant agrees that, upon the request of Landlord, or any such lessor, mortgagee, trustee, purchaser or assignee, Tenant shall execute and deliver whatever instruments may be required for such purposes and to carry out the intent of this Section, and in the event Tenant fails to do so within ten (10) days after demand in writing, Tenant does hereby make, constitute and irrevocably appoint Landlord as its attorney-in-fact, complete with an interest, in its name, place and stead so to sign and deliver such instruments as if the same had been signed and delivered by Tenant.

ARTICLE 13 DEFAULT

Section 13.01. Defaults by Tenant. The occurrence of any of the following shall constitute a material default and breach of this Lease by Tenant:

- A. Any failure by Tenant to pay Rent or to make any other payment required to be made by Tenant hereunder for a period of five (5) days after the date when Landlord has notified Tenant that any payment is past due;
- B. Any failure by Tenant to observe and perform any other provision of this Lease to be observed or performed by Tenant, where such failure continues for twenty (20) days after written notice to Tenant; provided, however, that, in the case of a default which cannot with due diligence be cured within a period of twenty (20) days, Tenant shall be deemed to have complied with such notice as long as it has promptly commenced to comply with such notice and thereafter diligently proceeds to comply with such notice; or
- C. Tenant admits in writing that it cannot meet its obligations as they become due; or is declared insolvent according to any law; or assignment of Tenant's property is made for the benefit of creditors; or a receiver or trustee is appointed for Tenant or its property; or the interest of Tenant under this Lease is levied on under execution or other legal process; or any petition is filed by or against Tenant to declare Tenant bankrupt or to delay, reduce or modify Tenant's debts or obligations; or any petition is filed or other action taken to reorganize or modify Tenant's capital structure if Tenant be a corporation or other entity (provided that no such levy, execution, legal process or petition filed against Tenant shall constitute a breach of this Lease if Tenant shall vigorously contest the same by appropriate proceedings and shall remove or vacate the same within thirty (30) days from the date of its creation, service or filing).

- D. The abandonment or vacation of the Premises by Tenant, which shall mean that Tenant is absent from the Premises for twenty (20) consecutive days or the failure of Tenant to occupy the Premises within thirty (30) days after Landlord notifies Tenant that the Premises are ready for occupancy.

Section 13.02. Remedies of Landlord. In the event of any such default by Tenant, Landlord, at its option, may have one or more of the following remedies, in addition to all other rights and remedies provided at law or in equity:

- A. Landlord may terminate this Lease on five (5) days' notice and without further notice repossess the Premises and be entitled to recover as damages a sum of money equal to the total of (1) the cost of recovering the Premises, (2) the unpaid Rent earned at the time of termination, plus interest thereon, or, (3) the balance of the Rent for the remainder of the Term; or
- B. Landlord may on five (5) days' notice terminate Tenant's right of possession of the Premises, but not terminate the Lease, and without further notice or demand enter upon the Premises or any part thereof and take absolute possession of the same, change the locks, and, at Landlord's option, Landlord may relet the Premises or any part thereof for such terms and such rents as Landlord may reasonably elect. In the event Landlord shall elect to so relet, then Rent received by Landlord from such reletting shall be applied first, to the payment of any indebtedness other than Rent due hereunder from Tenant to Landlord, second, to the payment of any cost of such reletting, including, without limitation, refurbishing costs and leasing commissions, and third, to the payment of Rent due and unpaid hereunder, and Tenant shall satisfy and pay any deficiency upon demand therefor from time to time; or
- C. Landlord may perform for the account of Tenant any such default of Tenant and immediately recover as additional rent any expenditures made and the amount of any obligations incurred in connection therewith, plus the prevailing prime interest rate per annum from the date of any such expenditure; or
- D. Landlord may exercise any other legal or equitable right or remedy which it may have.

Any entry into and possession of the Premises by Landlord under this Article shall be without liability or responsibility to Tenant and shall not be in lieu of or in substitution for any other rights of Landlord hereunder or in law or in equity.

Section 13.03. Defaults by Landlord. Except as otherwise provided in this Lease, Landlord shall be in default under this Lease if Landlord fails to perform any of its obligations hereunder and said failure continues for a period of thirty (30) days after written notice thereof from Tenant to Landlord (unless such failure cannot reasonably be cured within thirty (30) days and Landlord shall have commenced to cure said failure within said thirty (30) days and continues diligently to pursue the curing of the same.) In the event of default, Tenant may exercise any legal or equitable right or remedy which it may have.

ARTICLE 14 NOTICES

All notices which Landlord or Tenant may be required, or may desire, to serve on the other shall be in writing

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and may be served, as an alternative to personal service, by depositing the same with the U.S. Postal Service,

by registered or certified mail, postage prepaid, addressed as follows: (i) to Landlord at the address set forth in Item 13 of the Basic Lease Provisions; (ii) prior to the Commencement Date of this Lease, to Tenant at the address set forth in Item 13 of the Basic Lease Provisions; and (iii) after the Commencement Date, to Tenant at the Premises. Any notices by mail as aforesaid shall be deemed delivered, served and given two (2) business days after deposit of the same with the postal authority. The addresses stated above shall be effective for all notices to the respective parties until written notice of a change of address is given pursuant to the provisions hereof.

ARTICLE 15 MISCELLANEOUS PROVISION

Section 15.01. Estoppel Certificate. Tenant shall, upon the request of Landlord or any mortgagee of Landlord, without additional consideration, deliver (1) an Estoppel Certificate, consisting of statements, if true, that:

- A. This Lease is in full force and effect, with rental paid through the month immediately preceding the date of such certificate:
- B. This Lease has not been modified or amended; and
- C. Landlord is not in default and Landlord has fully performed all of Landlord's obligations hereunder,

and (2) any such further consents and instruments of a similar nature setting forth such other information with respect to this Lease as Landlord may reasonably request or evidencing the agreement of Tenant to the mortgage or other hypothecation by Landlord of the reversionary interest of Landlord hereunder as may be reasonably requested by Landlord or any mortgagee of Landlord.

Section 15.02. Attorney's Fees. In the event of any legal action or proceeding brought by either party against the other arising out of this Lease, the prevailing party shall be entitled to recover reasonable attorney's fees and costs incurred in such action and such amount shall be included in any judgment rendered in such proceeding.

Section 15.03. Waiver. No waiver by Landlord of any provision of this Lease or of any breach by Tenant hereunder shall be deemed to be a waiver of any other provision hereof or of any subsequent breach by Tenant of the same or any other provision. No waiver by Tenant of any provision of this Lease or of any breach by Landlord hereunder shall be deemed to be a waiver of any other provision hereof or of any subsequent breach by Landlord of the same or any other provision

Section 15.04. Insolvency or Bankruptcy. In no event shall this Lease be assigned or assignable by operation of law and in no event shall this Lease be an asset of Tenant in any receivership, bankruptcy, insolvency or reorganization proceeding.

Section 15.05 Applicable Law. This Lease shall be governed by and construed pursuant to the laws of the Commonwealth of Pennsylvania.

Section 15.06. Common Facilities. Tenant shall have the nonexclusive right, in common with others, to the use of common entrances, lobbies, elevators, ramps, drives, stairs and similar access and serviceways and other common facilities in and adjacent to the Building, subject to such reasonable rules and regulations as may be adopted by the Landlord.

Section 15.07. Successors and Assigns. Except as otherwise provided in this Lease, all of the covenants, conditions and provisions of this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

Section 15.08. Brokers. The parties warrant that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, excepting only the broker(s) names in Item 11 of the Basic Lease Provisions, and the parties agree to indemnify and hold harmless the other from and against any liability or claim, whether meritorious or not, arising in respect to broker(s) not so named.

Section 15.09. Severability. If any provision of this Lease or the application thereof to any person or circumstances shall be invalid or unenforceable to any extent, the remainder of this Lease and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

Section 15.10. Name. Tenant shall not, without the written consent of Landlord, use the name of the Building for any purpose other than as the address of the business to be conducted by the Tenant in the Premises, and in no event shall Tenant acquire any rights in or to such name.

Section 15.11. Examination of Lease. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for lease, and it is not effective as a lease or otherwise until execution by and delivery to both Landlord and Tenant.

Section 15.12. Time. Time is the essence in this Lease and in each and all of the provisions hereof.

Section 15.13. Defined Terms and Marginal Headings. The words "Landlord" and "Tenant" as used herein shall include the plural as well as singular. If more than one person is named as Tenant, the obligations of such persons are joint and several. The headings and titles to the articles of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

Section 15.14. Authority. If Tenant executes this Lease as a corporation, each of the persons executing this Lease on behalf of Tenant does hereby personally covenant and warrant that Tenant is a duly authorized and existing corporation, that Tenant is qualified to do business in Pennsylvania, that the corporation has full right and authority to enter into this Lease, and that each person signing on behalf of the corporation is authorized to do so. If Tenant executes this Lease as a partnership or other entity, each of the persons does hereby personally covenant and warrant that, to the extent required by law, Tenant is qualified to do business in Pennsylvania, that such entity has full right and authority to enter into this Lease, and that each person signing on behalf of such entity has authority to do so. Upon request of Landlord, the signatories hereto will furnish satisfactory evidence of their authority to execute this Lease on behalf of Tenant.

Section 15.15. Recording. This Lease shall not be recorded. However, either party may request recording,

Landlord shall have the right to record a short form of memorandum thereof, at Landlord's expense, at any time during the term hereof, and Tenant agrees to join in the execution thereof if requested.

Section 15.16. Entire Agreement. This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease and no prior agreement, understanding or representation pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest.

Section 15.17. Force Majeure. Time periods for Landlord's or Tenant's performance of their respective obligations under any of the terms and conditions of this Lease other than the payment of rent by Tenant shall be extended for periods of time during which the non-performing party's control performance is prevented due to circumstances beyond the party's control, including without limitation, strikes, embargos, governmental regulations, acts of God, war or other strife.

IN WITNESS WHEREOF, the parties hereto have executed this Lease, consisting of the foregoing provisions and Articles 1 through 15, together with Exhibits A-1, A-2, and B through E inclusive, incorporated herein by this reference, as of the date first above written.

WITNESS

TENANT

ALLEGHENY UNIVERSITY MEDICAL
CENTER d/b/a ALLEGHENY VALLEY
HOSPITAL

By: _____

Name: _____

Title: _____

Date: _____

WITNESS

LANDLORD

CITIZENS GENERAL HOSPITAL

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT A-1

Suite # _____
Square Feet _____

**EXHIBIT A-2
DESCRIPTION OF LAND**

**EXHIBIT B
AREA DEFINITIONS**

- A. **USEABLE SPACE.** For all purposes of the Lease, "Useable Area" shall mean the area encompassed by the inside surface of all exterior walls of the office building, the corridor side of corridor walls and the center line of walls separating the Premises from other lease or leaseable areas less stairs, vertical shafts, mechanical and electrical rooms, telephone rooms, janitor closets, and such other rooms not actually available for the tenant's use. Common corridors and elevator lobbies servicing such a floor shall be common areas.
- B. **RENTABLE AREA.** For all purposes of the Lease, "Rentable Area" shall be the sum of:
1. Useable Area,
 2. As to a multi-tenant floor, a pro-rated share of all common areas on the same floor as the Premises (including elevator lobby, corridors, restrooms, mechanical and electrical rooms, and telephone rooms and janitor closets).
 3. As to single-tenant floor, all common area on such floor (including elevator lobby, corridors, restrooms, mechanical and electrical rooms, and telephone rooms and janitor closets) and
 4. As to a multi-tenant floor and a single-tenant floor, a pro-rated share of other office building common areas (including entrance lobbies, shipping and receiving room, fire department rooms, post office, building storage areas, service elevator lobbies, and exit corridors but specifically excluding mechanical, electrical and elevator machine rooms located on the roof and in the basement of the building).
- C. **AGREEMENT ON AREAS.** Rentable and Useable Areas shown in the Basic Lease Provisions have been calculated on the basis of the foregoing definitions and are hereby agreed to be the stated areas regardless of minor variations resulting from actual construction and completion of the Premises for occupancy, so long as such work is done in accordance with the terms and provisions in the Lease, the Agreement for Construction, and the approved Tenant Construction Documents.

EXHIBIT C
RULES & REGULATIONS

1. Wherever in these Rules & Regulations the word "Tenant" is used, it shall be taken to apply to and include the Tenant and his servants, clerks, employees and other representatives, visitors, customers, clients, patients, and common carriers, and is to be deemed of such number and gender as the circumstances require. The word "room" or "rooms" is to be taken to include the space covered by Lease. The word "Landlord" shall be taken to include the Landlord's Renting Agent.
2. The streets, sidewalks, entrances, halls, passages, elevators, and stairways and other common areas shall not be obstructed by Tenant or used by him for any other purpose than for ingress and egress.
3. Toilet rooms, water-closets and other water apparatus shall not be used for any purpose other than those for which they were constructed.
4. Tenant shall not do anything in the premises or bring or keep anything therein which will in any way increase or tend to increase the risk of fire or the rate of fire insurance or which shall conflict with the regulations of the Fire Department or the fire laws or with any insurance policy on the building or any part thereof or which shall in any way conflict with any law, ordinance, rule or regulation affecting the occupancy and use of said premises which are or may hereafter be enacted or promulgated by any public authority or by the Board of Fire Underwriters. Landlord reserves the right to inspect the lease area at any reasonable time and reasonable notice and, in case of emergency, to enter the premises at any time.
5. Tenant may install call boxes, telegraphic or telephone wires and other devices at its own cost and expense provided that Landlord shall have the right to approve and direct such installations and to impose reasonable restrictions and conditions in connection therewith. No wires shall be run or installed in any part of the building or attached to the outside of the building. Tenant shall not interfere with the heating apparatus, electric wiring or other facilities in the building. The Landlord shall have the right to prescribe the weight and location of heavy items proposed to be installed in the building and no such installation shall be made except as directed by Landlord. All property brought into or removed from the building shall be moved at Tenant's sole risk, cost and expense and any damage done to the building or to property of Landlord or of any other Tenant in the Building by such moving shall be paid for by Tenant.

**EXHIBIT D
LANDLORD IMPROVEMENT(S)**

Alle-Kiski Medical Center

EIN: 25-1875178

Application for Recognition of Section 501(c)(3) Status

Attachment #15

Response to Part II, Question 11: Status as a Membership Organization

The Applicant is a membership corporation under the Pennsylvania Not-For-Profit Corporation Law solely to facilitate governance by WPAHS. WPAHS has no present intention of increasing the number of members.

WPAHS-001526

Alle-Kiski Medical Center
EIN: 25-1875178
Application for Recognition of Section 501(c)(3) Status

Attachment #16
Response to Part II, Question 12: Benefits, Services or Products

The Applicant's charges will be the present charges for procedures and services that are in effect at AVH, both at the Natrona Heights campus currently operated by AVH and at the New Kensington campus currently operated by CGH.

Alle-Kiski Medical Center

EIN: 25-1875178

Application for Recognition of Section 501(c)(3) Status

Attachment #17

Response to Part IV, Section A, Line 7: Other Income

Other Income	F/Y/E 6/30/2001	F/Y/E 6/30/2002	F/Y/E 6/30/2003
Physician practice income	\$350,000	\$360,500	\$371,315
Nursing school tuition	\$148,000	\$152,440	\$157,013
Parking garage revenues & staff fees	\$110,000	\$113,300	\$116,700
Record copying fees, and miscellaneous	\$17,610	\$18,138	\$18,682
Total	\$625,000	\$644,378	\$663,710

Alle-Kiski Medical Center

EIN: 25-1875178

Application for Recognition of Section 501(c)(3) Status

Attachment #18

Response to Part IV, Section A, Line 22: Other Expenses

Other Expenses	F/Y/E 6/30/2001	F/Y/E 6/30/2002	F/Y/E 6/30/2003
Patient care supplies	\$18,499,537	\$20,833,926	\$21,369,336
Corporate services	\$5,001,870	\$5,602,094	\$5,770,157
Purchased services	\$5,517,633	\$6,179,749	\$6,365,141
Equipment leases	\$968,389	\$1,084,596	\$1,117,134
Bad debts	\$2,752,071	\$3,082,320	\$3,174,789
Total	\$32,739,500	\$36,782,685	\$37,796,558

WPAHS-001529

Alle-Kiski Medical Center
EIN: 25-1875178
Application for Recognition of Section 501(c)(3) Status

Attachment #19
Response to Part IV, Section B, Lines 7 and 8: Other Investments; Depreciable Assets

Other Investments

Type (All Held by Trustee)	Amount
Restricted Asset: Funded Depreciation	\$7,219,000
Restricted Asset: Insurance Reserves	\$245,000
Restricted Asset: Financing Agreements	\$7,883,000
Total	\$15,347,000

Depreciable Assets

Hospital Building and Equipment	\$106,709,500
Less Accumulated Depreciation	\$74,121,852
Total	\$32,587,648

Alle-Kiski Medical Center
EIN: 25-1875178
Application for Recognition of Section 501(c)(3) Status

Attachment #20
Response to Part IV, Section B, Line 15: Other Liabilities

Type	Amount
Accrued Expenses	\$722,000
Accrued Salaries and Vacation	\$3,276,720
Amounts Due to Third Party	\$2,993,273
Accrued Interest Payable	\$3,886,613
Current Portion of Long-Term Debt	\$40,427,000
Current Portion of Self-Insurance	\$147,000
Due to Affiliates	\$236,000
Self Insurance	\$4,668,300
Other Non-Current Liabilities	\$1,238,000
Liability to Parent for Borrowings	\$13,550,061
Total	\$71,144,967

Alle-Kiski Medical Center
EIN: 25-1875178
Application for Recognition of Section 501(c)(3) Status

Attachment #21
Response to Schedule C, Section I, Question 2(b): Emergency Room

AVH maintains a 24-hour emergency room that treats all patients regardless of their ability to pay, and the Applicant will continue the operation of the emergency room without change.

Alle-Kiski Medical Center

EIN: 25-1875178

Application for Recognition of Section 501(c)(3) Status

Attachment #22

Response to Schedule C, Section I, Question 4: Charity Care

AVH's policy on charity care is to accept all patients without regard to their ability to pay. The Applicant will continue that policy without change.

WPAHS-001533

Alle-Kiski Medical Center

EIN: 25-1875178

Application for Recognition of Section 501(c)(3) Status

Attachment #23

Response to Schedule C, Section I, Question 5: Medical Training

AKMC will assume responsibility for the CGH Nursing School. The CGH Nursing School, established in 1913, is a 20-month, hospital-based program preparing graduates for entry level practice as registered nurses. The School is approved by the Pennsylvania State Board of Nursing and has been fully accredited by the National League for Nursing Accrediting Commission since 1960. The School serves Allegheny, Armstrong, Butler, Indiana and Westmoreland counties by providing post secondary educational opportunities and by providing a pool of nurses who primarily remain in the local communities as health care workers.

The nursing curriculum includes 27 college credits provided by the Westmoreland County Community College. It consists of 947 hours of classroom theory and 1343 hours of correlated and concurrent clinical experience. AVH is the primary clinical site for hands-on learning experiences in nursing fundamentals, medical, surgical, telemetry, intensive care, emergency/trauma, psychiatric and management. Over the last three years program graduates have passed the NCLEX-RN licensing exam at a rate of 95% and had an employment rate of 100% at six months after graduation.

Faculty and students provide many hours of community service each year such as flu shot clinics at 3 community senior citizens centers and free health and blood pressure screenings at local health fairs.

Alle-Kiski Medical Center
EIN: 25-1875178
Application for Recognition of Section 501(c)(3) Status

Attachment #24
Response to Schedule C, Section I, Question 6: Office Space

Two physicians will have leased office space:

1. Jatinder Bajwa, MD
698 Pittsburgh Street
Springdale, PA 15144

The lease is for approximately 2,000-sq. ft., at \$12 per square foot. The lease was entered into in 1999 and has a two-year term.

2. Shahid Sharif, M.D.
521 Freeport Road
Creighton, PA 15030

The lease is for approximately 2,000-sq. ft., at \$12 per square foot. The lease was entered into in 1999 and has a two-year term.

Power of Attorney and Declaration of Representative

OMB No. 1545-0150
 For IRS Use Only

▶ See the separate instructions.

Received by:
 Name _____
 Telephone _____
 Function _____
 Date / /

Part I Power of Attorney (Please type or print.)

1 Taxpayer information (Taxpayer(s) must sign and date this form on page 2, line 9.)

Taxpayer name(s) and address Alle-Kiski Medical Center 1301 Carlisle Street Natrona Heights, PA 15085	Social security number(s) _____ _____ _____	Employer identification number 25-1875178
	Daytime telephone number (724) 226-7000	Plan number (if applicable)

hereby appoint(s) the following representative(s) as attorney(s)-in-fact:

2 Representative(s) (Representative(s) must sign and date this form on page 2, Part II.)

Name and address Michael A. Lehmann 1675 Broadway, Suite 2700 New York, NY 10019	CAF No. 2005-52889R Telephone No. (212) 830-7258 Fax No. (212) 541-9250 Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/>
Name and address	CAF No. _____ Telephone No. _____ Fax No. _____ Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/>
Name and address	CAF No. _____ Telephone No. _____ Fax No. _____ Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/>

to represent the taxpayer(s) before the Internal Revenue Service for the following tax matters:

3 Tax matters

Type of Tax (Income, Employment, Excise, etc.)	Tax Form Number (1040, 941, 720, etc.)	Year(s) or Period(s)
Application for Recognition of Section	Form 1023	All
501(c)(3) Status		

4 Specific use not recorded on Centralized Authorization File (CAF). If the power of attorney is for a specific use not recorded on CAF, check this box. (See instruction for Line 4—Specific uses not recorded on CAF.)

5 Acts authorized. The representatives are authorized to receive and inspect confidential tax information and to perform any and all acts that I (we) can perform with respect to the tax matters described on line 3, for example, the authority to sign any agreements, consents, or other documents. The authority does not include the power to receive refund checks (see line 6 below), the power to substitute another representative unless specifically added below, or the power to sign certain returns (see instruction for Line 5—Acts authorized).

List any specific additions or deletions to the acts otherwise authorized in this power of attorney: _____

Note: In general, an unenrolled preparer of tax returns cannot sign any document for a taxpayer. See Revenue Procedure 81-38, printed as Pub. 470, for more information.

Note: The tax matters partner of a partnership is not permitted to authorize representatives to perform certain acts. See the instructions for more information.

6 Receipt of refund checks. If you want to authorize a representative named on line 2 to receive, **BUT NOT TO ENDORSE OR CASH**, refund checks, initial here _____ and list the name of that representative below.

Name of representative to receive refund check(s) ▶ _____

Document Divider

Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code

Note: If exempt status is approved, this application will be open for public inspection

Use the instructions to complete this application and for a definition of all bold items. For additional help, call IRS Exempt Organizations Customer Account Services toll-free at 1-877-829-5500. Visit our website at www.irs.gov for forms and publications. If the required information and documents are not submitted with payment of the appropriate user fee, the application may be returned to you.

Attach additional sheets to this application if you need more space to answer fully. Put your name and EIN on each sheet and identify each answer by Part and line number. Complete Parts I - XI of Form 1023 and submit only those Schedules (A through H) that apply to you.

Part I Identification of Applicant

1 Full name of organization (exactly as it appears in your organizing document)		2 d/o Name (if applicable)	
West Penn Physicians Practice Network		Tax Department	
3 Mailing address (Number and street) (see instructions)		Room/Suite	4 Employer Identification Number (EIN)
4800 Friendship Avenue			25-1494317
City or town, state or country, and ZIP + 4			5 Month the annual accounting period ends (01 - 12)
Pittsburgh, PA 15224			06
6 Primary contact (officer, director, trustee, or authorized representative)		b Phone: 412-330-6022	
a Name: WPAHS Tax Department		c Fax: (optional)	
7 Are you represented by an authorized representative, such as an attorney or accountant? If "Yes," provide the authorized representative's name, and the name and address of the authorized representative's firm. Include a completed Form 2848, <i>Power of Attorney and Declaration of Representative</i> , with your application if you would like us to communicate with your representative.		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
8 Was a person who is not one of your officers, directors, trustees, employees, or an authorized representative listed in line 7, paid, or promised payment, to help plan, manage, or advise you about the structure or activities of your organization, or about your financial or tax matters? If "Yes," provide the person's name, the name and address of the person's firm, the amounts paid or promised to be paid, and describe that person's role.		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
9a Organization's website: www.WPAHS.org			
b Organization's email: (optional)			
10 Certain organizations are not required to file an information return (Form 990 or Form 990-EZ). If you are granted tax-exemption, are you claiming to be excused from filing Form 990 or Form 990-EZ? If "Yes," explain. See the instructions for a description of organizations not required to file Form 990 or Form 990-EZ.		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
11 Date incorporated if a corporation, or formed, if other than a corporation. (MM/DD/YYYY)		12/28/2005	
12 Were you formed under the laws of a foreign country? If "Yes," state the country.		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

For Paperwork Reduction Act Notice, see page 24 of the instructions.

Part II Organizational Structure

You must be a corporation (including a limited liability company), an unincorporated association, or a trust to be tax exempt. (See instructions.) DO NOT file this form unless you can check "Yes" on lines 1, 2, 3, or 4.

- 1 Are you a corporation? If "Yes," attach a copy of your articles of incorporation showing certification of filing with the appropriate state agency. Include copies of any amendments to your articles and be sure they also show state filing certification. See Statement #1 Yes No
- 2 Are you a limited liability company (LLC)? If "Yes," attach a copy of your articles of organization showing certification of filing with the appropriate state agency. Also, if you adopted an operating agreement, attach a copy. Include copies of any amendments to your articles and be sure they show state filing certification. Refer to the instructions for circumstances when an LLC should not file its own exemption application. Yes No
- 3 Are you an unincorporated association? If "Yes," attach a copy of your articles of association, constitution, or other similar organizing document that is dated and includes at least two signatures. Include signed and dated copies of any amendments. Yes No
- 4a Are you a trust? If "Yes," attach a signed and dated copy of your trust agreement. Include signed and dated copies of any amendments. Yes No
- 4b Have you been funded? If "No," explain how you are formed without anything of value placed in trust. Yes No
- 5 Have you adopted bylaws? If "Yes," attach a current copy showing date of adoption. If "No," explain how your officers, directors, or trustees are selected. See Statement #1 Yes No

Part III Required Provisions in Your Organizing Document

The following questions are designed to ensure that when you file this application, your organizing document contains the required provisions to meet the organizational test under section 501(c)(3). Unless you can check the boxes in both lines 1 and 2, your organizing document does not meet the organizational test. DO NOT file this application until you have amended your organizing document. Submit your original and amended organizing documents (showing state filing certification if you are a corporation or an LLC) with your application.

- 1 Section 501(c)(3) requires that your organizing document state your exempt purpose(s), such as charitable, religious, educational, and/or scientific purposes. Check the box to confirm that your organizing document meets this requirement. Describe specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document. Refer to the instructions for exempt purpose language. Location of Purpose Clause (Page, Article, and Paragraph): Exhibit IV, Page 1, 4th Article
- 2a Section 501(c)(3) requires that upon dissolution of your organization, your remaining assets must be used exclusively for exempt purposes, such as charitable, religious, educational, and/or scientific purposes. Check the box on line 2a to confirm that your organizing document meets this requirement by express provision for the distribution of assets upon dissolution. If you rely on state law for your dissolution provision, do not check the box on line 2a and go to line 2c.
- 2b If you checked the box on line 2a, specify the location of your dissolution clause (Page, Article, and Paragraph). Do not complete line 2c if you checked box 2a. Exhibit IV, Page 2, 12th Article
- 2c See the instructions for information about the operation of state law in your particular state. Check this box if you rely on operation of state law for your dissolution provision and indicate the state:

Part IV Narrative Description of Your Activities See Statement #2

Using an attachment, describe your past, present, and planned activities in a narrative. If you believe that you have already provided some of this information in response to other parts of this application, you may summarize that information here and refer to the specific parts of the application for supporting details. You may also attach representative copies of newsletters, brochures, or similar documents for supporting details to this narrative. Remember that if this application is approved, it will be open for public inspection. Therefore, your narrative description of activities should be thorough and accurate. Refer to the instructions for information that must be included in your description.

Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors

- 1a List the names, titles, and mailing addresses of all of your officers, directors, and trustees. For each person listed, state their total annual compensation, or proposed compensation, for all services to the organization, whether as an officer, employee, or other position. Use actual figures, if available. Enter "none" if no compensation is or will be paid. If additional space is needed, attach a separate sheet. Refer to the instructions for information on what to include as compensation.

Name	Title	Mailing address	Compensation amount (annual actual or estimated)
See Statement #3			

Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors (Continued)

b List the names, titles, and mailing addresses of each of your five highest compensated employees who receive or will receive compensation of more than \$50,000 per year. Use the actual figure, if available. Refer to the instructions for information on what to include as compensation. Do not include officers, directors, or trustees listed in line 1a.

Name	Title	Mailing address	Compensation amount (annual actual or estimated)
Kanagasabai Muthu	Physician	4800 Friendship Avenue Pittsburgh, PA 15224	511,633
Richard Feduska	Physician	4800 Friendsip Avenue Pittsburgh, PA 15224	506,649
Rup Dua	Physician	4800 Friendship Avenue Pittsburgh, PA 15224	484,674
Abraham Kabazie	Physician	4800 Friendship Avenue Pittsburgh, PA 15224	482,274
Ashley M. Storey	Physician	4800 Friendship Avenue Pittsburgh, PA 15224	428,418

c List the names, names of businesses, and mailing addresses of your five highest compensated independent contractors that receive or will receive compensation of more than \$50,000 per year. Use the actual figure, if available. Refer to the instructions for information on what to include as compensation.

Name	Title	Mailing address	Compensation amount (annual actual or estimated)
Pro Nurse, Inc.	Professional Temp Agency	1610 Julian Drive Watkinsville, GA 30677	929,429
Locumtenens.com	Professional Temp Agency	P O Box 532869 Atlanta, GA 30353-2869	635,666
D&Y Locum Tenems	Professional Temp Agency	P O Box 415000 MSC52544 Nashville, TN 37241	205,263
Regional Consulting	Professional Temp Agency	9330 Amberton Pkwy, 1244 Dallas, TX 75243	199,738
Neal Warden	CRNA	11180 Brokers Lane N Huntingdon, PA 15642	116,686

The following "Yes" or "No" questions relate to past, present, or planned relationships, transactions, or agreements with your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed in lines 1a, 1b, and 1c.

- 2a Are any of your officers, directors, or trustees related to each other through family or business relationships? If "Yes," identify the individuals and explain the relationship. Yes No
- b Do you have a business relationship with any of your officers, directors, or trustees other than through their position as an officer, director, or trustee? If "Yes," identify the individuals and describe the business relationship with each of your officers, directors, or trustees. Yes No
- c Are any of your officers, directors, or trustees related to your highest compensated employees or highest compensated independent contractors listed on lines 1b or 1c through family or business relationships? If "Yes," identify the individuals and explain the relationship. Yes No

3a For each of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, or 1c, attach a list showing their name, qualifications, average hours worked, and duties. See Statement #4

- b Do any of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, or 1c receive compensation from any other organizations, whether tax exempt or taxable, that are related to you through common control? If "Yes," identify the individuals, explain the relationship between you and the other organization, and describe the compensation arrangement. See Statement #5 Yes No

4 In establishing the compensation for your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, and 1c, the following practices are recommended, although they are not required to obtain exemption. Answer "Yes" to all the practices you use.

- a Do you or will the individuals that approve compensation arrangements follow a conflict of interest policy? Yes No
- b Do you or will you approve compensation arrangements in advance of paying compensation? Yes No
- c Do you or will you document in writing the date and terms of approved compensation arrangements? Yes No

Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors (Continued)

- d Do you or will you record in writing the decision made by each individual who decided or voted on compensation arrangements? Yes No
- e Do you or will you approve compensation arrangements based on information about compensation paid by similarly situated taxable or tax-exempt organizations for similar services, current compensation surveys compiled by independent firms, or actual written offers from similarly situated organizations? Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation. Yes No
- f Do you or will you record in writing both the information on which you relied to base your decision and its source? Yes No
- g If you answered "No" to any item on lines 4a through 4f, describe how you set compensation that is reasonable for your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed in Part V, lines 1a, 1b, and 1c.

- 5a Have you adopted a conflict of interest policy consistent with the sample conflict of interest policy in Appendix A to the instructions? If "Yes," provide a copy of the policy and explain how the policy has been adopted, such as by resolution of your governing board. If "No," answer lines 5b and 5c. Yes No
 - b What procedures will you follow to assure that persons who have a conflict of interest will not have influence over you for setting their own compensation? See Statement #6
 - c What procedures will you follow to assure that persons who have a conflict of interest will not have influence over you regarding business deals with themselves?
- Note: A conflict of interest policy is recommended though it is not required to obtain exemption. Hospitals, see Schedule C, Section I, line 14.

- 6a Do you or will you compensate any of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed in lines 1a, 1b, or 1c through non-fixed payments, such as discretionary bonuses or revenue-based payments? If "Yes," describe all non-fixed compensation arrangements, including how the amounts are determined, who is eligible for such arrangements, whether you place a limitation on total compensation, and how you determine or will determine that you pay no more than reasonable compensation for services. Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation. Yes No See Statement #7
- b Do you or will you compensate any of your employees, other than your officers, directors, trustees, or your five highest compensated employees who receive or will receive compensation of more than \$50,000 per year, through non-fixed payments, such as discretionary bonuses or revenue-based payments? If "Yes," describe all non-fixed compensation arrangements, including how the amounts are or will be determined, who is or will be eligible for such arrangements, whether you place or will place a limitation on total compensation, and how you determine or will determine that you pay no more than reasonable compensation for services. Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation. Yes No

- 7a Do you or will you purchase any goods, services, or assets from any of your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," describe any such purchase that you made or intend to make, from whom you make or will make such purchases, how the terms are or will be negotiated at arm's length, and explain how you determine or will determine that you pay no more than fair market value. Attach copies of any written contracts or other agreements relating to such purchases. Yes No See Statement #8
- b Do you or will you sell any goods, services, or assets to any of your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," describe any such sales that you made or intend to make, to whom you make or will make such sales, how the terms are or will be negotiated at arm's length, and explain how you determine or will determine you are or will be paid at least fair market value. Attach copies of any written contracts or other agreements relating to such sales. Yes No See Statement #9

- 8a Do you or will you have any leases, contracts, loans, or other agreements with your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," provide the information requested in lines 8b through 8f. Yes No
- b Describe any written or oral arrangements that you made or intend to make. See Statement #10
- c Identify with whom you have or will have such arrangements.
- d Explain how the terms are or will be negotiated at arm's length.
- e Explain how you determine you pay no more than fair market value or you are paid at least fair market value.
- f Attach copies of any signed leases, contracts, loans, or other agreements relating to such arrangements.

- 9a Do you or will you have any leases, contracts, loans, or other agreements with any organization in which any of your officers, directors, or trustees are also officers, directors, or trustees, or in which any individual officer, director, or trustee owns more than a 35% interest? If "Yes," provide the information requested in lines 9b through 9f. Yes No

Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors (Continued)

- b Describe any written or oral arrangements you made or intend to make.
- c Identify with whom you have or will have such arrangements.
- d Explain how the terms are or will be negotiated at arm's length.
- e Explain how you determine or will determine you pay no more than fair market value or that you are paid at least fair market value.
- f Attach a copy of any signed leases, contracts, loans, or other agreements relating to such arrangements.

Part VI Your Members and Other Individuals and Organizations That Receive Benefits From You

The following "Yes" or "No" questions relate to goods, services, and funds you provide to individuals and organizations as part of your activities. Your answers should pertain to *past, present, and planned* activities. (See instructions.)

- 1a In carrying out your exempt purposes, do you provide goods, services, or funds to individuals? If "Yes," describe each program that provides goods, services, or funds to individuals. See Statement #11: Yes No
- b In carrying out your exempt purposes, do you provide goods, services, or funds to organizations? If "Yes," describe each program that provides goods, services, or funds to organizations. Yes No
- 2 Do any of your programs limit the provision of goods, services, or funds to a specific individual or group of specific individuals? For example, answer "Yes," if goods, services, or funds are provided only for a particular individual, your members, individuals who work for a particular employer, or graduates of a particular school. If "Yes," explain the limitation and how recipients are selected for each program. Yes No
- 3 Do any individuals who receive goods, services, or funds through your programs have a family or business relationship with any officer, director, trustee, or with any of your highest compensated employees or highest compensated independent contractors listed in Part V, lines 1a, 1b, and 1c? If "Yes," explain how these related individuals are eligible for goods, services, or funds. See Statement #12 Yes No

Part VII Your History

The following "Yes" or "No" questions relate to your history. (See instructions.)

- 1 Are you a successor to another organization? Answer "Yes," if you have taken or will take over the activities of another organization; you took over 25% or more of the fair market value of the net assets of another organization; or you were established upon the conversion of an organization from for-profit to non-profit status. If "Yes," complete Schedule G. Yes No
- 2 Are you submitting this application more than 27 months after the end of the month in which you were legally formed? If "Yes," complete Schedule E. Yes No

Part VIII Your Specific Activities

The following "Yes" or "No" questions relate to specific activities that you may conduct. Check the appropriate box. Your answers should pertain to *past, present, and planned* activities. (See instructions.)

- 1 Do you support or oppose candidates in political campaigns in any way? If "Yes," explain. Yes No
- 2a Do you attempt to influence legislation? If "Yes," explain how you attempt to influence legislation and complete line 2b. If "No," go to line 3a. Yes No
- b Have you made or are you making an election to have your legislative activities measured by expenditures by filing Form 5768? If "Yes," attach a copy of the Form 5768 that was already filed or attach a completed Form 5768 that you are filing with this application. If "No," describe whether your attempts to influence legislation are a substantial part of your activities. Include the time and money spent on your attempts to influence legislation as compared to your total activities. Yes No
- 3a Do you or will you operate bingo or gaming activities? If "Yes," describe who conducts them, and list all revenue received or expected to be received and expenses paid or expected to be paid in operating these activities. Revenue and expenses should be provided for the time periods specified in Part IX, Financial Data. Yes No
- b Do you or will you enter into contracts or other agreements with individuals or organizations to conduct bingo or gaming for you? If "Yes," describe any written or oral arrangements that you made or intend to make, identify with whom you have or will have such arrangements, explain how the terms are or will be negotiated at arm's length, and explain how you determine or will determine you pay no more than fair market value or you will be paid at least fair market value. Attach copies of any written contracts or other agreements relating to such arrangements. Yes No
- c List the states and local jurisdictions, including Indian Reservations, in which you conduct or will conduct gaming or bingo.

Part VIII Your Specific Activities (Continued)

- 4a Do you or will you undertake fundraising? If "Yes," check all the fundraising programs you do or will conduct. (See instructions.)
 mail solicitations
 email solicitations
 personal solicitations
 vehicle, boat, plane, or similar donations
 foundation grant solicitations
 phone solicitations
 accept donations on your website
 receive donations from another organization's website
 government grant solicitations
 Other *No plan established at this time

Attach a description of each fundraising program.

- b Do you or will you have written or oral contracts with any individuals or organizations to raise funds for you? If "Yes," describe these activities. Include all revenue and expenses from these activities and state who conducts them. Revenue and expenses should be provided for the time periods specified in Part IX, Financial Data. Also, attach a copy of any contracts or agreements.
 Yes No
c Do you or will you engage in fundraising activities for other organizations? If "Yes," describe these arrangements. Include a description of the organizations for which you raise funds and attach copies of all contracts or agreements.
 Yes No
d List all states and local jurisdictions in which you conduct fundraising. For each state or local jurisdiction listed, specify whether you fundraise for your own organization, you fundraise for another organization, or another organization fundraises for you.
e Do you or will you maintain separate accounts for any contributor under which the contributor has the right to advise on the use or distribution of funds? Answer "Yes" if the donor may provide advice on the types of investments, distributions from the types of investments, or the distribution from the donor's contribution account. If "Yes," describe this program, including the type of advice that may be provided and submit copies of any written materials provided to donors.
 Yes No

5 Are you affiliated with a governmental unit? If "Yes," explain.
 Yes No

6a Do you or will you engage in economic development? If "Yes," describe your program.
 Yes No

b Describe in full who benefits from your economic development activities and how the activities promote exempt purposes.

