

SETTLEMENT AGREEMENT

Plaintiffs, by and through Lead Class Counsel, and Sutter Health and its affiliated health care provider entities listed in Exhibit A, hereby enter into this Agreement, pursuant to the terms and conditions set forth below, and subject to the approval of the Court in the Action, as defined herein.

WHEREAS, Plaintiffs have filed a California coordinated class action complaint ("Complaint") styled *Sutter Uninsured Pricing Cases* in the Sacramento County Superior Court, alleging that the hospitals affiliated with Defendant Sutter Health ("Sutter") charged uninsured patients excessive, unfair and otherwise unlawful prices for medical products, services, and procedures performed by Sutter and the Sutter-affiliated hospitals listed in Exhibit A hereto during the Class Period;

WHEREAS, Sutter denies all of the Plaintiffs' allegations, denies any and all allegations of wrongdoing, fault, liability or damage of any kind to Plaintiffs and the Settlement Class, denies that the Complaint appropriately identifies a class that could or would be certified by the Court, and denies that Sutter or any of its affiliates acted improperly or wrongfully in any way;

WHEREAS, the parties to this Agreement have conducted a thorough examination and investigation of the facts and law relating to the subject matters set forth in the Complaint and the claims set forth therein, including completing substantial discovery, and have engaged in significant motion practice, providing them an informed view of the strengths and weaknesses of their respective positions;

WHEREAS, Plaintiffs and Lead Class Counsel recognize the costs and risks of prosecuting this litigation and believe that it is in Plaintiffs' interest, and in the interest of all members of the Settlement Class, to resolve finally and completely the potential claims of the Plaintiffs and the Class Members against Sutter;

WHEREAS, Sutter has concluded that settlement is desirable in order to avoid the time and expense of defending protracted litigation and to resolve finally and completely the potential claims of all Class Members against Sutter;

WHEREAS, arm's length negotiations under the supervision of an experienced mediator have taken place between Lead Class Counsel and Sutter;

WHEREAS, the undersigned parties believe that this Agreement offers significant benefits to the Settlement Class and is fair, reasonable, adequate and in the best interest of all members of the Settlement Class; and

WHEREAS, Sutter has agreed to class action treatment of the claims alleged in the Action solely for the purpose of effecting the compromise and settlement of those claims on a class basis which are set forth herein,

NOW, THEREFORE, the undersigned parties stipulate and agree that all claims of the Plaintiffs and Class Members against Sutter shall be finally settled, discharged and resolved on the terms and conditions set forth below.

I. DEFINITIONS

As used in this Agreement, the following terms shall have the defined meanings set forth below. Where appropriate, terms used in the singular shall be deemed to include the plural and vice versa.

"Action" means the California coordinated action in which Plaintiffs have filed a complaint on behalf of uninsured patients against Sutter, styled as *Sutter Uninsured Pricing Cases, JCCP No. 4388*.

"Attorneys' Fees and Expenses" means the settlement amounts approved by the Court for payment to Class Counsel, including attorneys' fees, costs, and litigation expenses.

"Authorized Claimant" means a Class Member whose claim has been allowed as provided by the terms of this Agreement and the Final Order and Judgment of Dismissal of the Court approving the Settlement.

"Billed Charges" shall mean the amounts the individual Sutter hospitals charge for the specific services and items provided to patients as reflected in their chargemasters, before any discounts or adjustments.

"Charity Care and Low Income Uninsured Policy" means Sutter's Charity Care Policy, originally adopted in February 2004 and updated as of March 2006, which policy provides free or discounted care to low-income patients meeting certain financial eligibility requirements.

"Charity Care and Low Income Uninsured Policy Guidelines" means the eligibility criteria set forth in Section III.A.3. herein.

"Claim Form" means the claim form, substantially in the form set forth in Exhibit B to this Agreement, which form must be timely and fully completed and submitted by each Class Member who wishes to receive, and is eligible to receive, payment of settlement benefits under the terms of this Agreement.

"Claims Administrator" means the qualified third party selected by the Parties and approved by the Court in the Preliminary Approval Order to administer this Agreement, including implementing the Notice provisions herein. The Parties agree to recommend that the Court appoint Rust Consulting as Claims Administrator.

"Class Counsel," Plaintiffs' Counsel" or "Counsel for Plaintiffs " means the firms listed as Plaintiffs' counsel in the Complaint filed in this action, as follows: Lieff, Cabraser, Heimann & Bernstein, LLP; Jenkins, Mulligan & Gabriel; Goldstein, Demchak, Baller, Borgen & Dardarian; Weinberger, Roger & Rosenfeld; Terrell Law Group; and Amamgbo & Associates, PLC.

"Class Members" means those persons as defined in **"Settlement Class"** below.

"Class Period" means September 3, 2000 through the date of entry of the order preliminarily approving the Class Settlement. For clarification, the Class Period covers any Uninsured Patients who were admitted to a Sutter affiliated hospital and received Uninsured Patient Services on or after September 3, 2000 through the date of entry of the Preliminary Approval Order.

"Class Settlement" means the terms of the settlement provided in this Agreement.

"Complaint" means the amended class action complaint Plaintiffs, through Lead Class Counsel, filed on July 22, 2005, in this California coordinated Action.

"Court" means the Superior Court of California, County of Sacramento.

"Effective Date" means the date on which the Settlement and Final Order have become "Final" in that all of the following conditions have been satisfied:

- (1) The Final Order has been entered; and
- (2)(a) if an appeal, review or reconsideration is not sought from the Final Order, the expiration of the time for the filing or noticing of any appeal, petition for review or motion for reconsideration; or
- (2)(b) if an appeal, review or reconsideration is sought from the Final Order, the date on which the Final Order is affirmed and is no longer subject to judicial review or the date on which the appeal, petition for review or motion for reconsideration is dismissed or denied and the Final Order is no longer subject to judicial review.

"Fairness Hearing" means the final hearing(s) scheduled by the Court in the Action, after proper notice, to determine whether to approve this Agreement.

"Federal Poverty Income Guidelines" ("FPIG") means the poverty guidelines issued annually by the United States Department of Health and Human Services, as published in the Federal Register.

"Final Order and Judgment" means the last of the orders and final judgment of Court dismissing the Action with prejudice as to Sutter and approving this Agreement, substantially in the form of Exhibit F.

"Lead Class Counsel" means Lief, Cabraser, Heimann & Bernstein LLP.

"Notice" means the Court-approved form of notice of this Agreement to the Settlement Class, substantially in the form of Exhibit C.

"Notice and Claims Administration Expenses" means all reasonable costs and expenses incurred in connection with preparing, printing, mailing and publishing the Notice, processing claims, and administering the Agreement.

"Parties" means the Plaintiffs Nathaniel Pollack, Jef Whitehead, Iyabo Oladigbolu, Tammi Powell, Linda Arrona, and Duane Darr, and Defendant Sutter.

