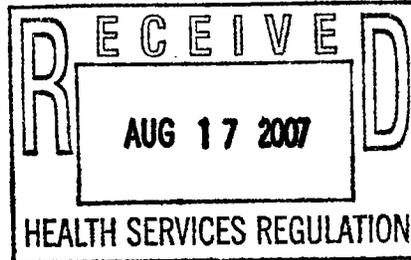




## Lifespan

August 17, 2007

Maureen G. Glynn, Esquire  
Healthcare Advocate  
Department of the Attorney General  
150 South Main Street  
Providence, Rhode Island 02903



### External Affairs

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167 Point Street  
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Tel 401 444-3720  
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**Mark Montella**  
*Senior Vice President*

Mr. Donald C. Williams  
Associate Director  
Health Services Development  
Rhode Island Department of Health  
Three Capitol Hill  
Room 410  
Providence, Rhode Island 02908

Dear Maureen and Don:

Enclosed is a copy of the affiliation agreement by and between Lifespan Corporation and Care New England Health System.

We are providing this copy in advance of its inclusion in our application under the Hospital Conversion Act in the interest of reaching a mutual understanding of each department's needs when reviewing our application.

I will contact each of you next week to arrange a mutually convenient time to have our teams meet to discuss the application process.

Sincerely,

Mark Montella  
Senior Vice President

Encl:

cc: Kenneth Arnold, Esq.  
Stephen Carlotti, Esq.  
Thomas Courage, Esq.  
Patricia Sullivan, Esq.

**AFFILIATION AGREEMENT  
BY AND BETWEEN  
LIFESPAN CORPORATION AND  
CARE NEW ENGLAND HEALTH SYSTEM**

This Affiliation Agreement (the "Agreement") is entered into as of this 26<sup>th</sup> day of July 2007 by and between Lifespan Corporation ("Lifespan") and Care New England Health System ("CNE"), each a Rhode Island nonprofit corporation. Lifespan and CNE are each sometimes referred to herein as a "Party" and, collectively, as the "Parties."

WHEREAS, the Parties have discussed the possibility of effectuating a corporate affiliation between them (the "Affiliation") to further their respective charitable missions by providing better and more cost-effective medical care, including improved primary care services, emergency medical and trauma care, behavioral health services, women's health services and home and hospice care, to Rhode Islanders;

WHEREAS, the Parties believe that the Affiliation would facilitate the development of new care models and afford opportunities to create new scientific Centers of Excellence;

WHEREAS, the Parties believe that the added scale that would be achieved through the Affiliation would complement and grow the existing first-rate teaching programs, programs of medical excellence, and programmatic and clinical development of the Parties, and would thereby strengthen the national reputation of the Warren Alpert Medical School of Brown University ("Brown Medical School");

WHEREAS, the Parties believe that the Affiliation would facilitate the growth and attraction of research funding through synergies and interdisciplinary grant proposals;

WHEREAS, the Parties believe that the Affiliation would stimulate economic development by attracting spin-off industries, which would create job growth; make available better medical education for doctors, nurses and others; and balance cost savings with building or combining the core capabilities of the Parties;

WHEREAS, the Parties believe that the Affiliation will provide opportunities to avoid making duplicate capital expenditures, thereby conserving scarce resources;

WHEREAS, Lifespan assists Lifespan Affiliates in meeting the needs of the communities they serve by providing high-quality, cost-effective corporate and shared services.

WHEREAS, the Parties believe that the Affiliation would allow them, in conjunction with Brown Medical School, to create a comprehensive academic medical complex on and/or adjacent to the Rhode Island Hospital (“RIH”) campus (the “Academic Medical Center Complex”), and thereby coordinate and improve the Parties’ respective graduate medical education programs;

WHEREAS, the Parties believe that such academic programs will help attract and retain medical professionals with significant levels of expertise that will maintain and increase the quality of services that are locally available to the citizens of Rhode Island in an increasingly competitive environment; and

WHEREAS, the Parties believe that close collaboration of the emergency departments at Kent and all Lifespan hospitals would provide the citizens of Rhode Island with improved hospital emergency department services in an environment that would facilitate disaster planning system-wide.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to effectuate the Affiliation, the Parties agree as follows:

1. Definitions, Affiliation and Effective Date.

1.1. Definitions. In addition to other terms specifically defined in this Agreement, the following terms as used herein shall have the following meanings:

“Affiliate” means, with respect to CNE, the CNE Affiliates and, with respect to Lifespan, the Lifespan Affiliates.

“BH” means Butler Hospital, a Rhode Island non-profit corporation.

“CNE Affiliates” means each Person at any time directly or indirectly controlled, in whole or in part, by CNE, including, without limitation, BH, Kent, WIH, CNE VNA, CNE Wellness Centers, CNE Rhode Island and Massachusetts office locations, Workers’ Compensation Insurance Trust, W&I Indemnity LTD., Toll Gate Indemnity, LTD., and any other Persons identified on Schedule 6.1.

“CNE Hospital Affiliates” means BH, Kent and WIH.

“CNE VNA” means Kent County Visiting Nurses Association.

“Kent” means Kent Hospital, a Rhode Island non-profit corporation.

“Lifespan Affiliates” means each Person at any time directly or indirectly controlling, controlled, in whole or in part, by or under direct or indirect common control or ownership with

Lifespan, including those Persons identified on Schedule 6.1, other than CNE and the CNE Affiliates.

“Material Adverse Event” shall have the meaning assigned to it in Section 3.11.

“Person” means any natural person, corporation, association, partnership, limited liability company, joint venture, joint stock or other company, business trust, trust, organization, business or governmental authority or political subdivision thereof.

“WIH” means Women & Infants Hospital of Rhode Island, a Rhode Island non-profit corporation.

1.2. Affiliation. The Affiliation shall be effectuated subject to satisfaction of the conditions contained in Section 3 hereof by (a) naming Lifespan as the sole corporate member of CNE, (b) the adoption by CNE and each CNE Affiliate of Restated Articles of Incorporation and Amended and Restated Bylaws, as more fully described in Section 3.1 hereof and as set forth in Exhibit 3.1 hereto, (c) the adoption by Lifespan of Restated Articles of Incorporation and Amended and Restated Bylaws, as more fully described in Section 3.2 hereof, and (d) the modification of the compositions of the boards of directors of Lifespan, CNE and each CNE Affiliate, more fully described in Section 5 hereof.

1.3. Closing and Effective Date. Upon satisfaction or waiver of all of the conditions precedent set forth in Section 3 hereof, the Presidents of CNE and Lifespan shall execute a written memorandum (the “Closing Memorandum”) which shall confirm their agreement that (i) all of the conditions precedent have been satisfied or waived, (ii) there have been no material changes in the respective businesses and operations of the Parties not in the

ordinary course of business prior to the Closing Memorandum Date except those that have been made known to the other Party in the course of due diligence or in accordance with Section 2.11 or Section 2.12(i), and (iii) the representations and warranties of each Party and Affiliate contained in Section 6 are true and correct on and as of the Closing Memorandum Date in all material respects as if made on and as of such date, except as otherwise described in the Closing Memorandum or disclosed to the other Party in accordance with Section 2.12(ii). The Closing Memorandum shall also specify the date (the “Effective Date”) upon which the Affiliation will become effective, such Effective Date to be not more than ten (10) business days after the date of the Closing Memorandum (the “Closing Memorandum Date”).

2. Interim Covenants. The Parties agree that during the period from the date of execution hereof to the earlier to occur of the Effective Date or the termination of this Agreement:

2.1. Reasonable, Good Faith Efforts. Subject to the terms and conditions of this Agreement, each Party agrees to use, and to cause its Affiliates to use, its reasonable, good faith efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper, or advisable under applicable laws to consummate and make effective, as soon as practicable after the date of this Agreement, the transactions contemplated by this Agreement, including using its reasonable efforts to obtain any regulatory approvals and consents necessary to consummate the transactions contemplated herein and to cause to be satisfied the conditions referred to in Section 3 of this Agreement, including pursuit of all administrative and judicial remedies available to them in connection therewith.

2.2. Standstill. Each Party shall use its best efforts and shall cause its Affiliates to use their best efforts to (i) preserve, protect and maintain the businesses, properties and assets of the Party and its Affiliates; (ii) operate the businesses of the Party and its Affiliates as a going concern consistent with prior practices and in the ordinary course of business; (iii) preserve the good will of all individuals and entities having business or other relations with it or them, including physicians, employees, patients, customers, payors and suppliers; (iv) prepare all documents called for by this Agreement and required to facilitate the consummation of the Affiliation contemplated herein; and (v) enter no new affiliation with any university, medical school, hospital, health care system or educational institution, except as described in Section 2.2.6. Each Party shall make, and shall cause its Affiliates to make, no material changes in its or their organizational documents inconsistent with the undertakings hereunder. Each Party shall not enter, and shall not permit its Affiliates to enter, into any transaction materially and adversely affecting the business of the Party and/or its Affiliates, including, without limitation and without regard to any material or adverse effect, creating any new affiliate, creating or joining any network, system, or alliance, or entering into any managed care contract containing a most favored nation or similar clause or provision that would survive the Closing, or to take any action which could reasonably be expected to preclude the system from realizing the benefits which the Parties anticipate will arise as a result of the Affiliation without the consent of the other Party, which may not be unreasonably withheld, conditioned or delayed. Without limiting the generality of the foregoing, prior to the Effective Date:

2.2.1. Except in the ordinary course of business and consistent with past practice and except to the extent necessary for CNE and the CNE Affiliates to carry out either

the projects described in Section 5.2.3 or, upon receipt of certificate of need approvals, the projects described in Section 2.10, none of Lifespan, CNE, or the CNE Affiliates shall, without the written consent of Lifespan (in the case of action by CNE or the CNE Affiliates) or CNE (in the case of action by Lifespan), which may not be unreasonably withheld, conditioned or delayed, create, incur or assume any debt not currently outstanding (including obligations in respect of capital leases) other than loans incurred to satisfy the working capital needs of the entity incurring or assuming such debt; assume, guarantee, endorse or otherwise become liable or responsible (whether directly, contingently or otherwise) for the obligations of any other Person; or make any loans, advances or capital contributions to, or investments in, any other Person, provided that nothing herein shall preclude either Party or any of the CNE Affiliates from refinancing any existing bonded indebtedness.

2.2.2. Neither CNE nor any CNE Affiliate shall, without the written consent of Lifespan, which may not be unreasonably withheld, conditioned or delayed: (i) enter into, adopt or amend any ERISA benefit plan or severance agreement or arrangement; (ii) except for normal increases in the ordinary course of business and consistent with past practice, increase in any manner the compensation or fringe benefits of, or materially modify the employment terms of its officers or senior management, generally or individually; or (iii) pay any benefit not required by the terms of any existing ERISA benefit plan, as in effect on the date of this Agreement or as modified or adopted in compliance with this Agreement.

2.2.3. Neither Party shall, without the written consent of the other Party, which may not be unreasonably withheld, conditioned or delayed, change in any material

respect its accounting methods, principles or practices, except insofar as may be required by a generally applicable change in GAAP.

2.2.4. Except to the extent necessary for CNE and the CNE Affiliates to carry out either the projects described in Section 5.2.3 or, upon receipt of certificate of need approvals, the projects described in Section 2.10, without the consent of Lifespan, which may not be unreasonably withheld, conditioned or delayed, neither CNE nor any CNE Affiliate shall make or commit to make any capital expenditure in any one fiscal year, including the current fiscal year, that, when aggregated with all capital expenditures made or committed to be made by CNE and all CNE Affiliates for that fiscal year, exceeds one hundred and ten percent (110%) of the combined depreciation expenses recorded for CNE and the CNE Affiliates during the prior fiscal year.

2.2.5. Neither Party shall, nor permit any of its Affiliates to, without the written consent of the other Party, which may not be unreasonably withheld, conditioned or delayed, take any action or fail to take any action permitted by this Agreement with the knowledge that such action or failure to take action would result in (i) any of the representations and warranties of the Party set forth in this Agreement becoming untrue in any material respect or (ii) any of the conditions to closing set forth in Section 3 not being satisfied.

