

## **EXHIBIT A**

### **Space and Assets for Maintained Procedures**

All tangible and intangible assets of UMC used in connection with the Center for Women and Infants, including without limitation, the clinical space currently utilized on the third floor of the Critical Care Building and all related services, space and equipment necessary to provide the Maintained Procedures to the extent not offered as part of the Integrated Operations.

## EXHIBIT B

### DEFINITIONS OF CERTAIN TERMS

The term “Contingent Future Payments” shall mean all payments made by KentuckyOne to the Sponsors to further the Sponsors’ charitable missions, as unanimously approved by the Sponsors pursuant to and in accordance with the Sponsorship Agreement or any similar payments pursuant to any amendment, restatement or other supplement to the Sponsorship Agreement.

The term “Mandatory Payments” shall mean all payments made in any fiscal year by KentuckyOne to the Sponsors to further their charitable missions as the result of KentuckyOne exceeding the Median Operating Margin for such fiscal year, pursuant to and in accordance with the Sponsorship Agreement or any similar payments pursuant to any amendment, restatement or other supplement to the Sponsorship Agreement.

As used in this Exhibit B, the following capitalized terms shall have the following meanings, respectively:

“Median Operating Margin” means, with respect to a specified date, the median operating margin, median cash on hand and median cash to debt for not-for-profit freestanding hospitals with a credit rating of A1, as most recently published as of such date by Moody’s Investor Services, Inc. If for any reason Moody’s Investor Services, Inc. ceases to publish annual data for median operating margin for not-for-profit freestanding hospitals, “Median Operating Margin, Median Cash on Hand and Median Cash to Debt” shall mean the median operating margin, median cash on hand and median cash to debt (measurements) or comparable for not-for-profit freestanding hospitals with a credit rating comparable to Moody’s Investor Services’ credit rating of A1, as most recently published as of such date by any other generally recognized financial information service.

“Sponsors” means Jewish Heritage Fund For Excellence, Inc., a Kentucky nonprofit corporation and its permitted successors and assigns, and Catholic Health Initiatives, a Colorado nonprofit corporation and its permitted successors and assigns.

“Sponsorship Agreement” means that certain Sponsorship Agreement dated effective January 1, 2012, as heretofore and hereinafter amended, restated, superseded, supplemented or otherwise modified in accordance with the terms therein. KentuckyOne will provide UMC with reasonably prompt notice and copies of any amendment, restatement, supplement or other modification to the Sponsorship Agreement.

## **EXHIBIT C**

### **Financial Pro Forma for Maintained Procedures**

KentuckyOne Health & University Medical Center, Inc.  
Transaction Financial Pro Forma  
UMC Financial Analysis (\$000s)

Direct Margin - Third Floor Services

Revenues

	5 Months FY 13	Projected FY 14	Projected FY 15	Projected FY 16	Projected FY 17	Projected FY 18	Projected FY 19	Projected FY 20	Projected FY 21	Projected FY 22
Total operating revenues	\$ 7,866	\$ 16,174	\$ 16,669	\$ 17,183	\$ 17,723	\$ 18,291	\$ 18,883	\$ 19,485	\$ 20,111	\$ 20,756

Direct expenses

Salaries and wages	4,409	9,087	9,380	9,693	9,990	10,326	10,674	11,033	11,404	11,788
Employee benefits	1,103	2,273	2,347	2,424	2,500	2,582	2,669	2,758	2,852	2,948
Medical professional fees	-	-	-	-	-	-	-	-	-	-
Purchased services	307	632	651	670	690	710	731	752	774	797
Consulting and legal	-	-	-	-	-	-	-	-	-	-
Supplies	616	1,272	1,315	1,359	1,405	1,452	1,500	1,551	1,604	1,659
Bad debts	124	190	175	158	174	181	186	192	197	205
Utilities	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-
Rentals, leases and maintenance	1	2	2	2	2	2	2	2	2	2
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Other	11	21	21	21	21	21	21	21	21	21

Total operating expenses before restructuring,  
impairment, and other losses

	6,571	13,477	13,891	14,327	14,782	15,274	15,783	16,309	16,854	17,420
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Direct Margin

