

**EXECUTIVE SUMMARY OF THE TRANSACTION
FOR THE ACQUISITION OF THE LOUISVILLE MARKET ASSETS OF
KENTUCKYONE HEALTH**

Parties to the Transaction:

- The Seller Entities are Jewish Hospital & St. Mary's Healthcare, Inc., KentuckyOne Health, Inc. and CHI Kentucky, Inc.
- The Buyer Entity is the University of Louisville or its assignee

Assets to be acquired:

- Hospitals:
 1. Jewish Hospital, including:
 - a. Jewish Hospital Rudd Heart and Lung Center
 - b. Jewish Hospital Outpatient Care Center
 2. Frazier Rehab and Neuroscience Center
 3. Sts. Mary and Elizabeth Hospital
 4. Jewish Hospital Shelbyville
 5. Our Lady of Peace Hospital
 6. Physician groups affiliated with KentuckyOne
- Outpatient Facilities:
 1. Medical Center Jewish East
 2. Medical Center Jewish South
 3. Medical Center Jewish Southwest
 4. Medical Center Jewish Northeast
- Parking Garages:
 1. Jewish Hospital Visitor Parking Garage
 2. Jewish Hospital Employee Garage

Deal Terms:

- Purchase Price – Buyer will pay \$10,000,000.00,
 - plus or minus the difference between the Estimated Net Working Capital at the Effective Time (based on the most recent calendar month end) and the Target Net Working Capital determined as of December 31, 2018, as later adjusted to reflect the actual Net Working Capital as of the Effective Time.
 - Target Net Working Capital as of December 31, 2018, is set at \$76,400,000.
- Promissory Note Cancellation – Seller will cancel two notes amounting to \$19,700,000.
 - CommonSpirit Health, parent company of the Seller Entities, also agrees to cancel two promissory notes from University Medical Center, Inc.
- Liability Guaranty – all obligations of the Seller Entities are guaranteed by CommonSpirit Health.
- Closing – Targeted for November 1, 2019. *KOH retains all liabilities for all pre-closing operations.*

The parties will enter into a number of related transition agreements including the following:

- IT Transition Services Agreement and BAA,
- Transition Services Agreement,
- License Agreement for Policy and Procedure Manuals,
- Employee Lease Agreement, and
- Medicare and Medicaid Transition Agreement.

Restrictive Covenants on the Seller Entities:

- a. The Seller Entities agree to a non-compete for five (5) years within Jefferson, Bullitt, Shelby, Hardin, Grayson, Spencer, Meade, Breckinridge, Henry, and Oldham Counties in the Commonwealth of Kentucky, and Floyd, Clark, and Harrison Counties in the State of Indiana, provided that the non-compete does not prohibit certain activities including the provision of physician services by KentuckyOne Health Medical Group, Inc., or the provision of services by Saint Joseph Health System at any location outside the counties.
- b. The Seller Entities agree to a non-solicit for two (2) years of certain key employees.

Sources of funding:

1. Net Working Capital/Accounts Receivable – the Seller Entities are obligated to provide \$76,400,000 in net working capital (including accounts receivable) as of the Closing Date. This will provide needed start-up working capital.
2. Jewish Hospital Foundation Support – Beginning on the Closing Date, Jewish Hospital & St. Mary's Healthcare, Inc., d/b/a Jewish Hospital & St. Mary's Healthcare Foundation, shall provide sixteen quarterly payments of \$2,500,000 each, an aggregate amount of \$40,000,000, to the Buyer for the use and operation of the facilities and the business purchased.
3. Private Foundation Support – Jewish Heritage Fund for Excellence has committed \$10,000,000 to support the acquisition and operation of the KOH assets.
4. State Government – The Economic Development Cabinet has committed to a loan of \$50,000,000 to support the acquisition and operation of the KOH assets. The loan is interest free for five years. Interest begins to accrue at 1% beginning in year six. Repayment is \$1,000,000 at the end of year six and \$3,500,000 at the end of year seven and each year thereafter for 14 years. One-half of each principal payment is forgivable so long as the enterprise maintains certain target levels of jobs and wages OR establishes and maintains certain clinics in underserved areas.