7a Do or will persons other than your employees or volunteers develop your facilities? If "Yes," describe each facility, the role of the developer, and any business or family relationship(s) between the developer and your officers, directors, or trustees.
 Yes No

b Do or will persons other than your employees or volunteers manage your activities or facilities? If "Yes," describe each activity and facility, the role of the manager, and any business or family relationship(s) between the manager and your officers, directors, or trustees.
 Yes No
See Statement #13

c If there is a business or family relationship between any manager or developer and your officers, directors, or trustees, identify the individuals, explain the relationship, describe how contracts are negotiated at arm's length so that you pay no more than fair market value, and submit a copy of any contracts or other agreements.
See Statement #14

8 Do you or will you enter into joint ventures, including partnerships or limited liability companies treated as partnerships, in which you share profits and losses with partners other than section 501(c)(3) organizations? If "Yes," describe the activities of these joint ventures in which you participate.
 Yes No

9a Are you applying for exemption as a childcare organization under section 501(k)? If "Yes," answer lines 9b through 9d. If "No," go to line 10.
 Yes No

b Do you provide child care so that parents or caretakers of children you care for can be gainfully employed (see instructions)? If "No," explain how you qualify as a childcare organization described in section 501(k).
 Yes No

c Of the children for whom you provide child care, are 85% or more of them cared for by you to enable their parents or caretakers to be gainfully employed (see instructions)? If "No," explain how you qualify as a childcare organization described in section 501(k).
 Yes No

d Are your services available to the general public? If "No," describe the specific group of people for whom your activities are available. Also, see the instructions and explain how you qualify as a childcare organization described in section 501(k).
 Yes No

10 Do you or will you publish, own, or have rights in music, literature, tapes, artworks, choreography, scientific discoveries, or other intellectual property? If "Yes," explain. Describe who owns or will own any copyrights, patents, or trademarks, whether fees are or will be charged, how the fees are determined, and how any items are or will be produced, distributed, and marketed.
 Yes No

Part VIII Your Specific Activities (Continued)

- 11 Do you or will you accept contributions of: real property; conservation easements; closely held securities; intellectual property such as patents, trademarks, and copyrights; works of music or art; licenses; royalties; automobiles, boats, planes, or other vehicles; or collectibles of any type? If "Yes," describe each type of contribution, any conditions imposed by the donor on the contribution, and any agreements with the donor regarding the contribution. Yes No
-
- 12a Do you or will you operate in a foreign country or countries? If "Yes," answer lines 12b through 12d. If "No," go to line 13a. Yes No
- b Name the foreign countries and regions within the countries in which you operate.
- c Describe your operations in each country and region in which you operate.
- d Describe how your operations in each country and region further your exempt purposes.
-
- 13a Do you or will you make grants, loans, or other distributions to organization(s)? If "Yes," answer lines 13b through 13g. If "No," go to line 14a. Yes No
See Statement #15
- b Describe how your grants, loans, or other distributions to organizations further your exempt purposes.
- c Do you have written contracts with each of these organizations? If "Yes," attach a copy of each contract. Yes No
- d Identify each recipient organization and any relationship between you and the recipient organization.
- e Describe the records you keep with respect to the grants, loans, or other distributions you make.
- f Describe your selection process, including whether you do any of the following: Yes No
- (i) Do you require an application form? If "Yes," attach a copy of the form. Yes No
- (ii) Do you require a grant proposal? If "Yes," describe whether the grant proposal specifies your responsibilities and those of the grantee, obligates the grantee to use the grant funds only for the purposes for which the grant was made, provides for periodic written reports concerning the use of grant funds, requires a final written report and an accounting of how grant funds were used, and acknowledges your authority to withhold and/or recover grant funds in case such funds are, or appear to be, misused. Yes No
- g Describe your procedures for oversight of distributions that assure you the resources are used to further your exempt purposes, including whether you require periodic and final reports on the use of resources.
-
- 14a Do you or will you make grants, loans, or other distributions to foreign organizations? If "Yes," answer lines 14b through 14f. If "No," go to line 15. Yes No
- b Provide the name of each foreign organization, the country and regions within a country in which each foreign organization operates, and describe any relationship you have with each foreign organization.
- c Does any foreign organization listed in line 14b accept contributions earmarked for a specific country or specific organization? If "Yes," list all earmarked organizations or countries. Yes No
- d Do your contributors know that you have ultimate authority to use contributions made to you at your discretion for purposes consistent with your exempt purposes? If "Yes," describe how you relay this information to contributors. Yes No
- e Do you or will you make pre-grant inquiries about the recipient organization? If "Yes," describe these inquiries, including whether you inquire about the recipient's financial status, its tax-exempt status under the Internal Revenue Code, its ability to accomplish the purpose for which the resources are provided, and other relevant information. Yes No
- f Do you or will you use any additional procedures to ensure that your distributions to foreign organizations are used in furtherance of your exempt purposes? If "Yes," describe these procedures, including site visits by your employees or compliance checks by impartial experts, to verify that grant funds are being used appropriately. Yes No

Part VIII Your Specific Activities (Continued)

- 15 Do you have a close connection with any organizations? If "Yes," explain. See Statement #16 Yes No
- 16 Are you applying for exemption as a cooperative hospital service organization under section 501(e)? If "Yes," explain. Yes No
- 17 Are you applying for exemption as a cooperative service organization of operating educational organizations under section 501(f)? If "Yes," explain. Yes No
- 18 Are you applying for exemption as a charitable risk pool under section 501(n)? If "Yes," explain. Yes No
- 19 Do you or will you operate a school? If "Yes," complete Schedule B. Answer "Yes," whether you operate a school as your main function or as a secondary activity. Yes No
- 20 Is your main function to provide hospital or medical care? If "Yes," complete Schedule C. Yes No
- 21 Do you or will you provide low-income housing or housing for the elderly or handicapped? If "Yes," complete Schedule F. Yes No
- 22 Do you or will you provide scholarships, fellowships, educational loans, or other educational grants to individuals, including grants for travel, study, or other similar purposes? If "Yes," complete Schedule H. Yes No

Note: Private foundations may use Schedule H to request advance approval of individual grant procedures.

Part IX Financial Data

For purposes of this schedule, years in existence refer to completed tax years. If in existence 4 or more years, complete the schedule for the most recent 4 tax years. If in existence more than 1 year but less than 4 years, complete the statements for each year in existence and provide projections of your likely revenues and expenses based on a reasonable and good faith estimate of your future finances for a total of 3 years of financial information. If in existence less than 1 year, provide projections of your likely revenues and expenses for the current year and the 2 following years, based on a reasonable and good faith estimate of your future finances for a total of 3 years of financial information. (See instructions.)

A. Statement of Revenues and Expenses

Type of revenue or expense	Current tax year	3 prior tax years or 2 succeeding tax years			(e) Provide Total for (a) through (d)	
	(a) From 07/2006 To 06/2007	(b) From 02/2006 To 06/2006	(c) From 07/2007 To 06/2008	(d) From 07/2008 To 06/2009		
Revenues	1 Gifts, grants, and contributions received (do not include unusual grants)	0	0	0	0	0.00
	2 Membership fees received	0	0	0	0	0.00
	3 Gross investment income	0	0	0	0	0.00
	4 Net unrelated business income	0	0	0	0	0.00
	5 Taxes levied for your benefit	0	0	0	0	0.00
	6 Value of services or facilities furnished by a governmental unit without charge (not including the value of services generally furnished to the public without charge)	0	0	0	0	0.00
	7 Any revenue not otherwise listed above or in lines 9-12 below (attach an itemized list)	0	0	0	0	0.00
	8 Total of lines 1 through 7	0.00	0.00	0.00	0.00	0.00
	9 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to your exempt purposes (attach itemized list)	See Statement #17 12,050,120	5,907,502	13,017,166	13,017,166	43,991,954.00
	10 Total of lines 8 and 9	12,050,120.00	5,907,502.00	13,017,166.00	13,017,166.00	43,991,954.00
	11 Net gain or loss on sale of capital assets (attach schedule and see instructions)	0	0	0	0	0.00
	12 Unusual grants	0	0	0	0	0.00
	Expenses	13 Total Revenue Add lines 10 through 12	12,050,120.00	5,907,502.00	13,017,166.00	13,017,166.00
14 Fundraising expenses		0	0	0	0	
15 Contributions, gifts, grants, and similar amounts paid out (attach an itemized list)		0	0	0	0	
16 Disbursements to or for the benefit of members (attach an itemized list)		0	0	0	0	
17 Compensation of officers, directors, and trustees		0	0	0	0	
18 Other salaries and wages		18,106,323	9,896,176	18,301,848	18,301,848	
19 Interest expense		0	0	0	0	
20 Occupancy (rent, utilities, etc.)		9,952	3,636	1,887	1,887	
21 Depreciation and depletion		0	0	0	0	
22 Professional fees		218,432	736,431	0	0	
23 Any expense not otherwise classified, such as program services (attach itemized list)		See Statement #17 3,147,683	1,291,336	3,689,995	3,689,995	
24 Total Expenses Add lines 14 through 23	21,482,390.00	11,927,579.00	21,993,730.00	21,993,730.00		

Part IX Financial Data (Continued)

B. Balance Sheet (for your most recently completed tax year)

Year End: 2007

(Whole dollars)

Table with 18 rows for Assets and Liabilities. Assets include Cash (1,187,611), Land (1,047,020), and Total Assets (2,234,631). Liabilities include Accounts payable (1,399,293) and Total Liabilities (1,399,293). Fund Balances or Net Assets: Total fund balances or net assets (835,338), Total Liabilities and Fund Balances or Net Assets (2,234,631).

Part X Public Charity Status

Part X is designed to classify you as an organization that is either a private foundation or a public charity. Public charity status is a more favorable tax status than private foundation status. If you are a private foundation, Part X is designed to further determine whether you are a private operating foundation. (See instructions)

- 1a Are you a private foundation? If "Yes," go to line 1b. If "No," go to line 5 and proceed as instructed. [] Yes [x] No
1b As a private foundation, section 508(e) requires special provisions in your organizing document... []
2 Are you a private operating foundation? To be a private operating foundation you must engage directly in the active conduct of charitable, religious, educational, and similar activities... [] Yes [] No
3 Have you existed for one or more years? If "Yes," attach financial information showing that you are a private operating foundation; go to the signature section of Part XI. If "No," continue to line 4. [] Yes [] No
4 Have you attached either (1) an affidavit or opinion of counsel, (including a written affidavit or opinion from a certified public accountant or accounting firm with expertise regarding this tax law matter), that sets forth facts concerning your operations and support to demonstrate that you are likely to satisfy the requirements to be classified as a private operating foundation; or (2) a statement describing your proposed operations as a private operating foundation? [] Yes [] No
5 If you answered "No" to line 1a, indicate the type of public charity status you are requesting by checking one of the choices below. You may check only one box.
The organization is not a private foundation because it is:
a 509(a)(1) and 170(b)(1)(A)(i)—a church or a convention or association of churches. Complete and attach Schedule A. []
b 509(a)(1) and 170(b)(1)(A)(ii)—a school. Complete and attach Schedule B. []
c 509(a)(1) and 170(b)(1)(A)(iii)—a hospital, a cooperative hospital service organization, or a medical research organization operated in conjunction with a hospital. Complete and attach Schedule C. []
d 509(a)(3)—an organization supporting either one or more organizations described in line 5a through c, f, g, or h or a publicly supported section 501(c)(4), (5), or (6) organization. Complete and attach Schedule D. []

Part X Public Charity Status (Continued)

- e 509(a)(4)—an organization organized and operated exclusively for testing for public safety.
- f 509(a)(1) and 170(b)(1)(A)(iv)—an organization operated for the benefit of a college or university that is owned or operated by a governmental unit.
- g 509(a)(1) and 170(b)(1)(A)(vi)—an organization that receives a substantial part of its financial support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public.
- h 509(a)(2)—an organization that normally receives not more than one-third of its financial support from gross investment income and receives more than one-third of its financial support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions).
- i A publicly supported organization, but unsure if it is described in 5g or 5h. The organization would like the IRS to decide the correct status.

6 If you checked box g, h, or i in question 5 above, you must request either an advance or a definitive ruling by selecting one of the boxes below. Refer to the instructions to determine which type of ruling you are eligible to receive.

- a **Request for Advance Ruling:** By checking this box and signing the consent, pursuant to section 6501(c)(4) of the Code you request an advance ruling and agree to extend the statute of limitations on the assessment of excise tax under section 4940 of the Code. The tax will apply only if you do not establish public support status at the end of the 5-year advance ruling period. The assessment period will be extended for the 5 advance ruling years to 8 years, 4 months, and 15 days beyond the end of the first year. You have the right to refuse or limit the extension to a mutually agreed-upon period of time or issue(s). Publication 1035, *Extending the Tax Assessment Period*, provides a more detailed explanation of your rights and the consequences of the choices you make. You may obtain Publication 1035 free of charge from the IRS web site at www.irs.gov or by calling toll-free 1-800-829-3676. Signing this consent will not deprive you of any appeal rights to which you would otherwise be entitled. If you decide not to extend the statute of limitations, you are not eligible for an advance ruling.

Consent Fixing Period of Limitations Upon Assessment of Tax Under Section 4940 of the Internal Revenue Code

For Organization

(Signature of Officer, Director, Trustee, or other authorized official)

(Type or print name of signer)

(Date)

(Type or print title or authority of signer)

For IRS Use Only

IRS Director, Exempt Organizations

(Date)

- b **Request for Definitive Ruling:** Check this box if you have completed one tax year of at least 8 full months and you are requesting a definitive ruling. To confirm your public support status, answer line 6b(i) if you checked box g in line 5 above. Answer line 6b(ii) if you checked box h in line 5 above. If you checked box i in line 5 above, answer both lines 6b(i) and (ii).

- (i) (a) Enter 2% of line 8, column (e) on Part IX-A, Statement of Revenues and Expenses. _____
- (b) Attach a list showing the name and amount contributed by each person, company, or organization whose gifts totaled more than the 2% amount. If the answer is "None," check this box.
- (ii) (a) For each year amounts are included on lines 1, 2, and 9 of Part IX-A, Statement of Revenues and Expenses, attach a list showing the name of and amount received from each disqualified person. If the answer is "None," check this box.
- (b) For each year amounts are included on line 9 of Part IX-A, Statement of Revenues and Expenses, attach a list showing the name of and amount received from each payer, other than a disqualified person, whose payments were more than the larger of (1) 1% of line 10, Part IX-A, Statement of Revenues and Expenses, or (2) \$5,000. If the answer is "None," check this box.

- 7 Did you receive any unusual grants during any of the years shown on Part IX-A, Statement of Revenues and Expenses? If "Yes," attach a list including the name of the contributor, the date and amount of the grant, a brief description of the grant, and explain why it is unusual. Yes No

Part XI User Fee Information

You must include a user fee payment with this application. It will not be processed without your paid user fee. If your average annual gross receipts have exceeded or will exceed \$10,000 annually over a 4-year period, you must submit payment of \$750. If your gross receipts have not exceeded or will not exceed \$10,000 annually over a 4-year period, the required user fee payment is \$300. See instructions for Part XI, for a definition of gross receipts over a 4-year period. Your check or money order must be made payable to the United States Treasury. User fees are subject to change. Check our website at www.irs.gov and type "User Fee" in the keyword box, or call Customer Account Services at 1-877-829-5500 for current information.

- 1 Have your annual gross receipts averaged or are they expected to average not more than \$10,000? Yes No
If "Yes," check the box on line 2 and enclose a user fee payment of \$300 (Subject to change—see above).
If "No," check the box on line 3 and enclose a user fee payment of \$750 (Subject to change).
- 2 Check the box if you have enclosed the reduced user fee payment of \$300 (Subject to change).
- 3 Check the box if you have enclosed the user fee payment of \$750 (Subject to change).

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and that I have examined this application, including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete.

Please Sign Here

(Signature of Officer, Director, Trustee, or other authorized official)

(Type or print name of signer)

(Date)

(Type or print title or authority of signer)

Reminder: Send the completed Form 1023 Checklist with your filled-in-application.

Schedule C. Hospitals and Medical Research Organizations

Check the box if you are a hospital. See the instructions for a definition of the term "hospital," which includes an organization whose principal purpose or function is providing hospital or medical care. Complete Section Ibe low.

Check the box if you are a medical research organization operated in conjunction with a hospital. See the instructions for a definition of the term "medical research organization," which refers to an organization whose principal purpose or function is medical research and which is directly engaged in the continuous active conduct of medical research in conjunction with a hospital. Complete Section II.

Section I Hospitals

- 1a Are all the doctors in the community eligible for staff privileges? If "No," give the reasons why and explain how the medical staff is selected. Yes No
See Statement #19
- 2a Do you or will you provide medical services to all individuals in your community who can pay for themselves or have private health insurance? If "No," explain. Yes No
- b Do you or will you provide medical services to all individuals in your community who participate in Medicare? If "No," explain. Yes No
- c Do you or will you provide medical services to all individuals in your community who participate in Medicaid? If "No," explain. Yes No
- 3a Do you or will you require persons covered by Medicare or Medicaid to pay a deposit before receiving services? If "Yes," explain. Yes No
- b Does the same deposit requirement, if any, apply to all other patients? If "No," explain. Yes No
- 4a Do you or will you maintain a full-time emergency room? If "No," explain why you do not maintain a full-time emergency room. Also, describe any emergency services that you provide. Yes No
See Statement #20
- b Do you have a policy on providing emergency services to persons without apparent means to pay? If "Yes," provide a copy of the policy. Yes No
- c Do you have any arrangements with police, fire, and voluntary ambulance services for the delivery or admission of emergency cases? If "Yes," describe the arrangements, including whether they are written or oral agreements. If written, submit copies of all such agreements. Yes No
- 5a Do you provide for a portion of your services and facilities to be used for charity patients? If "Yes," answer 5b through 5e. Yes No
- b Explain your policy regarding charity cases, including how you distinguish between charity care and bad debts. Submit a copy of your written policy.
- c Provide data on your past experience in admitting charity patients, including amounts you expend for treating charity care patients and types of services you provide to charity care patients. *See Statement #21*
- d Describe any arrangements you have with federal, state, or local governments or government agencies for paying for the cost of treating charity care patients. Submit copies of any written agreements.
- e Do you provide services on a sliding fee schedule depending on financial ability to pay? If "Yes," submit your sliding fee schedule. Yes No
- 6a Do you or will you carry on a formal program of medical training or medical research? If "Yes," describe such programs, including the type of programs offered, the scope of such programs, and affiliations with other hospitals or medical care providers with which you carry on the medical training or research programs. Yes No
See Statement #22
- b Do you or will you carry on a formal program of community education? If "Yes," describe such programs, including the type of programs offered, the scope of such programs, and affiliation with other hospitals or medical care providers with which you offer community education programs. Yes No
- 7 Do you or will you provide office space to physicians carrying on their own medical practices? If "Yes," describe the criteria for who may use the space, explain the means used to determine that you are paid at least fair market value, and submit representative lease agreements. Yes No
- 8 Is your board of directors comprised of a majority of individuals who are representative of the community you serve? Include a list of each board member's name and business, financial, or professional relationship with the hospital. Also, identify each board member who is representative of the community and describe how that individual is a community representative. Yes No
Refer to Stmt #3
- 9 Do you participate in any joint ventures? If "Yes," state your ownership percentage in each joint venture, list your investment in each joint venture, describe the tax status of other participants in each joint venture (including whether they are section 501(c)(3) organizations), describe the activities of each joint venture, describe how you exercise control over the activities of each joint venture, and describe how each joint venture furthers your exempt purposes. Also, submit copies of all agreements. Yes No
Note. Make sure your answer is consistent with the information provided in Part VIII, line 8.

Section I Hospitals (Continued)

- 10 Do you or will you manage your activities or facilities through your own employees or volunteers? If "No," attach a statement describing the activities that will be managed by others, the names of the persons or organizations that manage or will manage your activities or facilities, and how these managers were or will be selected. Also, submit copies of any contracts, proposed contracts, or other agreements regarding the provision of management services for your activities or facilities. Explain how the terms of any contracts or other agreements were or will be negotiated, and explain how you determine you will pay no more than fair market value for services. Yes No
 See Statement #23
- Note. Answer "Yes" if you do manage or intend to manage your programs through your own employees or by using volunteers. Answer "No" if you engage or intend to engage a separate organization or independent contractor. Make sure your answer is consistent with the information provided in Part VIII, line 7b.
- 11 Do you or will you offer recruitment incentives to physicians? If "Yes," describe your recruitment incentives and attach copies of all written recruitment incentive policies. Yes No
 See Statement #24
- 12 Do you or will you lease equipment, assets, or office space from physicians who have a financial or professional relationship with you? If "Yes," explain how you establish a fair market value for the lease. Yes No
- 13 Have you purchased medical practices, ambulatory surgery centers, or other business assets from physicians or other persons with whom you have a business relationship, aside from the purchase? If "Yes," submit a copy of each purchase and sales contract and describe how you arrived at fair market value, including copies of appraisals. Yes No
- 14 Have you adopted a conflict of interest policy consistent with the sample health care organization conflict of interest policy in Appendix A of the instructions? If "Yes," submit a copy of the policy and explain how the policy has been adopted, such as by resolution of your governing board. If "No," explain how you will avoid any conflicts of interest in your business dealings. Yes No
 Refer to Stmt #6

Section II Medical Research Organizations

- 1 Name the hospitals with which you have a relationship and describe the relationship. Attach copies of written agreements with each hospital that demonstrate continuing relationships between you and the hospital(s).
- 2 Attach a schedule describing your present and proposed activities for the direct conduct of medical research; describe the nature of the activities, and the amount of money that has been or will be spent in carrying them out.
- 3 Attach a schedule of assets showing their fair market value and the portion of your assets directly devoted to medical research.

Schedule G. Successors to Other Organizations

1a Are you a successor to a for-profit organization? If "Yes," explain the relationship with the predecessor organization that resulted in your creation and complete line 1b. [X] Yes [] No
b Explain why you took over the activities or assets of a for-profit organization or converted from for-profit to nonprofit status. See Statement #25

2a Are you a successor to an organization other than a for-profit organization? Answer "Yes" if you have taken or will take over the activities of another organization; or you have taken or will take over 25% or more of the fair market value of the net assets of another organization. If "Yes," explain the relationship with the other organization that resulted in your creation. [] Yes [X] No
b Provide the tax status of the predecessor organization. C-Corporation [] Yes [X] No
c Did you or did an organization to which you are a successor previously apply for tax exemption under section 501(c)(3) or any other section of the Code? If "Yes," explain how the application was resolved. [] Yes [X] No
d Was your prior tax exemption or the tax exemption of an organization to which you are a successor revoked or suspended? If "Yes," explain. Include a description of the corrections you made to re-establish tax exemption. [] Yes [X] No
e Explain why you took over the activities or assets of another organization.

3 Provide the name, last address, and EIN of the predecessor organization and describe its activities. Name: Valley Development and Management Corporation ("VDMC") EIN: 25-1494317 Address: Two Allegheny Center, 11th Floor, Pittsburgh, PA 15212 See Statement #25

4 List the owners, partners, principal stockholders, officers, and governing board members of the predecessor organization. Attach a separate sheet if additional space is needed.

Table with 3 columns: Name, Address, Share/Interest (If a for-profit). Row 1: The Western Pennsylvania Hospital, 4800 Friendship Avenue, Pittsburgh, PA 15224, 100%

5 Do or will any of the persons listed in line 4, maintain a working relationship with you? If "Yes," describe the relationship in detail and include copies of any agreements with any of these persons or with any for-profit organizations in which these persons own more than a 35% interest. [X] Yes [] No Refer to Statement #23

6a Were any assets transferred, whether by gift or sale, from the predecessor organization to you? If "Yes," provide a list of assets, indicate the value of each asset, explain how the value was determined, and attach an appraisal, if available. For each asset listed, also explain if the transfer was by gift, sale, or combination thereof. [] Yes [X] No
b Were any restrictions placed on the use or sale of the assets? If "Yes," explain the restrictions. [] Yes [X] No
c Provide a copy of the agreement(s) of sale or transfer.

7 Were any debts or liabilities transferred from the predecessor for-profit organization to you? If "Yes," provide a list of the debts or liabilities that were transferred to you, indicating the amount of each, how the amount was determined, and the name of the person to whom the debt or liability is owed. [] Yes [X] No

8 Will you lease or rent any property or equipment previously owned or used by the predecessor for-profit organization, or from persons listed in line 4, or from for-profit organizations in which these persons own more than a 35% interest? If "Yes," submit a copy of the lease or rental agreement(s). Indicate how the lease or rental value of the property or equipment was determined. [] Yes [X] No

9 Will you lease or rent property or equipment to persons listed in line 4, or to for-profit organizations in which these persons own more than a 35% interest? If "Yes," attach a list of the property or equipment, provide a copy of the lease or rental agreement(s), and indicate how the lease or rental value of the property or equipment was determined. [] Yes [X] No

Statement #1

Part II – Organizational Structure

Line Item 1 - See Exhibit IV – Amended and Restated Article of Incorporation of West Penn Physician Practice Network. The adoption date is indicated on the Plan of Conversion at Exhibit I. The plan of conversion, including the adoption of the Articles of Incorporation was effective upon its filing with the state on December 28, 2005.

Line Item 5 – See Exhibit V – Amended and Restated Bylaws of West Penn Physician Practice Network. The adoption date is indicated on the Plan of Conversion at Exhibit I. The plan of conversion, including the adoption of the Bylaws was effective upon its filing with the state on December 28, 2005.

Statement #2
Part IV – Description of Activities

Overview

West Penn Physician Practice Network ("W3PN") is a Pennsylvania non-profit, non-stock corporation that was formed on December 28, 2005 as a faculty practice plan in order to assist, promote, and advance the clinical, research, educational and charitable mission of The Western Pennsylvania Hospital ("WPH"), an IRC § 501(c)(3) organization with non-private foundation status under IRC § 170(b)(1)(A)(iii) (See Exhibit XIV). W3PN intends to achieve this goal by housing the WPH academic physician groups in the medical specialties of surgery, obstetrics and gynecology, family medicine and anesthesia within one organization, thereby enhancing coordination of patient care and resident training among the specialties. To date, only the anesthesia group has been added to W3PN.

W3PN seeks status as an Internal Revenue Code ("IRC") § 501(c)(3) health care organization with non-private foundation status as a publicly supported organization pursuant to IRC § 509(a)(2).

W3PN was formed via the conversion of an inactive for-profit subsidiary of WPH (Valley Development Management Corporation ("VDMC") to a Pennsylvania non-profit, non-stock corporation (See Exhibit I). VDMC was renamed W3PN (See Exhibit II)¹. For VDMC's tax year ending on the date of conversion, December 28, 2005, VDMC had no income or assets. Further, immediately subsequent to the conversion, for the tax period December 28, 2005 through December 31, 2005 W3PN held no assets, conducted no business operations, and was otherwise inactive. W3PN's operations began on February 1, 2006.

WPH, the sole member of W3PN, is a constituent hospital in the West Penn Allegheny Health System ("WPAHS"). WPAHS, the sole member of WPH, is a multi-entity health care system serving the western Pennsylvania area. (See Exhibit VIII for a diagram of WPAHS before and after the conversion of W3PN). WPAHS is an IRC § 501(c)(3) organization with public charity status as an IRC § 509(a)(3) supporting organization of its constituent hospitals. (See Exhibit XV).

¹ Note that WPH initially formed a new non-stock, non-profit corporation named W3PN ("Old" W3PN) on November 16, 2005. However, WPH subsequently discovered that it was prohibited from adding new corporations to its obligated group pursuant to its master trust indenture. Accordingly, on December 28, 2005, WPH converted the then inactive VDMC to a non-stock, non-profit corporation, and on that date Old W3PN transferred its name to VDMC (See Exhibit II). Old W3PN then dissolved (See Exhibit III). Old W3PN never had any activity or assets.

Statement #2
Part IV – Description of Activities (cont'd)

Law

Pursuant to Internal Revenue Code ("IRC") § 501(c)(3), in order to qualify for tax-exempt status under that section, an organization must be both organized and operated "exclusively for ...charitable, scientific, or educational...purposes, ...no part of the earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation ...and which does not participate in, or intervene in...any political campaign on behalf of ... any candidate for public office.

Accordingly, an organization must meet both an organizational and operational test in order to qualify for exemption under IRC § 501(c)(3). To meet the organizational test, Treas. Reg. § 1.501(c)(3)-1(b)(1) specifically requires that the Articles of Incorporation of an IRC § 501(c)(3) organization limit the organizational purposes to one or more exempt purposes, and not expressly empower it to engage, other than as an insubstantial part of its activities, in activities that are not in furtherance of those purposes. In particular, an organization is not organized for charitable purposes if its organizing document expressly empowers it to engage in political activity or in substantial lobbying activity. Treas. Reg. § 1.501(c)(3)-1(b)(3). Lastly, the organizational test requires that upon dissolution of the organization, the assets must, by reason of a provision in the organization's articles or by operation of law, be used for exempt purposes.

Further, Treas. Reg. § 1.501(c)(3)-1(a)(1) provides that an IRC § 501(c)(3) organization must be operated exclusively for one or more exempt purposes. An organization will not be regarded as an IRC § 501(c)(3) organization if more than an insubstantial part of its activities is not in furtherance of an exempt purpose. See Treas. Reg. § 1.501(c)(3)-1(c)(1).

Section 1.501(c)(3)-1(d)(1)(ii) of the regulations provides that an organization is not organized or operated exclusively for charitable purposes unless it serves a public rather than a private interest. The promotion of health, like the relief of poverty and the advancement of education and religion, is one of the purposes in the general law of charity that is deemed beneficial to the community as a whole even though the class of beneficiaries eligible to receive a direct benefit from its activities does not include all members of the community. The class must be sufficiently large, however, so that the community as a whole benefits. Restatement (Second) Trusts, § 368,

Statement #2
Part IV – Description of Activities (cont'd)

comment (b) and § 372, comment (b) and (c); IV Scott on Trusts §§ 368, 372.2 (3d ed. 1967).
(See Rev. Rul. 69-545).

Rev. Rul. 69-545, 1969-2 C.B. 117, acknowledges that the promotion of health is a charitable purpose within the meaning of section 501(c)(3) of the Code. It states that a hospital must primarily benefit the community in order to qualify for exemption under this code section. The ruling holds that the following factors indicate that the use and control of a hospital are for the benefit of the public and that no part of the income of the organization is inuring to the benefit of any private individual nor is any private interest being served:

- 1.1 It is controlled by a board of trustees, which is composed of independent civic leaders.
- 2.1 It maintains an open medical staff with privileges available to all qualified physicians including leasing available space in its medical building.
- 3.1 It provides hospital care for all those persons in the community able to pay the cost thereof either directly or through third party reimbursement.
- 4.1 It operates an emergency room accessible to all regardless of ability to pay. Where there is no Emergency room, another method of establishing community benefit is through a charity care and discount policy that provides free or subsidized care to the indigent in the community. Such a policy must be communicated to the general public.
- 5.1 The hospital also must apply any surplus to improving facilities, equipment, patient care, medical training and research.

Faculty group practice organizations that provide medical care to patients while providing training to medical residents qualify for exemption on the basis of promotion of health. (See *B.H.W. Anesthesia Foundation v. Commissioner*, 72 T.C. 681(1979) and *University of Massachusetts Medical School Group Practice v. Commissioner*, 74 T.C.) No 94 (9-16-80). See also GCM 38394, 1980 GCM Lexis 121 (1980). However, a group practice will not qualify for exemption to the extent that it is operated for the benefit of physician members. The service looks at the following factors in determining whether the arrangement operates for the private benefit of the physician members:

- 1)1 Relationship between the faculty group practice and the affiliated hospital and medical school;

Statement #2
Part IV – Description of Activities (cont'd)

- 2)1 Control of compensation by member physicians; and
- 3)1 How the faculty group practice's funds are utilized, including whether physicians receive a reasonable salary not tied to the patient care fees generated by the member and whether there is a meaningful charitable program funded by the fees generated by the group practice activities.

Section 1.501(c)(3)-1(d)(3) of the regulations provides that the term "educational" relates to the instruction and training of the individual for the purposes of improving or developing his capabilities.

Section 1.501(c)(3)-1(d)(5) of the regulations, in pertinent part, defines a "scientific" organization as one carrying on scientific research in the public interest; this includes research carried on for the purpose of discovering a cure for a disease, research for the purpose of aiding in the scientific education of college or university students, and research for the purpose of obtaining scientific information to be published.

IRC § 509(a) defines the term "private foundation" as any organization described in IRC § 501(c)(3) except, inter alia, (1) an organization described in section 170(b)(1)(A) (other than in classes (vii) and (viii)); and (2) an organization that normally receives not more than one-third of its financial support from gross investment income and receives more than one third of its financial support from contributions, membership fees and gross receipts from activities related to its exempt functions.

Analysis

W3PN Organizational Test

W3PN's Articles of Incorporation indicate that it was formed, and is to be operated exclusively for charitable purposes. Specifically, its purposes are limited to the charitable, scientific and educational purposes as defined and limited by IRC § 501(c)(3). (See Exhibit IV, Page 1, Article Fourth).

W3PN's Articles incorporate all of the protections required under IRC § 501(c)(3). Specifically, they prohibit the organization from engaging in political activity, and from permitting earnings to

Statement #2
Part IV – Description of Activities (cont'd)

inure to the benefit of any private shareholder or individual. Further, the organization's Articles prohibit it from engaging in substantial lobbying activities, and require that on dissolution, the organization's assets are to be distributed to an IRC 501(c)(3) charity. (See Articles generally at Exhibit IV).

Further, the By-Laws require that the board adopt a conflict of interest policy (See Exhibit V, Article IV, Section 7). A copy of the adopted Conflict of Interest Policy is attached at Exhibit VII. Accordingly, there can be no question that sufficient safeguards are in place to ensure that the organization will be operated in a charitable manner.

W3PN Operational Test

W3PN qualifies for tax exempt status under IRC § 501(c)(3) on the basis that it serves charitable (via promotion of health), educational and scientific purposes. W3PN's primary purpose is to consolidate The Western Pennsylvania Hospital's faculty practice plans into one organization in order to provide better coordinated patient care, develop standardized residency training programs, and to better integrate resident training and research activities among the specialties. WPH also hopes to gain economic efficiencies associated with the standardization of processes and procedures, as well as a reduction in the cost of maintaining multiple corporations necessary to provide the best quality healthcare for the community. Initially, WPH intended to consolidate the following individual faculty practices into W3PN: family medicine, surgery, obstetrics-gynecology and anesthesiology. However, at this time W3PN houses only the Anesthesiology group that serves patients of WPH and WPH's Forbes Regional Campus ("WPHFRC"), an unincorporated division of WPH. Additional practices will be consolidated into W3PN, as they are identified and deemed in-line with WPH and W3PN's respective tax-exempt missions.

Statement #2
Part IV – Description of Activities (cont'd)

A. Promotion of Health

W3PN meets the requirements for exemption based on promotion of health. W3PN's primary function is the rendering of anesthesiology (and possibly at some future date will render other clinical) services to patients of WPH and WPHFRC. W3PN currently employs 27 skilled anesthesiologists, 26 residents, and 42.5 certified registered nurse anesthetists (CRNAs) in the Department of Anesthesiology. Most services provided by anesthesiologists are hospital-based, such that services are rendered at WPH and WPHFRC using hospital equipment. Accordingly, W3PN has no hard assets and no significant operational costs other than those associated with the support of its employees. W3PN has contracted with a third party (MEDAC) to perform patient billing. All other accounting, investment, and management services have and will be performed by WPH and other tax-exempt WPAHS entities, and W3PN will reimburse these services at cost.

On an inpatient basis the anesthesiology professionals provide comprehensive medical evaluation and clinical management of patients who need anesthesia or sedation for surgical procedures. Consultative services are also available for resuscitation and monitoring of unstable patients, conscious sedation for diagnostic and therapeutic procedures, and evaluation and treatment of acute and chronic pain.

Acute and chronic pain are treated in the department's outpatient Institute for Pain Medicine located in the Mellon Pavilion at The Western Pennsylvania Hospital. Services offered include comprehensive evaluation, diagnostic and therapeutic nerve blocks, and placement of spinal cord stimulators and intrathecal pumps. Physicians also participate in treating patients with cancer pain. A clinical psychologist and physical therapist are available for consultation to outpatients. Through the Institute's Acute Pain Service, anesthesiologists provide placement and management of epidural infusions for control of postoperative pain.

In general, patient care is provided in the setting of clinical teaching in connection with the Temple University School of Medicine, and the patient care produces medical research that is ultimately beneficial to the community.

Statement #2
Part IV – Description of Activities (cont'd)

W3PN meets the following additional criteria to be recognized as promoting health on a charitable basis:

- 1.1 Community Board - W3PN has a 12 voting-member board of directors that is comprised of 1/3 physicians, 1/3 community members (all of whom are also on WPH's board), and 1/3 WPH management. (See Statement #3). WPH has a board comprised of a majority of independent community representatives. (See Exhibit XVII). Accordingly, because the WPH management must act under the direction of the WPH community board, W3PN is ultimately controlled by an independent community board.

The W3PN board has no executive committee. Further, a quorum of the board requires the presence of a majority of the board. However, a quorum cannot exist unless a majority of the board members present are not physicians. (See Exhibit V, Article V, Section 4) Accordingly, all board actions are ultimately controlled by a majority of community representatives.

- 2.1 Open Medical Staff – W3PN was formed to consolidate the patient care, education and research activities of WPH's specialists in the areas of surgery, OB-GYN, Anesthesia and Family Medicine. Whether WPH's medical staff privileges are open for a particular specialty has been determined by WPH on a service by service basis. Of the proposed W3PN specialty areas, only Anesthesia is limited to employed physicians, with the exception of two already credentialed physicians providing pain management services at WPHFRC. (See Exhibit XIII)

- 3.1 Treatment of Medicare and Medicaid recipients - Consistent with the policy of the other WPAHS tax-exempt organizations, W3PN accepts Medicare and Medicaid patients.

- 4.1 Emergency Room / Charity Care - The physician-employees of W3PN participate in the operation of the WPH and WPHFRC emergency rooms which are open to all. As with the other WPAHS organizations, it also renders services and treatment to patients without regard to their ability to pay and without discrimination. W3PN adopted a charity

Statement #2
Part IV – Description of Activities (cont'd)

care and discount policy that is consistent with the WPAHS charity care and discount policy (See Exhibit XII), and provided approximately \$23,000 in charity care for the six months ended 6/30/06.

- 5.1 Application of Surplus - Reimbursement levels for anesthesia services do not keep pace with the true cost of these services, which are primarily driven by Physician and Certified Registered Nurse Anesthetist ("CRNA") market-based salaries. Therefore, it is anticipated that W3PN will operate below cost for this necessary service. W3PN's initial operating capital was provided by WPH, and future losses are expected to be funded by WPH. However, to the extent that W3PN's activities should result in a surplus, any such surplus will be reinvested into programs that enhance patient care.

Further, as a faculty group practice organization, W3PN must demonstrate that it does not operate for the benefit of physician members. W3PN does not operate for the benefit of physician members as demonstrated by the following:

- 1.1 Relationship between W3PN and WPH - W3PN is operated primarily to provide clinical services to patients of WPH and WPHFRC. W3PN represents the separate incorporation of WPH's department of anesthesiology, which previously operated within WPH. In its current form, WPH via its sole membership, and via significant board overlap with the W3PN board, maintains day-to-day oversight over W3PN, thereby ensuring that the organization is operated in furtherance of WPH's mission, rather than for the benefit of the physicians.
- 2.1 Control of Compensation by member physicians - There is no physician control over compensation. Physician compensation is set by the board of W3PN. Physicians comprise only one third of the voting board of W3PN. The two thirds majority of the W3PN board is comprised of independent community members and WPH representatives who represent the interests of WPH. WPH's board is controlled by an independent community board. Accordingly, the W3PN board is ultimately controlled by a majority of community representatives. W3PN compensation is set based upon the WPAHS

Statement #2
Part IV – Description of Activities (cont'd)

compensation policy (See Exhibit XVI). Accordingly, there is no physician control over compensation.

3.1 How the Faculty Group Practice's Funds are Utilized

a.1 Charity Care

As mentioned previously, W3PN has adopted the WPAHS charity care and discount policy and renders charity care to patients of WPH and WPHFRC to the same extent that that care is rendered by the hospital.

b.1 Physician Compensation

W3PN has and will continue to execute standardized employment agreements with its physicians. (See Exhibit IX for Sample Physician Contracts). All future physician contracts will be drafted in a form substantially similar to the sample arrangements. All physician compensation awarded is approved by the W3PN board and also by the compensation committee of WPAHS based on the WPAHS compensation policy which requires that physician salaries be set on the basis of published surveys (such as MGMA), and that all steps are taken to ensure that total compensation is reasonable and supported by comparable data. (See Exhibit XVI)

Base Compensation - W3PN Physicians have and will be compensated using a base compensation that is tied to the physician's experience and years of tenure. Base compensation for these physicians (other than the Department Chair) is determined based on a predetermined scale. (See Exhibit X).

Bonuses - Certain physicians are eligible for signing and retention bonuses. Many of WPH's anesthesiologists resigned from WPH in late 2005. Securing the services of such professionals is clearly an indispensable part of overall WPH

Statement #2
Part IV – Description of Activities (cont’d)

operations. Without the services of these individuals, WPH (and WPHFRC) would be severely limited in their ability to administer anesthesia in the course of surgeries, especially as it relates to complex, high risk patient situations. As such, WPH had a need for this medical specialty in order to carry out its basic functions. Therefore, as part of the physician employment contracts, WPH offered a signing bonus and a retention bonus to physicians who joined the organization. After the formation of W3PN, WPH assigned these contracts to W3PN. W3PN has also executed physician agreements in its own name, offering signing bonuses to these physicians. All signing and retention bonuses were based on the need for anesthesiologists due to the 2005 anesthesiologists’ resignation, and will be offered only until the target staffing level is reached.

Incentive Compensation - The Chair of the Department of Anesthesiology, is also entitled to an incentive compensation arrangement, with incentives awarded based upon the achievement of goals that have been set jointly by the President and CEO of WPH and employee. However, any such incentive program is required to be approved by the executive compensation committee of the WPAHS board based on the WPAHS compensation policy. Incentive Compensation is not based in whole, or in part on the net income of W3PN.

Pursuant to the foregoing, W3PN is entitled to exemption on the basis of promotion of health, as a result of its clinical health care activities.

B. Education and Research

In conjunction with, and in addition to its primary purpose of promotion of health, W3PN engages in educational and research activities that are beneficial to the community as follows:

- 1)1 W3PN provides education for anesthesiology residents thereby improving the care of future patients of WPH, WPAHS and the Western Pennsylvania community and
- 2)1 Conducts clinical research in order to develop new and improved treatment modalities that benefit the patients of WPH, WPAHS and Western Pennsylvania community.

Statement #2
Part IV – Description of Activities (cont’d)

Since W3PN’s research and clinical activities are carried out in conjunction with the rendering of clinical services to patients of the WPH (and WPHFRC), W3PN achieves its promotion of health purpose simultaneously with its research and educational purposes.

I. Education

WPH, chartered in 1848 as the first public hospital west of the Allegheny Mountains, has been continuously involved in graduate medical education since 1874. In affiliation with Temple University School of Medicine, the Hospital offers a full range of medical education opportunities, including a large number of residency and fellowship programs including residency training in Anesthesiology. W3PN conducts the Anesthesiology training program on behalf of WPH.

At The Western Pennsylvania Hospital Clinical Campus of Temple University School of Medicine, the faculty of the Department of Anesthesiology has implemented a comprehensive program for the education of consultants in the field of perioperative medicine—physicians who practice anesthesiology at the leading edge of diagnostic and therapeutic technology.

WPH’s Residency Training in Anesthesiology Program, which is conducted by W3PN Anesthesiologists, provides a comprehensive educational experience. An enthusiastic faculty with diverse clinical and educational backgrounds provides a rich educational experience and balance between didactic and clinical teaching. The program is fully accredited by the Accreditation Council for Graduate Medical Education and consists of 3 years of Clinical Anesthesiology with subspecialty and/or research rotations.

The training continuum provides comprehensive experience in the management of patients in all surgical subspecialties, Critical Care Medicine, Pain Management, Post-Anesthesia Care, and Ambulatory Anesthesia, while also preparing the resident for a broad range of practice opportunities and fellowships in Anesthesiology.