"Plaintiffs" means Nathaniel Pollack, Jef Whitehead, Iyabo Oladigbolu, Tammi Powell, Linda Arrona, and Duane Darr.

"Preliminary Approval Order" means the order of the Court, substantially in the form of Exhibit E hereto, granting preliminary approval of this Agreement and authorizing the Notice.

"Publication Notice" means the Court-approved form of Notice of this Agreement to the Settlement Class for publication in newspapers and/or periodicals, substantially in the form of Exhibit D hereto.

"Related Parties" means all of Sutter's past, present and future officers, directors, employees, attorneys, controlling or principal members, divisions, subsidiaries, affiliates (including all officers, directors, employees and dba's of such affiliates), insurers, and all their respective predecessors and successors in interest and legal representatives.

"Released Claims" means and includes any and all claims, demands, rights, damages, obligations, suits, and causes of action of every nature and description whatsoever, ascertained or unascertained, suspected or unsuspected, existing or claimed to exist, including both known and unknown claims, of the Plaintiffs and all Class Members that were or could have been brought against Sutter and/or their Related Parties, or any of them, in the Complaint, from the beginning of the Class Period to the date of entry of the Preliminary Approval Order, arising from the facts alleged in the Complaint, including but not limited to charging, billing, pricing or collection activity, of or on behalf of any hospital or medical facility of any kind owned or operated by, or affiliated with, Sutter. "Released Claims" does not include claims for personal injury or medical malpractice or other claims related specifically to the quality or standard of care provided to patients. "Released Claims" also does not include any claims involving billing, pricing or collection activity arising from a bill for treatment that was not issued by Sutter or its hospital affiliates, but was issued by a separate entity such as a physician or physician group.

"Released Parties" means the Plaintiffs, Sutter and Sutter's Related Parties.

"Settlement Agreement" or **"Agreement"** means this Agreement and the exhibits attached hereto.

"Settlement Class" means all Uninsured Patients who received Uninsured Hospital Services at a Sutter-affiliated hospital during the Class Period.

"Settling Parties" or **"Settling Party"** consists of all Class Members who do not exercise a valid opt-out and Sutter.

"Sutter" means Defendant Sutter Health and all Sutter-affiliated hospitals identified in

Exhibit A hereto.

"Uninsured Hospital Services" means all health care services and items provided to Uninsured Patients by the Sutter hospitals listed in Exhibit A, except for services, items, treatments or procedures billed separately by a physician, physician group or Independent Physician Association. Uninsured Hospital Services does not include hospital services that are not required to be covered by a Knox-Keene licensed Health Care Service Plan (as generally set forth in the provisions of California Health and Safety Code section 1345 and 28 C.C.R. section 1300.67), e.g., cosmetic surgery or experimental services.

"Uninsured Patients" means patients whose Uninsured Hospital Services are not paid for by any third-party payer (other than the patient's family) including but not limited to: (i) any governmental program providing hospital benefits; or (ii) any private insurance policy or health plan (whether individual or group) providing hospital benefits (such as policies or plans sponsored or administered by employers, unions, mutual benefit associations, or workers compensation programs).

II. REQUIRED EVENTS

Promptly after the execution of this Agreement by representatives of both Parties:

A. Filing.

Lead Class Counsel shall submit this Agreement for Preliminary Approval, thereby notifying the Court that Plaintiffs and Sutter have reached a settlement.

B. Approval.

Lead Class Counsel and Sutter, through counsel, shall take all necessary steps to obtain judicial approval of the Agreement and the dismissal with prejudice of the Action. As part of the approval process, the parties agree to cooperate and use their best efforts to describe and establish the benefits of this Agreement to the Settlement Class.

C. Motion.

To effectuate the requirements of Paragraph II.A. above, the Parties shall jointly move for an order in substantially the same form as Exhibit E ("Preliminary Approval Order"), which by its terms shall:

1. Preliminarily approve the terms of the Class Settlement;
2. Conditionally certify the Settlement Class for settlement purposes only;
3. Determine or approve the Notice to be given to the Settlement Class advising them of the Class Settlement and of the Fairness Hearing to be held to determine the fairness, reasonableness and adequacy of the Class Settlement;
4. Approve the Claims Administrator; and

5. Schedule hearings to review comments regarding the Class Settlement and to consider the fairness, reasonableness and adequacy of the Class Settlement and the application for an award of attorneys' fees and reimbursement of expenses, and to consider whether the Court should issue a Final Order (in substantially the form attached as Exhibit F) approving the Class Settlement, dismissing the Action with prejudice as to Sutter, and awarding appropriate attorneys' fees and costs to Class Counsel.

D. Efforts.

Lead Class Counsel and Sutter and its counsel will cooperate to undertake all reasonable actions in order to accomplish the events described in this Section II. In the event that the Court fails to grant Preliminary Approval or fails to issue a Final Order, Lead Class Counsel and Sutter agree to use all reasonable efforts, consistent with this Agreement, to cure any defect identified by the Court, assuming the parties in good faith believe that the defect is curable.

E. Final Order and Judgment.

Lead Class Counsel and Sutter, through counsel, shall use all reasonable efforts, consistent with this Agreement, to promptly obtain a Final Order and Judgment.

III. SETTLEMENT TERMS

A. Prospective Relief.

The following paragraphs set forth Sutter's obligations to provide prospective relief under the settlement.

1. Uninsured Patient Discount Policy. In March 2006, Sutter Health adopted for its affiliates an "Uninsured Patient Discount Policy." A copy of this policy is attached to this Agreement as Exhibit G. Sutter agrees to maintain this policy throughout the term of this Agreement and not to amend the policy in any way that would be to the disadvantage of Uninsured Patients. Sutter further agrees that, during the term of this Agreement, each of its hospital affiliates shall adhere to Sutter's Uninsured Patient Discount Policy and, thus, shall maintain a policy under which any Uninsured Patient who receives Uninsured Hospital Services at that Sutter-affiliated hospital will automatically receive a discount off Billed Charges at the time the Uninsured Patient is billed for hospital services rendered ("Uninsured Patient Discount"). Sutter further agrees that from the Effective Date to June 30, 2008, its hospital affiliates shall have an Uninsured Patient Discount that contains the specific inpatient and outpatient discounts off Billed Charges that are set forth in Exhibit A to this Agreement (or discounts that are more favorable for Uninsured Patients). From June 30, 2008 to the end of the term of this Agreement, each hospital affiliate shall continue to comply with the terms of Sutter's Uninsured Patient Discount Policy but may adjust its Uninsured Patient Discount if such affiliate determines in good faith that circumstances have changed such that an adjustment to its Uninsured Patient Discount is appropriate.

