

## AFFILIATION AGREEMENT

THIS AFFILIATION AGREEMENT (this “Agreement”) is made this 29<sup>th</sup> date of June, 2016 by and among CMC Healthcare System, a New Hampshire voluntary corporation with a principal place of business at 100 McGregor Street, Manchester, New Hampshire 03102 (“CMCHS”), Catholic Medical Center, a New Hampshire voluntary corporation with a principal place of business at 100 McGregor Street, Manchester, New Hampshire 03102 (“CMC”), Monadnock Community Hospital, a New Hampshire voluntary corporation with a principal place of business at 452 Old Street Road, Peterborough, New Hampshire 03458 (“MCH”) and Huggins Hospital, a New Hampshire voluntary corporation with a principal place of business at 240 South Main Street, Wolfeboro, New Hampshire 03894 (“HH”) (CMC, MCH and HH are also referred to herein individually as a “Hospital” and collectively referred to herein as the “Hospitals”). All capitalized terms used in this Agreement shall have the respective meanings ascribed to them in Exhibit A of this Agreement.

### RECITALS

WHEREAS, CMC is a licensed acute care, three hundred thirty (330) bed hospital which provides full medical-surgical care to the Greater Manchester community, such care including more than twenty-five (25) subspecialties, comprehensive orthopedic care, inpatient and outpatient rehabilitation services, a twenty-four (24) hour emergency department, outpatient behavioral health services and diagnostic imaging;

WHEREAS, CMCHS is currently the sole member of CMC, serving as the public juridic person of diocesan right under Canon Law of the Roman Catholic Church and is responsible for assuring that CMC operates in adherence to the Ethical and Religious Directives for Catholic Health Care Services as adopted by the United States Conference of Catholic Bishops (“ERDs”) and is subject to certain powers reserved to the Roman Catholic Bishop of Manchester (the “Bishop”);

WHEREAS, MCH is a licensed acute care, twenty-five (25) bed, Critical Access Hospital (“CAH”) which provides inpatient and outpatient medical services, emergency care, ambulatory care and primary and specialty care services to individuals of the Town of Peterborough and its surrounding communities;

WHEREAS, HH is a licensed acute care, twenty-five (25) bed, CAH which provides inpatient and outpatient medical services, emergency care, ambulatory care and primary and specialty care services to individuals of the Town of Wolfeboro and its surrounding communities;

WHEREAS, each of the Hospitals are recognized as Section 501(c)(3) tax-exempt charitable organizations pursuant to the Internal Revenue Code of 1986, as amended (the “Code”);

*CONFIDENTIAL: PRIVILEGED COMMON INTEREST MATERIALS*

*Execution Version*

WHEREAS, the Hospitals share a common and unifying charitable mission to promote and improve the delivery of health care and the health care status of the communities that they serve by providing access to high quality, affordable health care and health care-related services;

WHEREAS, consistent with those shared values, the Hospitals have existing collaborations, which have included clinical affiliations between CMC and HH to provide cardiology, vascular and transfer center services and clinical affiliations between CMC and MCH to provide cardiology, vascular, hospitalists, laboratory, neurology and transfer center services;

WHEREAS, because of their long-standing successful relationships and collaborative experiences and in recognition of their continued shared charitable missions and the opportunity to enhance health care quality, access, efficiency and cost-effectiveness for their communities, MCH and HH intend to form a new common parent organization which will subsequently admit CMC to enable the Hospitals to participate in a more integrated healthcare delivery system (the "System");

WHEREAS, the Hospitals are committed to developing the System recognizing that having member hospital organizations provides greater opportunities for integration and for supporting, enhancing, and expanding the breadth, depth, and quality of services available to improve the health status of the communities served by the Hospitals;

WHEREAS, in furtherance of this desire, CMC and HH entered into a letter of intent dated November 19, 2015 and CMC and MCH entered into a letter of intent dated January 20, 2016 (the "Letters of Intent"), both of which are substantially similar and set forth the conditions, key components and structural framework for the System;

WHEREAS, in accordance with the Letters of Intent, the Hospitals have considered the spectrum of available collaborative options and have analyzed and negotiated the issues involved in creating the System which could further their mutual interests and respective charitable missions, and better address the health care needs of their respective communities including, but not limited to, structuring the System to maintain and preserve their respective identities and traditions;

WHEREAS, the Hospitals now desire to set forth the full and complete terms, conditions and steps necessary to form the System and govern the Hospitals' relationship within the System (the "Affiliation").

NOW, THEREFORE, in consideration of the premises and mutual agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Hospitals agree as follows:

1. Statement of Purpose and Mutual Vision. To help regulatory authorities and the general public understand the Affiliation, the Hospitals declare the following purposes and shared vision of what they expect from the Affiliation.

1.1 Furtherance of Compatible Charitable Missions. The Hospitals seek to enhance their ability to further their charitable missions to enhance the health of individuals in the communities they serve in the rapidly changing healthcare services environment. Based on the Hospitals' successful experiences with various degrees of clinical affiliations between them, the Hospitals believe that their missions to service the needs of their communities will be better achieved by creating the System.

1.2 Ensure Long-term Organizational Sustainability. The Hospitals intend to work effectively to maintain strong community ties and improve the quality of care and breadth of services delivered to their respective communities through sharing of knowledge and best practices and achieving economies of scale and scope. The Affiliation will enable the Hospitals to expand the continuum of care in each of their communities through formalized relationships with providers for pre- and post-acute care as the Hospitals move from volume to value-based reimbursement.

1.3 Integration and Collaboration of Care. The Hospitals intend to further integrate clinical services and quality improvement efforts throughout their respective communities by appropriately aligning and promoting collaboration among their respective physicians and other healthcare providers, and coordinating care and the allocation of resources. The resulting system optimization will improve the coordination, quality and value of primary and specialty care services in the Hospitals' communities.

1.4 Focus on Local Board Initiation. The Hospitals envision that the Boards of Trustees of MCH and HH and the Board of Directors of CMC, as distinct fiduciary bodies, will continue to initiate clinical and strategic planning initiatives pertaining to local care and operational decisions relating to the necessary and beneficial healthcare services for each of their communities, while respecting the overall strategic directives and Reserved Powers (as defined in Section 3.7 of this Agreement) of the System Parent.

1.5 Advancing and Supporting Information Technology. The Hospitals intend to enhance access to accurate, useable and relevant information technology support, capital, training, equipment and software as well as access to data vendors. The Affiliation will facilitate the participation in and implementation of a system-wide information technology platform to achieve a seamless transfer of data across the System.

1.6 Developing Excellence in Population Health Management. The Hospitals intend to create a strategic relationship to enhance their joint population health management capabilities, including participation in healthcare networks, site of service plans, accountable care organizations ("ACOs") and other advanced forms of delivery and population health management. CMC, directly or through the System Parent, intends, to the extent permissible by law and the terms of such arrangements, invite MCH and HH to participate fully (i.e., in the same capacity, if possible, as CMC) in the various ACO or risk-sharing arrangements or joint ventures to which CMC or its Affiliates are a party. These forms of collaboration and innovation are expected to enhance access, quality, safety and effectiveness of health care while lowering the costs of healthcare delivery.

1.7 Achieving and Maintaining Appropriate Specialty Services. The Affiliation will enable the Hospitals to build upon existing clinical relationships, provide enhancements and improvements to existing services and add new services as necessary to meet the long-term needs of each Hospital's community. This will include development of telehealth capabilities to provide local populations greater access to the highest quality of care.

1.8 Assuring Sufficient Financial Capacity. The Affiliation will facilitate the development of strategies and options to enhance the Hospitals' access to the capital required to provide necessary healthcare services in the community, including investments in expansion of primary and specialty care and new service lines, subject to good financial stewardship of the System and respecting the overall strategic directives and Reserved Powers (as defined in Section 3.7 of this Agreement) of the System.

2. Guiding Principles. The Hospitals understand that their relationship will not be static, but instead will evolve with changing patient needs, innovations in healthcare delivery and payment models, and improvements in medical care and hospital and provider administration. The Hospitals also acknowledge that not all circumstances and decisions which the System will have to address can be anticipated or addressed fully in a written agreement. The following principles will help guide the evolution of the Hospitals' relationship and the operation of the System so that together, the Hospitals will create a sustainable healthcare system that is committed to improving population health, improving quality care and patient experience, increasing value and creating or participating in new payment models to improve access to care and lower cost, for the benefit of the communities served by the Hospitals.

2.1 Commitment to Charitable Mission, Identity and Community Needs. The Hospitals acknowledge the compatibility of their charitable missions, and those of their subsidiaries and affiliates, and no Hospital will be required to take any action that would be inconsistent with or contravene its charitable mission. The System is designed to result in a patient focused culture consistent with the Hospitals' identities and values that will be operated efficiently and effectively to meet the needs of the communities that the Hospitals serve.

