

ORIGINAL

(Agency Use Only)
Fee Received Y N
Exemption # E: 007-13

RECEIVED

APR 02 2013

ILLINOIS HEALTH FACILITIES PLANNING BOARD
APPLICATION FOR EXEMPTION FOR THE
CHANGE OF OWNERSHIP FOR AN EXISTING HEALTH CARE FACILITY

HEALTH FACILITIES &
SERVICES REVIEW BOARD

1. INFORMATION FOR EXISTING FACILITY

Current Facility Name Rush Oak Park Hospital
Address 520 S. Maple Ave.
City Oak Park Zip Code 60304 County Cook
Name of current licensed entity for the facility As above
Does the current licensee: own this facility OR lease this facility (if leased, check if sublease
Type of ownership of the current licensed entity (check one of the following:) Sole Proprietorship
 Not-for-Profit Corporation For Profit Corporation Partnership
 Governmental
 Limited Liability Company Other, specify _____
Illinois State Senator for the district where the facility is located: Sen. Don Harmon
State Senate District Number 39 Mailing address of the State Senator 6933 W. Oak Park Avenue, Oak Park, IL. 60302

Illinois State Representative for the district where the facility is located: Rep. Karen Yarborough
State Representative District Number 7 Mailing address of the State Representative
2305 W. Roosevelt Road, Broadview, IL. 60155

2. **OUTSTANDING PERMITS.** Does the facility have any projects for which the State Board issued a permit that will not be completed (refer to 1130.140 "Completion or Project Completion" for a definition of project completion) by the time of the proposed ownership change? Yes No . If yes, refer to Section 1130.520(I), and indicate the projects by Project # _____

3. **FACILITY'S BED OR DIALYSIS STATION CAPACITY BY CATEGORY OF SERVICE** (Complete "APPENDIX A" attached to this application)

4. **FACILITY'S OTHER CATEGORIES OF SERVICE AS DEFINED IN 77 IAC 1100** (Complete "APPENDIX A" attached to this application)

5. **NAME OF APPLICANT** (complete this information for each co-applicant and insert after this page).
Exact Legal Name of Applicant Rush University Medical Center
Address 1700 W. Van Buren, Suite 301
City, State & Zip Code Chicago, IL 60612
Type of ownership of the current licensed entity (check one of the following:) Sole Proprietorship
 Not-for-Profit Corporation For Profit Corporation Partnership Governmental
 Limited Liability Company Other, specify _____

6. **NAME OF LEGAL ENTITY THAT WILL BE THE LICENSEE/OPERATING ENTITY OF THE FACILITY NAMED IN THE APPLICATION AS A RESULT OF THIS TRANSACTION.**
Exact Legal Name of Entity to be Licensed Rush Oak Park Hospital
Address 520 S. Maple Ave.
City, State & Zip Code Oak Park, IL 60304
Type of ownership of the current licensed entity (check one of the following:) Sole Proprietorship
 Not-for-Profit Corporation For Profit Corporation Partnership
Governmental Limited Liability Company Other, specify _____

7. **BUILDING/SITE OWNERSHIP.** NAME OF LEGAL ENTITY THAT WILL OWN THE "BRICKS AND MORTAR" (BUILDING) OF THE FACILITY NAMED IN THIS APPLICATION IF DIFFERENT FROM THE OPERATING/LICENSED ENTITY
Exact Legal Name of Entity That Will Own the Site Rush Oak Park Hospital
Address 520 S. Maple Ave.
City, State & Zip Code Oak Park, IL 60304
Type of ownership of the current licensed entity (check one of the following:) Sole Proprietorship
 Not-for-Profit Corporation For Profit Corporation Partnership Governmental
 Limited Liability Company Other, specify _____

Co-Applicant Information

Rush Oak Park Hospital
520 S. Maple Ave.
Oak Park, Illinois 60134

An Illinois Not For Profit Corporation



State of Illinois 2087306

Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

DAVID MAR HASBROUCK, MD, MPH
DIRECTOR

Issued under the authority of
The State of Illinois
Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
06/30/13	B6BD	0001750

FULL LICENSE

GENERAL HOSPITAL

EFFECTIVE: 07/01/12

BUSINESS ADDRESS

RUSH OAK PARK HOSPITAL, INC.

520 SOUTH MAPLE AVENUE

OAK PARK IL 60304

face of this license has a colored background. Printed by Authority of the State of Illinois • 4/97 •

← DISPLAY THIS PART IN A
CONSPICUOUS PLACE

REMOVE THIS CARD TO CARRY AS AN
IDENTIFICATION



State of Illinois 2087306

Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

RUSH OAK PARK HOSPITAL, INC.

EXPIRATION DATE	CATEGORY	I.D. NUMBER
06/30/13	B6BD	0001750

FULL LICENSE

GENERAL HOSPITAL

EFFECTIVE: 07/01/12

05/05/12

RUSH OAK PARK HOSPITAL
520 SOUTH MAPLE AVENUE

OAK PARK IL 60304

FEE RECEIPT NO.

8. TRANSACTION TYPE. CHECK THE FOLLOWING THAT APPLY TO THE TRANSACTION:

- Purchase resulting in the issuance of a license to an entity different from current licensee;
- Lease resulting in the issuance of a license to an entity different from current licensee;
- Stock transfer resulting in the issuance of a license to a different entity from current licensee;
- Stock transfer resulting in no change from current licensee;
- Assignment or transfer of assets resulting in the issuance of a license to an entity different from the current licensee;
- Assignment or transfer of assets not resulting in the issuance of a license to an entity different from the current licensee;
- Change in membership or sponsorship of a not-for-profit corporation that is the licensed entity;
- Change of 50% or more of the voting members of a not-for-profit corporation's board of directors that controls a health care facility's operations, license, certification or physical plant and assets;
- Change in the sponsorship or control of the person who is licensed, certified or owns the physical plant and assets of a governmental health care facility;
- Sale or transfer of the physical plant and related assets of a health care facility not resulting in a change of current licensee;
- Any other transaction that results in a person obtaining control of a health care facility's operation or physical plant and assets, and explain in "Attachment 3 Narrative Description"

9. APPLICATION FEE. Submit the application fee in the form of a check or money order for \$2,500 payable to the Illinois Department of Public Health and append as **ATTACHMENT #1**.

10. FUNDING. Indicate the type and source of funds which will be used to acquire the facility (e.g., mortgage through Health Facilities Authority; cash gift from parent company, etc.) and append as **ATTACHMENT #2**.

11. ANTICIPATED ACQUISITION PRICE: \$21,078,000.00

12. FAIR MARKET VALUE OF THE FACILITY: \$21,078,000.00
(to determine fair market value, refer to 77 IAC 1130.140)

13. DATE OF PROPOSED TRANSACTION: July 1, 2013.

14. NARRATIVE DESCRIPTION. Provide a narrative description explaining the transaction, and append it to the application as **ATTACHMENT #3**.

15. BACKGROUND OF APPLICANT (co-applicants must also provide this information). Corporations and Limited Liability Companies must provide a current Certificate of Good Standing from the Illinois Secretary of State. Partnerships must provide the name and address of each partner and specify whether each is a general or limited partner. Append this information to the application as **ATTACHMENT #4**.

16. TRANSACTION DOCUMENTS. Provide a copy of the document(s) which detail the terms and conditions of the proposed transaction (purchase, lease, stock transfer, etc). Applicants should note that the document(s) submitted should reflect the applicant's (and co-applicant's, if applicable) involvement in the transaction. The document must be signed by both parties and contain language stating that the transaction is contingent upon approval of the Illinois Health Facilities Planning Board. Append this document(s) to the application as **ATTACHMENT #5**.

17. FINANCIAL INFORMATION (co-applicants must also provide this information). Per 77 IAC 1130.520(b)(3), an applicant must demonstrate it has sufficient funds to finance the acquisition and to operate the facility for 36 months by providing evidence of a bond rating of "A" or better (that must be less than two years old) from Fitch, Moody or Standard and Poor's rating agencies or evidence of compliance with the financial viability review criteria (as applicable) to the type of facility being acquired (as specified at 77 IAC 1120). Append as **ATTACHMENT #6**.

18. PRIMARY CONTACT PERSON. Individual representing the applicant to whom all correspondence and inquiries pertaining to this application are to be directed. (Note: other persons representing the applicant not named below will need written authorization from the applicant stating that such persons are also authorized to represent the applicant in relationship to this application).

Name: Anne M. Murphy, Rush University Medical Center

Address: 1700 W. Van Buren, Suite 301

City, State & Zip Code: Chicago, IL 60612

Telephone: (312) 942-6886

19. **ADDITIONAL CONTACT PERSON.** Consultant, attorney, other individual who is also authorized to discuss this application and act on behalf of the applicant.

Name: Clare Connor Ranalli

Address: 227 W. Monroe St.

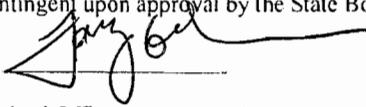
City, State & Zip Code: Chicago, IL 60606

Telephone (312) 984-3365

20. **CERTIFICATION**

I certify that the above information and all attached information are true and correct to the best of my knowledge and belief. I certify that the categories of service, number of beds and/or dialysis stations within the facility will not change as part of this transaction. I certify that no adverse action has been taken against the applicant(s) by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois. I certify that I am fully aware that a change in ownership will void any permits for projects that have not been completed unless such projects will be completed or altered pursuant to the requirements in 77 IAC 1130.520(f) prior to the effective date of the proposed ownership change. I also certify that the applicant has not already acquired the facility named in this application or entered into an agreement to acquire the facility named in the application unless the contract contains a clause that the transaction is contingent upon approval by the State Board.

Signature of Authorized Officer



Typed or Printed Name of Authorized Officer Lawrence Goodman, M.D.

Title of Authorized Officer: CEO

Address: 1700 W. Van Buren, Suite 301

City, State & Zip Code: Chicago, IL 60612

Telephone (312) 942-6886

Date: _____

NOTE: complete a separate signature page for each co-applicant and insert following this page.

19. **ADDITIONAL CONTACT PERSON.** Consultant, attorney, other individual who is also authorized to discuss this application and act on behalf of the applicant.

Name: Clare Connor Ranalli

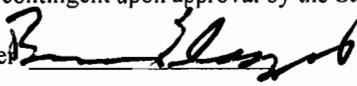
Address: 227 W. Monroe St.

City, State & Zip Code: Chicago, IL 60606

Telephone (312) 984-3365

20. **CERTIFICATION**

I certify that the above information and all attached information are true and correct to the best of my knowledge and belief. I certify that the categories of service, number of beds and/or dialysis stations within the facility will not change as part of this transaction. I certify that no adverse action has been taken against the applicant(s) by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois. I certify that I am fully aware that a change in ownership will void any permits for projects that have not been completed unless such projects will be completed or altered pursuant to the requirements in 77 IAC 1130.520(f) prior to the effective date of the proposed ownership change. I also certify that the applicant has not already acquired the facility named in this application or entered into an agreement to acquire the facility named in the application unless the contract contains a clause that the transaction is contingent upon approval by the State Board.

Signature of Authorized Officer 

Typed or Printed Name of Authorized Officer Bruce Elegant

Title of Authorized Officer: CEO

Address: 520 S. Maple Ave.

City, State & Zip Code: Oak Park, IL 60304

Telephone (708) 660-6660

Date: _____

NOTE: complete a separate signature page for each co-applicant and insert following this page.

**APPENDIX A
FACILITY BED AND DIALYSIS STATION CAPACITY AND CATEGORIES OF SERVICE**

Complete the following for the facility for which the change of ownership is requested. The facility's bed and dialysis station capacity must be consistent with the State Board's Inventory of Health Care Facilities.

FACILITY NAME Rush Oak Park Hospital CITY: Oak Park

1. Indicate (by placing an "X") the type of facility for which the change of ownership is requested:

Hospital; Long-term Care Facility; Dialysis Facility; Ambulatory Surgical Treatment Center.

2. Provide the bed capacity by category of service:

SERVICE	# of Beds	SERVICE	# of Beds
Medical/Surgical	<u>151</u>	Nursing Care	<u>36</u>
Obstetrics	<u>0</u>	Shelter Care	_____
Pediatrics	<u>0</u>	DD Adults*	_____
Intensive Care	<u>14</u>	DD Children**	_____
Acute Mental Illness	<u>0</u>	Chronic Mental Illness	_____
Rehabilitation	<u>36</u>	Children's Medical Care	_____
Neonatal Intensive Care	<u>0</u>	Children's Respite Care	_____

*Includes ICF/DD 16 and fewer bed facilities; **Includes skilled pediatric 22 years and under

3. Chronic Renal Dialysis: Enter the number of ESRD stations: 0

4. Indicate (by placing an "X") those categories of service for which the facility is approved.

<input checked="" type="checkbox"/> Cardiac Catheterization	_____ Open Heart Surgery
_____ Subacute Care Hospital Model	_____ Kidney Transplantation
_____ Selected Organ Transplantation	_____ Postsurgical Recovery Care Center Model

5. Non-Hospital Based Ambulatory Surgery and Ambulatory Surgical Treatment Centers

Indicate (by placing an "X") if the facility is a limited or multi-specialty facility and indicate the surgical specialties provided.

