

**BEFORE THE INSURANCE DEPARTMENT
OF THE
COMMONWEALTH OF PENNSYLVANIA**

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

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

By UPE, a Pennsylvania nonprofit corporation

**SUPPLEMENTAL RESPONSE TO
INFORMATION REQUEST 5.1.1.3
FROM THE PENNSYLVANIA INSURANCE DEPARTMENT**

INFORMATION REQUEST 5.1.1.3:

With respect to each entity listed in Section 5.1.1 that will have its Articles of incorporation and/or Bylaws amended when the Transaction is completed, provide a comparison document showing the changes that are proposed to be made in such document when the Transaction is completed.

RESPONSE:

UPE hereby amends its prior response to this Request by providing at Tab A a comparison document showing additional changes in the WPAHS Bylaws to be effective as of the closing date of the Transaction.

UPE
120 Fifth Avenue
Pittsburgh, PA 15222

TAB A

**AMENDED AND RESTATED
BYLAWS
OF
WEST PENN ALLEGHENY HEALTH SYSTEM, INC.**

Effective Date: _____, 20__

TABLE OF CONTENTS

ARTICLE I NAME AND PURPOSES1
 1.1 **Name**.....1
 1.2 **Purposes**.....1

ARTICLE II OFFICES2
 2.1 **Registered Office**.....2
 2.2 **Business Offices**.....2

ARTICLE III MEMBERS2
 3.1 **Membership**.....2
 3.2 **Meetings**.....2
 3.3 **Powers**3

ARTICLE IV BOARD OF DIRECTORS5
 4.1 **Powers and Duties**.....5
 4.2 **Election of Directors**6
 4.3 **Number/Qualifications**7
 4.4 **Election and Term**.....7
 4.5 **Vacancies**8
 4.6 **Meetings**.....8
 4.7 **Resignation/Removal**9
 4.8 **Limitation of Liability**9
 4.9 **Compensation**10

ARTICLE V OFFICERS10
 5.1 **Officers; Election**10
 5.2 **Responsibilities of Officers**.....10
 5.3 **Removal of Officers**11
 5.4 **Bonds**.....12

ARTICLE VI COMMITTEES12
 6.1 **Committees**12
 6.2 **Term**12
 6.3 **Quorum and Action**12
 6.4 **Action by Unanimous Written Consent**.....13
 6.5 **Removal**13
 6.6 **Vacancies**13
 6.7 **Exclusions from Committee Membership**13
 6.8 **Corporate Governance and Nominating Committee**.....13
 6.9 **Audit Committee**.....14
 6.10 **Personnel and Compensation Committee**.....14

ARTICLE VII INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHERS	14
7.1 Right to Indemnification - General	14
7.2 Right to Indemnification - Third Party Actions.....	15
7.3 Right to Indemnification - Derivative Actions.	15
7.4 Advance of Expenses.....	16
7.5 Procedure for Effecting Indemnification.....	16
7.6 Indemnification Not Exclusive.....	16
7.7 When Indemnification Not Made.....	16
7.8 Grounds for Indemnification.....	17
7.9 Power to Purchase Insurance.....	17
7.10 Creation of a Fund to Secure or Insure Indemnification.....	17
7.11 Status of Rights of Indemnities.....	17
7.12 Applicability to Predecessor Companies.....	17
ARTICLE VIII MEDICAL STAFFS.....	18
8.1 Medical Staffs Generally.....	18
8.2 Organization of Medical Staff.....	18
8.3 Appointment to Medical Staff.....	18
8.4 Denial of Privileges.....	19
ARTICLE IX PATIENT’S BILL OF RIGHTS.....	19
ARTICLE X CONTRACTS, LOANS, CHECKS AND DEPOSITS	19
10.1 Contracts.....	19
10.2 Loans.....	19
10.3 Checks.....	19
10.4 Deposits.....	20
ARTICLE XI NOTICE AND CONDUCT OF MEETINGS	20
11.1 Written Notice.....	20
11.2 Written Waiver of Notice.....	20
11.3 Waiver of Notice by Attendance.....	20
11.4 Procedure.....	20
ARTICLE XII MISCELLANEOUS	20
12.1 No Contract Rights.....	20
12.2 Corporate Seal.....	21
12.3 Fiscal Year.....	21
12.4 Auxiliary Organizations.....	21
ARTICLE XIII AMENDMENTS	21
13.1 Amendments.....	21
ARTICLE XIV CONFLICTS OF INTEREST.....	21

14.1	Disclosure	21
14.2	Recusal and Investigation	22
14.3	Failure to Disclose	22
14.4	Record of Actions	22
14.5	Compensation	22
14.6	Annual Statements	23

AMENDED AND RESTATED BYLAWS
OF
WEST PENN ALLEGHENY HEALTH SYSTEM, INC.

ARTICLE I

NAME AND PURPOSES

1.1 Name.

The name of the Corporation is West Penn Allegheny Health System, Inc. The Corporation may do business under such other names as may be determined by the Board of Directors.

