

BY-LAWS OF BUTLER HEALTH SYSTEM FOUNDATION

Revised By-laws of
Butler Health System Foundation
Approved by the Board of Trustees on
August 7, 2012

BY-LAWS OF BUTLER HEALTH SYSTEM FOUNDATION

ARTICLE I

NAME AND PURPOSE

1. Name.

The name of this Corporation shall be “Butler Health System Foundation, a nonprofit corporation organized under the laws of Pennsylvania” (the “Corporation”).

2. Role and Purpose.

The Corporation is organized and will be operated exclusively for charitable, educational and scientific purposes within the meaning of Sections 501(c)(3) and 509(a)(1) of the Internal Revenue Code of 1986, as amended (the “Code”), including for such purposes:

(a) encourage and motivate the making of gifts and donations by deed, will, or otherwise, for the advancement, promotion, extension, and maintenance of the various causes and objectives fostered as enumerated in the Bylaws and Articles of Incorporation of the Butler Health System and its related and affiliated nonprofit entities including Butler Healthcare Providers d/b/a Butler Memorial Hospital (“Butler Memorial Hospital”), Butler Medical Providers and the Nixsar Corporation (collectively “Butler”) and undertake other activities in support of the general purposes of Butler;

(b) conduct fundraising activities on behalf of Butler;

(c) invest the funds it raises and serve as an endowment fund for Butler;

(d) hold title to and manage certain property that is donated to, or for the benefit of, Butler; and

(e) benefit, perform the functions of, or carry out the purposes of Butler.

ARTICLE II

BOARD OF TRUSTEES

1. Board of Trustees.

All powers of the Corporation shall be exercised by and under the authority of the Board of Trustees (collectively, the "Board"). The Board is the governing body of the Corporation and shall be responsible for oversight of services performed by the Corporation. The Board shall have the power and authority to perform all necessary and appropriate functions not otherwise inconsistent with these By-Laws, the Articles of Incorporation or applicable law. The Board may make such rules for its own regulation, and shall determine the policies of the Corporation, approve all paid officials, provide for the fixing of all salaries and wages and perform all duties necessary for the transaction of the affairs of the Corporation. The Board will have the power to approve the rules for employees and may, at any time or from time to time, promulgate administrative rules and regulations (including provision for the enforcement thereof) which it deems necessary or appropriate to ensure compliance with law, financial integrity, or the proper functioning of the Corporation. Notwithstanding the foregoing, the Board shall notify the Member (as defined in Article III) no less than thirty (30) days before action on any of the matters set forth in Article III, Section 2 becomes final and effective and further provided such action shall automatically become final and effective after thirty (30) days unless the Member disapproves the proposed action by an affirmative two-thirds (2/3) vote of all voting Trustees of the presently constituted Board of the Member prior to the thirtieth (30th) day.

2. Composition of Board.

(a) Number of Trustees. The number of Trustees constituting the Board of Trustees shall be not less than seven (7) nor more than fifteen (15) voting Trustees. The number

of voting Trustees at any time shall be that number most recently fixed by the Member, or absent such action, shall be that number of Trustees serving as such immediately following the election at the preceding annual meeting of the Board.

(b) Voting Members. Voting members of the Board shall include all Trustees, and the President and Chief Executive Officer of the Corporation, which said President automatically becomes a voting member of the Board upon election or appointment to office.

3. Criteria for Board Membership.

(a) A person shall be eligible for membership on the Board if he or she meets the criteria contained in the Board Composition.

(b) At all times, at least eighty (80%) percent of the Trustees shall be persons who reside in or work in Butler County, Pennsylvania.

4. Term of Office.

(a) Except as provided in this Section 4, and except in the event of any vacancies on the Board, members of the Board of Trustees shall hold office for terms of three (3) years and until their successors have been elected and qualified. The Board shall establish the initial term or terms of such new Trustee or Trustees in such a manner that, as nearly as practicable, the terms of one-third (1/3) of all Trustees shall expire in each year. As each Trustee's term expires, he shall be replaced for a term of three (3) years, subject to the provisions contained in this Article II to the contrary.

(b) Notwithstanding the foregoing, members of the Board serving by virtue of their position as President of the Corporation shall hold office for a term concurrent with such officers term of office.