_____ Cardiovascular	_____ Ophthalmology
_____ Dermatology	_____ Oral/Maxillofacial
_____ Gastroenterology	_____ Orthopedic
_____ General/Other (includes any procedure that is not included in the other specialties)	_____ Otolaryngology
_____ Neurological	_____ Plastic Surgery
_____ Obstetrics/Gynecology	_____ Podiatry
	_____ Thoracic
	_____ Urology

Application Fee

See attached check for \$2,500.00

e

Funding

Cash currently held in escrow account.

Narrative Description

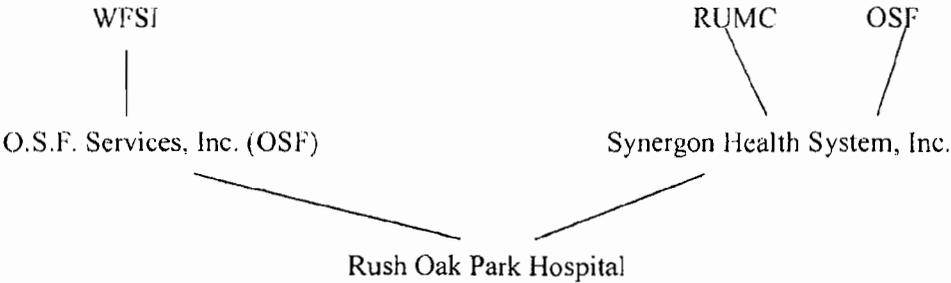
O.S.F. Services, Inc. ("OSF") and Synergon Health System ("Synergon"), both not for profit corporations are the members of Rush Oak Park Hospital ("ROPH"). The sole member of OSF is Wheaton Franciscan Services, Inc. ("WFSI") and the members of Synergon are OSF and RUMC. As part of an agreed upon corporate re-structuring OSF and Synergon will transfer their membership interest to RUMC. In exchange, RUMC will release \$21,078,000.00 held in an escrow to OSF's sole member, WFSI, pursuant to an Integration Agreement entered into on October 1, 1997.

This change in membership interest requires approval of the Illinois Health Facilities and Services Review Board.

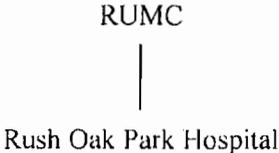
ROPH does not intend to, as a result of this change in membership, substantially change any of the categories of service or number of beds as reflected in the Inventory of Healthcare Facilities for at least 12 months following the project's completion date. However, changes may occur in the ordinary course of business. Any changes requiring IHFSRB approval will be submitted to IHFSRB.

The applicant RUMC intends to maintain ownership and control of ROPH for a minimum of three years. The charity care policy in place at ROPH will be substantively maintained by RUMC for a period of two (2) years past the change of ownership.

Pre Change of Ownership

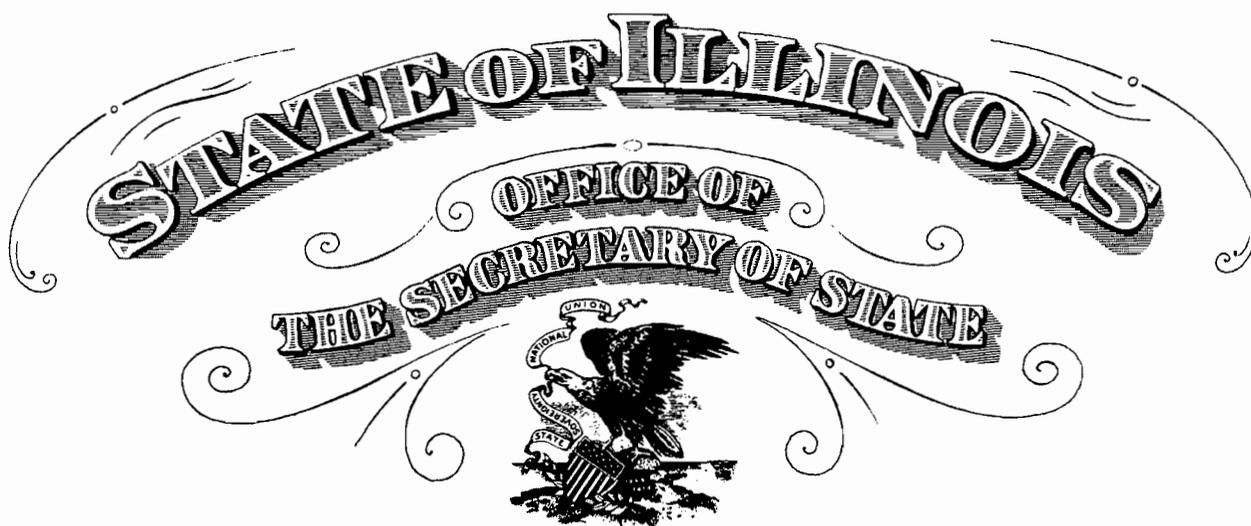


Post Change of Ownership



Certificate of Good Standing

See attached.



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

RUSH OAK PARK HOSPITAL, INC., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON MARCH 27, 1906, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 25TH day of MARCH A.D. 2013 .

Jesse White



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

RUSH UNIVERSITY MEDICAL CENTER, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON JULY 21, 1883, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 25TH day of MARCH A.D. 2013 .

Jesse White

SECRETARY OF STATE

Transaction Documents

See attached Letter of Intent. A Change of Membership Agreement will be provided at least twenty (20) days prior to the scheduled HFSRB meeting on which consideration of this exemption request will take place.

Also, see the attached Amended and Restated Integration and Joint Venture Agreement between WFSI, Synergon and RUMC (then Rush Presbyterian St. Luke's Medical Center).

Lastly, the applicants attach a FMV study performed at the time the Integration Agreement was entered into. A current FMV was not obtained, because the Integration Agreement contains binding terms for the membership interest transfer.

LETTER OF INTENT

Between O.S.F. Services, Inc., Synergon Health System and
Rush University Medical Center, all Illinois not for profit corporations

March 28, 2013

O.S.F. Services, Inc.
A Wisconsin Nonstock Corporation
("OSF")

Synergon Health Systems
an Illinois Not For Profit Corporation
("Synergon")

To Whom It May Concern:

We are pleased to submit this letter in connection with a possible transaction which would involve the change of membership of Rush Oak Park Hospital ("ROPH"). The following summarizes the principal terms on which we propose to proceed in connection with the negotiation of a definitive change of membership agreement.

1. Membership Change. The current members of ROPH are OSF and Synergon. Wheaton Franciscan Services, Inc. ("WFSI") is the sole member of OSF. Rush University Medical Center ("RUMC") and OSF are the members of Synergon. It is the desire of OSF, Synergon, and RUMC (collectively, the "Parties") that RUMC becomes the sole member of ROPH.

2. Consideration. In accord with the 1997 Amended and Restated Integration and Venture Agreement between RUMC, Synergon and WFSI, RUMC agrees the capital account in the amount of \$21,078,000.00 referenced in Section 5 thereof will be released to WFSI in exchange for OSF's membership interest in ROPH.

3. Services. It is anticipated that for a period of two (2) years subsequent to the change in membership, ROPH will maintain the same level of clinical services as currently maintained by it, other than those changes that may occur in the ordinary course of business. Any change that is deemed essential and that requires approval from the Illinois Health Facilities and Services Review Board will be brought before and for said approval.

4. Process and Documentation. The Parties will negotiate the terms of a definitive change of membership agreement which will contain representations, warranties, covenants, conditions and indemnities customary for transactions of this type, all of which will survive the closing on terms to be negotiated. Closing will occur

concurrently with the signing of the definitive documentation, unless material third party consents are required, but no later than June 30, 2013.

Completion of the transaction will be subject to the following:

- No material adverse change in the business or operations of ROPH;
- Receipt of required approval from the Illinois Health Facilities and Services Review Board; and
- Execution of definitive documentation following all relevant Board of Trustees' approval.

5. Effect of Letter. It is understood that this letter is intended to establish a basis for future discussions and to be a summary of certain terms on which the Parties expect to proceed. It is not intended to create or evidence, and it does not create or evidence, any legally binding obligations on the part of any party except as provided in this Section 5 and Section 6 below. It is understood that either of us is free to terminate discussions at any time and for any reason without liability prior to the signing of a definitive change of membership agreement.

6. Governmental Approvals. The transaction contemplated hereby is expressly conditioned upon the parties receiving any necessary governmental approvals.

7. Employees. Subsequent to the change to membership, ROPH anticipate it will maintain existing employees and existing employment contracts, other than changes that may occur in the ordinary course of business.

8. Interim Conduct of the Business. Pending execution of a definitive agreement, the current members of ROPH will operate ROPH in the ordinary course, and not engage in any substantial operational changes or incur any material debt.

9. Efforts to Close. Each party agrees to use commercially reasonable efforts to complete the change of membership transaction contemplated hereby and to promptly take such action as may be reasonably required to obtain any prior approvals and to provide information to relevant parties, so that the Closing will occur on or before June 30, 2013.

10. Expenses. Each party shall bear its own legal, accounting and administrative expenses in connection with the investigation, negotiation and consummation of the transaction contemplated hereby.

11. Jurisdiction. The provisions of this letter of intent, the definitive agreement and any ancillary agreements shall be governed by Illinois law. The parties agree to submit to the jurisdiction of Illinois courts to resolve disputes.

12. Acceptance. If the foregoing is acceptable as a basis for negotiating a definitive change of membership agreement, please sign and acknowledge same where indicated below. Upon receipt of a signed copy of this letter of intent, we will proceed

with our plans for consummating the transaction in a timely manner, and we will prepare an initial draft of the definitive agreement for your review. This letter may be executed in counterparts.

By signing below, we confirm that this letter has been duly authorized and is valid and binding on each signatory to the extent contemplated above.

Sincerely,



Lawrence Goodman, M.D.
Rush University Medical Center

O.S.F. Services, Inc.

By: _____

Its: _____

Date: _____

Acknowledged by:

Rush Oak Park Hospital

By: _____

Its: _____

Date: _____

Synergon Health System

By: _____

Its: _____

Date: _____

Acknowledged by:

Wheaton Franciscan Services, Inc.

By: _____

Its: _____

Date: _____

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By signing below, we confirm that this letter has been duly authorized and is valid and binding on each signatory to the extent contemplated above.

Sincerely,

Lawrence Goodman, M.D.
Rush University Medical Center

O.S.F. Services, Inc.

By: John D. Oliveira
Its: President
Date: 3/28/13

Acknowledged by:

Rush Oak Park Hospital

By: _____
Its: _____
Date: _____

Synergon Health System

By: _____
Its: _____
Date: _____

Acknowledged by:

Wheaton Franciscan Services, Inc.

By: John D. Oliveira
Its: President + CEO
Date: 3/28/13

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By signing below, we confirm that this letter has been duly authorized and is valid and binding on each signatory to the extent contemplated above.

Sincerely,

Lawrence Goodman, M.D.
Rush University Medical Center

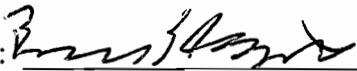
O.S.F. Services, Inc.

By: _____

Its: _____

Date: _____

Synergon Health System

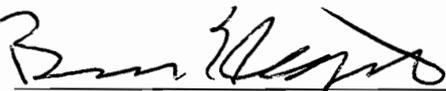
By: 

Its: President

Date: 3-20-2013

Acknowledged by:

Rush Oak Park Hospital

By: 

Its: President & CEO

Date: 3-20-2013

Acknowledged by:

Wheaton Franciscan Services, Inc.

By: _____

Its: _____

Date: _____

AMENDED AND RESTATED
INTEGRATION AGREEMENT (9/24/90)

AND

VENTURE AGREEMENT (7/1/93)

BY AND AMONG

SYNERGON HEALTH SYSTEM
RUSH-PRESBYTERIAN-ST. LUKE'S MEDICAL CENTER

AND

WFSI-ILLINOIS

Dated October 1, 1997

**AMENDED AND RESTATED
INTEGRATION AND VENTURE
AGREEMENT**

This Agreement made and entered into as of this 1st day of October, 1997, by and among Synergon Health System, an Illinois not-for-profit corporation ("Synergon"), Rush Presbyterian-St. Luke's Medical Center, an Illinois not-for-profit corporation ("RUSH"), and WFSI-Illinois, an Illinois not-for-profit corporation ("WFSI-IL"), amends and restates the Integration Agreement dated as of September 24, 1990 ("Integration Agreement") by which Synergon was created, and the Venture Agreement dated as of July 1, 1993 ("Venture Agreement"), among all of the parties to this Agreement.

This Agreement consolidates, amends and restates particular provisions of the Integration Agreement and the Venture Agreement.

