

subsidiary's total assets, and (d) approve any of the foregoing actions that may be proposed by [New Parent], the Member or the Board of Directors of the Corporation before such action becomes effective;

(vi) To approve the annual consolidated capital and operating plan and budget of the Corporation and its subsidiaries, and any amendments thereto or significant variances therefrom;

(vii) To approve the incurrence of debt by the Corporation and its subsidiaries or the making of capital expenditures by the Corporation and the subsidiaries during any fiscal year of the Corporation, in either case in excess of one quarter of 1% of the consolidated annual operating budget of the Corporation and its subsidiaries for each fiscal year if such debt or capital expenditures are not included in the Corporation's or subsidiaries' approved budgets, whether in a single transaction or a series of related transactions;

(viii) To approve any donation or any other transfer of the Corporation's or its subsidiaries' assets, other than to the Member or to the Corporation by its subsidiaries, in excess of \$10,000.00, unless specifically authorized in the Corporation's or its subsidiaries' approved budgets;

(ix) To approve strategic plans and mission statements of the Corporation and its subsidiaries;

(x) To approve investment policies of the Corporation and its subsidiaries;

(xi) To approve the closure or relocation of a licensed healthcare facility of the Corporation and its subsidiaries;

(xii) To approve the formation of subsidiary corporations, partnerships and joint ventures or to make investments in existing subsidiary corporations, partnerships and joint ventures, if the new investments of the Corporation and the subsidiaries in such subsidiary corporations, partnerships and joint ventures during any fiscal year would, in the aggregate, exceed 1% of the Corporation's consolidated total assets at the end of the prior fiscal year of the Corporation;

(xiii) To approve the dissolution of subsidiary corporations, partnerships and joint ventures of the Corporation and the subsidiaries, if the aggregate value of the ownership interests of the Corporation and the subsidiaries in such subsidiary corporations, partnerships and joint ventures so dissolved in any fiscal year would exceed 1% of the Corporation's consolidated total assets at the end of the prior fiscal year of the Corporation;

(xiv) 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 applicable to the Corporation;

(xv) To approve the taking of any action which would endanger the nonprofit status of the Corporation or the tax exempt status of the Member, [New Parent] or [New Parent's Member]; and

(xvi) To select and appoint auditors and to designate the fiscal year of the Corporation and the subsidiaries.

Except as may otherwise be provided by the Nonprofit Corporation Law, [New Parent's Member] shall have the right to both initiate and approve action in furtherance of such reserved powers, as well as the authority to directly bind the Corporation and the subsidiaries on such matters. Any action taken in this regard by [New Parent's Member] shall be sufficient to finally approve and adopt such actions and no action of the Board of Directors, Member, [New Parent] or other governing body or officer with respect to such action shall be necessary with respect hereto.

ARTICLE III

Board of Directors

Section ~~3-13.1~~ 3.13.1 AUTHORITY. Subject to the rights ~~of the Sole Member~~ and powers described in Section 2.2 and any limitations set forth elsewhere in these Bylaws or the Articles of Incorporation of the Corporation, the affairs of the Corporation shall be under the general direction of a Board of Directors which shall administer, manage, preserve and protect the property of the Corporation. ~~Directors need not be members of the Corporation.~~

Section ~~3-23.2~~ 3.23.2 ELECTION, NUMBER AND TERM. The Board of Directors shall consist of those Directors appointed by the ~~Sole~~ Member.

Section ~~3-33.3~~ 3.33.3 VACANCIES. If a vacancy occurs on the Board by death, resignation, refusal to serve, increase in the number of Directors or otherwise, the ~~Sole~~ Member shall elect the successor.

Section ~~3-43.4~~ 3.43.4 COMPENSATION. No compensation shall be paid to any Director for services as a Director but, at the discretion of the Board, a Director may be reimbursed for travel and actual expenses necessarily incurred in attending meetings and performing other duties on behalf of the Corporation. A Director may be a salaried officer of the Corporation.

Section ~~3-53.5~~ 3.53.5 MEETINGS. The Board shall meet at least bi-annually at a date and time established by the Board. The first meeting of the fiscal year or such other time as the Board may designate from time to time by resolution shall be the annual meeting of the Board. Special meetings shall be called by the Secretary upon the order of the President or at the written request of the ~~Sole~~ Member or a number of Directors constituting a quorum of the Directors then in office and entitled to vote. All meetings of the Board of Directors shall be held at the registered office of the Corporation unless otherwise designated in the notice.

Section ~~3-63.6~~ QUORUM. At all meetings of the Board of Directors, the presence of a majority of Directors shall constitute a quorum.

Section ~~3-73.7~~ VOTING. Except as set forth hereinafter, resolutions of the Board shall be adopted, and any action of the Board at a meeting upon any matter shall be taken and be valid with the affirmative vote of a majority of the Board; at a meeting at which a quorum is present.

Section 3.8 NOTICES. Written notice of the date, time and place of each meeting of the Board of Directors shall be given to all Directors at least five (5) days in advance of the date thereof. Such notice shall set forth the date, time and place of the meeting. For special meetings, the notice shall also state the general nature of the business to be transacted. Such notice shall be given at the direction of the Secretary or another designated officer of the Corporation and shall be given to each Director, either personally or by sending a copy thereof by first class or express mail, postage prepaid, or courier service, charges prepaid, or by facsimile to each Director's address (or facsimile

(CLIENT WORK \23333\1-0000-H0598093-2)2 number) appearing on the records of the Corporation, or by such other form of notice as permitted by law. If the notice is sent by mail or courier service, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or with a courier service. If the notice is sent by facsimile, it shall be deemed to have been given to the person entitled thereto when sent. Notice of an adjourned meeting shall be deemed to have been announced at the time of adjournment.

Section ~~3-93.9~~ WAIVER OF NOTICE. Whenever any written notice whatsoever is required to be given under the provisions of applicable law, the Articles of Incorporation of the Corporation, or these Bylaws, a waiver of such notice in writing signed by the person or persons entitled to notice, whether before or after the time stated in such waiver, shall be deemed equivalent to the giving of such notice. In the case of a special meeting, such waiver of notice shall specify the general nature of the business to be transacted. Attendance of a Director at a meeting shall constitute a waiver of notice of the meeting unless the Director attends 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.

Section ~~3-103.10~~ INTERESTED MEMBERS, DIRECTORS OR OFFICERS.

- (aa) No contract or transaction between the Corporation and one or more of its Directors or officers or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of the Corporation's Directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for such reason, or solely because a Director or officer of the Corporation is present at or participates in the meeting of the Board of Directors which authorizes the contract or transaction, or solely because the votes of such Director or officer are counted for such purpose, if

~~(i)~~ (i) the material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors and the Board in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested Directors even though the disinterested Directors are less than a quorum;

~~(ii)~~ (ii) the material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the members of the Board entitled to vote thereon and the contract or transaction is specifically approved in good faith by the members of the Board; or

~~(iii)~~ (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors or the ~~Sole~~ Member.

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interested Directors may be counted in determining the presence of a quorum at a meeting of the Board which authorizes a contract or transaction specified in subsection (a) of this ~~section~~ Section. The minutes of the meeting shall reflect that a disclosure was made, the abstention from voting and the effect on the quorum.

~~(e)~~ (c) Actual and potential conflicts of interest involving one or more Directors or officers shall be dealt with in the manner described in Section 3.17 of these ~~bylaws~~ Bylaws.

Section ~~3.11~~ 3.11 STANDARD OF CARE AND FIDUCIARY DUTY. Each Director shall stand in a fiduciary relation to the 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 the 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)~~ (a) one or more officers or employees of the Corporation whom the Director reasonably believes to be reliable and competent in the matters presented;

~~(b)~~ (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

- ~~(e)~~ (c) a committee of the Board of the 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 or her reliance to be unwarranted.

Section ~~3.12~~ 3.12 **FACTORS WHICH MAY BE CONSIDERED BY DIRECTORS.** In discharging the duties of their respective positions, the Board of Directors, committees of the Board and individual Directors may, in considering the best interests of the Corporation, consider the following to the extent they deem appropriate:

- ~~(a)~~ (a) the effects of any action upon any or all groups affected by such action, including employees, suppliers, customers and creditors of the Corporation, and upon communities in which offices or other establishments of the Corporation are located;
- ~~(b)~~ (b) the short-term and long-term interests of the Corporation, ~~including the benefits that may accrue to the Corporation from its long-term plans;~~ and
- ~~(c)~~ (c) all other pertinent factors.

~~the possibility that these interests may be best served by the continued independence of the Corporation;~~

- ~~(e)~~ ~~the resources, intent and conduct (past, stated and potential) of any person seeking to acquire control of the Corporation; and~~
- ~~(d)~~ ~~all other pertinent factors.~~

The Board of Directors, committees and Directors are not required, in considering the best ~~interest~~ interests of the Corporation or the effects of any action, to regard any corporate interest or the interests of any particular group affected by such action as a dominant or controlling interest or factor. The consideration of interests and factors in the manner described in this ~~section~~ Section shall not constitute a violation of Section 3.11 hereof. ~~The fiduciary duty of Directors shall not be deemed to require them to act as the Board of Directors, a committee or an individual Director solely because of the effect such action might have or an acquisition or potential or proposed acquisition of control of the Corporation or the consideration that might be offered or paid to the Sole Member in such an acquisition.~~ Absent breach of fiduciary duty, lack of good faith or self-dealing, any act as the Board of Directors, a committee of the Board or an individual Director shall be presumed to be in the best interests of the Corporation. ~~In assessing whether the standard set forth in Section 3.11 hereof has been satisfied, there shall not be any greater obligation to justify, or higher burden of proof with respect to, any act as the Board, committee or an individual Director relating to or affecting an acquisition or potential or proposed acquisition of control of the Corporation than is applied to any other act as a Board, committee or individual Director. Notwithstanding the preceding provisions of this Section 3.12, any act as the Board, committee or an individual Director~~

~~relating to or affecting an acquisition or potential or proposed acquisition of control to which a majority of the disinterested Directors shall have assented shall be presumed to satisfy the standard set forth in Section 3.11, unless it is proven by clear and convincing evidence that the disinterested Directors did not assent to such act in good faith after reasonable investigation.~~

~~The term disinterested Director means, solely for the purpose of this Section,~~

- ~~(a) — a Director of the Corporation other than
 - ~~(i) — a Director who has a direct or indirect financial or other interest in the person acquiring or seeking to acquire control of the Corporation or who is an affiliate or associate of, or was nominated or designated as a Director by, a person acquiring or seeking to acquire control of the Corporation; or~~
 - ~~(ii) — depending upon the specific facts surrounding the Director and the act under consideration, an officer or employee or former officer or employee of the Corporation.~~~~

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~~§A person shall not be deemed to be other than a disinterested Director solely by reason of any or all of the following:~~

- ~~(a) — any interest the Director may have in retaining the status or position of a Director;~~
- ~~(b) — the former business or employment relationship of the Director with the Corporation; or~~
- ~~(c) — receiving or having the right to receive retirement or deferred compensation from the Corporation due to service as an employee.~~

Section ~~3.13~~3.13 RULES AND REGULATIONS. The Board of Directors may adopt rules and regulations not inconsistent with these Bylaws for the administration and conduct of the affairs of the Corporation and may alter, amend or repeal any such rules or regulations adopted by it. Such rules and regulations may be amended by majority vote of the Directors present and entitled to vote at a meeting of the Directors where a quorum is present.

Section ~~3.14~~3.14 REMOVAL OF DIRECTORS. Any Director may be removed by the ~~Sole~~ Member.

Section ~~3.15~~3.15 CONSENTS. Any action which may be taken at a meeting of the Directors may be taken without a meeting, if a consent or consents in writing setting forth the action so taken shall be signed by all of the Directors in office and entitled to vote and shall be filed with the Secretary of the Corporation.

Section ~~3.16~~3.16 CONFLICTS OF INTEREST.

(~~aa~~) Disclosure of Interest. Any Director, officer, or committee member having a Material Interest (as defined below) in a contract or other transaction presented to the Board of Directors or any committee thereof for authorization, approval or ratification, shall make a prompt, full and frank disclosure of such person's interest to the Board or committee prior to its acting on such contract or transaction. Such disclosure shall include all relevant and material facts known to such person about his/her relationship or interest and about the contract or transaction. The Board or committee to which such disclosure is made shall thereupon determine, by majority vote of those present, excluding the interested person, whether the disclosure shows that a conflict of interest exists or can reasonably be construed to exist. If a conflict is deemed to exist or can reasonably be construed to exist, such person shall not vote on nor participate in the discussions and deliberations with respect to such contract or transaction, other than to present factual information or to respond to questions. Such person may be counted in determining the existence of a quorum at any meeting where the contract or transaction is under discussion or is being voted upon. The minutes of the meeting shall reflect the disclosure made, the vote thereon and, where applicable, the abstention from voting or

(CLIENT WORK \ 22222 \ 0000-H0598093-2) ~~6~~ participation. For purposes of this Article, a person shall be deemed to have a "Material Interest" in a contract or other transaction if such person, or a member of his/her other immediate family, is a party, or one of the parties, contracting or dealing with the Corporation, or is a director, officer, or key employee of, or has a significant financial interest in the entity contracting or dealing with the Corporation.

(~~bb~~) Prohibited Transactions. Members of the Board of Directors shall not engage in the following transactions:

(~~i~~) ~~(i)~~ The sale, exchange or leasing of property or services between the Corporation and a member of the Board of Directors or an entity in which he or she has a Material Interest, on a basis less favorable to the Corporation than that on which such property or services are made available to the general public.

(~~ii~~) ~~(ii)~~ Furnishing of goods, services or facilities by the Corporation to a member of the Board of Directors, unless such furnishing is made on the same basis on which such goods, services or facilities are made available to the general public or to the employees of the Corporation.

(~~iii~~) ~~(iii)~~ Any transfer to or use by or for the benefit of a member of the Board of Directors of the income or assets of the Corporation, except purchase for fair market value.

- (ec) Annual Disclosure Statements. The Board of Directors shall require that all prospective Directors and all members of the Board of Directors execute and submit, at the time of election or appointment, and annually thereafter, a written statement indicating any Material Interests which could give rise to conflicts of interest and any interests which are or may reasonably be construed to be Competing Interests (as defined below). While the written statement is required annually, it is a continuing responsibility of appointees and Directors to provide prompt notice to the Corporation of any changes. Notice of this requirement and other provisions of this ArticleSection shall be given to prospective candidates for election or appointment. ~~The term appointment or appointee specifically includes those who are serving or who are proposed to serve as ex officio Directors.~~
- (d) Competing Interests. No person shall be eligible to serve as a Director (or to continue to so serve) if he or she has or acquires a “Competing Interest,” as defined below:
- (i) “Competing Interest” shall be defined as including any of the following situations:

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~~7~~A person (or his or her immediate family member) who, directly or indirectly, owns or holds an investment or ownership interest (other than an ownership or investment interest in less than five percent (5%) of the common stock of a publicly-traded company) in an entity identified or determined by the Corporation from time to time as a competitor;

A person (or his or her immediate family member) who holds a leadership position in an entity identified or determined by the Corporation from time to time as a competitor. Leadership position shall include, without limitation, service on the board, a board committee or a planning committee of or holding a management contract with such a competitor; or

A person who is employed by or has a compensation arrangement with a competing entity. “Immediate family member” means spouse, siblings, parents, children, stepchildren, grandchildren and their spouses.

Examples of entities deemed by the Corporation to be competing entities include, without limitation: general hospitals; specialty hospitals; freestanding surgery centers; specialty diagnostic centers; specialty treatment centers; specialty therapy centers or other entities operating or which should be operating in whole or in part

under a healthcare facility license, but do not include physician offices with equipment customarily and routinely used or contained in a physician office (e.g., EKG machine used by a cardiologist).

~~(ii)~~ (ii) It shall be the responsibility of prospective Directors and current Directors to promptly disclose the existence of all ownership or investment interests, leadership positions and employment or compensation arrangements, regardless of whether they fall within the above definitions. If such interest is in an entity that the Corporation has previously determined to be a competing entity, the prospective Director or current Director shall be automatically ineligible to serve or continue serving as a Director and shall be deemed to have automatically resigned his or her position or interest in a position on the Board and its committees.

~~(iii)~~ (iii) If it is necessary for the Board to determine whether the entity in question is a competing entity, the Board, by majority vote of those present (excluding the interested person) shall decide whether a ~~competing interest~~ Competing Interest exists. If a ~~competing interest~~ Competing Interest exists, the interested person shall no longer be eligible for consideration as a prospective Director or, if already serving as a Director, shall not continue to serve, and shall be deemed to have automatically resigned his or her interest in a position on the Board and its committees.

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~~continue to serve,~~ ⁸ ~~and shall be deemed to have automatically resigned his or her interest in a position on the Board and its committees.~~

ARTICLE ~~IV~~ IV

Officers

Section ~~4.14.1~~ 4.14.1 ENUMERATION. The officers of the Corporation shall consist of a President, Secretary and Treasurer and such other officers and assistant officers as the Board of Directors may, from time to time, designate. The members of the Board may also elect a Chairperson to preside at meetings of the Board ~~and the members~~.

Section ~~4.24.2~~ 4.24.2 TERM OF OFFICE. Each officer shall serve for a term of one (1) year and until the officer's successor is duly elected and takes office.

Section ~~4.34.3~~ 4.34.3 ELECTION. All officers shall be elected prior to the beginning of the fiscal year by ~~the Board of Directors~~ [New Parent's Member].

Section ~~4.44.4~~ 4.44.4 VACANCIES. Any vacancy occurring by death, resignation, refusal to serve, or otherwise may be filled by ~~the President or by the Directors entitled to vote, all subject to the approval of the Sole Member~~ [New Parent's Member].

Section ~~4.54.5~~ PRESIDENT. The President shall be responsible for and have supervision over the management and administration of the Corporation, subject to the control of the Board of Directors and the ~~Sole~~ Member.

Section ~~4.64.6~~ SECRETARY. The Secretary shall make or cause to be made minutes of all meetings of the Board of Directors ~~and the Sole Member~~. The Secretary shall be responsible for the timely mailing or delivery of all notices of meetings of the Board of Directors ~~and the Sole Member~~, shall affix the corporate seal at the direction of the President and, generally, will perform all duties incident to the office of secretary of a corporation and such other duties as may be required by law, by the Articles of Incorporation or by these Bylaws, or which may be assigned from time to time by the Board of Directors.

Section ~~4.74.7~~ TREASURER. The Treasurer shall supervise the financial activities of the Corporation. Specifically, the Treasurer shall see that (a) full and accurate accounts of receipts and disbursements are kept, (b) a system is in place such that all monies and other valuable effects are deposited in the name and to the credit of the Corporation in such depositories as shall be designated by the Board, (c) the Directors at the regular meetings of the Board or whenever they may require it, receive an account of the financial condition of the Corporation, and (d) an annual audit of the Corporation's books and records is performed by an auditor selected by ~~the Board~~ [New Parent's Member]. In performing these functions, the Treasurer may rely on employees of the Corporation or any affiliated corporation who possess special financial training and skills and whose employment responsibilities include management of the Corporation's financial affairs. In the absence

~~{CLIENT WORK \23333-0000 H0598093.2}~~ or disability of the Treasurer, the Assistant Treasurer, if any, shall perform all the duties of the Treasurer and when so acting shall have all of the powers of and be subject to all of the restrictions upon the Treasurer.

Section ~~4.84.8~~ OTHER OFFICERS. Each other officer shall have such responsibilities and perform such duties as may be prescribed by the Board of Directors and as are approved by [New Parent's Member] from time to time. Each assistant officer shall carry out the responsibilities and duties of the officer which the assistant officer assists in the event such officer is unable to perform such responsibilities or duties, except that no assistant officer shall become a Director solely by virtue of being an assistant officer.

Section ~~4.94.9~~ BONDS. The Board may, in its discretion, require the Treasurer and any other officer to give bond in such amount and with such surety or sureties as may be satisfactory to the Board for the faithful discharge of the duties of the office and for the restoration to the Corporation, in case of the officer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind belonging to the Corporation in the officer's possession or under the officer's control.

Section ~~4.104.10~~ REMOVAL OF OFFICERS. Any officer may be removed by ~~the Sole~~ [New Parent's Member] whenever, in its judgment, the best interests of the Corporation will be served.

ARTICLE ~~V~~V

Committees

Section ~~5.1~~5.1 COMMITTEES. The Corporation shall have such standing and ad hoc committees as the Board may deem advisable in the administration and conduct of the affairs of the Corporation. Such committees of the Board shall meet as necessary to accomplish their goals. The Board is authorized in its discretion to approve reimbursement for travel and actual expenses necessarily incurred by members of committees in attending committee meetings and in performing other official duties as such. ~~Except as otherwise provided in these Bylaws or in the resolution creating the applicable committee, committee~~ Committee chairpersons and members shall be appointed annually by the ~~President~~Board of Directors and may be reappointed to a committee for an unlimited number of terms. With the exception of the Executive Committee, if any, persons who are not Directors are eligible to serve as committee members. ~~Any person authorized by these Bylaws to appoint the chairman and/or members of any committee may appoint himself or herself as chairman and/or member.~~ The chairman of each committee shall determine the date and place of all committee meetings. Each committee may adopt its own rules of procedure not inconsistent with these Bylaws.

Section ~~5.2~~5.2 LIMITATION ON POWER OF COMMITTEES. No such committee shall have any power or authority as to the following:

- (~~a~~)a) the submission to the ~~Sole~~ Member of any action requiring approval of the ~~Sole~~ Member;
- (~~b~~)b) ~~the~~ ^(CLIENT WORK\23333\0000\H0508093-2) ~~the~~ b) the filling of vacancies in the ¹⁰ Board of Directors;
- (~~c~~)c) the adoption, amendment or repeal of ~~the~~these Bylaws;
- (~~d~~)d) the amendment or repeal of any resolution of the Board; or
- (~~e~~)e) action on matters committed by ~~the~~these Bylaws or a resolution of the Board to another committee of the Board.
- (~~f~~)f)

ARTICLE ~~VI~~VI

~~Limitation of Personal Liability of Directors~~VI

Limitation of Personal Liability of Directors

Section ~~6.1~~ LIMITATION OF DIRECTORS' PERSONAL LIABILITY. ~~A Director of the Corporation shall not be personally liable for monetary damages for any action taken~~

~~unless the Director has breached or failed to perform the duties of his or her office under Chapter 57, Subchapter B of the NPCL as in effect at the time of the alleged action by such Director and the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. Such limitation on liability does not apply to the responsibility or liability of a Director pursuant to any criminal statute or for payment of taxes pursuant to any Federal, state or local law.~~

~~Section 6.2 PRESERVATION OF RIGHTS. Any repeal or modification of this Article by the Corporation shall not adversely affect any right or protection existing at the time of such repeal or modification to which any Director or former Director may be entitled under this Article. The rights conferred by this Article shall continue as to any person who has ceased to be a Director of the Corporation and shall inure to the benefit of the heirs, executors and administrators of such person.6.1~~

- (a) Elimination of Liability. To the fullest extent that the laws of the Commonwealth of Pennsylvania, as now in effect or as hereafter amended, permit elimination or limitation of the liability of Directors, no Director of the Corporation shall be personally liable for monetary damages as such for any action taken, or any failure to take any action, as a Director.
- (b) Applicability. The provisions of this Section shall be deemed to be a contract with each Director of the Corporation who serves as such at any time while this Section is in effect and each such Director shall be deemed to be so serving in reliance on the provisions of this Section. Any amendment or repeal of this Section or adoption of any Section or provision of these Bylaws which has the effect of increasing Director liability shall operate prospectively only and shall not affect any action taken, or any failure to act, prior to the adoption of such amendment, repeal, bylaw or provision.

ARTICLE ~~VII~~ VII

Indemnification

~~Section 7.1. GENERAL. The Corporation shall indemnify any Director or officer, and may indemnify any other employee or agent.7.1~~

- (a) Right to Indemnification - General. Any person who was or is a party to, or is threatened to be made a party to or who is called as a witness in connection with any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, including (whether brought by or in the name of the Corporation or otherwise), by reason of the fact that he or she is or was a representative of the Corporation, or is or was serving at the request of the Corporation as a representative of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Corporation to the fullest extent now or hereafter permitted by applicable law in connection with such

action, suit or proceeding arising out of such person's service to the Corporation or to such other corporation, partnership, joint venture, trust or other enterprise at the Corporation's request. The term "representative," as used in this Article VII, shall mean any Director, officer, member of a committee created by or pursuant to these Bylaws, and any other person who may be determined by the Board of Directors to be a representative entitled to the benefits of this Article VII.

- (b) Right to Indemnification - Third Party Actions. Without limiting the generality of Section 7.1(a), any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation), by reason of the fact that he/ or she is or was a ~~Director, officer, employee or agent~~ representative of the Corporation, or is or was serving at the request of the Corporation as a ~~Director, officer, employee, or agent~~ representative of another corporation, partnership, joint venture, trust or other enterprises, enterprise, shall be indemnified by the Corporation against expenses, (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding unless the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness. if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.
- (c) Right to Indemnification - Derivative Actions. Without limiting the generality of Section 7.1(a), any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she is or was a representative of the Corporation, or is or was serving at the request of the Corporation as a representative of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Corporation against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of

the Corporation; except, however, that indemnification shall not be made under this Section 7.1(c) in respect of any claim, issue or matter as to which such person has been adjudged to be liable to the Corporation unless and only to the extent that the Court of Common Pleas of the county in which the registered office of the Corporation is located or the court in which such action, suit or proceeding was brought determines upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses that the Court of Common Pleas or such other court shall deem proper.