(c) After serving twelve (12) consecutive years on the Board of the Corporation whether by serving four (4) full three (3) year terms or less than four (4) full three (3) year terms because such Trustee has filled the unexpired term of office of any member of the Board to which such Board member was appointed or elected, the Trustee's term as a Board member shall end. Under such circumstances, at least one (1) year must lapse before the Trustee is eligible for re-nomination to the Board of the Corporation.

5. Election of Trustees.

A majority of the Trustees shall be appointed by the Member. Subject to approval of the Member, the Trustees shall elect their successors not appointed by the Member. A majority vote of the voting Trustees of the presently constituted Board shall be necessary to elect a Trustee not appointed by the Member. During the election of Trustees, a Trustee may vote for himself or herself. Each Trustee shall participate in an orientation session upon first becoming elected as a Trustee and thereafter shall periodically participate in continuing education programs relevant to his responsibilities as such Trustee.

6. Vacancies.

Whenever a vacancy shall occur in the Board because of death, incapacity, resignation, removal, disqualification, an increase in the number of Trustees or other cause, the Board of Trustees may elect a Trustee to serve the remainder of the term subject to approval of the Member as set forth herein. Trustees elected to serve as members of the Board by virtue of the provisions of Article II, Section 4(b) above shall be deemed to have tendered their resignation if they are no longer serving in the capacity by which they were elected as set forth in such section.

7. Meetings.

(a) Annual Meeting. An annual meeting of the Board shall be held on or shortly before the annual meeting of the Member upon not less than five (5) nor more than sixty (60) days prior written notice of the time, place and purpose of the meeting at the principal office of the Corporation, or such other time and place as shall be specified in a notice of meeting. The failure to hold any annual meeting as aforesaid shall not constitute a dissolution of the Corporation or loss of any corporate powers.

(b) Regular Meetings. Regular meetings of the Board of Trustees shall be held not less often than annually at such time and place as the Board may determine. The Board of Trustees may by resolution provide for additional regular meetings at such time and place as the Board may determine, without further notice other than such resolution.

(c) Special Meetings. Special meetings of the Board of Trustees may be called by or at the request of the Chair of the Board, the President or a majority of the voting Trustees of the presently constituted Board. Special meetings shall take place at a reasonable place and at such time as is designated in the notice of meeting.

8. Notice of Meetings.

At least five (5) days written notice shall be furnished for all annual and regular meetings of the Board of Trustees, provided that: (a) notice shall not be required if such meeting has been scheduled by resolution of the Board at a duly constituted meeting at least ten (10) days in advance and (b) a meeting may be held without notice if all Trustees sign a written waiver of the notice, which waiver may be given before or after such meeting. The attendance of a Trustee at a meeting shall constitute a waiver of notice. A special meeting may be held on at least five (5) days advance notice by regular mail, postage prepaid, or electronic mail with return receipt confirmed, or at least one (1) days advance notice by telephone, electronic mail or facsimile with

return receipt confirmed, or personal delivery to each Trustee at his home or business address or telephone number. Such notice shall be validly delivered if a message with respect to the meeting is left at either place. The notice of meeting shall state the time and place of the meeting. Neither the business to be transacted nor the purpose of any regular or special meeting of the Board of Trustees needs to be specified in the notice or waiver of notice of such meeting.

9. Quorum.

A majority of the total number of voting Trustees of the presently constituted Board, present (in person or by telephone), shall constitute a quorum for the transaction of business at any meeting of the Board. If a quorum is not present at any meeting, a majority of the Trustees present may adjourn the meeting at any time without further notice. If a quorum is present on the adjourned date of any meeting, any business may be transacted which may have been transacted at the original meeting. The Trustees present at a duly convened meeting may continue to do business until adjournment, notwithstanding the withdrawal of any Trustee(s) which leaves less than a quorum, at the discretion of the Chair.

10. Vote Required.

The vote of a majority of the voting Trustees of the presently constituted Board present (in person or by telephone) at a meeting at which a quorum is present shall be sufficient to approve any action within the power and authority of the Board, except as otherwise provided by statute, these By-Laws or the Articles of Incorporation of the Corporation, as amended.

