

MEMBER AGREEMENT

This Agreement (the "Agreement") is made and entered into as of the 6th day of February, 1996, by and among Alliant Health System, Inc., a Kentucky nonprofit corporation ("Alliant"), Jewish Hospital Healthcare Services, Inc., a Kentucky nonprofit corporation ("JHHS"), the University of Louisville, acting through its Board of Trustees ("University") and University Medical Center, Inc., a Kentucky nonprofit corporation ("UMC") (Alliant, JHHS and University are hereinafter sometimes individually or collectively referred to as the "Member" or "Members").

W I T N E S S E T H:

The parties believe that it is in the best interest of UMC and the Members to make provisions for matters relating to the responsibilities of the parties with respect to one another.

Now, therefore, in consideration of the premises and of the mutual covenants and conditions contained herein, the parties hereto agree as follows:

1. Purposes. Contemporaneously with the execution of this Agreement, the parties, together with the Commonwealth of Kentucky, have executed an Affiliation Agreement that deals with, among other things, the operation of University of Louisville Hospital (the "Affiliation Agreement"). UMC shall be operated: (a) for the purpose of implementing the Affiliation Agreement and (b) for such other purposes as the Members may unanimously agree to undertake.
2. Competition and Corporate Opportunity. Except as set forth in Section 10.5.3 of the Affiliation Agreement: (a) the

parties agree that during the term of this Agreement, each of the Members, UMC, and any affiliate of a Member or UMC, as the case may be, shall have the unrestricted right to compete with each other and with UMC and each Member shall have the right to engage in any business then engaged in or contemplated by UMC or any business which could be performed by UMC; in like turn, UMC or any affiliate of UMC shall have the right to engage in any business then engaged in or contemplated by any Member or any affiliate of a Member or any business which could be engaged in by any Member or any affiliate of a Member and (b) under no circumstances shall any Member, or any director appointed by a Member, be required to bring any business opportunity to UMC prior to such Member's entering into such business or the expansion of existing business.

3. Director's Conflicts or Dualities of Interest. Certain of UMC's directors may be employed by or on the governing Board of a Member or an affiliate of a Member. Such duality of interest shall be disclosed at the time of election or appointment to the UMC Board or when the affiliate arrangement arises or becomes relevant and need not again be disclosed absent a material change in that relationship. Such duality of interest constitutes an unavoidable indirect conflict of interest. The parties agree that except for agreements between a Member and UMC involving the purchase of goods or services from the Member, the existence of a duality of interest shall not preclude a member of the governing Board of UMC from voting on matters that affect both UMC and a Member. Members of the Board of Directors of UMC shall be required

to disclose direct conflicts of interest existing between the director and UMC regarding any matter submitted to the governing Board of UMC. A direct conflict of interest exists with regard to a transaction between (a) UMC and a director as an individual or (b) UMC and an entity (other than a Member) in which the director is an owner, shareholder, director, or officer or employee. A director with a direct conflict of interest shall not vote on the matter. No member of the governing Board of UMC, or any committee appointed by said Board, shall be expected or required to disclose to UMC any Member's confidential or proprietary information.

4. Renewal of Affiliation Agreement. Section 26.1.2 of the Affiliation Agreement provides for up to three options to renew in favor of UMC. Other agreements between the parties that are necessary to carry out the intent of the Affiliation Agreement contain similar options to renew ("Related Agreements"). If either Alliant or JHHS notify UMC, in writing, not to renew the Affiliation Agreement, UMC shall not renew the Affiliation Agreement and Related Agreements and shall notify the University, and all other necessary parties that it will not renew the Affiliation Agreement and/or any Related Agreements. If neither Alliant nor JHHS notify UMC not to renew the Affiliation Agreement, UMC shall take all action necessary to so renew the Affiliation Agreement and all Related Agreements.