2.2.6. Notwithstanding Section 2.2(v), CNE and Kent shall be permitted, without the consent of Lifespan, to commit to and operationalize the proposed Emergency Medicine residency program with the University of New England College of Osteopathic Medicine.

2.3. CNE Permitted Actions. Lifespan acknowledges that CNE and CNE Affiliates are engaged in a comprehensive review of their respective operations through the use of outside consultants and shall give due consideration to the recommendations of such consultants in connection with any required consents CNE may seek pursuant to this Agreement. In addition, Lifespan agrees that notwithstanding the provisions of Section 2.2, CNE shall have the right to implement any recommendations of its consultants which, but for this provision, would require Lifespan's prior consent under Section 2.2, to the extent that (i) CNE first reviews those recommendations with Lifespan during a reasonable time period (not to exceed 30 days, except with respect to outsourcing proposals which shall be extended by the timeframes specified below) prior to implementation, and (ii) those recommendations involve only internal operational changes, the consolidation of internal business functions or the merger, consolidation or other combination between or among two or more CNE Affiliates, provided that in implementing such recommendations, CNE shall give due consideration to any modifications or suggestions proposed by Lifespan as part of its prior review. Furthermore, in the event CNE determines to outsource any operational functions consistent with the recommendations of CNE's consultants, CNE shall notify Lifespan in writing of such determination and provide Lifespan with a description of the general nature of the operational functions CNE intends to outsource. If Lifespan notifies CNE within ten (10) days thereafter that Lifespan would be able and willing to provide or arrange for the provision of such outsourced functions ("Covered Functions") to CNE, then, in the event CNE receives a bona fide proposal from a third party to outsource Covered Functions consistent with the recommendations of CNE's consultants (a "Proposal"), CNE shall provide Lifespan with a description of the general nature and duration of the Proposal, and the services proposed for outsourcing (the "Proposal Summary"). At Lifespan's request, which shall

be communicated to CNE not later than ten (10) days following Lifespan's receipt of the Proposal Summary, CNE shall promptly provide Lifespan with a copy of the Proposal, and Lifespan shall have the right to provide such functions to CNE and the CNE Affiliates on terms no less favorable to Lifespan than the terms set forth in the Proposal. In the event Lifespan elects to exercise its right to provide outsourced services as contemplated by the preceding sentence, it shall notify CNE within thirty (30) days following its receipt of the Proposal. In such event, the Parties shall, in good faith, negotiate the terms of such an outsourcing relationship, provided, however, that if the Parties do not execute a definitive agreement with respect to the provision of such services within thirty (30) days after Lifespan's notice to CNE of its intention to exercise its right to provide the outsourced services, CNE shall be free to outsource such functions to the third party on terms no more favorable to the third party than those offered to Lifespan at the time negotiations were terminated. The President and CEO of CNE and the President and CEO of Lifespan, or their designees, shall meet periodically to review the status of CNE's implementation of the foregoing recommendations and of any other consultants' recommendations for which Lifespan's consent has been provided hereunder.

2.4. Public Statements. The Parties agree that from and after the date hereof they shall jointly prepare and implement a strategic communications plan. Such plan shall be implemented at a time mutually agreed upon by the Parties, and each Party agrees that it will use good faith in attempting to comply with the detail and spirit of such communication plan in initiating communication with third parties and responding to requests for information. Further, neither Party, without the prior consent of the other Party, shall make or permit any Person under its control to make any written comment, statement, announcement or release to trade

publications or to the press with respect to conversations, negotiations or agreements between the Parties and/or their Affiliates or actions taken by any of the Parties or their Affiliates with respect to this Agreement or the Affiliation.

2.5. Diligence Access. Each Party and its agents shall have access, upon reasonable notice and during mutually agreeable hours, and subject to the reasonable supervision of the other Party's representatives, to information necessary to conduct a complete due diligence review and analysis of the other Party's business and operations, including but not limited to a review of books and records, leases, contracts, and agreements and assets, together with the right to contact and communicate with executives, independent contractors, lenders and others having a significant business relationship with the Party (collectively, "Due Diligence Information"). Notice of any contact to be initiated by a Party with the executives, independent contractors, lenders or others having a significant business relationship with the other Party shall be provided to the other Party in advance. In addition, notice of any contact initiated by third parties with a Party as part of the due diligence process or in connection with the third party's right to approve this transaction shall be given to the other Party as soon as reasonably possible after such contact is made, and such notice shall include a description of the general nature of any communication with the third party. Due Diligence Information shall be subject to the confidentiality provisions of Section 7.5 of this Agreement. The Parties intend for their respective due diligence analyses to be sequenced such that neither Party shall furnish to the other Party Due Diligence Information that is competitively sensitive (e.g., managed care contracts and strategic and business planning documents) ("Competitively Sensitive Due Diligence Information") until the earlier of: (i) the date on which each Party has substantially completed its review of the other Party's Due

Diligence Information that is not Competitively Sensitive Due Diligence Information; or (ii) ninety (90) days after the execution of this Agreement. Further, each Party shall implement appropriate measures with respect to its review of Competitively Sensitive Due Diligence Information (such as an electronic data room with restricted access to documents, restricting access to those with a "need to know", etc.) to safeguard against the improper use of such Competitively Sensitive Due Diligence Information in its future decision-making.

2.6. Maintenance of Books of Account. Each Party shall maintain, and cause its Affiliates to maintain, its and their books of account in the usual, regular and ordinary manner in accordance with generally accepted accounting principles consistently applied.

2.7. Lifespan Corporate Services Model. Consistent with the Lifespan model of employing at the Lifespan level those individuals who provide corporate services, as defined in Section 5.1.6, to all Lifespan affiliates, the Parties anticipate that promptly following the Closing, individuals now employed by CNE and certain individuals now employed by one of the CNE Hospital Affiliates will instead be employed by Lifespan. The terms of their employment by Lifespan shall be consistent with Lifespan's then current policies and practices with respect to employees who provide corporate services.

2.8. CNE Contribution Agreement. Notwithstanding Section 2.2, the Obligated Group Contribution Agreement among CNE and the CNE Hospital Affiliates (the "CNE Contribution Agreement") may be amended by the parties thereto so that the functions and responsibilities of CNE thereunder shall have been allocated among the CNE Hospital Affiliates in such manner as is satisfactory to the parties thereto, provided that thirty (30) days prior written notice of such proposed amendment, including a copy thereof, shall have been given to Lifespan.

Neither Lifespan nor its Affiliates shall assume any responsibility for debt incurred by CNE or the CNE Affiliates on an obligated group basis nor shall any losses resulting from the obligations existing between and among CNE and the CNE Affiliates pursuant to the terms of the CNE Contribution Agreement, as so amended or otherwise, be allocated to Lifespan or any Lifespan Affiliate.

2.9. Benefits Transition. The Parties shall enter into a benefits transition agreement or similar agreement, effective as of the Effective Date, to the extent deemed necessary or desirable following the completion of diligence and a complete review of CNE's workers' compensation plans, retirement plans, and welfare benefit plans.

2.10. Kent Expansion Plans. During the period following the execution of this Agreement, Kent will continue to pursue its application to add angioplasty services (for which RIH has provided a letter of support) and to develop expansion plans for its facility that will involve the addition of new operating rooms, the addition of new private rooms and a number of infrastructure improvements. In connection with those plans, Kent anticipates filing for all necessary regulatory approvals and seeking needed sources of capital.

2.11. Additional Diligence Information. During the period following the Due Diligence Condition Effective Date, each Party shall promptly disclose to the other any information that becomes known to the Party's or its Affiliates' senior management teams that, if not disclosed, would make the Due Diligence Information provided pursuant to Section 2.5 materially incomplete, inaccurate or misleading.

2.12. Additional Diligence Information and Updates to Schedules. Within twenty (20) days following the date on which the conditions set forth in Sections 3.8, 3.12 and 3.13 have been satisfied or waived, each Party shall: (i) disclose to the other Party any information, in addition to that disclosed pursuant to Section 2.11, known to the Party's or its Affiliates' senior management teams that, if not disclosed, would make the Due Diligence Information provided pursuant to Section 2.5 materially incomplete, inaccurate or misleading; and (ii) provide updates, if any, to the following schedules so that such schedules are complete and accurate in all material respects as of the date on which the update is provided: Schedule 6.1, Schedule 6.6, Schedule 6.7, Schedule 6.8, Schedule 6.9, Schedule 6.10.8, Schedule 6.10.9, Schedule 6.10.10, Schedule 6.10.11, Schedule 6.13.2, and Schedule 6.13.3.

2.13. Lifespan acknowledges that CNE VNA has maintained leadership and clinical excellence in home- and community-based programs and, as such, will maintain a strong presence, serving patients and families of Lifespan and Lifespan Affiliates. Immediately following the execution of this Agreement, Lifespan shall take steps to assure that CNE VNA is included as a recognized provider of home health, hospice and private duty care services on lists furnished to patients at the time of discharge at all Lifespan hospital affiliates.

3. Conditions Precedent. The Affiliation shall not be effectuated until each of the following conditions is satisfied or waived:

3.1. The members and the board of directors of CNE and of each CNE Affiliate shall have taken all necessary action to (i) approve and adopt Amended and Restated Bylaws for CNE and each CNE Affiliate containing the provisions set forth in Exhibit 3.1 hereof; and (ii) approve and adopt amendments to the Articles of Incorporation for CNE and each CNE

Affiliate, which amendments shall make the Articles of Incorporation consistent with the Amended and Restated Bylaws containing the provisions set forth in Exhibit 3.1 and shall provide (except with respect to CNE Affiliates listed on Schedule 6.8) that upon dissolution of the corporation, or the winding up of its affairs or other liquidation of its assets, the corporation's property shall, subject to applicable law, be conveyed or distributed as the corporation's member may determine, but solely to other organization(s) which are organized and operated for charitable purposes similar to those of the corporation and which qualify, at the time of conveyance or dissolution, as entities exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code.

3.2. The board of directors of Lifespan shall have taken all necessary action to approve and adopt Restated Articles of Incorporation of Lifespan and Amended and Restated Bylaws of Lifespan, each of which shall be amended consistent with Sections 5.1.1 and 5.1.2.

3.3. Consistent with Section 5.1.1, CNE shall have nominated, and Lifespan shall have approved, the five at-large CNE Directors, as defined in Section 5.1.1, to serve on the Lifespan Board of Directors as of the Effective Date.

3.4. Not later than one-hundred and twenty (120) days following the execution of this Agreement or such later date to which the Parties may agree (the "Due Diligence Condition Effective Date"), Lifespan and CNE shall each have completed such due diligence review of the legal, financial, organizational and other aspects of the other Party and its Affiliates as Lifespan or CNE, as the case may be, has determined in its sole discretion to be necessary or appropriate and shall have concluded by that date, that the results of such review are satisfactory. On or prior to the Due Diligence Condition Effective Date, each Party shall deliver to the other a

letter stating either that it is satisfied with the results of its due diligence review or that it is not satisfied. In the latter event, the dissatisfied Party shall further identify the unsatisfactory results of its due diligence review and either state what additional steps or corrective measures can be taken by the other Party in order to address those unsatisfactory results or state that it elects not to close the transaction, in which case this Agreement will terminate.

3.5. Each and every representation and warranty by each Party contained in this Agreement or in any certificate, exhibit, schedule (as updated pursuant to Section 2.12) or required closing document furnished to the other Party under this Agreement shall be true in all material respects on and as of the Closing Memorandum Date as though made on such date.

3.6. No suit or action by any Party or any investigation, inquiry or proceeding by any governmental authority, or any legal or administrative proceeding shall have been instituted or threatened on or before the Closing Memorandum Date which: (i) questions the validity or legality of this Agreement or any transaction contemplated hereby, or (ii) seeks to enjoin any transaction contemplated hereby, or (iii) seeks material damages on account of the consummation of any transaction contemplated hereby.

3.7. No change shall have occurred or have been announced or proposed prior to the Closing Memorandum Date in the laws, rules, regulations, or policies of any governmental authority which might reasonably be expected to materially and adversely affect the consummation of the Affiliation.