11. Removal.

Subject to the provisions of Article III, a Trustee may be removed from the Board of Trustees, for cause, by the affirmative vote of two-thirds ($2/3^{\text{rds}}$) of the voting Trustees present at

any regular meeting or any special meeting called for that purpose. For purposes of this Section, the term “cause” shall include, but not necessarily be limited to:

(a) absence from twenty-five (25%) percent or more of the meetings in any twelve (12) month period;

(b) commission of a crime or other action involving moral turpitude; or

(c) conduct deemed to be materially contrary to the interests of the Corporation including, but not limited to, disclosures of confidential information to third parties or significant, continuing conflicts of interest that affect such Trustee’s ability to serve.

12. Conflicts of Interests.

(a) No transaction involving remuneration or other benefit to a Trustee or an Officer or a member of the Trustee’s or Officer’s family (as defined in the Corporation’s Conflict of Interest, Code of Business Ethics and Corporate Compliance Policy), or to an organization of which a Trustee or an Officer or a member of the Trustee’s or Officer’s family is an officer, director or a controlling stockholder or in which any such person has a financial interest shall be entered into by the Corporation without full disclosure by the interested Trustee or Officer and the approval of the Board of Trustees with a finding that the transaction is fair and reasonable to the Corporation. Common or interested Trustees shall be counted in determining the presence of a quorum but shall not participate in the discussion nor be able to vote on the matter. The transaction must be authorized and approved by unanimous written consent, provided at least one Trustee so consenting is disinterested, or by an affirmative vote of a majority of the disinterested Trustees, even though the disinterested Trustees constitute less than a quorum.

(b) Every Trustee and Officer, in a manner and form prescribed by the Board of Trustees shall, as a condition of the office, be required to fully disclose any area of actual, apparent or potential conflict of interest as they may arise and as otherwise required by the Corporation,

(c) Compensation which an Officer receives as an employee of the Corporation shall not in and of itself create a conflict of interest within the meaning of these By-Laws.

(d) The Board of Trustees may adopt such other policies, not inconsistent with these By-Laws, as it deems necessary and appropriate in regard to conflicts of interests.

13. Compensation.

All Trustees shall serve without monetary compensation for their duties.

14. Action Without a Meeting.

Unless specifically prohibited by statute, the Articles of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Trustees or any committee thereof may be taken without a meeting if a written consent to such action is signed by all members of the Board or of such committee. Such written consent or consents shall be filed with the minutes or proceedings of the Board or committee.

15. Telephone Meeting.

Any or all of the Trustees may participate in a meeting of the Board of Trustees by means of conference telephone or any other means of communication by which all persons participating in the meeting are able to hear and speak with each other.

16. Presumption of Assent.

A Trustee who is present at a meeting of the Board at which any action is taken shall be conclusively presumed to have assented to the actions taken unless his dissent is entered in the minutes of the meeting or he abstains from such vote unless he files a written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof, or forwards such dissent by registered mail to the Secretary of the Corporation immediately following adjournment of the meeting. Such right to dissent shall not apply to a Trustee who voted in favor of such action.

ARTICLE III

CORPORATE MEMBER

1. Corporate Membership.

The Corporation shall have one (1) corporate member which shall be Butler Health System, Inc. (the "Member"). There shall be no other members.

2. Powers Reserved to Member.

Except as otherwise provided in the Corporation's Articles of Incorporation, as amended, the Member shall be notified by the Board no less than thirty (30) days before any action on any of the below matters (subparagraphs a-m) becomes final and effective, further provided that such action shall become final and effective on the thirtieth (30th) day after approval of such action by the Board unless the Member disapproves the proposed action by an affirmative two-thirds (2/3) vote of the voting Trustees of the fully constituted Board of the Member prior to such thirtieth (30th) day. Notwithstanding the foregoing, the Member may approve the Board's action by an affirmative vote at any time prior to the expiration of such thirty (30) day period. The subject matters of the powers reserved to the Member are as follows:

- (a) The number of Trustees that will comprise the Board.
- (b) The election of Trustees.
- (c) The removal of any Trustee for cause from the Corporation's Board of Trustees and approval of the replacement of any such removed Trustee for the unexpired portion of the term.
- (d) The election, re-election, appointment and reappointment of all Officers of the Board.
- (e) The amendment, revision, or restatement of the Corporation's Articles of Incorporation and/or By-Laws.
- (f) The adoption or change in the mission, purpose, philosophy or objectives of the Corporation.
- (g) The change in the general structure of the Corporation as a voluntary, nonprofit corporation.
- (h) The dissolution, division, conversion or liquidation of the Corporation, to consolidation or merger of the Corporation with another corporation or entity, or the acquisition of substantially all of the assets of another corporation or entity, subject to the provisions of the Articles of Incorporation.
- (i) The Corporation's borrowing of money, issuance of indebtedness and/or incurrence of guarantees, whether in a single transaction or a series of related transactions, whether or not such borrowings or guarantees are to be secured by a mortgage, pledge or other lien on the Corporation's current or future real property, personal property or endowment funds.
- (j) Approval of the annual capital and operating budgets of the Corporation, and any amendments thereto.