RECITALS

Synergon is a healthcare system which operates facilities in the Western Cook County suburban community. RUSH operates a major healthcare system in the Chicago metropolitan area. Both parties share a common commitment to providing high quality, cost effective healthcare to their service communities.

NOW, THEREFORE, IN CONSIDERATION of their mutual promises and agreements, the parties hereby agree as follows:

ARTICLE I - PURPOSE OF THE VENTURE

Section 1.1 - Venture Objective

The objective of the parties in entering into this Agreement is to develop a Chicago healthcare network which provides services on a cost-effective, high quality basis.

More specifically, it is intended that the parties will benefit by:

1.
 - a. Achieving further economies of scale.
 - b. Effectively retaining and recruiting quality health care professionals to serve the community .
 - c. Expanding the number of primary care physicians and the number of patients served in the community.
 - d. Developing complete integrated clinical programs.
 - e. Providing managed care options.
2. It is intended that Synergon will generate financial resources for healthcare services of the parties.
3. Synergon's operations will reflect each organization's philosophy of continuous quality improvement.
4. The parties will explore all health education opportunities which can be implemented in a consistent manner with the vision and principles of both.
5. The parties will leverage their respective clinical strengths and where appropriate, the clinical strengths of Marianjoy Rehabilitation Hospital and Clinics, a subsidiary of WFSI-IL.
6. Oak Park Hospital shall remain a Catholic hospital. It shall be subject to and shall abide by the Ethical and Religious Directives for Catholic Health Facilities as promulgated or amended by the National Conference of Catholic Bishops and interpreted by the Local Ordinary (the "Directives").

7. Oak Park Hospital shall maintain its discrete identity and name and any change to its name is reserved solely and exclusively to WFSI.
8. While WFSI-IL is a member of Synergion, Synergion shall not permit abortions to be performed at its facilities, shall not commence any services which are not in compliance with the Directives which are not offered as of September 14, 1990 shall not expand any such services, shall not re-enlarge any such services if they are diminished and shall not recommence after discontinuing any such services. Under no circumstances shall WFSI-IL or Oak Park Hospital incur any benefit or expense from the continuation of such services by Synergion.

Article II - GOVERNANCE OF SYNERGON

Section 2.1 - Governance of Synergion

The Board of Directors shall have seven (7) Class A Board Members. RUSH shall have the right to nominate three (3) of the Class A Board Members and WFSI-IL shall have the right to nominate three (3) such Members. The seventh Board Member shall be the President of Synergion.

The following matters shall require supermajority approval

- election of the Board of Directors
- election of the chief executive officer (President)
- addition of a new Member
- closure of a facility
- change of Synergion bylaws
- Change in the capitalization of Synergion and/or issuing debt or encumbering

assets if there is any effect on capital account of WFSI-IL, or if there is any effect or potential effect on the ability of WFSI-IL to withdraw its capital account.

Supermajority approval shall require the affirmative votes of a majority of the directors nominated by RUSH and a majority of the directors nominated by WFSI-IL. The Board of Directors effective October 1, 1997 is set forth in Schedule 1. Voting by members of the Board of Directors may be by proxy.

Vacancies in a directorship resulting from removal or resignation shall be filled from a slate of candidates presented by the affected venture member and voted on by a super majority with no vote to be withheld unreasonably. Removal of officers of the corporation shall be subject to a simple majority vote, except that Rush may remove the President.

Section 2.2 - Powers of the Synergon Board

Powers and responsibilities of the Synergon Board will encompass all aspects of the operation and management of Synergon including the election of officers.

ARTICLE III - MANAGEMENT AND OPERATIONS

Section 3.1 - General

The Synergon Board of Directors shall be responsible to manage Synergon facilities.

ARTICLE IV - COMMITMENTS OF RUSH

Section 4.1 - In General

Pursuant to the objective described in Article I, the strategic plans for all Synergon facilities shall be aimed at carrying out the venture objective. The parties shall use their best efforts to accomplish the venture objective.

Section 4.2 - Oak Park Hospital

Upon execution of this Agreement, RUSH, through Synergon, and in accordance with the terms of this Agreement, shall assume full responsibility and authority to manage Oak Park Hospital. It is agreed that WFSI shall continue to provide rehabilitation services at Oak Park Hospital subject to a mutually acceptable management agreement and under essentially the same terms and conditions as such services are currently provided. RUSH services provided to Oak Park Hospital through Synergon shall be consistent with Oak Park Hospital's status as a Catholic Hospital.

Section 4.3 - Oak Park Hospital Board

WFSI-IL will elect the Board of Directors of Oak Park Hospital which shall be comprised of 5 members. ^{VOTING GAO 9/19/97 Miller} The members shall be: a chairperson, the chairperson of Synergon, the President of Oak Park Hospital (who shall also be the President of Synergon), the President of the Oak Park Hospital Medical Staff, and a member designated by RUSH. The Board of Directors effective October 1, 1997 is set forth in Schedule 2. John Oliverio shall be the chairperson of the Oak Park Hospital Board, effective October 1, 1997 and subsequent chairperson shall be nominated by WFSI-IL and approved by a simple majority vote of the Synergon Board of Directors, and then elected by WFSI-IL.

ARTICLE V - WFSI - IL CAPITAL ACCOUNT

Section 5.1 - Deposit of Funds

Upon execution of this Agreement, RUSH shall transfer Twenty-One Million Seventy-Eight Thousand Dollars (\$21,078,000) into the Synergon capital account of WFSI-IL. At no time may Rush withdraw or otherwise encumber funds held in the Synergon capital account of WFSI-IL without WFSI's express approval.

Section 5.2 - Withdrawals of Funds

Upon execution of this Agreement, effective immediately, WFSI-IL shall:

1. withdraw all funds from its current Synergon capital account as well as all non-working capital assets from Oak Park Hospital except the self-insurance trust fund as noted in Section 5.3;
2. begin receiving all investment income derived from the monies deposited and/or remaining in its Synergon capital account as well as all investment income from any non-working capital assets it is required to leave in Oak Park Hospital; and to direct and control the investment of all such monies and capital.
3. give up any right to a share of the operating results of Synergon which shall be transferred to or from the Rush capital account in Synergon but retain those reserve powers over Oak Park Hospital required for it to remain a Catholic sponsored hospital; and
4. be prohibited from withdrawing any or all of the amount of RUSH's contribution to WFSI-IL's Synergon capital account unless WFSI-IL fully withdraws from Synergon.

Section 5.3 - Self-Insurance Trust Fund

1. Self-Insurance Trust Fund. The self-insurance trust fund of Oak Park Hospital shall insure only liabilities incurred prior to October 1, 1997. WFSI-IL may make such arrangements as it deems desirable to cede such insurance liability responsibility to a licensed insurer. WFSI-IL may withdraw any funds from the self-insurance trust at any time if:

- a. Insurance-liability of the fund is ceded to a licensed insurer rated A- or better by A.M. Best with an unencumbered surplus of fifty million dollars or better (A.M. Best size category of VII or higher), or
- b. All legally asserted claims have been determined and paid if there is liability, and the statute of limitations for the types of claims covered by the fund has expired, or
- c. WFSI-IL will indemnify Oak Park Hospital for liabilities insured by the fund up to an amount equal to the funds withdrawn.

ARTICLE VI - WFSI-IL OR RUSH WITHDRAWAL

Section 6.1 Oak Park Hospital - WFSI-IL Options

WFSI-IL may withdraw from Synergon pursuant to Section 6.1:

1. WFSI-IL agrees to accept a bona fide offer from a Catholic entity to purchase Oak Park Hospital, in which event the parties will obtain an independent valuation of Oak Park Hospital, through a process described in Section 6.3. Following such valuation;
 - a. Any excess value over RUSH's original contribution to WFSI-IL's Synergon capital account shall be paid over to RUSH's Synergon capital account, and WFSI-IL shall return to RUSH the original balance contributed to WFSI-IL's Synergon capital account.
 - b. If the value is less than RUSH's original contribution to WFSI-IL's Synergon capital account, and less than five (5) years have elapsed since October 1, 1997, WFSI shall return to RUSH the original balance

contributed to WFSI-IL's Synergon capital account.

- c. If the value is less than RUSH's original contribution to WFSI-IL's Synergon capital account and at least five (5) years have elapsed since October 1, 1997, WFSI shall return to RUSH that portion of the original balance contributed to WFSI-IL's Synergon capital account which is equal to the value.
2. WFSI-IL may transfer its membership and interests in Oak Park Hospital to RUSH, or with RUSH's consent to Synergon, and withdraw the then-existing balance in its Synergon capital account. Such transfer shall not require a valuation process as described in Section 6.3 Valuation below.
3. If WFSI-IL, while it is a member of Synergon, shall decide to sell Oak Park Hospital, and is able to obtain authority to alienate Oak Park Hospital to a non-Catholic entity, RUSH shall have a right of first refusal to acquire Oak Park Hospital. The price shall be the amount of the original deposit made by RUSH to WFSI-IL's Synergon capital account. Such right shall be exercised by RUSH within 90 days of notice by WFSI-IL of its intent to alienate Oak Park Hospital. There shall be no right of RUSH to obtain an appraisal, impose any due diligence requirements, or to condition the exercise of such right on any matter other than required approvals.
4. WFSI-IL withdraws because Rush has violated the last sentence of Section 4.2, in which event the provisions of Subsection 1 above will apply except 1.b which shall not apply.

Section 6.2 RUSH Withdrawal

RUSH may withdraw from Synergon, in which event the parties will obtain an independent valuation of Oak Park Hospital, through a process described in Section 6.3 hereof. Following such valuation RUSH shall receive the lower of the original contribution RUSH made to the WFSI-IL capital account in Synergon or the valuation amount arrived at through the valuation process set forth in Section 6.3 below.

Section 6.3 Valuation

If either WFSI-IL or RUSH seeks to withdraw from Synergon, separate appraisals shall be completed by each party within one hundred twenty (120) days of the notice of intent to withdraw in order to reach a valuation. The two appraisers will select a third appraiser before the process begins. If the two valuations are within 10% of each other, the two values will be averaged to reach the final figure. If the two valuations are not within 10% of each other, the third appraiser will complete an evaluation within ninety (90) days. The outlier of the three valuations will be discarded and the remaining two will be averaged. If either party shall fail to appoint an appraiser within an initial thirty (30) day period, the appraisal shall be by the single appraiser. The multiple in the market multiple approach portion of any valuation methodology used will not be less than the multiple used to determine the original contribution amount which is 5.68.

ARTICLE VII - EXCLUSIVITY

Section 7.1 - Exclusivity

While this Agreement remains in effect, each party will not enter into, either directly or indirectly, for itself or as an agent of another or through others as an agent, any affiliation with any other party operating or controlling any hospital listed in Exhibit 1 without supermajority approval of the Synergon Board.

For purposes of this Section, affiliation shall mean any arrangement whereby a party controls, is controlled by, or is under common control with or is in a position to significantly affect the operations of a hospital set forth in Exhibit 1; or any arrangement with any such hospital that significantly affects the competitive position of Synergon, WFSI-IL (Oak Park Hospital) and RUSH.

ARTICLE VIII - REPRESENTATIONS AND WARRANTIES OF RUSH

RUSH represents and warrants to Synergon and WFSI-IL that the statements set forth below in this Article are true and correct.

Section 8.1 - Authority to Enter Into Agreement: Enforceability

RUSH has full power and authority under Illinois law to enter into and to carry out the terms and provisions in this Agreement and the transactions contemplated hereby, without obtaining the approval or consent of any other party or authority; all corporate proceedings have been obtained by RUSH which are necessary to authorize the execution, delivery and performance of this Agreement; and this Agreement is a legal, valid and binding obligation of RUSH, enforceable in accordance with its terms.

Section 8.2 - Organization and Standing

RUSH is a not-for-profit corporation, duly organized, validly existing and in good standing under the laws of the State of Illinois, and has all requisites, corporate power and authority to own, lease and operate its properties and to carry on its business as it is now being conducted.

ARTICLE IX - REPRESENTATIONS AND WARRANTIES SYNERGON AND WFSI-IL

Synergon and WFSI-IL represent and warrant to RUSH that the statements set forth below in this Article are true and correct.

Section 9.1 - Authority To Enter Into Agreement; Enforceability

WFSI-IL and Synergon have full power and authority under Illinois law to enter into and to carry out the terms and provisions of this Agreement and the transactions contemplated hereby, without obtaining the approval or consent of any other party or authority; all corporate proceedings have been taken and all corporate authorizations have been obtained by WFSI-IL and Synergon which are necessary to authorize the execution, delivery and performance of this Agreement; and this Agreement is a legal, valid and binding obligation of WFSI-IL and Synergon enforceable in accordance with its terms.

Section 9.2 - Organizations and Standing

WFSI-IL and Synergon are not-for-profit corporations, duly organized, validly existing and in good standing under the laws of the State of Illinois and each has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as it is now being conducted.