1.2 Purposes.

The Corporation is organized under the Pennsylvania Nonprofit Corporation Law, (the “Nonprofit Corporation Law”) for scientific, educational and charitable 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 provide, maintain, operate, and support, directly and through its controlled affiliates, the provision, maintenance, management, and operation of, on a nonprofit basis, in-patient and out-patient hospital facilities and health care services for the benefit of persons who require medical care and services of the kind customarily furnished most effectively by hospitals, without regard to race, creed, color, sex, age, religion, national origin, sexual orientation, ability to pay, or any other criteria not related to medical indications for admission or treatment;

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

(c) To carry on scientific research related to the care of the sick and injured;

(d) To carry on activities designed to promote the general health of the communities in which it operates;

(e) To operate as part of the nonprofit regional health care system governed by [name of Ultimate Parent Entity], a Pennsylvania nonprofit corporation (“Ultimate Parent”), and support a health care provider network comprised of the Corporation and those corporations and other entities over which the Corporation exercises governance control (the “subsidiaries”), each of which (i) operates, raises funds for, or conducts activities otherwise ancillary to the operation of, health care facilities in order to extend health care to sick, injured and disabled persons, without regard to age, sex, race, religion, national origin or sexual orientation, or (ii) carries on educational and/or scientific research activities related to the causes, diagnosis, treatment, prevention or

control of physical or mental diseases and impairments of persons, and each of which is an organization exempt from taxation under Section 501(c)(3) of the Code and classified as other than private foundations under Section 509(a)(1), 509(a)(2) or 509(a)(3) of the Code;

(f) 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, provided, that none of such activities shall be undertaken which would cause the Corporation to lose its status as an organization described in Section 501(c)(3) of the Code, or as an organization contributions to which are deductible under Section 170(c)(2) of the Code; and

(g) To otherwise operate exclusively for charitable, scientific or educational purposes within the meaning of Section 501(c)(3) of the Code.

ARTICLE II

OFFICES

2.1 Registered Office.

The registered office of the Corporation shall at all times be within the Commonwealth of Pennsylvania at such address as may be established by the Board of Directors.

2.2 Business Offices.

The Corporation may have business offices at such places permitted by law as the business of the Corporation may require.

ARTICLE III

MEMBERS

3.1 Membership.

The Corporation shall have one (1) member, which shall be [*name of Provider Subsidiary*] (the "Member"). There shall be no other members or classes of membership. The Chief Executive Officer or the President of the Member shall be entitled to vote on behalf of the Member in accordance with the authority granted to the Chief Executive Officer or the President of the Member unless the Member notifies the Corporation in writing that another officer is authorized to vote on behalf of the Member.

3.2 Meetings.

(a) Annual Meeting. The annual meeting of the Member of the Corporation shall be held immediately following the annual meeting of the Board of Directors of the Member, or at such other time as the Member may determine, to elect members of the Board of Directors and officers of the Corporation, and to transact such other business as may come before the meeting.

(b) Special Meetings. Special meetings of the Member may be called by the Chairperson of the Board of the Corporation, one-third (1/3) of the members of the Board of Directors of the Corporation or by one-third (1/3) of the members of the Board of Directors of the Member.

(c) Notice of Meetings. Notice of any meeting of the Member shall be given by, or at the direction of, the Secretary of the Corporation at least then (10) days prior to the day named for a meeting that will consider a fundamental change under Chapter 59 of the Nonprofit Corporation Law or five days prior to the day named for the meeting in any other case.

(d) Written Consent. Any action which may be taken at a meeting of the Member may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by the Member and filed with the Secretary.

3.3 Powers.

(a) Reserved Powers of Member. For so long as such rights and powers do not result in the revocation of the Corporation's status as an organization described in Section 501(c)(3) of the Code, the Member shall have the right and power to make recommendations to Ultimate Parent with respect to actions by Ultimate Parent on the matters reserved to Ultimate Parent under Section 3.3(b) of these Bylaws. Ultimate Parent shall have no obligation to approve any such recommendations, and Ultimate Parent may take actions that have not been recommended by, or that are contrary to recommendations of, the Member.

(b) Reserved Powers of Ultimate Parent. For so long as such rights and powers do not result in the revocation of the Corporation's status as an organization described in Section 501(c)(3) of the Code, the following rights and powers are reserved to Ultimate Parent:

(i) Subject to the provisions of Section [4.2 and 4.3] of these Bylaws, to determine the number of directors that will comprise the Board of Directors of the Corporation;

(ii) Subject to the provisions of Section [4.2, 4.3, 4.4 and 4.5] of these Bylaws, to elect the directors of the Corporation;

(iii) Subject to Sections [4.2 and 4.7(b)] of these Bylaws, to remove of any of the directors of the Corporation to replace any such director for the unexpired portion of his or her term;

(iv) To approve the election, re-election and removal of all officers, including the Chief Executive Officer, of the Corporation and the subsidiaries in accordance with Article V;

(v) Subject to Section [7.1(a)] of the Affiliation Agreement, dated as of October 31, 2011, among Ultimate Parent, the Corporation, Highmark Inc., Member, Canonsburg General Hospital, Alle-Kiski Medical Center and the other WPAHS Subsidiaries as defined therein (the "Affiliation Agreement"), to amend, revise or restate the Corporation's and the subsidiaries' Articles of Incorporation and Bylaws; provided however, that Ultimate Parent shall have no power to amend, revise or restate Section 4.2(b), Section 4.7(b)(i), or this proviso of

Section 3.3(b)(v) of these Bylaws, each of which may be amended only upon the concurrent approval of both (a) a majority of those Directors of the Corporation that are elected by UPE to serve as Directors, voting as a class, and (b) a majority of the Self-Perpetuating Directors (as defined in Section 4.2(b)), voting as a class;