2.2 Commitment to Integration and Value-based Care. Through significant governance, clinical, financial and administrative integration within the System, consistent with Sections 2.1 and 3.7 of this Agreement, the Hospitals seek to provide access to the highest quality of healthcare in an efficient and cost effective manner.

2.3 Commitment to Growth of the System and Future Collaboration. The Hospitals recognize, respect and acknowledge the need for the System to maintain relationships and seek additional collaborations to achieve economies of scale and enhance access to quality healthcare in an efficient and cost-effective manner for patients in the Hospitals' Service Areas. Future collaborations shall be consistent with the stated vision and principles of the System and its strategic plan as approved by the System Parent Board of Trustees and compatible with the System's focus on local decision-making.

2.4 Principles Underlying the Provision of Healthcare Services. In providing healthcare services, the Hospitals are committed to observing the following principles:

2.4.1 Maintaining the Core Services necessary to maintain the CAH status of MCH and HH;

2.4.2 Maintaining and enhancing access to existing healthcare services while meeting or exceeding industry standards of quality and sustainability;

2.4.3 Observing the inherent dignity of all patients and respect for each Hospital's core values and identity;

2.4.4 Promoting and maintaining good health through education, wellness preventative measures, and high quality clinical outcomes;

2.4.5 Improving value and meeting local community needs, including the needs of the poor and vulnerable;

2.4.6 Advancing the knowledge and training of healthcare professionals and enhancing System physician recruitment and retention; and

2.4.7 Accounting for system-wide objectives, strategic planning and maximization of the System synergies created by the Affiliation.

2.5 Commitment to Charitable Assets. The Hospitals agree that their respective Restricted Assets (defined below) shall remain under their exclusive control for the furtherance of their charitable missions in accordance with such restrictions. The Hospitals further agree that the Pre-affiliation Assets (defined below) of each Hospital will remain dedicated to the respective patient population served by such Hospital, and the expenditure of which will be determined solely by each Hospital's Board subject to the provisions of Section 3.9.3 below.

3. General Description of the Affiliation Structure and Governance System. The Affiliation involves the formation of a New Hampshire voluntary corporation which shall serve as a member of the Hospitals and which will have certain enumerated reserved powers (the "System Parent"). MCH and HH shall form the System Parent and amend their organizational documents to identify the System Parent as the sole member of each of them as set forth in Section 4 of this Agreement. CMC shall join the System as set forth in Section 4 of this Agreement and amend its organizational documents to identify the System Parent as one (1) of its two (2) co-members with CMCHS. The System Parent shall take all actions necessary to be recognized as exempt from federal income tax pursuant to Section 501(c)(3) of the Code and to qualify for public charity status as a supporting organization pursuant to Section 509(a)(3) of the Code.

3.1 Name of the System Parent and Each of the Hospitals. The name of the System Parent shall be "GraniteOne Health" or such other name as shall be mutually agreed upon by the Hospitals. CMC, MCH and HH will each preserve the use of their respective names on all health care facilities but may include a statement identifying the Affiliation with the

System. If a new hospital becomes affiliated with the System with equal or greater representation on the System Parent Board of Trustees, or if the System Parent enters a member substitution transaction, then the System Parent will ensure that the name or good will of such new entity is made available for the benefit of the System and its affiliated members.

3.2 The System Parent Board of Trustees. The System Parent shall be governed by a Board of Trustees comprised of thirteen (13) total Trustees. Seven (7) Trustees shall be appointed by the Board of Directors of CMC, one (1) Trustee shall be appointed by the Board of Trustees of MCH, and one (1) Trustee shall be appointed by the Board of Trustees of HH. In addition to the Hospitals' appointed Trustees, the CEO of the System Parent or his or her designee, the CEO of CMC or his or her designee, the CEO of MCH or his or her designee and the CEO of HH or his or her designee shall each serve as ex-officio, full voting members of the System Parent Board of Trustees. All actions of the System Parent Board of Trustees will be made by a majority vote of its members attending the noticed meeting or participating by telephone or video conferencing at which a quorum is present or available by phone or video. A quorum shall be a simple majority of the Board.

3.3 Selection of System Board of Trustees and Additions to the System. The System Parent Board of Trustee positions shall be filled by individuals qualified by the criteria described on Schedule 3.3(a) of this Agreement, which the Hospitals agree are important factors in maintaining a strong and effective governing Board. The Hospitals hereby agree that the initial Trustees of the System Parent Board shall be those individuals identified on Schedule 3.3(b) of this Agreement. The Hospitals recognize that additional hospital members with compatible values, including a commitment to delivering high quality services, and a tradition of focusing on the needs of its community, adds clinical, administrative, and financial strength to the System and expands the population base to receive more integrated, cost-effective, high quality care. Accordingly, the Hospitals acknowledge that other hospitals and healthcare providers may be added to the System in the future. The System Parent will involve the Hospitals in the identification and development of such relationships, and the decision to admit a new hospital or healthcare provider to the System and the terms upon which such admission will be made shall be made by the System Parent Board of Trustees. In the event that another hospital joins the System by accepting the System Parent as its member through a membership substitution, the Hospitals recognize that the System Parent Board of Trustees composition as set forth in Section 3.2 and this Section 3.3(b) may require adjustment. Such adjustments will be negotiated in good faith and be reflected in the resulting affiliation agreement with such new hospital and the governing documents of the System Parent. However, any CAH admitted to the System shall have no greater board representation or management role or be subject to less comprehensive reserved powers than MCH and HH. In addition, the Hospitals recognize that representation on the System Parent Board of Trustees is expected to be proportional to the relative scope of services and revenues of each Hospital but that notwithstanding any such calculation each Hospital shall be entitled, at a minimum, to retain representation of at least one (1) voting Trustee it appoints to the System Parent Board of Trustees and the participation on the System Parent Board of Trustees of its CEO as a non-voting Trustee.

3.4 Scope of the System Parent Board of Trustees. The charitable purposes of the System Parent shall be accomplished in part through its Board of Trustees, which shall be

responsible for providing strategic planning leadership, direction and oversight for the System. In this regard, the role of the System Parent Board of Trustees shall include the following activities:

3.4.1 Oversee the charitable mission of the System Parent;

3.4.2 Oversee the performance of the System Parent CEO;

3.4.3 Develop and oversee implementation of the System strategy, including a population health strategy for the System;

3.4.4 Collaborate with the Hospitals, their Boards and other stakeholders of the System to accomplish strategic objectives;

3.4.5 Assess opportunities and risks facing the System and identify options and recommend strategies to capitalize on opportunities and minimize risks;

3.4.6 Oversee the implementation of performance metrics; and

3.4.7 Exercise the Reserved Powers set forth in Section 3.9 of this Agreement and such other rights set forth in this Agreement as the System Parent holds as the member of MCH and HH and the co-member of CMC.

3.5 Role of the System Parent Management. The System Parent shall provide management and other services to the Hospitals; however, the System Parent management shall initially be limited. The Hospitals' existing administrative officers and supporting staff will continue with their existing reporting relationships within each Hospital remaining intact. The Hospitals shall provide management and administrative services to the System Parent using existing personnel whose time shall be charged to the System Parent at the actual prorated cost of salary and benefits to the Hospital for the time its employees spend providing the services. Such cost allocation shall be no greater than standards in the industry for such services. The Hospitals shall review and approve such costs and contribute funds to the System Parent to pay for these costs based on an allocation consistent with a measure of the size and service utilization of the Hospitals relative to each other. The Hospitals agree that these services may develop over time. The System Parent shall have those executive management officers deemed appropriate by the System Parent Board of Trustees. The System Parent executives will manage, develop and assist with the execution of the Board of Trustees' strategic direction of the System. Initially, the Hospitals agree that the System Parent will have a Chief Executive Officer of the System (the "System CEO") who shall be charged with the responsibility for executive management of the System. The System CEO shall be accountable for the execution of the development of the System, keep the System Parent Board of Trustees educated and informed of healthcare issues impacting the System, recommend goals and policies for the System, and shall have the responsibility for major programs and services in the System as approved by the Board. Any System CEO may become an employee of one of the Hospitals, subject, however, to the discretion of the System Parent Board of Trustees in its authority to retain the individual as the System CEO. The Hospitals may terminate its employment arrangement with the System

CEO as his or her roles as Hospital CEO, subject to the System Parent Board of Trustees to in its discretion retain the individual as the System CEO. The initial System CEO shall be Joseph Pepe, M.D. ("Dr. Pepe"). The System Parent Board of Trustees shall oversee the System CEO, and he or she shall serve in that capacity at the pleasure of the System Parent Board of Trustees.