ARTICLE X - POST CLOSING DELIVERY OF DOCUMENTS

With sixty (60) days after execution of this Agreement the following documents shall be delivered in form acceptable to all parties:

1. Amended Corporate bylaws of Synergon, and Oak Park Hospital in order to reflect the provisions of this agreement, including all necessary resolutions;
2. Evidence of compliance with and completion of all governmental actions necessary or appropriate for the parties to proceed with the terms and conditions of this Agreement;
3. Certified resolutions of each of the parties authorizing the actions taken pursuant to this Agreement;
4. The written opinions of Counsel, pursuant to Section 11.1 of this Agreement; and
5. Such other documents, permits, certificates and opinions as any of the parties may reasonably request.

ARTICLE XI- MISCELLANEOUS

Section 11.1 - Opinions of Counsel

1. **RUSH Opinion.**

Counsel for RUSH shall prepare and deliver simultaneously with the execution of this Agreement an opinion of counsel that states as follows:

- a. RUSH is a not-for-profit corporation validly existing and in good standing under the laws of the State of Illinois, with all requisite corporate power to own, lease and operate its properties and assets and to carry on its business as it is now being conducted, and is an organization exempt from federal income taxation under Section 501(a) of the Internal revenue Code of

1986 by virtue of being an organization described in Section 501(c)(3) of the Code.

- b. RUSH has full corporate power and authority under its Articles of Incorporation and corporate bylaws to enter into the Agreement; all corporate proceedings have been taken and all corporate authorizations have been obtained by RUSH which are necessary to authorize the execution and delivery of the Agreement; and the Agreement has been duly and properly executed and delivered and is a legal, valid and binding obligation of RUSH.
- c. To the best of counsel's knowledge after reasonable inquiry: (i) no action or proceeding has been instituted or threatened before any court or governmental body or authority which would restrain, enjoin, prevent or declare illegal the Agreement, and (ii) the execution of the Agreement does not conflict with the terms and requirements of the General Not-for-Profit Corporation Act of the State of Illinois
- d. To the best of counsel's knowledge after reasonable inquiry, the execution of the Agreement will not conflict with or result in a material violation or breach of any term or provision of, or constitute a default under, any indenture (specifically including the RUSH Master Indenture), mortgage, lease, contract, agreement, instrument, commitment or other arrangement to which RUSH is a party or by which it is or may be bound; nor will such action result in any violations of RUSH's Articles of Incorporation or

bylaws, or any statute, order, judgment, writ, injunction, decree, license, permit, rule or regulation of any court or governmental or regulatory body by which RUSH is bound.

2. WFSI-IL and Synergon Opinions

Counsel for WFSI-IL and Synergon shall prepare and deliver simultaneously with the execution of this Agreement opinion(s) of counsel that state(s) as follows:

- a. WFSI-IL and Synergon are not-for-profit corporations validly existing and in good standing under the laws of the State of Illinois, with all requisite corporate power to own, lease and operate their properties and assets and to carry on their businesses as they are now being conducted, and are organizations exempt from federal income taxation under Section 501(a) of the Internal Revenue Code of 1986 by virtue of being organizations described in Section 501(c)(3) of the Code.
- b. WFSI-IL and Synergon have the full corporate power and authority under their Articles of Incorporation and bylaws to enter into the Agreement; all corporate proceedings have been taken and all corporate authorizations have been obtained by WFSI-IL and Synergon which are necessary to authorize the execution and delivery of the Agreement; and the Agreement has been duly and properly executed and delivered and is a legal, valid and binding obligation of WFSI-IL and Synergon, subject to the effect of applicable bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights and to general principles of equity regardless of

whether such enforceability is considered in a proceeding in equity or in law.

- c. To the best of counsel's knowledge after reasonable inquiry: (I) no action or proceeding has been served or threatened before any court or any governmental body or authority which would restrain, enjoin, prevent or declare illegal the Agreement, and (ii) the execution of the Agreement does not conflict with the terms and requirements of the General Not-for-Profit Corporation Act of the State of Illinois.
- d. To the best of counsel's knowledge after reasonable inquiry, the execution of the Agreement will not conflict with or result in a material violation or breach of any term or provision of, or constitute a default under, any indenture, mortgage, lease, contract, agreement, instrument, commitment or other arrangement to which WFSI-IL and/or Synergon is a party or by which either is or may be bound; nor will such action result in any violation of WFSI-IL or Synergon's Articles of Incorporation or bylaws, or any statute, order, judgment, writ, injunction, decree, license, permit, rule or regulation of any court or any governmental or regulatory body by which WFSI-IL or Synergon is bound.

Section 11.2 - Strict Compliance

No failure by either party to insist upon the strict performance of any covenant, agreement, term or condition of this Agreement, shall constitute a waiver of any such breach of such covenant, agreement, term or condition. No waiver of any breach shall affect or alter this

Agreement, but each and every covenant, agreement, term and condition of this Agreement shall continue in full force and effect.

Section 11.3 - Notices

All notices, requests, approvals, demands and other communication required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given and to be effective when delivered personally (including delivery by express or courier service) or, if mailed, four (4) business days after being deposited in the United States mail as registered or certified mail, postage prepaid, return receipt requested, addressed as follows or to such other address as any party may designate by notice to the other parties:

If to Synergon: Synergon Health System
 520 South Maple Avenue
 Oak Park, IL 60304
 Attn: President

If to WFSI-IL: WFSI-Illinois
 26 West 171 Roosevelt Road
 Wheaton, IL 60189
 Attn: President

If to RUSH: Rush-Presbyterian-St. Luke's
 Medical Center
 1653 West Congress Parkway
 Chicago, IL 60612
 Attn: President

Section 11.4 - Counterparts

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

Section 11.5 - Amendments

Neither this Agreement nor any term or provision hereof may be changed, waived, discharged or terminated except by a written instrument executed by all of the parties.

Section 11.6 - Captions

The captions to this Agreement are for convenience of reference only and in no way define, limit or describe the scope or intent of this Agreement or any part hereof, nor in any way affect this Agreement or any part hereof.

Section 11.7 - Controlling Law

This Agreement shall be interpreted and construed in accordance with the laws of the State of Illinois.

Section 11.8 - Severability

If any provision of this Agreement shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid or unenforceable provision were omitted.

Section 11.9 - Successors and Assigns

This Agreement shall inure to the benefit of and be binding upon the parties hereof, and their respective successors and permitted assigns. WFSI-IL may assign all of its rights and responsibilities under this agreement to a corporation which is controlled by Wheaton Franciscan Services, Inc.

Section 11.10 - Expenses

The parties agree that each will pay its own expenses incurred in connection with this Agreement and the transactions contemplated hereby, including all costs and expenses relating to legal costs and fees.

Section 11.11 - Brokerage and Finder's Fees

The parties have not incurred any liability to any broker, finder, or agent for any brokerage fees, finder's fees or commissions with respect to the transactions contemplated by this Agreement.

Section 11.12 - Entire Agreement

This Agreement constitutes the entire Agreement between the parties hereto with respect to the subject matter thereof.

IN WITNESS WHEREOF, the parties have signed this Agreement as of the date first

written above.

ATTEST:

SYNERGON HEALTH SYSTEM

By: Secretary

John D. Oliveira
By Its Chairperson

ATTEST:

WFSI-ILLINOIS

By: Secretary

John D. Oliveira
By Its President

ATTEST:

RUSH-PRESBYTERIAN-ST. LUKE'S
MEDICAL CENTER

M. B. [Signature]
By: Secretary

Marshall Field
By Its ~~President~~ CHAIRMAN

EXHIBIT 1

Foster G. McGaw Hospital

MacNeal Memorial Hospital

West Suburban Hospital Medical Center

Gottlieb Memorial Hospital

SCHEDULE 1.

Synergon Board Members

Effective October 1, 1997

- 1. James T. Frankenbach, Chairperson**
- 2. Avery S. Miller**
- 3. Janis Orlowski, M.D.**
- 4. John Oliverio**
- 5. To be determined by WFSI-IL**
- 6. To be determined by WFSI-IL**
- 7. President of Synergon**

SCHEDULE 2.

Oak Park Hospital Board Members

Effective October 1, 1997

1. John Oliverio, Chairman
2. James T. Frankenbach
3. President of the Medical Staff
4. President of Oak Park Hospital
5. Sister Patricia Ann (President, Holy Family Hospital)
6. PRESIDENT ELECT OF THE MEDICAL
STAFF (EX-OFFICIO WITHOUT VOTE)

P.M.
9/29/97
J.D.O.
9/29/97

BYLAWS
OF
RUSH OAK PARK HOSPITAL, INC.

EFFECTIVE JULY 2003

Approved by:

OSF Board of Directors

On or as of: November 24, 2003

Signed: John R. C. Williams

WFSI President/CEO

On or as of: November 24, 2003

Signed: John R. C. Williams

**CHECK HERE IF THESE BYLAWS HAVE BEEN AMENDED OR RESTATED.
DATE OF AMENDMENT OR RESTATEMENT: _____**

ATTACH THIS PAGE AS LAST PAGE OF SUCH NEW AMENDED OR RESTATED BYLAWS.

BYLAWS
OF
RUSH OAK PARK HOSPITAL, INC.
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BYLAWS
OF
RUSH OAK PARK HOSPITAL, INC.

ARTICLE I. THE CORPORATION.

Section 1.1. Responsibilities.

Rush Oak Park Hospital, Inc. (the "Hospital," or the "Corporation") is a not for profit corporation organized under the laws of the State of Illinois. It participates in the mission of the Roman Catholic Church and the Franciscan Sisters, Daughters of the Sacred Hearts of Jesus and Mary, St. Clara Province, of Wheaton, Illinois (the "Wheaton Franciscan Sisters"). It is the responsibility of the Hospital to carry out its corporate purposes in a manner that:

- (a) Meets the personal and social needs of the times.
- (b) Witnesses to the Mission and Philosophy of Human and Community Development (hereinafter, the "Mission and Philosophy") of the Wheaton Franciscan Sisters, as reflected in the Mission of Synergon Health System.
- (c) Is consistent with the Hospital's Articles of Incorporation, as amended (the "Articles of Incorporation").

The Hospital participates in a collaborative model for the delivery of health care services to the western regions of the Chicago, Illinois, metropolitan area, through an affiliation with Rush-Presbyterian-St. Luke's Medical Center ("Rush") under the general direction of Synergon Health System, Inc. ("SHS"). The terms of this affiliation shall be governed by the Amended and Restated Integration Agreement and Venture Agreement to which, among others, the Hospital's predecessor in interest ("WFSI-Illinois") and Rush are parties, dated October 1, 1997, as amended (the "Agreement").

Section 1.2. Purposes.

The Hospital is organized and shall be operated for the following purposes:

- (a) To further the Mission and Philosophy of the Wheaton Franciscan Sisters; the mission and purposes of Wheaton Franciscan Services, Inc. ("WFSI") and O.S.F. Services, Inc. ("OSF"); and the Mission of Synergon Health System.

- (b) To promote, support and engage in any and all of the religious, charitable, educational and scientific ministries of the Wheaton Franciscan Sisters, however diverse and wherever located (hereinafter, "Corporate Ministries").
- (c) To establish, develop, own, sponsor, promote, and conduct religious, charitable, educational and scientific activities devoted to promoting life and improving and protecting the health, welfare and personal well-being of all persons, including without limitation the operation of a hospital and/or other facilities providing healthcare services.
- (d) To engage in any lawful activities within a purpose for which a corporation may be organized under the Illinois General Not For Profit Corporation Act, to the extent consistent with the foregoing purposes.
- (e) To operate exclusively for religious, charitable, educational and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), with the limitations that:
 - (i) No part of the net earnings of the Hospital shall inure to the benefit of, or be distributable to, directors, officers, or other persons, except that the Hospital 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) Except as authorized under the Internal Revenue Code, no substantial part of the activities of the Hospital shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Hospital shall not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office.
 - (iii) Notwithstanding any other provisions of these Bylaws, the Hospital shall not carry on any other activities not permitted to be carried on by:
 - (1) A corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.
 - (2) A corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code.

Section 1.3. Sponsorship.

Sponsorship is the ongoing public relationship that the Wheaton Franciscan Sisters have with the Corporate Ministries for the purpose of fulfilling the mission of the Roman Catholic Church. This role is exercised through responsibility and authority to determine and/or influence mission, vision, values, management philosophy, governance structures,

leadership selection, strategic planning, resource allocation, operating policies, and educational resources. As a faith-based effort, the Corporate Ministries provide:

- (a) Service to those in need.
- (b) Witness to God's presence among us in love.
- (c) A context for meaning in the lives of those serving and being served.

Section 1.4. Authority and Accountability.

The Hospital shall have all of the authority necessary to achieve its responsibilities, subject to rights reserved to SHS and OSF, and shall be permitted to do all things that can be done by not-for-profit corporations organized under the laws of the State of Illinois; provided, however, that at all times the Hospital shall be managed and its corporate powers shall be exercised in accordance with the Mission and Philosophy of the Wheaton Franciscan Sisters; the mission and purposes of WFSI; the Mission of Synergon Health System; and in accordance with the Articles of Incorporation and these Bylaws.