Sutter agrees that, if one or more affiliates adjusts its Uninsured Patient Discount to be less favorable for Uninsured Patients than the discount shown on Exhibit A, Sutter will notify Lead Plaintiffs' Counsel and provide an explanation for the changes, and Sutter will meet-and-confer with Lead Plaintiffs' Counsel, upon request, to discuss the changes. Such changed circumstances shall include, but not be limited to: lower effective discounts that the hospital affiliate is providing to managed care or insurance companies; reductions in the hospital affiliate's average Billed Charges, after adjustment for inflation; changes in local market conditions; significant increases in the number of Uninsured Patients receiving Uninsured Hospital Services at that hospital affiliate; mergers or other transactions affecting that hospital affiliate; or state, local or federal legislation that has a material affect on hospital pricing or the reimbursements received by hospitals from the state or federal government. Irrespective of any changed circumstances, Sutter agrees that its affiliates may adopt greater discounts than provided for in the Uninsured Patient Discount Policy, and that none of its affiliates will reduce its Uninsured Patient Discount below 10%.

2. Estimated charges and notification to patients of availability of Uninsured Patient Discount and charity care policies. Sutter's hospital affiliates shall provide patients who the hospital determines may be Uninsured Patients with information regarding the availability of charity care, government program assistance, and Uninsured Patient Discounts. In addition, Sutter's hospital affiliates will provide patients who the hospital determines may be Uninsured Patients with information regarding Sutter's Charity Care and Low Income Uninsured Policy. Hospital affiliates shall provide this information to patients during preadmission or registration (except in the case of emergency services) or as soon thereafter as practicable. Consistent with California Health and Safety Code Section 1339.585, upon request, hospital affiliates also shall provide a written estimate of the amount the hospital will require the patient to pay for the health care services, procedures, and supplies that are reasonably expected to be provided to the person by the hospital, based upon an average length of stay and services provided for the patient's diagnosis. These estimates shall be provided during normal business hours. Hospital affiliates shall provide contact information for a hospital affiliate employee or office from which the patient may obtain further information about these programs.
3. Charity Care and Low Income Uninsured Policy: In February 2004, Sutter adopted the Charity Care and Low Income Uninsured Policy that applied to each of its hospital affiliates. The most recent update to that policy was adopted in March 2006. Each of Sutter's hospital affiliates has adopted a version of this policy that provides, at a minimum, the following.

Uninsured Patients who meet certain financial eligibility requirements will be entitled to the following discounts:

- a. Regular Charity Care: If gross annual household income in the year the Class Member receives Uninsured Hospital Services is:

at or below 200% of the FPIG, then	above 200% but not more than 400% of the FPIG, then:
Uninsured Patient receives free care	Uninsured Patient receives discount to a rate equivalent to 120% of average Medicare reimbursement rate for such services at that hospital

- b. Catastrophic Charity Care: If an Uninsured Patient’s liability for a bill is greater than 30% of the annual family income, amounts greater than 30% shall be written off so that the patient is not obligated to pay those additional amounts.
- c. Special Circumstances: An Uninsured Patient may, at the hospital’s discretion, receive charity care discounts (up to and including 100% free care) for Uninsured Hospital Services: (i) if the patient is homeless and does not have a job, mailing address, or residence; (ii) if the patient is now deceased without an estate; (iii) if the patient is in bankruptcy or completed a bankruptcy within 24 months; or (iv) if the patient does not otherwise qualify for charity care but has demonstrated a financial inability to pay the amount charged.

Sutter agrees that, during the term of this Agreement, each of its hospital affiliates shall have a Charity Care and Low Income Uninsured Policy that provides charity care and discounts to the uninsured that are at least as generous as those set forth in its current policy and as reflected in this section of the Agreement.

- 4. Uninsured Patient Prompt Pay Discount Policy: Each of Sutter’s hospital affiliates agrees to maintain an Uninsured Patient Prompt Pay Discount Policy under which any Uninsured Patient who receives Uninsured Hospital Services at a Sutter-affiliated hospital will be entitled to a 10% discount off his/her bill (after accounting for any discounts applied pursuant to the Uninsured Patient Discount Policy) so long as the Uninsured Patient pays the bill within 30 days of the date the hospital affiliate mails the bill to the Uninsured Patient. Hospital affiliates may adopt more generous terms of an uninsured prompt pay discount and may arrange flexible extended payment plans or offer additional or greater discounts to Uninsured Patients where appropriate.
- 5. Procedure for Advising Patients of Discount Policies.
 - a. Once a patient is identified as an Uninsured Patient, Sutter personnel will give patients a summary (consistent with the exemplar attached hereto as Exhibit H) of that hospital affiliate’s Charity Care and Low Income Uninsured Policy, Uninsured Patient Discount Policy, and Prompt Pay

Discount Policy, including a simple statement that Uninsured Patients may qualify for free or reduced cost medical care by filling out an application for financial assistance. Sutter personnel will also provide an application for financial assistance (consistent with the exemplar attached hereto as Exhibit I). The timing for delivery of this summary and application will depend upon whether identification is made at the time of service, during the billing process or during collection. Thereafter, any bills sent to persons identified as Uninsured Patients shall include language describing the existence of the hospital affiliate's Charity Care and Low Income Uninsured Policy and the method for obtaining the application for financial assistance. Sutter personnel shall provide the Uninsured Patient with reasonable assistance in completing the application for financial assistance. Following the Uninsured Patient's completion of the application, Sutter personnel will review the application against eligibility criteria set forth in Sutter's Charity Care and Low Income Uninsured Policy, as described above in Section III.A.3.

- b. If an Uninsured Patient does not complete the application within 30 days of delivery, Sutter shall issue a standard form letter notifying the patient that the application has not been received and that the failure to provide the executed application will result in no financial aid to the patient and that collection action may result. Failure by the Uninsured Patient to provide the completed application within 60 days of mailing shall relieve Sutter of any obligation to provide any benefits to that patient pursuant to Sutter's Charity Care and Low Income Uninsured Policy.
6. Communications re Charity Care and Low Income Uninsured Policy, Uninsured Patient Discount Policy, and Uninsured Patient Prompt Pay Discount Policy.
- a. Sutter agrees (1) to post in patient admitting areas of Sutter's hospitals summaries of its Charity Care and Low Income Uninsured Policy, Uninsured Patient Discount Policy, and Uninsured Patient Prompt Pay Discount Policy (consistent with the exemplars attached hereto as Exhibit J), and to make copies of these postings available to patients in registration, admitting, the emergency room, and patient financial services so that patients can have copies of the postings; (2) to provide notice that financial assistance is available on all billing statements sent to patients identified as Uninsured Patients, on the Sutter website and each of the websites (if any) for its affiliated entities listed in Exhibit A; (3) to ensure that signs posted in the admitting areas and brochures are printed in appropriate languages as may be required under applicable law; (4) to insert terms in its agreements with every collection agency to which Sutter refers accounts to require the agency to provide a telephone number Uninsured Patients can call to request financial assistance; (5) to ensure that all admitting and registration staffs are knowledgeable about the Charity Care and Low Income Uninsured Policy, Uninsured Patient Discount Policy, and Uninsured Patient Prompt Pay Discount Policy;

(6) to train its newly-hired admitting and registration staffs on the Charity Care and Low Income Uninsured Policy, Uninsured Patient Discount Policy, and Uninsured Patient Prompt Pay Discount Policy; and (7) to inform on an annual basis its medical staff, including physicians and nursing professionals, about the existence of the Charity Care and Low Income Uninsured Policy, Uninsured Patient Discount Policy, and Uninsured Patient Prompt Pay Policy.

