

ARTICLES OF INCORPORATION
OF
DANVILLE REGIONAL FOUNDATION
A Virginia Nonstock Corporation

1. **Name.** The name of the Corporation is

DANVILLE REGIONAL FOUNDATION

2. **Purpose.** The Corporation is organized and shall be operated exclusively for charitable, scientific and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 or the corresponding provision of any future federal tax law (the "Code"), including, without limitation the development, promotion and support of activities, programs and organizations that improve the health, welfare and education of the residents of the service areas of Danville Regional Medical Center, with a primary emphasis on the health care needs of the communities of the City of Danville and Pittsylvania County, Virginia, and Caswell County, North Carolina. Subject to the limitations set forth in these Articles, the Corporation may conduct any or all lawful affairs, not required to be stated specifically in these Articles, for which corporations may be incorporated under the Virginia Nonstock Corporation Act except that the Corporation shall not carry on any activities not permitted to be carried on by a corporation exempt from federal income tax under the Code

3. **Activities and Powers.**

(a) The Corporation shall not be operated for profit. Notwithstanding any other provision of these Articles, the Corporation may engage only in activities that may be carried on by an organization described in Section 501(c)(3) of the Code and exempt from federal income tax under Section 501(a) of the Code or by a corporation to which contributions are deductible under Sections 170(c)(2), 2055(a)(2) or (3) and 2522(a)(2) or (3) of the Code. To the extent consistent with Section 501(c)(3) of the Code, the Corporation may exercise any and all powers conferred upon nonstock corporations by Sections 13 1-826 and -827 of the Virginia Nonstock Corporation Act

(b) No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting, to influence legislation (except as otherwise permitted by Section 501(h) of the Code); and the Corporation shall not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of, or in opposition to, any candidate for public office

(c) No part of the assets or net earnings of the Corporation shall inure to the benefit of, or be distributable to, any Director or officer of the Corporation, or any person having a personal or private interest in the activities of the Corporation, except that the Corporation may pay reasonable compensation for services rendered and may make payments or distributions in furtherance of the purposes set forth in Article 2

4. **Members.**

The Corporation shall have no members

5. **Directors.**

(a) The number of directors shall be not less than nine (9) nor more than eleven (11). Elected local, county, state and federal officials shall not be entitled to serve on the Board of Directors. The Board of Directors shall be divided into three classes (Class A, Class B and Class C) of equivalent number, unless the total number of Directors necessitates that one or two of such classes shall have one member more than the remaining class or classes. At least one Director shall be a member of the Medical Staff of Danville Regional Medical Center, who shall be an active member in good standing at the time of his election and shall remain an active member in good standing throughout his term(s) as a Director. Except as hereinafter stated with respect to the initial Directors, the members of each class shall be elected for three-year terms. A Director shall serve no more than three successive terms, but may be eligible for re-election after having not been a Director for a period of at least one year. At each annual meeting, successors to the class of Directors whose terms then shall expire shall be identified as being of the same class as the Directors they succeed and elected or re-elected to hold office for a term expiring at the third annual meeting of Directors thereafter. When the number of Directors is changed, any newly created directorships or any decrease in directorships shall be apportioned among the classes by the Board of Directors as to make all such classes as nearly equal in number as possible. Any election or re-election of any Director shall require the affirmative vote of a majority of the then actual membership of the Board of Directors. Membership on the Board of Directors may be terminated by death, by resignation or by suspension or removal, with or without cause, which suspension or removal shall result only from an affirmative vote of a majority of the then actual membership of the Board of Directors.

(b) To give effect to the staggering of Director terms provided herein:

(i) the initial Class A Directors of the Corporation shall serve for an initial term of one year; thereafter, one Class A Director shall be eligible for re-election for no more than one term, one Class A Director shall be eligible for re-election for no more than two successive terms, and any additional Class A Director(s) shall be eligible for re-election for no more than three successive terms;

(ii) the initial Class B Directors of the Corporation shall serve for an initial term of two years; thereafter, one Class B Director shall be eligible for re-election for no more than one term, one Class B Director shall be eligible for re-election for no more than two successive terms, and any additional Class B Director(s) shall be eligible for re-election for no more than three successive terms;

(iii) the initial Class C Directors of the Corporation shall serve for an initial term of three years; thereafter, one Class C Director shall be eligible for re-election for no more than one term, one Class C Director shall be eligible for re-election for no more than two successive terms, and any additional Class C Director(s) shall be eligible for re-election for no more than three successive terms.

6. **Registered Office and Agent.** The post office address of the initial registered office of the Corporation is 628 Main Street, Danville, Virginia 24541. The name of the City in which the initial registered office is located is Danville. Its initial registered agent at that address is Charles H. Majors, who is a resident of Virginia and a member of the Virginia State Bar, and whose business address is the same as the address of the initial registered office. *

7. **Dissolution.** Upon the dissolution of the Corporation and the winding up of its affairs, the assets of the Corporation shall be distributed as the Board of Directors may determine to one or more entities described in Sections 170(c)(2) and 501(c)(3) of the Code, to be used exclusively for the charitable, scientific and educational purposes set forth in Article 2 for the benefit of the residents of the service areas of Danville Regional Medical Center, with a primary emphasis on the health care needs of the communities of the City of Danville and Pittsylvania County, Virginia, and Caswell County, North Carolina.

8. **Indemnification.**

(a) In this Section:

"applicant" means the person seeking indemnification pursuant to this Section

"expenses" includes counsel fees

"liability" means the obligation to pay a judgment, settlement, penalty, fine, including any excise tax assessed with respect to an employee benefit plan, or reasonable expenses incurred with respect to a proceeding

"party" includes an individual who was, is, or is threatened to be made a named defendant or respondent in a proceeding.