(vi) Subject to Section [7.5(i)] of the Affiliation Agreement, to adopt or change the mission, purpose, philosophy or objectives of the Corporation or the subsidiaries;

(vii) Subject to Sections [7.5(i) and 7.6] of the Affiliation Agreement, to change the general structure of the Corporation or any of the subsidiaries as a voluntary, nonprofit corporation;

(viii) Subject to Sections [7.5(i) and 7.6] of the Affiliation Agreement, to (1) dissolve, divide, convert or liquidate the Corporation or the subsidiaries, (2) consolidate or merge the Corporation or the subsidiaries with another corporation or entity, (3) sell or acquire assets, whether in a single transaction or series of transactions, where the consideration exceeds 1% of the Corporation's consolidated total assets;

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

(x) Subject to Section [7.6] of the Affiliation Agreement, to approve the incurrence of debt by the Corporation and the 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 for such 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;

(xi) Subject to Section [7.6] of the Affiliation Agreement, to approve any donation or any other transfer of the Corporation's or the subsidiaries' assets, other than to the Member or to the Corporation by the subsidiaries, in excess of \$10,000.00, unless specifically authorized in the Corporation's or the subsidiaries' approved budgets;

(xii) Subject to Section [7.5] of the Affiliation Agreement, to approve strategic plans and mission statements of the Corporation and the subsidiaries;

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

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

(xv) Subject to Section [7.5(i) and 7.6] of the Affiliation Agreement, 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;

(xvi) Subject to Section [7.5(i) and 7.6] of the Affiliation Agreement, 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;

(xvii) To establish and manage the Corporation's program for compliance with all legal requirements applicable to the Corporation and the hospitals operated by the Corporation (the "Corporation Hospitals"), all accreditation and licensing requirements and the conditions of participation in all governmental payor programs applicable to the Corporation or the Corporation Hospitals;

(xviii) To select and appoint auditors and to designate the fiscal year of the Corporation and the subsidiaries; and

(xix) To give such other approvals and take such other actions as are specifically reserved to members of Pennsylvania nonprofit corporations under the Nonprofit Corporation Law.

Except as may otherwise be provided by the Nonprofit Corporation Law, Ultimate Parent 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 Ultimate Parent shall be sufficient to finally approve and adopt such actions and no action of the Board of Directors or other governing body or officer with respect to such action shall be necessary with respect thereto.

ARTICLE IV BOARD OF DIRECTORS

4.1 Powers and Duties.

Subject to Section 3.3 of these Bylaws, all powers of the Corporation shall be vested in the Board of Directors, which shall have charge, control and management of the property, business, affairs and funds of the Corporation and shall have the power and authority to perform all necessary and appropriate functions not otherwise inconsistent with these Bylaws, the Articles of Incorporation or applicable law.

Subject to Section 3.3 of these Bylaws, and without limiting the generality of the foregoing and except as otherwise may be provided in these Bylaws, the Board of Directors shall have full power and the duty:

(a) To set policies and provide for carrying out the purposes of the Corporation;

(b) To make rules and regulations for its own governance and for the governance of the committees appointed by the Board of Directors as provided herein;

(c) To adopt and amend from time to time such rules and regulations for the conduct of the business of the Corporation as may be appropriate or desirable.

(d) To manage the Medical Staffs as contemplated in Article VIII hereof;

(e) To adopt, amend, repeal and restate the Medical Staff Bylaws, as proposed by the Medical Staff pursuant to these Bylaws;

(f) To maintain the quality of patient care; and

(g) To periodically reexamine the relationship of the Board of Directors to the communities of the Corporation Hospitals.

4.2 **Election of Directors.**

(a) **General.** Subject to the limitations set forth in this Section 4.2 of these Bylaws, Ultimate Parent shall elect all directors.

(b) **Self-Perpetuating Directors.** Not less than 25% of the Board of Directors shall consist of directors ("**Self Perpetuating Directors**") who are elected in accordance with this Section 4.2(b). The initial Self Perpetuating Directors shall be designated by the Board of Directors of this Corporation immediately prior to [*Closing Date*] and shall be community representatives and physicians affiliated with the Corporation. Any vacancy in the Board of Directors caused by the death, resignation or removal of a Self-Perpetuating Director or by the expiration of the term of a Self-Perpetuating Director shall be filled by a person designated by a majority of the remaining Self-Perpetuating Directors. If the number of directors is increased or decreased, additional Self-Perpetuating Directors shall be elected or existing Self-Perpetuating Directors may be removed, as the case may be, by a majority of the existing Self-Perpetuating Directors, such that the number of Self-Perpetuating Directors is as close as possible to, but not less than, 25% of all directors on the Board of Directors after such increase or decrease. Until [*date that is four years after the Closing Date*], any new Self-Perpetuating Director must be a community representative or a physician affiliated with the Corporation. At no time shall any Self-Perpetuating Director or his or her successor in perpetuity contemporaneously be a trustee, director, agent or employee of Ultimate Parent, Provider Subsidiary or any of their respective related entities (except for such Self-Perpetuating Directors' service on the Corporation's Board of Directors).

4.3 **Number/Qualifications.**

(a) **Composition.** Subject to Section 4.2 of these Bylaws, the Board of Directors shall consist of such number of persons as the Ultimate Parent may determine, but in no case less than three (3).

