

Axel & Associates, Inc.

MANAGEMENT CONSULTANTS

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HEALTH FACILITIES &
SERVICES REVIEW BOARD

by FedEX

September 27, 2012

Mr. Michael Constantino
c/o Illinois Health Facilities and
Services Review Board
525 West Jefferson
Springfield, IL 62761

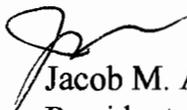
**RE: Project 12-079
Holy Cross Hospital**

Dear Mike:

Enclosed for your files please find a copy of the agreement between the applicable parties, addressing Holy Cross Hospital's becoming a member of Sinai Health System.

Should additional documentation be needed, please don't hesitate to call me.

Sincerely,



Jacob M. Axel
President

enclosure

CHANGE OF MEMBERSHIP AGREEMENT
BY AND AMONG
SINAI HEALTH SYSTEM,
HOLY CROSS HOSPITAL,
SISTERS OF SAINT CASIMIR OF CHICAGO
AND
CERTAIN INDIVIDUAL MEMBERS OF THE
SISTERS OF SAINT CASIMIR OF CHICAGO WHO SERVE
AS MEMBERS OF HOLY CROSS HOSPITAL

EXECUTED AS OF: SEPTEMBER 25, 2012

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CHANGE OF MEMBERSHIP AGREEMENT

THIS CHANGE OF MEMBERSHIP AGREEMENT, including all Exhibits and Schedules hereto (this "**Agreement**"), is made and entered into as of the 25th day of September, 2012 (the "**Execution Date**"), by and among **SINAI HEALTH SYSTEM**, an Illinois not-for-profit corporation ("**Sinai**"), **HOLY CROSS HOSPITAL**, an Illinois not-for-profit corporation ("**Hospital**"), and the **SISTERS OF SAINT CASIMIR OF CHICAGO**, an institute of women religious under the Roman Catholic Church and an Illinois not-for-profit corporation ("**Sponsor**") and Sister Immacula Wendt, Sister Regina Marie Dubickas, Sister Theresa Dabulis, and Sister Margaret Zalot, all members of the Sponsor and the members under Illinois not-for-profit corporation law of the Hospital ("**Members**") (each, a "**Party**" and collectively, the "**Parties**").

RECITALS

WHEREAS, Hospital provides health care or related services primarily in the southwest community of Chicago, Illinois;

WHEREAS, Sinai supports a system of hospitals and other affiliated health care and related organizations primarily operating in the southwest and west communities of Chicago;

WHEREAS, individual members of the Sponsor serve as the members of Hospital under Illinois not-for-profit corporation law;

WHEREAS, Sponsor and Sinai have agreed that as set forth in a letter of intent effective as of August 10, 2012 (the "**Letter of Intent**"), Hospital shall become part of Sinai, and thereby enhance the ability of the Hospital and its Affiliates to continue to provide high-quality health care and related services in the Chicago community it serves;

WHEREAS, the Parties have agreed that Sinai shall become the sole member of Hospital as of the Effective Date as defined below; and

WHEREAS, as contemplated by the Letter of Intent, the Parties wish to set forth the full and complete terms of their agreement with respect to the foregoing matters.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, the Parties agree as follows:

ARTICLE I

DEFINITIONS

1.1 "Affiliate" means, as to the person or entity in question, any person or entity that directly or indirectly controls, is controlled by, or is under common control with, the person or entity in question, and any successors or assigns of such person or entity. For purposes of this definition, the term "**control**" means the possession, directly or indirectly, of the power to elect fifty percent (50%) of the governing board of such person or to direct or cause the direction of the management and policies of the person or entity, whether through ownership of voting

securities, partnership or a limited liability company interest, nonprofit membership interest, contract or otherwise.

1.2 “Agreement” means this Change of Membership Agreement by and among Sinai, Hospital, Sponsor and Members.

1.3 “AHLA” means the American Health Lawyers Association, or its successor organization.

1.4 “Amended Hospital Bylaws and Articles of Incorporation” means the Bylaws and Articles of Incorporation of the Hospital, as amended to reflect the provisions of this Agreement and in substantially the form attached hereto as Exhibit A.

1.5 “Capital Commitment” shall have the meaning set forth in Section 3.1.

1.6 “Closing” shall have the meaning set forth in Section 4.1(b).

1.7 “Closing Date” shall have the meaning set forth in Section 4.1(b).

1.8 “Closing Date Documents” means the documents to be delivered at the Closing, pursuant to Section 4.3.

1.9 “COBRA” means Section 4980B of the Code.

1.10 “Code” means the Internal Revenue Code of 1986, as amended or replaced from time to time.

1.11 “Computer Software and Systems” means all computer or computer-related hardware, firmware or software, and documentation related thereto, including all electronic data processing systems, program specifications, source codes, input data and report layouts and formats, record file layouts, diagrams, functional specifications, narrative descriptions and flow charts.

1.12 “CON Application” means the application for a Certificate of Need submitted or to be submitted by Sinai to the Illinois Health Facilities and Services Review Board in connection with the transactions contemplated in this Agreement.

1.13 “Effective Date” means the date which begins at 12:00 a.m. the day immediately following the Closing Date.

1.14 “Employee(s)” means employees of the Hospital as of the Closing Date.

1.15 “Environmental, Health and Safety Laws” means any and all federal, state and local statutes and ordinances, and all rules and regulations promulgated thereunder, pertaining or relating to the identification, reporting, generation, manufacture, processing, distribution, use, treatment, storage, disposal, emission, discharge, release, transport or other handling of any pollutants, contaminants, chemicals, wastes, including medical wastes, radioactive material, or other noxious or harmful substances or materials.

1.16 “Environmental Permits” means all permits, certificates, authorizations, licenses and registrations required to be obtained for or held by a Hospital Entity pursuant to any Environmental, Health and Safety Laws.

1.17 “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

1.18 “Ethical and Religious Directives” means the Ethical and Religious Directives for Catholic Health Care Services as adopted by the local Archbishop in substantially the form attached as Exhibit B.

1.19 “Execution Date” shall have the meaning set forth in the Recitals.

1.20 “GAAP” means generally accepted accounting principles, as consistently applied.

1.21 “Hart-Scott-Rodino Act” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

1.22 “Health Care Laws” means any federal, state or local statute, ordinance, rule or regulation, relating to the provision of health care services, including, but not limited to, all laws, ordinances, rules or regulations: (a) relating to any Health Care Program; or (b) setting forth, in the health care context or other legal context applicable to health care providers: (1) definitions of kickbacks, fraud and abuse, and self-referral; (2) standards for billing and coding; (3) limitations of transactions with and payments to affiliated parties under any Health Care Program and other applicable laws; (4) limitations on patient transfers; and (5) limitations on the ability of a health care provider to refuse or limit health care services.

1.23 “Health Care Program” means Medicare, Medicaid, CHAMPUS, TriCare, any other Federal Health Care Program (as defined in 42 U.S.C. §1320a-7b(f)) and any other health benefit program created, funded or administered by a federal or state government agency or instrumentality.

1.24 “Holy Cross Hospital” means the same as the “Hospital” party to this Agreement.

1.25 “Hospital Closing Documents” means the documents to be delivered by the Hospital at the Closing.

1.26 “Hospital Director” means any person who is or was a member of the governing board of any of the Hospital Entities from the Execution Date through the Closing Date.

1.27 “Hospital Directors and Officers Indemnity Policy” means the Hospital Insurance Policy that primarily serves as an indemnity insurance policy covering acts, omissions, and/or potential liabilities of the Hospital Directors and Hospital Officers.

1.28 “Hospital Entity(ies)” means the acute care hospital known as Holy Cross Hospital, as referenced in the Recitals and the Affiliate thereof set forth at Schedule 1.29.

1.29 “Hospital Financial Statements” shall have the meaning set forth in Section 8.4.

1.30 “Hospital Insurance Policies” means all binders and policies of insurance maintained by or on behalf of a Hospital Entity, under which a Hospital Entity is a named insured, or which insure assets used primarily in connection with the operation of a Hospital Entity or the Hospital.

1.31 “Hospital Medical Office Building” means that building owned by the Hospital as referred to in Section 2.9 and as set forth at Schedule 2.9.

1.32 “Hospital Officer” means any person who is or was an executive officer of any of the Hospital Entities (irrespective of the holding of corporate officer titles as referenced in such entity’s bylaws or other organizational document), such as would be covered as an “officer” under the Hospital Directors and Officers Indemnity Policy in effect as of the Execution Date.

1.33 “HUD” means the U.S. Department of Housing and Urban Development.

1.34 “Intellectual Property” means patents, trademarks, servicemarks, trade names and other such rights necessary or intended for operations of the Hospital Entities.

1.35 “Joint Defense Agreement” means the terms as defined in Section 14.16 and described at Exhibit C.

1.36 “Knowledge” means the actual knowledge held by the applicable Party, through the actual knowledge its chief executive officer and any other management officer with primary responsibility for the subject matter, after reasonable inquiry of responsible subordinates (and if such inquiry is not made, the knowledge that would have been held by the officer if such inquiry had been made).

1.37 “Letter of Intent” means the letter of intent executed on August 10, 2012, between the Sponsor and Sinai regarding the transactions described in this Agreement, as referenced in the Recitals.

1.38 “Medical Staff Integration” shall have the meaning set forth in Section 2.3.

1.39 “Members” means those individual members of the Sponsor who serve under Illinois not-for-profit corporation law as the members of the Hospital.

1.40 “Net Proceeds” means the amount realized by Sinai upon sale of the Hospital as further described in Section 3.4.

1.41 “Non-Compete Period” shall have the meaning set forth in Section 10.10(a).

1.42 “Ordinary Course of Business” means the ordinary course of business, compliant with applicable laws and consistent with past custom and practice (including with respect to quantity and frequency) of any Hospital Entity.

1.59 "Taxes" means all federal, state, county, local and other taxes of every kind.

ARTICLE II

TERMS OF CHANGE OF CONTROL

2.1 Membership Change through Amendment of Bylaws and Articles of Incorporation. On or before the Closing Date, Hospital shall amend and restate its Bylaws and Articles of Incorporation effective as of the Effective Date, to provide that Sinai shall be the sole member of Hospital in substantially the form set forth at Exhibit A. No consideration shall be paid by Sinai to the Sponsor, Members or Hospital upon transfer of membership and change of control.

2.2 Resignation of Board Members and Board Composition.

(a) On or before the Closing Date, Hospital, Sponsor and Members shall cause each Hospital Director and any person elected or appointed by Hospital or a Hospital Entity to serve as a director or member of the governing board of a Hospital Entity, to submit his or her written resignation, effective as of 11:59 p.m. on the Closing Date. If any Hospital Director or other such person elected or appointed by Hospital fails or refuses to submit such resignation, such director shall be removed by Hospital, the Sponsor, the Members or the Hospital Entity, as applicable, effective no later than the end of the day on the Closing Date. Evidence of such resignations or removals shall be provided by Hospital to Sinai at the Closing, as set forth in Section 4.3(a)(vii).

(b) On and after the Effective Date, the composition of the governing board of Hospital Entities shall be determined by the Sinai Board.

2.3 Medical Staff. Prior to the Closing, and following the process set forth in the Medical Staff Bylaws, Hospital shall cause the Hospital's Medical Staff Bylaws to be amended as needed to conform to this Agreement, effective as of the Effective Date. The Medical Staff Bylaws shall otherwise continue in effect as the bylaws of the medical staff of the Hospital, pursuant to the terms thereof. On and after the Effective Date, the medical staff of the Hospital and the medical staffs of other Sinai Affiliates shall remain independent from each other, but shall integrate wherever possible and shall share information amongst themselves for the purpose of establishing a continuum of care and safer and more efficient and effective outcomes for patients (the "**Medical Staff Integration**"). The Hospital's Medical Staff Bylaws shall be reviewed periodically as is done with all Sinai Affiliates, and changes shall be considered in accordance with the amendment terms of such Medical Staff Bylaws to facilitate Medical Staff Integration and to move toward quality programs consistent across all of Sinai and Hospital. Hospital shall as a condition of Closing cause the following amendments to its Medical Staff Bylaws to be effective on the Effective Date: (i) appointments to the Provisional Staff shall be for six (6) months with no restriction on voting rights; (ii) the Chief Medical Officers of Sinai and the Sinai Medical Group shall be ex officio members of the Medical Executive Committee; (iii) Medical Staff Bylaws amendments shall be adopted by a vote of two-thirds (2/3) of present, voting members (eliminating the requirement that a quorum of twenty percent (20%) of the active Medical Staff must be present); and (iv) Members of the Active Medical Staff of Mount

Sinai Hospital or Schwab Rehabilitation Hospital who apply for and are granted membership and privileges on the Hospital medical staff will be granted immediate Active Staff status. Also, after the Effective Date, Sinai shall ensure that Active Staff members at Hospital who apply for and receive privileges on the Mount Sinai Hospital medical staff shall be granted immediate Active Staff status. Further, in order to advance the purposes of the transaction, those members of the Mount Sinai Hospital and Schwab Rehabilitation Hospital medical staffs that are listed in Exhibit D and referenced to as Sinai Physicians (or a substantially similar list as reasonably requested by Sinai in light of ongoing recruitment and development of Medical Integration Plans), will be granted membership and appropriate clinical privileges on the Hospital Medical Staff at the outset, and appointment as members of the Active Staff of such physicians would be a condition of and occur simultaneous with the Effective Date. Further, such amended Medical Staff Bylaws shall establish a Department of Psychiatry at the Hospital.

2.4 Pension Plan. Hospital currently maintains a frozen defined benefit pension plan (“**Pension Plan**”) for certain of its current and former employees that is qualified as a Church Plan and not subject to the Employee Retirement and Income Security Act of 1974. Sponsor or its designee shall become on the Effective Date the sponsor of the Pension Plan upon transfer of such status by Hospital. Any designee by the Sponsor shall be approved in advance by Sinai, which approval shall not be unreasonably withheld. An Assignment and Assumption Agreement between Sponsor or its designee, and the Hospital whereby Sponsor or its designee shall assume sponsorship of the Pension Plan shall be executed to the satisfaction of all the parties prior to Closing. Sponsor or designee through its advisors overseeing administration of the Pension Plan may, following the Effective Date, petition Sinai for additional funding of the Pension Plan, as needed, consistent with Pension Plan objectives as modified from time-to-time by Sponsor, but in no case with such additional funding creating greater benefits accorded the beneficiaries of such Pension Plan than would be expected were the Pension Plan terminated by Hospital at the Closing Date and provided further that notwithstanding anything else to the contrary herein, it is entirely at Sinai’s discretion to provide any funding. Direct costs incurred in the mechanics of transfer to Sponsor or its designee and, if applicable, termination by Sponsor or its designee of the Pension Plan that under law and regulation cannot be paid directly from the assets of the Pension Plan will be reimbursed to Sponsor or its designee post-Closing by the Hospital.

2.5 Commitment to Current Hospital Employees. Sinai plans to retain and utilize the current Hospital and Sinai workforce to achieve the shared missions of the organizations. Current Hospital employees shall be able to receive credit for their time at Hospital should they become enrolled in the Sinai benefits program. Sinai reserves the right to evaluate the combined operations of Sinai and Hospital, identify areas with the potential for duplication and make re-assignments or consolidate positions, including the elimination of positions, as required in Sinai’s discretion. Sinai shall apply industry-wide best practices consistent with prudent use of resources to achieve the best use of the workforce of Sinai and Hospital to meet patient care needs in the most efficient manner.

2.6 Catholic Identity. Catholic identity shall be retained at Hospital pursuant to the Catholicity Agreement at Exhibit E, which shall be executed on or before the Closing Date.

2.7 Continued Services Commitment. Sinai shall continue to provide the Hospital services offered as of the Effective Date, but reserves the right to evaluate a methodology which

would be most beneficial to patients and cost-effective for combined operations so as not to create unnecessary duplication. Such methodology may include, but not be limited to, offering some services at one physical location only with strong coordination of referrals and facilitation of access for the patients in the communities served by Sinai and Hospital. Sinai's transportation services shall also support access between the campuses.

2.8 Operation as a Licensed Hospital. Hospital shall be operated as a licensed hospital for five (5) years post-Closing Date, unless there is a significant change in Medicaid and government support payments making fulfillment of this commitment financially unfeasible or a change is needed to meet compelling community care needs.

2.9 Medical Office Building. At the Closing Date, Hospital shall transfer title and deed of its medical office building located at Archer Avenue and as set forth at Schedule 2.9 to Sinai or a Sinai designated Affiliate thereof.

2.10 Settlement Agreement. Hospital is in the process of finalizing a certain Settlement Agreement with the United States of America, acting through the Department of Justice and on behalf of the Office of the Inspector General of the Department of Health and Human Services ("**Settlement Agreement**"). Sinai agrees that on the Effective Date it shall be the Successor-in-Interest described in Section 3 of the Settlement Agreement, and shall be bound by the terms of the settlement as the Successor-in-Interest, including that if any of the events identified in paragraphs 2(A) through 2(E) of the Settlement Agreement occurs within five (5) years of the effective date of the Settlement Agreement, then Sinai as Successor-in-Interest shall promptly, either: (a) pay the United States \$1,500,000; or (b) transfer title of the property located at 6084 S. Archer Avenue, Chicago, Illinois, to the United States, and support all claims of the United States with respect to that property.

2.11 Governance. On and after the Closing Date, the business and affairs of Hospital shall be governed and managed by the Hospital Board of Directors as appointed by Sinai. Sponsor shall nominate at least one (1) individual to serve as a member of the Sinai Board with final approval of appointment by Sinai consistent with Sinai's Bylaws.

ARTICLE III

CAPITAL COMMITMENT AND FINANCIAL TERMS

3.1 Capital Commitment to Hospital. Sinai views the Hospital's physical plant and medical equipment as critical assets in achieving the similar mission of the Parties. Sinai's intention is to continue to utilize Hospital assets to strengthen the care programs that can be provided to the community. Sinai shall continue funding Hospital capital investments primarily with proceeds from operations and governmental grants received by Hospital. Planning for future investments shall take into consideration the existing capital plan of Hospital as of the Closing Date, but shall be modified as necessary to continue with operation of the facilities for healthcare purposes in accordance with a broader strategic plan to be developed upon combining the two organizations. On or after the Effective Date, Sinai and Hospital shall engage in joint advocacy efforts seeking philanthropic and other sources of funding to support capital improvements.

3.2 Charity Care Commitment. Sinai has been, and shall continue to be, committed to providing care for all in the community served by Sinai and Hospital. Sinai shall maintain policies for Hospital patients whereby Hospital shall care for all patients regardless of ability to pay with a self-pay/charity care policy that respects the dignity of the patient.

3.3 Annual Stewardship Fee. An annual stewardship fee amounting to Three Hundred Thousand Dollars (\$300,000) per annum shall be provided by Sinai to Sponsor consistent with Section 4.1 of the Catholicity Agreement at Exhibit E, so long as needed as agreed to by Sponsor, with agreement to change this commitment not to be unreasonably withheld by Sponsor. The stewardship fee is subject to proration for any partial Fiscal Year. The fee shall be payable in advance in quarterly installments of Seventy-Five Thousand Dollars (\$75,000), or as mutually agreed otherwise by the Parties, on the first business day of each fiscal quarter during the term of the Catholicity Agreement.

3.4 Future Sale of Hospital. If the Hospital operations or facilities material to such operations are sold by Sinai within a five (5) year period after the Closing Date, Sinai shall share the proceeds of said sale with the Sponsor, less all capital expenditures made by Sinai in Hospital net of government grants applied to such capital expenditures, above recorded depreciation expense for the twelve (12) month period prior to Closing Date ("**Net Proceeds**"), so long as such sharing does not materially adversely affect pledges or covenants made by Sinai under financing arrangements with the U.S. Department of Housing and Urban Development ("**HUD**") or any other creditor essential to ongoing operations of the combined Sinai/ Hospital enterprise, as described in the following table; provided, however, that Sinai shall use good faith efforts to obtain the consent of any lender of Sinai to permit Sinai to share the proceeds with the Sponsor in accordance with this Section 3.4:

If at any time during the twelve-month period noted below following the Closing Date:	Percentage of Net Proceeds provided to Sponsor:
1	50%
2	40%
3	30%
4	20%
5	10%
6	0%

ARTICLE IV

CLOSING DATE DELIVERIES AND OTHER REQUIREMENTS

4.1 Closing Date; Closing.

(a) Unless the Parties otherwise agree in writing, the transactions contemplated herein to become effective as of the Effective Date, shall become so effective, provided that as of the Effective Date all of the conditions precedent set forth in Article XII and

Article XIII have occurred, including the delivery by each Party of Closing Date Documents, except for any documents for which delivery has been waived in writing by the other Party or Parties as of the Effective Date.

(b) The delivery of the Closing Date Documents shall occur on or about December 14, 2012, for an effective closing date of December 31, 2012 or such other date as is agreed to by the Parties (the “Closing Date”), at the offices of McDermott Will & Emery LLP, 227 W. Monroe Street, Chicago, Illinois, or any other location agreed to by the Parties (the “Closing”).

(c) At the Closing, all documents to be executed and actions to be taken, pursuant to this Agreement, as of the Closing Date or the Effective Date, as applicable, shall be deemed to have been executed and to have been taken substantially concurrently, and no action shall be deemed to be complete until all are completed.

4.2 Pre-Closing Actions. Prior to the Closing Date, the Parties shall take and cause to be taken all actions necessary or appropriate on their respective parts to implement the transactions contemplated herein on the Effective Date, including the following:

(a) Actions by Sinai. Prior to the Effective Date, the Sinai Board shall approve the execution on behalf of Sinai of any and all agreements and other documents and the taking of any and all other actions contemplated or required by this Agreement to be executed or taken by Sinai on or before the Effective Date.

(b) Actions by Hospital, Members and Sponsor. Prior to the Effective Date, the Hospital Board of Directors, Members and Sponsor shall approve the execution on behalf of Hospital of any and all agreements and other documents, and the taking of any and all other actions contemplated or required by this Agreement to be executed or taken on or before the Effective Date, including the following:

(i) Approving the Amended Hospital Bylaws and Articles of Incorporation, in substantially the form attached hereto as Exhibit A;

(ii) Approving any and all other actions necessary to effect or evidence the change of control of the Hospital and Hospital Entities, as contemplated herein;

(iii) Obtaining approval of changes to the Hospital’s Medical Staff Bylaws as set forth in Section 2.3; and

(iv) Obtaining from Cardinal George or his designee notice of non-objection to this transaction and approval of the transaction from the Congregation for Institutes of Consecrated Life and Societies of Apostolic Life.

4.3 Closing Document Deliveries. At the Closing, the Parties shall deliver the following documents listed below (“Closing Date Documents”).

(a) Hospital Closing Documents:

(i) A certificate of the Sponsor's General Superior/President on behalf of the Members and Sponsor and the President and Chief Executive Officer of Hospital on behalf of the Hospital, dated as of the Closing Date, certifying as to the continued accuracy and completeness of Hospital's representations and warranties, and performance of the covenants and conditions precedent, as set forth in this Agreement, to his or her Knowledge;

(ii) A certificate of the Chief Financial Officer of Hospital, dated as of the Closing Date, certifying as of the date thereof, as to the accuracy of the financial representations and warranties relating to the Hospital Entities and set forth at Section 8.4 and Section 8.5, and the performance of the financial-related covenants relating to the Hospital Entities set forth at Article X, to his Knowledge;

(iii) A certificate of the Secretary of Hospital and Sponsor, dated as of the Closing Date, certifying as to the due adoption and continued effectiveness of, and attaching a copy of the resolutions of the Hospital Board and approved by the Members and Sponsor, with respect to Hospital, Members and Sponsor, the actions and transactions required or contemplated by this Agreement, including the Hospital Amended Articles and Bylaws;

(iv) A certificate of the Sponsor's General Superior/President on behalf of Members and Sponsor, dated as of the Closing Date, certifying as to the due adoption and continued effectiveness of, and attaching a copy of the resolutions of the Sponsor Board approving, with respect to Sponsor, the actions and transactions required or contemplated by this Agreement;

(v) Legal Opinion of Chuhak & Tecson, as counsel for Hospital, opining as to: (1) the valid existence and good standing of Hospital; (2) Hospital's, Members' and Sponsor's power and authority to enter into this Agreement and such other agreements as are specified hereunder to be entered into by such entity and to take such other actions as are contemplated to be taken thereby; and (3) the due authorization of Hospital, Members and Sponsor to execute and deliver this Agreement and such other agreements as are specified hereunder to be entered into by such person or entity as of or prior to the Effective Date, and the performance of all other actions contemplated hereunder to be taken by such person or entity;

(vi) Evidence of the resignations of each of the persons then holding a position as a Hospital Director, or serving at the request of any Hospital Entity as a director of any other entity for which such entity has director nomination or appointment rights, effective as of the Closing Date;

(vii) Documents evidencing transfer of sponsorship of the Pension Plan as set forth in Section 2.4;

(viii) Documents evidencing transfer of the Medical Office Building as set forth at Section 2.9 and Schedule 2.9;

(ix) Documents evidencing the changes to Hospital's Medical Staff Bylaws as set forth at Section 2.3;

and (x) The executed Settlement Agreement as set forth at Section 2.10;

(xi) Such other instruments and documents as may be reasonably necessary to carry out the transactions contemplated or required by this Agreement and to comply with the terms hereof, including any instruments and documents required to be delivered by or with respect to a Hospital Entity.

(b) Sinai Closing Documents:

(i) A certificate of the President and Chief Executive Officer of Sinai, dated as of the Closing Date, certifying as to the continued accuracy and completeness of Sinai's representations and warranties, and its performance of the covenants and conditions precedent, set forth in this Agreement, to his Knowledge;

(ii) A certificate of the Secretary of Sinai, dated as of the Closing Date, certifying as to the due adoption and continued effectiveness of and attaching a copy of the resolutions of the Sinai Board approving, with respect to Sinai, the actions and transactions and actions required or contemplated by this Agreement;

(iii) Legal Opinion of McDermott Will & Emery LLP, as counsel for Sinai, opining as to: (1) the valid existence and good standing of Sinai; (2) Sinai's corporate power and authority to enter into this Agreement and such other agreements as are specified hereunder to be entered into by Sinai, and to take such other actions as are contemplated to be taken by Sinai hereunder; and (3) the due authorization, on behalf of Sinai, of the execution and delivery of this Agreement and such other agreements as are specified hereunder to be entered into by Sinai as of or prior to the Effective Date, and the performance of all other actions contemplated to be taken by Sinai hereunder; and

(iv) Such other instruments and documents as may be reasonably necessary to carry out the transactions contemplated by this Agreement and to comply with the terms hereof.