	1,295	2,697	2,778	2,856	2,941	3,017	3,100	3,176	3,257	3,336
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Direct Margin %

	16.5%	16.7%	16.7%	16.6%	16.6%	16.5%	16.4%	16.3%	16.2%	16.1%
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Less Withhold for Administrative and General  
Services Provided by KYOne:

Patient Access	39	81	83	86	89	91	94	97	101	104
Billing and Collection	197	404	417	430	443	457	472	487	503	519
Housekeeping	18	36	37	38	39	40	41	42	43	44
Facility Maintenance	75	157	161	165	169	173	177	182	186	191
Laundry and Linen	79	162	167	172	177	183	189	195	201	208
Security	5	12	12	13	13	14	14	14	15	15
Dietary	12	24	25	26	27	27	28	29	30	31
Health Information	59	121	125	129	133	137	142	146	151	156
Supply Chain Management and Distribution	31	65	67	69	71	73	76	78	80	83
Compliance	31	65	67	69	71	73	76	78	80	83
Managed Care	8	16	17	17	18	18	19	19	20	21
Risk Management	15	32	33	34	35	37	38	39	40	42

Total Withhold for Administrative and General

	572	1,175	1,211	1,248	1,285	1,323	1,366	1,406	1,450	1,497
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Less Additional Administrative and General

Financial Services	39	81	83	86	89	91	94	97	101	104
Human Resources	24	100	102	105	108	111	114	118	121	124
Education and Professional Development	21	85	88	90	93	95	98	101	104	107
Administration	389	802	825	851	877	903	929	958	988	1,018

Total Additional Administrative and General

	473	1,068	1,099	1,132	1,167	1,200	1,235	1,274	1,314	1,353
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Net Contribution from 3rd Floor Services

	250	454	468	476	489	494	499	496	493	487
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Net Contribution Margin

	3.2%	2.8%	2.8%	2.8%	2.8%	2.7%	2.6%	2.5%	2.5%	2.3%
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**EXHIBIT D**

**PROMISSORY NOTE**

**University Medical Center, Inc.  
and**

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\$ \_\_\_\_\_, 2012

FOR VALUE RECEIVED, University Medical Center, Inc., a nonprofit corporation organized and validly existing under the laws of the state of Kentucky (the "Borrower"), hereby acknowledges itself obligated to and promises to pay to \_\_\_\_\_ ("Lender"), its successors and assigns, the principal sum of \$ \_\_\_\_\_, together with interest as calculated in this promissory note, which shall be payable during the ten (10) year period commencing on the first day of the first full calendar month immediately following the date first written above (the "Repayment Period") as follows:

- (1) for months 1-60 during the Repayment Period, payment of interest on the outstanding principal amount at the Interest Rate (defined below) only;
- (2) for months 61-119 during the Repayment Period, payment of principal and interest based on a 25 year amortization schedule (as specified on Schedule 1); and
- (3) for month 120, all unpaid principal and interest shall be due and payable.

Principal and/or interest payments shall be due on the first business day of each month. The Borrower may prepay the amounts due hereunder, in whole or in part, without penalty upon thirty days notice to Lender and by depositing with Lender such prepayment amount.

This Promissory Note will bear interest at the Interest Rate in effect as set forth on Schedule 2. Interest shall be payable in advance on the first business day of each month. Notice of interest payment requirements will be made to the Borrower from Lender in advance of the interest payment date.

Principal hereof and interest hereon are payable in any coin or currency of the United States of America which, on the payment date, is legal tender for the payment of public and private debts. Borrower expressly waives presentment, demand, protest, notice of dishonor and any and all other notices and demands whatsoever.

Borrower, as a Participant in the Catholic Health Initiatives ("CHI") Credit Group under the CHI Capital Obligation Document (or any successor agreement), agrees to comply

with the terms of the CHI Capital Obligation Document as excerpted on Schedules 3, as such may be amended, restated, superseded, supplemented or otherwise modified by CHI from time to time.

This Promissory Note shall be governed by the laws of the State of Colorado.

The Borrower has caused this Promissory Note to be executed in its name and on its behalf by the manual signature of an authorized officer, as of the date first written above.