(b) Certain Qualifications. No individual may be elected to the Board of Directors unless the individual is eligible to serve on the Board of Directors pursuant to applicable law, the Articles of Incorporation and these Bylaws. Each director shall be a natural person of at least 18 years of age.

(c) Independence. At least a majority of the directors shall be persons whom the Board of Directors has determined are “independent directors” within the meaning of such term as defined by the Internal Revenue Service for exempt organizations under Section 501(c)(3) of the Code, and as such, are broadly representative of the community. No director, other than the Ex-Officio Director, shall be an officer or employee of the Corporation or any entity controlled by the Corporation.

(d) Common Directors With Member and Ultimate Parent. The members of the Board of Directors must include at least one person who is also serving as a member of the board of directors of Member and Ultimate Parent. The same member of the Board of Directors need not be serving on both such boards.

(e) SEC Actions. Any person who is, or ever has been, subject to an order of a court or the Securities and Exchange Commission prohibiting such person from acting as an officer or director of a public company shall not be eligible to serve as a director.

(f) Age Limitations. No person who is seventy-five (75) years of age or older may be nominated or re-nominated for election or re-election as a director. Any director who reaches the age of seventy-five (75) shall no longer be qualified to serve as a director after the next annual meeting of the Board of Directors.

4.4 Election and Term.

(a) Term of Directors. The Board of Directors shall be divided, as evenly as practicable, into three classes and shall serve staggered terms. Except as otherwise indicated in this Section 4.4(a), at the end of their respective initial terms, all directors shall serve for terms of three (3) years or until their successors are elected and have qualified.

(b) Chairperson. The Board of Directors shall elect from among the directors an individual to serve as Chairperson of the Board. The Chairperson shall not be an employee of the Corporation. The Chairperson shall preside at all meetings of the Board of Directors and shall perform all duties incident to the office of Chairperson of the Board and such other duties as may be prescribed by the Board of Directors.

(c) Vice Chairperson. The Board of Directors may elect from among the directors a Vice Chairperson of the Board. The Vice Chairperson shall not be an employee of the Corporation. The Vice Chairperson shall perform the duties of the office of Chairperson of the Board in the absence of the Chairperson of the Board and such other duties as may be prescribed by the Board of Directors.

4.5 **Vacancies.**

Any vacancy in the Board of Directors caused by the death, resignation or removal of a director or a director ceasing to qualify to serve as a director prior to the expiration of that director's term between annual meetings of Ultimate Parent shall be filled by an individual elected by Ultimate Parent, except as otherwise provided in Section 4.2(b) of these Bylaws with respect to Self-Perpetuating Directors.

4.6 **Meetings.**

(a) **Annual Meetings.** The annual organizational meeting of the Board of Directors shall be held on such other date as the Board of Directors may determine, at such time and place as shall be determined by the Board of Directors, without further notice than the resolution setting such date, time and place.

(b) **Regular Meetings.** Regular meetings of the Board of Directors shall be held not less than four (4) times a year, each at such date, time and place as shall be determined by the Board of Directors, without further notice than the resolution setting such date, time and place.

(c) **Special Meetings.** Special meetings of the Board of Directors may be called at any time by the Chairperson of the Board, the Chief Executive Officer or one-third (1/3) of the members of the Board of Directors, the date, time and place of each such meeting to be designated in the notice calling the meeting. Notice of any special meeting of the Board of Directors shall be given at least forty-eight (48) hours prior thereto and shall state the general nature of the business to be transacted.

(d) **Adjournment.** When a meeting of the Board of Directors is adjourned, it shall not be necessary to give any notice of the adjourned meeting or the business to be transacted at the adjourned meeting other than by announcement at the meeting at which such adjournment is taken.

(e) **Quorum.** Directors constituting a majority of the directors in office shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

(f) **Voting and Action.** Each director shall be entitled to one vote on any matter submitted to a vote of the Board of Directors, and action by the Board of Directors on any matter shall require the affirmative vote of a majority of the directors in office unless a greater proportion of affirmative votes is required by applicable law, the Articles of Incorporation or these Bylaws.

(g) **Use of Conference Telephone.** Except as the Board of Directors otherwise may determine, one or more persons may participate in a meeting of the Board of Directors or of any committee thereof by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear and be heard by each other. Participation in a meeting in such manner shall constitute presence in person at the meeting.

(h) **Action by Unanimous Written Consent.** Any action which may be taken at a meeting of the Board of 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 filed with the Secretary.

4.7 **Resignation/Removal.**

(a) **Resignation.** Any director may resign his or her office at any time, such resignation to be made in writing and to take effect immediately or at such subsequent time stated in such writing. Any director who ceases to meet the eligibility requirements contained in applicable law or in these Bylaws to serve as a director forthwith shall resign his or her office, such resignation to be made in writing and to take effect immediately.

(b) **Removal.** Any director may be removed, with or without cause, by Ultimate Parent; provided, that only a majority of the other Self-Perpetuating Directors may remove a Self-Perpetuating Director, whether with or without “cause.” For this purpose “cause” shall mean:

- a) the director is declared of unsound mind by an order of court;
- b) the director is indicted for, or convicted of, or enters a plea of guilty or nolo contendere to, a felony;
- c) the director engages in fraudulent or dishonest acts or in any act of moral turpitude;
- d) the director engages in gross abuse of authority or discretion with respect to the Corporation;
- e) the director violates the Corporation’s Code of Conduct Policy;
- f) the director fails to attend four consecutive meetings of the Board of Directors;
- g) the director engages in other conduct that is detrimental to the best interests of the Corporation or its reputation; or
- h) the director has breached such director’s duties under Section 5712 of the Nonprofit Corporation Law.