Residents obtain their clinical experience at WPH. WPH is a 512-bed tertiary care hospital that includes the largest and busiest Burn Center in the region. More than 22,000 surgical procedures are performed each year at The Western Pennsylvania Hospital in an integrated surgical suite

Statement #2
Part IV – Description of Activities (cont'd)

providing both inpatient and outpatient services. The surgical suite features 20 operating rooms, including special suites for cardiothoracic, bariatric, orthopedic, burn, and neurosurgery. West Penn Hospital was recently distinguished as a Bariatric Center of Excellence, having performed more than 1,000 bariatric surgical procedures. Anesthesia services also are provided in a number of departments throughout the hospital, including the Electrophysiology Laboratory and Radiology Department, where endovascular surgical procedures are leading technological advances in patient care. More than 2,500 obstetrical deliveries, including high-risk deliveries, are performed each year in the West Penn Hospital Obstetrics Department's 21 birthing rooms and 4 operating rooms.

Not only does W3PN provide residency training and rotations to Residents from the Temple University School of Medicine, but W3PN also oversees a Pain Medicine Fellowship. In addition, W3PN provides education to medical students from the Lake Erie College of Osteopathic Medicine, the Philadelphia College of Osteopathic Medicine, New York College of Medicine, DesMoines University and University of Kansas. In addition, rotations were made available to Emergency Medical Residents from UPMC, West Penn Podiatry residents, Dental Medicine residents from Allegheny General Hospital, residents from Lancaster Hospital and West Penn Family Medicine residents. Finally, W3PN provides student nurse anesthetist rotations for students of Allegheny Valley Hospital / LaRoche College, Excella, UPMC and The Western School.

Accordingly, W3PN operates for an educational purpose within the meaning of Section 1.501(c)(3)-1(d)(3) of the regulations.

II. Research

W3PN encourages its anesthesiologists to conduct research with a view to improving treatment modalities and patient outcomes. Staff anesthesiologists have experience and national reputations for research in the areas of the use of obstetrical anesthesia, use of ultrasound for vascular access, clinical pharmacology, blood conservation, echocardiography, and novel drug therapy. W3PN residents are involved in anesthesiology research in conjunction with their training.

Statement #2
Part IV – Description of Activities (cont'd)

To date, research efforts amongst the faculty have concentrated on outcome parameters in cardiac anesthesia, post cardiopulmonary bypass coagulopathy, clinical applications of ultrasound (transesophageal echocardiography and facilitation of vascular access), obstetrical anesthesia, pain management, pharmacologic studies of critically ill patients, blood pressure control during cardiopulmonary bypass, and value-based anesthesia care.

In addition, one faculty member has published a textbook on "Anesthesia for the Cardiac Patient", and he and others have contributed original research, book chapters, and presentations at national and international scientific meetings, creating a scholarly environment for the resident in training.

Accordingly, W3PN operates for the purpose of scientific research within the meaning of Section 1.501(c)(3)-1(d)(5) of the regulations.

W3PN Public Charity Test

As is evident from a review of the financials of W3PN, it receives, and is projected to receive most of its revenue from patient services, and is projected to receive little to no investment income. Accordingly, W3PN should qualify as a public charity pursuant to IRC § 509(a)(2).

Conclusion

W3PN is entitled to status as an IRC § 501(c)(3) organization on the basis of promotion of health, education and scientific research, and as a public charity pursuant to IRC § 509(a)(2).

Statement #3
Part V, Line 1a – Compensation and Other Financial Arrangements With W3PN
Officers, Directors, Trustees, Employees, and Independent Contractors
&
Schedule C, Line 8 – Community Board Membership

Name	Title	Voting	Community Member	Mailing Address	Compensation
W. Keith Smith	Chair/Director	Yes	WPH Mgt	4800 Friendship Avenue Pittsburgh, PA 15224	NONE
Augustine Lopez	Treas/Director	Yes	WPH Mgt	4800 Friendship Avenue Pittsburgh, PA 15224	NONE
Steve Brown	Vice President			4800 Friendship Avenue Pittsburgh, PA 15224	NONE
Barry S. Zaiser	Vice President			4800 Friendship Avenue Pittsburgh, PA 15224	NONE
Robert B. Templin, Jr.	Secretary			4800 Friendship Avenue Pittsburgh, PA 15224	NONE
Edward Klamon	President/CEO	Yes	WPH Mgt	4800 Friendship Avenue Pittsburgh, PA 15224	NONE
David Burstin	Director	Yes	Yes	4800 Friendship Avenue Pittsburgh, PA 15224	NONE
Gerd Mueller	Director	Yes	Yes	4800 Friendship Avenue Pittsburgh, PA 15224	NONE
Roger Wright	Director	Yes	Yes	4800 Friendship Avenue Pittsburgh, PA 15224	NONE
Emanuel DiNatale	Director	Yes	Yes	4800 Friendship Avenue Pittsburgh, PA 15224	NONE
Philip Caushaj, M.D.	Director	Yes	NO	4800 Friendship Avenue Pittsburgh, PA 15224	NONE
Christopher Troianos, M.D.	Director	Yes	NO	4800 Friendship Avenue Pittsburgh, PA 15224	\$600,020
Elliot Goldberg, M.D.	Director	Yes	NO	4800 Friendship Avenue Pittsburgh, PA 15224	NONE
Gregorio Delgado, M.D.	Director	Yes	NO	4800 Friendship Avenue Pittsburgh, PA 15224	NONE
Sherry Zisk	Director	Yes	WPH Mgt	4800 Friendship Avenue Pittsburgh, PA 15224	NONE

Note 1 No Officer or Director is compensated for being an Officer or Director of West Penn Physician Practice Network

Note 2 Community Board - W3PN has a 12 voting-member board of directors that is comprised of 1/3 physicians, 1/3 community members (all of whom are also on WPH's board), and 1/3 WPH management. WPH has a board comprised of a majority of independent community representatives. (See Exhibit XVII). Accordingly, because the WPH management must act under the direction of the WPH community board, W3PN is ultimately controlled by an independent community board.

Statement #4
 Part V, Line 3a – Qualifications and Duties of Officers, Directors, Trustees, Employees,
 and Independent Contractors

Name	Qualifications	Avg Hours Worked	Duties
W. Keith Smith	President & CEO, WPAHS	40 Hours	As Chair, will preside at all meetings of Board of Directors. Have authority ordinarily required in this position. Other duties as assigned by Member.
Augustine Lopez	CFO, WPH	40 Hours	As Treasurer, will keep and properly record all funds, money and income of the Corporation. Will deposit all funds in depositories as the Board shall designate. Have authority ordinarily required in this position. Other duties as assigned by Member.
Steve Brown	VP, Physicians Services Division, WPH	40 Hours	Perform duties as prescribed by Board of Directors or Member from time to time. Carry out responsibilities as assigned by officer whom officer assists in event such officer is unable to perform such responsibilities or duties.
Barry S. Zaiser	VP, Operations & Strategic Mgt/WPAHS	40 Hours	Perform duties as prescribed by Board of Directors or Member from time to time. Carry out responsibilities as assigned by officer whom officer assists in event such officer is unable to perform such responsibilities or duties.
Robert Templin, Jr.	Attorney, WPAHS Employee	40 Hours	As Secretary, will give notice of Meetings of Board of Directors. Keep and properly record the minutes of proceedings of Board of Directors, notify officers of their election, and committee members of their appointments. Maintain custody of corporate seal, books and records pertaining to office. Have authority ordinarily required in this position.
Edward Klaman	Executive Vice President, WPH	40 Hours	As Director and Committee Member, will serve on committees in accordance with Bylaws until his or her successor is duly appointed and qualified. Shall make decisions by vote, and act only if a quorum is established by majority of committee members. Shall meet at least quarterly and report to the Board of Directors or other committee/subcommittee its actions and recommendations.
David Burstin	Employee Benefit Consultant	40 Hours	As Director and Committee Member, will serve on committees in accordance with Bylaws until his or her successor is duly appointed and qualified. Shall make decisions by vote, and act only if a quorum is established by majority of committee members. Shall meet at least quarterly and report to the Board of Directors or other committee/subcommittee its actions and recommendations.

Statement #4 (Continued)
Part V, Line 3a – Qualifications and Duties of Officers, Directors, Trustees, Employees,
and Independent Contractors

Name	Qualifications	Avg Hours Worked	Duties
Gerd Mueller	Former CFO, Bayer Corporation	<5 Hours	As Director and Committee Member, will serve on committees in accordance with Bylaws until his or her successor is duly appointed and qualified. Shall make decisions by vote, and act only if a quorum is established by majority of committee members. Shall meet at least quarterly and report to the Board of Directors or other committee/subcommittee its actions and recommendations.
Roger Wright	Former Past President, People's Natural Gas Company	<5 Hours	As Director and Committee Member, will serve on committees in accordance with Bylaws until his or her successor is duly appointed and qualified. Shall make decisions by vote, and act only if a quorum is established by majority of committee members. Shall meet at least quarterly and report to the Board of Directors or other committee/subcommittee its actions and recommendations.
Emanuel DiNatale	CPA	<5 Hours	As Director and Committee Member, will serve on committees in accordance with Bylaws until his or her successor is duly appointed and qualified. Shall make decisions by vote, and act only if a quorum is established by majority of committee members. Shall meet at least quarterly and report to the Board of Directors or other committee/subcommittee its actions and recommendations.
Philip Caushaj, M.D.	Physician	<5 Hours	As Director and Committee Member, will serve on committees in accordance with Bylaws until his or her successor is duly appointed and qualified. Shall make decisions by vote, and act only if a quorum is established by majority of committee members. Shall meet at least quarterly and report to the Board of Directors or other committee/subcommittee its actions and recommendations.
Christopher Troianos, M.D.	Physician	<5 Hours	As Director and Committee Member, will serve on committees in accordance with Bylaws until his or her successor is duly appointed and qualified. Shall make decisions by vote, and act only if a quorum is established by majority of committee members. Shall meet at least quarterly and report to the Board of Directors or other committee/subcommittee its actions and recommendations.

Statement #4 (Continued)
Part V, Line 3a – Qualifications and Duties of Officers, Directors, Trustees, Employees,
and Independent Contractors

Name	Qualifications	Avg Hours Worked	Duties
Elliott Goldberg, M.D.	Physician	<5 Hours	As Director and Committee Member, will serve on committees in accordance with Bylaws until his or her successor is duly appointed and qualified. Shall make decisions by vote, and act only if a quorum is established by majority of committee members. Shall meet at least quarterly and report to the Board of Directors or other committee/subcommittee its actions and recommendations.
Gregorio Delgado, M.D.	Physician	<5 Hours	As Director and Committee Member, will serve on committees in accordance with Bylaws until his or her successor is duly appointed and qualified. Shall make decisions by vote, and act only if a quorum is established by majority of committee members. Shall meet at least quarterly and report to the Board of Directors or other committee/subcommittee its actions and recommendations.
Sherry Zisk	COO, WPH	40 Hours	As Director and Committee Member, will serve on committees in accordance with Bylaws until his or her successor is duly appointed and qualified. Shall make decisions by vote, and act only if a quorum is established by majority of committee members. Shall meet at least quarterly and report to the Board of Directors or other committee/subcommittee its actions and recommendations.
Kanagasabai Mutha	Physician	40 Hours	Patient Care Services
Richard Feduska	Physician	40 Hours	Patient Care Services
Rup Dua	Physician	40 Hours	Patient Care Services
Abraham Kabazkie	Physician	40 Hours	Patient Care Services
Ashley M Storey	Physician	40 Hours	Patient Care Services
Pro Nurse Inc.	Professional Temp Agency	As Needed	Staffing organization that provides human capital solutions for hospitals and clinics.
Locumtenens.com	Professional Temp Agency	As Needed	Full service physician recruiting and staffing organization serving Physicians and Certified Registered Nurse Anesthetists and other specialty healthcare professionals for substitute, temporary or permanent positions.

Name	Qualifications	Avg Hours Worked	Duties
D&Y Locum Tenems	Professional Temp Agency	As Needed	Full service physician recruiting and staffing organization serving Physicians and Certified Registered Nurse Anesthetists and other specialty healthcare professionals for substitute, temporary or permanent positions.
Regional Consulting	Professional Temp Agency	As Needed	Staffing organization that provided human capital solutions for hospitals, clinics and other health care providers.
Neal Warden	CRNA	40 Hours	Certified Registered Nurse Anesthetist providing services to organization.

Statement # 5

Part V, Line 3b – Payments from Organizations under Common Control to Officers,
 Directors, Trustees, Employees, and Independent Contractors

Name	Relationship	Compensation Arrangement	Compensation	Contrib to Benefit Plans	Expenses and Other Allowances
W. Keith Smith	Chairman	Employee of The Western Pennsylvania Hospital, a 501(c) Organization	None	None	None
Steve Brown	Vice President/Officer	Employee of The Western Pennsylvania Hospital, a 501(c) Organization	141,771	12,351	None
Barry Zaiser	Vice President/Officer	Employee of The Western Pennsylvania Hospital, a 501(c) Organization	223,937	20,888	None
Augustine Lopez	Treasurer/Officer	Employee of The Western Pennsylvania Hospital, a 501(c) Organization	68,460	8,090	None
Robert B. Templin, Jr.	Secretary/Officer	Employee of Allegheny General Hospital, a 501(c) Organization	181,188	7,171	None
Edward Klamon	Director	Employee of The Western Pennsylvania Hospital, a 501(c) Organization	446,611	19,000	None
Philip Caushaj, M.D.	Director	Employee of The Western Pennsylvania Hospital, a 501(c) Organization	600,875	109,446	None
Elliott Goldberg, M.D.	Director	Employee of The Western Pennsylvania Hospital, a 501(c) Organization	340,346	25,506	None
Gregorio Delgado, M.D.	Director	Employee of The Western Pennsylvania Hospital, a 501(c) Organization	621,551	114,712	None
Sherry Zisk	Director	Employee of The Western Pennsylvania Hospital, a 501(c) Organization	206,891	27,407	None

**Statement #6
Part V, Lines 5a – Conflict of Interest Policy
&
Schedule C, Line 14**

The W3PN conflict of interest policy is attached at Exhibit VII.

The Conflict of Interest Policy was designed and implemented as policy by Western Pennsylvania Hospital ("WPH") and adopted by West Penn Physician Practice Network ("W3PN") at the direction of the Board of Directors, via the Written Consent of Directors for Conversion and Amendments related to W3PN. (See Exhibit VI) The purpose of the policy is to comply with all federal and state laws and regulations, including the laws, rules and regulations that govern the tax-exempt status of the organization.

**West Penn Physician Practice Network
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**Statement #7
Part V, Line 6a – Non-Fixed Payments**

See Narrative at Statement #2 under "Physician Compensation"

Statement #8

Part V, Line 7a – Purchase of Services from Officers, Directors, Five Highest Paid Employees and Five Highest Paid Independent Contractors

W3PN has adopted the compensation process for employees and physician independent contractors established by the West Pennsylvania Allegheny Health System ("WPAHS"). (See Exhibit XVI). In accordance with the arms-length requirements of this policy, W3PN will purchase services from its employees in their capacity as employees of the organization paying only fair market value.

In addition, W3PN will purchase services from its independent contractors, including medical staff services. All such services are purchased from the otherwise unrelated parties on regular commercial terms.

W3PN does not anticipate the purchase of goods or services from these individuals other than in their capacity as employees or independent contractors respectively.

Statement #9

**Part V, Line 7b – Sale of Services to Officers, Directors, Five Highest Paid Employees
and Five Highest Paid Independent Contractors**

W3PN provides anesthesia services to patients of WPH and WPHFRC on a non-discriminatory basis and without regard to ability to pay.

W3PN acknowledges that it is possible, in the course of business, that W3PN may provide treatment to individuals who are officers, directors, trustees or highly paid employees or independent contractors, or individuals related to those officers, directors, highly paid employees and independent contractors through family or business relationships. However, any such treatment would be rendered on regular commercial terms.

Statement #10

Part V, Line 8a through f – Contracts with Officers, Directors, Five Highest Paid Employees and Five Highest Paid Independent Contractors

1) Officers / Directors – W3PN has a contract with Christopher Troianos, the Chair of the Department of Anesthesiology.

See Narrative at Statement #2 under "Physician Compensation" for further information.

2) Employees – W3PN's five highest paid employees are all physicians.

Every physician employed by West Penn Physician Practice Network ("W3PN" and "Employer") is employed subject to the appropriate employment agreement for the position.

See Narrative at Statement #2 under "Physician Compensation".

3) Independent Contractors – W3PN's five highest paid independent contractors include temp agencies and a CRNA. At this time W3PN has no contracts with these individuals.

**Statement #11
Part VI, Line 1a– Services rendered to Individuals**

The objective and mission of West Penn Physician Practice Network ("W3PN") is to house academic physician groups in the medical specialties of surgery, obstetrics and gynecology, medicine and anesthesia.

In the course of achieving this mission, W3PN renders anesthesia services to individual patients of the WPH and WPHFRC, and provides educational services to medical residents from the Temple University School of Medicine. See Narrative at Statement #2.

Statement #12

Part VI, Line 3 – Services rendered to individuals with a family or business relationship with an officer, director, trustee, or highly paid employee or independent contractor

W3PN provides anesthesia services to patients of WPH and WPHFRC on a non-discriminatory basis and without regard to ability to pay.

W3PN acknowledges that it is possible, in the course of business, that W3PN may provide treatment to individuals who are officers, directors, trustees or highly paid employees or independent contractors, or individuals related to those officers, directors, highly paid employees and independent contractors through family or business relationships. However, any such treatment would be rendered on regular commercial terms.

**Statement #13
Part VIII, Line 7b –Management Services**

The Western Pennsylvania Hospital ("WPH"), an IRC Section 501 (c) (3) organization will provide accounting, administrative, investing and planning activities to West Penn Pennsylvania Practice Network ("W3PN"). W3PN will compensate WPH for these services at cost.

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Statement #14

**Part VIII, Line 7c –Management Services – Business relationship between W3PN
Officers and WPH Manager**

WPH controls W3PN via its sole membership as well as board representation. Therefore, many of W3PN's board members are also board members and officers of WPH.

Statement #15

Part VIII, Lines 13a through g –Loans Grants and Distributions to Organizations

W3PN is expected to operate at a loss. WPH will fund their deficit. However, to the extent that W3PN has a surplus, W3PN will transfer funds to WPH and other members of WPAHS to be used in furtherance of W3PN's (and WPAHS') exempt healthcare purpose.

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**Statement #16
Part VIII, line 15 –Close Connection with Organizations**

W3PN's sole member is The Western Pennsylvania Hospital, a constituent hospital in the West Penn Allegheny Health System. See Narrative at Statement #2.

Statement #17
 Part IX, lines 9 and 23 - Financial Data
 Itemized List of Revenues and Expenses

<u>OTHER Revenues</u>	<u>6-mos ended</u> <u>06/30/2006</u>	<u>12-mos</u> <u>ended</u> <u>06/30/2007</u>	<u>12-mos</u> <u>ended</u> <u>06/30/2008</u>	(used FY08)
				<u>12-mos</u> <u>ended</u> <u>06/30/2009</u>
Patient Service Revenue	5,894,785	12,024,344	12,990,133	12,990,133
Other	12,717	25,776	27,033	27,033
	<u>5,907,502</u>	<u>12,050,120</u>	<u>13,017,166</u>	<u>13,017,166</u>

<u>OTHER EXPENSES</u>	<u>6-mos ended</u> <u>06/30/2006</u>	<u>12-mos</u> <u>ended</u> <u>06/30/2007</u>	<u>12-mos</u> <u>ended</u> <u>06/30/2008</u>	(used FY08)
				<u>12-mos</u> <u>ended</u> <u>06/30/2009</u>
Fringe Benefits	420,302	1,284,208	1,700,023	1,700,023
Insurance	95,484	289,356	276,743	276,743
Patient Care Supplies	-	-	-	-
Purchased Services	118,309	567,161	547,716	547,716
Non-patient Care Supplies	11,662	38,278	39,825	39,825
Other Expenses	472,074	604,313	735,985	735,985
Bad Debt	173,505	364,367	389,704	389,704
	<u>1,291,336</u>	<u>3,147,683</u>	<u>3,689,995</u>	<u>3,689,995</u>

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Statement #18
Part IX, Line 10 - Financial Data
Balance Sheet (Other Assets)

OTHER ASSETS

12-mos
ended
06/30/2007

Signing Bonus (Refundable)

1,047,020

**Statement #19
Schedule C, Line 1a – Open Medical Staff**

See Narrative at Statement #2

The staff of West Penn Physicians Practice Network ("W3PN") is currently comprised of the anesthesiologists of The Western Pennsylvania Hospital ("WPH").

The determination as to whether medical staff privileges should be limited is made on a service by service basis by WPH. The department of Anesthesiology is currently open only to employees of the Western Pennsylvania Hospital (or W3PN). (See Exhibit XIII).

**Statement #20
Schedule C, line 4a - Operation of Emergency Room**

See Narrative at Statement #2.

West Penn Physicians Practice Network ("W3PN") is a medical specialty organization, which has no separate facility for a full-time emergency room. The organization is a clinical practice subsidiary of The Western Pennsylvania Hospital ("WPH"). However, W3PN staff does treat patients of WPH and WPHFRC in the emergency room.

**West Penn Physician Practice Network
(“W3PN”)
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**Statement #21
Schedule C, lines 5 a through e - Charity Care Policy**

See Narrative at Statement #2 as well as Charity Care and Discount Policy at Exhibit XII

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**Statement #22
Schedule C, lines 6a and b - Medical Training and Medical Research**

See Narrative at Statement #2.

**West Penn Physician Practice Network
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**Statement #23
Schedule C, line 10
&
Schedule G, line 5 - Management of Facilities**

W3PN's clinical, educational and scientific activities in the specialty of Anesthesiology will be managed by the Chair of the Department of Anesthesiology. However, all non-patient related activities including accounting, administrative and investment activities will be rendered by WPH at cost.

**West Penn Physician Practice Network
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**Statement #24
Schedule C, line 11 - Recruitment Incentives**

Due to need, W3PN offers a one time bonus to anesthesiologists who join W3PN. That bonus is included in total compensation in determining the reasonableness thereof. See Narrative at Statement #2, under Physician Compensation for further information.

**Statement #25
Schedule G, Line 1a & line 3
Successor Organization**

W3PN was formed via the conversion of a for-profit corporation (VDMC) into a non stock, non profit corporation on December 28, 2005. The C-corporation predecessor organization had no activity or assets for the year ended on the date of conversion.

Prior to the conversion of VDMC to W3PN, WPH had initially formed a new non-stock, non-profit corporation that it had named W3PN ("Old" W3PN). That corporation was formed on November 16, 2005. However, after formation WPH discovered that it was prohibited from adding new corporations to its obligated group pursuant to its master trust indenture. Accordingly, on December 28, 2005 WPH converted the inactive VDMC to a non-stock, non-profit corporation in order to remain within the bounds of its bond covenants. On the same date Old W3PN transferred its name to VDMC (See Exhibit II). Old W3PN then dissolved (See Exhibit III). Old W3PN never had any activity or assets.

See Narrative at Statement #2.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
CORPORATION BUREAU
206 NORTH OFFICE BUILDING
P.O. BOX 8722
HARRISBURG, PA 17105-8722
WWW.DOS.STATE.PA.US/CORPS

West Penn Physician Practice Network

THE CORPORATION BUREAU IS HAPPY TO SEND YOU YOUR FILED DOCUMENT. PLEASE NOTE THE FILE DATE AND THE SIGNATURE OF THE SECRETARY OF THE COMMONWEALTH. THE CORPORATION BUREAU IS HERE TO SERVE YOU AND WANTS TO THANK YOU FOR DOING BUSINESS IN PENNSYLVANIA.

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ENTITY NUMBER: 866444

Kirkpatrick & Lockhart Nicholson Graham LLP
17 N Second St, 18th Floor
Harrisburg, PA 17101

WPAHS-001594

**PENNSYLVANIA DEPARTMENT OF STATE
CORPORATION BUREAU**

**Articles of Conversion
(15 Pa.C.S.)**

- Domestic Business to Nonprofit (§ 1963)
 Domestic Nonprofit to Business Corporation (§ 5963)

Name KIRKPATRICK & LOCKHART NICHOLSON GRAHAM LLP		
Address 535 Smithfield Street, Oliver Building		
City Pittsburgh	State PA	Zip Code 15222

Document will be referred to the name and address you enter in the left.

Fee: 570

In compliance with the requirements of the applicable provisions (relating to articles of conversion), the undersigned, desiring to effect a conversion, hereby states that:

1. The name of the corporation is:
Valley Development & Management Corp.

2. The (a) address of this corporation's current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

(a) Number and Street	City	State	Zip	County
407 East Sixth Avenue	Terentum	PA	15084	Allegheny
(b) Name of Commercial Registered Office Provider				County
c/o				

3. The statute by or under which it was incorporated: **The PA Business Corporation Law of 1933, as amended**

4. The date of its incorporation: **April 29, 1985**

Commonwealth of Pennsylvania
ARTICLES OF CONVERSION-ALL TYPES 11 Page(s)



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EXHIBIT A

PLAN OF CONVERSION

THIS PLAN OF CONVERSION (the "Plan"), made as of December 22, 2005, is entered into by Valley Development and Management Corporation, a Pennsylvania business corporation ("VDM").

RECTALS

WHEREAS, VDM is a Pennsylvania business corporation; and

WHEREAS, the sole shareholder of VDM is The Western Pennsylvania Hospital, a Pennsylvania nonprofit, nonstock corporation organized under the Act of April 29, 1874, having the capacities and powers granted by the Pennsylvania Nonprofit Corporation Law of 1988, as amended ("West Penn"); and

WHEREAS, VDM has no operations and holds no assets; and

WHEREAS, West Penn, as sole shareholder, desires to convert VDM into a Pennsylvania nonprofit corporation, amend its articles of incorporation and bylaws to reflect its status as a nonprofit corporation, and change its name to West Penn Physician Practice Network; and

WHEREAS, VDM shall remain a member of the "Obligated Group" as defined in the Amended and Restated Master Indenture of Trust ("Master Trust Indenture") dated as of July 1, 2000, as amended, among, inter alia, West Penn Allegheny Health System, Inc., West Penn, and certain other members of the "Obligated Group" defined therein, and Chase Manhattan Trust Company, N.A., as Master Trustee (having been succeeded as Master Trustee by J.P. Morgan Trust Company, N.A.); and

NOW THEREFORE, VDM, intending to be legally bound hereby, covenants as follows:

1. The Conversion will be effective upon the filing of the Articles of Conversion with the Pennsylvania State Corporation Bureau.
2. Upon the effectiveness of the Conversion, all shares of stock of VDM shall be retired.
3. VDM shall change its name to "West Penn Physician Practice Network".
4. Upon the effectiveness of the Conversion, the Articles of Incorporation and Bylaws of VDM shall be amended and restated to read substantially as set forth on Exhibit A and Exhibit B, respectively, which changes shall include the change of VDM's name to West Penn Physician Practice Network.
5. Upon the effectiveness of the Conversion, the directors of West Penn Physician Practice Network shall be the individuals named in the attached Exhibit C.

IN WITNESS WHEREOF, this Plan has been duly executed on behalf of VDM as
of the date first set forth above.

THE WESTERN PENNSYLVANIA
HOSPITAL, sole shareholder

By: James M. Collins
Name: James M. Collins
Title: President and Chief Executive Officer

(Plan of Conversion VDM)

Exhibit A

**Amended and Restated Articles of Incorporation
Of
West Penn Physician Practice Network
(formerly Valley Development and Management Corporation)**

**AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
WEST PENN PHYSICIAN PRACTICE NETWORK
(Formerly Valley Development and Management Corporation)**

FIRST: The name of the corporation is West Penn Physician Practice Network (hereinafter the "Corporation").

SECOND: The address of the Corporation's initial registered office in this Commonwealth is c/o Chief Legal Counsel, The Western Pennsylvania Hospital, 4800 Friendship Avenue, Pittsburgh, PA 15224, Allegheny County.

THIRD: The Corporation is incorporated under the Nonprofit Corporation Law of 1988, as amended.

FOURTH: 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 (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.

FIFTH: The Corporation does not contemplate pecuniary gain or profit, incidental or otherwise.

SIXTH: The Corporation is organized on a non-stock basis.

SEVENTH: The sole Member of the Corporation shall be The Western Pennsylvania Hospital. As such, the Western Pennsylvania Hospital shall have all of the rights and privileges conferred upon members of nonprofit corporations under the laws of the Commonwealth of Pennsylvania, except as otherwise specified in the Bylaws of the Corporation, as well as such additional rights and privileges and shall be specified in the Bylaws of the Corporation.

EIGHTH: The affairs and business of the Corporation shall be managed, supervised, and controlled by the Board of Directors. The qualifications, election, number, tenure, powers, and duties of the members of the Board of Directors shall be as provided in the Bylaws.

NINTH: Notwithstanding any other provisions of these Articles of Incorporation, the Corporation shall not engage directly or indirectly in any activity that would invalidate (a) its status as an organization exempt from Federal income taxation under Section 501(a) of the Code, as an organization described in 501(c)(3) of the Code, (b) its status as a public charity under Section 509(a)(1), (2) or (3) of the Code, or (c) its status as an organization, contributions to which are deductible under Sections 170(c)(2), 2055(a)(2), and 2522(a)(2) of the Code.

TENTH: No substantial part of the activities of the Corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation, except as may otherwise be permitted by Section 501(h) of the Code. The Corporation shall not directly or indirectly participate or intervene in any political campaign on behalf of or in opposition to any candidate for public office (including by the publishing or distribution of statements).

ELEVENTH: No part of the net earnings of the Corporation shall inure to the benefit of or be distributed to any trustee, director, or officer of the Corporation, or to any private individual, firm, corporation, or association, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of its purposes as set forth in these Articles of Incorporation.

TWELFTH: In the event of the dissolution of the Corporation, the Board of Directors, after making provision for the payment of all of the liabilities of the Corporation, and subject to providing prior notice to the Attorney General, obtaining the approval of the Court of Common Pleas, Orphans' Court Division of the Commonwealth of Pennsylvania (if deemed necessary), and compliance with the laws of the Commonwealth of Pennsylvania, shall arrange for either the direct distribution of all assets of the Corporation to The Western Pennsylvania Hospital or one or more organizations (a) which qualify for exemption from Federal income taxation under Section 501(a) of the Code, as an organization or organizations described in Section 501(c)(3) of the Code, (b) a public charity under Section 509(a) of the Code, and (c) a corporation, contributions to which are deductible under Sections 170(c)(2), 2055(a)(2), and 2522(a)(2) of the Code. Any such assets not so distributed shall be disposed of pursuant to an order by a Court of Common Pleas of competent jurisdiction, exclusively for such purposes or to such organization or organizations, as said court shall determine.

THIRTEENTH: The sole Member may alter or amend these Articles of Incorporation, provided that any such alteration or amendment shall be consistent with the Corporation's status as (a) an organization exempt from Federal income taxation under Section 501(a) of the Code, as an organization described in Section 501(c)(3) of the Code, (b) a public charity under Section 509(a)(1), (2) or (3) of the Code, and (c) an organization, contributions to which are deductible under Sections 170(c)(2), 2055(a)(2), and 2522(a)(2) of the Code.

FOURTEENTH: These Amended and Restated Articles of Incorporation supersede the original Articles of Incorporation and any and all amendments thereto.

Exhibit B

Amended and Restated Bylaws
of
West Penn Physician Practice Network
(formerly Valley Development and Management Corporation)

INTENTIONALLY OMITTED

Exhibit C

**Directors of West Penn Physician Practice Network
(formerly Valley Development and Management Corporation)**

INTENTIONALLY OMITTED

PENNSYLVANIA DEPARTMENT OF STATE
CORPORATION BUREAU

- Consent to Appropriation of Name
(19 Pa.Code § 17.2)
 Consent to Use of Similar Name

Pursuant to 19 Pa. Code § 17.2 (relating to appropriation of the name of a senior corporation) and § 17.3 (relating to use of a similar name) the undersigned association, desiring to consent to the appropriation/use of similar name of its name by another association, hereby certifies that:

1. The name of the association executing this Consent of Name is:
West Penn Physician Practice Network

2. The (a) address of this corporation's current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

(a) Number and Street	City	State	Zip	County
4800 Friendship Avenue	Pittsburgh	PA	15224	Allegheny

(b) Name of Commercial Registered Office Provider _____ County _____
c/o Chief Legal Counsel, The Western Pennsylvania Allegheny
Hospital, 4800 Friendship Avenue, Pittsburgh, PA 15224

3. The date of its incorporation or other organization is:
November 8, 2005

4. The statute under which it was incorporated or otherwise organized is:
Pennsylvania Nonprofit Corporation Law of 1988

5. The association(s) entitled to the benefit of this Consent of Name is(are):
Valley Development & Management Corp.
(to be renamed "West Penn Physician Practice Network")

6. If Consent to Appropriation of Name, the association is about to (check one):
 Change its name Cease to do business Withdrawal from doing business in PA Being wound up

7. If Consent to Use of Similar Name, check box:
 Indicates that the association executing this Consent to Use of Similar Name is the parent or prime affiliate of a group of associations using the same name with geographic or other designations, and that such association is authorized to and does hereby act on behalf of all such affiliated associations, including the following (see 19 Pa. Code § 17.3(e)(6)):

IN TESTIMONY WHEREOF, the undersigned association has caused this consent to be signed by a duly authorized officer thereof this
22nd day of DECEMBER, 2005.
[Signature]

Signature
PRESIDENT + CEO

Title

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
CORPORATION BUREAU
206 NORTH OFFICE BUILDING
P.O. BOX 8722
HARRISBURG, PA 17105-8722
WWW.DOS.STATE.PA.US/CORPS

West Penn Physician Practice Network

THE CORPORATION BUREAU IS HAPPY TO SEND YOU YOUR FILED DOCUMENT. PLEASE NOTE THE FILE DATE AND THE SIGNATURE OF THE SECRETARY OF THE COMMONWEALTH. THE CORPORATION BUREAU IS HERE TO SERVE YOU AND WANTS TO THANK YOU FOR DOING BUSINESS IN PENNSYLVANIA.

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ENTITY NUMBER: 554583

Kirkpatrick & Lockhart Nicholson Graham LLP
17 N Second St, 18th Floor
Harrisburg, PA 17101

WPAHS-001605

PENNSYLVANIA DEPARTMENT OF STATE
CORPORATION BUREAU

Articles of Dissolution
Before Commencement of Business
(15 Pa.C.S.)

- By Shareholders-Domestic Business Corporation (§ 1971)
 By Members- Domestic Nonprofit Corporation (§ 5971)

Name KIRKPATRICK & LOCKHART NICHOLSON GRAHAM LLP		
Address 535 Smithfield Street, Oliver Building		
City Pittsburgh	State PA	Zip Code 15222

Document will be returned to the name and address you enter in the form.

Fee: 570

In compliance with the requirements of the applicable provisions (relating to voluntary dissolution by members or shareholders or incorporators), the undersigned, desiring that it should be dissolved, hereby states that:

1. The name of the corporation is:
West Penn Physician Practice Network

2. The (a) address of this corporation's current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

(a) Number and Street	City	State	Zip	County
4800 Friendship Avenue	Pittsburgh	PA	15224	Allegheny

(b) Name of Commercial Registered Office Provider _____ County _____
c/o _____

3. The statute by or under which it was incorporated: Pennsylvania Nonprofit Corporation Law of 1988

4. The date of its incorporation: November 8, 2005

5. Check one of the following:

Business Corporation Only: The corporation has not commenced business.

Nonprofit Corporation Only: The corporation has not received any property in trust or otherwise commenced business.

Commonwealth of Pennsylvania
ARTICLES OF DISSOLUTION 3 Page(s)



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6. The amount, if any, actually paid in on subscriptions for its shares or memberships, less any part thereof disbursed for necessary expenses, has been returned to those entitled thereto.

N/A

7. Check one of the following:

All liabilities of the corporation have been discharged.

Adequate provision has been made for the payment of the liabilities of the corporation.

8. Nonprofit Corporation Only:

A majority of the members (or shareholders) or incorporators elect that the corporation be dissolved.

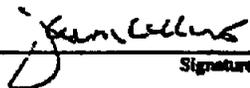
9. Business Corporation Only: Check one of the following:

A majority of the incorporators elect that the corporation be dissolved.

A majority of the shareholders (or members) elect that the corporation be dissolved.

IN TESTIMONY WHEREOF, at least a majority of the members (or shareholders) or incorporators (nonprofit) or at least a majority of the incorporators or a majority in interest of the shareholders (or members) (business) of the above-named corporation has hereunto set their hands this

22nd day of DECEMBER 2005



Signature

Signature

Signature

**AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
WEST PENN PHYSICIAN PRACTICE NETWORK
(Formerly Valley Development and Management Corporation)**

FIRST: The name of the corporation is West Penn Physician Practice Network (hereinafter the "Corporation").

SECOND: The address of the Corporation's initial registered office in this Commonwealth is c/o Chief Legal Counsel, The Western Pennsylvania Hospital, 4800 Friendship Avenue, Pittsburgh, PA 15224, Allegheny County.

THIRD: The Corporation is incorporated under the Nonprofit Corporation Law of 1988, as amended.

FOURTH: 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 (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.

FIFTH: The Corporation does not contemplate pecuniary gain or profit, incidental or otherwise.

SIXTH: The Corporation is organized on a non-stock basis.

SEVENTH: The sole Member of the Corporation shall be The Western Pennsylvania Hospital. As such, the Western Pennsylvania Hospital shall have all of the rights and privileges conferred upon members of nonprofit corporations under the laws of the Commonwealth of Pennsylvania, except as otherwise specified in the Bylaws of the Corporation, as well as such additional rights and privileges and shall be specified in the Bylaws of the Corporation.

EIGHTH: The affairs and business of the Corporation shall be managed, supervised, and controlled by the Board of Directors. The qualifications, election, number, tenure, powers, and duties of the members of the Board of Directors shall be as provided in the Bylaws.

NINTH: Notwithstanding any other provisions of these Articles of Incorporation, the Corporation shall not engage directly or indirectly in any activity that would invalidate (a) its status as an organization exempt from Federal income taxation under Section 501(a) of the Code, as an organization described in 501(c)(3) of the Code, (b) its status as a public charity under Section 509(a)(1), (2) or (3) of the Code, or (c) its status as an organization, contributions to which are deductible under Sections 170(c)(2), 2055(a)(2), and 2522(a)(2) of the Code.

TENTH: No substantial part of the activities of the Corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation, except as may otherwise be permitted by Section 501(h) of the Code. The Corporation shall not directly or indirectly participate or intervene in any political campaign on behalf of or in opposition to any candidate for public office (including by the publishing or distribution of statements).

ELEVENTH: No part of the net earnings of the Corporation shall inure to the benefit of or be distributed to any trustee, director, or officer of the Corporation, or to any private individual, firm, corporation, or association, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of its purposes as set forth in these Articles of Incorporation.

TWELFTH: In the event of the dissolution of the Corporation, the Board of Directors, after making provision for the payment of all of the liabilities of the Corporation, and subject to providing prior notice to the Attorney General, obtaining the approval of the Court of Common Pleas, Orphans' Court Division of the Commonwealth of Pennsylvania (if deemed necessary), and compliance with the laws of the Commonwealth of Pennsylvania, shall arrange for either the direct distribution of all assets of the Corporation to The Western Pennsylvania Hospital or one or more organizations (a) which qualify for exemption from Federal income taxation under Section 501(a) of the Code, as an organization or organizations described in Section 501(c)(3) of the Code, (b) a public charity under Section 509(a) of the Code, and (c) a corporation, contributions to which are deductible under Sections 170(c)(2), 2055(a)(2), and 2522(a)(2) of the Code. Any such assets not so distributed shall be disposed of pursuant to an order by a Court of Common Pleas of competent jurisdiction, exclusively for such purposes or to such organization or organizations, as said court shall determine.

THIRTEENTH: The sole Member may alter or amend these Articles of Incorporation, provided that any such alteration or amendment shall be consistent with the Corporation's status as (a) an organization exempt from Federal income taxation under Section 501(a) of the Code, as an organization described in Section 501(c)(3) of the Code, (b) a public charity under Section 509(a)(1), (2) or (3) of the Code, and (c) an organization, contributions to which are deductible under Sections 170(c)(2), 2055(a)(2), and 2522(a)(2) of the Code.

FOURTEENTH: These Amended and Restated Articles of Incorporation supersede the original Articles of Incorporation and any and all amendments thereto.

Exhibit B

**Amended and Restated Bylaws
of
West Penn Physician Practice Network
(formerly Valley Development and Management Corporation)**

[ATTACHED]

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.

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.

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 twelve (12) voting members. With the exception of the initial Directors, Directors shall generally be elected by the Member at the annual meeting of the Member; but may be

electd by the Member 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 7 of this Article IV. The Member shall elect Directors in a manner that seeks to achieve an appropriate balance of hospital management, lay/community, and physician representation on the Board; provided that no more or less than four (4) members of the Board shall be physicians engaged in active clinical practice on behalf of the Corporation (collectively, the "Physician Directors"). The Physician Directors shall be selected from and be representative of the clinical departments of Member participating in the Corporation. Each Physician Director shall be the chair or acting chair of the applicable 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.

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 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.

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 of 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.

Exhibit C

**Directors of West Penn Physician Practice Network
(formerly Valley Development and Management Corporation)**

The following persons shall be the Directors of West Penn Physician Practice Network (formerly Valley Development and Management Corporation) (the "Corporation"), effective upon filing of the Articles of Conversion with the Pennsylvania Corporation Bureau, each such Director to serve in accordance with the Bylaws of the Corporation until his or her respective successor is duly elected and takes office:

Jerry J. Fedele
James M. Collins
Richard C. Chesnos
Edward M. Klamann
David Burstin
Gerd D. Mueller
Roger E. Wright
Emanuel DiNatale
Philip F. Caushaj, M.D. (Physician Director)
Christopher A. Troianos, M.D. (Physician Director)
Herbert S. Diamond, M.D. (Physician Director)
Gregorio Delgado, M.D. (Physician Director)

**WEST PENN PHYSICIAN PRACTICE NETWORK
(formerly Valley Development and Management Corporation)**

**Written Consent
of All Directors
as of December 29, 2005**

In conformity with Section 5727(b) of the Nonprofit Corporation Law of 1988, as amended (the "NPCL"), and Bylaws of the WEST PENN PHYSICIAN PRACTICE NETWORK, a Pennsylvania nonprofit corporation (the "Corporation"), the undersigned, being all the Directors of the Corporation, hereby consent to and adopt the following resolutions and take the following actions with the same force and effect as if such resolutions had been duly adopted and such actions duly taken at a meeting of the Board of Directors of the Corporation duly called and convened for such purpose on December 29, 2005, with a full quorum present and acting throughout:

Conversion of Corporation

WHEREAS, the Corporation has been converted from a Pennsylvania business corporation into a Pennsylvania nonprofit corporation in accordance with the Plan of Conversion approved by the former sole shareholder of the Corporation and the associated Articles of Conversion filed with the Department of State of the Commonwealth of Pennsylvania (the "Department of State") on December 28, 2005; and

WHEREAS, the new Directors of the Corporation, named in the Plan of Conversion, desire to take such actions as are necessary to complete the conversion process and the organization of the Corporation as a nonprofit corporation.