ARTICLE V

TERM AND TERMINATION

5.1 Term and Termination. The term of this Agreement shall commence on the Execution Date and shall continue into perpetuity, unless sooner terminated by the Parties at any time by their mutual written consent, prior to the Effective Date, or unless otherwise provided herein, except that:

(a) This Agreement shall terminate in its entirety in the event that there is a failure of any condition precedent as set forth in Article XII or Article XIII, unless such failure is waived in writing by Hospital (in the case of conditions precedent set forth in Article XII) or Sinai (in the case of conditions precedent set forth in Article XII);

(b) Sinai may terminate this Agreement at any time prior to the Effective Date by written notice to Hospital, if Sinai determines, in good faith, that it is not satisfied with the results of its due diligence, including as to Schedules provided by the Hospital to Sinai or a material adverse change has occurred with respect to the Hospital's business or financial operations or that specific information contained in any updated or completed Schedule or officer's certificate which is provided to Sinai prior to the Execution Date, is unacceptable to Sinai, and Sinai and Hospital are unable to resolve the issue after good faith efforts by both Parties;

(c) Either Hospital, Members, Sponsor or Sinai may terminate this Agreement by written notice to the other if the Closing has not occurred on or before December 31, 2012; provided, however, that if Closing is delayed due to the delay of approval of the CON Application, approval by HUD of the terms of this Agreement or in connection with Sinai's and Sponsor's notice filing under the Hart-Scott-Rodino Act, no such termination may be made unless the Closing has not occurred by March 1, 2013; and

(d) Any agreement entered into pursuant to this Agreement shall terminate in accordance with the terms thereof.

ARTICLE VI

SURVIVAL

6.1 Survival of Representations, Warranties, Covenants and Agreements.

(a) Survival Periods. Except as otherwise expressly provided in this Agreement, all representations, warranties, covenants and agreements contained in this Agreement or in any document delivered at the Closing pursuant hereto shall be deemed to be material and to have been relied upon by the Parties, and shall survive the Closing and shall be fully effective and enforceable for a period of two (2) years after the Execution Date, but shall thereafter be of no further force or effect, except that any claims alleging fraud on the part of a Party shall survive through a ten (10) year period following the Execution Date. Collectively, each of the periods referenced above shall be deemed a "Survival Period".

(b) Effect of Investigations. The survival of any representations and warranties or covenants and agreements contained in this Agreement shall not be affected by any investigation, verification or examination by Sinai, Hospital, Members, Sponsor or by anyone on behalf of any of them.

ARTICLE VII

DISPUTE RESOLUTION AND LEGAL REMEDIES

7.1 Judicial and Non-Judicial Dispute Resolution Alternatives. The Parties acknowledge that notwithstanding their best efforts, disputes may arise between Sinai and Sponsor after the Closing Date regarding their respective rights and responsibilities, and obligations and liabilities, under this Agreement and in any document delivered at the Closing. In each instance, Sinai and Sponsor shall attempt to resolve the dispute in good faith and

consistent with their goals and objectives in entering into this Agreement. However, if Sinai, Members and Sponsor are unable to resolve the issue in dispute, and, either Sinai, Members or Sponsor, acting reasonably and in good faith, believes the issue in dispute is of a material and substantive nature, it shall have the right to pursue any and all legal and equitable rights and remedies, including through proceedings in a court of law.

ARTICLE VIII

REPRESENTATIONS AND WARRANTIES OF HOSPITAL, MEMBERS AND SPONSOR

Hospital, as to itself and as to each Hospital Entity, Members and Sponsor, hereby gives and shall give as of the Representation Date the following representations and warranties to Sinai; provided, however, that the Parties agree that as of the Execution Date, certain of the Schedules referenced below in this Article VIII may be incomplete or subject to updating, and further provided that all Schedules shall be complete (and to the extent feasible, with all information organized by Hospital Entity), no later than ten (10) days prior to the Effective Date:

8.1 Due Incorporation; Good Standing; Power. Hospital and each of the Hospital Entities is duly organized, validly existing and in good standing under the laws of the State of Illinois or other state or jurisdiction of organization, and has the corporate power and authority to own, operate or hold under lease its properties and assets and to carry on its business and operations as presently conducted or, with respect to Sponsor, as contemplated to be conducted consistent with the terms of its Articles of Incorporation and Bylaws and the provisions of this Agreement.

8.2 Corporate Authorization.

(a) Each of Hospital, Members and Sponsor has the full corporate or other power and authority to enter into and to perform its obligations under this Agreement.

(b) The execution, delivery and performance of this Agreement by each of Hospital, Members and Sponsor has been duly and properly authorized by proper corporate or other action in accordance with applicable laws and Hospital's and Sponsor's Articles of Incorporation and Bylaws.

(c) This Agreement constitutes the lawful, valid and legally binding obligation of each of Hospital, Members and Sponsor, enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or other laws of general application affecting the enforcement of creditors' rights and by general equitable principles.

8.3 No Violation; Approvals.

(a) Except to the extent specified in Schedule 8.3(a) hereto, the execution, delivery and performance of this Agreement shall not result in the creation of any lien, charge, or encumbrance of any kind or the termination or acceleration of any indebtedness or other obligation of any Hospital Entity, Member or Sponsor, and is not prohibited by, does not violate

or conflict with any provision of, and does not constitute a default under or breach of any contract, lease, agreement, indenture, mortgage, pledge, sublease, option, assignment, permit, license, approval or other commitment to which any Hospital Entity, Member or Sponsor is a party or is subject or by which any such corporation is bound, any judgment, decree, order, writ or injunction of any court or regulatory authority, or any law, statute, rule or regulation, applicable to any Hospital Entity, Member or Sponsor.

(b) Except to the extent specified in Schedule 8.3(b) hereto, no approval, authorization, registration, consent, order or other action of or filing that has not occurred or been obtained with or from any person, including any court, administrative agency or other governmental authority, is required for the execution and delivery of this Agreement by Hospital, Member or Sponsor, or the consummation by a Hospital Entity, Member or Sponsor of the transactions contemplated or required hereby.

8.4 Financial Statements.

(a) Hospital has delivered to Sinai true and correct copies of the audited financial statements of the Hospital Entities for the three (3) fiscal years ended 2009, 2010 and 2011 as consolidated through Hospital's audited financial statements for those years, and the unaudited financial statements of the Hospital Entities (individually to the extent available) for the year ended June 30, 2012 (audited statement to be delivered immediately upon completion of audit) and interim period from July 1, 2012 through the most recent month-end date for which financial statements were available prior to the Representation Date (collectively, the "**Hospital Financial Statements**").

(b) The Hospital Financial Statements are complete, true and correct in all material respects and present fairly in all material respects the financial position of the Hospital Entities and the results of their operations, changes in net assets and cash flows at the dates and for the periods indicated, in conformity with GAAP (except as otherwise disclosed on Schedule 8.4(b)), applied consistently for the periods specified, including the consistent use of assumptions, practices, procedures and terminology.

(c) From and after July 1, 2012 (except as set forth in Schedule 8.4(c)), no Hospital Entity has made any material changes to its accounting methods or practices, including methods or practices used to:

- (i) Establish reserves on any patient and notes receivables;
- (ii) Establish estimates of any third-party settlements; and
- (iii) Determine the value of any other accounts which require subjective determinations.

(d) Except as disclosed on Schedule 8.4(d), the Hospital Entities do not have any liabilities or obligations, whether contingent or absolute, direct or indirect, or matured or unmatured, which are not shown or provided for in the most recent audited Hospital Financial Statements provided to Sinai prior to the Representation Date, other than obligations or liabilities incurred in the Ordinary Course of Business or any claims covered by insurance.

(e) Except as disclosed on Schedule 8.4(e), none of the assets of the Hospital Entities are subject to restrictions imposed by the donors of specific funds.

8.5 Interim Changes. Except for matters expressly permitted or authorized by this Agreement and except as set forth on Schedule 8.5, there has not been, after the date of the most recent Hospital Financial Statements provided for each Hospital Entity as set forth in Section 8.4(a):

(a) Any change in the financial condition, assets, liabilities, properties or results of operation of any Hospital Entity which has had or could have, in the aggregate, a materially adverse effect on a Hospital Entity;

(b) Any damage, destruction or loss, whether or not covered by insurance, which has had or could have, in the aggregate, a materially adverse effect on a Hospital Entity;

(c) Any disposition by a Hospital Entity of any property, rights or other assets owned by or employed in a Hospital Entity, except for dispositions in the Ordinary Course of Business of a Hospital Entity, and other dispositions contemplated by this Agreement;

(d) Any amendment or termination of any material contract which has had or could have, in the aggregate, a materially adverse effect on a Hospital Entity;

(e) Any new contract, or any material amendment to an existing contract between a Hospital Entity and a physician;

(f) Any new leases including capital, operating or real property leases, or any material amendment to such an existing lease between a Hospital Entity and a third party;

(g) Any new debt instrument or other financing arrangement between a Hospital Entity and a third party;

(h) Any adoption or material amendment of any bonus, profit-sharing, incentive or severance agreement or arrangement, or any Hospital Employee Benefit Plan, involving any officer, director or Employee;

(i) Any event or condition of any character which, to Hospital's Knowledge, has had or could have, in the aggregate, a materially adverse effect on a Hospital Entity;

(j) Any material changes in licenses, permits and accreditation affecting Hospital operations;

(k) Any material legal proceeding or investigations or required corrective actions brought by, against or affecting the Hospital;

(l) Any event that may affect the tax exempt status of the Hospital;

(m) Any change in or material value of the real property owned by the Hospital;

- (n) Any medical staff proceeding undertaken;
- (o) Any material changes to or issues arising from Hospital's compliance program; and
- (p) Any exclusion of Hospital or its Affiliates from participation in payor arrangements material to its operations.

8.6 No Material Omissions. Hospital has responded in all material respects to Sinai's requests for information and documentation as part of Sinai's due diligence review of the business, operations, assets and liabilities of the Hospital Entities, including information requested pertaining to entities for which Hospital holds any membership or ownership interest, or with which Hospital is otherwise affiliated. Hospital has not knowingly omitted any material information in its respective responses to Sinai's requests. Hospital has not received any material information which would render untrue or misleading as of the Representation Date any information previously disclosed to Sinai during its due diligence review.

8.7 Disclosure. The representations and warranties of Hospital, Members and Sponsor contained in this Agreement, and each certificate or other document delivered by Hospital, Members and Sponsor pursuant to this Agreement, or in connection with the transactions contemplated hereby, are accurate, correct and complete, do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements and information contained therein not misleading.

ARTICLE IX

REPRESENTATIONS AND WARRANTIES OF SINAI

Sinai gives and shall give as of the Representation Date the representations and warranties set forth below.

9.1 Due Incorporation; Good Standing; Power. Sinai is an Illinois not-for-profit corporation, exempt from federal income taxation under Section 501(c)(3) of the Code. Sinai is duly organized, validly existing and in good standing under the laws of the State of Illinois, and has the corporate power and authority to own, operate or hold under lease its properties and assets and to carry on its business and operations as presently conducted.

9.2 Corporate Authorization. Sinai has the full corporate power and authority to enter into, and to perform its obligations under, this Agreement. The execution, delivery and performance of this Agreement by Sinai has been duly and properly authorized by proper corporate action in accordance with applicable laws and its Articles of Incorporation and its corporate Bylaws. This Agreement constitutes the lawful, valid and legally binding obligation of Sinai, enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or other laws of general application affecting the enforcement of creditors' rights and by general equitable principles.

9.3 No Violation. The execution, delivery and performance of this Agreement shall not result in the creation of any lien, charge, or encumbrance of any kind or the acceleration of

any indebtedness or other obligation of Sinai, and is not prohibited by, does not violate or conflict with any provision of, and does not constitute a default under or breach of any contract, lease, agreement, indenture, mortgage, pledge, sublease, option, assignment, permit, license, approval or other commitment to which Sinai is a party or is subject or by which Sinai is bound, any judgment, decree, order, writ or injunction of any court or regulatory authority, or any law, statute, rule or regulation applicable to it. No approval, authorization, registration, consent, order or other action of or filing with any person, including any court, administrative agency or other governmental authority, is required (that has not been obtained) for the execution and delivery by Sinai of this Agreement or the consummation by Sinai of the transactions contemplated hereby. Notwithstanding anything herein to the contrary, Sinai makes no representation as to the compliance of the transactions contemplated hereby with applicable antitrust laws.

9.4 Disclosure. The representations and warranties of Sinai contained in this Agreement, and each certificate or other document delivered by Sinai pursuant to this Agreement, or in connection with the transactions contemplated hereby, are accurate, correct and complete, do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements and information contained therein not misleading.

ARTICLE X

COVENANTS OF HOSPITAL AND LIMITED MEMBERS AND SPONSOR COVENANTS

Hospital (with respect to itself and each Hospital Entity) Members and Sponsor (solely with respect to the covenants set forth at Section 10.9 and Section 10.10), hereby each agree to keep, perform and fully discharge the following covenants and agreements, as applicable:

10.1 Interim Conduct of Business. From the Execution Date to the Effective Date:

(a) Hospital shall and shall use its reasonable best efforts to cause the Hospital Entities to:

(i) Preserve, protect and maintain the business, properties and assets of the Hospital Entities;

(ii) Operate the business of the Hospital Entities as going concerns consistent with prior practices and the Ordinary Course of Business, including with respect to the incurring of any liabilities;

(iii) Preserve the goodwill of all individuals having business or other relations with the Hospital Entities, including physicians, employees, patients, customers and suppliers;

(iv) Obtain all documents called for by this Agreement and required to facilitate the consummation of the transactions contemplated by this Agreement;

(v) Conduct the business only in the Ordinary Course of Business;

(vi) Keep available the services of each of the present officers, employees, independent contractors and agents, and maintain the relations and goodwill with those having business relationships with the Hospital Entities (including, without limitation, third-party payors);

(vii) Periodically report to Sinai regarding the Hospital Entities;

(viii) Maintain the Hospital Entities' assets in a state of good repair and in a condition that complies with all applicable Laws and is consistent with the requirements and ordinary conduct of the operation;

(ix) Pay when due or otherwise satisfy in the ordinary course of business all of the bona fide liabilities of Hospital Entity incurred in the ordinary course of business, subject to good faith disputes;

(x) Keep in full force and effect, without amendment, all material rights relating to the Hospital Entities;

(xi) Comply with all Laws and contractual obligations relating to the Hospital Entities;

(xii) Make no change in Hospital Entities' personnel outside of the ordinary course of business;

(xiii) Continue in full force and effect the insurance coverage under the existing policies; and

(xiv) Except as required to comply with ERISA or maintain qualification under Code § 401(a), not amend, modify or terminate any Employee Benefit Plan.

(b) Hospital shall provide Sinai promptly with interim financial statements, as referenced in Section 8.4(a), as soon as such are available.

(c) Without obtaining Sinai's prior written consent, no Hospital Entity shall:

(i) Make any changes, or permit any changes to be made, in the Articles of Incorporation or corporate Bylaws of a Hospital Entity, except for changes expressly contemplated and authorized by this Agreement;

(ii) Enter into or renew any capital, operating or real property lease or any debt instrument or financing arrangement with a third party; or

(iii) Enter into any transaction which is outside the Ordinary Course of Business or which could have a material effect on the businesses of a Hospital Entity, except for transactions expressly authorized by this Agreement.

(d) Notwithstanding other terms of this Section 10.1, Hospital, as part of an effort to create an electronic medical record system which will be compatible with Sinai if the

transaction closes, shall have the right to enter into a service agreement with Sinai related to the Meditech electronic medical record, an agreement with Meditech related to such service agreement for an electronic medical record, and an agreement to finance one or both of the foregoing two agreements.

10.2 Update and Complete Schedules. From the Execution Date to the Effective Date, Hospital shall amend, supplement and otherwise complete all Schedules which are incorrect or incomplete as of the Execution Date, and submit any Schedules needing updating to Sinai no later than ten (10) days prior to the Effective Date. To the extent, as of the Closing Date, that the information in any Schedule (as amended, supplemented, completed or updated) is no longer fully accurate, the accurate information shall be provided in an attachment to the Hospital's President and Chief Executive Officer certificate required to be provided at Closing Date, as set forth in Section 4.3(a), with respect to each applicable corporation.

10.3 Preserve Accuracy of Representations and Warranties. From the Execution Date to the Effective Date:

(a) Hospital shall not take any action which would render any representation or warranty contained in Article VIII materially inaccurate or untrue as of the Effective Date.

(b) Hospital shall promptly notify Sinai of any lawsuits, claims, administrative actions or other proceedings asserted or commenced against a Hospital Entity or Sponsor or a Hospital Entity's or Sponsor's officers, directors, members or shareholders involving in any material way the businesses, properties or assets of a Hospital Entity or Sponsor.

(c) Hospital shall promptly notify Sinai in writing of any facts or circumstances which come to its attention and which cause, or through the passage of time may cause, any of the representations and warranties made by Hospital in Article VIII, to be untrue or misleading at any time from the Execution Date to the Effective Date.

10.4 Access to Information.

(a) From the Execution Date to the Effective Date, Hospital shall give and shall cause the Hospital Entities to give to Sinai and to its representatives full and free access, during normal business hours, to all properties, books, records and contracts pertaining to the businesses, properties and assets of the Hospital Entities, as may be reasonably requested, subject to reasonable advance notice and provided that Sinai shall not exercise such rights of access in such manner as would unduly interfere with Hospital operations, the work of Hospital or other Hospital Entity personnel or the activities of Hospital or other Hospital Entity patients or guests.

(b) Hospital shall cooperate in keeping Sinai fully informed and shall promptly notify Sinai of any adverse event or other adverse change in the normal course of business or prospects of the Hospital Entities.

10.5 Maintain Books and Accounting Practices. From the Execution Date to the Effective Date, Hospital shall, and shall cause the Hospital Entities to, maintain the books of account of each Hospital Entity in the usual, regular and ordinary manner in accordance with

GAAP and on a basis consistent with prior years, including the consistent use of assumptions, practices, procedures and terminology, and Hospital shall not make or cause to be made any material changes in the accounting methods or practices of: a Hospital Entity or relating to Hospital real property or the other hospital property, including, as applicable, methods or practices:

- (a) Establishing reserves on any patient and note receivables;
- (b) Establishing reserves for all third-party settlements; and
- (c) Determining the value of any other accounts which are subjectively determined.

10.6 Compliance with Laws and Obligations; Consents. From the Execution Date to the Effective Date, Hospital shall:

(a) Comply and cause each Hospital Entity and Sponsor to comply in all material respects with all applicable statutes, laws, ordinances and regulations pertaining to such entity;

(b) Keep, hold and maintain and cause each Hospital Entity to keep, hold and maintain all certificates, certificates of need, certificates of exemption, accreditation, licenses and other permits necessary for the conduct and operation of such entity;

(c) Use its reasonable best efforts to obtain and, as applicable, cooperate fully with Sinai in its efforts to obtain, all consents, approvals, exemptions and authorizations of third parties, whether governmental or private, make all filings, and give all notices which may be necessary or appropriate under all applicable laws and under all contracts, agreements and commitments to any Hospital Entity is a party or is bound in order to consummate the transactions contemplated or required by this Agreement;

(d) With respect to any Intellectual Property that is not owned by a Hospital Entity, Hospital shall take or cause to be taken such actions as are necessary to accomplish making such Intellectual Property available for use following the Effective Date; and

(e) Each Hospital Entity shall have paid as of the Closing Date, to the extent due and payable prior to the Closing Date, all tuition reimbursement, commissions, wages, salaries, bonuses, insurance benefits, or other employee benefits or reimbursements with regard to any current or former Employee.

10.7 No Merger, Consolidation or Acquisition. From the Execution Date to the Effective Date, Hospital shall not and shall not permit any other Hospital Entity or Sponsor to merge or consolidate with, or acquire, except in the Ordinary Course of Business, any of the assets of any other corporation, business or Person.

10.8 Third-Party Authorizations. From the Execution Date to the Effective Date, Hospital shall and shall use its reasonable best efforts to cause each Hospital Entity, as applicable, to obtain expeditiously all consents, approvals and authorizations of third parties

necessary for the valid execution, delivery and performance of this Agreement by the Hospital Entities.

10.9 Confidentiality of Sinai Information.

(a) Except as otherwise set forth in this Section 10.9:

(i) Hospital shall, and shall use its reasonable best efforts to cause the other Hospital Entities and their respective officers and directors, to, hold in confidence all information regarding Sinai obtained in connection with the negotiation and performance of this Agreement or any due diligence investigation with respect to Sinai. Such obligations shall remain in effect through a ten (10) year period following the Execution Date; and

(ii) Members and Sponsor shall, and shall use its reasonable best efforts to cause each of its officers and Council members to, hold in confidence all information regarding Sinai obtained in connection with the performance of this Agreement, including Sponsor's exercise of the Sponsor Rights and Agreements. Such obligations shall remain in effect through a ten (10) year period following the Execution Date.

(b) The confidentiality obligation set forth in this Section 10.9 shall not apply to information that:

(i) Was known by a Hospital Entity, Members or Sponsor when received;

(ii) Is or hereafter becomes lawfully obtainable by a Hospital Entity, Members or Sponsor from other sources; or

(iii) A Hospital Entity, Member or Sponsor is required by law to disclose, including in any filings required to be made with any governmental agency and pleadings required to be filed with any court or tribunal (provided that prior to any disclosure of Sinai information, Hospital, Members or Sponsor shall give Sinai reasonable advance notice to permit Sinai to apply for protective order relating to the disclosure of such information).

(c) If the transactions contemplated by this Agreement are not consummated, Hospital, Members and Sponsor shall and Hospital shall use its reasonable best efforts to cause each Hospital Entity to continue to, hold all confidential Sinai information in confidence and Hospital, Members and Sponsor shall and Hospital shall use its reasonable best efforts to cause each Hospital Entity to, promptly return to Sinai upon its written request all documents (and all copies thereof) containing such information.

(d) Each of Hospital, Members and Sponsor acknowledge on behalf of itself and Hospital acknowledges on behalf of each Hospital Entity, that there is not an adequate remedy at law for the breach of this Section 10.9 and that, in addition to any other remedies available, injunctive relief may be granted for any such breach. The provisions of this Section 10.9 shall survive any termination of this Agreement.

10.10 Non-Competition Covenant.

(a) For a period of thirty (30) years (the “Non-Compete Period”), Sponsor shall not and shall cause its Affiliates, members, assigns and successors to not, directly or indirectly, as a shareholder, member, partner, investor, director, manager, officer, employee, agent, principal, independent contractor or otherwise, provide, construct, own, acquire, offer, operate, manage, control or invest in a hospital, extended care facility, or other licensed health care facility located in, or a health care service conducted in the Service Area of Hospital, without Sinai’s written consent. Sponsor further agrees that during the Non-Compete Period of this non-competition covenant, neither Sponsor nor any Affiliate, successor or assign shall seek to interfere with Sinai’s, any Sinai Affiliate’s relationships, or following the Effective Date, any Hospital Entity’s (or successor entity’s) relationships with its employees, vendors, suppliers, contractors, third-party payors or medical staff members, except as agreed to by Sinai in advance in writing.

(b) Sponsor acknowledges that a breach of this Section 10.10 would result in irreparable damage to Sinai, and, without limiting any other available remedies, agrees that this Section 10.10 may be enforced by temporary restraining order, temporary injunction and/or permanent injunction restraining a violation hereof, pending or following a trial on the merits. Sponsor waives the claim or defense that an adequate remedy at law for such a breach exists. Sponsor acknowledges, after consultation with counsel, that the provisions of this Section 10.10 are reasonable and necessary to protect Sinai and enable it to conduct its business and operations. However, if a court of competent jurisdiction determines that the foregoing is overly broad or restrictive, then the foregoing shall be revised, to the extent necessary and appropriate, to reduce the scope accordingly.

(c) Notwithstanding other terms of this Section 10.10, the Sponsor or an Affiliate thereof may at any time develop and own a health care facility dedicated exclusively to the care and treatment of Sisters who are members of the Sponsor.

10.11 Employee Benefits Matters. Any employee of a Hospital Entity who begins to receive COBRA continuation coverage as required by the continuation coverage requirements of Sections 601-609 of ERISA and COBRA prior to the Effective Date shall continue to receive such COBRA continuation coverage to the extent of the aforesaid COBRA requirements.

10.12 Insurance. From the Execution Date to the Closing Date, in connection with each policy of insurance listed on Schedule 10.12 which covers a Hospital Entity, Hospital shall cause such policies to remain in force with no gaps in such coverage through the Closing Date and Hospital shall cause the Hospital Entity policyholder to promptly provide Sinai with notification of any change in carriers or coverage and copies of all notices received from the carrier within five (5) days after its receipt of same. Hospital shall cooperate fully with Sinai to facilitate any transition in insurance coverage to Sinai.

10.13 Performance of Undertakings.

(a) Hospital shall use its reasonable best efforts to perform faithfully at all times any and all covenants, undertakings, stipulations and provisions applicable to it contained

in this Agreement and in any and every document executed, authenticated and delivered hereunder.

(b) Sponsor shall use its reasonable best efforts to perform and satisfy in good faith the Sponsor consistent with its internal constitution and rules.

10.14 Best Efforts. Hospital shall use its reasonable best efforts to consummate the transactions contemplated by this Agreement and shall not take any other action inconsistent with its obligations hereunder or which could hinder or materially delay the consummation of the transactions contemplated or required hereby.

ARTICLE XI

COVENANTS OF SINAI

Sinai hereby agrees to keep, perform and fully discharge the following covenants and agreements:

11.1 Preserve Accuracy of Representations and Warranties. From the Execution Date until the Effective Date:

(a) Sinai shall not take any action which would render any representation or warranty contained in Article IX inaccurate or untrue as of the Effective Date.

(b) Sinai shall promptly notify Hospital, Members and Sponsor of any lawsuits, claims, administrative actions or other proceedings asserted or commenced against Sinai, or its officers or directors involving in any material way the ability of Sinai to consummate the transactions contemplated or required by this Agreement, or materially affecting Sinai's business or its assets.

(c) Sinai shall promptly notify Hospital, Members and Sponsor in writing of any facts or circumstances which come to Sinai's attention and which cause, or through the passage of time may cause, any of the representations and warranties contained in Article IX to be untrue or misleading.

11.2 Third Party Authorizations. From the Execution Date to the Effective Date:

(a) Sinai shall use its reasonable best efforts to obtain expeditiously all consents, approvals and authorizations of third parties and to give all notices under all applicable laws and under all contracts, agreements and commitments to which Sinai is a party or is bound, to the extent necessary for the valid execution, delivery and performance of this Agreement by Sinai.

(b) Sinai shall cooperate fully with each Hospital Entity in efforts to obtain all consents, approvals, exemptions and authorizations of third parties, whether governmental or private, and to make all filings, necessary in order to consummate the transactions contemplated by this Agreement.

11.3 Confidentiality.

(a) Except as otherwise set forth in this Section 11.3, from the Execution Date and (1) with respect to information of the Hospital Entities, through the Closing Date, and (2) with respect to information of Sponsor and Members, through a ten (10) year period following the Execution Date, Sinai shall hold in confidence all information regarding a Hospital Entity, Member or Sponsor obtained in connection with the negotiation and performance of this Agreement, or its due diligence investigation with respect to a Hospital Entity or Sponsor, and shall not divulge to third parties or use such information in a manner detrimental to a Hospital Entity or Sponsor. Sinai may share information with HUD necessary to achieve HUD approvals set forth in this Agreement, and all other regulatory approvals set forth in Article XII and Article XIII. Sinai may also share information with The Jewish Federation of Metropolitan Chicago to achieve its approval of the terms of this Agreement and may share information related to this Agreement with others upon mutual agreement of the Parties.

