



UNIVERSITY OF
LOUISVILLE.

David L. Dunn, M.D., Ph.D.
Executive Vice President for Health Affairs
Professor of Surgery, Microbiology and Immunology

August 29, 2011

Mr. David Gray
President
Baptist Hospital East
4007 Kresge Way
Louisville, KY 40207

Re: Proposal to Expand and Enhance Women's Health Services Offered by
University of Louisville Department of OB/GYN at Baptist Hospital East

Dear David:

This letter (this "Letter") is intended to summarize the principal terms of a proposal being considered by The University of Louisville School of Medicine (the "University") regarding an expansion and enhancement of the professional services and teaching opportunities provided by University faculty members in affiliation with Baptist Healthcare System, Inc. ("Baptist"). The University and Baptist are referred to collectively as the "Parties."

- I. Expansion and Enhancement of Existing Affiliation Between Parties for Women's Health Services. Subject to the satisfaction of the conditions described in this Letter, the Parties intend to negotiate an expanded academic affiliation agreement and related professional service agreement which will provide for the following:
 - (a) All University faculty members in the Department of Obstetrics, Gynecology and Women's Health ("University OB Faculty") will become members of the active medical staff of Baptist Hospital East;
 - (b) Baptist agrees to admit patients of University OB Faculty, regardless of ability to pay, for all obstetrical deliveries and tubal ligation procedures, regardless of whether the procedures are performed in conjunction with a patient's delivery or as a stand alone procedure (hereinafter "OB/GYN Services").
 - (c) The Parties will negotiate a reasonable facility fee and reasonable professional service fees for employed and independent physician and mid-level provider services associated with the provision of OB/GYN Services. University agrees to pay such facility and/or professional fees associated with the provision of OB/GYN Services to Baptist and other physician and mid-level providers, as applicable, for University OB

Faculty patients without insurance coverage and without other adequate financial means of payment

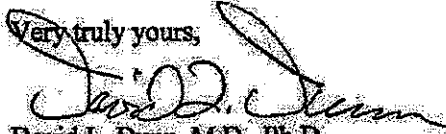
- (d) The Parties agree that the facility fees and fees for physician and mid-level provider services provided in (c) above shall be no less than such fees presently paid to University Medical Center, Inc. and University faculty members through the Quality and Charity Care Trust Program;
- (e) The Parties will negotiate a program letter of agreement, consistent with the requirements of the Accreditation Council on Graduate Medical Education, to set out the terms of a residency program to be located at Baptist Hospital East for University residents in the Department of Obstetrics, Gynecology and Women's Health.

2. Proposed Definitive Agreement. As soon as reasonably practicable after the execution of this Letter, the Parties shall commence to negotiate a definitive academic affiliation agreement and professional service agreement (the "Definitive Agreement") relating to OB/GYN Services provided by the University OB Faculty at Baptist East. The Definitive Agreement would include the terms summarized in this Letter and such other representations, warranties, conditions, covenants and other terms that are customary for transactions of this kind and are not inconsistent with this Letter.
3. Baptist Health Network. University and Baptist agree to work cooperatively to expand University faculty member participation in the Baptist Health Network, Inc. provider network.
4. Termination. This letter will automatically terminate and be of no further force and effect upon the earlier of (i) execution of the Definitive Agreement by the Parties, (ii) mutual agreement of the Parties, and (iii) thirty (30) days after written notice from one of the Parties to the other indicating that they no longer intend to pursue the transactions contemplated by this Letter.
5. GOVERNING LAW. THIS LETTER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH INTERNAL LAWS OF THE COMMONWEALTH OF KENTUCKY, WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAW PROVISION OR RULE (WHETHER OF THE COMMONWEALTH OF KENTUCKY OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF LAWS OF ANY JURISDICTION OTHER THAN THOSE OF THE COMMONWEALTH OF KENTUCKY.
6. Publicity. The terms and conditions of this Letter are confidential and shall not be disclosed without the prior consent of the Parties. The foregoing to the contrary notwithstanding, the Parties agree to develop a press release announcing the OB/GYN Services to be provided by the University OB Faculty at Baptist East and to call and participate in a press conference in connection with such

announcement during the week of August 29, 2011, or as otherwise requested by the University and agreed to by Baptist. The foregoing to the contrary notwithstanding, either of the Parties may disclose any part of this Letter which they are legally required to disclose.

7. No Third Party Beneficiaries. Nothing herein is intended or shall be construed to confer upon any person or entity other than the Parties and their successors or assigns, any rights or remedies under or by reason of this Letter.
8. Expenses. The Parties will each pay their own transaction expenses incurred in connection with the transaction contemplated by this Letter.
9. No Binding Agreement. This Letter reflects the intention of the Parties, but for the avoidance of doubt neither this Letter nor its acceptance shall give rise to any legally binding or enforceable obligation on any Party, except with regard to paragraph 5 hereof. No contract or agreement providing for any transaction involving the Parties shall be deemed to exist unless and until the Definitive Agreement has been executed and delivered.
10. Miscellaneous. This Letter may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement. The headings of the various sections of this Letter have been inserted for reference only and shall not be deemed to be a part of this Letter.

If you are in agreement with the terms set forth above and desire to proceed with the proposed Transaction on that basis, please sign this Letter in the space provided below and return an executed copy to me.

Very truly yours,

David L. Dunn, M.D., Ph.D.

Agreed to and accepted:


Baptist Healthcare System, Inc.

10-29-11
Date

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