(k) Approval of any charitable donation, other than to the Member or Butler, by the Corporation in an amount exceeding \$5,000 per donee or in an amount exceeding \$25,000 in the aggregate during any one fiscal year.

(l) Approval of any transfer other than charitable donations of the Corporation's assets unless specifically authorized in the Corporation's approved budgets.

(m) Approval of change of membership or voting rights of the Member.

ARTICLE IV

OFFICERS

1. Number and Titles.

The officers of the Board of Trustees shall be a Chair, one or more Vice-Chairs as the Board of Trustees may choose to elect, a Secretary or other officers as may be elected or appointed by the Board ("Board Officers"). The Officers of the Corporation shall be (i) the President, who shall be appointed by the Board; and (ii) one or more Vice-Presidents, and such assistant secretaries or other officers as may be appointed by the President and affirmed by the Member. Two or more offices may be held by the same person but no Officer shall execute, acknowledge or verify any instrument in more than one capacity, if such instrument is required by statute, these By-Laws or the Articles of Incorporation to be executed, acknowledged or verified by two or more Officers. One or more of the positions of Officer of the Corporation may be vacant as the Board shall determine. In the event the position of President is vacant, the Chair of the Board shall serve as acting President until an interim President is designated and affirmed by the Board.

2. Election or Appointment and Term of Office.

- a. Officers of the Board. The Officers of the Board shall be elected by the Board subject to approval of the Member as set forth in Article III, to hold office for a two (2) year term and until their successors have been duly elected and qualified or until their death, resignation or removal. Notwithstanding the foregoing, Officers of the Board are ineligible to serve more than four (4) consecutive years which includes the balance of any unexpired term of another that they are elected or appointed to fill, in the same office. The vacancies may be filled or new offices filled at any meeting of the Board. All Officers of the Board must be voting members in good standing on the Board to be eligible for election as Officers. All Officers shall have demonstrated their interest in becoming an Officer.
- b. Officers of the Corporation. All Officers of the Corporation shall be affirmed by the Board of Trustees annually. All Officers of the Corporation shall hold office for a term of one (1) year and until their successors have been duly appointed and qualified, or until death, resignation or removal. Election or appointment of an Officer shall not in itself create any contract or employment rights in such person. All Officers of the Corporation may be re-elected or reappointed without limitation upon the number of terms served.

3. Removal.

Any officer or agent elected or appointed by the Board may be removed with or without cause by the affirmative vote of not less than two-thirds (2/3) of the voting Trustees of the presently constituted Board. Any Officer appointed by the President may be removed with or without cause, by the President.

4. Vacancies.

Any vacancy occurring in any office or any new office created by the Board shall be filled by vote of the Board of Trustees at a regular or special meeting called for that purpose. The Officer so elected or appointed shall serve for the unexpired portion of the term of the Officer causing such vacancy.

5. Unfilled Officer Positions.

At its discretion, the Board may leave unfilled, for such period or periods as it may deem proper, any board office except those of the Chair and Secretary. Failure to elect any such other officer shall be construed as an exercise of this discretionary power.

6. Delegation of Powers.

In case of the absence of any officers of the Corporation or the Board or for any other reason that may seem sufficient to the Board, the Board may delegate the powers and duties of any such office for the time being to any other officers or to any Trustee.

7. Chair of the Board.

The Chair of the Board shall call and preside at the annual meeting and all regular and special meetings of the Board of Trustees, shall appoint all committees and their chairs except as otherwise set forth in these By-laws, and shall be a member of all standing committees in an ex-officio capacity with such voting rights as set forth in the applicable Committee Charter. The

Chair shall have such other duties and responsibilities as shall be delegated to him by these By-laws and by the Board from time to time.

8. Vice-Chair of the Board (if any).

The Vice-Chair shall have the authority and shall carry out the duties of the Chair of the Board in his absence, or in the event of a vacancy occurring in that office. The office of the Vice-Chair may be vacant in the discretion of the Board.