4.8 **Limitation of Liability.**

(a) **Limitation 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) **Nature and Extent of Rights.** The provisions of this Section 4.8 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 Bylaw or provision of the Articles of the Corporation 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.

4.9 **Compensation.**

The Board of Directors may determine the compensation of directors for their services as directors, members of committees of the Board of Directors or otherwise, and also may determine the compensation of persons who are not directors who serve on any committees established by the Board of Directors; provided that such compensation is reasonable compensation within the meaning of Section 4958 of the Code.

ARTICLE V
OFFICERS

5.1 **Officers; Election.**

The principal officers of the Corporation shall be a Chief Executive Officer, a Chief Financial Officer, a Treasurer and a Secretary, each of whom shall be elected by the Board of Directors, subject to the approval of Ultimate Parent, and such other officers as the Board of Directors, subject to the approval of Ultimate Parent, may elect, which may include one or more Presidents, one or more Executive, Senior or Corporate Vice Presidents, and one or more Assistant Treasurers or Assistant Secretaries. Each such officer shall hold office for a term of one year (or such other term as the Board of Directors shall determine for any office from time to time) and until his or her successor has been selected and qualified or until his or her earlier death, resignation or removal. Any number of offices may be held by the same person.

5.2 **Responsibilities of Officers.**

(a) **Chief Executive Officer.** The Chief Executive Officer shall be responsible for the general and active management of the business and affairs of the Corporation and shall exercise general supervision and authority over all of its agents and employees and shall perform all duties incident to the office of Chief Executive Officer and such other duties as may be assigned by the Member or the Board of Directors. The Chief Executive Officer shall supervise the implementation of all policies, orders and resolutions of the Board of Directors and shall execute all contracts and agreements authorized by the Board of Directors, except that he or she may delegate to other officers of the Corporation the power to execute contracts in the ordinary course of business or as otherwise may be authorized by the Board of Directors.

(b) **President(s).** The President(s) shall be responsible for the direct administration, supervision and control of such activities in the management of the Corporation as may be assigned by the Chief Executive Officer or the Board of Directors.

(c) **Chief Financial Officer.** The Chief Financial Officer shall be responsible for financial accounting and reporting for the Corporation and such other duties as may be assigned by the Chief Executive Officer or the Board of Directors.

(d) Vice Presidents. Each Vice President shall perform such duties as may be assigned by the Chief Executive Officer or the Board of Directors.

(e) Treasurer. The Treasurer shall, in accordance with the policies of the Board of Directors and under the direction of the Chief Executive Officer or the Chief Financial Officer, have general charge and custody of and be responsible for all funds and securities of the Corporation, and shall make such reports in such form and manner as the Chief Executive Officer, the Chief Financial Officer or the Board of Directors may direct. The Treasurer shall receive and give receipts for monies due and payable to the Corporation and deposit such monies in the name of the Corporation in such banks, trust companies or other depositories as may be selected in accordance with the provisions of these Bylaws. The Treasurer shall keep account of such receipts and deposits and approve expenditures of the Corporation and shall perform all duties incident to the office of Treasurer and such other duties as may be assigned by the Chief Executive Officer, the Chief Financial Officer or the Board of Directors.

(f) Secretary. The Secretary shall keep the minutes of the meetings of the Board of Directors and its committees in one or more books provided for that purpose, shall notify members of the Board of Directors of their election, shall see that all notices are duly given in accordance with the provisions of these Bylaws, shall be custodian of the corporate records and of the seal of the Corporation, and shall see that the seal of the Corporation is affixed, when necessary, to all instruments and documents the execution of which has been authorized by the Board of Directors or a committee thereof, shall keep a record of the address of each director, and shall perform all duties incident to the office of Secretary and such other duties as may be assigned by the Chief Executive Officer or the Board of Directors. In the absence of the Secretary or in the event of his or her inability to act, the Chairperson of the Board of Directors shall appoint an individual to discharge the duties of the Secretary.

(g) Assistant Secretaries and Assistant Treasurers. The Assistant Secretaries and Assistant Treasurers shall perform such duties as may be assigned by the Secretary or the Treasurer, respectively, or by the Chief Executive Officer or the Chief Financial Officer, as appropriate, or the Board of Directors.

5.3 Removal of Officers.

Any officer of the Corporation (including the Chief Executive Officer) may be removed, with or without cause, by the Board of Directors, subject to the approval of Ultimate Parent, without prejudice to such officer's contractual rights, if any.

5.4 Bonds.

The Board of Directors may require any officer to give bond and security in such sum and with such surety or sureties as the Board of Directors may determine.

ARTICLE VI
COMMITTEES

6.1 Committees.

(a) Standing Board Committees. The Board of Directors shall have a Corporate Governance and Nominating Committee, an Audit Committee and a Personnel and Compensation Committee and the Board of Directors may establish such other standing committees as it deems to be necessary or desirable (the "Standing Board Committees"). All Standing Board Committees shall be comprised solely of directors and shall have charters governing their powers and duties, which charters shall be approved by the Board of Directors. The Board of Directors shall appoint the members and a chairperson and a vice chairperson of each Standing Board Committee.