- b. Prior to the Effective Date, Sutter agrees to provide Lead Class Counsel with exemplars of these materials for Lead Class Counsel's review and comment.

7. Collection Practices. In March 2006, Sutter revised and implemented a policy entitled "Management of Patient Accounts Receivable, Collection Practices, Hospital Affiliate Third Party Liens, and Affiliate Dispute Initiation Policy" ("Collections Policy"). A copy of the Collections Policy is attached as Exhibit K. Included in the Collections Policy is a provision that prohibits hospital affiliates from sending patient bills to collection agencies for those patients with a pending and active application for charity care. If a patient has applied for charity care, has been approved to receive charity care, or is cooperating with a hospital's efforts to settle an outstanding bill within a reasonable time period, affiliates shall not send, nor threaten to send, the patient's unpaid bill to an outside collection agency. The Collections Policy and this Agreement further provide as follows:

- a. Collection Agencies: All outside collection agencies utilized by affiliates must agree in writing to the standards identified in the Collections and Third-Party Lien Services Agreement attached to Sutter's Collections Policy, as revised in March 2006. The written agreement with the collection agency must include the standards noted below:
 - i. A collection agency's performance of its functions shall be consistent with Sutter Health's mission, core values, and policies, including but not limited to Sutter's Charity Care and Low Income Uninsured Policy, and Sutter's Systemwide Management of Patient Accounts Receivable, Collection Practices, Third Party Lien, and Affiliate Dispute Initiation Policy.
 - ii. An affiliate's written agreement with a collection agency must state whether or not the affiliate has authorized the collection agency to file negative credit reports against patients for non-payment. In no event shall a collection agency file a negative credit report regarding non-payment of a patient account against an Uninsured Patient who has applied for full or partial charity care, unless and until the patient's application for charity care has been denied.
 - iii. The collection agency must have processes in place to identify patients who may qualify for charity care, communicate the

availability and details of the charity care program to these patients and refer patients who qualify and are seeking charity care consideration back to the referring affiliate business office.

- iv. A collection agency shall not file any lawsuit against a low income uninsured patient who has applied for full or partial charity care. A collection agency shall not file a lawsuit against a patient whose income *exceeds* the criteria for full or partial charity care unless the affiliate CFO provides express written approval which may be given only upon a case-by-case basis.
 - v. The collection agency may only attempt to collect the amount outstanding after application of the Uninsured Patient Discount.
 - vi. If a collection agency obtains a judgment against a patient, an “Order of Examination” may be performed to identify patient assets available to meet the judgment.
 - vii. A collection agency may not file a lien against a patient’s residence, or personal or real property except in the special circumstance where a patient’s income exceeds the criteria for full or partial charity care, the patient has multiple residences or properties and significant personal assets, and the affiliate's CEO and CFO have provided express written approval on a case-by-case basis.
 - viii. A collection agency shall not foreclose on a patient’s personal or real property.
 - ix. A collection agency shall not garnish a patient’s wages.
 - x. A collection agency will never serve a patient with an arrest warrant.
 - xi. Any interest charged by the collection agency must meet usury requirements and may not exceed an annual rate of 10% simple interest.
 - xii. The agency shall explicitly agree to comply with the requirements of the Fair Debt Collection Practices Act.
- b. No Sutter hospital or affiliate will attempt to collect from an Uninsured Patient who has applied for financial assistance, while an eligibility determination on the patient's completed application is pending. If an Uninsured Patient completes an application for financial assistance after a collection action has been initiated, Sutter shall suspend any collection action until an eligibility determination is made as to the Uninsured Patient's application for financial assistance. If the Uninsured Patient is

determined to be eligible for financial assistance, any money he or she has paid for any Uninsured Hospital Services in excess of the adjusted amount shall be refunded.

8. Provision of Benefits Set Forth in Policies Through the Term of Agreement.

During the term of this Agreement, Sutter may elect to provide greater benefits and/or discounts to Uninsured Patients than those set forth in this Agreement or in the portions of Sutter's current policies referenced above. Unless mandated by law or otherwise permitted by the terms of this Agreement, Sutter will not decrease the benefits or discounts provided to Uninsured Patients pursuant to this Agreement.

B. Retrospective Relief to Class Members.

1. Class Members who have received Uninsured Hospital Services during the Class Period and who file a Claim Form pursuant to the procedures set forth herein and in the Court's Preliminary Approval Order (and any subsequent Orders if applicable) will be entitled to elect to have their hospital bills recalculated as follows: Class Members may submit a Claim Form within 125 days of the completion of the Notice that shall be provided following entry of the Preliminary Approval Order. Class Members (or their legal guardians) who sign their name attesting that they were treated at a Sutter Hospital during the Class Period and were uninsured at the time of treatment will receive a discount off Billed Charges. The percentage discount for each of the Sutter hospital affiliates for this retrospective relief is reflected on Exhibit A and ranges between 25% and 45%. In the event Sutter has difficulty determining whether the claim is valid, Sutter shall be entitled to request from any Class Member reasonable corroborating evidence to support the Claim Form, such as medical or billing records that reflect total billed charges and cancelled checks or other evidence of payment. The bills of Class Members who submit valid claim forms will be recalculated. Any amount paid by the Class Member that is determined to be in excess of the recalculated bill will be refunded to the Class Member.
 - a. With respect to San Leandro Hospital, only those Class Members who received Uninsured Hospital Services on or after July 1, 2004 (the date San Leandro Hospital affiliated with Sutter Health) shall be entitled to retrospective relief under this paragraph.
 - b. With respect to St. Luke's Hospital, only those Class Members who received Uninsured Hospital Services on or after July 17, 2001 (the date St. Luke's Hospital affiliated with Sutter Health) shall be entitled to retrospective relief under this paragraph.

- c. With respect to Sutter Warrack Hospital, only those Class Members who received Uninsured Hospital Services on or after February 1, 2001 (the date Sutter Warrack Hospital affiliated with Sutter Health) shall be entitled to retrospective relief under this paragraph.
2. As set forth herein in Section V(B), Sutter shall determine if each Claim is valid, which determination shall be audited by the Claims Administrator. A Class Member who fails to make a timely, appropriate, verified Claim for settlement benefits will not receive any financial benefits under this section of the Agreement.
3. For any Class Member who (a) was subjected to a collections judgment for an unpaid bill for Hospital Services during the Class period and (b) submits a Claim Form that causes the bill to be recalculated pursuant to the procedures set forth herein, Sutter agrees in good faith to take reasonable steps, to the extent practicable, to correct the judgment to reflect any refunds or discounts the Class Member receives under this Settlement, so long as the Class Member submits a copy of the judgment with his or her Claim Form.