- (d) Advance of Expenses. Expenses (including attorneys' fees) incurred by any representative of the Corporation in defending any action, suit or proceeding referred to in this Article VII shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the representative to repay such amount if it is ultimately determined that he or she is not entitled to be indemnified by the Corporation as authorized in this Article VII or otherwise.
- (e) Procedures for Effecting Indemnification. Unless ordered by a court, any indemnification under Section 7.1(a), Section 7.1(b) or Section 7.1(c) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the representative is proper in the circumstances because he or she has met the applicable standard of conduct set forth in such subsections. Such determination shall be made: (i) by the Board of Directors by a majority of a quorum consisting of Directors who were not parties to such action, suit or proceeding; or (ii) if such a quorum is not obtainable, or if obtainable and a majority vote of a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion.
- (f) ~~Section 7.2 EXCEPTIONS.—~~ Indemnification Not Exclusive. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VII shall not be deemed exclusive of any other rights

~~(CLIENT WORK \23333\0000\H0598093.2) H~~ to which ~~those~~ a person seeking indemnification or advancement of expenses may be entitled under any ~~Bylaw~~ other provision of these Bylaws, agreement, ~~contract,~~ vote of the Sole Member or disinterested Directors or pursuant to the direction, howsoever embodied, of any court of competent jurisdiction or otherwise, both as to action in his/ or her official capacity and as to action in another capacity while holding such office. ~~It is the policy of the Corporation that indemnification of, and advancement of expenses to, Directors and officers of the Corporation shall be made to the fullest extent permitted by law. To this end, the provisions of this Article shall be deemed to have been amended for the benefit of Directors and officers of the Corporation effective immediately upon any modification of the Pennsylvania statute, which~~

~~expands or enlarges the power or obligation of corporations organized under the Pennsylvania statute to indemnify, or advance expenses to, Directors and officers of the Corporation.~~

~~Section 7.3 EXPENSES.—The Corporation shall pay expenses incurred by any other employee or agent, in defending a civil or criminal action, suit or proceeding 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 he/she is not entitled to be indemnified by the Corporation.~~
~~Section 7.4 CONTINUATION.—The indemnification and advancement of expenses provided by, or granted pursuant to, this Article shall, unless otherwise provided when authorized or ratified, and shall continue as to a person who has ceased to be a Director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person. representative of the Corporation and shall inure to the benefit of the heirs and personal representatives of such person.~~

~~Section 7.5 CREATION OF FUND. The Corporation shall have the authority to create a fund of any nature, or otherwise secure or insure in any manner, its indemnification obligations, whether arising under these Bylaws or otherwise. This authority shall include, without limitation, the authority to (i) deposit funds in trust or in escrow, (ii) establish any form of self-insurance, (iii) secure its indemnity obligation by grant of a security interest, mortgage or other lien on the assets of the Corporation or (iv) establish a letter of credit, guaranty or surety arrangement for the benefit of such persons in connection with the anticipated indemnification or advancement of expenses contemplated by this Article. The provisions of this Article shall not be deemed to preclude the indemnification of, or advancement of expenses to, any person who is not specified in Section 7.1 of this Article but whom the Corporation has the power or obligation to indemnify, or to advance expenses for, under the provisions of the Pennsylvania Statute or otherwise. The authority granted by this Section 7.5 shall be exercised by the Board of Directors of the Corporation.~~

~~Section 7.6 NOTICE.—As soon as practicable after receipt by any person specified in Section 7.1 of this Article of notice of the commencement of any action, suit or proceeding specified in Section 7.1 of this Article, such person shall, if a claim with respect thereto may be made against the Corporation under this Article, notify the Corporation in writing of the commencement or threat thereof; however, the omission so to notify the Corporation shall not relieve the Corporation from any liability under this Article unless the Corporation shall have been prejudiced thereby or from any other~~

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~~liability which it may have to such person other than under this Article. With respect to any such action as to which such person notifies the Corporation of the commencement or threat thereof, the Corporation may participate therein at its own expense and, except as otherwise provided below, to the extent that it desires, the Corporation jointly with any other indemnifying party similarly notified, shall be entitled to assume the defense thereof, with counsel selected by the Corporation to the~~

reasonable satisfaction of such person. After notice from the Corporation to such person of its election to assume the defense thereof, the Corporation shall not be liable to such person under this Article for any legal or other expenses subsequently incurred by such person in connection with the defense thereof other than as otherwise provided below. Such person shall have the right to employ his/her own counsel in such action, but the fees and expenses of such counsel incurred after notice from the Corporation of its assumption of the defense thereof shall be at the expense of such person unless: (i) the employment of counsel by such person shall have been authorized by the Corporation; (ii) such person shall have reasonably concluded that there may be a conflict of interest between the Corporation and such person in the conduct of the defense of such proceeding or (iii) the Corporation shall not in fact have employed counsel to assume the defense of such action. The Corporation shall not be entitled to assume the defense of any proceeding brought by or on behalf of the Corporation or as to which such person shall have reasonably concluded that there may be a conflict of interest. If indemnification under this Article or advancement of expenses are not paid or made by the Corporation, or on its behalf, within ninety (90) days after a written claim for indemnification or a request for an advancement of expenses has been received by the Corporation, such person may, at any time thereafter, bring suit against the Corporation to recover the unpaid amount of the claim or the advancement of expenses. The right to indemnification and advancement of expenses provided hereunder shall be enforceable by such person in any court of competent jurisdiction. The burden of proving that indemnification is not appropriate shall be on the Corporation. Expenses reasonably incurred by such person in connection with successfully establishing the right to indemnification or advancement of expenses, in whole or in part, shall also be indemnified by the Corporation.

- (g) When Indemnification Not Made. Indemnification pursuant to this Article VII shall not be made in any case where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.
- (h) Grounds for Indemnification. Indemnification pursuant to this Article VII, under any other provision of these Bylaws, agreement, vote of Directors or otherwise may be granted for any action taken or any failure to take any action and may be made whether or not the Corporation would have the power to indemnify the person under any provision of law except as otherwise provided in this Article VII and whether or not the indemnified liability arises or arose from any threatened, pending or completed action by or in the right of the Corporation. The provisions of this Article VII shall be applicable to all actions, suits or proceedings within the scope of Section 7.1(a), Section 7.1(b) or Section 7.1(c) of these Bylaws, whether commenced before or after the adoption hereof, whether arising from acts or omissions occurring before or after the adoption hereof.
- (i) ~~Section 7.7 INSURANCE~~ Power to Purchase Insurance. The Corporation ~~shall have the power to~~ may purchase and maintain insurance on behalf of any person who is or was a representative of the Corporation or

is or was serving at the request of the Corporation as a ~~Director, or officer of the Corporation or any~~ representative of another corporation, partnership, joint venture, trust or other ~~organization affiliated with the Corporation,~~ enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his/ or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions ~~—of the Pennsylvania Statute~~ of this Article VII.

- (i) Creation of a Fund to Secure or Insure Indemnification. The Corporation may create a fund of any nature, which may, but need not be, under the control of a trustee, or otherwise secure or insure in any manner its indemnification obligations, whether arising under or pursuant to this Article VII or otherwise.
- (k) Status Rights of Indemnities. The rights to indemnification and advancement of expenses provided by or granted pursuant to this Article VII shall (a) be deemed to create contractual rights in favor of each person who serves as a representative of the Corporation at any time while this Article is in effect (and each such person shall be deemed to be so serving in reliance on the provisions of this Article), and (b) continue as to a person who has ceased to be a representative of the Corporation.
- (l) Applicability to Predecessor Companies. For purposes of this Article VII, references to the “Corporation” include all constituent corporations or other entities which shall have become a part of the Corporation by consolidation or merger or other similar transaction and their respective current and former affiliates, and references to “representatives” shall include members of any such corporation, entity or affiliate, so that any person who was a member, director, officer, committee member or other representative of such a corporation, entity or affiliate or served as a member, director, officer, committee member or other representative of another corporation, partnership, joint venture, trust or other enterprise at the request of any such corporation, entity or affiliate shall stand in the same position under the provisions of this Article VII with respect to the Corporation as he or she would if he or she had served the Corporation in the same capacity. Without limitation of the foregoing, each member, director, officer and committee member of each predecessor to the Corporation shall have the same contract rights as are afforded to Directors, officers and employees of the Corporation pursuant to Section 7.1(k).

ARTICLE VIII

Restrictions Regarding the Operations of the Corporation; Administration of Funds

Section ~~8-18.1~~ NO PRIVATE BENEFICIARIES. The Corporation shall not pay dividends or distribute any part of its income or profits to its members, Directors, or officers, except that the Corporation may pay compensation in a reasonable amount to its officers for

~~{CLIENT WORK\23333\0000-H0598093-2}~~ ~~13~~ services rendered, and may reimburse ~~for~~ Directors for expenses in accordance with Section 3.4 of these Bylaws.

Section ~~8-28.2~~ ANNUAL REPORT. The Treasurer shall submit annually to the Board of Directors a statement containing those details required to be included under the provisions of the ~~NPCL~~Nonprofit Corporation Law, as it may be amended from time to time or any successor statute governing Pennsylvania nonprofit corporations or these Bylaws.

Section ~~8-38.3~~ BOOKS AND RECORDS. The Corporation will keep ~~correct~~correct and complete books and records of account and will also keep minutes of the proceedings of the ~~Sole Member,~~ Board of Directors and committees, and records of actions taken by the Member relating to the Corporation. The Corporation will keep at its registered office the original or a copy of its Bylaws including amendments to date, certified by the Secretary of the Corporation and an original or duplicate membership register, giving the names of the members and showing their respective addresses, and the class and other details of membership. ~~Every member~~ The Member, [New Parent] and [New Parent's Member] shall, upon written demand under oath stating the purpose thereof, have a right to examine, in person or by agent or attorney, during the usual hours for business for any proper purpose, the membership register, books and records of account and records of the proceedings of the ~~members and~~ Directors and records of actions taken by the Member relating to the Corporation, and to make copies or extracts therefrom. A proper purpose shall mean a purpose reasonably related to the interest of such person as ~~a member,~~the Member, [New Parent] or [New Parent's Member]. Where an attorney or other agent is the person who seeks the right of inspection, the demand under oath shall be accompanied by a power of attorney or another writing authorizing the attorney or other agent to act on behalf of ~~the member~~such person.

ARTICLE IX

Bylaws Amendments

Dissolution

Upon the dissolution or liquidation of the Corporation, after paying or making provision for payment of all of the known liabilities of the Corporation, any remaining assets of the Corporation shall be transferred to the Member, or its successor, provided that the Member or such successor is then in existence and then exempt from federal income taxes under Section 501(c)(3) of the Code. If upon the dissolution or liquidation of the Corporation, the Member, or its successor, is not in existence or no longer qualifies as an

exempt organization under Section 501(c)(3) of the Code, any remaining assets of the Corporation shall be distributed to [New Parent], or its successor, provided that [New Parent] is then in existence and then exempt from federal income taxes under Section 501(c)(3) of the Code. If upon the dissolution of the Corporation, both the Member and [New Parent], or their successors, are not in existence or no longer qualify as exempt organizations under Section 501(c)(3) of the Code, any remaining assets of the Corporation shall be distributed to [New Parent's Member], or its successor, provided that [New Parent's Member] is then in existence and then exempt from federal income taxes under Section 501(c)(3) of the Code. If upon the dissolution of the Corporation, each of the Member, [New Parent] and [New Parent's Member], or their successors, are not in existence or no longer qualify as exempt organizations under Section 501(c)(3) of the Code, any remaining assets of the Corporation shall be distributed to (a) such one or more corporations, trusts, funds or other organizations which at the time are exempt from federal income tax as organizations described in Section 501(c)(3) of the Code and, in the sole judgment of the Corporation's Board of Directors, have purposes similar to those of the Corporation or (b) the federal government, or to a state or local government for such purposes. Any such assets not so disposed of shall be disposed of by a court of competent jurisdiction exclusively to one or more of such corporations, trusts, funds or other organizations as said court shall determine, which at the time are exempt from federal income tax as organizations described in Section 501(c)(3) of the Code, and which are organized and operated for such purposes, or to the federal government or to a state or local government for such purposes. No private individual shall share in the distribution of any Corporation assets upon dissolution or sale of the assets of the Corporation.

ARTICLE X

Bylaws Amendments

~~Section 9.1 AUTHORITY. — The Board of Directors may recommend amendments to these Bylaws to the Sole Member.~~ These Bylaws may be altered, amended or repealed by the affirmative vote of the Sole Member at any regular or special meeting of the Sole Member, or new Bylaws may be adopted only by [New Parent's Member].

~~Section 9.2 NOTICE. — The Directors of the Corporation shall be given at least ten (10) days' prior written notice of any Board meeting at which proposed changes to the Bylaws of the Corporation are to be considered for recommendation to the Sole Member. Such written notice shall include a copy of the proposed amendment or a summary of the changes to be effected thereby.~~

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SECRETARY'S CERTIFICATE

THIS IS TO CERTIFY that the foregoing Bylaws of Primary Care Group 11, Inc. (the "Corporation") have been duly adopted by the Directors of the Corporation and by Jefferson Regional Medical Center, as the Corporation's ~~Sole~~ Member, as of _____, ~~20~~ 2013.

IN WITNESS WHEREOF, the undersigned, duly elected and acting Secretary of the ~~corporation~~, Corporation, has signed this Certificate and affixed the seal of the Corporation hereon this _____ day of _____, ~~20~~ 2013.

Secretary of the Corporation

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TAB 12

DRAFT

01/22/2013

AMENDED AND RESTATED BYLAWS

OF

Primary Care Group 12, Inc.

A Pennsylvania Nonprofit Corporation

Adopted
_____, 2013

~~October 1, 2010~~

AMENDED AND RESTATED BYLAWS

OF

Primary Care Group 12, Inc.

A Pennsylvania Nonprofit Corporation

ARTICLE I

Introductory

Section 1.1 **NAME**. The name of the Corporation is Primary Care Group 12, Inc.

Section 1.2 **STATEMENT OF PURPOSES**. ~~As provided in its Articles of Incorporation, the~~The Corporation is organized for the purpose of arranging for the provision of healthcare services under the Pennsylvania Nonprofit Corporation Law of 1988, as amended (the "Nonprofit Corporation Law") for charitable, scientific and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and in this connection is organized:

- (a) To arrange for the provision of health care services;
- (b) To operate as part of the nonprofit health care system governed by [New Parent's Member], a Pennsylvania nonprofit corporation ("New Parent's Member"), and support a health care provider network comprised of the Member and those corporations and other entities over which the Member exercises governance control (the "subsidiaries");
- (c) To exercise such powers in furtherance of the foregoing purposes as are now or may be granted hereafter by the Nonprofit Corporation Law, as amended from time to time, or any successor legislation;
- (d) To carry out such other acts and to undertake such other activities as may be necessary, appropriate or desirable in furtherance of or in connection with the conduct, promotion or attainment of the foregoing purposes; and
- (e) To otherwise operate exclusively for charitable, scientific or educational purposes within the meaning of Section 501(c)(3) of the Code.

Section 1.3 **OFFICES**. The principal and registered office of the Corporation shall be located at ~~565 Coal Valley Road, P.O. Box 18119, Pittsburgh, PA 15236-0119, Suite 109, 17 Arentzen Blvd., Charleroi, PA 15022,~~ or at such other place as the Board of Directors may designate from time to time.

Section 1.4 FISCAL YEAR. The fiscal year of the Corporation shall end on ~~June 30 of each year, or on such other date day as may shall~~ be fixed ~~from time to time by resolution of the Board of Directors~~ by [New Parent's Member].

Section 1.5 SEAL. The corporate seal of the Corporation, if any, shall be a circle with the name of the Corporation and the state of incorporation around the border and the words "Corporate Seal" in the center.

Section 1.6 GOVERNING LAW. The Corporation shall be governed by the ~~Pennsylvania Nonprofit Corporation Law of 1988,~~ as it may be amended from time to time (~~"NPCL"~~).

ARTICLE II

Sole Member

Section 2.1. ~~SOLE MEMBER. Jefferson Regional Medical Center shall be the sole member of the Corporation (the "Sole Member").~~ MEMBER. The Corporation shall have one (1) member, which shall be Jefferson Regional Medical Center (the "Member"). There shall be no other members or classes of membership. The President/CEO of the Member shall be entitled to vote on behalf of the Member in accordance with the authority granted by the Member to the President/CEO of the Member unless the Member notifies the Corporation in writing that another officer is authorized to vote on behalf of the Member. The Member may voluntarily transfer its membership, subject to the reserved powers of [New Parent's Member] as set forth in these Bylaws.

Section 2.2 RIGHTS AND POWERS. ~~In addition to the rights of members set forth in the NPCL, the Sole Member shall have the power to initiate and approve, and to reverse the following actions:~~

- ~~(a) — except as otherwise provided in these Bylaws, nomination, election, and removal of all officers and Directors (other than those Directors appointed or elected by the physician employees of the Corporation ("Physician Representatives"), which Physician Representatives may be removed only for cause);~~

(a) Reserved Powers of Member.

(i) The Member shall have the right and power to make recommendations to [New Parent], a Pennsylvania nonprofit corporation ("[New Parent]"), and [New Parent's Member] with respect to actions by [New Parent] and [New Parent's Member] on matters reserved to [New Parent] and [New Parent's Member] under Sections 2.2(b) and 2.2(c) of these Bylaws. [New Parent] and [New Parent's Member] shall have no obligation to approve any such recommendations, and may take actions that have not been recommended by, or that are contrary to recommendations of, the Member; and

(ii) The Board of Directors of the Member will have plenary authority with regard to the following:

~~(b) — any change in a~~ To determine the number of Directors that will comprise the Board of Directors of the Corporation and its subsidiaries, except that any change with regard to the Corporation must be consistent with the requirements of Section 3.2 of these Bylaws regarding the minimum number of ~~Physician Representatives~~Class A Directors (as hereinafter defined), and a reduction in the number of ~~Physician Representative~~Class A Director positions must be approved by the ~~Physician Representatives~~Class A Directors;

- ~~(c) — all operating and capital budgets and amendments thereto;~~
- ~~(d) — all fundamental change transactions and all other transactions not in the ordinary course of business;~~
- ~~(e) — all amendments to the Articles of Incorporation of the Corporation and these Bylaws, except changes to Sections 3.2, 3.3 (regarding the election of Physician Representatives to fill vacancies) and 3.8(a) or Article V of these Bylaws, which must be approved by the Physician Representatives;~~
- ~~(f) — indebtedness (i) which individually exceeds an amount established by the Sole Member from time to time or (ii) if such individual indebtedness is less than such amount, such indebtedness which, when added to the aggregate unpaid balance of all of the Sole Member's affiliated corporations' outstanding indebtedness (exclusive of mortgaged real estate) ("System Indebtedness"), causes the System Indebtedness to exceed an amount established by the Sole Member from time to time;~~
- ~~(g) — selection of independent auditors and legal counsel;~~
- ~~(h) — the entry into joint ventures or partnerships by the Corporation;~~
- ~~(i) — the execution of any management agreement, managed care contract, third party payor contract, or any other contract or material transaction involving the Corporation or its business not in the ordinary course of business; and~~
- ~~(j) — all other actions or tasks as are reserved to or required of the Sole Member by virtue of any other provisions of these Bylaws or by resolutions enacted by the Board of Directors of the Corporation from time to time.~~

~~Section 2.3 MANNER OF ACTING. The Sole Member shall act by executing and delivering to the President of the Corporation a written instrument signed by an officer or authorized agent of the Sole Member setting forth the action taken by the board of directors of the Sole Member or by the officer or board committee authorized by the board to take such action.~~

b) To elect the Class B Directors (as hereinafter defined) of the Corporation and the directors of its subsidiaries; and

c) To remove any of the Class B Directors of the Corporation and any of the directors of its subsidiaries, and to replace such Class B Directors and directors, as applicable, for the unexpired portion of his or her term.

(b) Reserved Powers of [New Parent]:

[New Parent] shall have the right and power to make recommendations to [New Parent's Member] with respect to actions by [New Parent's Member] on the matters reserved to [New Parent's Member] under Section 2.2(c) of these Bylaws. [New Parent's Member] shall have no obligation to approve any such recommendations, and [New Parent's Member] may take actions that have not been recommended by, or that are contrary to recommendations of, [New Parent].

(c) Reserved Powers of [New Parent's Member]:

[New Parent's Member] will have plenary authority with regard to the following:

(i) To elect and remove, with or without cause, all officers, including the President, of the Corporation and its subsidiaries;

(ii) To amend, revise or restate the Corporation's Articles of Incorporation and Bylaws and approve all amendments or revisions to the Corporation's Articles of Incorporation and Bylaws that may be proposed or approved by [New Parent], the Member or Board of Directors of the Corporation; provided however, that [New Parent's Member] will have no power to amend, revise or restate Section 3.2, Section 3.3 (regarding the election of Class A Directors to fill vacancies), Section 3.8(a), Article V or this proviso of Section 2.2(c)(ii) of these Bylaws, each of which may be amended only upon the concurrent approval of both (a) the Class A Directors, voting as a class, and (b) the Class B Directors, voting as a class;

(iii) To adopt or change the mission, purpose, philosophy or objectives of the Corporation or its subsidiaries;

(iv) To change the general structure of the Corporation or any of its subsidiaries as a voluntary, nonprofit corporation;

(v) To (a) dissolve, divide, convert or liquidate the Corporation or its subsidiaries, (b) consolidate or merge the Corporation or its subsidiaries with another corporation or entity, (c) sell or acquire assets, whether in a single transaction or series of transactions, where the consideration exceeds 1% of the Corporation's or the relevant subsidiary's total assets, and (d) approve any of the foregoing actions that may be proposed by [New Parent], the Member or the Board of Directors of the Corporation before such action becomes effective; provided however, that the consent of each of the Class A Directors serving on the Board of Directors who was a party to an employment contract with the Corporation on August 13, 2012 that has not expired or been terminated in accordance with its terms, shall be required as a condition precedent to any of the actions described in this Section 2.2(c)(v) that are proposed to be taken between August 13, 2012, and the later of three (3) years thereafter (if such employment contract has not expired or

been terminated in accordance with its terms) or the date when such employment contract expires or is terminated in accordance with its terms;

(vi) To approve the annual consolidated capital and operating plan and budget of the Corporation and its subsidiaries, and any amendments thereto or significant variances therefrom;

(vii) To approve the incurrence of debt by the Corporation and its subsidiaries or the making of capital expenditures by the Corporation and the subsidiaries during any fiscal year of the Corporation, in either case in excess of one quarter of 1% of the consolidated annual operating budget of the Corporation and its subsidiaries for each fiscal year if such debt or capital expenditures are not included in the Corporation's or subsidiaries' approved budgets, whether in a single transaction or a series of related transactions;

(viii) To approve any donation or any other transfer of the Corporation's or its subsidiaries' assets, other than to the Member or to the Corporation by its subsidiaries, in excess of \$10,000.00, unless specifically authorized in the Corporation's or its subsidiaries' approved budgets;

(ix) To approve strategic plans and mission statements of the Corporation and its subsidiaries;

(x) To approve investment policies of the Corporation and its subsidiaries;

(xi) To approve the closure or relocation of a licensed healthcare facility of the Corporation and its subsidiaries;

(xii) To approve the formation of subsidiary corporations, partnerships and joint ventures or to make investments in existing subsidiary corporations, partnerships and joint ventures, if the new investments of the Corporation and the subsidiaries in such subsidiary corporations, partnerships and joint ventures during any fiscal year would, in the aggregate, exceed 1% of the Corporation's consolidated total assets at the end of the prior fiscal year of the Corporation;

(xiii) To approve the dissolution of subsidiary corporations, partnerships and joint ventures of the Corporation and the subsidiaries, if the aggregate value of the ownership interests of the Corporation and the subsidiaries in such subsidiary corporations, partnerships and joint ventures so dissolved in any fiscal year would exceed 1% of the Corporation's consolidated total assets at the end of the prior fiscal year of the Corporation;

(xiv) 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 applicable to the Corporation; and

(xv) To select and appoint auditors and to designate the fiscal year of the Corporation and the subsidiaries.

Except as may otherwise be provided by the Nonprofit Corporation Law, [New Parent's Member] shall have the right to both initiate and approve action in furtherance of such reserved powers, as well as the authority to directly bind the Corporation and the subsidiaries on such matters. Any action taken in this regard by [New Parent's Member] shall be sufficient to finally approve and adopt such actions and no action of the Board of Directors, Member, [New Parent] or other governing body or officer with respect to such action shall be necessary with respect hereto.

ARTICLE III

Board of Directors

Section 3.1 AUTHORITY. Subject to the rights ~~of the Sole Member~~ and powers described in Section 2.2 and any limitations set forth elsewhere in these Bylaws or the Articles of Incorporation of the Corporation, the affairs of the Corporation shall be under the general direction of a Board of Directors which shall administer, manage, preserve and protect the property of the Corporation. ~~Directors need not be members of the Corporation. Provided, provided,~~ however, that day-to-day operations in the ordinary course of business shall be under the management and control of the ~~Class A Director(s), as hereinafter defined~~ physician employees of the Corporation.

Section 3.2 ELECTION, NUMBER AND TERM. The Board of Directors of the Corporation shall initially consist of at least one (1) ~~Physician Representative(s)~~ physician representative employed by the Corporation and invited to become a member of the Board of Directors by appointment or election by the ~~senior~~ physician employees ~~(as of the date of these Bylaws only Umberto A. DeRienzo, M.D.)~~ of the Corporation, ~~or as the Practice Director shall direct (hereinafter (herein the "Class A Director(s)"),~~ and at least one (1) Director ~~("JRM C Representative(s)"),~~ as may be designated from time to time by the Sole Member ~~(hereinafter herein the "Class B Director(s)").~~ The Board of Directors ~~of the Corporation~~ shall consist at all times of at least two (2) members, ~~the exact number to be set from time to time by resolution of the Board of Directors of the Corporation, and shall consist at all times fifty percent (50%) of Class A Director(s) and fifty percent (50%) of Class B Director(s).~~ The Physician Representatives, The Class A Directors may continue in office only so long as they remain physician employees of the Corporation. The term of the ~~JRM C Representatives~~ Class B Directors shall be determined by the ~~Sole~~ Member. Notwithstanding the foregoing:

- (a) At any time or during any period of time that a physician employee of the Corporation has any position or relationship with the ~~Sole Member,~~ whether as a trustee, director, agent or employee of the ~~Sole Member-~~ other than or in addition to his/her membership on the ~~Sole Member's~~ medical staff with clinical privileges to admit patients, such physician employee shall, during such period of time, neither be eligible to vote on the election

of ~~Physician Representatives~~Class A Directors nor to serve, or continue to serve, as a ~~Physician Representative~~Class A Director.

- (b) Neither the ~~Sole~~ Member nor the physician employees may elect or appoint ex officio nonvoting Directors. However, the ~~JRMC Representatives~~Class B Directors and the ~~Physician Representatives~~Class A Directors may invite guests to attend meetings of the Board of Directors.