3.8. The applicable waiting period under the Hart-Scott-Rodino amendments to the Anti-Trust Improvement Act (the "HSR") shall have expired without challenge by the

Federal Trade Commission (“FTC”) and the United States Department of Justice (“DOJ”) to the implementation of the Affiliation, or, if either the FTC or DOJ shall have initiated any such challenge the matter shall have been resolved to the mutual satisfaction of the Parties, it being expressly understood and agreed that a request for additional information by either the FTC or DOJ (a “second request”) shall not be deemed a challenge and (b) all approvals required under the Hospital Conversions Act (R.I.G.L. Chapter 27-17.14) (the “Conversions Act”) shall have been received (which approvals shall not be subject in the case of CNE or any of the CNE Affiliates, to any conditions, limitations or other terms not reasonably acceptable to CNE, or in the case of Lifespan or any of the Lifespan Affiliates, to any conditions, limitations or other terms not reasonably acceptable to Lifespan) and the time for taking any appeal therefrom shall have lapsed without any appeal having been taken, or if any appeal is made, the appeal shall have been resolved to the mutual satisfaction of the Parties.

3.9. Each Party shall have received, prior to the Closing Memorandum Date, any and all necessary consents from any third party.

3.10. Each Party shall have performed and complied with all covenants and conditions required by this Agreement to be performed or complied with prior to or on the Effective Date.

3.11. Between the date of this Agreement and the Closing Memorandum Date, neither Lifespan, CNE, nor any of their respective Affiliates shall, except to the extent made known to the other Party in the course of due diligence or in accordance with Section 2.11 or Section 2.12(i), have suffered: (i) any adverse change in or effect on the business, operations, assets, prospects or condition, financial or otherwise, of any of a Party or any of its Affiliates

which is material either to the Party and its Affiliates considered as a single enterprise or to any of the CNE Hospital Affiliates individually; or (ii) any adverse change in or effect on the business, operations, assets, prospects or condition, financial or otherwise, of a Party or any of its Affiliates which, when considered together with all other adverse changes and effects with respect to which such phrase is used in this Agreement, is material to the Party and its Affiliates considered as a single enterprise, or (iii) any change which would impair the ability of a Party to perform its obligations hereunder (each, a “Material Adverse Effect”).

3.12. The Rhode Island Attorney General’s Office (“AG”) shall (i) not have challenged the implementation of the Affiliation, or if the AG initiates a challenge, the matter shall have been resolved to the satisfaction of each of Lifespan and CNE and (ii) have approved the Affiliation under the Conversions Act, which approval shall not be subject in the case of CNE or any of the CNE Affiliates, to any conditions, limitations or other terms not reasonably acceptable to CNE, or in the case of Lifespan or any of the Lifespan Affiliates, to any conditions, limitations or other terms not reasonably acceptable to Lifespan.

3.13. Each Party shall have received, prior to the Closing Memorandum Date, all governmental permits, licenses or other approvals necessary to implement the transactions contemplated in this Agreement which shall not be subject to any conditions, limitations or other terms not reasonably acceptable to the other Party.

3.14. Each of the Parties shall have obtained all approvals that may be required under existing agreements to which they or their respective Affiliates may be a party, including, without limitation, all agreements relating to long-term debt, and any conditions imposed in connection with such approval shall be acceptable to both Parties; provided, however, that, in

evaluating any such condition, each Party shall act in good faith and shall not arbitrarily or capriciously determine that such condition is unacceptable.

3.14.1. The implementation of the Affiliation shall not be the subject of any litigation or regulatory investigation or enforcement action or, if so subject, the Affiliation shall not be implemented without the agreement of each of Lifespan and CNE to waive this condition.

3.15. Each Party shall have obtained all such other approvals as may be required under applicable law.

3.16. In the event that CNE, prior to the Effective Date, elects to forgive, extinguish or otherwise write-off, any indebtedness owed to it by any CNE Affiliate, CNE shall have allocated the financial impact of such forgiveness, extinguishment, or write-off among the CNE Hospital Affiliates or otherwise in a manner that does not allocate any portion of such financial impact to Lifespan or any Lifespan Affiliate.

3.17. Lifespan shall have received an opinion of Hinckley, Allen & Snyder LLP, counsel to CNE, dated as of Closing Memorandum Date, in substantially the form attached hereto as Exhibit 3.17(a), and CNE shall have received an opinion of Ropes & Gray LLP, counsel to Lifespan, dated as of the Closing Memorandum Date, in substantially the form attached hereto as Exhibit 3.17(b). Each of Exhibit 3.17(a) and Exhibit 3.17(b) shall be provided within ninety (90) days after the execution of this Agreement.

3.18. Certain members of the senior management of CNE and the CNE Hospital Affiliates are parties to change-in-control agreements which confer upon those executives rights

and/or benefits upon the implementation of certain events. To the extent such agreements would be applicable to the Affiliation, CNE shall have ensured that the executives have waived their rights and benefits (hereinafter, the “Waivers”) and shall have delivered a copy of the Waivers to Lifespan prior to the execution of this Agreement.

3.19. All directors and officers of CNE shall have delivered their resignations effective as of the Effective Date.

4. Termination of Agreement.

4.1. This Agreement may be terminated, either prior to or after the Effective Date, by the mutual written consent of the Parties.

4.2. If the conditions to Closing have not been met by fifteen (15) months after the execution of this Agreement, and if CNE thereafter makes a commercially reasonable determination in good faith that the financial cost of continuing to pursue required regulatory approvals is disproportionate to the benefits likely to be achieved by the Affiliation and by any pre-closing consolidations effectuated by the Parties, CNE may notify Lifespan of this determination. If so notified, Lifespan may elect to terminate this Agreement at any time following such notification. Until and unless Lifespan so terminates this Agreement: (i) Lifespan shall pay, fifty (50) percent of CNE’s reasonable out-of-pocket expenses associated with the continued pursuit of regulatory approvals and incurred by CNE after the giving of such notice; and (ii) as of the date of that CNE provides notice pursuant to this Section 4.2, the following Sections shall no longer apply: (a) Section 2.2.1; (b) Section 2.2.2(i) and Section 2.2.2(ii), but, with respect to both Section 2.2.2(i) and Section 2.2.2(ii), solely to the extent that such changes

will not increase costs or create additional severance obligations triggered by a change of employment conditions, control or similar provision; and (c) Section 2.2.4; provided, however, that prior to taking any action described in such Sections, and solely to the extent that such Sections would otherwise have applied to the Party or its Affiliates, Lifespan or CNE, as applicable, shall instead be required to provide reasonable advance notice to the other Party of its proposed action(s).

4.3. Notwithstanding the foregoing, the provisions of Section 7.5 hereof shall survive the termination of this Agreement.

5. Post Closing Covenants. On or after the Effective Date, the following actions shall be taken and the following covenants observed:

5.1. Governance.

5.1.1. Lifespan shall increase the size of its board of directors from the current seventeen (17) members to twenty-five (25) persons, such number to include the three (3) chairpersons of the respective boards of each CNE Hospital Affiliate as voting ex officio members; and five (5) additional at-large members who were Directors of CNE immediately prior to the Effective Date (such at-large members, the "CNE Directors"), one of whom shall be the chairperson of the CNE board of directors immediately prior to the Effective Date. At the first annual meeting of Lifespan Corporation which follows the Effective Date by nine or more months, the board of directors will be reduced in size to not more than twenty-three (23), at least four (4) of whom shall be CNE Directors. At the next annual meeting of Lifespan Corporation, the number of at-large directors of the Lifespan board of directors will decrease so

that the total number of Directors will be not more than twenty-one (21), at least three (3) of whom shall be CNE Directors. At the next subsequent annual meeting of Lifespan Corporation, the number of at-large directors of the Lifespan board of directors will be set at a range of fourteen (14) to nineteen (19) members.

5.1.2. The chairperson of the CNE board of directors immediately prior to the Effective Date shall become a Vice-Chairperson of the Lifespan board of directors upon the Effective Date and shall serve in such capacity for not less than two (2) years after the Effective Date.

5.1.3. As of the Effective Date and from time to time thereafter, the composition of the CNE Board of Directors shall be identical to the then-current composition of the Lifespan Board of Directors.

5.1.4. The chairman of the Lifespan board of directors and the President/Chief Executive Officer of Lifespan, or the respective designee of either of them, shall serve as ex officio voting directors of each CNE Affiliate.

5.1.5. John Hynes shall assume the position of Senior Vice President for Special Projects for Lifespan, with responsibility for: (i) developing, in collaboration with Lifespan's Chief Physician Officer, the strategy for clinical integration of the CNE Hospital Affiliates into Lifespan, (ii) developing the strategy for the integration of the system's home care services and home medical equipment operations, and (iii) working in collaboration with the BH President and CEO and the BH board of trustees in developing the strategy and plans for the disposition or development of the BH campus; and (iv) working in collaboration with the

Kent President and CEO and the Kent board of trustees in developing the strategy and plans for the disposition or development of unneeded land on the Kent campus. The Senior Vice President for Special Projects will report to the President and CEO of Lifespan.

5.1.6. Lifespan currently provides its Affiliates with an array of corporate services, including Finance, Treasury, Human Resources, Information Services, Communications, Marketing, Government Relations, Risk Management and Insurance, Legal, Strategic Planning, Development, Purchasing, Payor Contracting and Internal Audit and Compliance. Immediately after the Effective Date, each member of Lifespan's leadership who has management responsibility for these services will work with CNE Affiliate personnel to plan the integration of CNE Affiliates into the Lifespan model of service delivery, including committee participation.

## 5.2. Programmatic Elements.

5.2.1. The Parties will leverage the significant brand and expertise of WIH, both in its exclusive lead role in women's reproductive health services and neonatal intensive care, and (on a non-exclusive basis) in its other existing service lines, including oncology and gynecological and breast surgery. Lifespan acknowledges the importance of WIH's existing programs of geographic outreach, particularly for gynecological oncology patients and breast cancer patients. The Parties will similarly leverage WIH's brand and expertise to develop, consistent with market demand, a range of services that will address conditions disproportionately affecting women and diseases uniquely impacting women, including women's digestive disorders, women's cardiac health, women's pulmonary disorders, women's endocrinology, women's sports medicine and orthopedics, women's cancer and

women's geriatrics. WIH administration and clinical leadership will be part of the Lifespan leadership group charged with growing women's health services, broadly defined, across multiple disciplines and specialties and have a significant role in the Lifespan Pediatric Service Line Council.

5.2.2. The Parties jointly embrace and agree to implement a Women's Health Service Line that provides easily-accessible alternatives to women seeking services in a patient- and gender-friendly manner. The Parties agree that this service line will function through WIH and other Lifespan providers in a collaborative manner, reflecting their respective strengths and their relative opportunities to effectuate system growth. Such women's services will be offered in part at the Academic Medical Center Complex and at one or more off-campus locations.

5.2.3. Lifespan acknowledges that WIH is in an important stage of a building project which Lifespan agrees should proceed. Lifespan will support the continued separate existence of WIH for the foreseeable future, and the existing contractual and programmatic relationships between RIH and WIH will remain in place. To the extent timing and other logistical considerations allow, WIH will consider whether existing Lifespan facilities and capabilities that could be made available to WIH would warrant appropriate revisions to its building plans.

5.2.4. In furtherance of the goal that behavioral health services in Rhode Island be enhanced to the point of pre-eminence in the field, the Parties agree that the existing BH campus will be sold or otherwise developed in order to create an endowment. Such endowment will be used (i), to fund a new inpatient behavioral health facility on the RIH

campus, tightly linked to the acute care services of RIH and (ii) to establish and fund an endowed Brain Science Institute (“Institute”) under the leadership of BH to support research, education, and behavioral health treatment, recognizing the likely closer integration of psychiatric and neuroscience research and the emphasis on molecular medicine. The Institute will be led by BH as corporate member. The new facility will house BH, which will continue to provide its current scope of services, and will be sized to reflect projections of future appropriate lengths of stay and acuity, and also to reflect any appropriate relocation of inpatient psychiatric beds from RIH, as determined by RIH, recognizing the possibility that RIH may only require a small psychiatric bed complement within the current RIH facilities. Such relocation of psychiatric services from RIH to the new facility will require a study by the Parties to determine, among other things, whether such relocation would be best accomplished by a lease of space, transfer of licensed bed capacity, shared ownership or other structure. Existing psychiatric services at The Miriam Hospital and Newport Hospital will not be impacted by these changes contemplated on the RIH campus. Bradley Hospital will continue to provide inpatient and outpatient child and adolescent psychiatric services, including care for significantly developmentally disabled children and autistic children.