(b) The confidentiality obligation set forth in Section 11.3(a) shall not apply to information that:

(i) Was known by Sinai when received;

(ii) Is or hereafter becomes lawfully obtainable by Sinai from other sources; or

(iii) Sinai is required by law to disclose, including in any filings required to be made with any governmental agency and pleadings required to be filed with any court or tribunal (provided that prior to any disclosure of such information, Sinai shall give Hospital, Members or Sponsor, as applicable, reasonable advance notice to permit such organization to apply for a protective order relating to the disclosure of such information).

(c) If the transactions contemplated by this Agreement are not consummated, Sinai shall continue to hold all information of the Hospital Entities in confidence and shall promptly return to Hospital upon its written request all documents (and all copies thereof) containing such information.

(d) Sinai acknowledges that there is not an adequate remedy at law for the breach of this Section 11.3 and that, in addition to any other remedies available, injunctive relief may be granted for any such breach. The provisions of this Section 11.3 shall survive any termination of this Agreement.

11.4 Performance of Undertakings. Sinai shall use its reasonable best efforts to perform faithfully at all times any and all covenants, undertakings, stipulations and provisions applicable to it contained in this Agreement and in any and every document executed, authenticated and delivered hereunder.

11.5 Best Efforts. Sinai shall use its reasonable best efforts to consummate the transactions contemplated by this Agreement and shall not take any other action inconsistent with its obligations hereunder or which could hinder or materially delay the consummation of the transactions contemplated hereby.

ARTICLE XII

CONDITIONS PRECEDENT TO OBLIGATIONS OF HOSPITAL, MEMBERS AND SPONSOR

The obligations of Hospital, Members and Sponsor to consummate the transactions contemplated by with respect to Hospital and the Hospital Entities under this Agreement are, at the option of Hospital, Members and Sponsor (other than approval of the CON Application and expiration of the Hart-Scott-Rodino Act waiting period, as referenced under Section 12.3, which cannot be waived), subject to the satisfaction, on or prior to the Closing Date, of the following conditions:

12.1 Accuracy of Warranties; Performance of Covenants. The representations and warranties of Sinai contained in Article IX shall be accurate in all material respects as if made on and as of the Closing Date. Sinai shall have performed all of the obligations and complied with each and all of the covenants, agreements and conditions required to be performed or complied with by it on or prior to the Closing Date.

12.2 No Pending Action. No action or proceeding before any court or governmental body shall be pending or threatened wherein an unfavorable judgment, decree or order would prevent the carrying out of this Agreement or any of the transactions contemplated hereby, declare unlawful the transactions contemplated by this Agreement or cause such transactions to be rescinded.

12.3 Regulatory Approvals. All regulatory consents and approvals required for the consummation of the transactions contemplated or required by this Agreement shall have been obtained on or before the Closing Date, including approval of the CON Application by the Illinois Health Facilities and Services Review Board, the expiration of all required waiting periods under the Hart-Scott-Rodino Act, and the HUD approvals set forth at Section 13.3.

12.4 Consents. All consents, approvals and authorizations of third parties required for the consummation of the transactions, contemplated or required by this Agreement shall have been obtained on or before the Closing Date.

12.5 Completion of All Exhibits and Schedules. All Exhibits and Schedules to this Agreement required to be completed by Sinai shall be complete and otherwise in final form acceptable to Hospital.

12.6 Delivery of Sinai Closing Documents. Sinai shall have delivered the Sinai Closing Documents.

12.7 Pension Plan. Hospital and Sponsor or its designee must effect the transfer of the Pension Plan to Sponsor or its designee through an Assignment and Assumption Agreement, to the satisfaction of all the parties, prior to the Closing Date pursuant to Section 2.4 of this Agreement.

12.8 Delivery of Other Agreements. Sinai shall have delivered executed copies of all other agreements determined by the Parties to be necessary or appropriate to be entered into as of the Closing Date, relating to the transactions contemplated by this Agreement.

ARTICLE XIII

CONDITIONS PRECEDENT TO OBLIGATIONS OF SINAI

The obligations of Sinai to consummate the transactions contemplated by this Agreement are, at the option of Sinai (other than approval of the CON Application, expiration of the Hart-Scott-Rodino Act waiting period, and approvals by HUD as referenced under Section 13.3, which cannot be waived), subject to the satisfaction, on or prior to the Closing Date, of the following conditions:

13.1 Accuracy of Warranties; Performance of Covenants. Except for changes or developments expressly permitted or contemplated by the express terms of this Agreement or anticipated changes or developments disclosed on a Schedule hereto, the representations and warranties of Hospital contained in Article VIII shall be accurate in all material respects as if made on and as of the Closing Date. Hospital, Members and Sponsor each shall have performed all of the obligations and complied with each and all of the covenants, agreements and conditions applicable to it required to be performed or complied with by them on or prior to the Closing Date. All updates to representations, warranties, performance of covenants and exception schedules between Execution Date of this Agreement and the Closing Date must be submitted by the Hospital, Members or Sponsor prior to the Closing Date pursuant to Section 10.2. Any such material change adverse to Sinai shall be grounds for Sinai to not consummate the transactions to implement this Agreement.

13.2 No Pending Action. No action or proceeding before any court or governmental body shall be pending or threatened wherein an unfavorable judgment, decree or order would prevent the carrying out of this Agreement or any of the transactions contemplated hereby, declare unlawful the transactions contemplated by this Agreement or cause such transactions to be rescinded.

13.3 Regulatory Approvals. All regulatory consents and approvals required for the consummation of the transactions contemplated or required by this Agreement shall have been obtained on or before the Closing Date, including approval of the CON Application by the Illinois Health Facilities and Services Review Board; the expiration of all required waiting periods under the Hart-Scott-Rodino Act; receipt of a non-objection by Cardinal George or his designee of this Agreement; and approval of the Congregation for Institutes of Consecrated Life and Societies of Apostolic Life. Further, HUD must: (i) provide written approval for the terms of this Agreement consistent with existing Sinai financing documents; and (ii) agree that the terms of this Agreement can be implemented with no adverse impact on HUD's assistance with financing on the future projects planned by Sinai as part of the Sinai Tomorrow project.

13.4 Consents. All consents, approvals and authorizations of third parties required for the consummation of the transactions contemplated by this Agreement shall have been obtained on or before the Closing Date.

If to Hospital: Holy Cross Hospital
2701 W. 68th Street
Chicago, IL 60629
Attention: President & Chief Executive Officer

With a copy to: Chuhak & Tecson
30 S. Wacker Drive
Chicago, IL 60606-7512
Attention: Andrew Tecson

If to Sponsor
or Members: Sisters of Saint Casimir of Chicago
2601 W. Marquette Road
Chicago, IL 60629
Attention: General Superior/President

With a copy to: Lawrence E. Singer
Lawrence E. Singer, P.C.
2323 Grey Avenue
Evanston, IL 60201

A Party may change its address for receiving notice by written notice given to the others named above. All notices shall be effective when received, if by personal delivery or overnight courier, or two (2) business days after being deposited in the mail addressed as set forth above, if mailed.

14.3 Expenses. Except as otherwise provided herein, Hospital, Members, Sponsor and Sinai shall each pay its own fees and expenses and those of their respective agents, advisors, consultants, attorneys and accountants with respect to the transactions described in this Agreement, the negotiation of this Agreement and the Closing. Hospital's and Sponsor's portion shall be treated as an expense of the Hospital Entities in the Ordinary Course of Business. Hospital and Sinai shall equally split and share the costs of the filing fees of the Hart-Scott-Rodino Notification and Report Form, filing fees associated with obtaining a Certificate of Need from the Illinois Health Facilities and Services Review Board and any recording or title fees required in connection with the Closing of the transactions described in this Agreement.

14.4 Entire Transaction. This Agreement contains the entire understanding of the Parties with respect to the transactions contemplated hereby and supersedes all other agreements and understandings of the Parties on the subject matter hereof, except that, to the extent that any agreement (including any agreement the form of which is attached hereto as an Exhibit) is referred to herein in such manner as to clearly indicate that such agreement is designed to detail the agreement of the Parties with respect to the specified subject matter, the terms of such agreements shall govern with respect to such subject matter, except that the dispute resolution procedures set forth in Article VII shall apply to disputes under any such agreement delivered on or prior to the Closing.

14.5 Applicable Law and Venue. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois, without regard to any

14.13 Non-Assignment. No Party may assign its rights in this Agreement or delegate its duties under this Agreement to a third party without first obtaining the prior written consent of the other Party.

14.14 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

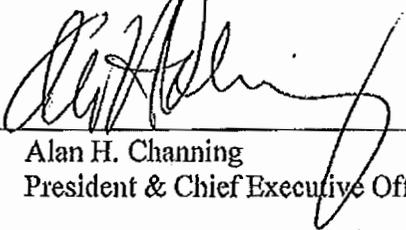
14.15 Access to Records and Information. If and to the extent applicable to this Agreement and to any agreement contemplated hereunder or entered into pursuant hereto between or among the Parties, the Parties agree to comply with the requirements of Public Law 96-499, Section 952 (Section 1861(v)(1)(I) of the Social Security Act) and regulations promulgated thereunder. After the Effective Date, Sinai shall cause Hospital to make available to Sponsor such books, records and data as may be reasonably necessary for concluding the transactions herein contemplated, audits, accounting reviews, compliance with governmental requirements and regulations, and the prosecution or defense of third-party claims.

14.16 Joint Defense Agreement. Parties acknowledge the Joint Defense Agreement executed on August 10, 2012 which remains in effect according to its terms following the execution of this Agreement, whereby the Parties agreed to cooperate in their mutual defense and to avoid the waiver of any privilege with respect to any communications by and between the Parties and their respective counsel. The Joint Defense Agreement is set forth at Exhibit C.

[Signatures on Following Page.]

IN WITNESS WHEREOF, the Parties, acting through their duly authorized representatives, have executed this Agreement as of the day and year first above written.

SINAI HEALTH SYSTEM

By: 
Alan H. Channing
President & Chief Executive Officer

HOLY CROSS HOSPITAL

By: _____
Wayne Lerner
President & Chief Executive Officer

SPONSOR

By: _____
Sister Immacula Wendt
General Superior/President

MEMBERS

By: _____
Sister Immacula Wendt

By: _____
Sister Regina Marie Dubickas

By: _____
Sister Theresa Dabulis

By: _____
Sister Margaret Zalot

IN WITNESS WHEREOF, the Parties, acting through their duly authorized representatives, have executed this Agreement as of the day and year first above written.

SINAI HEALTH SYSTEM

HOLY CROSS HOSPITAL

By: _____
Alan H. Channing
President & Chief Executive Officer

By: Wayne M. Lerner
Wayne Lerner
President & Chief Executive Officer

SPONSOR

By: Sister Immacula Wendt
Sister Immacula Wendt
General Superior/President

MEMBERS

By: Sister Immacula Wendt
Sister Immacula Wendt
General Superior/President

By: Sr. Regina Marie Dubickas
Sr. Regina Marie Dubickas
Secretary

By: Sr. Theresa Dabulis
Sr. Theresa Dabulis

By: Sr. Margaret Zalot
Sr. Margaret Zalot

EXHIBITS AND SCHEDULES

<u>Exhibit A</u>	Amended Hospitals Bylaws and Articles of Incorporation
<u>Exhibit B</u>	Ethical and Religious Directives
<u>Exhibit C</u>	Joint Defense Agreement
<u>Exhibit D</u>	Sinai Physicians
<u>Exhibit E</u>	Catholicity Agreement
<u>Schedule 1.29</u>	Hospital Entity(ies)
<u>Schedule 2.9</u>	Hospital Medical Office Buildings
<u>Schedule 8.3(a)</u>	No Violation Exceptions
<u>Schedule 8.3(b)</u>	Approval Exceptions
<u>Schedule 8.4(b)</u>	Financial Statement Exceptions
<u>Schedule 8.4(c)</u>	Material Changes to its Accounting Methods or Practice
<u>Schedule 8.4(d)</u>	Liabilities Exceptions
<u>Schedule 8.4(e)</u>	Hospital Financial Statement Donor Restriction Exceptions
<u>Schedule 8.5</u>	Interim Changes Exceptions
<u>Schedule 10.12</u>	Hospital Insurance Policies

EXHIBIT A

AMENDED HOSPITAL BYLAWS AND ARTICLES OF INCORPORATION

HOLY CROSS HOSPITAL

AMENDED

ARTICLES OF INCORPORATION

RESOLVED, that Article III of the Articles of Incorporation of the Corporation is amended in its entirety as follows:

ARTICLE III

SECTION 1. SOLE CORPORATE MEMBER. The Sole Corporate Member of the Corporation shall be Sinai Health System, an Illinois not-for-profit corporation.

SECTION 2. POWERS.

2.1 **Direct Reservation.** The Sole Corporate Member reserves directly to itself the following powers in addition to those provided by statute and others set forth in the Bylaws of the Corporation:

- (a) To amend or repeal the Bylaws or Articles of Incorporation and to adopt new Bylaws or Articles of Incorporation; and
- (b) To elect and at any time to remove and replace members of the Board of Directors of the Corporation, and, subject to this power of removal, to establish terms for such Directors as are consistent with the Bylaws.

FURTHER RESOLVED, that Article IV of the Articles of Incorporation of the Corporation is amended in its entirety as follows:

ARTICLE IV

SECTION 1. ROLE OF THE BOARD OF DIRECTORS. Subject to Article III of the Articles of Incorporation, as amended, and the Bylaws, the Board of Directors has overall responsibility for the conduct of the hospital in a manner consonant with the hospital's objective of making available quality patient care consistent with the ethics of the Catholic Church. The Board of Directors shall have the right, power and authority to exercise all such powers and to do all such acts and things as may be exercised or done by the Corporation, subject, however, to the statutes of the State of Illinois, the provisions of the Articles of Incorporation, as amended, of the Corporation and to the provisions of the Bylaws. Minutes of each meeting of the Board of Directors will be generated to serve as a permanent record.

SECTION 2. MEMBERSHIP. The Board of Directors of the Corporation shall consist of the number of persons as elected by the Sole Corporate Member of the Corporation and as set forth in the Bylaws of the Corporation.

FURTHER RESOLVED, that Article V of the Articles of Incorporation of the Corporation is amended in its entirety as follows:

ARTICLE V

SECTION 1. PURPOSES. The purposes of the Corporation are to operate exclusively for the religious, charitable, educational and scientific purposes, including, but not limited to, the following:

- (a) To establish, develop, own, sponsor, promote and/or conduct the affairs of a general acute care Catholic hospital, including educational programs, scientific research, treatment facilities, community clinics, emergency centers, hospitals, home health agencies, nursing homes and homes for the aged, rehabilitation centers, nursing centers, pharmacies, laboratories, and other facilities or programs incident thereto, consulting and management services, human services programs and other charitable activities devoted to improving and protecting the health and welfare of all persons, including providing opportunities to restore, reclaim or aid persons experiencing physical, cognitive, mental or emotional disabilities, promoting access to community resources aimed at promoting life and health, and assisting persons to lead full and meaningful lives.
- (b) To promote and support the interests and purposes of Sinai Health System, an Illinois not-for-profit corporation which is described in Internal Revenue Code Section 501(c)(3), in its charitable, educational and benevolent activities in the field of health care, health education and training, scientific research, health facilities, health management and in other related fields, and to promote the interests of any nonprofit and federally tax-exempt organizations which are affiliated with Sinai Health System, the purposes of which are not inconsistent with those of this Corporation.
- (c) To engage in any lawful activities within the purposes for which a corporation may be organized under the Illinois General Not For Profit Corporation Act of 1986, as amended from time to time (the "Act"), and which are not inconsistent with the purposes set forth in the Corporation's Articles of Incorporation and these Bylaws.
- (d) To operate exclusively for charitable, scientific and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (or the corresponding provision of any future United States Internal Revenue Law) (the "IRC"), in the course of which operation:
 - (i) No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, its members, directors, officers, or other persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth herein;
 - (ii) No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (whether by publishing

or distributing statements or otherwise) any political campaign on behalf of any candidate for public office except as authorized under the IRC; and

- (iii) Notwithstanding any other provisions of these Bylaws, the Corporation shall not carry on any other activities not permitted to be carried on: (a) by a corporation exempt from Federal income tax under IRC Section 501(c)(3); or (b) by a corporation, contributions to which are deductible under IRC Section 170(c)(2); or (c) by a corporation which is a nonprivate foundation under IRC Section 509(a)(1) by virtue of its operation of a hospital.

FURTHER RESOLVED, that Article VI is added to the Articles of Incorporation to read as follows:

ARTICLE VI

SECTION 1. DISSOLUTION. On the dissolution of the Corporation, its assets remaining after payment, satisfaction and discharge of, or provision for payment of, all liabilities and obligations of the Corporation, shall be distributed, transferred and conveyed to Sinai Health System or its designee, providing that at the time of said distribution, said distributee shall be organized and operated for religious, charitable, or health care purposes and shall be exempt from taxation under Section 501(c)(3) (or the successor provision) of the Internal Revenue Code. If neither of the above distributees is qualified or if neither of the said distributees is able or willing to accept said distribution, then the assets of the Corporation shall be distributed to such organization or organizations organized and operated exclusively for religious and charitable purposes under Section 501(c)(3) or successor provision of the Internal Revenue Code, as the Board of Directors shall determine.

FURTHER RESOLVED, that the date of incorporation is reaffirmed as October 10, 1929, and the name of the Corporation, which has not been amended, is reaffirmed as Holy Cross Hospital.

**RESTATED BYLAWS
OF
HOLY CROSS HOSPITAL**

Approved: _____, 2012
Effective: _____, 2012

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**RESTATED BYLAWS
OF
HOLY CROSS HOSPITAL**

**ARTICLE I
CORPORATION**

SECTION 1.1 Corporate Name.

The name of the corporation shall be Holy Cross Hospital, an Illinois not-for-profit corporation (the "Corporation").

SECTION 1.2 Corporate Purposes.

The purposes of the Corporation are:

- (a) To establish, develop, own, sponsor, promote and/or conduct the affairs of a general acute care Catholic hospital, including educational programs, scientific research, treatment facilities, community clinics, emergency centers, hospitals, home health agencies, nursing homes and homes for the aged, rehabilitation centers, nursing centers, pharmacies, laboratories, and other facilities or programs incident thereto, consulting and management services, human services programs and other charitable activities devoted to improving and protecting the health and welfare of all persons, including providing opportunities to restore, reclaim or aid persons experiencing physical, cognitive, mental or emotional disabilities, promoting access to community resources aimed at promoting life and health, and assisting persons to lead full and meaningful lives.
- (b) To promote and support the interests and purposes of Sinai Health System, an Illinois not-for-profit corporation which is described in Internal Revenue Code Section 501(c)(3), in its charitable, educational and benevolent activities in the field of health care, health education and training, scientific research, health facilities, health management and in other related fields, and to promote the interests of any nonprofit and federally tax-exempt organizations which are affiliated with Sinai Health System, the purposes of which are not inconsistent with those of this Corporation.
- (c) To educate the public in all aspects of physical and mental health and welfare, and promote the public welfare.
- (d) To own or operate facilities or own other assets required to fulfill the Corporation's purposes.

EXHIBIT A

- (e) To conduct the Corporation consistent with the Ethical and Religious Directives for Catholic Health Care Services as promulgated by the United States Conference of Catholic Bishops.
- (f) To solicit and receive support for the Corporation's activities from the public generally.
- (g) To own, lease, sell, exchange or otherwise deal with all property, real and personal, to be used in furtherance of these purposes.
- (h) To contract or associate with other organizations, for-profit and nonprofit, with individuals, and with governmental agencies in furtherance of these purposes.
- (i) To organize corporate affiliates and subsidiaries of the Corporation designed to enhance the purposes of the Corporation, and to serve as a member or shareholder of such corporate affiliates or subsidiaries.
- (j) To promote, by donation, loan or otherwise, the interests of any organization formally affiliated with the Corporation, the purposes of which are not inconsistent with those of the Corporation and which is an organization described in the Internal Revenue Code Section 501(c)(3) and Section 509(a).
- (k) To engage in any lawful activities within the purposes for which a corporation may be organized under the Illinois General Not For Profit Corporation Act of 1986, as amended from time to time (the "Act"), and which are not inconsistent with the purposes set forth in the Corporation's Articles of Incorporation and these Bylaws.
- (l) To operate exclusively for charitable, scientific and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (or the corresponding provision of any future United States Internal Revenue Law) (the "IRC"), in the course of which operation:
 - (i) No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, its members, directors, officers, or other persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth herein;
 - (ii) No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (whether by publishing or distributing statements or otherwise) any political campaign on behalf of any candidate for public office except as authorized under the IRC; and
 - (iii) Notwithstanding any other provisions of these Bylaws, the Corporation shall not carry on any other activities not permitted to be carried on:
 - (a) by a corporation exempt from Federal income tax under IRC

Section 501(c)(3); or (b) by a corporation, contributions to which are deductible under IRC Section 170(c)(2); or (c) by a corporation which is a nonprivate foundation under IRC Section 509(a)(1) by virtue of its operation of a hospital.

SECTION 1.3 Registered and Other Offices.

The Corporation shall have and continuously maintain in this state a registered office and a registered agent whose office address is identical with such registered office, and may have other offices within or without the State of Illinois as the Board of Directors may from time to time determine.

SECTION 1.4 Corporate Dissolution.

In the event of the dissolution of the Corporation, then subject to the provisions of Article II, the Board of Directors, after paying or making provision for the payment of all of the liabilities and obligations of the Corporation, shall distribute all of the assets of the Corporation to Sinai Health System, an Illinois not-for-profit corporation, if then in existence and if qualified under IRC Section 501(c)(3), or to its corporate successor if so qualified, otherwise in such manner, or to such organization or organizations organized and operated exclusively for religious, charitable, educational or scientific purposes as shall at the time qualify as exempt organizations under IRC Section 501(c)(3) and shall be approved by the Sole Corporate Member of the Corporation. Any such assets not so disposed of shall be disposed of by a court of competent jurisdiction of the county in which the principal office of the Corporation is then located, exclusively for such purposes or to such organization or organizations, as said court shall determine, which are organized and operated exclusively for such purposes.

ARTICLE II

SOLE CORPORATE MEMBER

SECTION 2.1 Sole Corporate Member.

The Sole Corporate Member of the Corporation shall be Sinai Health System, an Illinois not-for-profit corporation.

SECTION 2.2 Powers of the Sole Corporate Member.

In addition to all of the rights, powers, functions and responsibilities required or allowed by the Corporation's Articles of Incorporation and applicable law, the Sole Corporate Member, working closely with the Corporation's Board of Directors, shall have the following rights and powers:

- (a) To amend the Corporation's Articles of Incorporation and corporate Bylaws.
- (b) To approve, interpret or amend the Mission Statement of the Corporation.

EXHIBIT A

- (c) To elect the Corporation's directors from among those persons nominated by the Board Recruitment, Education and Nominating Committee of the Sole Corporate Member.
- (d) To remove a director by a two-thirds (2/3) vote of the Sole Corporate Member's Board of Directors at any time.
- (e) To appoint the chairman, vice chairman, president, secretary and treasurer of the Corporation from among those nominated by the Board Recruitment, Education and Nominating Committee of the Sole Corporate Member.
- (f) To approve all plans of merger, consolidation, joint venture or affiliation with the Corporation.
- (g) To establish from time to time the "corporate limit" referred to in these reserved powers, which may be expressed either as a dollar amount or as a percentage of a budget.
- (h) To approve annual operating budgets and multi-year capital budgets and strategic plans of the Corporation before expenditures pursuant to such budgets and plans may be made. Once the budgets are so approved, the Corporation's Board of Directors may vary expenditures within the limits established from time to time by the Sole Corporate Member.
- (i) To approve the non-budgeted sale, lease (capitalized or otherwise), exchange, mortgage, pledge or other disposition of property and assets of the Corporation in anyone fiscal year which is in excess of the corporate limit.
- (j) To approve all non-budgeted contracts obligating the Corporation to expend or repay an amount in excess of the corporate limit.
- (k) To approve the creation or acquisition of majority-controlled or majority-owned subsidiaries or affiliates of the Corporation.
- (l) To approve the Corporation's non-budgeted incurring of long-term debt or obligating its assets in excess of the corporate limit.
- (m) To approve the appointment of independent certified public accountants for the Corporation and its subsidiaries and affiliates.
- (n) To approve any voluntary dissolution and any liquidation of corporate assets.
- (o) To approve all chief executive compensation arrangements, including incentive compensation, for the Corporation.

SECTION 2.3 Annual Meetings of the Sole Corporate Member.

The annual meeting of the Sole Corporate Member of this Corporation shall be held each year at such time and place as may be designated by the Board of Directors of this Corporation. Written notice of the time and place of this meeting shall be mailed to the Sole Corporate Member not less than fifteen (15) days prior to each meeting.

SECTION 2.4 Action by the Sole Corporate Member.

The Sole Corporate Member shall act by executing and delivering to the chairman, president or secretary of the Corporation a written instrument or instruments, signed by an authorized officer of the Sole Corporate Member, setting forth the action taken and the applicable corporate authorizations or directions from the Board of Directors of the Sole Corporate Member. The action of the Sole Corporate Member shall be deemed to have been taken as of the date on which there is evidence of such written instruments having been delivered, unless the instruments provide otherwise.

ARTICLE III

BOARD OF DIRECTORS

SECTION 3.1 Powers.

Subject to the provisions in Article II, the Board of Directors shall govern and manage the affairs of the Corporation, shall exercise the powers of the Corporation, and shall control its property. It shall be the governing body required for the Corporation's licensure and accreditation. The Board of Directors shall determine compliance with the Corporation's stated purposes and shall have the power and authority to do and perform acts or functions not inconsistent with the Corporation's Articles of Incorporation, these Bylaws, or applicable law. It shall be the initiating body of governance decisions and shall offer either its advice or prior action on all matters reserved for final action to the Sole Corporate Member.

SECTION 3.2 Number and Qualifications.

The Board of Directors will consist of not less than forty-three (43) persons and not more than forty-eight (48) persons, plus the President and Chief Executive Officer of the Sole Corporate Member who will serve as an ex officio voting member of the Board of Directors. Each director must be a member of the Jewish Federation of Metropolitan Chicago.

SECTION 3.3 Classes

The Board of Directors shall be divided into three (3) classes of approximately equal size so that approximately one-third (1/3) of the directors' terms of office expire each year.

SECTION 3.4 Election of Directors.

Subject to the provisions of Article II of these Bylaws, the Board of Directors shall be elected by the Sole Corporate Member of the Corporation from among those persons nominated by the Board Recruitment, Education and Nominating Committee of the Sole Corporate Member.

SECTION 3.5 Term.

Directors shall be elected for a term of three (3) years, except where necessary to fill a partial term or assignment to the three (3) classes of directors. A director shall hold office until the expiration of his or her term of office or until his or her successor has been elected and has qualified. A director may succeed himself or herself for any number of consecutive terms.

SECTION 3.6 Vacancies.

Vacancies on the Board due to death, removal, resignation, increase in the authorized number of directors or other cause may, but need not be, filled by the above process, and the directors so appointed shall serve for the unexpired term of the vacant office.

SECTION 3.7 Resignation.

A director may: (a) resign at any time by giving written notice of such resignation to the chairman of the Board of Directors or to the president of the Corporation; or (b) be deemed to have resigned in accordance with Section 4.8 of these Bylaws.