UNIVERSITY MEDICAL CENTER, INC.

By \_\_\_\_\_

Its \_\_\_\_\_

**Schedule 1**

**Payment Schedule**

**(Months 61-119)**

## **Schedule 2**

### **Interest Rate**

The Interest Rate shall be as follows:

Months	Annual Interest Rate
1-12	VBCC Rate plus 0 basis points
13-24	VBCC Rate plus 50 basis points
25-36	VBCC Rate plus 100 basis points
37-48	VBCC Rate plus 150 basis points
49-60	VBCC Rate plus 200 basis points
61-72	VBCC Rate plus 250 basis points
73-84	VBCC Rate plus 300 basis points
85-96	VBCC Rate plus 350 basis points
97-108	VBCC Rate plus 400 basis points
109-120	VBCC Rate plus 450 basis points

For purposes of this Exhibit 2, the Variable Blended Cost of Capital Rate (the “VBCC Rate”) as computed by CHI from time to time in its discretion, will be computed by dividing (A) the aggregate debt service costs of CHI, including provision for interest expense, original issue discount, original issue premium, debt issuance costs, gains/losses on defeasances and all other related fees and expenses required to manage the Debt Program by (B) total CHI debt outstanding under the Capital Obligation Document. Lender reserves the right to alter the Rate computation method without notice. Lender shall provide to Borrower upon request computational support for the Rate.



### **Schedule 3**

#### **Covenants of the Promissory Note**

1. Borrower shall (i) preserve its corporate existence, (ii) preserve all its rights and licenses to the extent necessary in the operation of its business and affairs as then conducted, and (iii) be qualified to do business and conduct its affairs in each jurisdiction where its ownership of property or the conduct of its business or affairs requires such qualification; provided, however, that nothing contained in this Promissory Note shall be construed to obligate Borrower to retain, preserve or keep in effect the rights, licenses or qualifications which in the opinion of Borrower are no longer used or useful in the conduct of its business.
2. Borrower shall not take any action nor suffer any action to be taken by others, including any action which would result in the alteration or loss of its status as an organization which is existing and qualified as exempt from federal income taxation under Section 501(a) or the Internal Revenue Code of 1986, as amended (the "Code"), as an organization described in Section 501(c)(3) of the Code; provided that Borrower may take an action which could result in the alteration or loss of such status if prior thereto there is delivered to CHI an opinion of nationally recognized municipal bond counsel (which counsel and opinion, including without limitation the scope, forms and other aspects thereof, are not unacceptable to CHI and the Trustee under the Capital Obligation Document) to the effect that, under then existing law, such action would not adversely affect the validity of any Related Bond or result in the loss of any exemption from federal or state income taxation of interest payable thereon to which such Bond would otherwise be entitled or adversely affect the enforceability in accordance with its terms of the Capital Obligation Document against any person.
3. Borrower shall promptly comply with all present and future laws, ordinances, orders, decrees, decisions, rules, regulations and requirements of every duly constituted governmental authority, commission and court and the officers thereof which may be applicable to it or any of its affairs, business, operations and property or any part thereof or to the use or manner of use, occupancy or condition of any of its property or any part thereof, if the failure to so comply would have a materially adverse effect on the operations or financial affairs of the CHI Credit Group, taken as a whole.
4. Borrower shall maintain or cause to be maintained, at its cost and expense, insurance (which may include any program of self-insurance) with respect to its property, the operation thereof and its business, against such casualties, contingencies and risks in amounts which are adequate, in the opinion of the Borrower, to protect its property and operations.
5. Borrower shall keep or cause to be kept proper books of records and accounts in which full, true and correct entries shall be made of all dealings or transactions of or in relation to the business and affairs of the Borrower in accordance with generally

accepted accounting principles consistently applied, except as may be disclosed in the notes to the financial statements of the Borrower.

6. Borrower shall not create or incur or permit to be created or incurred or to exist any Lien on its Property, except for Permitted Encumbrances.

The following terms have the following meanings and capitalized terms not defined below have the meaning set forth in the Capital Obligation Document.

**“Lien”** means any mortgage or pledge or lease of, security interest in or lien, charge, restriction or encumbrance on any Property of the Person involved in favor of, or which secures any obligation to, any Person.