"proceeding" means any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal

(b) In any proceeding brought by or in the right of the Corporation, no Director or officer of the Corporation shall be liable to the Corporation for monetary damages with respect to any transaction, occurrence or course of conduct, whether prior or subsequent to the effective date of this Section, except for liability resulting from such person's having engaged in willful misconduct or a knowing violation of the criminal law

(c) To the full extent allowed by the Virginia Nonstock Corporation Act in force on the date of these Articles, the Corporation shall indemnify (i) any person who was or is a party to any proceeding, including a proceeding brought by the Corporation, by reason of the fact that he is or was a Director, officer or employee of the Corporation, or (ii) any Director, officer or employee of the Corporation who is or was serving at the request of the Corporation as a Director, trustee, partner, fiduciary or officer of another corporation, partnership, limited liability company, joint venture, trust, or other enterprise, or as a fiduciary of an employee benefit plan (including any similar program for non-employee Directors) sponsored or maintained by the Corporation or to which it contributes, against any liability incurred by him in connection with such proceeding unless he is finally adjudged liable in such proceeding on the basis of his having engaged in willful misconduct or a knowing violation of criminal law. A

* The current registered agent is Clement & Wheatley, a professional corporation. The address is 549 Main Street, Danville, Virginia 24541.

person is considered to be serving an employee benefit plan at the Corporation's request if his duties to the Corporation also impose duties on, or otherwise involve services by, him to the plan or to participants in or beneficiaries of the plan. The Board of Directors is hereby empowered, by a majority vote of disinterested Directors, to enter into a contract to indemnify any Director, officer or employee in respect of any proceedings arising from any act or omission, whether occurring before or after the execution of such contract.

(d) The provisions of this Section shall be applicable to all proceedings commenced after the adoption hereof arising from any act or omission, whether occurring before or after such adoption. No amendment or repeal of this Section shall have any effect on the rights provided under this Section with respect to any act or omission occurring prior to such amendment or repeal. The Corporation shall promptly take all such actions, and make all such determinations, as shall be necessary or appropriate to comply with its obligation to make any indemnity under this Section and shall promptly pay or reimburse all reasonable expenses incurred by any such Director, officer, or employee in connection with such actions and determinations or proceedings of any kind arising therefrom.

(e) 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 applicant did not meet the standard of conduct described in paragraph (b) or (c) of this Section.

(f) Any indemnification under paragraph (c) of this Section (unless earlier ordered by a court) shall be made by the Corporation promptly upon request by a person specified in paragraph (c) unless such person is finally adjudged in such proceeding to be or have been liable on the basis of his willful misconduct or knowing violation of the criminal law.

(g) (i) The Corporation shall pay for or reimburse the reasonable expenses incurred by any applicant who is a party to a proceeding in advance of final disposition of the proceeding or the making of any determination under section 6 if the applicant furnishes the Corporation:

(A) a written statement of his good faith belief that he has met the standard of conduct described in paragraph (c); and

(B) a written undertaking, executed personally or on his behalf, to repay the advance if it is ultimately determined that he did not meet such standard of conduct.

(ii) The undertaking required by subsection (B) of subparagraph (i) of this paragraph (g) shall be an unlimited general obligation of the applicant but need not be secured and may be accepted without reference to financial ability to make repayment.

(iii) Payments under this section shall be made by the Corporation promptly upon receipt of such statement and undertaking.

(h) The Board of Directors is hereby empowered, by majority vote of a quorum consisting of disinterested Directors, to cause the Corporation to indemnify or contract to indemnify any person not specified in paragraph (b) or (c) of this Section who was, is or may become a party to any proceeding, by reason of the fact that he is or was an employee or agent of

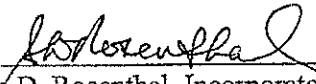
the Corporation, or is or was serving at the request of the Corporation as a Director, officer, employee or agent of another corporation, partnership, limited liability company, joint venture, trust, or other enterprise, or as a fiduciary of an employee benefit plan to the same extent as if such person were specified as one to whom indemnification is granted in paragraph (c). The provisions of paragraphs (d) through (g) of this Section shall be applicable to any indemnification provided hereafter pursuant to this paragraph (h).

(i) The Corporation may purchase and maintain insurance to indemnify it against the whole or any portion of the liability assumed by it in accordance with this Section and may also procure insurance, in such amounts as the Board of Directors may determine, on behalf of any person who is or was a Director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a Director, fiduciary, officer, employee or agent of another corporation, partnership, limited liability company, joint venture, trust, or other enterprise, or as a fiduciary of an employee benefit plan, against any liability asserted against or incurred by him in any such capacity or arising from his status as such, whether or not the Corporation would have power to indemnify him against such liability under the provisions of this Section

(j) Every reference herein to Directors, officers, employees or agents shall include former Directors, officers, employees and agents and their respective heirs, executors and administrators. The indemnification hereby provided and provided hereafter pursuant to the power hereby conferred by this Section on the Board of Directors shall not be exclusive of any other rights to which any person may be entitled, including any right under policies of insurance that may be purchased and maintained by the Corporation or others, with respect to claims, issues or matters in relation to which the Corporation would not have the power to indemnify such person under the provisions of this Section. Such rights shall not prevent or restrict the power of the Corporation to make or provide for any further indemnity, or provisions for determining entitlement to indemnity, pursuant to one or more indemnification agreements, bylaws, or other arrangements (including, without limitation, creation of trust funds or security interests funded by letters of credit or other means) approved by the Board of Directors (whether or not any of the Directors of the Corporation shall be a party to or beneficiary of any such agreements, bylaws or arrangements).

(k) Each provision of this Section shall be severable, and an adverse determination as to any such provision shall in no way affect the validity of any other provision.

Dated: July 21, 2005



Stephen D Rosenthal, Incorporator

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