NOW, THEREFORE, BE IT RESOLVED, that the actions of the sole member (formerly, the sole shareholder) of the Corporation in connection with the conversion of the Corporation are hereby ratified and confirmed.

Officers

RESOLVED, that the persons named below are hereby elected to the respective offices of the Corporation indicated below, each to serve in such office in accordance with the Bylaws and until his or her successor is duly elected and takes office.

<u>Office</u>	<u>Name</u>
Chair	Jerry J. Fedele
President/Chief Executive Officer	James M. Collins
Vice President	Michael Flanagan
Vice President	Barry S. Zaiser
Secretary	Robert B. Templin, Jr.
Treasurer	Richard C. Chesnos

Operating Committee

RESOLVED, that the persons named below are hereby appointed as members of the Operating Committee of the Corporation, each to serve on the Operating Committee in accordance with the Bylaws and until his or her successor is duly appointed and qualified:

<u>Hospital Management Representatives</u>	<u>Department Representatives</u>
Richard C. Chesnos	Christopher A. Troianos, M.D.
Michael Flanagan	Philip F. Caushaj, M.D.
Robert B. Templin, Jr.	Gregorio Delgado, M.D.
Barry S. Zaiser	Herbert S. Diamond, M.D.

RESOLVED, that the chairperson of the Operating Committee shall be nominated by the members of the Operating Committee and approved by the Board of Directors.

Departmental Operating Subcommittees

RESOLVED, that the persons named below are hereby appointed as chairpersons of the respective Department Operating Subcommittees of the Corporation indicated below, each to serve in such position in accordance with the Bylaws and until his or her successor is duly appointed and qualified:

<u>Departmental Operating Subcommittee</u>	<u>Chairperson</u>
Surgery Dept. Operating Subcommittee	Philip F. Caushaj, M.D.
Medicine Dept. Operating Subcommittee	Herbert S. Diamond, M.D.
Anesthesia Dept. Operating Subcommittee	Christopher A. Troianos, M.D.
Ob/Gyn Dept. Operating Subcommittee	Gregorio Delgado, M.D.

Conflict of Interest Policy

RESOLVED, that the conflict of interest policy attached hereto is hereby adopted as the conflict of interest policy of the Corporation, to which each Director and officer of the Corporation shall be bound.

Bank Account

RESOLVED, that the proper officers of the Corporation are hereby authorized and directed, in their discretion, to establish a bank account on behalf of the Corporation at such bank and with such signatories thereto as said officers shall determine to be appropriate and in the best interests of the Corporation.

Application for Tax-Exemption

RESOLVED, that the directors hereby authorize, empower and direct the officers of the Corporation, or any one of them, in the name and on behalf of the Corporation, to take such action, execute such documents, and do such other acts and things as they or he or she may determine to be necessary or convenient to cause the Corporation to be recognized as an entity exempt from federal income tax, including, without limitation, the filing of a Form 1023, Application for Exemption, with the Internal Revenue Service.

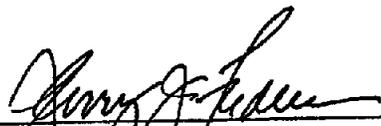
Other Business

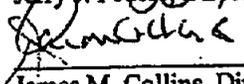
RESOLVED, that any officer of the Corporation be, and he or she hereby is, authorized, empowered and directed, in the name and on behalf of the Corporation and under its corporate seal where required, to take such action, execute such documents, and do such other acts and things as they or he or she may determine to be necessary or convenient to carry out the purposes and intent of the foregoing resolutions.

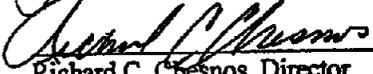
RESOLVED, that this Written Consent of All Directors may be executed by the undersigned in one or more counterparts and delivered by facsimile or otherwise, but all such counterpart copies together shall constitute one and the same Written Consent of All Directors.

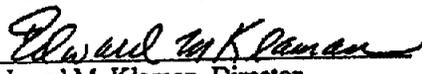
[Signature Page to Follow]

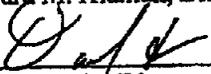
WITNESS the due execution hereof.

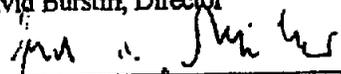

Jerry J. Fedele, Director

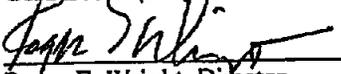

James M. Collins, Director

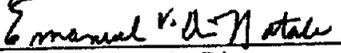

Richard C. Chesnos, Director

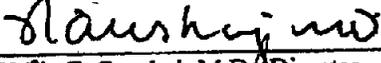

Edward M. Klamon, Director

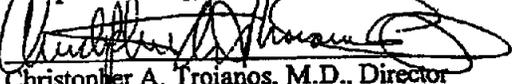

David Burstin, Director

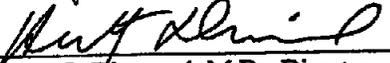

Gerald D. Mueller, Director

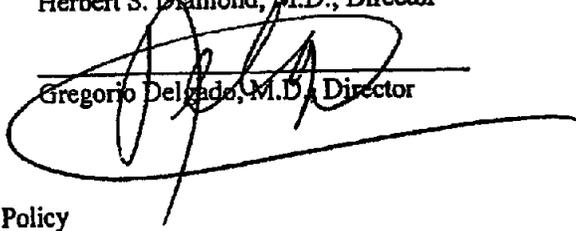

Roger E. Wright, Director


Emanuel DiNatale, Director


Philip F. Caushaj, M.D., Director

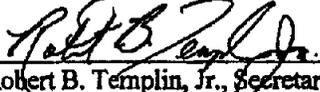

Christopher A. Troianos, M.D., Director


Herbert S. Diamond, M.D., Director


Gregorio Delgado, M.D., Director

Attachment: Conflict of Interest Policy

The foregoing Written Consent has been signed by all the directors and filed with the Secretary of the Corporation.


Robert B. Templin, Jr., Secretary

The Western Pennsylvania Hospital
Pittsburgh, PA

General Policy Manual
Policy No.: 500.3 Page: 1 of 5

Date of Review: July 9, 2004

Original Date: October 8, 1976

Approved: 
Chief Operating Officer

Subject: Conflicts of Interest Policy

Approved: 
General Counsel

I. POLICY

It is the policy of the Western Pennsylvania Hospital (WPH) that certain individuals with the actual or perceived ability to influence a hospital entity will disclose personal and professional relationships, with entities that do or seek to do business with a hospital entity or that compete with a hospital entity. The Boards of Directors, senior management, and other key personnel who interact with outside organizations or businesses will complete a Conflicts of Interest Disclosure Statement on a regular basis.

II. PURPOSE

The purpose of the WPH Conflicts of Interest Policy (the "Policy") is to protect the interests of the System when entering into a transaction or arrangement that may potentially benefit or injure the private interest of an officer, director or other person affiliated with or in a position to exercise substantial influence or control over the affairs of a WPH entity.

This Policy has been designed and implemented by WPH at the direction of the Board of Directors in furtherance of the purposes established by the WPAHS System Compliance Program in an attempt to comply with the letter and spirit of all applicable federal and state laws and regulations, including the laws, rules and regulations that govern the tax-exempt status of WPH or any affiliated member, its participation in the Medicare and Medicaid programs, and its accreditation by JCAHO. In addition, this Policy is intended to supplement but not replace, any applicable federal and state laws governing conflicts of interest applicable to nonprofit and charitable organizations.

III. SCOPE

This policy applies to hospital officers, board members, medical staff members and employees of the hospital including, but not limited to, The Western Pennsylvania Hospital, West Penn Comprehensive Health Care, West Penn Corporate Medical Services, West Penn Specialty Management Service Organization, and The Western Pennsylvania Hospital Foundation.

IV. DEFINITIONS**A. Conflict of Interest**

A "Conflict of Interest" is any circumstance under which an "Interested Person", by virtue of a "Financial or Non-Financial Interest", may be influenced or may appear to be influenced, either in whole or in part by a purpose, motive or other personal interest other than the success and well-being of the System and the achievement of its public charitable purposes. A Conflict of Interest may occur if a person's personal activities or interests appear to, could, or actually do influence the decisions required as part of the individual's position and obligation to WPH or any affiliated member.

B. Interested Person

For purposes of this Policy, an "Interested Person" includes any of the following individuals who has a direct or indirect "Financial or Non-Financial Interest" (defined below): board member; member of a committee with board-delegated powers; officer; director; administrative managers, directors and all senior management of System entities; physicians having a medical leadership position with a System entity; members of the Pharmaceutical & Therapeutic committees; and any person who is in a position to commit a System entity's resources to acquire goods or services.

C. Financial or Non-Financial Interest

A person has a "Financial or Non-Financial Interest" if the person, a "Member of the Family" (defined below) or an entity in which the person holds a "Material Interest" (defined below) has:

1. Any "Material Interest" in, or employment or other financial arrangement with any business or entity that conducts or seeks to conduct business, directly or indirectly, with WPH or any affiliated member;
2. Received any compensation, whether it be salary, sales commission, profit, or return on investment, which was directly or indirectly derived as a result of business with WPH or any affiliated member (excluding regular employee compensation from WPH or any affiliated member);
3. Any "Material Interest" in, or employment or other financial arrangement with any business or entity that is in competition, directly or indirectly, with WPH or any affiliated member, or,
4. Currently serves as a director, trustee, officer, or in any other fiduciary, influential, medical staff leadership, or key employee capacity for a non-System corporation, partnership, or business entity or organization that conducts or seeks to conduct business, or that is or could be in competition, directly or indirectly, with a System entity.

D. Member of the Family

A "Member of the Family" for purposes of this Policy is defined as a spouse, parent, child or grandchild, spouse of a child or grandchild, or sibling.

E. Material Interest

A "Material Interest" means any interest valued at greater than \$10,000 in value and / or an equity or ownership interest of more than five percent in any single entity held by the "Interested Person."

V. PROCEDURES

A. Duty to Disclose

In connection with any actual or possible Conflicts of Interest, an Interested Person must disclose the existence and nature of any Financial or Non-Financial Interest through the submission of the WPH Conflicts of Interest Disclosure Statement in writing to both the WPH Compliance Officer and the Interested Person's immediate supervisor on an annual basis and as potential conflicts are identified.

B. Determining Whether a Conflict of Interest Exists

After disclosure of Financial or Non-Financial Interests by an Interested Person, the Chairperson of the Board of Directors of the relevant entity or his or her designee shall determine in conjunction with the Chief Executive Officer of the relevant entity whether a Conflict of Interest exists. In the event the Financial or Non-Financial Interest involves the Chairman or the Chief Executive Officer, the remaining officers shall appoint one or more disinterested directors to make the determination.

C. Procedures for Addressing a Conflict of Interest

If a Conflict of Interest is determined to exist under the procedures noted in the preceding paragraph with respect to any transaction or arrangement involving an Interested Person, the following general procedures shall, under the direction of the WPH or controlled affiliate's Board of Directors, be followed in addressing the Conflict of Interest:

1. The material facts as to the Material Interest shall be disclosed to the Board (unless already known by the Board);
2. The Interested Person shall remove himself or herself from participating in the discussion and/or voting on the transaction or other arrangement from which the Conflict of Interest arises unless the board directs otherwise;
3. The Board of Directors, shall determine whether the transaction or arrangement is in the best interest of the organization and whether the transaction is fair and reasonable to the organization and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination; and,
4. The Chairperson of the Board or committee shall, if appropriate, appoint an independent person or committee to investigate alternatives to the proposed transaction or arrangement.

D. Violations of the Conflicts of Interest Policy

If the relevant Hospital Board of Directors, or other acting committee has reasonable cause to believe that an Interested Person or another person with a duty to disclose has failed to disclose actual or possible conflicts of interest, it shall inform such person of the basis for such belief and afford such person an opportunity to explain the alleged failure to disclose. If, after hearing the response of such person and making further inquiry as warranted, the board or committee determines that such person has in fact failed to disclose an actual or possible conflict of interest, the appropriate disciplinary and corrective action shall be taken.

VI. RECORDS OF PROCEEDINGS

In the event there is determined to be a conflict of interest, the minutes of the WPH or affiliated member's Board of Directors, shall contain:

- A. The names of the persons who disclosed or otherwise were found to have an actual or possible conflict of interest, the nature of the Financial or Non-Financial Interest, any action taken to determine whether a Conflict of Interest was present, and the board or committee's decision as to whether a Conflict of Interest in fact existed; and
- B. The names of persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

VII. COMPENSATION ISSUES

- A. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from WPH or any affiliated member for services is precluded from voting on matters pertaining to his or her own compensation.
- B. Except as required by law, physicians who receive compensation, directly or indirectly, from any System entity, whether as employees or independent contractors, are precluded from membership on any committee that determines and approves physician compensation matters.

VIII. ANNUAL STATEMENTS

On an annual basis, each person who has a duty to disclose as described in the preceding Section V. paragraph A., shall complete in writing, the WPH Conflicts of Interest Disclosure Statement which affirms that such person has:

- A. Received a copy of the WPH Conflicts of Interest Policy and the WPAHS Gifts & Gratuities, Entertainment, and Vendor Promotional Training Policies (collectively, the "Policy and Guidelines");
- B. Read and understands the Policy and Guidelines;
- C. Agreed to comply with the Policy and Guidelines; and

- D. Understands that certain Hospital entities are charitable organizations and that in order to maintain their federal tax exemption, such entities must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

IX. PERIODIC REVIEWS

To ensure that WPH or its controlled affiliates operate in a manner consistent with their charitable purposes and that they do not engage in activities that could jeopardize their status as an organization exempt from federal taxation (if applicable), and in connection with its Hospital Compliance Program, WPH management shall conduct periodic reviews of the potential conflicts of interest and other financial relationships identified under the WPH Conflicts of Interest policy.

EMPLOYMENT AGREEMENT - A

THIS EMPLOYMENT AGREEMENT ("Agreement") is made as of the 3rd day of December, 2005, by and between The Western Pennsylvania Hospital, a Pennsylvania not-for-profit corporation which includes The Western Pennsylvania Hospital and the Western Pennsylvania Hospital - Forbes Regional Campus ("WPH") and Christopher A. Troianos, M.D., an individual ("Employee").

WITNESSETH:

WHEREAS, WPH desires to secure the services of Employee as WPH's Chair of the Department of Anesthesiology to provide certain leadership, administrative, faculty, and research services to WPH, and Employee is desirous of serving in such position pursuant to this Agreement upon the terms and subject to the conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and intending to be legally bound, WPH and Employee hereby agree as follows:

ARTICLE I
EMPLOYMENT

1.01 Duties, Reporting Relationship, Loyalty. WPH hereby agrees to employ Employee and Employee hereby agrees to employment with WPH no later than March 6, 2006. No later than March 6, 2006, Employee shall be appointed by WPH to the position

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of Chair of the Department of Anesthesiology ("Department") and shall serve in such position subject to and in accordance with the Medical Staff Bylaws of WPH. Prior to February 2, 2006, Employee shall be appointed and serve as Co-Chair of the Department performing credentialing, hiring, and other transition related duties and shall serve in such position subject to and in accordance with the Medical Staff Bylaws of WPH. Employee shall perform all of the duties, functions, and responsibilities associated with such position(s) including, but not limited to, those duties set forth in this Agreement, the Bylaws and Rules and Regulations of the Medical Staff of WPH and such additional duties reasonably related to such positions as reasonably may be assigned from time to time by the President and Chief Executive Officer of WPH in consultation with Employee.

As Chair, Employee will report to the President and Chief Executive Officer of WPH. Employee will be responsible for providing professional and administrative direction and oversight for the clinical, teaching, research, and other functions of the Department and performing those duties which are normal and customary for an individual holding the position of Chair in an academic medical center, including but not limited to the following:

- To organize and direct the operations of the Department in conformity with generally accepted medical standards in the community; the accreditation standards of the Joint Commission on Accreditation of Healthcare Organizations; all applicable federal, state, and local laws and regulations including, but not limited to, the applicable regulations of the Pennsylvania Department of Health; and the statutes, regulations

and requirements governing reimbursement under Medicare, Medicaid, Blue Cross, Blue Shield, and other third-party reimbursement programs.

- To implement the agreed upon departmental strategic plan which you will develop for approval based on the institution's mission, program plans, priorities, and budget.
- To implement those aspects of any Medical Staff Development Plan, as adopted by the Board, which are applicable to the Department.
- To oversee the academic and educational programs and any residency programs in the Department and to encourage faculty development.
- To oversee all research and investigational activities which are undertaken in the Department, subject to applicable fiscal and other policies of the organization; be responsible for assessing the quality of such programs and the associated documentation in order to enhance and extend the base of knowledge and its implications in the field of medicine; and actively assist WPH and its subsidiaries in attempting to obtain funding or reimbursement from external sources for all research activities.
- To supervise and evaluate as appropriate, pursuant to WPH approved Quality Assurance Program, the quality of all clinical services provided within the Department, and, pursuant to WPH 's and the Medical Staff's Bylaws, policies, rules and regulations, to take such action as reasonably may be necessary to correct any problems identified.
- To participate in WPH's implementation of the Continuous Quality Improvement/Service Excellence philosophy and to support its effort to continuously

- improve quality by participating in quality improvement teams and by assigning others to participate in the continuous quality improvement process.
- To carry out all responsibilities of a clinical chair as set forth in the Medical Staff Bylaws, both now and as they may be, from time to time, amended.
 - Subject to the organization's priorities and budget, to determine the non-employee personnel needed to staff the Department and, where appropriate, to participate in the selection, supervision, and utilization of such personnel, which shall include employee review and evaluation.
 - To provide overall supervision of both clinical and non-clinical support personnel who are involved in rendering services in the Department, including determining that professional services rendered by support personnel are in accordance with license parameters and establishing standards of practice to be followed by support personnel.
 - To provide recommendations to WPH with regard to the hiring, transfer or termination of WPH employees within the Department, subject to WPH approval which approval shall not be unreasonably withheld.
 - To assist WPH in revenue projections and in capital, operating, and expenditure budget planning pertaining to the Department.
 - To adhere to the Departmental budget as established by the Board.
 - To prepare annual reports pertaining to the Department.
 - To be responsible for community relations and be available for consultation with staff physicians in the Department on administrative and clinical matters.

- To administrate the provision of twenty-four (24) hour anesthesia services at WPH, seven (7) days per week, in a manner consistent with standard anesthesia practice. Provision of these services is dependent on the number of anesthesia providers employed by WPH. The number of anesthetizing locations provided will be dictated by the number of available CRNAs and residents, who will be medically supervised by anesthesiologists in a two-to-one (2:1) ratio on average. The amount of twenty-four (24) hour call personally taken by Employee will be at his sole discretion.
- To formulate, to the extent necessary and subject to receipt of any necessary approvals, Department rules and regulations.
- To advise WPH with respect to the selection of new or replacement equipment for the Department.
- To be responsible for assuring that medical records concerning all services provided in WPH by physicians in the Department are completed in a timely and appropriate way, including those delegated to House Officers.
- To abide by the Bylaws and rules and regulations of WPH, the Medical Staff, and by WPH Policies, and any orders or directions given to you by WPH through its Board or by the President and Chief Executive Officer of WPH.
- To establish an anesthesiology clinical practice to service patients of WPH. Such services shall include those services which are customarily performed in hospitals by specialists in Employee's field reasonably related to the foregoing and not inconsistent with the position of Chair. Such services shall be performed in accordance with the standards of medical practice established by WPH's Medical

Staff and Board, as well as the generally accepted professional standards for such services in hospitals of similar size and character in the community.

- To perform other duties as assigned by the President and Chief Executive Officer of WPH consistent with the position of Chair of the Department.

In addition, as Chair, Employee shall promptly and fully inform and disclose to WPH all inventions, designs, improvements and discoveries conceived during his working hours for WPH which he may hereafter have during the term of this Agreement which pertain or relate to his area of research, or to any experimental work being carried on by WPH or its affiliates, whether conceived by him alone or with others during his working hours for WPH ("WPH Inventions"). For purposes of this Section, "working hours for WPH" means the time when Employee is physically located on WPH premises. Employee agrees that he will not use any WPH staff or resources when and if he works on non-WPH inventions, designs, improvements and discoveries ("Non-WPH Inventions"), whether alone or with others, during his non-working hours. Employee further agrees that all intellectual property rights pertaining to WPH Inventions shall be allocated between Employee and WPH in accordance with WPH's Intellectual Property Policy in effect now or in the future. WPH agrees that Employee does not have to inform or disclose to WPH any Non-WPH Inventions, and that WPH has no interest or intellectual property rights in Non-WPH Inventions.

Upon completion and processing of required documentation, Employee shall receive a faculty appointment from Temple University School of Medicine as Professor of Anesthesiology. Employee shall also be appointed as Program Director of the WPH Anesthesia Residency Program.

Employee shall devote his full-time and attention, with the exceptions identified below, to providing services on behalf of WPH; shall discharge all duties, responsibilities, and obligations to WPH with diligence and fidelity to the best of Employee's ability; and shall not provide medical services for or to any other party, without the prior written consent of the President and Chief Executive Officer of WPH. Employee shall comply with all bylaws, policies, rules, and regulations of WPH, including, but not limited to the Bylaws of the Medical Staff of WPH as may be in effect from time to time.

Employee's time for WPH that is not expended in the fulfillment of administrative and faculty duties, functions, and responsibilities as Chair of the Department will be devoted to the establishment of an anesthesiology clinical practice at WPH's West Penn and Forbes Regional Campuses. Approximately forty percent (40%) of Employee's time shall be devoted to the clinical practice of anesthesiology. All professional revenue generated as a result of Employee's clinical services for WPH will be assigned to WPH. Employee shall complete such time studies and other documentation related thereto as reasonably requested by WPH.

Notwithstanding the foregoing, and subject to the continuing consent of the President and Chief Executive Officer of WPH, Employee may engage in professional activities extracurricular to his position with WPH, such as: (i) managing his personal, financial and legal affairs; (ii) investing in, owning and consulting with for-profit businesses he may establish by himself or with other persons; and (iii) providing paid consulting services including, but not limited to, expert medical record review, expert testimony for the defense, lectures, and professional writing and educational activities

unrelated to his positions with WPH; provided that (i) such activities do not interfere with Employee's duties, responsibilities, and obligations to WPH, (ii) provided that such activities do not conflict with the strategic or business interests of WPH, or the West Penn Allegheny Health System ("Health System") or its affiliated hospitals; and (iii) provided that Employee does not use WPH staff and/or resources. The President and Chief Executive Officer of WPH will not unreasonably withdraw or withhold consent for such extracurricular professional activities. Employee further agrees to refrain from serving as an expert consultant or expert witness for a patient, claimant, or plaintiff in any claim, civil action, or other judicial or administrative proceeding involving claims of medical malpractice, corporate negligence, lack of informed consent, or any other type of claim against a physician, hospital or health care provider or involving the Health System, including any hospital or physician affiliated with the Health System.

1.02 WPH Obligations. WPH agrees to act in good faith and to provide and maintain all equipment and staff that Employee reasonably deems to be necessary to meet his obligations under this Agreement.

1.03 Professional Business Expenses. WPH shall promptly reimburse Employee for all reasonable professional business expenses including, but not limited to: cell phone service, calls and equipment; pager; parking leases at each WPH facility; subscriptions to professional publications; books, educational media and memberships in professional societies. Reimbursement shall be made promptly following Employee's submission of appropriate documentation of such expenditures in accordance with applicable WPH policies and procedures.

1.04 Continuing Professional Medical Education. WPH will pay for

Employee's attendance at continuing professional medical education classes including, but not limited to, reasonable course registration and fees, books and other required materials, reasonable travel expenses, lodging, and meals. Advanced payment or reimbursement shall be made promptly following Employee's submission of appropriate documentation of such expenditures in accordance with applicable WPH policies and procedures.

1.05 Business-Related Entertainment Expenses. WPH will promptly reimburse Employee for reasonable business-related entertainment expenses including, but not limited to, travel expenses, lodging, meals and tickets. Reimbursement shall be made promptly following Employee's submission of appropriate documentation of such expenditures in accordance with applicable WPH policies and procedures.

1.06 Recruiting Expenses. WPH will promptly reimburse employee for reasonable recruiting-related expenses including, but not limited to, travel expense, lodging and meals. Reimbursement shall be made promptly following Employee's submission of appropriate documentation of such expenditures in accordance with applicable WPH policies and procedures.

1.07 Office, Staff and Equipment. WPH will provide Employee with an office suite, secretarial staff, residency coordinator, clinical nurse manager, office supplies, computers and all other equipment and staff necessary to effectuate his leadership, administrative, faculty, clinical and research duties under this Agreement.

ARTICLE II
EMPLOYMENT/TERMINATION

2.01 Employment. Subject only to earlier termination for Cause pursuant to Section 2.03 of this Agreement, Employee agrees to commence employment with WPH no later than March 6, 2006, and shall continue for a minimum period of five (5) years from the date he commences employment.

2.02 Severance. In the event WPH does not reappoint Employee as Chair of the Department without Cause for a term extending beyond the initial five (5) year term of this Agreement, or in the event WPH terminates Employee's employment during the term of this Agreement for any reason other than for Cause as defined in Section 2.03 of this Agreement,, WPH will provide severance payments to Employee for a period of twelve (12) months subsequent to termination of Employee's employment ("Severance Period"). During the Severance Period, Employee shall receive monthly severance payments equal to Employee's monthly Base Compensation and continued health, dental and vision insurance coverage, as hereinafter defined in Article III, and as in effect immediately prior to termination. All monthly Base Compensation severance payments made by WPH to Employee pursuant to this Section 2.02 shall be made in arrears on the last day of each month during the Severance Period and shall be subject to legally required and customary withholdings. Employee shall not receive or accrue any additional retirement and pension contributions, credit toward time worked, sick time or vacation, or life or disability insurance during the Severance Period. For as long as severance is actually paid to Employee pursuant to Section 2.02, Employee shall continue to receive health, dental and vision insurance subject to payment by Employee of co-

payments and deductibles, changes in WPH's health, dental and vision insurance plans from time to time, and subject to all terms and conditions of insurance. At the end of the twelve (12) month Severance Period, WPH will provide Employee with notice of his right to continue benefits under the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"). During the Severance Period, Employee agrees not to apply for unemployment compensation.

2.03 Termination for Cause. Notwithstanding any other provision of this Agreement, Employee's employment hereunder may be terminated by WPH at any time for "Cause." For purposes of this Agreement, "Cause" shall mean: (a) either party's willful and continued failure to perform duties and obligations hereunder after notice and opportunity to cure pursuant to Section 2.04 of this Agreement, (b) Employee's falsification of medical records in the performance of his duties hereunder, (c) an act or acts on Employee's part constituting a felony and resulting in a conviction under the laws of the United States or any state thereof, (d) either party's material breach of this Agreement and failure to correct such breach after notice and opportunity to cure pursuant to Section 2.04 of this Agreement, (e) either party's failure to act in good faith; or (f) WPH's failure to provide and maintain all equipment and staff that Employee reasonably deems necessary to meet his obligations under this Agreement after notice and opportunity to cure pursuant to Section 2.04 of this Agreement. Upon delivery of the Termination Notice, Employee's employment hereunder shall terminate forthwith. No later than fifteen (15) days following the delivery of such Termination Notice, WPH shall pay Employee's final payment of Base Compensation and Fringe Benefits, subject to legally required and customary withholdings, as calculated and prorated through the date

of Employee's termination. In the event WPH terminates Employee's employment for Cause, then, after making such final payment of Base Compensation and Fringe Benefits, WPH shall have no further obligation to pay Employee any additional severance or Base Compensation to Employee.

2.04 Notice and Cure. Prior to either WPH's or Employee's termination of this Agreement for Cause, the party seeking termination of this Agreement shall provide written notice to the other party ("Breaching Party") specifying the alleged breach of this Agreement by the Breaching Party. The Breaching Party shall have thirty (30) days from such notice to (i) effect a cure of the breach or (ii) in the event cure reasonably takes longer than thirty (30) days to promptly initiate and continuously and diligently thereafter pursue cure to achievement within a reasonable time, whereupon this Agreement shall not terminate, but shall continue in full force and effect. In the event the Breaching Party fails to effect cure of any breach of this Agreement in accordance with this Section, the party seeking termination of this Agreement may terminate this Agreement immediately upon written notice to the Breaching Party.

2.05 Term. The term of this Employment Agreement shall commence on or before March 6, 2006, (the "Start Date") and shall terminate five (5) years thereafter. At the conclusion of the fourth (4th) year of Employee's employment, WPH shall commence a review of Employee's performance as Chair of the Department in accordance with the provisions of the Bylaws of the Medical Staff of WPH relative to the reappointment of Employee for a successive term of up to five (5) years as Chair of the Department. WPH shall notify Employee of the results of the reappointment review no later than one hundred eighty (180) days prior to the expiration of the Agreement.

2.06 Disability. This Agreement will terminate one hundred and eighty (180) days following a determination that Employee is totally and permanently disabled from performing his duties under this Agreement. The disability of Employee will be determined by a physician selected by written agreement of Employee and WPH upon the request of either party by notice to the other. If Employee and WPH cannot agree on the selection of a physician, each of them will select a physician and the two physicians will select a third physician who will determine whether Employee has a disability. The determination of the physician selected under this Section will be binding on both parties. Upon the termination of this Agreement due to Employee's disability, WPH will provide Employee with notice of his right to continue benefits under the provisions of COBRA.

2.07 Death. This Agreement will terminate upon the Death of the Employee. Upon the termination of this Agreement due to Employee's death, WPH will provide Employee's spouse and any dependents with notice of their right to continue benefits under the provisions of COBRA.

ARTICLE III COMPENSATION

3.01 Base Compensation. Employee's Base Compensation for all duties, responsibilities, and obligations hereunder shall be Six Hundred Thousand Dollars (\$600,000) per annum ("Base Compensation"), payable in accordance with WPH's customary payroll practices, less such deductions as may be required by law or are customary. Employee's Base Compensation shall be subject to annual increase in such amounts and at such times as determined appropriate by the President and Chief Executive Officer of WPH and approved by the Executive Compensation Committee of

the Health System's Board of Directors. At a minimum, Employee will be provided with a salary increase consistent with the average percentage of salary increase given to WPH employees for that fiscal year. From the date when Employee is appointed Co-Chair of the Department, through the date he is appointed Chair, and until the date he begins full-time employment for WPH, Employee shall receive a pro-rated amount of his annual Base Compensation for his services to the Department.

3.02 Incentive Compensation. The President and Chief Executive Officer of WPH and Employee shall develop mutually agreeable goals and objectives to measure Employee's performance hereunder. Based on Employee's achievement of such goals and objectives, Employee shall be eligible to receive incentive compensation ("Incentive Compensation") in accordance with policies and procedures, if any, that may be in effect from time to time or as determined appropriate by the President and Chief Executive Officer of WPH and approved by the Executive Compensation Committee of the Health System's Board of Directors. If Employee or this Agreement is terminated for any reason or upon expiration of the Agreement, Employee will be paid a pro-rated amount through the date of the termination of any Incentive Compensation for that fiscal year, calculated in accordance with WPH policies and procedures, if any, that may be in effect from time to time or as determined appropriate by the President and Chief Executive Officer of WPH and approved by the Executive Compensation Committee of the Health System's Board of Directors.

3.03 Fringe Benefits. Employee shall be entitled to fringe benefits as made available from time to time by WPH to all Chairman-level employees, subject to participation requirements and qualifications, co-payments and deductibles, and such

other terms and conditions of participation as may be in effect from time to time. Employee may also be entitled to additional fringe benefits from time to time and as determined by and in the sole discretion of the President and Chief Executive Officer of WPH. Employee shall be entitled to fifty (50) days per fiscal year to be used for vacations and continuing medical education. Vacation and time off for continuing medical education are annual benefits per fiscal year and do not normally carry over from year to year. Notwithstanding this provision, if Employee is unable to use all of his vacation and continuing medical education days within a fiscal year due to exceptional WPH workload requirements, WPH will pay Employee for any unused vacation and continuing medical education days in a lump sum in the pay period immediately following the end of the fiscal year or allow Employee to carry over any unused vacation and continuing medical education days to the next fiscal year, subject to the approval of the President and Chief Executive Officer of WPH.

3.04 Professional Liability Insurance. During the initial term, WPH shall maintain in effect professional liability insurance in such amounts as required by state law from time to time insuring Employee's performance of professional services pursuant to and within the scope of this Agreement. Professional liability insurance does not extend to activities outside the scope of Employee's employment pursuant to this Agreement. Upon the expiration or termination of the Agreement, the cost of a Reporting Endorsement Policy, commonly referred to as "tail" coverage, shall be borne by WPH.

ARTICLE IV
EMPLOYEE'S COVENANTS AND AGREEMENTS

4.01 Confidentiality. During the term of this Agreement, and for a period of two (2) years thereafter, Employee shall maintain in strict confidence any and all Confidential information regarding WPH, the Health System, and their affiliated organizations, regarding their methods of operations; contracts and agreements; financial information, financial statements and forecasts; vendor, customer and patient lists; policies and procedures; personnel and employment agreements, practices and conditions; marketing and strategic plans and initiatives; customer and supplier relationships; prices and contracts; managed care relationships; insurer and payer relationships; price structure; cost structure; and any and all other information obtained directly or indirectly by Employee deemed by WPH, the Health System, or their affiliated organizations to be confidential (all of the foregoing shall be identified hereinafter as "Confidential Information"). Employee shall not disclose any portion of Confidential Information without the prior written consent of the President and Chief Executive Officer of WPH. Employee shall limit his use of Confidential Information to the performance of his duties, responsibilities, and obligations pursuant to this Agreement and for no other purpose. Upon the termination of Employee's employment with WPH, Employee shall promptly deliver to WPH all Confidential Information and all correspondence, drawings, blueprints, manuals, letters, notes, notebooks, reports, flow-charts, programs, proposals, and any other written documents containing Confidential Information. To the extent Employee desires to use generic forms or policies subsequent to his employment with WPH that include no Confidential Information, he may do so

with the prior written consent of the President and Chief Executive Officer of WPH, such consent not to be unreasonably withheld.

4.02 Loyalty. Employee shall act with diligence and fidelity to the best of Employee's ability in furtherance of the best interests of WPH, the Health System, and their affiliated organizations. During the term of this Agreement and for a period of one (1) year thereafter, Employee shall not directly recruit, persuade, or encourage patients, employees, physicians, insurers, vendors, customers, or any other parties maintaining relationships with WPH, the Health System, or their affiliated organizations to terminate or modify their relationship in any way that would be detrimental to WPH, the Health System, or their affiliated organizations. This Section does not apply to situations where patients, employees, physicians, insurers, vendors, customers, or any other parties maintaining relationships with WPH, the Health System, or their affiliated organizations of their own volition contact Employee or Employee's subsequent employer(s) for a purpose that would otherwise be prohibited by this Agreement.

4.03 Non-competition. Employee represents, warrants, and covenants to WPH that:

(a) While this Agreement is in effect, for a period of one (1) year following the expiration of this Agreement, or following Employee's termination for Cause by WPH pursuant to Section 2.03 of this Agreement, Employee shall not enter into any type of financial, strategic or medical staff relationship including, but not limited to, employment, administrative services, consulting, obtaining or retaining medical staff privileges, teaching or research with the University of Pittsburgh Medical Center (UPMC) Health System or any of its affiliates or related entities. If this Agreement is

terminated for any other reason, including but not limited to Employee's termination of the Agreement for Cause pursuant to Section 2.03 of this Agreement, this provision shall not apply.

(b) Employee acknowledges and warrants that Employee will be fully able to earn an adequate livelihood if this Agreement is enforced, the covenants contained herein are reasonable, valid consideration has been and will be received therefore, and the agreements set forth herein are the result of arms length negotiation between the parties hereto.

(c) If any of the provisions or covenants contained in this Section 4.03 are 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, such provisions or covenants shall be deemed to be reduced in duration, breadth, or scope, as the case may be, to the extent required to make them valid and enforceable in their revised form; provided that the determination of such court or governmental authority shall not affect the validity or enforceability of such provision or covenant in any other jurisdiction. This Section 4.03 shall survive the termination or expiration of this Agreement.

4.04 Consideration. Employee represents that he has had the benefit of legal counsel in negotiating this Agreement, this Agreement has been negotiated on an arms-length basis between the parties, and material consideration has been received by Employee relative to this Agreement.

4.05 Additional Representations, Warranties and Covenants. Employee represents, warrants, and covenants to WPH that:

(a) Employee holds, and throughout the Term of this Agreement shall maintain, a valid and unrestricted license to practice medicine in the Commonwealth of Pennsylvania, and all necessary and customary narcotics and controlled substances licenses and numbers.

(b) Employee will enroll and throughout the Term of this Agreement shall remain a participant in Medicare, Medical Assistance, Highmark Blue Cross/Blue Shield, Keystone Health Plan, Community Blue, HealthAmerica, U.S. Healthcare, Gateway Health Plan, and such other insurance programs, managed care programs, employer and other third party health care programs, and other governmental health care programs as designated by WPH from time-to-time.

(c) Employee is currently certified by the American Board of Anesthesiologist, which certification is not time-limited.

(d) Employee shall obtain Medical Staff membership and comprehensive clinical privileges in Employee's specialty at WPH in accordance with all bylaws, rules, and regulations of WPH and WPH's Medical Staff bylaws, rules and regulations, as may be in effect from time to time throughout the Term of this Agreement. Nothing herein shall be construed to confer a right to Medical Staff membership or clinical privileges to Employee by nature of this Agreement. Employee shall not maintain Medical Staff Membership or clinical privileges at any other hospital without the prior written consent of the President and Chief Executive Officer of WPH and further shall be required to relinquish staff privileges at any hospital or other health facility upon notice from the President and Chief Executive Officer of WPH.

(e) All licenses, permits, authorizations, Medical Staff membership, and clinical privileges described herein are in full force and effect and there are no pending or threatened proceedings to revoke, modify, restrict, place on probation, or substantially limit any such license, permit, authorization, membership, or clinical privilege.

(f) Employee will treat all patients presenting for care without regard to race, sex, national origin, religion, insurance status, or lack of insurance or ability or inability to pay for the services.

ARTICLE V **MISCELLANEOUS**

5.01. Severability. If any term or provision of this Agreement or the application hereof to any person or circumstance shall to any extent be held invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of this Agreement shall, notwithstanding said invalidity, remain valid and enforceable to the fullest extent permitted by law.

5.02. Entire Agreement/Amendment. This Agreement represents the entire agreement of the parties and supersedes all prior agreements and understandings whether verbal or written. This Agreement may be amended only by written agreement signed by both parties.

5.03. Employer's Remedies Upon Breach.

(a) Employee acknowledges that WPH's remedy at law for a breach by Employee of the provisions of Article IV of this Agreement will be inadequate. Accordingly, in the event of the breach or threatened breach by Employee of the provisions of Article IV of this Agreement WPH may be entitled to injunctive relief in addition to any other remedy it may have.

(b) With the sole exceptions of any breach by the Employee of Article IV of this Agreement or any decision by the Board of Directors of WPH related to the reappointment or non-reappointment of Employee as Chair of the Department in accordance with the Medical Staff By-Laws of WPH following the expiration of this Agreement, in the event any dispute shall arise between WPH and Employee with respect to any of the terms and conditions of this Agreement or the meaning or interpretation thereof, then such dispute first shall be submitted to mediation before a mediator to be agreed upon by the parties. If the dispute cannot be resolved within sixty (60) days after being submitted to mediation, the dispute shall be submitted and finally settled by arbitration in Pittsburgh, Pennsylvania under the rules of the American Arbitration Association. The award rendered by the arbitrator shall be final and binding upon the parties hereto, and judgment upon the award rendered may be entered by either party in any court that would ordinarily have jurisdiction over the parties or the subject matter of the controversy or claim. Each party shall pay its own expenses incident to such arbitration, including attorneys' fees. The parties agree not to institute any litigation or non-arbitral proceedings against each other in connection with this Agreement except for

the enforcement of a substantive decision of the arbitrators not involving matters of discovery.

5.04. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of Commonwealth of Pennsylvania. For purposes of any breach of Article IV of the Agreement or any decision by the Board of Directors of WPH relating to the reappointment or non-reappointment of Employee as Chair of the Department in accordance with the Medical Staff By-Laws of WPH following the expiration of this Agreement, the parties hereto submit to the *in personam* jurisdiction of the federal and state courts situated in Allegheny County, Pennsylvania and agree that such courts shall be the sole and exclusive forum for the resolution of any disputes between them concerning Article IV of the Agreement or any decision by the Board of Directors of WPH whether to reappoint Employee as Chair of the Department following the expiration of this Agreement in accordance with the Medical Staff By-Laws of WPH.

5.05. Assignment. This Agreement is personal to the parties and may not be assigned by either of the parties without the prior written consent of the other party hereto; provided that WPH may assign this Agreement to any affiliate of the Health System without Employee's consent.

5.06. Agreement Binding. This Agreement shall be binding upon and inure to the benefit of Employee's heirs, executors, legal representatives, and permitted assigns and the successors and assigns of WPH.

5.07. Headings. The headings of this Agreement are for convenience of reference only and shall not affect the construction or interpretation of any of the provisions hereof.

5.08. Waiver. No failure by either party to exercise any of such party's rights or remedies hereunder and no custom or practice at the variance with the terms hereof shall constitute a waiver of right to demand strict compliance with the terms of this Agreement at any time.