C. Monitoring.

1. Sutter shall designate a Compliance Monitor to monitor and audit the implementation of the relief described in this Agreement.
2. During the term of this Agreement, Sutter's Compliance Monitor shall provide Lead Class Counsel with an annual report documenting the number of Uninsured Patients who have received service (to the extent the patient has been identified as uninsured), the number of financial assistance applications completed, the number approved, the estimated dollar value of the benefits provided, the number denied and the reasons for denial.

D. Term of Agreement.

The terms and requirements of this Agreement shall expire three (3) years from the Effective Date. The terms and requirements of this Agreement shall apply solely to the hospitals identified on Exhibit A hereto and only so long as any such hospitals are affiliated with Sutter.

E. Modification of Agreement.

1. Nothing in this Agreement shall require Sutter to take any action, or to refrain from taking any action, that would violate in any way the provisions of any statute, regulation or other law of any kind, including any statute, regulation or law that becomes effective after the Effective Date. The Parties recognize that Sutter must have the flexibility to take whatever action may be required to avoid violating any statutes, regulations or laws, and to ensure the orderly provision of hospital services to its patients. If Sutter determines that a modification of this Agreement becomes necessary, Sutter shall comply with the process set forth in

Sections III(E)(2)-(3) below.

2. Sutter shall timely notify Lead Class Counsel of any proposed modification of this Agreement. The Parties shall use good faith efforts to resolve promptly any disputes regarding the proposed modification.
3. In the event that good faith negotiations pursuant to Section III(E)(2) are unsuccessful, the Parties shall jointly petition the Court for a declaration concerning the proposed modification. Such petition shall be granted if Court determines that good cause exists for the proposed modification or that the law requires the proposed modification.

IV. NOTIFICATION OF SETTLEMENT TO CLASS MEMBERS

A. Overview.

After the issuance of the Preliminary Approval Order, members of the Settlement Class shall receive a Notice that informs them of, among other things, the terms of Agreement, the rights that will be extinguished under the Agreement, and their rights and the processes by which to comment on, object to, or exclude themselves from the Settlement. The Notice will inform them that if they paid hospital charges to a Sutter hospital during the Class Period, they may be entitled to a refund or, if no charges were paid, to a revised and reduced bill pursuant to the terms of this Agreement. In addition, the Notice will advise them of the Claim form they must complete in order to participate in the retrospective Class benefits described in this Agreement. The Notice shall be substantially in the form described in Exhibit C.

B. Claims Administrator.

Lead Class Counsel and Sutter shall select a Claims Administrator to be approved by the Court. The Claims Administrator shall be responsible for implementing the Notice to the Settlement Class. Dissemination of Notice to the Settlement Class shall be accomplished by both individual and publication Notice. The Claims Administrator shall be responsible for, without limitation: (i) arranging for the publication and mailing of the Notice; (ii) responding to requests for the Notice; and (iii) administration of claims as set forth below. The Notice shall comply with all applicable requirements of law.

C. Confidentiality.

The Claims Administrator (and any person retained by the Claims Administrator) shall sign a confidentiality agreement in a form agreed to by Lead Class Counsel and Sutter, which shall provide that the names, addresses and other information about specific Class Members provided by either Sutter, Lead Class Counsel or by individual Class Members shall all be treated as confidential and shall be used by the Claims Administrator only as required by this Agreement.

D. Publication Notice.

Upon issuance of the Preliminary Approval Order, Sutter shall cause to be published the Notice in the form approved by the Court in the Preliminary Approval Order, in newspapers, periodicals and/or other related print media as set forth in the Preliminary Approval Order. The identification of such media shall be agreed to by Lead Class Counsel and Sutter. The publication Notice shall be substantially in the same form as the exemplar submitted as Exhibit D. The publication of the Notice will begin promptly after entry of the Preliminary Approval Order on a date to be agreed upon by the Parties so as to provide the best practical notice to the Settlement Class.

E. Individual Notice.

Within twenty (20) days following the Preliminary Approval Date, Sutter shall provide the Claims Administrator with a computer disk containing the names, social security numbers, last known addresses and phone numbers (if available), and treatment dates of all Class Members, except to the extent retrieval of such information proves to be impracticable because, for example, any such information was not provided to Sutter, one or more of Sutter's hospital affiliates is unable reliably to retrieve such information from its information technology systems, or one or more of Sutter's hospital affiliates cannot determine for a particular time period which patients were believed to be uninsured at the time of their treatment. Prior to the mailing of the Notices, the Claims Administrator will update any new address information for Class Members as may be available. Within twenty (20) days after Sutter provides the database of Settlement Class Members to the Claims Administrator, the Claims Administrator shall mail, via first class postage, Notice of Class Settlement and Claim Form, all in the form approved by the Court in the Preliminary Approval Order, to all known potential Class Members at their last known address and at the most recent address that may have been obtained through the computer database search.

F. Proof of Notice.

The Claims Administrator shall provide affidavits to the Court, with a copy to Lead Class Counsel and Sutter, attesting to the measures undertaken to provide the Notice and claim forms to Class Members, no later than 30 days after the date of Direct Mailing of Notice and Publication of Notice.

G. Costs of Notice and Administration.

Sutter shall pay all reasonable costs associated with Notice and Claims Administration.

V. CLAIMS ADMINISTRATION

A. Claim Form.

Members of the Settlement Class will be directed to send to the Claims Administrator, within one hundred and twenty five (125) days of the last date of the mailing of the notices to the Class Members and the publication Notice, the completed Claim Form, in

substantially the form attached hereto as Exhibit B. The Claim Form will be presented to the Court for approval.

B. Claims Processing.

Upon receiving a Claim Form from a potential claimant, Sutter, under supervision of the Claims Administrator, shall make an initial determination regarding the refund or debt reduction benefit to be provided pursuant to billing information maintained by Sutter's hospital affiliates and consistent with the protocols established under this Agreement. As noted above, if Sutter in good faith cannot locate information relevant to a Claim Form, Sutter may request that the claimant provide reasonable information (such as medical or billing records) to establish a claimant's eligibility for benefits under this Agreement. The Class Member must provide such information within forty-five (45) days of the mailing of the request or else the Claim is invalid. If there is no dispute by Sutter regarding the calculation of benefits within one hundred and twenty (120) days of entry of the Final Order and Judgment, the Claims Administrator will promptly send a Determination Letter to the Claimant explaining the benefit to be provided under the Agreement. If the benefit is a cash refund, a check made payable to the Claimant will be included in the Determination Letter. In no event will information submitted in connection with claims be used by Sutter for collections purposes.

C. Deceased Claimants.

Claims may be filed by deceased claimants through representatives of their estate if appropriate documentation is provided. Any claims paid to a deceased claimant shall be made payable to the estate of the deceased claimant.