SECTION 3.8 Removal of Directors.

Subject to the provisions of Article II of these Bylaws, any director may be removed by the Sole Corporate Member at any time, when in its judgment the best interests of the Corporation will be served thereby. The removal of a director shall be without prejudice to the contract rights, if any, of the director so removed. Election of a director shall not of itself create any contract rights.

SECTION 3.9 Compensation.

Directors shall not receive compensation for their services as directors. However, the reasonable expenses of directors related to their attendance at Board meetings may be paid or reimbursed by the Corporation. Directors shall not be disqualified from receiving reasonable compensation for services rendered to or for the benefit of the Corporation in any other capacity; provided, however, that these Bylaws shall have complied with Article IX.

SECTION 3.10 Advisors to the Board.

The Sole Corporate Member and/or the Corporation's Board of Directors may designate nonvoting advisors to the Board, in addition to the Honorary Directors, who shall be entitled to notice of and to attend all meetings of the Board, who may express their views, but who shall not be entitled to vote and shall not be counted in determining a quorum. All such advisors shall serve a one (1) year term.

SECTION 3.11 Life Directors.

All former chairmen of the Boards of Sinai Health System, Mount Sinai Hospital Medical Center of Chicago, and Schwab Rehabilitation Hospital and Care Network shall be Life Directors of the Corporation. A Life Director shall have the same voting rights as any other director and shall be counted in determining whether a quorum of directors is present. Life Directors shall not be obligated to attend Board meetings of the Corporation. Life Directors shall be given notice of all Board meetings. Life Directors may serve on Board committees or undertake special projects for the Board if duly appointed to do so in accordance with these Bylaws. Life Directors shall serve for life or until their resignation, or until, at their election, they transition to Honorary Director status. Accordingly, Section 3.3, Section 3.4 and Section 3.5 shall not apply to Life Directors.

SECTION 3.12 Honorary Directors.

The Board of Directors may elect annually persons as Honorary Directors of the Corporation. Honorary Directors shall provide counsel to the chairman and the Board; they shall not be considered directors, shall not be entitled to vote, and shall not be counted in determining whether a quorum is present. Honorary Directors shall be entitled, but not be obligated, to attend Board meetings of the Corporation. Honorary Directors shall be given notice of all Board meetings. Honorary Directors are eligible to serve on Board committees or undertake special projects for the Board if duly appointed to do so in accordance with these Bylaws. Honorary Directors shall serve one (1) year terms.

ARTICLE IV

MEETINGS OF THE BOARD OF DIRECTORS

SECTION 4.1 Annual Meeting.

The annual meeting of the Board of Directors shall be held no later than the second quarter of each fiscal year at such hour and place as may be determined by the Board of Directors. The purposes of the annual meeting shall be: (a) to seat all newly-elected directors and officers of the Corporation; and (b) to transact such other business as may be necessary or desirable.

SECTION 4.2 Regular Meetings.

The Board of Directors will hold regular meetings at least four (4) times each calendar year at the principal office of the Corporation or such other convenient location as the chairman of the Board of Directors designates. The annual meeting will be considered a regular meeting of the Board.

SECTION 4.3 Special Meetings.

Special meetings of the Board of Directors may be called by the Board chairman, the president, the secretary, upon receipt of a written request of three (3) directors, or the Sole Corporate Member.

SECTION 4.4 Notice.

Notice of each meeting of the Board of Directors stating the place, day and hour of the meeting shall be given to each director at such director's business address at least five (5) days prior thereto by the mailing of written notice by first class, certified or registered mail, or at least two (2) days prior thereto by personal delivery of written notice or by telephonic, telegraphic, or facsimile notice (and the method of notice need not be the same to each director). If mailed, such notice shall be deemed to be given when deposited in the United States mail, with postage thereon prepaid. If telegraphed, such notice shall be deemed to be given when the telegram is delivered to the telegraph company. The method of notice of any meeting need not be the same to each director. Any director may waive notice of any meeting before, during or after such meeting. Neither the business to be transacted at, nor the purpose of any meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting unless otherwise required by statute.

SECTION 4.5 Waiver of Notice.

Notice of the time, place and purpose of any meeting of the Board of Directors or any of its committees may be waived by a director or committee member by telegram, cablegram, facsimile or other writing, either before or after such meeting has been held. A director's or committee member's attendance at any meeting, except for the sole purpose of objecting to the holding of such meeting, shall constitute waiver of notice of such meeting by the director or committee member.

SECTION 4.6 Quorum.

The number of directors that constitute a quorum at a meeting of the Board of Directors shall be one-third (1/3) of the number of the directors, excluding from the computation of the number of directors every Life Director; provided, however, that in determining whether the required number of directors is present, all directors in attendance, including Life Directors, shall be counted. If there is no quorum, the directors present may adjourn the meeting from time to time until a quorum is secured.

SECTION 4.7 Manner of Acting.

The act of a majority of the directors present in person (and not by proxy) at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a larger number is required by the Corporation's Articles of Incorporation, these Bylaws, or applicable law.

SECTION 4.8 Attendance Requirement.

Inasmuch as attendance at Board meetings and participation in committee work are important to the discharge of a director's responsibilities of office, if a director, in the absence of extenuating circumstances appropriately indicated to the Board chairman, is absent from three (3) consecutive Board meetings or ceases to be active on at least one (1) Board committee by being absent from three (3) consecutive committee meetings, the director shall be presumed to have resigned as a director.

SECTION 4.9 Procedure.

Robert's Rules of Order Revised (latest edition) shall govern procedure at all meetings of the Board of Directors and its committees where not covered expressly by these Bylaws.

SECTION 4.10 Informal Action by Directors.

Any action required to be taken at a meeting of the Board of Directors, or any other action which may be taken at a meeting of the Board of Directors or of any committee of the Board of Directors, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all the directors entitled to vote with respect to the subject matter thereof, or by all the members of the committee, as the case may be. Any such writing shall be filed with, or entered upon, the records of the Corporation. Any consent signed by all the directors or all the members of the committee shall have the same effect as a unanimous vote, and may be stated as such in any document filed with the Illinois Secretary of State or with anyone else.

SECTION 4.11 Meetings by Conference Telephone Equipment.

Members of the Board of Directors or of any committee of the Board of Directors may participate in and act at any meeting of such Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other simultaneously. Participation in such a meeting shall constitute attendance and presence in person at the meeting of the person or persons so participating.

ARTICLE V

OFFICERS OF THE CORPORATION

SECTION 5.1 Designation of Corporate Officers.

The officers of the Corporation shall be a chairman, a vice chairman, a president, one or more vice presidents, a secretary, a treasurer, and such other assistant secretaries and/or assistant treasurers as may be deemed necessary by the president. Any two or more offices may be held by the same person, except that no person may simultaneously hold the offices of president and secretary. Officers other than the chairman, vice chairman, president, secretary and treasurer need not be directors of the Corporation. Pursuant to Article II of these Bylaws, the chairman, vice chairman, president, secretary and treasurer shall be appointed by the Sole Corporate Member from among those nominated by the Board Recruitment, Education and Nominating Committee of the Sole Corporate Member. The vice president(s), any assistant vice presidents, and any assistant secretaries or assistant treasurers shall be appointed by the president of the Corporation.

SECTION 5.2 Removal.

Any officer may be removed by the Sole Corporate Member at any time, when in its judgment the best interests of the Corporation will be served thereby. Any officer elected or appointed by the president may be removed by the president at any time, when in his or her judgment the best interests of the Corporation will be served thereby. The removal of the officer shall be without

prejudice to the contract rights, if any, of the officer so removed. Election or appointment of an officer shall not of itself create any contract rights.

SECTION 5.3 Duties of the Chairman.

The chairman shall be the chief policy officer of the Corporation and shall have all the duties which that position would customarily require, including presiding at all meetings of the Board of Directors, seeing that all orders and resolutions of the Board of Directors are carried out and performing all other duties assigned to the chairman under these Bylaws or by Board resolution. In addition, the chairman shall serve as an ex officio member of all Board committees. The chairman shall serve no more than two (2) consecutive one (1) year terms.

SECTION 5.4 Duties of the Vice Chairman.

In the absence of the chairman or in the event of the chairman's inability or refusal to act, the vice chairman shall chair meetings of the Board of Directors and shall perform such other duties as may be delegated to the vice chairman from time to time by the chairman. In the absence of the chairman and the vice chairman, the Board of Directors shall designate an officer who shall have and exercise the same powers and duties assigned to the chairman.

SECTION 5.5 Duties of the President.

The president, subject to the direction and supervision of the Corporation's Board of Directors, shall be the chief executive officer and shall be the direct executive representative of the Board of Directors in the management of the Corporation. In addition, the president shall report to the president of the Sole Corporate Member. In performing the duties of the office, the president, consistent with the Sole Corporate Member's established policies and stated rights and powers, shall have general and active control of the affairs and business of the Corporation, and shall have all the duties and authority which such position would customarily require, including, but not limited to the following:

- (a) Carrying out all policies established by the Board and advising on the formulation of these policies.
- (b) Developing and submitting to the Board for approval a plan of organization for the conduct of the various activities of the Corporation and recommending changes when necessary.
- (c) Preparing written plans for the achievement of the Corporation's specific objectives and periodically reviewing and evaluating such plans.
- (d) Preparing annually an operating budget for the Corporation showing the expected revenues and expenditures of the Corporation and a multi-year capital budget as may be required by the Board. The president shall have authority to vary expenditures by category within the annual operating budgets as approved by the Sole Corporate Member.

- (e) Selecting, employing, supervising, and discharging corporate agents and employees of the Corporation and developing and maintaining personnel policies and practices for the Corporation.
- (f) Maintaining physical properties of the Corporation in a good and safe state of repair and operating condition.
- (g) Supervising the financial affairs of the Corporation to ensure that funds are collected and expended to the best possible advantage of the Corporation.
- (h) Presenting to the Board, or its authorized committees, periodic reports reflecting the activities of the Corporation and such other special reports as may be required by the Board.
- (i) Attending meetings of the Board, serving as an ex officio voting member of the Board and its committees, and coordinating the preparation of Board meeting materials.
- (j) Representing the Corporation in its relationships with its affiliated organizations and non-affiliated organizations.
- (k) Performing such other duties as may from time to time be assigned by the Board chairman, by the Board or by the president of the Sole Corporate Member.
- (l) The performance of the president shall be evaluated annually by the chairman, president of Sinai Health System, and the Board of Directors of the Corporation.

SECTION 5.6 Duties of the Medical Director.

The medical director shall be the chief clinical officer of the Corporation with certain duties under the Hospital's medical staff bylaws and such other duties and such people reporting to him or her as shall be determined by the president. The medical director shall report to the president of the Corporation.

SECTION 5.7 Duties of the Vice Presidents.

The vice presidents shall perform such duties and have such responsibilities as may be prescribed from time to time by the Board of Directors and the president. The vice presidents shall report to the president of the Corporation.

SECTION 5.8 Duties of the Secretary.

The secretary shall act as secretary of the Corporation and the Board of Directors, shall send appropriate notices or waivers of notice regarding Board meetings, shall prepare agendas and other materials for all meetings of the Board of Directors, shall act as official custodian of all records, reports and minutes of the Corporation, the Board of Directors and committees, shall be responsible for the keeping and reporting of adequate records of all meetings of the Board of

Directors and shall perform such other duties as are customarily performed by or required of corporate secretaries, including acting as the custodian of the corporate seal.

SECTION 5.9 Duties of the Treasurer.

The treasurer shall have custody and control of all funds of the Corporation and shall have such duties as are customarily performed by or required of corporate treasurers. The treasurer shall ensure that a true and accurate accounting of the financial transactions of the Corporation is made periodically, that reports of such transactions are presented to the Board of Directors, and that all accounts payable are presented to such representatives as the Board may designate for authorization of payment.

SECTION 5.10 Duties of the Assistant Treasurers and Assistant Secretaries.

The assistant treasurers and assistant secretaries shall perform such duties as shall be assigned to them by the treasurer or secretary, respectively, or by the president or the Board of Directors.

SECTION 5.11 Vacancies.

If any office becomes vacant by reason of death, resignation, retirement, disqualification, removal from office, increase in number, or otherwise, the Board of Directors shall, by a majority vote of those directors present at a special or regular meeting, or by unanimous written consent of all directors in lieu of a meeting, elect a successor or successors, who shall, immediately upon election to office, hold such office for the unexpired term and until such time as a successor is duly elected and qualified.

SECTION 5.12 Surety Bonds.

The Board of Directors may require any officer or agent of the Corporation to execute to the Corporation a bond in such sums and with such sureties as shall be satisfactory to the Board, conditioned upon the faithful performance of such person's duties and for the restoration to the Corporation of all books, papers, vouchers, money and other property of whatever kind in such person's possession or under such person's control belonging to the Corporation.

ARTICLE VI

COMMITTEES OF THE BOARD OF DIRECTORS

SECTION 6.1 Committees Generally.

Committees of the Board shall be standing or special. Every committee shall have at least three (3) members, a majority of whom shall be directors. All committee members and committee chairmen shall be appointed annually by and shall serve at the pleasure of the chairman of the Board of Directors. Each such committee shall have the power and authority specified by the Board, but, as is provided by law, no committee shall have the authority of the Board of Directors in reference to the following:

- (a) Amending, altering or repealing the Bylaws;

- (b) Electing, appointing, or removing any member of any such committee or any officer or director of the Corporation;
- (c) Amending or restating the Articles of Incorporation;
- (d) Adopting a plan of merger or consolidation with another corporation;
- (e) Authorizing the sale, lease, exchange or mortgage of all or substantially all of the property and assets of the Corporation;
- (f) Authorizing the voluntary dissolution of the Corporation or revoking proceedings therefore;
- (g) Adopting a plan for the distribution of the assets of the Corporation; or
- (h) Amending, altering or repealing any resolution of the Board of Directors which by its terms provides that it shall not be amended, altered or repealed by such committee.

SECTION 6.2 Committee Procedures Generally.

Each committee shall record minutes of its deliberations, recommendations and conclusions and shall promptly deliver a copy of such minutes to the secretary of this Corporation. Reasonable notice of the meetings of any committee shall be given to the members thereof and to the Board chairman and the president, each of whom shall have the right to attend and participate in the deliberations of the committee. The Board chairman, the president or the committee chairman may invite to any committee meeting such individuals as they may select who may be helpful to the deliberations of the committee. A majority of the members of each committee shall constitute a quorum for the transaction of business and the act of a majority of the members of any committee present at a meeting at which a quorum is present shall be the action of the committee. Each committee may operate through the establishment of one or more subcommittees to be composed of such members of the committee and to have such duties and responsibilities as shall be delegated to the subcommittee by the committee. The chairman of each Board committee shall appoint the chairman of each of its subcommittees. Each committee may adopt rules for its own operations and that of its subcommittees not inconsistent with these Bylaws or the policies of the Board of Directors.

SECTION 6.3 Standing Committees.

The standing committees shall be the Executive Committee, the quality and operations committee, and such other standing committees with such authority as the Board may authorize by resolution from time to time.

- (a) Executive Committee. The Executive Committee shall consist of the Board Chairman, and at least fifteen (15), but no more than seventeen (17), members of the Board of Directors as the Board Chairman may select. The Executive Committee shall review important policy recommendations of all other Board committees and forward these policy recommendations to the Board of Directors

with its recommendations for approval or disapproval. The Executive Committee shall meet at least monthly and shall have the power to transact all regular business of the Corporation during the period between meetings of the Board, subject to any prior limitation imposed by the Board or by law. When action is taken by the Executive Committee, it will be reported to the Board at the next meeting of the Board.

- (b) Quality and Operations Committee. This committee shall oversee quality management, medical staff activities, and the day-to-day operations of the Corporation, including all patient care activities, customer service and facility management, with the primary purpose of improving patient care.

SECTION 6.4 Special Committees.

Special committees may be created or terminated at any time by resolution of the Board of Directors. The committee chairman and members shall be appointed by the Board chairman. A special committee shall limit its activities to the accomplishment of the tasks for which it is appointed and shall have no power to act except as specifically conferred by action of the Board. Upon completion of the tasks for which created, a special committee shall stand discharged.

ARTICLE VII

CORPORATE SEAL

SECTION 7.1 Corporate Seal.

The Board shall adopt a corporate seal which shall be in the form of a circle and shall have inscribed thereon the name of the Corporation and the words "Corporate Seal, Illinois."

ARTICLE VIII

FISCAL MATTERS

SECTION 8.1 Fiscal Year.

The fiscal year of the Corporation shall commence on July 1st of each year and shall end on June 30th of each year.

SECTION 8.2 Contracts.

The chairman, the president and their express designees shall be authorized to execute contracts on behalf of the Corporation. In addition, the Board may authorize other officers or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, with such authority being either general or confined to specific instances, in conformance with the fiscal policies of the Corporation and subject to Article II of these Bylaws.

SECTION 8.3 Loans and Indebtedness.

No loans shall be contracted on behalf of the Corporation, and no evidences of indebtedness shall be issued in its name unless authorized pursuant to Article II of these Bylaws and by a resolution of the Board with such authority being either general or confined to specific instances; provided, however, such authorization is not required for general trade indebtedness incurred in the purchase of goods or services in the ordinary course of business.

SECTION 8.4 Checks, Drafts, Etc.

All checks, drafts, or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation or to the Corporation, shall be signed or endorsed by officers or agents who shall be authorized as signatories on the accounts of the Corporation by resolution of the Board. The signatures of such persons may be by facsimile where expressly authorized, but shall not be preprinted on the instrument.

SECTION 8.5 Deposits.

All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board may select.

SECTION 8.6 Budgets.

Subject to Article II of these Bylaws, the Board shall prepare or have prepared the annual capital and operating budgets of the Corporation.

SECTION 8.7 Strategic Planning.

Subject to Article II of these Bylaws, the Board of Directors of the Corporation shall prepare or have prepared the strategic plan of the Corporation.

SECTION 8.8 Maintenance of Records.

The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its member, Board of Directors, and committees having any of the authority of the Board of Directors, and shall keep at the principal office a record giving the names and addresses of the directors. All books and records of the Corporation may be inspected by the member for any proper purpose at any reasonable time.

SECTION 8.9 Gifts.

The Board of Directors may solicit and accept on behalf of the Corporation any contribution, gift, bequest or devise for the general purposes, or for any special purpose, of the Corporation.

ARTICLE IX

CONFLICTS OF INTEREST

SECTION 9.1 Statement of General Policy.

Real and apparent conflicts of interest or dualities of interest sometimes occur in the course of conducting the daily affairs of the Corporation. A conflict or duality of interest is defined as referring only to personal, proprietary interests of the persons covered by this policy and their immediate families, and not to philosophical or professional differences of opinion. Such conflicts or dualities will occur because the persons associated with the Corporation should be expected to have, and do in fact generally have, multiple interests and affiliations and various positions of responsibility within the community. Sometimes a person will owe identical duties to two (2) or more organizations engaging in similar activities. Conflicts of interest and dualities of interest shall be avoided because they potentially or apparently place the interests of others ahead of the Corporation's obligations to its corporate purposes and to the public interest. Conflicts or dualities of interest are likewise undesirable because they often reflect adversely upon the persons involved and upon the institutions with which they are affiliated, regardless of the actual facts or motivations of the parties. However, it is decidedly not in the long-range best interests of the Corporation to terminate or cease all association with persons who may have conflicts or dualities of interest if there is a prescribed and effective method of rendering such conflicts harmless to all concerned. The affirmative policy of the Corporation, therefore, shall be not to preclude all dealings with those having conflicts or dualities of interest, but to require that they be disclosed promptly and fully to all necessary parties whenever they occur, and to prohibit, as required, specified involvement by such parties in certain dealings of the Corporation. Additionally, service by any person upon two (2) or more corporations within the Sinai Health System shall not constitute a duality or a conflict.

SECTION 9.2 Action Required.

No transactions involving remuneration or benefit to a covered person, or to an organization in which such director or officer has a material financial interest or of which the director or officer is a member, officer, director, general partner, principal or controlling stockholder, shall be entered into by the Corporation without: (a) a full written disclosure to the Board of Directors by the covered person of the material facts of the transaction and the director or officer's interest or relationship; (b) the authorization, approval or ratification of the Board of Directors; and (c) a determination by a majority of disinterested directors (even though the disinterested directors may be less than a quorum) that the transaction is fair to the Corporation at the time it is authorized, approved or ratified. No director so involved may vote on such authorization, approval or ratification by the Board of Directors. Full disclosure, followed by Board approval, shall constitute a finding of fairness in the absence of clear intention to the contrary. Except for transactions as described above requiring Board findings, disclosures shared with the Executive Committee and entered into its minutes shall constitute disclosure to the Board.

SECTION 9.3 Coverage of this Policy.

This policy shall apply to all members of the Board of Directors, including Honorary Directors, Life Directors, corporate officers, members of the medical staff of the Corporation receiving remuneration from the Corporation, key agents and key employees of the Corporation, including: (a) independent contractors who provide services and materials; (b) such persons when serving with other organizations or agencies competing with the Corporation for grants or personnel; (c) all physicians and other licensed health professionals contracting with the Corporation in an amount exceeding \$10,000.00; and (d) all licensed clinicians employed or contracted capable of having an independent practice under Illinois law all of whom have a fiduciary relationship with the Corporation. The Corporation's management shall have the affirmative obligation to publicize periodically this policy to all such covered persons.

SECTION 9.4 Disclosure of All Conflicts.

All covered persons shall disclose to the Board of Directors all real and apparent, direct and indirect conflicts that they discover or have been brought to their attention in connection with the Corporation's activities. "Disclosure" as used in these Bylaws shall mean providing promptly to the appropriate persons a written description of the direct and indirect material facts of the transaction or real or apparent conflict, and the individual's interest or relationship to the transaction or conflict. An annual disclosure statement shall be circulated to all persons to whom this policy applies to assist them in considering such disclosures, but disclosure is appropriate whenever a conflict arises. All written notices of conflicts shall be filed with the chairman and the president of the Corporation or any other person designated by them from time to time to receive such notices. All disclosure notices received hereunder shall be noted for record in the minutes of a meeting of the Executive Committee.

SECTION 9.5 Proscribed Activity by Persons Having Conflicts.

When an individual believes that he or she or a member of his or her immediate family might have or does have a real or apparent, direct or indirect conflict, such individual should, in addition to filing the disclosure statement required hereunder, abstain from making motions, voting, executing agreements, or taking any other similar direct action on behalf of the Corporation to which the conflict might pertain, but shall not be precluded from debate or other similar involvement on behalf of the Corporation with respect thereto.

SECTION 9.6 Review.

An ad hoc committee of the Board on conflicts or dualities of interest shall review any ambiguous situation and resolve any dispute involving any interest which might be interpreted as a conflict or duality of interest and shall recommend to the Board a course of action concerning such matter.

ARTICLE X

INDEMNIFICATION

SECTION 10.1 Basic Indemnifications.

- (a) This Corporation shall, to the fullest extent to which it is empowered to do so by, and in accordance with the requirements of, the Illinois General Not For Profit Corporation Act of 1986 (as amended from time to time) or any other applicable laws as may from time to time be in effect, indemnify 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 this Corporation) by reason of the fact that the party is or was a director, officer, employee, member of a committee or agent of this Corporation, or is or was serving at the request of this Corporation as a director, officer, employee, member of a committee, or agent of another corporation, partnership, joint venture, trust or enterprise, in which it is a corporate member or owns shares of capital stock or of which it is a creditor, against expenses (including attorneys' fees and costs), judgments, fines and amounts paid in settlement actually and reasonably incurred by the party in connection with such action, suit, or proceeding if the party acted in good faith and in a manner the party reasonably believed to be in, or not opposed to, the best interests of this Corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe the party's conduct was unlawful.
- (b) 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 party did not act in good faith and in a manner which the party reasonably believed to be in or not opposed to the best interests of this Corporation or, with respect to any criminal action or proceeding, had reasonable cause to believe that the party's conduct was unlawful.

SECTION 10.2 Actions By or In the Right of this Corporation.

- (a) This Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of this Corporation to procure a judgment in its favor by reason of the fact that the party is or was a director, officer, employee, member of a committee, or agent of this Corporation, or is or was serving at the request of this Corporation as a director, officer, employee, member of a committee, or agent

of another corporation, partnership, joint venture, trust or another enterprise in which it is a corporate member or owns shares of capital stock or of which it is a creditor, against expenses (including attorneys' fees and costs) actually and reasonably incurred by the party in connection with the defense or settlement of such action or suit if the party acted in good faith and in a manner the party reasonably believed to be in or not opposed to the best interests of this Corporation.

- (b) The Corporation shall not indemnify any person named in Section 10.2 (a) with respect to any matter where the party is adjudged to be liable for negligence or misconduct in the performance of the party's duty to the Corporation unless and only to the extent that the court shall determine that, despite the finding of liability but in view of all circumstances of the case, such party is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

SECTION 10.3 Indemnification when Successful on the Merits.

To the extent that a director, officer, employee, member of a committee or agent of this Corporation has been successful, on the merits or otherwise, in defense of any action, suit or proceeding referred to in Section 10.1 and Section 10.2 or in defense of any claim, issue or matter therein, the party shall be indemnified against expenses (including attorneys' fees and costs) actually and reasonably incurred by the party in connection therewith; provided, however, nothing contained in this Section 10.3 shall limit the ability of this Corporation to provide indemnity, including costs of counsel, as provided elsewhere in these Bylaws.

SECTION 10.4 Appropriate Authorization for Payment of Indemnification.

Any indemnification under Section 10.1 and Section 10.2 (unless ordered by a court) shall be made by this Corporation only as authorized in the specific case upon a determination that the indemnification of the indemnified party is proper in the circumstances because the party has met the applicable standard of conduct set forth in Section 10.1 or Section 10.2. Such determination shall be made:

- (a) By the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit, or proceeding; or
- (b) If a quorum is not obtainable, or even if obtainable, if a quorum of disinterested directors so directs, by independent legal counsel in a written opinion.

SECTION 10.5 Payment in Advance of Final Disposition.

Expenses (including attorneys' fees and costs) incurred in defending a civil or criminal action, suit or proceeding may be paid by this Corporation in advance of the final disposition of such action, suit or proceeding as authorized in the manner provided in Section 10.4 upon receipt of a written promise by or on behalf of a director, officer, employee, member of a committee or agent

of this Corporation that he or she will repay such amount unless it shall ultimately be determined that such person is entitled to be indemnified by this Corporation.

SECTION 10.6 Nonexclusivity of Indemnification Rights.

The indemnification provided by this Article X shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of the disinterested directors, or otherwise, both as to action in the party's official capacity and as to action in another capacity while holding such office, and shall continue as to a party who has ceased to be a director, officer, employee, committee member, or agent and shall inure to the benefit of the heirs, executors, or administrators of such a party.

SECTION 10.7 Purchase of Director and Officer Liability Insurance.

This Corporation shall purchase and maintain insurance on behalf of any party who is or was a director or officer who is or was serving at the request of this Corporation as a director, officer, employee, committee member or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against such party and incurred by such party in any such capacity, or arising out of the party's status as such, whether or not this Corporation would have the power to indemnify such party against such liability under the provisions of this Article X.

SECTION 10.8 Definitions.