Section 3.3 VACANCIES. If a vacancy occurs on the Board by death, resignation, refusal to serve, increase in the number of Directors or otherwise, the ~~Sole~~ Member shall elect the successor or new Class B Director if the vacancy is that of a ~~JRMC Representative, and~~Class B Director, and the physician employees of the Corporation shall elect a physician employee as the successor or new Class A Director if the vacancy is that of a Class A Director, ~~the successor shall be elected in accordance with the procedures in Section 3.2 for the election of Class A Directors~~. Each successor Class B Director so elected shall serve for the unexpired portion of the term of the Director being replaced, and until the Director's successor is elected and qualified or until such Director's earlier death, resignation or removal. In the case of the election of a ~~JRMC Representative~~Class B Director to fill a newly created Director position, such Director's term shall be determined by the ~~Sole~~ Member.

Section 3.4 COMPENSATION. No compensation shall be paid to any Director for services as a Director but, at the discretion of the Board, a Director may be reimbursed for travel and actual expenses necessarily incurred in attending meetings and performing other duties on behalf of the Corporation. A Director may be a salaried officer of the Corporation.

Section 3.5 MEETINGS. The Board shall meet at least bi-annually at a date and time established by the Board. The first meeting of the fiscal year or such other time as the Board may designate from time to time by resolution shall be the annual meeting of the Board. Special meetings shall be called by the Secretary upon the order of the President or at the written request of the ~~Sole~~ Member or a number of Directors constituting a quorum of the Directors then in office and entitled to vote. All meetings of the Board of Directors shall be held at the registered office of the Corporation unless otherwise designated in the notice.

Section 3.6 QUORUM. At all meetings of the Board of Directors, the presence of a ~~JRMC Representative (Class B Director), a Physician Representative (Class A Director)~~ and a majority of the Class A and Class B Directors in office and entitled to vote shall constitute a quorum. Directors shall be deemed as present at a meeting if a telephone or similar communication equipment is used, by means of which all persons participating in the meeting can hear each other at the same time. The act of a majority of the Directors entitled to vote at a meeting at which a quorum is present shall be the act of the Board. A majority of the Directors present and entitled to vote, whether or not a quorum exists, may adjourn any meeting of the Board to another time and place. Notice of any such adjourned meeting shall be given to the Directors who are not present at the time of adjournment.

Section 3.7 VOTING. Except as set forth hereinafter, resolutions of the Board shall be adopted, and any action of the Board at a meeting upon any matter shall be taken and be valid with the affirmative vote of the Board, with the Class A Directors and the Class B Directors having equal voting power.

Section 3.8 ACTIONS REQUIRING SPECIAL APPROVAL.

(a) ~~(a)~~ — Notwithstanding the foregoing, ~~none of~~ and the provisions of Section 2.2, the following actions shall not be taken unless approved by majority vote of both the Class A Directors and the Class B Directors, in each case voting as a class:

(i) ~~(i)~~ — Amending the Corporation’s Bylaws as they relate to the rights of the ~~Physician Representatives~~Class A Directors and/or the Practice Director, including the amendment or revocation of any of the duties delegated to the Practice Director in Article V of these Bylaws;

(ii) The hiring of any new physician;

(iii) Any material change to the compensation formula of the physician employees of the Corporation; or

(iv) The establishment of any new office or site of service.

(b) Notwithstanding the foregoing, and the provisions of Section 2.2, the following actions shall be subject to approval by ~~the JRMC Representatives~~[New Parent’s Member]:

~~(i) Sale or transfer of substantially all of the Corporation’s assets;~~

~~(ii) Adoption of an annual operating budget or capital budget;~~

~~(iii) Incurring or guaranteeing any debt in excess of the then current budgets;~~

~~(iv)~~ (i) Initiating litigation or settling litigation in which the Corporation is the plaintiff or defendant;

~~(v)~~ (ii) Adoption or modification of any personnel or human resources policies; and

~~(vi)~~ (iii) The taking of any action which would endanger the ~~non-profit~~nonprofit status of the Corporation or the tax exempt status of the ~~Sole Member~~, [New Parent] or [New Parent’s Member].

Section 3.9 NOTICES. Written notice of the date, time and place of each meeting of the Board of Directors shall be given to all Directors at least five (5) days in advance of the date thereof. Such notice shall set forth the date, time and place of the meeting. For special meetings, the notice shall also state the general nature of the business to be transacted. Such notice shall be given at the direction of the Secretary or another designated officer of the Corporation and shall be given to each Director, either personally or by sending a copy thereof by first class or express mail, postage prepaid, or courier service, charges prepaid, or by facsimile to each Director's address (or facsimile number) appearing on the records of the Corporation, or by such other form of notice as permitted by law. If the notice is sent by mail or courier service, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or with a courier service. If the notice is sent by facsimile, it shall be deemed to have been given to the person entitled thereto when sent. Notice of an adjourned meeting shall be deemed to have been announced at the time of adjournment.

Section 3.10 WAIVER OF NOTICE. Whenever any written notice whatsoever is required to be given under the provisions of applicable law, the Articles of Incorporation of the Corporation, or these Bylaws, a waiver of such notice in writing signed by the person or persons entitled to notice, whether before or after the time stated in such waiver, shall be deemed equivalent to the giving of such notice. In the case of a special meeting, such waiver of notice shall specify the general nature of the business to be transacted. Attendance of a Director at a meeting shall constitute a waiver of notice of the meeting unless the Director attends 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.

Section 3.11 INTERESTED MEMBERS, DIRECTORS OR OFFICERS.

- (a) No contract or transaction between the Corporation and one or more of its Directors or officers or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of the Corporation's Directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for such reason, or solely because a Director or officer of the Corporation is present at or participates in the meeting of the Board of Directors which authorizes the contract or transaction, or solely because the votes of such Director or officer are counted for such purpose, if
 - (i) the material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors and the Board in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested Directors even though the disinterested Directors are less than a quorum;
 - (ii) the material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the

members of the Board entitled to vote thereon and the contract or transaction is specifically approved in good faith by the members of the Board; or

- (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors or the ~~Sele~~ Member.
- (b) Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board which authorizes a contract or transaction specified in subsection (a) of this ~~section~~Section. The minutes of the meeting shall reflect that a disclosure was made, the abstention from voting and the effect on the quorum.
- (c) Actual and potential conflicts of interest involving one or more Directors or officers shall be dealt with in the manner described in Section 3.17 of these ~~bylaws~~Bylaws.

Section 3.12 STANDARD OF CARE AND FIDUCIARY DUTY. Each Director shall stand in a fiduciary relation to the 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 the 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 the 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 the 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 or her reliance to be unwarranted.

Section 3.13 FACTORS WHICH MAY BE CONSIDERED BY DIRECTORS. In discharging the duties of their respective positions, the Board of Directors, committees of the Board and individual Directors may, in considering the best interests of the Corporation, consider the following to the extent they deem appropriate:

- (a) the effects of any action upon any or all groups affected by such action, including employees, suppliers, customers and creditors of the Corporation, and upon communities in which offices or other establishments of the Corporation are located;
- (b) the short-term and long-term interests of the Corporation, ~~including the benefits that may accrue to the Corporation from its long-term plans and the possibility that these interests may be best served by the continued independence of the Corporation;~~ and
- ~~(c) the resources, intent and conduct (past, stated and potential) of any person seeking to acquire control of the Corporation; and~~
- (d) all other pertinent factors.

The Board of Directors, committees and Directors are not required, in considering the best ~~interest~~interests of the Corporation or the effects of any action, to regard any corporate interest or the interests of any particular group affected by such action as a dominant or controlling interest or factor. The consideration of interests and factors in the manner described in this ~~section~~Section shall not constitute a violation of Section 3.12 hereof. ~~The fiduciary duty of Directors shall not be deemed to require them to act as the Board of Directors, a committee or an individual Director solely because of the effect such action might have or an acquisition or potential or proposed acquisition of control of the Corporation or the consideration that might be offered or paid to the Sole Member in such an acquisition. Absent breach of fiduciary duty, lack of good faith or self-dealing, any act as the Board of Directors, a committee of the Board or an individual Director shall be presumed to be in the best interests of the Corporation. In assessing whether the standard set forth in Section 3.12 hereof has been satisfied, there shall not be any greater obligation to justify, or higher burden of proof with respect to, any act as the Board, committee or an individual Director relating to or affecting an acquisition or potential or proposed acquisition of control of the Corporation than is applied to any other act as a Board, committee or individual Director. Notwithstanding the preceding provisions of this Section 3.13, any act as the Board, committee or an individual Director relating to or affecting an acquisition or potential or proposed acquisition of control to which a majority of the disinterested Directors shall have assented shall be presumed to satisfy the standard set forth in Section 3.12, unless it is proven by clear and convincing evidence that the disinterested Directors did not assent to such act in good faith after reasonable investigation.~~

The term disinterested Director means, solely for the purpose of this Section,

- ~~(a) a Director of the Corporation other than~~
 - ~~(i) a Director who has a direct or indirect financial or other interest in the person acquiring or seeking to acquire control of the Corporation or who is an affiliate or associate of, or was nominated or designated~~

~~as a Director by, a person acquiring or seeking to acquire control of the Corporation; or~~

- ~~(ii) — depending upon the specific facts surrounding the Director and the act under consideration, an officer or employee or former officer or employee of the Corporation.~~

~~A person shall not be deemed to be other than a disinterested Director solely by reason of any or all of the following:~~

- ~~(a) — any interest the Director may have in retaining the status or position of a Director;~~
- ~~(b) — the former business or employment relationship of the Director with the Corporation; or~~
- ~~(c) — receiving or having the right to receive retirement or deferred compensation from the Corporation due to service as an employee.~~

Section 3.14 RULES AND REGULATIONS. The Board of Directors may adopt rules and regulations not inconsistent with these Bylaws for the administration and conduct of the affairs of the Corporation and may alter, amend or repeal any such rules or regulations adopted by it. Such rules and regulations may be amended by majority vote of the Directors present and entitled to vote at a meeting of the Directors where a quorum is present.

Section 3.15 REMOVAL OF DIRECTORS. Any Class B Director may be removed from office without assigning any cause by the Member. Any Class A Director may be removed from office without assigning any cause by a majority vote of the physician employees of the Corporation.

- ~~(a) — By the Sole Member. Any individual Class B Director designated by the Sole Member may be removed from office without assigning any cause by the Sole Member. Any individual Class A Director appointed or elected by the senior physician employees of the Corporation may be removed from office without assigning any cause by a majority vote of the senior physician employees of the Corporation.~~
- ~~(b) — By the Board. The Board of Directors, by a majority vote of all of the JRMC Representatives, may declare vacant the office of a JRMC Representative Class B Director, and by a majority vote of all of the Physician Representatives, may declare vacant the office of a Physician Representative Class A Director, who is declared of unsound mind by an order of the court or is convicted of a felony or other cause. “Other cause” shall mean any action or inaction which, in the sole discretion of the Board, materially and adversely affects or may affect the Corporation.~~

Section 3.16 CONSENTS. Any action which may be taken at a meeting of the Directors may be taken without a meeting, if a consent or consents in writing setting forth the action so taken shall be signed by all of the Directors in office and entitled to vote and shall be filed with the Secretary of the Corporation.

Section 3.17 CONFLICTS OF INTEREST.

- (a) Disclosure of Interest. Any Director, officer, or committee member having a Material Interest (as defined below) in a contract or other transaction presented to the Board of Directors or any committee thereof for authorization, approval or ratification, shall make a prompt, full and frank disclosure of such person's interest to the Board or committee prior to its acting on such contract or transaction. Such disclosure shall include all relevant and material facts known to such person about his/her relationship or interest and about the contract or transaction. The Board or committee to which such disclosure is made shall thereupon determine, by majority vote of those present, excluding the interested person, whether the disclosure shows that a conflict of interest exists or can reasonably be construed to exist. If a conflict is deemed to exist or can reasonably be construed to exist, such person shall not vote on nor participate in the discussions and deliberations with respect to such contract or transaction, other than to present factual information or to respond to questions. Such person may be counted in determining the existence of a quorum at any meeting where the contract or transaction is under discussion or is being voted upon. The minutes of the meeting shall reflect the disclosure made, the vote thereon and, where applicable, the abstention from voting or participation. For purposes of this Article, a person shall be deemed to have a "Material Interest" in a contract or other transaction if such person, or a member of his/her other immediate family, is a party, or one of the parties, contracting or dealing with the Corporation, or is a director, officer, or key employee of, or has a significant financial interest in the entity contracting or dealing with the Corporation.

- (b) Prohibited Transactions. Members of the Board of Directors shall not engage in the following transactions:
 - (i) The sale, exchange or leasing of property or services between the Corporation and a member of the Board of Directors or an entity in which he or she has a Material Interest, on a basis less favorable to the Corporation than that on which such property or services are made available to the general public.

 - (ii) Furnishing of goods, services or facilities by the Corporation to a member of the Board of Directors, unless such furnishing is made on the same basis on which such goods, services or facilities are made available to the general public or to the employees of the Corporation.

(iii) Any transfer to or use by or for the benefit of a member of the Board of Directors of the income or assets of the Corporation, except purchase for fair market value.

(c) Annual Disclosure Statements. The Board of Directors shall require that all prospective Directors and all members of the Board of Directors execute and submit, at the time of election or appointment, and annually thereafter, a written statement indicating any Material Interests which could give rise to conflicts of interest and any interests which are or may reasonably be construed to be Competing Interests (as defined below). While the written statement is required annually, it is a continuing responsibility of appointees and Directors to provide prompt notice to the Corporation of any changes. Notice of this requirement and other provisions of this Article Section shall be given to prospective candidates for election or appointment. ~~The term appointment or appointee specifically includes those who are serving or who are proposed to serve as ex-officio Directors.~~

(d) Competing Interests. No person shall be eligible to serve as a Director (or to continue to so serve) if he or she has or acquires a “Competing Interest,” as defined below:

(i) “Competing Interest” shall be defined as including any of the following situations:

A person (or his or her immediate family member) who, directly or indirectly, owns or holds an investment or ownership interest (other than an ownership or investment interest in less than five percent (5%) of the common stock of a publicly-traded company) in an entity identified or determined by the Corporation from time to time as a competitor;

A person (or his or her immediate family member) who holds a leadership position in an entity identified or determined by the Corporation from time to time as a competitor. Leadership position shall include, without limitation, service on the board, a board committee or a planning committee of or holding a management contract with such a competitor; or

A person who is employed by or has a compensation arrangement with a competing entity. “Immediate family member” means spouse, siblings, parents, children, stepchildren, grandchildren and their spouses.

Examples of entities deemed by the Corporation to be competing entities include, without limitation: general hospitals; specialty hospitals; freestanding surgery centers; specialty diagnostic centers; specialty treatment centers; specialty therapy centers or other

entities operating or which should be operating in whole or in part under a healthcare facility license, but do not include physician offices with equipment customarily and routinely used or contained in a physician office (e.g., EKG machine used by a cardiologist).

- (ii) It shall be the responsibility of prospective Directors and current Directors to promptly disclose the existence of all ownership or investment interests, leadership positions and employment or compensation arrangements, regardless of whether they fall within the above definitions. If such interest is in an entity that the Corporation has previously determined to be a competing entity, the prospective Director or current Director shall be automatically ineligible to serve or continue serving as a Director and shall be deemed to have automatically resigned his or her position or interest in a position on the Board and its committees.
- (iii) If it is necessary for the Board to determine whether the entity in question is a competing entity, the Board, by majority vote of those present (excluding the interested person) shall decide whether a ~~competing interest~~Competing Interest exists. If a ~~competing interest~~Competing Interest exists, the interested person shall no longer be eligible for consideration as a prospective Director or, if already serving as a Director, shall not continue to serve, and shall be deemed to have automatically resigned his or her interest in a position on the Board and its committees.

ARTICLE IV

Officers

Section 4.1 ENUMERATION. The officers of the Corporation shall consist of a President, Secretary and Treasurer and such other officers and assistant officers as the Board of Directors may, from time to time, designate. The members of the Board may also elect a Chairperson to preside at meetings of the Board ~~and the members~~.

Section 4.2 TERM OF OFFICE. Each officer, ~~other than the President~~, shall serve for a term of one (1) year and until the officer's successor is duly elected and takes office.

Section 4.3 ELECTION. ~~Except as set forth in Section 4.5, all~~All officers shall be elected prior to the beginning of the fiscal year by ~~the Board of Directors~~[New Parent's Member].

Section 4.4 VACANCIES. Any vacancy occurring by death, resignation, refusal to serve, or otherwise may be filled by ~~the President or by the Directors entitled to vote, all subject to the approval of the Sole~~[New Parent's Member].

Section 4.5 PRESIDENT. ~~The Practice Director shall serve as the President of the Corporation.~~—The President shall be responsible for and have supervision over the

management and administration of the Corporation, subject to the control of the Board of Directors and the ~~Sole Member. In accordance with Section 5.1 of these Bylaws, Umberto A. DeRienzo, M.D. shall be the President at the date of the adoption of these Bylaws and shall serve for a term continuing for so long as that certain Physician Employment Agreement by and among Umberto A. DeRienzo, M.D., the Sole Member and the Corporation remains in effect.~~Member.

Section 4.6 SECRETARY. The Secretary shall make or cause to be made minutes of all meetings of the Board of Directors ~~and the Sole Member~~. The Secretary shall be responsible for the timely mailing or delivery of all notices of meetings of the Board of Directors ~~and the Sole Member~~, shall affix the corporate seal at the direction of the President and, generally, will perform all duties incident to the office of secretary of a corporation and such other duties as may be required by law, by the Articles of Incorporation or by these Bylaws, or which may be assigned from time to time by the Board of Directors.

Section 4.7 TREASURER. The Treasurer shall supervise the financial activities of the Corporation. Specifically, the Treasurer shall see that (a) full and accurate accounts of receipts and disbursements are kept, (b) a system is in place such that all monies and other valuable effects are deposited in the name and to the credit of the Corporation in such depositories as shall be designated by the Board, (c) the Directors at the regular meetings of the Board or whenever they may require it, receive an account of the financial condition of the Corporation, and (d) an annual audit of the Corporation's books and records is performed by an auditor selected by ~~the Board~~[New Parent's Member]. In performing these functions, the Treasurer may rely on employees of the Corporation or any affiliated corporation who possess special financial training and skills and whose employment responsibilities include management of the Corporation's financial affairs. In the absence or disability of the Treasurer, the Assistant Treasurer, if any, shall perform all the duties of the Treasurer and when so acting shall have all of the powers of and be subject to all of the restrictions upon the Treasurer.

Section 4.8 OTHER OFFICERS. Each other officer shall have such responsibilities and perform such duties as may be prescribed by the Board of Directors and as are approved by [New Parent's Member] from time to time. Each assistant officer shall carry out the responsibilities and duties of the officer which the assistant officer assists in the event such officer is unable to perform such responsibilities or duties, except that no assistant officer shall become a Director solely by virtue of being an assistant officer.

Section 4.9 BONDS. The Board may, in its discretion, require the Treasurer and any other officer to give bond in such amount and with such surety or sureties as may be satisfactory to the Board for the faithful discharge of the duties of the office and for the restoration to the Corporation, in case of the officer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind belonging to the Corporation in the officer's possession or under the officer's control.

Section 4.10 REMOVAL OF OFFICERS. ~~Except as otherwise set forth in these Bylaws, including without limitation Section 5.2 hereof, any~~Any officer may be removed by ~~the~~

~~See~~[New Parent's Member] whenever, in its judgment, the best interests of the Corporation will be served.

ARTICLE V

Practice Director

Section 5.1 DUTIES. The Practice Director, who, at the date of the adoption of these Bylaws is Umberto A. DeRienzo, M.D., shall be a physician employee of the Corporation annually elected or appointed by the physician employees of the Corporation, subject to approval of [New Parent], not to be unreasonably withheld, and shall act as chief administrative officer of the Corporation, having responsibility for ensuring quality, cost effective care. The Practice Director shall at all times while serving as such be a physician duly licensed and qualified in the Commonwealth of Pennsylvania and shall not at any time have been excluded from participation in Medicare, Pennsylvania Medical Assistance, or other federal or state healthcare program. The duties of the Practice Director shall include, but not be limited to, the following:

- (a) ~~Accept and maintain appointment by the Corporation as President.~~(b) ———Develop and implement goals and objectives for the Corporation.
- (~~e~~b) Chair and serve as a voting member of all committees which may be established relating to compensation and physician productivity.
- (~~d~~c) Chair and serve as a voting member of all committees which may be established relating to physician recruitment and retention, as well as the maintenance of appropriate staffing levels and, when necessary, the termination of a physician's employment.
- (~~e~~d) Maintain oversight of the professional performance of all members of the Corporation.
- (~~f~~e) Organize, supervise and coordinate clinical services of the Corporation.
- (~~g~~f) Prepare or direct the preparation of such reports and records as may be required by law, regulatory bodies, whether public or private, these Bylaws or as may be reasonably required by the Corporation.
- (~~h~~g) Assist the Corporation in assuring that the Corporation is in compliance with the regulations of all federal, state and local governmental and regulatory bodies and all applicable accrediting agencies.
- (~~i~~h) Assist in developing appropriate standards of care and policies and procedures for the operation of the Corporation.
- (~~j~~i) Assist in developing a comprehensive and effective quality assurance and utilization review program for the Corporation.

- (k) Assist with the preparation of annual reports, as well as operating and capital budgets for the Corporation.
- (l) Assist in maintaining effective community relations by speaking at civic associations and other organizations on behalf of the Corporation and attending such community and public relations functions as may be reasonably requested by the Corporation.
- (m) Have the authority to enter into operational contracts, with prior approval of the Board of Directors.

Section 5.2 SUCCESSOR. In the event ~~of termination or expiration of that certain Physician Employment Agreement by and among Umberto A. DeRienzo, M.D., the Sole Member and the Corporation, the Sole Member~~ that the Practice Director is no longer employed by the Corporation or withdraws or is removed by majority vote of the physician employees of the Corporation, the physician employees of the Corporation shall choose his/her successor, subject to approval of [New Parent], not to be unreasonably withheld.

ARTICLE VI

Committees

Section 6.1 COMMITTEES. The Corporation shall have such standing and ad hoc committees as the Board may deem advisable in the administration and conduct of the affairs of the Corporation. Such committees of the Board shall meet as necessary to accomplish their goals. The Board is authorized in its discretion to approve reimbursement for travel and actual expenses necessarily incurred by members of committees in attending committee meetings and in performing other official duties as such. ~~Except as otherwise provided in these Bylaws or in the resolution creating the applicable committee, committee~~ Committee chairpersons and members shall be appointed annually by the ~~President~~ Board of Directors and may be reappointed to a committee for an unlimited number of terms. With the exception of the Executive Committee, if any, persons who are not Directors are eligible to serve as committee members. ~~Any person authorized by these Bylaws to appoint the chairman and/or members of any committee may appoint himself or herself as chairman and/or member.~~ The chairman of each committee shall determine the date and place of all committee meetings. Each committee may adopt its own rules of procedure not inconsistent with these Bylaws.

Section 6.2 LIMITATION ON POWER OF COMMITTEES. No such committee shall have any power or authority as to the following:

- (a) the submission to the ~~Sole~~ Member of any action requiring approval of the ~~Sole~~ Member;
- (b) the filling of vacancies in the Board of Directors;
- (c) the adoption, amendment or repeal of ~~the~~ these Bylaws;

- (d) the amendment or repeal of any resolution of the Board; or
- (e) action on matters committed by ~~the~~these Bylaws or a resolution of the Board to another committee of the Board.

ARTICLE VII

Limitation of Personal Liability of Directors

Section 7.1 ~~LIMITATION OF DIRECTORS' PERSONAL LIABILITY. A Director of the Corporation shall not be personally liable for monetary damages for any action taken unless the Director has breached or failed to perform the duties of his or her office under Chapter 57, Subchapter B of the NPCL as in effect at the time of the alleged action by such Director and the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. Such limitation on liability does not apply to the responsibility or liability of a Director pursuant to any criminal statute or for payment of taxes pursuant to any Federal, state or local law.~~

Section 7.2 ~~PRESERVATION OF RIGHTS. Any repeal or modification of this Article by the Corporation shall not adversely affect any right or protection existing at the time of such repeal or modification to which any Director or former Director may be entitled under this Article. The rights conferred by this Article shall continue as to any person who has ceased to be a Director of the Corporation and shall inure to the benefit of the heirs, executors and administrators of such person.~~

- (a) Elimination of Liability. To the fullest extent that the laws of the Commonwealth of Pennsylvania, as now in effect or as hereafter amended, permit elimination or limitation of the liability of Directors, no Director of the Corporation shall be personally liable for monetary damages as such for any action taken, or any failure to take any action, as a Director.
- (b) Applicability. The provisions of this Section shall be deemed to be a contract with each Director of the Corporation who serves as such at any time while this Section is in effect and each such Director shall be deemed to be so serving in reliance on the provisions of this Section. Any amendment or repeal of this Section or adoption of any Section or provision of these Bylaws which has the effect of increasing Director liability shall operate prospectively only and shall not affect any action taken, or any failure to act, prior to the adoption of such amendment, repeal, bylaw or provision.

ARTICLE VIII

Indemnification

Section 8.1. ~~GENERAL. The Corporation shall indemnify any Director or officer, and may indemnify any other employee or agent, who was or is a party to, or is threatened to be made a party to or who is called as a witness in connection with any threatened, pending, or~~

~~completed action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the Corporation, by reason of the fact that he/she is or was a Director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a Director, officer, employee, or agent of another corporation, partnership, joint venture, trust or other enterprises, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding unless the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.~~

- (a) Right to Indemnification - General. Any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (whether brought by or in the name of the Corporation or otherwise), by reason of the fact that he or she is or was a representative of the Corporation, or is or was serving at the request of the Corporation as a representative of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Corporation to the fullest extent now or hereafter permitted by applicable law in connection with such action, suit or proceeding arising out of such person's service to the Corporation or to such other corporation, partnership, joint venture, trust or other enterprise at the Corporation's request. The term "representative," as used in this Article VIII, shall mean any Director, officer, member of a committee created by or pursuant to these Bylaws, and any other person who may be determined by the Board of Directors to be a representative entitled to the benefits of this Article VIII.
- (b) Right to Indemnification - Third Party Actions. Without limiting the generality of Section 8.1(a), any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation), by reason of the fact that he or she is or was a representative of the Corporation, or is or was serving at the request of the Corporation as a representative of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Corporation against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any

criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

- (c) Right to Indemnification - Derivative Actions. Without limiting the generality of Section 8.1(a), any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she is or was a representative of the Corporation, or is or was serving at the request of the Corporation as a representative of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Corporation against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation; except, however, that indemnification shall not be made under this Section 8.1(c) in respect of any claim, issue or matter as to which such person has been adjudged to be liable to the Corporation unless and only to the extent that the Court of Common Pleas of the county in which the registered office of the Corporation is located or the court in which such action, suit or proceeding was brought determines upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses that the Court of Common Pleas or such other court shall deem proper.
- (d) Advance of Expenses. Expenses (including attorneys' fees) incurred by any representative of the Corporation in defending any action, suit or proceeding referred to in this Article VIII shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the representative to repay such amount if it is ultimately determined that he or she is not entitled to be indemnified by the Corporation as authorized in this Article VIII or otherwise.
- (e) Procedures for Effecting Indemnification. Unless ordered by a court, any indemnification under Section 8.1(a), Section 8.1(b) or Section 8.1(c) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the representative is proper in the circumstances because he or she has met the applicable standard of conduct set forth in such subsections. Such determination shall be made: (i) by the Board of Directors by a majority of a quorum consisting of Directors who were not parties to such action, suit or proceeding; or (ii) if such a quorum is not obtainable, or if obtainable and a majority vote of a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion.