5.09. Notices. Any notice provided for or concerning this Agreement shall be in writing and shall be deemed to have been duly given when delivered in person or by United States Certified Mail – Return Receipt Requested and postage prepaid, addressed as follows:

Employer:

The Western Pennsylvania Hospital
4800 Friendship Avenue
Pittsburgh, PA 15224
Attn: President and Chief Executive Officer

With a copies to:

West Penn Allegheny Health System
320 E. North Avenue
Pittsburgh, PA 15212
Attn: General Counsel

Employee:

Christopher A. Troianos, M.D.
427 Heights Drive
Gibsonia, PA 15044

With a copy to:

Sally Griffith Cimini, Esq.
Babst, Calland, Clements & Zomnir, P.C.
Two Gateway Center, 8th Floor
Pittsburgh, PA 15222

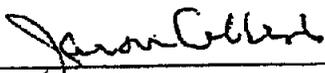
Either party may change its address for receipt of notices pursuant to this Agreement by providing written notice of such change to the other party pursuant to the provisions hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement or caused this Agreement to be executed the day and year first above written.

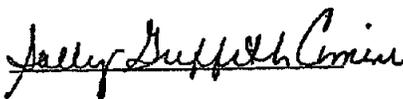
WITNESS:

THE WESTERN PENNSYLVANIA HOSPITAL




James M. Collins
President and Chief Executive Officer

WITNESS:




Christopher A. Troianos, M.D.

AMENDMENT TO EMPLOYMENT AGREEMENT

This amendment to Employment Agreement is made and entered into as of the 20th day of January, 2006 by and between The Western Pennsylvania Hospital, a Pennsylvania not-for-profit corporation ("WPH"), and Christopher A. Troianos, M.D. ("Physician")

WITNESSETH

WHEREAS, WPH and Physician entered into a Employment Agreement dated December 3, 2005, (the "Agreement");

WHEREAS, WPH and Physician desire to amend the Agreement as set forth herein, and

NOW, THEREFORE, for and in consideration of the mutual agreements, covenants, terms and conditions herein contained, the parties agree as follows:

Article V, Miscellaneous, is amended as follows:

5.10 Indemnification and Legal Defense.

Physician represents and warrants to WPH:

A. Physician has no oral or written agreements with The Mercy Hospital of Pittsburgh, Pittsburgh Anesthesia Associates, Ltd. or any affiliate thereof or any third party that would prevent Physician from entering this Agreement and his performance hereto. WPH recognizes, however, that Physician has an Employment Agreement with Pittsburgh Anesthesia Associates, Ltd., that imposes a duty of loyalty and fidelity upon Physician.

B. Physician's execution of this Agreement and his performance pursuant hereto will not violate or cause a breach currently or in the future of any agreement, written or oral, between Physician, and The Mercy Hospital of Pittsburgh, and/or Pittsburgh Anesthesia Associates, Ltd. or any affiliate thereof or any third party. WPH recognizes, however, that Pittsburgh Anesthesia Associates, Ltd., may allege that Physician's execution of this Agreement and his performance hereunder including, but not limited to, his involvement with the WPH recruitment and residency programs, may violate Physician's duty of loyalty and fidelity to Pittsburgh Anesthesia Associates, Ltd.

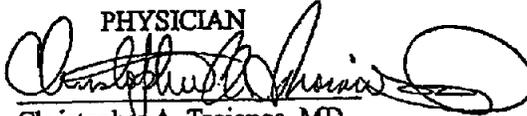
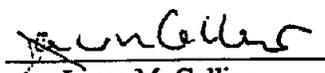
C. Physician has not and will not provide any confidential information of The Mercy Hospital of Pittsburgh, Pittsburgh Anesthesia Associates, Ltd., or any affiliate thereof or any third party, has not and will not interfere with contractual relationships between The Mercy Hospital of Pittsburgh, Pittsburgh Anesthesia Associates, Ltd. or any affiliate thereof or any third party, or otherwise breach any obligation to The Mercy Hospital of Pittsburgh, Pittsburgh Anesthesia

Associates, Ltd. or any affiliate thereof or any third party.

In explicit reliance and conditioned upon the foregoing representations and warranties of Physician, in the event The Mercy Hospital of Pittsburgh or Pittsburgh Anesthesia Associates, Ltd. initiate litigation and/or arbitration against Physician based upon Physician's execution of this Agreement or his performance pursuant hereto, WPH shall defend, indemnify and hold harmless Physician from and against any and all damages, penalties, losses and expenses paid or incurred in the defense of such action subject to WPH's right to select counsel and participate in the direction of such defense on an equal basis with Physician.

Except as set forth herein, all terms and conditions of the Agreement shall remain in full force and affect.

IN WITNESS WHEREOF, the parties have set their hands below as of the date first above written.

	PHYSICIAN		WPH
By:		By:	
	Christopher A. Troianos, MD		James M. Collins
		Title:	President and CEO

SECOND AMENDMENT TO EMPLOYMENT AGREEMENT

This second amendment to Employment Agreement is made and entered into as of the 10th day of February, 2006 by and between The Western Pennsylvania Hospital, a Pennsylvania not-for-profit corporation ("WPH"), and Christopher A. Troianos, M.D. ("Employee")

WITNESSETH

WHEREAS, WPH and Employee entered into a Employment Agreement dated December 3, 2005, (the "Agreement");

WHEREAS, WPH and Employee desire to amend the Agreement as set forth herein, and

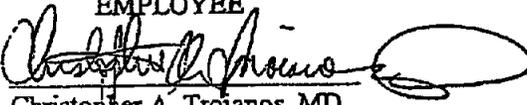
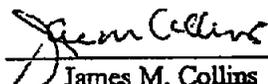
NOW, THEREFORE, for and in consideration of the mutual agreements, covenants, terms and conditions herein contained, the parties agree as follows:

Article III, Compensation, is amended as follows:

3.05 Salary Continuation. During the Initial Term of this Agreement, Employee shall be entitled to salary continuation at the regular rate of Base Compensation for any period of illness or disability, not to exceed ninety (90) consecutive days for any single period of illness or disability, to the extent such period of illness or disability is not covered by accrued sick time.

Except as set forth herein, all terms and conditions of the Agreement shall remain in full force and affect.

IN WITNESS WHEREOF, the parties have set their hands below as of the date first above written.

	EMPLOYEE		WPH
By:		By:	
	Christopher A. Troianos, MD		James M. Collins
		Title:	President and CEO

WPAHS-001662

EMPLOYMENT AGREEMENT - B

THIS AGREEMENT is entered into as of the 23rd day of December, 2005 by and between The Western Pennsylvania Hospital, a Pennsylvania not-for-profit corporation, ("WPH"), with its principal office at 4800 Friendship Avenue, Pittsburgh, Pennsylvania, and Kanagasabai Muthu, M.D. ("Physician").

WITNESSETH:

WHEREAS, WPH desires to obtain Physician's services to provide certain administrative, faculty, and research services to WPH and Physician desires to provide such services to WPH pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Employment. WPH agrees to employ Physician on a full-time basis as an anesthesiologist to perform duties substantially similar and equivalent to the other anesthesiologists within the Department of Anesthesiology (the "Department") and such other duties as otherwise required pursuant to this Agreement. Physician agrees to accept and remain in the employ of WPH for the Term of this Agreement upon the terms and conditions herein provided. The performance of such services shall be in accordance with the laws of the Commonwealth of Pennsylvania; WPH's policies, standards, and regulations; WPH and WPH Medical Staff policies, bylaws, rules, and regulations; and generally accepted ethical precepts and professional standards for such services; each as they may be amended from time to time.

Physician shall work within the Department. The Department Chair ("Department Chair") is responsible for coordination of professional activities and communication by and among WPH, Physician, and other physicians employed by WPH.

2. Term. Physician's employment under this Agreement shall commence as of February 2, 2006 ("Commencement Date"), and shall terminate seven (7) years from the Commencement Date ("Initial Term"). Notwithstanding the foregoing, in the event that Physician's employment is terminated by West Penn Anesthesia Associates, Limited prior to February 2, 2006, Physician's employment hereunder shall commence as of such termination date. In addition, regardless of who the anesthesia provider is at WPH on or after February 2, 2006, this Agreement will remain in full force and effect subject to and in accordance with its terms and conditions. Upon the expiration of the Initial Term and each applicable renewal term, this Agreement shall renew automatically for an additional one (1) year period, unless at least 180 days prior to the expiration of the Initial Term or the applicable renewal term, either party shall have notified the other in writing that it does not intend to renew this Agreement. (The Initial Term together with any and all renewal terms is referred to herein as the "Term").

3. Duties.

(a) Professional Services. During the Term of this Agreement, Physician shall devote all Physician's professional time, attention, skill, and efforts to the faithful performance and rendering of professional services on a full-time and exclusive basis in the practice of medicine on behalf of WPH and shall render such services with competence, efficiency, and fidelity. During the Term of this Agreement, Physician shall not accept employment with any third party nor render professional services on Physician's own behalf or on behalf of any third party as an employee, independent contractor, agent, shareholder, partner, or otherwise, without the prior written consent of Department Chair and WPH.

Physician shall provide such other services and carry out such other responsibilities as may be required of physicians including, but not limited to participation in medical audit activities, utilization review, and quality assurance programs; participation in WPH's Medical Staff, Department and interdisciplinary meetings; cooperation in timely providing Hospital and its Medical Staff with all written reports necessary or customary in the provision of patient care, administrative, faculty services, or research activities; participation in educational programs conducted by WPH; participation in clinical management activities; promotion of WPH; and performance of such other reasonable teaching, administrative, and research activities as requested from time to time.

(b) Clinical Co-Director of Anesthesia Services. Physician shall be appointed to the position of Clinical Co-Director of Anesthesia Services at WPH's West Penn Campus ("Clinical Co-Director"). Physician shall perform all of the duties and functions normally associated with such position and as set forth in the position description to be developed and agreed upon by Physician and the Department Chair, and any and all other reasonable responsibilities normally falling within the position of Clinical Co-Director as may be assigned by the Department Chair from time to time.

(c) Participation as a Health Care Provider. Physician shall participate in Medicare, Medical Assistance, Highmark Blue Cross/Blue Shield, Keystone Health Plan, Community Blue, HealthAmerica, U.S. Healthcare, Gateway Health Plan, and such other insurance programs, managed care programs, employer and other third party health care programs, and other governmental health care programs as designated by WPH from time-to-time. Physician shall not participate in any third party health care program that is not designated by WPH.

(d) Scheduling. All services performed by Physician pursuant to this Agreement will be provided in accordance with a schedule to be established by the Department Chair or such Chair's designee; provided that Physician agrees to work a full-time clinical schedule, including emergency call, as determined by the Department Chair and WPH. Physician shall perform professional services only at WPH's West Penn Campus, and may not be assigned to WPH's Forbes Regional Campus without Physician's consent.

(e) Medical-Legal Consulting Services. The parties hereby agree that Physician shall be able to provide limited medical-legal consulting services, pharmaceutical consulting services and lectures (hereafter "Medical-Legal Consulting Services") during

Physician's vacation or other time off and provided that such activities do not conflict with Physician's duties hereunder and do not conflict with the strategic or business interests of the WPH, the West Penn Allegheny Health System ("Health System") or its affiliated hospitals or other entities and provided further that all such Medical-Legal Consulting Services shall be approved in advance by WPH. All revenues generated by any approved Medical-Legal Consulting Services shall be the property of Physician. The Physician further agrees to refrain from serving as an expert consultant or expert witness for a patient, claimant, or plaintiff in any claim, civil action, or other judicial or administrative proceeding involving claims of medical malpractice, corporate negligence, lack of informed consent, or any other type of claim against the Health System, including any hospital, health care provider, or physician affiliated with the Health System. The activities on behalf of a patient, claimant or plaintiff precluded under this provision include, but are not limited to (i) reviewing the medical records for purposes of formulating a professional opinion; (ii) submitting an oral or written report; or (iii) testifying in a deposition, trial or other judicial or administrative hearing.

4. Compensation, Benefits, and Reimbursement of Expenses.

(a) Base Compensation. During the Term of this Agreement, for all services rendered by Physician in any clinical capacity, WPH shall pay Physician in accordance with Annex A. Base Compensation shall be payable to Physician in installments in accordance with the customary payroll practices of WPH.

(b) Clinical Co-Director Stipend. During Physician's tenure as Clinical Co-Director, WPH shall pay Physician an annual stipend in accordance with Annex A, payable to Physician in installments in accordance with the customary payroll practices of WPH.

(c) Additional On-Call/Late Call Compensation. In the event Physician is required to take more than two (2) days of "in-house" on-call coverage per month or more than four (4) "late" calls per month, WPH shall pay Physician additional compensation pursuant to a schedule in effect from time to time, which is agreed upon by the Department and WPH.

(d) Benefits. During the term of this Agreement, Physician shall be entitled to participate in WPH's fringe benefit programs that are or become available to all of WPH's other physician-employees on the same terms and conditions as made available to such physician-employees, subject to all qualification and participation requirements, employee contributions, co-payments, and deductibles. Physician will be entitled to six (6) weeks of vacation and two (2) to be used for attendance at professional meetings and seminars per contract year during the Term of this Agreement, prorated for any partial years. Time off for vacations and seminars shall be scheduled as mutually agreed by Physician and WPH. Unused vacation and professional meeting and seminar time may not be cumulated from year to year nor is it a payable benefit. Notwithstanding this provision, if Physician is unable to use all of his vacation and continuing medical education days within a fiscal year due to exceptional WPH workload requirements during the first year of the Term, WPH will allow Physician to carry over any unused vacation and continuing medical education days to the next fiscal year, subject to the approval of the Department Chair and WPH.

(e) Reimbursement of Expenses. WPH shall reimburse Physician for bona fide business expenses incurred in accordance with Annex A. All expenses must be pre-approved by the Department Chair prior to Physician incurring such expense. In all cases, Physician must provide an itemized accounting of expenses and appropriate documentation to qualify for reimbursement.

5. WPH Responsibilities.

(a) Practice Support. WPH shall provide Physician with such personnel, facilities, equipment, services, and supplies as are required by Physician's practice and other duties under this Agreement.

(b) Professional Liability Insurance. During the Term of this Agreement, WPH shall maintain in effect professional liability insurance in such amounts as required by state law from time to time insuring Physician's performance of professional services pursuant to this Agreement. Such insurance shall remain in effect following expiration or termination of this Agreement, (i.e., tail coverage in the event "claims made" policy coverage is provided), relative to Physician's activities on behalf of WPH prior to the expiration or termination of this Agreement. Professional liability insurance does not extend to activities outside the scope of Physician's employment pursuant to this Agreement.

(c) Indemnification. WPH shall defend, indemnify and hold harmless Physician from and against any and all damages, penalties, losses and expenses paid or incurred following the Commencement Date by Physician in connection with any actual or threatened claim, suit, proceeding or action initiated, commenced or otherwise brought against Physician by Western Pennsylvania Anesthesiology Associates, Limited, Sheridan Healthcare, Inc. or any affiliate thereof in connection with Physician's employment hereunder.

6. Termination of Employment.

(a) Automatic. This Agreement shall terminate automatically without notice upon (i) death; (ii) conviction of a felony or any offense involving moral turpitude; (iii) suspension of Physician's medical staff membership or clinical privileges at WPH for more than thirty (30) days or revocation or denial for reasons relating to professional competence; (iv) conviction of stealing, misappropriation, diversion, embezzlement or otherwise converting WPH's funds; (v) Physician's deliberate or intentional falsification or grossly negligent completion of medical records in the performance of his duties hereunder, (vi) Physician engaging in gross insubordination or dereliction of duty or immoral or unlawful conduct tending to injure the reputation or business of WPH; (vii) the occurrence of any act or omission by Physician which may result in an imminent danger to the health or safety of any individual or substantially impede the orderly operation of WPH; or (viii) failure to comply with any WPH hiring criteria or substance abuse policy.

(b) By WPH. This Agreement may be unilaterally terminated by WPH by written notice to the Physician in the event Physician breaches this Agreement in accordance with Section 6(d).

(c) By Physician.

(i) This Agreement may be unilaterally terminated by Physician by written notice to WPH in the event that WPH breaches this Agreement in accordance with Section 6(d).

(ii) Physician shall have the right to terminate this Agreement, prior to the expiration of the Term, following the second anniversary of the Commencement Date by providing one hundred eighty (180) days prior written notice to WPH (the "Relocation Termination Date"); provided, however, that Physician is relocating and practicing at least 50 miles outside of Allegheny County (the "Relocation Restriction Area"). In addition, if termination occurs pursuant to this Section 6(c)(ii), in addition to the restrictions set forth in Section 9 below, Physician shall be prohibited from providing any professional services including, but not limited to, clinical, administrative, research or teaching, to or on behalf of any entity within the Relocation Restriction Area for a period of time equal to the difference between the number of months of the Initial Term less the number of months of the Initial Term which have lapsed as of the Relocation Termination Date (the "Relocation Restriction Period").

(d) Notice and Cure. Prior to termination of this Agreement by WPH pursuant to Article 6(b)(2) or by Physician pursuant to Article 6(c), the party seeking termination of this Agreement shall provide written notice to the other party ("Breaching Party") specifying the alleged breach of this Agreement by the Breaching Party. The Breaching Party shall have thirty (30) days from such notice to (i) effect a cure of the breach or (ii) in the event cure reasonably takes longer than thirty (30) days to promptly initiate and continuously and diligently thereafter pursue cure to achievement within a reasonable time, whereupon this Agreement shall not terminate, but shall continue in full force and effect. In the event the Breaching Party fails to effect cure of any breach of this Agreement in accordance with this Article, the party seeking termination of this Agreement may terminate this Agreement immediately upon written notice to the Breaching Party.

(e) Termination of Medical Staff Privileges. Unless otherwise waived by the Department Chair, upon termination of this Agreement, Physician's medical staff privileges at WPH shall automatically terminate without hearing rights.

7. Billings and Fees Earned. Physician agrees that WPH shall bill for, collect, and retain all reimbursement for all professional services performed by the Physician hereunder under a billing number assigned to WPH. Physician agrees that all fees, when accrued or paid, are the sole property of WPH and that Physician has no interest whatsoever in any such fees. Physician agrees at no time to charge any patient or payer or any other person with respect to professional medical services rendered by Physician hereunder. To the extent requested by WPH, Physician agrees to accept assignment of benefits and respect the terms thereof for all professional services furnished to Medicare and Medicaid beneficiaries and for any other third party payment program designated by WPH. All compensation for professional services rendered by Physician shall be paid to WPH. Physician agrees, upon request of WPH from time to time, to execute such documents and take such actions as may be necessary to assign said fees

to WPH. Physician shall cooperate in the billing and collection activities by, inter alia, maintaining charts and records in accordance with applicable legal and professional standards and in accordance with WPH policies and payer requirements, by providing support and explanation for billing and claims to third party payers, and by employing codes and other information to properly identify the service.

8. Patient and Business Records. Physician shall cause patient records, charts, records, and reports of all professional services rendered by Physician to be promptly prepared and filed in accordance with the laws of the Commonwealth of Pennsylvania, generally accepted medical practice and directions of WPH from time to time. The ownership and right of control of all patient records, reports, records, and supporting documents prepared in connection with this Agreement (collectively, "Records") shall vest exclusively in WPH; provided, that Physician shall have right of access to such Records as shall be provided by law to permit Physician to perform Physician's duties under this Agreement. All records shall remain the property of WPH. Physician agrees to treat all Records as confidential and to use the Records only for purposes of fulfilling Physician's obligations pursuant to this Agreement. This Article 8 shall survive the termination or expiration of this Agreement.

9. Loyalty and Non-competition

(a) During the term of this Agreement, and any renewals or extensions hereof or replacements hereof, Physician shall provide professional and medical services exclusively through and on behalf of WPH. During the Term of this Agreement and any renewals or extensions hereof or replacements hereof, Physician shall not either directly or indirectly engage in any activity competitive with or adverse to the business, practice, management, administration, or affairs of WPH, the Health System, or their affiliates.

(b) For a period of one (1) year following the expiration or termination of this Agreement, including any renewals or extensions hereof or replacements hereof, for whatever reason, Physician shall not enter into any type of financial, strategic or medical staff relationship including, but not limited to, employment, administrative services, consulting, obtaining or retaining medical staff privileges, teaching or research with UPMC Health System or any of its affiliates or related entities.

(c) Physician acknowledges and warrants that Physician will be fully able to earn an adequate livelihood if this Agreement is enforced, the covenants contained herein are reasonable, valid consideration has been and will be received therefor, and the agreements set forth herein are the result of arms length negotiation between the parties hereto.

(d) If any of the provisions or covenants contained in this Article 9 are 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, such provisions or covenants shall be deemed to be reduced in duration, breadth, or scope, as the case may be, to the extent required to make them valid and enforceable in their revised form; provided that the determination of such court or governmental authority shall not affect the

validity or enforceability of such provision or covenant in any other jurisdiction. This Article 9 shall survive the termination or expiration of this Agreement.

10. Confidentiality, Intellectual Property.

(a) Confidential Information. Physician shall not disclose or reveal to any unauthorized person any Confidential Information relating to WPH, Hospital, or their affiliates, or any of the businesses operated by any of the foregoing. Physician confirms that such Confidential Information constitutes the exclusive property of WPH, the Health System, and their affiliates, as the case may be. Physician agrees to use Confidential Information solely to fulfill Physician's obligations pursuant to this Agreement and for no other purpose. Physician agrees not to use Confidential Information for Physician's own benefit, financial, or otherwise. "Confidential Information" includes all information contained in any form of or relating to WPH, the Health System, and their affiliates, including without limitation (i) all medical records of patients whether developed prior, during, or subsequent to the Term of this Agreement, (ii) all financial records and compilations including, but not limited to all budgets, forecasts, financial statements, and summaries and aggregations of any of the foregoing, (iii) all corporate records, (iv) all marketing, strategic, financial, and other plans, strategies, and initiatives that are the property of WPH or the Health System, including their affiliates and subsidiaries (v) all lists and other compilations of patients names, addresses, and other patient demographic information, (vi) all supplier, payer, and employee lists and information, (vii) the terms of all relationships with payers, managed care companies, and any other contracting parties, and (viii) any other information deemed to be important to operations, performance, financial, competitive, or strategic position.

(b) Intellectual Property. Physician shall abide by the terms of the WPH's Intellectual Property Policy as amended from time-to-time.

11. WPH's Remedies Upon Breach. Physician acknowledges that a breach of any of the covenants set forth in Article 9 or 10 of this Agreement will have irreparable, material, and adverse harm on WPH, that damages arising from such harm may be difficult to ascertain, and that damages alone shall not be an adequate remedy for any breach by Physician of the covenants contained in Articles 9 or 10 of this Agreement. Physician agrees that in addition to any other remedies that WPH may have, WPH shall be entitled to injunctive relief in any court of competent jurisdiction for any breach or threatened breach of any such covenants by Physician and to any other equitable remedies that a court may award.

12. Physician's Representations, Warranties and Covenants. Physician represents, warrants, and covenants to WPH that:

(a) Physician holds, and throughout the Term of this Agreement shall maintain, a valid and unrestricted license to practice medicine in the Commonwealth of Pennsylvania, and all necessary and customary narcotics and controlled substances licenses and numbers.

(b) Physician will enroll and throughout the Term of this Agreement shall remain a participant in Medicare, Medical Assistance, Highmark Blue Cross/Blue Shield, Keystone Health Plan, Community Blue, HealthAmerica, U.S. Healthcare, Gateway Health Plan, and such other insurance programs, managed care programs, employer and other third party health care programs, and other governmental health care programs as designated by WPH from time-to-time.

(c) Physician is currently certified by the American Board of Medical Specialists in Physician's primary specialty and will maintain such certification through recertification application and processes during the Term of this Agreement.

(d) Physician shall obtain Medical Staff membership and comprehensive clinical privileges in Physician's specialty at WPH in accordance with all bylaws, rules, and regulations of WPH and WPH's Medical Staff bylaws, rules and regulations, as may be in effect from time to time throughout the Term of this Agreement. Nothing herein shall be construed to confer a right to Medical Staff membership or clinical privileges to Physician by nature of this Agreement. Physician shall not maintain Medical Staff Membership or clinical privileges at any other hospital without the prior written consent of the President and Chief Executive Officer of WPH and further shall be required to relinquish staff privileges at any hospital or other health facility upon notice from the President and Chief Executive Officer of WPH.

(e) All licenses, permits, authorizations, Medical Staff membership, and clinical privileges described herein are in full force and effect and there are no pending or threatened proceedings to revoke, modify, restrict, place on probation, or substantially limit any such license, permit, authorization, membership, or clinical privilege.

(f) Physician will treat all patients presenting for care without regard to race, sex, national origin, religion, insurance status, or lack of insurance or ability or inability to pay for the services.

(g) Physician has not entered into any agreement, dated on or after November 1, 2005, with Western Pennsylvania Anesthesia Associates, Limited, Sheridan Healthcare, Inc. or any affiliate thereof.

13. Effect of Prior Agreements. This Agreement contains the entire understanding between the parties hereto and supersedes any prior agreement, oral or written, between WPH and Physician.

14. Assignment.

(a) This Agreement and all rights, duties, obligations, responsibilities, benefits, and interests hereunder are personal to the parties and neither this Agreement nor any right, duty, obligation, responsibility, benefit, or interest of either party herein or arising hereunder shall be voluntarily or involuntarily sold, subcontracted, transferred, or assigned without the prior written consent of either party. Notwithstanding the foregoing,

WPH may assign this Agreement or assign, subcontract, or delegate any or all of its rights, duties, obligations, responsibilities, benefits, or interests hereunder to any affiliate. In the event WPH assigns this Agreement to any affiliate, WPH shall guarantee the assignee's performance under the Agreement.

(b) After the six (6) month anniversary of the Commencement Date but prior to the twelve (12) month anniversary of the Commencement Date ("Election Period"), Physician shall have a one time option to elect to have the Agreement assigned by WPH to Allegheny General Hospital ("AGH") for the remainder of the Term of the Agreement ("Assignment Option"). To exercise the Assignment Option, Physician must provide WPH with ninety (90) days prior written notice of Physician's election during the Election Period. In the event, Physician fails to exercise the Assignment Option during the Election Period, the Assignment Option will lapse and be of no further force or effect following the expiration of the Election Period. Notwithstanding the foregoing, Physician's ability to exercise the Assignment Option is expressly conditioned upon AGH accepting assignment of the Agreement and assuming all existing and remaining responsibilities and obligations of WPH under the Agreement. In the event AGH refuses to accept assignment under the aforementioned terms and conditions during the Election Period, the Assignment Option will lapse and be of no further force or effect following the expiration of the Election Period.

15. Amendment of Agreement. This Agreement may not be modified or amended except by an instrument in writing signed by the parties hereto.

16. Waiver. No term or condition of this Agreement shall be deemed to have been waived, nor shall there be any estoppel against the enforcement of any provision of this Agreement, except by written instrument of the party charged with such waiver or estoppel. No such written waiver shall be deemed a continuing waiver unless specifically stated therein, and each such waiver shall operate only as to the specific term or condition waived and shall not constitute a waiver of such term or condition for the future or as to any act other than that specifically waived.

17. Savings Clause. Should Agreement ever be deemed to be in violation of law, rule, or regulation, or jeopardize the tax exempt status of WPH, Hospital, or any affiliate, upon the written request of either party the parties agree to promptly renegotiate this Agreement in a manner that will cure said violation with the intent to place the parties in as nearly the same position as possible prior to the renegotiation.

18. Notice. Notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered in person or deposited with the United States Postal Service, Certified Mail - Return Receipt Requested and postage prepaid, addressed as follows:

WPH:

The Western Pennsylvania Hospital
4800 Friendship Avenue

Pittsburgh, PA 15224
Attention: President and Chief Executive Officer

With a copy to:

West Penn Allegheny Health System
320 East North Avenue
Pittsburgh, PA 15212
Attention: General Counsel

Physician:

To the address set forth in the signature page

Either party may change its address for receipt of notices pursuant to this Agreement by providing written notice of such change to the other party pursuant to the provisions hereof.

19. Severability. If, for any reason, any provision of this Agreement is held invalid, such invalidity shall not affect any other provision of this Agreement not held so invalid, and each such other provision shall to the full extent consistent with law continue in full force and effect. If any provision of this Agreement shall be held invalid in part, such invalidity shall in no way affect the rest of such provision that, together with all other provisions of this Agreement, shall to the full extent consistent with law continue in full force and effect.

20. Headings. The headings of paragraphs herein are included solely for convenience of reference and shall not control the meaning or interpretation of any of the provisions of this Agreement.

21. Governing Law. This Agreement has been executed and delivered in the Commonwealth of Pennsylvania and its validity, interpretation, performance, and enforcement, shall be governed by the laws of said Commonwealth. The parties agree that the Federal and State courts situate in Allegheny County, Pennsylvania shall be the sole and exclusive forum relative to any and all disputes among them. The parties hereto by execution of this Agreement submit to the in personam jurisdiction of the Federal and State courts situate in Allegheny County, Pennsylvania.

22. Substance Abuse Policy. It is WPH's policy (the "Policy") that none of its employees shall use or abuse any controlled substances at any time (other than those medications lawfully prescribed by a medical doctor in a reasonable diagnosis and which do not interfere with Physician's capacity to perform his or her obligations under this Agreement) or be under the influence of alcohol or be affected by the use of alcohol during the time period required to perform their duties and obligations under any employment agreements. In compliance with this Policy, Physician agrees to submit to random drug testing immediately upon WPH's request. Testing may include, but shall not be limited to, the taking of blood and urine samples and utilization of gas chromatography. In the event of a positive test result indicating a violation of this Policy, Physician may, at his or her own expense and subject to the supervision and approval

of WPH of the manner and testing facilities utilized, elect to have a second drug test performed, at a time which is no longer than two days after the initial positive results were received by WPH and Physician. WPH may, in its sole and absolute discretion, terminate Physician for cause pursuant to Section 6(a)(viii) of this Agreement in the event either: (i) a positive test result is received in the initial drug test and Physician fails to exercise his or her option for a second test in the manner provided for in this Section; or, (ii) positive test results are received from both tests. In the event that the second test result is negative, WPH may, at any time, retest Physician pursuant to the terms of this Section and, in the event any such retesting is positive, WPH may, in its sole discretion terminate Physician immediately.

IN WITNESS WHEREOF, WPH has caused this Agreement to be executed and its seal to be affixed hereunto by its officers thereunto duly authorized, and Physician has signed

this Agreement, all as of the day and year first above written.

THE WESTERN PENNSYLVANIA HOSPITAL

James M. Collins
President and Chief Executive Officer

Kanagasabai Muthu, M.D.

Address:
2753 Shamrock Drive
Allison Park, PA 15101

ANNEX A
Compensation

1. Base Compensation. During the Term of this Agreement, for all services rendered by Physician in accordance with this Agreement, WPH shall pay Physician an annual base salary of Four Hundred Fifty Thousand Dollars (\$450,000), prorated for any partial year. Notwithstanding anything herein to the contrary, Physician shall not be entitled to be paid for any time off due to illness, personal time or otherwise except to the extent of Physician's benefits (e.g. sick days, disability etc.).
2. Clinical Co-Director Stipend. During Physician's tenure as Clinical Co-Director, WPH shall pay Physician an annual stipend of Twenty Five Thousand Dollars (\$25,000), prorated for any partial year. The Clinical Co-Director Stipend will cease in the event Physician ceases to be Clinical Co-Director.
3. Signing Bonus. Within ten (10) days of the Commencement Date, WPH shall pay Physician a signing bonus equal to One Hundred Fifty Thousand Dollars (\$150,000) (the "Signing Bonus") if Physician signs and delivers the Agreement to WPH on or before December 23, 2005. Notwithstanding the foregoing in the event that this Agreement is terminated prior to the 2nd anniversary date of the Commencement Date, Physician shall repay WPH the Signing Bonus in full. In the event Physician's employment pursuant to this Agreement is not on a full-time basis, the foregoing Signing Bonus will be prorated based on Physician's part time status.
4. Interim Incentive Compensation. Provided that this Agreement has not been terminated and further provided that Physician has executed this Agreement prior to December 23, 2005, WPH shall pay Physician additional interim compensation of Fifty Thousand Dollars (\$50,000) on each of January 31, 2007 and January 31, 2008. Physician shall not be entitled to such payment if Physician is no longer employed by WPH, the Hospital or an affiliate thereof, on the date such payment is due. In the event Physician's employment pursuant to this Agreement is not on a full-time basis, the foregoing interim incentive compensation will be prorated based on Physician's part-time status. In the event Physician's employment pursuant to this Agreement is not on a full-time basis, the foregoing incentive compensation will be prorated based on Physician's part-time status.
5. Payroll Policies. Payment of Compensation and Incentive Compensation shall be made in accordance with normal and customary payroll policies with appropriate federal, state and local tax withholding.
6. Personal Business Expenses and Travel, Meals and Lodging for Professional Seminars. WPH will reimburse Physician, or pay on Physician's account, any reasonable expenses incurred by Physician for business purposes as set forth below* and for travel, meals and lodging for professional seminars in accordance with WPH policies and procedures; provided that the Department Chair review and approve any proposed personal business, meeting, and seminar expenses before they are incurred; and further provided that the total reimbursement or payment amount for all such expenses shall not collectively

exceed Ten Thousand Dollars (\$10,000) in any fiscal year. Total reimbursement or payment amount shall be pro rated for any partial years.

7. Dues. Physician shall be reimbursed for hospital and professional society dues in accordance with WPH policies and procedures for those hospitals and professional societies approved by the Department Chair and further provided, that the total reimbursement amount shall not exceed Two Thousand Dollars (\$2,000) in any fiscal year. Total reimbursement amount shall be pro rated for any partial years.
8. "Tail" Coverage Reimbursement. In the event Physician is not eligible to receive a Reporting Endorsement Policy, commonly referred to as "Tail" coverage, from WPAA, at no cost to Physician, following termination of Physician's employment with WPAA, WPH shall reimburse Physician for the reasonable premium costs associated with Physician personally acquiring such "Tail" coverage for the period Physician was employed by WPAA.

(*) PERSONAL BUSINESS EXPENSES

- Automobile expenses
- Travel
- Meals
- Entertainment
- Parking
- Charitable contributions
- Dues and subscriptions
- All other personal incidental expenses
- All individual professional dues and license fees

THE WESTERN PENNSYLVANIA HOSPITAL BENEFITS ("Hospital Benefits" - to be paid for by Employer subject to the qualification and participation requirements, employee contributions, co-payments and deductibles)

- Group Health and Dental Benefits provided through programs presently existing or as may be modified from time to time.
- Group Life and Disability Insurance provided through programs presently existing or as may be modified from time to time.
- F.I.C.A. (Social Security and Medicare) Employer Portions
- Worker's Compensation Insurance, provided through programs presently existing or as may be modified from time to time.
- Employer Matching of 403(b) Plan, provided through programs presently existing or as may be modified from time to time.

- Retirement plan as may be in effect from time to time for all Hospital employees.

- Any other benefits that may be in effect from time to time.

EMPLOYMENT AGREEMENT - C

THIS AGREEMENT is entered into as of the 20th day of April, 2006 by and between West Penn Physician Practice Network, a Pennsylvania not-for-profit corporation, ("W3PN"), with its principal office at 4800 Friendship Avenue, Pittsburgh, Pennsylvania, and Paul Lewis Diana, MD ("Physician").

WITNESSETH:

WHEREAS, W3PN was formed to facilitate the provision of clinical services to patients of The Western Pennsylvania Hospital ("Hospital") and to provide certain administrative, faculty, and research services to Hospital; and

WHEREAS, W3PN desires to obtain Physician's services and Physician desires to provide services to W3PN pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Employment. W3PN agrees to employ Physician on a full-time basis as an anesthesiologist to perform duties substantially similar and equivalent to the other full-time anesthesiologists within the Department of Anesthesiology (the "Department") and such other duties as otherwise required pursuant to this Agreement. Physician agrees to accept and remain in the employ of W3PN for the Term of this Agreement upon the terms and conditions herein provided. The performance of such services shall be in accordance with the laws of the Commonwealth of Pennsylvania; W3PN's and Hospital's policies, standards, and regulations; W3PN, Hospital, and Hospital Medical Staff policies, bylaws, rules, and regulations; and generally accepted ethical precepts and professional standards for such services; each as they may be amended from time to time.

Physician shall work within the Department. The Department Chair ("Department Chair") is responsible for coordination of professional activities and communication by and among W3PN, Physician, and other physicians employed by W3PN.

2. Term. Physician's employment under this Agreement shall commence on or about Sept 1st, 2006 ("Commencement Date"), and shall terminate five (5) years from the Commencement Date ("Initial Term"). Upon the expiration of the Initial Term and each applicable renewal term, this Agreement shall renew automatically for an additional one (1) year period, unless at least 180 days prior to the expiration of the Initial Term or the applicable renewal term, either party shall have notified the other in writing that it does not intend to renew this Agreement. (The Initial Term together with any and all renewal terms is referred to herein as the "Term").

3. Duties.

(a) Professional Services. During the Term of this Agreement, Physician shall devote all Physician's professional time, attention, skill, and efforts to the faithful performance

and rendering of professional services on a full-time and exclusive basis in the practice of medicine on behalf of W3PN and shall render such services with competence, efficiency, and fidelity. During the Term of this Agreement, Physician shall not accept employment with any third party nor render professional services on Physician's own behalf or on behalf of any third party as an employee, independent contractor, agent, shareholder, partner, or otherwise, without the prior written consent of the Department Chair and W3PN. Such non-W3PN professional services shall not be considered to be within the scope of Physician's employment and will not be covered by W3PN's professional liability insurance as set forth in Section 5(b) herein.

Physician shall provide such other services and carry out such other responsibilities as may be required of physicians including, but not limited to participation in medical audit activities, utilization review, and quality assurance programs; participation in Hospital's Medical Staff, Department and interdisciplinary meetings; cooperation in timely providing Hospital and its Medical Staff with all written reports necessary or customary in the provision of patient care, administrative, faculty services, or research activities; participation in educational programs conducted by W3PN or the Hospital; participation in clinical management activities; promotion of W3PN and the Hospital; and performance of such other reasonable teaching, administrative, and research activities as requested from time to time.

(b) Participation as a Health Care Provider. Physician shall participate in Medicare, Medical Assistance, Highmark Blue Cross/Blue Shield, Keystone Health Plan, Community Blue, HealthAmerica, U.S. Healthcare, Gateway Health Plan, and such other insurance programs, managed care programs, employer and other third party health care programs, and other governmental health care programs as designated by W3PN from time-to-time. Physician shall not participate in any third party health care program that is not designated by W3PN.

(c) Scheduling. All services performed by Physician pursuant to this Agreement will be provided in accordance with a schedule to be established by the Department Chair or such Chair's designee; provided that Physician agrees to work a full-time clinical schedule, as determined by the Department Chair and W3PN. Physician shall perform professional services only at Hospital's West Penn Campus, and may not be assigned to Hospital's Forbes Regional Campus without Physician's consent.

(d) Medical-Legal Consulting Services. The parties hereby agree that Physician shall be able to provide limited medical-legal consulting services, pharmaceutical consulting services and lectures (hereafter "Medical-Legal Consulting Services") during Physician's vacation or other time off and provided that such activities do not conflict with Physician's duties hereunder and do not conflict with the strategic or business interests of W3PN, Hospital, the West Penn Allegheny Health System ("Health System") or its affiliated hospitals or other entities and provided further that all such Medical-Legal Consulting Services shall be approved in advance by W3PN. All revenues generated by any approved Medical-Legal Consulting Services shall be the property of Physician not to exceed Fifteen Thousand Dollars (\$15,000.00) in total per annum without the prior approval of W3PN. Any revenues generated in excess of the approved annual maximum or from Medical-Legal Consulting Services not approved in advance by W3PN shall be the property of W3PN. The Physician further agrees to refrain from serving as an expert consultant or expert witness for a patient, claimant, or plaintiff in any claim, civil action, or other judicial or administrative proceeding involving claims of

medical malpractice, corporate negligence, lack of informed consent, or any other type of claim against the Health System, including any hospital, health care provider or physician affiliated with the Health System. The activities on behalf of a patient, claimant or plaintiff precluded under this provision include, but are not limited to (i) reviewing the medical records for purposes of formulating a professional opinion; (ii) submitting an oral or written report; or (iii) testifying in a deposition, trial or other judicial or administrative hearing.

4. Compensation, Benefits, and Reimbursement of Expenses.

(a) Base Compensation. During the Term of this Agreement, for all services rendered by Physician in any capacity, W3PN shall pay Physician according to Annex A. Base Compensation shall be payable to Physician in installments in accordance with the customary payroll practices of W3PN.

(b) Signing Bonus. W3PN shall pay Physician a one time signing bonus in accordance with Annex A, payable to Physician in accordance with the customary payroll practices of W3PN.

(c) Benefits. During the term of this Agreement, Physician shall be entitled to participate in W3PN's fringe benefit programs that are or become available to all of W3PN's other physician-employees on the same terms and conditions as made available to such physician-employees, subject to all qualification and participation requirements, employee contributions, co-payments, and deductibles. Physician will be entitled to six (6) weeks of vacation and two (2) weeks to be used for attendance at professional meetings and seminars per contract year during the Term of this Agreement, prorated for any partial years. Time off for vacations and seminars shall be scheduled as mutually agreed by Physician and W3PN. Unused vacation and professional meeting and seminar time may not be cumulated from year to year nor is it a payable benefit. Notwithstanding this provision, if Physician is unable to use all of his vacation and continuing medical education days within the fiscal year due to exceptional W3PN workload requirements during the first year of the Term, W3PN will allow Physician to carry over any unused vacation and continuing medical education days to the next fiscal year, subject to the approval of the Department Chair and W3PN.

(d) Additional On-Call/Late Call Compensation. In the event Physician is required to take more than two (2) days of "in-house" on-call coverage per month or more than four (4) "late" calls per month, W3PN shall pay Physician additional compensation pursuant to a schedule in effect from time to time, which is agreed upon by the Department and W3PN.

(e) Reimbursement of Expenses. W3PN shall reimburse Physician for bona fide business expenses incurred in accordance with Department policy. All expenses must be pre-approved by the Department Chair prior to Physician incurring such expense. In all cases, Physician must provide an itemized accounting of expenses and appropriate documentation to qualify for reimbursement.

(f) Relocation Expense. Upon submission of appropriate documentation and receipts in accordance with W3PN's expense reimbursement policies and procedures, WPH agrees to reimburse the reasonable expenses, not to exceed Ten Thousand Dollars (\$10,000) in total, incurred by

Physician and Physician's family in connection with Physician's relocation to Pittsburgh, Pennsylvania. Any relocation expense reimbursement will be reported on Physician's Form W-2 in the year payment is made.

5. W3PN Responsibilities.

(a) Practice Support. W3PN shall provide Physician with such personnel, facilities, equipment, services, and supplies as are required by Physician's practice and other duties under this Agreement.