5.2.5. The new inpatient behavioral health facility will be an integral component of the Academic Medical Center Complex, will also provide adolescent behavioral health services for those patients with acute medical or surgical needs, and will be located on or in the immediate vicinity of the RIH campus and, if on the RIH campus, on land to be provided by RIH (e.g., by grant or by long-term lease with a nominal rental and on terms substantially similar to those on which RIH provides land and services to WIH). Planning for the facility will

include efforts to avoid any unnecessary duplication of services and facilities. The new facility, together with RIH, WIH, and potentially the Brown Medical School will comprise the core of the Academic Medical Center Complex. Lifespan's Chief Physician Officer has established and chairs system-wide services councils comprised of leaders and key advisors in the fields of oncology, pediatrics, and cardiology, and the Parties agree to create a brain sciences service advisory council in which the leadership of those hospitals providing brain science services will serve and will discuss a behavioral health service line.

5.2.6. The Parties believe that the citizens of Rhode Island would be better served with a more comprehensive and integrated approach to the provision of emergency medical and surgical services on a geographically-appropriate basis. Lifespan acknowledges the important initiatives underway at Kent to procure necessary approvals for an Emergency Medicine residency training program at Kent. In addition, a key objective of the Affiliation is obtaining the designation of Kent by the American College of Surgeons as a Level II Trauma Center.

5.2.7. At Kent's request, Lifespan agrees to strongly advocate for an Emergency Medicine residency program at Kent, in accordance with Section 2.2.6, and (at such future time as may be practicable) for an Emergency Medicine residency program affiliated with Brown Medical School. The ability to obtain additional Medicare-approved residency slots in Emergency Medicine will be a critical factor in determining the ultimate configuration of such program. In addition, as soon as is practicable, Lifespan will advocate for designation of Kent by the American College of Surgeons as a Level II Trauma Center.

5.2.8. Kent has substantial capital needs, including construction of new operating rooms, new patient rooms and infrastructure improvements. After applying all projected sources of capital against these needs, Kent has estimated a shortfall of approximately \$30 million over the next six years. The Parties believe that this shortfall can be substantially reduced by (i) operational improvements made available to Kent through the comprehensive review of its operations currently being conducted by outside consultants, this Affiliation and other forms of assistance provided by Lifespan in the form of shared programs and services and (ii) opportunities which might be available through the strategic utilization and/or other development of real estate on the Kent campus.

5.2.9. Lifespan agrees that it will assist in the recruitment of subspecialty surgeons at Kent.

5.2.10. Lifespan agrees that CNE VNA will be represented on any Lifespan committee whose focus and charge is home-based services and palliative or end of life care.

5.2.11. The Parties agree that administrative staffing is a subject that should be examined in the context of overall system efficiency and productivity, and to the extent that a review of these areas points towards the elimination of positions, a concerted effort will be made to reduce personnel dislocation resulting from the Affiliation by offering displaced employees positions that become available throughout the combined system as a result of normal turnover and attrition.

### 5.3. Financial.

5.3.1. The reasonable capital requirements of the CNE Affiliates (including capital for the information system interface and integration referred to in Section 5.4.1 hereof and the capital needs of Kent referred to in Section 5.2.8) will be addressed both currently and in the future to the extent possible under the Lifespan capital budget approval process and consistent with the principle applied within the Lifespan system that each Lifespan hospital should be financially self-sufficient.

5.3.2. All previous and future donor restricted gifts made in favor of either Lifespan, CNE or any of their tax-exempt Affiliates shall be and remain the assets of either Lifespan, CNE or such Affiliates, as the case may be, and, subject to the reserved powers of Lifespan, the disposition of such assets shall be and remain, at all times, under the direction and control of the governing body of the Affiliate owning such assets. Each CNE Affiliate shall enter into an inter-affiliate agreement respecting its unrestricted and restricted investment assets in the form currently in use with respect to Lifespan Affiliates. Within forty-five (45) days after the Effective Date, each CNE Affiliate shall transfer substantially all of its investment assets to the Lifespan pooled investment account maintained with Mellon Bank and will participate in the Lifespan investment pool on the same terms and conditions as are applied to Lifespan Affiliates.

5.3.3. In the first fiscal year following the Effective Date, Lifespan will allocate corporate services costs to all CNE Affiliates in a manner that, as closely as possible, approximates their current affiliate and system costs for such services. Thereafter, Lifespan will allocate to each CNE Affiliate such CNE Affiliate's full share of parent and system service

costs on the same basis that Lifespan allocates such costs to the other affiliates within the Lifespan system. Each CNE Affiliate shall pay its share of system capital expenditure allocations for capital expenditures that are consistent with the approved Lifespan system capital budget or budgets. The foregoing to the contrary notwithstanding, Lifespan may modify the allocations referred to in the first and second sentences of this Section 5.3.3 in any such manner as will allow for an equitable allocation of the costs of satisfying CNE's obligations under certain pre-existing supplemental retirement arrangements or split dollar agreements as between Lifespan and the CNE Hospital Affiliates.

5.3.4. In the event that CNE, after the Effective Date, elects to forgive, extinguish or otherwise write-off, any indebtedness owed to it by any CNE Affiliates, CNE shall allocate the financial impact of such forgiveness, extinguishment, or write-off among the CNE Hospital Affiliates or otherwise in a manner that does not allocate any portion of such financial impact to Lifespan or any Lifespan Affiliate.

5.4. Information Systems.

5.4.1. Lifespan will develop and implement an interface between the computerized information systems (management, accounting and clinical) of each CNE Affiliate and those of Lifespan and, as such systems exist on the Effective Date, if appropriate, will integrate or replace the information systems of each CNE Affiliate with those of Lifespan as such systems exist on the Effective Date.

5.4.2. Physicians of each CNE Hospital Affiliate will have access to the electronic medical records systems supported by Lifespan on the same financial and other terms

as are applicable to other comparable Lifespan physicians, to the extent permitted by existing software licenses.

5.5. Service Improvement. Lifespan will assist CNE Hospital Affiliates in the recruitment and training of non-physician personnel at all levels and in obtaining back-up management and administrative services as needed, so long as the provision of such services would not, in the reasonable judgment of Lifespan, materially increase the risk that Lifespan or any of its Affiliates would be deemed, under applicable laws, a joint or single employer of the personnel providing such services.

5.6. Use of Corporate Names.

5.6.1. Lifespan will retain its current corporate name.

5.6.2. Each CNE Affiliate will retain its current corporate name.

5.6.3. Each CNE Affiliate will be identified as an affiliate of Lifespan.

The specific textual and graphic uses of this identification by each CNE Affiliate are in each case subject to the approval of Lifespan.

5.7. Medical Staff. The Parties agree that each CNE Hospital Affiliate and each Lifespan Affiliate will continue to retain authority over physician privileges at the respective hospital facilities. The Affiliation shall cause no change in the status of either a Lifespan Affiliate or a CNE Affiliate medical staff nor upon any of their respective medical staff members in their relationships to such medical staff.

5.8. Continuation of CNE Directors' and Officers' Insurance. Lifespan will provide continuation of directors and officer liability insurance for CNE officers and directors as of the Effective Date for a period of six years after the Effective Date. Such continuation of directors and officers liability insurance shall be no less favorable in coverage and amount than the directors and officers liability insurance for CNE and the CNE Affiliates that was in effect immediately prior to the Effective Date; provided, however, that Lifespan may reduce the coverage and amount of such liability insurance to the extent the cost of liability insurance having the full coverage would exceed 150% per annum of the amount expended by CNE.

5.9. Changes in Condition. The Parties recognize that approaches toward achieving a mission can require adjustment over time as a result of new information, more complete understanding, and changing conditions. Accordingly, the Parties wish to place the agreements set forth in this Section 5, other than Section 5.1, within a mutually agreeable framework. For a period beginning on the Effective Date and ending six (6) years after the date of this Agreement, the Parties, and where a CNE Affiliate is specifically mentioned with respect to an agreement(s) that CNE Affiliate, shall be obligated to diligently use their commercially reasonable efforts to perform such agreements, provided that if the Parties, acting in good faith, agree that the objectives of any Affiliate underlying one of such agreements can be just as effectively met in another manner that is more consonant with overall system objectives, such objective may be satisfied in such alternate manner.

6. Representations and Warranties. As a condition to entry into this Agreement, each Party as to itself and as to each of its Affiliates represents and warrants to the other Party that the

statements set forth in this section are true and correct as of the date hereof and shall remain true and correct until the Closing Memorandum Date:

6.1. Due Organization. All of the Affiliates of each Party are listed on Schedule 6.1, which shall be completed at or prior to the execution of this Agreement. Each Party and each of its Affiliates is either a corporation or a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Rhode Island, or such other jurisdiction of incorporation or organization as may be identified in Schedule 6.1. Each such corporation or limited liability company has all requisite corporate power and authority to own, lease, and operate its properties and to carry on its business as it is now being conducted. The copies of the charter documents and by-laws of each Party and each of its Affiliates heretofore delivered to or made available for review by the other Party are complete and correct, and no amendments thereto are pending or contemplated, other than any amendments to the by-laws of Lifespan, CNE, and the CNE Affiliates contemplated in connection with the consummation of the Affiliation.

6.2. Due Authorization. Each Party has obtained full corporate power and authority to enter into and carry out the terms and provisions of this Agreement and the transactions contemplated hereby, and all corporate proceedings have been taken, and all corporate authorizations have been obtained by such Party, which are necessary to authorize the execution, delivery and performance of this Agreement, and no other corporate proceedings on the part of such Party or any of its Affiliates are necessary to authorize such execution, delivery and performance. This Agreement is and is intended to be a legal, valid, and binding obligation of such Party, enforceable in accordance with its terms except that (i) such enforcement may be

limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws not or hereafter in effect relating to creditors' rights generally and (ii) the remedy of specific performance may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought. Neither Party nor any of their respective Affiliates has any agreement, absolute or contingent, letter of intent or memorandum of understanding with any other Person regarding the sale of all or any portion of the business of such Party or its respective Affiliates, or any capital stock or assets (other than sales of assets in the ordinary course of business) of such Party or any of their respective Affiliates, or is contemplating any change of control, merger, consolidation, affiliation or other reorganization of such Party or of their respective Affiliates or to enter into any agreement with respect thereto.

6.3. Financial Statements. Each Party has provided the other Party with the audited balance sheets and related statements of income and statements of cash flow of such Party and its Affiliates for the fiscal years ended September 30, 2004, 2005, and 2006, including the notes thereto (the "Financial Statements"), together with the most recent unaudited balance sheets and related statements of income and statements of cash flow of such Party and its Affiliates (the "Interim Financial Statements"). The foregoing Financial Statements: (i) were prepared from the respective books and records of such Party and its Affiliates, and (ii) fairly present the financial condition and results of operations and cash flows for such Party and its Affiliates as of the dates and for the periods indicated, and (iii) were prepared in accordance with generally accepted accounting principles applied on a consistent basis (except as may be expressly indicated therein or in the notes thereto). Each Party and its Affiliates have no material liabilities or obligations, whether contingent or absolute, direct or indirect, or matured or

unmatured, which are not shown or provided for in the most recent of such Financial Statements or which have not otherwise been disclosed in writing to the other Party. The Interim Financial Statements (i) were prepared from the respective books and records of such Party and its Affiliates, consistent with the methods used to prepare the audited Financial Statements and any other adjustments expressly described therein or in the notes thereto.