(b) Special Committees and Program Committees. The Board of Directors may establish one or more special committees of directors ("Special Committees") to advise the Board of Directors and to perform such other functions as the Board of Directors determines, including without limitation a Medical Education and Research Committee and a Quality and Satisfaction Committee. The Board of Directors may establish one or more committees, which may include directors and persons who are not directors, to assist it with aspects of the Corporation's operations ("Program Committees"). Subject to the provisions of these Bylaws, the Board of Directors may delegate such authority to a Special Committee or a Program Committee as it deems to be appropriate and desirable and as is not prohibited by applicable law. The Board of Directors shall establish the manner of selecting members, chairpersons and vice chairpersons, if any, and the terms of office of the members of each Special Committee and Program Committee.

6.2 Term.

Except as otherwise provided in these Bylaws, each member of a Standing Board Committee shall continue as such until the next annual meeting of the Board of Directors or until a successor has been appointed as provided herein, unless such person resigns, is removed or otherwise ceases to serve on such Standing Board Committee for any reason.

6.3 Quorum and Action.

Except as otherwise provided in these Bylaws or the charter of a committee approved by the Board of Directors, a majority of the members comprising any committee appointed by the Board of Directors pursuant to these Bylaws shall constitute a quorum for the transaction of business, and the acts of a majority of committee members present at a meeting at which a quorum is present shall constitute the acts of the committee, unless a greater proportion is required by applicable law, the Articles of Incorporation or these Bylaws.

6.4 Action by Unanimous Written Consent.

Except as otherwise provided in these Bylaws or a charter of a committee approved by the Board of Directors, any action which may be taken at a meeting of any committee appointed by the Board of Directors pursuant to these Bylaws 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 members of such committee and filed with the Secretary.

6.5 **Removal.**

Any member of a Standing Board Committee, Special Committee or Program Committee may be removed at any time, with or without cause, by the Board of Directors at any regular or special meeting.

6.6 **Vacancies.**

Any vacancy in any Standing Board Committee, Special Committee or Program Committee caused by the death, resignation or removal of a member of such committee prior to the expiration of that member's term shall be filled by another person appointed by the Board of Directors. The member so appointed shall serve the remaining unexpired term of the member so replaced.

6.7 **Exclusions from Committee Membership.**

Physicians who receive compensation from the Corporation, whether directly or indirectly or as employees or independent contractors, are precluded from membership on any committee whose jurisdiction includes compensation matters. No physician, either individually or collectively, is prohibited from providing information to any committee regarding physician compensation.

6.8 **Corporate Governance and Nominating Committee.**

(a) **Composition.** The Corporate Governance and Nominating Committee shall consist of such number of directors, but in no case less than three (3), as may be determined by the Board of Directors. None of the members of the Corporate Governance and Nominating Committee shall be employees of the Corporation or of any entity controlled by the Corporation.

(b) **Responsibilities.** In addition to any responsibilities delegated to it by the Board of Directors, the Corporate Governance and Nominating Committee shall be responsible for:

(i) Recommending candidates for election as directors at each annual meeting of [*Ultimate Parent Entity*];

(ii) Recommending to [*Ultimate Parent Entity*] candidates for election as directors to fill any vacancies occurring on the Board of Directors; and

(iii) Recommending candidates for election or reelection as Chairperson of the Board and Vice Chairperson of the Board.

(c) **Timing.** At least fifteen (15) days before each annual, regular or special meeting of the Member, the Corporate Governance and Nominating Committee shall recommend

the requisite number of individuals who satisfy the qualifications established in these Bylaws for election as directors of the Corporation.

6.9 Audit Committee.

(a) Composition. The Audit Committee shall consist of such number of directors, but in no case less than three (3), as the Board of Directors shall determine. None of the members of the Audit Committee shall be employees of the Corporation or of any entity controlled by the Corporation.

(b) Responsibilities. In addition to any responsibilities delegated to it by the Board of Directors, the Audit Committee shall be responsible for accepting the annual independent audit report of the Corporation's financial statements, as prepared by the external auditors, and render or cause to be rendered an audit report to the Board of Directors at its annual meeting.

6.10 Personnel and Compensation Committee.

(a) Composition. The Personnel and Compensation Committee shall consist of such number of directors, in no case less than three (3), as the Board of Directors shall determine. None of the members of the Personnel and Compensation Committee shall be employees of the Corporation or of any entity controlled by the Corporation or of any entity controlled by the Corporation and none may have a conflict of interest as defined in Section 4958 of the Code and applicable regulations.

(b) Responsibilities. In addition to any responsibilities delegated to it by the Board of Directors, the Personnel and Compensation Committee shall be responsible for:

(i) Evaluating the performance of the principal officers of the Corporation; and

(ii) Recommending to the Board of Directors for recommendation to Ultimate Parent the selection and compensation of the principal officers of the Corporation.

ARTICLE VII

INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHERS

7.1 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 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.

7.2 Right to Indemnification - Third Party Actions.

Without limiting the generality of Section 7.1 of these Bylaws, 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.

7.3 Right to Indemnification - Derivative Actions.

Without limiting the generality of Section 7.1 of these Bylaws, 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 7.3 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.

7.4 Advance of Expenses.

Unless in a particular case advancement of expenses would jeopardize the Corporation’s tax exempt status under Section 501(a) of the Code or result in the Corporation’s failure to be described in Section 501(c)(3) of the Code, 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.