(b) Professional Liability Insurance. During the Term of this Agreement, W3PN shall maintain in effect professional liability insurance in such amounts as required by state law from time to time insuring Physician's performance of professional services pursuant to this Agreement. Such insurance shall remain in effect following expiration or termination of this Agreement, (i.e., tail coverage in the event "claims made" policy coverage is provided), relative to Physician's activities on behalf of W3PN prior to the expiration or termination of this Agreement. Professional liability insurance does not extend to activities outside the scope of Physician's employment pursuant to this Agreement.

(c) Indemnification. W3PN shall indemnify, defend and hold harmless Physician from and against any and all expenses of liability paid or incurred in connection with any actual or threatened claim, suit or proceeding relating to Physician's agreement with Western Pennsylvania Anesthesiology Associates, Limited or any affiliate thereof.

6. Termination of Employment.

(a) Automatic. This Agreement shall terminate automatically without notice upon (i) death; (ii) conviction of a felony or any offense involving moral turpitude; (iii) suspension of Physician's medical staff membership or clinical privileges at the Hospital for more than thirty (30) days or revocation or denial for reasons relating to professional competence; (iv) conviction of stealing, misappropriation, diversion, embezzlement or otherwise converting W3PN or Hospital's funds; (v) Physician's deliberate or intentional falsification or grossly negligent completion of medical records in the performance of his duties hereunder, (vi) Physician engaging in gross insubordination or dereliction of duty or immoral or unlawful conduct tending to injure the reputation or business of W3PN or Hospital; (vii) the occurrence of any act or omission by Physician which may result in an imminent danger to the health or safety of any individual or substantially impede the orderly operation of W3PN or Hospital; or (viii) failure to comply with any W3PN or Hospital hiring criteria or substance abuse policy.

(b) By W3PN. This Agreement may be unilaterally terminated by W3PN by written notice to the Physician in accordance with Section 6(d) in the event Physician breaches this Agreement.

(c) By Physician.

(i) This Agreement may be unilaterally terminated by Physician by

written notice to WPH in the event that WPH breaches this Agreement in accordance with Section 6(d).

(ii) Physician shall have the right to terminate this Agreement, prior to the expiration of the Term, following the second anniversary of the Commencement Date by providing one hundred eighty (180) days prior written notice to WPH (the "Relocation Termination Date"); provided, however, that Physician is relocating and practicing at least 50 miles outside of Allegheny County (the "Relocation Restriction Area"). In addition, if termination occurs pursuant to this Section 6(c)(ii), in addition to the restrictions set forth in Section 9 below, Physician shall be prohibited from providing any professional services including, but not limited to, clinical, administrative, research or teaching, to or on behalf of any entity within the Relocation Restriction Area for a period of time equal to the difference between the number of months of the Initial Term less the number of months of the Initial Term which have lapsed as of the Relocation Termination Date (the "Relocation Restriction Period").

(d) Notice and Cure. Prior to termination of this Agreement by W3PN pursuant to Article 6(b) or by Physician pursuant to Article 6(c), the party seeking termination of this Agreement shall provide written notice to the other party ("Breaching Party") specifying the alleged breach of this Agreement by the Breaching Party. The Breaching Party shall have thirty (30) days from such notice to (i) effect a cure of the breach or (ii) in the event cure reasonably takes longer than thirty (30) days to promptly initiate and continuously and diligently thereafter pursue cure to achievement within a reasonable time, whereupon this Agreement shall not terminate, but shall continue in full force and effect. In the event the Breaching Party fails to effect cure of any breach of this Agreement in accordance with this Article, the party seeking termination of this Agreement may terminate this Agreement immediately upon written notice to the Breaching Party.

(e) Termination of Medical Staff Privileges. Unless otherwise waived by the Department Chair, upon termination of this Agreement Physician's medical staff privileges at Hospital shall automatically terminate without hearing rights.

7. Billings and Fees Earned. Physician agrees that W3PN shall bill for, collect, and retain all reimbursement for all professional services performed by the Physician hereunder under a billing number assigned to W3PN. Physician agrees that all fees, when accrued or paid, are the sole property of W3PN and that Physician has no interest whatsoever in any such fees. Physician agrees at no time to charge any patient or payer or any other person with respect to professional medical services rendered by Physician hereunder. To the extent requested by W3PN, Physician agrees to accept assignment of benefits and respect the terms thereof for all professional services furnished to Medicare and Medicaid beneficiaries and for any other third party payment program designated by W3PN. All compensation for professional services rendered by Physician shall be paid to W3PN. Physician agrees, upon request of W3PN from time to time, to execute such documents and take such actions as may be necessary to assign said fees to W3PN. Physician shall cooperate in the billing and collection activities by, inter alia, maintaining charts and records in accordance with applicable legal and professional standards and in accordance with W3PN policies and payer requirements, by providing support and explanation for billing and claims to third party payers, and by employing codes and other information to properly identify the service.

8. Patient and Business Records. Physician shall cause patient records, charts, records, and reports of all professional services rendered by Physician to be promptly prepared and filed in accordance with the laws of the Commonwealth of Pennsylvania, generally accepted medical practice and directions of W3PN from time to time. The ownership and right of control of all patient records, reports, records, and supporting documents prepared in connection with this Agreement (collectively, "Records") shall vest exclusively in W3PN; provided, that Physician shall have right of access to such Records as shall be provided by law to permit Physician to perform Physician's duties under this Agreement. All records shall remain the property of W3PN. Physician agrees to treat all Records as confidential and to use the Records only for purposes of fulfilling Physician's obligations pursuant to this Agreement. This Article 8 shall survive the termination or expiration of this Agreement.

9. Loyalty and Non-competition

(a) During the term of this Agreement, and any renewals or extensions hereof or replacements hereof, Physician shall provide professional and medical services exclusively through and on behalf of W3PN except as otherwise set forth in Section 3(a) herein. During the Term of this Agreement and any renewals or extensions hereof or replacements hereof, Physician shall not either directly or indirectly engage in any activity competitive with or adverse to the business, practice, management, administration, or affairs of W3PN, Hospital, Health System or their affiliates.

(b) For a period of one (1) year following the expiration or termination of this Agreement, including any renewals or extensions hereof or replacements hereof, for whatever reason, Physician shall not enter into any type of financial, strategic or medical staff relationship including, but not limited to, employment, administrative services, consulting, obtaining or retaining medical staff privileges, teaching or research with UPMC Health System or any of its affiliates or related entities.

(c) Physician acknowledges and warrants that Physician will be fully able to earn an adequate livelihood if this Agreement is enforced, the covenants contained herein are reasonable, valid consideration has been and will be received therefor, and the agreements set forth herein are the result of arms length negotiation between the parties hereto.

(d) If any of the provisions or covenants contained in this Article 9 are 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, such provisions or covenants shall be deemed to be reduced in duration, breadth, or scope, as the case may be, to the extent required to make them valid and enforceable in their revised form; provided that the determination of such court or governmental authority shall not affect the validity or enforceability of such provision or covenant in any other jurisdiction. This Article 9 shall survive the termination or expiration of this Agreement.

10. Confidentiality, Intellectual Property.

(a) Confidential Information. Physician shall not disclose or reveal to any unauthorized person any Confidential Information relating to W3PN, Hospital, Health System or their affiliates, or any of the businesses operated by any of the foregoing. Physician confirms that such Confidential Information constitutes the exclusive property of W3PN, Hospital, Health System and

their affiliates, as the case may be. Physician agrees to use Confidential Information solely to fulfill Physician's obligations pursuant to this Agreement and for no other purpose. Physician agrees not to use Confidential Information for Physician's own benefit, financial, or otherwise. "Confidential Information" includes all information contained in any form of or relating to W3PN, Hospital, Health System and their affiliates, including without limitation (i) all medical records of patients whether developed prior, during, or subsequent to the Term of this Agreement, (ii) all financial records and compilations including, but not limited to all budgets, forecasts, financial statements, and summaries and aggregations of any of the foregoing, (iii) all corporate records, (iv) all marketing, strategic, financial, and other plans, strategies, and initiatives that are the property of W3PN or Hospital or Health System, including their affiliates and subsidiaries (v) all lists and other compilations of patients names, addresses, and other patient demographic information, (vi) all supplier, payer, and employee lists and information, (vii) the terms of all relationships with payers, managed care companies, and any other contracting parties, and (viii) any other information deemed to be important to operations, performance, financial, competitive, or strategic position.

(b) Intellectual Property. Physician shall abide by the terms of the Hospital's Intellectual Property Policy as amended from time-to-time.

11. W3PN's Remedies Upon Breach. Physician acknowledges that a breach of any of the covenants set forth in Article 9 or 10 of this Agreement will have irreparable, material, and adverse harm on W3PN and Hospital, that damages arising from such harm may be difficult to ascertain, and that damages alone shall not be an adequate remedy for any breach by Physician of the covenants contained in Articles 9 or 10 of this Agreement. Physician agrees that in addition to any other remedies that W3PN may have, W3PN shall be entitled to injunctive relief in any court of competent jurisdiction for any breach or threatened breach of any such covenants by Physician and to any other equitable remedies that a court may award.

12. Physician's Representations, Warranties and Covenants. Physician represents, warrants, and covenants to W3PN that:

(a) Physician holds, and throughout the Term of this Agreement shall maintain, a valid and unrestricted license to practice medicine in the Commonwealth of Pennsylvania, and all necessary and customary narcotics and controlled substances licenses and numbers.

(b) Physician will enroll and throughout the Term of this Agreement shall remain a participant in Medicare, Medical Assistance, Highmark Blue Cross/Blue Shield, Keystone Health Plan, Community Blue, HealthAmerica, U.S. Healthcare, Gateway Health Plan, and such other insurance programs, managed care programs, employer and other third party health care programs, and other governmental health care programs as designated by W3PN from time-to-time.

(c) Physician is currently certified by the American Board of Medical Specialists in Physician's primary specialty and will maintain such certification through recertification application and processes during the Term of this Agreement.

(d) Physician shall obtain Medical Staff membership and comprehensive clinical privileges in Physician's specialty at the Hospital in accordance with all bylaws, rules, and

regulations of Hospital and Hospital's Medical Staff bylaws, rules and regulations, as may be in effect from time to time throughout the Term of this Agreement. Nothing herein shall be construed to confer a right to Medical Staff membership or clinical privileges to Physician by nature of this Agreement. Physician shall not maintain Medical Staff Membership or clinical privileges at any other hospital without the prior written consent of the Chief Executive Officer of W3PN and further shall be required to relinquish staff privileges at any hospital or other health facility upon notice from the Chief Executive Officer of W3PN.

(e) All licenses, permits, authorizations, Medical Staff membership, and clinical privileges described herein are in full force and effect and there are no pending or threatened proceedings to revoke, modify, restrict, place on probation, or substantially limit any such license, permit, authorization, membership, or clinical privilege.

(f) Physician will treat all patients presenting for care without regard to race, sex, national origin, religion, insurance status, or lack of insurance or ability or inability to pay for the services.

13. Effect of Prior Agreements. This Agreement contains the entire understanding between the parties hereto and supersedes any prior agreement, oral or written, between W3PN and Physician.

14. Assignment. This Agreement and all rights, duties, obligations, responsibilities, benefits, and interests hereunder are personal to the parties and neither this Agreement nor any right, duty, obligation, responsibility, benefit, or interest of either party herein or arising hereunder shall be voluntarily or involuntarily sold, subcontracted, transferred, or assigned without the prior written consent of either party. Notwithstanding the foregoing, W3PN may assign this Agreement or assign, subcontract, or delegate any or all of its rights, duties, obligations, responsibilities, benefits, or interests hereunder to any affiliate. In the event W3PN assigns this Agreement to any affiliate, W3PN and Hospital shall guarantee the assignee's performance under the Agreement.

15. Amendment of Agreement. This Agreement may not be modified or amended except by an instrument in writing signed by the parties hereto.

16. Waiver. No term or condition of this Agreement shall be deemed to have been waived, nor shall there be any estoppel against the enforcement of any provision of this Agreement, except by written instrument of the party charged with such waiver or estoppel. No such written waiver shall be deemed a continuing waiver unless specifically stated therein, and each such waiver shall operate only as to the specific term or condition waived and shall not constitute a waiver of such term or condition for the future or as to any act other than that specifically waived.

17. Savings Clause. Should Agreement ever be deemed to be in violation of law, rule, or regulation, or jeopardize the tax exempt status of W3PN, Hospital, or any affiliate, upon the written request of either party the parties agree to promptly renegotiate this Agreement in a manner that will cure said violation with the intent to place the parties in as nearly the same position as possible prior to the renegotiation.

18. Notice. Notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered in person or deposited with the United States Postal Service, Certified Mail - Return Receipt Requested and postage prepaid, addressed as follows:

W3PN:

West Penn Physician Practice Network
4800 Friendship Avenue
Pittsburgh, PA 15224
Attention: President and Chief Executive Officer

With a copy to:

West Penn Allegheny Health System
320 East North Avenue
Pittsburgh, PA 15212
Attention: General Counsel

Physician:

To the address set forth in the signature page

Either party may change its address for receipt of notices pursuant to this Agreement by providing written notice of such change to the other party pursuant to the provisions hereof.

19. Severability. If, for any reason, any provision of this Agreement is held invalid, such invalidity shall not affect any other provision of this Agreement not held so invalid, and each such other provision shall to the full extent consistent with law continue in full force and effect. If any provision of this Agreement shall be held invalid in part, such invalidity shall in no way affect the rest of such provision that, together with all other provisions of this Agreement, shall to the full extent consistent with law continue in full force and effect.

20. Headings. The headings of paragraphs herein are included solely for convenience of reference and shall not control the meaning or interpretation of any of the provisions of this Agreement.

21. Governing Law. This Agreement has been executed and delivered in the Commonwealth of Pennsylvania and its validity, interpretation, performance, and enforcement, shall be governed by the laws of said Commonwealth. The parties agree that the Federal and State courts situate in Allegheny County, Pennsylvania shall be the sole and exclusive forum relative to any and all disputes among them. The parties hereto by execution of this Agreement submit to the in personam jurisdiction of the Federal and State courts situate in Allegheny County, Pennsylvania.

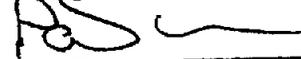
22. Substance Abuse Policy. It is the Employer's policy (the "Policy") that none of its employees shall use or abuse any controlled substances at any time (other than those medications lawfully prescribed by a medical doctor in a reasonable diagnosis and which do not interfere with Physician's capacity to perform his or her obligations under this Agreement) or be under the influence of alcohol or be affected by the use of alcohol during the time period required to perform their duties

and obligations under any employment agreements. In compliance with this Policy, Physician agrees to submit to random drug testing immediately upon Employer's request. Testing may include, but shall not be limited to, the taking of blood and urine samples and utilization of gas chromatography. In the event of a positive test result indicating a violation of this Policy, Physician may, at his or her own expense and subject to the supervision and approval of Employer of the manner and testing facilities utilized, elect to have a second drug test performed, at a time which is no longer than two days after the initial positive results were received by Employer and Physician. Employer may, in its sole and absolute discretion, terminate Physician for cause pursuant to Section 6(a)(viii) of this Agreement in the event either: (i) a positive test result is received in the initial drug test and Physician fails to exercise his or her option for a second test in the manner provided for in this Section; or, (ii) positive test results are received from both tests. In the event that the second test result is negative, Employer may, at any time, retest Physician pursuant to the terms of this Section and, in the event any such retesting is positive, Employer may, in its sole discretion terminate Physician immediately.

IN WITNESS WHEREOF, W3PN has caused this Agreement to be executed and its seal to be affixed hereunto by its officers thereunto duly authorized, and Physician has signed this Agreement, all as of the day and year first above written.

WEST PENN PHYSICIAN PRACTICE NETWORK

Jerry J. Fedele
Acting President and Chief Executive Officer



Paul Lewis Diana, M.D.
2406 Northwood Court NW
Albuquerque, New Mexico 87107

ANNEX A
Compensation

1. **Base Compensation.** During the Term of this Agreement, for all services rendered by Physician in accordance with this Agreement, W3PN shall pay Physician an annual base salary of Four Hundred Thousand Dollars (\$400,000), prorated for any partial year. Notwithstanding anything herein to the contrary, Physician shall not be entitled to be paid for any time off due to illness, personal time or otherwise except to the extent of Physician's benefits (e.g. sick days, disability etc.).
2. **Signing Bonus.** Within ten (10) days of the actual Commencement Date of Physician's employment under this Agreement, W3PN shall pay Physician a signing bonus equal to Twenty Five Thousand Dollars (\$25,000) (the "Signing Bonus"). Notwithstanding the foregoing, in the event that this Agreement is terminated prior to the 1st anniversary date of the Commencement Date for reasons other than Physician's death, permanent disability or W3PN's breach of this Agreement in accordance with Section 6(d), Physician shall repay W3PN the Signing Bonus in full. "Permanent Disability" shall mean the Physician's permanent physical or mental inability to perform on a full time basis the normal duties of Physician's profession and/or the normal duties as an employee as required by this Agreement as determined by a qualified physician acceptable to both parties. In the event Physician's employment pursuant to this Agreement is not on a full-time basis, the foregoing Signing Bonus will be prorated based on Physician's part time status.
3. **Payroll Policies.** Payment of Compensation shall be made in accordance with normal and customary payroll policies of W3PN with appropriate federal, state and local tax withholding.
4. **Personal Business Expenses and Travel, Meals and Lodging for Professional Seminars.** W3PN will reimburse Physician, or pay on Physician's account, any reasonable expenses incurred by Physician for business purposes as set forth below* and for travel, meals and lodging for professional seminars in accordance with W3PN policies and procedures; provided that the Department Chair review and approve any proposed personal business, meeting, and seminar expenses before they are incurred; and further provided that the total reimbursement or payment amount for all such expenses shall not collectively exceed Ten Thousand Dollars (\$10,000) in any fiscal year. Total reimbursement or payment amount shall be prorated for any partial years.
5. **Dues.** Physician shall be reimbursed for hospital and professional society dues in accordance with W3PN's policies and procedures for those hospitals and professional societies approved by the Department Chair and further provided, that the total reimbursement amount shall not exceed Two Thousand Dollars (\$2,000) in any fiscal year. Total reimbursement amount shall be prorated for any partial years.

**WEST PENN PHYSICIAN PRACTICE NETWORK BENEFITS
(*) PERSONAL BUSINESS EXPENSES**

- Automobile expenses
- Travel
- Meals
- Entertainment
- Parking
- Charitable contributions
- Dues and subscriptions
- All other personal incidental expenses
- All individual professional dues and license fees

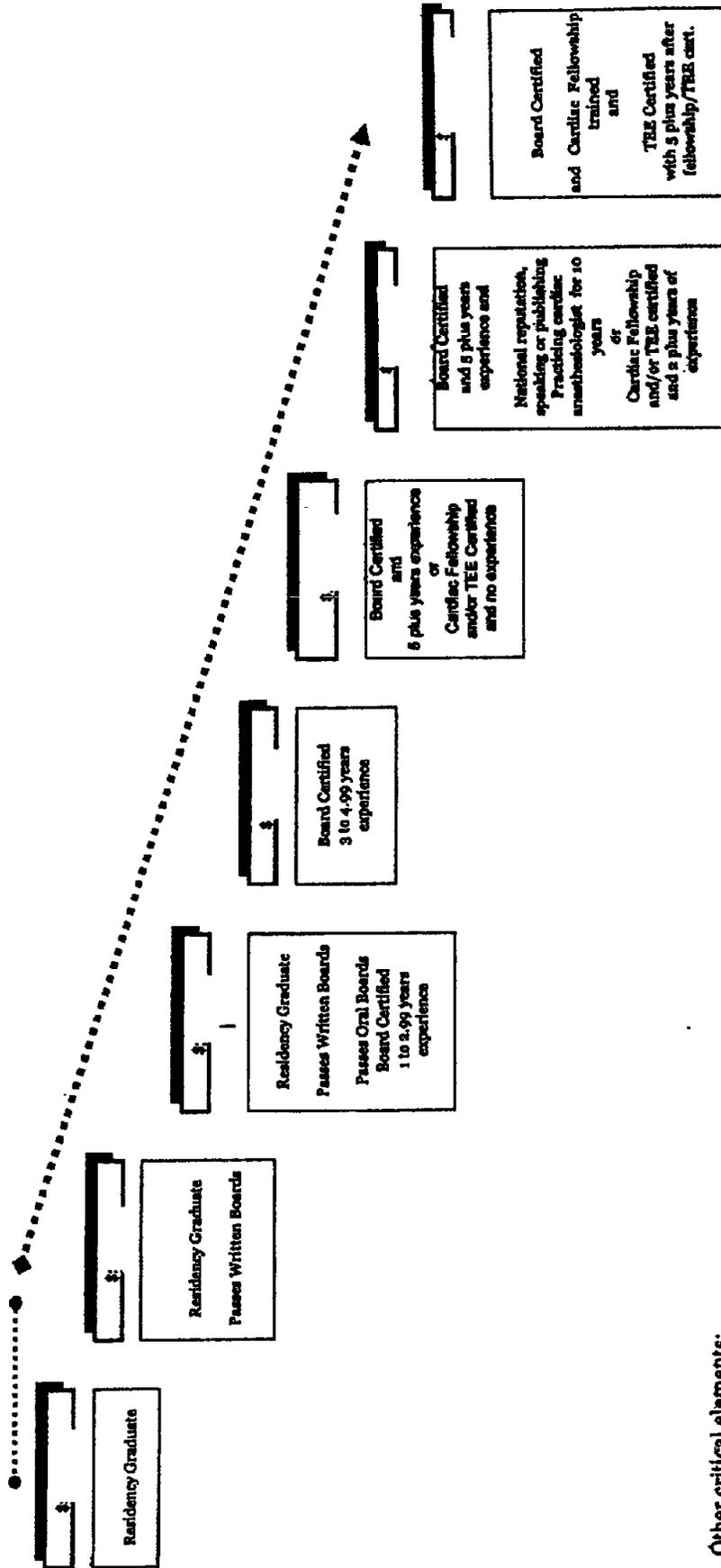
**WEST PENN PHYSICIAN PRACTICE NETWORK BENEFITS
("W3PN Benefits") - to be paid for by Employer subject to the qualification
and participation requirements, employee contributions, co-payments and
deductibles)**

- Group Health and Dental Benefits provided through programs presently existing or as may be modified from time to time.
- Group Life and Disability Insurance provided through programs presently existing or as may be modified from time to time.
- F.I.C.A. (Social Security and Medicare) Employer Portions
- Worker's Compensation Insurance, provided through programs presently existing or as may be modified from time to time.
- Employer Matching of 403(b) Plan, provided through programs presently existing or as may be modified from time to time.
- Retirement plan as may be in effect from time to time for all W3PN employees.
- Any other benefits that may be in effect from time to time.

**Exhibit X
West Penn Anesthesiology Physician Compensation Parameters**

Please note that dollar compensation levels on the attached document have been removed due to the public nature of the Form 1023, and the competitive nature of physician recruiting. However, all amounts are market based. Detailed amounts will be supplied to the reviewer to the extent that the reviewer feels that it is necessary in order to secure exemption.

West Penn Anesthesiology Physician Compensation Parameters



- Other critical elements;
- Term =
 - Relocation =
 - Professional Allowance = \$
 - Vacation =
 - CME =
 - Loyalty and Non competes =
 - Call / coverage adjustment =
 - Signing Bonus = Up to \$

**West Penn Physician Practice Network
("W3PN")
Form 1023**

EIN: 25-1494317

**Exhibit XI
Assignment of Physicians from
The Western Pennsylvania Hospital
to W3PN**

ASSIGNMENT

This Assignment is entered this 10th day of February 2006, by and between The Western Pennsylvania Hospital ("Assignor"), a Pennsylvania not-for-profit corporation with its principal office at 4800 Friendship Avenue, Pittsburgh, PA 15224, and West Penn Physician Practice Network ("Assignee"), a Pennsylvania not-for-profit corporation with its principal office at 4800 Friendship Avenue, Pittsburgh, PA 15224.

WITNESSETH:

WHEREAS, Assignor currently employs Christopher Troianos, M.D., Richard Feduska, M.D., Richard Stypula, M.D., Mark Stypula, M.D., Marc Metcalfe, M.D., Joseph Thimons, M.D., Rup Dua, M.D., Kanagasabai Muthu, M.D., Ashley Storey, M.D., Abraham Kabazie, M.D., Richard Goodman, M.D., Mark Storey, M.D., Helene Finegold, M.D., Nghi Nguyen, M.D., and Richard Brickley, M.D. (individually "Physician" and collectively "Physicians") pursuant to individual employment agreements between Assignor and each Physician individually; and

WHEREAS, each Physician employment agreement permits the assignment of the employment agreement by Assignor to any affiliate of Assignor; and

WHEREAS, Assignee is an affiliate of Assignor; and

WHEREAS, for multiple strategic and financial reasons, Assignor, and Assignee desire to continue the medical practice of Physicians within a not-for-profit Pennsylvania corporation affiliated with Assignor.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, for good and valuable consideration, and intending to be legally bound hereby, Assignor and Assignee agree as follows:

1. Assignment. Effective February 1, 2006, Assignor hereby assigns each and every employment agreement between Assignor and each Physician to Assignee, and Assignee agrees to accept such assignment as the employer of each Physician and fulfill all terms, conditions, obligations, and responsibilities to each Physician in accordance with the employment agreement between each Physician and Assignor. This Assignment also provides Assignee with all rights and benefits of Assignor pursuant to each Physician employment agreement including, but not limited to all rights and benefits pursuant to Article 9-Loyalty and Non-Competition and Article 10-Confidential Information.

2. Non-derogation of Assignors' Responsibilities. Assignor shall continue to be fully responsible for the fulfillment of all terms and conditions pursuant to each Physician employment agreement on a joint and several basis with Assignee.

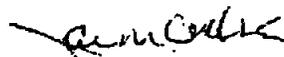
3. Continuation of Clinical Practice. It is the intent of Assignor and Assignee that the clinical practice of Assignor and each Physician as existed prior to February 1, 2006, and pursuant to each Physician employment agreement shall continue in substantially the same manner subsequent to February 1, 2006.

IN WITNESS THEREOF, the parties have set their hands and seals to this Agreement the day and year first above written.

WITNESS

THE WESTERN PENNSYLVANIA
HOSPITAL

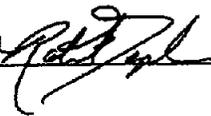


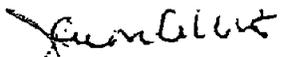
By: 

Title: President + CEO

WITNESS

WEST PENN PHYSICIAN PRACTICE
NETWORK



By: 

Title: President + CEO

ASSIGNMENT

This Assignment is entered this 10th day of February 2006, by and between The Western Pennsylvania Hospital ("Assignor"), a Pennsylvania not-for-profit corporation with its principal office at 4800 Friendship Avenue, Pittsburgh, PA 15224, and West Penn Physician Practice Network ("Assignee"), a Pennsylvania not-for-profit corporation with its principal office at 4800 Friendship Avenue, Pittsburgh, PA 15224.

WITNESSETH:

WHEREAS, Assignor currently employs Stephen Strelec, M.D., and Mark Taylor, M.D. (individually "Physician" and collectively "Physicians") pursuant to individual employment agreements between Assignor and each Physician individually; and

WHEREAS, each Physician employment agreement permits the assignment of the employment agreement by Assignor to any affiliate of Assignor; and

WHEREAS, Assignee is an affiliate of Assignor; and

WHEREAS, for multiple strategic and financial reasons, Assignor, and Assignee desire to continue the medical practice of Physicians within a not-for-profit Pennsylvania corporation affiliated with Assignor.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, for good and valuable consideration, and intending to be legally bound hereby, Assignor and Assignee agree as follows:

1. Assignment. Effective February 7, 2006, Assignor hereby assigns each and every employment agreement between Assignor and each Physician to Assignee, and Assignee agrees to accept such assignment as the employer of each Physician and fulfill all terms, conditions, obligations, and responsibilities to each

E:\RBT\Assignment Agreements\W3PNAssignment2.doc

WPAHS-001694

Physician in accordance with the employment agreement between each Physician and Assignor. This Assignment also provides Assignee with all rights and benefits of Assignor pursuant to each Physician employment agreement including, but not limited to all rights and benefits pursuant to Article 9-Loyalty and Non-Competition and Article 10-Confidential Information.

2. Non-derogation of Assignors' Responsibilities. Assignor shall continue to be fully responsible for the fulfillment of all terms and conditions pursuant to each Physician employment agreement on a joint and several basis with Assignee.

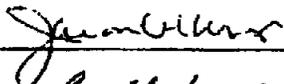
3. Continuation of Clinical Practice. It is the intent of Assignor and Assignee that the clinical practice of Assignor and each Physician as existed prior to February 7, 2006, and pursuant to each Physician employment agreement shall continue in substantially the same manner subsequent to February 7, 2006.

IN WITNESS THEREOF, the parties have set their hands and seals to this Agreement the day and year first above written.

WITNESS

THE WESTERN PENNSYLVANIA
HOSPITAL

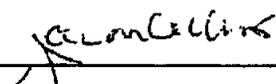


By: 
Title: President & CEO

WITNESS

WEST PENN PHYSICIAN PRACTICE
NETWORK



By: 
Title: President & CEO

RESOLUTION OF THE
BOARD OF DIRECTORS
OF
WEST PENN PHYSICIAN PRACTICE NETWORK

September 18, 2007

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors of the West Penn Physician Practice Network, a not-for-profit corporation organized under the laws of the Commonwealth of Pennsylvania, hereby adopts the following resolution set forth below:

Election of Directors

NOW, THEREFORE, BE IT RESOLVED, that the following persons are hereby recommended to the Member for election as Directors of the Corporation to serve in accordance with the Bylaws of the Corporation until his or her respective successor is duly elected and takes office.

W. Keith Smith
Edward M. Klamann
Augustine Lopez
Sherry Zisk
David Burstin
Gerd D. Mueller
Roger E. Wright
Emanuel DiNatale
Philip F. Caushaj, M.D. (Physician Director)
Christopher A. Troianos, M.D. (Physician Director)
Elliott Goldberg, M.D. (Physician Director)
Gregorio Delgado, M.D. (Physician Director)

Officers

NOW, THEREFORE, BE IT RESOLVED, the following persons are hereby recommended to the Member for election to the respective offices of the Corporation indicated below, each to serve in such office in accordance with the Bylaws and until his or her successor is duly elected and takes office.

<u>Office</u>	<u>Name</u>
Chair	W. Keith Smith
President/Chief Executive Officer	Edward M. Klamman
Vice President	Steve Brown
Vice President	Barry S. Zaiser
Secretary	Robert B. Templin, Jr.
Treasurer	Augustine Lopez

Operating Committee

RESOLVED, that the persons named below are hereby appointed as members of the Operating Committee of the Corporation, each to serve on the Operating Committee in accordance with the Bylaws and until his or her successor is duly appointed and qualified:

<u>Hospital Management Representatives</u>	<u>Department Representatives</u>
Augustine Lopez	Christopher A. Troianos, M.D.
Steve Brown	Philip F. Caushaj, M.D.
Robert B. Templin, Jr.	Gregorio Delgado, M.D.
Barry S. Zaiser	Elliott Goldberg, M.D.

RESOLVED, that the chairperson of the Operating Committee shall be nominated by the members of the Operating Committee and approved by the Board of Directors.

Departmental Operating Subcommittees

RESOLVED, that the persons named below are hereby appointed as chairpersons of the respective Department Operating Subcommittees of the Corporation indicated below, each to serve in such position in accordance with the Bylaws and until his or her successor is duly appointed and qualified:

<u>Departmental Operating Subcommittee</u>	<u>Chairperson</u>
Surgery Dept. Operating Subcommittee M.D.	Philip F. Caushaj,

Medicine Dept. Operating Subcommittee
Anesthesia Dept. Operating Subcommittee
Troianos, M.D.
Ob/Gyn Dept. Operating Subcommittee
M.D.

Elliott Goldberg, M.D.
Christopher A.
Gregorio Delgado,

Bylaws

RESOLVED, that the Bylaws of the Corporation attached to this Resolution have been reviewed by the Board and no amendments to the Bylaws of the Corporation are proposed to the Member of the Corporation.

Charity Care Policy

RESOLVED, that the Charity Care Policy attached hereto is hereby adopted as the Charity Care Policy of the Corporation, to which each Director and officer of the Corporation shall be bound.

Other Business

RESOLVED, that any officer of the Corporation be, and he or she hereby is, authorized, empowered and directed, in the name and on behalf of the Corporation and under its corporate seal where required, to take such action, execute such documents, and do such other acts and things as they or he or she may determine to be necessary or convenient to carry out the purposes and intent of the foregoing resolutions.

Account Assistance Program

Guideline #: revised 021207 - 1 V7

PFS - PATIENT FINANCIAL SERVICES

Initials: DM

Purpose

The West Penn Allegheny Health System (WPAHS) is committed to providing medical services to patients regardless of their ability to pay. Patients who do not have the means to pay or are considered medically indigent may be considered for Charity Care, under the WPAHS Account Assistance Program (AAP). The Charity Care Policy will serve to:

- Satisfy that part of WPAHS' charitable mission;
- Expedite reduction of non-reimbursable receivables;
- Formalize/solidify the charity write off approval and reporting process;
- Afford accordance with related issues regarding tax exempt status; and,
- Appropriately classify charity versus bad debt

II. Applicability

This guideline applies to WPAHS and all of its subsidiary organizations.

III. Statement of Guideline

It is the intent of WPAHS to provide uncompensated medical services, free of charge, to those patients who demonstrate an inability to pay and not an unwillingness to pay. Patient/guarantor liability is reduced or eliminated based on verification of patient's income/asset and medical expense, either through review of completed Account Assistance Application or through formal validation of patients inability to pay, including, but not limited to: affidavits, bankruptcy notices, legal documentation with details confirming patients inability to pay (based on research and other means) and estate exhaustion confirmation, where income information fits WPAHS criteria.

IV. Definitions

"Charity Care" - is defined as, when charges for services provided to patients (WPAHS hospital and employed physician) who qualify within the WPAHS charity care income/asset/expense criteria are adjusted, either in part or in full to charity care.

"Pure Self Pay" - is defined as balances where no third party payer exists.

V. Procedures

A. Criteria for Qualification

1. A patient must be a citizen of the United States of America as of the date the application is submitted. International patients or illegal aliens may qualify if they may qualify for Medicaid under special regulations when qualified by Medical Assistance.
2. For inpatient services and outpatient surgeries only, the patient must have applied for and complied with all other outside assistance programs, or provided evidence with financial information that coverage would not be granted, before becoming eligible for Charity Care. Similarly, patients who fail to submit a complete Account Assistance Application or fail to return the application including supporting documentation within 30 days may be denied due to failure to comply.

3. Coverage by Charity Care is limited to basic medical care. Charity Care will not provide coverage for office type dental services or cosmetic admissions or procedures that follow separate established payment guidelines. Charity care will also not be available to a patient that refuses discharge and incur additional charges that are considered medically unnecessary by their insurance company.
4. Charity Care will not apply to services that are covered by an insurance carrier that has denied services due to litigation, lack of cooperation from the patient or erroneous information from the patient. Charity care will also not apply to patients who refuse to use insurance options available to them or have not exhausted all avenues of insurance payment (ex: Medicare lifetime reserve days).
5. A patient's inability to pay may be determined at any time during the continuum of an account (i.e., from pre-admission prior to bad debt placement, with some exceptions.)
6. An approved application will cover applicable services provided within 90 days of the approval that is granted from the date of the application. Initial applications may also cover the previous 90 day period. An application and supporting documentation must be completed after the 90 day expiration of a prior 90 day program, as a patient's circumstances may change from time to time.
7. Charity Care discounts apply to patient liability amounts only. Approved amounts may be a result of:
 - a. Patient does not have Medical Assistance or adequate insurance coverage.
 - b. Patient has exhausted their insurance benefits (exceeded maximum covered days or, for Medicare, lifetime reserve days.)
 - c. Patient has a primary insurance carrier who has rendered payment but a secondary liability exists for which there is no coverage (for applicable balances to be considered following the 'balances after insurance \$1,000 or greater.)
 - d. Patient is considered medically indigent due to the amount of medical debt incurred within the WPAHS system in consideration to the patients financial circumstance.
 - e. Deceased patient estate partial or no payment due to exhaust of funds available to resolve patient balance.
 - f. Patient has provided formal bankruptcy judgement impacting dates services were provided, and, the income/asset information would otherwise qualify the patient under the WPAHS charity guideline.
 - g. Patient is 'homeless' or whose proven residence is with a homeless shelter.
 - h. Patient has provided a formal affidavit documentation regarding income/asset information and/or homeless status that would otherwise qualify the patient under the WPAHS charity guideline.
 - i. Charity Care discounts will not apply to those amounts remaining as a result of discounting or any other case of voluntary forgiveness of debt.
 - j. Charity Care discounts will not apply to Medical Assistance co-pay amounts.

2006 REVISED POVERTY

Household Size	Income*
1	\$10,210
2	\$13,690
3	\$17,170
4	\$20,650
5	\$24,130
6	\$27,610
7	\$31,090
8	\$34,570
9	\$38,050
10	\$41,530

**Special Note: Separate calculation examples of partial charity care discounts is attached. (Attachment B)

Charity Care Guideline
Page 3
2/2007

B. Procedure for Application

Require completed application (reference Attachment A - Account Assistance Application). For exceptions, "Hardship" documentation may be required (i.e., cases with excessive medications, terminal illness or multiple hospitalizations.)

1. If the income falls between 100-200% of the Federal Poverty Guidelines, all patient liability balances, regardless of insured or uninsured, will be forgiven at 100%, also, patients proven as homeless also are considered at the 100% rate. Patient's gross household income for the current and previous year may not exceed two (2) times the Poverty Income Guidelines published annually in the Federal Register by the U.S. Department of Health and Human Services (most current year's data will be mainly considered.) See the below chart for current guidelines as of March 25, 2006. For 100% Charity Care discount, using the following:

ALLOWABLE INCOME RANGE 100-200%		
Household Size	From - To	Income*
1	\$10,210	\$20,420
2	\$13,690	\$27,380
3	\$17,170	\$34,340
4	\$20,650	\$41,300
5	\$24,130	\$48,260
6	\$27,610	\$55,220
7	\$31,090	\$62,180
8	\$34,570	\$69,140
9	\$38,050	\$76,100
10	\$41,530	\$83,060

*Based upon two (2) times the current poverty guidelines.

For households with more than ten members, add \$3,260 for each additional member.

NOTE: Applications with assets are subject to management approval on a case by case basis (see item F below.)

2. For any "Pure Self Pay" aggregate balance or for balance after insurance equal to or greater

than \$1,000, apply 70% Charity Care discount utilizing 200 - 300% of the Federal Poverty Guideline:

ALLOWABLE INCOME RANGE 200-300%		
Household Size	From - To	Income*
1	\$20,420	\$30,830
2	\$27,380	\$41,070
3	\$34,340	\$51,510
4	\$41,300	\$61,950
5	\$48,260	\$72,390
6	\$55,220	\$82,830
7	\$62,180	\$93,270
8	\$69,140	\$103,710
9	\$76,100	\$114,150
10	\$83,060	\$124,590

Charity Care Guideline
Page 4
2/2007

3. For any "Pure Self Pay" aggregate balance or for balance after Insurance equal to or greater than \$1,000, apply 60% Charity Care discount utilizing 300 - 400% of the Federal Poverty Guideline

ALLOWABLE INCOME RANGE 300-400%		
Household Size	From - To	Income*
1	\$30,830	\$40,840
2	\$41,070	\$54,780
3	\$51,510	\$68,680
4	\$61,950	\$82,800
5	\$72,390	\$96,520
6	\$82,830	\$110,440
7	\$93,270	\$124,360
8	\$103,710	\$138,280
9	\$114,150	\$152,200
10	\$124,590	\$166,120

4. For any aggregate balances after patient's Insurance (primary and/or secondary payments), equal to or greater than \$1,000, the above qualifications apply. *Exceptions may be made where out of pocket expense is equal to or greater than \$5,000 and the insurance coverage/payment is 20% or less of total charges. Other than the exceptions, for aggregate balances less than \$1,000 after insurance payment, the Charity Care Program may not be applicable, however prompt pay discount may apply.
5. Any accounts that qualify for partial charity care discount will not be considered for any other discount (prompt pay), however, patient may utilize payment plan schedules based on balance to repay balance owed after charity care discount.
6. Individual cases related to asset to debt ratio's may be considered for partial charity care discounts in the settlement process. Such consideration will be done on a case by case basis with approval for discount after payment and application completion, by the V.P. of PFS or potential other administrative approval as deemed necessary. Up to one half or fifty percent (50%) of the known asset value may be used for payment on accounts and may be considered

as payment in full with the remaining balance being discounted under charity care. Asset consideration may include those assets above living means or considered beyond living necessity.

C. Supporting Documentation Required

Supporting documentation for qualification will consist of income and asset information for the majority of cases, inclusive but not limited to:

1. Federal Income Tax Form 1040 or other Federal Form(s) used to report taxes due from up to two years, with explanation of drastic income changes.
2. Pay stub copies (from prior quarter.)
3. Written verification of any other income received (i.e., Alimony, Child Support, Disability Compensation, Pensions, Rental Income, Self Employment Income Verification (Profit and Loss statement for last three (3) months), Social Security, Unemployment Compensation, VA Benefits, Workmen's Compensation), may be requested as part of the consideration process.
4. Bankruptcy notices which impact dates of services being considered and with income/asset information that would otherwise qualify under WPAHS charity guideline.
5. Formal affidavit information that supports patients income/asset information that would otherwise qualify under WPAHS charity care guideline.
6. Proof of homelessness or residence at a homeless shelter.

Charity Care Guideline

Page 5
2/2007

D. Considerations and Administration of Charity

1. Request for charity care discount of approved amounts must be submitted to appropriate management levels for write-off approvals. Patients will be notified, in writing, whether they have been approved or denied for coverage under the Charity Care Program (See Attachments C and D.)
2. To act in the best interest of West Penn Allegheny Health System in accordance with code of ethics, as well as ensure maximum compliance regarding conflict of interest, employees and management take responsibility for pro-actively communicating to their immediate supervisors (next level of management) when applicants are fellow employees, relatives and/or friends of the individuals responsible for application review and approval. It is expected that in such situations, applications will be approved by other management, including VP level individuals when necessary.
3. Separate hospital transaction codes will be used to track charity care discount amounts. (Medicare Charity Care approvals should be discounted via the specific code for Medicare only.) In addition to the Medicare Charity Care adjustment code, three other descriptive write off codes will be used based on the type of write off to identify the type of write off, e.g., 100% write off, 70% write off and 60% write off codes.
4. Incomplete Account Assistance applications will be followed-up by the Self Pay Team Leader or designee via phone or letter request (See Attachment E) to expedite application consideration. Approval letter (See Attachment C) will be sent upon review and approval.