(f) ~~Section 8.2 — EXCEPTIONS~~ Indemnification Not Exclusive. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall not be deemed exclusive of any other rights to which ~~those a person~~ seeking indemnification or advancement of expenses may be entitled under any Bylaw ~~other provision of these Bylaws,~~ agreement, ~~contract,~~ vote of the ~~Sole Member or~~ disinterested Directors ~~or pursuant to the direction, howsoever embodied, of any court of competent jurisdiction~~ or otherwise, both as to action in his/ or her official capacity and as to action in another capacity while holding such office. ~~It is the policy of the Corporation that indemnification of, and advancement of expenses to, Directors and officers of the Corporation shall be made to the fullest extent permitted by law. To this end, the provisions of this Article shall be deemed to have been amended for the benefit of Directors and officers of the Corporation effective immediately upon any modification of the Pennsylvania statute, which expands or enlarges the power or obligation of corporations organized under the Pennsylvania statute to indemnify, or advance expenses to, Directors and officers of the Corporation.~~

~~Section 8.3 — EXPENSES.~~ The Corporation shall pay expenses incurred by any other employee or agent, in defending a civil or criminal action, ~~suit or proceeding 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 he/she is not entitled to be indemnified by the Corporation.~~ Section 8.4 — CONTINUATION. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article shall, unless otherwise provided when authorized or ratified, and shall continue as to a person who has ceased to be a Director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person. representative of the Corporation and shall inure to the benefit of the heirs and personal representatives of such person.

~~Section 8.5 — CREATION OF FUND.~~ The Corporation shall have the authority to ~~create a fund of any nature, or otherwise secure or insure in any manner, its indemnification obligations, whether arising under these Bylaws or otherwise. This authority shall include, without limitation, the authority to (i) deposit funds in trust or in escrow, (ii) establish any form of self-insurance, (iii) secure its indemnity obligation by grant of a security interest, mortgage or other lien on the assets of the Corporation or (iv) establish a letter of credit, guaranty or surety arrangement for the benefit of such persons in connection with the anticipated indemnification or advancement of expenses contemplated by this Article. The provisions of this Article shall not be deemed to preclude the indemnification of, or advancement of expenses to, any person who is not specified in Section 8.1 of this Article but whom the Corporation has the power or obligation to indemnify, or to advance expenses for, under the provisions of the Pennsylvania Statute or otherwise. The authority granted by this Section 8.5 shall be exercised by the Board of Directors of the Corporation.~~

~~Section 8.6 — NOTICE.~~ As soon as practicable after receipt by any person specified in Section 8.1 of this Article of notice of the commencement of any action, suit or proceeding specified in Section 8.1 of this Article, such person shall, if a claim with respect thereto

~~may be made against the Corporation under this Article, notify the Corporation in writing of the commencement or threat thereof; however, the omission so to notify the Corporation shall not relieve the Corporation from any liability under this Article unless the Corporation shall have been prejudiced thereby or from any other liability which it may have to such person other than under this Article. With respect to any such action as to which such person notifies the Corporation of the commencement or threat thereof, the Corporation may participate therein at its own expense and, except as otherwise provided below, to the extent that it desires, the Corporation jointly with any other indemnifying party similarly notified, shall be entitled to assume the defense thereof, with counsel selected by the Corporation to the reasonable satisfaction of such person. After notice from the Corporation to such person of its election to assume the defense thereof, the Corporation shall not be liable to such person under this Article for any legal or other expenses subsequently incurred by such person in connection with the defense thereof other than as otherwise provided below. Such person shall have the right to employ his/her own counsel in such action, but the fees and expenses of such counsel incurred after notice from the Corporation of its assumption of the defense thereof shall be at the expense of such person unless: (i) the employment of counsel by such person shall have been authorized by the Corporation; (ii) such person shall have reasonably concluded that there may be a conflict of interest between the Corporation and such person in the conduct of the defense of such proceeding or (iii) the Corporation shall not in fact have employed counsel to assume the defense of such action. The Corporation shall not be entitled to assume the defense of any proceeding brought by or on behalf of the Corporation or as to which such person shall have reasonably concluded that there may be a conflict of interest. If indemnification under this Article or advancement of expenses are not paid or made by the Corporation, or on its behalf, within ninety (90) days after a written claim for indemnification or a request for an advancement of expenses has been received by the Corporation, such person may, at any time thereafter, bring suit against the Corporation to recover the unpaid amount of the claim or the advancement of expenses. The right to indemnification and advancement of expenses provided hereunder shall be enforceable by such person in any court of competent jurisdiction. The burden of proving that indemnification is not appropriate shall be on the Corporation. Expenses reasonably incurred by such person in connection with successfully establishing the right to indemnification or advancement of expenses, in whole or in part, shall also be indemnified by the Corporation.~~

(g) When Indemnification Not Made. Indemnification pursuant to this Article VIII shall not be made in any case where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

(h) Grounds for Indemnification. Indemnification pursuant to this Article VIII, under any other provision of these Bylaws, agreement, vote of Directors or otherwise may be granted for any action taken or any failure to take any action and may be made whether or not the Corporation would have the power to indemnify the person under any provision of law except as otherwise provided in this Article VIII and whether or not the indemnified liability arises or arose from any threatened, pending or completed action

by or in the right of the Corporation. The provisions of this Article VIII shall be applicable to all actions, suits or proceedings within the scope of Section 8.1(a), Section 8.1(b) or Section 8.1(c) of these Bylaws, whether commenced before or after the adoption hereof, whether arising from acts or omissions occurring before or after the adoption hereof.

- (i) ~~Section 8.7 INSURANCE.~~ Power to Purchase Insurance. The Corporation shall have the power to may purchase and maintain insurance on behalf of any person who is or was a representative of the Corporation or is or was serving at the request of the Corporation as a ~~Director, or officer of the Corporation or any~~ representative of another corporation, partnership, joint venture, trust or other ~~organization affiliated with the Corporation,~~ enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his/ or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of ~~the Pennsylvania Statute~~ this Article VIII.
- (j) Creation of a Fund to Secure or Insure Indemnification. The Corporation may create a fund of any nature, which may, but need not be, under the control of a trustee, or otherwise secure or insure in any manner its indemnification obligations, whether arising under or pursuant to this Article VIII or otherwise.
- (k) Status Rights of Indemnities. The rights to indemnification and advancement of expenses provided by or granted pursuant to this Article VIII shall (a) be deemed to create contractual rights in favor of each person who serves as a representative of the Corporation at any time while this Article is in effect (and each such person shall be deemed to be so serving in reliance on the provisions of this Article), and (b) continue as to a person who has ceased to be a representative of the Corporation.
- (l) Applicability to Predecessor Companies. For purposes of this Article VIII, references to the "Corporation" include all constituent corporations or other entities which shall have become a part of the Corporation by consolidation or merger or other similar transaction and their respective current and former affiliates, and references to "representatives" shall include members of any such corporation, entity or affiliate, so that any person who was a member, director, officer, committee member or other representative of such a corporation, entity or affiliate or served as a member, director, officer, committee member or other representative of another corporation, partnership, joint venture, trust or other enterprise at the request of any such corporation, entity or affiliate shall stand in the same position under the provisions of this Article VIII with respect to the Corporation as he or she would if he or she had served the Corporation in the same capacity. Without limitation of the foregoing, each member, director, officer and committee member of each predecessor to the Corporation shall have the

same contract rights as are afforded to Directors, officers and employees of the Corporation pursuant to Section 8.1(k).

ARTICLE IX

Restrictions Regarding the Operations of the Corporation; Administration of Funds

Section 9.1 NO PRIVATE BENEFICIARIES. The Corporation shall not pay dividends or distribute any part of its income or profits to its members, Directors, or officers, except that the Corporation may pay compensation in a reasonable amount to its officers for services rendered, and may reimburse ~~for~~ Directors for expenses in accordance with Section 3.4 of these Bylaws.

Section 9.2 ANNUAL REPORT. The Treasurer shall submit annually to the Board of Directors a statement containing those details required to be included under the provisions of the ~~NPCL~~Nonprofit Corporation Law, as it may be amended from time to time or any successor statute governing Pennsylvania nonprofit corporations or these Bylaws.

Section 9.3 BOOKS AND RECORDS. The Corporation will keep correct and complete books and records of account and will also keep minutes of the proceedings of the ~~Sele Member~~, Board of Directors and committees, and records of actions taken by the Member relating to the Corporation. The Corporation will keep at its registered office the original or a copy of its Bylaws including amendments to date, certified by the Secretary of the Corporation and an original or duplicate membership register, giving the names of the members and showing their respective addresses, and the class and other details of membership. ~~Every member~~The Member, [New Parent] and [New Parent's Member] shall, upon written demand under oath stating the purpose thereof, have a right to examine, in person or by agent or attorney, during the usual hours for business for any proper purpose, the membership register, books and records of account and records of the proceedings of the ~~members and~~ Directors and records of actions taken by the Member relating to the Corporation, and to make copies or extracts therefrom. A proper purpose shall mean a purpose reasonably related to the interest of such person as ~~a member~~the Member, [New Parent] or [New Parent's Member]. Where an attorney or other agent is the person who seeks the right of inspection, the demand under oath shall be accompanied by a power of attorney or another writing authorizing the attorney or other agent to act on behalf of ~~the member~~such person.

ARTICLE X

Bylaws Amendments

Dissolution

Upon the dissolution or liquidation of the Corporation, after paying or making provision for payment of all of the known liabilities of the Corporation, any remaining

assets of the Corporation shall be transferred to the Member, or its successor, provided that the Member or such successor is then in existence and then exempt from federal income taxes under Section 501(c)(3) of the Code. If upon the dissolution or liquidation of the Corporation, the Member, or its successor, is not in existence or no longer qualifies as an exempt organization under Section 501(c)(3) of the Code, any remaining assets of the Corporation shall be distributed to [New Parent], or its successor, provided that [New Parent] is then in existence and then exempt from federal income taxes under Section 501(c)(3) of the Code. If upon the dissolution of the Corporation, both the Member and [New Parent], or their successors, are not in existence or no longer qualify as exempt organizations under Section 501(c)(3) of the Code, any remaining assets of the Corporation shall be distributed to [New Parent's Member], or its successor, provided that [New Parent's Member] is then in existence and then exempt from federal income taxes under Section 501(c)(3) of the Code. If upon the dissolution of the Corporation, each of the Member, [New Parent] and [New Parent's Member], or their successors, are not in existence or no longer qualify as exempt organizations under Section 501(c)(3) of the Code, any remaining assets of the Corporation shall be distributed to (a) such one or more corporations, trusts, funds or other organizations which at the time are exempt from federal income tax as organizations described in Section 501(c)(3) of the Code and, in the sole judgment of the Corporation's Board of Directors, have purposes similar to those of the Corporation or (b) the federal government, or to a state or local government for such purposes. Any such assets not so disposed of shall be disposed of by a court of competent jurisdiction exclusively to one or more of such corporations, trusts, funds or other organizations as said court shall determine, which at the time are exempt from federal income tax as organizations described in Section 501(c)(3) of the Code, and which are organized and operated for such purposes, or to the federal government or to a state or local government for such purposes. No private individual shall share in the distribution of any Corporation assets upon dissolution or sale of the assets of the Corporation.

ARTICLE XI

Bylaws Amendments

~~Section 10.1 AUTHORITY. The Board of Directors may recommend amendments to these Bylaws to the Sole Member. Except as provided in Section 3.8(a) of these Bylaws, these~~ These Bylaws may be altered, amended or repealed ~~by the affirmative vote of the Sole Member at any regular or special meeting of the Sole Member,~~ or new Bylaws may be adopted only by [New Parent's Member], subject to Section 2.2(c)(ii), Section 3.2, Section 3.3, Section 3.8(a) and Article V hereof.

~~Section 10.2 NOTICE. The Directors of the Corporation shall be given at least ten (10) days' prior written notice of any Board meeting at which proposed changes to the Bylaws of the Corporation are to be considered for recommendation to the Sole Member. Such written notice shall include a copy of the proposed amendment or a summary of the changes to be effected thereby.~~

SECRETARY'S CERTIFICATE

THIS IS TO CERTIFY that the foregoing Bylaws of Primary Care Group 12, Inc. (the "Corporation") have been duly adopted by the Directors of the Corporation and by Jefferson Regional Medical Center, as the Corporation's ~~Sole~~-Member, as of ~~October 1, 2010~~, _____, 2013.

IN WITNESS WHEREOF, the undersigned, duly elected and acting Secretary of the Corporation, has signed this Certificate and affixed the seal of the Corporation hereon this ____ day of _____, ~~2010~~2013.

Secretary of the Corporation

TAB 13

DRAFT

1/22/2013

AMENDED AND RESTATED BYLAWS
OF
FAMILY PRACTICE MEDICAL ASSOCIATES SOUTH, INC.
A Pennsylvania Nonprofit Corporation

Adopted
, 2013

_____, 20

AMENDED AND RESTATED BYLAWS

OF

~~Family Practice Medical Associates South~~

FAMILY PRACTICE MEDICAL ASSOCIATES SOUTH, INC.

A Pennsylvania Nonprofit Corporation

ARTICLE I

Introductory

Section 1.1 NAME. The name of the Corporation is Family Practice Medical Associates South, Inc.

Section 1.2 STATEMENT OF PURPOSES. ~~As provided in its Articles of Incorporation, the~~The Corporation is organized for the purpose of arranging for the provision of healthcare services under the Pennsylvania Nonprofit Corporation Law of 1988, as amended (the "Nonprofit Corporation Law") for charitable, scientific and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and in this connection is organized:

- (a) To arrange for the provision of health care services;
- (b) To operate as part of the nonprofit health care system governed by [New Parent's Member], a Pennsylvania nonprofit corporation ("[New Parent's Member]"), and support a health care provider network comprised of the Member and those corporations and other entities over which the Member exercises governance control (the "subsidiaries");
- (c) To exercise such powers in furtherance of the foregoing purposes as are now or may be granted hereafter by the Nonprofit Corporation Law, as amended from time to time, or any successor legislation;
- (d) To carry out such other acts and to undertake such other activities as may be necessary, appropriate or desirable in furtherance of or in connection with the conduct, promotion or attainment of the foregoing purposes; and
- (e) To otherwise operate exclusively for charitable, scientific or educational purposes within the meaning of Section 501(c)(3) of the Code.

Section 1.3 OFFICES. The principal and registered office of the Corporation shall be located at ~~565 Coal Valley Road, P.O. Box 18119, Pittsburgh, PA 15236-0119,~~1200 Brooks Lane, Suite 290, Jefferson Hills, PA 15025, or at such other place as the Board of Directors may designate from time to time.

Section 1.4 FISCAL YEAR. The fiscal year of the Corporation shall end on ~~Dec 31 of each year, or on such other date~~ day as may ~~shall~~ be fixed ~~from time to time by resolution of the Board of Directors~~ by [New Parent's Member].

Section 1.5 SEAL. The corporate seal of the Corporation, if any, shall be a circle with the name of the Corporation and the state of incorporation around the border and the words "Corporate Seal" in the center.

Section 1.6 GOVERNING LAW. The Corporation shall be governed by the Pennsylvania Nonprofit Corporation Law of 1988,² as it may be amended from time to time ~~("NPCL")~~.

ARTICLE II

Sole Member

Section 2.1. ~~SOLE MEMBER. Jefferson Regional Medical Center shall be the sole member of the Corporation (the "Sole Member").~~ MEMBER. The Corporation shall have one (1) member, which shall be Jefferson Regional Medical Center (the "Member"). There shall be no other members or classes of membership. The President/CEO of the Member shall be entitled to vote on behalf of the Member in accordance with the authority granted by the Member to the President/CEO of the Member unless the Member notifies the Corporation in writing that another officer is authorized to vote on behalf of the Member. The Member may voluntarily transfer its membership, subject to the reserved powers of [New Parent's Member] as set forth in these Bylaws.

Section 2.2 RIGHTS AND POWERS. ~~In addition to the rights of members set forth in the NPCL, the Sole Member shall have the power to initiate and approve, and to reverse the following actions:~~

(a) ~~— except as otherwise provided in these Bylaws, nomination, election, and removal of all officers and Directors (other than those Directors appointed or elected by the physician employees of the Corporation ("Physician Representatives"), which Physician Representatives may be removed only for cause);~~

(b) ~~— ratification of the election or appointment of the President of the Corporation, who shall be elected or appointed in accordance with Section 4.5 of these Bylaws;~~ a) Reserved Powers of Member.

(i) The Member shall have the right and power to make recommendations to [New Parent], a Pennsylvania nonprofit corporation ("[New Parent]"), and [New Parent's Member] with respect to actions by [New Parent] and [New Parent's Member] on matters reserved to [New Parent] and [New Parent's Member] under Sections 2.2(b) and 2.2(c) of these Bylaws. [New Parent] and [New Parent's Member] shall have no obligation to approve any such recommendations, and may take actions that have not been recommended by, or that are contrary to recommendations of, the Member; and

(ii) The Board of Directors of the Member will have plenary authority with regard to the following:

~~(e) — any change in the number of Directors except that any change must be consistent with the requirements of Section 3.2 of these Bylaws regarding the minimum number of Physician Representatives, and a reduction in the number of Physician Representative positions must be approved by the Physician Representatives;~~a)

To determine the number of Directors that will comprise the Board of Directors of the Corporation and its subsidiaries, except that any change with regard to the Corporation must be consistent with the requirements of Section 3.2 of these Bylaws regarding the minimum number of Class A Directors (as hereinafter defined), and a reduction in the number of Class A Director positions must be approved by the Class A Directors;

- ~~(d) — all operating and capital budgets and amendments thereto;~~
- ~~(e) — all fundamental change transactions and all other transactions not in the ordinary course of business;~~
- ~~(f) — all amendments to the Articles of Incorporation of the Corporation and these Bylaws, except changes to Sections 3.2, 3.3 (regarding the election of Physician Representatives to fill vacancies) and 3.8(a) or Article V of these Bylaws, which must be approved by the Physician Representatives;~~
- ~~(g) — indebtedness (i) which individually exceeds an amount established by the Sole Member from time to time or (ii) if such individual indebtedness is less than such amount, such indebtedness which, when added to the aggregate unpaid balance of all of the Sole Member's affiliated corporations' outstanding indebtedness (exclusive of mortgaged real estate) ("System Indebtedness"), causes the System Indebtedness to exceed an amount established by the Sole Member from time to time;~~
- ~~(h) — selection of independent auditors and legal counsel;~~
- ~~(i) — the entry into joint ventures or partnerships by the Corporation;~~
- ~~(j) — the execution of any management agreement, managed care contract, third party payor contract, or any other contract or material transaction involving the Corporation or its business not in the ordinary course of business; and~~
- ~~(k) — all other actions or tasks as are reserved to or required of the Sole Member by virtue of any other provisions of these Bylaws or by resolutions enacted by the Board of Directors of the Corporation from time to time.~~

~~Section 2.3 MANNER OF ACTING. The Sole Member shall act by executing and delivering to the President of the Corporation a written instrument signed by an officer or authorized agent of the Sole Member setting forth the action taken by the board of directors~~

~~of the Sole Member or by the officer or board committee authorized by the board to take such action.~~

b) To elect the Class B Directors (as hereinafter defined) of the Corporation and the directors of its subsidiaries; and

c) To remove any of the Class B Directors of the Corporation and any of the directors of its subsidiaries, and to replace such Class B Directors and directors, as applicable, for the unexpired portion of his or her term.

(b) Reserved Powers of [New Parent]:

[New Parent] shall have the right and power to make recommendations to [New Parent's Member] with respect to actions by [New Parent's Member] on the matters reserved to [New Parent's Member] under Section 2.2(c) of these Bylaws. [New Parent's Member] shall have no obligation to approve any such recommendations, and [New Parent's Member] may take actions that have not been recommended by, or that are contrary to recommendations of, [New Parent].

(c) Reserved Powers of [New Parent's Member]:

[New Parent's Member] will have plenary authority with regard to the following:

(i) To elect and remove, with or without cause, all officers, including the President, of the Corporation and its subsidiaries;

(ii) To amend, revise or restate the Corporation's Articles of Incorporation and Bylaws and approve all amendments or revisions to the Corporation's Articles of Incorporation and Bylaws that may be proposed or approved by [New Parent], the Member or Board of Directors of the Corporation; provided however, that [New Parent's Member] will have no power to amend, revise or restate Section 3.2, Section 3.3 (regarding the election of Class A Directors to fill vacancies), Section 3.8(a), Article V or this proviso of Section 2.2(c)(ii) of these Bylaws, each of which may be amended only upon the concurrent approval of both (a) the Class A Directors, voting as a class, and (b) the Class B Directors, voting as a class;

(iii) To adopt or change the mission, purpose, philosophy or objectives of the Corporation or its subsidiaries;

(iv) To change the general structure of the Corporation or any of its subsidiaries as a voluntary, nonprofit corporation;

(v) To (a) dissolve, divide, convert or liquidate the Corporation or its subsidiaries, (b) consolidate or merge the Corporation or its subsidiaries with another corporation or entity, (c) sell or acquire assets, whether in a single transaction or series of transactions, where the consideration exceeds 1% of the Corporation's or the relevant subsidiary's total assets, and (d) approve any of the foregoing actions that may be proposed by [New Parent], the Member or the Board of Directors of the Corporation before such

action becomes effective; provided however, that the consent of each of the Class A Directors serving on the Board of Directors who was a party to an employment contract with the Corporation on August 13, 2012 that has not expired or been terminated in accordance with its terms, shall be required as a condition precedent to any of the actions described in this Section 2.2(c)(v) that are proposed to be taken between August 13, 2012, and the later of three (3) years thereafter (if such employment contract has not expired or been terminated in accordance with its terms) or the date when such employment contract expires or is terminated in accordance with its terms;

(vi) To approve the annual consolidated capital and operating plan and budget of the Corporation and its subsidiaries, and any amendments thereto or significant variances therefrom;

(vii) To approve the incurrence of debt by the Corporation and its subsidiaries or the making of capital expenditures by the Corporation and the subsidiaries during any fiscal year of the Corporation, in either case in excess of one quarter of 1% of the consolidated annual operating budget of the Corporation and its subsidiaries for each fiscal year if such debt or capital expenditures are not included in the Corporation's or subsidiaries' approved budgets, whether in a single transaction or a series of related transactions;

(viii) To approve any donation or any other transfer of the Corporation's or its subsidiaries' assets, other than to the Member or to the Corporation by its subsidiaries, in excess of \$10,000.00, unless specifically authorized in the Corporation's or its subsidiaries' approved budgets;

(ix) To approve strategic plans and mission statements of the Corporation and its subsidiaries;

(x) To approve investment policies of the Corporation and its subsidiaries;

(xi) To approve the closure or relocation of a licensed healthcare facility of the Corporation and its subsidiaries;

(xii) To approve the formation of subsidiary corporations, partnerships and joint ventures or to make investments in existing subsidiary corporations, partnerships and joint ventures, if the new investments of the Corporation and the subsidiaries in such subsidiary corporations, partnerships and joint ventures during any fiscal year would, in the aggregate, exceed 1% of the Corporation's consolidated total assets at the end of the prior fiscal year of the Corporation;

(xiii) To approve the dissolution of subsidiary corporations, partnerships and joint ventures of the Corporation and the subsidiaries, if the aggregate value of the ownership interests of the Corporation and the subsidiaries in such subsidiary corporations, partnerships and joint ventures so dissolved in any fiscal year would exceed 1% of the Corporation's consolidated total assets at the end of the prior fiscal year of the Corporation;

(xiv) 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 applicable to the Corporation; and

(xv) To select and appoint auditors and to designate the fiscal year of the Corporation and the subsidiaries.

Except as may otherwise be provided by the Nonprofit Corporation Law, [New Parent's Member] shall have the right to both initiate and approve action in furtherance of such reserved powers, as well as the authority to directly bind the Corporation and the subsidiaries on such matters. Any action taken in this regard by [New Parent's Member] shall be sufficient to finally approve and adopt such actions and no action of the Board of Directors, Member, [New Parent] or other governing body or officer with respect to such action shall be necessary with respect hereto.

ARTICLE III

Board of Directors

Section 3.1 AUTHORITY. Subject to the rights ~~of the Sole Member~~ and powers described in Section 2.2 and any limitations set forth elsewhere in these Bylaws or the Articles of Incorporation of the Corporation, the affairs of the Corporation shall be under the general direction of a Board of Directors which shall administer, manage, preserve and protect the property of the Corporation. ~~Directors need not be members, provided, however, that day-to-day operations in the ordinary course of business shall be under the management and control of the Senior Status Physicians~~ of the Corporation.