7.5 Procedure for Effecting Indemnification.

Unless ordered by a court, any indemnification under Section 7.1, Section 7.2 or Section 7.3 of these Bylaws 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:

(a) 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

(b) 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.

7.6 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 to which a person seeking indemnification or advancement of expenses may be entitled under any other provision of these Bylaws, agreement, vote of disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office 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.

7.7 When Indemnification Not Made.

Indemnification pursuant to this Article VII shall not be made in any case where (a) 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 or (b) indemnification would jeopardize the Corporation's tax exempt status under Section 501(a) of the Code or result in the Corporation's failure to be described in Section 501(c)(3) of the Code.

7.8 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, Section 7.2 or

Section 7.3 of these Bylaws, whether commenced before or after the adoption hereof, whether arising from acts or omissions occurring before or after the adoption hereof.

7.9 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 VII.

7.10 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.

7.11 Status of 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.

7.12 Applicability to Predecessor Companies.

For purposes of this Article VII, references to the "Corporation" includes 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 pursuant to Section 7.11 of these Bylaws.

ARTICLE VIII
MEDICAL STAFFS

8.1 Medical Staffs Generally.

The Board of Directors shall create one functional unit within Allegheny General Hospital (“AGH Medical Staff”) ~~and, one functional unit covering both The Western Pennsylvania Hospital—West Penn Campus, and~~ within The Western Pennsylvania Hospital (“WPH Medical Staff”), and one functional unit within Forbes Regional Campus Hospital (“WPHFRH Medical Staff)”; the AGH Medical Staff, the WPH Medical Staff, and the WPHFRH Medical Staff are sometimes hereinafter referred to collectively as the “Medical Staffs”; each a “Medical Staff”). The AGH Medical Staff, the WPH Medical Staff, and the WPHFRH Medical Staff shall each be composed of physicians, dentists, and such other health care practitioners as determined by the Board of Directors. Each Medical Staff shall be delegated the responsibility for making recommendations at their respective Corporation Hospital(s) concerning clinical privileges, the medical staff appointment of practitioners, the quality of medical care delivered in the respective Corporation Hospital(s), and the rules and regulations governing the practice of practitioners within such Corporation Hospital(s). The AGH Medical Staff shall be an internal component of Allegheny General Hospital ~~and, the WPH Medical Staff shall be an internal component of The Western Pennsylvania Hospital—West Penn Campus and The Western Pennsylvania Hospital—, and the FRH Medical Staff shall be an internal component of Forbes Regional Campus Hospital.~~ Each Medical Staff shall have bylaws outlining its structure and function so that it may fulfill its delegated responsibilities in an effective fashion. Only such Medical Staff Bylaws as are adopted by the Board of Directors shall be effective. The Board of Directors retains the right to rescind any authority or procedures delegated to ~~either any or both~~ any or both of the AGH Medical Staff or, the WPH Medical Staff, or the FRH Medical Staff by bylaws or otherwise and to amend the bylaws as necessary for the good operation of the relevant Corporation Hospital. The power of the Board of Directors to adopt or amend Medical Staff bylaws, rules, and regulations, shall not be dependent upon ratification by the respective Medical Staff.

8.2 Organization of Medical Staff.

The AGH Medical Staff, the WPH Medical Staff, and the WPHFRH Medical Staff shall be divided into clinical departments. The appointment of clinical department chairs and of all Medical Staff standing committee chairs for each Medical Staff shall be approved by the Board of Directors.

8.3 Appointment to Medical Staff.

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

8.4 **Denial of Privileges.**

In the circumstances delineated in, as appropriate, the AGH Medical Staff bylaws or the WPH Medical Staff Bylaws, or the FRH Medical Staff bylaws and to the extent provided therein, an applicant to one of the Medical StaffStaffs or a Medical Staff member affected by an action relating to Medical Staff privileges shall be afforded the opportunity of a full hearing before an appropriately constituted body (which body may be a joint conference of other hospitals comprising part of the System), conducted in such manner as to assure due process and to afford full opportunity for the presentation of all pertinent information, pursuant to the specific Corporation Hospital policy or the respective Medical Staff bylaws. No recommendation or action other than as set forth in the relevant Medical Staff bylaws shall constitute grounds for a hearing.

ARTICLE IX

PATIENT'S BILL OF RIGHTS

The Chief Executive Officer shall designate one or more management individuals with the responsibility of ensuring that a Patient's Bill of Rights for each of the Corporation Hospitals not less in substance and coverage than required by the Pennsylvania Department of Health regulations is disseminated to all patients of the Hospital.

ARTICLE X

CONTRACTS, LOANS, CHECKS AND DEPOSITS

10.1 **Contracts.**

Subject to Section 3.3 of these Bylaws, the Board of Directors may authorize any officer or officers or agent or agents to enter into any contract or execute or deliver any agreement or instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

10.2 **Loans.**

Subject to Section 3.3 of these Bylaws and Section 7.6 of the Affiliation Agreement, the Board of Directors may authorize the borrowing by the Corporation of such sum or sums of money as the Board of Directors may deem advisable, and to mortgage or pledge any or all of the real or personal property and any or all of the other available assets of the Corporation in order to secure the payment of the principal amount of any such borrowing and the interest thereon and any and all such other amounts as may become due on account thereof.

10.3 **Checks.**

All checks, drafts or other orders for the payment of money, notes or other evidence of indebtedness shall be issued in the name of the Corporation and shall be signed by such officer or officers or agent or agents of the Corporation and in such manner as from time to time shall be determined by the Board of Directors.

