Resolution to Approve the Transaction Related to the Purchase from Tenet Healthcare Corporation of Graduate Hospital and Related Properties, the Subsequent Resale of Certain Properties, and the Establishment with The Good Shepherd Home of a New Long Term Acute Care Hospital and an Inpatient Rehabilitation Facility

Intention:

The University of Pennsylvania Health System (“UPHS”) intends to enter into a multi-party transaction with Tenet Healthcare Corporation (“Tenet”), a wholly-owned subsidiary of Tenet (“Subsidiary”) and The Good Shepherd Home (“GSH”) for the purposes of purchasing the properties of Graduate Hospital (“Graduate”) and converting a portion of them into a new Long-Term Acute Care Hospital (“LTACH”) and a new unit in which to combine, expand and relocate the Hospital of the University of Pennsylvania’s (“HUP”) and Pennsylvania Hospital’s (“PAH”) inpatient rehabilitation facilities (the “IRF”). Other portions of the properties will be used to house several ancillary UPHS clinical operations. Remaining portions will be sold or made available for future use by UPHS and/or the Trustees of the University of Pennsylvania (the “Trustees”).

In evaluating and recommending this transaction to the Trustees, the Penn Medicine Executive Committee and the Trustees have carefully considered several factors. These include the ability of this model to achieve UPHS’ long-term objectives by enhancing UPHS’ ability to provide quality rehabilitation services in the Philadelphia area, expanding its presence in post-acute care through the opening of the LTACH and creating new space both at HUP and PAH with which to facilitate other expansion plans at a lower cost than would otherwise result. The Penn Medicine Executive Committee and the Trustees have also carefully considered the ability of UPHS to ensure the highest levels of quality and service in both rehabilitation and LTACH care.

On November 29, 2006, the Penn Medicine Executive Committee recommended to the Trustees the transaction as contemplated by these resolutions.

RESOLVED, that the Trustees approve and authorize the transactions described in the foregoing Intention, including the actions listed below:

- Approval of the proposed structure of the transaction by which:
  - Purchase of Graduate Assets: UPHS will purchase substantially all the assets of Graduate for up to $18 million.
  - Contribution of Asset: UPHS will contribute all of its existing outpatient centers to a joint venture (“JV”) with GSH in exchange for a corresponding minority interest in the JV, with the understanding that GSH contributes a long term pre-paid lease and other assets with a fair market value equal to the remaining equity.
  - Creation and Governance of the JV: UPHS will create a new partially-owned Constituent of Penn Medicine for the purposes of owning and operating the LTACH, owning and operating UPHS’ outpatient therapy operations, managing some or all of UPHS’ inpatient therapy operations, including the inpatient rehabilitation facility, and engaging in related business as mutually agreed to by
both GSH and UPHS. UPHS will enter into an operating agreement with GSH with, at a minimum, the following features: (i) the JV’s Board of Directors will contain four (4) GSH-appointed members and three (3) UPHS-appointed members; and (ii) certain fundamental corporate decisions will require UPHS’ approval.

- **Sale of Properties**: UPHS will sell a portion of the Graduate real estate to one or more third parties after giving the Trustees an opportunity to retain some or all of these properties for its own use.

- Authorizing the Penn Medicine Executive Committee to appoint a representative(s) to the various governing bodies of the JV and its healthcare entities.

- Delegation to the Chief Executive Officer ("CEO") of UPHS, or his designee, of the authority to take such action on behalf of the Trustees with respect to all matters to be voted upon by the Trustees in their capacity as a member of the JV.

- The filing of documents with, and taking of other actions with respect to any governmental or regulatory offices, if necessary or appropriate, in order to secure all approvals, consents, licenses, permits and the like necessary to consummate the transaction.

**RESOLVED**, that pursuant to the foregoing resolution, the Trustees hereby approve the delegation of authority to the CEO of UPHS, or his designee, to take such action and approve and execute such documents on behalf of the Trustees as may be necessary to effectuate and implement the transactions contemplated in the foregoing resolutions substantially within the parameters described therein; provided that any changes such officer deems advisable, necessary or appropriate in order to effectuate such transactions may be made with the express concurrence of the President of the University of Pennsylvania, Chairman of the Penn Medicine Board and Chairman of the Penn Medicine Finance Committee.

**FURTHER RESOLVED**, that the appropriate officers, members of Penn Medicine Executive Committee, the Penn Medicine and UPHS management are hereby authorized and empowered to take such actions as they may deem necessary, appropriate or desirable to effectuate the intent of the foregoing resolutions.