Section 1.5. Corporate Offices.

The Hospital 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 such other offices within or without the State of Illinois as the board of directors may from time to time determine.

Section 1.6. Corporate Dissolution.

In the event that the Hospital and SHS boards of directors recommend and approve, and OSF approves, the dissolution of the Hospital, after paying or making provision for the payment of all of the liabilities and obligations of the Hospital, the board of directors shall distribute all of the assets of the Hospital as follows:

- (a) To OSF, if then in existence and if qualified under Section 501(c)(3) of the Internal Revenue Code.
- (b) If OSF is not then in existence or is not so qualified, then to its successor or to its nominee, provided that such organization shall at the time be exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code.

ARTICLE II. THE WHEATON FRANCISCAN SYSTEM.

Section 2.1. Composition.

The Wheaton Franciscan Sisters own and operate a system of affiliated corporations (the "Wheaton Franciscan System," as described below) as a means of furthering their mission. The Wheaton Franciscan System is organized in Tiers.

- (a) Tier I Corporation. Wheaton Franciscan Services, Inc. ("WFSI"), an Illinois not-for-profit corporation, is the only Tier I corporation. It is the ultimate corporate parent of every corporation in the Wheaton Franciscan System. It acts as a Member of each Tier II corporation.
- (b) Tier II Corporations. Tier II corporations are direct subsidiaries of the Tier I corporation, which acts as a Member thereof. Each Tier II corporation acts as a Member of Tier III corporations subsidiary to it.
- (c) Tier III Corporations. Each Tier III corporation is a direct subsidiary of a Tier II corporation, which acts as a Member thereof.
- (d) Tier IV Corporations. Each Tier IV corporation is a direct subsidiary of a Tier III corporation, which acts as a Member thereof.

For purposes of these Bylaws, the term "WFSI-Governed Corporations" shall refer collectively to Tier II, III and IV corporations with respect to which WFSI retains, directly or indirectly, the sole and exclusive authority to amend organizational documents and, if applicable, to approve and process the sale or disposition of stable patrimony. The determination of WFSI-Governed status shall be based upon the provisions of each corporation's articles of incorporation and bylaws, as amended. The term "the Wheaton Franciscan System," as used herein, shall refer collectively to WFSI and all WFSI-Governed Corporations.

Section 2.2. Decision Levels.

While the primary decision level for WFSI and each WFSI-Governed Corporation is the board of directors of each corporation, certain types of decisions are reserved to the Member or Members of the corporation. System decision levels, in ascending order, are:

Tier IV Board of Directors/Trustees

Tier III Board of Directors

Tier II Board of Directors

Tier I Board of Directors

Tier I WFSI Members (the Sponsorship Member Board, unless specifically reserved to the Class I Members)

ARTICLE III. MEMBER OF THE CORPORATION.

Section 3.1. Composition.

The Hospital shall have two Members, a Corporate Member and a Managing Member.

- (a) Corporate Member. The Corporate Member shall be O.S.F. Services, Inc. ("OSF"), a Wisconsin nonstock corporation, which is a Tier II corporation in the Wheaton Franciscan System. The sole Member of OSF is Wheaton Franciscan Services, Inc. ("WFSI"), an Illinois not-for-profit corporation, which is the sole Tier I corporation in the Wheaton Franciscan System.
- (b) Managing Member. The Managing Member shall be SHS. SHS has two Members, which are (i) OSF, and (ii) Rush.

The term "Hospital Members" shall refer collectively to OSF and SHS. The term "Synergion," as used herein, shall refer collectively to SHS and all corporations with respect to which SHS is, directly or indirectly, a member or shareholder (including the Hospital).

Section 3.2. Responsibilities of OSF.

OSF is the Corporate Member of the Hospital and, as such, shall have authority:

- (a) To approve any encumbrance or disposition of assets having a value in excess of One Million Dollars (\$1,000,000) as set forth in the financial transaction approval guidelines established by OSF's Member for the Hospital, and to secure necessary canonical approvals.
- (b) To give final approval for any leases in excess of ten (10) years by or to the Hospital.
- (c) To give final approval to the plan of merger or consolidation of the Hospital.
- (d) To approve the dissolution of the Hospital.
- (e) To approve the mission, philosophy and purpose statements of the Hospital; and to monitor the implementation by the Hospital of the mission, vision and values of OSF.
- (f) To approve amendments to the Articles of Incorporation and these Bylaws, to the extent provided in Section 8.1 below.

- (g) To elect the directors of the Hospital, subject to Sections 3.2(i) and (j) below.
- (h) To remove and replace, with or without cause, any or all of the directors of the Hospital, subject to Sections 3.2(i) and (j) below.
- (i) To nominate the Hospital board chairperson for approval by the SHS board of directors, and thereafter, to elect such chairperson; and to remove any chairperson so elected, with or without cause.
- (j) To elect the president/chief executive officer of SHS as the president of the Hospital, provided that such individual shall first have been nominated by Rush and elected as the president/chief executive officer of SHS by a supermajority of the SHS board of directors, as provided in SHS' bylaws and the Agreement.
- (k) To approve the Hospital Accountability Report regarding Sponsor Expectations.

Section 3.3. Responsibilities of SHS.

SHS is the Managing Member of the Hospital. In addition to doing all things required or allowed by law, SHS shall have authority:

- (a) To establish financial transaction approval guidelines establishing thresholds for any acquisition, encumbrance or disposition of assets above which SHS approval shall be required.
- (b) To approve amendments to the Articles of Incorporation and these Bylaws, to the extent provided in Section 8.1 below.
- (c) To nominate individuals for election by OSF to the Hospital board, and to recommend the removal (with or without cause) and replacement of any or all of the directors of the Hospital.
- (d) To select the independent auditor of the Hospital.
- (e) To develop and implement policy in the areas of finance, legal services and corporate development for the Hospital.
- (f) To provide for or give approval to any plans involving contract management of or by the Hospital.
- (g) To recommend to OSF the election of the president of the Hospital, and the removal of any president so elected.
- (h) To approve the Strategic Plan for the Hospital.
- (i) To approve the annual capital and operating budgets for the Hospital.

- (j) To establish financial performance criteria for the Hospital.
- (k) To approve the chairperson of the Hospital, for election by OSF.
- (l) To have such other rights and responsibilities with regard to the Hospital as are delegated and transmitted in writing to the Hospital board of directors by resolution of the Hospital Members.

Section 3.4. Authority.

SHS and OSF shall have the authority to establish monitoring mechanisms that will help ensure that the Hospital will contribute to the fulfillment of the mission and purposes of SHS and OSF. SHS and OSF shall have such authority as is commensurate with their responsibilities.

Section 3.5. Action by OSF or SHS.

Each of OSF and SHS shall act by executing and delivering to the chairperson, president or secretary of the Hospital, a written instrument or instruments, signed by an authorized officer of OSF or SHS, as applicable, setting forth the action taken. The action of OSF or SHS, as applicable, shall be deemed to have been taken on the dates the written instruments are so delivered unless the instruments provide otherwise.

ARTICLE IV. BOARD OF DIRECTORS.

Section 4.1. Role.

- (a) At all times, the board of directors of the Hospital shall support the Mission of Synergon and the Mission, Philosophy and Purpose of the Hospital, and shall direct the activities and resources of the Hospital so that the Hospital functions as an integrated part of Synergon.
- (b) In furtherance of the foregoing, the board of directors shall oversee the implementation of the resolutions and policies adopted from time to time by the board, SHS and WFSI. Moreover, the board shall inform SHS of any developing problems or emerging opportunities regarding Synergon.
- (c) The board shall bear overall responsibility for ensuring the quality of care and services rendered by the Hospital. Moreover, the board shall participate with SHS in review of community needs, strategic planning to meet those needs, and development of community support.
- (d) In the performance of their role, the board of directors, individually and collectively, shall:
 - (i) Attend general board orientation and continuing education programs.

- (ii) Become knowledgeable of and keep abreast of societal trends.
- (iii) Treat confidentially all sensitive, privileged and proprietary information regarding the Hospital, Synergon, and the Wheaton Franciscan System.

Section 4.2. Composition.

- (a) Number and Composition of Directors. The board of directors shall consist of not less than five (5) and not more than ten (10) persons. Such number shall include:
 - (i) The president/chief executive officer of SHS;
 - (ii) The chairperson of SHS;
 - (iii) The president of the medical staff of the Hospital;
 - (iv) One (1) representative of Rush (the "Rush Representative"); and
 - (v) One (1) representative of OSF (the "OSF Representative").

who shall serve as members of the board, ex officio, with vote. The vice president of the medical staff of the Hospital shall serve as a member of the board, ex officio, without vote.

- (b) Qualifications. Candidates for membership on the board of directors shall have as basic qualifications:
 - (i) Personal competency.
 - (ii) An awareness of and a commitment to the Mission, Vision, Values, Philosophy and Objectives of Synergon and the Hospital.
 - (iii) An interest in the operations of the Hospital.

Directors shall be selected without reference to race, sex or religious belief and affiliation.

- (c) Election. Directors shall be elected by OSF annually, based on nominations from SHS. Directors shall take office at the first board meeting following their election.
- (d) Term of Office. Directors shall serve for terms of three (3) years, or until their earlier resignation, removal or death. Notwithstanding the foregoing, a newly-elected director may in some cases be elected for an initial term of only one (1) or two (2) years; this is referred to as an "initial term," and does not constitute a full

term for purposes of applicable term limitations (if any). Directors' terms shall expire on the date of the annual meeting of the board or, if later, when their successors are elected. The terms of directors shall be staggered so that as near as possible an equal number of directors will be elected each year. Except as provided below, directors may not serve for more than two (2) consecutive three (3) year terms unless there is a one (1) year hiatus between the second and third term; provided, however, OSF may waive the foregoing limitation. Notwithstanding the foregoing, ex officio directors shall serve without limitation as to tenure or term of office.

- (e) Vacancies. Vacancies on the board due to death, resignation, or other cause shall be filled during the term through election by OSF, based on nominations from SHS and subject to Section 3.3 of these bylaws. Directors so elected shall hold office for the duration of the vacated term or until their successors have been elected.
- (f) Resignation and Removal. A director may resign at any time by giving written notice of such resignation to the chairperson of the board of directors. A director may be removed at any time, with or without cause, by OSF, except to the extent that such removal is inconsistent with the board composition specified in Section 4.2(a) above.
- (g) Attendance at Meetings. Failure of a director to attend a minimum of two-thirds (2/3) of the board meetings, or a minimum of one-half (1/2) of the regular meetings of assigned committees, shall result in a review and may be a basis for removal or non-re-election.

Section 4.3. Responsibilities of Directors.

Subject to the rights and responsibilities reserved to OSF pursuant to Section 3.2, or to SHS pursuant to Section 3.3, the Hospital board of directors shall retain all other powers and authority over the Hospital's activities, assets and operations. The responsibilities of the board of directors shall include, without limitation, the following:

- (a) To approve all amendments to the Articles of Incorporation and these Bylaws, subject to the authority of the Hospital Members as set forth in Section 8.1 below.
- (b) To develop, recommend and keep current the mission, philosophy and purpose statements of the Hospital and management and operations policies consistent with and in furtherance of the philosophy and mission of the Wheaton Franciscan Sisters, and the purposes of the Hospital.
- (c) To direct the activities and resources of the Hospital so that they serve the purposes of the Hospital and the Hospital Members.
- (d) To execute the policies and resolutions adopted from time to time by the appropriate Hospital Member.

- (e) To participate in the identification and interviewing of candidates for the board of directors and to recommend suitable candidates for election.
- (f) To make recommendations to OSF and SHS regarding any matter reserved to them in Sections 3.2 and 3.3 above, respectively.
- (g) To elect the officers of the Hospital (other than the chairperson and president).
- (h) To review and recommend to SHS the Strategic Plan for the Hospital.
- (i) To develop and recommend, for approval by OSF, the Hospital Accountability Report regarding Sponsor Expectations.
- (j) To do the following in relation to the medical staff:
 - (i) To approve the articles and bylaws, rules and regulations of the medical staff and auxiliary organizations. Approval or amendment of bylaws of such an organization shall not be contingent upon the organization's membership concurrence.
 - (ii) To appoint members to the medical staff in accordance with medical staff bylaws, rules and regulations.
 - (iii) To establish a forum for the effective liaison among the board of directors, hospital administration and the medical staff.
 - (iv) To provide for a review and appeal mechanism for members of the medical staff in accord with the medical staff bylaws, including provisions which give due consideration to the professional and administrative responsibilities of contractual physicians. Upon termination of their contract, persons holding medical/administrative positions will have their clinical privileges or medical staff membership terminated or reduced unless provided to the contrary in their contract.
 - (v) To approve and monitor a hospital quality assurance program, including a component dealing with the mission of the Hospital.
- (k) To approve the establishment of any auxiliary or special volunteer organization, including its purpose, articles of incorporation, and bylaws.