3.6 Role of the CEOs of CMC, MCH and HH. The CEOs of CMC, MCH and HH will continue to serve in such capacities after the Affiliation Date. Integration and development of the System will require accountability of each Hospital CEO for the application and implementation of the strategic plan and initiatives of the System Parent at their respective Hospitals. In an effort to ensure consistency in policies, best practices and execution of the strategic direction of the System as well as establishing accountability with respect to System-wide initiatives and optimization, but recognizing each Hospital CEO's primary fiduciary duty to the local Hospital, each Hospital CEO will have accountability as follows: (a) to his or her Hospital Board with respect to the management of the Hospital; and (b) to the System Parent Board of Trustees through the System CEO with respect to the management, resolution and execution of System related issues, execution of System initiatives and actions necessary to have System optimization. The accountability to the System Parent shall be through annual performance evaluations by the System CEO of the Hospital CEOs which shall be considered by each Hospital Board for purposes of determining its Hospital CEO's compensation. The System CEO's evaluation of a Hospital CEO will focus on the Hospital CEO's efforts and ability to effectively execute System-wide initiatives and the strategic plans of the System. Each Hospital Board shall account for the System CEO's evaluation of the Hospital CEO as a factor of the Hospital CEO's compensation pursuant to an executive compensation policy. The executive compensation policy will be developed through a collaborative process between the System Parent and the Hospitals prior to the Affiliation Date. If the System CEO is also the CEO of a Hospital – as will be the case with the Initial System CEO – then the same performance evaluation of that CEO's execution of System-wide initiatives and strategic plans at his or her Hospital will be performed by the Chairperson of the System Parent Board of Trustees. The System CEO's evaluation of the Hospital CEO may include a recommendation of removal of the Hospital CEO to the applicable Hospital Board. The power to terminate a Hospital CEO, however, will remain with the Hospital Board of Trustees exercising its fiduciary duty to the Hospital pursuant to Section 3.8.5. Notwithstanding the retention of this power, the Hospital Board of Trustees agrees that the Board will follow the process for removal pursuant to Section 3.9.3.4 of this Agreement.

3.7 Retention of Identity and Respect for CMC's Core Values. The Hospitals acknowledge that CMC is a Catholic organization that adheres to the ERDs. The System Parent can never require CMC to engage in any action contrary to the ERDs. Having been created by a non-Catholic organization with the Reserved Powers defined prior to becoming a co-member of CMC, and because CMC appoints the majority of its Board of Trustees, the System Parent shall not have the power to authorize or make and implement any decision with regard to, or itself engage in any, actions, policies, or practices of its member organizations that are against the teachings of the Catholic Church or in violation of the ERDs. The Hospitals acknowledge that the ERDs have no binding effect over MCH or HH, and that the System Parent cannot demand compliance with the ERDs in any exercise of its reserved powers over MCH or HH. MCH and

HH will at all times retain their identity as non-Catholic organizations, and will not be bound by the ERDs. Out of respect for CMC's core values, however, MCH and HH will continue their current practices of not performing the following procedures: direct abortion, in-vitro fertilization, embryonic stem-cell research or physician assisted suicide. The Hospitals agree to discuss, in good faith, the manner, if any, in which the Affiliation may address any future changes in technology, the standard of care for a rural hospital and clarifications regarding the applications of Roman Catholic doctrine, consistent with the agreements and principles established by this Section 3.7 specifically and by the Agreement generally. The standard of care for a rural hospital includes, without limitation, the Core Services.

3.8 Role of the CMC Board of Directors and the Respective Board of Trustees of MCH and HH. The Hospitals shall each maintain separate corporate existence; separate governing Boards, with fiduciary duties owed to their respective hospitals and communities served; separate decision-making authority, subject to the Reserved Powers of the System Parent; and separate ownership of assets and obligations of debt. The Boards of CMC, MCH and HH will each continue to have sole authority for making operational and financial decisions, subject to a system-wide strategic plan established by the System Parent and subject to the Reserved Powers (as defined and set forth in Section 3.9 of this Agreement). More specifically, each Hospital will be responsible for the initiation and execution of the following actions:

- 3.8.1 Adoption of the annual capital and operating budget;
- 3.8.2 Adoption of the mission, vision and policies;
- 3.8.3 Development of local strategic plans;
- 3.8.4 Amendment of the Articles of Agreement or Bylaws of the Hospital or any of its subsidiaries;
- 3.8.5 The proposed hiring or the termination by the Board of CMC, MCH or HH of its respective CEO; annual evaluation of its CEO's performance and assessment of CEO compensation (which shall include the System CEO's evaluation of performance with respect to System-wide initiatives and strategic plans);
- 3.8.6 Oversight of compliance with legal, licensing and accreditation requirements;
- 3.8.7 Implementation and oversight of standards for patient care and quality;
- 3.8.8 Oversight of risk management;
- 3.8.9 Promotion of community relationships, outreach and stakeholder engagement;
- 3.8.10 Evaluation and recommendation of recruitment needs;

3.8.11 Appointment of each Hospitals' trustees for participation in the System Parent Board of Trustees;

3.8.12 The incurrence of debt or the sale, disposition, mortgage, or encumbrance of any assets;

3.8.13 Election of at least seventy-five percent (75%) of the trustees for its own Board of Trustees; and

3.8.14 Approval of Medical Staff Bylaws and physician credentialing and such other authority as needed for licensing, accreditation and credentialing.

3.9 Reserved Powers. Notwithstanding the Hospitals' intent that each Board shall continue to govern the provision of healthcare services at each Hospital and, subject to the limitations of Sections 2.5, 3.7 and 3.8 of this Agreement, in order to achieve the benefits and mutual goals of the System, the exercise of the following powers by the CMC, HH and MCH Boards shall be subject to the approval of the System Parent (the "Reserved Powers"). The Hospitals recognize that neither MCH nor HH is subject to the teachings of the Catholic Church or the ERDs. Therefore, in exercising its Reserved Powers, the System Parent may not decline to authorize or approve any action by either MCH or HH that is subject to the System Parent's authority for the sole purpose of restricting other activities of MCH or HH that are outside of the System Parent's authority because they are in conflict with the teachings of the Catholic Church or the ERDs. If MCH or HH questions whether the System Parent denial or disapproval of a proposed action of MCH or HH subject to the Reserved Powers violates the foregoing prohibition, then the System Parent shall provide a written explanation of the reasons for the decision to demonstrate that it is in the best interests of the System without regard to compliance with the teachings of the Catholic Church or the ERDs in areas outside of the System Parent's authority. The Reserved Powers cannot be exercised in a manner that prevents the HH or MCH or CMC Boards from fulfilling their fiduciary duties.

3.9.1 Nature of the Reserved Powers. With the exception of the direct appointment of one-quarter (1/4) of the members of MCH and HH Boards of Trustees pursuant to Section 3.9.1.2, the Reserved Powers of the System Parent shall be in the nature of ratification rights, and may not be exercised by the System Parent to initiate or require actions by MCH or HH.

3.9.1.1 Reserved Powers Applicable to MCH and HH. The Reserved Powers of the System Parent over actions initiated by the Boards of Trustees of MCH and HH shall require the System Parent's approval of the following:

3.9.1.1.1 Adoption of the annual capital and operating budgets, provided that the expenditure of any Pre-affiliation Assets contemplated by such budgets and proposed in accordance with Section 3.9.3 below will not be subject to the approval of the System Parent;

*CONFIDENTIAL: PRIVILEGED COMMON INTEREST MATERIALS*

*Execution Version*

3.9.1.1.2 Approval of any strategic plans or material nonclinical programing and marketing plans, including material modifications thereof;

3.9.1.1.3 Authorization of debt incurred, assumed, or guaranteed by the Hospital in excess of Five Hundred Thousand Dollars (\$500,000.00), other than as provided for in any approved annual capital or operating budget;

3.9.1.1.4 Authorization of any material acquisition, disposition, formation, organization or investment by MCH or HH of or in any other corporation, partnership, limited liability company, other entity or joint venture, other than an acquisition funded with Pre-affiliation Assets proposed in accordance with Section 3.9.3 below will not be subject to the approval of the System Parent;

3.9.1.1.5 Authorization of the sale, disposition, mortgage, or encumbrance of any assets dedicated to the operations of MCH or HH involving assets of Five Hundred Thousand Dollars (\$500,000.00) or more, with the exception of real estate identified on Schedule 3.9.3.1(b);

3.9.1.1.6 Authorization of MCH or HH to enter into any merger, consolidation or joint venture; or to sell or dispose of substantially all of the assets of MCH or HH or any of their respective subsidiaries; or to create or acquire any subsidiary organization;

3.9.1.1.7 Authorization of MCH or HH to institute any bankruptcy, insolvency or reorganization proceedings for itself or any subsidiary;

3.9.1.1.8 Authorization of a capital investment by MCH, HH or any of their subsidiaries in any individual entity or project in the form of cash or either tangible or intangible property in excess of Five Hundred Thousand Dollars (\$500,000.00), except as provided in any approved annual capital or operating budget or to the extent funded by the Restricted Assets or by Pre-affiliation Assets;

3.9.1.1.9 Authorization to develop, implement or terminate clinical programs and clinical procedures by MCH, HH or their subsidiaries, subject to the limitations of Section 9 of this Agreement;

3.9.1.1.10 The amendment of the Articles of Agreement or Bylaws of MCH or HH or their respective subsidiaries to the extent that it would (a) impact the Reserved Powers; or (b) reasonably be expected to have a material strategic, competitive or financial impact on the System or any of its members; and

3.9.1.1.11 The MCH or HH Board of Trustees' appointment or reappointment of the MCH or HH CEO and the determination of the CEO's compensation.