D. Timing.

All Claim Forms must be submitted by the postmark date set forth in the Court's Preliminary Approval Order and as specified in the Notice. Any Class Member who fails to submit a Claim Form by such date shall be forever barred from receiving any payment pursuant to this Agreement, but shall in all other respects be bound by the terms of this Agreement and by the Final Order and Judgment entered in the Action.

E. Preliminary Disputes Regarding Benefits Determination.

In the event either Sutter or Lead Class Counsel do not agree with the Claims Administrator as to the amount owed to a claimant, counsel for the opposing Party shall be so notified by the Claims Administrator. The Claims Administrator shall submit a list of such disputes to Sutter and Lead Class Counsel at the end of each month during the claims period. If the disputed accounts cannot be resolved in good faith within 60 days, the dispute shall be submitted to a Special Master who will be selected by the parties and approved by the Court and whose rulings shall be binding and non-appealable. The Special Master's fees shall be paid by Sutter.

F. Rejected Claims.

1. Claim Forms that do not meet the requirements set forth in this Agreement and in the Claim Form instructions shall be rejected. This shall include, but is not limited to, failures to accurately provide requested information, including any necessary patient-identifying information.
2. The data within Sutter's patient accounting system shall be the deciding and controlling factor in evaluating whether a claimant was treated at a Sutter hospital and the amount billed and received for such treatment. If Sutter's records and data do not reflect that a particular claimant was treated at a Sutter hospital during the Class Period, or otherwise do not indicate that the claimant is entitled to any refund pursuant to the terms of this Agreement, then the claim shall be rejected. The Claims Administrator shall notify, in a timely fashion, any claimant whose Claim Form has been rejected, setting forth the reasons therefor. The Claims Administrator shall timely provide to Lead Class Counsel and to Sutter copies of all rejection notices. If Lead Class Counsel does not object in writing to any rejection notice within 15 days, such rejection shall be final except for individual claimant disputes as provided in subparagraph G, below.

G. Claimant Disputes Regarding Claims.

1. If any claimant whose claim has been rejected desires to contest such rejection, the claimant must, within thirty (30) calendar days after the date of mailing of the Determination Letter required in subparagraph B above, serve upon the Claims Administrator a notice and statement of reasons indicating the claimant's grounds for contesting the rejection along with any supporting documentation, and requesting review by the Special Master of the denial of the claim. The Claims Administrator shall have thirty (30) calendar days to investigate and make a determination concerning the claim. If the Claims Administrator modifies the benefits determination in favor of the Claimant, the Claims Administrator will issue a new Determination Letter consistent with Subparagraph B, above. If the Claims Administrator does not modify the previous determination, the Claims Administrator shall so advise the Claimant within thirty (30) days by Supplemental Determination Letter. Such Supplemental Determination Letter shall also advise the Claimant that he or she may seek appeal to the Court-Appointed Special Master by sending a Notice of Claim Appeal to the Claims Administrator within twenty (20) days of the date of the mailing of the Supplemental Letter of Determination.
2. If a Notice of Claim Appeal is received, the Claims Administrator shall send a copy of such appeal to Lead Class Counsel, Sutter and the Special Master. The Special Master shall undertake a review under the abuse of discretion standard. The Special Master will make the final determination of all such disputed claims and issue a Final Determination Letter to the Claimant within sixty (60) days of receipt of the Appeal.

H. No Liability for Benefits Determinations.

No person shall have any claim against Sutter, any Related Party, the Plaintiffs, the Settlement Class, Lead Class Counsel, the Claims Administrator, or the Special Master based on any eligibility determinations, distributions or payments made in accordance with this Agreement.

I. No Payment if Effective Date Not Reached.

If this Agreement is not approved or for any reason the Effective Date does not occur, no payments or distributions of any kind shall be made.

VI. OBJECTIONS AND OPT-OUTS BY SETTLEMENT CLASS MEMBERS

A. Objections.

1. Any Class Member who intends to object to the fairness, reasonableness and adequacy of the Class Settlement (hereinafter "Objections") must sign and file a written Objection with the Claims Administrator on or before the date specified in the Preliminary Approval Order (currently, the proposed deadline for objections is 45 days after direct mailing of notice, or October 10, 2006) . The Claims Administrator will record the date of receipt of the Objection and forward it to both Sutter and Lead Class Counsel within two (2) business days following receipt. The Claims Administrator will also file the original objections with the Clerk of the Court no later than five (5) days prior to the scheduled Fairness Hearing date (currently proposed for 74 days after direct mailing of notice, or November 8, 2006). The Claims Administrator shall retain copies of all written objections until such time as it has completed its duties and responsibilities under this Agreement.
2. Class Members making Objections must set forth their full name, current address and telephone number. Objecting Class Members must also state in writing all Objections and the reasons therefore, and a statement whether the Objector intends to appear at the Fairness Hearing(s) either with or without counsel. Members of the Settlement Class who fail to submit timely written objections in the manner specified above shall be deemed to have waived any Objections and shall be foreclosed from making any Objection (whether by appeal or otherwise) to this Agreement.

B. Exclusions/Opt Outs.

Any Class Members who elect to exclude themselves or "opt out" of this Agreement must file a written Request to Opt Out with the Claims Administrator on or before the date specified in the Preliminary Approval Order (currently proposed for 45 days after direct mailing of notice, or October 10, 2006). The Claims Administrator will record the date of receipt of the Request for Opt Out and forward it to both Sutter and Lead Class Counsel within two (2) business days following receipt. The Claims Administrator will also file the original

Requests to Opt Out with the Clerk of the Court no later than five (5) days prior to the scheduled Fairness Hearing date. The Claims Administrator shall retain copies of all written Requests for Opt Out until such time as it has completed its duties and responsibilities under this Agreement. The Request to Opt Out shall be signed by the Class Member, and include his/her name, address, and telephone number, with a statement that includes the following language: "I want to opt out of this Class Action Settlement of the Sutter Uninsured Pricing Cases."

1. Class Members who opt out of the Settlement will relinquish their rights to benefits hereunder and will not release their claims under Section VII below. However, Class Members who fail to submit a valid and timely request for exclusion on or before the date specified in the Preliminary Approval Order and Notice shall be bound by all terms of this Agreement and the Final Order and Judgment, regardless of whether they have otherwise attempted to request exclusion from the Settlement.
2. Any Class Member who submits a timely request for exclusion or opt-out may not file an Objection to the settlement and shall be deemed to have waived any rights or benefits under this Agreement.