5. Termination and Winding Up of UMC. If UMC is dissolved, an accounting of UMC's assets, liabilities, and operations through the last day of the month in which the dissolution occurs shall be

made, and the affairs of UMC shall be wound up and terminated. The Members shall designate a liquidating trustee. If the Members are unable to agree on a trustee, they shall request a United States District Judge sitting in Louisville, Kentucky to appoint a liquidating trustee. The liquidating trustee shall be responsible for winding up and terminating the affairs of UMC and shall determine all matters in connection therewith (including, without limitation, the arrangements to be made with creditors, to what extent and under what terms the assets of UMC are to be sold, and the amount or necessity of cash reserves to cover contingent liabilities) as the liquidating trustee deems advisable and proper; provided, however, that all decisions of the liquidating trustee shall be made in accordance with the liquidating trustee's fiduciary duty to UMC and each of the Members. The liquidating trustee shall thereafter liquidate the assets of UMC as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom, to the extent sufficient therefor, shall be applied and distributed in the following order:

A. First, to the payment and discharge of (i) all of UMC's debts and liabilities to persons other than Members or former Members and (ii) the expenses of liquidation and dissolution;

B. Next, to the payment and discharge of (i) any loans and advances made by Members or former Members to UMC and (ii) UMC's debts and past or future obligations or liabilities to Members or former Members;

C. Next, to the Members in accordance with the capital contribution of the Members; provided that if at the time of the dissolution a Member is not a tax exempt organization under Internal Revenue Code § 501(c)(3) or other applicable law, the assets to be distributed to such Member shall be distributed to a tax exempt organization designated by such Member.

6. Termination; Reserves. After all of the assets of UMC have been distributed, UMC shall dissolve; however, if at any time thereafter any funds in any cash reserve fund referred to in Paragraph 4 above are released because the need for such cash reserve fund has ended, such funds shall be distributed to the Members in the same manner as if such distribution had been made pursuant to Paragraph 4 above.

7. Affiliate. The term affiliate shall mean each person who is, directly or indirectly, controlled by, in control of, or under common control with a Member. Control of a person means the power to direct the affairs of such person by reason of ownership of an ownership interest, the ability to elect or appoint a majority of the person's governing board, contract or otherwise.

8. Governing Law. This Agreement and the rights of the parties hereunder shall be governed by, interpreted and enforced in accordance with the laws of the State of Kentucky.

9. Headings. All headings herein are inserted only for convenience and ease of reference and are not to be considered in the construction or interpretation of any provision of this Agreement.

10. Severability. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under the present or future laws effective during the term of this Agreement, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid, or unenforceable provision, there shall be added automatically as a part of this Agreement a provision similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.

11. Counterparts. This Agreement may be executed in a number of identical counterparts each of which shall be deemed an original and all of which together shall constitute one and the same agreement.

12. Amendments. All amendments to this Agreement shall be in writing and signed by all parties hereto.

13. Informational Reports. Each Member shall be entitled to receive any reports concerning the operations or financial condition of UMC as such Member may, from time to time, reasonably request.

14. Duration of Agreement. This Agreement shall run in perpetuity until terminated as provided below, commencing on the

If to UMC:

Chief Executive Officer
University of Louisville
Hospital
530 South Jackson Street
Louisville, KY 40202
Attn: Patricia Davis
Facsimile: _____
Telephone: _____
Telex: _____

or to another address of which the addressee has notified the sender in writing in accordance with this Section 14. Notices given by certified mail will be deemed given at the time of certification, and notices given by any other permitted means will be deemed given at the time of receipt of the notice.

IN TESTIMONY WHEREOF, witness the signatures of the parties.

JEWISH HOSPITAL HEALTHCARE SERVICES, INC.

UNIVERSITY OF LOUISVILLE

By: IRWIN MANKU
Its: PRESIDENT

By: [Signature]
Its: PRESIDENT

ALLIANT HEALTH SYSTEM, INC.

UNIVERSITY MEDICAL CENTER, INC.

By: William A. Brown
Its: Executive Vice President

By: [Signature]
Its: CHAIRMAN