VI. RESPONSIBILITIES

Applications for coverage under the Account Assistance Program, with complete accompanying documentation, will be submitted to and reviewed/approved by the Self Pay Collections Management, or designee. Cases where the adjustment exceeds exceeding the following amounts or those requiring exception due to hardship must be reviewed and approved as follows:

Charity Care Management Approvals					
	AGH \$ Sub Campus	AKMC	CGH	FRH	WPH
A/R Team Leader	Up-to \$25,000	Up-to \$20,000	Up-to \$10,000	Up-to \$10,000	Up-to \$25,000
A/R Manager	\$25,001 -			\$10,001 -	\$25,001 -

Charity Care Management Approvals					
	\$50,000			\$25,000	\$50,000
AVR Director	\$50,001 - \$100,000	\$20,001 - \$50,000	\$10,001 - \$50,000	\$25,001 - \$50,000	\$50,001 - \$100,000
DOF/PFS VP	\$100,001 - \$150,000	\$50,001 - \$100,000	\$50,001 - \$100,000	\$50,001 - \$100,000	\$100,001 - \$150,000
CEO/PFS VP	>\$150,000	>\$100,000	>\$100,000	>\$100,000	>\$150,000

- E. Additionally, approved applications (for AGH, FRH, SGH and WPH) will be provided to ASPN and AMPN and forwarded to the appropriate contact of each respective organization.

David A. Samuel
Senior Vice President & CFO

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Attachment B

Partial Charity Care Discounts
60% Charity Care Discount = Uninsured Any Balance
Balance After Insurance = or greater than \$1,000
(200-300% Above Federal Poverty Level Income)

PATIENT BALANCE	CALCULATION
Uninsured Patient Balance = \$900.00	Patient Balance = \$900.00 60% Charity Care Discount - \$540.00 Balance Due = \$360.00 (Patient balance X .60 = 60% Charity Care Discount Amount) \$900 X .60 = \$540.00 **Patient can access HELP loan to pay balance. NO OTHER DISCOUNTS AVAILABLE ON BALANCE.
Patient Balance After Insurance: \$1,500	Patient Balance After Insurance = \$1,500 60% Charity Care Discount = -\$ 900 Balance Due = \$ 600 (Patient balance X .60 = 60% Charity Care Discount Amount) \$1,500 X 60 = \$900 **Patient can access HELP loan to pay balance. NO OTHER DISCOUNTS AVAILABLE ON BALANCE.
Patient Balance After Insurance: \$876	No partial charity care discount available.

Partial Charity Care Discounts
70% Charity Care Discount = Uninsured Any Balance
Balance After Insurance = or greater than \$1,000
(300-400% Above Federal Poverty Level Income)

PATIENT BALANCE	CALCULATION
Uninsured Patient Balance = \$2000	Patient Balance = \$2,000 70% Charity Care Discount - \$1,400

PATIENT BALANCE	CALCULATION
	<p>Balance Due = \$ 600</p> <p>(Patient balance X .70 = 70% Charity Care Discount Amount) \$900 X.70 = \$1,400</p> <p>**Patient can access HELP loan to pay balance.</p> <p>NO OTHER DISCOUNTS AVAILABLE ON BALANCE.</p>
Patient Balance After Insurance: \$1,200	<p>Patient Balance After Insurance = \$1,200</p> <p>60% Charity Care Discount = -\$ 840</p> <p>Balance Due = \$ 360</p> <p>(Patient balance X .70 = 70% Charity Care Discount Amount) \$1,500 X.70 = \$840</p> <p>**Patient can access HELP loan to pay balance.</p> <p>NO OTHER DISCOUNTS AVAILABLE ON BALANCE.</p>
Patient Balance After Insurance: \$876	No partial charity care discount available.

West Penn Allegheny Health System
Charity Care Under the Account Assistance Program

- The WPAHS Charity Care Program exists to provide partially or fully uncompensated medical services to patients in financial 'need.' Charity Care is offered to patients who demonstrate, through completion of an Account Assistance Application, an inability to pay and not, an unwillingness to pay.
 - ❑ Patients who may be eligible for Medical Assistance, or other insurance coverage, e.g., Adult Basic, are expected to enroll and are assisted with the application process. Patients should exhaust all insurance coverage opportunities prior to applying for Charity Care.
 - ❑ Applicable to WPAHS facilities and employed physician corporations.
 - ❑ Available through completion and timely submission of the Account Assistance Application including required supporting documentation to validate income, asset and medical indigence.
 - ◆ Patient/Family cooperation is required during the application submission and review process.
 - ◆ Application renewal may be required on services rendered outside of application periods (generally 90 day coverage period.)
 - ❑ Available to citizens of the United States of America with some provisions for international patients who might otherwise qualify for state coverage.
 - ❑ Applicable generally on urgent and emergent medical services.
 - ◆ Cosmetic, office type dental and other services where separate established payment guidelines and balances exist, may not be applicable.
 - ❑ Application review process is standardized, and involves management oversight.

- The provision of Charity Care is considered on hospital and employed physician accounts to those patients whose income/assets and/or medical indigence (or a combination of) meet the criteria set forth by WPAHS Charity Care guidelines.

- Charity Care adjustments apply to patient liability amounts only and may be a result of, but, not limited to
 - ❑ Uninsured, underinsured, and patients not eligible for Medical Assistance benefits;
 - ❑ Balance after insurance where out of pocket expense is \$1,000 or greater;
 - ❑ Medical debt incurred within the system qualifies the patient under medical indigence;
 - ◆ Excessive medications, terminal illness and/or multiple hospitalizations.
 - ❑ Estate exhaustion/insolvency; and,
 - ❑ Homelessness status.

- Full or 100% Charity Care adjustments are available to patients whose household income falls at or below 200% of the Federal Poverty Guidelines, regardless of insurance coverage and meet asset review.

ALLOWABLE INCOME LIMIT -200%	
Household Size	Income
1	\$20,420
2	\$27,380
3	\$34,340
4	\$41,300
5	\$48,260
6	\$55,220
7	\$62,180
8	\$69,140
9	\$76,100
10	\$83,060

- Patients with household incomes below 100% Federal Poverty Guidelines are assisted and encouraged to apply for Medical Assistance benefits.
- Partial (60% and greater) Charity Care adjustments are available to patients whose household income falls between 200-400% of the Federal Poverty Guidelines. Some restrictions related to insurance status and balance may be applicable as well as asset review.

ALLOWABLE INCOME LIMIT - 400%	
Household Size	Income
1	\$40,840
2	\$54,760
3	\$68,680
4	\$82,600
5	\$96,520
6	\$110,440
7	\$124,360
8	\$138,280
9	\$152,200
10	\$166,120

- Case by case review based on asset to debt ratios may be considered for either partial or full (100%) charity care adjustment.
- Patients who are interested in speaking with Customer Service Representatives regarding their account balances or, who may have further questions regarding West Penn Allegheny Health System's Account Assistance Program should contact the following:
 - Allegheny General and Suburban Campus and West Penn and Forbes Campus Hospitals:
 Customer Service Department: 1-800-547-0540
 Days and Hours of Operation: Monday thru Friday, 8:30am to 4:30pm
 - Alle-Kiski Medical Center
 Customer Service Department: 724-226-7054
 Days and Hours of Operation: Monday thru Thursday, 6am to 4pm
 Friday, 6am to 2pm
 - Canonsburg General Hospital
 Customer Service Department: 724-746-6311
 Days and Hours of Operation: Monday thru Friday, 8:30am to 4pm

Subject: Charity Care Policy
Patient Financial Assistance Program
(PFAP)

Guidelines:

Initials:

PFS - PATIENT FINANCIAL SERVICES

I. Preemption

This Policy rescinds any previous publications with regard to this subject.

II. Purpose

The West Penn Allegheny Health System (WPAHS) is committed to providing medical services to patients regardless of their ability to pay. Patients who do not have the means to pay and who meet the guidelines for qualification may request to be considered under the WPAHS Charity Care Program (PFAP). The Charity Care Policy will serve to:

- Satisfy that part of WPAHS' charitable mission;
- Expedite reduction of non-reimbursable receivables;
- Formalize/solidify the charity write off approval and reporting process;
- Afford accordance with related issues regarding tax exempt status; and,
- Appropriately classify charity versus bad debt

III. Applicability

This Policy applies to WPAHS and all of its subsidiary organizations.

IV. Statement of Policy

It is the intent of WPAHS to provide uncompensated medical services, free of charge, or on a discounted basis, to those patients who demonstrate an inability to pay and not an unwillingness to pay.

V. Definitions

"Charity Care" - is defined as the difference between the charges of both the technical and, in some cases, professional services rendered at a WPAHS facility and payment received by the hospital and/or physician for those services rendered. In other words, the Charity Care adjustment amount is for the amount due and owing to the hospital and/or physician by the patient.

"Medical Services" - defined as medically necessary services required when a physician within the WPAHS system determines that care is required.

VI. Procedures

A. Criteria for Qualification

1. A patient must be a citizen of the United States of America. International patients or illegal aliens do not qualify as they do not qualify for Medicaid.
2. For inpatient services and outpatient surgeries only, the patient must have applied to and complied with all other outside assistance programs before becoming eligible for Charity Care. Patients that are non-compliant or uncooperative in attempting to obtain other

assistance will be denied assistance through Charity Care. Similarly, patients who fail to submit a complete PFAP application or return all required support documentation within 30 days will be denied due to failure to comply.

3. Coverage by Charity Care is limited to basic medical care* [*Charity Care will not provide coverage for any dental services, elective admissions or procedures, physician services, prescriptions, or personal items (i.e., phone, television and guest trays.)]
4. Charity Care will not apply to services that are covered by an insurance carrier who has denied services due to litigation, lack of cooperation from the patient or erroneous information from the patient.
5. Patients with Medicare coverage are excluded from qualification under Charity Care such that alternative reimbursement is available for bad debts through the cost reporting process.
6. A patient's inability to pay may be determined at any time during the continuum of an account (i.e., from pre-admission to bad debt placement.)
7. An approved application will cover applicable services provided within the following six (6) month period. Initial applications may also cover the previous six (6) month period. An application and supporting documentation must be completed every six (6) months as a patient's circumstances may change from time to time.
8. Charity Care adjustments apply to patient liability amounts only. Approved amounts may be a result of:
 - a) Patient does not have governmental or private insurance coverage.
 - b) Patient has exhausted their insurance benefits (exceeded maximum covered days or, for Medicare, lifetime reserve days.)
 - c) Patient has primary insurance carrier who has rendered payment but a secondary liability exists for which there is no coverage.
 - d) Charity Care adjustments will not apply to those amounts remaining as a result of discounting or any other case of voluntary forgiveness of debt (i.e., friends of the hospital, benefactors, politicians, and/or community leaders.)

B. Procedure for Application

1. Application

- a) Require completed application (reference Attachment A).
- b) Patient's gross income for the current and/or previous year may not exceed two (2) times the Poverty Income Guidelines published annually in the Federal Register by the U.S. Department of Health and Human Resources. For exceptions, "Hardship" documentation may be required (i.e., cases with excessive medications, terminal illness or multiple hospitalizations.) See the attached chart for current guidelines as of April 16, 2001.

2. Supporting Documentation Required

Supporting documentation for qualification will consist of income only information for the majority of cases, inclusive but not limited to:

- a) Federal Income Tax Form 1040 or other Federal Form(s) used to report taxes due from the last two years.
- b) Pay stub copies (from prior four (4) pay periods.)

- c) Written verification of any other income received (i.e., Alimony, Child Support, Disability Compensation, Pensions, Rental Income, Self Employment Income Verification (Profit and Loss statement for last three (3) months), Social Security, Unemployment Compensation, VA Benefits, Workmen's Compensation.)
- d) Require completed "Assessment Form" (see Attachment B.) The additional information provided on this form will allow a more in-depth review of questionable or borderline approvals, hardship cases and large balances.
- e) Request for write-off of approved amounts must be submitted to the Manager, Self Pay Collections for final approval. Patients will be notified, in writing, whether they have been approved or denied for coverage under the Charity Care Program (See Attachments C and D.)
- f) Separate hospital transaction codes will be used to track independent write-off amounts.

VII. RESPONSIBILITIES

Applications for coverage under the PFAP Program, with complete accompanying documentation, will be submitted to and reviewed/approved by the Manager, Self Pay Collections, or his/her designee. Cases exceeding the following amounts or those requiring exception due to hardship must be reviewed and approved as follows:

> \$10,000	Manager, Patient Finance
> \$25,000	Director, Patient Finance
> \$50,000	Vice President, Patient Finance

Additionally, approved applications (for AGH and FRH only) should be copied for ASPN and AMPN and forwarded to the manager of follow up for each respective organization.

David A. Samuel
Senior Vice President & CFO

- [D Our Medical Societies](#)
- [D Find A Physician](#)
- [D Health Topics A-Z](#)
- [D Classes and Events](#)

Patient Information

[Making an Appointment](#)

[Patient Care Services](#)

[Insurance Coverage](#)

[Calendar of Events](#)

[About the Region](#)

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[Useful Telephone Numbers](#)

Additional Information For:

[Wellness and Disease Prevention](#)

[Volunteers](#)

[Journalists](#)

[Students](#)

[D About Us](#)

[D Careers](#)

[D Find a Hospital](#)

- [Allegheny General](#)
- [AGH Suburban Campus](#)
- [Alle-Kisk: Medical Center](#)
- [Canonsburg General](#)
- [West Penn](#)
- [West Penn - Forbes Regional Campus](#)
- [Forbes Hospice](#)

Care for the Uninsured

West Penn Allegheny Health System *Care for the Uninsured*

As a fundamental part of its mission, West Penn Allegheny Health System (WPAHS) is committed to providing treatment to anyone who turns to it for needed care, regardless of their ability to pay.

In this context, the System and its hospitals recognize the challenges faced by the increasing numbers of uninsured patients in the region.

To assist these patients, WPAHS has in place programs and policies to ease the financial burdens for the uninsured.

Should you have any questions regarding our policies and payment plans, please contact a Customer Service Representative at the hospital related to your care. Their numbers and hours of operation are located in the information found on the links listed on this page.

For more information, please click on the following:

[Uninsured Discount Summary](#)

[Charity Care Under the Account Assistance Program](#)

[Click here for Medical Assistance Checklist](#)

[Click here for Account Assistance Application](#)

Patient Financial Responsibility brochure

- [English version](#)
- [Italian version](#)
- [Mandarin version](#)
- [Russian version](#)
- [Somali version](#)
- [Spanish version](#)

West Penn Allegheny Health System
Uninsured Discount Summary

- Uninsured discount is calculated as 50% of 'total charges' on any hospital account balance.
- Uninsured population are considered patients who have no insurance coverage.
 - Terminated coverage either due to job termination or uninsured periods during insurance transition.
 - Employed patients who may be in a 'waiting/grace' period for insurance.
 - Insured patients where coverage has exhausted. Examples:
 - ❖ Therapies (physical, pain, psyche) where the annual allotted volume has been used, but, additional services are still needed but, not covered and full charges are being billed.
 - ❖ Non covered services, where the medical insurance does not cover certain types of services, e.g., psyche services, emergency, pain clinic, routine screenings.
 - ❖ Non-covered services, where the condition is considered pre-existing and fully denied by current insurance.
- Uninsured discount is published on patient statements and pre-calculated listing total charges and discounted amounts to be paid by the patient. The discount is listed on each of the patient statements sent.
- Uninsured discounts are not considered on the following services: cosmetic surgeries, pre-negotiated services where formal letters of agreement exist, grant funded accounts.
- Professional services provided by private or corporate physician/physician groups, outside of hospital services, may offer discounts to the uninsured. Patients must contact those physician offices specifically, to determine their discount policies.
- Patients who are interested in speaking with Customer Service Representatives regarding their account balances or, who may have further questions regarding West Penn Allegheny Health System's Payment Plan policy should contact the following:
 - Allegheny General and Suburban Campus and West Penn and Forbes Campus Hospitals:
Customer Service Department: 1-800-547-0540
Days and Hours of Operation: Monday thru Friday, 8:30am to 4:30pm
 - Alle-Kiski Medical Center
Customer Service Department: 724-226-7054
Days and Hours of Operation: Monday thru Thursday, 6am to 4pm
Friday, 6am to 2pm
 - Canonsburg General Hospital
Customer Service Department: 724-746-6311
Days and Hours of Operation: Monday thru Friday, 8:30am to 4pm

West Penn Allegheny Health System
Charity Care Under the Account Assistance Program

- The WPAHS Charity Care Program exists to provide partially or fully uncompensated medical services to patients in financial 'need.' Charity Care is offered to patients who demonstrate, through completion of an Account Assistance Application, an inability to pay and not, an unwillingness to pay.
 - ❑ Patients who may be eligible for Medical Assistance, or other insurance coverage, e.g., Adult Basic, are expected to enroll and are assisted with the application process. Patients should exhaust all insurance coverage opportunities prior to applying for Charity Care.
 - ❑ Applicable to WPAHS facilities and employed physician corporations.
 - ❑ Available through completion and timely submission of the Account Assistance Application including required supporting documentation to validate income, asset and medical indigence.
 - ❖ Patient/Family cooperation is required during the application submission and review process.
 - ❖ Application renewal may be required on services rendered outside of application periods (generally 90 day coverage period.)
 - ❑ Available to citizens of the United States of America with some provisions for international patients who might otherwise qualify for state coverage.
 - ❑ Applicable generally on urgent and emergent medical services.
 - ❖ Cosmetic, office type dental and other services where separate established payment guidelines and balances exist, may not be applicable.
 - ❑ Application review process is standardized, and involves management oversight.

- The provision of Charity Care is considered on hospital and employed physician accounts to those patients whose income/assets and/or medical indigence (or a combination of) meet the criteria set forth by WPAHS Charity Care guidelines.

- Charity Care adjustments apply to patient liability amounts only and may be a result of, but, not limited to
 - ❑ Uninsured, underinsured, and patients not eligible for Medical Assistance benefits;
 - ❑ Balance after insurance where out of pocket expense is \$1,000 or greater;
 - ❑ Medical debt incurred within the system qualifies the patient under medical indigence;
 - ❖ Excessive medications, terminal illness and/or multiple hospitalizations.
 - ❑ Estate exhaustion/insolvency; and,
 - ❑ Homelessness status.

- Full or 100% Charity Care adjustments are available to patients whose household income falls at or below 200% of the Federal Poverty Guidelines, regardless of insurance coverage and meet asset review.

ALLOWABLE INCOME LIMIT -200%	
Household Size	Income
1	\$20,420
2	\$27,380
3	\$34,340
4	\$41,300
5	\$48,260
6	\$55,220
7	\$62,180
8	\$69,140
9	\$76,100
10	\$83,060

- Patients with household incomes below 100% Federal Poverty Guidelines are assisted and encouraged to apply for Medical Assistance benefits.
- Partial (60% and greater) Charity Care adjustments are available to patients whose household income falls between 200-400% of the Federal Poverty Guidelines. Some restrictions related to insurance status and balance may be applicable as well as asset review.

ALLOWABLE INCOME LIMIT - 400%	
Household Size	Income
1	\$40,840
2	\$54,760
3	\$68,680
4	\$82,600
5	\$96,520
6	\$110,440
7	\$124,360
8	\$138,280
9	\$152,200
10	\$166,120

➤ Case by case review based on asset to debt ratios may be considered for either partial or full (100%) charity care adjustment.

- Patients who are interested in speaking with Customer Service Representatives regarding their account balances or, who may have further questions regarding West Penn Allegheny Health System's Account Assistance Program should contact the following:

- ❑ Allegheny General and Suburban Campus and West Penn and Forbes Campus Hospitals:
Customer Service Department: 1-800-547-0540
Days and Hours of Operation: Monday thru Friday, 8:30am to 4:30pm
- ❑ Alle-Kiski Medical Center
Customer Service Department: 724-226-7054
Days and Hours of Operation: Monday thru Thursday, 6am to 4pm
Friday, 6am to 2pm
- ❑ Canonsburg General Hospital
Customer Service Department: 724-746-6311
Days and Hours of Operation: Monday thru Friday, 8:30am to 4pm

West Penn Allegheny Health System Medical Assistance Informational Sheet

At the West Penn Allegheny Health System, we understand that unexpected medical expenses may create a financial burden for you, our patient. We want you to know that help may be available to you. If you feel that you cannot afford to pay for the services you are receiving, we ask that you take the following steps as quickly as possible to ensure coverage consideration. Please follow the 3 steps outlined below to apply:

First Contact the County Assistance Office for the county you live in and apply for Medical Assistance. You may qualify for assistance even if you own your own home and car and are working. You will be asked to supply information regarding your current income, employment, and assets such as savings accounts and insurance policies.

To apply for Medical Assistance on line:

<https://www.humanservices.state.pa.us/COMPASS/EGM/ASP/SC001>

On-Line Directory: <http://www.dpw.state.pa.us/General/AboutDPW/DEW/Organization/OIM/003670281.htm>

COUNTY	ADDRESS/PHONE	ZIP CODE AREAS
Allegheny County/Three Rivers Office	400 Stanwix Street, Room 900 Pittsburgh, PA 15222 Phone: 412-565-7755	15005, 15202, 15212, 15214, 15233, 15003, 15006, 15007, 15015, 15044, 15056, 15086, 15090, 15091, 15101, 15127, 15143, 15147, 15201, 15229, 15233, 15235, 15237, 16059
Alle-Kiski District Westmoreland County & North Eastern Allegheny County	909 Industrial Boulevard New Kensington, PA 15068 Phone: 1-800-622-3527 or Phone: 724-339-6800	15014, 15024, 15030, 15032, 15049, 15051, 15065, 15068, 15075, 15076, 15084, 15139, 15144, 15238
Armstrong County	1280 North Water Street Kittanning, PA 16201 Phone: 724-543-1651	All Armstrong County Zip Codes
Beaver County	171 Virginia Avenue Rochester, PA 15074-0349 Phone: 724-773-7859	15001, 15009, 15010, 15027, 15042, 15043, 15050, 15052, 15059, 15061, 15066, 15074, 15077, 15081
Butler County	108 Woody Drive Pullman Square Shopping Cnt Butler, PA 16001-1590 Phone: 1-866-256-0093	16059 and all other Butler County Zip Codes
Fayette County	41 West Church Street Uniontown, PA 15401 Phone: 1-877-832-7645	
Greene County	100 Greene Plaza Waynesburg, PA 15370 Phone: 1-888-410-5658	
Greater Pittsburgh Office	5947 Penn Avenue Pittsburgh, PA 15206 (Entrance on Highland Ave at Kirkwood) Phone: 412-645-7336	15203, 15221, 15239, 15146, 15206, 15208, 15224, 15232
Liberty District	610 Wood Street Pittsburgh, PA 15222 Phone: 412-565-5088	15102, 15104, 15116, 15129, 15207, 15209, 15213, 15215, 15217, 15218, 15219, 15222, 15223, 15228, 15230, 15241
South East District	220 Sixth Street McKeesport, PA 15132 Phone: 412-664-5218	15012, 15018, 15020, 15025, 15028, 15034, 15035, 15037, 15045, 15047, 15063, 15085, 15088, 15089, 15110, 15112, 15120, 15122, 15130, 15131, 15132, 15133, 15134, 15135, 15137, 15140, 15145, 15148
Southern District	300 Liberty Avenue Pittsburgh, PA 15222 Phone 412-565-2285	15017, 15026, 15031, 15046, 15057, 15064, 15071, 15082, 15106, 15108, 15126, 15136, 15142, 15204, 15205, 15216, 15220, 15225, 15226, 15234, 15243, 15244, 15332
Washington Cty - Canonsburg, Bentleyville, Marianna, Cokeburg, Eighty Four, Houston, Joffre Centerville Boro.	PO Box 5004 Washington, PA 15301-1154 Phone: 1-800-835-9720	15012, 15019, 15021, 15022, 15033, 15036, 15053, 15054, 15055, 15060, 15067, 15078, 15301, 15311, 15312, 15313, 15314, 15232, 15324, 15330, 15331, 15333, 15336, 15317

The Washington-Westmoreland CAO	595 Galliffa Drive (in the Industrial Park) Donora PA 724-379-1500	Charleroi, Donora, Elco, Long Branch Dunlevy, New Eagle, Monogahela, Stockdale.
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Second In order to apply for Medical Assistance, you will need copies of the documents listed on the M.A. Documents Checklist below .

M/A Document Checklist - Please provide the information below.

Social Security Card/s: needed for each member of the household

Proof of Identity (please provide ONE of the following)

- License
- Voter Registration
- Work ID badge
- Us Passport
- State ID card
- School ID card
- Military ID card
- Current report card

Proof of Residence (please provide (please provide ONE of the following)

- Rent receipt or lease
- Mortgage book or coupon
- Letter with name, address and amount paid from management or person providing shelter

Proof of Income (please provide ONE of the following)

- Pay stubs
- Other documents that detail income

Proof of Eligibility or Ineligibility for Insurance/Benefits

- Letter from employer

Proof of Assets

Proof of Citizenship or Alien Status (please provide ONE of the following)

- Birth Certificate
- Voter registration card
- INS I-94, INS I-151 or I-551
- Baptismal record
- US passport
- Naturalization certificate
- Alien registration card

Proof of Employment Termination

- Statement from physician
- Employer name, address, phone

Third Once you have received the determination from the County Assistance Office, you must contact Customer Service for your facility:

- *Allegheny General & Suburban Campus, Forbes Regional and West Penn Hospitals: 1-800-547-0540
- *Alle-Kiskl Medical Center: 724-226-7064
- *Canonsburg General Hospital: 724-746-6311

*If you are denied coverage because of your income, we will discuss our Account Assistance program with you at this time.

WEST PENN PHYSICIAN PRACTICE NETWORK
IRS FORM 1023
Application for Recognition of Exempt Status

WPAHS-001717

Form 1023 Checklist

(Revised June 2006)

Application for Recognition of Exemption under Section 501(c)(3) of the Internal Revenue Code

Note. Retain a copy of the completed Form 1023 in your permanent records. Refer to the General Instructions regarding Public Inspection of approved applications.

Check each box to finish your application (Form 1023). Send this completed Checklist with your filled-in application. If you have not answered all the items below, your application may be returned to you as incomplete.

- Assemble the application and materials in this order:
 - Form 1023 Checklist
 - Form 2848, *Power of Attorney and Declaration of Representative* (if filing)
 - Form 8821, *Tax Information Authorization* (if filing)
 - Expedite request (if requesting)
 - Application (Form 1023 and Schedules A through H, as required)
 - Articles of organization
 - Amendments to articles of organization in chronological order
 - Bylaws or other rules of operation and amendments
 - Documentation of nondiscriminatory policy for schools, as required by Schedule B
 - Form 5768, *Election/Revocation of Election by an Eligible Section 501(c)(3) Organization To Make Expenditures To Influence Legislation* (if filing)
 - All other attachments, including explanations, financial data, and printed materials or publications. Label each page with name and EIN.

- User fee payment placed in envelope on top of checklist. DO NOT STAPLE or otherwise attach your check or money order to your application. Instead, just place it in the envelope.

- Employer Identification Number (EIN)

- Completed Parts I through XI of the application, including any requested information and any required Schedules A through H.
 - You must provide specific details about your past, present, and planned activities.
 - Generalizations or failure to answer questions in the Form 1023 application will prevent us from recognizing you as tax exempt.
 - Describe your purposes and proposed activities in specific easily understood terms.
 - Financial information should correspond with proposed activities.

- Schedules. Submit only those schedules that apply to you and check either "Yes" or "No" below.

Schedule A	Yes ___ No <u>x</u>	Schedule E	Yes ___ No <u>x</u>
Schedule B	Yes ___ No <u>x</u>	Schedule F	Yes ___ No <u>x</u>
Schedule C	Yes <u>x</u> No ___	Schedule G	Yes <u>x</u> No ___
Schedule D	Yes ___ No <u>x</u>	Schedule H	Yes ___ No <u>x</u>

- An exact copy of your complete articles of organization (creating document). Absence of the proper purpose and dissolution clauses is the number one reason for delays in the issuance of determination letters.
- Location of Purpose Clause from Part III, line 1 (Page, Article and Paragraph Number) Exhibit IV, Pg 1, 4th Art.
 - Location of Dissolution Clause from Part III, line 2b or 2c (Page, Article and Paragraph Number) or by operation of state law Exhibit IV, Page 2, 12th Article
- Signature of an officer, director, trustee, or other official who is authorized to sign the application.
- Signature at Part XI of Form 1023.
- Your name on the application must be the same as your legal name as it appears in your articles of organization.

Send completed Form 1023, user fee payment, and all other required information, to:

Internal Revenue Service
P.O. Box 192
Covington, KY 41012-0192

If you are using express mail or a delivery service, send Form 1023, user fee payment, and attachments to:

Internal Revenue Service
201 West Rivercenter Blvd.
Attn: Extracting Stop 312
Covington, KY 41011

**WEST PENN ALLEGHENY HEALTH SYSTEM, INC.
ACCOUNT ASSISTANCE APPLICATION**

The information you provide in this form will enable the WPAHS to determine your ability to pay for the medical services that have been or will be provided to you. It will also be used to determine your eligibility for assistance with the payment of your account from WPAHS. The information you provide will be kept confidential and will only be shared with WPAHS employees, agents or business associates in connection with the determination of your ability to pay for the charges, a determination of your eligibility for account assistance and for the purpose of securing payment for the services provided.

FACILITY: _____ **DATE (app provided):** _____

A. PATIENT AND HOUSEHOLD INFORMATION

PATIENT NAME: _____ **BIRTH DATE:** ___/___/___
(first, last, middle initial)

PATIENT NUMBER: _____ **SS#:** _____

Address: _____ **Day Time Phone:** () _____
_____ **Cell Phone:** () _____
_____ **Night Phone:** () _____

Employed: Yes ___ No ___

Employer Name: _____ **Employer Phone:** () _____
Address: _____ **Position:** _____

Gross Monthly Wages: \$ _____ **Other Monthly Income:** \$ _____
(Please provide copy of last 3 months pay stubs) **Source** _____

Marital Status: Married ___ Single ___ Divorced ___ Separated ___ Widowed ___

Spouse/Guarantor Name: _____ **Home Ph:** () _____

Address: _____ **Employed:** Yes ___ No ___

Employer Name: _____ **Ph:** () _____

Address: _____ **Position:** _____

Gross Monthly Wages: \$ _____ **Other Monthly Income:** \$ _____
(Please provide copy of last 3 months pay stubs)

Total Household Monthly Income: \$ _____
("Income" includes wages, alimony, child or spousal support, social security, veterans or other disability payments, workers compensation, unemployment compensation, rental income, income from self-employment and pension or retirement income.) Please provide copies of any documents showing the amount and frequency of payment of other income. Self-employed persons must show profit and loss for prior three months.

Total Number of dependents including self: _____

Do you own a business? Yes ___ No ___ **Name & Address:** _____

B. ASSETS

Monthly Mortgage: \$ _____ Monthly Rent: \$ _____

Assessed Value of your home? _____ Amount Still owing? _____

Do you own or have interest in other real estate? Yes _____ No _____

If yes, please provide:

Property Address: _____ Co-owners: _____

Assessed Value: \$ _____ Amount of Mortgage Owed: \$ _____
(if additional space is needed, please include on back of page.)

Make, model and year of car(s): _____

**Checking, Saving or Other Accounts: Please attach supporting documentation.
(Including: IRA, 401 k, Certificates of Deposit, Mutual Funds, and Money Market)**

Type	Name of Bank/ Financial Institution	Account Number	Current Balance
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____

Do you own stocks, bonds or any other investment? Yes _____ No _____

If yes: Type: _____ Value: _____
 Type: _____ Value: _____
 Type: _____ Value: _____
 Type: _____ Value: _____

C. LIABILITIES

Monthly Expenses:

Mortgage (or rent, if applicable): \$ _____
Utilities \$ _____
Auto Payments \$ _____
Insurance \$ _____
Child or Spousal Support \$ _____
Credit Card Payments \$ _____
College Tuition \$ _____
Medication/Health Care Supplies \$ _____
Other Health Care Bills within our System \$ _____
(incurred at AGH, AKMC, CGH, FRH, WPH or SGH or physicians within our system)
Other (please list) \$ _____
\$ _____
\$ _____

D. TAX INFORMATION

Please include last 2 years of complete tax information (1040 forms and any other supporting documentation).

E. OTHER INFORMATION

Have you applied for Medical Assistance? Yes _____ No _____ Date: _____
(If yes, please provide copies of application and of determination)

Are you a citizen of the United States? Yes _____ No _____

If no, do you have an application for citizenship pending? Yes _____ No _____

Does your employer offer health insurance coverage? Yes _____ No _____
**If yes, why didn't you purchase coverage? _____

Are you able to purchase insurance now? _____ If so, when? _____

If you recently separated from your employer within the last 60 days, did you elect COBRA benefits? _____

*If yes, please contact Customer Service immediately in order to provide your information.

*If no, please contact your employer to obtain written documentation regarding COBRA eligibility and contact Customer Service immediately with this information, we may be able to assist you.

Did you have health insurance at the time of your treatment? Yes _____ No _____

If yes, please provide insurance company name and ID number:

Company name

I.D. Number

Group Number

Effective Date:

F. AUTHORIZATION AND VERIFICATION

I, _____, hereby verify that the information provided for in this form is true and correct to the best of my knowledge, information and belief. I authorize the West Penn Allegheny Health System to make any investigation necessary to verify my eligibility for financial assistance with my account including credit rating inquiry when necessary. I understand that falsification of this information may result in a denial of any request for assistance and my being solely responsible for the full charges for the services provided to me and may also affect my eligibility for future financial assistance. I further understand that my eligibility for financial assistance from the hospital may be re-evaluated for each subsequent hospital service. If the assistance is in the form of a payment arrangement, I understand that failure to make the required payment may result in termination of the payment arrangement and in my responsibility for the immediate payment of the account balance.

Date: _____

Patient or Patient Representative Signature

Name of Representative

Relationship to the Patient

PLEASE RETURN THIS FORM AND THE DOCUMENTS REQUESTED TO THE FINANCIAL COUNSELOR IMMEDIATELY. ANY CHANGES IN YOUR FINANCIAL SITUATION SHOULD BE REPORTED AS THEY MAY AFFECT YOUR ELIGIBILITY. After your eligibility is determined, you will be advised as to the type of assistance that is available to you.

You may also mail this completed application with attachments to:

For Allegheny General Hospital & Suburban Campus and West Penn Hospital & Forbes Regional Campus applications to:

**Patient Financial Services
Two Allegheny Center, 13th
PGH, PA 15212
Attn: Linda Buckner, Team Leader**

For CGH applications to:

**Patient Financial Services
100 Medical Blvd
Canonsburg, PA 15317
Attn: Credit Department**

For AKMC applications to:

**Patient Financial Services
1301 Carlisle Street
Natrona Heights, PA 15065-9989
Attn: Credit Department**

G. PAYMENT ARRANGEMENT FORM

(Monthly payment arrangement, please complete this section)

Hospital Account #: _____ Account Balance/s: \$ _____

Dates of Service: _____ Proposed Payment: \$ _____

Number of Payments: \$ _____ *(Please note: Interest free payments may not extend beyond six (6) months for total or combined account balances less than \$450.00 or twelve (12) months for balances greater than \$900.00 from the date of the approval of the request for monthly payments. The minimum monthly payment must be \$75.00 or more if balance is greater than \$900 or 1/12th of the amount due).*

Do you want to use your credit card to pay the balance due? Yes _____ No _____

If yes: Card: MC _____ VISA _____ Discover _____ American Express _____

Card #: _____ Expiration: ____/____/____

Authorization to Charge Card in the amount of \$ _____

Signature of Cardholder Date

A Payment Installment Letter will be sent to you or someone will contact you upon receipt of this information to review and confirm your monthly payment agreement.

If you are interested in paying on-line via internet access our website at: wpaahs.org

For further assistance please call our Customer Service Areas:

***Allegheny General Hospital, Suburban Campus, West Penn Hospital and Forbes Regional Campus
1-800-547-0540***

***Alle-Kiski Medical Center
724-226-7054***

***Canonsburg General Hospital
724-746-6311***

Internal Use Only

This page to be used by the A/R Department to set up installments in the patient account, Cash Applications to post the payments listed and Optical Imaging into the patient's electronic folder.

**West Penn Allegheny Health System
Charity Care Policy**

The Western Pennsylvania Hospital communicates the WPAHS Charity Care and Uninsured Discount Policy to all individuals who are potentially eligible for such benefits. The hospital maintains brochures at every registration site (including the Forbes Regional campus) that details the options available to financially challenged patients. These brochures are available to all individuals. Our financial counselors work with the patient to ensure that each individual will receive the optimum amount of Charity Care or Uninsured Discount that is available to him/her. Attached is a copy of the brochure that can easily be obtained at the registration site or at our online home page.

For information on other programs that can help you pay medical bills, please contact the following:

MEDICARE: www.medicare.gov or 1-800-MEDICARE

PENNSYLVANIA MEDICAL ASSISTANCE PROGRAM:
<http://www.dpw.state.pa.us/omap/omaprecmain.asp>
1-717-787-1870

PENNSYLVANIA INSURANCE DEPARTMENT:
www.insurance.state.pa.us/html/chip/html
adultBasic: 1-800-GO-BASIC
Children's Health Insurance Program (CHIP):
1-800-986-KIDS

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES:
<http://www.wvdhhr.org/bms/> or CHIP: 1-800-449-8466

OHIO SENIOR HEALTH INSURANCE INFORMATION PROGRAM:
<http://www.ohioinsurance.gov/ConsumServ/ConServIndex.asp?Menu=2> or 1-800-686-1578

CHECK UP ON HEALTH INSURANCE CHOICES:
<http://www.ahrq.gov/consumer/insuranc.htm>

ALLEGHENY GENERAL HOSPITAL
ALLEGHENY GENERAL HOSPITAL –
SUBURBAN CAMPUS
ALLE-KISKI MEDICAL CENTER
CANONSBURG GENERAL HOSPITAL
THE WESTERN PENNSYLVANIA HOSPITAL
THE WESTERN PENNSYLVANIA HOSPITAL –
FORBES REGIONAL CAMPUS

PATIENT FINANCIAL RESPONSIBILITY

IMPORTANT INFORMATION ABOUT:

- **WHAT TO DO IF YOU'RE UNINSURED**
 - **PAYMENT PLANS**
 - **HOSPITAL EXPENSE LOAN PROGRAM**
 - **MEDICAL ASSISTANCE**
-





While West Penn Allegheny Health System (WPAHS) expects patients to pay their medical bills, we offer a variety of options and payment plans.

If you are uninsured or have coverage that requires you to meet large deductibles or co-payments, please pay special attention to the following payment procedures.

WEST PENN ALLEGHENY HEALTH SYSTEM ACCOUNT ASSISTANCE PROGRAM

- WPAHS accepts cash, personal checks, and cashier's checks.
- Bills may also be paid by credit card. All WPAHS hospitals accept Visa, Mastercard, Discover and American Express. Using a credit card provides you with the opportunity to benefit from rewards offered by your credit card company.
- On-line bill payment is available at several WPAHS hospitals. Please call your hospital's customer service department for more information on this option.

- Payment plans are available to patients with bills greater than \$75. To make payment arrangements, please contact the customer service number on the back of this brochure. Balances less than \$75 must be paid upon receipt of billing.
- Hospital Expense Loan Program (HELP) loans are available to qualifying patients with bills between \$125 and \$10,000. HELP provides personal, interest-bearing loans for paying hospital bills that have not gone to a collection agency. HELP loans may be repaid over one to five years at a 9.5% interest rate.
- Medical Assistance programs offered by state governments may help you pay your bills and qualify for medical insurance or prescription drug coverage that will help pay for future health care. Pennsylvania's adult Basic insurance program provides benefits including preventive care, emergency services, accident coverage, Women Infants and Children (WIC) benefits, maternity care, and medical care to residents ages 19 to 64 who have no other health coverage and a family income that meets state requirements. Other states offer similar programs that may be helpful to you.
- The WPAHS Account Assistance Program provides discounts to uninsured patients. Other discounts may be available to patients who meet specific income guidelines and complete an Account Assistance Application.

More detailed information on WPAHS' payment policies and options is available on our website at http://www.wpahs.org/patients/patients/insurance_coverage.html or by calling the customer service numbers on the back of this brochure.

THE WESTERN PENNSYLVANIA HOSPITAL

West Penn Campus and Forbes Regional Campus

MEDICAL STAFF COMPOSITION AND QUALIFICATION CRITERIA

June 19, 2007

The Western Pennsylvania Hospital makes the determination to have an open medical staff or to restrict the medical staff privileges to limited group of physicians on a service by service basis.

The qualifications, conditions and responsibilities for applying for initial appointment or reappointment to the Medical Staff for physicians, dentists, podiatrists and psychologists is documented in the Medical Staff Bylaws, Credentialing Policy, Article 2.

MEDICAL STAFF DEVELOPMENT PLAN RECOMMENDATIONS

Department of Anesthesiology

It is recommended that the Department of Anesthesiology be limited to employed physicians, subject to a limited exception for two already credentialed physicians providing pain management services at the Forbes Regional Campus.

Department of Cardiothoracic and Vascular Surgery

It is recommended that the Department of Cardiothoracic and Vascular Surgery be open.

Department of Emergency Medicine

It is recommended that the Department of Emergency Medicine be limited to the Hospital employees at the West Penn Campus and the Hospital's exclusive agreement with Emergency Medicine Physicians of Allegheny County at the Forbes Regional Campus.

Department of Family Medicine

It is recommended that the Department of Family Medicine be open.

Department of Medicine

It is recommended that the Department of Medicine be open.

Department of Medicine, Division of Allergy/Immunology

It is recommended that the Division of Allergy/Immunology be open.

Department of Medicine, Division of Cardiology

It is recommended that the Division of Cardiology be open.

Department of Medicine, Division of Critical Care Medicine

It is recommended that the Division of Critical Care Medicine be limited to employed physicians, subject to specific exceptions for cardiology and surgery.