For the purposes of this Article X, the following terms are defined as follows:

- (a) References to the "Corporation" shall include, in addition to the surviving corporation, any merging corporation (including any corporation having merged with a merging corporation) absorbed in a merger which, if its separate existence had continued, would have had the power and authority to indemnify its directors, officers, employees, committee members, or agents so that any party who was a director, officer, employee, committee member or agent of such merging corporation, or was serving at the request of such merging corporation as a director, officer, employee, committee member or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article X with respect to the surviving corporation as such party would have with respect to such merging corporation if its separate existence had continued.
- (b) References to "other enterprises" shall include employee benefit plans.
- (c) References to "fines" shall include any excise taxes assessed on a party with respect to an employee benefit plan.
- (d) References to "serving at the request of this Corporation" shall include any service as a director, officer, employee, member of a committee, or agent of this Corporation which imposes duties on, or involves services by such director, officer, employee, and member of a committee or agent with respect to an

employee benefit plan, its participants, or beneficiaries. A party who acted in good faith and in a manner the party reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of this Corporation" as referred to in this Article X.

- (e) References to "affiliate" shall mean individually, and to "affiliates" shall mean collectively, Sinai Health System, Mount Sinai Hospital Medical Center of Chicago, Schwab Rehabilitation Hospital and Care Network, The Mount Sinai Community Foundation, and Sinai Community Institute, Inc.

ARTICLE XI

MEDICAL STAFF

SECTION 11.1 Responsibility for Hospital Care.

The medical staff is responsible to the Board of Directors for the quality of health care services rendered to patients of all health care facilities operated by the Corporation. This responsibility may be governed through the establishment of medical staff bylaws, rules and regulations governing relationships between the medical staff and the Board. In meeting its obligations, the Board of Directors shall maintain effective communications with the medical staff through appropriate channels.

SECTION 11.2 Clinical Departments.

Health care services provided by the Corporation shall be administered by departments corresponding to appropriate disciplines within the medical profession, as prescribed by Board-approved medical staff bylaws. Each medical department shall be supervised by a chairman who shall be a licensed physician and who shall be designated as provided in the medical staff bylaws. Each chairperson of a medical department shall have appropriate authority to carry out the professional and managerial responsibilities of his or her department, and he or she shall report periodically to the president in such manner as shall be prescribed by the president.

SECTION 11.3 Appointments to the Medical Staff.

Appointments, reappointments and delineation of privileges of the medical staff shall be made periodically by the Board of Directors, upon recommendation of the Executive Committee of the medical staff as provided in the medical staff bylaws. A medical staff member who is the subject of an adverse recommendation or decision, as defined in the medical staff bylaws, made with respect to reappointment status or delineation of privileges, shall be entitled to the opportunity for a hearing and review of such adverse recommendation or decision, at the time and in the manner provided in the medical staff bylaws, unless such right is expressly denied in said medical staff bylaws and unless that right is expressly denied in a contract between a practitioner or a professional corporation of which the practitioner is a member and the Corporation. By this provision and the procedural provisions of the medical staff bylaws, the Board of Directors intends to provide members of the medical staff with fundamental due process as defined under the Healthcare Quality Improvement Act of 1986 (the "HCQIA").

SECTION 11.4 Professional Liability Insurance Coverage.

No medical staff member shall be authorized to exercise admitting or clinical privileges without having in effect professional liability insurance coverage in a minimum amount set from time to time by the Board of Directors in consultation with appropriate representatives of the medical staff. The president of the Corporation, in his or her discretion and in consultation with the president of the Corporation's medical staff, shall have the authority upon the written request of any member of the medical staff to waive expressly this professional liability insurance requirement where he or she finds that the medical staff member does not have and will not assert any clinical privileges at the Corporation for the remainder of his or her term of appointment. The president of the Corporation requires each medical staff member to furnish a certificate of insurance as evidence of compliance with this requirement. Failure on the part of any medical staff member to maintain the requisite amount of professional liability insurance coverage, or to furnish or cause to be furnished within a reasonable time evidence of compliance when so requested, shall constitute an immediate and automatic suspension of such privileges until such time as the foregoing requirements have been met. Following consultation on each such matter between the president of the Corporation and the president of the medical staff, suspension under such circumstances shall not give rise to the hearing and appeals protections otherwise available to the staff member under the medical staff bylaws or to corrective action as defined under the HCQIA.

SECTION 11.5 Responsibility for Medical Care.

The attending medical staff shall have primary responsibility for the medical care of patients. Such responsibility shall be exercised by the attending physician in a manner which is consistent with these Bylaws, the medical staff bylaws, rules and regulations of the medical staff, and the policies and procedures of the hospital, as shall be in effect from time to time.

SECTION 11.6 Organization of the Medical Staff.

The medical staff shall be organized to provide quality health care to the public in accordance with standards acceptable to the Board of Directors and to licensure, certification and accreditation bodies. The Bylaws, rules and regulations of the medical staff shall at all times be in compliance with these Bylaws and the policies of the Board of Directors, and shall be subject to the approval of the Board of Directors.

ARTICLE XII

VOLUNTEERS AND AUXILIARIES

SECTION 12.1 Volunteers.

The Board of Directors shall organize such individuals who are interested in providing volunteer services to any facilities or programs of the Corporation into one or more auxiliary or volunteer organizations. These organizations shall be responsible to the president. The Bylaws of such auxiliary and volunteer organizations and any amendments thereto shall be submitted to the Board of Directors for approval before becoming effective.

ARTICLE XIII

NON-DISCRIMINATION

SECTION 13.1 Statement of Policy.

The Corporation recognizes the rights of all persons to equal opportunity in employment, compensation, promotion, education, positions of leadership and power, and shall not at any time discriminate against any employee, applicant for employment, director, officer, contractor or any other person with whom it deals, because of race, creed, color, handicap, sex, national origin or age.

ARTICLE XIV

AMENDMENTS

SECTION 14.1 Amendment Procedure.

These corporate Bylaws may only be amended by the Sole Corporate Member with written notice of all such amendments to all directors.

EXHIBIT B

ETHICAL AND RELIGIOUS DIRECTIVES



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Ethical and Religious Directives for Catholic Health Care Services

Fifth Edition

United States Conference of Catholic Bishops

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PREAMBLE

Health care in the United States is marked by extraordinary change. Not only is there continuing change in clinical practice due to technological advances, but the health care system in the United States is being challenged by both institutional and social factors as well. At the same time, there are a number of developments within the Catholic Church affecting the ecclesial mission of health care. Among these are significant changes in religious orders and congregations, the increased involvement of lay men and women, a heightened awareness of the Church's social role in the world, and developments in moral theology since the Second Vatican Council. A contemporary understanding of the Catholic health care ministry must take into account the new challenges presented by transitions both in the Church and in American society.

Throughout the centuries, with the aid of other sciences, a body of moral principles has emerged that expresses the Church's teaching on medical and moral matters and has proven to be pertinent and applicable to the ever-changing circumstances of health care and its delivery. In response to today's challenges, these same moral principles of Catholic teaching provide the rationale and direction for this revision of the *Ethical and Religious Directives for Catholic Health Care Services*.

These Directives presuppose our statement *Health and Health Care* published in 1981.¹ There we presented the theological principles that guide the Church's vision of health care, called for all Catholics to share in the healing mission of the Church, expressed our full commitment to the health care ministry, and offered encouragement to all those who are involved in it. Now, with American health care facing even more dramatic changes, we reaffirm the Church's commitment to health care ministry and the distinctive Catholic identity of the Church's institutional health care services.² The purpose of these *Ethical and Religious*

Directives then is twofold: first, to reaffirm the ethical standards of behavior in health care that flow from the Church's teaching about the dignity of the human person; second, to provide authoritative guidance on certain moral issues that face Catholic health care today.

The *Ethical and Religious Directives* are concerned primarily with institutionally based Catholic health care services. They address the sponsors, trustees, administrators, chaplains, physicians, health care personnel, and patients or residents of these institutions and services. Since they express the Church's moral teaching, these Directives also will be helpful to Catholic professionals engaged in health care services in other settings. The moral teachings that we profess here flow principally from the natural law, understood in the light of the revelation Christ has entrusted to his Church. From this source the Church has derived its understanding of the nature of the human person, of human acts, and of the goals that shape human activity.

The Directives have been refined through an extensive process of consultation with bishops, theologians, sponsors, administrators, physicians, and other health care providers. While providing standards and guidance, the Directives do not cover in detail all of the complex issues that confront Catholic health care today. Moreover, the Directives will be reviewed periodically by the United States Conference of Catholic Bishops (formerly the National Conference of Catholic Bishops), in the light of authoritative church teaching, in order to address new insights from theological and medical research or new requirements of public policy.

The Directives begin with a general introduction that presents a theological basis for the Catholic health care ministry. Each of the six parts that follow is divided into two sections. The first section is in expository form; it serves as an introduction and provides the context in which concrete issues can be discussed from the perspective of the Catholic faith. The second section is

in prescriptive form; the directives promote and protect the truths of the Catholic faith as those truths are brought to bear on concrete issues in health care.

GENERAL INTRODUCTION

The Church has always sought to embody our Savior's concern for the sick. The gospel accounts of Jesus' ministry draw special attention to his acts of healing: he cleansed a man with leprosy (Mt 8:1-4; Mk 1:40-42); he gave sight to two people who were blind (Mt 20:29-34; Mk 10:46-52); he enabled one who was mute to speak (Lk 11:14); he cured a woman who was hemorrhaging (Mt 9:20-22; Mk 5:25-34); and he brought a young girl back to life (Mt 9:18, 23-25; Mk 5:35-42). Indeed, the Gospels are replete with examples of how the Lord cured every kind of ailment and disease (Mt 9:35). In the account of Matthew, Jesus' mission fulfilled the prophecy of Isaiah: "He took away our infirmities and bore our diseases" (Mt 8:17; cf. Is 53:4).

Jesus' healing mission went further than caring only for physical affliction. He touched people at the deepest level of their existence; he sought their physical, mental, and spiritual healing (Jn 6:35, 11:25-27). He "came so that they might have life and have it more abundantly" (Jn 10:10).

The mystery of Christ casts light on every facet of Catholic health care: to see Christian love as the animating principle of health care; to see healing and compassion as a continuation of Christ's mission; to see suffering as a participation in the redemptive power of Christ's passion, death, and resurrection; and to see death, transformed by the resurrection, as an opportunity for a final act of communion with Christ.

For the Christian, our encounter with suffering and death can take on a positive and distinctive meaning through the redemptive power of Jesus' suffering and death. As St. Paul says, we are "always carrying about in the body the dying of Jesus, so that the life of Jesus may also be manifested in our body" (2 Cor 4:10). This truth does not lessen the pain and fear, but gives confidence and grace for bearing suffering rather than being overwhelmed by it. Catholic

health care ministry bears witness to the truth that, for those who are in Christ, suffering and death are the birth pangs of the new creation. "God himself will always be with them [as their God]. He will wipe every tear from their eyes, and there shall be no more death or mourning, wailing or pain, [for] the old order has passed away" (Rev 21:3-4).

In faithful imitation of Jesus Christ, the Church has served the sick, suffering, and dying in various ways throughout history. The zealous service of individuals and communities has provided shelter for the traveler; infirmaries for the sick; and homes for children, adults, and the elderly.³ In the United States, the many religious communities as well as dioceses that sponsor and staff this country's Catholic health care institutions and services have established an effective Catholic presence in health care. Modeling their efforts on the gospel parable of the Good Samaritan, these communities of women and men have exemplified authentic neighborliness to those in need (Lk 10:25-37). The Church seeks to ensure that the service offered in the past will be continued into the future.

While many religious communities continue their commitment to the health care ministry, lay Catholics increasingly have stepped forward to collaborate in this ministry. Inspired by the example of Christ and mandated by the Second Vatican Council, lay faithful are invited to a broader and more intense field of ministries than in the past.⁴ By virtue of their Baptism, lay faithful are called to participate actively in the Church's life and mission.⁵ Their participation and leadership in the health care ministry, through new forms of sponsorship and governance of institutional Catholic health care, are essential for the Church to continue her ministry of healing and compassion. They are joined in the Church's health care mission by many men and women who are not Catholic.

Catholic health care expresses the healing ministry of Christ in a specific way within the local church. Here the diocesan bishop exercises responsibilities that are rooted in his office as pastor, teacher, and priest. As the center of unity in the diocese and coordinator of ministries in the local church, the diocesan bishop fosters the mission of Catholic health care in a way that promotes collaboration among health care leaders, providers, medical professionals, theologians, and other specialists. As pastor, the diocesan bishop is in a unique position to encourage the faithful to greater responsibility in the healing ministry of the Church. As teacher, the diocesan bishop ensures the moral and religious identity of the health care ministry in whatever setting it is carried out in the diocese. As priest, the diocesan bishop oversees the sacramental care of the sick. These responsibilities will require that Catholic health care providers and the diocesan bishop engage in ongoing communication on ethical and pastoral matters that require his attention.

In a time of new medical discoveries, rapid technological developments, and social change, what is new can either be an opportunity for genuine advancement in human culture, or it can lead to policies and actions that are contrary to the true dignity and vocation of the human person. In consultation with medical professionals, church leaders review these developments, judge them according to the principles of right reason and the ultimate standard of revealed truth, and offer authoritative teaching and guidance about the moral and pastoral responsibilities entailed by the Christian faith.⁶ While the Church cannot furnish a ready answer to every moral dilemma, there are many questions about which she provides normative guidance and direction. In the absence of a determination by the magisterium, but never contrary to church teaching, the guidance of approved authors can offer appropriate guidance for ethical decision making.

Created in God's image and likeness, the human family shares in the dominion that Christ manifested in his healing ministry. This sharing involves a stewardship over all material creation (Gn 1:26) that should neither abuse nor squander nature's resources. Through science the human race comes to understand God's wonderful work; and through technology it must conserve, protect, and perfect nature in harmony with God's purposes. Health care professionals pursue a special vocation to share in carrying forth God's life-giving and healing work.

The dialogue between medical science and Christian faith has for its primary purpose the common good of all human persons. It presupposes that science and faith do not contradict each other. Both are grounded in respect for truth and freedom. As new knowledge and new technologies expand, each person must form a correct conscience based on the moral norms for proper health care.

PART ONE

The Social Responsibility of Catholic Health Care Services

Introduction

Their embrace of Christ's healing mission has led institutionally based Catholic health care services in the United States to become an integral part of the nation's health care system. Today, this complex health care system confronts a range of economic, technological, social, and moral challenges. The response of Catholic health care institutions and services to these challenges is guided by normative principles that inform the Church's healing ministry.

First, Catholic health care ministry is rooted in a commitment to promote and defend human dignity; this is the foundation of its concern to respect the sacredness of every human life from the moment of conception until death. The first right of the human person, the right to life, entails a right to the means for the proper development of life, such as adequate health care.⁷

Second, the biblical mandate to care for the poor requires us to express this in concrete action at all levels of Catholic health care. This mandate prompts us to work to ensure that our country's health care delivery system provides adequate health care for the poor. In Catholic institutions, particular attention should be given to the health care needs of the poor, the uninsured, and the underinsured.⁸

Third, Catholic health care ministry seeks to contribute to the common good. The common good is realized when economic, political, and social conditions ensure protection for the fundamental rights of all individuals and enable all to fulfill their common purpose and reach their common goals.⁹

Fourth, Catholic health care ministry exercises responsible stewardship of available health care resources. A just health care system will be concerned both with promoting equity of care—to assure that the right of each person to basic health care is respected—and with promoting the good health of all in the community. The responsible stewardship of health care resources can be accomplished best in dialogue with people from all levels of society, in accordance with the principle of subsidiarity and with respect for the moral principles that guide institutions and persons.

Fifth, within a pluralistic society, Catholic health care services will encounter requests for medical procedures contrary to the moral teachings of the Church. Catholic health care does not offend the rights of individual conscience by refusing to provide or permit medical procedures that are judged morally wrong by the teaching authority of the Church.

Directives

1. A Catholic institutional health care service is a community that provides health care to those in need of it. This service must be animated by the Gospel of Jesus Christ and guided by the moral tradition of the Church.

2. Catholic health care should be marked by a spirit of mutual respect among caregivers that disposes them to deal with those it serves and their families with the compassion of Christ, sensitive to their vulnerability at a time of special need.

3. In accord with its mission, Catholic health care should distinguish itself by service to and advocacy for those people whose social condition puts them at the margins of our society and makes them particularly vulnerable to discrimination: the poor; the uninsured and the underinsured; children and the unborn; single parents; the elderly; those with incurable diseases and chemical dependencies; racial minorities; immigrants and refugees. In particular, the person

with mental or physical disabilities, regardless of the cause or severity, must be treated as a unique person of incomparable worth, with the same right to life and to adequate health care as all other persons.

4. A Catholic health care institution, especially a teaching hospital, will promote medical research consistent with its mission of providing health care and with concern for the responsible stewardship of health care resources. Such medical research must adhere to Catholic moral principles.

5. Catholic health care services must adopt these Directives as policy, require adherence to them within the institution as a condition for medical privileges and employment, and provide appropriate instruction regarding the Directives for administration, medical and nursing staff, and other personnel.

6. A Catholic health care organization should be a responsible steward of the health care resources available to it. Collaboration with other health care providers, in ways that do not compromise Catholic social and moral teaching, can be an effective means of such stewardship.¹⁰

7. A Catholic health care institution must treat its employees respectfully and justly. This responsibility includes: equal employment opportunities for anyone qualified for the task, irrespective of a person's race, sex, age, national origin, or disability; a workplace that promotes employee participation; a work environment that ensures employee safety and well-being; just compensation and benefits; and recognition of the rights of employees to organize and bargain collectively without prejudice to the common good.

8. Catholic health care institutions have a unique relationship to both the Church and the wider community they serve. Because of the ecclesial nature of this relationship, the relevant

requirements of canon law will be observed with regard to the foundation of a new Catholic health care institution; the substantial revision of the mission of an institution; and the sale, sponsorship transfer, or closure of an existing institution.

9. Employees of a Catholic health care institution must respect and uphold the religious mission of the institution and adhere to these Directives. They should maintain professional standards and promote the institution's commitment to human dignity and the common good.

PART TWO

The Pastoral and Spiritual Responsibility of Catholic Health Care

Introduction

The dignity of human life flows from creation in the image of God (Gn 1:26), from redemption by Jesus Christ (Eph 1:10; 1 Tm 2:4-6), and from our common destiny to share a life with God beyond all corruption (1 Cor 15:42-57). Catholic health care has the responsibility to treat those in need in a way that respects the human dignity and eternal destiny of all. The words of Christ have provided inspiration for Catholic health care: "I was ill and you cared for me" (Mt 25:36). The care provided assists those in need to experience their own dignity and value, especially when these are obscured by the burdens of illness or the anxiety of imminent death.

Since a Catholic health care institution is a community of healing and compassion, the care offered is not limited to the treatment of a disease or bodily ailment but embraces the physical, psychological, social, and spiritual dimensions of the human person. The medical expertise offered through Catholic health care is combined with other forms of care to promote health and relieve human suffering. For this reason, Catholic health care extends to the spiritual nature of the person. "Without health of the spirit, high technology focused strictly on the body offers limited hope for healing the whole person."¹¹ Directed to spiritual needs that are often appreciated more deeply during times of illness, pastoral care is an integral part of Catholic health care. Pastoral care encompasses the full range of spiritual services, including a listening presence; help in dealing with powerlessness, pain, and alienation; and assistance in recognizing and responding to God's will with greater joy and peace. It should be acknowledged, of course, that technological advances in medicine have reduced the length of hospital stays dramatically. It

follows, therefore, that the pastoral care of patients, especially administration of the sacraments, will be provided more often than not at the parish level, both before and after one's hospitalization. For this reason, it is essential that there be very cordial and cooperative relationships between the personnel of pastoral care departments and the local clergy and ministers of care.

Priests, deacons, religious, and laity exercise diverse but complementary roles in this pastoral care. Since many areas of pastoral care call upon the creative response of these pastoral caregivers to the particular needs of patients or residents, the following directives address only a limited number of specific pastoral activities.

Directives

10. A Catholic health care organization should provide pastoral care to minister to the religious and spiritual needs of all those it serves. Pastoral care personnel—clergy, religious, and lay alike—should have appropriate professional preparation, including an understanding of these Directives.

11. Pastoral care personnel should work in close collaboration with local parishes and community clergy. Appropriate pastoral services and/or referrals should be available to all in keeping with their religious beliefs or affiliation.

12. For Catholic patients or residents, provision for the sacraments is an especially important part of Catholic health care ministry. Every effort should be made to have priests assigned to hospitals and health care institutions to celebrate the Eucharist and provide the sacraments to patients and staff.

13. Particular care should be taken to provide and to publicize opportunities for patients or residents to receive the sacrament of Penance.

14. Properly prepared lay Catholics can be appointed to serve as extraordinary ministers of Holy Communion, in accordance with canon law and the policies of the local diocese. They should assist pastoral care personnel—clergy, religious, and laity—by providing supportive visits, advising patients regarding the availability of priests for the sacrament of Penance, and distributing Holy Communion to the faithful who request it.

15. Responsive to a patient's desires and condition, all involved in pastoral care should facilitate the availability of priests to provide the sacrament of Anointing of the Sick, recognizing that through this sacrament Christ provides grace and support to those who are seriously ill or weakened by advanced age. Normally, the sacrament is celebrated when the sick person is fully conscious. It may be conferred upon the sick who have lost consciousness or the use of reason, if there is reason to believe that they would have asked for the sacrament while in control of their faculties.

16. All Catholics who are capable of receiving Communion should receive Viaticum when they are in danger of death, while still in full possession of their faculties.¹²

17. Except in cases of emergency (i.e., danger of death), any request for Baptism made by adults or for infants should be referred to the chaplain of the institution. Newly born infants in danger of death, including those miscarried, should be baptized if this is possible.¹³ In case of emergency, if a priest or a deacon is not available, anyone can validly baptize.¹⁴ In the case of emergency Baptism, the chaplain or the director of pastoral care is to be notified.

18. When a Catholic who has been baptized but not yet confirmed is in danger of death, any priest may confirm the person.¹⁵

19. A record of the conferral of Baptism or Confirmation should be sent to the parish in which the institution is located and posted in its baptism/confirmation registers.

20. Catholic discipline generally reserves the reception of the sacraments to Catholics. In accord with canon 844, §3, Catholic ministers may administer the sacraments of Eucharist, Penance, and Anointing of the Sick to members of the oriental churches that do not have full communion with the Catholic Church, or of other churches that in the judgment of the Holy See are in the same condition as the oriental churches, if such persons ask for the sacraments on their own and are properly disposed.

With regard to other Christians not in full communion with the Catholic Church, when the danger of death or other grave necessity is present, the four conditions of canon 844, §4, also must be present, namely, they cannot approach a minister of their own community; they ask for the sacraments on their own; they manifest Catholic faith in these sacraments; and they are properly disposed. The diocesan bishop has the responsibility to oversee this pastoral practice.

21. The appointment of priests and deacons to the pastoral care staff of a Catholic institution must have the explicit approval or confirmation of the local bishop in collaboration with the administration of the institution. The appointment of the director of the pastoral care staff should be made in consultation with the diocesan bishop.

22. For the sake of appropriate ecumenical and interfaith relations, a diocesan policy should be developed with regard to the appointment of non-Catholic members to the pastoral care staff of a Catholic health care institution. The director of pastoral care at a Catholic institution should be a Catholic; any exception to this norm should be approved by the diocesan bishop.

PART THREE

The Professional-Patient Relationship

Introduction

A person in need of health care and the professional health care provider who accepts that person as a patient enter into a relationship that requires, among other things, mutual respect, trust, honesty, and appropriate confidentiality. The resulting free exchange of information must avoid manipulation, intimidation, or condescension. Such a relationship enables the patient to disclose personal information needed for effective care and permits the health care provider to use his or her professional competence most effectively to maintain or restore the patient's health. Neither the health care professional nor the patient acts independently of the other; both participate in the healing process.

Today, a patient often receives health care from a team of providers, especially in the setting of the modern acute-care hospital. But the resulting multiplication of relationships does not alter the personal character of the interaction between health care providers and the patient. The relationship of the person seeking health care and the professionals providing that care is an important part of the foundation on which diagnosis and care are provided. Diagnosis and care, therefore, entail a series of decisions with ethical as well as medical dimensions. The health care professional has the knowledge and experience to pursue the goals of healing, the maintenance of health, and the compassionate care of the dying, taking into account the patient's convictions and spiritual needs, and the moral responsibilities of all concerned. The person in need of health care depends on the skill of the health care provider to assist in preserving life and promoting

health of body, mind, and spirit. The patient, in turn, has a responsibility to use these physical and mental resources in the service of moral and spiritual goals to the best of his or her ability.

When the health care professional and the patient use institutional Catholic health care, they also accept its public commitment to the Church's understanding of and witness to the dignity of the human person. The Church's moral teaching on health care nurtures a truly interpersonal professional-patient relationship. This professional-patient relationship is never separated, then, from the Catholic identity of the health care institution. The faith that inspires Catholic health care guides medical decisions in ways that fully respect the dignity of the person and the relationship with the health care professional.

Directives

23. The inherent dignity of the human person must be respected and protected regardless of the nature of the person's health problem or social status. The respect for human dignity extends to all persons who are served by Catholic health care.

24. In compliance with federal law, a Catholic health care institution will make available to patients information about their rights, under the laws of their state, to make an advance directive for their medical treatment. The institution, however, will not honor an advance directive that is contrary to Catholic teaching. If the advance directive conflicts with Catholic teaching, an explanation should be provided as to why the directive cannot be honored.

25. Each person may identify in advance a representative to make health care decisions as his or her surrogate in the event that the person loses the capacity to make health care decisions. Decisions by the designated surrogate should be faithful to Catholic moral principles and to the person's intentions and values, or if the person's intentions are unknown, to the person's best interests. In the event that an advance directive is not executed, those who are in a position to

know best the patient's wishes—usually family members and loved ones—should participate in the treatment decisions for the person who has lost the capacity to make health care decisions.

26. The free and informed consent of the person or the person's surrogate is required for medical treatments and procedures, except in an emergency situation when consent cannot be obtained and there is no indication that the patient would refuse consent to the treatment.

27. Free and informed consent requires that the person or the person's surrogate receive all reasonable information about the essential nature of the proposed treatment and its benefits; its risks, side-effects, consequences, and cost; and any reasonable and morally legitimate alternatives, including no treatment at all.

28. Each person or the person's surrogate should have access to medical and moral information and counseling so as to be able to form his or her conscience. The free and informed health care decision of the person or the person's surrogate is to be followed so long as it does not contradict Catholic principles.

29. All persons served by Catholic health care have the right and duty to protect and preserve their bodily and functional integrity.¹⁶ The functional integrity of the person may be sacrificed to maintain the health or life of the person when no other morally permissible means is available.¹⁷

30. The transplantation of organs from living donors is morally permissible when such a donation will not sacrifice or seriously impair any essential bodily function and the anticipated benefit to the recipient is proportionate to the harm done to the donor. Furthermore, the freedom of the prospective donor must be respected, and economic advantages should not accrue to the donor.