Section 3.2 ELECTION, NUMBER AND TERM. The Board of Directors of the Corporation shall initially consist of at least five (5) ~~Physician Representative(s), who shall be the Senior Status Physicians~~ physician representative(s) employed by the Corporation ~~(hereinafter~~ and invited to become a member of the Board of Directors by appointment or election by ~~the Senior Status Physicians~~ (as defined below) of the Corporation (herein the "Class A Director(s)"). This number shall be increased or decreased to be consistent with the number of Senior Status Physicians. "Senior Status Physician" shall mean the original Senior Status Physicians of the Corporation (Matthew C. Portz, M.D., Peter J. Gagianas, M.D., Daniel J. Crable, M.D., Louis M. Komer, M.D. and Nupur Dashottar, M.D.) so long as they remain physician employees of the Corporation designated as Senior Status Physicians by a majority of the Senior Status Physicians of the Corporation, subject to the approval by the Member. In addition, there shall be one (1) Director ~~—"JRM C Representative(s)";~~ as may be designated from time to time by the ~~Sole Member~~ ~~(hereinafter~~ herein the "Class B Director(s)"). ~~The Board number of Class A Directors of the Corporation shall consist at all times of at least two (2) members, the exact number to be set from time to time by resolution of the Board of Directors of the Corporation. The number of Physician Representatives serving on the Board of Directors shall at all times be not less than 25% of the total number of Directors. The Physician Representatives~~ Class A Directors may continue in office only so long as they remain ~~physician employees~~ Senior

Status Physicians of the Corporation. The term of the ~~JRMC Representatives~~Class B Directors shall be determined by the ~~Sole~~ Member. Notwithstanding the foregoing:

- (a) ~~(a)~~—At any time or during any period of time that a ~~physician employee~~Senior Status Physician of the Corporation has any position or relationship with the ~~Sole Member~~, whether as a trustee, director, agent or employee of the ~~Sole Member~~ other than or in addition to his/her membership on the ~~Sole Member's~~ medical staff with clinical privileges to admit patients, such ~~physician employee~~Senior Status Physician shall, during such period of time, neither be eligible to vote on the election of ~~Physician Representatives~~Class A Directors nor to serve, or continue to serve, as a ~~Physician Representative~~Class A Director.
- (b) ~~(b)~~—If, whether because of death, resignation or any other reason, the number of ~~Physician Representatives of the Board of~~Class A Directors should decline to less than 25% of the total number of Directors, then the Board of Directors may take no further action until the number of ~~Physician Representatives~~Class A Directors is restored to at least 25% of the total number of Directors. Notwithstanding the foregoing, ~~the Board of Directors~~[New Parent's Member] may take, or facilitate the taking by others of, appropriate action to restore the number of ~~Physician Representatives~~Class A Directors to at least 25% of the total number of Directors; as, for example, by convening the ~~physician employees~~Senior Status Physicians to elect one of their number as a ~~Physician Representative~~Class A Director to fill a vacancy, or by taking proper action to reduce the number of ~~JRMC Representatives of the Board~~Class B Directors.
- (c) Neither the ~~Sole Member~~ nor the ~~physician employees~~Senior Status Physicians may elect or appoint ex officio nonvoting Directors. However, the ~~JRMC Representatives~~Class B Directors and the ~~Physician Representatives~~Class A Directors may invite guests to attend meetings of the Board of Directors.

Section 3.3 VACANCIES. If a vacancy occurs on the Board by death, resignation, refusal to serve, increase in the number of Directors or otherwise, the ~~Sole Member~~ shall elect the successor or new Class B Director if the vacancy is that of a ~~JRMC Representative~~Class B Director, and the ~~physician employees~~Senior Status Physicians of the Corporation shall elect a ~~physician employee~~Senior Status Physician as the successor or new Class A Director if the vacancy is that of a ~~Physician Representative~~Class A Director. Each successor ~~JRMC Representative~~Class B Director so elected shall serve for the unexpired portion of the term of the Director being replaced, and until the Director's successor is elected and qualified or until such Director's earlier death, resignation or removal. In the case of the election of a ~~JRMC Representative~~Class B Director to fill a newly created Director position, such Director's term shall be determined by the ~~Sole~~ Member.

Section 3.4 COMPENSATION. No compensation shall be paid to any Director for services as a Director but, at the discretion of the Board, a Director may be reimbursed for travel and actual expenses necessarily incurred in attending meetings and performing other duties on behalf of the Corporation. A Director may be a salaried officer of the Corporation.

Section 3.5 MEETINGS. The Board shall meet at least bi-annually at a date and time established by the Board. The first meeting of the fiscal year or such other time as the Board may designate from time to time by resolution shall be the annual meeting of the Board. Special meetings shall be called by the Secretary upon the order of the President or at the written request of the ~~Sole~~ Member or a number of Directors constituting a quorum of the Directors then in office and entitled to vote. All meetings of the Board of Directors shall be held at the registered office of the Corporation unless otherwise designated in the notice.

Section 3.6 QUORUM. At all meetings of the Board of Directors, the ~~presence of a JPMC Representative (Class B Director), a Physician Representative (Class A Director) and~~ a majority of the Class A and Class B Directors in office and entitled to vote shall constitute a quorum. Directors shall be deemed as present at a meeting if a telephone or similar communication equipment is used, by means of which all persons participating in the meeting can hear each other at the same time. The act of a majority of the Directors entitled to vote at a meeting at which a quorum is present shall be the act of the Board. A majority of the Directors present and entitled to vote, whether or not a quorum exists, may adjourn any meeting of the Board to another time and place. Notice of any such adjourned meeting shall be given to the Directors who are not present at the time of adjournment.

Section 3.7 VOTING. ~~Except as set forth hereinafter, resolutions~~Resolutions of the Board shall be adopted, and any action of the Board at a meeting upon any matter shall be taken and be valid with the affirmative vote of ~~the Board, with the Class A Directors and the Class B Directors having equal voting power, a majority of the Board at a meeting at which a quorum is present. Notwithstanding the number of Class B Directors then currently serving on the Board, the vote of the Class B Directors shall be weighted to equal fifty-one percent (51%) of the votes taken by the Board (the "JPMC Percentage") and the vote of the Class A Directors shall be weighted to equal forty-nine percent (49%) of the votes taken by the Board (the "Physician Percentage"). In the event that the Member is represented by more than one Director, the JPMC Percentage shall be voted as a block representing the affirmative vote of all of the Class B Directors.~~

Section 3.8 ACTIONS REQUIRING SPECIAL APPROVAL.

(a) ~~(a)~~ Notwithstanding the foregoing, none of and the provisions of Section 2.2, the following actions shall not be taken unless approved by majority vote of both the Class A Directors and the Class B Directors; in each case voting as a class:

(i) ~~(i)~~ Amending the Corporation's Bylaws as they relate to the rights of the ~~Physician Representatives~~Class A Directors and/or

the ~~Group~~ Practice Director, including the amendment or revocation of any of the duties delegated to the ~~Group~~ Practice Director in Article V of these Bylaws;

- (ii) The hiring of any new physician;
- (iii) Any material change to the compensation formula of the physician employees of the Corporation; or
- (iv) The establishment of any new office or site of service.

(b) ~~(b)~~ Notwithstanding the foregoing, and the provisions of Section 2.2, the following actions shall be subject to approval by ~~the JRMC Representatives~~ [New Parent's Member]:

- ~~(i) Sale or transfer of substantially all of the Corporation's assets;~~
- ~~(ii) Adoption of an annual operating budget or capital budget;~~
- ~~(iii) Incurring or guaranteeing any debt in excess of the then current budgets;~~
- (i) ~~(iv)~~ Initiating litigation or settling litigation in which the Corporation is the plaintiff or defendant;
- (ii) ~~(v)~~ Adoption or modification of any personnel or human resources policies; and
- (iii) ~~(vi)~~ The taking of any action which would endanger the non-profit status of the Corporation or the tax exempt status of the ~~Sele~~ Member, [New Parent] or [New Parent's Member].

Section 3.9 NOTICES. Written notice of the date, time and place of each meeting of the Board of Directors shall be given to all Directors at least five (5) days in advance of the date thereof. Such notice shall set forth the date, time and place of the meeting. For special meetings, the notice shall also state the general nature of the business to be transacted. Such notice shall be given at the direction of the Secretary or another designated officer of the Corporation and shall be given to each Director, either personally or by sending a copy thereof by first class or express mail, postage prepaid, or courier service, charges prepaid, or by facsimile to each Director's address (or facsimile number) appearing on the records of the Corporation, or by such other form of notice as permitted by law. If the notice is sent by mail or courier service, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or with a courier service. If the notice is sent by facsimile, it shall be deemed to have been given to the person entitled thereto when sent. Notice of an adjourned meeting shall be deemed to have been announced at the time of adjournment.

Section 3.10 WAIVER OF NOTICE. Whenever any written notice whatsoever is required to be given under the provisions of applicable law, the Articles of Incorporation of the Corporation, or these Bylaws, a waiver of such notice in writing signed by the person or persons entitled to notice, whether before or after the time stated in such waiver, shall be deemed equivalent to the giving of such notice. In the case of a special meeting, such waiver of notice shall specify the general nature of the business to be transacted. Attendance of a Director at a meeting shall constitute a waiver of notice of the meeting unless the Director attends 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.

Section 3.11 INTERESTED MEMBERS, DIRECTORS OR OFFICERS.

- (a) No contract or transaction between the Corporation and one or more of its Directors or officers or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of the Corporation's Directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for such reason, or solely because a Director or officer of the Corporation is present at or participates in the meeting of the Board of Directors which authorizes the contract or transaction, or solely because the votes of such Director or officer are counted for such purpose, if
 - (i) the material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors and the Board in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested Directors even though the disinterested Directors are less than a quorum;
 - (ii) the material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the members of the Board entitled to vote thereon and the contract or transaction is specifically approved in good faith by the members of the Board; or
 - (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors or the ~~Sole~~ Member.
- (b) Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board which authorizes a contract or transaction specified in subsection (a) of this ~~section~~Section. The minutes of the meeting shall reflect that a disclosure was made, the abstention from voting and the effect on the quorum.

- (c) Actual and potential conflicts of interest involving one or more Directors or officers shall be dealt with in the manner described in Section 3.17 of these ~~bylaws~~Bylaws.

Section 3.12 STANDARD OF CARE AND FIDUCIARY DUTY. Each Director shall stand in a fiduciary relation to the 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 the 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 the 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 the 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 or her reliance to be unwarranted.

Section 3.13 FACTORS WHICH MAY BE CONSIDERED BY DIRECTORS. In discharging the duties of their respective positions, the Board of Directors, committees of the Board and individual Directors may, in considering the best interests of the Corporation, consider the following to the extent they deem appropriate:

- (a) the effects of any action upon any or all groups affected by such action, including employees, suppliers, customers and creditors of the Corporation, and upon communities in which offices or other establishments of the Corporation are located;
- (b) the short-term and long-term interests of the Corporation, ~~including the benefits that may accrue to the Corporation from its long-term plans and the possibility that these interests may be best served by the continued independence of the Corporation;~~ and
- ~~(e) the resources, intent and conduct (past, stated and potential) of any person seeking to acquire control of the Corporation; and~~
- (dc) all other pertinent factors.

The Board of Directors, committees and Directors are not required, in considering the best ~~interest~~interests of the Corporation or the effects of any action, to regard any corporate interest or the interests of any particular group affected by such action as a dominant or controlling interest or factor. The consideration of interests and factors in the manner described in this ~~section~~Section shall not constitute a violation of Section 3.12 hereof. ~~The fiduciary duty of Directors shall not be deemed to require them to act as the Board of Directors, a committee or an individual Director solely because of the effect such action might have or an acquisition or potential or proposed acquisition of control of the Corporation or the consideration that might be offered or paid to the Sole Member in such an acquisition.~~ Absent breach of fiduciary duty, lack of good faith or self-dealing, any act as the Board of Directors, a committee of the Board or an individual Director shall be presumed to be in the best interests of the Corporation. ~~In assessing whether the standard set forth in Section 3.12 hereof has been satisfied, there shall not be any greater obligation to justify, or higher burden of proof with respect to, any act as the Board, committee or an individual Director relating to or affecting an acquisition or potential or proposed acquisition of control of the Corporation than is applied to any other act as a Board, committee or individual Director. Notwithstanding the preceding provisions of this Section 3.13, any act as the Board, committee or an individual Director relating to or affecting an acquisition or potential or proposed acquisition of control to which a majority of the disinterested Directors shall have assented shall be presumed to satisfy the standard set forth in Section 3.12, unless it is proven by clear and convincing evidence that the disinterested Directors did not assent to such act in good faith after reasonable investigation.~~

~~The term disinterested Director means, solely for the purpose of this Section,~~

- ~~(a) — a Director of the Corporation other than
 - ~~(i) — a Director who has a direct or indirect financial or other interest in the person acquiring or seeking to acquire control of the Corporation or who is an affiliate or associate of, or was nominated or designated as a Director by, a person acquiring or seeking to acquire control of the Corporation; or~~
 - ~~(ii) — depending upon the specific facts surrounding the Director and the act under consideration, an officer or employee or former officer or employee of the Corporation.~~~~

~~A person shall not be deemed to be other than a disinterested Director solely by reason of any or all of the following:~~

- ~~(a) — any interest the Director may have in retaining the status or position of a Director;~~
- ~~(b) — the former business or employment relationship of the Director with the Corporation; or~~

- ~~(c) — receiving or having the right to receive retirement or deferred compensation from the Corporation due to service as an employee.~~

Section 3.14 RULES AND REGULATIONS. The Board of Directors may adopt rules and regulations not inconsistent with these Bylaws for the administration and conduct of the affairs of the Corporation and may alter, amend or repeal any such rules or regulations adopted by it. Such rules and regulations may be amended by majority vote of the Directors present and entitled to vote at a meeting of the Directors where a quorum is present.

Section 3.15 REMOVAL OF DIRECTORS. Any Class B Director may be removed from office without assigning any cause by the Member. Any Class A Director may be removed from office without assigning any cause by a majority vote of the Senior Status Physicians of the Corporation.

- ~~(a) — By the Sole Member. Any individual Class B Director designated by the Sole Member may be removed from office without assigning any cause by the Sole Member. Any individual Class A Director appointed or elected by the physician employees of the Corporation may be removed from office without assigning any cause by a majority vote of the physician employees of the Corporation.~~
- ~~(b) — By the Board. The Board of Directors, by a majority vote of all of the JRMC Representatives, may declare vacant the office of a JRMC Representative Class B Director, and by a majority vote of all of the Physician Representatives, may declare vacant the office of a Physician Representative Class A Director, who is declared of unsound mind by an order of the court or is convicted of a felony or other cause. "Other cause" shall mean any action or inaction which, in the sole discretion of the Board, materially and adversely affects or may affect the Corporation.~~

Section 3.16 CONSENTS. Any action which may be taken at a meeting of the Directors may be taken without a meeting, if a consent or consents in writing setting forth the action so taken shall be signed by all of the Directors in office and entitled to vote and shall be filed with the Secretary of the Corporation.

Section 3.17 CONFLICTS OF INTEREST.

- (a) Disclosure of Interest. Any Director, officer, or committee member having a Material Interest (as defined below) in a contract or other transaction presented to the Board of Directors or any committee thereof for authorization, approval or ratification, shall make a prompt, full and frank disclosure of such person's interest to the Board or committee prior to its acting on such contract or transaction. Such disclosure shall include all relevant and material facts known to such person about his/her relationship or interest and about the contract or transaction. The Board or committee to which such disclosure is made shall thereupon determine, by majority vote

of those present, excluding the interested person, whether the disclosure shows that a conflict of interest exists or can reasonably be construed to exist. If a conflict is deemed to exist or can reasonably be construed to exist, such person shall not vote on nor participate in the discussions and deliberations with respect to such contract or transaction, other than to present factual information or to respond to questions. Such person may be counted in determining the existence of a quorum at any meeting where the contract or transaction is under discussion or is being voted upon. The minutes of the meeting shall reflect the disclosure made, the vote thereon and, where applicable, the abstention from voting or participation. For purposes of this Article, a person shall be deemed to have a "Material Interest" in a contract or other transaction if such person, or a member of his/her other immediate family, is a party, or one of the parties, contracting or dealing with the Corporation, or is a director, officer, or key employee of, or has a significant financial interest in the entity contracting or dealing with the Corporation.

- (b) Prohibited Transactions. Members of the Board of Directors shall not engage in the following transactions:
- (i) The sale, exchange or leasing of property or services between the Corporation and a member of the Board of Directors or an entity in which he or she has a Material Interest, on a basis less favorable to the Corporation than that on which such property or services are made available to the general public.
 - (ii) Furnishing of goods, services or facilities by the Corporation to a member of the Board of Directors, unless such furnishing is made on the same basis on which such goods, services or facilities are made available to the general public or to the employees of the Corporation.
 - (iii) Any transfer to or use by or for the benefit of a member of the Board of Directors of the income or assets of the Corporation, except purchase for fair market value.
- (c) Annual Disclosure Statements. The Board of Directors shall require that all prospective Directors and all members of the Board of Directors execute and submit, at the time of election or appointment, and annually thereafter, a written statement indicating any Material Interests which could give rise to conflicts of interest and any interests which are or may reasonably be construed to be Competing Interests (as defined below). While the written statement is required annually, it is a continuing responsibility of appointees and Directors to provide prompt notice to the Corporation of any changes. Notice of this requirement and other provisions of this ArticleSection shall be given to prospective candidates for election or appointment. ~~The term appointment or appointee specifically includes~~

~~those who are serving or who are proposed to serve as ex officio Directors.~~(d) Competing Interests. No person shall be eligible to serve as a Director (or to continue to so serve) if he or she has or acquires a “Competing Interest,” as defined below:

- (i) “Competing Interest” shall be defined as including any of the following situations:

A person (or his or her immediate family member) who, directly or indirectly, owns or holds an investment or ownership interest (other than an ownership or investment interest in less than five percent (5%) of the common stock of a publicly-traded company) in an entity identified or determined by the Corporation from time to time as a competitor;

A person (or his or her immediate family member) who holds a leadership position in an entity identified or determined by the Corporation from time to time as a competitor. Leadership position shall include, without limitation, service on the board, a board committee or a planning committee of or holding a management contract with such a competitor; or

A person who is employed by or has a compensation arrangement with a competing entity. “Immediate family member” means spouse, siblings, parents, children, stepchildren, grandchildren and their spouses.

Examples of entities deemed by the Corporation to be competing entities include, without limitation: general hospitals; specialty hospitals; freestanding surgery centers; specialty diagnostic centers; specialty treatment centers; specialty therapy centers or other entities operating or which should be operating in whole or in part under a healthcare facility license, but do not include physician offices with equipment customarily and routinely used or contained in a physician office (e.g., EKG machine used by a cardiologist).

- (ii) It shall be the responsibility of prospective Directors and current Directors to promptly disclose the existence of all ownership or investment interests, leadership positions and employment or compensation arrangements, regardless of whether they fall within the above definitions. If such interest is in an entity that the Corporation has previously determined to be a competing entity, the prospective Director or current Director shall be automatically ineligible to serve or continue serving as a Director and shall be deemed to have automatically resigned his or her position or interest in a position on the Board and its committees.

- (iii) If it is necessary for the Board to determine whether the entity in question is a competing entity, the Board, by majority vote of those present (excluding the interested person) shall decide whether a ~~competing interest~~Competing Interest exists. If a ~~competing interest~~Competing Interest exists, the interested person shall no longer be eligible for consideration as a prospective Director or, if already serving as a Director, shall not continue to serve, and shall be deemed to have automatically resigned his or her interest in a position on the Board and its committees.

ARTICLE IV

Officers

Section 4.1 ENUMERATION. The officers of the Corporation shall consist of a President, Secretary and Treasurer and such other officers and assistant officers as the Board of Directors may, from time to time, designate. The members of the Board may also elect a Chairperson to preside at meetings of the Board ~~and the members~~.

Section 4.2 TERM OF OFFICE. Each officer shall serve for a term of one (1) year and until the officer's successor is duly elected and takes office.

Section 4.3 ELECTION. ~~Except as set forth in Section 4.5, all~~All officers shall be elected prior to the beginning of the fiscal year by ~~the Board of Directors~~.[New Parent's Member].

Section 4.4 VACANCIES. Any vacancy occurring by death, resignation, refusal to serve, or otherwise may be filled by ~~the President or by the Directors entitled to vote, all subject to the approval of the Sole~~[New Parent's Member].

Section 4.5 PRESIDENT. ~~The Group Practice Director, who shall be a physician annually elected or appointed by the Physician Representatives, subject to ratification by the Sole Member in accordance with Section 2.2(b) of these Bylaws, shall serve as the President of the Corporation.~~—The President shall be responsible for and have supervision over the management and administration of the Corporation, subject to the control of the Board of Directors and the Sole Member. ~~In accordance with Section 5.1 of these Bylaws, _____, M.D. shall be the President at the date of the adoption of these Bylaws.~~Member.

Section 4.6 SECRETARY. The Secretary shall make or cause to be made minutes of all meetings of the Board of Directors ~~and the Sole Member~~. The Secretary shall be responsible for the timely mailing or delivery of all notices of meetings of the Board of Directors ~~and the Sole Member~~, shall affix the corporate seal at the direction of the President and, generally, will perform all duties incident to the office of secretary of a corporation and such other duties as may be required by law, by the Articles of Incorporation or by these Bylaws, or which may be assigned from time to time by the Board of Directors.

Section 4.7 TREASURER. The Treasurer shall supervise the financial activities of the Corporation. Specifically, the Treasurer shall see that (a) full and accurate accounts of receipts and disbursements are kept, (b) a system is in place such that all monies and other valuable effects are deposited in the name and to the credit of the Corporation in such depositories as shall be designated by the Board, (c) the Directors at the regular meetings of the Board or whenever they may require it, receive an account of the financial condition of the Corporation, and (d) an annual audit of the Corporation's books and records is performed by an auditor selected by ~~the Board~~[New Parent's Member]. In performing these functions, the Treasurer may rely on employees of the Corporation or any affiliated corporation who possess special financial training and skills and whose employment responsibilities include management of the Corporation's financial affairs. In the absence or disability of the Treasurer, the Assistant Treasurer, if any, shall perform all the duties of the Treasurer and when so acting shall have all of the powers of and be subject to all of the restrictions upon the Treasurer.

Section 4.8 OTHER OFFICERS. Each other officer shall have such responsibilities and perform such duties as may be prescribed by the Board of Directors and as are approved by [New Parent's Member] from time to time. Each assistant officer shall carry out the responsibilities and duties of the officer which the assistant officer assists in the event such officer is unable to perform such responsibilities or duties, except that no assistant officer shall become a Director solely by virtue of being an assistant officer.

Section 4.9 BONDS. The Board may, in its discretion, require the Treasurer and any other officer to give bond in such amount and with such surety or sureties as may be satisfactory to the Board for the faithful discharge of the duties of the office and for the restoration to the Corporation, in case of the officer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind belonging to the Corporation in the officer's possession or under the officer's control.

Section 4.10 REMOVAL OF OFFICERS. Any officer may be removed by ~~the Sole~~[New Parent's Member] whenever, in its judgment, the best interests of the Corporation will be served.

ARTICLE V

Group Practice Director

Section 5.1 DUTIES. The Group Practice Director, who, at the date of the adoption of these Bylaws is _____, ~~shall be a physician employee of the Corporation~~Matthew C. Portz, M.D., shall be a Senior Status Physician of the Corporation annually elected or appointed by the Senior Status Physicians of the Corporation, subject to approval of [New Parent], not to be unreasonably withheld, and shall act as chief administrative officer of the Corporation, having responsibility for ensuring quality, cost effective care. The Group Practice Director shall at all times while serving as such be a physician duly licensed and qualified in the Commonwealth of Pennsylvania and shall not at any time have been excluded from participation in Medicare, Pennsylvania Medical

Assistance, or other federal or state healthcare program. The duties of the Group Practice Director shall include, but not be limited to, the following:

- (a) ~~Accept and maintain appointment by the Corporation as President.~~(b) ————Develop and implement goals and objectives for the Corporation.
- (eb) Chair and serve as a voting member of all committees which may be established relating to compensation and physician productivity.
- (dc) Chair and serve as a voting member of all committees which may be established relating to physician recruitment and retention, as well as the maintenance of appropriate staffing levels and, when necessary, the termination of a physician's employment.
- (ed) Maintain oversight of the professional performance of all members of the Corporation.
- (fe) Organize, supervise and coordinate clinical services of the Corporation.
- (gf) Prepare or direct the preparation of such reports and records as may be required by law, regulatory bodies, whether public or private, these Bylaws or as may be reasonably required by the Corporation.
- (hg) Assist the Corporation in assuring that the Corporation is in compliance with the regulations of all federal, state and local governmental and regulatory bodies and all applicable accrediting agencies.
- (ih) Assist in developing appropriate standards of care and policies and procedures for the operation of the Corporation.
- (ji) Assist in developing a comprehensive and effective quality assurance and utilization review program for the Corporation.
- (kj) Assist with the preparation of annual reports, as well as operating and capital budgets for the Corporation.
- (lk) Assist in maintaining effective community relations by speaking at civic associations and other organizations on behalf of the Corporation and attending such community and public relations functions as may be reasonably requested by the Corporation.
- (ml) Have the authority to enter into operational contracts, with prior approval of the Board of Directors.

Section 5.2 SUCCESSOR. In the event that the current Group Practice Director is no longer employed by the Corporation, withdraws as President of the Corporation, or is removed by ~~the Sole Member, the Physician Representatives~~majority vote of the Senior Status Physicians of the Corporation or by [New Parent], the Senior Status Physicians of

the Corporation shall choose his/her successor, subject to ~~the~~ approval of ~~the Sole Member,~~ whose approval shall [New Parent], not to be unreasonably withheld.

ARTICLE VI

Committees

Section 6.1 COMMITTEES. The Corporation shall have such standing and ad hoc committees as the Board may deem advisable in the administration and conduct of the affairs of the Corporation. Such committees of the Board shall meet as necessary to accomplish their goals. The Board is authorized in its discretion to approve reimbursement for travel and actual expenses necessarily incurred by members of committees in attending committee meetings and in performing other official duties as such. ~~Except as otherwise provided in these Bylaws or in the resolution creating the applicable committee,~~ Committee chairpersons and members shall be appointed annually by the ~~President~~Board of Directors and may be reappointed to a committee for an unlimited number of terms. With the exception of the Executive Committee, if any, persons who are not Directors are eligible to serve as committee members. ~~Any person authorized by these Bylaws to appoint the chairman and/or members of any committee may appoint himself or herself as chairman and/or member.~~ The chairman of each committee shall determine the date and place of all committee meetings. Each committee may adopt its own rules of procedure not inconsistent with these Bylaws.

Section 6.2 LIMITATION ON POWER OF COMMITTEES. No such committee shall have any power or authority as to the following:

- (a) the submission to the ~~Sole~~ Member of any action requiring approval of the ~~Sole~~ Member;
- (b) the filling of vacancies in the Board of Directors;
- (c) the adoption, amendment or repeal of ~~the~~these Bylaws;
- (d) the amendment or repeal of any resolution of the Board; or
- (e) action on matters committed by ~~the~~these Bylaws or a resolution of the Board to another committee of the Board.