Section 4.4. Authority.

The board of directors of the Hospital shall have all the authority necessary to achieve its responsibilities. Subject to the rights reserved to OSF and SHS, the board shall have full power and authority to do and to perform any and all acts and functions that are not inconsistent with the laws governing the operation of the Hospital, the Articles of Incorporation, these Bylaws, and policies and directives of OSF and SHS.

Section 4.5. Meeting and Action by Board.

- (a) Annual Meeting of the Board. The annual meeting of the board of directors shall be held during the month of December at the principal office of the Hospital, or at such date, time and place as may be designated by the board.
- (b) Regular Meetings of the Board. Regular meetings of the board of directors shall be held at least quarterly, at such date, time and place as shall be designated by the board on an annual basis. Notice of regular meetings may, but need not be, provided.
- (c) Special Meetings of the Board. Special meetings of the board of directors may be called by OSF, SHS, the board chairperson, the Executive Committee, or the president. Notice of special meetings shall be delivered to each director at any time prior to the date of the meeting, except where a specified period of advance notice is required by law or these Bylaws. Except as required by law or these Bylaws, any meeting notice may, but need not, state generally the nature of the business to be taken up at the meeting. Whenever any notice is required to be given by law or pursuant to these Bylaws, a waiver thereof in writing signed by the person(s) entitled to such notice shall be deemed equivalent to the giving of such notice. Attendance at any meeting shall constitute waiver of notice thereof unless the person at the meeting objects to the holding of the meeting because proper notice was not given.
- (d) Quorum at Board Meetings. For all meetings of the board of directors (other than for action taken by unanimous written consent), a quorum shall be a majority of the directors then serving.
- (e) Meeting by Conference Telephone. Members of the board of directors may attend meetings of the board by conference telephone or other communications equipment by which all persons participating in the meeting can communicate with each other.
- (f) Voting. Each director shall be entitled to cast one (1) vote on all matters presented to the board. Voting by proxy shall not be permitted.
- (g) Action. The affirmative act of a majority of directors present at a meeting at which a quorum exists shall be the act of the board, except to the extent that a greater proportion is required by law or these Bylaws.
- (h) Informal Action by Directors. Any action required or permitted to be taken at a meeting of the board may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

Section 4.6. Committees of the Board of Directors.

- (a) Committees Generally. Committees are designed to facilitate the actions of the board and enable it to function more efficiently and effectively. Committees shall meet at the time and place designated by the chairperson of each such committee.
- (b) Types of Committees. Committees of the board shall be standing or special. The standing committees of the board shall be:
 - (i) Executive Committee

Other standing committees may be authorized by amendment of these Bylaws. Special committees may be created or terminated at any time by resolution of the board, and shall continue until dissolved by the board.

- (c) Composition of Committees. The board shall appoint committee members and committee chairpersons. Each committee shall include at least two (2) directors. At least a majority of committee members shall be directors, except that all members of the Executive Committee shall be directors. The board chairperson shall serve as an ex officio member of all committees. Committee members shall serve at the pleasure of the board. All committees, whether standing or special, dealing with medical staff issues shall have medical staff representation.
- (d) Responsibilities, Authority and Accountability of Committees. Except as otherwise provided, or as specifically determined by the board, committees shall have the responsibility of achieving their purpose described in these Bylaws or the action creating them, shall exercise the authority reasonably necessary to achieve these responsibilities, and shall account to the board of directors directly or through the Executive Committee. Notwithstanding the foregoing, no committee shall be authorized to take any of the following actions:
 - (i) Recommend or adopt a plan for the distribution of the assets of the Hospital, or for the dissolution of the Hospital or a revocation thereof.
 - (ii) Approve or recommend to OSF any act that the Illinois Not For Profit Corporation Act requires to be approved by OSF.
 - (iii) Fill vacancies on the board of directors or any committee thereof.
 - (iv) Elect, appoint or remove any officer or director or committee member, or fix the compensation of any committee member.
 - (v) Adopt, amend, or repeal these Bylaws or the Articles of Incorporation.
 - (vi) Recommend or adopt a plan of merger or adopt a plan of consolidation with another corporation, or authorize the sale, lease, exchange or

mortgage of all or substantially all of the property or assets of the Hospital.

- (vii) Amend, alter, repeal or take action inconsistent with any resolution or action of the board when the resolution or action of the board provides by its terms that it shall not be amended, altered or repealed by action of a committee.

The authority of any committee shall be subject to such other limitations as may be imposed by law.

- (e) Committee Rules, Procedures and Action. Each committee shall keep minutes of its meetings, and may adopt rules for its own governance not inconsistent with these Bylaws or the acts of the board.
- (i) Quorum at Committee Meetings. For all committee meetings, a quorum shall be a majority of committee members then serving.
- (ii) Meeting by Conference Telephone. Committee members may attend meetings of the committee by conference telephone or other communications equipment by which all persons participating in the meeting can communicate with each other.
- (iii) Voting. Each committee member shall be entitled to cast one (1) vote on all matters presented to the committee. Voting by proxy shall not be permitted.
- (iv) Action. The affirmative act of a majority of committee members present at a meeting at which a quorum exists shall be the act of the committee.
- (v) Informal Action by Committee Members. Any action required or permitted to be taken at a meeting of a committee may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the committee members entitled to vote with respect to the subject matter thereof.
- (f) Executive Committee. The Executive Committee shall consist of:
- The chairperson of the board.
 - The vice chairperson of the board.
 - The president/chief executive officer of SHS.

The Executive Committee shall:

- (i) Perform such functions as may be assigned to it from time to time by the board.
- (ii) Have the authority to exercise all of the power of the board between meetings of the board, subject to section 4.6(d) above.

ARTICLE V. OFFICERS OF THE HOSPITAL.

Section 5.1. Designation of Corporate Officers.

- (a) Offices. The officers of the Hospital shall be as follows:
 - (i) A chairperson of the board.
 - (ii) A vice chairperson of the board.
 - (iii) A president.
 - (iv) A secretary.
 - (v) A treasurer.
 - (vi) Such other assistant officers or administrative officers as may be deemed necessary or appropriate.
- (b) Qualifications. The chairperson and vice chairperson must be selected from among the directors; other officers need not be directors. Any two (2) offices may be held by the same person, except the offices of:
 - (i) Chairperson and vice chairperson.
 - (ii) President and secretary.
- (c) Titles. Officers may be designated by titles different from the titles designated here, but the board shall ensure that the authority and responsibilities of each officer designated in these Bylaws shall vest in appropriate officers however titled.

Section 5.2. Board Chairperson.

The board chairperson shall preside over meetings of the board and the executive committee, and shall have all of the responsibilities and shall exercise all of the authority that this office customarily requires.

Section 5.3. Board Vice Chairperson.

In the absence of the board chairperson, or in the event of the chairperson's inability or refusal to act, the board vice chairperson shall chair meetings of the board and the Executive Committee, and shall perform such other duties as may be delegated to the vice chairperson from time to time by the board or the board chairperson.

Section 5.4. President.

The president shall have those responsibilities required by law, by the board of directors, by SHS or by OSF, including organizing medical staff relationships.

Section 5.5. Secretary.

The secretary shall be responsible directly or indirectly for executing all of the duties incident to the office of secretary, and such additional duties as may be assigned by the president or by the board.

Section 5.6. Treasurer.

The treasurer shall be responsible directly or indirectly for executing all of the duties incidental to the office of treasurer, and such other duties as may be assigned by the president or by the board.

Section 5.7. Assistant Officers.

Assistant officers shall perform such duties as shall be assigned to them by the officer to which they are assistant, by the president, or by the board.

Section 5.8. Administrative Officers.

The Hospital may have such other administrative officers as the president/chief executive officer shall determine, who shall be appointed, supervised and subject to removal by the president. Except as specifically indicated in this Article V, the term "officers" shall not include administrative officers.

Section 5.9. Election and Term of Office of the Officers.

(a) Election.

- (i) The chairperson shall be nominated by OSF, and then recommended to SHS; if approved by a simple majority of the SHS board of directors, such candidate shall be elected by OSF.

- (ii) The president shall be elected by OSF; provided, however, that OSF shall at all times cause the president of the Hospital to be the individual who was previously elected as the president/chief executive officer of SHS by a supermajority of the SHS board of directors, as provided in SHS' bylaws and the Agreement.
 - (iii) The other officers of the Hospital shall be elected annually by the Hospital board of directors.
- (b) Term. The Hospital president shall serve for a term to coincide with the duration of his or her employment as the president/chief executive officer of SHS (regardless of whether formally employed by the Hospital, SHS or any other Synergon organization). All other officers shall hold office for a period of one (1) year, or until their earlier resignation, removal or death. Officers' terms shall expire on the date of the annual meeting of the board or, if later, when their successors are elected.

Section 5.10. Resignation and Removal.

- (a) Resignation. An officer of the Hospital may resign at any time by filing a written resignation with the secretary.
- (b) Removal. The chairperson of the Hospital may be removed at any time, with or without cause, by OSF. The president of the Hospital shall be deemed removed in the event that such individual is removed as president/chief executive officer of SHS. The other officers of the Hospital may be removed at any time, with or without cause, by the Hospital board of directors, acting in the best interests of the Corporation.

ARTICLE VI. FISCAL MATTERS.

Section 6.1. Fiscal Year.

The fiscal year of the Hospital shall commence on January 1st of each year and shall end on December 31st of each succeeding year.

Section 6.2. Financial Transactions.

Subject to the reserved powers and authority of OSF and SHS, the president and his/her express designees shall be authorized to execute documents and enter into financial transactions on behalf of the Hospital within the scope of his/her employment and subject to other provisions of these Bylaws. In addition, the board may authorize other officers or agents to enter into any contract or execute and delivery any instrument in the name of and on behalf of the Hospital, with such authority being either general or confined to specific instances.

Section 6.3. Checks, Drafts, Etc.

All checks, drafts, wire transfers of funds, other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Hospital or to the Hospital, shall be signed or endorsed by such officers or agents of the Hospital and in such manner as shall be determined by resolution of the board.

Section 6.4. Deposits.

All funds of the Hospital shall be deposited from time to time to the credit of the Hospital in such banks, trust companies or other depositories as shall be determined by resolution of the board.

Section 6.5. Maintenance of Records.

The Hospital shall keep correct and complete books and records of account and of the activities of the Hospital. Such records shall be open to inspection upon the demand of SHS or any director.

ARTICLE VII. MISCELLANEOUS PROVISIONS.

Section 7.1. Conflicts or Duality of Interest.

It is the policy of the Hospital that real or apparent conflicts of interest involving the proprietary interests of persons covered by this policy or their immediate families are undesirable, but can be rendered harmless if there is full and prompt disclosure, and if the board nonetheless approves of the transaction or arrangement creating such a conflict, finding the transaction or arrangement to be in the best interests of and for the benefit of the Hospital, and fair and reasonable thereto in all respects. In furtherance of the foregoing, the board shall approve, implement and maintain the Conflicts of Interest Policy developed and approved by SHS, which shall apply to the board, committees, officers, employees and agents who act for the Hospital. The president shall develop and implement appropriate procedures to bring this Conflicts of Interest Policy to the attention of all persons covered thereby and to maintain appropriate records that conflicts are disclosed and prescribed activity respected.

Section 7.2. General Liability.

No Member, director, officer, or committee member of the Hospital, or other person, shall contract or incur any debts on behalf of the Hospital other than in the regular course of employment, or in any way render the Hospital liable unless authorized in the manner set forth herein. No Member, officer, director, committee member, or employee of the Hospital is authorized to promise the moral or financial support of the Hospital for any charitable or other objective, unless authorized in the manner set forth herein.

Section 7.3. Indemnification.

The Hospital shall indemnify its Members, officers, directors, employees, committee members and volunteers to the maximum extent permitted by applicable law. In all determinations relating to indemnification, the presumption shall be for indemnification.

Section 7.4. Non-Discrimination.

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

ARTICLE VIII. AMENDMENTS.

Section 8.1. Amendment Procedure.

These Bylaws and the Articles of Incorporation may be amended or restated by a simple majority vote of the Hospital board of directors; provided, however, that (i) any amendment that would change or affect any right of a Hospital Member shall not become effective until approved by such Hospital Member, and (ii) any amendment that would change or affect Sections 4.1 through 4.5 or 8.1 of these Bylaws shall not become effective until approved by OSF.

Section 8.2. Review of Bylaws.

These Bylaws shall be reviewed in their totality for currency and completeness during every even-numbered year, or more frequently if appropriate.

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87-6432 (F)

AN APPRAISAL OF
OAK PARK HOSPITAL
OAK PARK, ILLINOIS
DECEMBER 31, 1996



Valuation Counselors



February 5, 1997

Oak Park Hospital
520 South Maple Avenue
Oak Park, Illinois 60304-1097

Attention: Mr. Leonard J. Muller
President

Gentlemen:

In accordance with your request, we are pleased to submit this preliminary valuation report for the hospital known as:

**Oak Park Hospital
520 South Maple Avenue
Oak Park, Illinois**

The purpose of this report is to express our opinion on the fair market value as of December 31, 1996 of the business enterprise and the underlying assets of the hospital. This report has been prepared solely for this stated purpose.