3.9.1.2 System Parent Representation on the MCH and HH Boards of Trustees. The System Parent shall appoint, without limitation, one-quarter (1/4) of the elected trustee members of the MCH or HH Board of Trustees, with the remaining three quarters (3/4) to be nominated by the MCH or HH Board of Trustees in accordance with Section 3.9.3.5, as applicable. In addition, the System CEO, or his or her designee, shall serve on the MCH and HH Boards of Trustees, ex-officio with full voting rights and shall be included in the one-quarter (1/4) elected trustees nominated by the System Parent. The System Parent Board of Trustees will make such appointments in consideration of the Trustee criteria set forth in Schedule 3.9.1.2, which the Hospitals agree are important factors in maintaining a strong and effective governing Board. Such appointees by the System Parent may include up to two (2) members of senior management of the System Parent or CMC, inclusive of the System CEO, or his or her designee. In addition, the System Parent will endeavor to include the appointment of a System Parent Trustee to the MCH and HH Board of Trustees, when possible. The initial System Parent appointees are set forth in Schedule 3.9.1.2 (a) and Schedule 3.9.1.2(b).

3.9.1.3 Reserved Powers Applicable to CMC. The Reserved Powers of the System Parent over actions initiated by the CMC Board of Directors shall include the approval of the following:

3.9.1.3.1 Adoption of the annual capital and operating budgets, provided that the expenditure of any Pre-affiliation Assets contemplated by such budgets and proposed in accordance with Section 3.9.3 below will not be subject to the approval of the System Parent;

3.9.1.3.2 Approval of any strategic plans or material nonclinical programming and marketing plans; including material modifications thereof;

3.9.1.3.3 Authorization of debt incurred, assumed or guaranteed by CMC in excess of Three Million Dollars (\$3,000,000.00), other than as provided for in any approved annual capital or operating budget;

3.9.1.3.4 Authorization of the sale, disposition, mortgage, or encumbrance of any assets in excess of Three Million Dollars (\$3,000,000.00) dedicated to the operations of CMC;

3.9.1.3.5 Authorization of CMC to enter into any merger, consolidation or joint venture; or to sell or dispose of substantially all of the assets of CMC and its subsidiaries; or to create or acquire any subsidiary organization;

3.9.1.3.6 Authorization of a capital investment in excess of Three Million Dollars (\$3,000,000.00) by CMC or any of its subsidiaries in any individual entity or project in the form of cash or either tangible or intangible property, except as provided in any approved annual capital or operating budget or to the extent funded by the Restricted Assets or by Pre-affiliation Assets;

3.9.1.3.7 Authorization to develop, implement or terminate clinical programs and clinical procedures by CMC and its subsidiaries; and

3.9.1.3.8 The CMC Board of Directors' appointment or reappointment of the CMC CEO and the determination of the CEO's compensation.

The Reserved Powers, as applied to CMC, are shared with CMCHS and the Roman Catholic Bishop of Manchester and shall be in the nature of ratification rights, and may not be exercised by the System Parent to initiate action by CMC or its Board of Directors.

3.9.2 Conflict Resolution of the Reserved Powers. If there is a conflict between a ratification of the Roman Catholic Bishop of Manchester or CMCHS' reserved powers with respect to CMC (the "Bishop's Reserved Powers") and the Reserved Powers of the System Parent with respect to CMC, then the decision of the Bishop shall govern the decision with respect to CMC.

3.9.3 Powers Reserved Exclusively to Each of CMC, MCH and HH. Notwithstanding the foregoing, the authority to take the following actions shall be reserved exclusively to the Board of Directors of CMC and the Board of Trustees of each of MCH and HH regarding its respective hospital:

3.9.3.1 Subject to the limitations below, the investment and expenditure of any of the Hospitals' Restricted Assets (as defined below) held by the Hospitals both before and after the Affiliation Date or the Pre-affiliation Assets (as defined below) held by the Hospitals on the Affiliation Date (collectively the "Hospital Endowment"). The charitable assets comprising each Hospital Endowment shall be used solely for the benefit of the patient population served by the Hospital that owns the Hospital Endowment, and any Restricted Assets shall be used in accordance with the applicable restrictions. Restricted Assets are those assets that are subject to donor restrictions and recorded on the Hospital's financial statements as "restricted," including those identified in the attached Schedule 3.9.3.1(a). Pre-affiliation Assets are the cash reserves, board-designated reserves, surplus assets and other assets held by the Hospitals on the Affiliation Date and recorded on each Hospital's financial statements as unrestricted assets, as well as certain parcels of real estate not required for the operation of the Hospital as identified on Schedule 3.9.3.1(b). The current Pre-affiliation Assets of each Hospital are set forth in Schedule 3.9.3.1(b) of this Agreement, which schedule will be updated by each Hospital on the Affiliation Date.

While the use of the Hospital Endowment of each Hospital is reserved to the CMC, MCH and HH Boards respectively, the Hospitals have agreed that in order to achieve the goals of the Affiliation and ensure System optimization, Pre-affiliation Assets may not be spent for a purpose or in an amount that would be inconsistent with the strategic plan of the System, be detrimental to the System or have a Material Adverse Effect on the finances or creditworthiness/bond rating(s) of the System or the Hospitals, taking into account, among other things, both the amount of any capital expenditure and the future operating costs resulting from any capital expenditure. The Hospitals further agree that, subject to approval by its Board, the Pre-affiliation Assets may be utilized to support any future financing at the Hospital or System levels

or used towards System initiatives which benefit the Hospital or its respective service area. The Hospitals agree to develop on or before the Affiliation Date a mutually-acceptable policy to govern the expenditures of the Pre-affiliation Assets, which policy will identify the anticipated uses of such expenditures and provide for a transparent and collaborative deliberation process involving the System Parent prior to any expenditure of Pre-affiliation Assets.

3.9.3.2 The determination and approval of fundraising activities conducted by the Hospitals in the Hospitals' service area, and the approval of any fundraising efforts proposed by the System Parent in the Hospitals' service area;

3.9.3.3 Notwithstanding any provision of this Agreement, neither the System Parent nor any related entity will have the power to impose on CMC, MCH or HH a change to its charitable purpose or tax-exempt status, whether directly, by change of control of the System Parent, or otherwise;

3.9.3.4 Termination of the Hospital CEO, however, in order to incorporate the System CEO's performance evaluation of the implementation of System-wide considerations as required in Section 3.6 of this Agreement, the Hospitals agree to a termination process which, prior to termination of the CEO, requires the Hospital Board of Trustees or the System CEO (whoever recommends termination) to identify the performance failures and discuss appropriate correction plans. If the Hospital CEO fails to fulfill the correction plan, then the Hospital Board of Trustees can proceed with the termination of the Hospital CEO. If the Hospital Board of Trustees and the System CEO cannot agree on an appropriate correction plan within forty-five (45) days of the request for termination, then the local Board of Trustees can proceed with the termination of the CEO. No Hospital CEO shall be terminated without a majority vote to terminate by the Hospital Board of Trustees.

3.9.3.5 The appointment of the three-quarter (3/4) members of the MCH or HH Board of Trustees not appointed by the System Parent pursuant to Section 3.9.1.2. MCH and HH agree that their trustee appointments shall consider the criteria described in Schedule 3.9.3.5 as important factors to maintaining a strong and effective governing board and that the trustee appointments shall be of candidates who substantially satisfy the criteria on the whole. The System Parent shall have the right to object to any appointee who does not meet the qualifying criteria by providing the appointing Hospital Board of Trustees with a written objection identifying the criteria not satisfied. In the event of such objection, the Hospital Board of Trustees shall substitute an appointee that satisfies the criteria qualifications. The Hospitals and the System Parent hereby agree that the initial Trustees of MCH and HH shall be those individuals identified on Schedule 3.9.3.5 of this Agreement.

