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**AGREEMENT REGARDING APPROVAL OF
MEMBERS OF THE BOARD OF
EDEN MEDICAL CENTER**

This Agreement Regarding Approval of Members of the Board of Eden Medical Center ("Agreement") is made by and among Eden Township Hospital District ("District"), Sutter Health ("Sutter") and NewCo, now known as Eden Medical Center ("NewCo") (collectively, the "Parties").

RECITALS

WHEREAS, on June 11, 1997, the Parties entered into the First Amended Memorandum of Understanding ("MOU"); which among other things provided for a transfer of assets by District to Eden Medical Center and established the governance structure for Eden Medical Center;

WHEREAS, Section 5.1.2 of the MOU provides that, upon the closing of the transactions contemplated in the MOU, five of the eleven members of the NewCo Board of Directors shall be appointed by Sutter, provided, however, that Sutter's appointment of the initial five directors shall be subject to ratification by District;

WHEREAS, at the time of the Closing of the transactions contemplated in the MOU, Sutter shall not yet have elected the five initial directors who will serve the full two-year terms of office provided for in the NewCo Bylaws ("Initial Directors");

WHEREAS, Sutter has proposed five individuals to serve as interim directors ("Interim Members") until the Initial Directors are elected, which election the parties anticipate should occur on or before January 31, 1998;

WHEREAS, on December 17 the Board of Directors of District adopted a Resolution No. 364, attached hereto and by this reference incorporated herein ("Resolution"), pursuant to which the District agreed to approve the Interim Members of the Board of Directors of NewCo contingent upon an agreement by Sutter that the District shall have the right to subsequently approve the Initial Directors of Eden Medical Center;

WHEREAS, the Parties desire that their rights and responsibilities with respect to the appointment and approval of the Initial Directors be memorialized in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, the Parties hereto agree as follows:

1. Sutter and Newco agree that District has the right to approve or ratify the election of both the Interim Members and the Initial Directors.

2. District acknowledges and agrees that this Agreement fulfills the condition precedent to the effectiveness of the Resolution and, therefore, the District shall let the action taken pursuant to that Resolution stand.

EDEN TOWNSHIP HOSPITAL DISTRICT

Dated: January 15, 1998

By: *Frank Duda*
Its: CHAIR

SUTTER HEALTH

Dated: _____

By: _____
Its: _____

NEWCO

Dated: _____

By: _____
Its: _____

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EDEN TOWNSHIP HOSPITAL DISTRICT

Dated: _____

By: _____
Its: _____

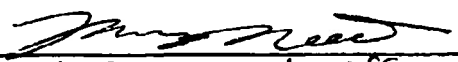
SUTTER HEALTH

Dated: January 15, 1998

By: 
Its: Authorized Representative

NEWCO

Dated: January 15, 1998

By: 
Its: Chief Financial Officer