**“Permitted Encumbrances”** means Liens, if any, created by this Capital Obligation Document, any Related Loan Document, any Related Bond Indenture and, as of any particular time, any Lien:

(a) on Property existing on the Effective Date securing the Existing Obligations, provided that the principal amount of Indebtedness secured thereby may not be increased and that such Liens may not be extended, renewed or modified to any Property not subject to such Lien on the Effective Date unless such Lien as so extended, renewed or modified is otherwise permitted under this Capital Obligation Document;

(b) on Property acquired subject to an existing Lien, if at the time of such acquisition, the aggregate amount remaining unpaid on the Indebtedness secured thereby (whether or not assumed) does not exceed the fair market value or (if such Property has been purchased) the lesser of the acquisition price or the fair market value of the Property subject to such Lien;

(c) on Property of CHI or any member of the CHI Credit Group granted in favor of or securing Indebtedness to CHI or any other member of the CHI Credit Group;

(d) on Property if such Lien equally and ratably secures all of the Obligations and, if CHI shall so determine, any other Indebtedness of any member of the CHI Credit Group;

(e) on Property given, granted, bequeathed or devised by the owner thereof existing at the time of such gift, grant, bequest or devise, provided that such Liens secure Indebtedness which is not assumed by CHI or any member of the CHI Credit Group and such Liens attach solely to the Property (including the income therefrom) which is the subject of such gift, grant, bequest or devise;

(f) on proceeds of Related Bonds or other Indebtedness (or on income from the investment of such proceeds) that secure payment of such Related Bonds or other Indebtedness or the provider of any liquidity or credit support for such

Related Bond or Indebtedness and any security interest in any rebate fund, any depreciation reserve fund, debt service fund or interest reserve fund, debt service reserve fund or any similar fund established pursuant to the terms of any Supplemental Obligation Document, Related Bond Indenture or Related Loan Document in favor of the Trustee, a Related Bond Trustee, a Related Issuer or the holder of the Related Bonds or other Indebtedness issued or incurred pursuant to such Supplemental Obligation Document, Related Bond Indenture or Related Loan Document;

(g) on Escrow Obligations;

(h) on any Related Bond or any evidence of Indebtedness of CHI or any member of the CHI Credit Group acquired by or on behalf of CHI or any member of the CHI Credit Group by the provider of liquidity or credit support for such Related Bond or Indebtedness;

(i) on accounts receivable arising as a result of the sale of such accounts receivable with recourse;

(j) on any Property existing at the time any Person becomes a member of the CHI Credit Group; provided that no such Lien (or the amount of Indebtedness secured thereby) may be increased, extended, renewed or modified to apply to any Property of such member of the CHI Credit Group not subject to such Lien on such date unless such Lien as so increased, extended, renewed or modified is otherwise permitted under this Capital Obligation Document;

(k) on Property of a Person existing at the time such Person is merged into or consolidated with CHI or a member of the CHI Credit Group, or at the time of a sale, lease or other disposition of the properties of a Person as an entirety or substantially as an entirety to CHI or a member of the CHI Credit Group which becomes part of Property that secures Indebtedness that is assumed by CHI or a member of the CHI Credit Group as a result of any such merger, consolidation or acquisition; provided, that no such Lien may be increased, extended, renewed, or modified after such date to apply to any Property of CHI or a member of the CHI Credit Group not subject to such Lien on such date unless such Lien as so increased, extended, renewed or modified is otherwise permitted under this Capital Obligation Document;

(l) which secure Non-Recourse Indebtedness;

(m) arising out of Capitalized Leases; and

(n) on Property securing Indebtedness *or Hedging Transactions*, in addition to those described in clauses (a) through (m) of this definition of Permitted Encumbrances, if the total aggregate Book Value (or at the option of CHI, Current Value) of the Property subject to a Lien of the type described in this

subsection (n) does not exceed 25% of the Book Value of Property, Plant and Equipment of the CHI Credit Group.

***“Property”*** means any and all rights, titles and interests in and to any and all property, whether real or personal, tangible (including cash) or intangible, wherever situated and whether now owned or hereafter acquired.