C. Rescission of Opt Outs.

1. The parties recognize that some Class Members who initially submit a Request for an Opt Out seeking exclusion may, upon further reflection, wish to withdraw or rescind such Opt Out Requests. Class Members shall be permitted to withdraw or rescind their Opt Out Requests by submitting a "Rescission of Opt-out" statement to the Claims Administrator that includes their name, address, and telephone number and the following language: "I previously submitted a request to Opt Out of the Settlement of the Sutter Uninsured Pricing Cases. I have reconsidered and wish to withdraw my request to Opt Out."
2. A class member submitting such a rescission statement shall sign and date the statement and cause it to be delivered to the Claims Administrator no later than the deadline for claims filing specified in the Preliminary Approval Order (currently proposed for 125 days after direct mailing of notice, or December 29, 2006.).
3. The Claims Administrator shall stamp the date received on the original of any Rescission of Opt Out Statement and serve copies to Lead Class Counsel and counsel for Sutter no later than (2) days after receipt thereof and shall file the date stamped originals with the Clerk of the Court promptly thereafter. The Claims Administrator shall retain copies of all Rescissions of Opt-Out statements until such time as the Claims Administrator is relieved of its duties and responsibilities under this Agreement.

D. Process for Sutter's Rescission of Agreement.

Not later than three (3) business days after the deadline for submission of requests for exclusion or opt-out, the Claims Administrator shall provide to Lead Class Counsel and Sutter a complete opt-out list together with copies of the opt-out requests.

Notwithstanding any other provision of this Agreement, if the number of opt outs exceeds 500, Sutter, in its sole discretion, may rescind and revoke the entire settlement and this Agreement without liability or obligation, thereby rendering the settlement and Settlement Agreement void in their entirety, by sending written notice that Sutter revokes the settlement pursuant to this paragraph. Such notice shall be sent to Lead Class Counsel within fifteen (15) court days following the date the Claims Administrator provides Sutter with the complete opt-out list.

- E. Fairness Hearing.** Upon expiration of the deadline for filing objections and/or requests for exclusion from this Agreement as set forth in the Preliminary Approval Order and Notice, and on the date set forth in the Preliminary Approval Order (currently proposed for 74 days after the direct mailing of notice, or November 8, 2006), a Fairness Hearing shall be conducted to determine final approval of the settlement along with the amount properly payable for attorneys' fees, costs and expenses. Upon formal approval of this Agreement by the Court at or after the Fairness Hearing, the Parties shall present the Final Order and Judgment, substantially in the form attached to this Agreement as Exhibit F, to the Court for approval and entry.

VII. RELEASES, DISMISSAL OF ACTION AND JURISDICTION OF COURT

A. Release of Claims By Plaintiffs and the Settlement Class.

It is hereby agreed that upon the Effective Date, the Plaintiffs and all Class Members and their heirs, executors, estates, predecessors, successors, assigns, agents and representatives shall be deemed to have jointly and severally released and forever discharged Sutter and the Related Parties from any and all Released Claims, whether known or unknown, arising from the facts alleged in the Complaint, including but not limited to charging, billing, pricing or collection activity, of or on behalf of any hospital or medical facility of any kind owned or operated by, or affiliated with, Sutter. The Class Members shall be fully and forever barred and enjoined from instituting or prosecuting in any court or tribunal, either directly or indirectly, individually or representatively, any and all Released Claims against Sutter or any of the Related Parties. In addition, the Plaintiffs (but not the members of the Settlement Class) shall release and forever discharge Sutter and the Related Parties from any and all claims for medical negligence related to the medical care provided to the Plaintiffs by a Sutter hospital affiliate during the Class Period. This shall not, however, serve to release any physicians or other medical personnel from claims of medical negligence related to such medical care.

The Plaintiffs and all Class Members hereby acknowledge and waive the protections afforded by California Civil Code Section 1542, which provides:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS
WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT

TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

B. Sutter Rights to Seek Payments Not Otherwise Waived Pursuant to Agreement.

Nothing in this Agreement shall preclude Sutter or any of its agents, assignees or contractors from instituting legal action against Class Members for failure to pay amounts due and owing for Uninsured Hospital Services received at any hospitals identified in Exhibit A hereto during the Class Period, to the extent such amounts are not otherwise refunded and/or waived pursuant to this Agreement and that such claims and actions are consistent with the terms and conditions of Sutter's Charity Care and Low Income Uninsured Policy, Uninsured Patient Discount Policy, Uninsured Patient Prompt Pay Policy, or the provisions regarding collections activity set forth herein in Section III.

C. Class Member Rights to Assert Defenses to Payment Actions Other than Defenses Based on the Reasonableness of Sutter's Pricing.

Nothing in this Agreement shall preclude Class Members from asserting claims regarding treatment received or defenses to any Sutter collection action that are not based on claims released in this Action. Exempted claims or defenses not based on claims released in this Action would include, for example, claims or defenses based on personal injury, medical malpractice or inadequate medical care.

D. No Bar to Future Claims by Settlement Class Members.

Nothing in this Agreement shall be construed to bar any claims of members of the Settlement Class or Plaintiffs that arise from services provided after the Preliminary Approval Date.

E. No Bar to Claims of Settlement Class Members Involving Pricing or Collections for Bills Not Issued By Sutter or Its Affiliates.

Nothing in this Agreement shall be construed to bar any claims of members of the Settlement Class or Plaintiffs involving billing, pricing or collection activity arising from a bill for treatment that was not issued by Sutter or its hospital affiliates, but was issued by a separate entity such as a physician or physician group.

F. Dismissal.

Upon the Effective Date, the Action shall be dismissed with prejudice as to Sutter.

G. Continuing Jurisdiction.

Notwithstanding the dismissal described in Subparagraph F, above, during the three year term of this Agreement, the Court shall retain jurisdiction over the Action solely for the purpose of entering all orders, authorized hereunder, that may be necessary to implement

the provisions of this Agreement. Except as otherwise provided herein, in the event that any applications for relief from this Agreement are made, such applications will be made to the Court.

H. Exclusive Remedies Under Settlement.

Upon the Effective Date: (i) this Agreement shall be the exclusive remedy for any and all Released Claims of Class Members; and (ii) the Released Parties shall not be subject to liability or expense of any kind to any Class Members, who shall be permanently banned and enjoined from initiating, asserting, or prosecuting against the Released Parties in any federal or state court or tribunal any and all Released Claims.

VIII. EFFECT OF DISAPPROVAL, CANCELLATION OR TERMINATION

A. Conditions for Voiding Agreement.

In the event (i) the Court does not enter the Preliminary Approval Order specified in this Agreement; (ii) the Court does not finally approve the settlement as provided in this Agreement; (iii) the Court does not enter the Final Order and Judgment as provided in this Agreement; or (iv) the settlement does not become final for any other reason, this Agreement shall be null and void and any order or judgment entered by the Court in furtherance of this settlement shall be vacated *nunc pro tunc*, in which case the Settling Parties shall proceed in all respects as if this Agreement had not been executed, and the terms or fact of this Agreement (as well as the negotiations leading up to the execution of this Agreement) shall be inadmissible in any proceeding for any purpose.

IX. SETTLEMENT NOT EVIDENCE AGAINST THE SETTLING PARTIES

A. Termination of Settlement Agreement.

In the event this Agreement is terminated for any reason, (i) all negotiations, proceedings, documents prepared and statements made in connection herewith shall be without prejudice to the Settling Parties, shall not be deemed or construed to be an admission by any Settling Party of any act, matter or proposition, and shall not be used in any manner or for any purpose in any subsequent activity in the Action or in any other action or proceeding; and (ii) other than as expressly preserved by this Agreement in the event of its termination, this Agreement shall have no further force and effect with respect to any Settling Party and shall not be used in the Action or any other proceeding for any purpose.