ARTICLE VII

Limitation of Personal Liability of Directors

Section 7.1 ~~LIMITATION OF DIRECTORS' PERSONAL LIABILITY. A Director of the Corporation shall not be personally liable for monetary damages for any action taken unless the Director has breached or failed to perform the duties of his or her office under Chapter 57, Subchapter B of the NPCL as in effect at the time of the alleged action by such Director and the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. Such limitation on liability does not apply to the responsibility or liability of~~

~~a Director pursuant to any criminal statute or for payment of taxes pursuant to any Federal, state or local law.~~

~~Section 7.2 PRESERVATION OF RIGHTS. Any repeal or modification of this Article by the Corporation shall not adversely affect any right or protection existing at the time of such repeal or modification to which any Director or former Director may be entitled under this Article. The rights conferred by this Article shall continue as to any person who has ceased to be a Director of the Corporation and shall inure to the benefit of the heirs, executors and administrators of such person.~~

- (a) Elimination of Liability. To the fullest extent that the laws of the Commonwealth of Pennsylvania, as now in effect or as hereafter amended, permit elimination or limitation of the liability of Directors, no Director of the Corporation shall be personally liable for monetary damages as such for any action taken, or any failure to take any action, as a Director.
- (b) Applicability. The provisions of this Section shall be deemed to be a contract with each Director of the Corporation who serves as such at any time while this Section is in effect and each such Director shall be deemed to be so serving in reliance on the provisions of this Section. Any amendment or repeal of this Section or adoption of any Section or provision of these Bylaws which has the effect of increasing Director liability shall operate prospectively only and shall not affect any action taken, or any failure to act, prior to the adoption of such amendment, repeal, bylaw or provision.

ARTICLE VIII

Indemnification

~~Section 8.1. GENERAL. The Corporation shall indemnify any Director or officer, and may indemnify any other employee or agent, who was or is a party to, or is threatened to be made a party to or who is called as a witness in connection with any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the Corporation, by reason of the fact that he/she is or was a Director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a Director, officer, employee, or agent of another corporation, partnership, joint venture, trust or other enterprises, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding unless the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.~~

- (a) Right to Indemnification - General. Any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (whether brought by or in the name of the Corporation or

otherwise), by reason of the fact that he or she is or was a representative of the Corporation, or is or was serving at the request of the Corporation as a representative of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Corporation to the fullest extent now or hereafter permitted by applicable law in connection with such action, suit or proceeding arising out of such person's service to the Corporation or to such other corporation, partnership, joint venture, trust or other enterprise at the Corporation's request. The term "representative," as used in this Article VIII, shall mean any Director, officer, member of a committee created by or pursuant to these Bylaws, and any other person who may be determined by the Board of Directors to be a representative entitled to the benefits of this Article VIII.

(b) Right to Indemnification - Third Party Actions. Without limiting the generality of Section 8.1(a), any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation), by reason of the fact that he or she is or was a representative of the Corporation, or is or was serving at the request of the Corporation as a representative of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Corporation against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

(c) Right to Indemnification - Derivative Actions. Without limiting the generality of Section 8.1(a), any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she is or was a representative of the Corporation, or is or was serving at the request of the Corporation as a representative of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Corporation against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action, suit or proceeding if he or she acted in good faith and in a manner he

or she reasonably believed to be in, or not opposed to, the best interests of the Corporation; except, however, that indemnification shall not be made under this Section 8.1(c) in respect of any claim, issue or matter as to which such person has been adjudged to be liable to the Corporation unless and only to the extent that the Court of Common Pleas of the county in which the registered office of the Corporation is located or the court in which such action, suit or proceeding was brought determines upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses that the Court of Common Pleas or such other court shall deem proper.

- (d) Advance of Expenses. Expenses (including attorneys' fees) incurred by any representative of the Corporation in defending any action, suit or proceeding referred to in this Article VIII shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the representative to repay such amount if it is ultimately determined that he or she is not entitled to be indemnified by the Corporation as authorized in this Article VIII or otherwise.
- (e) Procedures for Effecting Indemnification. Unless ordered by a court, any indemnification under Section 8.1(a), Section 8.1(b) or Section 8.1(c) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the representative is proper in the circumstances because he or she has met the applicable standard of conduct set forth in such subsections. Such determination shall be made: (i) by the Board of Directors by a majority of a quorum consisting of Directors who were not parties to such action, suit or proceeding; or (ii) if such a quorum is not obtainable, or if obtainable and a majority vote of a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion.
- (f) ~~Section 8.2 — EXCEPTIONS~~ Indemnification Not Exclusive. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall not be deemed exclusive of any other rights to which ~~these~~ a person seeking indemnification or advancement of expenses may be entitled under any ~~Bylaw~~ other provision of these Bylaws, agreement, ~~contract,~~ vote of the Sole Member or disinterested Directors ~~or pursuant to the direction, howsoever embodied, of any court of competent jurisdiction~~ or otherwise, both as to action in his/ or her official capacity and as to action in another capacity while holding such office. ~~It is the policy of the Corporation that indemnification of, and advancement of expenses to, Directors and officers of the Corporation shall be made to the fullest extent permitted by law. To this end, the provisions of this Article shall be deemed to have been amended for the benefit of Directors and officers of the Corporation effective immediately upon any modification of the~~

Pennsylvania statute, which expands or enlarges the power or obligation of corporations organized under the Pennsylvania statute to indemnify, or advance expenses to, Directors and officers of the Corporation.

~~Section 8.3 EXPENSES. The Corporation shall pay expenses incurred by any other employee or agent, in defending a civil or criminal action, suit or proceeding 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 he/she is not entitled to be indemnified by the Corporation.~~
~~Section 8.4 CONTINUATION. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article shall, unless otherwise provided when authorized or ratified, and shall continue as to a person who has ceased to be a Director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person.~~
representative of the Corporation and shall inure to the benefit of the heirs and personal representatives of such person.

~~Section 8.5 CREATION OF FUND. The Corporation shall have the authority to create a fund of any nature, or otherwise secure or insure in any manner, its indemnification obligations, whether arising under these Bylaws or otherwise. This authority shall include, without limitation, the authority to (i) deposit funds in trust or in escrow, (ii) establish any form of self insurance, (iii) secure its indemnity obligation by grant of a security interest, mortgage or other lien on the assets of the Corporation or (iv) establish a letter of credit, guaranty or surety arrangement for the benefit of such persons in connection with the anticipated indemnification or advancement of expenses contemplated by this Article. The provisions of this Article shall not be deemed to preclude the indemnification of, or advancement of expenses to, any person who is not specified in Section 8.1 of this Article but whom the Corporation has the power or obligation to indemnify, or to advance expenses for, under the provisions of the Pennsylvania Statute or otherwise. The authority granted by this Section 8.5 shall be exercised by the Board of Directors of the Corporation.~~

~~Section 8.6 NOTICE. As soon as practicable after receipt by any person specified in Section 8.1 of this Article of notice of the commencement of any action, suit or proceeding specified in Section 8.1 of this Article, such person shall, if a claim with respect thereto may be made against the Corporation under this Article, notify the Corporation in writing of the commencement or threat thereof; however, the omission so to notify the Corporation shall not relieve the Corporation from any liability under this Article unless the Corporation shall have been prejudiced thereby or from any other liability which it may have to such person other than under this Article. With respect to any such action as to which such person notifies the Corporation of the commencement or threat thereof, the Corporation may participate therein at its own expense and, except as otherwise provided below, to the extent that it desires, the Corporation jointly with any other indemnifying party similarly notified, shall be entitled to assume the defense thereof, with counsel selected by the Corporation to the reasonable satisfaction of such person. After notice from the Corporation to such person of its election to assume the defense thereof, the Corporation shall not be liable to such person under this Article for any legal or other expenses subsequently incurred by such person in connection with the defense thereof other than as otherwise provided below. Such person shall have the right to employ his/her~~

~~own counsel in such action, but the fees and expenses of such counsel incurred after notice from the Corporation of its assumption of the defense thereof shall be at the expense of such person unless: (i) the employment of counsel by such person shall have been authorized by the Corporation; (ii) such person shall have reasonably concluded that there may be a conflict of interest between the Corporation and such person in the conduct of the defense of such proceeding or (iii) the Corporation shall not in fact have employed counsel to assume the defense of such action. The Corporation shall not be entitled to assume the defense of any proceeding brought by or on behalf of the Corporation or as to which such person shall have reasonably concluded that there may be a conflict of interest. If indemnification under this Article or advancement of expenses are not paid or made by the Corporation, or on its behalf, within ninety (90) days after a written claim for indemnification or a request for an advancement of expenses has been received by the Corporation, such person may, at any time thereafter, bring suit against the Corporation to recover the unpaid amount of the claim or the advancement of expenses. The right to indemnification and advancement of expenses provided hereunder shall be enforceable by such person in any court of competent jurisdiction. The burden of proving that indemnification is not appropriate shall be on the Corporation. Expenses reasonably incurred by such person in connection with successfully establishing the right to indemnification or advancement of expenses, in whole or in part, shall also be indemnified by the Corporation.~~

- (g) When Indemnification Not Made. Indemnification pursuant to this Article VIII shall not be made in any case where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.
- (h) Grounds for Indemnification. Indemnification pursuant to this Article VIII, under any other provision of these Bylaws, agreement, vote of Directors or otherwise may be granted for any action taken or any failure to take any action and may be made whether or not the Corporation would have the power to indemnify the person under any provision of law except as otherwise provided in this Article VIII and whether or not the indemnified liability arises or arose from any threatened, pending or completed action by or in the right of the Corporation. The provisions of this Article VIII shall be applicable to all actions, suits or proceedings within the scope of Section 8.1(a), Section 8.1(b) or Section 8.1(c) of these Bylaws, whether commenced before or after the adoption hereof, whether arising from acts or omissions occurring before or after the adoption hereof.
- (i) Section 8.7 INSURANCE. Power to Purchase Insurance. The Corporation shall have the power to may purchase and maintain insurance on behalf of any person who is or was a representative of the Corporation or is or was serving at the request of the Corporation as a Director, or officer of the Corporation or any representative of another corporation, partnership, joint venture, trust or other organization affiliated with the Corporation, enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his/ or her

status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of ~~the Pennsylvania Statute~~this Article VIII.

- (i) Creation of a Fund to Secure or Insure Indemnification. The Corporation may create a fund of any nature, which may, but need not be, under the control of a trustee, or otherwise secure or insure in any manner its indemnification obligations, whether arising under or pursuant to this Article VIII or otherwise.
- (k) Status Rights of Indemnities. The rights to indemnification and advancement of expenses provided by or granted pursuant to this Article VIII shall (a) be deemed to create contractual rights in favor of each person who serves as a representative of the Corporation at any time while this Article is in effect (and each such person shall be deemed to be so serving in reliance on the provisions of this Article), and (b) continue as to a person who has ceased to be a representative of the Corporation.
- (l) Applicability to Predecessor Companies. For purposes of this Article VIII, references to the "Corporation" include all constituent corporations or other entities which shall have become a part of the Corporation by consolidation or merger or other similar transaction and their respective current and former affiliates, and references to "representatives" shall include members of any such corporation, entity or affiliate, so that any person who was a member, director, officer, committee member or other representative of such a corporation, entity or affiliate or served as a member, director, officer, committee member or other representative of another corporation, partnership, joint venture, trust or other enterprise at the request of any such corporation, entity or affiliate shall stand in the same position under the provisions of this Article VIII with respect to the Corporation as he or she would if he or she had served the Corporation in the same capacity. Without limitation of the foregoing, each member, director, officer and committee member of each predecessor to the Corporation shall have the same contract rights as are afforded to Directors, officers and employees of the Corporation pursuant to Section 8.1(k).

ARTICLE IX

Restrictions Regarding the Operations of the Corporation; Administration of Funds

Section 9.1 **NO PRIVATE BENEFICIARIES.** The Corporation shall not pay dividends or distribute any part of its income or profits to its members, Directors, or officers, except that the Corporation may pay compensation in a reasonable amount to its officers for services rendered, and may reimburse ~~for~~ Directors for expenses in accordance with Section 3.4 of these Bylaws.

Section 9.2 ANNUAL REPORT. The Treasurer shall submit annually to the Board of Directors a statement containing those details required to be included under the provisions of the ~~NPCL~~Nonprofit Corporation Law, as it may be amended from time to time or any successor statute governing Pennsylvania nonprofit corporations or these Bylaws.

Section 9.3 BOOKS AND RECORDS. The Corporation will keep correct and complete books and records of account and will also keep minutes of the proceedings of the ~~Sele Member~~, Board of Directors and committees, and records of actions taken by the Member relating to the Corporation. The Corporation will keep at its registered office the original or a copy of its Bylaws including amendments to date, certified by the Secretary of the Corporation and an original or duplicate membership register, giving the names of the members and showing their respective addresses, and the class and other details of membership. ~~Every member~~The Member, [New Parent] and [New Parent's Member] shall, upon written demand under oath stating the purpose thereof, have a right to examine, in person or by agent or attorney, during the usual hours for business for any proper purpose, the membership register, books and records of account and records of the proceedings of the ~~members and~~Directors, and records of actions taken by the Member relating to the Corporation, and to make copies or extracts therefrom. A proper purpose shall mean a purpose reasonably related to the interest of such person as ~~a member~~the Member, [New Parent] or [New Parent's Member]. Where an attorney or other agent is the person who seeks the right of inspection, the demand under oath shall be accompanied by a power of attorney or another writing authorizing the attorney or other agent to act on behalf of ~~the member~~such person.

ARTICLE X

Bylaws Amendments

Dissolution

Upon the dissolution or liquidation of the Corporation, after paying or making provision for payment of all of the known liabilities of the Corporation, any remaining assets of the Corporation shall be transferred to the Member, or its successor, provided that the Member or such successor is then in existence and then exempt from federal income taxes under Section 501(c)(3) of the Code. If upon the dissolution or liquidation of the Corporation, the Member, or its successor, is not in existence or no longer qualifies as an exempt organization under Section 501(c)(3) of the Code, any remaining assets of the Corporation shall be distributed to [New Parent], or its successor, provided that [New Parent] is then in existence and then exempt from federal income taxes under Section 501(c)(3) of the Code. If upon the dissolution of the Corporation, both the Member and [New Parent], or their successors, are not in existence or no longer qualify as exempt organizations under Section 501(c)(3) of the Code, any remaining assets of the Corporation shall be distributed to [New Parent's Member], or its successor, provided that [New Parent's Member] is then in existence and then exempt from federal income taxes under Section 501(c)(3) of the Code. If upon the dissolution of the Corporation, each of the Member, [New Parent] and [New Parent's Member], or their successors, are not in existence or no longer qualify as exempt organizations under Section 501(c)(3) of the

Code, any remaining assets of the Corporation shall be distributed to (a) such one or more corporations, trusts, funds or other organizations which at the time are exempt from federal income tax as organizations described in Section 501(c)(3) of the Code and, in the sole judgment of the Corporation's Board of Directors, have purposes similar to those of the Corporation or (b) the federal government, or to a state or local government for such purposes. Any such assets not so disposed of shall be disposed of by a court of competent jurisdiction exclusively to one or more of such corporations, trusts, funds or other organizations as said court shall determine, which at the time are exempt from federal income tax as organizations described in Section 501(c)(3) of the Code, and which are organized and operated for such purposes, or to the federal government or to a state or local government for such purposes. No private individual shall share in the distribution of any Corporation assets upon dissolution or sale of the assets of the Corporation.

ARTICLE XI

Bylaws Amendments

~~Section 10.1~~ AUTHORITY. ~~The Board of Directors may recommend amendments to these Bylaws to the Sole Member. Except as provided in Section 3.8(a) of these Bylaws, these~~ These ~~Bylaws may be altered, amended or repealed by the affirmative vote of the Sole Member at any regular or special meeting of the Sole Member, or new Bylaws may be adopted only by [New Parent's Member], subject to Section 2.2(c)(ii), Section 3.2, Section 3.3, Section 3.8(a) and Article V hereof.~~

~~Section 10.2~~ NOTICE. ~~The Directors of the Corporation shall be given at least ten (10) days' prior written notice of any Board meeting at which proposed changes to the Bylaws of the Corporation are to be considered for recommendation to the Sole Member. Such written notice shall include a copy of the proposed amendment or a summary of the changes to be effected thereby.~~

SECRETARY'S CERTIFICATE

THIS IS TO CERTIFY that the foregoing Bylaws of Family Medical Practice ~~Medical~~ Associates South, Inc. (the "Corporation") have been duly adopted by the Directors of the Corporation and by Jefferson Regional Medical Center, as the Corporation's ~~Sole~~ Member, as of _____, ~~20~~ _____, 2013.

IN WITNESS WHEREOF, the undersigned, duly elected and acting Secretary of the Corporation, has signed this Certificate and affixed the seal of the Corporation hereon this _____ day of _____, ~~20~~ _____, 2013.

Secretary of the Corporation

TAB 14

DRAFT ~~12/05/2012~~1/17/2013

**AMENDED AND RESTATED
BYLAWS
OF
HEALTH SYSTEM SERVICE CORPORATION**

Amended and Restated
_____, ~~2012~~2013

**AMENDED AND RESTATED
BYLAWS
OF
HEALTH SYSTEM SERVICE CORPORATION**

A Pennsylvania Business Corporation

ARTICLE I

DEFINITIONS AND POWERS

Section 1.1. DEFINITIONS. The terms set forth below shall have the following meanings unless otherwise required by the context in which they may be used:

Articles of Incorporation. The term "Articles of Incorporation" shall mean the Articles of Incorporation of the Corporation accepted by the Secretary of the State of the Commonwealth of Pennsylvania, as they may be amended, modified, supplemented and restated from time to time.

BCL. The term "BCL" shall mean the Pennsylvania Business Corporation Law of 1988, as the same may be amended from time to time, or any successor statute.

Board. The term "Board" shall mean the Board of Directors of the Corporation.

Board Committee. The term "Board Committee" shall mean a body whose Chair and members are appointed by the Chair of the Board and which may be authorized to exercise a designated function of the Board.

Bylaws. The term "Bylaws" shall mean the Bylaws of the Corporation, as they may be amended, modified, supplemented and restated from time to time, except where reference is specifically made to the bylaws of another entity or unit.

Chair. The term "Chair" shall mean the Chair of the Board as set forth in Article VI of these Bylaws.

Consulting Member. The term "consulting member" shall mean a person serving as a member of a body in order that the person's counsel may be available thereto and who should be afforded the privileges of a member but who shall not vote or be counted in determining the existence of a quorum and may be excluded from any session of such body by a vote of the majority of its regular members.

Corporation. The term "Corporation" shall mean HEALTH SYSTEM SERVICE CORPORATION, a Pennsylvania business corporation.

Member. The term "member" (as contrasted with "consulting member") shall in all cases refer to persons serving as regular members of a body with authority to vote and be counted in determining the existence of a quorum.

Officer. The term "officer" shall mean one or more of the positions as provided in Article VI of these Bylaws.

~~Shareholders~~Shareholder's Agreement. The term "Shareholder's Agreement" shall mean the agreement by and between the Corporation and the Sole Shareholder dated ~~July 1, 2002,~~ _____ , 201, as the same may be amended, modified, supplemented and restated from time to time.

Sole Shareholder. The term "Sole Shareholder" shall mean Jefferson Regional Medical Center, a Pennsylvania nonprofit corporation (or a successor entity thereto), which owns all of the issued and outstanding stock of the Corporation and exercises all of the rights of shareholders under the BCL.

State. The term "State" shall mean the Commonwealth of Pennsylvania.

Section 1.2. POWERS. Except as limited by the Articles of Incorporation or these Bylaws, the Corporation shall have and exercise such powers in furtherance of its purposes as are now or may hereafter be granted by the BCL.

ARTICLE II

OFFICES

The principal and registered office of the Corporation shall be located at Coal Valley Road, P.O. Box 18119, Pittsburgh, PA 15236, or at such other place as the Board of Directors may designate from time to time.

ARTICLE III

SOLE SHAREHOLDER

Section 3.1. SOLE SHAREHOLDER. All of the issued and outstanding shares of the Corporation are owned by the Sole Shareholder. The Sole Shareholder shall be the corporation organized and presently existing pursuant to the laws of the State under the name Jefferson Regional Medical Center and any successor to such corporation resulting by merger, consolidation, division or change of name.

Section 3.2. ACTION AS SOLE ~~SHARFHOLDER~~SHAREHOLDER. As the Sole Shareholder of the Corporation, the Sole Shareholder shall have such powers, rights and obligations afforded shareholders under the BCL and those powers, rights and obligations set forth herein and in the Shareholder's Agreement.

Section 3.3 RIGHTS AND POWERS.

(a) Reserved Powers of Sole Shareholder.

(i) The Sole Shareholder shall have the right and power to make recommendations to [New Parent], a Pennsylvania nonprofit corporation ("[New Parent]"), and [New Parent's Member], a Pennsylvania nonprofit corporation ("[New Parent's Member]"), with respect to actions by [New Parent] and [New Parent's Member] on matters reserved to [New Parent] and [New Parent's Member] under Sections 3.3(b) and 3.3(c) of these Bylaws. [New Parent] and [New Parent's Member] shall have no obligation to approve any such recommendations, and may take actions that have not been recommended by, or that are contrary to recommendations of, the Sole Shareholder; and

(ii) The Board of Directors of the Sole Shareholder will have plenary authority with regard to the following:

a) To determine the number of ~~directors~~Directors that will comprise the Board of Directors of the Corporation and its subsidiaries, except that any change with regard to the Corporation must be consistent with the requirements of Section 4.2 of these Bylaws~~;~~;

(b) Reserved Powers of [New Parent]:

[New Parent] shall have the right and power to make recommendations to [New Parent's Member] with respect to actions by [New Parent's Member] on the matters reserved to [New Parent's Member] under Section 3.2(c) of these Bylaws. [New Parent's Member] shall have no obligation to approve any such recommendations, and [New Parent's Member] may take actions that have not been recommended by, or that are contrary to recommendations of, [New Parent].

(c) Reserved Powers of [New Parent's Member]:

[New Parent's Member] will have plenary authority with regard to the following:

(i) To elect and remove, with or without cause, all officers, including the President, of the Corporation and its subsidiaries;

(ii) To amend, revise or restate the Corporation's Articles of Incorporation and Bylaws and approve all amendments or revisions to the Corporation's Articles of Incorporation and Bylaws that may be proposed or approved by [New Parent], the Sole Shareholder or Board of Directors of the Corporation; ~~provided however, that [New Parent's Member] will have no power to amend, revise or restate Section 4.2, Section 4.8(a)(i) or this proviso of Section 3.3(c)(ii) of these Bylaws, each of which may be amended only upon the concurrent approval of the Board of Directors of the Corporation;~~

(iii) To adopt or change the mission, purpose, philosophy or objectives of the Corporation or its subsidiaries;

(iv) To change the general structure of the Corporation or any of its subsidiaries as a voluntary, nonprofit corporation;

(v) To (a) dissolve, divide, convert or liquidate the Corporation or its subsidiaries, (b) consolidate or merge the Corporation or its subsidiaries with another corporation or entity, (c) sell or acquire assets, whether in a single transaction or series of transactions, where the consideration exceeds 1% of the Corporation's or the relevant subsidiary's total assets, and (d) approve any of the foregoing actions that may be proposed by [New Parent], the Sole Shareholder or the Board of Directors of the Corporation before such action becomes effective;

(vi) To approve the annual consolidated capital and operating plan and budget of the Corporation and its subsidiaries, and any amendments thereto or significant variances therefrom;

(vii) To approve the incurrence of debt by the Corporation and its subsidiaries or the making of capital expenditures by the Corporation and the subsidiaries during any fiscal year of the Corporation, in either case in excess of one quarter of 1% of the consolidated annual operating budget of the Corporation and its subsidiaries for each fiscal year if such debt or capital expenditures are not included in the Corporation's or subsidiaries' approved budgets, whether in a single transaction or a series of related transactions;

(viii) To approve any donation or any other transfer of the Corporation's or its subsidiaries' assets, other than to the Sole Shareholder or to the Corporation by its subsidiaries, in excess of \$10,000.00, unless specifically authorized in the Corporation's or its subsidiaries' approved budgets;

(ix) To approve strategic plans and mission statements of the Corporation and its subsidiaries;

(x) To approve investment policies of the Corporation and its subsidiaries;

(xi) To approve the closure or relocation of a licensed healthcare facility of the Corporation and its subsidiaries;

(xii) To approve the formation of subsidiary corporations, partnerships and joint ventures or to make investments in existing subsidiary corporations, partnerships and joint ventures, if the new investments of the Corporation and the subsidiaries in such subsidiary corporations, partnerships and joint ventures during any fiscal year would, in the aggregate, exceed 1% of the Corporation's consolidated total assets at the end of the prior fiscal year of the Corporation;

(xiii) To approve the dissolution of subsidiary corporations, partnerships and joint ventures of the Corporation and the subsidiaries, if the aggregate value of the ownership interests of the Corporation and the subsidiaries in such subsidiary corporations, partnerships and joint ventures so dissolved in any fiscal year would exceed 1% of the Corporation's consolidated total assets at the end of the prior fiscal year of the Corporation;

(xiv) 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 applicable to the Corporation;

and

(xv) To approve the taking of any action which would endanger the nonprofit status of the Corporation or the tax exempt status of the Sole Shareholder, [New Parent] or [New Parent's Member]; and

~~(xxvi)~~ To select and appoint auditors and to designate the fiscal year of the Corporation and the subsidiaries.

Except as may otherwise be provided by the BCL, [New Parent's Member] shall have the right to both initiate and approve action in furtherance of such reserved powers, as well as the authority to directly bind the Corporation and the subsidiaries on such matters. Any action taken in this regard by [New Parent's Member] shall be sufficient to finally approve and adopt such actions and no action of the Board of Directors, Sole Shareholder, [New Parent] or other governing body or officer with respect to such action shall be necessary with respect hereto.

ARTICLE IV

DIRECTORS

Section 4.1. GENERAL POWERS. Subject to the rights and powers described in Section 3.2 and any limitations set forth elsewhere in these Bylaws or the Articles of Incorporation of the Corporation, all of the business and affairs of the Corporation shall be managed by the Board of Directors in a manner consistent with these Bylaws and other applicable law, subject to the approval of the Sole Shareholder as provided for by statute, the Articles of Incorporation, these Bylaws and the Shareholder's Agreement. The Board shall make appropriate delegations of authority to the officers and, to the extent permitted by law, by appropriate resolution, the Board may authorize one or more Board committees to act on its behalf when it is not in session.