9. President.

The President shall be a member of the Board of Trustees and the Chief Executive Officer of the Corporation. The President shall be entitled to attend and speak at, and shall be given notice of, all meetings of the Board of Trustees and all meetings of Board Committees. The authority of the President shall include: (i) executing all policies and directions of the Board of Trustees, and providing the Board of Trustees with such advice, information or reports as the Board may require, (ii) representing the Corporation in its relationships with other agencies and organizations, (iii) executing all documents on behalf of the Corporation, including contracts, deeds, mortgages, bonds or other instruments; and (iv) voting all securities or corporate memberships which the Corporation is entitled to vote, as directed by the Board of Trustees. The President shall discharge all duties incident to the office of President and Chief Executive Officer and such other duties as may be prescribed by the Board from time to time. The President shall perform the duties of the Chair of the Board in the absence of the Chair and Vice-Chair, if any, unless otherwise determined by the Board.

10. Vice-Presidents.

The Vice-President (or in the event there may be more than one, each of the Vice-Presidents), shall assist the President in the discharge of his duties and shall perform such other

duties as may be assigned by the President or the Board of Trustees. The Vice-President, or if more than one, the Vice-Presidents in the order determined by the Board of Trustees, shall exercise the authority of the President in the event of the President's death, incapacity or absence.

11. Secretary.

The Secretary shall perform, or cause to be performed, the following duties: the taking and preservation of the minutes of the meetings of the Board of Trustees; the giving of due notice of all meetings of the Board of Trustees; maintaining a register of the post office addresses of each Trustee as furnished by them; and signing any contracts, deeds, mortgages, bonds or other documents which the Board has authorized to be executed. The Secretary shall be the custodian of the seal of the Corporation and the Corporation's records. The Secretary shall have such other duties as from time to time are assigned to the Secretary by the Chair of the Board or by the Board of Trustees.

12. Assistant Secretaries.

The Assistant Secretaries, in general, shall perform such duties as shall be assigned to them by the Secretary, by the Chair, or by the Board.

13. Compensation.

The Officers of the Corporation and of the Board shall serve without salary or other compensation except as may be specifically fixed from time to time in compliance with compensation policies of the Board of Trustees. No Officer shall be precluded from receiving a salary or other compensation by reason of also being a member of the Board of Trustees.

ARTICLE V
COMMITTEES

1. Designation of Committees.

The Board of Trustees may from time to time, by resolution, establish such standing special committees as described in this Article or as it deems appropriate. Except as noted below or in a Charter of the Committee approved by the Board, the Chair of the Board shall appoint the members and the Chair of such committees. Unless otherwise set forth herein or in such Charter, each committee shall be composed of a Chair and at least fifty percent (50%) of members who are voting Trustees. Each committee shall have and may exercise those powers delegated by the Board in the resolution creating the committee. Each committee shall have and may exercise those powers delegated by the Board in the resolution creating the committee. The Chair may fill vacancies and appoint alternate members in and of such committees. The Board may, by resolution, abolish any such committees or remove any Trustee or other person from membership thereon. No committee shall:

- (a) Make, alter or repeal any By-Law of the Corporation;
- (b) Elect or appoint any officer or Trustee, or remove any officer or Trustee; or
- (c) Amend or repeal any resolution previously adopted by the Board.

2. Quorum.

A majority of the voting Trustees, who are members of each committee, present in person or by telephone, shall constitute a quorum for the transaction of business and the act of the majority of the committee members present at a meeting at which a quorum is present shall be the act of such committee.

3. Reports.

Any action taken at a meeting of any such committee shall be kept in a record of its proceedings which shall be reported to the Board at its next regular meeting following such committee meeting.

4. Function.

The Committees of the Board shall in general function as bodies for reviewing and evaluating policies, plans and programs within their general area of concern. The duties and authority of all Committees and the members and qualifications of the members thereof may be fixed from time to time by Resolution of the majority of the voting Trustees of the presently constituted Board. The duties, authority and membership of all Committees existing pursuant to these By-Laws shall continue until changed by Resolution of the majority of the voting Trustees of the presently constituted Board.