4. Process of the Formation of the System Parent and Membership Substitutions.  
The processes to accomplish the System will include, but not be limited to, the following:

4.1 Formation and Use of the System Parent by MCH and HH. MCH and HH agree that upon execution of this Agreement the System Parent shall be formed by the incorporators who are designated by MCH and HH as set forth in Exhibit B attached hereto. In order to effect the formation of the System Parent and to join the System, MCH and HH shall:

*CONFIDENTIAL: PRIVILEGED COMMON INTEREST MATERIALS*

*Execution Version*

4.1.1 File the Articles of Agreement of the System Parent, in the form attached hereto as Exhibit C (the “Parent Articles”) with the New Hampshire Secretary of State and the Clerk of the City of Manchester;

4.1.2 Cause the incorporators of the System Parent to take action by written consent, in the form attached hereto as Exhibit D (“Organizational Consent Resolutions”), appointing the members of the Board of Trustees of the System Parent and adopting the Bylaws of the System Parent in the form attached hereto as Exhibit E (the “Parent Bylaws”); and

4.1.3 Cause the System Parent to take all actions necessary to be recognized as exempt from federal income tax pursuant to Section 501(c)(3) of the Code and qualify for public charity status as a supporting organization pursuant to Section 509(a)(3) of the Code.

4.2 Membership Substitutions. In order to effectuate the member substitutions, MCH and HH agree that on the Affiliation Date, MCH and HH shall do the following:

4.2.1 Each cause their respective Board of Trustees to file an Affidavit of Amendment with the New Hampshire Secretary of State and the Clerk of the town in which the Hospital is located, substantially in the form attached hereto as Exhibits F and G identifying the System Parent as the sole member of MCH and HH; and

4.2.2 Each adopt the required amendments to its Bylaws substantially in the form set forth in Exhibits H and I attached hereto, reflecting the System Parent’s sole membership of MCH and HH and application of common governance principles among the System Parent and each Hospital.

4.3 Dissolution and Liquidation of the System Parent. Unless otherwise agreed upon in writing, if this Agreement is terminated pursuant to Section 19 of this Agreement, then, if the System Parent has been created and organizational changes have been made to any of the Hospitals’ governance documents, the Hospitals shall take all actions necessary to return the Hospitals to their original structure, involving, at a minimum, if necessary, the adoption of a Plan of Dissolution and Liquidation of the System Parent and amending the Hospitals’ Articles of Agreement and Bylaws such that the System Parent is no longer the member of any Hospital.

4.4 Admission of CMC and Co-membership with CMCHS. Subsequent to the formation of the System Parent, and in order to effect the participation of CMC in the System, the System Parent and CMC, shall on the Affiliation Date:

4.4.1 The System Parent will file an Affidavit of Amendment with the New Hampshire Secretary of State and the City Clerk of the City of Manchester, substantially in the form attached hereto as Exhibit J identifying CMC as an Affiliated Hospital (defined therein);

4.4.2 The System Parent will adopt the required amendments to its Bylaws substantially in the form set forth in Exhibit K attached here, reflecting the admission of CMC as an Affiliated Hospital and reflecting the governance terms of this Agreement;

4.4.3 CMC, with the consent of CMCHS, will file an Affidavit of Amendment with the New Hampshire Secretary of State and the City Clerk of the City of Manchester, substantially in the form attached hereto as Exhibit L identifying the System Parent as the co-member of CMC with CMCHS; and

4.4.4 CMC, with the consent of CMCHS, will adopt the required amendments to its Bylaws substantially in the form set forth in Exhibit M attached hereto, reflecting the System Parent's co-membership of CMC with CMCHS and application of common governance principles among the System Parent and each Hospital.

5. No Cash Consideration/Merger. The transactions contemplated by this Agreement do not involve the transfer or exchange of cash or other assets, the assumption of debt or other liabilities or any other similar financial consideration; the merger or consolidation of any existing legal entities; the sale, purchase or lease of part or all of any existing hospital; or the transfer of all or substantially all of the assets of any of the Hospitals.

6. Commitment to Population Health: ACOs, Shared Savings, Payer Contracts and Other Reimbursement Arrangements. Subject to Section 3.7, CMC, directly or through the System Parent, will, to the extent permissible by law and the terms of such arrangements, invite MCH and HH to participate fully (i.e., in the same capacity, if possible, as CMC) in the various ACO or risk-based shared savings programs or joint ventures to which CMC or its Affiliates are parties. Subject to Section 3.5 of this Agreement, the System Parent also will, to the extent permitted by law, conduct negotiations with payers as a system including CMC, MCH and HH. Each of CMC, MCH and HH will be accountable for its performance pursuant to clinical standards and protocols, and a shared savings attribution model, adopted by the System Parent and approved by the CMC Board of Directors and the Boards of Trustees of MCH and HH. The System Parent will use commercially reasonable efforts to ensure that each shared savings attribution model incorporates the principles identified on the attached Schedule 6.

7. Hospital Affiliates and Joint Ventures. Each Hospital will undertake amendments to the organizational documents and agreements with respect to its current Affiliates and joint ventures as it deems appropriate to ensure implementation and achievement of the objectives of the transactions contemplated by this Agreement.

8. Integration Plan and Continued Identification and Development of the Affiliation Synergies. The Hospitals shall continue the ongoing efforts that began in April 2016 to evaluate and develop the administrative, operational and clinical integration of operations among the Hospitals to achieve the objectives of the Affiliation, including enhancement of population health and wellness and prevention services, expansion of primary care practice development, achievement of high quality clinical outcomes, reduction of risk concentration and enhancement of corporate compliance, improvement of physician recruitment and retention, achievement of efficiencies and implementation of best practices. From these efforts, the Hospitals shall develop

a framework for strategic development of the System, including the expansion of the System to additional hospitals and health care providers and develop an integration plan that is consistent with the principles set forth in Section 2 of this Agreement, to facilitate a smooth operational and administrative transition of the Hospitals to becoming a System. The integration plan will assess the requested commitments set forth in Schedule 9.5 and shall be developed and provided to the Hospitals by October 31, 2016. In addition to developing an integration plan, the Hospitals intend to develop a plan to determine whether it is prudent and advantageous to consolidate their debt obligations, and if so, how. Any actions recommended by the plan of debt consolidation requiring a commitment by CMC is unlikely to occur until the withdrawal without cause rights of Section 13.1 of this Agreement have expired.

9. Clinical Programming and Services. CMC is committed to its rural health strategy and maintaining the existing level of services provided by MCH and HH and their Affiliates within their respective communities under current standards of quality, cost, volume and reimbursement to a CAH. CMC and the System Parent will support the missions of MCH and HH, including the delivery of high quality, cost-effective Core Services within the MCH and HH service communities as appropriate for a rural community hospital or necessary to maintain their CAH status provided, however, that clinical service programming will take into account system-wide objectives identified in strategic planning and aim to maximize synergies created by the Affiliation. In furtherance of the foregoing CMC agrees to the following clinical commitments to be provided directly or through the System Parent, with the understanding that CMC's commitment does not include any obligations or intent to provide any support for any service that violates the ERDs:

9.1 Assessment of Needs and Evaluation of Clinical Services. Subject to the System Parent Reserved Powers, the Hospitals will assess the needs and demands of each of the Hospitals' communities and determine the most effective way to deliver the Core Services and specialty care while enhancing patient safety and quality of care and improving cost effectiveness and access to care. The Hospitals agree to develop on or before the Affiliation Date a mutually-acceptable collaborative and deliberate process for how clinical services shall be assessed, including agreement on the objective criteria for analyzing and implementing any consolidations or changes to clinical services. The objective criteria utilized by the System Parent Board of Trustees shall be consistent with the principles set forth in Section 2.4 of this Agreement and shall include consideration of quality, cost, reimbursement, profitability, outcome, access, and physician retention and recruitment. With respect to specialty services, the Hospitals agree that volume needs to be sufficient to support a reasonable call schedule for physician retention and recruitment purposes and that each provider must have a volume that meets applicable professional guidelines for purposes of upholding standards of safety. No Core Service will be terminated, however, solely by reason of lack of profitability of such Core Services and without the approval of the HH or MCH Board of Trustees, as applicable.

9.2 Hospitalists and General Surgery. CMC, through the System Parent, will support a full-time hospitalist program, and general surgery coverage at HH and MCH, however, the general surgery coverage must (i) ensure that general surgery patient volume is sufficient to maintain high quality and cost efficiency reasonable for a CAH, and (ii) be consistent with the System-wide considerations described in Section 9.1 and the principles described in Section 2.4

of this Agreement. This commitment, however, does not include a commitment to continue on-site general surgery coverage twenty-four (24) hours a day for seven (7) days a week.

9.3 Use of Telemedicine. CMC will assist MCH and HH with the development of telemedicine capabilities, which assistance may include financial assistance.

9.4 Physician Recruitment and Retention. In recognition that the recruitment and retention of primary care physicians, hospitalists and mid-levels to rural areas served by MCH and HH is challenging but essential to meeting the health care needs of the populations in such areas, the Hospitals shall make it a priority of the Affiliation. Within six (6) months following the Affiliation Date, the Hospitals and the System Parent will jointly prepare a primary care physician, hospitalists and mid-levels staff development, retention and recruitment plan which will identify incentives to ensure that compensation and work-life packages are competitive at both MCH and HH.