6.4. Litigation. Except as has been or may be disclosed during due diligence, there is no potentially material incident report related to the operations or services of a Party or any of its Affiliates, and there is no litigation, at law or in equity, or any proceeding before or investigation by any foreign, federal, state or municipal board or other governmental or administrative agency or any arbitrator, pending or, to the knowledge of such Party or any of its Affiliates, threatened against such Party or its Affiliates or against any of their directors, officers, agents, or employees in their capacities as directors, officers, agents or employees of such Party or any of its Affiliates which would be reasonably likely to result in any uninsured loss and, which, individually or in the aggregate, could result in any material liability or which could otherwise (individually or in the aggregate) result in any Material Adverse Effect. There is no litigation at law or in equity, or any proceeding before or, to the knowledge of a Party or any of its Affiliates, any investigation by, any foreign, federal, state or municipal board or other governmental or administrative agency or any arbitrator, pending which seeks rescission of, seeks to enjoin the consummation of, or which questions the validity of, this Agreement or any of the transactions contemplated hereby. Neither Party nor any of its Affiliates has received notice of any judgment, decree or order of any foreign, federal, state or municipal court, board or other governmental or administrative agency or any arbitrator which has been issued against it, or any

other Person, which could have any Material Adverse Effect. Neither (i) any attachments, or execution proceedings, nor (ii) any assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other similar proceedings are pending or, to the knowledge of either Party and such Party's Affiliates, threatened against such Party or any of its Affiliates.

6.5. Compliance with Law. To the best of its knowledge, the business and operations of each Party and its Affiliates have been and are being conducted in compliance with all material respects with all applicable laws, ordinances, and rules and regulations of all authorities, and any non-compliance, individually or in the aggregate, would not have a Material Adverse Effect. Except for federal and state laws and regulations that apply commonly to all hospitals in Rhode Island or such other jurisdictions in which the Party or an Affiliate is located or doing business, and except for those matters, if any, expressly reflected in the Financial Statements, neither Party nor any of their Affiliates is subject to any restriction of any kind or character, which may have a Material Adverse Effect. Neither Party nor any of its Affiliates is in receipt of any written notice of any, violation of any law, statute, rule, regulation, judgment, order, decree, permit, concession, franchise or other governmental authorization or approval applicable to it or to any of its properties, except for violations which would not, individually or in the aggregate, reasonably be expected to have or result in a Material Adverse Effect.

6.6. Compliance with Other Instruments. Except as set forth in Schedule 6.6, which shall be completed within sixty (60) days after the execution of this Agreement, neither the execution and delivery of this Agreement, nor the consummation of any of the transactions contemplated hereby, will (a) constitute a breach or a default under any contractual obligation of such Party or any of its Affiliates, (b) result in acceleration in the time for performance of any

obligation of such Party or any of its Affiliates under any contractual obligation, (c) result in the creation of any lien upon any asset of such Party or any of its Affiliates, (d) require any unobtained consent, waiver or amendment to any contractual obligation, (e) give rise to any severance payment, right of termination or any other right or cause of action under any contractual obligation not otherwise waived pursuant to the Waivers, or (f) violate or give rise to a default or any other right or cause of action under any law, except for the events or conditions described in clauses (a) through (e) above which do not and could not individually or in the aggregate, have a Material Adverse Effect. Except (i) for any consents that will be obtained or expressly waived by the Parties on or prior to the Closing Memorandum Date, and (ii) with respect to filings identified in Schedule 6.6, no consent, waiver, approval or authorization of, or filing, registration or qualification with, any governmental or regulatory authority which if not made or obtained could have a Material Adverse Effect is required to be made or obtained by a Party or any of its Affiliates, in connection with the execution, delivery or performance of this Agreement by a Party or any of its Affiliates, as applicable.

6.7. Insurance. Each Party and its Affiliates (i) has insurance contracts in full force and effect, with financially sound and reputable insurers licensed to write insurance in the State of Rhode Island, which insurance contracts provide for coverages that are usual and customary for the risks attending the operations of such Party and its Affiliates as to amount and scope, including, without limitation, professional liability and comprehensive general liability coverage with contractual liability riders for such Party's and its Affiliates' employees, agents, officers, directors and those other individuals normally covered by such insurance, and are such as do not result in such Party and/or its Affiliates being a self-insurer in any respect, individually

or in the aggregate, material to the business, operations, assets, prospects or condition, financial or otherwise of such Party and its Affiliates; and/or (ii) participates in a self-insurance fund or maintains a captive insurance company to provide coverage for the risks described in subparagraph (i) of this Section 6.7, and such self-insurance fund or captive insurance company is funded at levels that are actuarially sound and is organized and operated in accordance with all applicable laws and regulations. Neither Party nor its Affiliates has received notice from any insurance carrier of, or has knowledge of, defects or inadequacies in its property or improvements or any other condition which if not corrected would result in termination of directors and officers, hazard, liability or other insurance coverage or increase in its cost. Each Party and its Affiliates has paid in full all premiums due and owing with respect to its insurance contracts. Except as set forth in Schedule 6.7, which shall be completed within thirty (30) days after the execution of this Agreement, none of the insurance contracts of a Party or its Affiliates shall expire or otherwise terminate as a result of the Affiliation and each insurance policy for each Party and its Affiliates shall remain in full force and effect on and after the Effective Date.

6.8. Tax Status. Except as set forth in Schedule 6.8, which shall be completed at or prior to the execution of this Agreement, each entity identified in Schedule 6.1 is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), or corresponding provisions of prior law, as set forth in a determination letter issued by the Internal Revenue Service and no such letter has been modified, limited, or revoked. Each entity identified in Schedule 6.1 is in compliance with the terms, conditions, and limitations in said letter, and the facts and circumstances that form the basis of such letter, as represented to the Internal Revenue Service continue to substantially exist. No proceedings are

pending with respect to which any entity identified in Schedule 6.1 has been served or threatened in any way contesting or affecting such entity's status as an organization described in Section 501(c)(3) of the Code and as an organization described in Section 509(a)(1), (2) or (3) of the Code, or which would subject any income of such entity to federal income taxation to such an extent as would result in loss of such status. Neither Party nor any of its Affiliates has knowledge of any challenge, investigation or inquiry that the Internal Revenue Service has made regarding its status as an organization described in Section 501(c)(3) of the Code or as an organization described in Section 509(a)(1), (2) or (3) of the Code. None of the foregoing representations are made with respect to any entity listed on Schedule 6.8.

6.9. Title to Assets. Except as set forth in Schedule 6.9, which shall be completed within thirty (30) days after the execution of this Agreement, each Party and each of their Affiliates has good and marketable title to, or in the case of leased or licensed property, have valid leases or licenses under which they enjoy peaceful and undisturbed possession of, all of their properties and assets (whether real or tangible personal), including without limitation all properties and assets reflected in the Financial Statements and Interim Financial Statements of such Party and its Affiliates (except as sold or otherwise disposed of since the date of such Interim Financial Statements in the ordinary course of business and consistent with past practice). Such properties and assets include, without limitation, all material properties and assets used, or necessary for the conduct of, the business of a Party and its Affiliates as now conducted. All such assets and properties, other than assets and properties in which a Party and its Affiliates have leasehold interests from unrelated parties, are free and clear of all liens, except as

specifically described in the Party's or its Affiliate's financial statements or the footnotes thereto and except for minor liens and encumbrances which in the aggregate are not substantial in amount, do not in any case materially detract from the value of the property subject thereto or materially impair the use or operations of a Party or its Affiliates and have not arisen other than in the ordinary course of business. Except as set forth on Schedule 6.9, each Party and its Affiliates has complied in all material respects under all leases to which any of them is a party and under which any of them is in occupancy, and all such leases are in full force and effect.

6.10. Environmental.

6.10.1. Each Party and its Affiliates has been in compliance in all material respects with all applicable environmental laws, except for noncompliance that would not result in a Material Adverse Effect.

6.10.2. Each Party and its Affiliates has obtained, and is and has been in compliance with the conditions of, all environmental Permits required for the continued conduct of their business in the manner now conducted, except for noncompliance that would not result in a Material Adverse Effect.

6.10.3. Each Party and its Affiliates has filed all required applications, notices and other documents necessary to effect the timely renewal or issuance of all environmental Permits for the continued conduct of their business in the manner now conducted.

6.10.4. There are no circumstances or conditions present at or arising out of the present or former assets, properties, leaseholds, businesses or operations of a Party or its

Affiliates, including but not limited to on-site or off-site storage or release of a chemical substance, that may give rise to any environmental liabilities and costs.

6.10.5. Neither Party nor any of its Affiliates nor any of their respective assets, properties, businesses, leaseholds or operations (i) has received or are subject to, or within the past three years have received or been subject to, any order, decree, judgment, complaint, agreement, claim, citation, or notice or (ii) is subject to any judicial or administrative proceeding or, to the knowledge of such Party or any of its Affiliates, any investigation indicating that such Party or any of its Affiliates is or may be: (a) in violation of any environmental law; (b) responsible for the on-site or off-site storage or release of any chemical substance or (c) liable for any environmental liabilities and costs.

6.10.6. Neither Party nor any of its Affiliates has reason to believe that it will become subject to a matter identified in Section 6.10.5; and no investigation or review with respect to such matters is pending or, to the knowledge of such Party or any of its Affiliates, threatened, nor has any governmental authority or, to the knowledge of such Party or its Affiliates, other third party indicated an intention to conduct the same.

6.10.7. Neither Party nor any of its Affiliates is subject to, or as a result of the transactions contemplated by this Agreement would be subject to, the requirements of any environmental laws that require notice, disclosure, cleanup or approval prior to or upon the Effective Date or which would impose liens on the assets or business of such Party or its Affiliates.

6.10.8. Schedule 6.10.8 lists all property presently or within the five (5) years immediately preceding the execution of this Agreement leased, owned, operated or used by each Party or any of its Affiliates and identifies all such property (and the area within that property, if known) that has been used by such Party or any of its Affiliates for the storage, generation, disposal or other management of chemical substances. For purposes of this Section 6.10.8, chemical substances shall not include substances lawfully used for clinical applications or research uses.

6.10.9. Schedule 6.10.9 lists all off-site locations, including, without limitation, commercial waste disposal facilities or municipal landfills, to which or at which chemical substances originating from each Party or any of its Affiliates has been sent for treatment, storage, disposal, reuse, recycling or other management within the five (5) years immediately preceding execution of this Agreement.

6.10.10. Schedule 6.10.10 sets forth a list of all underground storage tanks owned or operated by a Party or any of its Affiliates within the five (5) years immediately preceding execution of this Agreement. Except as disclosed in Schedule 6.10.10, to the knowledge of each Party and its Affiliates, no such tank is leaking or has leaked at any time in the past, and there is no pollution or contamination of the environment caused by or contributed to a release of a chemical substance from any such tank.

6.10.11. Schedule 6.10.11 lists all environmental audits, inspections, assessments, investigations or similar reports in each Party's or any of its Affiliate's possession or of which such Party or its Affiliates have knowledge relating to the current or former

property and business of such Party and its Affiliates or the compliance of same with applicable environmental laws.

6.10.12. Schedules 6.10.8 through 6.10.11 shall be completed within ninety (90) days after the execution of this Agreement.

6.11. Zoning. There are no pending or, to the knowledge of a Party or any of its Affiliates, threatened requests, applications or proceedings to alter or restrict the zoning or other use restrictions applicable to the property of such Party. Neither Party nor any of its Affiliates has received notice from any municipal, state, federal or other governmental authority of legal requirements violations issued in respect of such Party's or its Affiliates' property which have not been heretofore corrected, and no such violations exist which would have a Material Adverse Effect. Neither Party nor any of its Affiliates has been advised or is aware of any plan, study or effort by any governmental agency or authority which would have a Material Adverse Effect on the present use or zoning of the property.

6.12. Labor Relations. Except as has otherwise been or may be disclosed to the other Party during due diligence: (i) neither Party nor its Affiliates is a party to any union or collective bargaining agreement with respect to its employees; (ii) neither Party nor its Affiliates has, within the previous three (3) years, been the subject of any petition or election with respect to unionization of any of its employees; (iii) there is no unfair labor practice complaint against either Party or its Affiliates; (iv) there is no labor strike, dispute, slow down, stoppage, or other material labor difficulty actually pending or threatened against or involving or affecting either Party or its Affiliates; and (c) no representation question exists respecting the employees of either Party or its Affiliates.