31. No one should be the subject of medical or genetic experimentation, even if it is therapeutic, unless the person or surrogate first has given free and informed consent. In instances of nontherapeutic experimentation, the surrogate can give this consent only if the experiment entails no significant risk to the person's well-being. Moreover, the greater the person's incompetency and vulnerability, the greater the reasons must be to perform any medical experimentation, especially nontherapeutic.

32. While every person is obliged to use ordinary means to preserve his or her health, no person should be obliged to submit to a health care procedure that the person has judged, with a free and informed conscience, not to provide a reasonable hope of benefit without imposing excessive risks and burdens on the patient or excessive expense to family or community.¹⁸

33. The well-being of the whole person must be taken into account in deciding about any therapeutic intervention or use of technology. Therapeutic procedures that are likely to cause harm or undesirable side-effects can be justified only by a proportionate benefit to the patient.

34. Health care providers are to respect each person's privacy and confidentiality regarding information related to the person's diagnosis, treatment, and care.

35. Health care professionals should be educated to recognize the symptoms of abuse and violence and are obliged to report cases of abuse to the proper authorities in accordance with local statutes.

36. Compassionate and understanding care should be given to a person who is the victim of sexual assault. Health care providers should cooperate with law enforcement officials and offer the person psychological and spiritual support as well as accurate medical information. A female who has been raped should be able to defend herself against a potential conception from the sexual assault. If, after appropriate testing, there is no evidence that conception has occurred

already, she may be treated with medications that would prevent ovulation, sperm capacitation, or fertilization. It is not permissible, however, to initiate or to recommend treatments that have as their purpose or direct effect the removal, destruction, or interference with the implantation of a fertilized ovum.¹⁹

37. An ethics committee or some alternate form of ethical consultation should be available to assist by advising on particular ethical situations, by offering educational opportunities, and by reviewing and recommending policies. To these ends, there should be appropriate standards for medical ethical consultation within a particular diocese that will respect the diocesan bishop's pastoral responsibility as well as assist members of ethics committees to be familiar with Catholic medical ethics and, in particular, these Directives.

PART FOUR

Issues in Care for the Beginning of Life

Introduction

The Church's commitment to human dignity inspires an abiding concern for the sanctity of human life from its very beginning, and with the dignity of marriage and of the marriage act by which human life is transmitted. The Church cannot approve medical practices that undermine the biological, psychological, and moral bonds on which the strength of marriage and the family depends.

Catholic health care ministry witnesses to the sanctity of life "from the moment of conception until death."²⁰ The Church's defense of life encompasses the unborn and the care of women and their children during and after pregnancy. The Church's commitment to life is seen in its willingness to collaborate with others to alleviate the causes of the high infant mortality rate and to provide adequate health care to mothers and their children before and after birth.

The Church has the deepest respect for the family, for the marriage covenant, and for the love that binds a married couple together. This includes respect for the marriage act by which husband and wife express their love and cooperate with God in the creation of a new human being. The Second Vatican Council affirms:

This love is an eminently human one. . . . It involves the good of the whole person. . . . The actions within marriage by which the couple are united intimately and chastely are noble and worthy ones. Expressed in a manner which is truly

human, these actions signify and promote that mutual self-giving by which spouses enrich each other with a joyful and a thankful will.²¹

Marriage and conjugal love are by their nature ordained toward the begetting and educating of children. Children are really the supreme gift of marriage and contribute very substantially to the welfare of their parents. . . . Parents should regard as their proper mission the task of transmitting human life and educating those to whom it has been transmitted. . . . They are thereby cooperators with the love of God the Creator, and are, so to speak, the interpreters of that love.²²

For legitimate reasons of responsible parenthood, married couples may limit the number of their children by natural means. The Church cannot approve contraceptive interventions that “either in anticipation of the marital act, or in its accomplishment or in the development of its natural consequences, have the purpose, whether as an end or a means, to render procreation impossible.”²³ Such interventions violate “the inseparable connection, willed by God . . . between the two meanings of the conjugal act: the unitive and procreative meaning.”²⁴

With the advance of the biological and medical sciences, society has at its disposal new technologies for responding to the problem of infertility. While we rejoice in the potential for good inherent in many of these technologies, we cannot assume that what is technically possible is always morally right. Reproductive technologies that substitute for the marriage act are not consistent with human dignity. Just as the marriage act is joined naturally to procreation, so procreation is joined naturally to the marriage act. As Pope John XXIII observed:

The transmission of human life is entrusted by nature to a personal and conscious act and as such is subject to all the holy laws of God: the immutable and

inviolable laws which must be recognized and observed. For this reason, one cannot use means and follow methods which could be licit in the transmission of the life of plants and animals.²⁵

Because the moral law is rooted in the whole of human nature, human persons, through intelligent reflection on their own spiritual destiny, can discover and cooperate in the plan of the Creator.²⁶

Directives

38. When the marital act of sexual intercourse is not able to attain its procreative purpose, assistance that does not separate the unitive and procreative ends of the act, and does not substitute for the marital act itself, may be used to help married couples conceive.²⁷

39. Those techniques of assisted conception that respect the unitive and procreative meanings of sexual intercourse and do not involve the destruction of human embryos, or their deliberate generation in such numbers that it is clearly envisaged that all cannot implant and some are simply being used to maximize the chances of others implanting, may be used as therapies for infertility.

40. Heterologous fertilization (that is, any technique used to achieve conception by the use of gametes coming from at least one donor other than the spouses) is prohibited because it is contrary to the covenant of marriage, the unity of the spouses, and the dignity proper to parents and the child.²⁸

41. Homologous artificial fertilization (that is, any technique used to achieve conception using the gametes of the two spouses joined in marriage) is prohibited when it separates procreation from the marital act in its unitive significance (e.g., any technique used to achieve extracorporeal conception).²⁹

42. Because of the dignity of the child and of marriage, and because of the uniqueness of the mother-child relationship, participation in contracts or arrangements for surrogate motherhood is not permitted. Moreover, the commercialization of such surrogacy denigrates the dignity of women, especially the poor.³⁰

43. A Catholic health care institution that provides treatment for infertility should offer not only technical assistance to infertile couples but also should help couples pursue other solutions (e.g., counseling, adoption).

44. A Catholic health care institution should provide prenatal, obstetric, and postnatal services for mothers and their children in a manner consonant with its mission.

45. Abortion (that is, the directly intended termination of pregnancy before viability or the directly intended destruction of a viable fetus) is never permitted. Every procedure whose sole immediate effect is the termination of pregnancy before viability is an abortion, which, in its moral context, includes the interval between conception and implantation of the embryo. Catholic health care institutions are not to provide abortion services, even based upon the principle of material cooperation. In this context, Catholic health care institutions need to be concerned about the danger of scandal in any association with abortion providers.

46. Catholic health care providers should be ready to offer compassionate physical, psychological, moral, and spiritual care to those persons who have suffered from the trauma of abortion.

47. Operations, treatments, and medications that have as their direct purpose the cure of a proportionately serious pathological condition of a pregnant woman are permitted when they cannot be safely postponed until the unborn child is viable, even if they will result in the death of the unborn child.

48. In case of extrauterine pregnancy, no intervention is morally licit which constitutes a direct abortion.³¹

49. For a proportionate reason, labor may be induced after the fetus is viable.

50. Prenatal diagnosis is permitted when the procedure does not threaten the life or physical integrity of the unborn child or the mother and does not subject them to disproportionate risks; when the diagnosis can provide information to guide preventative care for the mother or pre- or postnatal care for the child; and when the parents, or at least the mother, give free and informed consent. Prenatal diagnosis is not permitted when undertaken with the intention of aborting an unborn child with a serious defect.³²

51. Nontherapeutic experiments on a living embryo or fetus are not permitted, even with the consent of the parents. Therapeutic experiments are permitted for a proportionate reason with the free and informed consent of the parents or, if the father cannot be contacted, at least of the mother. Medical research that will not harm the life or physical integrity of an unborn child is permitted with parental consent.³³

52. Catholic health institutions may not promote or condone contraceptive practices but should provide, for married couples and the medical staff who counsel them, instruction both about the Church's teaching on responsible parenthood and in methods of natural family planning.

53. Direct sterilization of either men or women, whether permanent or temporary, is not permitted in a Catholic health care institution. Procedures that induce sterility are permitted when their direct effect is the cure or alleviation of a present and serious pathology and a simpler treatment is not available.³⁴

54. Genetic counseling may be provided in order to promote responsible parenthood and to prepare for the proper treatment and care of children with genetic defects, in accordance with Catholic moral teaching and the intrinsic rights and obligations of married couples regarding the transmission of life.

PART FIVE

Issues in Care for the Seriously Ill and Dying

Introduction

Christ's redemption and saving grace embrace the whole person, especially in his or her illness, suffering, and death.³⁵ The Catholic health care ministry faces the reality of death with the confidence of faith. In the face of death—for many, a time when hope seems lost—the Church witnesses to her belief that God has created each person for eternal life.³⁶

Above all, as a witness to its faith, a Catholic health care institution will be a community of respect, love, and support to patients or residents and their families as they face the reality of death. What is hardest to face is the process of dying itself, especially the dependency, the helplessness, and the pain that so often accompany terminal illness. One of the primary purposes of medicine in caring for the dying is the relief of pain and the suffering caused by it. Effective management of pain in all its forms is critical in the appropriate care of the dying.

The truth that life is a precious gift from God has profound implications for the question of stewardship over human life. We are not the owners of our lives and, hence, do not have absolute power over life. We have a duty to preserve our life and to use it for the glory of God, but the duty to preserve life is not absolute, for we may reject life-prolonging procedures that are insufficiently beneficial or excessively burdensome. Suicide and euthanasia are never morally acceptable options.

The task of medicine is to care even when it cannot cure. Physicians and their patients must evaluate the use of the technology at their disposal. Reflection on the innate dignity of human life in all its dimensions and on the purpose of medical care is indispensable for

formulating a true moral judgment about the use of technology to maintain life. The use of life-sustaining technology is judged in light of the Christian meaning of life, suffering, and death. In this way two extremes are avoided: on the one hand, an insistence on useless or burdensome technology even when a patient may legitimately wish to forgo it and, on the other hand, the withdrawal of technology with the intention of causing death.³⁷

The Church's teaching authority has addressed the moral issues concerning medically assisted nutrition and hydration. We are guided on this issue by Catholic teaching against euthanasia, which is "an action or an omission which of itself or by intention causes death, in order that all suffering may in this way be eliminated."³⁸ While medically assisted nutrition and hydration are not morally obligatory in certain cases, these forms of basic care should in principle be provided to all patients who need them, including patients diagnosed as being in a "persistent vegetative state" (PVS), because even the most severely debilitated and helpless patient retains the full dignity of a human person and must receive ordinary and proportionate care.

Directives

55. Catholic health care institutions offering care to persons in danger of death from illness, accident, advanced age, or similar condition should provide them with appropriate opportunities to prepare for death. Persons in danger of death should be provided with whatever information is necessary to help them understand their condition and have the opportunity to discuss their condition with their family members and care providers. They should also be offered the appropriate medical information that would make it possible to address the morally legitimate choices available to them. They should be provided the spiritual support as well as the opportunity to receive the sacraments in order to prepare well for death.

56. A person has a moral obligation to use ordinary or proportionate means of preserving his or her life. Proportionate means are those that in the judgment of the patient offer a reasonable hope of benefit and do not entail an excessive burden or impose excessive expense on the family or the community.³⁹

57. A person may forgo extraordinary or disproportionate means of preserving life. Disproportionate means are those that in the patient's judgment do not offer a reasonable hope of benefit or entail an excessive burden, or impose excessive expense on the family or the community.

58. In principle, there is an obligation to provide patients with food and water, including medically assisted nutrition and hydration for those who cannot take food orally. This obligation extends to patients in chronic and presumably irreversible conditions (e.g., the "persistent vegetative state") who can reasonably be expected to live indefinitely if given such care.⁴⁰ Medically assisted nutrition and hydration become morally optional when they cannot reasonably be expected to prolong life or when they would be "excessively burdensome for the patient or [would] cause significant physical discomfort, for example resulting from complications in the use of the means employed."⁴¹ For instance, as a patient draws close to inevitable death from an underlying progressive and fatal condition, certain measures to provide nutrition and hydration may become excessively burdensome and therefore not obligatory in light of their very limited ability to prolong life or provide comfort.

59. The free and informed judgment made by a competent adult patient concerning the use or withdrawal of life-sustaining procedures should always be respected and normally complied with, unless it is contrary to Catholic moral teaching.

60. Euthanasia is an action or omission that of itself or by intention causes death in order to alleviate suffering. Catholic health care institutions may never condone or participate in euthanasia or assisted suicide in any way. Dying patients who request euthanasia should receive loving care, psychological and spiritual support, and appropriate remedies for pain and other symptoms so that they can live with dignity until the time of natural death.⁴²

61. Patients should be kept as free of pain as possible so that they may die comfortably and with dignity, and in the place where they wish to die. Since a person has the right to prepare for his or her death while fully conscious, he or she should not be deprived of consciousness without a compelling reason. Medicines capable of alleviating or suppressing pain may be given to a dying person, even if this therapy may indirectly shorten the person's life so long as the intent is not to hasten death. Patients experiencing suffering that cannot be alleviated should be helped to appreciate the Christian understanding of redemptive suffering.

62. The determination of death should be made by the physician or competent medical authority in accordance with responsible and commonly accepted scientific criteria.

63. Catholic health care institutions should encourage and provide the means whereby those who wish to do so may arrange for the donation of their organs and bodily tissue, for ethically legitimate purposes, so that they may be used for donation and research after death.

64. Such organs should not be removed until it has been medically determined that the patient has died. In order to prevent any conflict of interest, the physician who determines death should not be a member of the transplant team.

65. The use of tissue or organs from an infant may be permitted after death has been determined and with the informed consent of the parents or guardians.

66. Catholic health care institutions should not make use of human tissue obtained by direct abortions even for research and therapeutic purposes.⁴³

PART SIX

Forming New Partnerships with Health Care Organizations and Providers

Introduction

Until recently, most health care providers enjoyed a degree of independence from one another. In ever-increasing ways, Catholic health care providers have become involved with other health care organizations and providers. For instance, many Catholic health care systems and institutions share in the joint purchase of technology and services with other local facilities or physicians' groups. Another phenomenon is the growing number of Catholic health care systems and institutions joining or co-sponsoring integrated delivery networks or managed care organizations in order to contract with insurers and other health care payers. In some instances, Catholic health care systems sponsor a health care plan or health maintenance organization. In many dioceses, new partnerships will result in a decrease in the number of health care providers, at times leaving the Catholic institution as the sole provider of health care services. At whatever level, new partnerships forge a variety of interwoven relationships: between the various institutional partners, between health care providers and the community, between physicians and health care services, and between health care services and payers.

On the one hand, new partnerships can be viewed as opportunities for Catholic health care institutions and services to witness to their religious and ethical commitments and so influence the healing profession. For example, new partnerships can help to implement the Church's social teaching. New partnerships can be opportunities to realign the local delivery system in order to provide a continuum of health care to the community; they can witness to a

responsible stewardship of limited health care resources; and they can be opportunities to provide to poor and vulnerable persons a more equitable access to basic care.

On the other hand, new partnerships can pose serious challenges to the viability of the identity of Catholic health care institutions and services, and their ability to implement these Directives in a consistent way, especially when partnerships are formed with those who do not share Catholic moral principles. The risk of scandal cannot be underestimated when partnerships are not built upon common values and moral principles. Partnership opportunities for some Catholic health care providers may even threaten the continued existence of other Catholic institutions and services, particularly when partnerships are driven by financial considerations alone. Because of the potential dangers involved in the new partnerships that are emerging, an increased collaboration among Catholic-sponsored health care institutions is essential and should be sought before other forms of partnerships.

The significant challenges that new partnerships may pose, however, do not necessarily preclude their possibility on moral grounds. The potential dangers require that new partnerships undergo systematic and objective moral analysis, which takes into account the various factors that often pressure institutions and services into new partnerships that can diminish the autonomy and ministry of the Catholic partner. The following directives are offered to assist institutionally based Catholic health care services in this process of analysis. To this end, the United States Conference of Catholic Bishops (formerly the National Conference of Catholic Bishops) has established the Ad Hoc Committee on Health Care Issues and the Church as a resource for bishops and health care leaders.

This new edition of the *Ethical and Religious Directives* omits the appendix concerning cooperation, which was contained in the 1995 edition. Experience has shown that the brief

articulation of the principles of cooperation that was presented there did not sufficiently forestall certain possible misinterpretations and in practice gave rise to problems in concrete applications of the principles. Reliable theological experts should be consulted in interpreting and applying the principles governing cooperation, with the proviso that, as a rule, Catholic partners should avoid entering into partnerships that would involve them in cooperation with the wrongdoing of other providers.

Directives

67. Decisions that may lead to serious consequences for the identity or reputation of Catholic health care services, or entail the high risk of scandal, should be made in consultation with the diocesan bishop or his health care liaison.

68. Any partnership that will affect the mission or religious and ethical identity of Catholic health care institutional services must respect church teaching and discipline. Diocesan bishops and other church authorities should be involved as such partnerships are developed, and the diocesan bishop should give the appropriate authorization before they are completed. The diocesan bishop's approval is required for partnerships sponsored by institutions subject to his governing authority; for partnerships sponsored by religious institutes of pontifical right, his *nihil obstat* should be obtained.

69. If a Catholic health care organization is considering entering into an arrangement with another organization that may be involved in activities judged morally wrong by the Church, participation in such activities must be limited to what is in accord with the moral principles governing cooperation.

70. Catholic health care organizations are not permitted to engage in immediate material cooperation in actions that are intrinsically immoral, such as abortion, euthanasia, assisted suicide, and direct sterilization.⁴⁴

71. The possibility of scandal must be considered when applying the principles governing cooperation.⁴⁵ Cooperation, which in all other respects is morally licit, may need to be refused because of the scandal that might be caused. Scandal can sometimes be avoided by an appropriate explanation of what is in fact being done at the health care facility under Catholic auspices. The diocesan bishop has final responsibility for assessing and addressing issues of scandal, considering not only the circumstances in his local diocese but also the regional and national implications of his decision.⁴⁶

72. The Catholic partner in an arrangement has the responsibility periodically to assess whether the binding agreement is being observed and implemented in a way that is consistent with Catholic teaching.

CONCLUSION

Sickness speaks to us of our limitations and human frailty. It can take the form of infirmity resulting from the simple passing of years or injury from the exuberance of youthful energy. It can be temporary or chronic, debilitating, and even terminal. Yet the follower of Jesus faces illness and the consequences of the human condition aware that our Lord always shows compassion toward the infirm.

Jesus not only taught his disciples to be compassionate, but he also told them who should be the special object of their compassion. The parable of the feast with its humble guests was preceded by the instruction: "When you hold a banquet, invite the poor, the crippled, the lame, the blind" (Lk 14:13). These were people whom Jesus healed and loved.

Catholic health care is a response to the challenge of Jesus to go and do likewise. Catholic health care services rejoice in the challenge to be Christ's healing compassion in the world and see their ministry not only as an effort to restore and preserve health but also as a spiritual service and a sign of that final healing that will one day bring about the new creation that is the ultimate fruit of Jesus' ministry and God's love for us.

Notes

1. United States Conference of Catholic Bishops, *Health and Health Care: A Pastoral Letter of the American Catholic Bishops* (Washington, DC: United States Conference of Catholic Bishops, 1981).
2. Health care services under Catholic auspices are carried out in a variety of institutional settings (e.g., hospitals, clinics, outpatient facilities, urgent care centers, hospices, nursing homes, and parishes). Depending on the context, these Directives will employ the terms “institution” and/or “services” in order to encompass the variety of settings in which Catholic health care is provided.
3. *Health and Health Care*, p. 5.
4. Second Vatican Ecumenical Council, *Decree on the Apostolate of the Laity (Apostolicam Actuositatem)* (1965), no. 1.
5. Pope John Paul II, Post-Synodal Apostolic Exhortation *On the Vocation and the Mission of the Lay Faithful in the Church and in the World (Christifideles Laici)* (Washington, DC: United States Conference of Catholic Bishops, 1988), no. 29.
6. As examples, see Congregation for the Doctrine of the Faith, *Declaration on Procured Abortion* (1974); Congregation for the Doctrine of the Faith, *Declaration on Euthanasia* (1980); Congregation for the Doctrine of the Faith, *Instruction on Respect for Human Life in Its Origin and on the Dignity of Procreation: Replies to Certain Questions of the Day (Donum Vitae)* (Washington, DC: United States Conference of Catholic Bishops, 1987).
7. Pope John XXIII, Encyclical Letter *Peace on Earth (Pacem in Terris)* (Washington, DC: United States Conference of Catholic Bishops, 1963), no. 11; *Health and Health Care*, pp. 5, 17-18; *Catechism of the Catholic Church*, 2nd ed. (Washington, DC: Libreria Editrice Vaticana– United States Conference of Catholic Bishops, 2000), no. 2211.
8. Pope John Paul II, *On Social Concern, Encyclical Letter on the Occasion of the Twentieth Anniversary of “Populorum Progressio” (Sollicitudo Rei Socialis)* (Washington, DC: United States Conference of Catholic Bishops, 1988), no. 43.
9. United States Conference of Catholic Bishops, *Economic Justice for All: Pastoral Letter on Catholic Social Teaching and the U.S. Economy* (Washington, DC: United States Conference of Catholic Bishops, 1986), no. 80.

10. The duty of responsible stewardship demands responsible collaboration. But in collaborative efforts, Catholic institutionally based health care services must be attentive to occasions when the policies and practices of other institutions are not compatible with the Church's authoritative moral teaching. At such times, Catholic health care institutions should determine whether or to what degree collaboration would be morally permissible. To make that judgment, the governing boards of Catholic institutions should adhere to the moral principles on cooperation. See Part Six.

11. *Health and Health Care*, p. 12.

12. Cf. *Code of Canon Law*, cc. 921-923.

13. Cf. *ibid.*, c. 867, § 2, and c. 871.

14. To confer Baptism in an emergency, one must have the proper intention (to do what the Church intends by Baptism) and pour water on the head of the person to be baptized, meanwhile pronouncing the words: "I baptize you in the name of the Father, and of the Son, and of the Holy Spirit."

15. Cf. c. 883, 3°.

16. For example, while the donation of a kidney represents loss of biological integrity, such a donation does not compromise functional integrity since human beings are capable of functioning with only one kidney.

17. Cf. directive 53.

18. *Declaration on Euthanasia*, Part IV; cf. also directives 56-57.

19. It is recommended that a sexually assaulted woman be advised of the ethical restrictions that prevent Catholic hospitals from using abortifacient procedures; cf. Pennsylvania Catholic Conference, "Guidelines for Catholic Hospitals Treating Victims of Sexual Assault," *Origins* 22 (1993): 810.

20. Pope John Paul II, "Address of October 29, 1983, to the 35th General Assembly of the World Medical Association," *Acta Apostolicae Sedis* 76 (1984): 390.

21. Second Vatican Ecumenical Council, *Pastoral Constitution on the Church in the Modern World* (*Gaudium et Spes*) (1965), no. 49.

22. *Ibid.*, no. 50.

23. Pope Paul VI, Encyclical Letter *On the Regulation of Birth* (*Humanae Vitae*) (Washington, DC: United States Conference of Catholic Bishops, 1968), no. 14.

24. *Ibid.*, no. 12.

25. Pope John XXIII, Encyclical Letter *Mater et Magistra* (1961), no. 193, quoted in Congregation for the Doctrine of the Faith, *Donum Vitae*, no. 4.

26. Pope John Paul II, Encyclical Letter *The Splendor of Truth (Veritatis Splendor)* (Washington, DC: United States Conference of Catholic Bishops, 1993), no. 50.

27. "Homologous artificial insemination within marriage cannot be admitted except for those cases in which the technical means is not a substitute for the conjugal act but serves to facilitate and to help so that the act attains its natural purpose" (*Donum Vitae*, Part II, B, no. 6; cf. also Part I, nos. 1, 6).

28. *Ibid.*, Part II, A, no. 2.

29. "Artificial insemination as a substitute for the conjugal act is prohibited by reason of the voluntarily achieved dissociation of the two meanings of the conjugal act. Masturbation, through which the sperm is normally obtained, is another sign of this dissociation: even when it is done for the purpose of procreation, the act remains deprived of its unitive meaning: 'It lacks the sexual relationship called for by the moral order, namely, the relationship which realizes "the full sense of mutual self-giving and human procreation in the context of true love"' (*Donum Vitae*, Part II, B, no. 6).

30. *Ibid.*, Part II, A, no. 3.

31. Cf. directive 45.

32. *Donum Vitae*, Part I, no. 2.

33. Cf. *ibid.*, no. 4. (Washington, DC: United States Conference of Catholic Bishops, 1988), no. 43.

34. Cf. Congregation for the Doctrine of the Faith, "Responses on Uterine Isolation and Related Matters," July 31, 1993, *Origins* 24 (1994): 211-212.

35. Pope John Paul II, Apostolic Letter *On the Christian Meaning of Human Suffering (Salvifici Doloris)* (Washington, DC: United States Conference of Catholic Bishops, 1984), nos. 25-27.

36. United States Conference of Catholic Bishops, *Order of Christian Funerals* (Collegeville, Minn.: The Liturgical Press, 1989), no. 1.

37. See *Declaration on Euthanasia*.

38. *Ibid.*, Part II.

39. *Ibid.*, Part IV; Pope John Paul II, Encyclical Letter *On the Value and Inviolability of Human Life (Evangelium Vitae)* (Washington, DC: United States Conference of Catholic Bishops, 1995), no. 65.

40. See Pope John Paul II, Address to the Participants in the International Congress on "Life-Sustaining Treatments and Vegetative State: Scientific Advances and Ethical Dilemmas" (March 20, 2004), no. 4, where he emphasized that "the administration of water and food, even when provided by artificial means, always represents a *natural means* of preserving life, not a *medical act*." See also Congregation for the Doctrine of the Faith, "Responses to Certain Questions of the United States Conference of Catholic Bishops Concerning Artificial Nutrition and Hydration" (August 1, 2007).

41. Congregation for the Doctrine of the Faith, Commentary on "Responses to Certain Questions of the United States Conference of Catholic Bishops Concerning Artificial Nutrition and Hydration."

42. See *Declaration on Euthanasia*, Part IV.

43. *Donum Vitae*, Part I, no. 4.

44. While there are many acts of varying moral gravity that can be identified as intrinsically evil, in the context of contemporary health care the most pressing concerns are currently abortion, euthanasia, assisted suicide, and direct sterilization. See Pope John Paul II's *Ad Limina* Address to the bishops of Texas, Oklahoma, and Arkansas (Region X), in *Origins* 28 (1998): 283. See also "Reply of the Sacred Congregation for the Doctrine of the Faith on Sterilization in Catholic Hospitals" (*Quaecumque Sterilizatio*), March 13, 1975, *Origins* 6 (1976): 33-35: "Any cooperation institutionally approved or tolerated in actions which are in themselves, that is, by their nature and condition, directed to a contraceptive end . . . is absolutely forbidden. For the official approbation of direct sterilization and, *a fortiori*, its management and execution in accord with hospital regulations, is a matter which, in the objective order, is by its very nature (or intrinsically) evil." This directive supersedes the "Commentary on the Reply of the Sacred Congregation for the Doctrine of the Faith on Sterilization in Catholic Hospitals" published by the National Conference of Catholic Bishops on September 15, 1977, in *Origins* 7 (1977): 399-400.