We did not make an on-site inspection of the hospital's fixed assets, in compliance with your request, due to the confidential nature of this engagement. The preliminary valuation is based upon our office records of the hospital's property and equipment, the hospital's audited financial statements for the years ended December 31, 1992 through December 31, 1995, its unaudited December 31, 1996 financial statements, and our knowledge of the local market.

Fair market value is defined as:

"the price that the asset would bring by bona fide bargaining between well-informed buyers and sellers at the date of acquisition."

Business enterprise value is defined as:

"the combination of necessary net working capital, fixed assets, and intangible assets employed by a business entity in its operations."

A number of valuation methodologies and our knowledge of recent sales were considered when developing this value. The results are listed below:

Oak Park Hospital	
Cost Approach	\$36,000,000
Income Approach	\$25,000,000
Market Approach	
Comparable Sales - Price per bed	\$25,500,000 - \$34,000,000
Comparable Sales - Price per revenue	\$33,000,000 - \$38,000,000
Capitalization of Historic Earnings (1994)	\$22,000,000
Capitalization of Stabilized Income	\$26,400,000

This business enterprise value does not include any value for the following nonoperating assets:

- Assets whose use is limited
- Construction in progress
- Other long-term receivables

The fair market value of the subject hospital's business enterprise value is reasonably represented as follows:

\$26,000,000

The above business enterprise value considers the hospital to have an average net working capital ratio; however, Oak Park Hospital was in a cash overdraft position as of December 31, 1996. This resulted in a current ratio of .50. As reported in HCIA's The Sourcebook, The Comparative Performance of U.S. Hospitals 1996, the median current ratio for a typical not-for-profit hospital is 2.63. Therefore, consideration should be given to releasing the necessary investment or an adjustment reducing the above value for the working capital shortfall.



Oak Park Hospital
February 5, 1997
Page 3

This report consists of the following:

- This letter summarizing the business enterprise value
- Assumptions and limiting conditions
- A narrative report

This report is subject to the attached Assumptions and Limiting Conditions.

We look forward to being of continuing service and thank you for this opportunity to serve your valuation needs.

Respectfully submitted,

VALUATION COUNSELORS



David S. Felsenthal
Senior Vice President

DSF/dj
87-6432 (F)

ASSUMPTIONS AND LIMITING CONDITIONS

Valuation Counselors strives to clearly and accurately disclose the assumptions and limiting conditions that directly affect an appraisal analysis, opinion or conclusion. In order to assist the reader in interpreting this report, such assumptions are set forth as follows:

Valuation engagements are accepted with the understanding that there is no obligation to furnish services after completion of the original engagement. If the need for subsequent services related to an appraisal engagement (e.g., testimony, updated valuations, conferences, reprint or copy services) is contemplated, special arrangements acceptable to Valuation Counselors must be made in advance. Valuation Counselors reserves the right to make adjustments to the analysis, opinion and conclusion set forth in the report as we deem necessary by consideration of additional or more reliable data that may later become available.

No opinion is rendered as to legal fee or property title, which are assumed to be good and marketable. No investigation of the title to or any liabilities against the property appraised.

It is assumed that: no opinion is intended in matters that require legal, engineering or other professional advice which has been or will be obtained from professional sources; the valuation report will not be used for guidance in professional matters exclusive of the appraisal and valuation discipline; there are no regulations of any government entity to control or restrict the use of the property unless specifically referred to in the report; and the property will not operate in violation of any applicable government regulations, codes, ordinances or statutes.

Information furnished by others is presumed to be reliable, and where so specified in the report, has been verified; however, no responsibility, whether legal or otherwise, is assumed for its accuracy and cannot be guaranteed as being certain. All facts and data set forth in the report are true and accurate to the best of Valuation Counselors' knowledge and belief. No single item of information was completely relied upon to the exclusion of other information.

All financial data, operating histories and other data relating to income and expenses attributed to the business have been provided by Management or its representatives and have been accepted without further verification except as specifically stated in the report.

Valuation reports may contain prospective financial information, estimates or opinions that represent the appraiser's view of reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, that events will occur or that a particular price will be offered or accepted. All opinions as to value are presented as Valuation Counselors' considered opinion based on the facts and data obtained during the investigation and set forth in the report. Actual results achieved



ASSUMPTIONS AND LIMITING CONDITIONS

during the period covered by our prospective financial analysis will vary from those described in our report, and the variations may be material.

It should be specifically noted that the valuation assumes the property will be competently managed and maintained by financially sound owners over the expected period of ownership. This appraisal engagement does not entail an evaluation of management's effectiveness, nor are we responsible for future marketing efforts and other management or ownership actions upon which actual results will depend.

No effort has been made to determine the impact of possible energy shortages or the effect on this project of future federal, state or local legislation, including any environmental or ecological matters or interpretations thereof.

Neither the report nor any portions thereof, especially any conclusions as to value, the identity of the appraiser or Valuation Counselors shall be disseminated to the public through public relations media, news media, sales media or any other public means of communications without the prior written consent and approval of Valuation Counselors. The date(s) of the valuation to which the value estimate conclusions apply is set forth in the letter of transmittal and within the body of the report. The value is based on the purchasing power of the United States dollar as of that date.

Unless otherwise noted, Valuation Counselors' that there will be no changes in tax regulations.

No significant change is assumed in the supply and demand patterns indicated in the report. The valuation assumes market conditions observed as of the current date of our market research stated in the letter of transmittal. These market conditions are believed to be correct; however, the appraisers assume no liability should market conditions materially change because of unusual or unforeseen circumstances.

The report and the final estimate of value and the prospective financial analyses included therein are intended solely for the information of the person or persons to whom they are addressed, solely for the purposes stated and should not be relied upon for any other purpose. Neither the appraisal report nor its contents nor any reference to the appraiser or Valuation Counselors may be referred to or quoted in any registration statement, prospectus, offering memorandum, sales brochure, other appraisal, loan or other agreement or document given to third parties without our prior written consent. Permission will be granted only upon meeting certain conditions.

A copy of this report and the working papers from which it was prepared will be kept in our files for eight years.

The logo consists of a stylized, handwritten-style 'V' and 'C' intertwined.

Valuation Counselors

Financial Information

See attached proof of Bond Rating of A or better for RUMC.

MOODY'S

INVESTORS SERVICE

Rating Update: MOODY'S AFFIRMS RUSH UNIVERSITY MEDICAL CENTER OBLIGATED GROUP'S (IL) A2 LONG-TERM AND UNENHANCED BOND RATINGS; OUTLOOK REMAINS STABLE

Global Credit Research - 28 Feb 2012

AFFIRMATION AFFECTS APPROXIMATELY \$558 MILLION OF RATED DEBT OUTSTANDING

ILLINOIS FINANCE AUTHORITY
Hospitals & Health Service Providers
IL

Opinion

NEW YORK, February 28, 2012 --Moody's Investors Service has affirmed Rush University Medical Center Obligated Group's (RUMC Obligated Group) A2 long-term and unenhanced bond ratings. This action affects approximately \$558 million of revenue bonds issued through the Illinois Finance Authority (see Rated Debt section). The outlook remains stable.

RATINGS RATIONALE

SUMMARY RATING RATIONALE: The affirmation of the A2 rating and stable outlook reflects RUMC Obligated Group's continued favorable operating performance in fiscal year (FY) 2011 and interim FY 2012, maintenance of adequate debt coverage and balance sheet ratios, and the fact that RUMC is beyond construction risks after the January 2012 opening of the new patient tower at the flagship campus. The System faces challenge with an above average Medicaid share of business in a state with a challenged budget.

STRENGTHS

- *Sizeable academic medical center (AMC) with broad array of tertiary and quaternary services (the RUMC flagship had a Medicare case mix index of 1.93 in FY 2011).
- *Impressive operating improvement since FY 2004 (11.8% operating cash flow margin in FY 2011).
- *Improved cash on hand with 145 days at fiscal year end (FYE) 2011. While this remains below the A2 median (188 days cash on hand), we note that RUMC Obligated Group has significant restricted investments, which bolster the balance sheet strength (at FYE 2011, the System had \$488 million of restricted investments outstanding).
- *The System is beyond most construction risks with the January 2012 opening the new patient tower at the RUMC flagship.

CHALLENGES

- *Very competitive healthcare market in the Chicago area, with five AMCs (including RUMC) plus other sizeable health system and large community hospitals.
- *Medicaid as a percentage of gross revenues has increased from 15.1% in FY 2008 to 18.5% in FY 2011, which is of particular concern given the challenges of the State of Illinois budget (the state has been delaying Medicaid payments to healthcare providers).
- *Underfunded defined benefit pension plan with an 84% pension funded ratio compared to a projected benefit obligation of \$797 million at FYE 2011, plus the System has operating leases outstanding. Effective December 31, 2011, the remaining employees were moved to a cash balance pension plan (most RUMC employees were moved to the cash balance plan in 2004).

DETAILED CREDIT DISCUSSION

LEGAL SECURITY: The bonds are secured by a gross revenue pledge and a mortgage pledge of the RUMC Obligated Group including Rush University Medical Center (RUMC) and Rush-Copley Medical Center (Copley). Rush North Shore Medical Center (North Shore) withdrew from the Obligated Group on December 31, 2008. Violating rate covenant of 1.1 times requires hiring of consultant. Additional debt test: (1) debt-to-capitalization of no more than 69% in FY 2008 (decreasing by 1 percentage point each year until 65% in FY 2012); or (2) historical pro-forma debt service coverage greater than 1.25 times; or (3) historical debt service coverage greater than 1.1 times and projected debt service coverage greater than 1.1 times.

INTEREST RATE DERIVATIVES: The RUMC Obligated Group entered into fixed payor swaps with Morgan Stanley Capital

Services, Inc. and Citibank, N.A. with a combined notional amount of \$96.8 million that expire in November 2035. Under the agreements, the RUMC Obligated Group pays a fixed interest rate of 3.945% and receives 68% of LIBOR. \$50 million of the interest rate swaps hedge the interest rate on the Series 2008A variable rate demand bonds (VRDB) issued in December 2008. As a result of prior variable rate debt restructurings, the remaining \$46.8 million notional amount is not hedging a particular variable rate bond series. The total net termination value of the swaps at audited FYE June 30, 2011 was a negative \$14.5 million to RUMC Obligated Group. According to management, the net termination value of the swaps as of December 31, 2011 was a negative \$23.8 million. Management notes the System has a collateral posting threshold of negative \$25 million (the swaps have bilateral posting requirements for RUMC and the counterparties, based on the same posting scale).

RECENT DEVELOPMENTS/RESULTS

RUMC (30,259 admissions in FY 2011) is the System's flagship hospital and is one of five AMCs in the Chicago market. Other academic medical centers in the market include: University of Illinois Health Services (rated A1); Northwestern Memorial Hospital (rated Aa2); Loyola University Health System (now a member of Aa2 rated Trinity Health Credit Group); and The University of Chicago Medical Center (rated Aa3). In addition to the competing AMCs, RUMC faces competition from a number of sizeable acute care systems in the market, notably market share leader Aa2 rated Advocate Health Care Network and Baa1 rated Resurrection Health Care. Northwestern Memorial is the largest single hospital in the Chicago area. RUMC shares a state-designated medical district campus with University of Illinois Health Services, John H. Stroger Jr. Hospital of Cook County, and Jesse Brown VA Medical Center.

In addition to the RUMC flagship hospital, the RUMC Obligated Group includes 12,985 admission Copley in Aurora, IL. Effective December 31, 2008, Rush North Shore withdrew from the Obligated Group and joined Aa2 rated NorthShore University Health System. RUMC, through a joint venture with a third-party, operates and manages 4,383 admission Rush Oak Park Hospital (ROPH) in Oak Park, IL. Other non-obligated system affiliates include A2 rated Riverside Health System in Kankakee, IL.

The RUMC Obligated Group's operating performance generally has improved in recent years, which we view as a key credit positive. In audited FY 2011 (June 30 year end), the RUMC Obligated Group recorded adjusted operating income of \$68.3 million (3.9 % operating margin) and adjusted operating cash flow of \$205.0 million (11.8% operating cash flow margin). This is an improvement over audited FY 2010, when the RUMC Obligated Group recorded adjusted operating income of \$45.0 million (2.7% margin) and operating cash flow of \$174.6 million (10.4% margin). Audited results have been adjusted to reclassify the portion of investment income included in operating revenue to non-operating and to include capitalized interest as an interest expense. FY 2010 is adjusted further to add \$18.0 million to operating expenses to account for a favorable one-time IRS settlement related to a FICA tax refund on medical residents. Since FY 2005, RUMC Obligated Group has maintained profitable operating results.