9.5 Additional Commitments. The Hospitals have agreed to additional commitments set forth in Schedules 9.5.

10. Access to Information. Each Hospital shall provide the others, subject to the terms of the Mutual NDA and Joint Defense Agreement (as defined in Section 16 of this Agreement), reasonable access at all reasonable times to the offices, properties, facilities, and books and records of the Hospital and the officers, directors, employees, accountants, counsel, consultants, advisors, agents and other representatives of the Hospital to discuss the business, financial condition or prospects of the Hospital, provided that such access does not unreasonably disrupt the normal operations of the Hospital and shall comply with all applicable Laws.

11. Representations and Warranties of the Hospitals. Each Hospital represents and warrants to the other Hospitals that each statement contained in this Section 11 is true and correct as of the date hereof and will be true and correct as of the Affiliation Date, except as described in the applicable Disclosure Schedules for each Hospital.

11.1 Organization and Good Standing. Each Hospital is duly organized, validly existing and in good standing under the laws of State of New Hampshire, and has all requisite power and authority to own, lease and operate its properties and assets, as well as all necessary licenses, accreditations, certifications and Permits to carry on its hospital as now being conducted. Each Hospital has delivered to the others a complete and accurate copy of the Hospital's organizational documents as in effect on the date hereof. No Hospital is in breach or violation of or a default under any provision of its organizational documents.

11.2 Members. None of the Hospitals has any capital stock. Each Hospital has provided to the other Hospitals a complete list of its members.

11.3 Authorization; Valid and Binding Agreement. Each Hospital has the full power and authority to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated by this Agreement. The execution, delivery and performance of this Agreement and the Affiliation contemplated by this Agreement have been

*CONFIDENTIAL: PRIVILEGED COMMON INTEREST MATERIALS*

*Execution Version*

duly and validly authorized by all necessary action on the part of the Hospital, and with the exception of those approvals required in Section 14 of this Agreement, no other approval on the part of the Hospital is necessary for the execution, delivery and performance of this Agreement. This Agreement constitutes valid and binding agreements of the Hospital, enforceable in accordance with, and subject to, their terms.

11.4 No Conflicts; Consents. Except for the consents, approvals or notices listed on Schedule 11.4, the execution and delivery of this Agreement does not, and the performance by the Hospital of any of its obligations hereunder, and the consummation of the transactions contemplated hereby will not, directly or indirectly, (i) violate or conflict with or result in the breach of the provisions of any of the organizational documents of the Hospital or any affiliate; (ii) violate, breach, conflict with or constitute a default, an event of default, or an event creating any additional rights (including rights of amendment, impairment, modification, suspension, revocation, acceleration, termination or cancellation), impose additional obligations or result in a loss of any rights, or require a consent or the delivery of notice, under any material contract, law or permit applicable to the Hospital or any Affiliate or to which the Hospital or an affiliate is a Hospital or a beneficiary or otherwise subject; or (iii) result in the creation of any Liens upon any asset owned or used by the Hospital or any Affiliate. Except for the consents, approvals or notices listed on Schedule 11.4, no notices, reports, registrations or other filings are required to be made by the Hospital with, nor are any consents, approvals or authorizations required to be obtained by the Hospital from, any governmental authority or any other person, in connection with the execution, delivery or performance by the Hospital of this Agreement.

11.5 Tax Exempt Status and Taxes. Unless otherwise disclosed in Schedule 11.5, the Hospital and its Affiliates (i) are organizations exempt from federal income tax pursuant to Section 501(c)(3) of the Code; (ii) is a public charity pursuant to Section 509(a)(1) of the Code; has received a determination of such exemption and status from the Internal Revenue Service, which determination is in full force and effect. The Hospital and its Affiliates are in material compliance with all applicable laws related to its status as an organization exempt from tax pursuant to Section 501(c)(3) of the Code and has not taken any action or failed to take any action that could reasonably be expected to result in the loss or revocation of, or place in jeopardy, such status. The Hospital and its Affiliates have filed all tax returns required to be filed by the United States Government and the State of New Hampshire, and all taxes, assessments and other governmental charges due from the Hospital and its Affiliates, if any, have been duly paid, other than taxes or charges which are not as yet delinquent and have been properly accrued on the books of the Hospital and its Affiliates.

11.6 Compliance with Law. The Hospital and its Affiliates have conducted their operations in compliance with all applicable Laws except for such non-compliance as could not reasonably be expected to result in a Material Adverse Effect. The Hospital and its Affiliates have filed on a timely basis all reports, data and other information required to be filed with any Governmental Authority. The Hospital is duly licensed by the State of New Hampshire as a hospital. The Hospital and any Affiliate have obtained and own and hold all Permits which are necessary to conduct their business as currently conducted or by which any of its properties or assets is subject, except for Permits, the absence of which could not reasonably be expected to have a Material Adverse Effect. Each such Permit is valid and in full force and effect. Neither

the Hospital nor any Affiliate has received notice regarding (i) any violation of, conflict with, or failure to conduct its business in compliance with, any Permit or (ii) the termination, revocation, cancellation, suspension or other impairment or modification of, any Permit. The Hospital is not in default (or has not received notice of any claim of such default) with respect to any Permit, except for defaults that could not reasonably be expected to result in a Material Adverse Effect.

11.7 Absence of Certain Changes or Events. Except as disclosed on Schedule 11.7, to the Knowledge of the Hospital, no facts or circumstances exist, or are likely to occur, which might reasonably be expected to have a Material Adverse Effect on the Hospital or its operations. Except as expressly contemplated herein, the Hospital has not, at any time after the date of the most recent Financial Statements: (i) written off as uncollectible, or established any extraordinary reserve with respect to, any material account receivable or other material indebtedness of the Hospital; (ii) amended or restated, or approved the amendment or restatement of, the organizational documents of the Hospital; (iii) made or changed any material tax election, entered into any settlement or compromise of any material tax liability or surrendered any right to claim a material tax refund; (iv) settled or compromised any pending or threatened legal proceeding, suit, action, claim, arbitration, mediation, inquiry or investigation, unless in connection with such settlement or compromise there was no finding or admission of any violation of any legal requirement and the sole relief provided was monetary damages; (v) made any material capital expenditure or commitment for additions to property, plant or equipment or for any other purpose, except in the ordinary course of business or as disclosed on Schedule 11.7; (vi) sold, transferred, leased, optioned or otherwise disposed of any assets except in the ordinary course of business; (vii) granted or incurred any obligation for any increase in the compensation of any of the employees of the Hospital (including any increase pursuant to any bonus, pension, profit sharing, retirement, or other plan or commitment) except in the ordinary course of business; (viii) received any written notice from any Governmental Authority of any liability, potential liability or claimed liability based on any violation of law; or (ix) agreed or committed to take any of the actions referred to in this Section 11.7.

11.8 Opportunity for and Accuracy of Due Diligence. Each Hospital has had full opportunity to conduct due diligence regarding legal, financial, operational, regulatory, real and personal property, intellectual property, clinical and other matters pertaining to the other Hospitals specifically and the Affiliation generally. Each Hospital has responded to all requests from the other Hospitals to review due diligence materials in all of these areas, and the material produced has been complete and accurate as of the date of production in all material respects. Each Hospital shall update its responses up to and including the Affiliation Date with any additional material that is necessary to assure its production is complete and accurate in all material respects as of the date of this Agreement and the Affiliation Date. Each Hospital's completion of the actions described in Section 4 above will be conclusive evidence that the results of such diligence are satisfactory to the Hospital.

12. Accuracy of Representations, Information and Schedules. The representations and warranties of the Hospitals set forth in Section 11 shall be true and correct on the execution date of this Agreement and on the Affiliation Date. CMC shall have delivered to MCH and HH, and MCH and HH shall have delivered to CMC, all material information

requested as part of due diligence and integration planning as well as all schedules reasonably required to be delivered by it pursuant to this Agreement that have not been completed and attached to this Agreement on the Affiliation Date. The Hospitals shall deliver a certification approving the final Schedules prior to the Affiliation Date.

13. Limited Withdrawal Right, Notice and Payment. The Hospitals shall each have a limited right to withdraw from the Affiliation after closing on the Affiliation. If MCH or HH withdraws without cause (the “Withdrawing Hospital”) from the Affiliation, then the Withdrawing Hospital may be assessed a withdrawal payment equivalent to the financial payments that have been made by CMC to or for the benefit of the Withdrawing Hospital less the value of identifiable and quantifiable synergies or other benefits that have been generated by the Withdrawing Party and/or enjoyed by the System as a result of the Withdrawing Party’s participation in the System (the “Withdrawal Payment”) prior to the date of the Withdrawal Notice (discussed in Section 13.3 of this Agreement). No financial payments shall be required for a withdrawal with cause. The specific withdrawal rights shall be limited as follows:

13.1 Withdrawal without Cause. Each Hospital shall have the right to withdraw from the System without cause for a period of six (6) months commencing with the completion of twenty-four (24) consecutive months following the Affiliation Date.