45. See *Catechism of the Catholic Church*: "Scandal is an attitude or behavior which leads another to do evil" (no. 2284); "Anyone who uses the power at his disposal in such a way that it leads others to do wrong becomes guilty of scandal and responsible for the evil that he has directly or indirectly encouraged" (no. 2287).

46. See "The Pastoral Role of the Diocesan Bishop in Catholic Health Care Ministry," *Origins* 26 (1997): 703.

This fifth edition of the *Ethical and Religious Directives for Catholic Health Care Services* was developed by the Committee on Doctrine of the United States Conference of Catholic Bishops (USCCB) and approved as the national code by the full body of the USCCB at its November 2009 General Meeting. This edition of the *Directives*, which replaces all previous editions, is recommended for implementation by the diocesan bishop and is authorized for publication by the undersigned.

Msgr. David J. Malloy, STD
General Secretary, USCCB

In 2001 the National Conference of Catholic Bishops and United States Catholic Conference became the United States Conference of Catholic Bishops.

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EXHIBIT C

JOINT DEFENSE AGREEMENT

THIS JOINT DEFENSE AGREEMENT (“Agreement”) is made and entered into this 10th day of August 2012 (“**Effective Date**”) by and between legal counsel for Sinai Health System, an Illinois not-for-profit corporation (“**Sinai**”), and legal counsel for Holy Cross Hospital, an Illinois not-for-profit corporation (“**HCH**”), and the Sisters of St. Casimir (“**SSC**”). Sinai, HCH and SSC, together with their respective affiliates and subsidiaries, are each referred to herein as a “**Party**,” and are collectively referred to herein as the “**Parties**” to this Agreement.

RECITALS:

WHEREAS, the Parties are considering a possible transaction between them (“the **Proposed Combination**”);

WHEREAS, the Parties anticipate that the Proposed Combination shall require the Parties to submit notification and report forms to the Federal Trade Commission (“**FTC**”) and Department of Justice (“**DOJ**”) pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the process of preparing and submitting the forms and working toward the termination of the HSR waiting period is referred to herein as the “**HSR Process**”);

WHEREAS, the Parties and their respective legal counsel recognize that the Proposed Combination may lead to the initiation of an investigation and subsequent litigation (“**Legal Proceeding**”) by the FTC, the DOJ and/or the Attorney General of Illinois (collectively, the “**Antitrust Authorities**”), and/or a private party under federal or state antitrust laws;

WHEREAS, we, as legal counsel for our respective clients, wish to continue to pursue our individual, but common, interests; to cooperate in the defense of our clients; and to avoid the waiver of any privilege with respect to any communications by and between the Parties (including their counsel);

WHEREAS, the purpose of this Agreement is to: (i) establish terms and conditions for the formation of a joint defense for the HSR Process and to respond to any Legal Proceeding and, if necessary, to defend against any Legal Proceeding; and (ii) confirm the Parties’ understanding with regard to the Parties’ commitment regarding the distribution of written or oral communications and information that the Parties (and any consultant they may retain) have received or shall receive from each other pertaining to the Proposed Combination, the HSR Process and any Legal Proceeding in contemplation of any Legal Proceeding;

WHEREAS, the Parties entered into an Agreement for Use and Non-Disclosure of Confidential Information, dated June 1, 2012, governing the use and disclosure of their confidential information (“**Confidentiality Agreement**”);

WHEREAS, the Parties have undertaken and may undertake factual, legal and economic research, and the Parties are of the opinion that it is in the best interest of the Parties for the Parties to exchange certain information, pool certain individual work product and cooperate in a joint defense effort;

WHEREAS, cooperation in such a joint defense effort shall necessarily involve the exchange of confidential business, financial, technical and other information, as well as information which is otherwise privileged as an attorney-client communication and/or attorney work product;

WHEREAS, the Parties recognize that a joint defense effort and a common strategy would best promote adequate and complete preparation of their respective defenses; and

WHEREAS, the Parties rely on the joint defense exception to the waiver of the attorney-client and attorney work product privileges.

NOW, THEREFORE, we, as legal counsel for our respective clients, agree as follows:

1. Any and all information or documents, including but not limited to discussions, conferences, phone calls, e mails, memos, correspondence, memoranda of law, debriefing memoranda, factual summaries, interviews, transcript digests, analyses, appraisals and other materials or communications, exchanged between counsel prior to, on or after the Effective Date relating to or concerning the Proposed Combination, the HSR process or any Legal Proceeding ("**Confidential Information**"), whether or not designated as confidential, shall be considered confidential and subject to the Confidentiality Agreement and the joint defense privilege and any other applicable privileges. Confidential Information may only be used in connection with the Parties' joint defense efforts and for purposes consistent with the Confidentiality Agreement and for no other purpose without the prior written consent of the Party that provided the Confidential Information.

2. The Parties agree that they shall cooperate through counsel in the joint defense of the Parties' common interests to the extent permitted by law pursuant to the joint defense doctrine. Any disclosure or exchange of Confidential Information by the Parties in connection with the HSR Process or any Legal Proceeding has been and shall be accomplished pursuant to the doctrine referred to as the "common interest" and/or "joint defense" doctrine to the maximum extent recognized by law. Nothing contained in this Agreement shall obligate any Party to consult or agree with the other Party on any specific decision or strategy.

3. The sharing under this Agreement of any documents or information subject to the attorney-client privilege, work product doctrine, or any other applicable privileges with respect to matters of joint defense shall not constitute a waiver. Any inadvertent disclosure of Confidential Information exchanged pursuant to this Agreement shall not constitute a waiver of any privilege or protection of the Party providing such material. Any waiver of privilege must be expressly stated in writing. No Party to this Agreement shall have the authority to waive any privilege on behalf of the other Party. In the event that a Party or its counsel becomes aware of a disclosure of Confidential Information that is not expressly permitted under this Agreement, such Party or its counsel shall immediately notify the other Party of such disclosure and, if the notifying Party was responsible for such unauthorized disclosure, shall make best efforts to preserve any privileges and protections applicable to the information and to prevent further unauthorized disclosures or use of the information.

4. Any Party may withdraw from this Agreement by providing written notice of that intention to the other Parties. A Party's withdrawal from this Agreement shall not affect the duty of confidentiality which that Party has undertaken by virtue of having entered into this Agreement, and such Party shall remain obligated to preserve the privileges, protections, immunities and confidentiality of all information exchanged pursuant to this Agreement prior to the date that Party withdrew. The privileges and confidentiality obligations set forth herein shall survive the conclusion of the joint defense efforts and/or any Party's withdrawal from the joint defense.

5. Nothing contained herein obligates any Party to divulge, communicate, or exchange any Confidential Information. In addition, each Party may, as it deems advisable and necessary, reasonably designate all or part of its Confidential Information as competitively sensitive and for "Outside Counsel Only." If all or part of any Confidential Information are designated for "Outside Counsel Only," such Confidential Information shall be provided only to outside legal counsel and shall not be provided to in-house counsel or other employees or agents of the receiving Party unless such materials or information can be redacted or limited, to the satisfaction of the providing Party, to delete references to information or data deemed confidential by the providing Party.

6. No Party may use the existence of this Agreement or any other Confidential Information obtained hereunder against the other Parties except as set forth in this Agreement and the Confidentiality Agreement. Our respective clients shall not seek, by virtue of this Agreement or any information exchanged pursuant to this Agreement, the disqualification of the other law firm as counsel for the client that it represents in this matter in the event of a future adversity of interests between our respective clients.

7. If a person or entity not a Party to this agreement requests or demands, by subpoena or otherwise, any documents or information obtained under this Agreement, counsel shall immediately notify each of the Parties to this Agreement. The person or entity from whom the documents or information is sought shall inform the person or entity seeking the document or information that such materials are protected by the joint defense doctrine and may not be disclosed, and shall afford full opportunity to the Party whose documents or information are sought to seek full legal protection, and shall cooperate in seeking said protection.

8. Nothing in this Agreement shall restrict any Party from using or disclosing Confidential Information solely originating with that Party in any manner that it chooses. Nothing in this Agreement shall restrict any Party from using or disclosing any public information or materials received independently of this Agreement. This Agreement shall not govern information that is not obtained under this Agreement.

9. Nothing in this Agreement shall be construed to affect the separate and independent representation of each Party by its respective counsel according to what counsel believes to be in the Party's best interest, nor to preclude counsel from representing any interest that may be construed to be adverse to the other Parties in any other matter. Nothing in this Agreement shall obligate any Party to consult or agree with the other Parties regarding any specific decision or strategy concerning the Proposed Combination.

10. The Parties acknowledge and agree that money damages alone would not be a sufficient remedy for any actual or threatened breach of any provision of this Agreement. In addition to all other remedies that the non-breaching Parties may have, such non-breaching Parties shall be entitled to specific performance and injunctive or other equitable relief as a remedy for such actual or threatened breach, and each Party further waives any requirement for the securing or posting of any bond in connection with any such remedy.

11. Each Party affirms that this Agreement does not establish an attorney-client relationship between HCH or SSC and McDermott Will & Emery LLP, or between Sinai and Chuhak & Tecson or Lawrence E. Singer, P.C. It is further understood and agreed that by entering into this Agreement none of the Parties to this Agreement is engaged in a partnership or joint venture with any other Party to this Agreement, and that outside counsel are acting only as counsel for their respective clients and not as counsel for any other Party to this agreement.

12. Any Party that intends to engage in separate, independent bilateral settlement discussions with any third Party regarding any Legal Proceeding, and makes material plans to so engage, must first withdraw from this Agreement pursuant to paragraph 4 hereof.

13. As the need arises, the Parties may decide to enter into more detailed supplemental agreements, as appropriate, regarding protection of documents, the return of documents, their joint strategy, or any other pertinent matter.

14. This Agreement shall be binding on and inure to the benefit of the Parties and their respective representatives, agents and successors in interest. No Party may assign or otherwise transfer any of its rights or obligations under this Agreement.

15. This document may be signed in separate counterparts, with copies of all signatures circulated to all signatories and each Party to this Agreement.

16. Nothing in this Agreement shall be deemed to amend or supersede the obligations of the Parties under the Confidentiality Agreement, which shall remain in full force and effect in accordance with the terms thereof.

17. Each signatory to this Agreement represents that he or she has advised his or her client Party of this Agreement and its import, and has been expressly authorized to execute this Agreement on behalf of his or her client.

[Signatures on following page.]

IN WITNESS WHEREOF, accepted and agreed to as of this 10th day of August, 2012.

By: _____

Andrew Tecson
Chuhak & Tecson
30 S. Wacker Drive
Chicago, IL 60606-7512
Counsel for Holy Cross Hospital

By: _____

Michael F. Anthony, P.C.
McDermott Will & Emery LLP
227 W. Monroe Street
Chicago, IL 60606-5096
Counsel for Sinai Health System

By: _____

Lawrence E. Singer
Lawrence E. Singer, P.C.
2323 Grey Avenue
Evanston, IL 60201
Counsel of Sisters of St. Casimir

By: _____

Rachel Dvorken
Sinai Health System
California Avenue at 15th Street
Chicago, IL 60608
Counsel for Sinai Health System

EXHIBIT D

SINAI PHYSICIANS

<u>Cardiology</u> Aziz Ahmed, MD Daniel Benatar, MD Enrique Garcia Siyan, MD Sandeep Khosla, MD	<u>Oncology</u> Mohammad Kassem, MD Pam Khosla, MD
<u>Cardio Vascular Surgery</u> Malek Massid, MD	<u>Ophthalmology</u> Anu Gupta, MD Jocelyn Rowe, MD
<u>Endocrinology</u> Paul Butler, MD Marla Barkoff, MD Priya Khanna, MD	<u>Orthopedics</u> Luis Carrilero, MD Nishitkumar Patel, MD
<u>Family Practice</u> Ihab Aziz, MD Kishore Bobba, MD Rafael Dafonseca, MD Viviane Bishay, MD	<u>Otolaryngology</u> David Weber, MD
<u>Internal Medicine</u> Alejandro Santos Leal, MD Jesus Casas, MD	<u>Physical Medicine and Rehabilitation</u> Gioia Herring, MD Napur Saxena, MD
<u>Gastroenterology</u> Kris Anand, MD Walter Guthrie, MD Rahul Julka, MD	<u>Psychiatry</u> Yogi Ahluwalia, MD Mega Chadha, MD Maria Fisfalen, MD Media Gartel, MD Elizabeth Mirkin, MD Oscar Munoz, MD Pradeep Rattan, MD Jyoti Warikoo, MD Krista Schwuchow, NP Stacy Paul, NP Tracy McDonald, NP Richard Brousil, PhD Barbara Meyer, PhD
<u>General Surgery</u> Anngell Jones, MD Sachin Kukreja, MD Hasmukh Patel, MD	<u>Urology</u> Doreen Chung, MD Dennis Liu, MD David Rebuck, MD
<u>Neurology</u> Mir Yadullahi, MD Jeffrey Yu, MD	<u>Vascular Surgery</u> Daniel Katz, MD Hernando Torres, MD

EXHIBIT E

CATHOLICITY AGREEMENT

THIS CATHOLICITY AGREEMENT (“**Agreement**”), dated September __, 2012 (“**Effective Date**”), is between the Sisters of St. Casimir (“**SSC**”) and Sinai Health System (“**Sinai**”).

RECITALS:

A. The SSC is a congregation of women religious organized as a public juridic person under the laws of the Roman Catholic Church and serves as the sponsor of Holy Cross Hospital. The SSC conduct their activities through an Illinois not-for-profit corporation recognized as an organization exempt from taxes under the laws of the State of Illinois and the United States; and

B. Holy Cross Hospital, an Illinois not-for-profit organization (“**HCH**”), is the owner and operator of a hospital located in Chicago, Illinois (the “**Hospital**”). HCH is recognized as an organization exempt from taxes under the laws of the State of Illinois and the United States; and

C. Sinai is a party to a Membership Change Agreement dated September __, 2012 (the “**Membership Change Agreement**”) with the SSC and HCH, pursuant to which SSC agreed to ensure the transfer of individual membership interests in the Hospital of sisters who are part of SSC to Sinai; and

D. HCH is Roman Catholic in origin and philosophy, and has a strong and long-lasting tradition founded in and has operated the Hospital in accordance with the principles and tenets of the Catholic faith; and

E. Sinai acknowledges that for more than 80 years health care services provided by the Hospital have been delivered in accordance with the values of the Catholic faith recognizing the dignity of the individual with reverence, acceptance, compassion and hospitality in order to improve the health of the whole person and Sinai desires that services will continue to be delivered by the Hospital in such manner under its ownership; and

F. Sinai has agreed that the Hospital will continue to be operated as a Catholic hospital as provided herein in accordance with the traditions of Catholic health care; and

G. The continued operation of the Hospital as a Catholic hospital with oversight by the SSC under the terms of this Agreement with respect to HCH’s Catholic identity is a primary consideration of the SSC’s and HCH’s agreement to transfer ownership and control of the Hospital to Sinai; and

H. The parties agree to maintain the Catholic identity of the Hospital and to use this Agreement as a framework within which to continue the moral, ethical, and Catholic traditions, practices and teachings within the Hospital; and

I. The parties have consulted with the Roman Catholic Archdiocese of Chicago ("RCAC") in the development of this Agreement and the RCAC has determined that the relationship this Agreement creates between the SSC and Sinai, if properly implemented and enforced, will enable the Hospital to operate as a Catholic institution and to continue to be recognized by the RCAC as such; and

J. Sinai believes that it is in the best interests of the communities served by the Hospital to affect the transfer by individuals who are part of SSC of their membership interests in the Hospital to Sinai and enter into this Agreement to preserve the Hospital as a Catholic institution.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises contained in this Agreement, and intending to be legally bound, the parties agree as follows:

ARTICLE 1

FUNDAMENTAL PRINCIPLES

1.1 Fundamental Principles of Governance.

(a) Ownership and control of the Hospital will be transferred to Sinai at the closing of the transaction described in the Membership Change Agreement and as of the date and time set forth therein (the "**Closing**"). Notwithstanding the oversight authority granted by this Agreement to the SSC with respect to the Catholic identity of the Hospital, the SSC has no right, title, claim or other interest in and to any property of Sinai, including the Hospital, as ecclesiastical property or otherwise, whether such property is now owned or hereafter acquired.

(b) The SSC shall perform the oversight, monitoring and other responsibilities associated with maintaining and strengthening the Catholic identity and mission of the Hospital as set forth in this Agreement. The SSC will not have any authority with respect to Sinai, or any subsidiary or affiliate of Sinai, other than the contractual rights provided in this Agreement, the Membership Change Agreement or any agreement between the parties with respect to the moral, ethical, and Catholic traditions, practices and teachings of the Hospital.

(c) Nothing contained in the Membership Change Agreement or this Agreement will be construed to prohibit or limit the authority of Sinai to consolidate at any time administrative, management, or other business functions of the Hospital with any other hospitals owned or operated by Sinai or its subsidiaries.

1.2 Fundamental Principles Regarding Catholic Identity. Sinai will cause the Hospital to be operated in a manner that maintains its designation and identity as Catholic by the RCAC. As such, Sinai will be operated and shall operate the Hospital in a manner that is consistent with the moral, ethical and social teachings of the Roman Catholic Church including, but not limited to, those teachings and prescriptions expressed in the *Ethical and Religious Directives for Catholic Health Care Services* (the "**Directives**") as amended from time to time and approved by the United States Conference of Catholic Bishops and interpreted by the RCAC. A Summary of the current Directives is attached as Exhibit 1.2 and the full version is

incorporated herein by reference (if the Directives are amended, such amended Directives will be deemed incorporated herein by reference).

1.3 Commitment to Protect Catholic Identity of the Hospital.

(a) For purposes of this Agreement, the term “**affiliate**” means an entity which controls, is controlled by, or is under common control with an entity, whether pre- or post-Closing. The term “**control**” means the ability to vote 50% or more of the voting stock or other equity interest in an entity. “**Fiscal Year**” means the period from July 1 through June 30.

(b) Sinai acknowledges that grave scandal can be caused under Catholic ethical teachings by the Hospital referring, recommending and/or performing Abortions, Euthanasia or Physician Assisted Suicide; or by any employee or other party providing services at the Hospital (including a physician, pharmacist, technician or tenant) providing any referral and/or recommendation for and/or prescribing, distributing, fitting of devices, prescribing/offering medications to and/or providing or performing procedures (including the provision of contraceptive services) whose sole intended outcome is either temporary or permanent sterilization as well as the prescribing, referral and/or recommendation for assistance in any reproductive measure beyond diagnosis, providing assisted reproductive services (including, but not limited to in vitro fertilization), or providing or performing any other services, procedures or techniques violative of the Directives (“**Prohibited Practices**”) at Hospital. Accordingly, Sinai will assure that Prohibited Practices will not occur at Hospital. Violation of the foregoing commitment shall constitute a material breach of this Agreement remedied by specific performance pursuant to Section 5.4. On an annual basis Sinai will certify to the SSC that no Prohibited Practices have occurred within Hospital.

(c) For purposes of this Section 1.3:

(i) “**Abortion**” means the directly intended termination of pregnancy before viability or the directly intended destruction of a viable fetus. Every procedure whose sole immediate effect is the termination of pregnancy before viability is an abortion, which, in its moral context, includes the interval between conception and implantation of the embryo;

(ii) “**Assisted Reproductive Services**” means any action whose intent, measures and outcome(s) replace heterosexual intercourse as the means and context for the unassisted conception of new human life. It also includes any participation in or with measures involving embryonic sale, freezing, cell retrieval or implantation as well as the retrieval, use or sale of human gametes;

(iii) “**Euthanasia**” means an action or omission that of itself or by intention causes death in order to alleviate all suffering;

(iv) “**Physician-Assisted Suicide**” means euthanasia attended by a physician; and

(v) “**Sterilization**” means any action whose sole intent and outcome is to prevent natural conception from occurring as the result of heterosexual intercourse between consenting parties.

(d) Sinai shall assure that any monies generated from procedures performed at any health care facility owned by Sinai or any affiliate of Sinai that violate the Directives will not be used to support, in any way, the Hospital.

1.4 Non-Disparagement. No member of the management of Sinai will, in their professional capacity, speak against or in any way communicate to any audience criticism of the values, principles and guidelines of the Catholic Church as evidenced in the Directives.

1.5 Sponsorship. The SSC will continue as the Catholic sponsor of the Hospital and will be designated as the sponsor in all Hospital signage, informational materials and other media, as appropriate. The RCAC recognizes the continued sponsorship of the Hospital by the SSC and its continuous recognition as a Catholic hospital. A copy of a statement affirming the RCAC's recognition of sponsorship and Catholicity is attached hereto as Exhibit 1.5.

1.6 Access Agreement. Sinai agrees that should it accept assignment of that certain Affiliation Agreement dated February 17, 2010, entered into by and between HCH and Access Community Health Network, Inc. ("ACHN"), or enter into a new agreement with ACHN relating to services within the Hospital, that Sinai will cause the catholicity terms contained in the February 17, 2010 Agreement to be incorporated into the assigned or new agreement, it being recognized that Sinai may modify any of the other terms of agreement given its longstanding relationship with ACHN. A true and complete copy of the February 17, 2010 Agreement is attached hereto as Exhibit 1.6.

ARTICLE 2

CATHOLIC SERVICES AND OFFICES AT THE HOSPITAL

2.1 Vice President of Mission Effectiveness. Sinai will maintain the position of Vice President of Mission Effectiveness as a member of the Hospital's senior management team with competitive salary and benefits. The Vice President of Mission Effectiveness shall be of the Catholic faith and in communion with the Church. The SSC shall be consulted in determining the qualifications appropriate for the office of Vice President of Mission Effectiveness and shall participate in the selection of the person to hold such office. The person selected to be the Vice President of Mission Effectiveness shall be satisfactory to the SSC.

2.2 Mission Effectiveness Department.

(a) Because the parties believe that health care is a social good and human right, Sinai will maintain, adequately fund and resource a Mission Effectiveness Department at the Hospital. The Mission Effectiveness Department will assist Hospital leadership in promoting the values and teachings of the Roman Catholic Church. The initial budget for the Mission Effectiveness Department (including pastoral care) is attached as Exhibit 2.2.

(b) The Mission Effectiveness Department will ensure that the Hospital continues to deliver health care services in accordance with the Catholic values of dignity of the individual with reverence, acceptance, compassion and hospitality in order to improve the health of the whole person.

(c) The Mission Effectiveness Department and the SSC will provide continuing education on Catholic ethical and social teachings to the Hospital board, Hospital management personnel and Hospital employees to insure that ethical decisions are an integral part of the Hospital business, human resource and patient care decisions.

2.3 Ethics Committee. Sinai will establish an Ethics Committee relating to the Hospital as contemplated by the Directives. At least one designee of the SSC will serve as a member of the Ethics Committee. The Vice President for Mission Effectiveness will serve on the Ethics Committee and will conduct mandatory education and training sessions for the other members of the Ethics Committee concerning Catholic principles of medical ethics and, in particular, the Directives, with oversight of the contents of such education and training by the SSC. The Ethics Committee will assist the SSC in conducting bi-annual audits of the Hospital to ensure compliance with this Agreement. An ethicist of the Catholic faith, in communion with the Church and approved by the RCAC shall serve in an advisory capacity to the Ethics Committee.

2.4 Pastoral Care. Sinai will maintain and financially support a Pastoral Care Director and maintain a properly staffed and adequately funded Pastoral Care Department for Hospital, in substantially the same manner as it has historically been maintained and supported. The Pastoral Care Department will be available to all patients, family members, health care professionals and employees at the Hospital. The services of the Pastoral Care Department will be provided throughout the continuum of care provided by the Hospital. The budget for the Pastoral Care Department is encompassed within the Mission Effectiveness budget set forth in Exhibit 2.2.

2.5 Chapel(s). Sinai will maintain the chapel at the Hospital as a Catholic chapel with the Blessed Sacrament. The chapel will be under the authority of the Pastoral Care Director of the Hospital.

2.6 Catholic Symbols and Items. Sinai will maintain all existing signage, symbols and images of Catholic identity, both within and without the facilities and will maintain insurance for religious items and artifacts located in the Hospital, including the chapel.

2.7 Sister Presence. To support the Catholicity of the Hospital, Sinai shall encourage the presence of members of the SSC through the retention of those Sisters currently employed by the Hospital (so long as they continue to be qualified to fulfill the responsibilities of their positions) and welcoming Sisters to fill volunteer positions at the Hospital, so long as they are willing and able.

2.8 Catholic Health Organizations. Sinai will cause the Hospital to maintain in good standing its membership in the Catholic Health Association or its successor organization ("CHA"), the Illinois Catholic Health Association ("ICHA"), as long as such membership is permitted by CHA and ICHA.

2.9 Name and Marketing. Sinai will continue to market the Hospital and its services under the existing Hospital name. Any websites or marketing materials maintained by Sinai or any affiliate shall indicate the Hospital's designation as a Catholic Hospital and its compliance

with the Directives. Any marketing materials for Hospital in the Chicago area, including materials on the world wide web, shall not contain materials promoting services or procedures violative of the Directives.

2.10 Consultation. The President and Chief Executive Officer of Sinai and a designee appointed by the SSC will each have the right to consult with the other regarding the moral, ethical and Catholic traditions, practices and teachings of the Hospital or the operation of the Hospital as a Catholic institution generally.

2.11 Powers of the SSC. The SSC shall have the following powers with respect to the Hospital:

- (a) The right to nominate an individual to serve as a member of the Sinai Board with final approval of appointment by Sinai consistent with Sinai's Bylaws;
- (b) Reasonable approval of the appointment of all members of the Ethics Committee;
- (c) Reasonable approval of the mission, philosophy and values statements of the Hospital;
- (d) The right to be consulted by Sinai regarding the selection of the Chief Executive Officer of the Hospital ("CEO"), provided that such consultation shall be limited to assuring that the CEO is able to oversee the mission and operation of the Hospital in a manner which will assure its continued Catholicity;
- (e) Reasonable approval of the Vice President of Mission Effectiveness;
- (f) Ability to remove the Vice President of Mission Effectiveness in the event of "grave scandal" as determined in the sole discretion of the RCAC or the failure of the Vice President of Mission Effectiveness to keep the Hospital in material compliance with the terms of this Agreement; and
- (g) Reasonable approval of the Hospital's charity care policy.

ARTICLE 3

CONTRACTUAL AUTHORITY OF THE SSC OVER CATHOLIC ISSUES

3.1 Catholic Monitoring Committee. Sinai will establish a Catholic Monitoring Committee ("CMC") as an independent committee within Sinai's governance structure. The purpose of the CMC is to provide a means through which the SSC may identify, monitor and audit the activities of the Hospital to ensure it remains faithful to the moral, ethical, and Catholic traditions, practices and teachings of the Roman Catholic Church. The CMC shall consist of three to six members, all of whom will be appointed by and serve at the pleasure of the SSC; provided, that Sinai shall have the right to approve the individuals to be appointed by the SSC, which approval will be not unreasonably withheld. The CMC will provide a written report to the SSC and Sinai on an annual basis concerning its monitoring and auditing functions, which report

shall be shared with the RCAC. Sinai will provide the SSC and CMC with reasonable access to Hospital personnel, facilities and other resources to assist the CMC in the performance of its duties.