B. Sutter's Denial of Liability.

Sutter absolutely denies all of the claims asserted by Plaintiffs in their Complaint, and further denies that the Action appropriately would be certified as a class action. Sutter has elected to settle the Action, via this Agreement, despite the availability of strong defenses to the Complaint, for the purpose of avoiding the uncertainty inherent in litigation and to avoid paying further litigation costs and expenses. Nothing in this Agreement may be construed as an admission by any of the Parties of any wrongdoing or breach of any obligation whatsoever.

X. ATTORNEYS' FEES AND ADMINISTRATIVE EXPENSES

A. Class Counsel Fees and Costs.

Sutter agrees not to oppose a fee application that does not exceed \$4,000,000.00, inclusive of costs. This amount is to be inclusive of all fees and costs for Class Counsel in the Action. Such fees and costs shall be funded into an interest-bearing escrow account within fourteen (14) days after preliminary approval. Sutter shall pay any attorneys' fees, costs or expenses payable to Class Counsel within fourteen (14) days of the date of the Final Order and Judgment. Such fees, costs and expenses shall be paid to Lead Counsel, who shall allocate such fees, costs and expenses to other Class Counsel in the Action.

B. Plaintiffs' Service Award.

Lead Class Counsel will seek and Sutter will not oppose Court approval for a Service Award of \$10,000.00 each to Representative Plaintiffs Pollack, Whitehead, Oladigbolu, Powell and Arrona, and \$5,000 to Individual Plaintiff Duane Darr. Such awards will be in addition to Settlement Class benefits available to the Plaintiffs under the Agreement.

XI. REPRESENTATIONS, WARRANTIES AND COVENANTS

Lead Class Counsel who are signatories hereof represent and warrant that they have the authority, on behalf of all Plaintiffs to execute, deliver, and perform this Agreement, and to consummate the transactions contemplated hereby. Lead Class Counsel further warrant and represent that they have authority to seek the dismissal with prejudice of this Action. This Agreement has been duly and validly executed and delivered by Lead Class Counsel and Plaintiffs and constitutes their legal valid and binding obligation.

Sutter represents and warrants that it has authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance by Sutter of this Agreement and the consummation by it of the actions contemplated hereby have been duly authorized by all necessary action on the part of Sutter. This Agreement has been duly and validly executed and delivered by Sutter and constitutes its legal, valid and binding obligation.

XII. MISCELLANEOUS PROVISIONS

A. Captions.

The headings of the sections and paragraphs of this Agreement are included for convenience only and shall not be deemed to constitute part of this Agreement or to affect its construction.

B. Amendments.

This Agreement, including all appendices and exhibits attached hereto, may not be modified or amended except in writing signed by all Parties hereto.

C. Counterparts.

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

D. Applicable Law.

This Agreement shall be governed by and construed in accordance with the substantive laws of the State of California, without giving effect to any of its conflict of laws provisions.

E. Costs.

Except as specifically provided in this Agreement and as approved by the Court, each Party shall bear its own costs and attorneys' fees including taxable court costs.

F. Exhibits.

All of the Exhibits to this Agreement are material and integral parts hereof, and are fully incorporated herein by reference. This Agreement and the Exhibits hereto constitute the entire, fully integrated agreement among the Settling Parties and cancel and supersede all prior written and unwritten agreements and understandings pertaining to the settlement of the Action. The Parties each covenant and warrant that they have not relied upon any promise, representation or undertaking not set forth in writing herein to enter into this Agreement.

G. Void Clauses.

If any provision, paragraph, section, article, or other portion of this Agreement is found to be void, all of the remaining portions of this Agreement shall remain in effect and be binding upon the Parties provided that the Parties agree that the void provisions were not material. If one Party believes the void provisions to be material, then this Agreement shall be either renegotiated or shall, at the election of that Party, be void in its entirety.

H. Timing.

The Parties reserve the right, subject to the Court's approval, to request any reasonable extensions of time that might be necessary to carry out any of the provisions of this Agreement.

I. Notices.

Any notice, request or instruction or other document to be given by any Party to this Agreement to any other Party to this Agreement (other than class notification) shall be in writing and delivered personally or sent by registered or certified mail, postage prepaid:

To Lead Class Counsel at:

Kelly M. Dermody, Esq.
Lieff, Cabraser, Heimann & Bernstein, LLP
275 Battery Street, 30th Floor
San Francisco, CA 94111

To Sutter at:

Office of General Counsel
Sutter Health
2200 River Plaza Drive
Sacramento, CA 95833

with a copy to:

Jeffrey A. LeVee, Esq.
Jones Day
555 South Flower Street, 50th Floor
Los Angeles, CA 90071

J. Court Actions.

All applications for Court approval or Court orders required or permitted under this Agreement shall be made with reasonable prior notice to all Parties. Only Lead Class Counsel shall have authority to seek to enforce the terms of this Agreement.

K. Interpretation.

The determination of the terms of, and the drafting of, this Agreement including any Exhibits, has been by mutual agreement after negotiation, with consideration by and participation of all Parties and their counsel. Because this Agreement was drafted with the participation of all Parties and their counsel, the presumption that ambiguities shall be construed against the drafter does not apply. Each of the Parties was represented by competent and effective counsel throughout the course of settlement negotiations and in the drafting and execution of this Agreement, and there was no disparity in bargaining power among the parties to this Agreement.

L. Abeyance.


The Parties agree to hold all proceedings in the Action, except such proceedings as may be necessary to implement and complete the Agreement, in abeyance pending the Fairness Hearing to be conducted by the Court.

M. Fairness.

The Parties believe that this Agreement is a fair, adequate and reasonable settlement of the Action and have arrived at this Agreement in arm's-length negotiations, taking into account all relevant factors, present and potential.


IN WITNESS WHEREOF, the Parties or their respective counsel have executed this Agreement as of the date(s) indicated on the lines below:

Dated: 06/29/06



Kelly Dermody of Loeff, Cabraser, Heimann
and Bernstein, LLP
Lead Class Counsel

Dated: 6-29-06



Patrick E. Fry
President and Chief Executive Officer,
Sutter Health
And on behalf of the Sutter Health Hospital
Affiliates listed on Exhibit A

Exhibits

- A** List of Sutter-affiliated hospitals
- B** Settlement claim form
- C** Notice of Settlement Agreement
- D** Settlement Publication Notice
- E** Preliminary Approval Order
- F** Final Order and Judgment
- G** Sutter's Uninsured Patient Discount Policy 3/06
- H** Example patient summaries of Sutter's financial assistance policies
- I** Example patient application for financial assistance
- J** Example postings of Sutter's financial assistance policies
- K** Collections Policy