13.2 Withdrawal with Cause. Each Hospital shall have the right to withdraw from the System for cause upon the occurrence of any one (1) of the following events:

13.2.1 A change of control of the System Parent resulting in it being owned or controlled, directly or indirectly, by a for-profit entity;

13.2.2 Any action, circumstance or change in law which will jeopardize: (i) the tax-exempt status of the System Parent or the withdrawing Hospital; (ii) the CAH status of MCH or HH if either is the withdrawing Hospital; or (iii) would be inconsistent with the ERDs, if the withdrawing Hospital is CMC;

13.2.3 A decision by the System Parent to sell or close the hospital owned and operated by the Hospital;

13.2.4 The withdrawal of CMC from the System; and

13.2.5 A final decision of the System Parent to admit a new hospital to the System over the prior written objection of the Hospital seeking to withdraw.

13.3 Withdrawal Notice. In the event that a Withdrawing Hospital elects to withdraw from the System pursuant to Section 13.1, the Withdrawing Hospital shall provide to the System Parent and each of the other Hospitals a written notice of intent to withdraw from the Affiliation (a “Withdrawal Notice”). For a withdrawal without cause, the Withdrawal Notice shall be given at any time during the period beginning on the twenty-four (24) consecutive month anniversary of the Affiliation Date and ending six (6) months thereafter. The Withdrawal Notice without cause shall include the Withdrawing Hospital’s calculation of the Withdrawal

Payment. A Withdrawal Notice with cause may be given at any time and shall specify the cause for the withdrawal.

13.4 Reconciliation and Approval of the Withdrawal Payment. The System Parent shall have the right to review a Withdrawal Notice and the proposed Withdrawal Payment during the sixty (60) day period after the System Parent's receipt of the Withdrawal Notice. The System Parent may accept the Withdrawal Notice as presented or object to the Withdrawal Notice's calculation of the Withdrawal Payment by providing a written notice of proposed adjustment to the Withdrawal Payment. Upon receiving notice of a proposed adjustment, the Withdrawing Hospital may object by delivering a written statement of objection explaining the basis for such objection within thirty (30) business days after receipt of the notice of proposed adjustment. Within thirty (30) days after receipt of the Withdrawing Hospital's written objection, the System Parent Board of Trustees (excluding any members nominated by the Withdrawing Hospital) shall determine whether to make any changes to the System Parent's notice of proposed adjustment. Any disagreement about the amount of the Withdrawal Payment shall be submitted first to mediation and then to binding arbitration under the arbitration rules of the American Health Lawyers Association.

13.5 Payment of the Withdrawal Payment and Effect of Withdrawal. A withdrawal shall only be effective upon payment of the Withdrawal Payment that is finally determined by the Hospitals. Upon the date of payment, the trustees nominated by the Withdrawing Hospital shall be deemed to have resigned from the System Parent Board of Trustees. In the event of a withdrawal without cause, the Hospitals will, in good faith, seek to re-establish the status quo which existed prior to the Affiliation. The System Parent and the Hospitals shall undertake the steps necessary to implement a withdrawal that meets the requirements of this Section 13, including amendments to the Withdrawing Hospital's Articles of Agreement and the System Parent Bylaws. The Trustees nominated by the Withdrawing Hospital to the System Parent Board of Trustees shall be deemed to have resigned and the Trustees appointed by the System Parent to the Withdrawing Hospital Board of Trustees shall be deemed to have resigned.

14. Closing Conditions. The Hospitals agree that the consummation of the Affiliation is expressly conditioned upon: (i) completion of satisfactory legal, financial and other due diligence by the Hospitals; (ii) the proper approval and execution of this Agreement and the Ancillary Agreements; (iii) approval by the trustees of any trust indenture related to any outstanding bonds or other debt securities of either Hospital, or in the alternative an opinion of counsel, mutually agreed upon, to the effect that no such approvals are required; (iv) approvals from any third party to any contract requiring such consent prior to implementation of the Affiliation; (v) receipt of all approvals required by the State of New Hampshire including, but not limited to, the New Hampshire Department of Justice Antitrust Division and the Charitable Trust Unit; (vi) receipt of any other necessary regulatory approvals; (vii) receipt of approval by the appropriate governing bodies of CMCHS, CMC, MCH and HH; (viii) receipt of approval of the Bishop of the Roman Catholic Diocese of Manchester; (ix) receipt of any approvals required by Canon Law or by the Bishop of the Roman Catholic Diocese of Manchester; and (x) the absence of any Material Adverse Effect in the operations of CMCHS, CMC, MCH or HH. The Hospitals will coordinate their efforts to obtain any applicable regulatory and third party

approvals, including approvals by the Bishop of the Roman Catholic Diocese of Manchester and any approvals required by Canon Law. The Hospitals shall promptly provide all required notices and cooperate on completing and submitting all filings and taking all other steps necessary to obtain required approvals for the Affiliation.

15. Affiliation Date. The Affiliation shall be effective on the Hospitals' agreed upon effective date which shall occur when all of the closing conditions set forth in Section 14 of this Agreement have been satisfied (the "Affiliation Date"). The Hospitals hereby agree that they will, in good faith, work towards an Affiliation Date to be no later than January 1, 2017.

16. Confidentiality. The Hospitals acknowledge and agree that they remain subject to a certain Mutual Confidentiality and Non-disclosure Agreement dated February 29, 2016 (the "Mutual NDA") and a Joint Defense and Common Interest Agreement dated February 29, 2016 (the "Joint Defense Agreement") and the Information and data disclosed to or obtained by one Hospital related to the other Hospitals pertaining to the Affiliation, shall continue to be treated as confidential information and the Hospitals' use of such information shall be governed by the Mutual NDA and the Joint Defense Agreement.

17. Compliance with Laws. Each Hospital will comply with all Applicable Laws.

18. Continuation of Operations in the Ordinary Course. The Hospitals shall continue to conduct their respective operations in the ordinary course and each will use its best efforts to continue the employment of all employees between the date of this Agreement and the effective date of the Affiliation.

19. Termination. Prior to the Affiliation Date, this Agreement may be terminated for any one of the following reasons:

19.1 By mutual written consent of all of the Hospitals;

19.2 By any Hospital with thirty (30) days prior written notice if the Affiliation has not become effective on or before the later of January 1, 2017 or nine (9) months after the date of this Agreement; and

19.3 By any Hospital immediately upon written notice if another Hospital has materially breached any representation and warranty or failed to comply with its obligations under the Agreement without cure for a period of at least sixty (60) days after notice of the breach.

If the Agreement is terminated, then the Agreement shall become void and have no effect, and the termination shall be without cost, expense or liability on the part of any Hospital to another, except as the hospitals may have otherwise agreed with respect to certain costs; provided, however, that no Hospital shall be relieved or released from any liabilities or damages arising out of its willful breach of any provision of the Agreement.

20. Joint Communication/Required Disclosures. Unless the Hospitals mutually agree in writing, they shall not make any public announcements regarding the Affiliation until this Agreement has been executed. The Hospitals shall jointly develop and implement a communication plan and process for purposes of publicly announcing the Affiliation, communicating the Affiliation to their employees and physicians, and responding to any inquiries regarding the Affiliation. Such communications regarding the Affiliation shall be approved by the Hospitals prior to being released. If any Hospital determines that it is required by Applicable Law to make any disclosure concerning the Affiliation, then it shall notify the other Hospitals and the Hospitals shall work cooperatively on the content of the proposed disclosure, the reasons that such disclosure is required by Applicable Law and the time and place that the disclosure will be made.

21. Expenses. Each Hospital shall be responsible for paying its own expenses relating to the Affiliation, including, without limitation, expenses of legal counsel, accountants, and other advisors, incurred at any time in connection with pursuing or consummating the Affiliation. The payment of costs and expenses associated with the joint financial due diligence engagements of Pershing Yoakley & Associates, P.C. (“PYA”) and any necessary HSR and other anti-trust regulatory applications, including anti-trust filings in the State of New Hampshire, shall be split among the Hospitals on a pro rata basis as previously agreed upon by the Hospitals.

22. Liability. Each Hospital agrees that it shall be liable for any violation of the binding terms of this Agreement by its directors, trustees, officers, employees, advisors, consultants, agents, representatives, or Affiliates to the same extent as if such violation were committed by the Hospital.