Department of Medicine, Division of Dermatology

It is recommended that the Division of Dermatology be open.

Department of Medicine, Division of Endocrinology

It is recommended that the Division of Endocrinology be open.

Department of Medicine, Division of Gastroenterology

It is recommended that the Division of Gastroenterology be open.

Department of Medicine, Division of Hematology/Oncology

It is recommended that the Division of Hematology/Oncology be open.

Department of Medicine, Division of Infectious Diseases

It is recommended that the Division of Infectious Diseases be open.

Department of Medicine, Division of Internal Medicine

It is recommended that the Division of Internal Medicine be open.

Department of Medicine, Division of Geriatrics

It is recommended that the Division of Geriatrics be open.

Department of Medicine, Division of Nephrology

It is recommended that the Division of Nephrology be open.

Department of Medicine, Division of Neurology

It is recommended that the Division of Neurology be open.

Department of Medicine, Division of Physical Medicine

It is recommended that the Division of Physical Medicine be open.

Department of Medicine, Division of Pulmonary Medicine

It is recommended that the Division of Pulmonary Medicine be open.

Department of Medicine, Division of Rheumatology

It is recommended that the Division of Rheumatology be open.

Department of Obstetrics and Gynecology

It is recommended that the Department of Obstetrics and Gynecology be open.

Department of Obstetrics and Gynecology, Division of Maternal Fetal Medicine

It is recommended that the Division of Maternal Fetal Medicine be open.

Department of Obstetrics and Gynecology, Division of Gynecologic Oncology

It is recommended that the Division of Gynecologic Oncology be open.

Department of Obstetrics and Gynecology, Division of Reproductive Endocrinology

It is recommended that the Division of Reproductive Endocrinology be open.

Department of Obstetrics and Gynecology, Division of Reproductive Genetics

It is recommended that the Division of Reproductive Genetics be open.

Department of Obstetrics and Gynecology, Division of Urogynecology

It is recommended that the Division of Urogynecology be open.

Department of Pathology

It is recommended that the Department of Pathology be limited to employed physicians at both the West Penn and Forbes Regional Campuses.

Department of Pediatrics

It is recommended that the Department of Pediatrics be open.

Department of Psychiatry

It is recommended that the Department of Psychiatry be open.

Department of Radiology

It is recommended that the Department of Radiology be limited to exclusive contracts with Radiology Associates of Western Pennsylvania at the West Penn Campus and Almer Radiologists at the Forbes Regional Campus.

Department of Radiation Oncology

It is recommended that the Department of Radiation Oncology be limited to exclusive contracts with West Penn Radiation Oncology Associates at the West Penn Campus and Allegheny General Radiation Oncologists at the Forbes Regional Campus, subject to an exception allowing the Chair of the Department to practice at either campus regardless of which group the Chair is a member.

Department of Surgery

It is recommended that the Department of Surgery be open.

Department of Surgery, Division of Colorectal Surgery

It is recommended that the Division of Colorectal Surgery be open.

Department of Surgery, Division of General Surgery

It is recommended that the Division of General Surgery be open.

Department of Surgery, Division of Ophthalmology

It is recommended that the Division of Ophthalmology be open.

Department of Surgery, Division of Oral/Maxillofacial Surgery

It is recommended that the Division of Oral/Maxillofacial Surgery be open.

Department of Surgery, Division of Orthopedics

It is recommended that the Division of Orthopedics be open.

Department of Surgery, Division of Otolaryngology

It is recommended that the Division of Otolaryngology be open.

Department of Surgery, Division of Neurosurgery

It is recommended that the Division of Neurosurgery be open.

Department of Surgery, Division of General Pediatric Surgery

It is recommended that the Division of General Pediatric Surgery be open.

Department of Surgery, Division of Plastic and Reconstructive Surgery

It is recommended that the Division of Plastic and Reconstructive Surgery be open.

Department of Surgery, Division of Foot and Ankle Surgery

It is recommended that the Division of Foot and Ankle Surgery be open.

Department of Surgery, Division of Urology

It is recommended that the Division of Urology be open.

O
P
I

May 12, 1936

IT:ERR
HVR

The Western Pennsylvania Hospital
Pittsburgh, Pennsylvania

Sirs:

Reference is made to the evidence submitted by you for use in determining your status for the purpose of Federal income taxation.

The evidence discloses that you were incorporated by an Act of the General Assembly of the Commonwealth of Pennsylvania, approved March 18, 1848, P.L. 248, "for the purpose of establishing, maintaining and managing a hospital for the reception and care of the insane and afflicted as well as the sick, infirm and helpless." Under the powers conferred by the act by which you were incorporated two institutions were developed, namely, a hospital for the insane and a general medical and surgical hospital. In 1907 by decree of the Court of Common Pleas No. 2 of Allegheny County, Pennsylvania, the two institutions were separated, your corporation continuing the name of The Western Pennsylvania Hospital. Your purpose as set forth in the decree referred to is the maintenance of a public hospital for the reception and care of the sick and persons needing surgical treatment.

It appears further that you maintain and operate a general hospital and training school for nurses; that you accept nonpay patients; that your income is derived from donations, bequests, endowment and trust funds, patients, appropriations from the Commonwealth of Pennsylvania, and miscellaneous sources; that your income is used for maintenance and operating expenses; and that none of your income inures to the benefit of any private shareholder or individual.

Based upon the facts presented it is held that you are entitled to exemption under the provisions of section 101(6) of the Revenue Act of 1934 and the corresponding provisions of prior revenue acts. You are not, therefore, required to file returns for 1935 and prior years, and future returns will not be required so long as there is no change in your organization, your purposes or method of operation.

Act 101(b) of the Revenue Act of 1934 was the predecessor of Section 501(c)(3) of the Internal Revenue Code.

WPAHS-001733

The Western Pennsylvania Hospital.

Any changes in your form of organization or method of operation, as shown by the evidence submitted, must be immediately reported to the collector of internal revenue for your district, in order that the effect of such changes upon your present exempt status may be determined.

The exemption granted in this letter does not apply to taxes levied under other titles or provisions of the respective revenue acts, except insofar as exemption is granted expressly under those provisions to organizations enumerated in section 101 of the Revenue Act of 1934 and the corresponding provisions of prior revenue acts.

Contributions to your organization by individual donors are deductible by such individuals in arriving at their taxable net income in the manner and to the extent provided by section 23(o) of the Revenue Act of 1934 and the corresponding provisions of prior revenue acts. The deductibility of contributions by corporations is governed by sections 102 and 107 of the Revenue Act of 1935.

It is also held that you are exempt from the payment of the excise tax imposed by section 901 of the Social Security Act, approved August 14, 1935, inasmuch as you come within the exception provided in section 907(c)(7) of that Act.

A copy of this letter is being transmitted to the collector of internal revenue for your district.

By direction of the Commissioner.

Respectfully,

(Signed Chas T. Russell

Deputy Commissioner.

HVH/mcf-1

Exhibit XVI
WEST PENN ALLEGHENY HEALTH SYSTEM
COMPENSATION PRACTICES

WPAHS has developed a process to use in determining and approving all forms of compensation for its employees and independent contractors. The process is applicable to all entities in the system including the Western Pennsylvania Hospital and Forbes Health Foundation. This process varies when addressing executive compensation, non-executive compensation, and physicians. The following details the process used in determining and approving compensation for executives, non-executives, and physicians.

The WPAHS Compensation Committee, composed exclusively of Trustees, reviews and approves executive compensation annually, including base salary, incentive pay and benefits. The Compensation Committee has engaged the services of a national consulting firm to assess the reasonableness of our executive compensation, as well as independent annual reviews of published third party executive compensation surveys. Our target is to have our executive base salary hit the 55th percentile nationally for hospitals of similar size and stature, our total cash outlay to hit the 75th percentile nationally for hospitals of similar size and stature, and our benefit programs to hit the 50th percentile nationally for hospitals of similar size and stature.

Human Resources is responsible for the compensation packages of non-executives. Market salary data from reputable third party compensation surveys are used to assign staff positions to a salary range. The midpoint of this range corresponds with our target of the 55th percentile off the relevant market. The relevant market is based on the market in which the hospital recruits and may be national, regional, or local, depending upon the qualifications, experience, and job performance. Individuals covered under a collective bargaining agreement receive wages according to the terms of the agreement. Incentive pay is generally not available to non-executives. The market target for benefit programs available to all employees is the median of the local hospital market.

With regard to physicians, published surveys (such as MGMA) are utilized to help determine the appropriate and reasonable compensation levels. The compensation arrangements for physicians are approved by the relevant clinical department chair, hospital vice-president, and the chief executive officer of each hospital.

It should be noted that, in all instances, all possible steps are taken to ensure that an employee's total compensation is reasonable and supported by comparable data.

All WPAHS entities have adopted the WPAHS Conflicts of Interest Policy. Our policy defines conflicts of interest on the part of an employee, officer, or director. In addition, it requires disclosure of financial interests which may give rise to such conflicts of interest, and provides for determination and resolution of such conflicts of interest. The Compensation Committee and Human Resources are responsible for the identification of potential conflicts of interest at the outset of their process. If any potential conflicts are identified the process of determining if it is a conflict of interest is undertaken. If it is a conflict of interest, the conflicted members remove themselves from votes and/or discussion.

Exhibit XVI
WEST PENN ALLEGHENY HEALTH SYSTEM
COMPENSATION STUDIES

The Compensation Committee of the System Board of Trustees reviews and approves executive compensation annually, including base salary, incentive pay and benefits. Proprietary third-party survey data (such as Mercer Integrated Health Network Survey) is considered annually in determining competitiveness. Periodically, the services of an independent human resource consultant are engaged to evaluate the reasonableness and competitiveness of executive compensation. This was done most recently during 2005, when the Compensation Committee engaged Mercer HR Consulting for this purpose. Attached you will find Mercer's opinion letter establishing the refutable presumption of reasonableness regarding the determination of executive compensation, which should suffice in establishing the appropriateness of our process and results.

**The Western Pennsylvania Hospital
Board List
Current**

<u>Community Member</u>	<u>Directors:</u>	<u>Member Executive Committee</u>
Yes	David Burstin, Chair	Yes
Yes	Agnes J. Brose	
Yes	Emanuel V. DiNatale	Yes
Yes	John D. Finnegan, Esq.	
Yes	Evan S. Frazier	
	Alejandro R. Gonzalez, M.D.	
	Bradley Heppner, M.D.	
Yes	Mark S. Kamlet, Ph.D.	
	Alan Lantzy, M.D.	
Yes	Gerald E. McGinnis	
Yes	Gerd D. Mueller	
	Thomas Rosvanis, M.D.	
Yes	Keith Schappert	
Yes	Sandra L. Usher	
Yes	Carol A. Word	
Yes	Robert Wratcher	
Yes	Roger E. Wright	Yes
	<u>Ex officio:</u>	
	Mark Palmer	Yes
Yes	David L. McClenahan (Chair, WPAHS board)	
	Mark A. Rubino, M.D.	Yes
	Jerry J. Fedele (CEO, WPAHS board)	

Total Community Board Ratio: 14 community /21 total

Total Community Executive Committee Ratio: 3 community/5 total

Document Divider

Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code

OMB No. 1545-0056
 Note: If exempt status is approved, this application will be open for public inspection.

Read the instructions for each Part carefully.

A User Fee must be attached to this application.

If the required information and appropriate documents are not submitted along with Form 8718 (with payment of the appropriate user fee), the application may be returned to you.

Complete the Procedural Checklist on page 8 of the instructions.

Part I Identification of Applicant

1a Full name of organization (as shown in organizing document) WEST PENN ALLEGHENY ONCOLOGY NETWORK (D/B/A MEDICAL CENTER CLINIC)		2 Employer identification number (EIN) (If none, see page 3 of the Specific Instructions.) 11-3683376	
1b c/o Name (if applicable) JERRY FEDELE		3 Name and telephone number of person to be contacted if additional information is needed 267 256-1863 FRANK GIARDINI 267 256-1632 CYNTHIA LEON ()	
1c Address (number and street) 4800 FRIENDSHIP AVENUE	Room/Suite	4 Month the annual accounting period ends JUNE	
1d City, town, or post office, state, and ZIP + 4. If you have a foreign address, see Specific Instructions for Part I, page 3. PITTSBURGH, PA 15224		5 Date incorporated or formed 3/17/2003	
1e Web site address		6 Check here if applying under section: a <input type="checkbox"/> 501(e) b <input type="checkbox"/> 501(f) c <input type="checkbox"/> 501(k) d <input type="checkbox"/> 501(n)	
7 Did the organization previously apply for recognition of exemption under this Code section or under any other section of the Code? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," attach an explanation.			
8 Is the organization required to file Form 990 (or Form 990-EZ)? <input type="checkbox"/> N/A <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach an explanation (see page 3 of the Specific Instructions).			
9 Has the organization filed Federal income tax returns or exempt organization information returns? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," state the form numbers, years filed, and Internal Revenue office where filed.			

FORM 990 - FYE 6/30/03 - FILED 5/15/04 WITH OGDEN, UT

10 Check the box for the type of organization. ATTACH A CONFORMED COPY OF THE CORRESPONDING ORGANIZING DOCUMENTS TO THE APPLICATION BEFORE MAILING. (See Specific Instructions for Part I, Line 10, on page 3.) See also Pub. 557 for examples of organizational documents.)

a Corporation- Attach a copy of the Articles of Incorporation (including amendments and restatements) showing approval by the appropriate state official; also include a copy of the bylaws. (EXHIBIT I & II)

b Trust- Attach a copy of the Trust Indenture or Agreement, including all appropriate signatures and dates.

c Association- Attach a copy of the Articles of Association, Constitution, or other creating document, with a declaration (see instructions) or other evidence the organization was formed by adoption of the document by more than one person; also include a copy of the bylaws.

If the organization is a corporation or an unincorporated association that has not yet adopted bylaws, check here

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and that I have examined this application, including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete

Please Sign Here _____
 (Signature) (Type or print name and title or authority of signer) (Date)

For Paperwork Reduction Act Notice, see page 7 of the instructions.

Part II Activities and Operational Information

- 1 Provide a detailed narrative description of all the activities of the organization - past, present, and planned. Do not merely refer to or repeat the language in the organizational document. List each activity separately in the order of importance based on the relative time and other resources devoted to the activity. Indicate the percentage of time for each activity. Each description should include, as a minimum, the following: (a) a detailed description of the activity including its purpose and how each activity furthers your exempt purpose; (b) when the activity was or will be initiated; and (c) where and by whom the activity will be conducted.

SEE STATEMENT #1

- 2 What are or will be the organization's sources of financial support? List in order of size.
SEE STATEMENT #2

- 3 Describe the organization's fundraising program, both actual and planned, and explain to what extent it has been put into effect. Include details of fundraising activities such as selective mailings, formation of fundraising committees, use of volunteers or professional fundraisers, etc. Attach representative copies of solicitations for financial support.
SEE STATEMENT #3

Part II Activities and Operational Information (Continued)

4 Give the following information about the organization's governing body:

a Names, addresses, and titles of officers, directors, trustees, etc.
SEE STATEMENT #4

b Annual compensation

c Do any of the above persons serve as members of the governing body by reason of being public officials or being appointed by public officials? Yes No
If "Yes," name those persons and explain the basis of their selection or appointment.

d Are any members of the organization's governing body "disqualified persons" with respect to the organization (other than by reason of being a member of the governing body) or do any of the members have either a business or family relationship with "disqualified persons"? (See Specific Instructions for Part II, Line 4d, on page 3.) Yes No
If "Yes," explain.

5 Does the organization control or is it controlled by any other organization? Yes No
Is the organization the outgrowth of (or successor to) another organization, or does it have a special relationship with another organization by reason of interlocking directorates or other factors? Yes No
If either of these questions is answered "Yes," explain.
SEE STATEMENT #5

6 Does or will the organization directly or indirectly engage in any of the following transactions with any political organization or other exempt organization (other than a 501(c)(3) organization): (a) grants; (b) purchases or sales of assets; (c) rental of facilities or equipment; (d) loans or loan guarantees; (e) reimbursement arrangements; (f) performance of services, membership, or fundraising solicitations; or (g) sharing of facilities, equipment, mailing lists or other assets, or paid employees? Yes No
If "Yes," explain fully and identify the other organizations involved.

7 Is the organization financially accountable to any other organization? Yes No
If "Yes," explain and identify the other organization. Include details concerning accountability or attach copies of reports if any have been submitted.
SEE STATEMENT #6

Part II Activities and Operational Information (Continued)

8 What assets does the organization have that are used in the performance of its exempt function? (Do not include property producing investment income.) If any assets are not fully operational, explain their status, what additional steps remain to be completed, and when such final steps will be taken. If none, indicate "N/A."

SEE STATEMENT #7

9 Will the organization be the beneficiary of tax-exempt bond financing within the next 2 years? Yes No

10a Will any of the organization's facilities or operations be managed by another organization or individual under a contractual agreement? Yes No

b Is the organization a party to any leases? Yes No
If either of these questions is answered "Yes," attach a copy of the contracts and explain the relationship between the applicant and the other parties.
SEE STATEMENT #8

11 Is the organization a membership organization? Yes No
If "Yes," complete the following:

a Describe the organization's membership requirements and attach a schedule of membership fees and dues.

b Describe the organization's present and proposed efforts to attract members and attach a copy of any descriptive literature or promotional material used for this purpose.

c What benefits do (or will) the members receive in exchange for their payment of dues?

12a If the organization provides benefits, services, or products, are the recipients required, or will they be required, to pay for them? N/A Yes No
If "Yes," explain how the charges are determined and attach a copy of the current fee schedule.
SEE STATEMENT #9

b Does or will the organization limit its benefits, services, or products to specific individuals or classes of individuals? N/A Yes No
If "Yes," explain how the recipients or beneficiaries are or will be selected.

13 Does or will the organization attempt to influence legislation? Yes No
If "Yes," explain. Also, give an estimate of the percentage of the organization's time and funds that it devotes or plans to devote to this activity.

14 Does or will the organization intervene in any way in political campaigns, including the publication or distribution of statements? Yes No
If "Yes," explain fully.

Part III Technical Requirements

1 Are you filing Form 1023 within 15 months from the end of the month in which your organization was created or formed? Yes No
If you answer "Yes," do not answer questions on lines 2 through 6 below.

2 If one of the exceptions to the 15-month filing requirement shown below applies, check the appropriate box and proceed to question 7.
Exceptions - You are not required to file an exemption application within 15 months if the organization: NOT APPLICABLE

- a Is a church, interchurch organization of local units of a church, a convention or association of churches, or an integrated auxiliary of a church. See Specific Instructions, Line 2a, on page 4;
- b Is not a private foundation and normally has gross receipts of not more than \$5,000 in each tax year; or
- c Is a subordinate organization covered by a group exemption letter, but only if the parent or supervisory organization timely submitted a notice covering the subordinate.

3 If the organization does not meet any of the exceptions on line 2 above, are you filing Form 1023 within 27 months from the end of the month in which the organization was created or formed? Yes No
If "Yes," your organization qualifies under Regulation section 301.9100-2, for an automatic 12-month extension of the 15-month filing requirement. Do not answer questions 4 through 6. NOT APPLICABLE
If "No," answer question 4.

4 If you answer "No" to question 3, does the organization wish to request an extension of time to apply under the "reasonable action and good faith" and the "no prejudice to the interest of the government" requirements of Regulations section 301.9100-3? Yes No
If "Yes," give the reasons for not filing this application within the 27-month period described in question 3. See Specific Instructions, Part III, Line 4, before completing this item. Do not answer questions 5 and 6. NOT APPLICABLE
If "No," answer questions 5 and 6.

5 If you answer "No" to question 4, your organization's qualification as a section 501(c)(3) organization can be recognized only from the date this application is filed. Therefore, do you want us to consider the application as a request for recognition of exemption as a section 501(c)(3) organization from the date the application is received and not retroactively to the date the organization was created or formed? Yes No NOT APPLICABLE

6 If you answer "Yes" to question 5 above and wish to request recognition of section 501(c)(4) status for the period beginning with the date the organization was formed and ending with the date the Form 1023 application was received (the effective date of the organization's section 501(c)(3) status), check here and attach a completed page 1 of Form 1024 to this application. NOT APPLICABLE

Part III Technical Requirements (Continued)

7 Is the organization a private foundation?
 Yes (Answer question 8.)
 No (Answer question 9 and proceed as instructed.)

8 If you answer "Yes" to question 7, does the organization claim to be a private operating foundation?
 Yes (Complete Schedule E.)
 No NOT APPLICABLE

After answering question 8 on this line, go to line 14 on page 7.

9 If you answer "No" to question 7, indicate the public charity classification the organization is requesting by checking the box below that most appropriately applies:

THE ORGANIZATION IS NOT A PRIVATE FOUNDATION BECAUSE IT QUALIFIES:

- a As a church or a convention or association of churches
(CHURCHES MUST COMPLETE SCHEDULE A.) Sections 509(a)(1)
and 170(b)(1)(A)(i)
- b As a school (MUST COMPLETE SCHEDULE B.) Sections 509(a)(1)
and 170(b)(1)(A)(ii)
- c As a hospital or a cooperative hospital service organization, or a
medical research organization operated in conjunction with a
hospital (These organizations, except for hospital service
organizations, MUST COMPLETE SCHEDULE C.) Sections 509(a)(1)
and 170(b)(1)(A)(iii)
- d As a governmental unit described in section 170(c)(1). Sections 509(a)(1)
and 170(b)(1)(A)(v)
- e As being operated solely for the benefit of, or in connection with,
one or more of the organizations described in a through d, g, h, or i
(MUST COMPLETE SCHEDULE D.) Section 509(a)(3)
- f As being organized and operated exclusively for testing for public
safety. Section 509(a)(4)
- g As being operated for the benefit of a college or university that is
owned or operated by a governmental unit. Sections 509(a)(1)
and 170(b)(1)(A)(iv)
- h As receiving a substantial part of its support in the form of
contributions from publicly supported organizations, from a
governmental unit, or from the general public. Sections 509(a)(1)
and 170(b)(1)(A)(vi)
- i As normally receiving not more than one-third of its support from
gross investment income and more than one-third of its support from
contributions, membership fees, and gross receipts from activities
related to its exempt functions (subject to certain exceptions). Section 509(a)(2)
- j The organization is a publicly supported organization but is not sure
whether it meets the public support test of h or i. The
organization would like the IRS to decide the proper classification. Sections 509(a)(1)
and 170(b)(1)(A)(vi)
or Section 509(a)(2)

If you checked one of the boxes a through f in question 9, go to question 14.
If you checked box g in question 9, go to questions 11 and 12.
If you checked box h, i, or j, in question 9, go to question 10.

Part III Technical Requirements (Continued)

10 If you checked box h, i, or j in question 9, has the organization completed a tax year of at least 8 months?
 Yes - Indicate whether you are requesting: **NOT APPLICABLE**
 A definitive ruling. (Answer questions 11 through 14.)
 An advance ruling. (Answer questions 11 and 14 and attach two Forms 872-C completed and signed.)
 No - You must request an advance ruling by completing and signing two Forms 872-C and attaching them to the Form 1023.

11 If the organization received any unusual grants during any of the tax years shown in Part IV-A, Statement of Revenue and Expenses, attach a list for each year showing the name of the contributor; the date and the amount of the grant; and a brief description of the nature of the grant.

NOT APPLICABLE

12 If you are requesting a definitive ruling under section 170(b)(1)(A)(iv) or (vi), check here and:
 a Enter 2% of line 8, column (e), Total, of Part IV-A **NOT APPLICABLE**
 b Attach a list showing the name and amount contributed by each person (other than a governmental unit or "publicly supported" organization) whose total gifts, grants, contributions, etc., were more than the amount entered on line 12a above.

13 If you are requesting a definitive ruling under section 509(a)(2), check here and: **NOT APPLICABLE**
 a For each of the years included on lines 1, 2, and 9 of Part IV-A, attach a list showing the name of and amount received from each "disqualified person." (For a definition of "disqualified person," see Specific Instructions, Part II, Line 4d, on page 3.)
 b For each of the years included on line 9 of Part IV-A, attach a list showing the name of and amount received from each payer (other than a "disqualified person") whose payments to the organization were more than \$5,000. For this purpose, "payer" includes, but is not limited to, any organization described in sections 170(b)(1)(A)(i) through (vi) and any governmental agency or bureau.

14 Indicate if your organization is one of the following. If so, complete the required schedule. (Submit only those schedules that apply to your organization. Do not submit blank schedules.)

	Yes	No	If "Yes," complete Schedule:
Is the organization a church?		X	A
Is the organization, or any part of it, a school?		X	B
Is the organization, or any part of it, a hospital or medical research organization?		X	C
Is the organization a section 509(a)(3) supporting organization?	X		D
Is the organization a private operating foundation?		X	E
Is the organization, or any part of it, a home for the aged or handicapped?		X	F
Is the organization, or any part of it, a child care organization?		X	G
Does the organization provide or administer any scholarship benefits, student aid, etc.?		X	H
Has the organization taken over, or will it take over, the facilities of a "for profit" institution?		X	I

Part IV Financial Data PREPARED ON ACCRUAL BASIS

Complete the financial statements for the current year and for each of the 3 years immediately before it. If in existence less than 4 years, complete the statements for each year in existence. If in existence less than 1 year, also provide proposed budgets for the 2 years following the current year.

A. Statement of Revenue and Expenses

	Current tax year	3 prior tax years or proposed budget for 2 years			(e) TOTAL
	(a) From 3/17/03 to 6/30/03	(b) 7/1/03 to 6/30/04	(c) 7/1/04 to 6/30/05	(d) 7/1/05 to 6/30/06	
Revenue					
1 Gifts, grants, and contributions received (not including unusual grants - see page 6 of the instructions)	0				
2 Membership fees received					
3 Gross investment income (see instructions for definition)					
4 Net income from organization's unrelated business activities not included on line 3					
5 Tax revenues levied for and either paid to or spent on behalf of the organization					
6 Value of services or facilities furnished by a governmental unit to the organization without charge (not including the value of services or facilities generally furnished the public without charge)					
7 Other income (not including gain or loss from sale of capital assets) (attach schedule)					
8 Total (add lines 1 through 7)					
9 Gross receipts from admissions, sales of merchandise or services, or furnishing of facilities in any activity that is not an unrelated business within the meaning of section 513. Include related cost of sales on line 22.	SEE STATEMENT 10				
10 Total (add lines 8 and 9)					
11 Gain or loss from sale of capital assets (attach schedule)					
12 Unusual grants					
13 Total revenue (add lines 10 through 12)	SEE STATEMENT 10				
Expenses					
14 Fundraising expenses					
15 Contributions, gifts, grants, and similar amounts paid (attach schedule)					
16 Disbursements to or for benefit of members (attach schedule)					
17 Compensation of officers, directors, and trustees (attach schedule)					
18 Other salaries and wages	SEE STATEMENT 10				
19 Interest	SEE STATEMENT 10				
20 Occupancy (rent, utilities, etc.)	SEE STATEMENT 10				
21 Depreciation and depletion	SEE STATEMENT 10				
22 Other (attach schedule)	SEE STATEMENT 10 & 11				
23 Total expenses (add lines 14 through 22)	SEE STATEMENT 10				
24 Excess of revenue over expenses (line 13 minus line 23)	SEE STATEMENT 10				

Part IV

Financial Data (Continued)

SEE STATEMENT 12

B. Balance Sheet (at the end of the period shown)

Current tax year
Date 6/30/03

Assets		
1	Cash	1
2	Accounts receivable, net	2
3	Inventories	3
4	Bonds and notes receivable (attach schedule)	4
5	Corporate stocks (attach schedule)	5
6	Mortgage loans (attach schedule)	6
7	Other investments (attach schedule)	7
8	Depreciable and depletable assets (attach schedule)	8
9	Land	9
10	Other assets (attach schedule)	10
11	Total assets (add lines 1 through 10)	11
		NONE
Liabilities		
12	Accounts payable	12
13	Contributions, gifts, grants, etc., payable	13
14	Mortgages and notes payable (attach schedule)	14
15	Other liabilities (attach schedule)	15
16	Total liabilities (add lines 12 through 15)	16
Fund Balances or Net Assets		
17	Total fund balances or net assets	17
18	Total liabilities and fund balances or net assets (add line 16 and line 17)	18
		NONE

If there has been any substantial change in any aspect of the organization's financial activities since the end of the period shown above, check the box and attach a detailed explanation

ORGANIZATION BEGAN OPERATING ON JANUARY 1, 2004

Schedule D. Section 509(a)(3) Supporting Organizations

1a Organizations supported by the applicant organization: Name and address of supported organization	b Has the supported organization received a ruling or determination letter that it is not a private foundation by reason of section 509(a)(1) or (2)?
SEE STATEMENT 13	<input type="checkbox"/> Yes <input type="checkbox"/> No
-----	<input type="checkbox"/> Yes <input type="checkbox"/> No
-----	<input type="checkbox"/> Yes <input type="checkbox"/> No
-----	<input type="checkbox"/> Yes <input type="checkbox"/> No
-----	<input type="checkbox"/> Yes <input type="checkbox"/> No

c If "No" for any of the organizations listed in 1a, explain.

2 Does the supported organization have tax-exempt status under section 501(c)(4), 501(c)(5), or 501(c)(6)? Yes No
 If "Yes," attach: (a) a copy of its ruling or determination letter, and (b) an analysis of its revenue for the current year and the preceding 3 years. (Provide the financial data using the formats in Part IV-A (lines 1-13) and Part III (lines 11, 12, and 13).)

3 Does your organization's governing document indicate that the majority of its governing board is elected or appointed by the supported organizations? Yes No
 If "Yes," skip to line 9.
 If "No," you must answer the questions on lines 4 through 9.

4 Does your organization's governing document indicate the common supervision or control that it and the supported organizations share? Yes No
 If "Yes," give the article and paragraph numbers. If "No," explain.
ARTICLE III, SECTIONS 1 AND 2

5 To what extent do the supported organizations have a significant voice in your organization's investment policies, in the making and timing of grants, and in otherwise directing the use of your organization's income or assets?
WESTERN PENNSYLVANIA HOSPITAL HAS THE ABILITY TO APPOINT AND REMOVE ANY AND ALL BOARD MEMBERS AND OFFICERS. ACCORDINGLY, THE SUPPORTED ORGANIZATION, WESTERN PENNSYLVANIA HOSPITAL, HAS COMPLETE CONTROL OVER THE BOARD OF DIRECTORS AND OFFICERS AS WELL AS FULL CONTROL OVER THE USE OF THE ORGANIZATION'S INCOME AND ASSETS.

6 Does the mentioning of the supported organizations in your organization's governing instrument make it a trust that the supported organizations can enforce under state law and compel to make an accounting? Yes No
 If "Yes," explain.

7a What percentage of your organization's income does it pay to each supported organization?
IN SERVING THE POPULATION OF CANCER PATIENTS IN THE WESTERN PENNSYLVANIA AREA, WPAON DOES NOT EXPECT TO EXPERIENCE AN OPERATING PROFIT. ACCORDINGLY, WPAON DOES NOT EXPECT TO MAKE SIGNIFICANT MONETARY CONTRIBUTIONS TO THE SUPPORTED ORGANIZATIONS.

b What is the total annual income of each supported organization?
SEE STATEMENT 13

c How much does your organization contribute annually to each supported organization?
WPAON HAS NOT EXPERIENCED OPERATING PROFIT. ACCORDINGLY, WPAON HAS NOT MADE MONETARY CONTRIBUTIONS TO THE SUPPORTED ORGANIZATIONS.

For more information, see back of Schedule D.

Schedule D. Section 509(a)(3) Supporting Organizations (Continued)

8 To what extent does your organization conduct activities that would otherwise be carried on by the supported organizations?
 Explain why these activities would otherwise be carried on by the supported organizations.
 THE SUPPORTED ORGANIZATIONS CARRY ON ACUTE AND SUB-ACUTE HEALTH CARE ACTIVITIES AND RESEARCH AND WOULD, IN THE ABSENCE OF WPAON, BE REQUIRED TO PROVIDE ONCOLOGY SERVICES TO THEIR PATIENT POPULATIONS. HOWEVER, THE USE OF ONE SPECIALIZED ONCOLOGY CLINIC TO PROVIDE CARE TO CANCER PATIENTS PROVIDES GREATER BENEFITS TO THE PATIENTS OF THE WEST PENN ALLEGHENY HEALTH SYSTEM AND OTHER LOCAL HOSPITALS THROUGH GREATER ABILITY TO SHARE KNOWLEDGE AND EXPERIENCE, THE USE OF SPECIALIZED EQUIPMENT, AND THE USE OF COMMON FACILITIES. THE USE OF A SPECIALIZED ONCOLOGY CLINIC TO PROVIDE THESE SERVICES SHOULD PROVIDE BETTER HEALTH OUTCOMES WHILE REDUCING THE COSTS OF PROVIDING THESE SERVICES.

9 Is the applicant organization controlled directly or indirectly by one or more "disqualified persons" (other than one who is a disqualified person solely because he or she is a manager) or by an organization that is not described in section 509(a)(1) or (2)? Yes No
 If "Yes," explain.

Instructions

For an explanation of the types of organizations defined in section 509(a)(3) as being excluded from the definition of a private foundation, see Pub. 557, Chapter 3.

Line 1

List each organization that is supported by your organization and indicate in item 1b if the supported organization has received a letter recognizing exempt status as a section 501(c)(3) public charity as defined in section 509(a)(1) or 509(a)(2). If you answer "No" in 1b to any of the listed organizations, please explain in 1c.

Line 3

Your organization's governing document may be articles of incorporation, articles of association, constitution, trust indenture, or trust agreement.

Line 9

For definition of a "disqualified person," see **Specific Instructions**, Part II, Line 4d, on page 3 of the application's instructions.

Schedule I. Successors to "For Profit" Institutions

1 What was the name of the predecessor organization and the nature of its activities?

MEDICAL CENTER CLINIC, P.C. (MCC, P.C.) - SPECIALIZED HEMATOLOGY & ONCOLOGY CARE

2 Who were the owners or principal stockholders of the predecessor organization? (If more space is needed, attach schedule.)

Name and address	Share or interest
WEST PENN SPECIALTY MSO, INC. 4800 FRIENDSHIP AVENUE, PITTSBURGH, PA 15224	100% BENEFICIAL TITLE

3 Describe the business or family relationship between the owners or principal stockholders and principal employees of the predecessor organization and the officers, directors, and principal employees of the applicant organization.
SEE STATEMENT 14

4a Attach a copy of the agreement of sale or other contract that sets forth the terms and conditions of sale of the predecessor organization or of its assets to the applicant organization. N/A
b Attach an appraisal by an independent qualified expert showing the fair market value at the time of sale of the facilities or property interest sold.
SEE EXHIBIT VIII

5 Has any property or equipment formerly used by the predecessor organization been rented to the applicant organization or will any such property be rented? Yes No
If "Yes," explain and attach copies of all leases and contracts.

6 Is the organization leasing or will it lease or otherwise make available any space or equipment to the owners, principal stockholders, or principal employees of the predecessor organization? Yes No
If "Yes," explain and attach a list of these tenants and a copy of the lease for each such tenant.

7 Were any new operating policies initiated as a result of the transfer of assets from a profit-making organization to a nonprofit organization? Yes No
If "Yes," explain.

Additional Information

A "for profit" institution for purposes of Schedule I includes any organization in which a person may have a proprietary or partnership interest, hold corporate

stock, or otherwise exercise an ownership interest. The institution need not have operated for the purpose of making a profit.

**West Penn Allegheny Oncology Network
("WPAON")
Form 1023
Application for Tax Exempt Status
EIN: 11-3683376**

Statement #1

Part II. Question 1: Description of Activities

West Penn Allegheny Oncology Network ("WPAON") d/b/a Medical Center Clinic was incorporated on March 17, 2003 as a Pennsylvania non-profit, non-stock corporation. (See Exhibit I). WPAON is a wholly owned subsidiary in the West Penn Allegheny Health System, a multi-entity health care system serving the western Pennsylvania area. (See Exhibits III and IV for a diagram of the WPAHS ("WPAHS") before and after the incorporation of WPAON). WPAON seeks status as an Internal Revenue Code ("IRC") § 501(c)(3) health care organization with non-private foundation status as an IRC § 509(a)(3) supporting organization of certain organizations within WPAHS. Through December 31, 2003 WPAON held no assets, conducted no business operations, and was inactive. Operations began in January 2004.

Law

Pursuant to IRC § 501(c)(3), in order to qualify for tax-exempt status under that section, an organization must be both organized and operated "exclusively for ...charitable...purposes, ...no part of the earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation ...and which does not participate in, or intervene in...any political campaign on behalf of ... any candidate for public office.

Accordingly, an organization must meet both an organizational and operational test in order to qualify for exemption under IRC § 501(c)(3). To meet the *organizational* test, Reg. § 1.501(c)(3)-1(b)(1) specifically requires that the Articles of Incorporation of an

IRC § 501(c)(3) organization limit the organizational purposes to one or more exempt purposes, and not expressly empower it to engage, other than as an insubstantial part of its activities, in activities that are not in furtherance of those purposes.

Further, Treas. Reg. § 1.501(c)(3)-1(a)(1) provides that an IRC § 501(c)(3) organization must be *operated* exclusively for one or more exempt purposes. An organization will not be regarded as an IRC § 501(c)(3) organization if more than an insubstantial part of its activities is not in furtherance of an exempt purpose. See Treas. Reg. § 1.501(c)(3)-1(c)(1).

Section 1.501(c)(3)-(d)(1)(ii) of the regulations provides that an organization is not organized or operated exclusively for charitable purposes unless it serves a public rather than a private interest. The promotion of health, like the relief of poverty and the advancement of education and religion, is one of the purposes in the general law of charity that is deemed beneficial to the community as a whole even though the class of beneficiaries eligible to receive a direct benefit from its activities does not include all members of the community. The class must be sufficiently large, however, so that the community as a whole benefits. *Restatement (Second) Trusts*, § 368, comment (b) and § 372, comment (b) and (c); *IV Scott on Trusts* §§ 368, 372.2 (3d ed. 1967). (See Rev. Rul. 69-545).

Pursuant to Rev. Rul. 83-157, where an organization does not operate an emergency room, other factors are considered in determining whether it is engaged in the "promotion of health". Those factors include a board of directors drawn from the community, an open medical staff policy, treatment of persons paying their bills with the aid of public programs like Medicare and Medicaid, and the application of any surplus to improving facilities, equipment, patient care, and medical training, education, and research.

IRC § 509(a) defines the term “private foundation” as any organization described in IRC § 501(c)(3) except, inter alia, an organization that

- a. is organized, and at all times thereafter ...operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more specified organizations described in IRC § 509(a)(1) or § 509(a)(2);
- b. is operated, supervised, or controlled by or in connection with one or more organizations described in IRC § 509(a)(1) or § 509(a)(2); and
- c. is not controlled directly or indirectly by one or more disqualified persons.
(See IRC § 509(a)(3)).

Pursuant to Treas. Reg. § 1.509(a)-4(d) (2), In order to be treated as a supporting organization, the articles of the supporting organization must designate the supported organizations by name unless:

“ (a) The supporting organization is operated, supervised, or controlled by..., or is supervised or controlled in connection with ...one or more publicly supported organizations; and

(b) The articles of organization of the supporting organization require that it be operated to support or benefit one or more beneficiary organizations which are designated by class or purpose and which include:

(1) The publicly supported organizations referred to in (a) of this subdivision (without designating such organizations by name); or

(2) Publicly supported organizations which are closely related in purpose or function to those publicly supported organizations...”

Pursuant to IRC § 1.509(a)-4(g), the terms operated by, supervised by, and controlled by, as used in section 509(a)(3)(B), presupposes a substantial degree of direction over the policies, programs, and activities of a supporting organization by one or more publicly supported organizations. The relationship required under any one of these terms is

comparable to that of a parent and subsidiary, where the subsidiary is under the direction of, and accountable or responsible to, the parent organization. This relationship is established by the fact that a majority of the officers, directors, or trustees of the supporting organization are appointed or elected by the governing body, members of the governing body, officers acting in their official capacity, or the membership of one or more publicly supported organizations.

WPAON Organizational Test

WPAON's Articles of Incorporation indicate that it was formed for charitable purposes. Specifically, it was formed and is to be operated exclusively for the following charitable, scientific, and educational purposes, within the meaning of IRC § 501(c)(3):

“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 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 impairment of persons, and

(z) is described in sections 501(c)(3) and either 509(a)(1) or 509(a)(2) of the Code.” (See Articles at Exhibit I).

WPAON's articles describe a broad range of health care, research, and educational services to be provided by it in furtherance of its charitable purpose. Those activities

include, but are not limited to providing diagnostic and clinical health care services to the indigent in the Western Pennsylvania community. (See Articles at Exhibit I). Accordingly, it is evident that WPAON was formed to provide health care services. Because, pursuant to Rev. Rul. 69-545 and Rev. Rul. 83-157, promotion of health is a charitable purpose, WPAON qualifies for tax exemption on the basis of promotion of health. Although WPAON does not operate an emergency room, as is indicated in the *Operational Test* section (*infra*), WPAON's operational plan incorporates other factors that will ensure that its health care mission will be carried out in a charitable manner.

Further, WPAON's organizing documents incorporate all of the protections required under IRC § 501(c)(3). Specifically, WPAON's By-Laws indicate that the organization's sole member is an IRC § 501(c)(3) hospital (See Exhibit II, Article III, Section 1), and its Articles strictly limit its activities to those permitted under IRC § 501(c)(3). The Articles prohibit the organization from engaging in political activity, and from permitting earnings to inure to the benefit of any private shareholder or individual. Finally, the organization's Articles prohibit it from engaging in substantial lobbying activities, and require that on dissolution, the organization's assets are to be distributed to an IRC 501(c)(3) charity. (See Articles generally at Exhibit I). Further, the By-Laws require that the board adopt a conflict of interest policy (See Exhibit II; Article IV, Section 7). A copy of the proposed Conflict of Interest Policy is attached at Exhibit IX. Accordingly, there can be no question that sufficient safeguards are in place to ensure that the organization will be operated in a charitable manner.

Finally, with respect to the organization's non-private foundation status, as indicated previously, WPAON's sole member is the Western Pennsylvania Hospital ("WPH") (EIN 25-0969492), an IRC § 501(c)(3) organization with non-private foundation status under IRC § 170(b)(1)(A)(iii) as a hospital. (See Exhibits III and IV showing the organizational structure both before and after the incorporation of WPAON, and Exhibit V for copy of WPH determination letter).