Section 4.2. NUMBER, ELECTION AND TERM OF OFFICE. The total number constituting the members of the Board shall be not less than three (3) nor more than nine (9), as the Sole Shareholder may determine from time to time. Annually, not later than the month of June, the Sole Shareholder shall elect all of members of the Board. Each Director of the Board shall serve for term commencing on the first day of July for a term of one (1) year thereafter or until such Director's successor has been duly elected and qualified or until such Director's earlier death, resignation, or removal. Members of the Board shall be selected from among persons who possess the ability to participate effectively in the discharge of the Board's responsibilities and who are employees of the Sole Shareholder or an affiliate of the Sole Shareholder.

Section 4.3. INCREASE OR DECREASE IN NUMBER OF MEMBERS OF THE BOARD. The number of members of the Board may be increased above the maximum number or decreased below the minimum number set forth in Section 4.2 hereof from time to time by the Sole Shareholder, but no decrease shall have the effect of shortening the term of any incumbent member of the Board.

Section 4.4. CONSULTING MEMBERS OF THE BOARD. The Sole Shareholder, ~~[New Parent], [New Parent's Member], the Board or the President, with the approval of~~ the Chair, may appoint one or more additional persons as consulting members of the Board to hold office at the pleasure of the authority making the appointment. Consulting members of the Board shall be

afforded the privileges of members of the Board but shall not vote or be counted in determining the existence of a quorum and may be excluded from any session of the Board by a vote of a majority of the members of the Board.

Section 4.5. EMERITUS BOARD MEMBERS. The Sole Shareholder may elect or remove any number of Emeritus Board Members in the same manner as regular members of the Board, except that Emeritus Board Members shall serve without specified term of office. Emeritus Board Members shall be afforded the privileges of members of the Board but shall not vote or be counted in determining the existence of a quorum.

Section 4.6. REGULAR MEETINGS. An annual meeting of the Board shall be held in the month of June of each year for the purpose of ~~election~~electing members of the Board committees and for the transaction of such other business as may come before the meeting. The Board shall provide by resolution for the holding of additional regular meetings to the end that at least one regular meeting shall be scheduled, within each calendar quarter. The Board may, by resolution, prescribe the time and place for the holding of regular meetings and may provide that the adoption of such resolution shall constitute notice of such regular meetings. If the Board does not prescribe the time and place for the holding of regular meetings, such regular meetings shall be held at the time and place specified by the ~~President~~Chair in the notice of each such regular meeting. Members of the Board shall attend all regularly scheduled Board meetings, except when excused for valid reasons.

Section 4.7. SPECIAL MEETINGS. Special meetings of the Board may be called by or at the direction of the Sole Shareholder, the Chair, the President or the written request of a majority of the members of the Board, such meetings to be held at such time and place as shall be designated in the notice thereof.

Section 4.8. NOTICE. Except as otherwise provided herein, written notice of the time and place of any meeting of the Board shall be mailed or hand-delivered to each member of the Board at least ten (10) days prior thereto in accordance with Section 9.7 of these Bylaws. Any member of the Board may waive notice of any meeting. The attendance of a member of the Board at any meeting shall constitute a waiver of notice of such meeting, except where a member of the Board attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting, unless required by statute.

Section 4.9. QUORUM. At all meetings of the Board, a majority of the voting Directors elected to the Board shall be necessary and sufficient to constitute a quorum for the transaction of business. Proxy votes shall not be permitted.

Section 4.10 MANNER OF ACTING.

(a) Formal Action by Board. The act of the majority of the members of the Board present at a meeting at which a quorum is present shall be the act of the Board, unless the act of a greater number is required by statute, the Articles of Incorporation, these Bylaws or the resolutions of the Sole Shareholder.

(b) Informal Action by Board. No action of the Board shall be valid unless taken at a meeting at which a quorum is present, except that any action which may be taken at a meeting of the Board may be taken without a meeting if a consent in writing (setting forth the action so taken) shall be signed by all members of the Board.

Section 4.11 RESIGNATIONS AND REMOVAL. Any member or consulting member of the Board may resign from the Board at any time by giving written notice to the Chair, the President or the Secretary and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any member of the Board may be removed from office at any time by the Sole Shareholder in its sole discretion without assigning any cause. Any consulting member of the Board may be removed from office at any time by the Sole Shareholder or by the authority appointing such consulting member in its sole discretion without assigning any cause.

Section 4.12 VACANCIES. Any vacancy occurring in the membership of the Board shall be filled by the Sole Shareholder. A member of the Board elected to fill a vacancy shall be elected for the unexpired term of such member's predecessor in office.

Section 4.13 COMPENSATION. Members or consulting members of the Board, as such, shall not receive any stated salaries for their services, but by resolution of the Board a reasonable amount may be allowed as reimbursement of expenses incurred in attending to their authorized duties; provided, however, that, subject to the provisions herein concerning duality of interest, nothing herein contained shall be construed to preclude any member or consulting member of the Board from serving the Corporation in any other capacity and receiving compensation therefor.

Section 4.14 PROCEDURE. The Board may adopt its own rules of procedure which shall not be inconsistent with the Articles of Incorporation, these Bylaws, the Shareholder's Agreement, or applicable law.

Section 4.15 TELEPHONE PARTICIPATION IN MEETINGS. One or more Directors may participate in a meeting of the Board, or of a committee thereof, 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 section shall constitute presence in person at the meeting.

ARTICLE V

BOARD COMMITTEES

Section 5.1. COMMITTEES. The Corporation shall have such standing and ad hoc Board committees as the Board may deem advisable in the administration and conduct of the affairs of the Corporation. Such Board committees shall meet as necessary to accomplish their goals. The Board is authorized in its discretion to approve reimbursement for travel and actual expenses necessarily incurred by members of Board committees in attending Board committee meetings and in performing other official duties as such. ~~Except as otherwise provided in these Bylaws or in the resolution creating the applicable Board committee, committee~~ Committee chairs

and members shall be appointed annually by the ~~Chair~~Board of Directors and may be reappointed to a ~~Board~~ committee for an unlimited number of terms. With the exception of the executive committee, if any, persons who are not Directors are eligible to serve as Board committee members. ~~Any person authorized by these Bylaws to appoint the chair and/or members of any Board committee may appoint himself or herself as chair and/or member.~~ The chair of each ~~Board~~ committee shall determine the date and place of all ~~Board~~ committee meetings. Each ~~Board~~ committee may adopt its own rules of procedure not inconsistent with these Bylaws.

Section 5.2. LIMITATION ON POWER OF COMMITTEES. No such Board committee shall have any power or authority as to the following:

- (a) the submission to the Sole Shareholder, [New Parent] or [New Parent's Member] of any action requiring approval of the Sole Shareholder;
- (b) the filling of vacancies in the Board of Directors;
- (c) the adoption, amendment or repeal of ~~the~~these Bylaws;
- (d) the amendment or repeal of any resolution of the Board; or
- (e) action on matters committed by ~~the~~these Bylaws or a resolution of the Board to another committee of the Board.

ARTICLE VI

OFFICERS

Section 6.1. OFFICERS. The officers of the Corporation shall be a Chair, Vice-Chair, a President, such number of Vice-Presidents (if any) as determined by the Sole Shareholder, a Secretary and a Treasurer. The Corporation may, at the discretion of ~~the Sole Shareholder~~[New Parent's Member], have assistant officers including, without limitation, one or more Assistant Secretaries and one or more Assistant Treasurers. Officers, other than the Chair and the Vice Chair, need not be members of the Board. Any two or more offices may be held by the same person. The duties of certain offices are set forth herein. When the incumbent of an office is unable to perform the duties thereof or when there is no incumbent of an office (both such situations referred to hereafter as the "absence" of the officer), the duties of the office shall, unless otherwise provided by the Board, be performed by the next officer set forth in the following sequence: Chair, Vice-Chair (if any), President and Vice-Presidents by tenure in office.

Section 6.2. ELECTION AND TENURE. All officers shall be elected each year by ~~the Sole Shareholder~~[New Parent's Member] at its annual board meeting. If the election of officers shall not be held at such meeting, it shall be held as soon thereafter as conveniently may be. Each officer shall hold office from the date of such officer's election until the next annual meeting of ~~the Sole Shareholder~~[New Parent's Member] and until such officer's successor shall have been duly elected and qualified unless such officer shall sooner resign or be removed.

Section 6.3. RESIGNATIONS AND REMOVAL. Any officer may resign at any time by giving written notice to the President or to the Secretary, and, unless otherwise specified

therein, the acceptance of such resignation shall not be necessary to make it effective. ~~Subject to the approval of the Sole Shareholder, any~~ Any officer may be removed by ~~the Board~~ [New Parent's Member] whenever in its judgment the best interests of the Corporation would be served thereby.

Section 6.4. VACANCIES. The Chair of the Board may appoint a replacement for a vacancy in any office for the unexpired portion of the term.

Section 6.5. CHAIR. The Chair shall be selected from among the members of the Board and shall be Chair of and preside at all meetings of the Board. The Chair shall perform such other duties as may be assigned thereto by the Board.

Section 6.6. VICE CHAIR. The Vice Chair shall be selected from the members of the Board and, in the absence of the Chair, shall preside at all meetings of the Board and shall perform the duties of the Chair. The Vice Chair shall perform such other duties as may be assigned thereto by the Board.

Section 6.7. PRESIDENT. The President shall be the chief executive officer of the Corporation having general overall supervision of all of the business and affairs of the Corporation. In the absence of the Chair and the Vice Chair, the President shall preside at all meetings of the Board. The President, unless a regular member, shall be a consulting member of the Board, and ~~unless a regular member, shall be a consulting member~~ of all committees of the Corporation. Subject to any approval of the Sole Shareholder hereby required, the President may sign, with the Secretary or any other officer authorized by the Board, any deeds, mortgages, bonds, contracts or other instruments which the Board has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board or, by these Bylaws or by statute, to some other officer or agent of the Corporation; and in general the President shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

Section 6.8. VICE-PRESIDENTS. If elected, the Vice-Presidents shall perform such duties as may be assigned to them by the Board or the President. In the absence of the President, the Vice-Presidents (in the order of their designation or, if no designation, in the order of their election) shall perform the duties of the President.

Section 6.9. SECRETARY. The Secretary shall, subject to the direction of the President, keep a record of the meetings of the Board and all Board committees in one or more books provided for that purpose; assure that all notices are given in accordance with the provisions of these Bylaws and as required by law; be custodian of the corporate records; and in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the President or the Board.

Section 6.10. TREASURER. The Treasurer shall, subject to the direction of the President, have charge and custody of and be responsible for all funds and securities of the Corporation; receive and give receipt for monies due and payable to the Corporation from any source whatsoever; deposit all monies in the name of the Corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of these

Bylaws; and in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to the Treasurer by the President or Board.

Section 6.11.ASSISTANT TRFASURERS AND ASSISTANT SECRETARIES. If elected, the Assistant Treasurers and the Assistant Secretaries shall perform such duties as shall be assigned to them respectively by the Treasurer or Secretary, and by the President or the Board.

Section 6.12.COMPENSATION. The salaries or other compensation of the officers shall be fixed from time to time by the Board or a Board committee created and empowered by the Board for such purpose. No officer shall be prevented from receiving such salary or other compensation by reason of the fact that such officer is also a member of the Board or consulting member of the Board.

Section 6.13.BONDS OF OFFICERS. The Board may secure the fidelity of any or all of such officers by bond or otherwise, in such terms and with such surety or sureties, conditions, penalties or securities as shall be required by the Board.

Section 6.14.DELEGATION. The Board may delegate temporarily the powers and duties of any officer, in case of such officer's absence or for any other reason, to any other officer, and may authorize the delegation by any officer of any of such officer's powers and duties to any agent or employee subject to the general supervision of such officer.

ARTICLE VII

LIMITATION OF PERSONAL LIABILITY OF DIRECTORS

Section 7.1.

- (a) Elimination of Liability. To the fullest extent that the laws of the Commonwealth of Pennsylvania, as now in effect or as hereafter amended, permit elimination or limitation of the liability of ~~directors~~Directors, no ~~director~~Director of the Corporation shall be personally liable for monetary damages as such for any action taken, or any failure to take any action, as a ~~director~~Director.
- (b) Applicability. The provisions of this Section shall be deemed to be a contract with each ~~director~~Director of the Corporation who serves as such at any time while this Section is in effect and each such ~~director~~Director shall be deemed to be so serving in reliance on the provisions of this Section. Any amendment or repeal of this Section or adoption of any Section or provision of ~~the~~these Bylaws ~~of the Corporation~~ which has the effect of increasing ~~director~~Director liability shall operate prospectively only and shall not affect any action taken, or any failure to act, prior to the adoption of such amendment, repeal, bylaw or provision.

ARTICLE VIII

SHARES OF CAPITAL STOCK; SHAREHOLDER'S AGREEMENT

Section 8.1. ISSUANCE OF SHARES. Shares of capital stock of any class now or hereafter authorized, securities convertible into or exchangeable for such shares, or options or other rights to purchase such shares or securities, may be issued or granted in accordance with authority granted by resolution of the Board from time to time.

Section 8.2. SHARE CERTIFICATES. Certificates for shares of the capital stock of the Corporation shall be in the form adopted from time to time by the Board, shall be signed by the President or a Vice President and by the Secretary or Treasurer, and may be sealed with the seal of the Corporation. All such certificates shall be numbered consecutively, and the name of the person owning the shares represented thereby, with the number of such shares and the date of issue, shall be entered on the books of the Corporation.

Section 8.3. TRANSFER OF SHARES. Shares of capital stock of the Corporation shall be transferred only on the books of the Corporation, by the holder of record in person or by the holder's duly authorized representative, upon surrender to the Corporation of the certificate for such shares duly endorsed for transfer, together with such other documents (if any) as may be required to effect such transfer.

Section 8.4. LOST, STOLEN, DESTROYED, OR MUTILATED CERTIFICATES. New share certificates, to replace share certificates which have been lost, stolen, destroyed, or mutilated, may be issued upon such terms and conditions, including proof of loss or destruction and the giving of a satisfactory bond of indemnity, as the Board may determine from time to time.

Section 8.5. REGULATIONS. The Board shall have power and authority to make all such rules and regulations not inconsistent with these Bylaws as it may deem expedient concerning the issue, transfer, and registration of shares of capital stock of the Corporation.

Section 8.6. HOLDERS OF RECORD. The Corporation shall be entitled to treat the holder of record of any share or shares of capital stock of the Corporation as the holder and owner in fact thereof for all purposes and shall not be bound to recognize any equitable or other claim to, or right, title, or interest in, such share or shares on the part of any other person, whether or not the Corporation shall have express or other notice thereof, except as may be otherwise required by the laws of the Commonwealth of Pennsylvania.

Section 8.7. SHAREHOLDER'S AGREEMENT. If there is a conflict between a provision in these Bylaws and the Shareholder's Agreement, the terms of the Shareholder's Agreement shall control.

ARTICLE IX

MISCELLANEOUS

Section 9.1. CONTRACTS. Subject to such approvals, if any, of the Sole Shareholder required hereunder, the Board may authorize any officer or agent of the Corporation, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 9.2. CHECKS, DRAFTS, ETC. Subject to such approvals, if any, of the Sole Shareholder required hereunder, all checks, drafts or other orders for the payment of money, and all notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board. In the absence of such determination by the Board, such instruments shall be signed by the Treasurer or an Assistant Treasurer, if any, and countersigned by the President.

Section 9.3. DEPOSITS. Subject to such approvals, if any, of the Sole Shareholder required hereunder, all funds of the Corporation shall be deposited from time to time to the credit of the Corporation in one or more such banks, trust companies or other depositories as the Board may from time to time designate, upon such terms and conditions as shall be fixed by the Board. The Board may from time to time authorize the opening and keeping, with any such depository as it may designate, of general and special bank accounts and may make such special rules and regulations with respect thereto, not inconsistent with the provisions of these Bylaws, as it may deem necessary.

Section 9.4. BOOKS AND RECORDS. The Corporation shall keep correct and complete books and records of account and shall also keep records of the actions of the Corporation, which records shall be open to inspection by the Sole Shareholder, [New Parent], [New Parent's Member] and members of the Board at any reasonable time.

Section 9.5. FISCAL YEAR; ACCOUNTING ELECTION. The fiscal year of and the method of accounting for the Corporation shall be fixed by ~~the~~ [New Parent's Member].

Section 9.6. ANNUAL FISCAL REPORT. The President and Treasurer, with the prior review of the Board, shall cause an annual report to be submitted for approval to the Sole Shareholder, with a copy to [New Parent] and [New Parent's Member], no later than ninety (90) days after the close of each fiscal year of the Corporation. Such Annual Fiscal Report must conform to accounting standards promulgated by the American Institute of Certified Public Accountants and shall include, without limitation, the following identified elements concerning the Corporation.

- (i) The assets and liabilities of the Corporation as of the end of the fiscal year immediately preceding the date of the report.
- (ii) The principal changes in assets and liabilities, during the year immediately preceding the date of the report.

- (iii) The revenue or receipts of the Corporation for the year immediately preceding the date of the report.
- (iv) The expenses or disbursements of the Corporation, during the year immediately preceding the date of the report.

Section 9.7. WRITTEN NOTICE. Whenever written notice is required to be given to any person by statute, the Articles of Incorporation or these Bylaws, it may be given to the person by any means permitted by Section 1702 of the BCL, and shall be deemed to have been given at the time specified in said Section.

Section 9.8. WAIVER OF NOTICE. Whenever notice is required to be given to any person by statute, the Articles of Incorporation or these Bylaws, the giving of the notice may be waived in the manner and with the effect specified in Section 1705 of the BCL.

Section 9.9. LOANS TO SOLE SHAREHOLDER, [NEW PARENT], [NEW PARENT'S MEMBER], MEMBERS OF THE BOARD AND OFFICERS PROHIBITED. No loans shall be made by the Corporation to members of the Board, officers ~~or~~ the Sole Shareholder, [New Parent] or [New Parent's Member]. The members of the Board who vote for or assent to the making of a loan to the Sole Shareholder, a member of the Board or an officer, and the Sole Shareholder or any member of the Board or officer participating in the making of such loan, shall be jointly and severally liable to the Corporation for the amount of the loan until the repayment thereof.

Section 9.10. INDEMNIFICATION

~~Section 9.10.1~~

- (a) Right to Indemnification - General. Any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (whether brought by or in the name of the Corporation or otherwise), by reason of the fact that he or she is or was a representative of the Corporation, or is or was serving at the request of the Corporation as a representative of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Corporation to the fullest extent now or hereafter permitted by applicable law in connection with such action, suit or proceeding arising out of such person's service to the Corporation or to such other corporation, partnership, joint venture, trust or other enterprise at the Corporation's request. The term "representative," as used in this Article IX, shall mean any ~~director~~ Director, officer, member of a committee created by or pursuant to ~~the these~~ these ~~Bylaws of the Corporation~~, and any other person who may be determined by the Board of Directors to be a representative entitled to the benefits of this Article IX.
- (b) Right to Indemnification - Third Party Actions. Without limiting the generality of ~~Section 9.10.1~~ 9.10(ba), any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or

in the right of the Corporation), by reason of the fact that he or she is or was a representative of the Corporation, or is or was serving at the request of the Corporation as a representative of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Corporation against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

- (c) Right to Indemnification - Derivative Actions. Without limiting the generality of Section ~~9.10.19.10~~(a), any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she is or was a representative of the Corporation, or is or was serving at the request of the Corporation as a representative of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Corporation against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation; except, however, that indemnification shall not be made under this Section ~~9.10.19.10~~(c) in respect of any claim, issue or matter as to which such person has been adjudged to be liable to the Corporation unless and only to the extent that the Court of Common Pleas of the county in which the registered office of the Corporation is located or the court in which such action, suit or proceeding was brought determines upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses that the Court of Common Pleas or such other court shall deem proper.
- (d) Advance of Expenses. Expenses (including attorneys' fees) incurred by any representative of the Corporation in defending any action, suit or proceeding referred to in this Article IX shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the representative to repay such amount if it is ultimately determined that he or she is not entitled to be indemnified by the Corporation as authorized in this Article IX or otherwise.

- (e) Procedures for Effecting Indemnification. Unless ordered by a court, any indemnification under Section ~~9.10.19.10~~(a), Section ~~9.10.19.10~~(b) or Section ~~9.10.19.10~~(c) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the representative is proper in the circumstances because he or she has met the applicable standard of conduct set forth in such subsections. Such determination shall be made: (i) by the Board of Directors by a majority of a quorum consisting of ~~directors~~Directors who were not parties to such action, suit or proceeding; or (ii) if such a quorum is not obtainable, or if obtainable and a majority vote of a quorum of disinterested ~~directors~~Directors so directs, by independent legal counsel in a written opinion.
- (f) Indemnification Not Exclusive. The indemnification and advancement of expenses provided by or granted pursuant to this Article IX shall not be deemed exclusive of any other rights to which a person seeking indemnification or advancement of expenses may be entitled under any other provision of ~~the~~these Bylaws ~~of the Corporation~~, agreement, vote of disinterested ~~directors~~Directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office and shall continue as to a person who has ceased to be a representative of the Corporation and shall inure to the benefit of the heirs and personal representatives of such person.
- (g) When Indemnification Not Made. Indemnification pursuant to this Article IX shall not be made in any case where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.
- (h) Grounds for Indemnification. Indemnification pursuant to this Article IX, under any other provision of ~~the~~these Bylaws ~~of the Corporation~~, agreement, vote of ~~directors~~Directors or otherwise may be granted for any action taken or any failure to take any action and may be made whether or not the Corporation would have the power to indemnify the person under any provision of law except as otherwise provided in this Article VII and whether or not the indemnified liability arises or arose from any threatened, pending or completed action by or in the right of the Corporation. The provisions of this Article IX shall be applicable to all actions, suits or proceedings within the scope of Section ~~9.10.19.10~~(a), Section ~~9.10.19.10~~(b) or Section ~~9.10.19.10~~(c) of these Bylaws, whether commenced before or after the adoption hereof, whether arising from acts or omissions occurring before or after the adoption hereof.
- (i) Power to Purchase Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a representative of the Corporation or is or was serving at the request of the Corporation as a representative of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of this Article IX.

- (j) Creation of a Fund to Secure or Insure Indemnification. The Corporation may create a fund of any nature, which may, but need not be, under the control of a trustee, or otherwise secure or insure in any manner its indemnification obligations, whether arising under or pursuant to this Article IX or otherwise.
- (k) Status Rights of Indemnities. The rights to indemnification and advancement of expenses provided by or granted pursuant to this Article IX shall (a) be deemed to create contractual rights in favor of each person who serves as a representative of the Corporation at any time while this Article is in effect (and each such person shall be deemed to be so serving in reliance on the provisions of this Article), and (b) continue as to a person who has ceased to be a representative of the Corporation.
- (l) Applicability to Predecessor Companies. For purposes of this Article IX, references to the “Corporation” include all constituent corporations or other entities which shall have become a part of the Corporation by consolidation or merger or other similar transaction and their respective current and former affiliates, and references to “representatives” shall include members of any such corporation, entity or affiliate, so that any person who was a member, director, officer, committee member or other representative of such a corporation, entity or affiliate or served as a member, director, officer, committee member or other representative of another corporation, partnership, joint venture, trust or other enterprise at the request of any such corporation, entity or affiliate shall stand in the same position under the provisions of this Article IX with respect to the Corporation as he or she would if he or she had served the Corporation in the same capacity. Without limitation of the foregoing, each member, director, officer and committee member of each predecessor to the Corporation shall have the same contract rights as are afforded to ~~directors~~Directors, officers and employees of the Corporation pursuant to Section ~~9.10.19.10~~9.10.19.10(k).

Section 9.11. REVOCABILITY OF AUTHORIZATIONS. No authorization, assignment, referral or delegation of authority by the Board to any committee, officer, agent or other official of the Corporation, shall preclude the Board from exercising the authority required to meet its responsibility for the conduct of the Corporation. The Board shall retain the right to rescind any such authorization, assignment, referral or delegation in its sole discretion.

Section 9.12. CONFLICTS OF INTEREST.

- (a) Disclosure of Interest. Any Director, officer, or committee member having a Material Interest (as defined below) in a contract or other transaction presented to the Board of Directors or any committee thereof for authorization, approval or ratification, shall make a prompt, full and frank disclosure of such person's interest to the Board or committee prior to its acting on such contract or transaction. Such disclosure shall include all relevant and material facts known to such person about his/her relationship or interest and about the contract or transaction. The Board or committee to which such disclosure is made shall thereupon determine, by majority vote of those present, excluding the interested person, whether the disclosure shows that a conflict of interest exists or can reasonably be construed to exist. If a conflict

is deemed to exist or can reasonably be construed to exist, such person shall not vote on nor participate in the discussions and deliberations with respect to such contract or transaction, other than to present factual information or to respond to questions. Such person may be counted in determining the existence of a quorum at any meeting where the contract or transaction is under discussion or is being voted upon. The minutes of the meeting shall reflect the disclosure made, the vote thereon and, where applicable, the abstention from voting or participation. For purposes of this Article, a person shall be deemed to have a "Material Interest" in a contract or other transaction if such person, or a member of his/her other immediate family, is a party, or one of the parties, contracting or dealing with the Corporation, or is a director, officer, or key employee of, or has a significant financial interest in the entity contracting or dealing with the Corporation.

- (b) Prohibited Transactions. Members of the Board of Directors shall not engage in the following transactions:
- (i) The sale, exchange or leasing of property or services between the Corporation and a member of the Board of Directors or an entity in which he or she has a Material Interest, on a basis less favorable to the Corporation than that on which such property or services are made available to the general public.
 - (ii) Furnishing of goods, services or facilities by the Corporation to a member of the Board of Directors, unless such furnishing is made on the same basis on which such goods, services or facilities are made available to the general public or to the employees of the Corporation.
 - (iii) Any transfer to or use by or for the benefit of a member of the Board of Directors of the income or assets of the Corporation, except purchase for fair market value.
- (c) Annual Disclosure Statements. The Board of Directors shall require that all prospective Directors and all members of the Board of Directors execute and submit, at the time of election or appointment, and annually thereafter, a written statement indicating any Material Interests which could give rise to conflicts of interest and any interests which are or may reasonably be construed to be Competing Interests (as defined below). While the written statement is required annually, it is a continuing responsibility of appointees and Directors to provide prompt notice to the Corporation of any changes. Notice of this requirement and other provisions of this ArticleSection shall be given to prospective candidates for election or appointment. ~~The term appointment or appointee specifically includes those who are serving or who are proposed to serve as ex officio Directors.~~
- (d) Competing Interests. No person shall be eligible to serve as a Director (or to continue to so serve) if he or she has or acquires a "Competing Interest," as defined below:

- (i) “Competing Interest” shall be defined as including any of the following situations:

A person (or his or her immediate family member) who, directly or indirectly, owns or holds an investment or ownership interest (other than an ownership or investment interest in less than five percent (5%) of the common stock of a publicly-traded company) in an entity identified or determined by the Corporation from time to time as a competitor;

A person (or his or her immediate family member) who holds a leadership position in an entity identified or determined by the Corporation from time to time as a competitor. Leadership position shall include, without limitation, service on the board, a board committee or a planning committee of or holding a management contract with such a competitor; or

A person who is employed by or has a compensation arrangement with a competing entity. “Immediate family member” means spouse, siblings, parents, children, stepchildren, grandchildren and their spouses.