### 6.13. Benefits/ERISA.

6.13.1. For purposes of this Section 6.13, the term “plan” means any plan, program, contract, agreement, policy, practice or other arrangement or understanding, whether or not reduced to writing, which CNE or a CNE Affiliate or any Person that would be treated as a single employer with CNE or a CNE Affiliate under the provisions of Sections 414(b), (c), (m) or (o) of the Code (CNE, CNE Affiliates, and such other Persons, or any of them, the “Employer”) currently or within the last six (6) years has sponsored, maintained, contributed to, or has been obligated to contribute to, or under which the Employer pays or has or may have liability for premiums or benefits, and which provides or is intended to provide pension, profit sharing, deferred compensation, bonus, stock purchase, stock option, medical, dental, life insurance, disability, fringe benefits, or other employee benefits of any kind with respect to one or more employees or former employees of the Employer or their dependents or beneficiaries. CNE has delivered or will deliver to Lifespan current, true and complete copies of all plans that have been reduced to writing (together with all amendments and related trust documents, IRS determination letters, correspondence with or notices from the Internal Revenue Service or the Department of Labor, insurance contracts, custodial agreements, administration agreements, investment, management or advisory agreements, summary plan descriptions, and employee handbooks or similar employee communications) and a summary of the material terms of all plans that have not been reduced to writing, and the three (3) most recently filed IRS Form 5500s for each plan for which such filing is due, with schedules attached.

6.13.2. The Employer does not maintain and has never maintained or been required to contribute to a defined benefit pension plan or a plan subject to Title IV of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") or Section 412 of the Code, including any multiemployer plan within the meaning of Section 4001(a)(3) of ERISA, except as set forth in Schedule 6.13.2, which shall be completed at or prior to the execution of this Agreement.

6.13.3. Each of the plans which is intended to be qualified under Section 401(a) or Section 408 of the Code is so qualified; each of the plans which is intended to be described in Section 125, 129 or 403(b) of the Code has satisfied all Code requirements applicable to such plans; each plan, including any associated trust, fund, custodial account or annuity contract, has been administered and maintained in all respects in accordance with the terms of the plan and with applicable law; nothing has occurred with respect to any plan that has subjected or could subject Employer to a penalty under Section 502 of ERISA or to an excise tax under the Code, or that has subjected or could subject any participant in, or beneficiary of a plan to a tax under Code Section 4973; there has been no failure to satisfy applicable minimum funding requirements with respect to any plan; there are no pending or threatened disputes or claims with respect to any plan, other than claims for benefits in the normal course; no plan is the subject of any examination or audit by a government agency or is the subject of any filing under a government-sponsored amnesty, voluntary compliance or similar program; with respect to each plan other than a plan subject to Title IV of ERISA, the current fair market value of the assets of each such plan equals or exceeds the value of all accrued benefits, and with respect to each plan subject to Title IV of ERISA, the current value of the assets of each plan exceeds the

projected benefit obligation of such plan determined on a plan termination basis; no “reportable event” (as that term is defined in Section 4043 of ERISA), other than any such event for which the reporting requirements have been waived by regulation, has occurred; each plan that is intended to be exempt from federal income tax under Section 501(c)(9) of the Code is so exempt; and, except as set forth in Schedule 6.13.3, which shall be completed at or prior to the execution of this Agreement, the Employer has made all contributions and paid all premiums required to have been paid prior to, or otherwise accruing with respect to periods prior to the Effective Date with respect to each plan. Except as specifically described in Schedule 6.13.3, no plan provides for benefits in the nature of medical, life or disability care or insurance following retirement or other termination of employment. Each plan which is a group health plan has at all times been in compliance with the requirements contained in Sections 601 through 608 of ERISA and Sections 104, 105, 106 and 4980B of the Code. No act or omission has occurred with respect to any plan that could give rise, directly or indirectly, to liability under ERISA, (including without limitation the fiduciary liability or prohibited transaction provisions thereof) or under the Code. There is no provision of any plan that would limit the ability of Employer to terminate or amend the plan or, in the case of any such plan subject to Title IV of ERISA, to receive any excess assets remaining in the plan after satisfaction of all liabilities.

6.14. Health Care Compliance. Except as disclosed during due diligence, neither Party nor any of its Affiliates has engaged in any activity which is prohibited under the Federal Medicare and Medicaid Anti-Kickback Statute, 42 U.S.C. § 1320a-7b, or the regulations promulgated thereunder, or related state or local fraud and abuse statutes or regulations including, without limitation: (a) knowingly and willfully making or causing to be made a false

statement or representation of a material fact in any application for any benefit or payment; (b) knowingly and willfully making or causing to be made any false statement or representation of a material fact for use in determining rights to any benefit or payment; (c) failing to disclose knowledge of the occurrence of any event affecting the initial or continued right to any benefit or payment on its own behalf or on behalf of another, with intent to secure such benefit or payment fraudulently; (d) knowingly and willfully soliciting or receiving any remuneration (including any kickback, bribe or rebate), directly or indirectly, overtly or covertly, in cash or in kind or offering to pay such remuneration (i) in return for the furnishing or arranging for the furnishing of any items or service for which payment may be made in whole or in part by Medicare or Medicaid or other federal or state health care program, or (ii) in return for purchasing, leasing, or ordering any good, facility, service, or item for which payment may be made in whole or in part by Medicare or Medicaid or other federal or state health care program; and (e) presenting or causing to be presented a claim for reimbursement of services under Medicare, Medicaid, or other federal or state health care program, which claim is for an item or service that is known or should be known to be (i) not provided as claimed, or (ii) false or fraudulent. Neither Party nor any of its Affiliates has established or maintains a “financial relationship,” as that term is defined by The Ethics in Patient Referrals Act, 42 U.S.C. § 1395nn, and the regulations promulgated thereunder (the “Stark Law”), with any physician or with an immediate family member of any physician who makes referrals to such Party or any of its Affiliates for “designated health services,” as that term is used in the Stark Law, unless such financial relationship or referral, as applicable, meets an exception to the Stark Law.

6.15. Investigations. Except as has been or may be disclosed during due diligence, there are no actions, investigations, or inquiries pending (whether or not any formal written notification or any subpoena has been issued in connection therewith), or to the best knowledge and belief either Party or its Affiliates, threatened, anticipated or contemplated (nor, to the knowledge of either Party or its Affiliates, is there any basis therefor) against or affecting either Party or its Affiliates, before or by any governmental authority or agency, accreditation body or third-party payor (including, without limitation, the Medicare and Medicaid programs and the Office of Inspector General of the United States Department of Health and Human Services) which relate to antitrust matters, billing practices, third-party relationships or any other matter: (i) which could prevent or hinder the consummation of the transactions contemplated by this Agreement or call into question the validity of any action taken or to be taken in connection with the transactions contemplated by this Agreement; or (ii) which in any single case or in the aggregate might have a Material Adverse Effect or result in any material impairment to the right or ability of either Party or its Affiliates to carry on the operations, activities or business of either Party or its Affiliates as now conducted, including, without limitation, participation in the Medicare and Medicaid programs. Neither Party nor its Affiliates has received any warning or notice of decertification, revocation, suspension or termination, or of threatened or potential decertification, revocation, suspension or termination, with respect to the Medicare and Medicaid programs.

6.16. Permits. Each Party and each of its Affiliates possesses all permits, licenses, franchises, easements, authorizations, certificates, accreditations, registrations, provider numbers, assignments, consents, rights and privileges necessary under laws applicable to the

conduct of their business (“Permits”), the nonpossession of which would have a Material Adverse Effect. Except as may be disclosed during due diligence, neither Party nor any of its Affiliates has engaged in any activity which would cause the loss, limitation, restriction, revocation or suspension of any of the Permits; and (b) no action, proceeding, claim or notification with respect to any loss, limitation, restriction, revocation or suspension of any of the Permits is pending or has been commenced or, to the knowledge of such Party, threatened and no notification thereof has been received by such Party or its Affiliates or commenced, except in each case where such loss, limitation, restriction, revocation or suspension would not, alone or in the aggregate, result in a Material Adverse Effect. Except as disclosed during due diligence, the execution and delivery of this Agreement and the consummation of the Affiliation by the Parties shall not limit, restrict, revoke, suspend or terminate, or result in the limitation, loss, restriction, revocation, suspension or termination of, any of the Permits.

6.17. Cost Reports. Each Party and its Affiliates has made available to the other Party true, correct and complete copies of its Medicare cost reports filed for the following years: 2004, 2005, and 2006. The status of all Medicare and Medicaid cost reports of each Party and its Affiliates for the last three (3) cost-reporting years has been disclosed during the due diligence process, and there are no pending appeals, adjustments, challenges, audits, litigation, notice of intent to reopen or open such cost reports.

## 7. Miscellaneous

7.1. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Rhode Island; provided, however, that the conflicts of

laws principles of the State of Rhode Island shall not apply to the extent that they would operate to apply the laws of another jurisdiction.

7.2. Costs. Except for such expenses as may be assumed by Lifespan pursuant to Subsection 4.2 hereof, each Party shall bear its own costs and expenses related to the negotiation and execution of this Agreement and to the implementation of the Affiliation. Notwithstanding the preceding sentence, Lifespan shall coordinate, and shall engage, at Lifespan's sole expense, counsel of its choosing to assist with, the Parties' submission of notifications and report forms pursuant to the HSR, including any submission of materials in response to a Second Request; provided, however, that, if CNE engages its own independent counsel to advise CNE with respect to its obligations under the HSR or any other matter ("CNE Counsel"), CNE shall be solely responsible for the cost of such CNE Counsel.

7.3. Successors; Assignment. This Agreement shall inure to the benefit of, and shall be binding upon, the respective successors and permitted assignees of the Parties, including successors by merger or consolidation or any entity to which all or substantially all of the assets of any Party hereto may be transferred. Except as expressly provided in the preceding sentence, no Party may assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of the other Party.

7.4. Amendment. The provisions of this Agreement may be amended or waived only by a writing executed by each Party.

## 7.5. Confidentiality.

7.5.1. “Confidential Information” shall mean all confidential and proprietary information concerning the business, finances or other affairs of a Party disclosed in any manner, whether orally, visually or in written or other tangible form (including, without limitation, documents, devices and computer readable media) and all copies thereof, whether created by the discloser or recipient, by such Party or by its agents or employees to any other Party prior to the Effective Date and thereafter so long as this Agreement and the Affiliation are in effect. Each disclosing Party shall use reasonable efforts to mark all tangible materials that disclose or embody Confidential Information as “Confidential,” “Proprietary” or the substantial equivalent thereof and to identify Confidential Information that is disclosed orally or visually as confidential at the time of disclosure.

7.5.2. Each Party, including its subsidiaries and Affiliates, and their respective members, directors, officers, employees, medical staff and other agents, agrees to hold in confidence all Confidential Information disclosed to it by the other Party and to limit disclosure of such Confidential Information to only those directors, employees, medical staff members and agents of the receiving Party who have a need to know such Confidential Information for purposes of implementing or carrying out the Affiliation. Each Party will take reasonable measures to ensure that such Confidential Information is not distributed beyond the directors, employees, medical staff members and agents with such a need to know. Each Party shall require all employees, agents and independent contractors who have access to Confidential Information to agree to confidentiality restrictions limiting their use of such Confidential Information to purposes associated with the Affiliation and prohibiting them from disclosing

such Confidential Information to third parties. No Party shall disclose the Confidential Information to any other Person (except as required by law) regardless of a pre-existing relationship or claim of interest in such Confidential Information.

7.5.3. Each Party may use the Confidential Information disclosed to it only for the purpose of implementing and carrying out the Affiliation and may not otherwise use the Confidential Information for its own benefit (or for the benefit of another Person). If the receiving Party is requested or required in a judicial, administrative or governmental proceeding to disclose any Confidential Information, it will notify the disclosing Party as promptly as practicable so that the disclosing Party may either seek an appropriate protective order or waive the provisions of this Agreement. If, in the absence of any protective order or waiver, the receiving Party is, in the written opinion of its counsel, required to disclose Confidential Information in any court or tribunal, or pursuant to compulsory process of a governmental agency or other third party, it may disclose such Confidential Information without liability hereunder.