ARTICLE 4

STEWARDSHIP FEE; OUT-OF-POCKET EXPENSES

4.1 Amount and Payment of Stewardship Fee. In recognition of the sponsorship oversight provided by the SSC pursuant to this Agreement, Sinai will pay the SSC Three Hundred Thousand Dollars (\$300,000) per Fiscal Year, subject to proration for any partial Fiscal Year. The fee will be payable in advance in quarterly installments of Seventy-Five Thousand Dollars (\$75,000) on the first business day of each fiscal quarter during the term of this Agreement.

4.2 Reimbursement of Expenses. All members of the CMC who are not employees of Sinai or its affiliates will be entitled to reimbursement by Sinai for reasonable travel expenses and out-of-pocket costs which are approved in advance when attending CMC meetings.

ARTICLE 5

RESOLUTION OF DISPUTES REGARDING CATHOLIC ISSUES

5.1 CMC Dispute Resolution Process.

(a) Except with respect to violations of Section 1.2, Section 1.3 and/or Section 1.4, which violations shall be subject to specific performance under Section 5.4, if the Hospital takes any action or holds any public position, or if Sinai or any civil law requires the Hospital to take any action or public position, in any case that is inconsistent with the moral, ethical, and Catholic traditions, practices and teachings of the Roman Catholic Church as expressed in the Directives (a "Catholic Issue"), the members of the CMC will first discuss with the President and CEO of Sinai their concerns regarding that Catholic Issue and any proposed actions relating to such issue in an effort to reach an agreement as to the appropriate action to be taken to cause the Catholic Issue to be consistent with the Directives.

(b) Following such discussions, the CMC may make a written recommendation to Sinai with respect to the Catholic Issue, the proposed actions relating to such issue, and the grounds for such proposed actions.

(c) If Sinai has concerns regarding a Catholic Issue, it may discuss such matter with the CMC or the RCAC.

5.2 Dispute Resolution Process.

(a) If, after following the procedures described in Section 5.1, the CMC and Sinai are unable to agree on an appropriate course of action to alleviate the CMC's concern about the Catholic Issue, either Sinai or the CMC may institute the following process by written notice to the other:

(i) Representatives of Sinai and the SSC will meet within fifteen (15) days after the date of written notice. Such representatives will include the CEO of Sinai and such other representatives of Sinai and the SSC as they may choose; and

(ii) If the disagreement remains unresolved, either party may request a consultation with the Archbishop of Chicago or his representative as the final interpreter of the Directives.

(b) If the dispute is not resolved through the process described above, the Archbishop of Chicago or his representative, as the final interpreter of the Directives, shall decide the matter and Sinai shall comply with the decision of the Archbishop of Chicago or his representative consistent with applicable civil law. Following the above dispute resolution process is a condition precedent to exercising termination provisions or commencing legal action.

5.3 Legal Proceedings. Sinai will advise the CMC of, and solicit the CMC's opinion and consultation regarding, any suit, proceeding, claim, investigation or other proceeding undertaken by any person, governmental agency, court, or other entity against or involving the Hospital and alleging any matter that, if true, would reasonably constitute a Catholic Issue.

5.4 Specific Performance. In the event Sinai violates the provisions of Section 1.2, Section 1.3, Section 1.4 and/or clauses (ii) and (iii) of Section 6.3, the parties agree that the SSC would be irreparably damaged and that any remedy at law for a breach of these provisions of this Agreement would be inadequate. Therefore, the SSC shall be entitled to seek injunctive or other equitable relief in a court of competent jurisdiction against Sinai or Sinai's agents, employees, affiliates, partners or other associates for any breach or threatened breach of Section 1.2, Section 1.3, Section 1.4 and/or clauses (ii) and (iii) of Section 6.3 of this Agreement without the necessity of proving actual monetary loss. Therefore, in the event that Sinai violates this Agreement, then in any suit which may be brought by the SSC for the violation of Section 1.2, Section 1.3, Section 1.4 and/or clauses (ii) and (iii) of Section 6.3 in any court having jurisdiction in such event, Sinai agrees that an order may be made in such suit enjoining Sinai from violating said provisions, and an order to that effect may be made pending the litigation as well as a final determination thereof, without the requirement to post bond. Furthermore, such application for such injunction shall be without prejudice to any other right of action which may accrue to the SSC or its successors or assigns by reason of the breach of these provisions.

ARTICLE 6

TERM AND TERMINATION

6.1 Term. The term of this Agreement will commence as of the date of the Closing and continue in full force and effect unless and until terminated in accordance with this Article 6.

6.2 Termination.

(a) This Agreement may be terminated by the mutual written consent of Sinai and the SSC.

(b) This Agreement may be terminated upon not less than thirty (30) days' prior written notice (the "Termination Notice") by the SSC, if a Catholic Issue remains unresolved following the procedures specified in Article 5.

(c) This Agreement will be automatically terminated upon the revocation of the Catholicity of the Hospital by the RCAC.

6.3 Effect of Termination. If this Agreement is terminated, then at the request or demand of the SSC: (i) the identity of the Hospital as a Catholic institution will immediately terminate; (ii) Sinai will remove and return to the SSC, at Sinai' expense, all religious symbols, artifacts and ecclesiastical property at the Hospital within sixty (60) days after the effective date of termination; (iii) the Hospital and each other Sinai Facility shall cease using the name "Holy Cross Hospital" or other such designation causing a reasonable individual to presume an affiliation or other relationship with an entity named "Holy Cross Hospital"; (iv) Sinai shall reimburse the Archdiocese of Chicago for reasonable expenses associated with the removal of Catholic identity of the Hospital; and (v) all other obligations of the parties arising from and after the effective date of termination will terminate.

6.4 Exclusive Procedures and Remedies. The procedures set forth in Article 5 and Article 6 are the exclusive procedures for resolving a disagreement concerning a Catholic Issue. In no event will either party be entitled to any monetary damages (other than unpaid fees due pursuant to Section 4.1 or reimbursable expenses not reimbursed), including direct, indirect, consequential, special or punitive damages as a result of any Catholic Issue or as a result of termination pursuant to Article 6.

ARTICLE 7

GENERAL PROVISIONS

7.1 Notice. Any notice, demand or communication required, permitted or desired to be given hereunder shall be deemed effectively given if given in writing: (i) on the date tendered by personal delivery; (ii) on the date received by fax or other electronic means; (iii) on the date tendered for delivery by nationally recognized overnight courier; or (iv) on the date tendered for delivery by United States mail, with postage prepaid thereon, certified or registered mail, return receipt requested, in any event addressed as follows:

If to Sinai: Sinai Health System
 California Avenue at 15th Street
 Chicago, IL 60608
 Attention: Alan H. Channing

With a copy to: McDermott Will & Emery LLP
 227 W. Monroe Street
 Chicago, IL 60606
 Attention: Michael F. Anthony

If to the SSC: The Sisters of St. Casimir
 Attention: General Superior
 2601 West Marquette Rd.
 Chicago, IL 60629

With a copy to: Lawrence E. Singer
 Lawrence E. Singer, P.C.
 2323 Grey Ave.
 Evanston, IL 60201

or to such other address or number, and to the attention of such other person, as any party may designate in writing in conformity with this section.

7.2 Amendment. No modification, waiver, amendment, discharge, or change of this Agreement will be valid unless in writing and signed by the party against whom enforcement of such modification, waiver, amendment, discharge or change is sought.

7.3 Successor and Assigns; Sale of Hospital.

(a) All of the terms and provisions of this Agreement will be binding upon and will inure to the benefit of and be enforceable by the respective successors and permitted assigns of the parties. No party may assign any of its rights or delegate any of its duties under this Agreement without the prior written consent of the other party, provided that the SSC may assign or delegate all or some of its responsibilities and undertakings set forth in this Agreement to another organization recognized by the Roman Catholic Church if such delegation does not: (i) prevent the Hospital from continuing to be recognized and sanctioned as being Catholic as provided herein; or (ii) increase the financial obligations of Sinai under this Agreement; and provided that if such proposed assignee is not controlled by the SSC, then such assignment can be made only with Sinai's approval which shall not be unreasonably withheld.

(b) If Sinai or any of its subsidiaries intends to sell the Hospital it shall notify the SSC of such sale not less than sixty (60) days in advance of the proposed date of sale; provided, that the SSC shall maintain such information strictly confidential unless such information has been announced publicly. A condition of any such proposed sale shall be an agreement by the purchaser to assume the obligations of Sinai set forth in this Agreement. The SSC may, in its sole and absolute discretion: (i) consent to the assignment of this Agreement in relevant part to the proposed transferee; or (ii) terminate this Agreement with respect to the Hospital effective at the time of the closing of the sale of the Hospital. In the event of termination, the provisions of Section 6.3 shall apply. If the SSC does not notify Sinai within thirty (30) days after receipt of the notice that it elects to terminate this Agreement, the SSC will be deemed to have consented to an assignment of this Agreement in relevant part. At the closing of the sale of the Hospital, Sinai and the purchaser shall enter into an agreement pursuant to which the purchaser assumes the obligations of Sinai under this Agreement, except that Sinai and the transferee may allocate between themselves the portion of the stewardship fee to be paid by Sinai and by the transferee. Sinai shall deliver to the SSC a copy of the executed agreement promptly after closing.

7.4 Severability. If any one or more of the provisions of this Agreement should be ruled wholly or partly invalid or unenforceable by a court or other government body of competent jurisdiction, then: (a) the validity and enforceability of all provisions of this Agreement not ruled to be invalid or unenforceable will be unaffected; (b) the effect of the ruling will be limited to the jurisdiction of the court or other government body making the ruling; (c) the provision(s) held wholly or partly invalid or unenforceable will be deemed amended, and the court or other government body is authorized to reform the provision(s), to the minimum extent necessary to render them valid and enforceable in conformity with the parties' intent as manifested herein and a provision having a similar economic effect will be substituted; and (d) if the ruling and/or the controlling principle of law or equity leading to the ruling, is subsequently overruled, modified, or amended by legislative, judicial, or administrative action, the provision(s) in question as originally set forth in this Agreement will be deemed valid and enforceable to the maximum extent permitted by the new controlling principle of law or equity. This severability clause shall apply only if the integrity of the entire Agreement can otherwise be preserved.

7.5 Choice of Law; Canon Law Conflict. The legal interpretation of this Agreement and the rights and obligations of the parties hereunder will be governed by the laws of the State of Illinois, without regard to choice of law provisions, as to the civil legal terms. Notwithstanding the foregoing, the final arbiter of the applicability of the Directives or other moral, ethical and social teaching of the Roman Catholic Church shall be the RCAC. In the event of a conflict between canon law and civil law with respect to the conduct of the business of the Hospital, civil law will prevail, and nothing in this Agreement will prevent or limit Sinai from complying with civil law at all times.

7.6 Personal Jurisdiction and Venue Selection. Sinai expressly understands and agrees that the SSC conduct their activities through an Illinois not-for-profit corporation with a principal place of business within the State of Illinois. Sinai further agrees that the state and federal courts within the State of Illinois shall have personal jurisdiction over Sinai and Sinai expressly waives any objection to personal jurisdiction over it in the state or federal courts in Illinois. The parties hereto agree that all actions or proceedings arising in connection with this Agreement shall be filed and litigated exclusively in the State courts located in Cook County, State of Illinois and/or in the Federal court for the Northern District of Illinois. The aforementioned choice of venue is intended by the parties to be mandatory and not permissive in nature. Each party hereby waives any right it may have to assert the doctrine of forum non conveniens or similar doctrine or to object to venue with respect to any proceeding brought in accordance with this paragraph, and stipulates that the State courts located in Cook County, State of Illinois and the Federal court for the Northern District of Illinois shall have in personam jurisdiction and venue over each of them for the purpose of litigating any dispute, controversy, or proceeding arising out of or related to this Agreement.

7.7 Headings; Use of Terms. All headings in this Agreement are for reference purposes only and are not intended to affect in any way the meaning or interpretation of this Agreement. All words used in this Agreement will be construed to be of such gender or number as the circumstances require.

7.8 Counterparts. This Agreement may be executed in two or more counterparts, each and all of which shall be deemed an original and all of which together shall constitute but one and the same instrument. This Agreement, and any executed counterpart of a signature page to this Agreement, may be transmitted by fax or e-mail, and delivery of an executed counterpart of a signature page to this Agreement by fax or e-mail shall be effective as delivery of a manually executed counterpart of this Agreement.

7.9 Attorneys' Fees. In any litigation arising in connection with the interpretation or enforcement of the terms, conditions or provisions of this Agreement, the prevailing party shall be entitled to recover from the other party its reasonable attorneys' fees and costs.

7.10 Waiver. The waiver by any party of a breach or violation of any provision of this Agreement will not operate or be construed as a waiver of any subsequent breach of such provision or any other provision of this Agreement.

7.11 Construction. This Agreement will not be construed more strictly against any party hereto by virtue of the fact that this Agreement may have been drafted or prepared by such party or its counsel, it being recognized that all of the parties hereto have contributed substantially and materially to its preparation and that this Agreement has been the subject of and is the product of negotiations between the parties.

7.12 Entire Agreement. This Agreement, the exhibits and schedules, and the documents referred to herein, contain the entire understanding between the parties with respect to the subject matter hereof and supersedes all prior or contemporaneous agreements, understandings, representations and statements, oral or written, between the parties on the subject matter hereof.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned duly authorized representatives of the parties have executed this Agreement as of the date above.

SINAI

By: _____
Alan H. Channing
President and Chief Executive Officer

SISTERS OF ST. CASIMIR

By: _____
Sr. Immacula Wendt, the SSC
President

EXHIBIT 1.2

SUMMARY OF ETHICAL AND RELIGIOUS DIRECTIVES FOR CATHOLIC HEALTH CARE SERVICES

For guidance and moral foundation, we use *Ethical and Religious Directives for Catholic Health Care Services*, published by the United States Conference of Catholic Bishops.

Note: The summary below does not substitute for a careful reading of the *Ethical and Religious Directives for Catholic Health Care Services* in order to develop a more thorough understanding of its contents.

Goals

There are two aims of the Ethical and Religious Directives for Catholic Health Care Services (ERDs):

- Reaffirm the ethical standards that flow from the Church's teaching about human dignity.
- Provide authoritative guidance on some specific moral issues facing Catholic healthcare.

The Social Responsibility of Catholic Healthcare Services

Catholic healthcare is guided by four normative principals.

1. A commitment to promote human dignity,
2. To care for the poor,
3. To contribute to the common good, and
4. To be responsible stewards of available resources.

Catholic healthcare is marked by respect among caregivers, which leads to treating all with sensitivity and compassion. It is also distinguished by service and advocacy to the poor and vulnerable.

Catholic healthcare institutions treat associates respectfully and justly, and associates and physicians respect and uphold the ERDs.

The Pastoral and Spiritual Responsibility of Catholic Healthcare

Catholic healthcare extends to and embraces the spiritual nature of the person: physical, psychological, social and spiritual.

Pastoral and spiritual care staff minister to the religious and spiritual needs of all patients, residents and families. They work collaboratively with community clergy and have appropriate professional preparation.

Sacramental ministry is available to Catholic patients and residents.

The Professional-Patient Relationship

Respect: Mutual respect, trust, honesty, and confidentiality mark this relationship. The personal nature of care must not be lost, even when a team of caregivers is involved.

The dignity of the person is respected, regardless of health problem or social status, (*e.g.*, race, creed, color, national origin, ancestry, religion, sex, sexual orientation, marital status, age, newborn status, handicap or source of payment).

Advance Directives: Patients receive information about their rights, under the laws of their state, to make an advance directive for their medical treatment. Advance directives, consistent with moral teaching, are respected and honored.

Informed Consent: Free and informed consent requires that the patient or his or her surrogate receive all reasonable information about the essential nature of the proposed treatment and its benefits; its risks, side-effects, consequences, and cost; and any reasonable and morally legitimate alternatives, including no treatment at all.

Organ Donation: Organ donation is encouraged. The transplantation of organs from living donors is morally permissible when such a donation will not sacrifice or seriously impair any essential bodily function and the anticipated benefit to the recipient is proportionate to the harm done to the donor. Furthermore, the freedom of the prospective donor must be respected, and economic advantages should not accrue to the donor.

Treatment Options: The well-being of the whole person must be taken into account in deciding about any therapeutic intervention or use of technology. Therapeutic procedures that are likely to cause harm or undesirable side-effects can be justified only by a proportionate benefit to the patient.

Ethics Committee: An ethics committee or some alternate form of ethical consultation should be available to assist by advising on particular ethical situations, by offering educational opportunities, and by reviewing and recommending policies.

Issues in Care for the Beginning of Life

Catholic healthcare ministry honors the sanctity of life from conception until death. With the advance of the biological and medical sciences, society has at its disposal new technologies for responding to the problem of infertility. While we rejoice in the potential for good inherent in many of these technologies, we cannot assume that what is technically possible is always morally right.

Avoiding Pregnancy: For legitimate reasons of responsible parenthood, married couples may limit the number of their children by natural means. Catholic health institutions may not promote or condone contraceptive practices but should provide, for married couples and the medical staff who counsel them, instruction both about the Church's teaching on responsible

parenthood and in methods of natural family planning. Abortion and elective sterilization are not allowed. However, compassionate care is provided to those who have had an abortion.

Achieving Pregnancy: Some specific forms of procreative assistance are permissible. Any technique used to achieve conception by the use of gametes coming from at least one donor other than the spouses is prohibited. Participation in contracts or arrangements for surrogate motherhood is also prohibited. A Catholic healthcare institution that provides treatment for infertility should offer not only technical assistance to infertile couples but also should help couples pursue other solutions (*e.g.*, counseling, adoption). Prenatal diagnosis and treatments must not threaten the life of the unborn child.

Issues in Care for the Dying

A Catholic healthcare institution will be a community of respect, love, and support to patients and residents and their families as they face the reality of death. The task of medicine is to care even when it cannot cure. Catholic healthcare avoids the use of futile or burdensome technology that offers no reasonable benefit to patient or resident.

Euthanasia: Medical staff must not withdraw technology with the intention of causing death. Euthanasia and physician-assisted dying is not permitted.

Medically Assisted Nutrition: In principle, there is an obligation to provide patients with food and water, including medically assisted nutrition and hydration for those who cannot take food orally. Medically assisted nutrition and hydration become morally optional when they cannot reasonably be expected to prolong life or when they would be “excessively burdensome for the patient or [would] cause significant physical discomfort, for example resulting from complications in the use of the means employed.”

Pain Relief: Patients and residents should be kept as free of pain as possible. Pain suppressing or alleviating medicine that may indirectly shorten a person’s life is permitted so long as the intent is not to hasten death.

Forming New Partnerships with Healthcare Organizations and Providers

In ever-increasing ways, Catholic health care providers have become involved with other health care organizations and providers.

New partnerships can be viewed as opportunities for Catholic healthcare institutions and services to witness to their religious and ethical commitments and so influence the healing profession. For example, new partnerships can help to implement the Church’s social teaching.

On the other hand, new relationships may pose serious challenges to Catholic identity. Systematic and objective moral analysis is necessary when considering new relationships. Reliable theological experts are to be consulted when considering arrangements with other organizations.

Partnerships that affect the mission or religious and ethical identity of the Catholic healthcare institution must respect Church teaching and discipline. Decisions leading to serious

consequences for the identity or reputation of Catholic healthcare services are made in consultation with local church leadership.

Implementation of arrangements with other organizations must be periodically reviewed to ensure alignment with Church teaching.

EXHIBIT 1.5

STATEMENT OF RCAC RECOGNITION

[See attached]

EXHIBIT 1.6

**AFFILIATION AGREEMENT BETWEEN HCH AND ACCESS COMMUNITY
HEALTH NETWORK, INC.**

[See attached]

EXHIBIT 2.2

**INITIAL BUDGET FOR THE MISSION EFFECTIVENESS DEPARTMENT
(INCLUDING PASTORAL CARE)**

Salaries	\$ 272,952.68
Benefits	54,590.54
Education Training	3,000.00
Supplies	2,500.00
Other	<u>8,000.00</u>
Total	<u>\$ 341,043.22</u>

Schedule 1.29

Hospital Entity(ies)

Holy Cross Hospital

Holy Cross Health Partners, Inc.

Schedule 2.9

Hospital Medical Office Buildings

Tax Parcel ID: 19-08-417-069-0000

Property Address: 6084 S. Archer Avenue, Chicago, Illinois 60638

Legal Description: LOT 17 TO 24, BOTH INCLUSIVE, IN BLOCK 23 IN CRANE AND ARCHER AVENUE HOME ADDITION TO CHICAGO, A SUBDIVISION IN THE SOUTH EAST 1/4 OF SECTION 8, TOWNSHIP 38 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING NORTHERLY OF THE CENTER LINE OF ARCHER AVENUE, IN COOK COUNTY, ILLINOIS.

Schedule 8.3(a)

No Violation Exceptions

The following descriptions of the terms contained in each of the various agreements are intended for summary purposes only. Please see each individual agreement for the exact terms.

1. Hospital Participation Agreement, effective date April 1, 2005, by and between Humana Health Plan, Inc., Humana HealthChicago, Inc. and Humana HealthChicago Insurance Company and Humana Insurance Company and Employers Health Insurance Company and their affiliates, collectively referred to as "Humana." (Prior written consent for change of control)
2. Facility Agreement, effective date November 15, 1997, by and between Wellmark HealthNetwork, Inc. and Holy Cross Hospital. (Change of control triggers the ability to terminate the contract immediately)
3. Participating Provider Agreement, effective date August 15, 2011, by and between Harmony Health Plan of Illinois and Holy Cross Health Partners. (Change of Control triggers the ability to immediately terminate the contract if a Provider undergoes a change of control that is not acceptable to Health Plan)
4. Committed Portfolio Participation Agreement, effective date October 10, 2011, by and between The Broadlane Group, Inc., a division of MedAssets, Inc, MedAssets Supply Chain Systems, LLC and Holy Cross Hospital. (Prior consent for change of control)

Schedule 8.3(b)

Approval Exceptions

1. A Certificate of Exemption from the Illinois Health Facilities and Services Board is required for the parties to consummate the transaction.

Illinois statutes and regulations prohibit any person from acquiring or entering into an agreement to acquire an existing health care facility prior to receiving approval from the Illinois Health Facilities and Service Board. IAC 1130.520(a). An application for a Certification of Exemption must be filed with the Illinois Health Facilities and Service Board for transactions proposing a change of ownership of a health care facility. Such application has been filed and approval by the Illinois Health Facilities and Service Board of the application is in process.

2. Approval from the Congregation for Institutes of Consecrated Life and Societies of Apostolic Life is required for the parties to consummate the transaction.

Under Catholic church law, transferring control of a hospital is considered an "alienation", which requires an Indult, or permission granted by the church authority. In order to secure an Indult, the local Bishop or Cardinal must provide notice of non-objection. After the local Bishop or Cardinal has provided notice of non-objection, approval must be sought from the Congregation for Institutes of Consecrated Life and Societies of Apostolic Life. Such non-objection request to Cardinal George and approval request to the Congregation for Institutes of Consecrated Life and Societies of Apostolic Life will be submitted by the Hospital and Sponsor prior to October 1, 2012.

Schedule 8.4(b)

Financial Statement Exceptions

None.

Schedule 8.4(c)

Material Changes to its Accounting Methods or Practice

None.

Schedule 8.4(d)

Liabilities Exceptions

None.

Schedule 8.4(e)

Hospital Financial Statement Donor Restriction Exceptions

None.

Schedule 8.5

Interim Changes Exceptions

8.5(a)

Effective July 1, 2012, Medicaid changed its reimbursement rules for detoxification programs. Because of such change, the census in Holy Cross Hospital's detoxification program has decreased more than the budgeted decline. This has reduced revenues from the detoxification program. This decline in Medicaid days may also result in a decrease in the amount of the disproportionate share payments from Medicare that Holy Cross Hospital receives.

8.5(c)

In connection with the Department of Justice Settlement, Holy Cross Hospital will execute a mortgage on the property located at 6084 S. Archer Avenue, Chicago, Illinois 60638 in favor of the Department of Justice.

In connection with transfer of sponsorship of the Pension Plan, an amount necessary to pay reasonable transfer and, if applicable, termination fees of the Pension Plan incurred by the Sponsor, will be reimbursed by the Hospital post-Closing to the Sponsor pursuant to Section 2.4 of the Agreement.

8.5(e)

Chief Medical Officer Independent Contractor Agreement effective September 4, 2012 by and between Amer Hussein, M.D. and Holy Cross Hospital.

Utilization Management Physician Consultant Independent Contractor Agreement effective August 6, 2012 by and between Catherine Kallal, M.D. and Holy Cross Hospital.

8.5(f)

Office Lease Agreement dated August 24, 2012 by and between Sinai Community Institute, Inc. and Holy Cross Hospital.

Steam Service Agreement by and between Sisters of Saint Casimir of Chicago and Holy Cross Hospital (in process).

Master Agreement to be entered into by and between Holy Cross Hospital and Abbott Laboratories.

8.5(h)

Agreement under Holy Cross Hospital Severance Plan effective August 22, 2009 by and between Loren Chandler and Holy Cross Hospital.

8.5(k)

Lorraine Taylor vs. Catholic Healthcare Association of the United States d/b/a Holy Cross Hospital and St. Bernard Hospital; and Alemayehu Bekele, M.D. Case Number: 2012:009028. This case was filed on August 10, 2012 alleging negligent acts or omissions in connection with plaintiff's urinary tract infection and ureteral stent.

Deborah Harris, as Special Administrator of the Estate of Henrietta Harris, deceased vs. Holy Cross Hospital, The University of Chicago Medical Center, THC – Chicago, Inc. d/b/a Kindred Hospital –Chicago Central and RMLHP Corporation d/b/a RML Specialty Hospital. Case Number: 2012L009019. This case was filed on August 10, 2012 alleging wrongful death of plaintiff and various negligent acts or omissions in treatment of plaintiff.

Each of these lawsuits cited in the 8.5(k) exception schedule above has been reported as required to Hospital's self insurance trust and excess coverage policies.

Schedule 10.12

Hospital Insurance Policies

1. Health Care Organization Umbrella Liability Insurance Policy Declarations, effective date January 1, 2012, by and between Darwin Select Insurance Company and Holy Cross Hospital.
2. Excess Liability Insurance Policy Declarations, effective January 1, 2012, by and between Endurance American Specialty Insurance Company and Holy Cross Hospital.
3. Business Auto Declarations, effective June 30, 2011, by and between Federal Insurance Company (Chubb Group of Insurance Companies) and Holy Cross Hospital.
4. Business Auto Coverage Declarations for Mobile Clinic, effective June 30, 2011, by and between National Indemnity Company and Holy Cross Hospital.
5. Declarations (Crime Policy), effective June 30, 2011, by and between Federal Insurance Company (Chubb Group of Insurance Companies) and Holy Cross Hospital.
6. Star Insurance Company Excess Workers' Compensation and Employer's Liability Policy, effective October 1, 2011, by and between Star Insurance Company and Holy Cross.