10.4 **Deposits.**

All funds of the Corporation shall be deposited to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may approve.

ARTICLE XI

NOTICE AND CONDUCT OF MEETINGS

11.1 **Written Notice.**

Except as otherwise provided in these Bylaws, whenever written notice is required to be given by any person under the provisions of any statute or these Bylaws, it may be given by sending a copy thereof through the mail or overnight delivery or by hand delivery, in each case with charges prepaid, or by facsimile transmission confirmed by one of the foregoing methods, to the individual's address appearing on the books of the Corporation or supplied by the individual to the Corporation for the purpose of notice.

11.2 **Written Waiver of Notice.**

Whenever any written notice is required as set forth in these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

11.3 **Waiver of Notice by Attendance.**

Attendance of a person in person at any meeting shall constitute a waiver of notice of such meeting except when a person attends the meeting for the express purpose of objecting to the transaction of any business because the meeting has not been lawfully called or convened.

11.4 **Procedure.**

All meetings of the Board of Directors and the committees thereof shall be conducted in an orderly manner with a view to affording full and fair discussion of the matters properly before such meetings.

ARTICLE XII
MISCELLANEOUS

12.1 **No Contract Rights.**

Except as specifically set forth in Sections 4.2, 4.4(b), 4.5, 4.7(b), 4.8 and 7.11 of these Bylaws, no provision of these Bylaws shall vest any property or contract right in any person.

12.2 **Corporate Seal.**

The Board of Directors shall prescribe the form of a suitable corporate seal, which shall contain the full name of the Corporation and the year and state of incorporation.

12.3 **Fiscal Year.**

The fiscal year of the Corporation shall end on such day as shall be fixed by Ultimate Parent.

12.4 **Auxiliary Organizations.**

The Board may provide for the establishment of auxiliary organizations. The bylaws of any such organizations shall be subject to approval by the Board of Directors.

ARTICLE XIII
AMENDMENTS

13.1 **Amendments.**

Subject to Section 3.3 (b)(v) of these Bylaws and Section 7.1(a) of the Affiliation Agreement, these Bylaws may be altered, amended or repealed, or new Bylaws may be adopted, only by Ultimate Parent.

ARTICLE XIV
CONFLICTS OF INTEREST

14.1 **Disclosure.**

In connection with any actual or possible conflict of interest, an interested person must disclose the existence and nature of his or her financial interest to the Board of Directors and any relevant committee members. For this purpose, an interested person shall include any director, officer, or member of a committee of the Corporation or an entity affiliated with the Corporation who has a direct or indirect financial interest in a proposed transaction. A financial interest shall include: (a) an ownership or investment interest in any entity with which the Corporation has a proposed transaction or arrangement; (b) a compensation arrangement with the Corporation or

with any entity or individual with which the Corporation has a proposed transaction or arrangement; and (c) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement. If a person is an interested person with respect to any entity in the health care system of which the Corporation is a part, he or she is an interested person with respect to all entities in the health care system.

14.2 **Recusal and Investigation.**

After disclosure of the financial interest, the interested person shall leave the Board of Directors or committee meeting while the financial interest is discussed and voted upon. The remaining directors or committee members shall decide if a conflict of interest exists. If a conflict of interest exists, the following procedures shall be followed: (a) the Chief Executive Officer shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement; (b) after exercising due diligence, the Board of Directors or committee shall determine whether the Corporation could obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest; and (c) if a more advantageous transaction or arrangement is not reasonably attainable, the Board of Directors or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Corporation's best interests and for its own benefit and whether the transaction is fair and reasonable to the Corporation and shall decide as to whether to enter into the transaction or arrangement in conformity with such determination.

14.3 **Failure to Disclose.**

If a director or committee member has reasonable cause to believe that an interested person has failed to disclose actual or possible conflicts of interest, he shall inform the interested person of the basis of such belief and afford the interested person an opportunity to explain the alleged failure to disclose. If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the Board of Directors or committee determines that the interested person has in fact failed to disclose an actual or possible conflict of interest, the Board of Directors shall take appropriate steps to protect the Corporation.

14.4 **Record of Actions.**

The minutes of the Board of Directors and all relevant committees shall contain the following: (a) the names of persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board of Directors' or committee's decision as to whether a conflict of interest in fact existed; and (b) the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

14.5 **Compensation.**

Special procedures shall be in effect with respect to compensation issues. A voting member of the Board of Directors or any committee whose jurisdiction includes compensation

matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation. Physicians who receive compensation from the Corporation, whether directly or indirectly or as employees or independent contractors, are precluded from membership on any committee whose jurisdiction includes compensation matters. No physician, either individually or collectively, is prohibited from providing information to any committee regarding physician compensation.

14.6 **Annual Statements.**

Each interested person shall annually sign a statement that affirms that such person (a) has received a copy of the conflicts of interest policy, (b) has read and understands the policy, (c) has agreed to comply with the policy, and (d) understands that the Corporation is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes. This policy shall be reviewed annually for the information and guidance of members of the Board of Directors, and any new member shall be advised of the policy upon entering on the duties of his office. In addition, the Corporation shall conduct periodic reviews of its activities, including any transactions or arrangements with interested persons, to ensure that its activities in the aggregate promote and further the Corporation's exempt charitable, scientific, and educational purposes.