7.5.4. The obligations of the Parties as recipients of Confidential Information under this Agreement shall not apply to any such information which is generally available to the public or otherwise in the public domain or previously known or available to a Party on a non-confidential basis, other than by virtue of a breach of this Agreement, or which Information is approved for release by written authorization of an authorized officer of the Party whose Confidential Information is to be disclosed.

7.5.5. Should this Agreement terminate prior to the Effective Date, each Party agrees (i) that it shall promptly return to the other Party or, with the permission of the

other Party, destroy all Confidential Information obtained and all notes, memoranda and other material which reflect, interpret, evaluate or are derived from such Confidential Information and (ii) that it will not use such Confidential Information about the other Party in its future decision-making. Notwithstanding the foregoing, the return and destruction provisions of this Section 7.5.5 shall not apply to due diligence analyses or attorney work product containing Confidential Information (the "Exempt Materials"), provided that the Exempt Materials are maintained by the outside counsel of the Party responsible for the generation of the Exempt Materials (and not by such Party itself) for a period of two years following the termination of this Agreement, at which point such Exempt Materials (or a copy thereof) may be disposed of by counsel as directed by its client.

7.5.6. The Parties acknowledge and agree that any breach of the obligations under this Section 7.5 will result in irreparable injury to the Party whose Confidential Information is disclosed and that the Party so injured may seek specific enforcement of the restrictions of this Section 7.5 as well as all rights that it may have at law or in equity in accordance with the provisions of Section 7.9 hereof.

7.5.7. The provisions of this Section 7.5 shall survive the termination of this Agreement for a period of two (2) years, provided, however, that the provisions of this Section 7.5 shall not survive past the Effective Date if the Affiliation is effectuated by the Parties.

7.6. Headings. The headings in this Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning hereof. Each covenant contained herein shall be construed as being independent of each other covenant contained herein, so that

compliance with any one covenant shall not be deemed to excuse compliance with any other covenant.

7.7. Severability. In case any provision in this Agreement shall be determined by a court of competent jurisdiction to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

7.8. Entire Agreement. This Agreement, together with its exhibits and schedules, shall be deemed for all purposes to constitute the entire agreement of the Parties pertaining to the subject matter hereof and supersedes and cancels all prior agreements, whether oral or written, pertaining to the subject matter hereof. Each Party confirms that it is not relying on any representations, warranties or covenants of the other Party except as specifically set out in this Agreement.

7.9. Remedies. The Parties acknowledge and agree that neither CNE nor Lifespan would have adequate remedies in damages alone in the event that the other Party violates this Agreement, and each of CNE and Lifespan therefore agrees that any Party shall be entitled to injunctive relief to prevent a violation of this Agreement, in addition to such Party's rights to damages and all other available rights and remedies. Before either CNE or Lifespan brings legal action against the other Party (the "Defaulting Party") for failure to perform in any material respect any of its obligations under this Agreement, the Party alleging the breach shall first give the Defaulting Party written notice setting forth such failure in reasonable detail and stating that the alleging Party requires such obligation to be performed, and shall give the Defaulting Party the opportunity to perform such obligation in all material respects within sixty

(60) days of its receipt of such notice, or such longer period as is necessary if for reasons outside the control of the Defaulting Party such obligation cannot be performed within such sixty (60) day period, so long as the Defaulting Party is continuing in good faith to use its best efforts to perform such obligation. If any legal action relating to the enforcement of this Agreement is brought by CNE or Lifespan against the other, the prevailing Party shall be entitled to recover its reasonable costs, expenses and attorneys' fees.

7.10. Notices. Any notice hereunder may be given by facsimile transmission, with confirmation of transmission; by hand; by certified mail, return receipt requested; or by overnight delivery service, delivered to the Parties at their respective addresses or facsimile numbers set forth below, or to such other address or facsimile number as either Lifespan or CNE may specify by notice to the other Party.

If to Lifespan:

George A. Vecchione  
President and Chief Executive Officer  
Lifespan Corporation  
167 Point Street  
The Coro Building  
Providence, RI 02903  
Facsimile: (401) 444-8700

with copies to:

Kenneth E. Arnold, Esquire  
Senior Vice President, General Counsel, and Secretary  
Lifespan Corporation  
167 Point Street  
The Coro Building  
Providence, RI 02903  
Facsimile: (401) 444-6206

and

Nancy E. Forbes, Esquire  
Ropes & Gray LLP  
One International Place  
Boston, MA 02110  
Facsimile: (617) 951-7050

If to CNE:

John J. Hynes  
President and Chief Executive Officer  
Care New England Health System  
45 Willard Avenue  
Providence, RI 02905  
Facsimile: (401) 453-7686

with a copy to:

Thomas R. Courage, Esquire  
Senior Vice President and General Counsel  
Care New England Health System  
45 Willard Avenue  
Providence, RI 02905  
Facsimile: (401) 453-7686

and

Stephen J. Carlotti, Esquire  
Hinckley, Allen & Snyder LLP  
50 Kennedy Plaza, Suite 1500  
Providence, RI 02903  
Facsimile: (401) 277-9600

7.11. No Third Party Beneficiaries.

7.11.1. This Agreement is not intended, nor shall it be construed, to confer any enforceable rights on any Person not a Party hereto except as provided in Section 7.11.2 and except that the following CNE Affiliates shall, to the extent described below, be deemed third party beneficiaries of the following provisions of Section 5 hereof and may seek

enforcement of those provisions for Lifespan's substantial noncompliance therewith, but solely in accordance with the dispute resolution process set forth in Section 7.12:

7.11.1.1. Any CNE Hospital Affiliate with respect to Section 5.1.1, Section 5.1.2 and Section 5.1.3;

7.11.1.2. WIH with respect to Section 5.2.1, Section 5.2.2 and Section 5.2.3 and, to the extent that Lifespan's substantial noncompliance involves WIH, Section 5.3.3, Section 5.4, Section 5.5, Section 5.6.2, Section 5.6.3, Section 5.7 and Section 5.9;

7.11.1.3. Butler with respect to Section 5.2.4 and Section 5.2.5 and, to the extent that Lifespan's substantial noncompliance involves Butler, Section 5.3.3, Section 5.4, Section 5.5, Section 5.6.2, Section 5.6.3, Section 5.7 and Section 5.9;

7.11.1.4. Kent with respect to Section 5.2.6, Section 5.2.7, Section 5.2.8 and Section 5.2.9 and, to the extent that Lifespan's substantial noncompliance involves Kent, Section 5.3.3, Section 5.4, Section 5.5, Section 5.6.2, Section 5.6.3, Section 5.7 and Section 5.9;

7.11.1.5. CNE VNA with respect to Section 5.2.10, and, to the extent that Lifespan's substantial noncompliance involves CNE VNA, Section 5.3.3, Section 5.4, Section 5.6.3 and Section 5.9;

7.11.1.6. Any tax-exempt CNE Affiliate with respect to Section 5.3.2 to the extent that any action taken by Lifespan without the approval of the relevant governing body deprives such Affiliate of its control over any of its donor restricted gifts;

7.11.2. Notwithstanding the foregoing, the directors and officers of CNE and the CNE Affiliates shall be deemed third party beneficiaries of Subsection 5.8 hereof.

7.12. Dispute Resolution. In the event of a dispute between a CNE Affiliate and Lifespan related to one of the Sections for which the CNE Affiliate has been designated a third party beneficiary under Section 7.11 (a "Dispute"), the Dispute shall be resolved in the manner and in accordance with the procedures set forth in this Section 7.12.

7.12.1. Notice of a dispute shall be initiated by a written notice delivered to the President and CEO of Lifespan that specifies (i) the relevant section of Section 7.11 under which the CNE Affiliate delivering the notice is a third party beneficiary and (ii) the relevant section of Section 5 that the CNE Affiliate is seeking to enforce (hereinafter, the "Dispute Notice"). Within fourteen (14) days following Lifespan's receipt of the Dispute Notice, or such longer period to which the parties to the Dispute may agree, a meeting shall be convened among

the following individuals: (i) the President and CEO of Lifespan; (ii) the chairman of the Lifespan board of directors (together with the President and CEO of Lifespan, the “Lifespan Representatives”); (iii) the President and CEO of the CNE Affiliate that is the party to the dispute; and (iv) the chairman of the board of directors of the CNE Affiliate that is the party to the dispute (together with the President and CEO of the CNE Affiliate that is a party to the dispute, the “CNE Representatives”). At the meeting, the Lifespan Representatives and the CNE Representatives shall attempt to reach a mutually satisfactory resolution of the Dispute, including a determination of whether Lifespan has substantially complied with the particular section of Section 5 specified in the Dispute Notice and whether the objectives of the CNE Affiliate underlying the particular section in Section 5 can be met just as effectively in an alternate manner, consistent with the standards set forth in Section 5.9.

7.12.2. If the Dispute has not been resolved to the mutual satisfaction of both parties at the meeting referred to in Section 7.12.1, then each of the Lifespan Representatives, on the one hand, and the CNE Representatives, on the other hand, shall appoint an additional two representatives, who may but need not be members of the boards of directors of the two respective entities. The Lifespan Representatives and the CNE Representatives, together with the additional appointees, shall continue to attempt to resolve the Dispute for an additional period of up to sixty (60) days, applying the standards set forth in Section 5.9. At their option, the representatives, by unanimous vote, may select a mediator, an expert with experience relevant to the matter or any other person, to assist them in resolving the dispute.

7.12.3. If the Dispute has not been resolved to the mutual satisfaction of both parties by the end of the additional sixty (60) day time period specified in Section 7.12.2,

then either party to the Dispute may, within sixty (60) days thereafter, submit the Dispute to binding arbitration conducted by either the American Health Lawyers Association ADR Service ("AHLA") or the American Arbitration Association ("AAA"), as specified in the Arbitration Notice, and in accordance with the following rules and procedures:

7.12.3.1. Either entity may commence arbitration by giving written notice to the other party demanding arbitration (the "Arbitration Notice") within the sixty (60) day period specified in Section 7.12.3 above. The Arbitration Notice shall include a copy of the Dispute Notice and shall specify the particular claims relevant to the issue of whether Lifespan is in substantial compliance with the relevant section of Section 5, and the factual basis in support of such claims.

7.12.3.2. The arbitration shall be conducted in the State of Rhode Island or, if the parties each agree in Massachusetts, in accordance with the commercial arbitration rules and procedures of AAA or the rules and procedures of the AHLA, as the case may be, to the extent such rules and procedures are not inconsistent with the provisions set forth in this Section 7.12. In the event of a conflict between any

such rules and procedures and the rules and procedures set forth in this Section 7.12, the rules and procedures set forth in this Section 7.12 shall govern.

7.12.3.3. The arbitration shall be conducted before a single arbitrator with experience in the matter at issue who is a member of the AAA panel of arbitrators covering the State of Rhode Island or a member of the AHLA panel of neutrals, as the case may be, (the "Arbitrator Panel"). The parties to the Dispute shall use their good faith efforts to agree upon a mutually acceptable arbitrator within thirty (30) days after delivery of the Arbitration Notice. If the parties to the Dispute are unable to agree upon a mutually acceptable arbitrator within such time period, then each entities shall select one arbitrator from the Arbitrator Panel, and such arbitrators shall select a single arbitrator from the Arbitrator Panel to serve as arbitrator of the Dispute.

7.12.3.4. The award or decision of the arbitrator shall be final and binding upon the parties to the Dispute.

7.12.3.5. The fees and costs of AAA or the AHLA, as the case may be, and the arbitrator, including any costs and expenses incurred by the arbitrator in connection with the arbitration, shall be borne equally by the parties to the Dispute, unless otherwise agreed to by the parties to the Dispute.

7.12.3.6. Each party to the Dispute shall be responsible for the costs and expenses incurred by such entity in connection with the arbitration, including its own attorney's fees and costs; provided, however, that the arbitrator shall require the claiming party to pay the costs and expenses of the other party, including attorneys' fees and costs and the fees and costs of experts and consultants, incurred in connection with the arbitration if the arbitrator determines that the claims and/or causes of action brought by the party submitting the Arbitration Notice were frivolous and without reasonable foundation.

7.12.4. In the event that neither of the parties to the Dispute has submitted the Dispute to binding arbitration pursuant to Section 7.12.3 by the deadline specified therein, then the Dispute shall be deemed resolved and neither party to the Dispute shall have

any further rights or causes of action with regard to the underlying claims raised in the Dispute Notice.