5. Standing Board Committees.

Since the Corporation is part of an integrated health system operated by the Member, the following committees will be standing committees of the Member, but will provide informational reports to the Board of the Corporation, which affects the Corporation, in a timely manner: Governance and Nominations Committee, Quality and Professional Affairs Committee, Compensation Committee, Finance Committee, and Audit and Compliance Committee. Each member of a Standing Committee shall serve at the pleasure of the Board, or until his or her successor is appointed and legally qualified. Vacancies shall be filled in the same manner as original appointments.

6. Special Committees.

The Chair, with the advice and consent of the Board, may appoint Special Committees for such special tasks as circumstances warrant. Such Special Committees shall limit their activities to the accomplishment of the tasks for which created and appointed, and shall have no power to act except such as is specifically conferred upon them. Upon completion of the task for which appointed, each Special Committee shall stand discharged.

ARTICLE VI

INDEMNIFICATION OF TRUSTEES, OFFICERS AND AGENTS

1. Authority to Indemnify.

(a) Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding (hereinafter a "proceeding"), whether civil, criminal, administrative or investigative, by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a Trustee or officer of the Corporation or is or was serving at the request of the Corporation as a director, trustee or officer of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is in an official capacity as director, trustee or officer or in any other capacity, shall be indemnified and held harmless by the Corporation to the fullest extent and manner authorized or permitted by the laws of the Commonwealth of Pennsylvania, against all expense, liability and loss (including attorneys' fees, judgments, penalties, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, trustee or officer and shall inure to the benefit of his or her heirs, executors and administrators, provided that such

person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful.

(b) The Corporation may, by action of its Board of Trustees, provide indemnification to employees, agents, fiduciaries and other representatives of the Corporation or to any person who is or was serving at the request of the Corporation as an employee, agent, fiduciary or representative of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to any employee benefit plan, with the same or lesser scope and effect as set forth herein and in the other sections of this Article, provided, that the Board further finds that such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful.

(c) Notwithstanding anything herein to the contrary, the termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal proceeding, that he or she had reasonable cause to believe that his or her conduct was unlawful. Termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself be a determination by a court that the act or failure to act giving rise to a claim for indemnification constituted willful misconduct or recklessness.

(d) Any indemnification required or available under this Section 1 shall include the right to be paid by the Corporation the expenses incurred in any such proceeding in

advance of its final disposition; provided, however, that the payment of such expenses incurred by an indemnified person in advance of the final disposition of a proceeding shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such person, to repay all amounts so advanced if it shall ultimately be determined that such person is not entitled to be indemnified under this Article or otherwise.

(e) Notwithstanding any other provisions of this Article, to the extent that any person described in Section (a) or (b) has been successful on the merits or otherwise in defense of any proceeding referred to in this Section 1 or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

(f) The rights to indemnification and the payment of expenses incurred in a proceeding in advance of its final disposition conferred in this Article shall not be exclusive of any right which any person may have or hereafter acquire under any statute, provision of the Articles of Incorporation, by-law, agreement, vote of disinterested Trustees or otherwise.

2. Insurance.

The Corporation may maintain insurance, at its expense, to protect itself and any Trustee, officer, employee, agent, fiduciary or representative of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the laws of the Commonwealth of Pennsylvania.

3. For purposes of this Article:

References to "the Corporation" shall include, in addition to the Corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or

merger which, if its separate existence had continued, would have had the power and authority to indemnify its Trustees or officers, so that any person who is or was a director, trustee or officer of such constituent corporation, or is or was serving at the request of such constituent corporation as a director or officer of another corporation, shall for purposes of this Article be deemed to hold the same position in the Corporation as he or she held in such constituent corporation.

A person who acted in good faith and in a manner he or she reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article.

4. Amendment or Repeal.

This Article may hereafter be amended or repealed; provided, however, that no amendment or repeal shall reduce, terminate or otherwise adversely affect the right of a person who is or was a trustee or officer to obtain indemnification or advancement of expenses with respect to a proceeding that pertains to or arises out of actions or omissions that occur prior to the effective date of such amendment or repeal, which date cannot be retroactive.