23. Notices. Any notice required to be given under this Agreement shall be effective upon depositing the notice in first-class mail, overnight courier or certified mail, return receipt requested, or sent by facsimile or electronic mail with confirmation of receipt, addressed as follows:

*If to CMCHS and/or CMC:*

CMC Healthcare System  
Catholic Medical Center  
100 McGregor Street  
Manchester, New Hampshire 03102  
Attn: Alexander J. Walker, Esq., Executive Vice President  
awalker@cmc-nh.org

*With a simultaneous copy to:*

Devine, Millimet & Branch, Professional Association  
111 Amherst Street  
Manchester, New Hampshire 03101  
Attn: Jason E. Cole, Esq.  
jcole@devinemillimet.com

*If to MCH:*

Monadnock Community Hospital  
452 Old Street Road  
Peterborough, New Hampshire 03458  
Attn: Cynthia McGuire, President & CEO  
Cynthia.McGuire@mchmail.org

*With a simultaneous copy to:*

Orr & Reno, P.A.  
45 S. Main Street  
Concord, New Hampshire 03301  
Attn: John A. Malmberg, Esq.  
jmalmborg@orr-reno.com

*If to HH:*

Huggins Hospital  
240 South Main Street  
Wolfeboro, New Hampshire 03894  
Attn: Jeremy S. Roberge, Interim President & CEO  
jroberge@HHhospital.org

*With a simultaneous copy to:*

Hinckley Allen & Snyder, LLP  
11 South Main Street, Suite 400  
Concord, New Hampshire 03301  
Attn: Mark S. McCue, Esq.  
mmccue@hinckleyallen.com

24. Amendments. This Agreement may not be amended in whole or in part except by a written instrument signed by each of the Hospitals.

25. Waiver. No waiver of any binding provision, condition or covenant of this Agreement shall be effective against the waiving Hospital unless such waiver is in writing and signed by the waiving Hospital.

26. Third Hospital Beneficiary. None of the provisions contained in this Agreement are intended by the Hospitals, nor shall they be deemed, to confer any benefit on any person not a Hospital to this Agreement, except as otherwise expressly provided herein.

27. Assignment. This Agreement may not be assigned by any of the Hospitals without the prior written consent of all of the Hospitals.

28. Governing Law. This Agreement shall be governed by and construed in accordance with the internal substantive laws of the State of New Hampshire without regard to conflict of law principles. The Hospitals agree to submit to the jurisdiction of New Hampshire courts to resolve any disputes which may arise from or as a result of this Agreement.

29. Counterparts and Signatures. This Agreement may be executed in counterparts, and each counterpart shall be deemed to be an original, and all such counterparts shall together constitute one and the same instrument. Electronic and facsimile signatures shall be deemed to be original signatures.

30. Severability. If any provision of this Agreement (or any portion thereof) or the application of any such provision (or any portion thereof) to any Person or circumstances is held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction and venue, then such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement (or the remaining portion thereof) or the application of such provision to any other Persons or circumstances.

31. Entire Agreement. This Agreement and the Exhibits and Disclosure Schedules constitute the full and entire understanding and agreement between the Hospitals with respect to the Affiliation and supersede and replace all prior and contemporaneous agreements between the Hospitals.

32. Effect of Affiliation. The Affiliation contemplated by this Agreement is not a merger or other joinder of the Hospitals which intend to remain separate and distinct subject to their participation in the System and subject to the Reserved Powers of the System Parent. Neither the System Parent nor any Hospital shall assume, guarantee or otherwise be liable for any of the debts or liabilities of any other Hospital except by express assumption or guarantee of a specific liability.

*(signature page follows)*

*CONFIDENTIAL: PRIVILEGED COMMON INTEREST MATERIALS*

*Execution Version*

This Agreement is hereby agreed to by the Hospitals upon the date in the preamble.

CMC HEALTHCARE SYSTEM ("CMCHS")

By:   
Joseph Pepe, M.D., its duly authorized  
President & CEO

CATHOLIC MEDICAL CENTER ("CMC")

By:   
Joseph Pepe, M.D., its duly authorized  
President & CEO

MONADNOCK COMMUNITY HOSPITAL  
("MCH")

By: \_\_\_\_\_  
Cynthia McGuire, its duly authorized  
President & CEO

HUGGINS HOSPITAL ("HH")

By: \_\_\_\_\_  
Jeremy S. Roberge, its duly authorized  
Interim President & CEO

*Signature page to Affiliation Agreement*

This Agreement is hereby agreed to by the Hospitals upon the date in the preamble.

CMC HEALTHCARE SYSTEM ("CMCHS")

By: \_\_\_\_\_  
Joseph Pepe, M.D., its duly authorized  
President & CEO

CATHOLIC MEDICAL CENTER ("CMC")

By: \_\_\_\_\_  
Joseph Pepe, M.D., its duly authorized  
President & CEO

MONADNOCK COMMUNITY HOSPITAL  
("MCH")

By: Cynthia K. McGuire  
Cynthia McGuire, its duly authorized  
President & CEO

HUGGINS HOSPITAL ("HH")

By: \_\_\_\_\_  
Jeremy S. Roberge, its duly authorized  
Interim President & CEO

*Signature page to Affiliation Agreement*

*CONFIDENTIAL: PRIVILEGED COMMON INTEREST MATERIALS*  
*Execution Version*

This Agreement is hereby agreed to by the Hospitals upon the date in the preamble.

CMC HEALTHCARE SYSTEM ("CMCHS")

By: \_\_\_\_\_  
Joseph Pepe, M.D., its duly authorized  
President & CEO

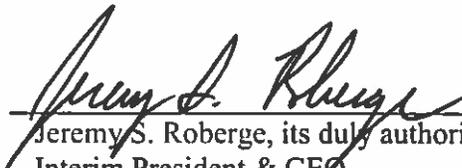
CATHOLIC MEDICAL CENTER ("CMC")

By: \_\_\_\_\_  
Joseph Pepe, M.D., its duly authorized  
President & CEO

MONADNOCK COMMUNITY HOSPITAL  
("MCH")

By: \_\_\_\_\_  
Cynthia McGuire, its duly authorized  
President & CEO

HUGGINS HOSPITAL ("HH")

By:   
Jeremy S. Roberge, its duly authorized  
Interim President & CEO

*Signature page to Affiliation Agreement*

EXHIBIT A

DEFINITIONS

“Affiliate” means any entity which is under the Control of, or which is under common Control with, the subject entity.

“Applicable Laws” means all applicable Federal, state and local laws, statutes, ordinances, rules, regulations, codes and any judgment, decree, order, right or injunction of any court or regulatory authority and with respect to CMC and its member CMCHS, Code of Canon Law of the Catholic Church.

“CAH” means a critical access hospital as determined by the Centers for Medicare & Medicaid Services.

“Code” means the Internal Revenue Code of 1986, as amended.

“Control” means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity.

“Core Services” shall mean those healthcare services which are either (i) required by the Centers for Medicare & Medicaid Services to qualify as a CAH; (ii) necessary by the agreement of the Parties to meet the needs of a Hospital’s community; or (iii) generally provided by comparable rural hospitals. At a minimum, Core Services shall include emergency medicine, general surgery, hospital medicine, primary care and obstetrics (with respect to MCH) and supportive services of anesthesia, and radiology/tele-radiology, however the Hospitals agree that any changes to the level, type and means of delivery of the Core Services will be a function of the criteria set forth in Section 9 of this Agreement and the Hospital’s budget and the strategic planning and approval of the System Parent.

“Governmental Authority” means any federal, state, local or municipal government, any governmental or quasi-governmental authority of any nature (including any government agency, branch, board, department, official, instrumentality or entity) or any regulatory body exercising or entitled to exercise, any administrative, executive, judicial, legislative, policy, regulatory, or taxing authority or power of any nature.

“Material Adverse Effect” means any change, effect, event or occurrence that is, or would reasonably be expected to be, materially adverse to, or has, or would reasonably be expected to have, a materially adverse effect on, a hospital, condition (financial or otherwise), prospects or results of operations of a Hospital.

“Person” means any individual, corporation, partnership, limited liability company, trust, joint venture, cooperative or other association, Governmental Authority or other organization or entity.

*CONFIDENTIAL: PRIVILEGED COMMON INTEREST MATERIALS*

*Execution Version*

“Tax” or “Taxes” means any and all federal, state, local or foreign net or gross income, gross receipts, net proceeds, sales, use, ad valorem, value-added, franchise, bank shares, withholding, payroll, employment, excise, property, abandoned property, escheat, deed, stamp, alternative or add-on minimum, environmental, profits, windfall profits, transaction, license, lease, service, service use, occupation, severance, energy, transfer taxes, unemployment, social security, workers’ compensation, capital, premium, and other taxes, assessments, customs, duties, fees, levies, or other governmental charges of any nature whatever, whether disputed or not, together with any interest, penalties, additions to tax, or additional amounts with respect thereto.