7.12.5. The proceedings conducted pursuant to this Section 7.12 shall be private and attended only by the parties to the dispute, their duly appointed representatives (including legal counsel), any experts or mediators the parties mutually agree to involve pursuant to Section 7.12.2, the arbitrator and any necessary witnesses either party elects to call, and all materials produced in connection therewith, testimony provided and findings made shall to the fullest extent permitted by law be and remain confidential.

7.13. Counterparts. This Agreement may be executed in any number of counterparts and by the Parties on separate counterparts, but all such counterparts shall together constitute but one and the same instrument.

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective, duly authorized officers as of the date first above written.

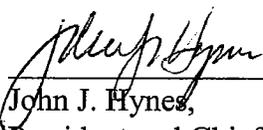
**Witness**

  
\_\_\_\_\_  
George A. Vecchione,  
President and Chief Executive Officer

LIFESPAN CORPORATION

By:   
\_\_\_\_\_  
Name:  
Its Chairperson

**Witness**

  
\_\_\_\_\_  
John J. Hynes,  
President and Chief Executive Officer

CARE NEW ENGLAND HEALTH SYSTEM

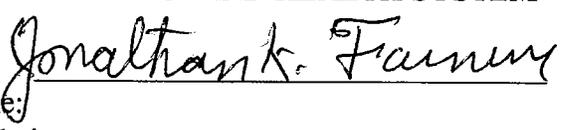
By:   
\_\_\_\_\_  
Name:  
Its Chairperson

Exhibit 3.1  
Bylaw Amendments

1. The purpose clause shall be amended to include the following:

“and to promote the charitable, scientific and educational purposes of the Member (as defined herein) and each of the corporations and other entities that may be directly or indirectly affiliated with the Member from time to time, including Lifespan Corporation and all of its affiliates.”

2. Lifespan shall become the sole member of CNE and provisions in the Bylaws of CNE Affiliates relating to individual members, if any, shall be eliminated. In lieu of individual members or “corporators”, the Bylaws, at the election of the CNE Affiliate, may provide for an oversight or advisory function for those individuals previously serving as individual members or “corporators”.
3. The substitution of the following provisions (revised as appropriate to reflect the organizational documents of CNE or the CNE Affiliate, as applicable) for provisions relating to the powers of the sole Member or Corporate Member and meetings of the Member(s):

“Section 1. Powers and Duties. In addition to its other responsibilities established by law, the Act of Incorporation and these by-laws, the Member shall have the following reserved powers with respect to the Corporation and any entity that directly or indirectly through one or more intermediaries, is controlled by the Corporation:

A. To authorize: (i) the amendment and restatement of the articles of incorporation or other charter documents and Bylaws of the Corporation; (ii) the merger or consolidation of the Corporation with any other entity; (iii) the sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the property and assets of such Corporation; and (iv) the voluntary dissolution of the Corporation, the plan of distribution of assets upon dissolution and revocation of voluntary dissolution proceedings;

B. To approve: (i) the Corporation’s strategic plans; and (ii) proposed changes to its mission statement;

C. To approve the Corporation’s (i) capital budgets, (ii) operating budgets, and (iii) non-budgeted material expenditures (as “material” is established by the Member’s Board of Directors from time to time);

D. To monitor the delivery of services by the Corporation, which includes the power to (i) evaluate plans for new services and opportunities, (ii) evaluate the establishment by the Corporation of a new or additional location for the delivery of health care services, (iii) receive and assess comparable data relevant to the quality of services in the region among

the Corporation and other Lifespan affiliates, (iv) monitor the health status indicators of the population served by the Corporation, (v) evaluate the appropriateness of adding or discontinuing services of the Corporation, (vi) monitor the Corporation's relationships with affiliated educational institutions and (vii) monitor the filing with regulatory authorities by the Corporation of any application for a Certificate of Need or any long and short range plans;

E. To authorize the Corporation's participation in a joint venture, consolidation, network, association, system or alliance of health care providers;

F. To authorize the Corporation's organization or formation of a new subsidiary or joint venture in which the Corporation's ownership interest will be equal to or exceed fifty percent (50%) of the net income of or voting interest in such subsidiary or joint venture;

G. To authorize the Corporation's incurrence or guarantee of material indebtedness to any other person or entity (as "material" is established by the Member's Board of Directors from time to time) and the granting of any mortgage, pledge or grant of security interest in property or assets of a hospital or related entity in connection with any such indebtedness;

H. To approve the Corporation's investment policies;

I. To elect or approve and to remove the chair, vice-chair, secretary and treasurer and members of the Board of Trustees, and to approve all appointments to the Executive Committee;

J. To plan, direct and establish policy to assure the development and delivery of quality health services, professional education and research by the Corporation on an integrated, cost-effective basis with each other organization directly or indirectly owned or controlled by the Member from time to time;

K. To establish and maintain accounting policies for the Corporation, to appoint its outside auditors, and to exercise general oversight responsibility for the financial affairs of the Corporation;

L. To negotiate, develop and approve all managed care products for the Corporation, provided the reimbursement rates contained in such products are consistent with the operating budget of the Corporation then in effect;

M. To negotiate, develop and approve affiliation agreements for education and research between Brown University School of Medicine or other academic institutions and the Corporation;

N. To develop and approve human resource plans for the Corporation, including executive compensation and benefit plans; and

O. To approve any petition to the Rhode Island General Assembly for any reason;

P. To authorize any vote by the Corporation of its capital stock or membership voting rights in any and all of its subsidiaries or affiliates with respect to any of the foregoing.

Section 2. Direction and Control of Disposition of Donor-Restricted Funds.

Notwithstanding any provision hereof having application to the contrary, the disposition of the donor-restricted assets of the Corporation shall remain at all times under the exclusive direction and control of the Corporation's Board of Trustees.

Section 3. Special Meetings. A special meeting of the Member, for any purpose or purposes, may be called by the Corporation's Chair or President, or by the Member's chair or president.

Section 4. Notice of Meetings. Written notice of each annual or special meeting stating the place, day and hour of the meeting (and the purpose or purposes of any special meeting) will be given by or at the direction of the Chair, the President, the Secretary or the person or persons calling the meeting to the Member not less than ten nor more than sixty days before the meeting.

Section 5. Voting; Exercise of Reserved Powers. At any annual or special meeting of the Member, only the Member shall be entitled to vote. The Member may vote through its president or other duly authorized officer either in person or by written proxy dated not more than three months before the meeting and filed with the Secretary. Any or all of the powers of the Member described in Section 1 or otherwise may be discharged by the Board of Directors of the Member or by one or more of the following bodies or individuals designated by the Member: a committee of the directors of the Member, a committee of senior management of the Member, provided that at least one director of the Member shall serve on any such committee, the president of the Member or another duly authorized officer.

Section 6. Consent Votes. Any action requiring or permitted to be taken at a meeting of the Member may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by the Member and such consent is filed with the records of the meetings of the Corporation. Any such consent shall be treated for all purposes as a vote at a meeting.”

4. The Bylaws of each CNE Affiliate shall be amended, as necessary, to provide for the following:
  - The Chair and the President of the Member (or their respective designees) shall each serve as ex officio members of the Board of Trustees/Directors, without vote.
  - The Member shall elect all Trustees/Directors (excluding Trustees/Directors who serve ex officio) and shall fill all vacancies for Trustees/Directors, provided, however, that at the election of the Corporation, the Board of Trustees/Directors or

Governance and Nominating Committee may nominate Trustees/Directors to the Member.

- The Member may remove any elected Trustee/Director from office at any time, with or without cause.
- The Member shall have the power to approve or deny all appointments to the Executive Committee (if any).
- Any conflict of interest transactions among trustees, officers, members of the Medical Staff or employees of the Corporation shall be approved by those Trustees not having a personal financial interest with respect to the matter in question, and notice of the potential conflict of interest shall be reported to the Member.
- The investment funds of the Corporation shall be maintained in Lifespan Corporation's pooled investment account on the same terms and conditions as are applied to Lifespan Corporation's other affiliates.
- The President of the Member shall have the power to appoint and remove the President of the Corporation at any time, with or without cause.

5. The Bylaws of CNE Affiliate shall be amended to provide for the following:

- The composition of the CNE Board of Directors shall be identical to the then-current composition of the Lifespan Corporation Board of Directors.
- The officers of CNE shall be identical to the then-current officers of Lifespan Corporation.

6. The amendment provision of the Bylaws shall be amended in its entirety as follows:

“These Bylaws may be altered or amended and any additions to them may be made by the Board of Trustees at any meeting thereof, provided that such alteration or amendment or addition to these Bylaws must first be authorized by the Member, as provided in Section [1 of the reserved powers], and the notice the meeting at which such alteration, amendment or addition will be made must specify that a change in the Bylaws will be considered.”

Appropriate changes to terminology (e.g., “directors” for “trustees”) to conform the language to the terminology in the subject Bylaws.

Exhibit 3.17(a)  
Opinion of Hinckley, Allen & Snyder LLP

[To be added.]

Exhibit 3.17(b)  
Opinion of Ropes & Gray LLP

[To be added.]

Schedule 6.1  
Lifespan and Care New England Affiliates

CNE Affiliates:

Butler Hospital  
Duncan Lodge, LLC  
CNE Wellness Centers, LLC  
Kent County Memorial Hospital  
Toll Gate Indemnity Ltd.  
Kent Hospital Foundation  
Kent Ancillary Services, LLC  
Kent County Visiting Nurse Association d/b/a VNA of Care New England  
Healthtouch, Inc.  
Women & Infants Corporation  
Women & Infants Hospital  
W&I Indemnity Ltd.  
WIH Faculty Physicians Inc.  
W&I Ancillary Services, LLC  
Women & Infants Development Foundation  
Palomar Group Inc.

Lifespan Affiliates:

Rhode Island Hospital  
The Miriam Hospital  
Emma Pendleton Bradley Hospital  
Lifespan Diversified Services, Inc.  
VNA Technicare, Inc.  
Lifespan Foundation  
Rhode Island Hospital Foundation  
The Miriam Hospital Foundation  
Bradley Hospital Foundation  
Hospital Properties  
RIH Ventures  
Newport Healthcare Corporation  
Newport Hospital  
Newport Hospital Foundation, Inc.  
Newport Health Property Management, Inc.  
NHCC Medical Associates, Inc.  
Lifespan MSO, Inc.  
Lifespan Risk Services, Inc.  
RISE Bermuda Corporation  
Health Ventures, Inc.  
Lifespan of Massachusetts

Schedule 6.6  
Necessary Regulatory Approvals and Potential Adverse Events

[To be added.]

Schedule 6.7  
Insurance Contracts

[To be added.]

Schedule 6.8  
Non-Tax Exempt Affiliates

Non-Tax Exempt CNE Affiliates:

Duncan Lodge, LLC  
CNE Wellness Centers, LLC  
Toll Gate Indemnity Ltd.  
Kent Ancillary Services, LLC  
W&I Indemnity Ltd.  
WIH Faculty Physicians Inc.  
W&I Ancillary Services, LLC

Non-Tax Exempt Lifespan Affiliates:

VNA Technicare, Inc.  
Lifespan Risk Services, Inc.  
RISE Bermuda Corporation  
Health Ventures, Inc.

Schedule 6.9  
Certain Assets

[To be added.]

Schedule 6.10.8  
Property/Chemical Substances

[To be added.]

Schedule 6.10.9  
Locations for Management of Chemical Substances

[To be added.]

Schedule 6.10.10  
Underground Storage Tanks

[To be added.]

Schedule 6.10.11  
Environmental Reports

[To be added.]

Schedule 6.13.2  
Defined Benefit Plans

Defined benefit pension plans are maintained by Care New England Health System and by VNA of Care New England.

In addition, Kent Hospital sponsors two unfunded defined benefit postretirement plans that cover both salaried and nonsalaried employees. One plan provides medical and dental benefits, and the other provides for payment of life insurance premiums. The postretirement health care plan is noncontributory.

Schedule 6.13.3

Defined Benefit Plans: Due and Unpaid Contributions/Premiums

None.