Factors contributing to continued good operating results for the RUMC Obligated Group in FY 2011 include: (a) focus on productivity improvements to offset revenue pressures that included a layoff of approximately 200 full-time equivalents in FY 2011 (FY 2011 results include approximately \$5 million of severance costs) (management notes that labor costs as a percent of net revenue decreased from 36.2% in FY 2010 to 35.3% in FY 2011); (b) reduced supply costs (management notes that medical supply expenses per adjusted discharge decreased 5.2% in FY 2011); (c) reduced malpractice expenses; and (d) favorable prior year cost report settlements and non-recurring adjustments increased from \$2.2 million in FY 2010 to \$12.6 million in FY 2011, although FY 2010 was lower than in prior years (\$7.6 million in FY 2008 and \$14.2 million in FY 2009).

Looking forward, management expects RUMC Obligated Group's operating cash flow margin to be in-line with or better than FY 2011. To maintain these margins despite Medicare and Medicaid reimbursement pressures will necessitate management to continue to identify significant expense savings in the coming years. Through six months FY 2012 the System's operating margins remain favorable (2.7% operating margin and 10.7% operating cash flow margin), although lag results through six months FY 2011 (4.2% operating margin and 12.1% operating cash flow margin). Operating revenues decreased 0.1% in the first half of FY 2012 compared to FY 2011 due to a 0.4% decline in inpatient admissions and a 17.3% decline in observation stays. Management notes further that while outpatient surgeries continue to increase, inpatient surgeries are down due to a change in mix of services and a push to lower cost settings, and that the System incurred some ramp up in costs to staff up and supply the new patient tower at the RUMC flagship leading up to the January 2012 opening. Management reports that activity at the flagship is up since the new tower opened without a change in payor mix.

The RUMC Obligated Group's Moody's adjusted debt ratios are adequate at the A2 rating level. Based on FY 2011 results, adjusted debt-to-cash flow measures 3.3 times (A2 median is 3.3 times), adjusted maximum annual debt service (MADS) coverage measures 4.5 times (A2 median is 4.8 times), and debt-to-total operating revenues measures 39% (A2 median is 36%).

The RUMC Obligated Group's unrestricted liquidity position improved modestly in FY 2011. Absolute unrestricted cash and investments increased to \$626 million at FYE 2011 from \$605 million at FYE 2010. As a result, Moody's adjusted cash on hand improved slightly to 145 days at FYE 2011 from 143 days at FYE 2010, but remains below the median (A2 median is 188 days). Similarly, cash-to-debt improved to a still somewhat modest 93% at FYE 2011 from 88% at FYE 2010. Monthly cash-to-demand debt measured a very strong 1,251% at FYE 2011 due to a very low variable debt load. According to management, at FYE 2011 RUMC Obligated Group's unrestricted cash and investments were allocated among approximately 88.3% cash and fixed income securities, 11.4% equities, and 0.3% other investments, and 100% of unrestricted cash and investments could be liquidated

within one month. When we reviewed RUMC in November 2010, due to expected equity contributions to the System's capital spending plans, management had projected cash on hand to decrease to approximately 120 days at FYE 2011. Due to the equity contributions and investment losses, the RUMC's Obligated Group's adjusted cash on hand decreased to 129 days at December 31, 2011.

In January 2012 the System opened the new patient tower at the RUMC flagship campus (on schedule). With the opening of the new tower (as well as other key projects such as the opening of a new freestanding emergency department for Copley in Yorkville, IL), capital spending plans are manageable in the coming years. Between FY 2013 and FY 2016, the System has approximately \$394 million of capital plans, which translates to an average capital spending ratio of approximately 0.8 times. Key projects in the coming years include modernization of the RUMC flagship's Atrium tower (floors 5, 7, 8, and 9) and construction of a new cancer center as part of a new affiliation with the DuPage Medical Group (an investment that is expected to open in early calendar year 2013).

In December 2011, the RUMC Obligated Group refunded its Series 1998A fixed rate bonds with a \$56 million variable rate private placement with JPMorgan Chase Bank with a 14 year term. The System has no material new money debt plans through FY 2017.

Outlook

The stable outlook reflects RUMC Obligated Group's continued favorable operating performance in FY 2011 and interim FY 2012, maintenance of adequate debt coverage and balance sheet ratios, and the fact that RUMC is beyond construction risks after the January 2012 opening of the new patient tower at the flagship campus.

WHAT COULD MAKE THE RATING GO UP

Continued cash flow growth and significantly improved debt and balance sheet ratios

WHAT COULD MAKE THE RATING GO DOWN

Sustained weakening of operating results leading to thinner debt coverage and liquidity ratios; material market share loss; unexpected increase in debt without commensurate increase in cash flow generation

KEY INDICATORS

Assumptions & Adjustments:

- Based on Rush University Medical Center Obligated Group consolidated financial statements
- First number reflects audited FY 2010 for the year ended June 30, 2010
- Second number reflects audited FY 2011 for the year ended June 30, 2011
- Interest expense adjusted to include capitalized interest
- FY 2010 adjusted to add \$18.0 million to operating expense to account for a favorable one-time IRS settlement related to FICA tax on medical residents
- Investment returns reclassified from operating revenue to non-operating revenue and smoothed at 6%
- *Inpatient admissions: 48,693; 47,627
- *Total operating revenues: \$1.68 billion; \$1.73 billion
- *Moody's-adjusted net revenues available for debt service: \$221.5 million; \$250.5 million
- *Total debt outstanding: \$687 million; \$674 million
- *Maximum annual debt service (MADS): \$55.1 million; \$55.1 million
- *MADS Coverage with reported investment income: 3.54 times; 4.16 times
- *Moody's-adjusted MADS Coverage with normalized investment income: 4.02 times; 4.54 times
- *Debt-to-cash flow: 3.86 times; 3.28 times
- *Days cash on hand: 143 days; 145 days
- *Cash-to-debt: 88.0%; 92.8%
- *Total comprehensive debt (factoring operating leases and underfunded defined benefit pension plan): \$1,026 million; \$917

million

*Adjusted cash-to-comprehensive debt: 58.9%; 68.2%

*Operating margin: 2.7%; 3.9%

*Operating cash flow margin: 10.4%; 11.8%

RATED DEBT

Issued through Illinois Finance Authority (debt outstanding as of June 30, 2011):

-Series 2009C&D Fixed Rate Hospital Revenue Bonds (\$200.0 million outstanding), rated A2

-Series 2009A&B Fixed Rate Hospital Revenue Bonds (\$211.6 million outstanding), rated A2

-Series 2008A VRDB Hospital Revenue Bonds (\$50.0 million outstanding), supported by a direct-pay LOC from Northern Trust Company and rated Aa1/VMIG1 (reflecting Moody's approach to rating jointly supported transactions) (the LOC expires in February 2015), A2 underlying rating

-Series 2006B Fixed Rate Hospital Revenue Bonds (\$96.8 million outstanding), insured by National Public Finance Guarantee Corp (MBIA), A2 unenhanced rating

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PRINCIPAL METHODOLOGY USED

The principal methodology used in this rating was Not-for-Profit Hospitals and Health Systems published in January 2008. Please see the Credit Policy page on www.moody.com for a copy of this methodology .

REGULATORY DISCLOSURES

Although this credit rating has been issued in a non-EU country which has not been recognized as endorsable at this date, this credit rating is deemed "EU qualified by extension" and may still be used by financial institutions for regulatory purposes until 30 April 2012. Further information on the EU endorsement status and on the Moody's office that has issued a particular Credit Rating is available on www.moody.com.

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Moody's considers the quality of information available on the rated entity, obligation or credit satisfactory for the purposes of issuing a rating.

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FITCH UPGRADES RUSH UNIV MEDICAL CENTER OBLIGATED GROUP, IL REVS TO 'A'; OUTLOOK REVISED TO STABLE

Fitch Ratings-Chicago-09 July 2012: Fitch Ratings has upgraded to 'A' from 'A-' the ratings on approximately \$558.4 million of outstanding debt issued by the Illinois Finance Authority on behalf of Rush University Medical Center Obligated Group (Rush):

- Series 2009D revenue bonds;
- Series 2009C revenue bonds;
- Series 2009B revenue bonds;
- Series 2009A revenue bonds;
- Series 2008A variable rate demand revenue bonds;
- Series 2006B revenue bonds.

The Rating Outlook is revised to Stable from Positive.

SECURITY:

Debt payments are secured by a pledge of the gross revenues of the obligated group and a mortgage on certain property of the obligated group.

KEY RATING DRIVERS

STRONG, CONSISTENT PROFITABILITY: Rush's operating and operating EBITDA margins have exceeded Fitch's 'A' category medians in each of the last four fiscal years.

DEVELOPMENT RISK EXTINGUISHED: With the successful completion and opening of Rush's new patient tower and clinical care platform in January 2012, the associated project development risk has been eliminated.

UNIQUE INTEGRATED DELIVERY MODEL: Although it operates in the highly competitive Chicago metropolitan market, Rush benefits from its excellent clinical quality and reputation, highly aligned medical staff and health sciences programs in medicine, nursing and research.

SOLID DEBT SERVICE COVERAGE: Rush's moderate leverage position and strong profitability has resulted in solid and improving coverage of maximum annual debt service (MADS) by operating EBITDA of 3.6x and 3.9x in fiscal 2010 and 2011, respectively, which exceeds the 2011 'A'-rated median of 3.3x .

LIGHT LIQUIDITY INDICATORS: At March 31, 2012, Rush liquidity indicators of 135.4 days cash on hand, a 10.4x cushion ratio and 88.3% cash to long-term debt are weak relative to Fitch's respective 'A' category medians of 194.1, 15.4x and 113.6%. However, future capital spending is modest, which should allow for an improvement in liquidity indicators going forward.

CREDIT SUMMARY:

Rush consists of three acute care hospitals including Rush University Medical Center, located in Chicago, IL; Rush Oak Park Hospital, located in Oak Park, Illinois; and Rush-Copley Medical Center, located in Aurora, Illinois. The three hospitals operate 1,002 staffed beds. Rush also operates a medical university, research facilities, a physician group practice with over 400 employed physicians, and a rehabilitation/skilled nursing facility. In fiscal 2011, the Obligated Group reported total revenues of \$1.74 billion.

CREDIT PROFILE

significantly reduces the development and financial risk assumed by the corporation and should allow for growth in balance sheet liquidity due to lower future capital spending requirements.

Rush opened its new patient tower and clinical platform on Jan. 9, 2012 on time and within budget. The new facility totals 830,000 square feet and is licensed for 304 new private adult and critical care beds. Fitch believes the new facility should improve patient volumes, outcomes and satisfaction while providing strategic benefits to the organization in maintaining its outstanding clinical quality and reputation in the competitive Chicago-area marketplace. The total cost of the project is estimated at \$1.1 billion of which \$950 million has been spent to date.

Since fiscal 2007, Rush has generated operating and operating EBITDA margins that have consistently exceeded Fitch's 'A' category medians. Operating margins have ranged between 4.8% and 6.3% over the last five years, while operating EBITDA margins have ranged between 11% and 12.2% over the same period. Through the nine-month interim period ending March 31, 2012, operating and operating EBITDA margins of 3.8% and 11% remain strong despite the non-recurring expenses related to opening the new bed tower in January 2012.

Rush's moderate leverage position and strong profitability have allowed for solid historical debt service coverage. Debt to capitalization at March 31, 2012 of 40.2% reflects an improvement from 42.9% at fiscal year-end (FYE) 2011 and 52% at FYE 2010. MADS of \$55.1 million equates to a moderate 3.2% of fiscal 2011 total revenues which was covered 4.4x by net EBITDA and 3.9x by operating EBITDA in fiscal 2011. Furthermore, leverage should moderate over the near term as annual capital spending is expected to decline from almost 300% of annual depreciation over the last three years to less than 125% of depreciation expense.

At March 31, 2012 Rush's unrestricted cash and investments totaled \$573.2 million which translates into 135.4 days cash on hand, a 10.4x cushion ratio and 88.3% cash to long-term debt, each of which trail the respective 'A' category medians. However, Fitch believes that Rush's liquidity metrics will improve over time as capital spending needs are likely to be modest and the corporation's strong operating cash flow should allow for balance sheet liquidity to grow.

The Stable Outlook reflects Fitch's expectation that Rush will maintain profitability consistent with historical results and that reduced capital requirements will improve liquidity and reduce leverage.

Rush's disclosure practices are among the best in Fitch's health care portfolio with quarterly and annual disclosure consisting of balance sheet, income statements and cash flow statements, utilization statistics and a management discussion and analysis.

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Additional information is available at 'www.fitchratings.com'. The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

Applicable Criteria and Related Research:

--'Revenue-Supported Rating Criteria', dated Oct. 8, 2010;

--'Nonprofit Hospitals and Health Systems Rating Criteria', dated Dec. 29, 2009.

Applicable Criteria and Related Research:

Nonprofit Hospitals and Health Systems Rating Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=648836

Revenue-Supported Rating Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=681015

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