5. Limitation of Liability.

A Trustee of the Corporation shall not be personally liable for monetary damages for any action taken, or any failure to take any action, unless he or she has breached the standards set forth in Chapter 57, Subchapter B of the Pennsylvania Nonprofit Corporation Law of 1988, as amended (the "NPCL"), relating to performance of a director's duties and such breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. The foregoing limitation of liability shall be retroactive to the fullest extent permitted by law. This exemption from liability shall not apply to the responsibility or liability of a Trustee pursuant to any criminal

statute or the liability of a Trustee for the payment of taxes pursuant to local, State or Federal law. If the NPCL hereafter is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a Trustee of the Corporation, in addition to the limitation on personal liability provided herein, shall be limited to the fullest extent permitted by the NPCL. Any repeal or modification of this section shall be prospective only, and shall not adversely affect any limitation on the personal liability of a Trustee of the Corporation existing at the time of such repeal or modification.

ARTICLE VII

CONTRACTS, LOANS, CHECKS, DEPOSITS, AND GIFTS

1. Contracts.

The Board may authorize any officer or officers or agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

2. Loans.

No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board. Such authority may be general or confined to specific instances.

3. Checks, Drafts, Etc.

All checks, drafts, or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board.

4. Deposits.

All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board may select.

5. Gifts.

The Board may accept on behalf of the Corporation any contribution, gift, bequest or devise for the general purposes or for any special purpose of the Corporation.

ARTICLE VIII

BOOKS AND RECORDS

The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Board and committees and shall keep at the registered or principal office a record giving the names and addresses of the Trustees. All books and records of the Corporation may be inspected by any Trustee, or his agent or attorney for any proper purpose at any reasonable time.

ARTICLE IX

FISCAL YEAR

The Corporation shall have a fiscal year for accounting purposes as shall be determined from time to time by resolution of the Board of Trustees. The current fiscal year of the Corporation shall begin on the first day of July and end on the 30th day of June of the following year.

ARTICLE X

SEAL

The Board shall provide a corporate seal which shall be in the form of a circle and bearing on its face: the date of incorporation and the words "BUTLER HEALTH SYSTEM FOUNDATION", "Non-Profit", and "Pennsylvania Corporate Seal".

ARTICLE XI

FORCE AND EFFECT OF BY-LAWS

These By-Laws are subject to the provisions of the Pennsylvania Non Profit Corporation Act (the "Act") and the Articles of Incorporation as they may be amended from time to time. If any provision in these By-Laws is inconsistent with a provision in the Act or the Articles of Incorporation, the provision of the Act or the Articles of Incorporation shall govern to the extent of such inconsistency.

ARTICLE XII

AMENDMENT TO BY-LAWS

1. Power to Amend.

Subject to the provisions contained in Article III, Section 2, the Board of Trustees may amend, alter or repeal these By-Laws of the Corporation and make new By-Laws by an affirmative vote of not less than two-thirds (2/3) of voting Trustees of the fully constituted Board.

2. Protection of Tax Exemption.

Anything in these By-Laws to the contrary notwithstanding, these By-Laws shall be amended to the full extent necessary to protect the Corporation's exemption from federal tax pursuant to Section 501 (c)(3) of the Code.

ARTICLE XIII

DISSOLUTION

In the event the Corporation is dissolved, its net assets shall be distributed to Butler Memorial Hospital or, if Butler Memorial Hospital is not then in existence, to such entities sharing a common parent with the Corporation, to the parent of the Corporation, or to units of the Corporation which may continue in existence with a purpose consistent with that of the Corporation, as determined by the Board, or, if none, to such entities as may be selected by the Board which provide health care services to the people of Butler County, Pennsylvania or to the United States, a state or local government, provided that such distributees all enjoy tax-exempt status under the provisions of Section 501 (c)(3) of the Internal Revenue Code of 1986, as amended (or the corresponding provisions of any future Federal Tax Law) at the time of distribution. If for any reason such distribution cannot be carried out, such net assets shall be distributed to such other organization or organizations organized exclusively for charitable purposes enjoying tax-exempt status under the provisions of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (or the corresponding provision of any future Federal Tax Law) at the time of distribution, as may be selected by the Board with the approval of the Member (if the Member is then in existence), or if such action is not taken by the Board, as may be selected by the United States District Court for the District of Pennsylvania.

The attached By-Laws, as revised, were approved by the Board of Trustees in its meeting on August 7, 2012.

ATTEST:

BUTLER HEALTH SYSTEM
FOUNDATION

Secretary

Patricia L. Kantrow

Chair

Approved by the sole Member:

ATTEST:

BUTLER HEALTH SYSTEM, INC.

Secretary

By: *Mark P. DeFina*

President