

MERCY HEALTH SERVICES, INC.

CONFLICT OF INTEREST POLICY

I. Introduction

This Conflict of Interest Policy applies to Mercy Health Services, Inc. and to its direct and indirect subsidiaries (collectively, "MHS"). Through this policy, MHS seeks to protect MHS's interests when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an MHS officer, trustee, subsidiary director or board committee member.

II. Definitions

A. "Interested Person" means any MHS trustee, officer, including any senior or executive vice president, subsidiary director, or member of a committee with board-delegated powers, who has a direct or indirect financial interest in a matter before or involving MHS.

B. A "financial interest" exists when a person, either directly or indirectly, through business, investment or an immediate family member, has:

1. An ownership or investment interest in any entity with which MHS has a current or proposed transaction or arrangement;

2. A compensation arrangement with MHS or with any entity or individual with which MHS has a current or proposed transaction or arrangement; or

3. A proposed ownership or investment interest in, or compensation arrangement with, any entity or individual with which MHS is negotiating a transaction or arrangement.¹

A financial interest does not necessarily give rise to a conflict of interest. A conflict of interest exists when an Interested Person takes part in a decision in which his or her own personal interest would, or may, interfere with his or her impartiality regarding the matter. Under Article III.B., a person who has a financial interest has a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

III. Procedure for Identifying and Resolving Conflicts of Interest

A. Duty to Disclose: In connection with any actual or potential conflict of interest, an Interested Person must disclose the existence of the financial interest and all material facts to the board or board committee.

¹ A "financial interest" does not include: ownership of publicly traded securities unless the combined holdings of the securities of both the person and his or her immediate family constitute 5% or more of the outstanding securities; or any interest arising solely by reason of investment in a business by a mutual, pension or other institutional investment fund over which the Interested Person (or his or her immediate family) does not exercise control.

B. Determining Whether an Actual Conflict of Interest Exists: Following such a disclosure, the Interested Person shall be given the opportunity to make a presentation, but must then leave the meeting to allow the remaining members to discuss whether a conflict of interest, in fact, exists. This determination shall be reported in the meeting minutes. If a conflict of interest exists, the Interested Person must abstain from voting on the matter and may not be present during the vote.

C. Addressing a Conflict of Interest: If the members conclude that a conflict of interest does exist, they must then decide upon the proper course of action with respect to the proposed transaction or arrangement. Prior to making a final decision, the board may conduct additional due diligence, as appropriate, given the circumstances. Thereafter, the board (or committee) shall vote on the transaction or arrangement in the Interested Person's absence, and its decision must be based upon whether the proposal is fair, reasonable and in the best interest of MHS.

D. Annual Statement: Annually, each Interested Person must complete the disclosure form attached hereto as Exhibit A. The completed disclosure shall be reviewed by the board chairman and by the MHS CEO or a designee. If, at any time, the board chairman and/or CEO believe that a required disclosure was not made, they will investigate the matter and report their findings to the board. The board will determine whether and what corrective action may be appropriate.