Examples of entities deemed by the Corporation to be competing entities include, without limitation: general hospitals; specialty hospitals; freestanding surgery centers; specialty diagnostic centers; specialty treatment centers; specialty therapy centers or other entities operating or which should be operating in whole or in part under a healthcare facility license, but do not include physician offices with equipment customarily and routinely used or contained in a physician office (e.g., EKG machine used by a cardiologist).

- (ii) It shall be the responsibility of prospective Directors and current Directors to promptly disclose the existence of all ownership or investment interests, leadership positions and employment or compensation arrangements, regardless of whether they fall within the above definitions. If such interest is in an entity that the Corporation has previously determined to be a competing entity, the prospective Director or current Director shall be automatically ineligible to serve or continue serving as a Director and shall be deemed to have automatically resigned his or her position or interest in a position on the Board and its committees.
- (iii) If it is necessary for the Board to determine whether the entity in question is a competing entity, the Board, by majority vote of those present (excluding the interested person) shall decide whether a Competing Interest exists. If a ~~competing interest~~ Competing Interest exists, the interested person shall no longer be eligible for consideration as a prospective Director or, if already serving as a Director, shall not continue to serve, and shall be deemed to have automatically resigned his or her interest in a position on the Board and its committees.

Section 9.13.RULES. Subject to such approvals, if any, of the Sole Shareholder required hereunder, the Board may adopt, amend or repeal rules (not inconsistent with these Bylaws) for the management of the internal affairs of the Corporation and the governance of its officers, agents, Board committees, administrative committees, standing committees and employees.

Section 9.14.VOTE BY PRESIDING OFFICER. The person acting as presiding officer at any meeting held pursuant to these Bylaws shall, if a voting member thereof, be entitled to vote on the same basis as if not acting as presiding officer.

Section 9.15.GENDER AND NUMBER. Whenever the context requires, the gender of all words used herein shall include the masculine, feminine and neuter, and the number of all words shall include the singular and plural thereof.

Section 9.16.ARTICLES AND OTHER HEADINGS. The Article and other headings contained in these Bylaws are for reference purposes only and shall not affect the meaning or interpretation of these Bylaws.

Section 9.17.EFFECT OF BYLAWS. No provision of these Bylaws shall vest any property right in the Sole Shareholder.

Section 9.18.CORPORATE SEAL. The Corporation may, but need not, adopt a seal in such form as the Board shall determine from time to time.

ARTICLE X

AMENDMENTS TO ARTICLES AND BYLAWS

The Corporation's Articles of Incorporation and these Bylaws may be altered, amended or repealed only by ~~the~~ [New Parent's Member].

SECRETARY'S CERTIFICATE

THIS IS TO CERTIFY that the foregoing Amended and Restated Bylaws of HEALTH SYSTEM SERVICE CORPORATION have been duly adopted by the Directors of the Corporation and by Jefferson Regional Medical Center, as the Corporation's Sole Shareholder as of _____, ~~201~~2013.

IN WITNESS WHEREOF, the undersigned, duly elected and acting Secretary of said Corporation, has signed this Certificate and affixed the seal of the said Corporation hereon this _____, ~~201~~2013.

Secretary of the Corporation

SHAREHOLDER'S AGREEMENT

THIS SHAREHOLDER'S AGREEMENT (this "Agreement") is made as of ~~July 1, 2002,~~ , 2013 by and between HEALTH SYSTEM SERVICE CORPORATION, a Pennsylvania business corporation (the "Corporation") and JEFFERSON REGIONAL MEDICAL CENTER (~~f/k/a Jefferson Health Services~~), a Pennsylvania nonprofit corporation (the "Sole Shareholder").

WITNESSETH:

WHEREAS, the Sole Shareholder owns all of the issued and outstanding shares of the Corporation; and

WHEREAS, the parties wish to provide for certain arrangements with respect to the election and removal of officers and directors of the Corporation and other governance matters regarding the Corporation.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and intending to be legally bound hereby, the parties hereto agree as follows:

1. **Capitalized Terms.** All capitalized terms not otherwise defined herein shall have the meaning set forth in the Amended and Restated Bylaws of the Corporation effective as of ~~July 1, 2002~~ , 2013 (together with any and all amendments, modifications, supplements and restatements from time to time, the "Bylaws").

2. **Sole Shareholder.** As the sole shareholder of the Corporation, the Sole Shareholder shall have such powers, rights and obligations afforded shareholders under the Business Corporation Law of 1988, as amended (the "BCL").

~~3. **Reserved Powers.** In addition to all the powers, rights and obligations of the Sole Shareholder as set forth in the Bylaws and pursuant to the BCL, the Corporation hereby also grants to the Sole Shareholder the power to initiate and approve or to reverse the following actions with respect to the Corporation:~~

3. Reserved Powers.

(a) Reserved Powers of Sole Shareholder.

(i) The Sole Shareholder shall have the right and power to make recommendations to [New Parent], a Pennsylvania nonprofit corporation ("[New Parent]"), and [New Parent's Member], a Pennsylvania nonprofit corporation ("[New Parent's Member]"), with respect to actions by [New Parent] and [New Parent's Member] on matters reserved to [New Parent] and [New Parent's Member] under Sections 3(b) and 3(c) of this Agreement. [New Parent] and [New Parent's Member] shall have no obligation to approve any such recommendations, and may take actions that have not been recommended by, or that are contrary to recommendations of, the Sole Shareholder; and

(ii) The Board of Directors of the Sole Shareholder will have plenary authority with regard to the following:

a) To determine the number of Directors that will comprise the Board of Directors of the Corporation and its subsidiaries, except that any change with regard to the Corporation must be consistent with the requirements of Section 4.2 of the Bylaws;

(b) Reserved Powers of [New Parent]:

[New Parent] shall have the right and power to make recommendations to [New Parent's Member] with respect to actions by [New Parent's Member] on the matters reserved to [New Parent's Member] under Section 3(c) of this Agreement. [New Parent's Member] shall have no obligation to approve any such recommendations, and [New Parent's Member] may take actions that have not been recommended by, or that are contrary to recommendations of, [New Parent].

(c) Reserved Powers of [New Parent's Member]:

[New Parent's Member] will have plenary authority with regard to the following:

~~(a) nomination and election of officers and Directors and removal at any time~~(i) To elect and remove, with or without cause, of all officers and Directors, including the President, of the Corporation and its subsidiaries;

~~(b) any change in the number of Directors;~~

~~(c) all operating and capital budgets and amendments thereto;~~

~~(d) all fundamental change transactions and all other transactions not in the ordinary course of business;~~

~~(e) all amendments to~~

(ii) To amend, revise or restate the Corporation's Articles of Incorporation and Bylaws;

~~(f) all indebtedness (i) which individually exceeds an amount established by the Sole Shareholder or (ii) if such individual indebtedness is less than said amount, such indebtedness which, when added to the aggregate unpaid balance of all of the Corporation's outstanding indebtedness (exclusive of mortgaged real estate), causes the Corporation's aggregate indebtedness to exceed an amount established by the Sole Shareholder from time to time;~~

~~(g) selection of independent auditors; and~~

~~(h) all other actions or tasks as are reserved to or required of the Sole Shareholder by virtue of any other provisions of the bylaws of the Sole Shareholder or the Bylaws or by resolutions enacted by the Sole Shareholder or the Corporation from time to time.~~ and approve all amendments or revisions to the Corporation's Articles of Incorporation and Bylaws that may be proposed or approved by [New Parent], the Sole Shareholder or Board of Directors of the Corporation;

(iii) To adopt or change the mission, purpose, philosophy or objectives of the Corporation or its subsidiaries;

(iv) To change the general structure of the Corporation or any of its subsidiaries as a voluntary, nonprofit corporation;

(v) To (a) dissolve, divide, convert or liquidate the Corporation or its subsidiaries, (b) consolidate or merge the Corporation or its subsidiaries with another corporation or entity, (c) sell or acquire assets, whether in a single transaction or series of transactions, where the consideration exceeds 1% of the Corporation's or the relevant subsidiary's total assets, and (d) approve any of the foregoing actions that may be proposed by [New Parent], the Sole Shareholder or the Board of Directors of the Corporation before such action becomes effective;

(vi) To approve the annual consolidated capital and operating plan and budget of the Corporation and its subsidiaries, and any amendments thereto or significant variances therefrom;

(vii) To approve the incurrence of debt by the Corporation and its subsidiaries or the making of capital expenditures by the Corporation and the subsidiaries during any fiscal year of the Corporation, in either case in excess of one quarter of 1% of the consolidated annual operating budget of the Corporation and its subsidiaries for each fiscal year if such debt or capital expenditures are not included in the Corporation's or subsidiaries' approved budgets, whether in a single transaction or a series of related transactions;

(viii) To approve any donation or any other transfer of the Corporation's or its subsidiaries' assets, other than to the Sole Shareholder or to the Corporation by its subsidiaries, in excess of \$10,000.00, unless specifically authorized in the Corporation's or its subsidiaries' approved budgets;

(ix) To approve strategic plans and mission statements of the Corporation and its subsidiaries;

(x) To approve investment policies of the Corporation and its subsidiaries;

(xi) To approve the closure or relocation of a licensed healthcare facility of the Corporation and its subsidiaries;

(xii) To approve the formation of subsidiary corporations, partnerships and joint ventures or to make investments in existing subsidiary corporations, partnerships and joint ventures, if the new investments of the Corporation and the subsidiaries in such subsidiary corporations, partnerships and joint ventures during any fiscal year would, in the aggregate,

exceed 1% of the Corporation's consolidated total assets at the end of the prior fiscal year of the Corporation;

(xiii) To approve the dissolution of subsidiary corporations, partnerships and joint ventures of the Corporation and the subsidiaries, if the aggregate value of the ownership interests of the Corporation and the subsidiaries in such subsidiary corporations, partnerships and joint ventures so dissolved in any fiscal year would exceed 1% of the Corporation's consolidated total assets at the end of the prior fiscal year of the Corporation;

(xiv) 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 applicable to the Corporation;

(xv) To approve the taking of any action which would endanger the nonprofit status of the Corporation or the tax exempt status of the Sole Shareholder, [New Parent] or [New Parent's Member]; and

(xvi) To select and appoint auditors and to designate the fiscal year of the Corporation and the subsidiaries.

Except as may otherwise be provided by the BCL, [New Parent's Member] shall have the right to both initiate and approve action in furtherance of such reserved powers, as well as the authority to directly bind the Corporation and the subsidiaries on such matters. Any action taken in this regard by [New Parent's Member] shall be sufficient to finally approve and adopt such actions and no action of the Board of Directors, Sole Shareholder, [New Parent] or other governing body or officer with respect to such action shall be necessary with respect hereto.

4. 3-Elections and Appointments. Annually, not later than the month of June, the Sole Shareholder shall elect all of the officers and Directors of the Corporation as specified in the Bylaws. In addition, at such times as the Sole Shareholder may deem appropriate, it shall select the independent auditors for the Corporation and it may appoint one or more persons as consulting members of any body or committee of the Corporation or of any organization which is auxiliary to, associated or affiliated with, or conducted under the auspices of the Corporation.

~~5. **Manner of Acting.** The Sole Shareholder shall act pursuant to its status as sole shareholder and pursuant to its additional reserved powers, by executing and delivering to the President or the Secretary of the Corporation a written instrument, signed by an officer or authorized agent of the Sole Shareholder, setting forth the action taken by the board of directors of the Sole Shareholder or by the officer or board committee authorized by the board of directors of the Sole Shareholder, the bylaws of the Sole Shareholder or the Bylaws of the Corporation to take such action.~~

6. Ownership. At all times, the Sole Shareholder shall continue to hold all of the outstanding and issued shares of capital stock of the Corporation, unless the parties otherwise agree in writing.

~~7.6. **Transfer.** Notwithstanding anything contained herein to the contrary, the Sole Shareholder may transfer or assign all or a portion of its shares in the Corporation at any time to an~~

affiliate. The certificates for all of the shares owned by the Sole Shareholder (or any permitted transferee or assignee) shall contain a legend in substantially the following form:

NOTICE

Any sale, assignment, transfer, gift, pledge, hypothecation or other disposition or encumbrance of the shares of stock represented by this certificate is restricted by, and subject to, the terms and provisions of a Shareholder's Agreement effective as of ~~July 1, 2002~~, _____, 201____. A copy of said Agreement is on file with the Secretary of the Corporation. By acceptance of this certificate the holder hereof agrees to be bound by the terms of said Agreement.

8.7. Conflict. In the event of a conflict between the provisions of this Agreement and the Bylaws, the provisions of this Agreement shall control and shall be binding upon the parties.

9.8. Amendment and Modification. This Agreement may be amended or modified only by an instrument in writing approved by the boards of directors of the Corporation and the Sole Shareholder and executed by Corporation and the Sole Shareholder.

10.9. Miscellaneous Provisions.

(a) **Binding Effect.** The terms of this Agreement shall inure to the benefit of and be binding upon the Corporation, its successors and assigns, the Sole Shareholder and any beneficial owners of the outstanding and issued shares of the Corporation, and the heirs, legal representatives, successors and permitted assigns of the Sole Shareholder and any person who otherwise becomes a shareholder, from time to time.

(b) **Headings; Construction.** The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement. As used herein, the singular shall include the plural and the plural shall include the singular and any gender shall include all other genders. The terms "herein," "hereto," "hereunder" and the like shall be deemed to refer to this Agreement as a whole and not to any particular Section or other subdivision of this Agreement. The captions of the sections contained herein are for convenience of reference only and shall not affect the interpretation of the provisions hereof.

(c) **Choice of Law.** This Agreement shall be governed and construed in accordance with the internal laws of the Commonwealth of Pennsylvania without regard to its conflict-of-laws provisions.

(d) **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 of this Agreement not held so invalid 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 not held so invalid, and the rest of such provision, together with all other provisions of this Agreement, shall to the full extent consistent with law continue in full force and effect.

(e) Entire Agreement. This Agreement, the Bylaws and the bylaws of the Sole Shareholder, and any exhibits attached hereto or thereto, contains the entire understanding among the parties and supersedes any prior understandings and agreements among them respecting the subject matter hereof and therefor.

(f) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. It shall not be necessary that any single counterpart hereof be executed by all parties so long as each party executes at least one counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

SHAREHOLDER:
JEFFERSON REGIONAL MEDICAL CENTER

By: _____
Name: _____
Title: _____

CORPORATION:
**HEALTH SYSTEM SERVICE
CORPORATION**

By: _____
Name: _____
Title: _____

TAB 15

DRAFT

01/17/2013

**AMENDED AND RESTATED BYLAWS
OF
JEFFERSON REGIONAL MEDICAL CENTER HEALTH PAVILION
A Pennsylvania Nonprofit Corporation**

Amended and Restated
_____, ~~2008~~2013

**AMENDED AND RESTATED BYLAWS
OF
JEFFERSON REGIONAL MEDICAL CENTER HEALTH PAVILION
A Pennsylvania Nonprofit Corporation**

ARTICLE I

Introductory

Section 1.1 ~~Name~~NAME. The name of the Corporation is “Jefferson Regional Medical Center Health Pavilion”

Section 1.2 ~~Statement of Purposes. As provided in its Amended and Restated Articles of Incorporation, the Corporation is organized for the purpose of furthering the efficient delivery of quality health care services in the geographic area served by the Corporation's Sole Member.~~STATEMENT OF PURPOSES. The Corporation is organized under the Pennsylvania Nonprofit Corporation Law of 1988, as amended (the “Nonprofit Corporation Law”) for charitable, scientific and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), and in this connection is organized:

- (a) To arrange for the provision of health care services;
- (b) To operate as part of the nonprofit health care system governed by [New Parent's Member], a Pennsylvania nonprofit corporation (“[New Parent's Member]”), and support a health care provider network comprised of the Member and those corporations and other entities over which the Member exercises governance control (the “subsidiaries”);
- (c) To exercise such powers in furtherance of the foregoing purposes as are now or may be granted hereafter by the Nonprofit Corporation Law, as amended from time to time, or any successor legislation;
- (d) To carry out such other acts and to undertake such other activities as may be necessary, appropriate or desirable in furtherance of or in connection with the conduct, promotion or attainment of the foregoing purposes; and
- (e) To otherwise operate exclusively for charitable, scientific or educational purposes within the meaning of Section 501(c)(3) of the Code.

Section 1.3 ~~Offices~~OFFICES. The principal and registered office of the Corporation shall be located at 565 Coal Valley Road, ~~PO Box 18119~~, Pittsburgh, Pennsylvania 15236-0119 or at such other place as the Board of Directors may designate from time to time.

Section 1.4 ~~Fiscal Year~~FISCAL YEAR. The fiscal year of the Corporation shall end on ~~June 30th of each year, or on such other date~~ as ~~may~~shall be fixed ~~from time to time by resolution of the Board of Directors~~ by [New Parent's Member].

Section 1.5 ~~Seal~~SEAL. The corporate seal of the Corporation shall be a circle with the name of the Corporation and the state of incorporation around the border and the words "Corporate Seal" in the center.

Section 1.6 ~~Governing Law~~GOVERNING LAW. ~~This~~The Corporation is governed by the Pennsylvania Nonprofit Corporation Law of 1988, as it may be amended from time to time ("NPCL").

ARTICLE II

Sole Member

Section 2.1 ~~Sole~~MEMBER. ~~The Member.~~ ~~The sole member~~ of the Corporation shall be Health System Service Corporation ("~~Sole~~ Member"). There shall be no other members or classes of membership. The President/CEO of the Member shall be entitled to vote on behalf of the Member in accordance with the authority granted by the Member to the President/CEO of the Member unless the Member notifies the Corporation in writing that another officer is authorized to vote on behalf of the Member. The Member may voluntarily transfer its membership, subject to the reserved powers of [New Parent's Member] as set forth in these Bylaws.

~~Section 2.2 Meetings of the Sole Member. Meetings of the Sole Member may be held at such place within or without the Commonwealth of Pennsylvania as the person calling the meeting shall so indicate in the meeting notice. Unless otherwise provided in the notice, the meetings shall be held at the registered office of the Corporation. The annual meeting of the Sole Member shall be held in the quarter immediately following the close of the Corporation's fiscal year or at such other time as the Board may determine from time to time by resolution. Special meetings of the Sole Member shall be called by the Secretary upon the instruction of the President.~~

~~Section 2.3 Liability of Sole Member. The Sole Member shall not be personally liable for the debts, liabilities or obligations of the Corporation. The Sole Member shall be liable to the Corporation only to the extent of any unpaid portion of its capital contributions, membership dues or assessments which the Corporation may have~~

~~lawfully imposed on the Sole Member, or for any other indebtedness owed by the Sole Member to the Corporation.~~

~~Section 2.4 Consents. Any action which may be taken at a meeting of the Sole Member may be taken without a meeting if a consent or consents in writing setting forth the action so taken shall be signed by the Sole Member and is filed with the Secretary of the Corporation.~~

~~Section 2.5 Rights and Powers. In addition to the rights of members set forth in the NPCL, the Sole Member shall have the power to initiate and approve, and to reverse the following actions:~~

- ~~(a) nomination, election, and removal of all officers and Directors;~~
- ~~(b) any change in the number of Directors;~~
- ~~(c) all operating and capital budgets and amendments thereto;~~
- ~~(d) all fundamental change transactions and all other transactions not in the ordinary course of business;~~
- ~~(e) all amendments to the Articles of Incorporation of the Corporation and these Bylaws;~~

Section 2.2 RIGHTS AND POWERS.

(a) Reserved Powers of Member.

(i) The Member shall have the right and power to make recommendations to Jefferson Regional Medical Center, a Pennsylvania nonprofit corporation ("JRMC"), [New Parent], a Pennsylvania nonprofit corporation ("[New Parent]"), and [New Parent's Member] with respect to actions by JRMC, [New Parent] and [New Parent's Member] on matters reserved to JRMC, [New Parent] and [New Parent's Member] under Sections 2.2(b), 2.2(c) and 2.2(d) of these Bylaws. JRMC, [New Parent] and [New Parent's Member] shall have no obligation to approve any such recommendations, and may take actions that have not been recommended by, or that are contrary to recommendations of, the Member; and

(ii) The Board of Directors of the Member will have plenary authority with regard to the following:

a) To determine the number of Directors that will comprise the Board of Directors of the Corporation and its subsidiaries;

b) To elect the Directors (as hereinafter defined) of the Corporation and the directors of its subsidiaries; and

c) To remove any of the Directors of the Corporation and any of the directors of its subsidiaries, and to replace such Directors and directors of its subsidiaries, as applicable, for the unexpired portion of his or her term.

(b) Reserved Powers of JRMC:

JRMC shall have the right and power to make recommendations to [New Parent's Member] with respect to actions by [New Parent's Member] on the matters reserved to [New Parent's Member] under Section 2.2(d) of these Bylaws. [New Parent's Member] shall have no obligation to approve any such recommendations, and [New Parent's Member] may take actions that have not been recommended by, or that are contrary to recommendations of, JRMC.

(c) Reserved Powers of [New Parent]:

[New Parent] shall have the right and power to make recommendations to [New Parent's Member] with respect to actions by [New Parent's Member] on the matters reserved to [New Parent's Member] under Section 2.2(d) of these Bylaws. [New Parent's Member] shall have no obligation to approve any such recommendations, and [New Parent's Member] may take actions that have not been recommended by, or that are contrary to recommendations of, [New Parent].

(d) Reserved Powers of [New Parent's Member]:

[New Parent's Member] will have plenary authority with regard to the following:

(i) To elect and remove, with or without cause, all officers, including the President, of the Corporation and its subsidiaries;

(ii) To amend, revise or restate the Corporation's Articles of Incorporation and Bylaws and approve all amendments or revisions to the Corporation's Articles of Incorporation and Bylaws that may be proposed or approved by JRMC, [New Parent], the Member or Board of Directors of the Corporation;

~~(f) indebtedness (i) which individually exceeds an amount established by the Sole Member from time to time or (ii) if such individual~~

~~indebtedness is less than such amount, such indebtedness which, when added to the aggregate unpaid balance of all of the Sole Member's affiliated corporations' outstanding indebtedness (exclusive of mortgaged real estate) ("System Indebtedness"), causes the System Indebtedness to exceed an amount established by the Sole Member from time to time;~~iii) To adopt or change the mission, purpose, philosophy or objectives of the Corporation or its subsidiaries;

~~(g) — selection of independent auditors and legal counsel;~~

~~(h) — the entry into joint ventures or partnerships by the Corporation;~~

~~(i) — the execution of any contract or material transaction involving the Corporation or its business not in the ordinary course of business; and~~

~~(j) — all other actions or tasks as are reserved to or required of the Sole Member by virtue of any other provisions of these Bylaws or by resolutions enacted by the Board of Directors of the Corporation from time to time.~~

(iv) To change the general structure of the Corporation or any of its subsidiaries as a voluntary, nonprofit corporation;

(v) To (a) dissolve, divide, convert or liquidate the Corporation or its subsidiaries, (b) consolidate or merge the Corporation or its subsidiaries with another corporation or entity, (c) sell or acquire assets, whether in a single transaction or series of transactions, where the consideration exceeds 1% of the Corporation's or the relevant subsidiary's total assets, and (d) approve any of the foregoing actions that may be proposed by JRMC, [New Parent], the Member or the Board of Directors of the Corporation before such action becomes effective;

(vi) To approve the annual consolidated capital and operating plan and budget of the Corporation and its subsidiaries, and any amendments thereto or significant variances therefrom;

(vii) To approve the incurrence of debt by the Corporation and its subsidiaries or the making of capital expenditures by the Corporation and the subsidiaries during any fiscal year of the Corporation, in either case in excess of one quarter of 1% of the consolidated annual operating budget of the Corporation and its subsidiaries for each fiscal year if such debt or capital expenditures are not included in the Corporation's or subsidiaries' approved budgets, whether in a single transaction or a series of related transactions;

(viii) To approve any donation or any other transfer of the Corporation's or its subsidiaries' assets, other than to the Member or to the

Corporation by its subsidiaries, in excess of \$10,000.00, unless specifically authorized in the Corporation's or its subsidiaries' approved budgets;

(ix) To approve strategic plans and mission statements of the Corporation and its subsidiaries;

(x) To approve investment policies of the Corporation and its subsidiaries;

(xi) To approve the closure or relocation of a licensed healthcare facility of the Corporation and its subsidiaries;

(xii) To approve the formation of subsidiary corporations, partnerships and joint ventures or to make investments in existing subsidiary corporations, partnerships and joint ventures, if the new investments of the Corporation and the subsidiaries in such subsidiary corporations, partnerships and joint ventures during any fiscal year would, in the aggregate, exceed 1% of the Corporation's consolidated total assets at the end of the prior fiscal year of the Corporation;

(xiii) To approve the dissolution of subsidiary corporations, partnerships and joint ventures of the Corporation and the subsidiaries, if the aggregate value of the ownership interests of the Corporation and the subsidiaries in such subsidiary corporations, partnerships and joint ventures so dissolved in any fiscal year would exceed 1% of the Corporation's consolidated total assets at the end of the prior fiscal year of the Corporation;

(xiv) 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 applicable to the Corporation;

(xv) To approve the taking of any action which would endanger the nonprofit status of the Corporation or the tax exempt status of the Member, [New Parent] or [New Parent's Member]; and

(xvi) To select and appoint auditors and to designate the fiscal year of the Corporation and the subsidiaries.

Except as may otherwise be provided by the Nonprofit Corporation Law, [New Parent's Member] shall have the right to both initiate and approve action in furtherance of such reserved powers, as well as the authority to directly bind the Corporation and the subsidiaries on such matters. Any action taken in this regard by [New Parent's Member] shall be sufficient to finally approve and adopt such actions and no action of the Board of